



Foreign and Commonwealth Office

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London SW1A 2AH

5 April 1989

Dear Charles,

21/4
CSO 5/4

Mr Gorbachev's Visit

You may find useful some updating of my letter of 22 March with briefing for the Prime Minister's talks with Mr Gorbachev. We have written separately with a brief analysis of the recent elections, about Southern Africa, particularly the fast-moving situation in Namibia, and with details of the signing ceremony.

You asked for some additional material on nuclear weapons modernisation:

Mr Gorbachev may argue that nuclear deterrence is based on the notion of potential military aggression which is no longer appropriate in the new East/West world. The Prime Minister might say that deterrence does not involve any accusation of aggressive intent. Rather, it is a recognition of the fact that nuclear weapons exist and cannot be disinvented; that Europe has been the source of two calamitous world wars this century; and that history proves that conventional capabilities alone cannot prevent war. Deterrence does not mean the willingness to fight wars with nuclear weapons: it means constructing a security system on the basis of reason and self-interest. No government will embark on hostilities of any kind in Europe so long as nuclear weapons can be employed. Nuclear weapons, not new thinking or man's inherent virtue, have made war in Europe an unthinkable policy option.

The Prime Minister might also say that:

- nuclear weapons only deter if they are effective. This requires periodic updating of obsolete systems. In NATO's case this means a replacement for the ageing LANCE missile and a stand-off missile capable of penetrating Soviet air defence;
- the Soviet Union has comprehensively modernised its comparable systems.

On human rights, the Russians have responded to advance presentation of our lists by telling us of the release of 14 more refuseniks (out of 50 on our list) and 9 (out of 14)

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prisoners of conscience. They have also finally agreed that George Samoilovich, the long-standing refusenik suffering from cancer, about whom we had invoked the Vienna human rights mechanism, can come to Britain for treatment. He should subsequently be able to leave the Soviet Union for good with his immediate family after returning to Moscow to make a further application. This is good news, which we can welcome warmly, while making clear that many other cases remain unresolved and that our more fundamental concerns about progress before the Moscow Conference remain to be met.

On regional issues, it is clear that the Russians will, as expected, press us for a more flexible approach on Afghanistan to avoid bloodshed. The Foreign Secretary, following his own visit to the area, sees no need to waver from our insistence that the present regime must step down.

Soviet wooing of Iran continues. Foreign Minister Velayati has just been to Moscow where he met Gorbachev and Shevardnadze, and Prime Minister Rafsanjani is to follow in the summer. This reinforces the desirability of a word of warning about the dim view we take of Soviet cashing in on our difficulties.

The Prime Minister may also like to raise the fighting in Beirut and ask Mr Gorbachev to help persuade Syria to agree to the Arab League call for a ceasefire.

President Bush's messages to Mr Gorbachev and to the Prime Minister about Central America clearly underline the need for the Prime Minister to raise the continuing high level of Soviet arms supplies to Nicaragua and Cuban support for armed insurgents seeking to overthrow the democratically elected governments of El Salvador and Guatemala. The Prime Minister could spell out the importance of this for US perceptions of the Soviet Union at a moment when the new administration is still reviewing its own policies.

You will have seen Sir Rodric Braithwaite's scene-setting telegram series. There are two points in them which he believes the Russians may raise not covered in the Prime Minister's briefing:

- (a) The Soviet proposal for a Comprehensive System of International Peace and Security (CSIPS). We have opposed this as we are against the concept of any new "system" in apparent competition with the UN Charter. The Russians have not pressed it lately and have shown more signs of wanting to strengthen the UN and work with the Secretary General and the five Permanent Members.
- (b) The Soviet aim to join GATT/IMF. GATT is based on open market principles. The Soviet system would have to change a great deal to meet the criteria, eg on price formation,

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tariffs, and transparency on non tariff barriers. On IMF, if the USSR is considering an application they should talk to IMF management. If the Russians are ready to meet obligations under the Articles of Agreement we would not rule out membership. But it would be bound to take time to negotiate.

You have seen reporting from Dublin and the Prime Minister has heard from Mr Haughey on Mr Gorbachev's visit there. The Foreign Secretary doubts whether Mr Gorbachev will make much of human rights in Northern Ireland, whatever Mr Haughey claims. The facts on the two cases mentioned are:

- Guildford four: convicted of Guildford and Woolwich pub bombings in October 1975. Appeal in October 1977 turned down. Following representations Home Secretary announced on 16 January this year his decision to refer the whole case to the Court of Appeal. Will now be treated as further appeal by persons concerned. They and their lawyers can seek to present to the court any matters they regard as relevant. Case now sub-judice. Wrong to comment further.
- Birmingham Six: Convicted of bombings in August 1975. Appeal in March 1976 turned down. Home Secretary announced on 20 January 1987 decision to refer the whole case to the Court of Appeal. The case was thoroughly considered by three senior judges in a six-week Appeal held in public in November and December 1987. They stated in their January 1988 judgement that nothing had emerged which led them to believe the original convictions were in any way unsafe or unsatisfactory. House of Lords Appeal Committee subsequently considered and rejected petition for leave to appeal on grounds of point of law. Home Secretary has not thought it right to intervene in absence of indication from courts that he should consider Royal prerogative of mercy.

To judge by the Dublin visit, Mr Gorbachev may raise Soviet relations with the EC. The Prime Minister could make clear that we welcome the Soviet change of heart towards the Community and want a cooperation agreement with genuine mutual benefit, including for example major improvements in access for businessmen. Real cooperation in many areas will depend on Soviet market reforms taking root. We also welcome increased Twelve/USSR political dialogue (next ministerial meeting in September).

On a particular point related to trade, the head of a Soviet cooperative recently in London has pressed the political and economic value of Western links with the growing independent economic sector. The Prime Minister could usefully ask Mr Gorbachev whether he sees any difficulty in Western banks/companies giving credit to or dealing with cooperatives.

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I will write further if any new points arise from the continuation of Mr Gorbachev's visit to Cuba, eg on debt.

I am copying this letter to Philip Mawer (Home Office), Neil Thornton (DTI) and Trevor Woolley (Cabinet Office).

Jays,
Stephen Wall
(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

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Foreign and Commonwealth Office

London SW1A 2AH

5 April 1989

*See Charles,*Mr Gorbachev's Visit: Africa

With my letter of 22 March, I enclosed briefing for Mr Gorbachev's visit. I now enclose an updated note on Africa, revised to take account of SWAPO incursions into Namibia.


If SADF claims that most of SWAPO's forces south of the 16th parallel (including a mechanised brigade) are moving south towards Namibia turn out to be well-founded, the Prime Minister will in addition want to raise this specific point with Mr Gorbachev. The only way the South Africans could stop the mechanised brigade would be by air strikes, which would mean a serious escalation of the fighting and would put the UN settlement in grave danger. Any further southward move of armed SWAPO personnel would also, of course, be in breach of the UN Plan and of the Geneva Accord. There is a heavy responsibility on SWAPO's supporters, notably the Soviet Union and Front Line States, to intervene decisively with SWAPO to avert disaster.

I am copying this letter and its enclosure to Trevor Woolley (Cabinet Office).

Yours,
Stephen Wall

(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street



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AFRICA:

The Russians recognise that their Africa policies have brought them little at high cost. They are disengaging from unquestioning support for the "armed struggle", with increasing emphasis on the need for peaceful solutions. But their new policy lines are not yet clear, and they continue to pay lip service to comprehensive sanctions against South Africa.

The Prime Minister may wish to welcome the helpful Soviet role, which she has publicly acknowledged, in the successful 1988 Angola/Namibia negotiations. She will want to emphasise the need for all concerned to honour their obligations in advance of elections in Namibia in November, and to reiterate our concern at and condemnation of the large-scale SWAPO incursion into Namibia. These are a flagrant breach of the UN Plan (which has no provision for SWAPO bases inside Namibia) and also of the Geneva Accord to which SWAPO have committed themselves. Just as the Prime Minister herself insisted during her visit to Windhoek that the South Africans should not take unilateral action but must first obtain the agreement of the UN authorities, so the Russians should take firm action, direct and through the Front Line States, to ensure that SWAPO are brought back into line. Their present behaviour is massively damaging to them and to the UN Plan.

