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Foreign and Commonwealth Office

London SW1A 2AH

10 December 1984

Dear Charles,

Gorbachev's Visit: Briefing

In your letter of 29 November you said that the Prime Minister agreed with the suggestions we had made for the organisation of her meeting with Mr Gorbachev on 16 December and for the subjects to be covered.

I enclose briefing which comprises:

- (a) general themes for conversation at lunch;
- (b) elements of an opening statement before the more structured discussions after lunch;
- (c) detailed briefs covering East/West relations, arms control, and bilateral relations.

The briefs will be updated as necessary to take account of Sir Geoffrey Howe's meeting with Mr Shultz on 11 December and the North Atlantic Council Ministerial meeting on 13/14 December.

The points covered in the notes on the general themes are those which are currently under active consideration in the Soviet Union. The Russians will expect the Prime Minister either to start the after-lunch discussion with a formal statement or to respond to the statement that Mr Gorbachev will certainly make. What the Prime Minister will say in her opening statement will be carefully noted.

Sir Iain Sutherland called on Mr Gorbachev on 4 December and was told that he hoped for frank political discussions with the Prime Minister. The main task was to find "a key to the major problems of the international situation". This means from the Soviet point of view the current state of East/West relations and in particular arms control (space and nuclear weapons).

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*in folder
attached
to file.*

*CJP
16/12/84*

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There is intense interest in the visit, in particular in the discussions which Mr Gorbachev will be having with the Prime Minister and Sir Geoffrey Howe. Oliver Wright has already passed on a request from the Americans for an early briefing. The Prime Minister will of course be able to give her assessment personally to President Reagan on 22 December. It would, nevertheless, be very helpful if, in your record of the meeting, you could indicate which points might be passed on to our Allies and partners in a confidential briefing which we will be giving on 19 or 20 December.

Finally, a point on which the Soviet Embassy have shown some sensitivity. Mr Gorbachev pronounces his name GorbaCHOFF, with the accent on the last syllable. His wife pronounces her name GorbachOVA.

I am sending copies of this letter and the briefs to the Private Secretaries of the Ministers and to the officials who have been invited to the lunch.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

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From the
New York

VISIT TO THE UK BY A DELEGATION OF THE USSR SUPREME SOVIET
LED BY MR M S GORBACHEV: 15-22 DECEMBER 1984

LUNCH AT CHEQUERS AND SUBSEQUENT DISCUSSIONS WITH THE PRIME
MINISTER: 16 DECEMBER 1984

LIST OF BRIEFS

Lunchtime Themes

1. General Mutual Perceptions
2. Mutual Perceptions of Security
3. Economic and Social Themes
4. Opening Remarks before discussion after lunch.

Specific Topics for Discussion

5. East/West Relations, including their effect on the Third World
6. Arms Control Questions
7. Bilateral Relations

Personality Notes

8. Personality notes on the Russians attending the talks.



PRIME MINISTER'S TALKS WITH MR GORBACHEV: 16 DECEMBER

General Mutual Perceptions

1. Although Mr Gorbachev is unlikely to put his questions in such direct form, some of the more basic aspects of Western social and political life which the Russians find hardest to understand are as follows:

- a. the load of responsibility placed on individual citizens in planning their lives;
- b. the openness of the exercise of power by government, the availability of sensitive information and the scrutiny of executive acts, all of which have to take place within a superior framework of law;
- c. the ability of Western governments and societies to tolerate differing views without becoming fatally weakened;
- d. the concept of a loyal opposition and periodic transfer of political power.

2. Mr Gorbachev might be asked how Soviet leaders obtain feed-back from their people about the effects of the policies adopted.

3. He might also be asked how the Soviet Union encourages technological initiative and its translation into useful production.



