



Foreign and Commonwealth Office

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London SW1A 2AH

18 December 1989

Dear Charles,

CDP 17/1h

Meeting with Mr Shevardnadze: 19 December

Mr Shevardnadze will be calling on the Prime Minister at 1700 hrs on Tuesday 19 December. He will be coming from Brussels, where he will have taken part in the signing ceremony of the EC-Soviet Trade and Cooperation Agreement. He will also have had a meeting with the NATO Secretary General, Dr Wörner.

The meeting will be dominated by Eastern Europe. Mr Shevardnadze will want to discuss managing change without damaging Soviet or Western security. He may also wish to raise arms control issues, particularly prospects for a CFE agreement in 1990.

In addition the Prime Minister, who may like to open with condolences over Sakharov, may wish briefly to review bilateral relations, which will have been covered in more detail by the Foreign Secretary. She could also briefly raise famine in Ethiopia; Central America; and Afghanistan. More detailed regional discussions will be on the agenda when the Foreign Secretary visits Moscow in the spring. The Prime Minister will also no doubt be interested to hear Mr Shevardnadze's views on the Soviet internal scene.

GDR/Berlin/German Question

The Russians label Kohl's Ten Point Plan as interference (Point Three makes economic aid dependent on reform). They are concerned about instability in the GDR. They intended the meeting of the four Ambassadors in Berlin as a signal to the FRG: TASS mischievously reported that the Western Ambassadors had also complained about Kohl's plan during the Berlin meeting. In practice, the meeting succeeded in reminding the FRG of the need to consult the Berlin Allies and to proceed with caution, and allowed the Russians to let off steam. The Berlin Group Ministerial talks on 13 December concluded that further Four-Power Ambassadorial talks should take place periodically, when the need arose. The Allies would stick to the Berlin agenda but could not prevent the Russians from ranging more widely. The Prime Minister might draw on the following points:

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- Welcome reforms taking place in GDR.
- We note your worries about the pace of events. Can assure you we have no interest in promoting instability. On the contrary.
- Need for peaceful adaptation consistent with the Helsinki Final Act. That is the essence of Strasbourg formula - which PRG of course fully subscribes to.
- Note your views on German unity. Consistent with Helsinki, believe we should all respect the right of the people in the GDR to free self-determination.
- Useful discussion by four Ambassadors in Berlin. Welcome Ambassador Kochemasov's positive remarks about Berlin Initiative. We are considering how best to follow up. We do not rule out further meetings at that level to talk about Berlin-related matters.

Eastern Europe

The Russians seem less concerned about events in the rest of Eastern Europe. Anti-Soviet sentiment has not surfaced widely. These countries are less central to Soviet security. The Polish and Hungarian governments and opposition movements are mindful of Soviet sensitivities. But this could change in the heat of forthcoming election campaigns.

The Prime Minister might like to say

- Welcome Soviet recognition that these countries must go their own way if their economic health is to be restored.
- Encouraged that change so far, though rapid, has been wholly peaceful. Tribute to moderation and good sense all round.
- Hope fledgling democracies will not be undermined by advocates of "old thinking" in these countries.
- Recognise enormous difficulty of achieving transformation of whole society and economy. Admire courage of Polish and Hungarian leaders. Hope others will act with similar determination.
- Recent high-level meetings have underscored West's willingness to provide massive help to promote stability and prosperity of these countries, which is in interest of the whole of Europe. Hope Soviet Union will also do what it can to ease economic burden on Eastern Europe.

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EC/GATT/Soviet Union

On relations between the EC and the Soviet Union, and on wider East-West economic relations, the Prime Minister could draw on the following points:

- Trade and Cooperation Agreement important first step in EC/USSR relations. Glad agreement reached so quickly.
- Agreement recognises your commitment to introduce economic reforms. We welcome this. Hope it will prove possible to liberalise EC quantitative restrictions speedily. This will depend on speed of your restructuring.

GATT/Soviet Union [if raised]

- Glad European Council agreed in principle to support observer status.
- Full membership will take time - and further economic reform.

CSCE

The Soviet proposal for a 1990 CSCE Summit is in line with their overall view that the CSCE is the best pan-European framework within which to discuss the construction of a stable new order in Europe as a whole. However, other than explaining that in calling such a Summit they have no intention of advancing the 1992 Helsinki Follow-up Meeting or of disrupting the current programmes of intersessional meetings, the Russians appear not to have developed the proposal. They may be receptive to ideas from others. Austria, the host of CFE and CSBM talks, has just offered to host a CSCE Summit meeting to discuss further prospects for CSCE cooperation, to follow immediately after signature (by the 23) of a CFE agreement.

