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DRAFT TELEGRAM TO FCO

CONFIDENTIAL

IMMEDIATE

REPEATED FOR INFORMATION TO MOSCOW

Following for Private Secretary from Carlsberg (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. Zomskov (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~~ ^{ese} ~~the~~. 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.

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