PRIME MINISTER'S TALKS WITH MR GORBACHEV: 16 DECEMBER

Mutual Perceptions of SecurityGeneral Points to Make

1. Accept historic Russian and Soviet concern about secure frontiers.
2. As seen from the West, lessons of last war appear to have led Soviet leaders to policy of military over-insurance.
3. We say our forces necessary for our security. You say same. But appearance to us and to public opinion is of Soviet preponderance and threat. We see present position as disturbing. Relative imbalance in Soviet favour increasing rather than decreasing.
4. Soviet leaders have criticised Western desire to negotiate from "positions of strength" implying that this means superiority. Not so. Do not seek superiority. What we mean is position of firmness and confidence in our security.
5. Must always be a fair balance of interest and advantage in any bargain. Absolute security for one side would imply absolute insecurity for the other. Also need adequate verification. As technology and therefore agreements become more complex, more elaborate measures involving greater cooperation will be required.
6. Money ultimately the great arms controller. Neither East nor West wants its economies broken on the wheel of an endless arms cycle. Better use can be made of resources. Need for self-denying ordinances by agreement.



7. NATO purely defensive, none of our weapons, either conventional or nuclear, will ever be used except in response to attack.

8. Europe, including Britain, firm pillar in the arch of the Atlantic Alliance. Any suspicion that arms control is being pursued not in its own right, but in order to prise Europe politically from her allegiances will only further strengthen those links and Europe's own political will.

9. Return of President Reagan presents unusually promising opportunities for US Administration to deliver ratification of any arms control agreement negotiated in good faith.

10. We believe real prospects for progress in arms control between Superpowers both on nuclear weapons and in space. In the latter case particularly, moment to be seized before mutual suspicion drives events past the point of no return. Non-nuclear (including CW) forces account for 90% of global military spending. Arms control should have a place here too, both in practical confidence-building and in force reductions.

11. Go into more detail after lunch.

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PRIME MINISTER'S TALKS WITH MR GORBACHEV: 16 DECEMBER

Economic and Social Themes

1. How do Soviet leaders intend to raise productivity in their economy in the next five year plan?
2. Does the introduction of new technology cause problems in the relocation and retraining of labour?
3. How does central planning cope with the complexity of a modern consumer economy?
4. Agriculture is a constant problem throughout the world with overproduction in some years and underproduction in others. Our system is based largely on guaranteed prices. What do Soviet planners envisage as way ahead?
5. With increased mobility, the need for retraining and to change jobs several times in a working life, social strains have risen in the West. Discipline in its widest sense is more difficult to maintain. What is Soviet experience?



Essential Facts

1. Mr Gorbachev's responsibilities as one of the senior Party Secretaries range from ideology and foreign policy to the economy, agriculture and Party organisation. One of his major current preoccupations will be the next Party Congress, due early in 1986. Soviet Party Congresses take place only once every 5 years and are thus major landmarks. They approve the new 5 Year Plan. The next Congress will additionally approve a new edition of the Party Programme and amend the Party Statutes.

2. The next 5 Year Plan (1986-90) will have to take account of the continuing slow-down in Soviet growth rates (growth in national income has fallen steadily from about 6% in the 1960s to 4% by the mid-70s and a little over 3% in recent years), which has exacerbated competition between the rival claims of military and consumer spending and increased investment. The period when the Russians could exploit abundant reserves of cheap and easily accessible raw materials and labour has come to an end: they are now having to develop at great cost energy and mineral deposits in Siberia, where there is a lack of labour and infrastructure. The labour force has also been growing more slowly in the developed regions of European Russia. The population growth is highest in Central Asia, but the people there are reluctant to migrate.

3. The Party's answer to these problems is "intensification", ie increased labour and capital productivity; reconstruction and retooling of existing facilities (instead of building new factories); and economies in energy and raw materials - an "initiative" recently announced by Chernenko for next year's plan calls for each labour collective to work for 2 days in the year on materials and fuels reclaimed as a result of economies. Stress is also being laid on the introduction of new

technology in industry. Mr Chernenko has announced that the next Party Plenum will be devoted to it. The Soviet Union is relatively backward in the application of computer technology to industry.

E | 4. There is also widespread acknowledgement that the traditional centralised system of economic planning and management can no longer cope with the complexities of modern production and is due for overhaul. But there is much less agreement among Soviet economists about how initiative and decision-making can be shifted outwards and downwards without risk of damage to the very concept of central planning and, ultimately, overall control by the Party. The Party's current answer lies in a limited experiment to increase the autonomy of enterprises by giving them a greater interest in fulfilling planned contracts (rather than simply fulfilling and overfulfilling a plan expressed in physical units of production, irrespective of whether they are needed or not) and greater freedom to dispose of the income thus obtained. The experiment is to be expanded next year and will form the basis of a general programme to improve economic management, to be unveiled at the Party Congress. A Politburo Commission, which is said to be chaired by Mr Gorbachev, has been tasked with seeing this through.

