

SECRET

DEDIP

FM WASHINGTON

TO DESKBY 130800Z F C O

TELNO 2617

OF 130250Z OCTOBER 86

AND TO DESKBY 130700Z UKDEL NATO

INFO DESKBY 130400Z PEKING

PEKING FOR PRIVATE SECRETARY TO SECRETARY OF STATE

MY TELNOS 2613/6 : REYKJAVIK SUMMIT

1. BEFORE TOMORROW'S NAC DISCUSSION WITH SHULTZ MR RENTON MIGHT WELCOME SOME PRELIMINARY ANALYSIS OF THESE TEXTS. THE FOLLOWING IS ONLY AN IN-HOUSE ASSESSMENT, FOR THE PRESIDENT'S PARTY ARE NOW EN ROUTE HOME: ADMINISTRATION OFFICIALS ARE OFFERING NO COMMENT WHATSOEVER, PUBLIC OR PRIVATE: AND ALL CONCERNED ARE LIKELY TO REMAIN TIGHTLIPPED UNTIL AFTER THE PRESIDENT'S TELEVISED ADDRESS TO THE NATION, AT 140001Z.

2. BUT SOME CONCLUSIONS SEEM INESCAPABLE, VIZ :-

A) THE FINAL OUTCOME OF THE WEEKEND'S EVENTS IS A SET-BACK FOR THE PRESIDENT, IF ONLY BECAUSE THERE IS NOW NO IMMEDIATE PROSPECT OF THE SUBSTANTIVE SUMMIT HERE ON WHICH HE HAD SET SUCH STORE.

B) THE RUSSIANS CHOSE TO PRESS HARDEST IN THE AREA IN WHICH HE WAS KNOWN TO BE LEAST WILLING TO GIVE GROUND, I.E. TIGHTER SDI CONSTRAINTS.

C) THE PRESIDENT OFFERED TO EXTEND THE ABM TREATY FOR 10 YEARS (CF HIS JULY OFFER OF SEVEN AND A HALF, AND THE GORBACHEV SEPTEMBER COUNTER-PROPOSAL OF QUOTE UP TO 15 UNQUOTE YEARS), BUT HE COULD NOT SWALLOW SOVIET INSISTENCE ON ACCEPTANCE OF THEIR SUPER-RESTRICTIVE INTERPRETATION OF PERMISSIBLE SDI TESTING.

D) AN OUTLINE INF FRAMEWORK AGREEMENT, OR HEADS OF AGREEMENT, WAS OBTAINABLE: BUT GORBACHEV MADE IT CONDITIONAL ON US CONCESSIONS ON SDI CONSTRAINTS, A LINKAGE THAT WAS ORIGINALLY PART OF THEIR GENEVA NST POSITION, BUT HAD BEEN DROPPED LONG SINCE.

E) IN AN (APPARENTLY FAIRLY FULL) DISCUSSION OF START NUMBERS - WITH THE SOVIET SIDE REVERTING TO THE POSSIBILITY OF 50 PERCENT REDUCTIONS (CF THE PRESIDENT'S JULY OFFER OF 30 PERCENT) - THE PRESIDENT'S DREAM OF A NUCLEAR-FREE WORLD SURFACED IN THE FORM OF A US PROPOSAL FOR 100 PERCENT REDUCTIONS, WITHIN 10 YEARS, IN SOME STRATEGIC SYSTEMS (QUERY OR ALL SUCH SYSTEMS: SEE SHULTZ'S REMARKS IN MY TELNO 2615), POSSIBLY EXTENDING ALSO TO INF/SRNF (SEE REGAN'S REMARKS, IN MY TELNO 2616). GORBACHEV - PERHAPS FORTUNATELY - LINKED ACCEPTANCE EVEN OF THIS TO THE SDI CONSTRAINTS WHICH THE PRESIDENT WOULD NOT BUY.

F) THE GENEVA PROCESS IS AS A RESULT LIKELY TO BE SERIOUSLY STALLED.

