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PERSONAL FOR RATFORD (AUSS)  
MIPT: CEILINGS: COMMENTS

1. KRASNOV HAS GIVEN US A VERY USEFUL - AND DELIBERATE - ATMOSPHERIC READING. I DO NOT THINK HE WAS PLAYING GAMES. RUSSIANS ARE TEMPERAMENTALLY PRONE TO SEE CONSPIRACIES, EVEN WHERE NONE EXIST, AND THE PRIME MINISTER'S STATEMENTS HAVE HAD SOME IMPACT. NEVERTHELESS, THE MFA'S LINE, AS EXPRESSED BY KRASNOV IS CREDIBLE: I.E. THAT THERE IS A RISK OF SETTING OFF THE BOX OF FIREWORKS, AND THAT THEY GENUINELY DO NOT WANT THIS. THERE WAS NO HINT OF THREAT OR BLUSTER IN KRASNOV'S TONE AND HE IS ALWAYS HAPPY TO BLUSTER IF HE THINKS (USUALLY WRONGLY) THAT IT IS APPROPRIATE.
2. THE SUBJECT DIVIDES INTO TWO PARTS:

A) POLITICAL/BILATERAL RELATIONSHIP

3. IF WE CAN TURN DOWN THE PUBLICITY NOW, I DO NOT THINK THAT LASTING AND SUBSTANTIAL DAMAGE WILL HAVE BEEN DONE TO THE BILATERAL RELATIONSHIP. BUT WE SHOULD TAKE STEPS TO ENSURE THAT GORBACHEV CONTINUES TO GET THE RIGHT MESSAGE. IT IS NO SURPRISE TO HEAR (IMPLICITLY, FROM KRASNOV) THAT CERTAIN QUARTERS MAY BE TELLING GORBACHEV THAT HE WAS CONNED IN LONDON AND THAT WE HAVE A CUNNING "CAMPAIGN" UNDERWAY. WE ANTICIPATED THIS, AND TRIED TO HEAD IT OFF. WE NEED TO DO MORE.

4. I THEREFORE THINK THAT I SHOULD SEE CHERNYAYEV (OR FAILING THAT, SHEVARDNADZE) SOON. WE CAN KEEP THE KOSOV CARD IN RESERVE. IN ESSENCE, THE MFA APPEAR TO BE SUING FOR PEACE. THE PROOF OF THIS WILL LIE IN THE WAY THEY NEGOTIATE THE CEILING. BUT IN THE MEANTIME, GORBACHEV MAY WELL BE HAVING ANOTHER FIT OF NERVES ABOUT THE REAL WESTERN ATTITUDE TO PERESTROIKA, SUCH AS HE HAD AT THE BEGINNING OF APRIL.

5. TO SEE EITHER SENIOR INTERLOCUTOR, I ~~SHOULD~~ NEED MORE SUBSTANTIVE INSTRUCTIONS THAN PARA 3 OF FCO TELNO 8660. I AM NOT PROPOSING ANOTHER WRITTEN MESSAGE FROM THE PRIME MINISTER: TOO SOON, NOT HER TURN, WRONG TONE. BUT I NEED SPECIFIC ORAL INSTRUCTIONS ENDORSED BY THE PM (FOR CHERNYAYEV) OR THE S OF S (FOR SHEVARDNADZE). IF I HAD A WRITTEN MESSAGE FROM THE SECRETARY OF STATE TO SHEVARDNADZE, IT SHOULD BE BRIEF AND SHOULD LEAVE THE SUBSTANCE FOR MY ORAL POINTS ('THE AMBASSADOR WILL EXPLAIN TO YOU...').

