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MEETING RECORD  
Subject cc notes

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10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

13 June 1990

See steps.

EAST/WEST RELATIONS

The Prime Minister and the Foreign Secretary had a discussion this evening of some of the issues relating to European security dealt with in the Foreign Secretary's minute of 12 June on our Foreign Policy.

The Foreign Secretary said he would welcome some guidance on how to respond to the proposal put forward by the Soviet Union for a joint NATO/Warsaw Pact Declaration. The Prime Minister had indicated to Mr. Gorbachev that we would be prepared to consider this, and it had been agreed that Foreign Ministers would be in touch. There had been no signal so far from Mr. Shevardnadze. Should we take the initiative in NATO to put forward ideas for such a Declaration? Herr Genscher had also raised the point whether it would not be better to have a Joint Declaration between members of NATO and members of the Warsaw Pact rather than between the two organisations themselves, in order to avoid the impression that we were actively sustaining the Warsaw Pact. The Prime Minister indicated we should take the initiative in NATO, drawing up a list of points which might be covered in a Joint Declaration. Once we had a clear idea of the substance, we could consider the procedure. While she saw Herr Genscher's point, his own suggestion could be construed as encouraging the unravelling of NATO. She was not convinced of Herr Genscher's reliability on this issue.

The Foreign Secretary continued that would probable be confronted quite soon with a proposal for Western financial assistance to the Soviet Union. The Germans appeared to be already engaged in discussions with the Russians on this. The matter might come up at the European Council in Dublin, at the NATO Summit in London or at the Economic Summit in Houston. We needed to have a response ready. The Prime Minister agreed that we were likely to be confronted with some proposals. She did not think that credit was the right answer for the Soviet Union with its present problems: it would simply be absorbed by purchases of consumer goods without the Russians being under any pressure to adopt the right policies. Our first principle should be that we could not help them unless there was clear evidence that they were prepared to help themselves by adopting the right policies. She would also prefer to see help given as aid for long-term

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purposes for instance training or advice in crucial areas such as management, distribution or food processing - than as credit. She agreed that we needed to refine our arguments against the likelihood of an early initiative by the Germans or the Americans. Overall, we should work on the basis that it was for the Germans to provide the lions share of any assistance.

*Yours sincerely,  
Charles Powell*

CHARLES POWELL

Stephen Wall, Esq.,  
Foreign and Commonwealth Office