

PREM19

124

SOVIET UNION

(MT's stopover in Moscow,
en route to Tokyo G7)

1036.

Confidential Filing

The Prime Minister met President Kosygin, Deputy Prime Minister Dymshits, Deputy Foreign Minister Zemskov, and Deputy Minister of Finance Borisov at Moscow, on 26th June 1979, en route for the Tokyo Summit.

SOVIET

UNION

June 1979

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
27-6-79		<div data-bbox="590 914 778 1108" data-label="Text"> <p>SV 830</p> </div>					
6-7-79							
17.7.79							
<div data-bbox="581 1150 1603 1427" data-label="Text"> <p>PREM 19/124</p> </div>							

RESTRICTED

FILE

DS



10 DOWNING STREET

From the Private Secretary

17 July 1979

Dear Paul,

Invitation to the Prime Minister to visit Moscow

In case the Department are not already aware of it, you may like to know that the Evening News have told our Press Office that Victor Louis was told last week by Mr. Zamyatin that Mr. Kosygin's invitation to the Prime Minister to visit Moscow (which he extended in rather a throw-away manner during the Prime Minister's stop-over at Vnukovo on her way to Tokyo) was seriously meant and that the Soviet Government hoped that it would be taken up. Zamyatin apparently said that the Soviet authorities recognised that, in strict protocol terms, it was the turn of the Soviet leadership to visit London; but, since Mr. Brezhnev was not at present fit to travel, they would be prepared to "waive protocol". Zamyatin told Victor Louis that, in the view of the Soviet authorities, the sooner the British Prime Minister could pay a visit to Moscow, the better.

I have not drawn the Prime Minister's attention to the magnanimous Soviet offer to "waive protocol". There is, as you know, in any case no question of the Prime Minister being able to pay a visit to the Soviet Union during the remainder of 1979.

Yours ever,
Bryan Cardew.

Paul Lever, Esq.,
Foreign and Commonwealth Office.

RESTRICTED

✓cc Trips everywhere - PM Tours Abroad April 79

DS

BRIAN CARTLEDGE

I mentioned to you last week that my friends in the Evening News told me that Mr Zamyatin last week approached them through a Moscow stringer. The burden of the message was to filter through the UK press that the Russian invitation to the Prime Minister (conveyed in Moscow en route to Tokyo) was serious, and that the Russians hoped it would be followed through. Although in protocol terms it was their turn to come here, Mr Brezhnev was not fit to travel, and would be prepared to waive protocol. The earlier such a visit could be paid, the better.

This suggestion came as no surprise to you, but it was interesting to have the original source of the leak virtually confirmed.



Henry L James
16 July 1979

FILE
CONFIDENTIAL

VLB

*SECRET
UNION*

6 July 1979

The Prime Minister's Meeting
with Mr. Kosygin in Moscow on 26 June

Thank you for your letter of 4 July, in which you asked whether Sir Oliver Wright could be authorised to brief Herr van Well on the Prime Minister's meeting with Mr. Kosygin at Vnukovo II Airport in Moscow on 26 June.

The Prime Minister has agreed that the gist of Tokyo telegram no. 327 may be given to Herr van Well.

B G CARTLEDGE

Paul Lever, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

SOP

AVO.

1



Prime Minister

Foreign and Commonwealth Office

May Sir Oliver Wright

London SW1A 2AH

give the Germans a general account of your talk

4 July 1979

Dear Bryan,

with Mr. Kosygin? *Yes*

Yes out.

CHANCELLOR SCHMIDT'S TALKS IN MOSCOW

--- I attach a copy of a minute by Sir Oliver Wright of 28 June recording a briefing given him by State Secretary van Well of the Federal German Foreign Office on Chancellor Schmidt's talks with Mr Kosygin and Mr Gromyko during his stop-off in Moscow en route to Tokyo.

--- In paragraph 24 of his minute, the Ambassador records Herr van Well as saying that his side would be very interested to know how the Prime Minister got on in Moscow herself. If you see no objection, we propose to authorise Sir Oliver Wright to give Herr van Well a run-down on the lines of Tokyo telegram No 327 (copy enclosed for ease of reference).

Yours *GA*

(P Lever)

B G Cartledge Esq
10 Downing Street

H of C
Minister

*Letter to Mr. Gromyko
W 28/6*

*Cory W. D. Synnott
A. G. Smith
The Treasurer*

*This seems reasonably straightforward
except for paragraph 2 on the strategic level point
where the van Well took an obvious
in disagreement line.
There is some
standing in
para. 24.*

CALL ON STATE SECRETARY VAN WELL

1. I called on State Secretary van Well at noon to hear his impressions of Chancellor Schmidt's stop-off in Moscow, where he had talks with Kosygin and Gromyko. Van Well had subsequently had a short talk with Bondarenko.

2. Van Well said that the talks had been very wide-ranging. They had included SALT, NEFR, China, the Middle East and South East Asia and Africa. The Russians had also been interested in the Tokyo Summit. While there had been frank talking on both sides, the atmosphere had been entirely relaxed.

SALT III

3. Gromyko had emphasised that, from the Russian point of view, there were three major desiderata for SALT III:-

- (i) The participation would have to be enlarged to include all the nuclear powers. Negotiations could not be continued simply between the Soviet Union and the US. There had to be an end to bilateralism.

Schmidt had asked whether this included China. Gromyko answered: yes. Schmidt had pointed out that the French had made it clear that they were not interested in being invited. Gromyko had answered that the offer should nonetheless be made.

- (ii) The second major Soviet desideratum was that SALT III should produce cuts in strategic levels.

- (iii) The third important point was that all factors concerning strategic weapons should be included. By this van Well said they meant the American forward based systems.

Schmidt had asked, what about medium range weapons? Gromyko had answered "strategic weapons". Schmidt had asked what the Russians meant by that. Gromyko had answered: according to the criteria laid down in SALT I.

- 2 -

4. At this stage Kosygin drew attention to reports which he had heard in the press that the Western Powers were proposing to establish new systems. Kosygin had commented that this, if true, would be a dangerous path to take. Van Well said that this led Schmidt to make one of his well known lectures on the development of the Soviet European strategic weapon systems: SS4, SS5, SS20 etc. He stressed that it was absolutely imperative that there should be a balance between all the forces on either side so that there should be equal security for all the countries concerned. That meant that there had either to be limitations on existing weapons or, failing that, the West would have to catch up - the word "Nachrüstung" was used. Schmidt had added that whatever the West did there would be no "singularising" of the Federal Republic. In other words, the Federal Republic would not be the only country on which modernised theatre nuclear forces would be based.

5. I commented that the ^{impression} ~~opinion~~ on the result of the Vienna talks between the Russians and the Americans seemed to be slightly different according to ^{it} ~~whether they~~ came from the Russians or from the Americans. This was particularly so about what had apparently been agreed about participation in SALT III.

Van Well agreed with me on this point. He said that there were several aspects of the Vienna talks in which the American subsequent briefing had been piecemeal and to some extent inaccurate. He did not put this down to ill will: merely to the fact that the Americans were perhaps having difficulties in ^{any} ~~trying~~ up their ends. But, for example, whereas ^{the} ~~official~~ American reports from Vienna had stressed that Berlin had not even been mentioned, subsequent reports were indicating that Berlin had been mentioned in passing. Van Well said that perhaps further information would be coming from the Americans when they got their notes sorted out.

MBFR

6. There had been a short discussion on MBFR in Moscow. Apparently the Russians had expressed surprise to the Germans /that

- 3 -

that at Vienna Carter had made only comparatively short remarks on the subject. Gromyko told Schmidt that the Soviets had tried to build bridges but had received the impression that the West was not negotiating seriously.

7. Schmidt had said that there was no way that he could get political support in the FRG for an NSFR agreement unless there had been complete agreement on data. Gromyko had gone into a long spiel about mythical figures and wondering what sources the West had used in order to produce such figures.

8. I asked about the Chancellor's apparent remark on re-defining the data. Van Well said that this was no more than a formula that had been used at the Vienna negotiations in an attempt to save Russian face if that were necessary.

China

9. Gromyko said that Brezhnev and Carter had agreed that neither would develop their relations with China to the detriment of the other. Gromyko had made it very clear that the Russians regarded this as an agreement upon a most important principle. At the same time, the Germans had come away with the impression that the Russians were clearly subdued about the prospects of improving their relations with China. They apparently made a number of suggestions but had so far not received any response from the Chinese. Kosygin had emphasized that the West should not arm China and had referred to negotiations between firms. Schmidt had, for his part, reaffirmed the Federal German arms export policy.