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The Prime Minister might also urge the Soviet Union to discourage Angola from launching an offensive against UNITA, since this would risk unravelling the agreement. The timetable for Cuban troop withdrawal should be kept. Angola should recognise UNITA as a genuine political movement.

On South Africa, the Prime Minister will wish to underline our commitment to the peaceful ending of apartheid. There are signs of strain between the Russians and the ANC. But the Soviet Union is still its leading supplier of money and arms. The Prime Minister may wish to explore Mr Gorbachev's thinking on the way ahead.

If Mr Gorbachev argues the case for sanctions, the Prime Minister will wish to respond that the Angola/Namibia agreement was achieved despite, not because of, sanctions. Punitive sanctions only damage the prospects for progress through negotiation. As opinion polls have consistently shown, they are also opposed by the majority of black South Africans. It would be especially damaging to attempt to impose new sanctions during the difficult year-long period of transition to independence in Namibia. The South Africans would be bound to make an extreme response.

In the Horn of Africa, the Russians have a key role in persuading the Ethiopian regime to negotiate an end to the conflicts in Eritrea and Tigray; to abandon neo-Stalinist internal policies; and to promote a peaceful settlement in Sudan (where Mengistu is supporting the SPLA). The Russians claim to find it hard



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to make any impact on Mengistu, whose forces have now lost effective control of most of the mountain half of Ethiopia. A frank appraisal by Mr Gorbachev would be interesting.

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MR GORBACHEV'S VISIT TO BRITAIN, 5-7 APRIL

Mr Gorbachev's Aims

To enhance his domestic image; reduce the "enemy" image of the USSR; secure new endorsement for perestroika; persuade us that ideology is dropped from foreign policy, that we should compronise on Afghanistan, and accept Soviet good faith on arms control.

British Objectives

- Specific commercial contracts, cultural and trade centres in Moscow, reduced Soviet intelligence pressure (separate letter).
- Arms control: conventional asymmetries the acid test of new thinking - CW glasnost inadequate.
- Human rights: Early legislation needed. Long-term refuseniks to be released.
- Regional issues: Afghan regime to step down.
Iran/Rushdie.



Soviet Internal

Mr Gorbachev remains hard pressed despite dominance of the March plenum on agriculture. "Conservative" opinion is still dominant in party hierarchy. But we see no immediate threat to Gorbachev's position. His election to Executive President (probably after his UK visit) will strengthen him. There is no alternative leader/platform. But economic success eludes him. Details at annex.

Gorbachev needs to fill the shops but not to borrow to do it. Price reform (now put off for at least two years) will have to be faced. Grafting on bits of the market to a centralized system may make things worse. The Soros Open Sector scheme is ingenious but could well distract from the need for necessary fundamental reform. The Prime Minister could ask what role Gorbachev sees for Western trade/investment/management skills/agricultural know-how (see below on British training possibilities).

On nationalities, whilst avoiding any impression of encouraging the break up of the Union, the Prime Minister could stress that freedom of choice is essential to long term stability. Does Mr Gorbachev foresee a new eg federal structure?

The Prime Minister will wish to mention our response to the Armenian earthquake (£5 million HMG, nearly £10 million privately). We aim to have the school built before next winter.

Soviet Foreign Policy and East/West Relations

Mr Gorbachev has not made a major speech on foreign affairs since 7 December. "New thinking" is patchy.

Central America and The Horn are not yet affected. But foreign policy changes are far less controversial at home than perestroika.

The Prime Minister could welcome the Soviet Union's cooperative approach, but stress that our approach remains security first as we move further into the West's agenda - START, conventional, CW, regional issues, CSCE human rights implementation. She could stress the importance of building confidence in the new US Administration, not helped by transparent wedge-driving over SNF.

We can't immediately
The Prime Minister could press the Western interpretation of "Common European Home". Mr Gorbachev's aim seems to be reduced tension/more cooperation across the existing divide - which we want to end. In Eastern Europe, freedom of choice is the key. As the Prime Minister said in Poland, economic reform can only succeed if political reform mobilizes the people. Is this Mr Gorbachev's view? He told the Hungarian Prime Minister he supported Hungary's political reform. What about instability from countries resisting reform?

/Arms Control



Arms Control

The Prime Minister will wish to stress the importance of getting the START treaty right rather than rushing it (details at Annex). The new US Administration will need until late April to review progress and the future structure of the US ICBM force.

Mr Gorbachev may raise theatre nuclear weapons modernisation. The Soviet Union has comprehensively modernised its own theatre forces. Examples include the replacement of FROG missiles with longer range, more accurate SS21s; the continuing build-up of Backfire and Fencer nuclear capable aircraft; the deployment of a number of theatre ALCMs; the modernisation of nuclear capable artillery; and the deployment of the SSN21 SLCM.

- Since 1979 NATO has reduced the size of its theatre stockpile by 35%, from 7,000 to 4,600 warheads. The Soviet Union's recently announced intention to remove 24 of its 1608 short range nuclear missile systems has no military significance. If Mr Gorbachev really believes in eliminating nuclear weapons he should cut Soviet arsenals to NATO levels.
- Modernisation is not (as Shevardnadze said) incompatible with good East-West relations. Good relations rest on mutual security.

Mr Gorbachev may press for negotiations on theatre nuclear weapons in general or on SNF, and imply German support. The Prime Minister might stress:



- the need to tackle chemical weapons and the conventional imbalance before any further agreement on nuclear weapons in Europe
- the technical obstacles to SNF arms control (multiple ownership, multiple capability, mobility, verification)
- the lack of any common understanding of the objective. The Soviet aim seems to be to get rid of all nuclear weapons (as Soviet spokesmen have recently repeatedly confirmed.) All NATO members share a commitment to deterrence and to the maintenance of nuclear weapons in Western Europe.

If our own deterrent is raised, it is worth recalling Mr Gorbachev's public statement at the Reykjavik Summit: 'we decided today to withdraw completely the question of British and French missiles' and 'let them remain as an independent force, let them increase and be further improved'. He reaffirmed this to Sir Geoffrey Howe in February 1988. START would still leave the US and Soviet Union with more than 6,000 strategic warheads each compared with a maximum of about 500 which the UK could deploy on Trident. Trident would thus still represent a smaller proportion of the Soviet arsenal than Polaris in 1970.

If nuclear testing is raised, the Prime Minister could emphasise that weapons have to be tested to ensure that they remain effective and up-to-date. We hope that the Peaceful Nuclear Explosions Treaty and the Threshold Test Ban Treaty will be ratified soon. A Comprehensive Test Ban must remain a long term goal.



On conventional arms control the Prime Minister could express satisfaction at the launch in Vienna on 9 March of the separate negotiations on conventional armed forces and on confidence building. Details of the NATO and Warsaw Pact CFE proposals in Vienna are annexed.

The Prime Minister might welcome Mr Gorbachev's announcement at the UN on 7 December of unilateral cuts in the Soviet Union's armed forces. But we will be looking for far larger cuts at the Vienna negotiations: even after the announced cuts very substantial disparities will remain in the Warsaw Pact's favour (2.4:1 in tanks and artillery, 1.8:1 in aircraft).

The Prime Minister could welcome the publication in January of Warsaw Pact figures for the East/West force balance (the first such publication). We do not agree with everything it contains. But we welcome greater military transparency; and the Warsaw Pact's confirmation of substantial superiority in threatening systems (tanks, armoured troop carriers and artillery).

We do not favour several elements of the Warsaw Pact's proposals:

(a) strike aircraft : unlike tanks and artillery these do not seize and hold territory; because of their mobility it would be hard to devise a satisfactory verification regime for them in a regional CFE agreement; the Soviet figures for "attack" aircraft on our side are arbitrary: modern aircraft are increasingly multi-role; in overall combat aircraft the Warsaw Pact admit that they are superior.



(b) parallel negotiations on SNF and on naval forces: both are explicitly excluded by the mandate for conventional arms control negotiations. For SNF see above. We are against naval negotiations the Atlantic sealanes are our life-line - the equivalent of the Soviet Union's road and rail links.

(c) the Western proposals make no references to personnel: not aiming to exclude personnel: how best to cover it needs careful thought: surely right to focus mainly on cutting equipment, on assumption that personnel will leave with it.

(d) arms control summit of the 35 CSCE states: priority is to get on with the negotiations; sceptical about value of a mass summit; why include the neutral and non-aligned?

