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NOTE FOR RECORD

cc PS/Sir Patrick Wright
Mr Appleyard
Mr Powell

Mr Bob Kimmitt, the United States Under Secretary for Political Affairs, called on Sir Robin Butler on 16 November 1989 at 4.30 pm. He was accompanied by Mr Ron Woods, Mr Ros Rogers, and Mr Eric Edelman. Mr Len Appleyard (Cabinet Office) was also present.

Developments in Eastern Europe and East-West Relations

2. Mr Kimmitt reported on his recent series of meetings in Western Europe. He said that he had been struck, during his visit to the Headquarters of the North Atlantic Treaty Organisation (NATO) by the effect on the organisation of recent changes in Eastern Europe: it seemed to be going through a similar crisis of identity to that which it had experienced in the Spring as a result of the difficulties then being experienced over short range nuclear missiles. In Paris, he had noted that French officials tended to emphasise the role of the Community, and even the West European Union, rather than of the Alliance, although he took the point made by the FCO that not too much should be read into this given current French preoccupations with their Presidency of the Community and preparations for the Strasbourg Summit. Monsieur Dumas, the French Foreign Minister, had given him an account of his visit to Moscow, when he had spent an hour and a half with Mr Gorbachev. He had found him more confident than he had been on his visit to Paris, and said that he had laid great emphasis on the theme of preserving the post-World War II borders confirmed by the Helsinki final agreement. The French and the Russians had also had interesting exchanges on regional issues, and the Soviets had made it clear that they were prepared to join current international discussions

on Cambodia. The impression given by Mr Shevardnadze, the Russian Foreign Minister, was that the Soviets, like the Americans, were approaching the forthcoming Malta meeting as a fairly informal occasion.

3. Continuing, Mr Kimmitt said that the talks he had had in Bonn had centred on the developments in East Germany. The West German government was particularly concerned to avoid any kind of backlash following the speed of recent changes. Mr Kimmitt said that he had gained the impression in Bonn that the West Germans had not expected the East German leadership to make the series of miscalculations which had forced them finally into major concessions: the West German view appeared to be that the pressure for change could have been contained if the East German approach had been tougher. Their report of Herr Kohl's trip to Poland had stressed the significance of the visit being interrupted. They had reported approaches by the Russians on the possibility of their participation in the economic summit process. The US response had been that the suggestion of Soviet participation in fora such as GATT was still premature. Mr Kimmitt said that he had tried to convey the message that present international structures had operated very successfully, and that the current period of uncertainty was not an appropriate point at which to consider abandoning them.

4. In response, Sir Robin Butler said that the Prime Minister was keen to keep very closely in touch with President Bush on developments in Eastern Europe. She would be writing to him that day in advance of the meeting of European leaders called by President Mitterrand. She regarded the changes in Eastern Europe as both very exciting and very welcome: they were a consequence of the policies pursued by the West, but still had some way to go before they could be regarded as satisfactorily complete. She did not think that this was the time to begin interfering with existing international structures, or even to discuss possible changes to them. She regarded current circumstances as dangerous both because of the emotions stirred up by the prospect of German

reunification in Germany and the rest of Europe, and also because of the dangers of destabilisation in the USSR itself. These considerations led her to wish to avoid the discussion of German reunification before it was necessary, and to resist applying any pressure which might lead the Soviet Union to intervene in Eastern Europe. She was therefore very supportive of President Bush's efforts to reassure the members of NATO that the structure of the Alliance would continue, and also in the reassurance he was offering to President Gorbachev.

5. Continuing, Sir Robin Butler said that developments in Eastern Europe had major implications for Western Europe and the development of the European community. A debate continued between those who felt that change in Eastern Europe had strengthened the case for increasing the institutional links within the Community, as a way of locking the Germans into Europe, and those who thought that proposals for institutional change should be treated on their merits, and that discussion of the mechanisms of Community integration looked petty in relation to the major changes that were occurring in Eastern Europe. There was considerable interest in the UK on the effect of these changes on West German attitudes, and in the effect on economic life in the Community of the breaking down of barriers between East and West Germany. The Prime Minister's view was that the argument in favour of accelerating institutional change in the Community was opportunistic. The Federal Republic would not allow itself to be locked into Community structures if it did not wish to be, and there was, in any case, no prospect of the West Germans wishing to leave the Community. She also saw it as incongruous to be moving towards more centralised and non-democratic institutions at a time when the movement in the East was in the other direction.

6. Mr Appleyard said that Soviet attitudes to the changes in Eastern Europe would be crucial, and that the meeting in Malta would help to clarify their views. He thought that there remained a common interest in preserving existing structures, and

that the Russians wanted a prudent and realistic approach from the West. They would, in particular, not be prepared to contemplate any changes in the structure of the Warsaw Pact. Sir Robin Butler thought that developments in East Europe could hold dangers for President Gorbachev in their indirect effect on the Soviet nationalities, but this was not something the West could do anything about. The Prime Minister had also detected an extra confidence in President Gorbachev when she had seen him on his way to Japan. This was perhaps surprising in view of the seriousness of the economic difficulties in the USSR, including the miners' strike and consumer shortages, but could reflect a greater confidence in the security of his political position.