10. In general, there had been a marked contrast between the way in which the Americans and the Russians had reported on Vienna to the Germans. The Americans had given the impression that, apart from the signature of SALT II, the talks had otherwise been in a very minor key. In Moscow on the contrary, Gromyko had been far more positive, describing them frequently as "historic" and "important". Gromyko had at the same time gone on to say that the Russians were not expressing too much public enthusiasm for SALT II in order not to give ammunition to the opponents of SALT II in the US. Chancellor Schmidt had apparently

/used

- 4 -

used this occasion to emphasise to the Russians that the best thing they could do to ensure the passage of SALT II was by not contributing to tension elsewhere in the world. At this the Russians, to quote van Well, "looked pensively".

Indo-China

11. Chancellor Schmidt had apparently expressed his abhorrence both of the genocide in Cambodia and of the expulsion of the "boat people" which he had described as a prolongation of the tragedy of Indo-China. Schmidt had said that it was ^{un}reasonable to expect the South East Asian countries to take the whole burden of the refugees and this was something which the whole international community had to help over.

12. In reply Kosygin had concentrated on Pol Pot, claiming that he had been responsible for the murder of 3 million Cambodians. He had also said that the Chinese were behind Pol Pot and their objective was to settle Chinese in Cambodia.

13. Van Well commented that whenever Schmidt had spoken about Vietnam refugees Kosygin had continually come back to Pol Pot.

Middle East

14. The Russians had made it clear that they did not support Camp David and therefore could not agree with any United States efforts to get the Palestinian problem moving.

Africa

15. Gromyko made it clear that there was one ^{foundation} "granite function of Soviet policy towards Africa and that was support of the liberation struggle of the peoples of the area ^{and to enable} them to decide their future by themselves, said Gromyko.

16. In reply Schmidt had emphasised that as far as Namibia was concerned the German policy was to support the five which in turn was in support of the United Nations. As far as Rhodesia was concerned that was primarily a UK responsibility and the FRG would respect that responsibility.

Berlin

17. Summing up, van Well said that a major aspect of the Schmidt stop-over in Moscow had been that Berlin had not been discussed at all between the heads of government and Gromyko.

/The

The Russians had made no attempt to talk about any Berlin problems, either direct elections or anything else.

Van Well's talks with Bondarenko

18. Van Well said that his talks with Bondarenko had been in the nature of preparing for Gromyko's next proposed visit to the Federal Republic. This would be either in November or December but no date had yet been fixed.

19. He, van Well, had taken the opportunity to say that the Germans for their part were satisfied with the quiet situation around Berlin and trusted that it would continue. Bondarenko had raised no objection at all and had not used the opportunity to make complaints.

20. Van Well had also tried to make some progress with the outstanding agreements. On the science and technology agreement he had proposed that they should fix up a practical programme of work, to which Berlin would from time to time be associated, and draw up a framework agreement. This would be instead of an agreement on principles first with the practical details to be filled in later. Bondarenko seemed to be not very happy with this situation.

Genscher's visit to the Middle East.

21. I also asked van Well what was Genscher's prime purpose in visiting various Middle East countries.

22. Van Well said that the motive was as Genscher had explained to his partners in the Nine at the recent meeting in Paris. The FRG felt that there were now two main factors in the Middle East situation. There was first the treaty between Egypt and Israel which the Americans had brought about and there was secondly everything else including all the other Arab countries, who were opposed to the Egypt/Israel treaty. Genscher felt that the FRG and indeed European, had to give equal weight to both aspects of the situation. He considered therefore that there was political value in making political visits to keep in contact with the second group of Arab states so that they would not feel neglected. The visit was not about oil: the FRG got its

/oil

- 6 -

oil from oil companies. The visit to Libya had been in response to a specific Libyan invitation. The visit to Iraq, in addition to the political motivation, was also to try and resuscitate trade. The Germans had noticed that trade between the FRG and Iraq had tended to tail off. When he asked the Iraqi Ambassador about this, the Iraqi Ambassador had replied that there had not been a political visit to Iraq for a very long time and that trade and politics went hand in hand.

TNF


22. I asked van Well about the current German thinking on TNF modernisation and arms control and whether there was any likelihood of slippage and if there were, what domestic political impact this would have.

23. Van Well gave me a very straight forward reply. He said that the German position had been established by the recent meeting of the Federal Security Council, which gave their negotiators all they needed by way of guidance. Their target was agreement on both wings before the end of the year. If it could not be obtained by the end of the year then January would do but it should not slip later as it would start to get mixed up in both the American and Federal elections. The Chancellor certainly wanted to avoid that.

Prime Minister's Stop Over in Moscow

24. As I was leaving, van Well asked if we had any news about Mrs Thatcher's stop over in Moscow. I said that so far we had received nothing. Van Well said that the Germans would be very interested to know how she got on. Comment. In view of the very full briefing which van Well gave me on the Chancellor's visit, I hope that No 10 will allow me to reciprocate. Please make this point to the FCO in my absence.

28 June 1979


Oliver Wright

WED. Mr Bedford.
he spoke, and you understand
arrault No 10 on ENS 08/6/4
The prospects of helping the Germans.
if No 10 were. I would like to
help the FRG. Can Kosygin in London in
11 with the West
in Bonn
3/2

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CONFIDENTIAL

FM TOKYO 273845Z

TO IMMEDIATE FCO TELNO 327 OF 27 JUNE
INFO MOSCOW.

FOLLOWING FOR PRIVATE SECRETARY FROM CARTLEDGE (WITH PRIME MINISTER'S PARTY).

THE PRIME MINISTER'S STOP-OVER IN MOSCOW, 26 JUNE.

THE PRIME MINISTER'S AIRCRAFT MADE A NINETY-MINUTE REFUELLING STOP AT VNUKOVO 2 AIRPORT IN MOSCOW ON THE EVENING OF 26 JUNE.

THE PRIME MINISTER WAS MET AND ENTERTAINED TO SUPPER AT THE AIRPORT BY MR KOSYGIN, MR DYMSHITZ (DEPUTY PRIME MINISTER), MR ZEMSKOV (DEPUTY FOREIGN MINISTER) AND MR BORISOV (DEPUTY FINANCE MINISTER).

AMONG THE POINTS WHICH WERE RAISED IN CONVERSATION OVER SUPPER WERE THE FOLLOWING:-

SOVIET MILITARY CAPACITY

MR KOSYGIN TOLD THE PRIME MINISTER THAT, AS SHE COULD SEE, THE SOVIET UNION WAS A PEACE LOVING COUNTRY WHICH DID NOT PRODUCE ALL THE MASSIVE ARMAMENTS WHICH THE PRIME MINISTER ATTRIBUTED TO THEM. THE SOVIET UNION WAS NOT THE AGGRESSIVE COUNTRY WHICH SOME PEOPLE PROFESSED TO BELIEVE. THE PRIME MINISTER TOLD MR KOSYGIN THAT HE SHOULD NOT BE SO MODEST. NOBODY WHO HAD SEEN THE SOVIET TANKS AND MISSILES WHICH WERE PARADED THROUGH RED SQUARE WOULD UNDERESTIMATE THE SOVIET UNION'S CAPACITY.

ENERGY

MR KOSYGIN TOLD THE PRIME MINISTER THAT THE SOVIET UNION WAS THE WORLD'S GREATEST ENERGY PRODUCER. SOVIET OIL WAS EXPORTED NOT ONLY TO THE SOCIALIST COUNTRIES OF EASTERN EUROPE BUT ALSO TO THE FRG AND TO FRANCE. THE PRIME MINISTER COMMENDED TO MR KOSYGIN THE UK'S TECHNOLOGICAL CAPABILITY IN OFF-SHORE OIL EXPLORATION AND MENTIONED THE NEGOTIATION FOR THE SUPPLY OF OFF-SHORE OIL RIGS. MR KOSYGIN SAID THAT THE MAIN SOVIET EXPLOITATION EFFORT WAS ON-SHORE ALTHOUGH THEY WISHED TO DEVELOP THEIR OFF-SHORE RESOURCES IN THE ARCTIC. THE SOVIET OBJECTIVE WAS TO OPEN UP, DURING A FIVE -YEAR PLAN, NEW OIL RESOURCES EQUIVALENT TO TOTAL SOVIET CONSUMPTION DURING THE SAME PERIOD. MR KOSYGIN SAID THAT THE SOVIET UNION WAS PLACING INCREASING RELIANCE ON NUCLEAR POWER IN THE AREA WEST OF THE URALS BUT IN THE AREA EAST OF THE URALS WOULD CONTINUE TO RELY MAINLY ON HYDRO-ELECTRIC POWER. WHEN THE PRIME MINISTER ASKED WHETHER SHORTAGE OF ENERGY WAS A LIMITING FACTOR ON THE SOVIET UNION'S ECONOMIC EXPANSION, MR KOSYGIN SAID THAT IT WAS NOT. THE GAS PIPELINE FROM IRAN WAS, HE SAID, NOW OPERATING NORMALLY AS WERE INDUSTRIAL CONSTRUCTION PROJECTS ON WHICH THE SOVIET UNION WAS ENGAGED IN IRAN. IN PAYMENT FOR THE GAS.

