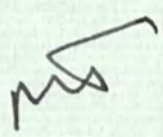


PRIME MINISTER



VISIT OF MR MCFARLANE

You will want to let him give his account of the Summit.
Depending on what he says, some of the questions you could ask
are:

- does the President feel that he got through to Gorbachev on the United States peaceful intentions?
- is there any informal understanding on guidelines for the Geneva negotiations? Are we closer to an agreed definition of strategic systems?
- how far have the various arms control negotiations been de-linked? Is INF now definitely separated off from the rest?
- how does the US intend to address the SDI/START blockage in the light of the Summit?
- did the President try out any of your ideas on SDI e.g. agreement not to move beyond a certain point without negotiation or before a fixed date?
- was there any discussion of reaffirming or strengthening the ABM Treaty?
- what are US intentions on SALT II?
- are there new reasons to expect progress on chemical warfare?
- were there signs that the Soviet Union is prepared to negotiate seriously about withdrawal from Afghanistan?

- do the Americans have reason to think that the Russians will take some action on human rights eg. release of more Soviet Jews?
- did the US reach any understanding about the level of Soviet involvement in Nicaragua?

I would not mention the Foreign Secretary's point about support for UNITA (Flag B), but you might raise arms for Argentina (Flag C) and EC/US steel. On this last we have a real political problem and you hope that the President will find time to look at it personally.

C.D.P.

Charles Powell

22 November 1985



10 DOWNING STREET

Prime Minister

You might
like to say
something in
Cabinet about
McFarlane's briefing
on the US/Soviet
summit.

C.D.P.

PRIME MINISTER

VISIT OF MR. MCFARLANE, 23 NOVEMBER

Mr. McFarlane accepts with great pleasure your invitation to him and his wife to dinner at Chequers and to stay the night.

I suggest the following programme:

(a) 1800-1900 Mr. McFarlane and Ambassador Price to brief you and the Foreign Secretary on the outcome of the Summit.

(b) 1900 Other dinner guests arrive.
Mrs. McFarlane ✓
Mrs. Price ✓
Lady Howe ✓
Mr. & Mrs. Heseltine ✓
Mr. & Mrs. Powell ✓
(Please tick those you want).

(c) 2230 Guests depart.
McFarlanes stay overnight.

(d) Sunday am McFarlanes depart.

Agree this programme?

C D P

(C.D. Powell)

Would the Prices like to stay the night too?
me

15 November 1985



*Delisted
Ketchum (1)*

*7 Mrs.?
no*

10 DOWNING STREET

From the Private Secretary

Prime Minister

Dinner for the McFarlanes

Lord & Lady Camington

have accepted. Net wishes

no 13. I don't think

you mind, but others sometimes

do.

Ask Lord to invite a friend?

CDP



10 DOWNING STREET

Cardine

CR

Please see the
attached note. I
will now find out
whether Actford is
correct.

But could you please
have cheques:

- (a) possible dinner for
10 people on 23 number;
- (b) possible two overnight
guests 23/24 number.

CDP



CONFIDENTIAL

COVERING SECRET

CC PC
BU

Foreign and Commonwealth Office

London SW1A 2AH

22 November 1985

Dear Charles,

Visit of Mr McFarlane

I enclose by way of briefing:

- / a) a brief on issues arising from the US/Soviet Summit;
- / b) a copy of a letter which the Foreign Secretary has just sent to Mr Shultz arguing against US aid to UNITA;
- / c) a copy of a further message from the Foreign Secretary to Shultz, delivered today on arms sales to Argentina.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street

CONFIDENTIAL

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A

ANNEX A

US-SOVIET SUMMIT, 19/21 NOVEMBER : INITIAL FCO ASSESSMENT

1. The Summit rates as a qualified success in the short term; as predicted, there was no breakdown but no breakthrough. In the words of HMA, Washington, more substance will be needed next time for an equivalent success to be registered. In crude terms, the US emerged ahead on points of the Soviet Union, with both sides scoring well for "artistic interpretation"; European interests were well served by the outcome. Over the next few days, there is likely to be some backlash in media and other comment on the outcome of the Summit, as the lack of real substance becomes more apparent. In the security field, the SDI remains at the core of the dilemma.

US

2. The US side appears to have given away very little on arms control, and nothing on the SDI. Despite this, the prospects for an interim INF agreement are a little brighter; the scope for progress on strategic arms (START), based on some convergence in the two sides' positions, remain roughly the same. The Joint Statement repeats some of the language from the Shultz-Gromyko communique of January, but pointedly omits its reference to the three areas being resolved in their interrelationship. This can be interpreted as a Soviet concession to the Western view that progress in each should not be held hostage to progress in others (notably SDI). If so, this is an important move. Some progress may have been made on the CDE and CW fronts, in the latter case perhaps helping us in our bilateral difficulties with the Americans. (We are unlikely to hear much more of President Reagan's statement to NATO that the US is prepared to engage in a test ban provided it enters into effect when both sides are at an equal stage of development.) The reference in the Joint Statement which reflects discussions in Geneva about improved verification, is particularly useful.

