

Confidential Filing

Visit by Edwin Meese, Councillor
to President Reagan, to London

U.S.A.

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APRIL 1983

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
25.4.83							
26.4.83							
4.5.83							
6.5.83							
9.5.83							
PREM 19/1/49							

19 May 1983

Thank you for your letter of 12 May.
The point is well taken.

The Prime Minister may not have made a specific issue of the Export Administration Act in her talk with Ed Meese but she did express disapproval of US protectionist trends in general. There should be opportunities to be more specific at Williamsburg and I shall bear your letter in mind.

A. J. COLES

R.Q. Braithwaite, Esq. C.M.G.

Personal & Confidential




Washington

12 May

Dear John,

On an entirely personal basis (naturally!) I enclose a copy of a letter I recently wrote to Sunderland in the DoT about the need for personal interventions at a high political level if our credibility over the EAA is to be preserved.

Of course the Americans are sovereign to pass what legislation they like, and the EAA is only enabling legislation



anyway. But we need to raise the political consciousness here, not only to get changes in the EAA, but also to get people to understand they are laying the ground for serious alliance rows in future.

And there is also a logical link with US ~~extra~~territorial claims elsewhere, e.g. Lakes - BA - BCal.

Hope you're enjoying yourself. Work is super - real work to be done.

Yours

Rodric



British Embassy

3100 Massachusetts Avenue NW Washington DC 20008

Telex Domestic USA 89-2370/89-2384

Telex International G4224(WUI)/248308(RCA)/440015(ITT)

Telephone (202) 462-1340

G R Sunderland Esq
OT2
Dept of Trade
LONDON

Your reference

Our reference

Date 9 May 1983

Dear Russell,

EXPORT ADMINISTRATION ACT: BRITISH POLITICAL CONCERN

1. I gather that the Prime Minister did not mention this subject when the President's adviser, Ed Meese, called on her last week.
2. I think that this was a pity. You will have seen all our reports to the effect that Administration officials are going around, notably on the Hill, arguing that the Europeans are not serious, since the issue is never raised on occasions when the highest political leaders meet (Kohl, for example, did not raise it with Reagan on his recent visit). Meese and Judge Clark are particularly assiduous in putting this argument to the President himself, or so at least we are told.
3. We are doing what we can to counter these arguments, for example by drawing the attention of Congressmen and Senators to public statements by our Ministers. I enclose a copy of a letter which the Ambassador has just sent to Congressmen.
4. But letters, and even speeches, are usually handcrafted by officials rather than by the Ministers who sign or deliver them; and the Americans know that. There is nothing like a personal word. I hope that the briefing for the Prime Minister's bilateral meeting with President Reagan can be adjusted accordingly: the excuse is in our telegram number 1154.

Yours ever,

Rodri

R Q Braithwaite



BRITISH EMBASSY
WASHINGTON, D C
TELEPHONE: (202) 462-1340

FROM THE AMBASSADOR

9 May 1983

The Honorable
Clement J Zablocki
Chairman
House Committee on Foreign Affairs
2183 Rayburn House Office Bldg
WASHINGTON DC 20515

Dear Mr. Zablocki,

I am writing to you about the Export Administration Act of 1979, and the various proposals for amending it which now lie before Congress.

This is an issue on which the British Government, and many other Governments allied to the United States feel strongly. I believe it is important that none of us should be in any doubt about the reasons for this. There are two aspects to the problem. The first concerns the foreign policy objectives of the allied governments. The second concerns the way in which these should be implemented, and the responsibilities of individual allied governments for ensuring that our common aims are pursued effectively.

I do not think that there can be any doubt that the British Government, and the other European allies, fully share the broad democratic aspirations of the United States, and the need to support our common defences against the actions of our potential adversaries. In particular, the British Government are at one with the United States on the need to prevent goods and technology of real strategic significance from falling into the hands of our potential adversaries. The British Government have an excellent record of enforcing commonly agreed strategic controls, and are currently participating fully with the United States and other allies, in COCOM and elsewhere, in a common search for improvements in the agreed systems of strategic controls.

/...



But if our common front against our potential adversaries is to be sustained, it is vital that we maintain the cohesion as well as the effectiveness of the Western alliance. This means that decisions which affect us all have to be taken on the basis of consent. In an alliance of democratic and sovereign nations there can be no question of one ally imposing its will upon another. This entails genuine consultation between the allies: and consultation inevitably means compromise and give and take.

Once policies have been agreed between the allies, it is for each of us to ensure that they are carried out by our own nationals and on our own territory. In the view of the British Government any controls effective in the United Kingdom must be imposed only by the British Government itself. And the enforcement of any such controls in the United Kingdom, whether under British policy or under policies agreed with Britain's allies, is similarly a matter for the British authorities. These are fundamental issues of sovereignty, directly affecting domestic interests, and they would be so regarded by any British Government.

The British Prime Minister and her colleagues have expressed their concern about these issues on a number of occasions both in public, and privately to the most senior members of the United States Administration. Thus Mrs Thatcher said in the House of Commons on 1 July 1982 that the British took what happened in the pipeline case very seriously. On the issue of contracts she added "The question is whether one very powerful nation can prevent existing contracts from being fulfilled. It is wrong that it should prevent these contracts from being fulfilled. It is also ultimately harmful to American interests ...". The Foreign and Commonwealth Secretary, Mr Pym, remarked last November that the consultations amongst the allies which preceded the dispute over the Siberian pipeline were not what they ought to have been. We recently told the American Chamber of Commerce in London that the "pipeline dispute showed how the application of extraterritorial legislation has profound disruptive effects, which cause serious damage to the companies and institutions involved and to the West as a whole. The pipeline dispute itself benefitted only the Russians". On 25 April 1983 he remarked that it would be unfortunate if the American Administration did not soften the impact of the new Export Administration Act, and commented that all the Europeans had made representations accordingly to the United States. The Minister of Trade, Mr Rees, told a meeting at the House of Commons on 14 April that legislation permitting the President "to impose export controls on companies registered and operating wholly outside of US jurisdiction ... is not only a clear infringement of the sovereignty of foreign nations, it is damaging to their industry and, indeed, to American industry. There can be no justification

/...



for this assertion of extraterritorial jurisdiction to which, so far as I know, no other country lays claim ... in the coming months we will continue to put our case forcibly, as will the European Community generally ... I hope that a sounder judgement will prevail and that we can avoid an escalating dispute".

I have taken the liberty of bringing these public statements to your attention in order to illustrate the extent of the concern which Ministers in Britain feel, and their desire to ensure that the new legislation now before Congress does not perpetuate a situation which could provide the occasion for another damaging dispute within the Alliance which could only benefit our adversaries.

The detailed objections of the British Government to the issues embodied in the Export Administration Act have been set out on a number of occasions in writing, most notably in a Note of 8 March 1983 which the Department of State undertook to convey to Congress. The European Community has also put in Notes dated 11 March and 28 April. I assume that these documents are available to you. However for convenience I will summarise the main detailed points at issue.

The Bill now before Congress leaves intact the provisions for extraterritorial jurisdiction which were present in the 1979 Act. The provision in the statement of policy that it is the intention of the United States to minimise the impact of foreign policy controls on allied or friendly countries is not matched by changes in the operative sections of the Act.

The new Bill continues to purport to apply to the subsidiaries of US companies abroad. It is the firm view of Her Majesty's Government that companies incorporated and operating in the United Kingdom must conform to the laws and policies of the United Kingdom. Such "national treatment" has indeed been a policy objective of successive United States Governments, who have objected to the imposition by foreign governments of discriminatory measures against US companies operating on their territories. It is not acceptable that the United States Government should seek to affect the operations of such companies in the United Kingdom directly, and without the agreement of Her Majesty's Government. I have little doubt that no US Administration, nor the United States Congress, nor the United States Courts, would entertain any claim by a foreign government to control the operations of foreign subsidiaries in the United States, even for good reasons of foreign policy and national security.

/...



The British Government has objected and does object to the assertion of United States control over goods and technology that have already legally left the United States, and been properly paid for. It is not acceptable that the United States Administration should attempt retrospectively to change the terms under which transactions have been made in order to make them illegal in response to some new development in the foreign policy of the United States.

I recognise that the provision in the new Bill for limited contract sanctity is an improvement on the previous Act. But the period of 270 days proposed, while appropriate for trade in commodities such as grain, is unlikely to be very significant in most transactions involving industrial goods. And the draft provides for this provision to be overridden at the discretion of the Administration.