BLAM

MR KOSYGIN EVADED AN ENQUIRY BY THE PRIME MINISTER ABOUT THE POSSIBLE PROBLEMS WHICH UNREST IN THE ISLAMIC WORLD MIGHT CREATE FOR THE SOVIET UNION. WHEN THE PRIME MINISTER REFERRED TO CURRENT UNREST IN AFGANISTAN AND PAKISTAN, MR KOSYGIN MADE NO COMMENT.

VIETNAMESE REFUGEES

THE PRIME MINISTER RAISED WITH MR KOSYGIN THE PROBLEM OF THE VIETNAMESE REFUGEES, AS A MATTER OF INTERNATIONAL CONCERN. MR KOSYGIN TOOK THE LINE THAT VIETNAM WAS JUSTIFIED IN EXPELLING HER CHINESE POPULATION WHICH CONSISTED LARGELY OF SPIES, BLACK MARKETEERS AND DRUG ADDICTS. MR KOSYGIN SAID THAT VIETNAM WAS NOT THE ONLY COUNTRY WHICH HAD INTERNAL PROBLEMS: THE UK WAS CONFRONTED WITH PROBLEMS OF EQUAL GRAVITY IN NORTHERN IRELAND BUT THE SOVIET UNION DID NOT ATTEMPT TO INTERFERE IN THESE. THE PRIME MINISTER OF VIETNAM HAD ASSURED HIM THAT THE VIETNAMESE GOVERNMENT WERE DOING ALL THEY COULD TO STOP THE EXODUS OF REFUGEES BUT THEY WERE UP AGAINST THE ACTIVITIES OF BANDITS.

DIFFICULTIES WERE BOUND TO ARISE WHEN, DURING A PERIOD OF REVOLUTIONARY PROCESS, OUTSIDE POWERS ATTEMPTED TO INTERFERE. MR. KOSYGIN RECOMMENDED THAT THE PRIME MINISTER SHOULD TALK TO THE VIETNAMESE DIRECTLY, RATHER THAN USING OTHER GOVERNMENTS, SUCH AS THE SOVIET GOVERNMENT, AS INTERMEDIARIES SEMICOLON THE VIETNAMESE WERE A PROUD AND SENSITIVE PEOPLE.

THE PRIME MINISTER TOLD MR. KOSYGIN THAT THE REFUGEES WHO WERE BEING PICKED UP BY BRITISH SHIPS DID NOT CORRESPOND TO HIS DESCRIPTION OF THEM. THEY WERE HARD WORKING PEOPLE, NOT DRUG ADDICTS SEMICOLON AND A HIGH PROPORTION OF THEM WERE CHILDREN. THE PRIME MINISTER EXPRESSED THE HOPE THAT THE SOVIET UNION WOULD DO EVERYTHING POSSIBLE TO PERSUADE VIETNAM TO CHANGE HER POLICIES.

SALT II

THE PRIME MINISTER TOLD MR. KOSYGIN THAT THE BRITISH GOVERNMENT SUPPORTED THE SALT II AGREEMENT AND HOPED THAT IT WOULD BE RATIFIED. MR. KOSYGIN SAID THAT HE TRUSTED THAT THE UK WOULD MAINTAIN THIS POSITIVE ATTITUDE TOWARDS THE AGREEMENT SINCE THE BRITISH VOICE MATTERED IN THE WORLD.

/ANGLO/SOVIET

CONFIDENTIAL

ANGLO/SOVIET RELATIONS

IN THANKING MR. KOSYGIN FOR HIS KINDNESS IN MEETING HER AND FOR THE HOSPITALITY EXTENDED TO HER BY THE SOVIET GOVERNMENT, THE PRIME MINISTER SAID THAT MR. KOSYGIN HAD A STANDING INVITATION TO COME TO LONDON AND EXPRESSED THE HOPE THAT SHE WOULD NEXT MEET HIM THERE.

ATMOSPHERE

WITH THE EXCEPTION OF HIS REFERENCES TO NORTHERN IRELAND, MR. KOSYGIN WENT OUT OF HIS WAY TO BE CORDIAL AND HIS COLLEAGUES TOOK THEIR CUE FROM HIM. AS THE PRIME MINISTER WAS LEAVING, MR. KOSYGIN SAID TO HER THAT HE HOPED THAT SHE HAD NOT BEEN IN ANY WAY OFFENDED BY THE MANNER IN WHICH HE HAD RAISED SOME MATTERS.

WILFORD

FILES

EESP	PS/MR HURD
IS & SD	PS/PUS
SAD	SIR A DUFF
SEAD	SIR A PARSONS
DEF D	MR BULLARD
ACDD	MR CORTAZZI
NEWS D	MR BUTLER
RID	MISS BROWN
PS	MR MURRAY
PS/LPS	MR FERGUSSON
PS/MR BLAKER	

CONFIDENTIAL



7-5 JUL 1979

CONFIDENTIAL

FILE 25



SOVIET UNION

10 DOWNING STREET

From the Private Secretary

b/f 9-7-79.

4 July 1979

Dear George,

Invitation to the Prime Minister to visit Moscow

I reported from Tokyo (Tokyo telegram No. 237) on the Prime Minister's discussion over supper with Mr. Kosygin in Moscow, on the evening of 26 June. The short section of the report on Anglo-Soviet relations records the Prime Minister's confirmation to Mr. Kosygin of the British Government's standing invitation to him to come to London.

You will have seen reports in the Daily Telegraph and other papers today that Mr. Kosygin is reported to have invited the Prime Minister to visit Moscow. I did not myself hear Mr. Kosygin extend an invitation during the supper conversation but the Prime Minister has confirmed that Mr. Kosygin expressed the hope, informally, and en passant, that she would "return to Moscow for a longer stay in the future". The Prime Minister replied that she would be very glad to do so.

The Prime Minister is not pleased with the publicity which Mr. Kosygin's invitation to her has now been given. I have told her that the FCO would not have been aware of it, since there was no reference to the invitation in my reporting telegram. I have suggested to the Prime Minister that the story is most likely to have emanated from the Soviet Embassy here, who have been known to use the Daily Telegraph for such purposes in the past. The Prime Minister is disposed to accept this explanation but I should nevertheless be grateful if you would confirm that the story did not originate with any FCO or British Embassy sources.

*Yours ever,
George Walden.*

George Walden, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

ABO

Bryan. ^{5/11}
4/7

Invite to Moscow.

The PM told Mr James last night that the conversation on this point went roughly as follows:-

Mr K: We hope you will return to Moscow for a longer stay in the future.

P.M.: I would be delighted

PM: There is a standing invitation for you to come to London.....
(as in Tokyo Tel No 327).

A CRM Lover.

4/7.

The President of the Supreme Soviet of
the USSR.

Mr. Deputy Prime Minister

Ladies and gentlemen

I should like to express on behalf
of all the members of my delegation
our thanks for your very warm welcome,
and for the assistance you have provided
during this brief stop in Moscow.

11-10-60
I am sorry that my first visit to the
Soviet Union has been such a fleeting
affair. But I am deeply grateful to our
Soviet hosts for their generosity in
entertaining us so hospitably at this
late hour: and I am particularly
grateful to you [Mr. Prime Minister] or
[Mr. Kosygin] for your great kindness
in coming to the Airport, which has given
us a chance to meet for the first time
and to have valuable discussions.

/The

No other time than in energy

- have to lecture tomorrow
- but long haul too. Year 41
- Year - effort to reduce
- also price mechanism to work to take
- fuel - nuclear power on large scale

What energy inflation

Lesson Jan. 1974

- don't accommodate inflation for
- moderately ^{or} price without
- fight it.

∴ convince people - it is inevitable

Growth

It is not mean giving up prospect of growth

- only foundation to resume.
Do all we can to increase efficiency
working with int. of consumers - speed
with which they adapt to change.

Relevant to - if we are to achieve a

DPSC

balance of supply & demand in oil
must reach some understanding with
oil producing countries.

All people applicable to U.K.

Production - identify with consumer
- determined efforts to save energy.

know - perhaps - matter to
rebuild industry

By this inflation - makes even more
difficult to win.

How to fix a deal - is the study of price - determined
in realistic spirit - determined

The British Government is in favour of developing good relations between our two countries and we shall work with you to improve mutual understanding and to identify areas where we can co-operate fruitfully in both our interests.

We may not always agree in our approach to major international issues of the day.

But I am sure; that we can agree on the need to work for a secure and lasting peace and greater stability in international relations.

You have gone beyond protocol this evening, and I, for my part, have no wish to stand on protocol about who goes where first. I should like to repeat, as I did to the Soviet Minister of Foreign Trade, Mr. Patolichev, when he was kind enough to call on me recently in London that both Mr. Brezhnev and you

Must :. make position on
energy - & world economy clear
in simplest language.

Say what can be done - don't be
afraid to say what's certain.

Inspire more confidence by

combining action with candour
then by bringing the truth in
uncomplicated terms.

