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MIPT:

MR GORBACHEV'S VISIT TO BRITAIN: EXTERNAL AND BILATERAL ASPECTS
SUMMARY

1. FOR GORBACHEV, THE BEGINNING OF A NEW DIPLOMATIC SEASON WHICH WILL FOCUS ON EUROPE BUT ALSO TAKE IN CHINA. HE HAS GROUNDS FOR CONCERN IN WESTERN EUROPE INTEGRATION, AND IN THE STATE OF EASTERN EUROPE. HE AND SHEVARDNADZE MAY PRESS US OVER AFGHANISTAN, BUT OUR ATTITUDES TO THE MIDDLE EAST AND SOUTHERN AFRICA ARE CLOSER. THE BILATERAL PICTURE IS BROADLY POSITIVE, BUT WITH FAMILIAR RESERVATIONS OVER VISAS, INTELLIGENCE ACTIVITIES, AND THE RELATIVELY LOW LEVEL OF BILATERAL TRADE.

DETAIL

SOVIET EXTERNAL POLICY: THE BACKGROUND TO GORBACHEV'S VISIT.

2. GORBACHEV HAS CONCENTRATED ON INTERNAL AFFAIRS FOR THE FIRST QUARTER OF 1989. IT HAS BEEN ONE OF THE QUIETEST PERIODS IN HIS FOUR YEARS OF PERSONAL DIPLOMACY. HE HAS NOT LEFT THE COUNTRY SINCE HIS HASTY RETURN FROM NEW YORK IN DECEMBER. HE HAS NOT PLAYED HOST TO ANY MAJOR INWARD VISITS. THERE HAS BEEN AN EXTERNAL REASON FOR THIS, TOO, AS THE RUSSIANS - LIKE OTHERS - ARE WAITING FOR THE BUSH ADMINISTRATION TO GET ITS ACT TOGETHER. SHEVARDNADZE HAS USED THE FALLOW PERIOD IN EAST/WEST RELATIONS FOR SOME EFFECTIVE GROUND-BREAKING IN THE FAR AND MIDDLE EAST. HIS OFFICIALS HAVE DONE LIKEWISE OVER SOUTHERN AFRICA. AFGHANISTAN HAS REMAINED A MAJOR PREOCCUPATION.

3. WITH THE VISITS TO CUBA AND LONDON, GORBACHEV'S NEW DIPLOMATIC SEASON OPENS AGAINST THE BACKGROUND OF THE BEST YEAR SINCE THE WAR FOR SOVIET DIPLOMACY. FROM THE INF AND AFGHANISTAN AGREEMENTS THROUGH PRESIDENT REAGAN'S VISIT TO GORBACHEV'S UN TOUR DE FORCE, THE FOREIGN AFFAIRS MACHINE HAS DELIVERED SORELY NEEDED SUCCESSES. EVEN THE INTERNATIONAL RESPONSE TO THE ARMENIAN EARTHQUAKE WAS SEEN AS REFLECTING CREDIT ON SOVIET EXTERNAL POLICY. THE CSCE OUTCOME WAS CLAIMED AS ANOTHER SUCCESS. A DOGGED CAMPAIGN TO LAND THE MOSCOW HUMANITARIAN CONFERENCE HAD BEEN REWARDED. THE RUSSIANS HAVE GONE A LONG WAY TO DIMINISH - IF NOT YET ERADICATE - THE BUGBEAR OF HUMAN

RIGHTS WHICH HAD UNERMINED THEIR SALES PITCH OVER TWO DECADES.

4. ALTHOUGH HIS DOMESTIC PREOCCUPATIONS ARE, IF ANYTHING, DEEPENING, GORBACHEV HAS MAPPED OUT A BUSY DIPLOMATIC SCHEDULE FROM NOW UNTIL THE AUTUMN. IT INCLUDES THE FIRST SINO/SOVIET SUMMIT IN THREE DECADES, AND VISITS TO FRANCE, GERMANY AND ITALY, PERHAPS LEADING UP TO A FIRST SUMMIT WITH PRESIDENT BUSH IN THE LATTER PART OF THE YEAR.