The new draft also makes a new provision, which would empower the Administration to impose an import ban in punishment of "whoever" violates a US national security control. It is not clear whether this provision is intended to apply to countries or only to companies. Its application in practice would probably be contrary to the General Agreement on Trade and Tariffs to which both the United Kingdom and the United States are signatories. It would be as damaging to normal commercial relationships as an export ban. Insofar as it has been suggested that the use of an import ban should be restricted to foreign companies violating agreed Allied security controls, such as those which have been set up under COCOM, it would in addition usurp the enforcement responsibility of other Allied Governments who have undertaken to apply common policies in this area. It would not be acceptable to the British Government for a US sanction to be applied to a British company which had allegedly violated the rules of COCOM: that would be exclusively the responsibility of the British Government.

I would be happy to pursue these matters with you personally, should you so wish.

Oliver Wright

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FROM WASHINGTON 281950Z APR 83.

TO PRIORITY F C O

TELEGRAM NUMBER 1154 OF 28 APRIL

INFO PRIORITY BONN, PARIS, ROME, TOKYO, OTTAWA, UKREP BRUSSELS.

MY TELEGRAM NO 933: EXPORT ADMINISTRATION ACT: WILLIAMSBURG.

1. JOHN RAY (DEPUTY ASSISTANT SECRETARY, USTR'S OFFICE) HAS TOLD THE COMMERCIAL MINISTER THAT JUDGE CLARK AND OTHER WHITE HOUSE STAFF ARE ADVISING THE PRESIDENT THAT REPORTS OF EUROPEAN CONCERN FROM THE STATE DEPARTMENT AND OTHERS ARE EXAGGERATED, AND THAT THIS CONCERN IS NOT SHARED AT THE HIGHEST POLITICAL LEVELS IN EUROPE. HE THINKS IT NECESSARY FOR THE EUROPEAN VIEW TO BE EXPRESSED DIRECTLY TO THE PRESIDENT AT WILLIAMSBURG, IF IT IS NOT TO BE SWEEP ASIDE, WITH THE RISK OF SUBSEQUENT MISUNDERSTANDINGS. HIS CONFIDENCE SHOULD OF COURSE BE FULLY RESPECTED.

2. THE USTR, BROCK AND HIS PEOPLE ARE MUCH OPPOSED TO THE NEW DRAFT ACT: THEY ARE GRINDING THEIR OWN AXE. BUT RAY'S STORY FINDS SOME CONFIRMATION IN TODAY'S WASHINGTON POST, WHICH GIVES A PLAUSIBLE ACCOUNT (DOUBTLESS REFLECTING WHITE HOUSE BRIEFING) OF HOW CLARK, ASSISTED BY BRADY (COMMERCE) AND PERLE (DEFENSE) SUCCEEDED IN FORCING A STRONGER TEXT THROUGH A RELUCTANT BUREAUCRACY. THE POST ARTICLE CONCLUDES QUOTE CLARK KNOWS THAT TEMPORISING ON THE TRADE ISSUE OR ACCEPTING GUTTING AMENDMENTS WOULD WEAKEN REAGAN'S HAND AT THE FORTHCOMING WILLIAMSBURG ECONOMIC SUMMIT. IT WOULD ALSO MAKE THE PRESIDENT LOOK FOOLISH IN THE LIGHT OF HIS USE OF SANCTIONS AGAINST US ALLIES TO HAMPER THE SIBERIAN GAS PIPELINE, AND HIS DEMAND FOR ALLIED CONCESSIONS IN RETURN FOR LIFTING THOSE SANCTIONS UNQUOTE.

3. YOU AND YOUR COLLEAGUES HAVE ALREADY MADE OUR VIEWS PLAIN IN PUBLIC. OUR EUROPEAN ALLIES ALSO SEEM AT LAST TO BE ON THE MOVE. THE COMMUNITY'S LATEST NOTE IS TO BE PRESENTED TOMORROW. THE STATE DEPARTMENT IS DUE, AT SENATOR HEINZ'S REQUEST, SHORTLY TO GIVE HIM A PAPER SETTING OUT THE REACTIONS OF AMERICA'S ALLIES TO EXPORT CONTROLS. WE ARE SEEKING TO ENSURE THAT THIS PAPER IS

/COMPREHENSIVE

(RQB/COM)

DISTRIBUTION
COMMERCIAL GENERAL (COM)

O.L. 0939/JW

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COMPREHENSIVE.

4. SO THE AMERICANS HAVE NO EXCUSE FOR NOT KNOWING WHAT WE ALL THINK. BUT THE PRESIDENT'S MEN STILL SEEM DETERMINED TO OBFUSCATE. IF THEY ARE NOT DOING BETTER BY WILLIAMSBURG, IT MAY STILL BE NECESSARY FOR THE PRIME MINISTER TO HAVE A FIRM WORD WITH MR REAGAN.

ADVANCES: PS/SIR R ARMSTRONG
BULLARD, EVANS, J C THOMAS (FCO)
LITTLER (TREASURY)
KNIGHTON, SUNDERLAND (DOT)

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With the Compliments
of the
Chancellor of the Exchequer's
Private Secretary

Treasury Chambers,
Parliament Street,
S.W.1.



Surveillance

3. Mr Meese said that it was his impression that Finance Ministers of the Summit countries were meeting more frequently than before. The Chancellor confirmed this: G5 Ministers had met in Canada and in Germany in the autumn, and in Washington twice this year. The presence of the IMF Managing Director at certain of these meetings, and the circulation by him of papers analysing differences in national economic performance, was helping to encourage the development of a form of "group therapy". But the issue causing most concern was undoubtedly the scale of the prospective US deficit.

US Deficit

4. Mr Meese agreed that the deficit must be one of the factors keeping interest rates up and the dollar strong. It was hard to judge the performance of the monetary aggregates. The President's proposed stand-by taxes should ensure that the deficit was in due course put on a declining path, and eliminated by 1989 or 1990. Interest rates seemed for the present to be on a plateau.

5. The Chancellor said that the problems facing the US administration were in some respects reminiscent of those encountered in the UK in 1980. We too had then experienced difficulty in interpreting the monetary aggregates; together with a rising deficit. It had taken the stringent measures in the 1981 Budget - "double-indexation" of indirect taxes, and no indexation of personal allowances - to convince the market of our determination to hold to policies which would reduce both inflation and interest rates. The PSBR as a percentage of GNP had fallen from almost 6 per cent in 1980-81 to 3½ per cent in 1981-82, 3¼ per cent in 1982-83, and a planned 2¾ per cent in the current year.

/6. Mr Meese said



6. Mr Meese said that perhaps the Chancellor should show Congress these figures. The Administration recognised the need to reduce the deficit: their difficulty lay on the Hill. The Chancellor thought that the effect on the world economy if Congress could be persuaded to act in such a way as substantially to reduce US, and hence world, interest rates would be hardly less dramatically beneficial than those of the Marshall Plan.

East/West Issues

7. Mr Meese hoped that East/West trade issues would not dominate the Williamsburg Summit. The Chancellor and Mr Littler agreed, though drawing attention to our concern about the Export Administration Act.

8. Mr Meese said that European concerns were well understood in Washington, and had been taken into account in recent proposed amendments. The intention was that the Act should affect only key strategic items; and the right to restrict imports into the US would be used only in the very limited, and he hoped, infrequent circumstances in which the foreign company concerned was engaged in selling to the Soviet Union items whose export violated US national security. He had himself produced the language about national security, and had insisted on the limited use which was to be made of this particular provision.

9. The Chancellor said that Mr Meese, as a lawyer, would understand his own lawyer's concern about legislation which could be widely used, however limited the use its drafters had in mind. Moreover, the extraterritoriality inherent in the scope of the Act was profoundly unsatisfactory to us. The UK Government certainly did not wish to see Western military technology fall into Soviet /hands; but ~~all~~




hands; but Western governments were entitled to handle their own economic relations with the Soviet Union, as, for example, the US Government did with its grain sales. It should be possible to find through discussion a satisfactory accommodation with the US Administration on the Act: it would certainly be most unfortunate if there were to be a reprise of the 1982 "pipeline" crisis. But we remained profoundly unhappy with the Act in its present form.

North/South Issues

10. The Chancellor thought that the climate of relations between the industrialised and developing countries had somewhat improved. Certainly developing country representatives at the April Development Committee meeting had been surprisingly restrained. It was recognised that the Administration were working for congressional approval of the increase in the IMF quota, and the IDA VI appropriation. It was important that these go through. But developing countries could be best helped by a fall in interest rates.

