



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

26 July 1989

*Dear Sir,*PRIME MINISTER'S MEETING WITH MRS BIRYUKOVA

The Prime Minister had a talk this afternoon with Mrs Biryukova, Soviet Deputy Prime Minister and Chairman of the State Commission for Social Development. The Soviet Ambassador was also present.

The Prime Minister said that we watched everything in the Soviet Union with great interest and took encouragement from what was happening. We particularly admired what Mr Gorbachev was doing. She believed this would be seen as an historic time, which enlarged liberties and led to higher living standards. She acknowledged that greater openness often led to added difficulties.

Mrs Biryukova conveyed warm regards from Mr Gorbachev and Mr Ryzhkov. Mr Ryzhkov had been very appreciative of the message of understanding and support which he had received from the Prime Minister, at the moment he was presenting his government for confirmation by the Supreme Soviet. The Prime Minister's kind words about Mr Gorbachev and the process of perestroika were much appreciated. She was well aware of the consistent support which the Prime Minister had given to perestroika and had read very carefully the Prime Minister's interviews with Ogonyok and Izvestis. The results of Mr Gorbachev's visit to the United Kingdom had been highly valued in the Soviet Union.

The Prime Minister said that she had seen the list of companies which Mrs Biryukova was visiting. We were anxious to help, and she hoped that Mrs Biryukova had established some useful contacts. Mrs Biryukova said the primary purpose of her visit was to translate the agreements reached earlier to expand Anglo/Soviet trade into specific projects. She felt that progress had indeed been made. There was the prospect of purchase of medical equipment, and negotiations were under way on possible turnkey projects to produce such equipment in the Soviet Union. There were also prospects for the involvement of British firms in the light food and textile industries in the Soviet Union. The Minister for the Textile Industry of

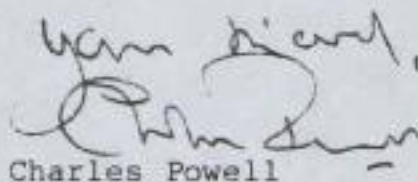
the Russian Republic had discussed setting up a consortium to modernise factories producing linen fabrics in the Moscow area. She had herself visited some of Courtaulds' plants and negotiations with them were underway. There were also discussions on the possible conversion of defence industry plants to consumer needs. Mrs Biryukova added that she was expecting to purchase consumer goods to the value of several tens of millions of pounds as a result of her visit. But this was only a short term measure: her real objective was to establish industries in the Soviet Union to produce these goods. The Prime Minister referred to the importance of training and sending people over here to see our factories in operation. Mrs Biryukova said the point was well taken. She recalled that the Prime Minister had said in her Ogonyok interview that becoming a real entrepreneur was a lengthy business.

The Prime Minister concluded by asking Mrs Biryukova to convey her very warm regards to Mr and Mrs Gorbachev and to Mr Ryzhkov, whom we hoped to see in Britain later in the year. We were also very pleased with General Yazov's visit. She had been very sorry to see that Mr Kamentsev, who had accompanied her on her visit to Georgia, had not been confirmed in his post by the Supreme Soviet: he was such a nice man. Mrs Biryukova said that everyone was sad about this, but it did not seem to make much difference. Mr Kamentsev was still working at his job.

Mrs Biryukova continued that she wanted to tell the Prime Minister that she had by chance been part of the crowd outside the door of No.10 when the Prime Minister had won her first election in May 1979. She had never really expected to step inside but now, ten years later, here she was. She hoped very much that she and the Prime Minister would meet again in Kiev.

There was a final exchange on the inadequate numbers of women in politics. Mrs Biryukova said that there was only half as many women in the new Supreme Soviet as in the last one. She put this down to a conservative outlook on the part of men.

I am copying this letter to Richard Gozney (Foreign and Commonwealth Office), Alex Allan (HM Treasury) and Trevor Woolley (Cabinet Office).


Charles Powell

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Department of Trade and Industry