3. ALL THIS GIVES GROUND FOR SERIOUS CONCERN, WHICH WILL NO DOUBT EMERGE IN THE NAC DISCUSSION. IT LOOKS, AT FIRST SIGHT, AS IF GORBACHEV CHOSE TO PLAY FOR A BREAK-DOWN ON THE GROUND WHICH IS MOST LIKELY TO BE DISRUPTIVE OF NATO. GIVEN EUROPEAN DOUBTS ABOUT SDI, THERE MAY BE CONSIDERABLE MILEAGE IN A SOVIET PROPAGANDA OFFENSIVE ON THE THEME THAT DEALS CAN BE STRUCK ACROSS THE BOARD IF ONLY THE PRESIDENT WOULD DROP HIS DESTABILIZING SDI PROGRAMME. AND THE APPARENT TRANSLATION OF THE IDEAL OF AN EVENTUAL NUCLEAR-FREE WORLD INTO A CONCRETE MEDIUM-TERM OFFER, WITH NO ADVANCE ALLIANCE CONSULTATION, IS BOUND TO CAUSE CONSIDERABLE DISQUIET.

4. A POSSIBLE THEME FOR MR RENTON IN THE NAC DISCUSSION MIGHT THEREFORE BE THAT:-

- A) THE SOVIET AIM CLEARLY IS TO SOW DISSENSION IN THE ALLIANCE. THEY MUST NOT BE ALLOWED TO SUCCEED.
- B) IF AN ACCEPTABLE INF DEAL (QUERY AND PROGRESS ON NUCLEAR TEST VERIFICATION) IS OBTAINABLE, IT WOULD BE QUITE WRONG FOR THE RUSSIANS TO RECREATE THE ILLOGICAL LINK TO SPACE-DEFENCE ISSUES WHICH THEY HAD PREVIOUSLY DROPPED.
- C) IF THE RUSSIANS NOW WALK AWAY FROM THE GENEVA NEGOTIATING TABLE, OR REFUSE TO DO SERIOUS BUSINESS THERE, THAT WOULD BE VERY REGRETTABLE. BUT THEY WOULD HAVE NO-ONE BUT THEMSELVES TO BLAME. THE ALLIANCE WANTS TO DO BUSINESS.

5. A PARTICULARLY WORRYING ASPECT OF THE BREAKDOWN IN REYKJAVIK IS THAT THERE MUST NOW BE A STRONG CHANCE OF THE PRESIDENT PAINTING HIMSELF FURTHER INTO THE SDI CORNER. HIS KEFLAVIK STATEMENT, AND THE SHULTZ AND REGAN REMARKS, SHOW THAT THIS PROCESS HAS ALREADY STARTED: IN ORDER TO EXPLAIN FAILURE TO AGREE ON ANYTHING, HE HAS TO PLAY UP SDI, AND HOW DAMAGING REAL CONSTRAINTS WOULD BE. THE PROCESS IS LIKELY TO BE TAKEN QUITE A LOT FURTHER IN HIS TELEVISED ADDRESS ON 13 OCTOBER. MR RENTON MIGHT WISH TO CONSIDER WARNING SHULTZ, IN PLENARY SESSION OR IN THE CORRIDORS, THAT PROBLEMS OF ALLIANCE MANAGEMENT WILL NOT BE DIMINISHED BY OVERSELLING SDI, AND SUGGESTING THAT THE BEST PRESIDENTIAL PRESENTATION MIGHT BE ALONG THE LINES OF PARA 4 ABOVE.

6. WE OBVIOUSLY NEED AN EARLY AND AUTHORITATIVE US EXPLANATION OF THE NUCLEAR-FREE WORLD PROPOSAL (PARA 2E ABOVE). IF SHULTZ DOES NOT PROVIDE ONE TO THE NAC, WE SHALL CHASE HERE.

7. ADVANCE COPIES TO PS/PUS, GOODALL, PAKENHAM AND POWELL (NO 10).

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