3. There were no apparent Soviet concessions on human rights. None were to be expected, but the President seems to have handled this tete-a-tete on this subject in such a way as to encourage Soviet movement by disclaiming the desire to extract propaganda credit.

Equally on regional issues, apart from the regularisation of contacts, there appears to be no new comfort for the US, although Mr Shultz described discussions with Shevardnadze as "significant" (on Afghanistan, and in less detail on the Middle East and South Africa). On the public relations side, the President's warm reception by Congress, and his encouragement by and of the Allies will all have helped his own position, and thereby his leverage with Gorbachev; in addition, the impact of the unprecedented media exposure he received in the Soviet Union itself throughout the Summit should not be ignored.

Soviet Union

4. Despite failing to move the President "an inch" on SDI (a sine qua non of the Soviet pre-Summit line), there appears to have been no threat of a walk-out by Gorbachev nor of an accompanying breakdown in US-Soviet relations. This in itself indicates a Gorbachev readiness to pursue the arms control dialogue, and a serious interest in doing so. Nonetheless, although the Russians can point to fewer plus marks for their side from the arms control talks, Gorbachev has succeeded in pointing up publicly the linkage between the SDI and cuts in offensive forces; the President told NATO that the issue of trade-offs was "left open" between the two leaders.

5. Any retreat from the January communique language is likely to be tactical and temporary. It can be expected that in their propaganda over the next few months the Soviet side will focus even more sharply on the ability of the West to have either arms control or SDI, but not both. In PR terms, Gorbachev maintained his individual hold on the high ground (but not higher than the President); the Soviet performance overall was impressive. Both in terms of public opinion and of substance, Gorbachev will have reckoned it a plus that he extracted from the US side an implicit recognition of Soviet equality with the United States across the wide range of areas discussed. Domestically, Gorbachev's profile will have been raised a notch by the media coverage, and particularly by the unedited live transmission of his performance at the press conference.

Europe

6. European interests have been well served by the apparent agreement to separate the INF and SDI issues, although this does leave the Russians free to pursue their compensation claim for third party systems as strongly as ever. In other security areas, it is helpful that the Joint Statement did not refer (as the Shultz/Gromyko communique had done) to the ultimate aim of eliminating nuclear weapons. The position over the ABM Treaty and SALT II constraints remains unclear, although it seems unlikely that the Allies will have achieved all they wanted. On SDI the Allies will continue to have to tread carefully the line between declaring opposition to US ideas and endorsing the wider principles of the initiative. As the Prime Minister told NATO, Allied support for research will continue to be important; but in due course the Allies may need to reach an agreement on whether this support is designed to maintain US leverage over the Russians in order to secure better arms reductions terms, to match Soviet equivalent research efforts and/or because eventually we may wish to endorse the very concept of "defensive deterrence/dominance".

7. In public opinion terms, the Geneva outcome is an undoubted success in the short term, giving rise to a new sense of confidence in the East-West relationship. This in turn should help to preserve Allied cohesion, and might affect support for extremist ideas (eg CND). The Opposition in this country and abroad can be expected now to take their theme from statements by both the President and Gorbachev at the end of the Summit: viz, that what is now needed is deeds, not words. They will no doubt press for early results which in turn may not be so easy to achieve. Since the Summit has been officially described by Gorbachev and the Warsaw Pact as useful (making the world "a safer place"), this will also make life easier for the East Europeans in pursuing their own Westpolitik, including in the CSCE/CDE forum.

Conclusion

8. The President is undoubtedly right to describe the outcome of the Summit as "a step in the right direction". Whether he is also correct in calling it a "fresh start" is less clear. Certainly there are no grounds apparent for euphoria. The main obstacles,

notably SDI, remain. A good deal of hard, detailed negotiating work will be required if some of the areas outlined for agreement at Geneva are in fact to produce fruit. According to the President's briefing to NATO, there are no specific guidelines laid down in either the regional or arms control areas which negotiators can now use to ease their path towards compromise. In particular, there are no agreed formulae for how the 50% reductions in offensive forces are to be achieved, nor on how INF is to be separated from the SDI. There is no agreed timetable for further negotiations, nor (apparently) an agreed definition of strategic systems.