(e) 'zones of reduced levels of armaments'/'corridors of disengagement' : must deal with huge concentration of forces in Europe as a single problem. Corridors or zones down middle of Europe would compound European insecurity not cure it. Dividing up eg. FRG not acceptable to us.

The Prime Minister has said she intends to challenge Mr Gorbachev about Soviet statements about Chemical Weapons (your letter of 10 January) and has briefing from Sir Percy Cradock. We have discouraged Soviet suggestions for a joint Statement of Principles for the visit. The legacy of mistrust can only be overcome by much greater Soviet openness. Unsupported declaratory statements do not build confidence.

The Prime Minister might also raise increasing CW proliferation. We were dissatisfied with Mr Shevardnadze's response to the Foreign Secretary's approaches about the



Libyan plant at Rabta. The Soviet line, that the fault lies with Western firms for supplying equipment, is no answer because we have taken action within the EC to prevent that. The Soviet argument anyway implicitly acknowledges that the plant is intended for CW production. The plant is a matter of grave concern given Qadhafi's avowed support for terrorism (including the IRA).

The Prime Minister might raise nuclear non-proliferation. Although several near-nuclear states not parties to the NPT cause us concern (Israel, South Africa, and to a lesser extent Argentina and Brazil), India and Pakistan remain the greatest threat. Mr Gandhi has proposed that the NPT should be replaced by a new Treaty which would eliminate all nuclear weapons by 2010. The Prime Minister might like to stress the need for all countries, but especially the USSR and USA, to urge nuclear restraint on both India and Pakistan. We also want to see effective restraints on missile proliferation. Mr Gorbachev might mention the Soviet proposal for a bilateral agreement. We would prefer a multilateral agreement (though this need not take the form of Soviet adherence to the Missile Technology Control Regime agreed between the "Summit Seven").

/REGIONAL ISSUES



REGIONAL ISSUES

Afghanistan

The Russians still want the PDPA to play a role in any settlement and are once more stepping up public pressure on the Pakistanis. Their attempts to engage the United Nations in efforts to promote a ceasefire, a cessation of arms supplies to both sides and an intra-Afghan dialogue are also aimed at salvaging a role for the PDPA. The international community must not try to impose a solution on Afghanistan. The beleaguered and unrepresentative PDPA regime will have to step down if the fighting is to stop and a truly representative government be established.

Iran

The Prime Minister may wish to repeat our concern about the Iranian incitements to violence against Salman Rushdie. The Foreign Secretary wrote to Shevardnadze about this before the latter's visit to Tehran in late February. However, Soviet-Iranian relations were boosted when Shevardnadze was received by the Ayatollah Khomeini. The Foreign Secretary's subsequent meeting with Mr Shevardnadze in Vienna revealed that the Soviet Union had no mediation ideas, despite public claims. If the Russians want to be part of the common European home, they should be ready to join in the common European response to Iran's actions, which threaten the entire international community. What we are looking for is for the Russians to bring this home to the Iranians, at the same time as pressing more actively for Iranian action on hostages.



On Iran/Iraq, the Prime Minister may wish to underline our concern that recent developments in Iran should not have an adverse effect on the settlement talks. There was a major breach of the ceasefire on 7/8 March for which the UN held Iran primarily responsible. The next meeting of Iranian and Iraqi Ministers is not before May. The prospects for progress seem slim, but the UN Secretariat remain reasonably optimistic that the settlement talks can be kept on course. The Soviet Union share our concern to maintain concerted pressure by the Five in support of the settlement process.

On Arab/Israel, the Prime Minister will wish to encourage Mr Gorbachev to continue to urge moderation on the Arabs, and in particular to work on Syria. She could suggest that while the Americans accept that this issue should be a priority on their agenda, they cannot be rushed. Israeli and US positions will become clear only after Shamir's April visit to Washington.

Africa

The Russians recognise that their Africa policies have brought them little at high cost. They are disengaging from the "armed struggle". But their new policy lines are not yet clear.

The Prime Minister may wish to welcome the helpful Soviet role in the successful 1988 Angola/Namibia negotiations, as well as the close co-ordination of the Security Council Permanent Five. All concerned must now honour their obligations in advance of elections in Namibia in November. We shall try to influence South Africa. The



Russians should join us in exerting influence on SWAPO too.

The Prime Minister might also urge the Soviet Union to discourage Angola from unravelling the agreement by launching an offensive against UNITA. The timetable for Cuban troop withdrawal should be kept. Angola should recognise UNITA as a genuine political movement.

On South Africa, the Prime Minister will wish to underline our commitment to the peaceful ending of apartheid. There are signs of strain between the Russians and the ANC. But the Soviet Union is still its leading supplier of money and arms. The Prime Minister may wish to explore Mr Gorbachev's thinking on the way ahead.

In the Horn of Africa, the Russians have a key role in persuading the Ethiopian regime to negotiate an end to the conflicts in Eritrea and Tigray; to abandon neo-Stalinist internal policies; and to promote a peaceful settlement in Sudan (where Mengistu is supporting the SPLA). The Russians claim to find it hard to make any impact on Mengistu, whose forces have now lost effective control of most of the mountain half of Ethiopia. A frank appraisal by Mr Gorbachev would be interesting.

Central America and Cuba

The Prime Minister could ask whether Mr Gorbachev persuaded Castro to stop supporting the guerrillas in El Salvador and Guatemala, now with democratically elected civilian governments; and urge the Soviet Union to stop arms supplies to Nicaragua, long after the ending of US military



aid to the Contras. President Arias wrote to Gorbachev in April 1988 seeking a Soviet contribution to the peace process, but received a dusty reply. He has twice asked the Prime Minister, through Mr Eggar, to raise the matter with Gorbachev.

Cambodia

An early and unconditional withdrawal of Vietnamese forces remains the key to a settlement. The Prime Minister could urge the Soviet Union to use its influence to achieve withdrawal by September, as in the February Sino-Soviet statement, despite Vietnamese attempts to make it conditional on an internal political settlement. She could add that the Pol Pot regime must not be allowed to return to power. Prince Sihanouk has a key role to play. We doubt whether Hun Sen would command general popular support. We hope that inter-factional talks and the regional Jakarta Informal Meeting (JIM) process will show results although the second JIM saw no progress. We look forward to continuing discussions which began in February among the Five Permanent members of the Security Council.

/CSCE AND HUMAN RIGHTS



CSCE AND HUMAN RIGHTS

The Prime Minister might say that we want the London Information Forum to make practical progress not least given the possibilities offered by new technology, and stress our hope that many more Western newspapers will be freely on sale soon.

The Prime Minister could make clear our welcome for human rights progress in 1988 and our strong hope that this progress will be maintained. She might spell out that without new legislation, release of political prisoners and long-term refuseniks, we shall not attend the 1991 Moscow Conference. As an example she could mention George Samoilovich (refusenik since 1972 now suffering from cancer) refused an exit visa on security grounds. The Foreign Secretary will be giving Mr Shevardnadze a list of political prisoners and refuseniks of particular concern to British opinion.

The Prime Minister might mention Mrs Gordievsky and her two children, about which we have written separately. This can be done quite openly, as a humanitarian issue. The whole family should be allowed to meet in Britain to discuss their future. Both sides should respect their decision. The meeting and outcome should be kept free from publicity.

/BILATERAL AFFAIRS



BILATERAL AFFAIRS

General

Mr Parkinson, Mr Clarke and Lord Young will visit in April, May and June respectively. The Soviet Minister of Culture will be in London the week after Mr Gorbachev and a high-level Supreme Soviet delegation to London may now visit in June. The Prime Minister could say that we hope the Soviet Defence Minister, General Yazov, will visit Britain this year.

If Mr Gorbachev raises the possibility of a visit by the Queen the Prime Minister could say that The Queen's programme might not allow her to take up such an invitation very quickly, but that this need not deter the issue of an invitation. Other members of the Royal Family may meanwhile make visits, Prince Edward as Patron of the National Youth Theatre later in April and The Princess Royal for the Kiev Week in 1990. We hope the Kiev Week can take place in June so that The Princess Royal could attend. The Foreign Secretary told Shevardnadze in Vienna in early March that the Prime Minister hoped she and Mr Gorbachev might meet in Kiev during the British Week. The Prime Minister might repeat her invitation to the Soviet Prime Minister, Mr Ryzhkov, to visit Britain, perhaps next year. (She is due to meet Mr Ryzhkov on 18 April in Luxembourg).

