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THE WHITE HOUSE

WASHINGTON

February 19, 1985

MEETING WITH BRITISH PRIME MINISTER MARGARET THATCHER

DATE: LOCATION: February 20, 1985

Oval Office, Blue Room,

Family Dining Room

1:30 a.m. - 2:40 p.m. TIME:

ROBERT C. McFARLANE FROM:

PURPOSE: To continue close consultations with Mrs. Thatcher. I.

BACKGROUND: In a broader sense, Wednesday's session will be a continuation of the pre-Christmas Camp David meeting. For II. this round, Mrs. Thatcher will be accompanied by both Foreign Secretary Howe and Defense Minister Heseltine, as she has expressed special interest in discussing strategic topics. Since Mrs. Thatcher will be addressing a joint session of Congress, the White House meetings will commence a little later than usual with a 15 to 20 minute tete-à-tete session, followed by a working lunch in the Blue Room and a meeting in the Family Dining Room. The Family Dining Room session is being billed as a seminar on "Strategic Stability." It will focus on East-West relations and arms control questions.

This month marks her 10th year as leader of the Conservative Party, and she has been Frime Minister for nearly 6 years. While Mrs. Thatcher's Parliamentary majority remains large, her political popula: it is on the wane because of her uncompromising style and unresolved economic problems, reflected by the weak pound and high unemployment. By refusing to bend on the year-old miners strike, she has forcefully demonstrated that no union can bring Britain to a Yet many claim the strike could have ended long ago on terms favorable to the government, with far less economic disruption.

Our bilateral relations remain close and special. She is among your strongest and most vocal supporters, and we and the British pursue similar foreign policy goals. This visit offers an opportunity to build on the Camp David discussions and to continue our extensive consultations on a wide range of international topics. George's comprehensive briefing paper addresses the primary subjects: Arms control and East-West relations; the Middle East; Central America; economic issues; terrorism; and Northern Ireland.

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cc Vice President Ed Meese Don Regan Mike Deaver

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Your talking points spell out our position on these questions. Earlier this month she met with Nicaraguan Vice President Ramirez and we expect that Central America will be on her mind. She was very firm and critical of the Sandanistas in this meeting. You have sent her a cable of thanks.

For some time, the British have been dissatisfied with the mandatory on-site inspection provision in Article 10 of our draft Chemical Weapons (CW) Ban Treaty. While supportive of our overall approach, Mrs. Thatcher may urge more flexible our overall approach, Mrs. Thatcher may urge more flexible Article 10 language that permits on-site inspection, but allows for graduated access over seven days to some suspect sites, as opposed to our proposal for mandatory access within two days to all suspect sites. Considering the risks of Soviet cheating, we recommend that you hold firm on our approach, but express the willingness to have your arms control specialists consider whether any alternatives might be developed that would be as effective a deterrent as our Article 10.

Unlike recent meetings, there is no major bilateral irritant at this time. There has been no change in the civil aviation situation, but Mrs. Thatcher reportedly now realizes the limitations on Executive Branch actions with regard to private treble damage claims. You may want to stress that liberalization of the aviation regime is in both our interests. You may also wish to underline the need to intensify the Anglo-Irish dialogue on Northern Ireland. Mrs. Thatcher shares our concerns about international terrorism but naturally focuses on the IRA. You might seek to enlist her continuing cooperation in combatting terrorism and may want to express concern that the British have reduced the security force around our GLCM base at Greenham Common.

On Thursday, Secretaries Shultz, Baker, Baldrige, and Block are having a separate economic roundtable with Mrs. Thatcher. You will want to emphasize the need to build on the success of the London Summit, and urge her to join us in seeking agreement at the Bonn Summit to begin a new round of trade negotiations by early next year. The British reportedly are also seeking ways to induce New Zealand to resume its full defense responsibilities. Prime Minster Lange may participate in a debate at Oxford in early March. If he does, Mrs. Thatcher will see him and will undoubtedly hold Lange's feet to the fire.

This year also marks the 200th anniversary of the establishment of diplomatic relations between the United States and the United Kingdom. You and Mrs. Reagan have agreed to join the Thatchers at a February 20 dinner at the British Embassy, hosted by Ambassador and Mrs. Wright, commemorating this historic event. Your dinner toast is being forwarded directly by the Speechwriters.

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George's comprehensive memo is at Tab A. Your suggested talking points and Mrs. Thatcher's bio are at Tab B. departure statement is at Tab C.

