

PRIME MINISTER

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**BILATERAL WITH THE FOREIGN SECRETARY**

You have a bilateral with the Foreign Secretary tomorrow afternoon. The main subjects to cover are:

The Gulf

You are giving Jim Baker lunch on 8 November, to which the Foreign Secretary will come. American rhetoric against Iraq is escalating. But the American military are still telling ours that they need an extra Corps and won't be ready for action until 1 February. The Defence Secretary had a talk with Cheney today and will fill you in after Cabinet. The President is likely to call you at the weekend.

Follow-up to European Council

There are only just over six weeks to the next European Council and we need to decide how to use them to best effect. The Italians are all too likely to try to pull another stunt in December: probably tabling draft Treaty amendments, in order to pre-empt discussion under the Luxembourg Presidency. Perhaps we should have rival language ready to table simultaneously, so there are at least two versions on the table on EMU. We also need to consider how we construct a coalition of governments which are prepared to set more modest and reasonable goals - Netherlands, Germany, Portugal, Denmark, Luxembourg - and concentrate our diplomatic efforts on them. It might involve you in some heart-to-heart talks with Heads of Government, eg. in the margins of the CSCE Summit in Paris (19-26 November). We need a plan of campaign before the December Council and you might ask the Foreign Secretary to draw it up.

Syria

You told Prince Bandar that any further meetings with the Syrians would need pre-cooked conclusions to ensure a successful outcome. He offered to help sell them to the Syrians in advance. You might ask the Foreign Secretary to let us have a proposal

covering the Syrian attitude to terrorism, undertaking to prosecute anyone in their jurisdiction shown to be involved in Lockerbie, commitment to help over the hostages, which we could pass to Bandar.

Royal Anniversary Trust

The Foreign Secretary wants to discuss with you an approach which he has received from David Wills, proposing the establishment of a Trust to commemorate the 40th Anniversary of The Queen's accession to the throne. The Trust would finance a massive exchange programme for young people. Fuller details are in the folder. Sir David has indicated that he would hope for government financial support - but this seems inappropriate. Sir David is consulting Lord Whitelaw, Lord Carrington and George Younger. The Foreign Secretary wants to give them a steer.

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CDP

C. D. POWELL

31 October 1990

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