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FM MOSCOW
TO IMMEDIATE FCO
TELNO 1677
OF 121434Z OCTOBER 88

INFO IMMEDIATE VIENNA, UKREP BRUSSELS, BONN
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OUR TELNO 1669: VISIT OF AUSTRIAN CHANCELLOR
MEETING WITH GORBACHEV

SUMMARY

1. GORBACHEV ESCHEWS DIRECT COMMENT ON AUSTRIAN ASPIRATIONS TO JOIN THE EC BUT SPEAKS OF ECONOMIC INTEGRATION (IN THE CONTEXT OF THE PAN-EUROPEAN PROCESS) AS AN OBJECTIVE PROCESS. AN AMBER LIGHT FOR THE AUSTRIANS.

DETAIL

2. GORBACHEV RECEIVED VRAMITSKY ON 11 OCTOBER. ACCORDING TO TASS THE CONVERSATION WAS DISTINGUISHED BY THE GOOD KNOWLEDGE OF EACH OTHER'S VIEWS AND POSITIONS. GORBACHEV PRAISED THE TWO COUNTRIES' ECONOMIC TIES: THEIR COOPERATION WAS A REAL SUPPORT TO PERESTROIKA.
3. THE TASS REPORT SAYS THE LEADERS DISCUSSED THE EUROPEAN PROCESS AND THE FORCES OF INTEGRATION, NOTABLY THE CREATION OF A SINGLE MARKET. GORBACHEV SAID THESE QUESTIONS REQUIRED SERIOUS STUDY. ECONOMIC INTEGRATION WAS AN OBJECTIVE PROCESS. IT WAS ALSO OBVIOUS THAT ECONOMIC TIES ARE WAY AHEAD OF POLITICAL COOPERATION. HOWEVER, NATIONS WHICH HAD FOUGHT FOR THEIR INDEPENDENCE WERE HARDLY GOING TO ACCEPT SOME FORM OF 'LIMITED SOVEREIGNTY.' SO THE BLEND OF ECONOMIC INTERNATIONALISATION AND POLITICAL INDEPENDENCE WAS A BIG PROBLEM. FROM ANOTHER ANGLE - WHAT WOULD BECOME OF THE COMMON EUROPEAN PROCESS IF THE WESTERN PART OF EUROPE SEALED ITSELF OFF IN ITS NEW FORM? HOW THEN TO BUILD THE EUROPEANHOUSE?
4. GORBACHEV SAID THAT ONE HAD TO TAKE ACCOUNT OF REALITIES. THE WISH OF EVERY NATION TO PRESERVE ITS SOVEREIGNTY WAS ONE SUCH. THE INTERNATIONALISATION OF ECONOMIC PROCESSES WAS ANOTHER. THE EXISTENCE OF EAST AND WEST EUROPE WHICH SHOULD COEXIST ON THE BASIS OF FREEDOM OF CHOICE, NON-USE OF FORCE, MUTUAL RESPECT AND USEFUL COOPERATION WAS YET ANOTHER. AND THE STRIVING OF ALL EUROPEANS TO DRAW CLOSER, TO AVE A RELIABLE FUTURE WAS ALSO A REALITY.
5. PRAVDA OF 12 OCTOBER ALSO CARRIED THE TASS REPORT OF VRAMITSKY'S TALKS WITH RYZHKOV. THE TWO LEADERS TOUCHED ON THE PROBLEMS OF EC-AUSTRIAN RELATIONS. THE SOVIET SIDE EXPRESSED THE HOPE THAT, IN

[Gorbachev has clearly read the English speech]

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DETERMINING THE WAY BY WHICH THESE COULD BE SETTLED, AUSTRIA WOULD ACT IN ACCORDANCE WITH ITS OBLIGATIONS UNDER THE STATE TREATY AND TAKING ACCOUNT OF ITS NEUTRAL STATUS.

COMMENT

6. GORBACHEV'S REMARKS ARE ELLIPTICAL BUT SEEM TO COUNTENANCE THE DEVELOPMENT OF CLOSER ECONOMIC TIES BETWEEN AUSTRIA AND THE EC, SO LONG AS THESE DO NOT EVENTUALLY IMPINGE ON HER POLITICAL NEUTRALITY. HE DID NOT GO SO FAR IN URGING CAUTION AS RYZHKOV, NOR AS SHEVARDNADZE DID WITH MOCK.

7. THIS LOOKS LIKE AN AMBER LIGHT FOR VRANITSKY TO EXPLORE ECONOMIC THOUGH NOT POLITICAL UNION. IF THE LATTER APPEARS AN OBSTACLE TO AUSTRIAN MEMBERSHIP OF THE EC THEN THE RUSSIANS WILL NO DOUBT BLAME OVER-AMBITIOUS INTEGRATION PLANS OF THE WEST.

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