6. THE OBJECTIVE IS NOT TO RUN AFTER THE RUSSIANS. THEY ARE AT THE MOMENT COMING TO US: WITH THE MESSAGE THAT THEY WANT TO LIMIT THE DAMAGE AND DO NOT WANT TO FREEZE THE RELATIONSHIP. TACTICALLY, THOUGH PERHAPS ONLY FOR THE TIME BEING, THEY ARE ON THE DEFENSIVE. THIS IS PRECISELY WHAT WE WANTED, AND WE SHOULD RESPOND WITH A POLITICAL MESSAGE TO REINFORCE THEIR CONFIDENCE THAT WE ARE NOT TAKING THEM FOR A RIDE. IT COULD INCLUDE REFERENCE TO CONCRETE POLITICAL ISSUES, AND NEED NOT REFER IN ANY DETAIL TO THE CEILING QUESTION.

B) CEILINGS

7. I SUGGEST THAT THE STRATEGY SHOULD BE TO:

(A) LET THE DUST SETTLE. WITH LUCK, THE MFA WILL TAKE SOME TIME OVER THEIR REPLY. WE SHOULD THEN MOVE DELIBERATELY, BUT WITHOUT GIVING ANY IMPRESSION THAT WE ARE MERELY STALLING.

(B) AIM TO DIVIDE THE MFA FROM THE KGB/UPDK, AND TO NEGOTIATE ONLY WITH THE FORMER

(C) PREPARE A DETAILED LIST OF GENUINE ASYMMETRIES, QUANTIFIED WHERE POSSIBLE, TO DEPLOY IN NEGOTIATION. THE MOST IMPORTANT OF THESE IS LOCAL STAFF. YOU WILL WISH TO BUTTRESS WITH DETAILED EVIDENCE THE FIGURE OF 400 DEPLOYED BY YOU TO GOOD EFFECT. WE SHOULD NOT THROW NUMBERS ABOUT IN PUBLIC FOR FEAR OF ENTRENCHING POSITIONS.

8. I SHALL SEND SEPARATELY FURTHER THOUGHTS ON DETAILED NEGOTIATING POINTS.

BRAITHWAITE

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SVLNAN 2707

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SECRET  
FM MOSCOW  
TO DESKBY 241745Z FCO  
TELNO 872  
OF 241721Z MAY 89

28a-c  
Pl. file

PERSONAL FOR RATFORD (AUSS)  
MY TELNO 867: CEILING: MEETING WITH MFA

SUMMARY

1. SPEAKING "OFF THE RECORD," BUT CLEARLY ON INSTRUCTIONS, KRASNOV (MFA) EXPRESSES CONCERN ABOUT POTENTIAL DAMAGE TO THE BILATERAL RELATIONSHIP, AND UNDERLINES THE SOVIET GOVERNMENT'S WISH TO KEEP THE CURRENT EXERCISE WITHIN ITS CONFINES. THE RUSSIANS ARE NERVOUS ABOUT FURTHER RETALIATION BY US, AND WISH TO NEGOTIATE ON THE CEILING, BUT CANNOT CLIMB DOWN FROM WHAT THEY HAVE ANNOUNCED. WE HAVE POINTED OUT THAT THE KEY LIES IN THE FINE PRINT.

DETAIL

2. DURING THE MEETING REPORTED IN TUR KRASNOV ASKED TO SPEAK PRIVATELY TO THE H<sup>OF C.</sup> THE PRIVATE DISCUSSION LASTED HALF AN HOUR, OFF THE RECORD, WITHOUT NOTES. KRASNOV SPOKE WITH PASSION AND APPARENT SINCERITY, AND WAS FRIENDLY THROUGHOUT. HE WAS CLEARLY SPEAKING TO INSTRUCTIONS.

3. KRASNOV BEGAN BY SAYING THAT GORBACHEV SIMPLY COULD NOT UNDERSTAND WHY THE PRIME MINISTER HAD ACTED IN THIS WAY. GORBACHEV WAS ASKING WHY SHE HAD CHOSEN THIS TIME TO LAUNCH A "CAMPAIGN": AND WHY SHE HAD NOT RAISED THE MATTER WITH HIM PERSONALLY IN LONDON. WHAT DID THIS MEAN FOR THEIR "PERSONAL RELATIONSHIP." WERE WE NO LONGER INTERESTED IN GOOD BILATERAL RELATIONS? KRASNOV SAID SOME PEOPLE WERE INTERPRETING THE BRITISH ACITON IN A MUCH WIDER CONTEXT: AND MORE IN THAT VEIN.

