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FM WASHINGTON 121600Z DEC 79

TO IMMEDIATE F C O

TELEGRAM NUMBER 4160 OF 12 DECEMBER

PRIME MINISTER'S VISIT: BRIEFING

1. WITHOUT HAVING SEEN THE BRIEFS BEING PREPARED IN LONDON, I OFFER THE FOLLOWING THOUGHTS ON THE SUBJECTS LIKELY FOR DISCUSSION.
2. I AM SURE THAT THE PRESIDENT WILL WANT TO HEAR ABOUT THE UK ECONOMY AND THE PRIME MINISTER'S VIEWS ON THE WORLD ECONOMIC OUTLOOK: HE MAY ALSO SHOW INTEREST IN HOW THE BUDGET PROBLEM AFFECTS HMG'S ATTITUDE TO THE COMMUNITY GENERALLY.
3. NEEDLESS TO SAY, IN THE ABSENCE OF SOME BREAKTHROUGH, THE PRESIDENT'S THOUGHTS ARE LIKELY TO BE ON IRAN. HE WILL HOPE THAT THE VISIT CAN DEMONSTRATE SOLIDARITY NOT ONLY FOR DOMESTIC POLITICAL PURPOSES BUT ALSO TO STRENGTHEN HIS HAND IN TRYING TO DEAL WITH THE IRANIANS.
4. WE MUST EXPECT SOME FURTHER PROBING OVER THE ISSUES RAISED BY MR VANCE IN LONDON ON 10 DECEMBER. IN ADDITION, ON THE DEFENCE SIDE, THERE MAY BE A DESIRE TO EXPLORE (PERHAPS AT THE PENTAGON) HOW THE US AND THE UK COULD ACT TOGETHER TO ASSURE WESTERN SECURITY INTERESTS BEYOND THE NATO AREA.
5. ON THE WIDER DEFENCE ISSUES, SALT II MAY NOT FIGURE PROMINENTLY IN THE PRIME MINISTER'S DISCUSSION WITH THE PRESIDENT, BUT SHE SHOULD BE PREPARED FOR THE QUESTIONS ON THE HILL. SALT OPPONENTS WILL BE LOOKING FOR EVIDENCE OF LESS THAN WHOLE-HEARTED SUPPORT. THE PRESIDENT MAY, HOWEVER, BE BRIEFED TO RAISE THE CTB, PARTICULARLY THE NUMBER OF SEISMIC STATIONS. (ALTERNATIVELY MR VANCE MAY RAISE THE SUBJECT WITH YOU.)
6. OF THE GENERAL ECONOMIC ISSUES, ENERGY WILL BE VERY MUCH ON PEOPLES MINDS, NOT ONLY BECAUSE OF IRAN BUT ALSO WITH THE OPEC MEETING IN CARACAS TAKING PLACE WHILE THE PRIME MINISTER IS HERE. BUT GIVEN THE REASONABLY SATISFACTORY OUTCOME OF THE RECENT IEA MINISTERIAL MEETING, THERE WILL BE NO MAJOR DIFFERENCES TO BE RESOLVED. THE RESULTS OF THE OPEC MEETING ARE UNLIKELY TO BECOME

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KNOWN WHILE THE PRIME MINISTER IS IN WASHINGTON. THE PRESIDENT WILL NEVERTHELESS NO DOUBT WISH TO REGISTER COMMON CONCERN ABOUT OIL PRICE ESCALATION AND THE EFFECT THAT THIS WILL HAVE (ESPECIALLY IN ELECTION YEAR) ON THE RATE OF INFLATION.

7. ON EAST-WEST RELATIONS THE MOOD HERE IS ONE OF CONSIDERABLE UNCERTAINTY, INDUCED BY THE DEBATE ON SALT AND SOVIET BEHAVIOUR AROUND THE WORLD PARTICULARLY OVER THE IRAN CRISIS. THERE IS LIKELY TO BE INTEREST IN THE PRIME MINISTER'S VIEW ON EAST-WEST MATTERS AND THE PLACE OF CHINA (FOLLOWING HUA'S RECENT VISIT). US CONCERN ABOUT CUBA MAY ALSO COME UP. IT IS SEEN PARTLY AS A SOVIET SURROGATE IN AMERICA'S BACKYARD AND PARTLY AS A SELF-GENERATING SOURCE OF SUBVERSION AND INSTABILITY IN THE CARIBBEAN.

8. THE PRESIDENT WILL BE EXPECTING THE PRIME MINISTER TO RAISE THE MAJOR POLITICAL PROBLEMS OF RHODESIA AND NORTHERN IRELAND UPON WHICH I AM TELEGRAPHING SEPARATELY.

9. BEYOND THIS I UNDERSTAND THE PRIME MINISTER MAY BE BRIEFED TO RAISE A NUMBER OF BILATERAL PROBLEMS ON THE TRADE POLICY SIDE, SUCH AS US EXPORTS OF SYNTHETIC FIBRES AND SHIPPING PROBLEMS. THE PRESIDENT SHOULD BE SYMPATHETIC IF THE PRIME MINISTER IS ABLE TO BRING OUT THE POLITICAL IMPORTANCE OF THESE ISSUES IN THE UK. IN THE FURTHER DISCUSSIONS THAT NEED TO TAKE PLACE ON BOTH QUESTIONS, IT WOULD BE USEFUL IF THE AMERICAN RECORDS SHOWED AT LEAST THAT THE PRESIDENT HAD RECOGNISED THE DIFFICULTIES WE FACED AND OUR COMMON INTEREST IN FINDING SOLUTIONS.

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