Mr. Prime Minister Mr. Kosygin
are very welcome to visit the United
Kingdom at a mutually convenient time.

I should like to propose a toast
to you Mr. Deputy Prime Minister, and
to the development of a good, constructive
relationship between the United Kingdom and
the Soviet Union.

За ваше зде роуе
сделови .

Only half way through 1979

but prospects for economy ^{deteriorate}

By next year with a better balance of growth

- less unexpected ^{inflation} $\frac{1}{2}$ of $\frac{1}{2}$
- greater currency stability.

Because of oil - prospects worse especially on inflation.

For 2nd half in 1979

- vulnerability of world economy to developments on oil. demand for growth - formerly taken for granted now fragile.

- bad for us
work for underdeveloped countries who suffer - high prices - less world activity - we less able to help.

IMU then means more instability.

Believe can turn around - room for manoeuvre reduced.

In meeting here - heavy responsibility
implying to our countries others
that we can offer leadership of guidance
if fail to lead
in other words in discipline - work when we came

Mr. Deputy Prime Minister

Ladies and Gentlemen

I should like to express on behalf of all the members of my delegation our thanks for your very warm welcome, and for the assistance you have provided during this brief stop in Moscow.

The British Government is in favour of developing good relations between our two countries and we shall work with you to improve mutual understanding and to identify areas where we can co-operate fruitfully in both our interests.

We may not always agree in our approach to major international issues of the day.

/But I am

But I am sure that we can agree on the need to work for a secure and lasting peace and greater stability in international relations.

I should like to propose a toast to you, Mr. Deputy Prime Minister, and to the development of a good, constructive relationship between the United Kingdom and the Soviet Union.

No 10

CONFIDENTIAL

BBC o/r.
14/10 29/VI



cc PS (with spare copy for
Mr Gantledge, No: 12)

BRITISH EMBASSY

MOSCOW

PS Mr Blaker

PS Mrs

Mr Bullard

Mr Ferguson

Mr Russell Esq

News Dept

27 June 1979

C L G Mallaby Esq
EESD
FCO

Mr Bond

(Mr Mallaby has seen)

Dear Christopher,

286

P-2
277

MRS THATCHER'S VISIT

1. So far as we can judge here, without having had a chance to debrief members of our team, all aspects of the visit seem to have gone off very well. At the end, as we were leaving the airport, Kosygin went out of his way to tell me how impressed he had been with Mrs Thatcher's sincerity; how glad he was to have met; how much he looked forward to further opportunities of talking to her, preferably at greater length, in the future; and how sure he was that an excellent relationship could be developed between our two Governments. These were no doubt the obvious platitudes for the occasion. But there was no actual need for him to have said anything at all at that stage; and he did not strike me as a man given to making polite noises for their own sake.

2. He was clearly in excellent, even ebullient form. While we were waiting for the aircraft to arrive (it was punctual to the microsecond), he chatted enthusiastically about what had clearly been a long day's work with the CMEA Prime Ministers' meeting, and made light of the fact that having just completed a banquet in their honour he was about to eat his second dinner of the evening. The FRG Ambassador had been struck by his physical and mental alertness at the Schmidt meeting the previous day; and I would myself have taken him for a well-preserved 65.

3. The Russians had clearly done their best to provide a light rather than heavy meal, and they stuck honourably to their agreement about no speeches. Kosygin proposed a one-sentence toast to Mrs Thatcher early in the meal, and a two-word toast to The Queen a few minutes later. That was all, apart from Mrs Thatcher's prompt response in kind on both occasions.

4./

CONFIDENTIAL

MRS THATCHER'S VISIT

27 June 1979

4. Bryan Cartledge (for whom I enclose a spare copy of this letter) has kindly undertaken to put together a report on the main topics of dinner-table conversation between the principals. Russians who were within earshot the whole time say that the "agenda" was the Soviet economy; energy questions with special reference to Iran; and Vietnam refugees. I myself only heard the last part of the last of these, when the whole table just happened to fall silent and listen to what seemed to be a trenchant but aimable dialogue about the nature of the Boat People phenomenon, Kosygin's line being that they were mostly black marketeers who were leaving of their own accord.
5. The Chancery will keep the Department posted about Soviet press coverage, for which there has been no time so far apart from a routine piece in Tass. The local British press seemed pleased that Mrs Thatcher agreed to have a brief word with them as she left the supper room; and that the Russians included them in the buffet for everyone not at the Kosygin supper table. The BBC and Financial Times representative even managed to get Kosygin to say a few words to them as the aircraft was taking off - to the effect, I gather, that the talks had been good.
6. Zemskov, when he summoned me yesterday afternoon for the Kosygin bombshell, looked like a cat who had got at the cream; and the 2nd European Department spent the evening busily assuring us that it was all the result of an energetic initiative by them. However it came about, Kosygin's presence certainly saved us from looking uncomfortably 2nd Division, by contrast not only with Schmidt but also Andreotti, who though he only got routine technical-stop treatment on his way eastwards yesterday afternoon is apparently to have talks of substance (it is not clear for how long or with whom) on his way back through Moscow later this week. But given that the Soviet gesture was entirely unsolicited from our side (so far as I know), and given that we could have had no complaint if during a 90-minute technical stop Mrs Thatcher had seen no one more interesting than Dymshits, the Russians can reasonably claim, I think, to have behaved constructively and imaginatively.

R L Wade-Gery

GR 2000

CONFIDENTIAL

FM TOKYO 270845Z

TO IMMEDIATE FCO TELNO 327 OF 27 JUNE
INFO MOSCOW.

cf Master Set

SOVIET
UNION

FOLLOWING FOR PRIVATE SECRETARY FROM CARTLEDGE (WITH PRIME MINISTER'S PARTY).

THE PRIME MINISTER'S STOP-OVER IN MOSCOW, 26 JUNE.

THE PRIME MINISTER'S AIRCRAFT MADE A NINETY-MINUTE REFUELLING STOP AT VNUKOVO 2 AIRPORT IN MOSCOW ON THE EVENING OF 26 JUNE. THE PRIME MINISTER WAS MET AND ENTERTAINED TO SUPPER AT THE AIRPORT BY MR KOSYGIN, MR DYMSHITZ (DEPUTY PRIME MINISTER), MR ZEMSKOV (DEPUTY FOREIGN MINISTER) AND MR BORISOV (DEPUTY FINANCE MINISTER). AMONG THE POINTS WHICH WERE RAISED IN CONVERSATION OVER SUPPER WERE THE FOLLOWING:-

SOVIET MILITARY CAPACITY

MR KOSYGIN TOLD THE PRIME MINISTER THAT, AS SHE COULD SEE, THE SOVIET UNION WAS A PEACE LOVING COUNTRY WHICH DID NOT PRODUCE ALL THE MASSIVE ARMAMENTS WHICH THE PRIME MINISTER ATTRIBUTED TO THEM. THE SOVIET UNION WAS NOT THE AGGRESSIVE COUNTRY WHICH SOME PEOPLE PROFESSED TO BELIEVE. THE PRIME MINISTER TOLD MR KOSYGIN THAT HE SHOULD NOT BE SO MODEST. NOBODY WHO HAD SEEN THE SOVIET TANKS AND MISSILES WHICH WERE PARADED THROUGH RED SQUARE WOULD UNDERESTIMATE THE SOVIET UNION'S CAPACITY.

ENERGY

MR KOSYGIN TOLD THE PRIME MINISTER THAT THE SOVIET UNION WAS THE WORLD'S GREATEST ENERGY PRODUCER. SOVIET OIL WAS EXPORTED NOT ONLY TO THE SOCIALIST COUNTRIES OF EASTERN EUROPE BUT ALSO TO THE FRG AND TO FRANCE. THE PRIME MINISTER COMMENDED TO MR KOSYGIN THE UK'S TECHNOLOGICAL CAPABILITY IN OFF-SHORE OIL EXPLORATION AND MENTIONED THE NEGOTIATION FOR THE SUPPLY OF OFF-SHORE OIL RIGS. MR KOSYGIN SAID THAT THE MAIN SOVIET EXPLOITATION EFFORT WAS ON-SHORE ALTHOUGH THEY WISHED TO DEVELOP THEIR OFF-SHORE RESOURCES IN THE ARCTIC. THE SOVIET OBJECTIVE WAS TO OPEN UP, DURING A FIVE -YEAR PLAN, NEW OIL RESOURCES EQUIVALENT TO TOTAL SOVIET CONSUMPTION DURING THE SAME PERIOD. MR KOSYGIN SAID THAT THE SOVIET UNION WAS PLACING INCREASING RELIANCE ON NUCLEAR POWER IN THE AREA WEST OF THE URALS BUT IN THE AREA EAST OF THE URALS WOULD CONTINUE TO RELY MAINLY ON HYDRO-ELECTRIC POWER. WHEN THE PRIME MINISTER ASKED WHETHER SHORTAGE OF ENERGY WAS A LIMITING FACTOR ON THE SOVIET UNION'S ECONOMIC EXPANSION, MR KOSYGIN SAID THAT IT WAS NOT. THE GAS PIPELINE FROM IRAN WAS, HE SAID, NOW OPERATING NORMALLY AS WERE INDUSTRIAL CONSTRUCTION PROJECTS ON WHICH THE SOVIET UNION WAS ENGAGED IN IRAN, IN PAYMENT FOR THE GAS.

