

PRIME MINISTER

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MEETING WITH THE SOVIET FOREIGN MINISTER

You are to see Mr. Shevardnadze at 1700 tomorrow afternoon for 1½/2 hours. He will have had an hour with the Foreign Secretary first. Mr. Hurd has asked to attend the meeting with you as well. With interpreters we are likely to number eight: you might therefore like to have the meeting in the Cabinet Room (and the photographs in the front hall).

Shevardnadze will earlier have been in Brussels where he will have signed a trade agreement between the Soviet Union and the EC and visited NATO HQ to meet the Secretary-General: the first-ever formal contact between the Soviet Union and NATO.

It is difficult to assess how far the Soviet leadership is master of events as opposed to being swept along by them. Gorbachev seems to have willed change in Eastern Europe, but whether he expected it to be so rapid and far-reaching must be open to question. The Czechs go to Moscow on Wednesday to ask for the removal of Soviet troops. The Hungarians are bound to follow suit (there have already been substantial reductions in Soviet forces there). The Bulgarian Communist party is giving up its hold on power. Now there is trouble in Romania, which we all heartily hope will lead to the removal of Ceausescu. Within the Soviet Union itself, the economy continues to deteriorate and Ryzhkov's latest measures are a step back from reform. The prospects are that non-Communists and supporters of autonomy or independence will win next spring's local elections in the Baltic Republics. Laws on private property seem to have been suspended or slowed down. The leading role of the Communist party under Article 6 of the Soviet Constitution has been called into question by a substantial number of delegates to the People's Congress (although formal debate has been avoided for now). At the recent Central Committee meeting there were signs of opposition to Gorbachev from some regional party leaders (perhaps

acting as stalking-horses for others in the leadership): Gorbachev is reported, at one point, to have threatened resignation. In short, Gorbachev et al are going through a very difficult time, with the Soviet glacis in Eastern Europe dissolving before their eyes and nothing concrete to show for perestroika at home.

In all this ferment, the issue of German reunification must loom large, although curiously there seems to have been rather little public or press comment in the Soviet Union. Yet we have had several reports of increasingly strident criticism in private from Gorbachev (to President Mitterrand and to Genscher for example). Gorbachev will certainly recall your own talk in September and will probably regard you as his foremost ally against German reunification. He will certainly have briefed Shevardnadze on the conversation, and he is likely to be looking for further support from you. There is a difficult balance to be struck. We don't want to be seen as overt opponents of German reunification at any price, because that risks driving the Germans to the view that they have to leave NATO to find reunification. What we need to do is construct an effective brake on the process, and that will require increasing but not too obvious co-operation between the Soviet Union, Britain and France.

Against this background, there is quite a lot of ground to cover in the meeting.

You might like to start by referring to Dr. Sakharov's death and the loss it represents to the Soviet Union. You might also refer to the anniversary of the Armenian earthquake.

This would lead on asking him to give an account of developments in the Soviet Union since your meeting with Gorbachev in September. You will want to quiz him about the economy and Ryzhkov's latest measures: the nationalities: the progress of reform of the emigration law: the prospects for various forms of property ownership. You will want to use this part of the conversation to express our continuing strong support for what

Gorbachev is trying to achieve and our disposition to help. We are also ready to support steps to help the integration of the Soviet Union into the world economy.

I think you might at this point add that you found it very useful to be able to drop in informally to Mr. Gorbachev in September, without protocol. You are always ready to talk if he feels it would be useful. Your next scheduled meeting is in June. But with events moving so rapidly, he may feel that a talk before then would be helpful. You are not pressing: you just want him to know that you are always ready to make a flying visit at a week-end or some other time if he would find that useful. You are not much of a one for talking on the telephone.

That would open up the subject of Eastern Europe. You will want to distil for him the results of recent meetings in the West: the 18 November meeting in Paris: the European Council in Strasbourg: the OECD meeting: the NATO Foreign Ministers. We are ready to provide practical help for reform in Eastern Europe. But we are not seeking to take advantage of current difficulties: and we strongly endorse the need for structures which will provide stability and security during this time of rapid change.

We are also ready to continue with arms control negotiations. But we must not be over-ambitious. CFE I is an enormous undertaking. It will take time to implement. We need to retain adequate forces for deterrence on both sides, including American forces in Europe. In a way, NATO is the best guarantee of Soviet security. So let's move steadily in this area, bearing in mind that the changes in Eastern Europe - and the unexpected developments they may bring in their train e.g. clashes between different national groups - will be easier to manage if both sides feel secure.

On German re-unification you will not want to hide our concerns, but emphasise the efforts which you have been making to slow things down. The Strasbourg Communiqué qualified the right of self-determination heavily: and we are very ready to participate in further Four-power meetings on Berlin. A greater degree of

caution is evident in West German statements on the subject. But it is going to continue to need very careful handling. Overt opposition is only likely to inflame opinion in West Germany and drive them more rapidly towards reunification, outside the constraints of NATO and EC. It is bound to be the main issue in the German elections next year. You want Britain and the Soviet Union - and France which shares our doubts - to consult closely at every stage to restrain any head-long rush to reunification. Preserving the existing structure of Alliances, as well as adequate defence including nuclear weapons, will have an essential role in this.

For this reason among others, the Soviet Union would be well-advised to rethink its attitude on nuclear weapons in Europe and to accept the need for maintaining some SNF - although at lower levels - on both sides. Such a balance should strengthen the arguments for preserving the structure of the two Alliances, and reduce the risk that West Germany will be tempted to leave NATO. It is also - and this is an additional bonus - the best guarantee against Germany seeking nuclear weapons of its own.

You might also discuss the Soviet proposal for a CSCE meeting next year. We are cautious about this. Such meetings are worthwhile only on the basis of careful preparation. The Americans have made some interesting proposals on how the CSCE process might be made more effective e.g. support for free elections, use of the economic basket to encourage market-related measures etc. We see no great advantage in a meeting just for the sake of it.

You might also make clear that we remain uneasy about Soviet claims on their chemical warfare capability. Our calculations continue to come up with higher quantities of CW than those to which the Russians admit. The discrepancy makes it the harder to embark on negotiations with confidence.

There are quite a number of regional issues you could also mention if there is time, although they are of lower priority: relations with China, Central America, Southern Africa, Middle

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East. I hope Shevardnadze will not raise the question of Embassy ceilings. You and Gorbachev agreed in September that this should be settled at lower level, and Heads of Government need not discuss it again.

Finally you might remind him of the outstanding invitation to Mr. Ryzhkov to visit the United Kingdom, which we hope he will take up.

A fuller note by the FCO is in the folder, together with the notes of your last meetings with Gorbachev and Shevardnadze.

c.d.p

C. D. POWELL

18 December 1989

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