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10 DOWNING STREET

From the Private Secretary

5 November 1981

cc Master

Sinai MFO

Mr. Hurd came to see the Prime Minister last night at 2020.

He started by showing the Prime Minister Washington telno 1 of 4 November, which set out Mr. Haig's initial reaction to the message from the Ten on the MFO. Mr. Hurd said it was not clear why Mr. Haig had reacted so badly. In response to a question from the Prime Minister he said that he doubted whether the cause of Mr. Haig's alarm was the covering letter from the Prime Minister to President Reagan saying that we retained the right to withdraw from the MFO in the future. It was more likely to be the phrases in the message that distanced European participation in the MFO from the Camp David agreement. Mr. Haig's reaction was hard to understand. The message had been toned down considerably during negotiations in the Ten. It no longer called for acknowledgement by the United States of the conditions on which European countries would participate.

Mr. Hurd went on to say that Mr. Haig would be seeing Sir Nicholas Henderson within a couple of hours, and that Lord Carrington would speak to Sir Nicholas before this. The most obvious demand the Americans could make was that the Ten should either negotiate a more acceptable text, or drop it altogether. Both Lord Carrington and Mr. Hurd felt that further negotiation on the text was out of the question. The statement was almost public knowledge already. Renegotiation would be extremely damaging to the Ten in the Arab world. Mr. Hurd said that he would welcome the Prime Minister's views. President Reagan might wish to speak to her, especially given American concern that Israel might act rashly in the follow-up to the AWACS deal.

After some discussion, the Prime Minister agreed that further negotiation on the text of the message itself was out of the question. The Americans could not dictate the terms on which Europe participated in the MFO. She was surprised that President Reagan had adopted Mr. Carter's Middle East policy so whole-heartedly. She would be glad to speak to the President or to the Secretary of State.

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