Anti-Inflationary Policies

11. Mr Meese said that a main theme at Williamsburg should be re-commitment to the counter-inflationary strategy. The Chancellor agreed, pointing out that the history of past Summits illustrated the dangers of alternative strategies. The Germans still regretted their acceptance of the "locomotive" theory at the 1978 Bonn Summit. At Venice in 1980 Trudeau had argued for reflation, but by Ottawa 1981 he had reversed engines. At Ottawa it had been Mitterrand who argued for giving primacy to reducing employment; but by Versailles 1982 he had been converted by experience to the necessity of restraining budgetary deficits. The Summit Seven were now in broad agreement on economic strategy; but the key to the speed of world recovery lay in the level of US interest rates.


J O KERR
6 May 1983

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10 DOWNING STREET

From the Private Secretary

5 May 1983

CALL ON THE PRIME MINISTER BY MR. MEESE

Thank you for your letter of 29 April. Mr. Meese called on the Prime Minister yesterday. I enclose a record of the conversation.

With regard to the passage on page 2 dealing with East/West relations, the Prime Minister subsequently asked me to make it clear to the Americans that she was in no sense proposing that there should be formal discussion at Williamsburg of the West's overall strategy towards the Soviet Union. Our position remained that we do not wish the question of East/West relations to become a divisive issue at Williamsburg. But if an opportunity arose informally, perhaps over a meal, there might be value in a general exchange of views about East/West relations. I was able to make these points at the American Ambassador's dinner for Ed Meese last night.

I am sending a copy of this letter and enclosure to John Kerr (HM Treasury) and Richard Hatfield (Cabinet Office).

A. J. COLES

Brian Fall, Esq.,
Foreign and Commonwealth Office.

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RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND MR. EDWIN MEESE, COUNSELLOR TO PRESIDENT REAGAN, AT 1615 HOURS ON WEDNESDAY
4 MAY 1983 AT 10 DOWNING STREET

Present

Prime Minister
Sir A. Parsons
Mr. Coles

Mr. Meese
Mr. Louis
Mr. McCormack

* * * * *

The Prime Minister said that it was important to damp down expectations about the Williamsburg Summit. It was not realistic to expect new ideas. The emphasis should be on the good elements in existing ideas. The main value of the Economic Summits was that the participants were encouraged to follow sensible economic policies, e.g. in combatting protectionism and in restraining inflation. This presented them with a better opportunity of sustained and steady growth.

Mr. Meese said that President Reagan felt very strongly that we should try to lower expectations. He saw the Summit as an opportunity for meetings between world leaders and not as a treaty-signing ceremony. There were two matters which could usefully be stressed. Since Versailles there had been productive studies on a number of East/West Relations (for example the IEA Report, the OECD Study on Credit, the COCOM discussions). We should be able to present these as evidence that the allies were dealing with problems in an orderly way. Secondly, we could point to increased coordination and communications between the allies on economic policies, for example with regard to exchange rates.

The Prime Minister said that we must be very careful about referring to exchange rates. Such references could be highly misleading. All that we could usefully do was try to pursue stable economic policies. That was the way to achieve stable exchange rates. The sections of the Versailles Communique dealing with economic matters had been basically

/ correct.

correct. We might draw on these again. The main reason for optimism about Williamsburg was that there was now a chance that we were on the path to economic recovery. We should give an impression of cautious optimism. For it was better that cautious optimism should be fulfilled than that inflated optimism should be confounded.

We must avoid divisions in the alliance. In any discussion of East/West relations it might be desirable to consider a reassessment of our political stance in the wake of Afghanistan and in the light of Mr. Andropov's arrival on the scene. The basic question was how, by political, commercial or defence measures, we could influence the Soviet Union to our advantage. She had noted that the Americans were prepared to renegotiate their wheat contract with the Soviet Union, because they saw this as being in their interests. But this had implications for the West's post-Afghanistan policy.

As regards arms control, the tactics for each separate arms negotiation needed to be carefully considered.

Mr. Meese said that it was difficult to explain arms control issues to public opinion. Andropov's statement of 3 May might be considered to have some plausibility but in fact it did not make sense. It was impossible to include the British and French strategic deterrents in the INF negotiations.

The Prime Minister said that in her media interviews in Washington she would be supportive of the US Administration. But she had to say that some of the protectionist measures of the United States Congress were objectionable. Mr. Meese suggested that she might make some general public references to protectionism in the United States.

The Prime Minister enquired about Mr. Shultz's progress in the Middle East. Mr. Meese replied that progress was fair.

/ The President

The President had felt that Habib and Draper had taken the negotiations as far as they could and that it was necessary for Mr. Shultz to visit the area. He would not just be trying to make progress on the Lebanon but would be letting the Israelis know that the United States would cooperate with them, e.g. over aircraft sales, if progress could be made on withdrawal from the Lebanon. The enterprise was at some political risk to the President and to Mr. Shultz.

The Prime Minister asked whether the Americans had any intention of involving Syria in the current discussions. Mr. Meese said that messages had been sent to the Syrians so that they should not feel snubbed by the present exercise. But there was no point in Mr. Shultz visiting Damascus until he had made some progress with Israel. At an earlier stage, the Syrians had been prepared to withdraw their troops from the Lebanon. But Israeli resistance had given them the opportunity to reconsider their position and had allowed time for them to become more exposed to Soviet influence. As long as the Israelis resisted withdrawal, it was very hard to persuade other Arab countries to put pressure on the Syrians.

There was considerable concern in the United States that the Lebanese situation should be stabilised and the Multinational Force withdrawn. The training programme for the Lebanese Armed Forces was going well but the political dimension remained to be solved.

On the US domestic situation, Mr. Meese said that the leading economic indicators had been up for the last seven months. This was particularly significant in the case of housing and automobiles.

The Prime Minister said that she had been most impressed by President Reagan's speech on Central America. There would be some merit in the President discussing his policy in the region with the Williamsburg participants, perhaps over a meal.

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But the French held different views and she would not wish to suggest that any divisive steps should be introduced.

Mr. Meese said that the Soviet Union were now using Nicaragua as a base for their actions in El Salvador. If the latter fell, Honduras would be vulnerable and Costa Rica could follow. The situation in Mexico was also unstable.

The Prime Minister said that she had noted President Reagan's reference to the commercial and strategic importance of the Panama Canal. She drew the conclusion that if things in that area went wrong, our position in the Falkland Islands became doubly significant.

Finally, she thought that we must encourage the IMF and the commercial banks to be more prudent in their lending policies towards developing countries. Argentina was not playing the game at present. It was discriminating against repayments to our banks. If this continued, we should have to oppose further IMF lending to Argentina.

The discussion ended at 1700 hours.

A. J. C.

4 May 1983



Prime Minister 10 DOWNING STREET

Call by Ed Reese

- He proposes to be accompanied
by the U.S. Ambassador + 1.
2. Tony Danan would also like
to come.
3. Are you content with such
a big meeting?
or would you prefer tête-à-
tête and notables?

Whenever A.J.C. $\frac{3}{5}$
they want
no



10 DOWNING STREET

MR. COLES

Paul Schlam of the American Embassy 'phoned to say that Ambassador Lewis and Richard McCormack (Political Counsellor) will be at the meeting tomorrow with Ed Meese. They will be coming separately from Mr. Meese.

BM
3/5

MAIN SUBJECTS TO RAISE WITH ED MEESE

Williamsburg

What does the President want?

Damp down expectations.

Stop East-West becoming divisive.

State of the Alliance

Shall speak about this in Washington on 27 May - and especially against anti-Americanism.

Cooperated well over INF.

But pipeline a bad example of cooperation.

Feeling now building up against new Export Administration Act and anti-trust action against our airlines.

Central America

Support US objectives.

Middle East

Right to send Shultz there.

How is he getting on?

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Foreign and Commonwealth Office

London SW1A 2AH

3 May 1983

Dear John,

Call on the Prime Minister by Mr Meese: 4 May

We have already sent you briefing for Mr Meese's call on the Prime Minister. HM Ambassador Washington has now recommended (his telno 1171, copy enclosed) that the Prime Minister might also wish to raise the Middle East.

Mr Meese is mainly concerned with US domestic policy and is unlikely to be fully up to date on Mr Shultz's mission. We do not consider that his visit should be the occasion for a major discussion on the Middle East. But he will have been concerned with the President's decision to launch an initiative last September, and generally with the domestic US dimension of Middle Eastern policy. The subject is highly topical. If it comes up the Prime Minister might wish to make the following points:

- (i) it was in our view absolutely right that the President sent Mr Shultz to the Middle East. The withdrawal of foreign forces from Lebanon has become a critical test of the credibility of the President's policy.
- (ii) we were glad to be able to help over temporary accommodation for US Embassy staff in Beirut following the tragic explosion;
- (iii) we have seen press reports that Mr Shultz will now be putting forward US compromise proposals on the major outstanding issues. We would welcome this, and have already explained to Mr Shultz our belief that the Syrians will need to be brought into the discussions soon.