ISLAM

MR KOSYGIN EVADED AN ENQUIRY BY THE PRIME MINISTER ABOUT THE POSSIBLE PROBLEMS WHICH UNREST IN THE ISLAMIC WORLD MIGHT CREATE FOR THE SOVIET UNION. WHEN THE PRIME MINISTER REFERRED TO CURRENT UNREST IN AFGANISTAN AND PAKISTAN, MR KOSYGIN MADE NO COMMENT.

VIETNAMESE REFUGEES

THE PRIME MINISTER RAISED WITH MR KOSYGIN THE PROBLEM OF THE VIETNAMESE REFUGEES, AS A MATTER OF INTERNATIONAL CONCERN. MR KOSYGIN TOOK THE LINE THAT VIETNAM WAS JUSTIFIED IN EXPELLING HER CHINESE POPULATION WHICH CONSISTED LARGELY OF SPIES, BLACK MARKETEERS AND DRUG ADDICTS. MR KOSYGIN SAID THAT VIETNAM WAS NOT THE ONLY COUNTRY WHICH HAD INTERNAL PROBLEMS: THE UK WAS CONFRONTED WITH PROBLEMS OF EQUAL GRAVITY IN NORTHERN IRELAND BUT THE SOVIET UNION DID NOT ATTEMPT TO INTERFERE IN THESE. THE PRIME MINISTER OF VIETNAM HAD ASSURED HIM THAT THE VIETNAMESE GOVERNMENT WERE DOING ALL THEY COULD TO STOP THE EXODUS OF REFUGEES BUT THEY WERE UP AGAINST THE ACTIVITIES OF BANDITS.

DIFFICULTIES WERE BOUND TO ARISE WHEN, DURING A PERIOD OF REVOLUTIONARY PROCESS, OUTSIDE POWERS ATTEMPTED TO INTERFERE. MR. KOSYGIN RECOMMENDED THAT THE PRIME MINISTER SHOULD TALK TO THE VIETNAMESE DIRECTLY, RATHER THAN USING OTHER GOVERNMENTS, SUCH AS THE SOVIET GOVERNMENT, AS INTERMEDIARIES SEMICOLON THE VIETNAMESE WERE A PROUD AND SENSITIVE PEOPLE.

THE PRIME MINISTER TOLD MR. KOSYGIN THAT THE REFUGEES WHO WERE BEING PICKED UP BY BRITISH SHIPS DID NOT CORRESPOND TO HIS DESCRIPTION OF THEM. THEY WERE HARD WORKING PEOPLE, NOT DRUG ADDICTS SEMICOLON AND A HIGH PROPORTION OF THEM WERE CHILDREN. THE PRIME MINISTER EXPRESSED THE HOPE THAT THE SOVIET UNION WOULD DO EVERYTHING POSSIBLE TO PERSUADE VIETNAM TO CHANGE HER POLICIES.

SALT II

THE PRIME MINISTER TOLD MR. KOSYGIN THAT THE BRITISH GOVERNMENT SUPPORTED THE SALT II AGREEMENT AND HOPED THAT IT WOULD BE RATIFIED. MR. KOSYGIN SAID THAT HE TRUSTED THAT THE UK WOULD MAINTAIN THIS POSITIVE ATTITUDE TOWARDS THE AGREEMENT SINCE THE BRITISH VOICE MATTERED IN THE WORLD.

ANGLO/SOVIET RELATIONS

IN THANKING MR. KOSYGIN FOR HIS KINDNESS IN MEETING HER AND FOR THE HOSPITALITY EXTENDED TO HER BY THE SOVIET GOVERNMENT, THE PRIME MINISTER SAID THAT MR. KOSYGIN HAD A STANDING INVITATION TO COME TO LONDON AND EXPRESSED THE HOPE THAT SHE WOULD NEXT MEET HIM THERE.

ATMOSPHERE

WITH THE EXCEPTION OF HIS REFERENCES TO NORTHERN IRELAND, MR. KOSYGIN WENT OUT OF HIS WAY TO BE CORDIAL AND HIS COLLEAGUES TOOK THEIR CUE FROM HIM. AS THE PRIME MINISTER WAS LEAVING, MR. KOSYGIN SAID TO HER THAT HE HOPED THAT SHE HAD NOT BEEN IN ANY WAY OFFENDED BY THE MANNER IN WHICH HE HAD RAISED SOME MATTERS.

WILFORD

DRAFT TELEGRAM TO FCO

No. 327

885
DESPATCHED
AT 0930/27

CONFIDENTIAL

IMMEDIATE

REPEATED FOR INFORMATION TO MOSCOW

Following for Private Secretary from Carledge (with Prime Minister's party)

The Prime Minister's Stop-over in Moscow, 26 June

The Prime Minister's aircraft made a ninety-minute refuelling stop at Vnukovo 2 Airport in Moscow on the evening of 26 June. The Prime Minister was met and entertained to supper at the Airport by Mr. Kosygin, Mr. Dymshitz (Deputy Prime Minister), Mr. Zemskov (Deputy Foreign Minister) and Mr. Borisov (Deputy Finance Minister). Among the points which were raised in conversation over supper were the following:-

Soviet Military Capacity

Mr. Kosygin told the Prime Minister that, as she could see, the Soviet Union was a peace-loving country which did not produce all the massive armaments which the Prime Minister attributed to them. The Soviet Union was not the aggressive country which some people professed to believe. The Prime Minister told Mr. Kosygin that he should not be so modest. Nobody who had seen the Soviet tanks and missiles which were paraded through Red Square would underestimate the Soviet Union's capacity.

Energy

Mr. Kosygin told the Prime Minister that the Soviet Union was the world's greatest energy producer. Soviet oil was exported not only to the Socialist countries of Eastern Europe but also to the FRG and to France. The Prime Minister commended to Mr. Kosygin the UK's technological capability in off-shore oil exploitation and mentioned the negotiation for the supply of off-shore oil rigs. Mr. Kosygin said that the main Soviet

exploitation effort was on-shore although they wished to develop their off-shore resources in the Arctic. The Soviet objective was to open up, during a five-year plan, new oil resources equivalent to total Soviet consumption during the same period. Mr. Kosygin said that the Soviet Union was placing increasing reliance on nuclear power in the area west of the Urals but in the area east of the Urals would continue to rely mainly on hydro-electric power. When the Prime Minister asked whether shortage of energy was a limiting factor on the Soviet Union's economic expansion, Mr. Kosygin said that it was not. The gas pipeline from Iran was, he said, now operating normally as were the industrial construction projects on which the Soviet Union was engaged in Iran, in payment for the gas.

Islam

Mr. Kosygin evaded an enquiry by the Prime Minister about the possible problems which unrest in the Islamic world might create for the Soviet Union. When the Prime Minister referred to current unrest in Afganistan and Pakistan, Mr. Kosygin ~~said that these countries would soon settle down.~~ *made no comment.*

Vietnamese Refugees

The Prime Minister raised with Mr. Kosygin the problem of the Vietnamese refugees, as a matter of international concern. Mr. Kosygin took the line that Vietnam was justified in expelling her Chinese population which consisted largely of spies, black marketeers and drug addicts. Mr. Kosygin said that Vietnam was not the only country which had internal problems: the UK was confronted with problems of equal gravity in Northern Ireland but the Soviet Union did not attempt to interfere in the ~~the~~ ^{ese} _k. The Prime Minister of Vietnam had assured him that the Vietnamese Government were doing all they could to stop the exodus of refugees but they were up against the activities of bandits.

Difficulties were bound to arise when, during a period of revolutionary process, outside powers attempted to interfere. Mr. Kosygin recommended that the Prime Minister should talk to the Vietnamese directly, rather than using other Governments, such as the Soviet Government, as intermediaries; the Vietnamese were a proud and sensitive people.

The Prime Minister told Mr. Kosygin that the refugees who were being picked up by British ships did not correspond to his description of them. They were hard working people, not drug addicts; and a high proportion of them were children. The Prime Minister expressed the hope that the Soviet Union would do everything possible to persuade Vietnam to change her policies.

SALT II

The Prime Minister told Mr. Kosygin that the British Government supported the SALT II Agreement and hoped that it would be ratified. Mr. Kosygin said that he trusted that the UK would maintain this positive attitude towards the Agreement since the British voice mattered in the world.

Anglo/Soviet Relations

In thanking Mr. Kosygin for his kindness in meeting her and for the hospitality extended to her by the Soviet Government, the Prime Minister said that Mr. Kosygin had a standing invitation to come to London and expressed the hope that she would next meet him there.