HE MUST HOPE THAT FURTHER DIPLOMATIC SUCCESSES WILL AGAIN HELP TO MASK INTERNAL DIFFICULTIES: BUT HE MAY ALSO BE CONSCIOUS THAT:

- THE LAW OF DIMINISHING RETURNS MAY BEGIN TO WORK AGAINST HIM OVER THE NEXT YEAR

- CRITICS (MANY OF THEM XENOPHOBES) ARE ALL TOO READY TO ACCUSE HIM OF FIDDLING ABROAD WHILE RUSSIAN BURNS. HE IS UNDER CONTINUING PRESSURE TO PRODUCE RESULTS.

- TACTICAL ADROITNESS CAN ONLY GO SO FAR. THE URGENT NEED TO CUT DEFENCE EXPENDITURE AND REDUCE COSTLY OVERSEAS COMMITMENTS - AFGHANISTAN WAS A PRIME EXAMPLE, THE CUBAN AND VIETNAMESE SUBSIDIES ARE OTHERS - WEAKENS GORBACHEV'S HAND, EG WHEN HE SITS DOWN WITH DENG XIAO PING OR GEORGE BUSH.

THE UNITED STATES/THE UNITED NATIONS AND EAST/WEST RELATIONS

5. THE OBJECTIVE OF GORBACHEV'S 7 DECEMBER UN SPEECH (THE LOCUS CLASSICUS) WAS TO ESTABLISH A COOPERATIVE INTERNATIONAL CLIMATE: AND TO MOVE BEYOND THE ERA OF EAST/WEST COMPETITION, IN WHICH SINCE THE VIETNAM WAR AT LEAST THE EASTERN SIDE HAS COME OFF SECOND BEST.

6. AS MAJOR OBJECTIVES, GORBACHEV AND SHEVARDNADZE WILL WISH TO:
A) REINFORCE THE PERCEPTION THAT THE SOVIET UNION IS NOW FIRMLY PART OF THE INTERNAITONAL STATUS QUO. THEY CAN CITE A STRING OF EXAMPLES INF, CSCE, AFGHANISTAN, ANGOLA/NAMIBIA ETC) AND MAY PROPOSE WIDER COLLABORATION BY THE FIVE PERMANENT MEMBERS, EG ON THE ENVIRONMENT. THEY WILL STRONGLY ENDORSE THE PRIME MINISTER'S LINE ON ROCARD'S INITIATIVE. THEY MAY PRESS FOR ENHANCEMENT OF THE UNITED NATIONS AS A WHOLE, AND WILL LOBBY US TO CEASE OPPOSING THE SOVIET PROPOSAL FOR A COMPREHENSIVE SYSTEM OF INTERNATIONAL PEACE AND SECURITY. (ON CSIPS THEY ARE TRYING TO DRIVE WEDGES BETWEEN THE EUROPEANS).
B) SECURE SUPPORT FOR FULL SOVIET PARTICIPATION IN THE WORLD'S FINANCIAL AND TRADING SYSTEM. THEY CLAIM THAT THE USSR IS PREPARED TO MAKE THE NECESSARY ADJUSTMENTS. PRAVDA OF 25 MARCH REPORTED GORBACHEV AS TELLING THE HUNGARIAN GENERAL SECRETARY THAT 'THE SOVIET UNION INTENDED TO ENTER THE EUROPEAN AND WORLD ECONOMIES, WHICH REQUIRED A SERIES OF TRANSFORMATIONS OF THE ECONOMIC MECHANISM.' THIS IS A STRIKINGLY BLUNT STATEMENT OF INTENT, THOUGH MUCH EASIER SAID THAN DONE. CONVERTIBILITY OF THE ROUBLE FOR EXAMPLE, IS STILL VERY FAR OFF AND TECHNICALLY AND POLITICALLY FRAUGHT.