4. LYNE REPLIED THAT THIS WAS AN ENTIRELY MISTAKEN READING. HE COULD NOT SAY WHY THE ACTION HAD BEEN TAKEN NOW, EXCEPT THAT THERE WAS NEVER A RIGHT TIME FOR SUCH THINGS AND THAT IT HAD ITS OWN DYNAMIC. BUT HE COULD SAY THAT WE HAD MADE EVERY EFFORT TO LIMIT THE AFFAIR TO THE NARROW FIELD OF SECURITY - AND THAT THE TIMING HAD NOT BEEN DICTATED BY ANY ULTERIOR MOTIVE. FAR FROM SEEKING TO DAMAGE THE PERSONAL OR BILATERAL RELATIONSHIP, THE PRIME MINISTER HAD BEEN AT PAINS TO EXPLAIN IN HER PRIVATE LETTER TO GORBACHEV WHY SHE WAS OBLIGED TO ACT AND IN WHAT CONTEXT. LYNE TOOK KRASNOV IN DETAIL THROUGH THE EVIDENCE: THE PERSONAL LETTER, MY MEETING WITH CHERNYAYEV, THE DECISION NOT TO PUBLICISE THE EXPULSIONS WHICH HAD LEAD TO DOMESTIC CRITICISM OF THE BRITISH GOVERNMENT'S SILENCE), THE RATCHET, AND OUT GENERAL POLICY STANCE. THERE WAS NO CONNECTION WITH ANY OTHER POLICY OR EVENT. IT WAS EMPHATICALLY NOT OUR INTENTION TO DAMAGE GORBACHEV'S STANDING OR PERESTROIKA. THE PRIME MINISTER'S VIEWS ON PERESTROIKA HAD BEEN MADE VERY CLEAR. THERE WAS NO "CAMPAIGN."

5. KRASNOV SUGGESTED THAT BRITISH PUBLICITY WAS INCONSISTENT WITH THIS. HE REFERRED TO STATEMENT BY THE PRIME MINISTER AND TO MY BRIEFING OF JOURNALISTS ON 21 MAY. HE ACKNOWLEDGED THAT I HAD FOREARNED USPENSKY OF THE LATTER, BUT SAID USPENSKY HAD BEEN VERY UPSET.



6. LYNE MADE THE OBVIOUS POINTS IN REPLY. WE HAD NOT ONLY INTENDED TO AVOID PUBLICITY, BUT HAD SUCCEEDED UNTIL OUR HAND WAS FORCED BY THE NATURE OF THE SOVIET RESPONSE. EVEN THEN, WE HAD ONLY GIVEN OUT THE BARE FACTS. HE DREW A CONTRAST WITH PREVIOUS EPISODES. <sup>28</sup> <sup>6</sup> ~~ONCE~~ THE NEWS HAD BECOME PUBLIC, SOME COMMENT WAS INEVITABLE. IT HAD COME FROM BOTH SIDES (INCLUDING GERASIMOV, WHO HAD STIRRED THE POT WITH HIS INACCURATE AND ALARMIST BRIEFING ON MONDAY). MINISTERS COULD NOT THEN AVOID REPLYING TO QUESTIONS AND CRITICISM EG IN PARLIAMENT. BUT WE WERE NOT FANNING THE FLAMES, AND HAD UNDERLINED OUR DETERMINATION TO DEVELOP BILATERAL RELATIONS WHILE MAINTAINING NATIONAL SECURITY.