5. Agriculture has been the object of greatly increased investment since 1965, but it is still subject to the vagaries of the weather, and recent grain harvests have been disappointing. The Party's latest scheme to deal with the problem is a recently adopted programme to improve drainage and irrigation and thereby create zones of stable grain production. Some irrigation projects are causing concern to environmentalists in the Soviet Union (they require flooding to create reservoirs). A major project, the diversion of some of the waters of the great north-flowing Siberian rivers, has not yet been finally approved and is unlikely to



be built before the turn of the century. The Russians maintain that its impact on the flow of water into the Arctic Sea and hence on the world's climate will be negligible.

6. An endemic problem in managing the economy and agriculture is the parallel Party and Government functions in the Soviet Union. The Party is primarily concerned with laying down policies and selecting the people to carry them out, but it invariably gets drawn into the day-to-day business of management. This parallelism goes right to the top, where, for example, all Mr Gorbachev's Party functions are replicated in the Government machinery. Mr Chernenko has recently called for another effort to ensure that the separation of Party and Government functions is maintained.

7. Discipline in its widest sense is one of the main social problems faced by the leadership. The continuing discipline campaign is aimed principally at improving economic performance by making managers fulfil their contracts conscientiously and by preventing the workforce as a whole idling, pilfering or turning up for work drunk (alcoholism is a major social and demographical problem). The campaign is closely linked with a campaign to stamp out widespread corruption, including in the Party. There is concern that there are too many Party members who have joined to improve their career prospects and to enjoy the associated privileges. Amendments to the Party Statutes will probably aim at tightening conditions of entry.

8. All these questions will have to be addressed in a new edition of the Party Programme, now being drafted (Mr Gorbachev spoke at a meeting of the Drafting Commission in April this year). It will replace Khrushchev's 1961 programme, which contained unrealisable targets (overtaking the United States in production per head of the population by 1970 and building the basis of communism by 1980). The



current leadership have to draft a programme which will be sufficiently forward-looking to mobilise the population without falling into the same trap as Khrushchev. They are currently being very cautious claiming to be at a half-way stage ("developed socialism") between socialism and full communism. To date no one has ventured a definition of how long developed socialism will last, except that it will be a long stage. As Mr Chernenko acknowledged in a recent speech, this has led to the Party Leadership being taxed by some loyal communists with "postponing" the communist future.

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PRIME MINISTER'S TALKS WITH MR GORBACHEV

OPENING REMARKS

1. [Invite Mr Gorbachev to make his remarks] Welcome.
2. Before discussion of specific points, would like to set out in general terms hopes for East/West and UK/Soviet relations.
3. End 1984 with a little more hope than I began it: at the beginning East/West relations seemed to be marked by general unwillingness to talk. Danger of misunderstandings through lack of communication.
4. With this background in mind, I urged on Mr Chernenko the need for better mutual understanding of each other's problems and attitudes; to achieve this, more contacts at all levels; without these it would be difficult to make progress on key issues, notably arms control.
5. During 1984 has been an increase in high-level contacts between Soviet Union and West. A welcome trend. Cannot pretend that much was achieved in the sense of movement of position or agreement on major issues. But at least channels of communication have been opened.
6. Lack of any proper contact between you and the US corrected by Gromyko's visit to Washington in September. Welcome fact that this will be followed by Gromyko/Shultz in January.
7. 1985 offers opportunities; but will not be able to solve world's problems at one go. Have always recognised that process of getting to know each other was first priority and

that gradually building mutual confidence would take time. And that substantive progress in negotiations would take longer.

8. Want to make clear to you my personal commitment and that of HMG to search for better relations. Not alone in this. Can tell you from my many conversations with President Reagan that he is completely genuine in his stated desire for better US/Soviet relations and form arms control agreements. Has unanimous backing of NATO in this. (Refer to NATO communique of 14 December).

9. Study of statements by Eastern and Western leaders shows striking similarities between our public positions:

- a) wish for peace and stability, without threats, recognising legitimate interests of each other;
- b) recognition of deep difference in political beliefs but also acceptance of wider common interest in peace and survival in our world;
- c) desire to bring greater prosperity to our peoples (hard to reconcile with ever expanding spending on arms);
- d) wish to help development in the Third World and leave reserves to meet crises there (brought home by terrible effects of Sahelian zone drought).