III. PARTICIPANTS
11:30 a.m. - Pre-brief - Oval Office The President The Vice President Secretary Shultz Secretary Weinberger Donald P. Regan Robert C. McFarlane Ambassador Price Jack F. Matlock, Jr. Assistant Secretary Burt

> 12:00 noon - 12:15 P.M. - Private Meeting - Oval Office The President Jack F. Matlock, Jr. (notetaker)

Prime Minister Thatcher Charles Powell (notetaker)

12:15 p.m. - 1:15 p.m. - Working Lunch - Family Dining Room

The President The Vice President Secretary Shultz Secretary Weinberger Donald P. Regan Robert C. McFarlane Ambassader Price Jack F. Matlock, Jr. Ronald F. Lehman Assistant Secretary Burt Assistant Secretary Perle

Prime Minister Thatcher Foreign Secretary Howe Defense Minister Heseltine Ambassador Wright Robin Butler, Principal Private Secretary to Mrs. Thatcher Charles Powell, Private Secretary to Mrs. Thatcher

1:15 p.m. - 2:30 p.m. - Seminar - Blue Room The President The Vice President

Secretary Shultz

Secretary Weinberger Donald P. Regan

Robert C. McFarlane

Ambassador Price

Ronald F. Lehman

Jack F. Matlock, Jr.

Kenneth L. Adelman

Assistant Secretary Burt

Assistant Secretary Perle

Lt. Gen. John T. Chain, Jr.

Prime Minister Thatcher Foreign Secretary Howe Defense Minister Heseltine Ambassador Wright Robin Butler, Principal Private Secretary to Mrs. Thatcher Charles Powell, Private Secretary to Mrs. Thatcher

PRESS PLAN: Photo Opportunity at beginning of Oval Office IV. meeting. Full press coverage of departure statements.

SEQUENCE OF EVENTS: . V .

11:30 a.m. - 12:00 noon 12:00 noon - 12:15 p.m.

1:15 - 1:15 p.m.1:15 - 2:30 p.m.

Pre-brief in Oval Office Private meeting (plus notetakers) in Oval Office Working Lunch in Blue Room S minar in Family Ding

Attachments

Tab A Shultz Memo

Talking Points and Bio Tab B

> Prepared by: Peter R. Sommer





TERRORISM - UNITED KINGDOM

- O Terrorism by the Provisional IRA continues as the primary

 British concern, but HMG is now also focusing on the threat to

 NATO, and the threat from terrorism of Middle Eastern origin.
 - -- Irish terrorism now recognized as one facet of a wider international problem
 - -- Anti-NATO sentiment in UK now manifested in civil disobedience, but HMG acutely aware of potential for violence in UK, where NATO targets abound
 - -- HMG keen to promote allied cooperation and sees value of political push from the NAC
 - -- Working in EC-10 for political cooperation for more stringent application of Vienna convention as result of Libyan incident and similar state supported terrorism of Middle-East origin
 - -- HMG feels bilateral channels best to effect practical anti-terrorist measures
- O <u>US-UK</u> anti-terrorist cooperation excellent and getting still better, particularly in areas of <u>intelligence</u> exchanges and technical R&D cooperation
 - -- HMG made demarche to Iran on behalf of US prisoners and supports similar demarche to be made by EC
 - -- HMG very appreciative of US efforts to cut off support for IRA, and is pleased at agreement to improve our bilateral extradition treaty
- O Foreign Minister Howe has personal reservations about issue of "retaliation" against terrorists
 - -- concerns center on legality of retaliation
 - -- possibility that <u>UK support</u> for retaliation <u>will cause</u> them to be targets
 - -- possibility that Europeans might support initial US position in a terrorist situation only to find themselves implicated after the fact in unilateral armed intervention by US

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FOR THE PRESIDENT FROM AMBASSADOR PRICE

E. O. 12356: DECL: TAGS: PARM, UK, PTER, ECON, OVIP (THATCHER, MARGARET) SUBJECT: YOUR MEETING WITH PRIME MINISTER THATCHER, OADR FEBRUARY 20

- SECRET ENTIRE TEXT.
- 2. THE PRIME MINISTER HAS SET UP A WHIRLWIND SCHEDULE IN WASHINGTON, AND WILL BE LUNCHING WITH YOU RIGHT AFTER HER ADDRESS TO A JOINT SESSION OF CONGRESS.
- THE BACKDROP IS DIFFERENT THAN WHEN YOU SAW LER IN DECEMBER. AT THAT TIME SHE WAS RIDING THE CREST OF FOREIGN POLICY SUCCESSES -- IN HER MEETINGS WITH GORBACHEV, DENG XIAOPING AND WITH YOU. HER ROUND-THE-WORLD HAT TRICK GOT HER GREAT THIS TIME, SHE IS COMING FROM NAGGING PRESS HERE. DOMESTIC PROBLEMS:
- ACCUSATIONS THAT SHE AND OTHERS "MISLEAD PARLIAMENT" ABOUT THE SINKING OF THE BELGRAND, FOLLOWING THE ACQUITTAL OF A CIVIL SERVANT WHO

LEAKED SOME DOCUMENTS.

