

PRIME MINISTER

FOREIGN AFFAIRS

A round-up of current concerns.

Franco/German Summit (16/17 May)

Blunt talking. No meeting of minds on economic policy.  
Germans impatient with French attempt to blame others for their  
economic problems. Kohl refused to be drawn into criticism of  
U.S.

Unrest in France

Demonstrations continue by students, farmers, shopkeepers  
and small businessmen, each in support of separate grievances.  
More planned. But our Embassy think the head of steam may be  
declining. For the students, exams approach. The farmers have  
their EC price settlement. It is (at any rate so far) quite  
different from 1968 - and much of the British press reporting  
is highly exaggerated.

EC Budget

The German emissary has had talks with Francis Pym today.  
Quite useful, I believe. They got into the details of our  
solution. His main point was that we should work out carefully  
what we say at the Foreign Affairs Council on Own Resources.  
He did not expect us to agree to an increase but if we said it  
was ruled out for all time, we would not get our solution.

Belgrano

The Mirror wrote a piece today asking why Francis Pym did  
not immediately communicate to London the Peruvian proposals.  
Francis Pym has written to The Mirror, for publication tomorrow,  
saying why this was not necessary. A JIC report on the possible  
threat on 25 May will be in your box tonight.

/ Hong Kong

Hong Kong

In view of Zhao's reply to your letter no-one now thinks it likely that the Chinese will announce their "Plan" in June. But the contingency paper which you saw some weeks ago has been brought up to date, so we shall be ready if they do (I will not bother you with the paper unless the intelligence about Chinese intentions changes).

A paper has also been prepared about how we should conduct the substantive talks. Again, it is doubtful whether they will begin before 10 June. So I will not bother you unless an earlier date is fixed.

Williamsburg

All the arrangements for your travel, bilateral meetings, etc. are in hand. I hope it will not be necessary to bother you until we leave next Saturday.

*Thank you MB*

*A.J.C.*

19 May 1983