

Tel. sent to B'port,  
and letters to Belgrade,  
+ Warsaw.

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10 DOWNING STREET  
LONDON SW1A 2AA

Mr Figg's, EAD

IS  
IS/Mr Mellor  
IS/Aul  
Sir J Fretwell  
Protocol Dept  
Mr Houston.

(5)

From the Private Secretary

ENU 0201

Advice on

28 July 1987

RECEIVED	30 JUL 1987
SECRETARY	
UNIT	
NO.	
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BY	
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Final para. in  
due course, please

Wyn Jones  
28/7.

Dear Lyn,

RELATIONS WITH EASTERN EUROPE AND YUGOSLAVIA

Thank you for your letter of 27 July <sup>(50)</sup> about the way ahead in our relations with Eastern Europe.

The Prime Minister agrees in principle that we should invite a member of the Yugoslav Federal Presidency to London, but would wish this to be in early 1988. We already have as many visitors as we can manage in the second half of 1987.

The Prime Minister is also content that we should invite the new Hungarian Prime Minister to visit the United Kingdom next year, although we should look for dates in the second or third quarters of 1988. In this case, as for the Yugoslavs, she notes that her own involvement would be limited to a meeting and a lunch or dinner.

The proposal for a visit by the Prime Minister to Poland in 1988 raises a number of questions. The Prime Minister thinks that it would have to be clear in advance that not only would she be able to meet Lech Walesa, but that she would also be able to visit Father Popieluszko's grave, meet church leaders and appear on television. It would be helpful to know whether you think these conditions could be met, before putting the question of a visit back to the Prime Minister for a decision.

Yours sincerely,  
  
Charles Powell

Lyn Parker, Esq.,  
Foreign and Commonwealth Office.

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APR 27 1987 (50)



Foreign and Commonwealth Office

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30 JUL 1987

London SW1A 2AH

27 July 1987

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Dear Charles,

Relations with Eastern Europe and Yugoslavia

Sir Geoffrey Howe suggests that it would now be appropriate to consider the role which relations with Eastern Europe and Yugoslavia should play in the next phase of the Government's approach to East/West relations, and the Prime Minister's possible involvement in this.

As you know, our policy towards the Soviet Union's allies is to try to widen the room for manoeuvre available to them, and to encourage more open societies, including market-oriented economic reform. With Yugoslavia, our approach is to maintain similar pressure for change, while underlining the importance we attach to Yugoslavia's independence and non-alignment.

As you said in your letter of 23 February about relations with Poland, the level of meetings has a particular symbolic importance in dealing with communist countries. To take Yugoslavia first, the Prime Minister went there twice in 1980 (once for Tito's funeral), and had a return visit from Mrs Planinc in 1983. Sir Geoffrey Howe went to Belgrade in early 1986, and will invite the Yugoslav Foreign Secretary here probably in the second half of 1988. Last year, the Yugoslavs pressed for a return visit by the Prime Minister in 1987. We explained (your letter of 19 December) that this would not be possible. They have now proposed that a member of their collective Federal Presidency (probably either the Slovene, Dolanc, or the Croat, Vrhovec, though they will not be able to tell us which until the early autumn) should come to London for a meeting with the Prime Minister and a short programme of other activities. The timing they have in mind is late 1987 or fairly early next year.

The Foreign Secretary considers that this would be a good way of maintaining the necessary high level contact with the Yugoslavs, without taking up too much of the Prime Minister's time. The Yugoslavs have been showing signs of uncertainty about their future role in Europe. Gorbachev is due in Belgrade later this year. They are anxious to balance that visit with similar top level contacts with the West - they are planning to send a member of their Presidency to France and the US, and

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we understand that Chancellor Kohl has agreed in principle to go to Belgrade. A meeting with the Prime Minister would be an opportunity to reassure them that the West will continue to help with Yugoslavia's economic problems, where this is prudently possible. But the Prime Minister is also ideally placed to point out that, without further changes in the Yugoslav economic system, the scope for closer links with the EC (and for debt repayment) will be greatly reduced. Formally, the Prime Minister would need to be the host for such a visit, and would need to offer the visitor a meal. But otherwise her involvement could be limited to a meeting of say one hour.

As for Eastern Europe, Gorbachev's policies have created expectations of change. And the Prime Minister's visit to Moscow has aroused hopes that she may fairly soon pay a further visit to Eastern Europe, thus acknowledging the part which Eastern Europe can continue to play in East/West relations. Against this background, the Foreign Secretary hopes that the Prime Minister might be ready to invite the new Prime Minister of Hungary, Karolyi Grosz, to visit Britain; and that she will feel able to go firm on a visit to Poland sometime during 1988.

There has been further solid progress in our relations with Hungary since the Prime Minister went there in 1984, and since Kadar's return visit to London in 1985. A further top-level contact would help to maintain the momentum. Grosz is a leading candidate to succeed Kadar. As Prime Minister, he will be responsible for the next phase of Hungary's economic reform. He has expressed a strong interest in (and admiration for) Britain's industrial restructuring. He has little experience of the West. A fairly early meeting with the Prime Minister would be invaluable in encouraging him to adopt an appropriately bold approach on the economy, rather than half measures. The Prime Minister's involvement would not need to go beyond what is proposed above for a member of the Yugoslav Presidency.

As for the proposed visit to Poland, the background remains much as described in my letter of 23 February. When he sees the Prime Minister in December, the Polish Foreign Minister will undoubtedly press her to make a visit. Jaruzelski is extremely keen that she should go. If the Prime Minister decided to do so, the prospect of a visit, as well as the visit itself, could be exploited to keep Poland moving in a more liberal direction politically, and to maintain pressure for economic reform. It would have to be made clear that the Prime Minister would wish to see Walesa. This would not be easy for the Polish authorities to accept, but Sir Geoffrey Howe believes they would probably do so. That meeting would, of course, have a strong resonance both within and outside Poland.

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If possible, it would be useful to have a reaction on a visit by Grosz by 29 July. Our Ambassador in Budapest hopes to see him at the end of this week, mainly to lobby further for a Hungarian purchase of six BAe 146 aircraft (which is still very much on the cards). It would be ideal, including in the context of that contract, if Mr Appleyard were able to confirm that the Prime Minister would be willing to see Mr Grosz, say next spring.

To summarise, the Foreign Secretary hopes that the Prime Minister will agree to see a member of the Yugoslav Federal Presidency late this year or in the first half of 1988; to invite the Hungarian Prime Minister next spring; and to consider a visit to Poland some time next year.

*love ever,*

A handwritten signature in cursive script, appearing to read 'L. Parker', with a small flourish at the end.

(L Parker)  
Private Secretary

C D Powell Esq  
PS/10 Downing Street

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