At last week's NATO ministerial there was agreement that we should not simply sign up to an unprepared meeting. The North Atlantic Council communique of 15 December said: "The Allies will be considering in the period ahead the usefulness and possible accomplishments of a CSCE meeting at a political level prior to the Helsinki Follow-Up Meeting in 1992. A successful meeting would require careful preparation and clarity as to its intended purpose and goals."

As appropriate the Prime Minister could draw on the following:

- We have noted Gorbachev's proposal for a CSCE Summit in 1990. We need to clarify objectives: what are main Soviet concerns? Would this be combined with signature of CFE

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agreement and perhaps also a CSBM package? What other specific objectives? How would a 1990 Summit relate to the 1992 Helsinki Follow-up Meeting?

- A Summit should be carefully prepared. On timing, late 1990 would presumably be appropriate, if, as seems logical, Summit to be related to CFE Treaty signature.
- How do you see CSCE role evolving in the new Europe?

CFE/Chemical Weapons

The Soviet performance in CFE has been generally non-confrontational and workmanlike, with no sign of the declaratory approach they showed at MBFR. The Russians have had to contend with a more vociferous Warsaw Pact keen to speak out to protect perceived national interests. But Gorbachev confirmed at the Malta Summit Russian commitment to signature of a CFE Treaty in 1990. The Prime Minister might welcome this; confirm that we too are ready to meet the challenge; but emphasise that quality must not be sacrificed for speed.

The Prime Minister might also use the opportunity to restate our firm views on two issues on which Eastern objectives remain far from ours:

- While they have moved towards the West's proposed ceiling for combat aircraft (5,700 a side), they still want exclusion of some of their air defence interceptors, to compensate for the fact that neither US strategic bombers nor carrier-borne aircraft are covered by CFE. The Prime Minister might say that there is no justification for exclusion of air defence aircraft: we have air defence needs too, but are not seeking exclusions for them, because aircraft cannot be categorised so precisely.
- They want all stationed personnel included in the manpower ceiling. They have proposed a counter ceiling of 300,000 a side in response to the West's 275,000 each for US and Soviet personnel. (No other Warsaw Pact country has stationed forces; France and the UK have the largest Western stationed forces apart from the US.) The Prime Minister made clear to Mr Gorbachev in September that there could be no question of UK personnel being included. She might confirm that our position has not changed.

If Mr Shevardnadze raises CW, the Prime Minister might welcome the extensive US/Soviet bilateral contacts on CW issues in recent months. We hope these will help to resolve some of the outstanding problems (data, verification) relevant to the Geneva multilateral negotiations.

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### Anglo-Soviet Relations

Bilateral relations are very good. The Prime Minister will wish to acknowledge Mr Gorbachev's critical role in the transformation of Anglo-Soviet and East/West relations in recent years, and to make clear our strong political support for perestroika. We and all our allies wish to do everything possible to ensure that the process continues and succeeds (as we believe it must). We are already making a concrete contribution by providing training and expertise, but would be happy to consider other ways in which we could help if the Russians have suggestions to make.

The only area of bilateral difficulty is espionage/expulsions/ceilings. But at talks between officials on 11 December, the Russians were a good deal more constructive than previously and put forward proposals which seem likely to avert the Soviet threat to impose a ceiling on British personnel in Moscow. There is therefore no need for the Prime Minister to raise this issue, although Shevardnadze may conceivably touch on it.

The Prime Minister may like to draw on the following bilateral points, which the Foreign Secretary will be covering in detail in his own meeting with Shevardnadze:

- Relations better than ever. Welcome this opportunity to continue high-level dialogue.
- Expecting high-level Supreme Soviet delegation early next year. Hope Mr Ryzhkov will also be able to take up his invitation before too long.
- Busy programme of outward visits. Much looking forward to my own from 7 to 10 June (for talks with Mr Gorbachev, to visit 'Britain in Kiev' and to open the British school in Armenia).
- Upsurge in direct contacts between individuals/organisations in our two countries particularly important in breaking down barriers.
- Bilateral trade still not fulfilling potential: attach great importance to proposed British Trade Centre in Moscow - would be a symbol of improving relationship.
- Welcome very major improvements in human rights situation in last 2-3 years, but still subject of real public/parliamentary concern in UK. Key is to enshrine recent changes in law.

