

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral tomorrow with the Foreign Secretary. He would like to devote it to his visit to Washington and his talks with President Bush and Secretary Baker. There is a full set of reporting telegrams in the folder. But you probably won't have time to read them. The main points to emerge were:-

- both the President and Jim Baker gave a rather muddled presentation of their new proposal for further reductions in US and Soviet stationed forces. It would not be tabled in the current CFE negotiations, but be for discussion after them. The President asked the Foreign Secretary to reassure you that he would do his best to hold the line on the figure of 225,000 for the foreseeable future and was reasonably optimistic that he would succeed;
- the Americans seem to have reacted well to our proposal for more consultation and a joint political and strategic assessment of developments in Eastern Europe and German unification. We shall need to follow this up vigorously. They are one with us on the need for a period of transition before unification;
- he got nowhere with Baker and the President on Vietnamese boat people;
- but we did get a useful assurance that the US will not relax their policy on arms sales to Argentina;
- the prospects of progress in the Middle East are clearly very limited;
- the President is agonising over China and finding the Chinese touchy and fragile. He still seems to harbour some hope that Zhao Ziyang might reappear.

CDP

(C. D. POWELL)

30 January 1990

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