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From the Private Secretary

5 December 1979

New Rhodesia,

CALL BY THE U.S. AMBASSADOR

The U.S. Ambassador, Mr. Kingman Brewster, called on the Prime Minister this morning to discuss her forthcoming visit to Washington and New York. A number of issues were touched on briefly.

Rhodesia

The Prime Minister commented that it would be very awkward for her if the United States was still applying sanctions against Rhodesia at the time of her arrival and if there were by then a British Governor in Salisbury. Mr. Brewster said that he was conscious of the problem and would make sure it was understood in Washington when he returned there early next week. However, he could give no undertakings about the reaction of the Administration. He assumed the wording used in recent statements, and in particular the reference to a thirty day period, reflected an effort to bridge the positions of those who wanted no procrastination in the lifting of sanctions and those who wanted no automaticity.

Defence

In the course of some rather random remarks about defence matters, Mr. Brewster said that the wish of the U.S. Administration to separate the timing of the decision on theatre nuclear force modernisation and on the Polaris succession should not be read as having any implications for the attitude of the Administration on the second issue.

Iran

Mr. Brewster said that the President was, inevitably, pre-occupied with the Iranian situation. It would be very useful for him to be able to discuss with another Head of Government the implications of the crisis and to hear the views of an outsider on what might be done. The President had been receiving advice from a very limited number of advisers. These advisers

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were themselves disinclined, for obvious reasons, to discuss the problem, particularly the question of contingency plans, with a wider circle. Mr. Brewster said that he hoped that if the Prime Minister had ideas of her own she would spell them out. The President would very probably keep his own ideas to himself, but a discussion would nonetheless, in Mr. Brewster's view, be useful.

Mr. Brewster said that two members of the U.S. Treasury, Messrs. Carswell and Mundheim (?) would be coming to London tomorrow to talk to the Treasury and the Bank of England about the freezing of Iranian assets. They would be bearing a letter to the Prime Minister from President Carter on the question.

#### Ulster

Mr. Brewster said that the question of arms sales to the RUC was tied up with the primaries rather than with the national elections. As a result it was likely to be very difficult for the President to move in the immediate future. The Prime Minister said that she would have to raise the question nonetheless. Mr. Brewster said that he understood this.

#### Oil Sales

Mr. Brewster referred briefly to American unhappiness at the impact of the BNO decision to charge in advance for future oil sales. The American authorities were taking the line that this made it harder to keep the Saudi Arabians, Kuwaitis and others in line in resisting further price increases. BNO's position had symbolic significance. The Prime Minister made it clear that she did not share this analysis.

I am sending copies of this letter to Martin Hall (HM Treasury), Bill Burroughs (Department of Energy), Brian Norbury (Ministry of Defence) and Martin Vile (Cabinet Office).

*Yours ever*

*Michael Alexander*

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Foreign and Commonwealth Office.