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PRIME MINISTER

31 March 1989

cc: Mr Powell

GORBACHEV VISIT

The talks will fall under four main heads: (a) Soviet internal situation (b) East/West relations, in particular Europe and arms control (c) Regional issues and d) bilateral questions. Since you have only 2½ hours you will need to be selective, concentrating on (b) and (c).

Soviet Internal Situation

You will want his frank estimate of the prospects for reform. To help focus discussion and avoid over-long presentations on his part I suggest some questions. A list from which to draw is attached. I assume you will want to ask about the recent elections, the economy, agriculture and nationalities. And although you do not want to get drawn into long discussions on Eastern Europe with him, I think it important to probe Soviet tolerance of political reform in eg Hungary. I have therefore added a question on Hungary, tied to his principle of freedom of choice.

Flag A

East/West Relations, Europe and Arms Control

This is central and the situation in the East Europe satellites provides a lead-in. You will want to say that Europe lies at the heart of our concerns and that it is therefore essential you both speak with total frankness and realism. The fact is that, despite the progress that has been made and which we welcome, we still see the Soviet Union as posing a serious threat to our security. This

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is partly because of the lack of freedom in their system, partly because of their military superiority. Before these anxieties can be allayed we need to see decisive movement on two fronts.

- (i) we warmly welcome the trend to greater cooperation between the two parts of Europe and the principle he has enunciated of freedom of choice. But we want to see that concept applied in practice (Hungary, the Berlin Wall). We want to see the barriers come down, not just better co-operation across the barriers.

- (ii) We see reliable defence as the only basis for East/West stability and worthwhile East/West negotiation. We want to see equal security at a lower level on armaments. But, as with (i), this means deeds not words on the part of the Soviet Union. We welcome the announcement of 7 December on unilateral Soviet troop cuts. But even when implemented, that will still leave disparities of 2-1 in the Soviet favour. If the Soviet Union really wants a military balance and the political confidence)) that flows from it, then much deeper Soviet cuts are called for.

An element of nuclear deterrence will remain essential in any balance. All NATO members share the commitment to deterrence and to the maintenance of nuclear weapons in Western Europe. The Soviet aim to get rid of these weapons, coupled with their great preponderance in conventional and chemical weapons, is naturally a source of deep anxiety to West European states. Modernisation of theatre nuclear weapons makes sense. It is not, as Shevardnadze has claimed,

incompatible with good East/West relations; on the contrary good relations rest on mutual security. The Soviet Union has comprehensively modernised its theatre nuclear forces and enjoys a vast superiority in numbers over NATO (1608 systems against 88). Against this background the recently announced Soviet intention to remove 24 of these systems has no military significance.

I would not advise you to involve yourself in the detail of the conventional arms control talks just opened in Vienna. But if Gorbachev argues that Warsaw Pact concessions on tanks armoured troop carriers and artillery will have to be balanced by NATO concessions on strike aircraft and naval vessels (a) strike aircraft unlike tanks and artillery, do not seize and hold territory (b) naval negotiations are explicitly ~~ex~~cluded from the mandate. The Atlantic sea-lanes are our equivalent of the Soviet Union's road and rail links.

Another major element of East/West imbalance and insecurity in Europe is the Soviet chemical weapons programme. Mr Gorbachev and other Soviet leaders have repeatedly issued statements on this subject which fly in the face of all our information. It is impossible to build trust on this basis. A detailed speaking note is attached, with the key points underlined. He will probably bluster and deny our assertions or press for detailed evidence. You could reply that what you say comes from our national technical means of verification and other sources. It is very reliable and has been gathered over the years. It indicates that the Soviet Union has a much larger and more advanced chemical weapons programme than has been admitted. It is for the Soviet authorities to prove to us, with convincing evidence, that our concerns are not well founded.

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Regional Issues

Here there will be less confrontation and you can conduct a wide survey, noting the new evidence of Soviet pragmatism and encouraging the trend towards negotiated solutions of Third World problems.

- (a) Afghanistan. Welcome Soviet military withdrawal. But the unrepresentative PDPA regime will have to step down if fighting is to stop and a truly representative government to be established.

- (b) Iran/Rushdie. We are shocked that the Russians have not added their condemnation to that of other European countries over Iran's actions, which threaten the whole international community. (But I would not spend too much time on this: the Russians argue, however disingenuously, that they are serving the common cause by keeping lines open to Iran.)