Trade issues

Mr Gorbachev is likely to suggest (as Mr Kamentsev did when he called on her on 7 February) that, with trade totalling 2.4 billion roubles in 1988, the target of 2.5



billion roubles of two-way trade by 1990 has almost been reached. The Prime Minister could comment that on our figures (which omit diamond entrepot trade), we are still a long way from the target. (Our statistics show overall 1988 trade at £1.24 billion - 1.1 roubles per pound - with imports at £732 million and exports £511 million.) She could make clear our dissatisfaction that UK exports have not risen like our imports as had been originally the intention.

The Prime Minister could welcome the recent £45m APV contract for 10 breakfast cereal lines, signed following Mr Kamentsev's personal intervention. Other protocols signed during Mr Kamentsev's February visit promise a further £140 million of business for the UK.

The Prime Minister is aware of the possibility of a one million tonne grain sale. It is not yet clear whether this will happen.

The Prime Minister could usefully support the following contract negotiations which are close to conclusion:

- Davey McKee's bid for a £80m contract to build a polyester fibre plant at Mogilev;
- Balfour Beatty's negotiations with the Ministry for the Chemical Industry for a £13m project in Rostov on Don to desalinate anthracite;
- Bechtel's £17m bid to supply testing facilities at Sumy for Soviet compressors for the oil and gas industry;



- a £35m contract being negotiated by Babcock with the Ministry for the Chemical Industry for an extension to a glass fibre plant at Polotsk;
- GEC-Plessey Telecommunication's negotiations with Moscow City Telephone Network to create a joint venture for the installation of credit-card pay telephones and, later perhaps, System X digital telephone exchanges.

The Prime Minister could commend for the longer term a \$20 billion project being negotiated by a US/Japanese consortium for two petrochemical complexes at Surgut and Tobolsk, the first stage of which would cost \$5 billion and could bring up to \$1 billion to UK companies. She could also mention the willingness of UK companies to work with Soviet organisations in third countries, eg Balfour Beatty and Selkhozpromexport who are co-operating on an irrigation project (Mahaweli System A) in Sri Lanka (worth up to £60m to the UK).

British companies are working on imaginative schemes. The Prime Minister could mention two in particular:

- (with caution, since it has yet to be put to COCOM or the Americans) GEC/Cable and Wireless's discussions on a possible fibre-optic communications cable to link Western Europe with the Pacific Coast. GEC envisage paying a rent in hard currency, which could be used to finance UK exports.
- RTZ's interest in mining rights. This would generate hard currency to be used, for example, for British companies rebuilding Armenian infrastructure with



earthquake resistant buildings, particularly if the mineral deposits are themselves located in Armenia.

The Prime Minister could underline that the City is well-placed to provide flexible financing to help the establishment of new forms of business, eg consortia. Plenty of commercial credit in a mix of currencies is already available.

The Prime Minister could support the establishment of a British-Soviet Trade Centre in Moscow and urge the need for a prestigious site from Moscow City Council. (The Carroll Group have been negotiating with Moscow City Council but have run into difficulties and need a boost from the visit if possible).

If Mr Gorbachev criticizes the lack of British-Soviet joint ventures, in fact 19 have been signed and 30 are in negotiation. The first production joint venture (Tampons) started production in March.

The Prime Minister should refer to the British-Soviet Trade Month in Moscow in April. Over 250 British companies will be taking part. The Secretary of State for Energy and the Chairman of the British Overseas Trade Board will visit it.

/Agriculture



Agriculture

The Prime Minister could say that British industry is ready to expand cooperation further. We are also ready to offer more training. The British Council are working with MAFF and the private sector to coordinate a training programme. There are many British specialist institutions with the right kind of expertise, including in consultancy.

Culture, Education and Training

The Prime Minister could welcome greatly increased unofficial exchanges. If reciprocity on cultural centres is raised the Prime Minister could say that the Russians are free to open one at any time, subject only to the ceiling on Soviet personnel.

The Prime Minister could warmly welcome the agreement reached during Mr Baker's visit to step up direct school exchanges, including pupils staying in each others' homes (1,000 pupils a year in each direction by 1991/92), and underline the political importance of meeting these targets. She could tell Mr Gorbachev that she will be receiving the Leningrad girl who telephoned her on the BBC Phone In, Masha Kuznetsova, and that we are also arranging an exchange for her with a British schoolgirl (the first individual exchange).

The Prime Minister may like to tell Mr Gorbachev that the first management training course for 20 senior Russians at the London Business School begins in April, financed by HMG. We, the DTI and the British Council plan to expand this effort considerably in the next financial year. Rank



Xerox have offered £50,000 to match Council money. Other parts of British industry and the East European Trade Council are also offering increased management training places. The 9 student scholarships at Oxford established this year, financed mostly by Soros but with FCO money too, will be expanded to 15 in 1989/90. The FCO will separately have available for the first time at least £150,000 for Soviet students under its Scholarship and Awards Scheme. This can be used flexibly.

Science and the Environment

Mr Gorbachev might suggest that Britain should follow France and other countries in sending an astronaut on a mission to the Mir space station. The Prime Minister could say that we are not convinced that the government's scarce resources for space would be best employed on manned flight in this way (the cost is some \$15 million). But she could welcome private sector plans to sponsor an astronaut. Mr Gorbachev may also suggest a revival of bilateral environmental cooperation, dormant since the Joint Environmental Protection Agreement (JEPA) was suspended after the invasion of Afghanistan. The JEPA was expensive and almost exclusively to Soviet benefit. But the Soviet attitude to environmental problems has changed radically. The Prime Minister could say that we want to ensure bilateral collaboration is genuinely productive and mutually beneficial. A group of experts from the DOE are visiting Moscow in the week after Mr Gorbachev's visit to take this forward. If Mr Gorbachev raises the idea of a UN "Environmental Disaster Group" (mentioned in his UN speech), the Prime Minister could ask how it would be funded, what disasters it would cover and how it would relate to the



existing UN Disaster Relief Organisation. He might also raise the possibility of a Heads of Government meeting of 15-20 states in 1990, prior to the proposed 1992 World Environmental Conference. The Prime Minister could make clear that our interest is in strengthening the existing UN framework and not cutting across work underway on the global environment.

Personality notes are attached on Mr and Mrs Gorbachev and the other principals we expect to come.



YAKOVLEV, Aleksandr Nikolaevich

Secretary, CC CPSU; Member, Politburo; Chairman, CC CPSU Commission for International Policy Questions.

Yakovlev (65) spent his early career in party posts in the Yaroslavl region, and moved to Moscow in 1953. He spent a year at Columbia University (1959-1960) and on his return to Moscow became an Instructor in the CC CPSU's Agitation and Propaganda Department. From 1965 he was First Deputy Head of the Department, but in 1973 he suffered a set-back when he was appointed Ambassador to Canada, probably as a result of an article he wrote in "Literary Gazette" in 1972 attacking the idea of a single national development in Russian culture as anti-Leninist. He was, however, en poste in Canada when Gorbachev paid his successful visit there in 1983, and this seems to have led to a revival in Yakovlev's fortunes. He was brought back to Moscow in 1983, and after a brief and not particularly happy spell as Director of the Institute for World Economy and International Relations (under the Academy of Sciences) he was promoted under Gorbachev's leadership to Head of the Propaganda Department and then (in 1986) to Secretary of the Central Committee, where he has had responsibility for press, propaganda (internal and external) and cultural matters. He became a full member of the Politburo in June 1987. He is Chairman of the Politburo Commission examining the question of rehabilitation of the victims of repression in the 1930s and 1940s.

In September 1988 Yakovlev was made Chairman of the Commission for International Policy, one of six new Commissions overseeing the work of the Central Committee apparatus. He has just been elected a member of the new Congress of People's Deputies, representing the CPSU.

Yakovlev (who walks with a limp as a result of a war wound) is close to Gorbachev, whom he accompanied to the UK in 1984 and to the Geneva (1985), Reykjavik (1986) and Washington (1987) summits. He



is rumoured to have been a rival of Dobrynin, CC Secretary and Head of the International Department until September 1988. Yakovlev has been an outspoken proponent of reform, particularly in the de-Stalinization debate, and has been called the "architect of glasnost". However, he also has a reputation, based largely on his writings, for "anti-Americanism".

