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SIC

MY TELNO 1949:

GORBACHEV VISIT : POLICY ISSUES.

1. THE FOLLOWING IS A MORE DETAILED ANALYSIS OF GORBACHEV'S LIKELY ATTITUDE TO THE POLICY ISSUES WHICH MAY COME UP IN LONDON.

ARMS CONTROL.

2. THERE ARE SIGNS THAT GORBACHEV IS TAKING A PACKAGE OF PROPOSALS TO NEW YORK. THERE IS NO POINT IN SPECULATING ABOUT THESE: THEY WILL HAVE BEEN ANALYSED FOR YOU BY THE TIME GORBACHEV GETS TO LONDON. IN TALKING TO HMG THE RUSSIANS ARE LIKELY TO CONCENTRATE ON THE PROSPECTS FOR THE CONVENTIONAL STABILITY TALKS, CHEMICAL WARFARE, AND PERHAPS ON OUR ALLEGED ATTACHMENT TO NUCLEAR WARFARE. GORBACHEV WILL DOUBTLESS CRITICISE THE 'SLANTED' DATA ON CONVENTIONAL FORCES IN EUROPE WHICH NATO HAVE JUST PUBLISHED, WHICH OMITTS NAVAL AND AIR FORCES. HE WILL PRESS TO HAVE THESE INCLUDED IN THE CST. HE WILL ARGUE THAT THE PROBLEMS OF VERIFICATION CAN EASILY BE SOLVED, EG BY PUTTING SOVIET INSPECTORS ON BRITISH SUBMARINES. HE IS UNLIKELY TO COME CLEAN OVER SOVIET CHEMICAL WARFARE STOCKS, THOUGH HE WILL DOUBTLESS CLAIM THAT HERE TOO THERE IS NO VERIFICATION PROBLEM. HE WILL ASK WHY WE TAKE SO MUCH HARDER A LINE THAN OUR ALLIES, AND WILL DISMISS THE SOVIET UNION'S IMMENSE GEOMILITARY ADVANTAGE AS OF NO ACCOUNT.

3. BUT HE WILL BE ARGUING AGAINST THE BACKGROUND OF DEBATE ON DEFENCE POLICY NOW PROCEEDING IN MOSCOW. THERE IS A GROWING PRECEPTION HERE THAT THE SOVIET ARMED FORCES IMPOSE A CRUSHING BURDEN ON THE ECONOMY, THAT THEIR SIZE AND DEPLOYMENT ADVERSELY AFFECT THE SOVIET UNION'S INTERNATIONAL RELATIONSHIPS, AND THAT THEY ARE EVEN

INFLATED IN RELATION TO ANY REALISTIC ASSESSMENT OF THE SOVIET UNION'S DEFENCE REQUIREMENTS. I BELIEVE THAT GORBACHEV NEEDS AND WANTS TO REDUCE THEM: BUT HE WILL FIND THAT HARD TO DO WITHOUT SERIOUSLY OFFENDING HIS GENERALS. TO MINIMISE THE DOMESTIC POLITICAL RISK, HE WILL LOOK FOR SUCCESSFUL INTERNATIONAL NEGOTIATIONS ON CONVENTIONAL AS WELL AS NUCLEAR WEAPONS.

HUMAN RIGHTS.

4. HERE TOO THE DISCUSSIONS IN LONDON ARE LIKELY TO BE AFFECTED BY ANY ANNOUNCEMENTS GORBAECHEV MAY MAKE IN NEW YORK. GORBACHEV HAS WRIGGLED OUT OF THE LINK WHICH THE RUSSIANS INJUDICIOUSLY MADE BETWEEN THE HOLDING OF A MOSCOW CONFERENCE ON HUMAN RIGHTS AND THE CONCLUSION OF THE VIENNA CSCE MEETING. NO DOUBT HE WOULD STILL LIKE TO HOLD HIS CONFERENCE IN DUE COURSE. BUT HE IS CURRENTLY PUTTING HIS EFFORT INTO DEMONSTRATING THAT INDIVIDUAL CASES ARE BEING SOLVED, AND THAT CONSTITUTIONAL GUARANTEES ARE BEING PUT IN PLACE. IT WILL STILL BE RIGHT TO PRESS FOR EVIDENCE THAT THE LEGAL CATEGORIES UNDER WHICH INDIVIDUALS HAVE BEEN PERSECUTED ARE BEING EFFECTIVELY ABOLISHED IN PRACTICE: AND THAT THE FUTURE LEGISLATION WILL BE DRAFTED WITHOUT LOOPHOLES. I RATHER DOUBT THAT GORBACHEV WILL TRY TO MOUNT A SERIOUS ATTACK ON THE BRITISH RECORD (DESPITE THE RUMOURS IN THE BRITISH PRESS): OR THAT IT WOULD BE HARD TO SEE HIM OFF IF HE DID TRY.

