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FM WASHINGTON
TO IMMEDIATE FCO
TELNO 1923

OF 112325Z SEPTEMBER 87
INFO PRIORITY MOSCOW, UKDEL NATO, PARIS, BONN, MODUK
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MODUK FOR DUS(P) AND DACU
UKDEL NATO TELNOS 281 TO 284 : SHULTZ/SHEVARDNADZE

SUMMARY

1. STATE EXPECT A DETAILED REVIEW OF THE USUAL AGENDA, IN AN ATMOSPHERE OF UNACCUSTOMED CALM IN THE BILATERAL RELATIONSHIP, AND AGAINST THE BACKGROUND OF WIDESPREAD EXPECTATIONS OF A SUMMIT THIS AUTUMN. BUT NOT MUCH REAL BUSINESS LIKELY TO BE DONE.

DETAIL

2. SHEVARDNADZE WILL BE IN WASHINGTON FROM 15-17 SEPTEMBER. HE WILL HAVE TALKS AND LUNCH WITH PRESIDENT REAGAN ON 15 SEPTEMBER: AND FURTHER SESSIONS WITH SHULTZ ON 16 AND THE MORNING OF 17 SEPTEMBER. SHULTZ AND SHEVARDNADZE WILL ALSO SIGN THE AGREEMENT ON NUCLEAR RISK REDUCTION CENTRES CONCLUDED EARLIER THIS YEAR.

3. TURS SET OUT THE MAIN ISSUES ON THE AGENDA. THE TALKS TAKE PLACE AGAINST THE BACKGROUND OF A GROWING EXPECTATION HERE THAT THERE WILL BE A SUMMIT IN THE US LATER IN THE YEAR. GIVEN THE UNPREDICTABLE TWISTS AND TURNS IN THE US/SOVIET RELATIONSHIP OVER THE LAST TWO YEARS, NO-ONE IS YET WILLING TO BET HIS LAST DOLLAR THAT THIS WILL HAPPEN. BUT A MOMENTUM HAS BUILT UP (NOT LEAST AS A RESULT OF GORBACHEV'S SUCCESSIVE CONCESSIONS ON INF ISSUES OVER THE YEAR) TO THE POINT WHERE FAILURE TO HOLD A MEETING THIS YEAR WOULD BE SEEN BY THE PUNDITS AS A SETBACK.

4. PRESIDENT REAGAN CONTINUES TO MAKE POSITIVE NOISES ABOUT A SUMMIT (MOST RECENTLY AT THE DINNER FOR THE SWEDISH PRIME M INISTER AT WHICH HE SAID THAT THERE WERE QUOTE GROUNDS FOR GREAT OPTIMISM UNQUOTE). NO SIGNIFICANT POLITICAL FIGURE IS CURRENTLY ARGUING THAT IT WOULD BE WRONG TO HOLD A SUMMIT - THOUGH SOME ARE RESERVING JUDGEMENT ON THE DETAILS OF AN INF AGREEMENT. FACED WITH AN AUTUMN OF BATTLES WITH THE CONGRESS ON THE BUDGET, TRADE, CENTRAL AMERICA, ETC, IT WOULD SUIT THE PRESIDENT'S BOOK WELL TO HAVE A SUMMIT SPECTACULAR HERE IN LATE NOVEMBER (WHICH LOOKS THE MOST LIKELY TIMING). BUT THE WHITE HOUSE TEAM SHOW NO SIGN OF WANTING TO MAKE CONCESSIONS OF SUBSTANCE TO ACHIEVE ONE. STATE TELL US THAT SHULTZ

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WILL LEAVE IT TO SHEVARDNADZE TO RAISE THE SUBJECT. AND THEY HAVE ADDED THAT THEY DOUBT THAT A FIRM DECISION WILL BE MADE NEXT WEEK.

5. ON THE SUBSTANCE, STATE ARE NOT EXPECTING ANY STARTLING DEVELOPMENTS: AND SUSPECT THAT IT MAY TURN OUT TO BE A RATHER THIN SESSION. A GOOD DEAL OF TIME WILL BE SPENT ON ARMS CONTROL (SEE MIFT FOR DETAILS). BUT EVEN HERE THERE IS NO EXPECTATION OF MAJOR FORWARD MOVEMENT.