Yours ever

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

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FM WASHINGTON 292020Z APR 83
TO IMMEDIATE FCO
TELEGRAM NUMBER 1171 OF 29 APRIL

MIPT: VISIT OF ED MEESE

1. AS FOR THE RUN UP TO WILLIAMSBURG, THE WHITE HOUSE HAVE TOLD US THAT THE PRESIDENT HAS SENT MESSAGES TO KOHL AND MITTERRAND STATING THAT HE IS MORE INTERESTED IN SUBSTANTIVE PROGRESS ON THE SECURITY RELATED ASPECTS OF EAST/WEST ECONOMIC RELATIONS THAN IN THE PUBLIC PRESENTATION. PROVIDED THERE IS REAL PROGRESS MEANWHILE IN THE STUDIES BEING CONDUCTED IN THE OECD, NATO, COCOM, IEA, IT SHOULD BE SUFFICIENT AT WILLIAMSBURG TO NOTE THE IMPORTANCE OF AN AGREED APPROACH AND THE PROGRESS ACHIEVED IN THESE STUDIES, AND TO ENCOURAGE THEIR CONTINUANCE. IF THIS IS ACHIEVED, THERE SHOULD BE NO NEED FOR THE SUBJECT TO BE DIFFICULT OR CONTENTIOUS AT WILLIAMSBURG. IF HOWEVER THE PROCESS IS NOT ADVANCING, THIS WOULD NEED TO BE DISCUSSED. THIS OF COURSE BEGS THE QUESTION OF WHAT WILL BE CONSIDERED HERE TO CONSTITUTE SUFFICIENT PROGRESS. NO MESSAGE HAS BEEN SENT TO US BECAUSE THE AMERICANS BELIEVE THAT, BROADLY, WE SHARE THESE OBJECTIVES.

2. CLEARLY MUCH WILL DEPEND ON HOW THE FRENCH NOW DECIDE TO PAY THIS (PARIS TELEGRAM NO 339 TO YOU). THE PRIME MINISTER MAY THINK IT WORTH IMPRESSING ON MEESE HOWEVER THAT, INDEED, WE SHARE US OBJECTIVES IN THIS AREA AND ARE WORKING IN GOOD FAITH TO CARRY THINGS FORWARD IN THE STUDIES. BUT WE ARE ENGAGED IN A PROCESS OF EDUCATION AND COORDINATION AND MUST NOT EXPECT MIRACLES BY A GIVEN DATE. THE WILLIAMSBURG SUMMIT OFFERS THE OPPORTUNITY FOR STOCKTAKING AND ENSURING THAT THE PROCESS IS CARRIED FORWARD. THERE SHOULD BE NO QUESTION OF REPEATING THE EXPERIENCE OF VERSAILLES. WILLIAMSBURG HAS THE INGREDIENTS FOR SUCCESS. THE MESSAGE WE WOULD LIKE TO SEE EMERGING FROM THE SUMMIT IS ONE OF A JOINT DETERMINATION TO SUSTAIN NON-INFLATIONARY GROWTH IN THE WORLD ECONOMY AND TO BUILD TOGETHER ON THE RECOVERY IN THE US, IMPROVED PROSPECTS FOR GROWTH IN THE BRITISH ECONOMY ETC.

3. ON THE MIDDLE EAST, THE PRIME MINISTER MAY WISH TO TELL MEESE THAT WE THINK IT ABSOLUTELY RIGHT TO HAVE SENT SHULTZ TO THE REGION AND OF OUR STRONG SUPPORT FOR HIS EFFORTS TO ACHIEVE PROGRESS IN LEBANON; AND TO MENTION THE HELP WE HAVE GIVEN IN HOUSING THE US EMBASSY IN BEIRUT.

CONFIDENTIAL

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4. WITH THE ADMINISTRATION SOMEWHAT EMBATTLED ON EL SALVADOR WITH CONGRESS, SOME GENERAL EXPRESSION OF SUPPORT FOR THE BROAD OBJECTIVES OF US POLICY IN CENTRAL AMERICA, AS SET OUT BY THE PRESIDENT IN HIS ADDRESS TO CONGRESS YESTERDAY (MY TELNO 1145) WOULD GO DOWN WELL. INDEED, SUPPORT FOR THE PRESIDENT ON MATTERS OF PIRIPHERAL INTEREST TO US WOULD SUGAR THE PILL OF CRITICISM ON MATTERS OF CENTRAL CONCERN TO US.

WRIGHT

STANDARD
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TRED
MR THOMAS
MR HAYES
MR EGGERTON

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No. 10 DOWNING STREET

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Foreign and Commonwealth Office

London SW1A 2AH

29 April 1983

*Dear Sir,*Visit of Mr Edwin Meese: 3-7 May

The Prime Minister has agreed to see Mr Ed Meese, Counsellor to President Reagan, at 4.15 p.m. on Wednesday, 4 May. Mr Meese will also be seeing the Secretary of State for Foreign and Commonwealth Affairs at 5.15 the same day. The Chancellor of the Exchequer has offered to see him at 5.30 p.m. on Friday, 6 May, but we are still waiting to hear whether this will be possible for Mr Meese.

As the enclosed personality note indicates, Mr Meese is the principal White House public figure below the President and a member of the Cabinet. Although not as close to the President as his colleague Michael Deaver, he is highly influential. He is mainly concerned with US domestic policy and is particularly interested in law-and-order problems. His visit to the UK is essentially private although he will be delivering the Mountbatten Memorial Lecture at the Cambridge Union on the evening of 5 May. The subject of the lecture is the Atlantic Alliance. Mr Meese will also be spending some time with Scotland Yard and visiting the Police College at Bramshill.

In requesting the appointments with the Prime Minister and other Ministers, the American Embassy described them as 'courtesy calls'. However, Mr Meese is well placed to give an insight into the President's thinking on the eve of Williamsburg. His call will also offer an opportunity to emphasise HMG's views on a number of current concerns. I therefore enclose briefs on that subject and on the US anti-trust action against British airlines.

Sir Oliver Wright is sending a telegram offering suggestions of themes which it would be particularly appropriate to raise with Mr Meese.

/Mr

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Mr Meese will be accompanied by the American Ambassador and an Embassy official.

I am copying this letter to John Kerr in the Chancellor's office.

Yours ever,

A handwritten signature in cursive script, appearing to read 'B J P Fall'.

(B J P Fall)
Private Secretary

A J Coles Esq
10 Downing Street

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EDWIN MEESE III
COUNSELLOR TO THE PRESIDENT

Born 1931 in Oakland, California. 1953 graduated from Yale University, then entered the Berkeley Law School. 1958-66 worked as Deputy District Attorney in California. 1967 appointed by the new Governor of California (Ronald Reagan) as his Legal Affairs Secretary. 1970-74 served as Chief of Staff during Mr Reagan's second term as Governor. 1975-76 Vice President for Administration at Rohr Industries, a California Aerospace firm. 1976-77 private law practice. 1977-78 founder and Director of the Center for Criminal Justice and Policy Management at San Diego Law School. 1978-80 Professor of Criminal Justice at San Diego Law School.

In 1980 he joined Mr Reagan's Presidential campaign as Political Adviser and later became Chief of Staff of the Reagan campaign. November 1980 Director of President Reagan's Transition Team. 1981 appointed Counsellor to the President, with overall responsibility for policy and policy development, and for the administration of the Cabinet.

Ed Meese was, for the first year of the Reagan Presidency, the undisputed leader of the so-called Troika (also including Deaver and Baker) who ran the White House. He is, however, not quite so close personally to the President as Deaver. Moreover, while he was expected to focus on Policy and Baker on Management, Baker has played an increasingly prominent part in determining Policy. These factors, combined with the key role played by Judge Clark as National Security Adviser, and disagreements among the group, have slightly reduced Meese's prominence although he remains the senior member of the group and the principal White House public figure below Presidential level. He regularly appears on major TV interviews to explain Government policy.

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/Meese



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Meese is large, friendly, but tough. When he was Deputy Assistant Attorney in California in the early 1960's, he took a close interest in police work and developed a reputation as a strong law and order man. He played a key part in putting down anti-draft protests in the mid-60's. More recently he has been involved in the preparation of proposals to toughen up the criminal code in the United States.

Mr Meese is married with two children. His second son, Scott, was tragically killed in a car accident in 1982.