10. Courage and imagination needed, not hiding behind old ideas. Hope to convince you over course of our talks that West not threatening Soviet Union, not seeking superiority over you. You are too strong to be threatened in the way you claim you are; moment has come to take us at our word - our weapons are defensive. if we can overcome mutual distrust there is real scope for wider understanding and in the long term cooperation.

11. For the rest of our discussion, suggest we turn to:

- 1) East/West relations, including aspects of these which



impinge on problems in the Third World;

2) Arms control questions;

3) Bilateral relations.

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PRIME MINISTER'S TALKS WITH MR GORBACHEV, 16 DECEMBER

EAST/WEST RELATIONS (REGIONAL ISSUES)

POINTS TO MAKE

General

1. Have mentioned in my introductory remarks my general hopes for East/West relations. Arms control a central, but not the only element.
2. Soviet Union and the UK have interests in many parts of the world. Do not always coincide. Sometimes differ strongly. But in either case necessary for us to discuss problems. Should not make local difficulties worse by adding East/West clash.
3. Hope to see practice of consultation and exchange of views increase both at level of Ministers and experts. These serve three purposes.
4. First, to see if we can cooperate in resolving problems. Second, to ensure that when crisis occurs we have clear knowledge of each other's intentions and interests. Too late to acquire this when crisis is on us. Third, process of consultation can help build general confidence and trust which is essential for tackling our own mutual security problems.
5. Would like to mention one or two regional problems.

Far East

6. One of the most rapidly developing areas in the world. Technological advances in Japan, South Korea and other countries remarkable. On security Japan exemplifies attitudes in Europe.
7. Japan felt threatened by Soviet build-up of forces in Far East. Began marginally to increase its defence expenditure, still much less than 2% of GNP, and was attacked for doing so by Soviet Union. Japan views spread of Soviet SS20s in Far East in same way as Europeans did in Western Soviet Union.
8. Example of where Soviet over-insurance on its own defence leads to cycle of reaction and counter-reaction in its neighbours.
9. Our contacts with China reveal same unease and concern at Soviet intentions behind military build up. Hope that First Deputy Prime Minister Arkhipov's visit later this month will help to increase understanding and reduce tension.

Central America

10. Another area where basic social and economic problems are complex and difficult. Adding an extra East/West dimension makes them much more acute.
11. Pre-eminently an area where restraint and caution should be exercised. Deliveries of major new weapons systems would prove destabilising and inflammatory. In all of our interests that this should be avoided. Economic assistance is by far the most necessary help for area, together with encouragement of local self-help and



solidarity like the Contadora process.

Afghanistan

12. No desire to dwell at length. But recent overwhelming UNGA vote does in fact reflect widespread public concern at effects of continuing Soviet occupation. Accounts of damage to villages and casualties to civilians attract wide attention. Largest refugee problem in the world.

13. Only way to resolve problem is by negotiation and agreeing timetable for withdrawal. West fully accepts that Soviet Union has security interest in countries bordering it. But will never accept that Soviet security interests extend to dictating form of government in those countries.

14. External interference (if raised). Resistance to Soviet occupation so widespread can only be spontaneous expression of popular feeling. Also demonstrated by exodus of up to 4 million refugees.

Middle East [If appropriate and time permits]

15. Area of many deep local problems where crises frequent. Each of these problems has own roots and causes. Outside powers also have interests in the area. Essential that these interests should not distort or make impossible solution of local problems.

16. Glad that UK and Soviet Union have consultations about Middle East. Should continue.

17. Soviet proposals for Middle East conference (if raised). Studied your proposals with interest. Much common ground, but not for outsiders to prescribe terms of a settlement. Role for international community at some stage, but parties too far apart at present.