Atmosphere

With the exception of his references to Northern Ireland, Mr. Kosygin went out of his way to be cordial and his colleagues took their cue from him. As the Prime Minister was leaving, Mr. Kosygin said to her that he hoped that she had not been in any way offended by the manner in which he had raised some matters.

Handwritten: 27/6

Top copy to British
Embassy for O/T

~~DRAFT~~ TELEGRAM TO FCO

CONFIDENTIAL

IMMEDIATE

REPEATED FOR INFORMATION TO MOSCOW

Following Jol private Secretary from Carlsberg (with Prime Minister's party)

The Prime Minister's Stop-over in Moscow, 26 June

RC
1730
(Tokyo time)

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exploitation effort was on-shore although they wished to develop their off-shore resources in the Arctic. The Soviet objective was to open up, during a five-year plan, new oil resources equivalent to total Soviet consumption during the same period. Mr. Kosygin said that the Soviet Union was placing increasing reliance on nuclear power in the area west of the Urals but in the area east of the Urals would continue to rely mainly on hydro-electric power. When the Prime Minister asked whether shortage of energy was a limiting factor on the Soviet Union's economic expansion, Mr. Kosygin said that it was not. The gas pipeline from Iran was, he said, now operating normally as were the industrial construction projects on which the Soviet Union was engaged in Iran, in payment for the gas.

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Handwritten initials and date:
R.H.
21/6

CR 117

UNCLASSIFIED

FM MOSCOW 261424Z JUN 79

TO FLASH FCO

TELEGRAM NUMBER 399 OF 26 JUNE.

PM'S TECHNICAL STOP AT MOSCOW.

1. AS ALREADY REPORTED TO THE DEPARTEMENT BY TELEPHONE, SOVIET DEPUTY FOREIGN MINISTER ZEMSKOV HAS JUST INFORMED ME THAT KOSYGIN (AND HIS ASSISTANT B T BATSANOV) WILL BE AT THE AIRPORT TO MEET MRS THATCHER ON HER WAY TO TOKYO THIS EVENING. HE WILL ATTEND THE PROPOSED SUPPER. IT IS NOT SUGGESTED THAT THERE SHOULD BE ANY OTHER CHANGE IN THE AGREED ARRANGEMENTS.

WADE-GERY

FILES

EESD

PCCD

OID

NEWSD

PS

PS/HPS

PS/MR BLAKER

PS/POS

SIR. A. DUFF

SIR. A. PARSONS

MR BULLARD

MR FERJUSSON

[COPIES SENT TO NO10 DOWNING ST]



Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

25 June 1979

6/25/79

Dear Bryan,

Prime Minister's Stop-Over in Moscow

The Embassy at Moscow have learnt from the Soviet Ministry of Foreign Affairs that the supper to be arranged for the Prime Minister and her party during the ninety minute stop-over in Moscow on the evening of 26 June will be a seated affair. The leader of the Soviet party, Mr Dymshits, will, during the course of the supper, propose a toast to HM The Queen. The Prime Minister will be expected to reply with a formal toast to "The Chairman of the Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics". Mr Dymshits will then deliver a brief speech of welcome culminating with a toast to the Prime Minister, Secretary of State and Chancellor of the Exchequer. --- The Prime Minister will be expected to reply briefly and I attach a suitable text. The Embassy in Moscow have stressed to the Russians that the supper they provide should be as light as possible.

[Handwritten signature]

(G G H Walden)

B G Cartledge Esq
10 Downing Street

Registry
No.

DRAFT

Type 1 +

SECURITY CLASSIFICATION

Top Secret,
Secret,
Confidential,
Restricted,
Unclassified.

To:-

From

Telephone No. Ext.

Department

PRIVACY MARKING

..... In Confidence

② I am sorry that my first visit to the Soviet Union has been such a fleeting affair. [?] But I am thankful that my Soviet hosts have not stood on protocol, and I am particularly grateful to you Mr Prime Minister or Mr Kosygin for your ^{great kindness} gesture in coming to the airport, which has given us a chance to meet for the first time and to have valuable discussions.

~~I do not wish~~ ^B to stand on protocol about who goes where first. I should like to ^{repeat} reiterate, as I did to the Soviet Minister of ^{Foreign} Trade, Mr Patolichev, when he was kind enough to call on me recently in London that both Mr Brezhnev and you Mr Prime Minister ~~and~~ Mr Kosygin are very welcome to visit the United Kingdom at a mutually convenient time.

UNCLASSIFIED

FM MOSCOW 251500Z JUN 79

TO IMMEDIATE FCO

TELEGRAM NUMBER 393 OF 25 JUNE

INFO PRIORITY WASHINGTON, PARIS, BONN, UKDEL NATO, UKDEL VIENNA,
UKMIS NEW YORK, PEKING, BAGHDAD, BEIRUT, CAIRO, DAMASCUS, TEL
AVIV, HAVANA.

MY TWO MIPTS (NOT TO ALL): GROMYKO'S PRESS CONFERENCE.

FOLLOWING ARE POINTS ON CHINA, MIDDLE EAST AND AFRICA:

(I) CHINA.

CHINA'S NEGATIVE APPRAISAL IS PROMPTED BY THE FACT THAT THE CHINESE WANT TENSION AND PREFER HEIGHTENED TENSION BETWEEN THE SOVIET UNION AND THE UNITED STATES. ON RELATIONS WITH CHINA, GROMYKO SAYS THAT THE SOVIET SIDE OUTLINED ITS VIEW THAT "UNDER NO CIRCUMSTANCES COULD IT BE PERMITTED FOR SOME POWER TO USE ITS RELATIONS WITH CHINA TO THE DETRIMENT OF THE SOVIET UNION. MXIS WOULD EXERT A BIG NEGATIVE INFLUENCE ON SOVIET/AMERICAN RELATIONS AND ON THE INTERNATIONAL SITUATION ON THE WHOLE" GROMYKO QUOTES PRESIDENT CARTER AS REPLYING THAT "THE UNITED STATES IS LIKEWISE OF THE OPINION THAT RELATIONS WITH CHINA SHOULD NOT BE BASED ON DETRIMENT TO RELATIONS WITH OTHER STATES" AND CONCLUDES THAT "WE WOULD LIKE TO BELIEVE THAT THE UNITED STATES WILL CONFORM IN PRACTICE TO WHAT WAS SAID BY THE PRESIDENT IN VIENNA".

(II) MIDDLE EAST.

LEONID BREZHNEV EXPRESSED THE PRINCIPAL STAND OF THE SOVIET UNION AND STATED THAT THERE CAN BE NO QUESTION OF THE SOVIET UNION'S SUPPORT FOR THE ANTI-ARAB TREATY OR FOR ANY MECHANISM WHICH IS BEING CREATED TO SERVICE THE TREATY'S IMPLEMENTATION. THE ESSENCE OF THE SOVIET POSITION IS:

(A) ALL LANDS.

- (A) ALL LANDS WHICH ISRAEL CAPTURED SHOULD BE RETURNED;
- (B) THE ARAB PEOPLE OF PALESTINE SHOULD GET AN OPPORTUNITY TO CREATE "IF ONLY A SMALL, AND I REPEAT IF ONLY A SMALL, STATE OF THEIR OWN"; AND
- (C) ALL COUNTRIES , INCLUDING ISRAEL, SHOULD HAVE A POSSIBILITY TO EXIST AND DEVELOP AS INDEPENDENT AND SOVEREIGN STATES.

(III) AFRICA.

THE SOVIET POSITION IS THAT THE PEOPLE SHOULD DETERMINE THEIR DESTINY AND THEIR SOCIAL SYSTEM THEMSELVES. THE OTHER SIDE IS IN EFFECT DEFENDING "A POLICY WHICH THE RACISTS NEED; A POLICY DIRECTED AT PREVENTING THE LOCAL POPULATION FROM TAKING POWER INTO ITS HANDS". IN RESPONSE TO A QUESTION ABOUT "CUBAN INTERFERENCE" GROMYKO ANSWERED THAT "CUBA COMES TO THE ASSISTANCE OF SOME AFRICAN STATES, VICTIMS OF AGGRESSION, ON THE REQUEST OF THEIR LOCAL GOVERNMENTS" IN STRICT CONFORMITY WITH INTERNATIONAL LAW AND WITH ARTICLE 51 OF THE CHARTER IN PARTICULAR.

WADE-GERY

FCO/WH. DISTN.
EES D.

UNCLASSIFIED

FM MOSCOW 251437Z JUN 79

TO IMMEDIATE FCO

TELEGRAM NUMBER 391 OF 25 JUNE

INFO PRIORITY WASHINGTON, BONN, PARIS, UKDEL NATO, UKDEL NEW YORK,
UKDEL VIENNA.

MY TELNO 385: SALT II: VIENNA SUMMIT.