NORTH AMERICA DEPARTMENT
29 APRIL 1983

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VISIT OF MR MEESE, COUNSELLOR TO THE US PRESIDENT
WILLIAMSBURG ECONOMIC SUMMIT

Points to Make

1. Preparations for Williamsburg going well. UK hopes excessive expectations will not be aroused. But world media inevitably focusses on Summit. Hope they will not be allowed to intrude on intimacy of Summit.
2. Right that Summit concentrates on world economic situation and prospects. Summit could at least note signs of encouraging economic recovery in industrial countries and firmer prospects for non-inflationary growth.
3. Overall message from Williamsburg must be one of cautious optimism: more reason now to believe that recovery will be sustained. But, like you, do not believe in efficacy of "locomotive" policies. It might also be possible for Summit countries to commit themselves to national policies consistent with general aims.
4. In particular Summit could emphasise importance of avoiding renewed rise in inflation and interest rates. Conduct of monetary and fiscal policies is important, particularly in US where size of budget deficit is of special significance. Hope Summit will build on work on multilateral surveillance initiated at Versailles.

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5. Also important for Summit to focus on problem of protectionism. Countries should work to reduce protectionist measures to minimum in accordance with individual circumstances. Summit should reaffirm support for cooperation on debt problems between IMF, central banks and BIS.

6. Do not want to see Summit divided by East/West economic relations (EWER). Discussion can be handled in course of discussion of other subjects. Summit should note progress that has been made in studies in other bodies, on which we expect satisfactory progress will have been made by Williamsburg.

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Essential Facts

1. Mr Meese has not attended the Personal Representatives' meetings in preparation for the Williamsburg Economic Summit. But given his position and importance he will undoubtedly have an influence on President Reagan's approach to the Summit. We know, for example, that President Reagan is holding weekly briefing meetings on the Summit.

2. The last meeting of Personal Representatives revealed a mood of extreme mutual suspicion between the United States and French delegations. This may have much to do with poor personal relations; the French were extremely annoyed by the way in which the Americans announced the date of the Summit and also the way in which the first meeting of Personal Representatives was arranged. The emergence of profound differences either at or after Williamsburg would be unhelpful especially given the way in which differences emerged following Versailles.

3. The Summit preparations are considerably less involved than in 1982. In particular work on drafting the final statement will not start until the end of the first day's discussion. The Americans have altered the programme to allow Heads of Delegation to have more time together.



US ANTI-TRUST ACTION AGAINST BRITISH AIRLINES

POINTS TO MAKE

1. Very concerned at US claim that anti-trust law has primacy over tariff coordination provisions of the bilateral aviation agreement (Bermuda 2).
2. No wish to shield wrongdoers; but allegations must be examined jointly in accordance with Bermuda 2.
3. Anti-trust action against British Airways and British Caledonian carries risk of disproportionate damage; politically unacceptable.
4. US position risks undermining bilateral cooperation on aviation and perhaps even affecting our wider relations.
5. Disappointed President Reagan's answer to my message.
6. Disappointed outcome formal consultations in Washington this week.
7. We must resolve this dispute. We are trying hard to do this through consultations but if this fails, we will have to consider seriously going to arbitration.
8. (Defensive) We have noted Mr Shultz' complaint to Mr Pym about the activities of a Civil Aviation Authority

/official



- 2 -

official at an IATA meeting in Florida in 1981. We will want to send a formal reply in due course, rejecting the US interpretation of events.

9. (Defensive) People's Express application for a trans-Atlantic route is being considered in the usual way.

ESSENTIAL FACTS

1. President Reagan rejected the Prime Minister's request that the US Department of Justice's (DOJ) Grand Jury anti-trust investigation against British airlines be halted and the problems resolved under the bilateral air services agreement (Bermuda II). The DOJ are proceeding with the Grand Jury investigation and have issued subpoenas to the British airlines concerned for the surrender of relevant documentation within the United States. We responded by requiring formal consultations under Article 16 of the Bermuda II, which were held earlier this week in Washington Flag A (for fuller background, see Washington tel no 1140); as expected the US continued to reject our argument that Bermuda II precludes the application of their anti-trust laws to tariff coordination. Moreover, the US delegation argued that there had not been meaningful consultation on the dispute, as required before the dispute could go to arbitration.

2. British Ministers will now have to consider how to proceed: officials are likely to recommend a formal Note to the US setting out our position and saying that unless further consultations are called for within two weeks, HMG will, in effect, initiate arbitration proceedings.

3. Resort to arbitration is now the only means available to us of influencing the Americans to suspend the investigation short of denouncing Bermuda II or moving to open acts of retaliation, inside or outside the aviation field. Arbitration itself is not an act of retaliation, but the proper next step in handling the dispute in accordance with the agreed procedures laid down under Bermuda II.

4. The US authorities seem to be aware that an arbitration tribunal could have widespread ramifications for all their bilateral aviation relations and perhaps also for other areas where anti-trust action affects foreign firms and governments. We can expect them to put great pressure on us to take a more accommodating line and in particular to drop any idea of arbitration. The stakes are high on our side too, however: in the worst case the costs of litigation and of triple damage suits could prejudice the survival of British Caledonian and the privatisation of British Airways, both emotive political issues; and there is now considerable doubt about the interpretation which the US Department of Justice would put on well-established UK procedures for applying Bermuda II. A certain amount of plain speaking is therefore inevitable on both sides; but there seems no reason why a move to arbitration should harm the atmosphere for Williamsburg.

5. In his reply to the Secretary of State, Mr Shultz alleged that a CAA official visited Florida in 1981 to assist in an undisclosed price-fixing arrangement between Laker Airways and the airlines in IATA. Mr Shultz said this action could not be condoned by the US Administration: it was a serious matter and one which 'undermined efforts to maintain and strengthen a cooperative and constructive relationship'. Mr Wallis, Under Secretary of State, also raised the matter in strong terms with Mr Evans in Paris on 26 April. The DOT and the CAA reject this interpretation of the incident and are drafting a reply for the Secretary of State to send to Mr Shultz on the point.

6. People's Express have applied for CAA approval of a low-fare trans-Atlantic service. American officials have been pressing their British counterparts for an early reply.

MARITIME, AVIATION AND ENVIRONMENT DEPARTMENT

29 April 1983

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TO IMMEDIATE F C O

TELEGRAM NUMBER 1140 OF 27 APRIL.

U.S. ANTI-TRUST ACTION AGAINST BRITISH AIRLINES

1. CONSULTATIONS UNDER ARTICLE 16 OF THE AIR SERVICES AGREEMENT TOOK PLACE ON 26/27 APRIL IN WASHINGTON.
2. THE MEETING COMMENCED WITH OPENING STATEMENTS BY BOTH THE U K AND THE U.S. DELEGATIONS WHICH INTER ALIA CONFIRMED, WITHOUT PREJUDICE TO THE SUBSTANTIVE ARGUMENTS ON EITHER SIDE ABOUT THE RELEVANCE OF BERMUDA 2 TO THE APPLICATION OF U.S. ANTI-TRUST LAWS, THAT THE CONSULTATIONS WERE PROPERLY CONSTITUTED UNDER ARTICLE 16 (SEE PARA 9 BELOW).
3. THE U K UNDERLINED ITS CONCERN THAT, WHILE IT WAS NOT ANXIOUS FOR ITS AVIATION RELATIONSHIP WITH THE U.S. TO BE DISTURBED BY CURRENT ANTI-TRUST PROCEEDINGS, THIS WOULD VERY MUCH DEPEND ON THE OUTCOME OF THE CONSULTATIONS AND FURTHER UNDERSTANDING OF THE WAY IN WHICH THE U.S. CLAIMED THAT ITS ANTI-TRUST LAWS HAD EFFECT ON INTERNATIONAL AVIATION.
4. AFTER THE INITIAL EXCHANGE OF VIEWS CONCERNING THE LEGAL ARGUMENTS ON BOTH SIDES THERE WAS A LENGTHY DISCUSSION CONCERNING A RANGE OF POSSIBLE ACTIONS BY U K AIRLINES AND AERONAUTICAL AUTHORITIES WHICH MIGHT INFRINGE U.S. ANTI-TRUST LAWS. THE U.S. RESPONSE UNDERLINED THE UNCERTAINTY AND AMBIGUITY WHICH WOULD APPEAR TO PREVAIL AS A RESULT OF THE U.S. JUSTICE DEPARTMENT'S DECISION TO PROCEED WITH A GRAND JURY INVESTIGATION OF CERTAIN NORTH ATLANTIC AIRLINE PRICING ARRANGEMENTS. THE U.S. DELEGATION ARGUED THAT MANY OF THE POTENTIAL ACTIVITIES RAISED BY THE U K WERE FANCIFUL: BUT THEY WERE NOT WILLING TO GIVE ANY FIRM GUIDANCE ON THE EXTENT TO WHICH U K AERONAUTICAL AUTHORITIES AND ITS AIRLINES COULD AVOID POSSIBLE ANTI-TRUST ACTION.
5. ON THE RECONVENING OF THE CONSULTATIONS ON 27 APRIL, THE DOJ REPRESENTATIVE RETURNED TO THE QUESTION OF THE APPLICATION OF ANTI-TRUST LAWS TO MATTERS CONCERNING U K AIRLINES AND THEIR AERONAUTICAL AUTHORITIES AND EXPRESSED THE VIEW THAT AS THE RESULT OF THE SO-CALLED ACT OF STATE DOCTRINE IT WAS MOST UNLIKELY THAT ANY REQUIREMENT BY THE U K AERONAUTICAL AUTHORITIES ON THEIR AIRLINES TO DISCUSS JOINTLY FARES WOULD BE SUSCEPTIBLE TO ANTI-TRUST ACTION. THE U.S. SIDE AGREED THAT THEY WOULD BE WILLING TO PROVIDE THIS STATEMENT IN A WRITTEN FORM BUT ASKED FOR TIME IN WHICH TO PREPARE IT BECAUSE IT WOULD NEED TO BE CAREFULLY DRAFTED AND CONTAIN ALL THE NECESSARY QUALIFICATIONS.

