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FM UKMIS NEW YORK

TO IMMEDIATE FCO

TELNO 787

OF 262305Z SEPTEMBER 85

INFO IMMEDIATE WASHINGTON, ATHENS, BONN, EEC BRUSSELS, BRUSSELS, DUBLIN

INFO IMMEDIATE COPENHAGEN, LUXEMBOURG, PARIS, ROME, THE HAGUE, MOSCOW

INFO IMMEDIATE BELGRADE, BUCHAREST, BUDAPEST, EAST BERLIN, PRAGUE

INFO IMMEDIATE SOFIA, WARSAW, UKDEL NATO

FOLLOWING FROM PRIVATE SECRETARY

SECRETARY OF STATE'S MEETING WITH SHULTZEAST/WEST RELATIONS

1. SHULTZ SAID THERE WAS VERY LITTLE TO ADD ON EAST/WEST RELATIONS WHICH HAD NOT ALREADY BEEN COVERED IN VARIOUS MEETINGS THIS WEEK. THE STRUCTURE OF THE GENEVA SUMMIT AGENDA WAS FAIRLY CLEAR. IT WOULD DIVIDE INTO THREE PARTS. THESE WERE SECURITY ISSUES, GENERAL ISSUES AND BILATERAL ISSUES. SOME OF THE BILATERAL ISSUES MIGHT WELL FALL INTO PLACE BEFORE THE SUMMIT, BUT THE AMERICANS WERE NOT LOOKING FOR AGREEMENT ON THESE FOR ITS OWN SAKE. HUMAN RIGHTS WOULD OBVIOUSLY HAVE TO BE ON THE AGENDA. THAT WOULD BE A MATTER OF CENTRAL IMPORTANCE FOR PRESIDENT REAGON. THE RUSSIANS WERE TRYING TO TREAT HUMAN RIGHTS IN THE DISCUSSIONS AS IF THEY WERE RELATED TO MEDICAL CARE, HOUSING ETC. BUT THE AMERICANS WERE NOT LETTING THEM GET AWAY WITH IT.

2. THE SECRETARY OF STATE EMPHASISED THE NEED NOT TO ALLOW THE RUSSIANS TO WIN THE PROPAGANDA BATTLE ON EAST-WEST RELATIONS. HE COMMENDED SHULTZ'S UNGA SPEECH, WHICH HAD COVERED THE NEED FOR BALANCE, THE NEED TO ENHANCE AND NOT UNDERMINE DETERRENCE AND RESPECT FOR TREATY OBLIGATIONS. SHEVARDNADZE WAS MORE ADEPT AT PRESENTING THE BASICALLY UNCHANGED SOVIET CASE THAN HIS PREDECESSORS.

3. SHULTZ COMMENTED THAT SHEVARDNADZE SEEMED TO THROW A PEBBLE AND THE PRESS CREATED THE RIPPLES. THE U S WAS VERY CONCERNED TO PORTRAY A SERIOUS APPROACH, BUT THIS DID NOT NECESSARILY MEAN MAKING PUBLIC STATEMENTS EVERY HOUR. THEY WERE CONCENTRATING ON PREPARING A STRONG POSITION FOR THE NEGOTIATIONS. THEIR POSITION AT GENEVA WAS VERY CAREFULLY WORKED OUT AND INVOLVED RADICAL ACTION IF THE RUSSIANS WERE PREPARED TO RESPOND. MAYBE, AS THE PRIME MINISTER HAD SAID, NOT ENOUGH PEOPLE KNEW ABOUT THIS. THE NEGOTIATORS WERE RELUCTANT TO HAVE THEIR PACKAGE SPELLED OUT IN TOO MUCH DETAIL, BUT PERHAPS IT WAS NOW TIME TO DO THIS. MEANWHILE, HE HOPED WE WOULD CHALLENGE THE RUSSIANS ABOUT THEIR SDI RESEARCH, WHICH THEY PRESUMABLY THOUGHT WAS COMPATIBLE WITH THE ABM TREATY.

4. THE SECRETARY OF STATE ASSURED SHULTZ THAT HE HAD MADE THE POINT VERY FIRMLY TO SHEVARDNADZE ON MONDAY THAT THE RUSSIANS WERE CONDUCTING COMPARABLE RESEARCH. WHEN THE SECRETARY OF STATE HAD SAID THAT GORBACHEV HAD ADMITTED THAT THE RUSSIANS WERE DOING RESEARCH, KORNIENKO HAD DISSENTED.

