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VISIT OF YUGOSLAV FOREIGN SECRETARY: 15-17 JUNE 1981

1. Head of EESD gave a community briefing on 19 June. He made the following points:-

(a) The Yugoslavs seemed to have been well satisfied with the visit. We regarded it as having helped to keep up the momentum of our relations after the Prime Minister's visit to Yugoslavia in 1980;

(b) Vrhovec's programme included calls on the Prime Minister, talks with Mr Nott, Mr Hurd and me.

2. During the talks the following points emerged:-

(a) Poland. Vrhovec said it seemed clear that the other Eastern Europeans had not expected the present Polish leadership to survive the most recent Central Committee meeting. He believed that the Congress in July would be the next crucial time. We made

it clear that the Poles should settle their own affairs without outside intervention and had urged on the Yugoslavs our hope that the non-aligned movement would strongly condemn any Soviet intervention in Poland. Although pointing out that the NAM had not previously reacted to events in Europe, Vrhovec seemed to think it would probably take a robust line over Poland;

- (b) Southern Africa. We outlined the background to the present Namibia negotiations. At the end of the visit Vrhovec indicated that he now understood much more clearly the difficulties under which we were working in Southern Africa and the realities of the power position on the ground. This would be useful when he met Nujoma in some weeks' time;
- (c) Far East. Vrhovec had been pessimistic about the prospects for the international conference on Cambodia. It was not clear what was happening in the country itself. The Vietnamese and Chinese predictably gave opposing accounts. Vrhovec indicated that relations between the Soviet Union and Vietnam were rather strained perhaps because the Vietnamese were demanding more aid than the USSR could afford. He had recently visited China and had been given to understand that Chairman Hua would shortly lose his party chairmanship but would remain a member of the Politburo's Permanent Committee;
- (d) Middle East. Vrhovec said that a year or two ago the PLO had begun to realise that their struggle must enter a political phase but they were having some difficulty in reconciling themselves to the practical consequences of this. For example they had rejected Chancellor Kreisky's advice that the PLO should recognise Israel. The PLO should accept the right of Israel to exist but would not do so before the Palestinians' rights were recognised;
- (e) Non-Aligned Movement. Vrhovec said that the Yugoslavs were generally pleased with the turn of events. Since the Soviet invasion of Afghanistan they had worked hard to confirm the NAM's independent



- stand and to oppose the view that the NAM should remain silent rather than risk a split. This line had been endorsed at Delhi and this had been a reply to the theory of a 'natural alignment';
- (f) Mexico Summit. Vrhovec said that following their initial reservations about the Mexico Summit the Yugoslavs now took a rather more favourable view. It was clear that the participants would represent only themselves. No decisions could be taken. It was difficult to see how the conference should end. But one possibility was that there should be an agreed summing up by the Chairman. This could promote the idea of global negotiations. But it should not itself be the instrument of these negotiations;
- (g) EC-Yugoslav Relations. Vrhovec had expressed great interest in settling the question of their exports to the EC of baby beef. He had suggested that the EC should provide financial support for the rebuilding of the highway between Zagreb and the Greek border;
- (h) Bilateral Relations. Vrhovec predictably referred, though in relatively mild terms, to the activities in the UK of dissident Croatian emigrés. We had explained the distinction we drew between political activities and terrorism and pointed out that to ban innocent meetings would be counter-productive by inducing a public reaction in favour of those who were affected;
- (i) Kosovo. Vrhovec said that he disagreed with some Western assessments that the Albanians had no interest in destabilising Kosovo. The Yugoslavs knew (he said) that there were direct connections between the Albanian Intelligence Service and various Western emigré groups who had fomented the trouble in Kosovo. There were also connections with other, so far unspecified, intelligence services. It was also important to lay the false idea which had gained some currency in the West that the Bulgarians had achieved any independence from the Soviet Union. Bulgarian actions always had the full Soviet backing.

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