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6. THE U K SIDE MADE IT CLEAR THAT BOTH IN RESPECT OF THE LEGAL ARGUMENTS AND IN RESPECT OF THE UNCERTAINTIES ABOUT THE WAY IN WHICH ITS AERONAUTICAL AUTHORITIES OPERATED - WHICH HAD TO A CONSIDERABLE EXTENT BEEN HEIGHTENED RATHER THAN REDUCED BY THE CONSULTATIONS - IT WOULD BE NECESSARY TO REPORT URGENTLY TO MINISTERS IN LONDON THAT THE CONSULTATIONS UNDER ARTICLE 16 HAD FAILED TO RESOLVE THE DISPUTE. THE DELEGATION WOULD IN THESE CIRCUMSTANCES RECOMMEND THAT MINISTERS CONSIDER ARBITRATION UNDER ARTICLE 17 OF THE ASA. THE U K PROPOSED THAT THESE POINTS SHOULD BE RECORDED IN A MEMORANDUM OF CONSULTATIONS ALONG WITH THE U K'S REQUEST THAT PENDING A RESOLUTION OF THE DISPUTE THE GRAND JURY INVESTIGATION SHOULD BE SUSPENDED.

7. AT THIS STAGE SCOCOZZA (STATE) SAID THAT IN THE VIEW OF THE U.S. DELEGATION NONE OF THE HYPOTHETICAL PROBLEMS RAISED BY THE U K WERE RIPE FOR ARBITRATION: THAT IN ANY EVENT THE ALLEGATION OF CONSPIRACY AGAINST CERTAIN EUROPEAN AIRLINES INCLUDING BCAL (SO CALLED LEG 3) WAS EVEN IN THE OPINION OF THE U K NOT COVERED BY BERMUDA 2 AND THEREFORE COULD NOT BE SUBJECT TO ANY STAY OF THE GRAND JURY INVESTIGATION OR THE CIVIL SUIT EVEN IF THE U.S. WAS WILLING TO TAKE SUCH ACTION: THAT THE U K DELEGATION HAD NOT ADDRESSED OTHER SPECIFIC ANTI-TRUST ISSUES IN A WAY WHICH PERMITTED MEANINGFUL CONSULTATIONS: THAT THE U.S. REJECTED ANY SUGGESTION THAT THEY HAD NOT FULFILLED IN GOOD FAITH THEIR OBLIGATIONS UNDER THE AGREEMENT: AND THAT THE U K COULD NOT CONVERT THE CONTROVERSY OVER THE DOJ INVESTIGATION INTO A DISPUTE UNDER THE ASA.

8. STEVENS (U K) RESPONDED BY POINTING OUT THAT WE WERE NOT SUGGESTING THAT HYPOTHETICAL CASES SHOULD GO TO ARBITRATION BUT THAT THE ISSUE WAS ONE OF THE SCOPE OF U.S. ANTI-TRUST LAWS IN RELATION TO BERMUDA 2. THE U K ACKNOWLEDGED THAT LEG 3 ALLEGATION WAS NOT A MATTER FOR BERMUDA 2 AND WE WERE NOT ASKING THAT PROCEEDINGS IN RELATION TO THAT ALLEGATION SHOULD CEASE ALTHOUGH THE U K RESERVED ITS VIEW ABOUT THE ACCEPTABILITY OF SUCH PROCEEDINGS IN TERMS OF THE EXTRATERRITORIAL NATURE OF THE U.S. ACTION. AS REGARDS THE SUGGESTION THAT THE CONSULTATIONS HAD NOT BEEN ADEQUATE THE U K REMINDED THE U.S. DELEGATION THAT THEY HAD REPEATEDLY REFUSED TO PROVIDE ANY EVIDENCE CONCERNING THE INITIAL ALLEGATIONS, WHILE THE U K SIDE HAD ON THE CONTRARY OFFERED TO LOOK INTO THEM WITHIN THE TERM OF THE ASA.

9. AFTER FURTHER DISCUSSION IT WAS CLEAR THAT NO AGREED RECORD OF THE MEETING WOULD BE POSSIBLE. INDEED, THE U.S. SIDE MADE IT CLEAR THAT IT REFUSED TO ACCEPT THAT THERE HAD BEEN MEANINGFUL CONSULTATIONS UNDER ARTICLE 16 OR THAT THE REQUIREMENTS OF ARTICLE 17 HAD BEEN MET.

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10. THE MEETING WAS CONCLUDED WITH A U K STATEMENT INDICATING THAT THE DISAPPOINTING RESULTS OF THE CONSULTATIONS WOULD BE REPORTED TO MINISTERS AND THAT THE U K WOULD BE IN CONTACT WITH THE U.S. ABOUT THE ISSUES IN THE NEAR FUTURE.

11. IN THESE CIRCUMSTANCES THE U K DELEGATION CONSIDERED THAT FURTHER CONSIDERATION OF THE NEXT STEPS WERE REQUIRED IN LONDON ALTHOUGH AT FIRST SIGHT THE INTENTION WOULD BE TO NOTIFY FORMALLY THE U.S. EARLY NEXT WEEK OF THE MAIN POINTS WHICH HAD BEEN RAISED IN THE CONSULTATIONS, THE ARGUMENTS THAT HAD BEEN DEPLOYED BY BOTH SIDES, THE EVIDENT FAILURE TO RESOLVE THE DISPUTE AND INDICATE THAT UNLESS THE U.S. SIDE CALLED FOR FURTHER CONSULTATIONS WITHIN TWO WEEKS THE U K WOULD INITIATE ARBITRATION PROCEEDINGS.

FCO PLEASE ADVANCE TO KNIGHTON, BECKETT, AYLING STEVENS FORTNAM (DOT), ADAMS MAED.

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ADVANCED AS REQUESTED

U.S. ANTI TRUST (ACTION AGAINST BRITISH AIRLINES.)

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LEGAL ADVISERS
PS
PS/MR. RIFKIND
PS/MR. ONSLOW
PS/PUS
MR. EVANS
MR. GIFFARD
MR. THOMAS
MR. ADAMS

COPIES TO:

MR. J.M. HEALEY
MR. W. KNIGHTON
MR. BECKETT

} DOT/OT2

MR. GARDENER ATTORNEY GENERAL'S OFFICE.

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FM WASHINGTON 292020Z APR 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 1171 OF 29 APRIL