ESSENTIAL FACTS

Far East

1. Soviet Union publicly critical of increases in Japanese defence spending, accusations of militarism. Russians refuse to discuss territorial dispute over Northern Territories; as a result Japanese cannot envisage progress on bilateral issues. Japanese face half of all SS20s targetable against East Asia.
2. Russians concerned by increased Chinese links with West. Talks on "normalisation" of relations (fifth round held in October), but no progress so far - no sign of Soviet readiness to make concessions on three "obstacles" of greatest concern to China: Vietnamese occupation of Cambodia; Afghanistan; and Soviet troops and SS20s on Chinese border and troops in Mongolia.
3. Deputy Prime Minister Arkhipov due to visit Peking in May, but postponed at last minute by Russians, probably because of Chinese military action against Vietnamese. Soviet and Chinese officials have both said visit will take place from 21 December, but no public announcement. Economic co-operation likely to be main subject of discussion.

Central America

4. Supply of Soviet/East European arms to Nicaragua continues to increase. Americans have made clear to Russians they will destroy any MIGs delivered.
5. Russians state they support Contadora process; see guarantee for Nicaragua on non-aggression by US as most important element. Criticise US for policy of "state



terrorism" in supporting contras and putting other military pressure on Nicaragua. Wish to consolidate Sandinista regime, important foothold in area, and unlikely to take action which would provoke US to try to overthrow it.

Afghanistan

6. UNGA resolution on Afghanistan approved in November by record majority. Pakistan forthcoming at August Geneva talks on question of non-interference. No evidence of Soviet flexibility on issue of troop withdrawal. Russians claim that troop withdrawal can only take place after "external interference" by Pakistan, Iran and West has ceased.

Middle East

7. Soviet Union keen to re-establish role. Soviet proposals of 29 July 1984 for international conference part of this. Arab reaction lukewarm. But idea of international conference has appeal.

8. But Soviet Union has limited influence. Syria only reliable ally. Had some recent successes (eg arms sales to Kuwait, resumption of full diplomatic relations with Egypt). Unlikely to lead to significant increase in presence in short-term, but Russians will continue to exploit Arab disillusion with US.

9. UK/Soviet consultations at Under-Secretary level in 1983 and 1984.

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PRIME MINISTER'S TALKS WITH MR GORBACHEV: 16 DECEMBER

ARMS CONTROL

POINTS TO MAKE

OUTER SPACE ARMS CONTROL

1. No justification for arms race in outer space. Soviet call for complete "demilitarisation" unrealistic. But US/Soviet talks offer opportunity to agree serious and concrete measures to enhance stability.
2. Welcome if belated Soviet recognition of logical link between (space-based) defensive weapons and offensive nuclear forces. This could improve prospects for constraints on both.

NUCLEAR NEGOTIATIONS

3. Welcome renewed effort on nuclear weapons. We have shared interest in increasing security and reducing nuclear weapons. Soviet objectives/priorities at Geneva? Relationship between intermediate range/strategic systems? Is there a case for interim agreements?
4. Genuine commitment to halt/reverse NATO/INF deployments if right agreement. No preconditions: moratorium on NATO programme not acceptable. Nor will we trade NATO INF against Soviet shorter range systems in Eastern Europe.
5. Hope to see early progress on resumed negotiations over US and Soviet strategic nuclear weapons. These are the heart of the matter. British assessment is that existing US and Soviet negotiating positions are far from irreconcilable. But important also to maintain confidence that existing arms control agreements are being honoured.
6. (If raised). British nuclear forces discussed at length /between



between Foreign Secretary/Gromyko. Sure Soviet Union understands British views. A strategic force: irreducible minimum for credible deterrent. Insignificant percentage (less than 3%) of Soviet strategic forces. If/when US and Soviet Union agree to major reductions and if no significant change in Soviet defence, UK would want to review this position.

CHEMICAL WEAPONS

7. Total CW ban needed. Must be confident that ban adequately verifiable. Welcome Soviet move last February but disappointing failure to negotiate seriously since then. Need agreement on other equally important verification issues. Urge Soviet Union to produce own proposals, vague statements of interest no substitute.

NON PROLIFERATION TREATY

8. Must work together to defend Non Proliferation Treaty (NPT) against critics, not allow it to be hostage to progress on CTB. Adequate verification essential first step towards latter.

