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TO DESKBY 220830Z FCO

TELNO 2415

OF 211925Z SEPTEMBER 86

AND TO DESKBY 212200Z UKMIS NEW YORK

INFO PRIORITY MOSCOW, UKDEL NATO, MODUK

UKMIS NEW YORK FOR SECRETARY OF STATE'S PARTY  
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OUR TELNO 2411: US/SOVIET RELATIONS.

SUMMARY.

1. LENGTHY SHULTZ/SHEVARDNADZE DISCUSSIONS, OVER-SHADOWED BY HAND POUNDING, AND NO PROGRESS, ON DANILOFF. BUT SOME OPTIMISM ON POTENTIAL SUMMIT ISSUES, PARTICULARLY INF. FURTHER GORBACHEV MESSAGE DELIVERED.

DETAIL.

2. SHULTZ AND SHEVARDNADZE HAD 14 HOURS OF TALKS ON 19/20 SEPTEMBER. SHEVARDNADZE ALSO SAW THE PRESIDENT ON 19 SEPTEMBER, AND HANDED OVER GORBACHEV'S REPLY, LARGELY ON ARMS CONTROL, TO THE PRESIDENT'S JULY MESSAGE. SEPARATE PRESS CONFERENCES WERE HELD LATE ON 20 SEPTEMBER: TEXT OF SHULTZ'S OPENING REMARKS IN NIFT, SHEVARDNADZE'S FOLLOW BY FAX TO FCO AND UKMIS.

3. ADMINISTRATION CONTACTS ARE RELUCTANT TO COMMENT SUBSTANTIVELY TODAY, WHILE THE WHITE HOUSE/NSC DECIDE HOW THE PRESIDENT SHOULD PRESENT THE TALKS AT HIS BRIEFING OF ALLIED FOREIGN MINISTERS IN NEW YORK ON 22 SEPTEMBER. (AND THE TEXT OF GORBACHEV'S MESSAGE IS SO FAR BEING KEPT VERY CLOSE E.G. NO-ONE IN DOD HAS YET SEEN IT.) THE FOLLOWING FIRST IMPRESSIONS WILL THEREFORE REQUIRE REVIEW OVER THE NEXT WEEK.

4. WHAT IS CLEAR, FROM ALL OUR CONTACTS AND FROM OFFICIAL ADMINISTRATION BRIEFING, IS THAT THE TALKS, WHILE NOT LIMITED TO THE DANILOFF CASE (AS THE RIGHT HERE HAD DEMANDED), WERE OVERSHADOWED BY IT. IT TOOK UP ALL OF SHULTZ'S FIRST, TETE-A-TETE, SESSION WITH SHEVARDNADZE, AND WAS THE ONLY SUBJECT DISCUSSED WITH THE PRESIDENT. THE ADMINISTRATION PUBLIC LINE- REPEATED BY SHULTZ ON TELEVISION TODAY- IS THAT, THOUGH LITTLE PROGRESS WAS MADE, THE RUSSIONS MUST NOW BE IN DO DOUBT OF THE STRENGTH OF FELLING HERE, OR THAT SUMMIT PROSPECTS WILL REMAIN CLOUDED WHILE DANILOFF REMAINS IN MOSCOW. STATE CONFIRM PRIVATELY THAT SHULTZ HANDED OVER A LIST OF POTENTIAL SOVIET EMIGRES (TUR), BUT SAY THAT SHEVARDNADZE CLEARLY HAD NO AUTHORITY TO NEGOTIATE. SHULTZ WAS THEREFORE INTERESTED THAT SHEVARDNADZE SUGGESTED A FURTHER MEETING IN NEW YORK THIS WEEK, AND SAID AT HIS PRESS CONFERENCE THAT THERE WOULD BE SUCH A MEETING: SHULTZ HAD TOLD HIM THAT A MEETING WOULD BE POSSIBLE ONLY IF SHEVARDNADZE HAD SOMETHING NEW TO SAY ON DANILOFF.

