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B.M.



10 DOWNING STREET

From the Private Secretary

21 November 1984

Thank you for your letter of 19 November about the Foreign Secretary's meeting with George Shultz in December.

The Prime Minister is content with the list of issues which the Foreign Secretary intends to raise with Mr. Shultz. She would also like to see Mr. Shultz herself. I should be grateful if you could let me know, in due course, which day he is likely to be here in the week ending 14 December.

I am copying this letter to David Peretz (HM Treasury), Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food), Richard Mottram (Ministry of Defence), Callum McCarthy (Department of Trade and Industry), Dinah Nichols (Department of Transport) and Richard Hatfield (Cabinet Office).

Len Appleyard, Esq., (C.D. Powell)  
Foreign and Commonwealth Office

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Prime Minister

Could you please  
say whether you  
would like to see  
George Shultz while  
he is here.

EDP

25/11

Yes please  
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cc 16 (1)



Prime Minister  
 His visit will be  
 useful preparation for  
 your own visit to Washington.  
 Do you wish to  
 see Mr. Shultz again?

Foreign and Commonwealth Office

London SW1A 2AH

19 November 1984

Dear Charles,

C&amp;P 19 xi

Yes Mr

Mr Shultz has accepted the Foreign Secretary's invitation to visit Chevening for talks in the week ending 14 December. The original purpose of inviting him at this point was to discuss the Middle East and to take stock of Alliance issues in the context of the NATO Ministerial meeting in the middle of that week. In addition, of course, the visit will provide a useful opportunity to get an early private sense of the Administration's thinking - and to inject our own views - on a wider range of issues at the outset of their second term. This will be particularly helpful just before the Gorbachev visit takes place the following week.

It is good news that Mr Shultz has been reappointed Secretary of State. His steadiness on most issues and his experience over the last two difficult years will strengthen his position within the Administration. This will help them to take advantage of the real opportunities which now arise to make important moves particularly on East/West relations, where we believe they are disposed to do so, and also on the Middle East, where we are less sure of their intentions. But they will need to move quickly.

Though the election was a personal triumph for the President, the Republican party recouped in the House of Representatives only part of its losses in 1982 and the Administration will not be in the strong position it enjoyed with Congress from 1980 to 1982. By this time next year, Reagan's second honeymoon will almost certainly be over. By 1986 the mid-term elections will be looming and Congress could well be causing difficulties. In addition the economy may have started to turn down and before too long the 1988 Presidential election will start casting a shadow. So the Administration will need to take advantage of the opening now. Mr Shultz will be fully aware of that.

Against this background Sir Geoffrey's principal objectives for this meeting with Mr Shultz will be:

/(a)





- (a) to get a clear idea of the Administration's strategy on the main foreign policy issues;
- (b) to put our own views across but to show ourselves alive to US interests and constraints;
- (c) to register that, although we stand close on most major international questions, we cannot be taken for granted. And where we disagree with US policies, we shall say so in private and occasionally if necessary in public. On the issues in dispute between us, we shall continue to press the British case energetically;
- (d) to underline the importance of the United States not being nervous about current European efforts aimed at strengthening economic, political and defence cooperation, but on the contrary to encourage them.

More specifically, the Foreign Secretary will aim:

- (a) to discuss the prospects for opening up the dialogue with the Russians and the East Europeans, and the contribution which we expect to be able to make (e.g. Gorbachev and Gromyko visits);
- (b) to sketch out the approach which we believe arms control strategy should take, in preparation for the Prime Minister's talks later on with the President;
- (c) to discuss the way ahead over Arab/Israel, and particularly to urge Mr Shultz that more is needed than tackling the easier things (not that anything is easy in the Middle East) and that an active strategy for Arab/Israel that we can all support is a vital part of protecting the Western position and keeping out the Soviet Union;
- (d) to get Mr Shultz to expound US overall policy on Central America for promoting peaceful development and containing subversion; to underline that we continue to share their objectives but that there are limits to the extent to which we and other European Governments can be expected to endorse direct American intervention, if it came to that;
- (e) to go over our concerns about developments in the US economy, and to explore the implications (e.g. for interest rates and protectionist practices); and to try to engage Mr Shultz in the interests of getting early action to reduce the budget deficit;

If all this ground is covered, it will have been a useful meeting. But Sir Geoffrey Howe would be glad to know if there are other issues the Prime Minister would like him to raise

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in advance of her own visit to Washington.

I am copying this letter to Richard Hatfield (Cabinet Office), David Peretz (HM Treasury), Ivor Llewelyn (MAFF), Richard Mottram (MOD), Callum McCarthy (DTI) and Dinah Nichols (Dept of Transport).

*Yours ever,*

*Len Appleyard*

(L V Appleyard)

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