7. Mr Kimmitt agreed that President Gorbachev's position was probably stronger than it had been previously, although it was, of course, politically sensible to act self confidently in a time of political stress. The US Ambassador in Moscow had recently had the opportunity to travel more extensively in the Eastern regions of the Soviet Union, and had been struck by the extent to which the reform process had taken root there among both the Party cadres and the rank and file. He had returned with a more optimistic view of President Gorbachev's prospects of survival in an effective leadership capacity. President Gorbachev's trip to Finland had been effective, and would have come across well on Estonian television. Mr Kimmitt hoped that it would be possible to draw President Gorbachev out further on his concerns about the nationalities question and the pace of change in Eastern Europe at the meeting in Malta, where he said that President Bush was looking for a wide ranging discussion, without any pressure for particular agreements or initiatives. The President would want to avoid any suggestion that the Americans and Russians were negotiating a condominium in Europe. The Secretary of State, Mr Baker, had already explicitly said that a discussion of the German question would be premature given the extent of further development still needed in East Germany, where the opposition was not nearly as well structured as it was in Poland or Hungary.

This made it essential to avoid setting any deadlines for free and fair elections in the GDR. It was important to bear in mind the possible effects of a harsh winter in Eastern Europe and in this respect it was important for the West to maintain a flexible approach on providing food supplies, particularly to Poland. Mr Kimmitt felt that a similar communiqué to that produced after the Ministerial level meeting in Wyoming, updated to take account of changed circumstances, would be a satisfactory outcome of the Malta discussions. His impression was that the internal questions of the nationalities and Perestroika remained President Gorbachev's major preoccupation, and that although he was looking for opportunities for foreign policy successes, he did not wish to become involved in the detailed management of change in Eastern Europe and was probably unlikely to spring any major surprises at Malta, although it was possible that President Gorbachev would make proposals on Soviet participation in economic summits, or on naval arms control. If he did, this would place Western leaders on the defensive and force them to educate their public on the difficulties of making a positive response at that stage. Sir Robin Butler agreed that it was nonetheless right to prepare, on a contingency basis, for any initiatives that President Gorbachev might propose.

Hong Kong

8. Sir Robin Butler said that another major issue which the Prime Minister would wish to discuss with President Bush was the future of the Hong Kong boat people. He understood that this posed difficult problem for the United States, but the present situation was simply not tenable. More people were living in alarming conditions in Hong Kong than could be accommodated, and there was nothing to indicate that the flow of refugees would not resume once the present hurricane season was over. There was therefore considerable pressure on the UK to find a solution. The UK would not, of course, act before the Prime Minister had consulted the President, and the UK would be looking for US understanding.

9. Mr Kimmitt responded that he had appreciated the opportunity to discuss this issue with a number of people in the UK. The United States Government was keen to find common ground with the UK on this issue, and he was glad that discussions had recently moved back into more low-key channels. It was an area where extensive publicity was not desirable.

Cambodia

10. Sir Robin Butler said that the UK was now refining its policy in response to the Vietnamese withdrawal from Cambodia and wanted to adopt a more even handed approach to ensure that there was no possibility of partisan support being offered, however indirectly, to the Khmer Rouge.

11. Mr Kimmitt said he had had a number of discussions in Europe on the processes that would be necessary to make progress in Cambodia. The USA's aim was to stabilise the situation there and to open up the possibility of normalising relations with Vietnam. A secure peace would need to be based upon the principles of self-determination and peaceful change, and it was important not to suggest to the Soviets that there was any weakening of Western resolve in South East Asia. The United States were also concerned to avoid any accommodation with the Khmer Rouge. They would need to be contained through democratic structural change, and were too strong to be defeated by military force. He said that the visit of Mr Nixon and Mr Kissinger to China had produced some interesting insights into Chinese attitudes. The Chinese were keen not to be seen as the stage-managers of a Khmer Rouge return to power, and it would be important to pay attention to Chinese sensibilities over Vietnam, if they were to play a constructive role in producing a durable settlement in Cambodia.

Lockerbie

12. Sir Robin Butler noted that despite the achievements of the investigation to date, some frustration was evident, particularly among the relatives of the victims of the bombing. There had been some strains with the Germans, but he felt that these were being contained, and that the team was continuing to work together effectively. Mr Kimmitt agreed that there was likely to be pressure for more rapid results as the first anniversary of the bombing approached. It would be important to work together closely to contain this pressure, and to avoid any confusion between the different parties involved in the investigation. Congressional interest was mainly centred on the question of whether the US Government should have given warnings to US citizens, and the Administration had made it clear that the investigations themselves could not be the subject of congressional enquiry.

The Trident Programme

13. Sir Robin Butler said that the UK had been pleased to see that continued funds for the Trident Programme had been obtained from Congress by the US Government. The Prime Minister's view was that it was particularly important in current circumstances not to show any slackening of resolve over maintaining the effectiveness of the deterrent. Mr Kimmitt said that, given the budget position in the United States, and more particularly the impact that President Gorbachev had had there, it would not be possible to avoid very difficult debates on the defence budget. As the consensus about defence in the United States began to weaken, any projects which had inherently weak programme management were going to have particular difficulties. In the case of Trident, there was no controversy about the strategic need for the upgrading, but problems had arisen because of the particular problems with the management of the programme. The

British Embassy in Washington had done an effective job in raising awareness of the UK dimension of the debate on the Trident budget.

Pre-positioned Ships

14. Sir Robin Butler noted that there had recently been a degree of friendly disagreement on this issue, which had mostly been pursued with the White House. The UK's concern was that there should be no departure from the principle of joint decision-making in this case. Mr Kimmitt said that he would look into the matter further on his return to Washington.

NC Davidson

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17 November 1989