7. LYNE SUGGESTED THAT THE BEST COURSE WAS TO ALLOW THE DUST TO SETTLE, AND THEN DEAL CALMLY AND RATIONALLY WITH THE ISSUE OF CEILINGS. POLEMICS SHOULD NOT BE ALLOWED ACCIDENTALLY TO SET OFF A CHAIN REACTION. WE ASSUMED THIS WAS THE INTENTION ALSO OF THE SOVIET GOVERNMENT. IF SOME ON THE SOVIET SIDE PRODUCED A DIFFERENT ANALYSIS OF BRITISH MOTIVES AND ARGUED FOR A DIFFERENT FORM OF RESPONSE, THEY SHOULD BE CORRECTED FIRMLY.

8. KRASNOV SAID DIRECTLY THAT THE SOVIET GOVERNMENT DID NOT WANT A CHAIN REACTION. HE WAS VERY NERVOUS THAT A CYCLE OF RETALIATION AND COUNTER-RETALIATION COULD BEGIN. MANY ON THE SOVIET SIDE THOUGHT THE UK WAS ABOUT TO TAKE FURTHER STEPS. HE ASKED POINT BLANK IF THE BRITISH GOVERNMENT INTENDED TO 'CUT' SOVIET LOCALLY-ENGAGED STAFF IN LONDON. LYNE SAID WE HAD SET OUT TO MAKE A SINGLE SURGICAL EXCISION, WHICH THE BEHAVIOUR OF THOSE CONCERNED HAD MADE ABSOLUTELY NECESSARY. IT, TOO, HAD NOT BEEN OUR INTENTION TO PROVOKE A RETALIATORY CYCLE. SIR J FRETWELL'S SPEAKING NOTE MADE OBSERVATIONS ABOUT LOCALLY-ENGAGED STAFF, BUT DID NOT CONTAIN ANY THREAT. THE QUESTION OF SUCH STAFF WAS ONE OF MANY COMPLEX CONSIDERATIONS WHICH OUGHT TO BE INCLUDED IN A PROCESS OF RATIONAL DISCUSSION. A DIRECT MIRROR IMAGE BETWEEN LONDON AND MOSCOW WAS UNACHIEVABLE, AS CIRCUMSTANCES WERE SO DIFFERENT. BUT, THROUGH DISCUSSION BETWEEN THE RIGHT PEOPLE, IT SHOULD BE POSSIBLE TO ESTABLISH SOME FORM OF BROAD PARITY. THAT PARITY MUST INCLUDE THE RESOURCES FUNCTIONALLY NECESSARY TO CARRY FORWARD THE DIFFERENT ASPECTS OF RELATIONS - INCLUDING TRADE, INFORMATION AND VARIOUS EXCHANGES.

9. LYNE SAID THAT ALL DEPENDED ON THE FINE PRINT. IF THE MOSCOW CEILING WAS ENACTED IN THE MANNER IMPLIED BY UPDK'S BRUSQUE BEHAVIOUR ON MONDAY OR BY GERASIMOV TO THE PRESS, IT COULD BE INTERPRETED TO REQUIRE THE REMOVAL OF MANY BRITISH AND SOVIET STAFF. IT WOULD THUS CONSTITUTE A MASSIVE SECOND STRIKE AGAINST US. LYNE SAID HE HAD NO INFORMATION ON HOW WE MIGHT THEN REACT, BUT INVITED KRASNOV TO WORK THE CONSEQUENCES OUT FOR HIMSELF. KRASNOV HAD MADE CLEAR THAT THIS WAS NOT IN FACT THE MFA'S INTENTION. IT WAS NOW UP TO THE MFA TO ENSURE THAT UPDK DID NOT HAVE THIS UNINTENDED EFFECT. THIS WAS WHY HE WAS SPEAKING TO KRASNOV, NOT TO UPDK. SECOND EUROPEAN DEPARTMENT WOULD HAVE A BETTER UNDERSTANDING OF THE SITUATION AT BOTH ENDS AND OF THE INTENTIONS OF THE SOVIET GOVERNMENT.