GROMYKO GAVE A PRESS CONFERENCE TODAY ON THE VIENNA SUMMIT FOR SOVIET AND FOREIGN JOURNALISTS. MAIN POINTS ON SALT FROM THE TASS VERSION OF HIS STATEMENT ARE AS FOLLOWS:

(I) THE TREATY EQUALLY MEETS THE INTERESTS OF BOTH COUNTRIES.

(II) ITS "TREMENDOUS SIGNIFICANCE" LIES IN THE FACT THAT IT "BUILDS A BRIDGE TOWARDS THE NEXT TREATY".

(III) "IN THE OPINION OF THE SOVIET UNION, WHICH IS SHARED BY THE UNITED STATES, OTHER NUCLEAR POWERS SHOULD TAKE PART IN THE CONCLUSION OF A NEW TREATY WHICH WOULD BE THE CONTINUATION OF SALT II"

(IV) REPLYING TO A QUESTION FROM A TASS CORRESPONDENT ABOUT PROSPECTS FOR SALT III, GROMYKO SAID THAT HEADWAY WOULD BE POSSIBLE ONLY WITH DUE REGARD TO ALL FACTORS WHICH HAVE AN INFLUENCE ON THE STRATEGIC SITUATION IN THE WORLD INCLUDING THAT IN EUROPE. (THERE FOLLOWS AN OBSCURELY WORDED PASSAGE, WHICH WE WILL SEE TO CLARIFY WHEN THE RUSSIAN LANGUAGE TEXT IS AVAILABLE TO THE EFFECT THAT FBS WILL HAVE TO BE DISCUSSED AND THAT THE US SIDE KNOWS THIS WELL. FBS ARE DEFINED AS "BASES WHICH ARE ABUNDANT BOTH IN EUROPE AND OUTSIDE IT AND WHICH ARE SPEARHEADED MILITARILY AND STRATEGICALLY AGAINST THE SOVIET UNION").

2. IN RESPONSE TO A QUESTION "WHETHER SALT II TALKS COULD BE RESUMED AS A RESULT OF AMENDMENTS AND CHANGES IN THE SENATE", GROMYKO "REPLIED NEGATIVELY". HE THEN FORMULATED HIS ANSWER

/ IN

IN ENGLISH IN RESPONSE TO A REQUEST FROM THE ABC CORRESPONDENT
AND IS QUOTED AS FOLLOWS: "I TELL YOU FRANKLY IT IS IMPOSSIBLE
TO RESUME NEGOTIATIONS. IT WOULD BE THE END OF NEGOTIATIONS. NO
MATTER WHAT AMENDMENTS WOULD BE MADE, IT WOULD BE IMPOSSIBLE TO
REOPEN NEGOTIATIONS. IT WOULD BE A FANTASTIC SITUATION"
REUTERS ADDITIONALLY REPORT GROMYKO AS SAYING THAT IF SALT II
WERE NOT RATIFIED "THE SITUATION WILL BE COMPLICATED, BAD".
"THE BRIDGE LAID BY SALT II FOR A NEW SALT III TREATY WOULD HAVE
BEEN DESTROYED.

WADE-GERY

FCO/WHITEHALL DISTN.
DEF. D

ADDITIONAL DIST:
SALT

RESTRICTED

GRS 270

P S TO P M

2

RESTRICTED

FM MOSCOW 221422Z JUN 79

TO PRIORITY FCO

TELEGRAM NUMBER 385 OF 22JUNE

INFO WASHINGTON BONN PARIS UKDEL NATO AND UKDEL VIENNA

Prime Minister

Gen
27
h

SALT II

1. PRAVDA OF 22 JUNE CARRIED A STATEMENT BY THE POLITBURO, THE SUPREME SOVIET AND THE COUNCIL OF MINISTERS FORMALLY APPROVING THE RESULTS OF THE VIENNA SUMMIT AND EXPRESSING "DEEP SATISFACTION" WITH THE OUTCOME OF A MEETING WHICH IS SAID TO MAKE "AN IMPORTANT STEP FORWARD ON THE PATH OF IMPROVING SOVIET/AMERICAN RELATIONS AND THE WHOLE INTERNATIONAL POLITICAL CLIMATE".

out

2. THE KEY PARAGRAPH ON SALT II READS: "THE NEW TREATY IS BUILT ON THE PRINCIPLE OF EQUALITY AND EQUAL SECURITY AND IS A JUST BALANCE OF INTERESTS OF THE USSR AND THE USA. NO DEVIATIONS FROM IT CAN BE CONSIDERED ADMISSIBLE. THE SOVIET UNION IS READY COMPLETELY TO FULFIL THE OBLIGATIONS IT HAS TAKEN ON, AND PROCEEDS ON THE BASIS THAT THE OTHER SIDE APPROACHES THIS QUESTION IN THE SAME WAY. THIS WILL PERMIT THE COMMENCEMENT OF THE NEXT STAGE OF NEGOTIATIONS ON LIMITING STRATEGIC WEAPONS IN THE NEAREST FUTURE".

W

3. FOR THE REST, THE TONE IS GENERALLY UP-BEAT. IT IS NOTED THAT THE POSITIONS OF THE TWO SIDES ON KEY INTERNATIONAL QUESTIONS WERE SET OUT FRANKLY, INCLUDING ON PROBLEMS WHERE THE POSITIONS OF THE TWO SIDES DIVERGED. BUT THESE EXCHANGES ARE SAID TO HAVE BEEN USEFUL, AND THE STATEMENT DOES NOT SEEK TO SET OUT THE SOVIET POSITION ON THE QUESTIONS IN DISPUTE. LESS AUTHORITATIVE COMMENT HAS NOT BEEN SO RESTRAINED, AND WE ARE REPORTING BY BAG ARTICLES TAKING ISSUE WITH PASSAGES

/IN

RESTRICTED

RESTRICTED

IN PRESIDENT CARTER'S SPEECH AT THE SOVIET EMBASSY DINNER
ON 17 JUNE (WHICH WERE CARRIED IN PRAVDA AND IZVESTIA OF 18,
20, 21 AND 22 JUNE).

WADE-GERY

FILES
DEFD
ACDD
EASD
NAD
EESD
WED
PUSD
NEWSD
PS
PS/HP
PS/MR HURD
PS/MR BLAKER
R/PUS
SIR A DUFF
SIR A. PARSONS
MR BUNHARD
MR P.H. MOBERLY
MR FERJUSSON.

ADDITIONAL DISTN.
SART

2

RESTRICTED



Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

This is well above average treatment for a short stop-over.

22 June 1979

Dear Bryan,

BW
24/6

Stopover in Moscow enroute for Tokyo

I attach briefing material for the Prime Minister's use during the refuelling stop in Moscow on 26 June on the way to Tokyo. The Soviet welcoming party will be led by a Deputy Prime Minister, Mr Veniamin Dymshits, and will include a Deputy Foreign Minister, Mr ZEMSKOV, who was recently in London for political consultations, and Mr Borisov, a Deputy Minister of Finance. The Russians apparently intend to lay on a light meal at the airport and Mr Dymshits may well propose a toast to the Prime Minister and to Anglo/Soviet relations. If so I suggest that the Prime Minister's reply need only be brief and formal. There will be time for a short talk only. We do not expect the Russians to probe deeply about the Tokyo Summit and the briefs therefore cover only British/Soviet and East-West relations. They include profiles of Mr Dymshits and Mr Zemskov.

A draft is in preparation. BW 24/6

I am sending a copy of this letter with enclosures to Tony Battishill (Treasury) and Martin Vile (Cabinet Office).

Yours ever
G G H

(G G H Walden)

B G Cartledge Esq
10 Downing Street

cc Mr Cartledge
Mr Whitmore
Duty Clerk.
Mr James
Mr Wolfran

PRIME MINISTER'S STOP-OVER IN MOSCOW

BRITISH SOVIET-RELATIONS

POINTS TO MAKE

1. We want good, mutually advantageous relations. Look to Russians for a positive approach too.
2. Invitations to President Brezhnev, Mr Kosygin and Mr Gromyko have been renewed. We welcomed Mr Patolichev and Mr Zemskov to London recently. Soviet National Exhibition interesting.
3. British-Soviet trade should expand. British companies want more orders, eg for construction of two oil rig fabrication yards on Caspian Sea. Energy a promising area for co-operation. The British Offshore Exhibition and the British-Soviet Energy Symposium are important.

