

Pl. file

CONFIDENTIAL
FM UKREP BRUSSELS
TO DESKBY 190830Z FCO
TELNO 4160
OF 190200Z DECEMBER
INFO IMMEDIATE WASHINGTON
INFO PRIORITY UKDEL NATO, UKDEL VIENNA, MOSCOW
INFO ROUTINE UKMIS NEW YORK, UKMIS GENEVA, OTHER OECD POSTS

ADVANCE COPY

FOREIGN AFFAIRS COUNCIL: 18 DECEMBER: EC DINNER WITH SHEVARDNADZE

SUMMARY

1. SHEVARDNADZE PRESSED FOR CSCE 35 SUMMIT NEXT YEAR, TO SIGN CFE AGREEMENT, CONSIDER NEXT STEPS ON DISARMAMENT, DISCUSS MEASURES TO CHECK INSTABILITY AND CREATE STABILITY SITUATION) IN EUROPE, AND (PERHAPS) USE HELSINKI MECHANISM FOR NEW PURPOSES. PROPOSAL FAVOURED BY GENSCHER (PUBLICLY), AND BY DUMAS (IN PRIVATE).

DETAIL

2. DURING THE DINNER THIS EVENING BETWEEN SHEVARDNADZE AND EC FOREIGN MINISTERS, AFTER THE SIGNATURE OF THE EC/SOVIET AGREEMENT, GENSCHER (FRG) SPOKE OF THE VALUE OF HOLDING ANOTHER SUMMIT OF THE CSCE 35 HEADS OF GOVERNMENT NEXT YEAR. TOWARDS THE END OF DINNER SHEVARDNADZE REVERTED TO THIS THEME AND ASKED FOR THE VIEWS OF EC MINISTERS. YOU AND FERNANDESA-ORDONEZ (SPAIN) ASKED WHAT THE AGENDA FOR SUCH A MEETING WOULD BE.

3. SHEVARDNADZE IDENTIFIED THREE ITEMS, PLUS ONE POSSIBLE:

(I) THE SIGNATURE OF A CFE AGREEMENT.

(II) CONSIDERATION OF THE NEXT STEPS ON DISARMAMENT - EMPHASIS WAS STILL NEEDED ON THE REDUCTION OF ARMAMENTS, WHICH PRESENTED HUGE PROBLEMS FOR BOTH DEVELOPED AND DEVELOPING ECONOMIES, NOT EXCLUDING THE US.

(III) DISCUSSION OF MEASURES NEEDED, IN THE PRESENT SITUATION IN EUROPE, TO CHECK INSTABILITY AND CREATE NEW STABILITY.

(IV) (PERHAPS) REFELECTION ON WAYS OF USING THE HELSINKI MECHANISM, WHICH HAD ALREADY SHOWN ITS VALUE, TO SOLVE NEW PROBLEMS THROUGHOUT THE WORLD. SHEVARDNADZE WAS READY TO DISCUSS SUCH IDEAS WITH HIS OWN COLLEAGUES PROVIDED THAT COMMUNITY MINISTERS SAW VALUE

IN THEM AS WELL.

4. DUMAS (PRESIDENCY) COMMENTED THAT AT THE ST MARTIN MEETING PRESIDENT BUSH HAD NOTED THAT GORBACHEV HAD RAISED THE IDEA OF A CSCE SUMMIT NEXT YEAR WHILE ON HIS VISIT TO ROME, BUT HAD NOT REFERRED TO IT IN MALTA. THE FRENCH VIEW WAS THAT SUCH A PROPOSAL NEEDED FURTHER CLARIFICATION. VAN DEN BROEK (NETHERLANDS) ASKED WHETHER SHEVARNADZE WAS PROPOSING THAT THE 1992 CSCE CONFERENCE BE BROUGHT FORWARD.

5. SHEVARNADZE DENIED THIS. HE THOUGHT HOWEVER THAT IT WAS REASONABLE TO FORESEE A MEETING OF THE 35 HEADS OF GOVERNMENT EVERY TWO YEARS. THEY MIGHT ALSO REACH A PARTIAL AGREEMENT ON CONFIDENCE-BUILDING MEASURES DURING THEIR DISCUSSIONS ON CFE. IN ANY CASE IT WAS CRUCIAL TO HAVE SUCH HIGH-LEVEL POLITICAL DISCUSSIONS REGULARLY, AND IN THE SOVIET VIEW IT WOULD BE RIPE TO HOLD THEM NEXT YEAR.

6. PRIOR TO DINNER DUMAS HAD TOLD YOU PRIVATELY THAT HE HIMSELF FAVOURED SUCH A MEETING OF THE 35 NEXT YEAR, WHICH IN ANY CASE HE SAW AS INEVITABLE. MITTERRAND ALSO FAVOURED THE IDEA, AND THOUGHT ON THE BASIS OF ST MARTIN THAT BAKER WAS KEENER THAN BUSH.