C) EXTRACT A BRITISH PERSEPCTIVE ON THE BUSH ADMINISTRATION'S POLICY

REVIEW. FOR REASONS OF CONTINUITY, BUSH WAS THE PREFERRED SOVIET CANDIDATE. THE RUSSIANS EXPECT HIM TO STICK TO THE MAIN LINES OF THE ARMS CONTROL AGENDA, ARE WATCHING CLOSELY TO SEE WHAT HAPPENS TO SDI, AND ARE A LITTLE CONCERNED THAT BUSH MAY DISTANCE HIS POLICY FROM REAGAN'S BY STRIKING OUTIN NEW DIRECTIONS. THEY WOULD LIKE TO GET BACK INTO BUSINESS WITH THE AMERICANS SOON (BAKER IS DUE HERE IN MAY) AND IN PARTICULAR TO PICK UP PROGRESS TOWARDS A STRATEGIC WEAPONS AGREEMENT. THEY WANT THE AMERICANS TO ACCEPT THEM AS MIDDLE EAST PLAYERS: AND THEY MAY BE IN A MOOD TO OFFER A DEAL OVER CENTRAL AMERICA

EUROPE

7. ON EUROPE, THE LINE IS LIKELY TO BE:
- RESTATEMENT OF ESTABLISHED ARMS CONTROL POSITIONS. WITH THE VIENNA TALKS SO RECENTLY OPENED, THERE ARE NO LOG JAMS YET TO BE BROKEN BETWEEN GORBAHCEV AND THE PRIME MINISTER.
 - MARKETING OF THE 'COMMON EUROPEAN HOME', EG IN GORBACHEV'S GUILDHALL SPEECH. BUT IN SERIOUS CONVERSATION, THE RUSSIANS HAVE STILL NOT MADE THE CONCEPT SOUND CONVINCING. THEY DESCRIBE IT VAGUELY AS A FURTHER EXTENSION OF CSCE.
 - CONCERN THAT THEY ARE BEING LEFT OUT OF THE SHAPING OF EUROPE'S FUTURE. THE RUSSIANS ARE MOST ANXIOUS TO BUILD A BRIDGE INTO THE COMMUNITIES BEFORE 1992. BUT THEY ARE SHORT OF ECONOMIC CHIPS. THEY SEE BOTH THE NEUTRALS AND THEIR EASTERN EUROPEAN ALLIES BEING DRAWN EVER MORE CLOSELY TOWARDS OUR ORBI5T. THEY MAY WELL WISH TO IMPEDE AUSTRIA'S ENTRY TO THE COMMUNITY IF THEY CAN. THEIR BEST HOPE OF COUNTERING THESE UNWELCOME DEVELOPMENTS IS OF COURSE TO PLAY ON THE FRG. BUT THEY HAVE AMBIVALENT ATTITUDES TOWARDS GERMANY, CONTINUE TO MUTTER ABOUT GERMAN 'REVANCHISM,' AND WILL STAND FIRM AGAINST ANY MOVES TOWARDS GERMAN REUNIFICATION.
 - CAUTION AND PRIVATE DISQUIET ABOUT EASTERN EUROPE. GORBACHEV APPEARS TO HAVE GIVEN TACIT APPROVAL TO HUNGARIAN REFORMS. BUT HE HAS NOT BLESSED THEIR MULTI-PARTY SYSTEM IN PUBLIC AND HAS RULED IT OUT FOR THE SOVIET UNION. IT IS AN AWKWARD PRECEDENT FOR A COMMUNIST STATE. SO TOO IS THE LEGALISATION OF SOLIDARITY IN POLAND. A FURTHER SOURCE OF EMBARRASSMENT, IF LESS PARTINENT TO GORBACHEV'S OWN POLICY, IS PRESIDENT CEAUSESCU. THERE ARE FEW BRIGHT SPOTS IN EASTERN EUROPE FOR THE RUSSIANS, AND THE SITUATION THERE IS SET TO BECOME MORE DIFFICULT.