BACKGROUND (may be used freely)

1. The most recent Summit Meeting was between Sir Harold Wilson and President Brezhnev in Moscow in 1975. The most recent visit at Foreign Minister level was Dr Owen's to Moscow in October 1977.
2. The deterioration in East-West relations following the trials of Soviet human rights campaigners in 1978 was reflected in British-Soviet relations. Another irritant has been Soviet anger at British willingness to allow the sale of Harriers to China. Since the Election, the Soviet Minister of Foreign Trade, Mr Patolichev, has visited London to open the Soviet National Exhibition and called on the Prime Minister on 24 May. A Soviet Deputy Foreign Minister, Mr Zemskov, visited London for political consultations on 13-14 June and was received by Lord Carrington.
3. The overall value of trade between the UK and Soviet Union increased from £420 million in 1975 to over £1.1 billion in 1978. Our exports have increased in value from £97.4 million in 1973 to £423 million in 1978. Our main exports are machinery and chemicals. The main Soviet exports to us are oil, diamonds and timber, but we also take some manufactured products. The Soviet Union has long had a substantial surplus on visible trade but this is largely accounted for by products such as diamonds which are re-exported from the UK. There was an improvement in the balance in 1978, largely because our exports increased by £60 million. Nevertheless, the level of bilateral trade is still below that enjoyed by

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the FRG, Japan, US, France and Italy. Few major contracts have been placed with British companies during the past year. Several large projects are currently under discussion in particular one for the construction of two oil rig fabrication yards on the Caspian Sea by the International Offshore Consortium (Brown and Root, Wimpey and BP). In support of our export efforts, a British Offshore Exhibition will be held in Moscow in July and a British-Soviet Energy Symposium in Moscow in September.

PRIME MINISTER'S STOP-OVER IN MOSCOW

EAST-WEST RELATIONS

POINTS TO MAKE

UK POLICY

1. Want greater stability in East-West relations. Must be two-way process. Deeds not words.

VIENNA SUMMIT AND US-SOVIET RELATIONS

2. Glad Summit seems to have been successful. Hope it will lead to further improvement in East-West relations. Support ratification of SALT II.

THIRD WORLD

3. Detente must be comprehensive as well as reciprocal, "indivisible" and not selective in geographical terms. Interference in developing countries is potentially destabilising. Concern about Cuban activities in Africa.

CHINA

4. Development of Western relations with China legitimate: not directed against Soviet Union. Soviet Union cannot expect to determine our relations with China but we shall do nothing to upset strategic balance. What are the prospects for your proposed talks with Chinese?

ESSENTIAL FACTS (not for use)

US-SOVIET RELATIONS

1. Competitive nature of East-West relations has been re-emphasised by:

- (a) difficulties over human rights;
- (b) Soviet military build-up;
- (c) Soviet interference in the Third World.

Signature of SALT II and successful Carter/Brezhnev Summit all positive developments which might benefit other arms control negotiations. But US ratification of SALT II not assured. Alliance's approach to TNF modernisation and SALT III also important. 1980 (US Presidential and FRG elections, Moscow Olympics, CSCE meeting in Madrid) will focus public attention on Soviet performance, especially on human rights.

2. Russians recognise need to help secure ratification of SALT II. Attempting to cultivate members of the US Senate; and adopting a more liberal policy on Jewish emigration. Recently exchanged five dissidents for two Soviet spies imprisoned in US.

THIRD WORLD

3. Russians say detente not a recipe for survival of "anti-popular regimes" in the Third World and claim right to continue interfering. In practice now more aware of the effect of this on the Western perception of detente. Desire for SALT ratification may bring temporary restraint.

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4. Russians heavily embroiled in Afghanistan. Situation continues to deteriorate and Russians in a quandary; unlikely to intervene directly but may need to commit further personnel to prop up regime. Due to Cuban involvement Ethiopian regime has had successes against Eritreans; Soviet-Cuban hold very strong.

CHINA

5. Russians obsessed with China. It cannot present a military threat to them for many years but they want to hamper its efforts to acquire Western technology and military equipment. Russians want to avoid simultaneous confrontation with the West and China, hence sensitive about any improvement in Western relations with China. Low-key Soviet reaction to the Chinese invasion of Vietnam partly reflected their uncertainties over how to handle the situation. The proposals for Sino-Soviet talks in July or August may show that both sides recognise the need to prevent a further deterioration in their relationship: but reconciliation is most unlikely.

Eastern European and Soviet Department
Foreign and Commonwealth Office
June 1979

SOVIET UNION: BASIC STATISTICS

1. Area and Population

(i)	Land Area	22,402,200 km ²
(ii)	Population	(a) 260,000,000 (1.1.78)
		(b) Average annual growth rate 1% (1976-77)

2. Economic

GNP (Western estimates)	(a)	Total \$921.7 billion (1976)
	(b)	Average annual growth rate 3.9% (1970-76)
	(c)	Per capita \$3575.3

(ii) Exchange Rate

	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
£1 = USSR Rouble	2.06	1.77	1.74	1.59	1.37	1.28
\$1 = USSR Rouble	.823	.7435	.7565	.7219	.754	.7362

(iii) Balance of Payments figures are not available.

Balance of Trade (US \$ billion)

	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
Exports	15.4	21.3	27.5	33.2	37.1	45.2
Imports	16.2	20.8	24.9	37.0	38.2	40.9
	-0.8	+0.5	+2.6	-3.8	-1.1	+4.3

(iv) Debt service ratio	<u>1975</u>	<u>1976</u>	<u>1977</u>
	22-23%	23%	28%

(v) Trade

(a) Main exports (1976)	Oil and oil products	32.0%
	Minerals and metals	13.2%
	Machinery and equipment	19.4%

(b) Main export markets (%)	<u>1971</u>	<u>1976</u>
Other CMEA countries	53.8	53.3
UK	3.3	2.9

	<u>1971</u>	<u>1976</u>
Japan	3.0	2.7
Finland	2.6	3.5
FRG	2.0	3.8

(c) Major imports (1976)

Machinery and equipment	40.0%
Foodstuffs	19.3%
Consumer Goods	19.1%

(d) Major sources of imports (%)

	<u>1971</u>	<u>1976</u>
Other CMEA countries	58.8	48.3
FRG	3.7	6.8
Japan	3.2	4.8
France	2.5	3.2
Italy	2.3	2.5
Finland	2.2	3.4
UK	1.8	1.4
USA	1.2	7.0

CONFIDENTIAL

DYMSHITS, Veniamin Emmanuilovich

Deputy Chairman, Council of Ministers USSR 1962; Member, CC CPSU 1961.

Born 1910 in Crimea; Jewish.

- 1931-1950 worked on construction of various metallurgical factories: Kuznetsk, "Azovstal", Krivorog, Magnitogorsk, Zaporozhe; was Head of Zaporozhstroi.
- 1937 joined Party.
- 1945 graduated (by correspondence) from Bauman Higher Technical Institute (Moscow).
- 1950-1953 Head, Chief Administration for Construction of Lead Industry Enterprises, and Deputy Minister of Construction of Heavy Industry Enterprises.
- 1954-1957 Deputy Minister of Construction of Metallurgical and Chemical Industry Enterprises.
- 1957-1959 Chief Engineer on construction of Bhilai metallurgical works in India.
- 1959-1962 Head of Department of Capital Construction of Gosplan, Minister of USSR, First Deputy Chairman of Gosplan USSR.
- 1961- Member, CC CPSU.
- 1962- Deputy Chairman of Council of Ministers USSR. 1962: simultaneously Chairman of Gosplan USSR until November 1962 when he became Chairman of USSR Council of National Economy, which was abolished in 1965.
- 1962- Deputy to Supreme Soviet USSR.
- 1965-1976 Chairman, State Committee of Council of Ministers USSR for Material-Technical Supplies (Gossnab).

Dymshits was released from his Gossnab post in June 1976 but retained his post as Deputy Chairman of the Council of Ministers. The announcement of this change said that he was to work "directly" within the Council of Ministers. It is not yet clear what his precise responsibilities are to be, but they appear to include energy in its various forms - oil and gas, and the power and electrification industry.

He has six Orders of Lenin, and two State Prizes. He has been described as likeable and good-humoured, and has a pronounced Jewish accent. He is the most senior Jew in public office, and his name is frequently cited in Soviet propaganda to refute allegations of discrimination against Jews.

July 1977

ZEMSKOV Igor Nikolaevich

Born Leningrad 1921. Army for a short time during the war, attaining rank of Major. Later in Berlin as adviser to V S Semenov and Marshal Sokolovsky in the Soviet Military Administration for Germany. Joined Ministry of Foreign Affairs 1946, subsequently Assistant to the Head of Archives Department 1947-1953, later Deputy Head in 1953 and Head in 1957. Adviser to Soviet delegation at Foreign Ministers Conference Geneva May 1959. June 1967 Secretary-General of the Soviet Delegation at the Emergency Special Session of the UN General Assembly after the Arab-Israeli war.

1968 Zemskov Secretary-General of the MFA. 1973 Deputy Minister of Foreign Affairs, with responsibility inter alia for UK and Northern Europe. Accompanied Brezhnev to Helsinki in 1975 for the signing of the Final Act; came to London with Gromyko March 1976.

Zemskov has a reputation for stubbornness and bluntness. He speaks German and Italian but only slight English.

END

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Archives (TNA) in London

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