- (c) Arab/Israel. We want Soviet influence on the Arabs, particularly, Syria, in the cause of moderation.

- (d) Africa. Here Soviet policies are generally improving, though still not entirely clear. You will want to make a number of points, drawing on your recent visit.
 - (i) Angola. Welcome positive Soviet role in the negotiations. Seek their support in preventing a FAPLA offensive against Unita and in promoting national reconciliation.

- (ii) Namibia. All concerned must honour their obligations in advance of elections in Namibia in November. We shall try to influence South Africa. The Russians should join in exerting influence on SWAPO.
- (iii) South Africa. Underline our commitment to the peaceful ending of apartheid. Note encouraging trends in handling the South African issue and in the South African internal situation. Seek Gorbachev's views on Soviet policy towards the ANC (there are currently signs of strain between the two sides).
- (iv) Horn of Africa. Need for Mengistu to negotiate end to conflicts in Eritrea and Tigray and to promote peaceful settlement in the Sudan (where he supports SPLA). How does Gorbachev see the situation?
- (e) Central America. Ask whether Gorbachev has persuaded Castro to stop supporting the guerrillas, now with democratically elected civilian governments in El Salvador and Guatemala. Urge the Soviet Union to stop arms supplies to Nicaragua, long after the ending of US military aid to the Contras. President Arias wrote to Gorbachev in April 1988 seeking a Soviet contribution to the peace process, but received a dusty answer. He has also asked the Prime Minister, through Mr Eggar, to raise the matter with Gorbachev.

- (f) China and Cambodia. Seek Gorbachev's views on the coming May Summit with Deng. Urge Soviet Union to use influence to achieve Vietnamese withdrawal from Cambodia by September, as in the February Sino/Soviet statement, despite Vietnamese attempts to make this conditional on an internal political settlement. Essential that the Pol Pot regime should not be allowed to recover power in Cambodia. How is that to be achieved?
- (g) Japan. How does Gorbachev see Soviet/Japanese relations? Talks on Northern Islands going very slowly, but Gorbachev might nevertheless visit Tokyo in the not too distant future.
- (h) Missile, Chemical and Nuclear Proliferation. You will want to express concern at this development and its serious implications for international stability and stress the responsibility of the great powers to do all they can to check the trend. There are several aspects:
- (i) Libyan CW. The Rabta plant is a matter of grave concern, given Quadafi's avowed support for terrorism. Shevardnadze's response to our approaches over this unsatisfactory. The Soviet line, that the fault lies with Western firms for supplying equipment, is no answer, because we have taken action within the EC to prevent that.
- (ii) Missile Proliferation. Gorbachev might mention the Soviet proposal for a bilateral agreement. We would prefer a multilateral agreement,

though this need not take the form of Soviet adherence to the Missile Technology Control Regime agreed between the "Summit Seven".

- (iii) Nuclear Proliferation. India and Pakistan the greatest threat, among a number of others. Need for all, particularly Soviet Union and United States, to urge restraint.

- (iv) North Korea. North Korea has launched a big nuclear development programme with new and suspicious major construction. We seriously doubt whether this has only peaceful applications. We seek Soviet restraints on North Korea. A detailed speaking note is at Flag C. The Russians have already been approached by the Americans, Australians and ourselves and so far deny knowledge of the development.

Bilateral Questions

Most of these you will want to leave to the Foreign Ministers. But you will want to be able to say that the issue of human rights was raised. The Gordievsky family should be mentioned. You should also be ready for a Gorbachev approach on a visit by HM The Queen. On the trade side you may want to stress the importance you attach to more balanced increases in Anglo Soviet trade (UK exports have not risen like our imports) and your hope that the proposals for a British/Soviet Trade Centre to be built on a central site in Moscow can go rapidly forward.



PERCY CRADOCK

CONFIDENTIALQUESTIONS FOR GORBACHEV: SOVIET INTERNAL SITUATION
AND EASTERN EUROPEReform of the Political System

- Mr Gorbachev has recognised the need for a system of checks and balances on the ruling Communist Party; competitive elections are part of the process. But he has ruled out a multi-party system. Is this because he considers such a system ideologically unacceptable or merely unsuited to Soviet circumstances? Will he be considering further political changes in the light of the popular response in the recent elections?
- In the recent Soviet elections, the Communist Party put forward 100 candidates for the 100 seats allocated to it as a "public organisation". Was this the best example to set in an election where competition for seats was being encouraged?