MIPT: VISIT OF ED MEESE

1. AS FOR THE RUN UP TO WILLIAMSBURG, THE WHITE HOUSE HAVE TOLD US THAT THE PRESIDENT HAS SENT MESSAGES TO KOHL AND MITTERRAND STATING THAT HE IS MORE INTERESTED IN SUBSTANTIVE PROGRESS ON THE SECURITY RELATED ASPECTS OF EAST/WEST ECONOMIC RELATIONS THAN IN THE PUBLIC PRESENTATION. PROVIDED THERE IS REAL PROGRESS MEANWHILE IN THE STUDIES BEING CONDUCTED IN THE OECD, NATO, COCOM, IEA, IT SHOULD BE SUFFICIENT AT WILLIAMSBURG TO NOTE THE IMPORTANCE OF AN AGREED APPROACH AND THE PROGRESS ACHIEVED IN THESE STUDIES, AND TO ENCOURAGE THEIR CONTINUANCE. IF THIS IS ACHIEVED, THERE SHOULD BE NO NEED FOR THE SUBJECT TO BE DIFFICULT OR CONTENTIOUS AT WILLIAMSBURG. IF HOWEVER THE PROCESS IS NOT ADVANCING, THIS WOULD NEED TO BE DISCUSSED. THIS OF COURSE BEGS THE QUESTION OF WHAT WILL BE CONSIDERED HERE TO CONSTITUTE SUFFICIENT PROGRESS. NO MESSAGE HAS BEEN SENT TO US BECAUSE THE AMERICANS BELIEVE THAT, BROADLY, WE SHARE THESE OBJECTIVES.
2. CLEARLY MUCH WILL DEPEND ON HOW THE FRENCH NOW DECIDE TO PAY THIS (PARIS TELEGRAM NO 339 TO YOU). THE PRIME MINISTER MAY THINK IT WORTH IMPRESSING ON MEESE HOWEVER THAT, INDEED, WE SHARE US OBJECTIVES IN THIS AREA AND ARE WORKING IN GOOD FAITH TO CARRY THINGS FORWARD IN THE STUDIES. BUT WE ARE ENGAGED IN A PROCESS OF EDUCATION AND COORDINATION AND MUST NOT EXPECT MIRACLES BY A GIVEN DATE. THE WILLIAMSBURG SUMMIT OFFERS THE OPPORTUNITY FOR STOCKTAKING AND ENSURING THAT THE PROCESS IS CARRIED FORWARD. THERE SHOULD BE NO QUESTION OF REPEATING THE EXPERIENCE OF VERSAILLES. WILLIAMSBURG HAS THE INGREDIENTS FOR SUCCESS. THE MESSAGE WE WOULD LIKE TO SEE EMERGING FROM THE SUMMIT IS ONE OF A JOINT DETERMINATION TO SUSTAIN NON-INFLATIONARY GROWTH IN THE WORLD ECONOMY AND TO BUILD TOGETHER ON THE RECOVERY IN THE US, IMPROVED PROSPECTS FOR GROWTH IN THE BRITISH ECONOMY ETC.
3. ON THE MIDDLE EAST, THE PRIME MINISTER MAY WISH TO TELL MEESE THAT WE THINK IT ABSOLUTELY RIGHT TO HAVE SENT SHULTZ TO THE REGION AND OF OUR STRONG SUPPORT FOR HIS EFFORTS TO ACHIEVE PROGRESS IN LEBANON; AND TO MENTION THE HELP WE HAVE GIVEN IN HOUSING THE US EMBASSY IN BEIRUT.

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4. WITH THE ADMINISTRATION SOMEWHAT EMBATTLED ON EL SALVADOR WITH CONGRESS, SOME GENERAL EXPRESSION OF SUPPORT FOR THE BROAD OBJECTIVES OF US POLICY IN CENTRAL AMERICA, AS SET OUT BY THE PRESIDENT IN HIS ADDRESS TO CONGRESS YESTERDAY (MY TELNO 1145) WOULD GO DOWN WELL. INDEED, SUPPORT FOR THE PRESIDENT ON MATTERS OF PERIPHERAL INTEREST TO US WOULD SUGAR THE PILL OF CRITICISM ON MATTERS OF CENTRAL CONCERN TO US.

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FM WASHINGTON 292019Z APR 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 1170 OF 29 APRIL

YOUR TELNO 708 : VISIT OF ED MEESE

1. THE WHITE HOUSE, WHICH USED TO BE RUN BY A TROIKA (MEESE, BAKER AND DEEVER), IS NOW RUN BY A FOURSOME, JUDGE CLARK HAVING NO LESS INFLUENCE THAN THE OTHER THREE. MEESE HAS GENERAL POLITICAL RESPONSIBILITIES. HE IS CONCERNED PRIMARILY WITH DOMESTIC AFFAIRS, IS A MEMBER OF THE CABINET AND VERY CLOSE TO THE PRESIDENT. HIS VISIT AFFORDS AN EXCELLENT OPPORTUNITY FOR THE PRIME MINISTER TO GET ACROSS TO HIM (AND THROUGH HIM TO THE PRESIDENT) ANY PARTICULAR CONCERNS SHE MAY HAVE ON THE GENERAL STATE OF ANGLO AMERICAN AND TRANSATLANTIC RELATIONS AND ANY REFLECTIONS ON THE RUN UP TO THE WILLIAMSBURG SUMMIT.

2. THE PRIME MINISTER WILL NO DOUBT WANT TO TELL MEESE ABOUT THE PROSPECTS FOR THE BRITISH ECONOMY AND HOW SHE SEES THE LINKAGES BETWEEN OUR OWN AND WORLD RECOVERY AND DEVELOPMENTS IN THE US ECONOMY. MEESE, FOR HIS PART, WILL BE WELL PLACED TO GIVE AN ACCOUNT OF THE PRESIDENT'S VIEW OF THE WORLD, THE CENTRAL PLACE OF CENTRAL AMERICA IN IT, THE GENERAL EVOLUTION OF THE POLITICAL AND ECONOMIC SITUATION HERE, RELATIONS WITH CONGRESS, ETC. NEEDLESS TO SAY, THE BURNING QUESTION IN THIS TOWN, SO FAR AS BRITAIN IS CONCERNED, FROM WHITE HOUSE TO THE HILL, IS: WHEN IS THE NEXT GENERAL ELECTION?

3. I WOULD HOPE THAT THE PRIME MINISTER WOULD USE THIS OCCASION TO GIVE MEESE A BROAD SURVEY OF THE CURRENT STATE OF ANGLO AMERICAN RELATIONS IN PARTICULAR AND THE TRANSATLANTIC RELATIONSHIP IN GENERAL. DEEP DOWN, THIS RELATIONSHIP IS FUNDAMENTALLY SOUND AND SECURE, BASED AS IT IS ON INTEREST AND SENTIMENT: - THE JOINT DEFENCE OF DEMOCRATIC VALUES IN THE NATO ALLIANCE AND THE JOINT SUPPORT OF THE FREE WORLD'S LIBERAL ECONOMIC SYSTEM IN THE GATT, IMF, ETC. WE ALSO SHARE A UNIQUE RELATIONSHIP IN BOTH THE MILITARY AND INTELLIGENCE SPHERES. BUT I HAVE GRAVE DOUBTS ABOUT WHETHER THE WHITE HOUSE IS SUFFICIENTLY AWARE OF THE AGGRO SET UP IN BRITAIN AND EUROPE BY SOME OF THE MORE RECENT HEAVY HANDED ACTS OF THE ADMINISTRATION. AS I SEE IT FROM WASHINGTON, OUR RELATIONSHIP ON THE SURFACE IS WORSE THAN IT SHOULD BE OR NEED BE AND THIS IS PRIMARILY DUE TO THE HAWKISH ATTITUDES IN CERTAIN PARTS OF THE REAGAN ADMINISTRATION, NOT TO SPEAK OF DIFFICULT PRESSURES ON PARTS OF THE HILL.

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4. THE PIPELINE DISPUTE OF LAST AUTUMN WAS THE MOST GLARING EXAMPLE OF THIS, THOUGH IT IS FAR FROM BEING THE ONLY ONE: AND IT HAS RE-SURFACED IN THE PROCEDURES FOR THE RENEWAL OF THE EXPORT ADMINISTRATION ACT, WHERE THE ADMINISTRATION'S PROPOSALS TO THE CONGRESS HAVE RIDDEN ROUGHSHOD OVER BRITISH AND EUROPEAN CONCERNS. AS A RESULT WE HAVE AN ADMINISTRATION BILL NOW BEFORE THE CONGRESS WHICH IN SOME RESPECTS IS WORSE THAN THE ORIGINAL. PART OF THIS MAY OF COURSE BE TACTICAL VIS A VIS THE CONGRESS, BUT IT MAKES A VERY POOR IMPRESSION WITH ALLIES. THE INF WAS AN EXAMPLE OF HOW TO CONDUCT RELATIONS BETWEEN ALLIES, THE PIPELINE AN OBJECT LESSON IN HOW NOT TO DO SO. THERE ARE, IN ADDITION, A RAFT OF OTHER ISSUES, LIKE AGRICULTURAL SUBSIDIES, ANTI TRUST ACTION AGAINST OUR AIRLINES, ETC, WHICH STIR UP PASSIONS ON BOTH SIDES OF THE ATLANTIC. MOREOVER THE PROTECTIONIST ATTITUDES OF THE CONGRESS AND IN SOME CASES THE UNWILLINGNESS OF THE ADMINISTRATION TO DO ANYTHING ABOUT IT, HAVE SET UP A GOOD DEAL OF TURBULENCE ON THE QUESTION OF ARMS SALES AND MAKES A NONSENSE OF THE ALLIED POLICY OF THE 'TWO-WAY STREET'.