PRESIDENT-ELECT BUSH.

5. GORBACHEV IS FULLY AWARE OF THE VERY SPECIAL RELATIONSHIP WHICH THE PRIME MINISTER ENJOYS WITH BOTH THE PRESENT AND NEXT PRESIDENT OF THE UNITED STATES. THE RUSSIANS WERE CLEARLY RELIEVED WHEN MR BUSH WON THE ELECTION. GORBACHEV WILL ALREADY HAVE BEGUN TO FORM A VIEW OF HIM AS AN INTERLOCUTOR. BUT HE WILL BE FASCINATED TO COMPARE NOTES WITH THE PRIME MINISTER.

EUROPE.

6. THE RUSSIANS SEE THE PRIME MINISTER AS THE STRONGEST LEADER IN EUROPE, WITH CLEAR IDEAS OF HER OWN WHICH DO NOT NECESSARILY CHIME WITH THE CONVENTIONAL WISDOM OF HER PARTNERS. HE WILL THEREFORE ATTACH PARTICULAR IMPORTANCE TO DISCOVERING WHAT SHE THINKS ABOUT WESTERN EUROPE'S POLITICAL, ECONOMIC AND MILITARY FUTURE. THE RUSSIANS HAVE ONLY RECENTLY WOKEN UP TO THE FACT THAT THEY KNOW LITTLE AND UNDERSTAND LESS ABOUT THE PROCESS OF CHANGE IN WESTERN EUROPE. BUT THEY SEE THAT IT IS AROUSING INCREASING INTEREST AMONGST

EUROPEAN NEUTRALS, INCLUDING SUCH KEY COUNTRIES FOR THEM AS AUSTRIA AND EVEN FINLAND. EVEN SOME OF THEIR ALLIES, SUCH AS HUNGARY, ARE TAKING AN UNHEALTHY INTEREST IN DEVELOPING CLOSER LINKS WITH THE EUROPEAN COMMUNITY. THE RUSSIANS KNOW THAT GREATER POLITICAL, AND EVENTUALLY PERHAPS DEFENCE, SOLIDARITY IN WESTERN EUROPE WILL FURTHER REDUCE THEIR CHANCES OF EXERCISING INFLUENCE THERE. THEY FEAR THAT THEIR ALREADY UNCOMPETITIVE INDUSTRIAL EXPORTS WILL BE REDUCED BY 1992 AND ALL THAT. AT THE END OF THE DAY THEY SEE A RISK THAT EAST AND WEST EUROPE COULD GET TOGETHER, LEAVING THEM ONCE AGAIN ON THE ASIATIC PERIPHERY.

7. THE SLOGAN OF THE COMMON EUROPEAN HOUSE IS A SOMEWHAT DESPERATE ATTEMPT TO GET IN ON THE ACT. THE RUSSIANS ADMIT THAT THE SLOGAN HAS NO REAL CONTENT. THEY FEAR SOME OF THE CHANGES IT COULD BE HELD TO IMPLY: A LOOSENING OF THEIR GRIP ON THE WARSAW PACT, THE DISMANTLING OF THE BERLIN WALL, CLOSE BILATERAL ECONOMIC AND POLITICAL LINKS BETWEEN INDIVIDUAL COUNTRIES IN EAST AND WEST EUROPE. THEIR IDEAS SEEM TO BOIL DOWN TO NO MORE THAN IMPROVED RELATIONS BETWEEN EXISTING ALLIANCES AND ECONOMIC ORGANISATIONS. I DOUBT IF GORBACHEV WILL HAVE ANYTHING MORE CONCRETE TO OFFER.

8. AS FOR EASTERN EUROPE I SUSPECT (THOUGH WITHOUT EVIDENCE) THAT GORBACHEV BOTH WELCOMED AND ADMIRERD THE LINE THE PRIME MINISTER TOOK IN POLAND. HE TOO THINKS THAT ECONOMIC REFORM AND POLITICAL REFORM GO TOGETHER. THERE COULD BE AN INTERESTING LINE FOR DISCUSSION HERE.

BILATERAL PROBLEMS: CEILINGS AND COCOM.