The New Parliament

- How does Mr Gorbachev envisage the Deputies to the new-style Supreme Soviet, sitting in permanent session, about 8 months in the year? Will they be full-time Parliamentarians, or Deputies in the traditional Soviet style, taking rather more time off work? If not the first, how can they be expected to do a proper legislative job?
- What will be the essential differences between Mr Gorbachev's present position as Chairman of the Presidium of the Supreme Soviet and his position when he is elected to be Chairman of the Supreme Soviet? (In the past the position was largely decorative. Now it is likely to be more substantial).

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Party Reform

- How hopeful is Mr Gorbachev that Party officials will understand the difference between the "administrative" leadership they exercise now and the "political" leadership they are supposed to exercise in the future? What does he intend to do about those Party leaders who failed in the recent elections?

Economy

- The Soviet Union is facing a problem long familiar to Western Governments - a budget deficit. Mr Gorbachev has said that only strong central direction can restore order to the Soviet Union's finances. Will this not tend to slow down the devolution of decision making and hence the economic reform?
- The next Five Year Plan (1991-95) is intended to be radically different from its predecessors: more an estimate of the broad parameters of medium-term development than a detailed plan for implementation. Given the macroeconomic problems, the postponement of price reform and the lack of managerial skills in the Soviet Union, is there any chance of this radical change in the planning process actually taking place on time?

Agriculture

- Following the recent agriculture Plenum, various forms of ownership are now being offered - from holdings leased to private individuals to the traditional collective and State farms. Does this represent a compromise with those less committed to reform than Mr Gorbachev himself?

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- The agricultural superministry, Gosagroprom, has been replaced by a new State Commission for Food and Purchases. Is there any guarantee that the new Commission will not grow into just such a bureaucracy as Gosagroprom?

Nationalities

- Which worries Mr Gorbachev more - Armenia/Azerbaijan or the Baltic Republics? Is there not a case for giving regions like the Baltic Republics a higher degree of economic autonomy in the interests of galvanising the general Soviet economy?
- Will the Plenum on nationalities in mid-1989 be able to lay down political guidelines which will be equally valid for the very different nationality problems within the Soviet Union? Does he foresee a new federal structure? Presumably some freedom of choice will be essential for long term stability.

Legal Reform

- The list of proposed new legislation is impressive. Glad to see it will include legislation to give effect to human rights. Will it have teeth to benefit the ordinary citizen and give him an effective recourse against officialdom?
- Will the churches be allowed to teach their religions outside church buildings?
- Will there be a law on the KGB, as announced in 1986?

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Eastern Europe

- Some other "socialist" countries - eg Hungary - are contemplating multi-party systems. Does Mr Gorbachev consider that the need to maintain "socialism" imposes limits on this process, or can he contemplate a situation in which the Communist Party could, theoretically, be voted out of power? Does not the concept of "freedom of choice" in any case preclude the Soviet Union from taking action in such circumstances?

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1. In April 1987, Mr Gorbachev claimed that the Soviet Union had ended production of chemical weapons. We cannot verify this, and we are aware of a number of factories suspected of CW agent production whose production activities are continuing. The Soviet Union has claimed that it has only 50,000 tons of stockpiled chemical weapons, similar in quantity to the United States. In a letter to 'The Times' on 18 February *— copy* Deputy Foreign Minister Karpov said that the 50,000 tons consists of toxic agent and that this is not inconsistent with the west's assessment of 300,000 tons of Soviet weapons including the "ammunition" and "materials assembled for making weapons". But our estimates of stockpiled Soviet CW agent alone is over 300,000 tons. By the end of World War II, the Russians had established a large complex of agent storage depots. We know that these were extended and refurbished in the 1950s, and this process is going on to the present day. Capacity is far in excess of 50,000 tons.

2. In April 1987 Mr Gorbachev said that the Soviet Union had established a CW destruction facility and more recently Mr Shevardnadze has said the destruction of their declared stockpile would begin this year. But this gives us no reassurance when linked to Soviet claims that they have only 50,000 tons of toxic agent. Destruction will take many years and may only result in the removal of the older CW material. We would still be left with large quantities of newer CW material which have not been declared.

