

PRIME MINISTER

MS
cc: Mr. Ingham

MEETING WITH MR. GORBACHEV

You are to meet Mr. Gorbachev in Moscow on 23 September. We do not yet have details of the arrangements. But the Soviet Foreign Ministry are assuming a morning meeting followed by lunch, with participation limited to you and Mr. Gorbachev and note-takers.

The meeting will come at the end of what is likely to be a very difficult and possibly crucial week for Mr. Gorbachev. The Central Committee plenum on the nationalities issue will have just been held. It may well also deal with economic problems, and include major personnel changes (although probably not a final shoot-out between Mr. Gorbachev and his hard-line tormentors, Messrs. Ligachev and Chebrikov). On top of this, the economy is in deep trouble: recession, inflation and shortages, with the possibility of rationing having to be introduced. One can also assume some degree of discontent in the armed forces. In short, he is up against it in a big way.

There is also a specific problem which concerns you. Gorbachev is said to harbour resentment that you did not raise the question of KGB activities with him when you met in the spring, but bounced him with the expulsions in May. He may have interpreted it as a deliberate put-down, causing him loss of face and political embarrassment. You could find him quite sharp, at least on this point. This may seem ridiculous: but for those brought up in the Soviet system, conspiracy is always the most likely reason for anything.

All this points to giving him the strongest possible statement of your continuing support for perestroika and reform despite all the difficulties. You will certainly not want to be apologetic about the expulsions which were entirely justified. But you can also point to your efforts to minimise the implications for other aspects of our relations. It is not Mr. Gorbachev's policies to which we object: it's to KGB activities which run directly counter

to them.

There are five broad areas which you want to discuss, in order of priority. You will recall that President Bush said that he would like you to give Mr. Gorbachev a message. I have discussed this with General Scowcroft who will let us have something in Tokyo.

(i) Soviet internal developments

You will want to encourage Mr. Gorbachev to let his hair down - figuratively! - about recent developments and prospects: the Soviet economy, the nationalities, the military, the role of the Supreme Soviet, what is happening in Eastern Europe. But before he even starts, I think you should get in with a strong reaffirmation of support for him and his policies. You might also ask how we can best help, without suggesting that we are ready to come up with large credits.

(ii) Anglo-Soviet relations

There are a number of points to cover here:

- the most difficult is the question of ceilings. You will need to raise this issue if Mr. Gorbachev himself does not: if there is no discussion, the Russians may feel justified in going ahead and implementing the swingeing cuts in our staff which were announced on 27 May. The best result would be for the two of you to ask Foreign Ministers and officials to reach a solution which is reasonable and reciprocal. There are some figures on the present situation in the folder: but John Major would prefer you not to hand them over. We shall need to give some thought as how to react if, contrary to expectations, Gorbachev chooses to engineer a row on this during your visit;

- visits. We are very much hoping Mr. Ryzhkov will still come later this year. You are looking forward to your visit to Kiev in June. You would quite like to go to Armenia also to open the school, provided there have been no delays (this is in order to encourage him to prod the authorities);

- trade is still disappointing, despite the welcome visit of Mrs. Biryukova. We are worried about problems at the Simon Carves robotics factory in Yerevan, which have arisen because the Soviet side have failed to deliver micro-chips of the right quality on time:

- human rights ought also to be mentioned. The major improvements which have taken place are very welcome: but it is a pity that the departure of many long-term refuseniks is still being blocked.

(iii) Arms Control

There is no doubt that the initiative now lies much more with NATO and for the time being at least the stream of Soviet proposals have dried up. We are waiting for the Soviet Union to respond to the proposals on conventional force reductions which NATO made in July. We shall shortly be making additional proposals on verification, information exchange and stabilising measures. We want early progress. You could welcome US/Soviet talks on chemical weapons and the proposals for bilateral data exchange and inspections. This should produce the greater open-ness about Soviet capabilities, on which you pressed Mr. Gorbachev at your last meeting. There are indications that the SALT discussions are to resume shortly. Any indication which Mr. Gorbachev gives of the likely date of a US/Soviet Summit would be of interest.

(iv) Eastern Europe

I think you will want to compliment him on the Soviet attitude so far towards developments in Poland and Hungary. Their handling of these problems will be a touchstone for the Soviet Union's reputation with western opinion. It would be interesting to draw him out on prospects in the GDR, which might give an opening to test his reaction to renewed talk of German reunification.

(v) Other international issues

There are quite a number of areas which you could touch on if there is time. My order of priority would be:

- Iran. He has been invited to visit Iran. There will be a strong moral obligation on the Soviet Union to press the Iranians very hard on hostages and their behaviour generally.
- Soviet Union. Now is the time for the Soviets to urge the ANC to suspend violence and get involved in serious negotiations.
- Angola. The Russians are well placed to discourage the Angolans from pursuing their current military offensive. We need to reactivate the ceasefire.
- Namibia. It is very important to get through to the elections, and for everyone to accept the result (if the UN Secretary-General certifies it as free and fair).

The FCO are likely to suggest that you raise the subject of Gordievsky's family.

You will find an FCO brief in the folder, together with additional background material and the note of your last meeting with Mr. Gorbachev. We will get an update on the outcome of the Central Committee plenum in Tokyo.

C.D.P.

(C. D. POWELL)
17 September 1989
(SRW)