



PRIME MINISTER

Bilateral with the Foreign Secretary

The Foreign Secretary is coming in for a talk on Monday morning. There are a number of issues you will want to cover.

The Gulf

The Foreign Secretary has had extensive discussions with the Americans and Russians in New York. Copies of the reporting telegrams are in the telegram folder in your box. The main question is how best to use the period between now and 15 January to convince Saddam Hussein that he really must withdraw if we are to avoid a war. Various ideas have been floated, including that of a Summit Meeting of the Five Permanent Members of the UN Security Council (although since China abstained on the UN Resolution this seems unlikely). Alternatively the UN Secretary-General might be sent to Iraq as an emissary of the Security Council.

*Not
Free.*

Other diplomatic points which need early decision are:

the advice we should be giving to British dependents and non-essential workers in Saudi Arabia and other Gulf states: should they come home? Or do we risk causing panic and undermining essential services in Saudi Arabia by encouraging them to leave?

*No advice
I think*

and when should we to withdraw our Embassy from Kuwait? The Americans now seem to think their Embassy can hold out until early January: in a new development, the Iraqis seem to be prepared to let certain essential supplies through to them.

Contacts with the Americans

Jim Baker is planning to be in Europe in the third week in December and hopes to see you. You are planning to visit

Washington (without the Foreign and Defence Secretaries) before Christmas, and probably on Friday 21 December.

✓ You have agreed that our Ambassador in Washington should be brought more fully into matters on the Gulf, although the main point of contact with the White House should remain No.10.

Gulf Visit

✓ You will want to take the Foreign Secretary's view on whether you should pay a pre- or post-Christmas visit to our forces in the Gulf. Your original instinct was against, but it has been suggested that holding back from a visit might be interpreted as lack of interest in the fate of our forces.

European Policy

You will want the Foreign Secretary to tell you how he sees the forthcoming European Council in Rome, and the issues likely to dominate there. You will want to sound him out on how controversial discussion on institutional reform is likely to be: and whether the Italian Presidency plan another hijack, as over EMU at the last Rome European Council.

You will want to consider with him the pros and cons of spinning out the IGCs right through 1991 so that they do not come to a head before a General Election in this country.

More widely, you will want to discuss with him the nature of the paper for Cabinet which you commissioned earlier this week on how to build alliances in the Community, in order the better to get our way. You may find that the Foreign Secretary prefers a broader paper setting out the Government's overall approach to Europe, which could even become a White Paper.

Europe: Procedure

Your inclination is to leave OPD(E), under the Foreign Secretary's Chairmanship, as the main body for handling European

issues. In case of unresolved disputes, matters could be reported to OPD itself under your Chairmanship, and eventually to Cabinet. You envisaged, I think, Michael Heseltine becoming a member of OPD(E) (although not necessarily OPD).

At the same time, you are thinking of opening up discussion of European issues in Cabinet itself, in part by encouraging Ministers to discuss issues likely to be raised by forthcoming meetings of the Council of Ministers, rather than just reporting on past ones. You will want to test the Foreign Secretary's reaction to these ideas.

Soviet Union

The question of financial and food aid to the Soviet Union is likely to take a high profile over the next few weeks and we may face some tricky and expensive demands at the European Council. You may want to discuss the tactical handling of this with the Foreign Secretary. Our position so far has been that decisions must await the IMF report on the Soviet economy, due at the end of the year.

President Gorbachev has hinted that you might like to go to Moscow for a talk, perhaps in the second half of January. Again you may want to take the Foreign Secretary's views on the advisability and timing of a meeting.

C. D. P.

C. D. POWELL

30 November 1990

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