

N.A.J.O.
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PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral tomorrow with the Foreign Secretary. There are several points you might cover. The main ones are:

- Lithuania. It looks likely that we shall soon have to take some sort of measure, preferably in the economic field, to demonstrate our displeasure at the tightening Soviet economic squeeze on Lithuania. The FCO have produced some options, which I attach. We ought to stick to economic measures and keep anything in the political or defence field for later use if necessary. So far as possible we should act in concert with other allies and not alone. We should avoid action which would impinge on your June visit or events surrounding it. The best bets are either to slow down implementation of the EC/USSR Trade and Co-operation Agreement, postpone agreement to Soviet observer status at the GATT and slow down Soviet contacts with the OECD (or a combination of any of them).

1 - NATO Summit. The Foreign Secretary will want to talk to you about the NATO Summit. The preference in NATO and in particular of the Secretary-General is to maintain the Turnberry meeting of Foreign Ministers in early June, in order to prepare for the Summit, and hold the Summit itself in late June. Keeping the Foreign Minister's meeting could make a difference to whether we go ahead and bid for the Summit in London. Moreover, as you will see from the attached letter, the logistic problems are fairly hair-raising. It is a bit humiliating to admit that we cannot hold a Summit here. On the other hand, the worst thing would be to have an inadequately organised Summit, without proper facilities for the press or adequate hotel rooms.

- Iraqi Gun. The Trade and Industry Secretary will make a statement today. There does not appear to be much we can do vis-a-vis Iraq. But you will need to discuss with the Foreign Secretary the timing of our Ambassador's return to Baghdad: and how to exploit Prince Bandar's offer to help secure the release

of Richter and/or Nurse Parish. It is difficult to see how we can send our Ambassador back yet - I would have thought at least another fortnight needs to elapse.

- Mandela. We are taking the line that you will visit South Africa when you decide: Mandela should now terminate his lap of honour and stay in South Africa where there is serious work for him to do, preventing black South Africans from slaughtering each other: and that your invitation to him stands, although it seems to you more important that he gets on with the work which needs to be done in South Africa.

- Hong Kong. The second reading of the Hong Kong Bill is tomorrow evening. Most accounts seem to agree that it will go through: but doubts remain over how the vote will go when it comes to a guillotine motion.

- European Council. Mr. Haughey is coming to see you on Friday, as part of a general round of visits to EC Heads of Government, to discuss the 28 April European Council. It seems unlikely that there will be any great differences over East Germany's entry to the EC. Nor does EMU look likely to be a major subject. But so-called political union will probably be raised, with the suggestion that a special preparatory committee should be set up to discuss it, prior to an IGC. We have, of course, some good ideas of our own to put forward. You will want to discuss with the Foreign Secretary whether to introduce them in Dublin: and how to handle the procedural aspects of this issue.

C.D.P.

C. D. POWELL
18 April 1990

c:Bil.FCS.:kk