

CONFIDENTIAL
FM WASHINGTON
TO IMMEDIATE FCO
TELNO 1557
OF 290005Z JUNE 90
INFO IMMEDIATE ACTOR
INFO PRIORITY OTTAWA, UKREP BRUSSELS, TOKYO, MOSCOW
INFO PRIORITY OTHER EC POSTS

MY TELNO. 1535: AID TO THE SOVIET UNION

1. ZOELICK TOLD THE MINISTER ON 28 JUNE THAT HE WANTED TO GIVE HIM AN INDICATION OF WHERE THE AMERICANS NOW STOOD FOLLOWING DISCUSSIONS WITH THE PRESIDENT, TAKING THE POINTS WE HAD MADE TO BLACKWILL ON 27 JUNE (WASHINGTON TUR) INTO ACCOUNT. IN BRIEF, THE PRESIDENT TOOK A NEGATIVE ATTITUDE TOWARDS AID TO THE SOVIET UNION, THE MORE SO AS POSSIBLE HELP WAS TALKED OF IN TERMS OF FINANCIAL ASSISTANCE. THE AMERICANS MIGHT WELL TRY TO GET PARTICIPANTS AT HOUSTON TO THINK IN TERMS OF GUIDELINES AGAINST WHICH TO MEASURE THE CASE FOR POSSIBLE ASSISTANCE. ZOELICK MENTIONED SOVIET REFORMS, SOVIET MILITARY EXPENDITURE AND SOVIET POLICIES TOWARDS ASSISTING COUNTRIES LIKE CUBA AS POSSIBLE CRITERIA. THAT WOULD HELP WESTERN COUNTRIES TO SET UP A STRUCTURE AGAINST WHICH THEY COULD WORK TOWARDS A COMMON APPROACH.

2. ZOELICK CONTINUED BY SAYING THAT FOR HIS PART HE QUESTIONED WHETHER THE GERMANS AND FRENCH WOULD BE CONTENT WITH SUCH AN APPROACH. MUCH DEPENDED ON WHAT KOHL WAS REALLY LOOKING FOR. IF THAT WAS SOME SORT OF COVER FOR INDIVIDUAL GERMAN ACTION, THERE COULD OF COURSE BE SOME ELASTICITY OF APPROACH. WHAT THE PRESIDENT HOPED TO DO WAS TO GET SOME DEGREE OF WESTERN UNITY ON A FEW COMMON ASSUMPTIONS. THE COMMENTS WE HAD MADE FOLLOWING THE EUROPEAN COUNCIL IN DUBLIN HAD BEEN VERY USEFUL IN THIS REGARD. ALTHOUGH THE AMERICANS WERE UNDECIDED ABOUT HOW THE IMF/IBRD SHOULD BE INVOLVED HE HIMSELF VERY MUCH FAVOURED THIS APPROACH. HE FEARED THAT A COMBINATION INVOLVING THE EC COMMISSION, OECD AND SO ON MIGHT NOT BE HARD-NOSED ENOUGH. HE STRESSED HOWEVER THAT THE AMERICANS HAD NOT YET DECIDED THEIR POSITION. ONE PROBLEM WAS THAT DECISIONS ON ASSISTANCE TO THE USSR SHOULD NOT BE BASED ONLY ON ECONOMIC CONDITIONALITY, WHICH WAS THE IMF SPECIALITY. KNOW-HOW WAS IN A RATHER DIFFERENT CATEGORY FROM FINANCIAL ASSISTANCE. HE EXPECTED THAT THE CANADIANS AND JAPANESE AS WELL AS THE ITALIANS (POSSIBLY) WOULD

BE AT ONE WITH THE US AND UK IN WANTING AT HOUSTON NOT TO RUSH
INTO MAJOR NEW COMMITMENTS.

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