7. IT WAS CLEAR FROM SHEVARNADZE'S PRESENTATION THIS EVENING THAT THERE ARE AT LEAST THREE SOVIET SOVIET AIMS IN PRESSING FOR SUCH A MEETING NEXT YEAR:

(A) TO PUSH THE WEST FASTER DOWN THE DISARMAMENT PATH, AND TO CLAW BACK RESOURCES DEVOTED AT PRESENT TO ARMAMENTS.

(B) TO CONSTRAIN FURTHER MOVES TOWARDS REUNIFICATION ON THE PART OF BOTH GERMANIES.

(C) TO PROVIDE A NEW PLATFORM FOR GORBACHEV'S INTERNATIONALS ACTIVITIES.

7. SEE MIFT (NOT TO ALL).

HANNAY

YYYY

CONFIDENTIAL

132203
MDADAN 9089

DISTRIBUTION

11

ADVANCE 11

PS
PS/PUS
PS/SIR J FRETWELL
MR RATFORD
HD/SOVIET
HD/EED

HD/CSCE UNIT
HD/ECD(E)
HD/SECPOL
PS/NO TO
RESIDENT CLERK

NNNN

PAGE 3
CONFIDENTIAL

1907

Pl. Jih

COMMENT:

CONFIDENTIAL
FM UKREP BRUSSELS
TO DESKBY 190830Z FCD
TELNO 4162
OF 190210Z DECEMBER 1989
INFO IMMEDIATE WASHINGTON
INFO PRIORITY MOSCOW
INFO ROUTINE OTHER CSCE POSTS. UKDEL OECD

FOLLOWING FROM PRIVATE SECRETARY:

SUMMARY

1. LENGTHY SHEVARDADNZE EXPOSITION OF SITUATION IN SOVIET UNION AND EASTERN EUROPE. FOCUS ON ADMITTED ECONOMIC PROBLEMS BUT OPTIMISTIC ABOUT FUTURE. UNDERLINED IMPORTANCE OF SOVIET STATEMENT AT MALTA THAT U.S. NO LONGER REGARDED AS ENEMIES. BUT DISAPPOINTED AT U.S. RESPONSE. WELCOMED ANOTHER WITH THE EC.

DETAIL

2. IN ADDITION TO THE PITCH HE MADE IN FAVOUR OF A CSCE SUMIT IN 1990 (SEE MY FIRST IPT) SHEVARNADZE DESCRIBED THE SITUATION IN THE SOVIET UNION AND EASTERN EUROPE..

3. SHEVARDNADZE NOTED THERE HAD BEEN HEATED DISCUSSIONS IN THE SUPREME SOVIET. IT WAS ONLY THE START OF A LONG PROCESS, AND REQUIRED MANY NEW LAWS (SUCH AS A NEW LAW ON PROPERTY). THE ESTABLISHMENT OF A NEW LEGAL FRAMEWORK WAS THE CRUCIAL FIRST STEP TO THE WHOLE SOVIET REFORM PROGRAMME. 1990 WOULD BE THE FIRST YEAR WHEN SOME RESULTS FROM THE REFORM PROGRAMME MIGHT BE SEEN.

4. THE KEY WAS THE ESTABLISHMENT OF HEALTHY FINANCES. WHICH MEANT REDUCING THE BUDGET DEFICIT FROM 120 BILLION ROUBLES TO 60 BILLION ROUBLES. (HE SAID THERE MIGHT BE A LARGE MEASURE OF ERROR IN THESE FIGURES.) THE SOVIET UNION INTENDED TO INCREASE GREATLY THE PRODUCTION OF CONSUMER GOODS. THEY WERE AIMING FOR A 5 PER CENT INCREASE IN 1990 OVER THE LEVEL OF 1989.

5. THE PRESSURES CREATED BY THE ISSUES OF THE NATIONALITIES HAD BECOME PENT UP OVER SEVERAL DECADES. IN THEORY, THE REQUESTS OF THE REPUBLICS COULD ALREADY BE MET UNDER THE TERMS OF THE CONSTITUTION. IN PRACTICE, TENSIONS WERE WIDESPREAD, AND FEELINGS ESPECIALLY STRONG IN THE BALTIC STATES AND THE CAUCASUS. THERE WERE NOW SIGNS OF IMPROVEMENTS, FOR EXAMPLE IN TBILISI, WHERE COOLER HEADS PREVAILED. THE REGIONAL PARTY CONGRESSES WOULD BE IMPORTANT. NO-ONE IN THE SOVIET UNION REMAINED PASSIVE: EVERYONE WAS PARTICIPATING.

6. EASTERN EUROPE
SHEVARDNADZE SAID THAT THE EASTERN EUROPEANS HAD STARTED THEIR DEMOCRATISATION VERY LATE. ESPECIALLY THE GDR. (THE SOVIET UNION HAD REALISED THIS BUT HAD LONG SINCE STOPPED TRYING TO DICTATE EVENTS IN EASTERN EUROPE.) IF THE GDR GOVERNMENT HAD STARTED REFORMS JUST 18 MONTHS EARLIER, THEY WOULD HAVE BEEN RELATIVELY PAINLESS.

