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*From the Private Secretary*

7 February 1989

*Dear Neil,*

**PRIME MINISTER'S MEETING WITH MR. KAMENTSEV,  
DEPUTY CHAIRMAN OF THE USSR COUNCIL OF MINISTERS**

The Prime Minister had a talk this evening with Mr. Vladimir Kamentsev, Deputy Chairman of the Council of Ministers of the USSR. Mr. Kamentsev was accompanied by the Soviet Ambassador and by Mr. Uspensky. HM Ambassador, Moscow was also present.

After a certain amount of reminiscing about the Prime Minister's visit to Tblisi in 1987, on which Mr. Kamentsev had accompanied her, Mr. Kamentsev conveyed greetings from Mr. Gorbachev. He had been asked to say how much Mr. Gorbachev valued the Prime Minister's attitude to the changes which he was introducing in every area of Soviet society. Mr. Kamentsev continued that his own talks were intended to prepare the economic aspects of Mr. Gorbachev's forthcoming visit. The visit would come at a particularly interesting time, immediately after the elections in the Soviet Union, as a result of which a new government would have been formed.

The discussion then turn to trade relations, and followed very much the course of Mr. Kamentsev's earlier talk with Lord Young. I will not therefore record the welter of statistics about Anglo-Soviet trade and prospective contracts with which Mr. Kamentsev entertained us. He also referred to his hope that a credit agreement could be signed during his visit. The Prime Minister, for her part, said that top businessmen in the United Kingdom sometimes came to her and asked how they could help with the modernisation of the Soviet economy. It was not easy to know what to tell them. But in her own opinion the most useful thing they could do was to send teams of experts to the Soviet Union, to gain some direct experience of the scale and nature of the problems and then decide how best they could help. Mr. Kamentsev did not respond directly but referred to action taken by the Soviet government to get rid of some of the constraints on successful cooperation between Soviet firms and their Western counterparts. He also spoke with approval of the forthcoming Soviet/UK trade month in Moscow.

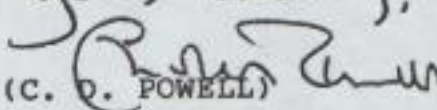
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The Prime Minister then turned to the programme for Mr. Gorbachev's visit. She wondered whether Mr. Gorbachev was satisfied with the programme as planned for December or would like some changes. For instance, he might wish to make a speech or do a television interview. We would be happy to help arrange whatever suited him. But the most important thing was to have plenty of time to talk. There was so much happening which she and Mr. Gorbachev needed to discuss. Mr. Kamentsev said that Mr. Gorbachev was well satisfied with the programme. If he wished to propose any changes he would contact the Prime Minister. He had been disappointed when it had been necessary to cancel the visit planned in December. But he had also been very touched by the Prime Minister's message, which had been the first he had received about the Armenian earthquake. Indeed, Mr. Gorbachev had called in his delegation in New York, had read them the cable and told them that he was certain that the Prime Minister had written it herself because it came from the bottom of her heart. The Soviet people were very grateful for all the assistance they had received following the earthquake in Armenia and in particular the proposal to build a new school.

The Prime Minister asked Mr. Kamentsev to convey her warm regards to both Mr. Gorbachev and Mr. Ryzkhov. She was impressed with the pace of political advance in the Soviet Union. The need now was to achieve greater economic success to match it. Mr. Kamentsev admitted that the Soviet Union was going through a difficult period. There were bound to be difficulties at the beginning of a process of reform. The Soviet authorities understood that the first priority had to be to feed and clothe their people. That was why they were so anxious to extend their economic links with other countries. He hoped the United Kingdom would be ready to take a full part, particularly in such areas as light industry and food processing. The Prime Minister said that we were strong in both areas. We were also providing help with management training. Mr. Kamentsev said that he had detected a strong desire, on the part both of Government and of business in the United Kingdom, to cooperate. That feeling was reciprocated.

The Prime Minister concluded that the meeting had been a useful curtain-raiser for Mr. Gorbachev's visit, to which she was greatly looking forward.

I am copying this letter to Richard Gozney (Foreign and Commonwealth Office), Carys Evans (Chief Secretary's Office), Brian Hawtin (Ministry of Defence) and Trevor Woolley (Cabinet Office).

Yours sincerely,  
  
(C. D. POWELL)

Neil Thornton, Esq.,  
Department of Trade and Industry.