3. Mr Gorbachev claimed in April 1987 that the NSWP countries had never produced nor had stationed such weapons on their territory and that the Soviet Union had no chemical weapons

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based outside its borders. We have evidence over a period of years to indicate that none of these statements is true. We strongly suspect that some of the NSWP countries, for example Czechoslovakia and Poland, continue to manufacture CW weapons.

4. We had hoped that the exchange of visits between Porton Down and Shikhany would be an important step in confidence building, but had been disappointed in the outcome. We were frank and open on our CW work at Porton Down. By contrast, our delegation to Shikhany found the Soviet authorities evasive, and misleading in their replies to straightforward questions. There was an unwillingness to demonstrate openness even within the framework of reciprocity. We produced a photograph from the LANDSAT satellite showing a link between the Shikhany military complex and a large factory complex. We were denied access to the factory on the grounds that it belonged to the Ministry of the Chemical Industry and was not part of the Shikhany military facilities. This did nothing to remove our strong suspicion that the factory is engaged in CW production. We do not find at all credible that the display of CW munitions at Shikhany - some of which were clearly obsolescent - represented in any way the Soviet most advanced CW munitions as they had claimed. We have evidence, that, for example, the Soviet Union possesses chemical mortars, and CW sub munitions which they deny having. And we believe that CW weapons testing is still continuing.

5. We suspect that the Soviet Union has progressed very far beyond the CW agents declared at Shikhany. We hold code numbers for agents which have been declared and additional numbers which have not been declared. As recently as March this year the USSR denied any Research and Development of agents beyond

those they have acknowledged. And in his letter to 'The Times' Karpov said that the Soviet Union does not have a binary weapon programme. But there is overwhelming evidence that a massive Soviet R and D programme has continued. We have evidence that the R and D programme has covered nerve agents, penetrants, psychochemicals and knock-out agents, binary and multiple agents, and toxins. Many of these agents have been made available to the military.

6. BW. We are still concerned by the Sverdlovsk anthrax accident in 1979 which has never been explained to our satisfaction. We are also worried by the many reports of mycotoxin (Yellow Rain) usage by Vietnamese troops in the late 1970s and early 1980s. We do not believe that the Vietnamese have the technological capability to produce mycotoxins in the quantities which seem to have been used.

7.

the Soviet Union has a much larger and more advanced CW programme than has been admitted. We are concerned that the Soviet Union has not yet felt itself willing to provide information which would either prove our worries to be unfounded, or to strengthen our confidence that, in their statements they are being straightforward and truthful on the extent of their activities in R and D, production and storage. These concerns are compounded by the belief that the Soviet Union has achieved a technology base in CW which will allow them even in the event of a genuine cessation of production, very speedily to reverse the process and add to their existing stockpile of new and advanced CW weapons.

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SECRETNORTH KOREA NUCLEAR PROGRAMMESpeaking Note

1. As you know, North Korea has constructed a research reactor of its own design at the Yongbyon Research Centre, supplementing a Soviet-supplied research reactor already at the Centre. That new research reactor has been operating since early 1987. It has not been declared to the IAEA or, as far as we know, to any foreign Government.
2. As you know, North Korea acceded to the nuclear Non-proliferation Treaty in 1985. In this regard, we are concerned that North Korea has, apparently, chosen not to meet its IAEA responsibility to declare and safeguard its new research reactor, but on the contrary denies its existence.
3. There is additional major construction adjacent to the Yongbyon Centre. We believe this includes another, much larger, reactor and possibly a reprocessing plant to separate plutonium from spent nuclear fuel produced by the reactor. We believe the reactor and possible reprocessing plant could produce significant quantities of nuclear material.
4. There is no question that North Korea has launched a major nuclear development programme. Given the presence of these facilities, we question whether North Korea's nuclear efforts are directed only toward peaceful activities. The presence of plutonium production and spent fuel reprocessing facilities lay the necessary foundation for plutonium acquisition.
5. We understand that Pyongyang continues to insist the new construction adjacent to the Yongbyon Centre is not related to the nuclear research facility. Nonetheless, we are sceptical and very concerned by these developments.

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