

-- SPECIAL CHRISTMAS WELCOME TO CAMP DAVID.

-- GENEVA TALKS: GOAL IS TO PUT U.S.-SOVIET RELATIONS ON MORE STABLE, CONSTRUCTIVE BASIS. MADE SOME PROGRESS ON BILATERAL ISSUES: HOPEFUL SOVIETS WILL BE READY FOR SERIOUS DIALOGUE IN GENEVA.

-- EXPECT TOUGH SOVIET LINE. VITAL WE MAINTAIN ALLIANCE UNITY DEMONSTRATED AT NATO MEETINGS. ALLIED EXPECTATIONS MORE REALISTIC THAN ANTICIPATED. IF EXPECTATIONS TOO HIGH, WILL HAVE PROBLEMS MAINTAINING PUBLIC SUPPORT. RECOGNIZE THAT CONTINUED CLOSE CONSULTATIONS ARE ESSENTIAL TO MAINTAIN ALLIANCE UNITY.

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-- WILL BE PREPARED TO DISCUSS SDI, BUT IT IS PREMATURE TO CONSTRICT SYSTEMS THAT MAY CONTRIBUTE TO BOTH SIDES' SECURITY. PRIORITY GOAL SHOULD BE TO REDUCE OFFENSIVE SYSTEMS.

-- IT IS ONLY A RESEARCH PROGRAM: FULLY WITHIN TERMS OF ABM TREATY. ITS GOAL IS TO ENHANCE THE SECURITY OF ALL OF US; NO PLANS FOR A FORTRESS AMERICA. PERCEPTIONS THAT SDI LACKS ALLIED SUPPORT WILL HURT US AT GENEVA. ASK BUD TO EXPAND.

-- GORBACHEV VISIT: UNDERSTAND GORBACHEV WAS IMPRESSIVE: HIS UK VISIT RECEIVED GREAT DEAL OF PRESS COVERAGE. WHAT ARE YOUR IMPRESSIONS?

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-- CIVIL AVIATION: DISAPPOINTED WITH YOUR GOVERNMENT'S RESPONSE TO OUR DECISION TO CLOSE THE GRAND JURY INVESTIGATION. A ONE-TIME APPROVAL OF WINTER FARES IS NOT AN ADEQUATE STEP. CONGRESS WOULD REJECT PROPOSAL TO WAIVE TREBLE DAMAGES. UNDERSTAND PROCEDURES EXIST TO PROVIDE BRITISH FIRMS AMPLE PROTECTION AGAINST ANTITRUST SUITS. URGE YOU TO HAVE YOUR MINISTERS EXPLORE THESE PROCEDURES RATHER THAN WAIT FOR CHANGES IN OUR LEGISLATION. LIBERALIZATION OF THE AVIATION REGIME WOULD BE IN BOTH OUR INTERESTS AND WOULD DEMONSTRATE BENEFITS OF MORE COMPETITION.

-- NORTHERN IRELAND: U.S. POLICY HAS NOT CHANGED. HAVE NO INTENTION OF COMMENTING PUBLICLY ON DETAILS OF THIS COMPLEX, HISTORICAL QUESTION. IRISH-AMERICAN COMMUNITY AND ITS MANY CONGRESSIONAL SUPPORTERS RESTLESS OVER LACK OF PROGRESS, ESPECIALLY AT YOUR NOVEMBER SUMMIT WITH FITZGERALD. TIP O'NEILL SENT ME A LETTER LAST WEEK. KNOW THIS IS A DIFFICULT PROBLEM, BUT HOPE ANGLO-IRISH DIALOGUE CAN BE INTENSIFIED: NEED AT LEAST APPEARANCE OF PROGRESS AT NEXT SPRING'S ANGLO-IRISH SUMMIT.

-- U.S. AND WORLD ECONOMY: PROUD OF OUR 6.5 PERCENT REAL GROWTH IN 1984. U.S. INTEREST RATES COMING DOWN. OUR BUDGET DEFICIT TOO HIGH; GREAT CONCERN OF MINE. CURRENTLY DEVELOPING BUDGETARY PLANS WITH HEAVY EMPHASIS ON CONTROLLING EXPENDITURES. HOPE OUR RECOVERY WILL SPREAD TO EUROPE AND ELSEWHERE. CONCERNED ABOUT EUROPEAN STRUCTURAL PROBLEMS: IMPEDIMENTS TO ECONOMIC GROWTH.

-- LAW OF THE SEA (LOS): PLEASED THAT YOU JOINED WITH US IN NOT SIGNING LOS CONVENTION. LOOK FORWARD TO WORKING WITH YOU ON IMPROVING DEEP SEABED MINING REGIME.

-- ECONOMIC SECURITY: UNDERSTAND YOU ARE CLOSE TO CONCLUSION OF DISCUSSIONS WITH NORWAY ON DEVELOPMENT OF SLEIPNER. WE SEE TIMELY DEVELOPMENT OF NORWEGIAN GAS FIELDS AS CRITICAL ELEMENT OF OUR EFFORTS TO DIVERSIFY WESTERN GAS SUPPLIES AND TO AVOID SOVIETS CAPTURING EUROPEAN GAS MARKET.

-- CHEMICAL WEAPONS (CW) (IF ASKED): ESSENTIAL WE HOLD ON EFFECTIVE VERIFICATION. OUR APPROACH OFFERS AN INNOVATIVE WAY TO SOLVE DIFFICULT VERIFICATION PROBLEMS. PREPARED TO CONSIDER ALTERNATIVE APPROACHES IF THEY PROVIDE ADEQUATE VERIFICATION.

-- DENIAL OF EXTRADITION REQUEST (IF ASKED):
SYMPATHETIC TO BRITISH CONCERNS ABOUT DENIAL --
ON GROUNDS IT WAS A POLITICAL OFFENSIVE -- TO
EXTRADITE CONVICTED IRA MURDERER JOSEPH DOHERTY.
WE WILL ACTIVELY PURSUE OUR ON-GOING EFFORTS TO
PREVENT FUTURE DENIALS ON THESE GROUNDS.

-- FEBRUARY VISIT: LOOK FORWARD TO MEETING WITH
YOU AGAIN IN FEBRUARY. UNDERSTAND OUR STAFFS
ARE WORKING ON DATE AND FORMAT.

THATCHER MEETING: ADDITIONAL POINTS

-- SDI: PERCEPTIONS THAT SDI LACKS ALLIED
SUPPORT WILL HURT US AT GENEVA. WOULD
APPRECIATE YOU STATING AT YOUR PRESS CONFERENCE
THAT BRITAIN SUPPORTS OUR R&D EFFORT, AND
APPRECIATES THAT DEFENSIVE SYSTEMS COULD ENHANCE
DETERRENCE.

-- TERRORISM: APPRECIATE BRITAIN'S EXCELLENT
COOPERATION IN OUR ANTITERRORIST EFFORTS AND
YOUR EFFORTS TO OBTAIN MORE AWARENESS AND
ACTIVITY BY OTHER EUROPEANS, ESPECIALLY THE
FRENCH AND GERMANS, IN COUNTERING THE TERRORIST
THREAT.