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FM SAN FRANCISCO

TO IMMEDIATE WASHINGTON

TELNO 7

OF 051900Z JUNE 1990

INFO PRIORITY CG NEW YORK, LOS ANGELES, FCO



FOR NAD

GORBACHEV'S VISIT TO SAN FRANCISCO 3-4 JUNE 1990

## SUMMARY

1. DURING A CROWDED 24 HOUR STAY GORBACHEV MET REAGAN, VISITED STANFORD, AND MET SHULTZ, LUNCHED WITH TOP BAY AREA BUSINESSMEN, AND, FOR THE FIRST TIME, MET THE PRESIDENT OF SOUTH KOREA. BOTH GORBACHEVS WERE RECEIVED THROUGHOUT WITH GREAT ENTHUSIASM AND DELIGHT.

DEMONSTATIONS ON ARMENIA AND THE BALTIC STATES WERE PEACEFUL AND FAILED TO TAKE THE GLOSS OFF THE VISIT.

## DETAIL

2. OVER TWO THOUSAND JOURNALISTS DESCENDED ON SAN FRANCISCO TO COVER THE VISIT FOR THE WORLD'S PRESS. MEDIA COVERAGE OF IT OVERSHADOWED ALL OTHER EVENTS, INCLUDING THE IMPORTANT CALIFORNIAN PRIMARY TO BE HELD ON 5 JUNE.

3. THE MAIN POINTS OF SUBSTANCE TO EMERGE WERE: I. AT STANFORD GORBACHEV'S RECOGNITION OF CALIFORNIA'S ECONOMIC RELEVANCE, PARTICULARLY SILICON VALLEY AND HIGH TECH, THE NEED TO COOPERATE WITH JAPAN, CHINA, KOREA AND OTHER ASIAN COUNTRIES IN REDUCING POLITICAL AND MILITARY RIVALRY, CONFIRMATION THAT HE WOULD WORK WITH THE US TO IDENTIFY NEW SECURITY STRUCTURES IN EUROPE, ASIA AND THE PACIFIC REGION, AND THAT QUOTE THE COLD WAR WAS OVER UNQUOTE. II. AT LUNCH WITH BAY AREA BUSINESSMEN GORBACHEV MADE A PITCH FOR LEADING US COMPANIES TO INVEST IN THE SOVIET UNION OR RISK LOSING UNPRECEDENTED OPPORTUNITIES, BUT HE FAILED TO REASSURE HIS AUDIENCE COMPLETELY ON THE QUESTIONS OF REPATRIATING PROFITS, AND THE CONVERTIBILITY OF THE ROUBLE. BUT TO THE BUSINESS COMMUNITY THE MAN AT THE HELM SEEMED TO BE MAKING ALL THE RIGHT NOISES. III. RELATION WITH SOUTH KOREA AFTER THEIR ONE HOUR MEETING GORBACHEV AND ROH TAE WOO ANNOUNCED AGREEMENT IN PRINCIPLE TO EXSTABLISH FULL DIPLOMATIC RELATIONS AND TO EXPAND

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ECONOMIC, SCIENTIFIC, TECHNICAL AND CULTURAL COOPERATION.
ROH SAW THE MEETING AS QUOTE THE FIRST MAJOR STEP TO A UNIFIED KOREA UNQUOTE. GORBACHEV PLEDGED TO HELP SOUTH KOREA'S EFFORTS TO ENGAGE NORTH KOREA IN MEANINGFUL DIALOGUE TOWARDS PEACE ON THE PENINSULAR. ROH CONFIRMED THAT QUOTE NORTH KOREA IS NO LONGER OUR RIVAL AND ADVERSARY UNQUOTE. ROH WILL NOW BRIEF PRESIDENT BUSH IN WASHINGTON.

## CONCLUSION

4. THE VISIT WILL HAVE PROVIDED A FURTHER BOOST TO GORBACHEV'S
POPULARITY IN THE US, THOUGH HOW IT WILL IMPRESS DOMESTIC OPINION
IN THE USSR IS LESS CLEAR. FOR SAN FRANCISCO THE BENIFITS WERE
CONSIDERABLE. THE VISIT PROVED THAT LOCAL AUTHORITIES COULD PLAY IN
THE BIG LEAGUE, AND ORGANISE IMPECCABLE ARRANGEMENTS FOR VIPS. IN
PERFECT WEATHER THE CITY SPARKLED BEFORE THE WORLD'S CAMERAS, THEREBY
HELPING TO RESTORE SAN FRANCISCO'S POSITION AS A LEADING TOURIST
ATTRACTION FOLLOWING THE BLOW TO CONFIDENCE AFTER LAST YEAR'S
EARTHQUAKE. MOST IMPORTANT, THE VISIT MARKED PROGRESS IN USSR/KOREAN
RELATIONS, AND THE COURTING OF THE US BUSINESS COMMUNITY, AND IT
REINFORCED THE IMPORTANCE, NOT LEAST FOR THE PACIFIC AREA, OF THE
RICHEST AND MOST POPULOUS US STATE. GORBACHEV HIMSELF SAW THE BAY
AREA AS QUOTE THE MEDITERRANEAN OF THE COMING CENTURY UNQUOTE.

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