5. TO SOME EXTENT, THIS IS OF COURSE INEVITABLE, AND, SOME WOULD SAY, IT WAS EVER THUS. CONFLICTS OF INTEREST CAN ARISE BETWEEN THE BEST OF FRIENDS AND MUST BE DEALT WITH BY QUIET DIPLOMACY. BUT THE DANGER, AS I SEE IT, IS THAT IF WE SPEND TOO MUCH OF OUR TIME DEALING WITH EACH OTHER ON CURRENT ISSUES IN A BAD TEMPER THIS MUST INEVITABLY SPILL OVER INTO OUR LARGER CONCERNS AND ERODE THE BASIS OF TRUST WHICH STILL SO HAPPILY EXISTS BETWEEN US. ALREADY, I SENSE, THE SPECIAL RELATIONSHIP IS HELD IN HIGHER REGARD ON MY SIDE OF THE ATLANTIC THAN ON YOURS.

6. SO MEESE'S CALL ON THE PM PROVIDES A UNIQUE OPPORTUNITY TO CLEAR THE AIR: FOR IF MY ADVICE IS ACCEPTED, THE MESSAGE WILL COME FROM ONE FOR WHOM EVERYONE AT THE WHITE HOUSE, FROM THE PRESIDENT DOWN, HAS UNSTINTED ADMIRATION AND THEREFORE WHOSE VIEWS WILL NOT BE DISCOUNTED HERE. SOMEONE MUST TELL THE PRESIDENT 'LIKE IT IS'.

7. PLEASE SEE MIFT.

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AJC

~~*~~

Caroline

May we discuss
a new time pl?



A.S.C. 26/4

10 DOWNING STREET

Foreign Office have checked
with the US Embassy and
Mr Meese will find it
"extremely difficult" to
see the PM at 10.30
on 6 May.

They asked whether the
other dates they suggested,
& 16.00 hrs to dinner time on
4 May or the afternoon of
6 May, were impossible.

I attach the pp's.

~~AJC~~ ✓ ~~or~~ $\frac{27}{4}$

Have told
FEO 16 15 110
on Wed 4. 25

Mark
26/4/83.



cc: HMT
USA

10 DOWNING STREET

From the Private Secretary

25 April 1983

BF

Visit to London by Mr. Ed Meese

Thank you for your letter of 22 April. The Prime Minister would like to see Mr. Meese and hopes that this can be arranged for 1030 on Friday 6 May.

I am copying this letter to John Kerr (H.M. Treasury).

A. J. COLES

Roger Bone, Esq.,
Foreign and Commonwealth Office.

NR



10 DOWNING STREET

Caroline

Can you suggest a time (at
least 45 minutes), preferably on
6 May?

A.S.C. 25/4

Friday 6 May

10.30 - 11.30.

Cf. 25/4

010

①

Prime Minister



Foreign and Commonwealth Office

Would you like to see
Ed Meese?

London SW1A 2AH

22 April 1983

A.J.C. $\frac{22}{4}$

Yes

John Kerr

Visit to London by Mr Ed Meese

The American Embassy have asked whether Mr Ed Meese, Counsellor to President Reagan, could pay a courtesy call on the Prime Minister on 4 or 6 May. They have also asked for calls on the Foreign and Commonwealth Secretary and on the Chancellor of the Exchequer. Mr Meese will be visiting Britain from 3 to 7 May in order to give the Mountbatten Memorial Lecture at Cambridge on the subject of the Atlantic Alliance.

Mr Meese's visit falls two weeks before the Prime Minister's own visit to Washington. As one of Mr Reagan's top three advisers he should be able to provide a useful insight into the President's thinking on the eve of Williamsburg. The Embassy in Washington have recommended that the Prime Minister might therefore find it of interest to see him.

Mr Meese will be free from 4 p.m. until dinner time on 4 May and on the afternoon of 6 May. Would you let me know whether the Prime Minister would like to see him on one of those days?

I am sending a copy of this letter to John Kerr and would be grateful to know whether the Chancellor would like Mr Meese to call on him.

I enclose a biographical note. Mr Meese is a lawyer by profession and has been closely involved in the preparation of proposals to strengthen the criminal code in the United States. While in Britain, in addition to lecturing in Cambridge, he will be spending a day with Scotland Yard and will visit a Police Academy.

Yes
R B Bone

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

EDWIN MEESE III

Counsellor to the President

Born 1931 in Oakland, California. 1953 graduated from Yale University. He then entered the Berkeley Law School. 1958-66 worked as Deputy District Attorney in California. 1967 appointed by the new Governor of California (Ronald Reagan) as his legal affairs secretary. 1970-74 served as Chief of Staff during Mr Reagan's second term as Governor. 1975-76 Vice-President for Administration at Rohr Industries, a California aerospace firm. 1976-77 private law practice. 1977-78 founder and Director of the Centre for Criminal Justice and Policy Management at San Diego Law School. 1978-80 Professor of Criminal Justice at San Diego Law School. 1980 joined Mr Reagan's Presidential campaign as Political Adviser. Later became Chief of Staff of the Reagan campaign. November 1980 Director of President Reagan's transition team. 1981 appointed Counsellor, ie policy coordinator, to the President. Married with three children.

Ed Meese was, for the first year of the Reagan Presidency, the undisputed leader of the so-called troika (also including Baker and Deaver) who ran the White House. He is, however, not quite so close personally to the President as Deaver. Moreover, while he was to focus on policy and Baker on management, Baker has played an increasingly prominent part in determining policy. These factors, combined with the key role now played by Judge Clark as National Security Adviser, and disagreements among the group, have slightly reduced Meese's prominence

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prominence in the White House team though he remains the senior member of the group and the principal White House public figure below Presidential level. He regularly appears on major TV interviews to explain government policy.

~~Mr Meese was admitted to hospital on 10 May for X-ray tests after complaining of lower back pain. He was said to be exhausted from overwork.~~ Meese is large, friendly, but tough. During the scandals associated with the former National Security Adviser (Richard Allen) Meese took Allen's part but dropped him when it became clear that Allen was a serious liability to the Administration.

As a Deputy District Attorney in California in the early 1960s, Meese took a close interest in police work and developed a reputation as a strong law and order man. He played a key part in putting down anti-draft protests in the mid-1960s.

There have been rumours that Meese would like to leave the White House for a senior government appointment, eg as Attorney General of the United States.

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TO PRIORITY FCO
TELEGRAM NUMBER 1027 OF 18 APRIL

NAD'S TELELETTER OF 6 APRIL: VISIT TO LONDON OF ED MEESE

1. THE WHITE HOUSE HAVE CONFIRMED THAT ED MEESE, COUNSELLOR TO THE PRESIDENT, WILL BE VISITING BRITAIN FROM 3-7 MAY TO GIVE THE MOUNT-BATTEN MEMORIAL LECTURE AT CAMBRIDGE. MEESE HAS ASKED AMBASSADOR LOUIS FOR RECOMMENDATIONS ON CALLS THAT HE MIGHT MAKE ON MINISTERS AND IS CONTENT TO FOLLOW LOUIS'S ADVICE.
2. MEESE IS ONE OF THE PRESIDENT'S TOP THREE ADVISORS AND IS VERY CLOSE TO HIM IN PERSONAL TERMS. GIVEN THAT HE WILL BE IN LONDON A FEW WEEKS BEFORE THE PRIME MINISTER'S VISIT TO WASHINGTON, I THINK THAT YOU AND THE PRIME MINISTER WOULD FIND IT INTERESTING TO HAVE A TALK WITH MEESE WHO IS WELL PLACED TO GIVE AN INSIGHT INTO THE PRESIDENT'S THINKING AND INTO CURRENT POLITICAL PREOCCUPATIONS.
3. ALTHOUGH I DO NOT KNOW WHAT CALLS AMBASSADOR LOUIS WILL RECOMMEND, I THINK IT WOULD ALSO BE WORTHWHILE FOR OTHER CABINET MINISTERS TO SEE MR MEESE IF HE ASKS TO CALL ON THEM. WHILE HE DOES NOT HAVE AN EYE FOR THE SMALL PRINT, HE WOULD CERTAINLY CONVEY TO THE PRESIDENT A POLITICAL MESSAGE ABOUT SOME OF OUR CONCERNS EG. OVER U.S. INTEREST RATES, THE US CIVIL AVIATION ANTI-TRUST CASE AND THE EXPORT ADMINISTRATION ACT.
4. MEESE, A LAWYER BY PROFESSION, HAS A STRONG INTEREST IN LAW AND ORDER ISSUES AND HAS BEEN DEEPLY INVOLVED IN THE PREPARATION OF PROPOSALS TO TOUGHEN UP THE CRIMINAL CODE IN THE UNITED STATES

WRIGHT

STANDARD

NAD

**THIS TELEGRAM
WAS NOT
ADVANCED**

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