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FM SAN FRANCISCO 040453Z MAR 83

PS TO PM 10 DOWNING ST.

TO IMMEDIATE FCO

TELEGRAM NUMBER 9 OF 4 MARCH

INFO IMMEDIATE WASHINGTON

MF

FOLLOWING FROM PRIVATE SECRETARY

SECRETARY OF STATE'S MEETING WITH SHULTZ AT PAOLO ALTO ON
3 MARCH: INF

1. SHULTZ OPENED BY SAYING THAT THE CONSULTATIONS DURING BUSH'S TOUR HAD BEEN USEFUL. THE PRESIDENT'S SPEECH ON 22 FEBRUARY HAD BEEN DESIGNED TO REFLECT THE RESULTS AND SEEMED TO HAVE HIT THE RIGHT NOTE. BUT WE NEEDED TO KEEP THINKING ONCE THE GERMAN ELECTIONS WERE OVER.

2. THE SECRETARY OF STATE AGREED WITH THE ASSESSMENT OF PRESIDENT REAGAN'S SPEECH AND THE BUSH VISIT. WE WERE ON TOP OF THE ARGUMENT AT THE MOMENT, BUT WE HAD TO MAKE SURE WE STAYED THERE. THE BREAK IN THE GENEVA TALKS AT THE END OF MARCH WOULD BE CRUCIAL. WE NEEDED BEFORE THEN A PUBLICLY CONVINCING EXPLANATION OF WHAT WAS WRONG WITH THE SOVIET PROPOSALS AND OF WHAT WE WERE PREPARED TO DO. NITZE'S VISIT HAD BEEN VERY USEFUL AND THE SECRETARY OF STATE RECOGNISED THE FORCE OF HIS ARGUMENTS FROM THE POINT OF VIEW OF THE NEGOTIATOR. WE AGREED THAT HE SHOULD EXPLORE FULLY THE CHANCES FOR AN AGREEMENT BUT THOUGHT ALSO THAT THERE SHOULD BE A SPECIFIC US PROPOSAL BEFORE THE END OF THE SESSION. IF FOR REASONS OF NEGOTIATING TACTIS IT WAS THOUGHT RISKY TO PUT NUMBERS ON THE TABLE TOO SOON, THE PROPOSAL MIGHT HAVE TO BE DESIGNED WITHOUT THEM (WITH PROPER EMPHASIS ON EQUALITY BETWEEN THE US AND THE SOVIET UNION AND THE EXCLUSION OF BRITISH AND FRENCH SYSTEMS).

3. IN SUBSEQUENT DISCUSSION SHULTZ, AND MORE PARTICULARLY BURT MADE IT CLEAR THAT THEY FOUND IT DIFFICULT TO ENVISAGE A PROPOSAL GOING USEFULLY BEYOND REAGAN'S SPEECH OF 22 FEBRUARY, AND YET NOT QUOTING FIGURES. MR PYM EMPHASISED THAT HE WOULD REGARD A PROPOSAL INCLUDING FIGURES AS MUCH THE EASIEST TO PRESENT PUBLICLY: UNLESS THERE WERE STRONG TACTICAL OBJECTIONS, THERE WAS NO POINT IN THINKING OF ALTERNATIVES. SHULTZ CONCLUDED BY SAYING THAT IF THE PRESIDENT DECIDED TO MAKE A MOVE THE INCLUSION OF FIGURES WOULD BE HELPFUL IN DECIDING DISTRIBUTION IN THE ALLIANCE. THREE HUNDRED WAS GOOD FROM THAT POINT OF VIEW AND IT WAS ESSENTIAL THAT PERSHING SHOULD BE IN THE PICTURE. IN HIS VIEW, THE MAIN SOVIET OBJECTIVE DURING THE WALK IN THE WOODS HAD BEEN TO EXCLUDE PERSHING AND THUS DELAY INF DEPLOYMENT IN GERMANY UNTIL 1985, WHICH HE ASSUMSD WOULD CAUSE DIFFICULTIES BOTH FOR US AND FOR THE ITALIANS. MR PYM AGREED.

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/ 4. SHULTZ

TO DIRECTOR OF THE SECRETARY

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4. SHULTZ EMPHASISED TWO OTHER POINTS:

(i) THE AMERICANS COULD NOT POSSIBLY ABANDON THEIR INSISTENCE ON A GLOBAL DEAL. IF PUBLIC OPINION DID NOT UNDERSTAND WHAT WAS WRONG WITH ANDROPOV'S PROPOSALS, THEY SHOULD ASK THE JAPANESE AND THE CHINESE.

(ii) HE ASKED FOR AND RECEIVED MR PYM'S CONFIRMATION THAT WE SHOULD STICK TO ZERO AS OUR OBJECTIVE.

MR PYM SAID THAT THE SECOND HALF OF MARCH MIGHT BE THE BEST TIME FOR A WESTERN PROPOSAL.

5. FINALLY, SHULTZ SAID THAT THE QUESTION OF THE TIMING OF DEPLOYMENT IN THE UK SEEMED TO BE ON THE WAY TO RESOLUTION: THE AIR FORCE WOULD PROBABLY CONCLUDE THAT THEY COULD DELIVER LATER THAN FIRST ENVISAGED AND STILL MAKE THE EQUIPMENT OPERATIONAL IN TIME. MR PYM SAID THAT WE SHOULD WAIT UNTIL NOVEMBER FOR THE MAJOR ITEMS. MEANWHILE WE WOULD CONCENTRATE ON PRESSING HOME TWO POINTS: FIRST, THAT WE WERE TRYING SERIOUSLY TO GET AGREEMENT AND, SECONDLY, THAT THE ESSENTIAL COROLLARY OF A WESTERN PROPOSAL LESS RADICAL THAN ZERO WAS THAT DEPLOYMENT (NEXT WORD UNDERLINED) WOULD TAKE PLACE.

FCO PASS WASHINGTON

BEAVEN

[REPEATED AS REQUESTED]

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