Yakovlev speaks good English, as does his wife. Their son Aleksandr, who spent a year in Canada with them, studied philosophy and has worked on the journal "Voprosy Filosofii".



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KAMENTSEV, Vladimir Mikhailovich

Deputy Chairman, Council of Ministers, and Chairman, State Foreign Economic Commission; Member of CC CPSU, Deputy to USSR Supreme Soviet.

Kamentsev (61) spent the greater part of his career in the fisheries industry, becoming Minister of Fisheries in 1979. In 1986 he was appointed a Deputy Chairman of the Council of Ministers and Chairman of the State Foreign Economics Commission of the Council of Ministers, one of a small group of coordinating "super-ministries". He was appointed a member of the newly-formed Central Committee Commission for Questions of International Policy in November 1988.

Kamentsev has travelled widely, both in his present posts and as Minister of Fisheries: last year he visited India, Cuba, Afghanistan, Finland, Australia, Singapore and Malaysia. He visited the UK in 1968 and 1975, and was among the officials accompanying Gorbachev when he stopped over at Brize Norton in December 1987. He had a meeting with the Secretary of State during his visit to Moscow in February 1988; and he visited the UK again in February this year, when he called on the Prime Minister. Kamentsev has a tendency to talk too much, and he can be polite to the point of flattery; his manner is that of the over-eager official rather than of a senior political figure.



GORBACHEV, Mikhail Sergeevich

General Secretary of the CC CPSU

Chairman of the Presidium of the USSR Supreme Soviet.

Gorbachev (58) spent his early career in the Stavropol region (a heavily agricultural area) of Southern Russia, apart from 4 years studying law at Moscow University. He rose through the Stavropol Komsomol and Party organisations, eventually becoming First Secretary of the regional Party Committee (1970-1978). From this post he was brought to Moscow in 1978 as Party Secretary responsible for agriculture, and in the course of the next two years progressed via candidate to full membership of the Politburo. In March 1985 Gorbachev succeeded Chernenko as General Secretary, and in October 1988 he was elected Chairman of the USSR Supreme Soviet. He has just been elected a member of the new Congress of People's Deputies, representing the CPSU.

Gorbachev has a pleasant and confident manner in dealings with Western leaders but can be tough and hectoring on occasion. He has adopted a higher public profile than his recent predecessors, shared by his wife Raisa, who made a strong impression on the British press during their visit to the UK in December 1984 and their stop-over at Brize Norton en route to Washington in December 1987. Gorbachev has travelled widely both abroad and in the Soviet Union since becoming General-Secretary. During visits within the USSR he devotes a large amount of time to walkabouts, asking ordinary people for their views on current political questions.

His book "Perestroika" which outlines Soviet domestic and foreign policies in readable but standard form was published in Russian and English in November 1987.

Gorbachev's father died in 1976; his first wife died in the 1920s and their 2 children died in the famine of the early 1930s. His



second wife, Gorbachev's mother, who is in her mid 70s, still lives in the family home near Stavropol, and is a regular churchgoer. A recent report says that Gorbachev has a brother in the army, and a sister who lives with their mother.

Gorbachev is a keen duck-hunter.



MRS GORBACHEV (Raisa Maksimovna)

Mrs Gorbachev was born in 1932 in Siberia, the daughter of a Ukrainian railway official. We have no knowledge of her childhood years. At Moscow University in the 1950s, where she was studying philosophy, she met and married Mikhail Gorbachev and returned with him to his native province of Stavropol, in southern Russia. She taught at Stavropol Agricultural Institute, and wrote a sociological treatise on the local kolkhoz peasantry. (She is a D.Phil.)

On Gorbachev's transfer to Moscow in 1978 as Central Committee Secretary for agriculture, Mrs Gorbachev began teaching at Moscow University, but she says she has given this up since her husband became General Secretary.

The Gorbachevs have a daughter Irina, a therapist who is married to a surgeon specialising in cardiovascular diseases; Irina and her husband have two children.

Mrs Gorbachev is the first wife of a Soviet leader to have a publicly-acknowledged official function in her own right. In November 1986 she was elected one of 11 members of the Presidium of the newly-formed Soviet Culture Foundation and she has made several public appearances in that capacity.

Mrs Gorbachev is known to be keenly interested in fashion, and she was closely involved in the much-publicised West German fashion show held in Moscow in March 1987, to launch the publication of the fashion magazine Burda in the Soviet Union. Her other interests are on a more intellectual level, and she takes a keen interest in philosophy, sociology and literature. She claims to be well read in English literature (in translation) and is said to be learning English seriously (she was taught it at school but remembered very little).

Mrs Gorbachev has accompanied her husband on many of his trips abroad, including his visit to the UK in December 1984 and the stopover at Brize Norton in December 1987.



SHEVARDNADZE, Eduard Amvrosievich

Member of the Politburo; Minister of Foreign Affairs; Deputy to USSR Supreme Soviet.

Shevardnadze (60) is a Georgian, and spent the major part of his career in Georgia. He rose through the local Komsomol to Party posts, and in the mid-1960s became Georgian Minister of Internal Affairs. In 1972 he was promoted to become First Secretary of the Georgian Central Committee, and in 1978 he was made a candidate member of the Politburo.

In July 1985 Shevardnadze was transferred to Moscow to become Minister of Foreign Affairs, replacing A A Gromyko, and at the same time he was promoted to full membership of the Politburo.

Shevardnadze was a strong-willed, energetic and capable leader in Georgia, and as Foreign Minister he has, after early hesitancy, generally impressed Westerners as self-confident, well-informed and at ease with the media. However, his overriding concern to appear reasonable and undogmatic, accompanied by an occasionally over-elaborate politeness and charm, sometimes makes him difficult to pin down in substantive discussion. He has over the last three years carried out a substantial reform of the Soviet MFA and directed the new style of Soviet diplomacy with some skill. In a now celebrated speech at Soviet Foreign Ministry Conference in July, Shevardnadze said that in conditions of peaceful coexistence the struggle between the capitalist and socialist systems can no longer be regarded as a leading tendency in the modern world - an observation which drew critical comment from his Politburo colleague, Ligachev. Shevardnadze is regarded as a staunch Gorbachev ally. With Gorbachev and Yakovlev, who was recently appointed Chairman of the International Policy Commission of the Party Central Committee, he plays a major role in the formulation as well as the implementation of Soviet foreign policy.



Before his appointment as Foreign Minister, Shevardnadze had travelled very little; he now naturally travels widely, and he visited the UK in July 1986. He accompanied Gorbachev to Washington in December 1987, stopping over with him at Brize Norton.

Shevardnadze's wife Nanuli (who accompanied him on his visit to the UK) was a journalist in Georgia. They have a daughter, aged 30, who is a musicologist, and a son one year younger who is an academic philosopher. He and his wife spent three months at Ealing Technical College in 1979. Shevardnadze has some grandchildren. He does not speak English.

GORBACHEV'S REFORMS

Introduction

Gorbachev acknowledges that the Soviet system has failed to deliver. He accepts the need for fundamental changes in, if not of, the system and that economic reform cannot work without political reform. But the reforms so far, though radical in Soviet terms, are half-measures unlikely to reverse Soviet decline. And Gorbachev appears to believe that he can introduce these changes without undermining the Communist Party's monopoly of real power. A moment may well come, however, when this belief is called into question. He is already adapting traditional Soviet socialism in ways previously undreamt of - towards a more humane, participatory system.

Glasnost

In order to initiate change, Gorbachev has removed the wide-ranging constraints on public discussion and debate which were a key element in his predecessors' control of Soviet society. He has permitted increasing frankness about the past. Stalin is largely debunked. But the dangers inherent in this approach are clear and have been highlighted by "conservatives" such as Ligachev. It disorients traditional Party activists and provides their opponents with a license to criticise; it leads to increasingly open discussion of what lies behind poor housing, food shortages, declining life-expectancy etc; and it enables open expression of long-suppressed national feelings dangerous to the cohesion of the Union. Glasnost may be partially reversible (the instruments of repression remain; censorship could be greatly strengthened; books banned; public debate radically curtailed); but the longer glasnost is left untrammelled the harder it will be to put the genie back in the bottle. Meanwhile openness



about Soviet history has reached the point where the claim that Stalinism was an aberration from the true faith is increasingly questioned. Lenin and the system he founded are themselves in danger of exposure. The threat to the last bastion of party legitimacy is real.