10. LYNE ADDED THAT HE HAD BEEN ENCOURAGED BY KRASNOV'S EARLIER FORMAL RESPONSE TO OUR DEMARCH TO THINK THAT THE SOVIET POSITION WOULD NOW BE CONSIDERED WITH GREAT CARE, AND THAT WE COULD DISCUSS THESE VERY COMPLICATED QUESTIONS SENSIBLY. THE INITIAL SOVIET POSITION WAS LITERALLY IMPRACTICABLE, AND HAD IGNORED MANY RELEVANT FACTS. ITS AUTHORS HAD MADE A SERIOUS ERROR IN OVERLOOKING LOCALLY-ENGAGED STAFF IN LONDON. 2

11. KRASNOV DID NOT TAKE ISSUE WITH ANY OF THIS, SAVE TO POINT OUT THAT THE DECISION TO IMPOSE A CEILING WAS FIRM AND IMMUTABLE.

12. KRASNOV MADE A SINGLE ATTEMPT, PRESUMABLY FOR FORM'S SAKE TO SAY THAT THE SIMPLEST SOLUTION AND THE BEST STEP FOR BILATERAL RELATIONS WOULD BE THE LIFTING BY BOTH SIDES OF ALL CEILINGS. LYNE IGNORED THIS, BUT AT A DIFFERENT STAGE REGISTERED THE POINT (TO WHICH KRASNOV ALSO DID NOT REPLY) THAT AT SOME STAGE THE MFA WOULD HAVE TO CONTROL THOSE WHOSE BEHAVIOUR IN LONDON WENT BEYOND THE BOUNDS. C

#### FURTHER STEPS

13. IT WAS CLEARLY ESTABLISHED THAT NO ULTIMATUM WAS NOW IN EFFECT, AND THAT THE NEXT STEP WOULD BE FOR THE MFA TO REPLY, WHICH MIGHT POSSIBLY LEAD TO MORE DETAILED DISCUSSIONS. LYNE SAID THAT WE HAD TO GIVE SOME INFORMATION TO THE BRITISH COMMUNITY, WHILE SEEKING TO GET THE TEMPERATURE DOWN.

14. SEE MIFT FOR COMMENTS

BRAITHWAITE

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OF 241600Z MAY 89

INFO IMMEDIATE MODUK

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EXPULSION <sup>6</sup> ATMOSPHERICS

1. AS REPORTED THE MFA TOLD US IN TERMS TODAY THAT THEY WERE CONDUCTING BUSINESS AS USUAL.
2. IT IS WORTH RECORDING THAT THIS HAS BEEN OUR EXPERIENCE SO FAR IN PRACTICE. SPECIFICALLY:
  - (A) WE HAVE HAD A STEADY FLOW OF INVITATIONS TO BUSINESS MEETINGS WITH THE MFA AND OTHER MINISTRIES THIS WEEK, SOME IN RESPONSE TO LONG-STANDING REQUESTS.
  - (B) THE ATMOSPHERE IN THESE MEETINGS HAS BEEN ELABORATELY COURTEOUS. THE OFFICIALS CONDUCTING THEM WILL WITHOUT DOUBT HAVE CHECKED THEIR LINE FIRST WITH THE SECOND EUROPEAN DEPARTMENT. OUR INTERLOCUTORS HAVE NOT SHOWN ANGER: THEY HAVE NOT EVEN BEEN COOL. SOME HAVE VOLUNTEERED PERSONAL REGRET AT THE UNHAPPY EVENT, COUPLED WITH THE HOPE THAT IT WILL NOT DISTURB THE WIDER RELATIONSHIP.
  - (C) THE OFFICIALS IN THE STATE FOREIGN ECONOMIC RELATIONS COMMISSION ARRANGING LORD BOUNG'S PROGRAMME FELL OVER THEMSELVES IN A MEETING WITH THE COMMERCIAL COUNSELLOR TO OFFER EVERY POSSIBLE COMFORT AND FACILITY TO THE SECRETARY OF STATE.
  - (D) SENIOR SOVIET OFFICIALS ARE CONTINUING TO COME TO SOCIAL EVENTS AT THE RESIDENCE.
  - (E) EVEN OUR DEFENCE SECTION HAVE HAD (UNTIL THIS AFTERNOON - MIPT) AN ENTIRELY SMOOTH RIDE IN MAKING ARRANGEMENTS FOR THE NAVAL VISIT - THEIR INTERLOCUTORS BEING KOZLOV (ONE OF THE THREE OFFICERS ON OUR LATEST PNG LIST).
3. IN HIS PRESS BRIEFINGS, GERASIMOV HAS BEEN IRONIC RATHER THAN HOSTILE. HIS STATEMENT ON MONDAY STIRRED THE POT, BUT THIS WAS MAINLY BECAUSE HE HAD NOT UNDERSTOOD HIS FACTUAL BRIEF. IN PRIVATE, AS REPORTED SEPARATELY, HE HAS TAKEN THE SIDE OF THE EXPELLED JOURNALISTS.
4. PRESS REPORTING, WHICH WE ARE ALSO COVERING SEPARATELY, HAS BEEN ROUTINE RATHER THAN EXTREME. IT STARTED WITH A PROLONGED SILENCE.