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5. THE SECRETARY OF STATE SAID THAT WE DID NOT SEEM TO HAVE EXACTLY THE SAME VIEW AS THE U S ADMINISTRATION ON MBFR. HE MENTIONED PRESIDENT REAGAN'S MESSAGE TO THE PRIME MINISTER AND EXPLAINED THE BACKGROUND TO OUR THINKING. THE UK/FRG INITIATIVE WOULD BE A WAY OF BREAKING THE LOG JAM, WITHOUT MAKING UNACCEPTABLE CONCESSIONS, AND WOULD BE VERY IMPORTANT POLITICALLY. MBFR WAS ONE SET OF NEGOTIATIONS IN WHICH WE AND THE OTHER EUROPEANS WERE DIRECTLY INVOLVED.
6. SHULTZ SAID JOKINGLY THAT HE HAD JUST HAD A SEVERE CULTURE SHOCK. NORMALLY THE BRITISH REFUSED TO SHIFT THEIR POSITION IN MBFR WHATEVER THE AMERICANS PROPOSED. NOW THE BOOT SEEMED ON THE OTHER FOOT. THIS WAS A DIFFICULT PROBLEM TO HANDLE WITHIN THE U S GOVERNMENT. SOME PEOPLE WERE IN FAVOUR OF THE EUROPEAN PROPOSALS: OTHERS WERE VERY STRONGLY AGAINST.
7. SHULTZ WENT ON TO SAY THAT IN THE CDE THERE WAS A POSSIBILITY OF PROGRESS. THE SECRETARY OF STATE COMMENTED THAT WE HAD IDENTIFIED SOME PROBLEMS OVER THE NEGOTIATING POSITION WHICH HE WAS ASKING HIS OFFICIALS TO LOOK INTO. MR THOMAS EXPLAINED THAT THE PROBLEM LAY IN THE NEGOTIATING STRUCTURES WHICH, IN THE PRESENT DRAFT UNDER DISCUSSION, TILTED MORE TOWARDS RESTRAINTS THAN WE FELT WERE IN THE INTERESTS OF THE WEST. BUT WE WOULD LOOK INTO THIS FURTHER.
8. THE SECRETARY OF STATE SAID THAT WE ALSO ATTACHED GREAT IMPORTANCE TO CW. THE PRIME MINISTER HAD POINTED OUT THAT WE SHOULD MAKE PLAIN THE MASSIVE SCALE OF SOVIET INVOLVEMENT IN THIS AREA. U S AND BRITISH OFFICIALS WERE STILL EXCHANGING IDEAS ON THIS SUBJECT. THIS WAS VERY USEFUL.
9. SHULTZ ENQUIRED ABOUT PROGRESS ON OUR PARTICIPATION IN SDII RESEARCH. THE SECRETARY OF STATE SAID THAT THERE HAD BEEN DISCUSSIONS BETWEEN EXPERTS AND THERE WOULD BE A FURTHER MEETING NEXT MONTH. SHULTZ SAID THAT, IF EVERYTHING COULD BE SORTED OUT BEFORE THE GENEVA SUMMIT, THIS WOULD BE VERY HELPFUL. THE SECRETARY OF STATE SAID THAT THE UK POTENTIAL PARTICIPATION SHOULD BE SUBSTANTIAL TO REFLECT OUR INDUSTRIAL CAPACITY AND THE DEGREE OF POLITICAL SUPPORT WE HAD GIVEN THE PROGRAMME. BOTH THE PRIME MINISTER AND MR HESELTINE HAD MADE THIS POINT.

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10. SHULTZ SAID THAT THE ITALIANS AND THE GERMANS WERE TAKING A FAVOURABLE POSITION. THE FRENCH WERE TALKING ABOUT DISCUSSING THEIR OWN IDEAS ON STRATEGIC DEFENCE WITH THE RUSSIANS, BUT HE HAD NOT BEEN ABLE TO FIND OUT WHAT THIS MEANT. SHULTZ CONCLUDED WITH A STRONG EXPRESSION OF SUPPORT FOR THE CAMP DAVID FOUR POINTS, WHICH HE SAID HAD PROVIDED A VERY SOLID BASIS BY WHICH PEOPLE COULD BE GUIDED.