REGIONAL QUESTIONS

(A) NEAR AND MIDDLE EAST

8. TAKING ADVANTAGE OF THE AMERICAN HIATUS, SHEVARDNADZE HAS PLAYED THE RUSSIANS BACK INTO THE MIDDLE EAST GAME WITH A PARTICULARLY SKILFUL TOUR OF THE REGION. HAVING DEVELOPED A WORKING CHANNEL WITH

THE ISRAELIES, THE RUSSIANS ARE TALKING TO ALL SIDES. THEIR PROPOSAL FOR MORE ACTIVE INVOLVEMENT OF THE FIVE PERMANENT SECURITY COUNCIL MEMBERS IS UNWELCOME TO THE AMERICANS, BUT HARD TO REBUT AS IT STRIKES A CHORD WITH THE OTHER THREE. SHEVARDNADZE HAS ALREADY DISCUSSED HIS TOUR WITH YOU IN VIENNA. THE RUSSIANS SEE THE MIDDLE EAST AS NEAR THE TOP OF THE REGIONAL QUESTIONS AGENDA ROW. OUR VIEWS ARE NOT WIDELY SEPARATED, AND THEY MAY WISH TO EXPLORE THE GROUND FOR FURTHER COOPERATION. BUT THEY ARE PUSSY-FOOTING OVER LIBYA AND CHEMICAL WEAPONS, AND SHOULD BE PRESSED HARD.

9. SHEVARDNADZE WAS LESS ADROIT IN HIS PROPOSAL OF GOOD OFFICES IN THE SALMAN RUSHDIE AFFAIR. THE RUSSIANS HAVE GONE A LONG WAY TO REBUILD RELATIONS WITH IRAN. GORBACHEV AND SHEVARDNADZE RECEIVED VELAYATI ON 31 MARCH. RAFSANJANI IS COMING IN THE SUMMER. AFGHANISTAN, FEARS OF FUNDAMENTALISM, AND HOPES OF ECONOMIC GAIN ARE THE SPURS.

B) AFGHANISTAN

10. THE RUSSIANS ARE DOING MUCH TO SUSTAIN THE KABUL REGIME, ARE MODERATELY ENCOURAGED THAT IT HAS HELD OUT THUS FAR, AND ARE STILL TRYING TO PUT THE HEAT ON PAKISTAN. ONE OF GORBACHEV'S OBJECTIVES MAY BE TO APPLY FURTHER HEAT THROUGH US. HE WILL TAKE THE LINE THAT BREACHES OF THE GENEVA ACCORDS BY PAKISTAN AND OTHER BACKERS OF THE MUJAHIDEEN THREATEN THE PEACEFUL SETTLEMENT OF OTHER REGIONAL DISPUTES.

(C) SOUTHERN AFRICA

11. ACTION THIS WEEKEND ON NAMIBIA HAS PUT THE RUSSIANS ON NOTICE. BEHIND THE SCENES, THEY WILL SIT ON THE SIDE OF THE SETTLEMENT ANGELS. BUT IT IS DIFFICULT FOR THEM TO APPEAR PUBLICLY TO BE RESTRAINING SWAPO OR THE ANC. THE MODERATION OF SOVIET ATTITUDES TO SOUTH AFRICA HAS CAUSED STRAIN IN THEIR RELATIONSHIP WITH THESE TWO MOVEMENTS, AND LED TO EMBARRASSING COMMENT IN THE BRITISH PRESS. IN YOUR PRIVATE CONVERSATIONS, I WOULD EXPECT THE SOVIET LEADERSHIP TO BE SENSIBLE BUT PERHAPS NON-COMMITTAL.