Political Reform

Gorbachev has concluded that, given the strength of entrenched interests in the Party and bureaucracy opposed to change, popular participation/enthusiasm is essential if his reforms are to succeed. The ferment caused by glasnost is one way to generate support for a cause so far heavily dependent on his own energy and leadership. It has already transformed the political atmosphere and begun to have some effect on the cynicism and apathy prevalent among the younger generation.

But most of the structural reforms which he has proposed seem unlikely to catch the public imagination. An executive Presidency, a new-style Supreme Soviet and closer and more regular supervision of the executive by the legislature may attract constitutional lawyers. But they are unlikely (at least until they make a real impact) to win hearts and minds. The idea of a "law-based state" will - at least initially - cut little ice with those used to one based on arbitrary state power, particularly while the KGB remains effectively untouched. Proposals to separate more clearly the activities of Party and government and to confine the former to a strategic role sit oddly with Gorbachev becoming Head of State and proposing a similar amalgamation of functions lower down the hierarchy. Gorbachev's own democratic credentials are not convincing (he summoned 1,500 Supreme Soviet deputies from around the USSR in October for a 25 minute meeting to endorse unanimously his appointment as President). At best he is pushing through democratic



reforms by highly undemocratic methods because he believes there is no other way: the Soviet people are not yet ready to exercise democratic freedoms responsibly.

The elections to a new Congress of 2,250 People's Deputies to be held on 26 March will lead to a new-style Supreme Soviet of 542 sitting for 6-8 months each year, rather than for a few days as at present. It is not yet clear how the Supreme Soviet will be elected from the Congress and how far (or if) members will be able to combine their existing jobs with such time-consuming political responsibilities.

Gorbachev himself is likely to be elected as new-style President in late April. The intricate electoral process has been far from an example of pure democracy (in some 25% of seats there will be only one candidate). But the process has involved an unprecedented degree of popular participation and in some seats genuine uncertainty about the outcome eg Yeltsin in Moscow.

Nationalism within the USSR

The idea of greater devolution of decision-making lies at the heart of Gorbachev's reforms and has been taken up eagerly by many non-Russians - who have also seized the opportunity to express long-held grievances, in many cases anti-Russian and anti-Soviet. Popular Fronts have developed rapidly, particularly in the Baltic Republics, nominally supporting perestroika but in practice pressing for greater republican autonomy (and with independence often the hidden agenda). In a diverse multi-national empire, the potential for problems and conflict is enormous: half its population is non-Russian and a growing number non-Slav. Ever since the 1920's, the Soviet leadership has consistently tried to keep the relationship between Moscow and the Republics off the political agenda, but many bitter historical disputes have only been papered over. Removing the wraps may allow



the issues to be addressed properly. But it also raises the temperature of the debate when there are no obvious solutions and no democratic traditions or mechanisms to channel emotions.

Gorbachev has himself now conceded that there are no easy answers. He will not countenance moves which call into question the integrity of the USSR or accept eg Baltic demands to run their own economies separately. But as Party and government in the Republics become - partly at Gorbachev's behest - increasingly linked to local nationalist aspirations (and less able/willing to respond to central control) , Moscow's room for manoeuvre is further reduced. Any major crackdown would throw perestroika off track, but significant concessions to greater local autonomy would only confirm the suspicions of conservatives in the apparatus. The preparation for this summer's plenum on the Nationalities issue is already proving difficult.

Economic Reform

Unless there is a nationalist explosion, the fate of Gorbachev's reforms is likely to be determined by their the impact on the standard of living of ordinary Russians. It was evidence of impending socio-economic crisis and the widening economic/technological gap with the West (and even some NICs) which drove the Soviet leadership to adopt reform - not least because of the long-term implications for their military power. But after years of mismanagement and stagnation, change will at best be slow. So far there has been a partial introduction of full-cost accounting (to establish at least which enterprises are losing money) and some moves to decentralise economic decision-making - although the burden of central planning is little reduced. The cooperative movement has made significant headway, although most cooperatives are in the services sector with



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only a handful of employees. The recent plenum should lead to more agricultural cooperatives and greater leasing of plots to individual families. Foreign trade is being liberalised, with large enterprises allowed to do business direct (not through ministries). But many fundamental issues are unresolved, including the central one: how can market reforms designed to improve incentives and competition interlock with a command economy in which resources are allocated centrally?

Genuine reform will be a matter of decades, not years. Even the statistical tools to show what is happening do not really exist. Real reform will be disruptive - unemployment and bankruptcies are inevitable. It will also require fundamental changes in attitudes. The shift from quantity to quality as a criterion of success has scarcely begun. Those used to taking orders must be trained to take decisions. Without price and supply reforms to enable goods and raw materials to respond to real demand, the planners are bound to continue to dominate economic life. Traditional Soviet envy directed at those doing even slightly better than average (which has already led to attacks, no doubt sometimes justified, on the cooperative movement for profiteering) must be overcome.

Agriculture may offer the best hope of relatively rapid results - particularly in terms of showing people some concrete benefits from perestroika. Gorbachev is beginning the inevitably slow process of rebuilding the peasant-class butchered by Stalin and re-establishing the link between farmer and land (eg by introducing 50-year inheritable leases for families and small groups of farmers, encouraging cooperatives etc). But improving the supply of food requires not just measures on the farms but massive changes in the infrastructure, the storage and handling of goods, and a price structure which will genuinely encourage



production. The task of putting more and better consumer goods on the shelves is even more long-term (massive imports of finished goods are not a real option).

The leadership have still not told the people that things will get worse before they get better - and when they do many Russians may well wonder if the "good old days" (of idleness, back-scratching and corruption) were not preferable. And in macro-economic terms the prospects for the Soviet economy are gloomy - with growing inflation, a huge budget deficit, wages rising faster than production, food rationing in many towns and a huge imbalance between supply and demand.

Price reform will have to come, but fear of the popular discontent price rises would create has already pushed retail price reform off the agenda for the next few years. Radical ideas for soaking up the excess demand in the economy and using it for productive investment (ie some form of bond or stock market) are even being considered: legislation is already in place allowing enterprises to issue certain types of bond on a restricted basis; and some are now selling shares to their own workforces.

The Soviet economy clearly needs greater links with the outside world, but the Russians have too little hard currency to buy Western goods, very few quality manufactures which are competitive in Western markets and only raw materials (particularly minerals) to export at world prices - and they have been badly hit by the fall in the price of oil and the decline of the dollar. The Russians increasingly accept that being cut off from the real economic world has hurt the Soviet Union, not the rest of us. They are now keen to encourage Asian/Western companies to participate in the development of the Soviet economy (Joint Ventures, Special Economic Zones etc). But the

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complications and difficulties involved are enormous - as other socialist economies have found as they attempt to reform themselves.

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THE SOVIET ECONOMY: FACTS

1989 Budget Deficit : Officially - 35 bn roubles
(Forecast) Actually - 100 bn roubles (c. 11% of GNP)

Demand overhang (Cash/bank deposits) : 400 million roubles

Defence Budget : 16% + of GNP (estimated)

Inflation : Officially - 1-2%
 Actually - 6-8% and rising.

Food subsidies (1989) : 87.9 bn roubles (almost 10% of GNP)

Official exchange rate f1 = 1.1 roubles
Black market rate f1 = 6-8 roubles.

500,000 prices set annually by a State Committee.

Unused stock worth 400 m. roubles hoarded by Soviet industry.

18 million bureaucrats - 300,000 (so-called) self-employed.

Wages rose by 8% in 1988, production by 5%.

Despite massive subsidies, average Russian has to work 50% longer than US equivalent to afford same sized flat.

Agriculture

1988 Grain harvest:

USSR: 195 m. tonnes - population 280m: major grain importer
EC : 163 m. tonnes - population 320m: net grain exporter

50% of fruit and vegetables sent to Moscow are lost en route.

Private plots: 25% (by value) of agricultural output from 3% of land.

1985: typical Soviet family spent 59% of income on food, US family 15% (but Soviet diet very poor: life expectancy declining)

24m farmers (more than US, EC and Japan combined) but still import food.