9. THE RUSSIANS NOW COMPLAIN REGULARLY ABOUT THE CEILINGS WE PLACE ON SOVIET OFFICIAL PERSONNEL AND JOURNALISTS IN BRITAIN. THE CLAIM THAT THIS IS CONTRARY TO OUR PROFESSED DESIRE TO EXPAND POLITICAL, COMMERCIAL AND HUMAN LINKS. THEY SAY THAT IT IS FOR THEM, NOT US, TO DECIDE WHO SHOULD WORK IN OFFICIAL SOVIET ORGANISATIONS IN BRITAIN. I WOULD THINK GORBACHEV, OR PERHAPS SHEVARDNADZE, WILL RAISE THIS. THE RIPOSTE IS OBVIOUS. INFORMATION GENERATED BY THE ACTIVITIES OF THE SOVIET INTELLIGENCE AGENCIES IN BRITAIN IS SURELY NOT WORTH THE DAMAGE WHICH THOSE ACTIVITIES CAUSE TO THE BILATERAL RELATIONSHIP. WE WELCOME THE EXPANSION OF CONTACTS. BUT IT IS FOR GORBACHEV AND HIS INTELLIGENCE AGENCIES TO MAKE THE NECESSARY ADJUSTMENTS.

10. THE RUSSIANS WILL DOUBTLESS COMPLAIN AGAIN ABOUT COCOM. THEY WILL SAY THAT IT CONSTRAINS BRITISH EXPORTS TO THE SOVIET UNION. IT IS A WEAK ARGUMENT. THE AMOUNT OF TRADE AFFECTED IS VERY SMALL, EVEN IF IT IS IN AN AREA WHERE THE RUSSIANS HAVE A PARTICULAR INTEREST.

THERE IS NO CONSISTENT EVIDENCE THAT (AS THE RUSSIANS CLAIM) WE ARE MORE RIGOROUS IN APPLYING COCOM RULES THAN OUR PARTNERS. WE ARE IN ANY CASE AMONST THOSE WHO PRESS HARDEST IN THE COCOM ORGANISATION FOR A RATIONALISATION AND UPDATING OPF THE COCOM LISTS.

BILATERAL TRADE.

11. THE FUNDAMENTAL PROBLEM REMAINS: THE RUSSIANS NEED OUR MACHINERY AND KNOW-HOW, BUT THEIR BACKWARD INDUSTRY CANNOT GENERATE ENOUGH HARD CURRENCY EXPORTS TO PAY FOR IT. DESPITE THE EXPECTATIONS WHICH ECONOMIC REFORM HERE HAS CREATED AMONGST FIRMS INTERESTED IN THE SOVIET MARKET, MY OWN EXPERIENCE IS THAT MOST OF THEM ARE SOBERLY AWARE THAT COMMERICAL SUCCESS HERE WILL CONTINUE TO REQUIRE A LONG TERM COMMITMENT AND AN UNREMITTING SLOG.

12. THE RUSSIANS USUALLY ARGUE THAT OUR EXPORTS ARE HAMPERED BY THE UNCOMPETITIVE ATTITUDE SHOWN BY BRITISH FIRMS, THE DIFFICULTIES WE MAKE ABOUT TECHNICALITIES INVOLVING CREDIT, AND THE UNWILLINGNESS OF BRITISH FIRMS TO ENTER INTO THE NEW STYLE JOINT VENTURES. THIS IS PARTLY AN EXCUSE: THE JAPANESE DEPUTY FOREIGN MINISTER RECENTLY TOLD ME THAT THE RUSSIANS WERE MAKING THE SAME CRITICISM OF THE PERFORMANCE OF JAPANESE FIRMS.

13. ON THE WHOLE, HOWEVER, OUR MORE EXPERIENCED FIRMS ARE MAKING A DETERMINED EFFORT TO DO BUSINESS, BOTH BY TRADITIONAL METHODS AND BY IMAGINATIVE NEW MEANS SUCH AS CONSORTIA. EVEN SO IT IS UNLIKELY THAT 1988 WILL SHOW MUCH PROGRESS TOWARDS THE GOAL OF A 40 PERCENT INCREASE IN OUR BILATERAL TRADE BY 1990 SET BY THE TWO GOVERNMENTS LAST YEAR. THE RUSSIANS HAVE TOLD US THAT GORBACHEV WILL BE BRIEFED ABOUT SOME PARTICULAR LARGE CONTRACTS WHICH ARE RIPE FOR SIGNATURE, AND WHICH COULD MAKE A MAJOR CONTRIBUTION TOWARDS THE TARGET. I BELIEVE THAT THE DTI ARE PREPARING A LIST FOR THE PRIME MINISTER: PROJECTS WHICH COME TO MIND ARE THE JOHN BROWN/ASETCO JOINT VENTURE, THE CARROLL GROUP'S BID TO BUILD A BRITISH/SOVIET TRADE CENTRE IN MOSCOW, AND APV'S JOINT VENTURE FOR FOOD PROCESSING PLANTS. THE LATTER WILL NOT GENERATE HARD CURRENCY. BUT THEY ARE LIKELY TO BE A POLITICAL PRIORITY FOR GORBACHEV IN HIS DRIVE TO SATISFY THE MATERIAL ASPIRATIONS OF THE PEOPLE.

BRAITHWAITE

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