9. On the other hand, the decision to hold regular summits represents a genuine step forward. Bureaucracies in both capitals will now be under the gun to produce results prior to these meetings, pressure which until now they have not really had to face. Secondly, the establishment of some sort of personal relationship between the two leaders, the agreement to maintain direct communications between their summits, the regular meetings to be held between Foreign Ministers, and the thickening-up of the relationship at lower and non-official levels, all provide the basis for a sounder US-Soviet dialogue and relationship of the sort that has been missing throughout this decade.

✓ 10. If the above assessment (albeit provisional) is correct, then ✓ the West has reason to be satisfied with the outcome. It would however be a mistake to see, or let the Summit be seen in zero-sum terms. A gain for the West does not necessarily mean an equivalent loss for the East. Furthermore, to the extent to which Gorbachev is portrayed in the West as a "loser", dealings with the Soviet Union over the next few months will become correspondingly harder. It will therefore be important to pursue the line (despite the Alice in Wonderland associations) that everyone won and everyone will receive prizes.

QUESTIONS FOR US/UK DISCUSSION, 23 NOVEMBER

GENERAL

1. President referred (NATO debrief) to Gorbachev's believing some of wilder accusations about US. Any impact on these sort of convictions, which are product of his background?

NUCLEAR AND SPACE/DEFENCE NEGOTIATIONS

2. Note President has said no agreement on timetable for negotiations. Any consensus/agreement on guidelines for negotiators other than 50% stipulation?

3. No reference to resolution of three areas "in inter-relationship" or to ultimate elimination of nuclear weapons in joint statement (cf January communique). What significance?

SDI

4. No surprise that no meeting of minds on SDI. Any sign of flexibility on Soviet side, given that Russians did not make this sticking point for satisfactory Summit? Presumably Russians will seek to use SDI to increase pressure on US to reach agreement on Strategic arms. How do US assess new Soviet argument that SDI will lead to creation of offensive arms (as noted in President's speech to Congress)?

5. Russians seem prepared to open laboratories to confirm that not performing SDI research. President referred to his own proposal in speech to Congress. Is this likely to be fruitful area for US-Soviet discussion/negotiation?

VERIFICATION/COMPLIANCE

6. Notable achievement to get strong reference to verification/compliance. Content of discussion on SALT constraints and ABM Treaty?

7. Believe US response to Soviet violations should include continued observance of SALT II and strict interpretation of ABM Treaty.

/INF/START

INF/START

8. What detailed discussion? Any movement towards agreed definition of strategic systems? Does Soviet acceptance in principle of separate INF agreement imply reversion to "orthodox" strategic/INF distinction?
9. Note US emphasis that 50% reductions must be appropriately applied. US view on how to take forward, especially in strategic group?
10. Any reference to UK/French forces? Does US expect continued Soviet demand for compensation?

MBFR/CDE

11. Any substantive discussion? On CDE does helpful language reflect any substantive shift in Soviet position?

CW

12. Welcome any impetus the Summit may give to the CW negotiations, particularly bearing in mind UK Chairmanship of the CD CW Committee in 1986. Does Soviet agreement for bilateral contacts on CW proliferation and verification reflect new interest in progress? If so, will the President be in turn prepared to move on US challenge inspection proposals?

RISK REDUCTION CENTRES

13. What specific measures in addition to upgraded hotline?

REGIONAL ISSUES

14. President noted at NATO there had been little specific discussion of regional conflicts but that Gorbachev showed some sensitivity on these issues: any sense of movement on Soviet position on Afghanistan? Signs of Russian preparedness to pick up on President's regional initiative (which has attractive aspects for them)?

HUMAN RIGHTS

15. Soviet response on human rights questions raised (eg Germans in Soviet Union)? Do US see wording on humanitarian cases in Joint Declaration as opening for further moves?

MRS. GOODCHILD

The Prime Minister has invited Mr. Robert McFarlane to Chequers on Saturday 23 November. He will come with the American Ambassador at 1800 to brief the Prime Minister on the outcome of the Reagan/Gorbachev Summit. Thereafter the Prime Minister intends to give a dinner for him and his wife to which the following should please be invited:

The Foreign Secretary and Lady Howe
The Defence Secretary and Mrs. Heseltine
The US Ambassador and Mrs. Price
Mr. and Mrs. Powell

The McFarlanes will stay overnight and the Prime Minister now asks whether the Prices would like to stay overnight too.

Could you please:

- (a) issue invitations for the dinner which I suggest should be 7.30 for 8.00;
- (b) discover whether the Prices would also like to stay overnight; and
- (c) let Lady Howe know that if she wishes to arrive at 6.00 with the Foreign Secretary and stay in the library that would be perfectly acceptable.

(Charles Powell)

17 November 1985