COMMENT

5. WE KNOW FROM AMPLE PAST EXPERIENCE THAT THE OFFICIAL MOOD HERE AND BODY LANGUAGE IS WELL DISCIPLINED AND CLOSELY RESPONSIVE TO THE PARTY LINE. I SEE TWO REASONS FOR THE CURRENT POSTURE:
  - (A) THE MFA GENUINELY DO NOT/NOT WISH TO DISRUPT BILATERAL RELATIONS IN GENERAL
  - (B) SOME OFFICIALS (EG GERASIMOV) ARE KEEN TO DISTANCE THEMSELVES FROM THOSE WHO TAKE THESE DECISIONS.
6. OF COURSE THERE ARE GOING TO BE ALARMS AND EXCURSIONS. BUT IS PRESUMABLY SUITS US TO TREAT THESE AS ACCIDENTS, AND TO GET THE MFA TO COOPERATE IN GETTING THEM UNDER CONTROL. I AM ADVISING MY OWN STAFF, AND THE BRITISH BUSINESS COMMUNITY, THAT THEY SHOULD PURSUE ALL THEIR PLANS ON A BUSINESS-AS-USUAL BASIS UNLESS THIS BECOMES IMPRACTICABLE FOR SOME REASON

BRAITHWAITE



PRESS LINE : CALL BY SOVIET CHARGE D'AFFAIRS

Sir John Fretwell summoned Mr Ivanov this afternoon on the subject of the ceiling which the Russians have said they intend to impose on the British Embassy and other British organisations in Moscow. It would appear that the proposed ceiling would include Soviet staff employed by the British Embassy and other organisations in Moscow.

Sir John Fretwell made clear that we can, in any event, see no justification for such a ceiling which would damage Anglo-Soviet relations.

Sir John Fretwell went on to say that the measures apparently proposed by the Russians would not involve parity of treatment. The British ceiling, which has been in place for many years, applies only to Soviet staff in the Soviet Embassy, trade delegation and various other organisations. It has however never included British nationals who are employed by the organisations concerned. We understand that some 400 British nationals are employed by these organisations.

Sir John Fretwell said that the British Government therefore expect the Soviet authorities to reconsider their proposal. If the Soviet Union are serious in seeking to establish parity of treatment they need to think again about the full implications of the formulae they have put forward.

What does this mean?

- This is what we have said to the Russians. It is for them to work out the significance of their proposals. But since the measures applied in London affect only Soviet citizens, it makes no sense for Moscow to propose measures which would affect both British and Soviet nationals.

Does it mean you will take measures against British nationals  
working for Soviet organisations.

- It means what it says. It is for the Russians to ensure that their proposals involve the parity of treatment they appear to intend.