ANNEX

START AND DEFENCE AND SPACE

START

1. The two sides have provisionally agreed the following elements of a START agreement:

- Limit of 6000 warheads and 1600 delivery vehicles.
- Sublimits of 4,900 warheads on ballistic missiles, and 1,540 warheads on 154 deployed heavy ballistic missiles.
- Ceiling on throw-weight of 50% of current throw-weight of Soviet ICBM's and SLBM's.
- Definitional and counting rules for ballistic missiles and for bomber aircraft carrying gravity bombs and short range attack missiles.

2. The main issues which remain (apart from the details of the verification regime) are:

- Sea-launched Cruise missiles. Whether they should be constrained by the agreement, as the Soviet Union would like.
- Air-launched Cruise missiles. At what range such missiles should become subject to constraint, and counting rules for them.
- Mobile ICBM's. Whether numbers of mobile missiles could be accurately verified and, if so, what numbers should be permitted.
- ICBM sublimits. Whether an additional sublimit of 3,300 should be placed on ICBM warheads (as the US want).

Defence and Space

3. The Soviet Union will not sign a START agreement unless there is a parallel agreement on Defence and Space. The framework of an agreement was concluded at the Washington Summit: both sides would agree not to withdraw from the 1972 ABM Treaty for a fixed period (probably 7 to 9 years). Three years before the end of the period they would begin intensive discussions on strategic stability.

4. But there are still important differences over:

- The amount of testing in space permitted under the ABM Treaty.
- Whether either side should be permitted to withdraw from the agreement if its supreme national interest are threatened.
- Whether the ABM Treaty regime would remain in force after the end of the non-withdrawal period.

5. The two sides are also working on a predictability protocol which would allow for data exchanges, joint observation of tests and other confidence-building measures.

ON A NEW GENERATION OF CSBM's IN EUROPE

Proposal submitted by the delegations of Bulgaria,
Hungary, the German Democratic Republic and Czechoslovakia

The role of CSBM's in reducing international tensions is significantly increasing today when a turn away from confrontation to broad international cooperation is taking place in Europe and in the rest of the world.

The system of such measures established by the Stockholm agreements has been effective for some years now thus helping to improve the situation in Europe and make it more stable and predictable. These measures have a visible effect in terms of removing the risk of surprise attack and achieving real disarmament. All this creates good prerequisites for the elaboration of a set of new generation CSBM's.

At issue is a set of mutually complementary measures that would enable the negotiators to make further headway towards reducing the risk of military confrontation.

Increased openness about and predictability of all military activities become a key element of a future agreement. Openness must be viewed as a natural and integral rule in relations among states and a base for a real and verifiable disarmament process.

It is equally important to progress from CSBM's in certain areas of military activities to large-scale policies of confidence covering those activities in their totality. Air and naval activities must cease to be zones "closed" to glasnost and openness. New steps will be also required in verification, exchange of information and consultations.

Appropriate measures taken on a bilateral basis could also play an important role in confidence- and security-building in Europe.

Specifically, to develop confidence- and security-building measures the following areas are proposed:

I. Constraining measures

The continuing trend of building up the scale of military activities on the European continent is clearly at variance with the current political realities in Europe. Training and exercising activities of the armed forces are no longer distinguishable in scale and numbers of troops and equipment involved from their deployment for the start of combat activities.

To counter that tendency and place barriers to the unbridled growth of military activities it is necessary to limit the scale, number and duration of major military exercises.

1. To limit the scale of notifiable military activities of the participating states (exercises, transfers and concentration of troops and equipment), including activities carried out without advance notice to the troops involved, on the level of 40.000 troops.

2. Not to carry out simultaneously on the territory of each participating state in the zone of application for confidence- and security-building measures more than three activities that are subject to prior notification. The total number of troops involved concurrently in those activities must not exceed at any time 40.000 troops.

3. Not to carry out on the territory of each participating state more than two notifiable activities annually if each of them involves more than 25.000 troops.

4. To place an overall limit of 40.000 troops on the number of troops engaged in a series of exercises, including those carried out without advance notice to the troops involved, which take place in close proximity to each other, even in the absence of a formal link between them but which can be common in design.

5. To place a time limit not exceeding 15 days on the duration of the conduct of military activities that are subject to prior notification.

II. CSBM's Covering Naval and Air Activities

Activities of air and naval forces of the participating states in Europe and the adjoining sea (ocean) area and air space can be a source of serious threat to the security of states. The absence of timely information about them and possible misjudgement or misunderstanding may lead to the risk of outbreak of an armed conflict. All this makes it essential, in accordance with the mandate for negotiation, to extend measures of notification, observation and limitation to cover air and naval activities carried out in the zone of application for CSBM's.

Following measures are proposed:

Measures Covering Air Forces

- 1) Notification within an agreed period of time of air exercises involving 150 or more combat aircraft, or when it is envisaged that more than 130 combat aircraft will be simultaneously in the air in the declared exercise area, or more than 500 sorties will be flown during the exercise;
- 2) notification within an agreed period of time of air force transfers to the zone of application for CSBM's and inside the zone from the level of 70 combat aircraft or more;
- 3) invitation of observers to air exercises whenever they involve 300 or more combat aircraft or 600 or more sorties are flown during the exercise;
- 4) limitation of the scale of air exercises by the ceiling of 600 combat aircraft involved or 1,800 sorties flown during the exercises;
- 5) inclusion in the annual calendars of verifiable military activities of information on notifiable air activities to the extent determined by the relevant provisions of the Document of the Stockholm Conference.

Measures Covering Naval Forces

- 1) Notification within an agreed period of time of naval exercises involving 20 or more combat ships (1,500 or more ton displacement each); or 5 or more ships of which at least one has a displacement of 5,000 or more tons and is equipped with cruise missiles or aircraft; or over 80 combat aircraft of naval aviation (including carrier-based);
- 2) notification of transfers of naval forces involving entry into or movement for agreed distances within the zone of application for CSBM's of groups consisting of 10 or more combat ships (1,500 or more ton displacement each); or 5 or more ships of which at least one has a displacement of 5,000 or more and is equipped with cruise missiles or aircraft;
- 3) notification of marine force transfers (by sea or by air) to the territory of another state starting from a level of 3,000 men;
- 4) notification of naval aviation transfers to the territory of another state starting from a level of 30 combat aircraft;
- 5) invitation of observers to naval exercises involving 25 or more combat ships (1,500 or more ton displacement each) or 100 or more combat aircraft;
- 6) limitation of major naval exercises by a level of 50 combat ships;
- 7) limitation of the duration of naval exercises by 10-14 days;
- 8) limitation of notifiable exercises conducted by each state (including cases of its participation in joint exercises) by a level of 6-8 exercises in a calendar year;
- 9) prohibition of notifiable naval exercises in zones of intense shipping and fishing as well as in straits of international significance;

10) inclusion of information on notifiable naval activities into annual calendars of notifiable military activities to the extent determined by the relevant provisions of the Document of the Stockholm Conference;

11) conclusion of an agreement on measures to prevent incidents in the sea area and air space adjoining Europe.

III. Development And Amplification Of The Provisions Of The Document Of The Stockholm Conference

Taking into account the implementation of the agreements achieved at the Stockholm Conference it is necessary to take steps aimed at the development and elaboration of the previously agreed measures:

- to lower, under certain conditions, parameters of land force military activities subject to notification and observation;

- to include in the annual calendars of notifiable military activities and in the notifications additional information on activities in question;

- to improve observers' opportunities (to include in the observation programme observation from helicopters and aerial survey of the exercise area).

IV. Measures Relating To The Establishment Of Confidence And Security Zones In Europe

Establishing zones of confidence and security could become a reliable factor of confidence-building in Europe, above all in its central part. Lowering the levels of offensive armaments in such zones and introducing more rigorous limitations on various military activities carried out therein would contribute to reducing to a minimum the risk of military confrontation in the region and preclude the possibility of surprise attack.

The main criteria for such zones could be as follows:

- changing the structure of military formations deployed in the zones to give them a purely defensive character;

- lower levels of notification and observation of conducted military activities;

- tougher limitation and prohibition of certain military activities, for example transfers and concentration of troops and putting their groups into combat readiness.

The geographic boundaries of zones of confidence and security could be determined by the participating states at the negotiation itself. For example, for Central Europe it could include the territories of the FRG, Belgium, the Netherlands, Luxembourg, Denmark, the GDR, Czechoslovakia, Poland and Hungary.

For the purpose of verifying compliance with the status of such zones, observation posts in agreed locations (points) could be envisaged along with other measures.