(D) FAR EAST

12. GORBACHEV HAS DEFUSED THE CONFRONTATION WITH CHINA, DEVELOPED ECONOMIC COOPERATION, AND IS NOW ABLE TO SCALE DOWN HIS FORCES ON THE BORDER AND IN MONGOLIA. HIS VISIT TO PEKING NEXT MONTH WILL SEAL ON NORMALISATION. THE RUSSIANS HAVE HAD TO MAKE THE RUNNING. THEY HAVE MADE SOME CONCESSIONS, TOO, TO JAPAN, BUT TO LESS EFFECT: THE JAPANESE ARE HANGING TOUGH OVER THE NORTHERN TERRITORIES, AND NOT FALLING OVER THEMSELVES TO DEVELOP SIBERIA. SOVIET ANXIETY TO BE INCLUDED IN THE PACIFIC RIM HAS BEEN REFLECTED BOTH IN GRANDIOSE INITIATIVES AND IN THE WARMING OF BILATERAL RELATIONS WITH ASEAN AND SOUTH KOREA. BUT, AS IN EUROPE, THE RUSSIANS HAVE TOO LITTLE TO OFFER ECONOMICALLY. THOUGH THE FAR EAST IS NO MORE THAN A MINOR

SUBJECT FOR THE LONDON TALKS, IT IS IMPORTANT TO GORBACHEV'S FOREIGN POLICY.

BILATERAL

13. THE SCENE IS FAMILIAR. MOST AREAS OF THE RELATIONSHIP ARE EXPERIENCING AN EXPLOSION OF ACTIVITY - POLITICAL CONSULTATIONS, PARLIAMENTARY, CULTURAL, ACADEMIC, SCIENTIFIC AND MILITARY EXCHANGES, PERSONAL CONTACTS OF EVERY KIND - BUT TRADE IS STAGNANT AND FRICTION OVER INTELLIGENCE ACTIVITIES, CEILINGS AND VISAS REMAINS THE DARKEST CLOUD. GORBACHEV OR SHEVARDNADZE MAY TRY TO CHANNEL THE LATTER POINT INTO A SEPARATE NEGOTIATION (FLOATED EARLIER), AIMING FOR THE SORT OF DEAL WE DO NOT WANT. THE RUSSIANS ARE IN EFFECT OPERATING THEIR OWN CEILING, BY FAILING TO PROVIDE ACCOMMODATION IN MOSCOW AND THUS LIMITING OUR ABILITY TO EXPLOIT NEW OPENINGS.

14. GORBACHEV MAY BE UPBEAT ON TRADE. THE VISIT OF THE UNINSPIRING KAMENTSEV IN FEBRUARY WAS ACCOUNTED A SUCCESS. TO DO HIM JUSTICE, HE AND HIS PEOPLE HAVE BEEN HELPFUL AND BUSINESSLIKE IN THE FOLLOW-UP. CONTRACTS HAVE MATERIALISED FOR APV, TAYLOR WOODROW AND GEC/PLESSEY. BUT THE TRUTH IS THAT TRADE RELATIONS ARE BETTER THAN THE FIGURES. ECONOMIC WEAKNESS AND HARD CURRENCY SHORTAGE MAKE THIS MARKET AN UPHILL STRUGGLE: WE DID WELL TO TAKE A SLIGHTLY BIGGER SLICE OF A SMALLER CAKE IN 1988.

15. IN ALL OTHER RESPECTS, I EXPECT THE VISIT TO CAST A ROSY GLOW, WHICH WILL BE FANNED BY THE ARMENIAN SCHOOL PROJECT AND THE ROYAL VISIT AND BRITISH/SOVIET TRADE MONTH TO FOLLOW.

16. SEE MY SECOND IFT

BRAITHWAITE

COD PSE ADVANCE THIS TELEGRAM TO NO 10 DOWNING ST, PS, SIR J FRETWELL RATFORD AND HEAD OF SOVIET DEPT

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