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TELNO 2499

OF 012300Z OCTOBER 86

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OUR TELNO 2487: US/SOVIET RELATIONS

SUMMARY

1. INITIAL PRESS VERDICT ON LATEST DEVELOPMENTS REASONABLY POSITIVE, WITH SPOTLIGHT SHIFTING FROM DANILOFF TO REYKJAVIK. ADMINISTRATION STILL HOPING FOR A SUBSTANTIVE SUMMIT BEFORE THE NEW YEAR.

DETAIL

2. THE DANILOFF DEAL COMES IN FOR SOME PREDICTABLE CRITICISM IN THE US 1 OCTOBER PRESS. MAIN COMPLAINTS ARE THAT (A) FOR ALL THE WINDOW-DRESSING, THE ADMINISTRATION ACCEPTED THE EXCHANGE OF A SPY FOR AN INNOCENT US JOURNALIST AND (A) THEY GOT LESS IN RETURN THAN DID PREVIOUS ADMINISTRATIONS (EG CARTER IN 1979 GOT OUT FIVE DISSIDENTS AS PART OF A DEAL INVOLVING RELEASE OF A US BUSINESSMAN). BUT UNLIKE THE UPROAR WHICH GREETED THE INITIAL RELEASE OF DANILOFF AND ZACHAROV TO THEIR AMBASSADORS, THE LATEST SNIPING IS CONFINED LARGELY TO THE RIGHT. THE NEW YORK TIMES LEADER THIS MORNING SUMS UP THE MORE WIDESPREAD VIEW HERE: QUOTE THE CIRCUMSTANCES OF THE RELEASE MEET - JUST BARELY - AMERICA'S CONDITION THAT DANILOFF NOT BE TAINTED IN A STRAIGHT SWAP UNQUOTE.

3. IN ANY CASE THE REYKJAVIK MEETING IS ALREADY REPLACING THE DANILOFF AFFAIR AS THE MAIN FOCUS OF MEDIA ATTENTION. THE ANNOUNCEMENT HAS BEEN GENERALLY WELL RECEIVED BY BOTH SIDES ON THE HILL, WHERE, AS EXPECTED, THE ADMINISTRATION ARE USING IT IN ARGUING AGAINST THE HOUSE AMENDMENTS TO THE DEFENCE APPROPRIATIONS BILL (OUR TUR, PARA 3), AND, LESS CONVINCINGLY, SENATE PLANS TO OVER-RIDE THE VETO OF THE SOUTH AFRICA SANCTIONS BILL (OUR TELNO 2494).

4. BUT THE REYKJAVIK MEETING HAS NOT BEEN UNIVERSALLY WELCOMED. ONE SCHOOL (EG KISSINGER AND SCOWCROFT) ARGUE THAT IN AGREEING TO MEET GORBACHEV THREE WEEKS BEFORE CONGRESSIONAL ELECTIONS, THE PRESIDENT HAS PUT HIMSELF IN A POSITION WHERE HE CANNOT AFFORD FAILURE, AND HAS THEREBY WEAKENED HIS BARGAINING POSITION ON ARMS CONTROL ISSUES. OTHERS, ON THE DEMOCRAT SIDE, SEE A HINT OF IMPROPRIETY IN HOLDING SUCH AN EVENT DURING AN ELECTION CAMPAIGN: THIS LINE OF CRITICISM MAY STRENGTHEN IF REPUBLICAN NATIONAL COMMITTEE SPOKESMEN CONTINUE TO CLAIM THAT REYKJAVIK WILL PLAY WELL ON 4 NOVEMBER. FROM THE RIGHT, ANNOYANCE AT THE SMALL

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PRINT OF THE DANILOFF/ZACHAROV DEAL IS COUPLED WITH CONCERN ABOUT SUMMITRY, AND THE POSSIBLE EFFECT ON SOVIET ATTITUDES: KEMP'S VERDICT IS THAT THE DEAL IS QUOTE A TERRIBLE PRECEDENT THE SOVIETS WON THIS ROUND AND THAT'S THE WRONG KIND OF ENVIRONMENT UNQUOTE FOR A SUMMIT.

3. BUT ON BALANCE REACTIONS HAVE BEEN AS POSITIVE AS THE ADMINISTRATION COULD HAVE EXPECTED. AND THE PRESS HAVE NOTED THE FAVOURABLE WESTERN EUROPEAN RESPONSES TO THE ANNOUNCEMENT ABOUT REYKJAVIK.

5. ADMINISTRATION BRIEFERS ARE CONTINUING TO STRESS THE PREPARATORY NATURE OF THE EXERCISE: NOT A SUMMIT BUT A PRE-SUMMIT. AND MATLOCK IN NSC AND RIDWAY IN STATE HAVE BRIEFED THEIR TEAMS THAT A LATE NOVEMBER/EARLY DECEMBER SUBSTANTIVE SUMMIT REMAINS THE AIM, AND ONE THAT THEY BOTH EXPECT WILL BE ACHIEVED.

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