V. Measures To Improve Openness And Predictability Of Military Activities, Exchange Of Information And Consultations; Verification And Control Measures

A new generation of CSBM's that would meet stronger requirements of glasnost and openness in the field of military activities cannot be construed with the inclusion therein of measures relating to the exchange of information, mutual consultation as well as improved forms of verification and control. They should be based on reciprocity and should not be in any way prejudicial to the security of the participating states.

As glasnost, openness and predictability in the military field are growing the significance of verification and control forms is not diminishing. Their development and improvements should ensure stricter compliance by states with agreed confidence- and security-building measures and promote progress in the negotiation on conventional armed forces.

The negotiation could consider, as measures of information, verification and control, the following:

1. Regular (no less than once a year) exchange of information including data on the number, structure and deployment of land, naval and air forces, disaggregated down to brigade/regiment or

equivalent formations (for air forces-down to regiment/squadron, for naval forces-down to brigade/operational-tactical group).

2. Provision on the basis of goodwill of other additional information on armed forces components and military activities not covered by agreed CSBM's.

3. Periodic discussion and comparison at various forums (conferences, symposia, seminars) of political and technico-military aspects of military doctrine as well as other issues of military policies of the participating states and their military political alliances.

4. Development and improvement of practices of mutual visits of military delegations and individual military officials, exchanges of military personnel, including military diplomatic representatives of the participating states.

5. Holding on a regular basis (at the request of any participating state) bilateral or multilateral consultations on matters under consideration within the context of the objectives and purposes of the negotiation on confidence-and security-building measures.

6. Making use of modern technology for automatic (remote) control (automatic recording systems) in the interests of verifying compliance with adopted CSBM's.

7. Establishment of a center for the reduction of the risk of war and prevention of surprise attack in Europe which could have an informational and consultative character.

8. Development of a special communications system that would help clarify situations giving rise to doubts or apprehension of any side.

Vienna, 9 March 1989

NEGOTIATIONS ON CONVENTIONAL ARMED FORCES IN EUROPE

PROPOSALS SUBMITTED BY THE DELEGATIONS OF BELGIUM, CANADA, DENMARK, FRANCE, FEDERAL REPUBLIC OF GERMANY, GREECE, ICELAND, ITALY, LUXEMBOURG, NETHERLANDS, NORWAY, PORTUGAL, SPAIN, TURKEY, UNITED KINGDOM AND UNITED STATES

OBJECTIVES

1. The objectives of these negotiations are:

- the establishment of a secure and stable balance of conventional forces at lower levels;

- the elimination of disparities prejudicial to stability and security;

- the elimination, as a matter of high priority, of the capability for launching surprise attack and for initiating large-scale offensive action.

2. Through the proposals set out below the Delegations of Belgium, Canada, Denmark, France, the Federal Republic of Germany, Greece, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Turkey, the United Kingdom and the United States seek to establish a situation in which surprise attack and large-scale offensive action are no longer credible options. We pursue this aim on the basis of equal respect for the security interests of all. Our proposals make up a coherent whole and are intended to be applied simultaneously and in their totality in the area of application, as defined in the mandate.

RATIONALE

3. The rationale for our proposals is as follows:

- the present concentration of forces in the area from the Atlantic to the Urals is the highest ever known in peace-time and represents the greatest destructive potential ever assembled. Overall levels of forces, particularly those relevant to surprise attack and offensive action such as tanks, artillery and armoured troop carriers, must therefore be radically reduced. It is the substantial disparity in the numbers of these systems, all capable of rapid mobility and high firepower, which most threatens stability in Europe. These systems are also central to the seizing and holding of territory, the prime aim of any aggressor;

- no one country should be permitted to dominate Europe by force of arms: no participant should therefore possess more than a fixed proportion of the total holdings of all participants in each category of armaments, commensurate with its needs for self defence;

- addressing the overall number and nationality of forces will not by itself affect the stationing of armaments outside national borders: additional limits will also be needed on forces stationed on other countries' territory;

- we need to focus on both the levels of armaments and state of readiness of forces in those areas where the concentration of such forces is greatest, as well as to prevent redeployment of forces withdrawn from one part of the area of application to another. It will therefore be necessary to apply a series of interlocking sub-limits covering forces throughout the area, together with further limits on armaments in active units.

PROPOSALS

4. We propose the following specific measures within the area of application:

Rule 1: Overall Limit

The overall total of weapons in each of the three categories identified below will at no time exceed:

- main battle tanks	40,000
- artillery pieces	33,000
- armoured troop carriers	56,000

Rule 2: Sufficiency

No one country may retain more than 30 per cent of the overall limits in these three categories, i.e.

- main battle tanks	12,000
- artillery pieces	10,000
- armoured troop carriers	16,800

Rule 3: Stationed Forces

Among countries belonging to a treaty of Alliance neither side will station armaments outside national territory in active units exceeding the following levels:

-	main battle tanks	3,200
-	artillery pieces	1,700
-	armoured troop carriers	6,000

Rule 4: Sub-limits

In the areas indicated below, each group of countries belonging to the same treaty of Alliance shall not exceed the following levels:

- (1) In the area consisting of Belgium, Denmark, France, the Federal Republic of Germany, Greece, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Turkey, the United Kingdom, Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, Romania and the Territory of the Soviet Union west of the Urals comprising the Baltic, Byelorussian, Carpathian, Moscow, Volga, Urals, Leningrad, Odessa, Kiev, Trans-Caucasus, North Caucasus military districts:

-	main battle tanks	20,000
-	artillery	16,500
-	armoured troop carriers	28,000 (of which no more than 12,000 AIFVs)

- (2) In the area consisting of Belgium, Denmark, France, the Federal Republic of Germany, Italy, Luxembourg, the Netherlands, Portugal, Spain, the United Kingdom, Czechoslovakia, the German Democratic Republic, Hungary, Poland and the territory of the Soviet Union west of the Urals comprising the Baltic, Byelorussian, Carpathian, Moscow, Volga, Urals military districts in active units:

-	Main battle tanks	11,300
-	artillery	9,000
-	armoured troop carriers	20,000

(3) In the area consisting of Belgium, Denmark, France, the Federal Republic of Germany, Italy, Luxembourg, the Netherlands, the United Kingdom, Czechoslovakia, the German Democratic Republic, Hungary, Poland and the territory of the Soviet Union comprising the Baltic, Byelorussian, Carpathian military districts in active units:

- main battle tanks	10,300
- artillery	7,600
- armoured troop carriers	18,000

(4) In the area consisting of Belgium, the Federal Republic of Germany, Luxembourg, the Netherlands, Czechoslovakia, the German Democratic Republic and Poland in active units:

- main battle tanks	8,000
- artillery	4,500
- armoured troop carriers	11,000

(5) Rule 4 is to be seen as an integrated whole which will only be applied simultaneously and across the entire area from the Atlantic to the Urals. It will be for the members of each Alliance to decide how they exercise their entitlement under all of these measures.

Rule 5: Information Exchange

Each year holdings of main battle tanks, armoured troop carriers and artillery pieces will be notified, disaggregated down to battalion level. This measure will also apply to personnel in both combat and combat support units. Any change of notified unit structures above battalion level, or any measure resulting in an increase of personnel strength in such units, will be subject to notification, on a basis to be determined in the course of the negotiations.

MEASURES FOR STABILITY, VERIFICATION AND NON-CIRCUMVENTION

5. As an integral part of the agreement, there would be a need for:

- stabilising measures: to buttress the resulting reductions in force levels in the ATTU area. These should include measures of transparency, notification and constraint

applied to the deployment, movement, storage, and levels of readiness of conventional armed forces which include conventional armaments and equipment;

- verification arrangements: to include the exchange of detailed data about forces and deployments, with the right to conduct on-site inspection, as well as other measures designed to provide assurance of compliance with the agreed provisions;

- non-circumvention provisions: inter alia, to ensure that the manpower and equipment withdrawn from any one area do not have adverse security implications for any participating state;

- provision for temporarily exceeding the limits set down in Rule 4 for pre-notified exercises.

THE LONGER TERM

6. In the longer term, and in the light of the implementation of the above measures, we would be willing to contemplate further steps to enhance stability and security in Europe, such as:

- further reductions or limitations of conventional armaments and equipment;

- the restructuring of armed forces to enhance defensive capabilities and further to reduce offensive capabilities.