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### Soviet Internal

Gorbachev remains strikingly buoyant and self-confident. He is clearly the only Soviet leader capable of dominating both the Party and the new Supreme Soviet. However, developments both within the Soviet Union and in Eastern Europe more widely must be causing him growing concern. The Soviet economy is near to crisis and the nationality problem looks totally intractable. Gorbachev's critics, at least, see the situation spinning out of control, with the security and integrity of their country increasingly in jeopardy - and they are making their views known in public. The possibility of the Soviet Union actually falling apart in the next 5-10 years can no longer be ruled out.

Against this background the Prime Minister will wish to hear how Shevardnadze sees the situation. She might like to touch on: \_\_\_\_\_

- Recent statements by eg Deputy Prime Minister Abalkin suggest a coherent programme of reform is developing. But also that no significant improvements in living standards before the mid-1990s (if then) and a tough few years ahead: risk that popular support for perestroika will evaporate?
- How to square increasing decentralisation and regional autonomy with clear possibility of popular will for independence in some republics.
- Is the CPSU likely to go the same way as parties in Eastern Europe? Pluralism surely inevitable.
- Do the military resent their reduced status and the conventional cuts introduced by Mr Gorbachev; would they accept eg the idea of a smaller professional army?
- Does growing Russian nationalism (with its yearning for discipline and strong central control) pose a real threat to perestroika?

### Ethiopia

We should use these meetings to urge the Russians, once again, to press the Ethiopians on food relief. We know the Russians have stressed the seriousness of the situation; but the Ethiopian Government have not yet responded, and the matter is urgent.

- Deeply concerned at new famine in Ethiopia. Harder to tackle than 1984/85, since worst-hit areas are under rebel control. Cross-border operations can meet only a small part of the need. Bulk of the feeding has to be done from

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government side. Urgent need to persuade Ethiopians to allow access. President Moi announced on 12 December that Mengistu had agreed to corridors of peace; but Foreign Ministry in Addis Ababa say matter still under urgent consideration.

- Grateful to you for urging the Ethiopians to allow access for food supplies across the lines. Recognise their stubbornness. But millions of lives may be at stake unless problem soon resolved.
- No long-term solution to Ethiopia's plight unless government pursues more sensible economic policies. They need perestroika.
- Peace process inches forward. Need for all interested parties to keep up the pressure on government and rebels to negotiate seriously, and be flexible.

Central America

At Malta, President Bush appears to have accepted Gorbachev's word that the Russians were not providing military support to Nicaragua or to the FMLN in Salvador, but asked that they use more "muscle" on Cuba and Nicaragua than hitherto. The Russians claim to be doing all they can, eg during Shevardnadze's visit to Nicaragua in October. Our information confirms that the Russians have stopped supplying lethal equipment to Nicaragua. The SAM 7 missiles recently passed from Nicaragua to the FMLN in El Salvador were manufactured in North Korea. Soviet diplomats in London have been very active trying to convince us of their wish to play a positive role, with the United States, in contributing to peace in the region. In discussion, the Prime Minister might say:

- The Declaration issued at the conclusion of the recent Central American Summit included a welcome endorsement of President Cristiani's democratically elected Government and a call on the FMLN to stop using violence. It is disappointing that Ortega has since reaffirmed his support for the FMLN.
- Prospects for an early end to the fighting in El Salvador are therefore not encouraging. FMLN appear to have no shortage of military supplies. Soviet economic aid to Nicaragua surely gives them the leverage to insist on an end to this stoking of the flames in El Salvador.
- Cuba looks increasingly isolated in rejecting reform and sticking to old policies of exporting revolution. Cannot Russians induce them to support peace process in Central America?

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Afghanistan

Afghanistan was discussed at the Malta summit, when Gorbachev restated familiar proposals calling for "negative symmetry", a ceasefire, and a power-sharing arrangement between the PDPA regime and the mujahideen. The Americans took some encouragement from the Russians' agreement to their point that a detailed plan for a transition of power would be needed. Shevardnadze's meeting with the ex-King, Zahir Shah, during Gorbachev's visit to Rome apparently broke no new ground. According to his adviser's account to us, Zahir Shah insisted he would not deal with Najibullah or the PDPA regime. The Prime Minister might:

- emphasise Najibullah must step down
- ask about the meeting with Zahir Shah.

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