7. THE POLISH ECONOMY FACED THE GREATEST DIFFICULTIES, BUT THE

COALITION GOVERNMENT WERE TAKING THE RIGHT DECISIONS, EVEN THOUGH THEY WERE BOUND TO LEAD TO UNEMPLOYMENT.

8. HE HAD STUDIED CAREFULLY THE CONCLUSIONS ON EASTERN EUROPE OF THE NATO SUMMIT AND EUROPEAN COUNCIL. SOME WERE CONTROVERSIAL BUT ON THE WHOLE HE THOUGHT THE ASSESSMENTS HAD BEEN CORRECT. BUT THERE HAD BEEN NO RESPONSE TO WHAT THE SOVIET GOVERNMENT HAD REGARDED AS A CRUCIAL STATEMENT BY THEM AND (OVER WHICH THERE HAD BEEN LONG DELIBERATION IN A DOZEN OR SO MEETINGS), NAMELY THAT THE SOVIET UNION DID NOT REGARD THE UNITED STATES AS AN ENEMY. HE ASKED WHY THIS WAS SO. THE WESTERN RESPONSE TO THAT STATEMENT SHOULD GUIDE SOVIET MILITARY DOCTRINE.

9. VAN DEN BROEK SAID THAT THE ALLIANCE HAD ALWAYS BEEN DEFENSIVE. ALTHOUGH PERHAPS PROPAGANDA HAD EXAGGERATED THINGS ON BOTH SIDES.

10. GENSCHER THOUGHT IT WAS TIME TO USE HELSINKI PROCESS TO MOVE TO REAL COOPERATIVE VENTURES BETWEEN EAST AND WEST. THE RELEVANT PROVISIONS OF THE FINALS ACT OUGHT TO BE ON THE AGENDA FOR WHAT SHOULD BE A DECISIVE MEETING IN 1990.

11. ELLEMANN-JENSEN SAID HE RESPECTED THE DIGNITY OF THOSE IN EASTERN EUROPE WHO HAD BEEN STRIVING FOR FREEDOM FOR MANY YEARS. (IN CONTRAST WITH DELAY BY THE GDR OVER JUST THE LAST 18 MONTHS).

12. THE SECRETARY OF STATE THOUGHT THAT WESTERN PUBLIC OPINION WAS USED TO NATO AND THE WARSAW PACT. PARLIAMENTS, TOO, FELT COMFORTABLE WITH THEM. BOTH ORGANISATIONS WOULD CHANGE BUT THE PACE OF CHANGE WOULD BE IMPORTANT. THE SOVIET UNION SHOULD REALISE THAT THE COMMUNITY HAD NEVER BOUGHT UNANIMITY AT EVERY TURN. THERE HAD BEEN MANY SPORADIC ARGUMENTS: BUT THE HABIT OF WORKING TOGETHER WAS STRONG AND THE COMMUNITY HAD FELT STRONG ENOUGH TO EXTEND A HELPING HAND. THROUGH THE GROUP OF 24, TO THE EASTERN EUROPEANS.

13. FOR DUMAS ACTS, NOT DECLARATIONS, COUNTED. HE THOUGHT IT IMPORTANT THAT DISARMAMENT AGREEMENTS WERE REACHED IN 1990. EYSKENS SAID THAT COUNTRIES WHICH FOR MANY YEARS HAD BEEN ENEMIES IN STABILITY SHOULD NOT BECOME FRIENDS IN INSTABILITY. HE WAS ALSO CONCERNED THAT THE RECENT RYZHKOV SPEECH HAD SUGGESTED THE PURSUIT OF ONLY PARTIAL ECONOMIC REFORM IN THE SOVIET UNION.

14. SHEVARDNADZE RETURNED TO THE SOVIET STATEMENT ABOUT THE SOVIET UNION NOT REGARDING THE UNITED STATES AS AN ENEMY, WHICH HAD BEEN THE OUTCOME OF LONG DELIBERATIONS IN MOSCOW. RADICAL STEPS SHOULD RESULT FROM REMOVING A PROBABLE ADVERSARY. HE LOOKED FOR A HEAVY REDUCTION IN ARMS EXPENDITURE, ESPECIALLY AS LARGE PARTS OF THE WORLD (THOUGH NOT EASTERN EUROPE OR THE SOVIET UNION THEMSELVES) WER SUFFERING FROM FAMINE AND COULD ONLY BE HELPED IF MONEY WERE SO RELEASED.

15. SHEVARDNADZE DESCRIBED THE MEETING AS EXTREMELY USEFUL AND THE ATMOSPHERE AS MUCH BETTER THAN AT THE LAST MEETING WITH EC FOREIGN MINISTERS. IN NEW YORK IN SEPTEMBER. HE LOOKED FORWARD TO ANOTHER SUCH MEETING IN THE NEAR FUTURE.

HANNAY

YYYY