6. THE DISCUSSION OF REGIONAL ISSUES PROMISES TO BE FOR THE MOST PART ON FAMILIAR LINES. ON AFGHANISTAN, STATE WERE SOMEWHAT SURPRISED THAT THE AFGHANS DID NOT SPRING A PROPOSAL FOR A DRAMATICALLY SHORTENED WITHDRAWAL TIMETABLE AT THIS WEEK'S GENEVA TALKS. HAD THEY DONE SO, THE AMERICANS WOULD HAVE BEEN SCRAMBLING FOR A SUITABLE RESPONSE TO SHEVARDNADZE NEXT WEEK. HAVING MISSED THAT OPPORTUNITY, STATE EXPECT THE SOVIET LINE HERE TO BE UNCHANGED. ON THE GULF, SHULTZ INTENDS TO REVIEW THE SITUATION IN DETAIL, AND TO URGE THE RUSSIANS TO USE THEIR INFLUENCE IN TEHRAN TO PERSUADE THE IRANIANS TO ACCEPT THE CEASEFIRE AND COOPERATE WITH THE SECRETARY GENERAL.

7. ON HUMAN RIGHTS, SHULTZ WILL EMPHASISE THAT THE RUSSIANS NEED TO SHOW THAT THERE HAS BEEN A REAL CHANGE IN THEIR THINKING, AND THAT THEY ARE PREPARED TO REVIEW CASES IN A SYSTEMATIC WAY, NOT SIMPLY RELEASE SOME TOKEN PROMINENT DISSIDENTS IN ADVANCE OF MAJOR INTERNATIONAL MEETINGS. SHULTZ WILL ADD THAT HE WILL CONSIDER THE PROPOSAL FOR A HUMAN RIGHTS CONFERENCE IN MOSCOW IN THE LIGHT OF PROGRESS ON THESE POINTS.

8. ON THE BILATERAL SIDE, THE KEY ISSUE IN US/SOVIET RELATIONS OVER THE AUTUMN WILL BE THE NEW US EMBASSY IN MOSCOW. ALTHOUGH THIS SUBJECT IS NOW OFF THE FRONT PAGES IT WILL RE-SURFACE WHEN THE PRESIDENT ANNOUNCES SHORTLY HIS DECISION ON WHAT TO DO ABOUT THE NEW US EMBASSY BUILDING, IN THE LIGHT OF THE VARIOUS REVIEWS EARLIER IN THE YEAR. A NUMBER OF PIECES OF LEGISLATION CURRENTLY WORKING THEIR WAY THROUGH CONGRESS CONTAIN PROPOSALS INTENDED TO PENALISE THE SOVIET UNION (E.G. REQUIRING THEM TO PAY FOR REMEDIAL WORK IN MOSCOW AND EXCLUDING THEM INDEFINITELY FROM THEIR MOUNT ALTO SITE HERE). WHETHER ANY OF THIS MAKES IT TO THE STATUTE BOOK WILL DEPEND LARGELY ON HOW COOPERATIVE THE RUSSIANS ARE PREPARED TO BE ON THE MOSCOW EMBASSY. SHULTZ WILL WARN SHEVARDNADZE THAT IF THIS SUBJECT IS MISHANDLED, IT COULD VERY QUICKLY BLOW UP AGAIN INTO A MAJOR ROW.

9. FOR THE PRESENT HOWEVER BILATERAL IRRITANTS SEEM TO BE UNDER CONTROL. THAT IS ITSELF A MAJOR RELIEF TO POLICY MAKERS HERE. THIS TIME LAST YEAR THEY WERE TRYING TO MANAGE US/SOVIET RELATIONS AGAINST THE BACKGROUND OF THE FURORE OVER THE ZACHAROV/DANILOFF CASE. SHULTZ'S APRIL VISIT TO MOSCOW WAS OVERSHADOWED

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BY THE EMBASSY BUGGING SAGA. THIS TIME THE DOMESTIC CLIMATE AT
LEAST IS MORE CONDUCIVE TO SERIOUS AND BUSINESS-LIKE DISCUSSION.

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ADDITIONAL 26

ARMS CONTROL TALKS

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