- POLLS INDICATE THAT SOME BLAME FOR THE UNPOPULAR COAL MINERS STRIKE IS RUBBING OFF ON THE PRIME MINISTER'S TOUGH STAND.
- A SAGGING POUND, DOWN TO 1.08 DOLLARS, AND BASE RATES UP TO 14 PERCENT.

ALL THIS MAY BE JUST A BRIEF DIP, BUT A WORRYING ONE FOR A GOVERNMENT WHICH HAS STAKED ALL ON ITS ABILITY TO TURN THE ECONOMY AROUND. SO THATCHER WILL LIKELY WANT YOUR VIEWS ON PROSPECTS FOR THE BUDGET, THE DEFICIT, AND TAX REFORM.

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- 4. ON ARMS CONTROL/DEFENSE, THE PM IS LIKELY TO BE SPECIALLY INTERESTED IN YOUR APPROACH AND STRATEGY TO THE GENEVA TALKS WITH THE SOVIETS, INCLUDING THE INTERRELATIONSHIP OF SPACE, STRATEGIC, AND INF ISSUES. SHE DOES NOT WANT TO STRATEGIC, AND INF ISSUES. SHE COVERED AT CAMP GO OVER THE GROUND ON SDI THAT SHE COVERED AT CAMP DAVID. BUT SHE MAY TALK UP HER FOUR POINTS ON SDI, AS A RALLYING GROUND FOR EUROPEAN SUPPORT. THE KEY IS THIS: SHE IS CONVINCED THAT EUROPEANS NEED NUCLEAR WEAPONS TO DETER SOVIET ARMORED DIVISIONS. AND SHE WORRIES THAT THE GLOSS WE ARE GIVING SDI INNVITABLY UNDERCUTS THE BASIS FOR THAT SORT OF DETERRENCE.
 - 5. ON CHEMICAL WEAPONS, SHE WILL SUGGEST MORE FLEXIBLE VERIFICATION PROVISIONS THAN THOSE PROPOSED IN OUR DRAFT CONVENTION. AND SHE'LL RAISE THE POSSIBILITY OF MOVEMENT ON THRESHOLD TEST BAN, WHERE THE BRITISH THINK WE CAN TAKE USEFUL STEPS TO PUT THE ONUS ON THE SOVIETS.
 - 6. AS TO OTHER ISSUES, THATCHER MAY TOUCH ON:
 - THE VE DAY ANNIVERSARY, AND HOW TO ENSURE THE SOVIETS DO NOT EXPLOIT IT.
 - CENTRAL AMERICA, WHERE SHE WILL BE INTERESTED IN OUR PLANS. SHE RECENTLY SAW THE NICARAGUAN VICE PRESIDENT RAMIREZ HERE, AND GAVE HIM A GOOD FOURTH
 - THE MIDDLE EAST, AND YOUR VIEWS ON NEXT STEPS AFTER YOUR MEETINGS WITH FAHD AND MUBARAK.
 - INDIA, AND OPPORTUNITIES FOR WESTERN POLICY UNDER RAJIV.
 - ' KER, AND PROBLEMS IN OUR BILATERAL CIVIL AIR RELATIONS.
 - 7. YOU MIGHT WANT TO BRING UP:
 - TERRORISM, ASKING FOR THE PM'S VIEWS ON EUROPEAN THINKING FOLLOWING RECENT ATTACKS ON NATO TARGETS.
 - EASTERN EUROPE, WHERE GEOFFREY HOWE IS ENGAGED IN A ROUND OF VISITS THIS SPRING.

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FOR THE PRESIDENT FROM AMBASSADOR PRICE

E. O. 12356: DECL: OADR TAGS: PARM, UK, PTER, ECON, OVIP (THATCHER, MARGARET) SUBJECT: YOUR MEETING WITH PRIME MINISTER THATCHER,

8. I VERY MUCH LOOK FORWARD TO SEEING YOU AND NANCY, AS DOES CAROL, WHO WILL BE JOINING US FOR DINNER AT THE BRITISH EMBASSY. PRICE вт

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