THOMSON

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EAST WEST & US/SOVIET RELATIONS  
LIMITED

SOVIET D	PS
DEFENCE D	PS/LADY YOUNG
RESEARCH D	PS/MR RIFKIND
PLANNING STAFF	PS/MR RENTON
EED	PS/PUS
NAD	MR DEREK THOMAS
WED	SIR W HARDING
ACDD	MR FERGUSSON
CRD	MR GOODALL
FED	MR JENKINS
NED	MR DAUNT
PUSD	MR DAVID THOMAS

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TO IMMEDIATE FCO  
TELNO 785  
OF 262306Z SEPTEMBER 85  
INFO IMMEDIATE WASHINGTON, PRETORIA

FOLLOWING FROM PRIVATE SECRETARY  
SECRETARY OF STATE'S MEETING WITH SHULTZ  
SOUTHERN AFRICA

1. THE SECRETARY OF STATE SAID HE HAD TWO POINTS WHICH HE WOULD LIKE TO MAKE. FIRST, WAS THERE MORE THAT WE COULD DO TO ENCOURAGE THE SOUTH AFRICAN GOVERNMENT TO SEIZE THE INITIATIVE IN DIRECTIONS WHICH WOULD BE HELPFUL IN THE PROMOTION OF PEACEFUL CHANGE? IT LOOKED AS THOUGH THEY KEPT CONSISTENTLY PLAYING THEIR CARDS TOO LATE. SHULTZ AGREED. IF THE SOUTH AFRICANS HAD DONE A LONG TIME AGO WHAT THEY WERE DOING NOW, THIS WOULD HAVE MADE A BIG DIFFERENCE.
2. THE SECRETARY OF STATE SAID THAT THE U S ADMINISTRATION HAD GONE FURTHER THAN WE WERE PREPARED TO DO IN THE DIRECTION OF ECONOMIC MEASURES, INCLUDING ACTION ON KRUGERRANDS AND NEW LOANS. SHULTZ SAID THAT THE PRESIDENT HAD MANAGED TO DELETE FROM THE BILL MAJOR ECONOMIC SANCTIONS. THE BILL WOULD HAVE BEEN PASSED OVER HIS VETO. SO WHAT HAD BEEN ACCEPTED BY THE PRESIDENT HAD BEEN THE MINIMUM NECESSARY TO SECURE THE AGREEMENT OF SENATOR LUGAR. THE MEASURES ON KRUGERRANDS WERE ESSENTIALLY SYMBOLIC. ALTHOUGH DOLLARS 500 MILLION KRUGERRANDS WERE BOUGHT BY THE U S, MOST OF THIS WAS GOLD, WHICH COULD BE SOLD OFF AS BULLION. THE OTHER PORTION WAS MAINLY KRUGERRANDS BOUGHT BY U S FINANCIAL HOUSES FOR SALE OVERSEAS. VERY LITTLE WAS FOR FINAL SALE IN THE U S.
3. THE SECRETARY OF STATE SAID THAT WE WERE NOW RECALLING OUR DEFENCE ATTACHES FROM PRETORIA IN LINE WITH THE REST OF THE COMMUNITY. SHULTZ COMMENTED THAT THE U S AMBASSADOR HAD NOW GONE BACK TO PRETORIA AND CREDENTIALS HAD BEEN ACCEPTED FOR A NEW SOUTH AFRICAN AMBASSADOR IN WASHINGTON. THE SECRETARY OF STATE SAID THAT WE WERE GLAD THAT THE AMERICANS HAD SENT THEIR AMBASSADOR BACK.

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4. THE SECRETARY OF STATE SAID THAT OUR MAIN CONCERN WAS THAT THE U S SHOULD CONTINUE TO VETO UN MANDATORY SANCTIONS, EVEN IN AREAS WHICH WERE COVERED BY THE U S LEGISLATION. IT WAS IMPORTANT THAT WE BOTH SHOULD STAND FIRM. WE WOULD HAVE A VERY DIFFICULT HAND AT CHOGM. OUR POSITION WOULD BE VERY SEVERELY UNDERCUT IF THE AMERICAN POSITION ON UN MANDATORY SANCTIONS CHANGED. WE THOUGHT IT ESSENTIAL TO KEEP IN TOUCH. WE COULD NOT AFFORD TO BE TAKEN BY SURPRISE.

5. SHULTZ SAID THAT THE U S ADMINISTRATION AGREED WITH OUR POSITION ON ECONOMIC SANCTIONS AND WOULD STAND FIRM IN VETOING UN MANDATORY SANCTIONS. THE OTHER DAY THERE HAD BEEN A DRAFT RESOLUTION WHICH HAD BEEN CLOSE TO THE MEASURES ALREADY AGREED BY THE PRESIDENT, BUT THIS HAD BEEN SUCCESSFULLY CIRCUMVENTED.

THOMSON

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MR J R J JOHNSON  
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