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5. ARMS CONTROL, AND PARTICULARLY THE NST, ISSUES APPEAR TO HAVE BEEN THE SECOND MAIN SUBJECT, WITH KARPOV PLAYING A KEY ROLE IN THE SOVIET TEAM. WE HAVE NOT YET PICKED UP ANY EVIDENCE OF A SOVIET MOVE IN THE TALKS ON SPACE/DEFENCE OR START ISSUES (THOUGH THERE IS SOME SPECULATION HERE THAT THE GORBACHEV LETTER MAY HAVE IMPLIED WILLINGNESS TO REDUCE THE SOVIET DEMAND FOR THE EXTENSION OF THE ABM TREATY'S WITHDRAWAL PERIOD TO LESS THAN 15 YEARS.) BUT ON INF BOTH SIDES SEEM TO HAVE NOTED THAT SOME CONVERGENCE WAS TAKING PLACE, E.G. IN THE NITZE/KARPOV SESSION ON 5/6 SEPTEMBER. THE RUSSIANS RE-STATE THEIR PROPOSAL FOR REDUCTIONS OF LRINF WARHEADS IN EUROPE TO 100 ON EACH SIDE, THOUGH STRESSING THAT SUCH AN AGREEMENT SHOULD BE OF SHORT DURATION: THEY NOTED, BUT DID NOT ACCEPT (OR, WE UNDERSTAND, DEFINITELY REJECT), THE US COUNTERPROPOSAL FOR ADDITIONAL CONCURRENT LIMITS, ALSO OF 100, ON SOVIET WARHEADS IN ASIA AND US WARHEADS IN THE CONTINENTAL US, INCLUDING ALASKA. (THE COUNTER-PROPOSAL HAS, INCIDENTALLY, NOW LEAKED TO THE NEW YORK TIMES.) WE ARE TOLD THAT IT WAS AGAIN APPARENT THAT THE RUSSIANS WERE NO LONGER RAISING THE ISSUE OF BRITISH AND FRENCH FORCES IN THE CONTEXT OF AN INF AGREEMENT (OF SHORT DURATION): BUT WHETHER THEY SAID SO EXPLICITLY IS NOT YET CLEAR TO US (AT HIS PRESS CONFERENCE SHEVARDNADZE SAID ONLY THAT THE QUOTE MODERNISATION UNQUOTE OF BRITISH AND FRENCH FORCES NEED NOT BE TAKEN INTO ACCOUNT IN A US/SOVIET INF AGREEMENT.)

6. THE TALKS ALSO COVERED NON-NST ARMS CONTROL ISSUES, INCLUDING SOVIET TEST-BAN DEMANDS, LAST MINUTE STOCKHOLM CDE PROBLEMS, CW, AND NON-PROLIFERATION. BOTH SIDES/NOTED GOOD PROGRESS ON RISK REDUCTION CENTRES, AND ON CW NON-PROLIFERATION. ACCORDING TO AN (UNHAPPY) OSD SOURCE, THE RUSSIANS GAVE A QUOTE RINGING ENDORSEMENT UNQUOTE OF THE UK IDEAS FOR CHALLENGE INSPECTION VERIFICATION OF A GLOBAL CW BAN AND ARGUED THAT THEY PROVIDED THE BASIS FOR A DEAL. (WE HAVE OF COURSE BRIEFED ON NAZARKINS TALKS IN LONDON: YOUR TEL NO 1629.)

7. ON OTHER POINTS:-

(A) SUMMIT DATES WERE NOT DISCUSSED. SHULTZ SAID AT HIS PRESS CONFERENCE THAT "IT IS DIFFICULT TO THINK OF A FRUITFUL SUMMIT" UNLESS THE DANILOFF CASE IS RESOLVED. SHEVARDNADZE'S PUBLIC LINE HAS OF COURSE BEEN THAT THE WORLD NEEDS A PRODUCTIVE SUMMIT, THAT THE US AND SOVIET PEOPLES WANT IT, AND THAT THE ONUS IS ON THE US ADMINISTRATION TO ENSURE THAT IT HAPPENS, AND IS PRODUCTIVE. BUT SHEVARDNADZE HAS ALSO IMPLIED (LIKE TASS, BUT APPARENTLY UNLIKE PRAVDA) THAT HIS TALKS WENT REASONABLY WELL.

(B) UN EXPULSIONS. SHEVANDNADZE TOOK A VERY HARD LINE: QUOTE WE WILL RESPOND, OF COURSE UNQUOTE. SHULTZ COMMENTED QUOTE THE PRESIDENTS POWDER IS DRY UNQUOTE.

(C) REGIONAL ISSUES. WIDE RANGING DISCUSSION, BUT APPARENTLY NO SIGNS OF SIGNIFICANT SOVIET MOVEMENT.

(D) HUMAN RIGHTS. SHULTZ PRESSED HARD ON JEWISH EMIGRATION: NO SHEVARDNADZE EXPULSION.

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8. COMMENT.

THE ADMINISTRATION WERE DETERMINED TO DEMONSTRATE, TO THE US DOMESTIC AUDIENCE, THAT THERE CANNOT BE BUSINESS AS USUAL WHILE DANILOFF IS UNDER THREAT. BUT THEY HAVE IN FACT RUN THROUGH THE FULL AGENDA THIS WEEK-END. BUT FOR THE DANILOFF CASE, PROSPECTS FOR A LATE AUTUMN SUMMIT (?WITH AN INF AGREEMENT, AND QUOTE ACHIEVEMENTS UNQUOTE ON RISK REDUCTION CENTRES AND CW NON-PROLIFERATION) WOULD LOOK QUITE GOOD. BUT DANILOFF REMAINS A MAJOR ROADBLOCK, AS THE SCENE SWITCHES TO NEW YORK.

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