PRIME MINISTER'S TALK WITH MR M S GORBACHEV: 16 DECEMBER

ARMS CONTROL

ESSENTIAL FACTS

OUTER SPACE ARMS CONTROL

1. January meeting to address outer space arms control as well as limits on offensive nuclear forces. Russians finally accepted linkage, which could improve prospects for agreements on both. Present meeting opportunity to urge need for mutual restraint in military competition in space. Russians want ASAT testing moratorium before substantive talks begin, US might consider it once they start. US reluctant to contemplate constraining SDI, though willing to discuss research programmes. But Russians will almost certainly not accept limits or reductions on nuclear weapons, without some prospect of limits on strategic defences against ballistic missiles.

NUCLEAR NEGOTIATIONS

2. Russians let off hook on INF by "umbrella" device. Seem to accept possible need for INF/strategic merger. No hint of change on substance. No indication of future negotiating position. Have not set preconditions but likely to press for moratorium on NATO INF deployments. Will probably also raise British and French systems. One possible complication is recurrent worry that Russians may be in breach of some existing obligations. Of these the single most worrying example is the large Phased Array Radar at Abalakovo which it is difficult to reconcile with the ABM Treaty. Congress will have to be reassured of this if no new agreements are to be ratified.

NON PROLIFERATION TREATY (NPT)

3. Non Proliferation Treaty (NPT) depositories (UK/US/USSR) share common objective of preservation of treaty, which will
/expire



expire in 10 years time, if majority does not agree to extend it.

CHEMICAL WEAPONS (CW)

4. Although Russians have accepted principle of continuous international on-site inspections of CW stockpile destruction, they have rejected US draft Treaty Article X ("no refusals" challenge inspection regime), on which we also have security difficulties.



PRIME MINISTER'S TALKS WITH MR GORBACHEV, 16 DECEMBER 1984

UK/SOVIET RELATIONS

POINTS TO MAKE

1. Have made clear wish to see improvement in East/West relations. Actively sought to increase frequency and variety of contacts. Best way to better mutual understanding and greater confidence.
2. Pleased that you were able to accept IPU invitation to come to Britain. Part of this process.
3. Hope full and varied programme has been drawn up to meet your interest both in discussions with Government Ministers and a substantial trade element, in addition to your meetings with your Parliamentary hosts.
4. Have made clear interest in substantial and realistic UK/Soviet dialogue, as I told President Chernenko in February.
5. Considerable increase in contacts at political level over past year. Several meetings between Sir G Howe and Mr Gromyko, including first visit for several years at that level to Moscow in July. Glad that Mr Gromyko has accepted invitation to pay return visit to London in 1985. Mr Rifkind also had useful talks with Mr Kornienko in March, and looks forward to visiting Moscow again.
6. But contacts not only matter for Governments. Renewal of Parliamentary contacts, which your visit represents, brings together elected representatives and enable exchanges about concerns and problems of the ordinary citizen. Contacts in cultural and educational fields also have



valuable part to play in creating better understanding. Not just a question of official exchanges under inter-governmental agreements. Freedom of private individuals to travel to each others' country important part of Helsinki process.

Trade

7. Welcome upturn in UK/Soviet trade this year. Relative decline in level of UK/Soviet trade in recent years compared with your trade with other Western European countries must be reversed. We need substantial contracts in next 5 year plan if upward trend is to be maintained. Mr Channon will discuss detail later this week. Two very substantial contracts for which John Brown and ICI/Davy preparing bids are examples of what we mean.

Personal Cases/Human Rights

8. Recent decision of Soviet authorities to grant exit visas to three individual cases raised by Sir G Howe with Mr Gromyko in July very welcome. Made considerable impression on public opinion in Britain. Further moves of this kind on the human rights front would do immeasurable good to Soviet reputation in West. Names of Sakharov and others are widely known in West. Way they are treated genuinely affects climate of opinion in which inter-Governmental relations are pursued. Undermines confidence.



ESSENTIAL FACTS

Political Contacts

1. The last full summit-level meeting was in 1975 when Mr Wilson visited Moscow. The invitations extended in 1975 to Mr Brezhnev and Mr Kosygin were not renewed after the change of government and have not been extended to their successors. The Prime Minister met Mr Kosygin briefly in Moscow in June 1979, on her way to Tokyo. The Prime Minister and the Foreign and Commonwealth Secretary visited Moscow in February to attend the funeral of President Andropov. Sir G Howe's visit to Moscow in July was first in the sequence of visits by Foreign Ministers since Dr Owen visited Moscow in October 1977. A list of Ministerial contacts and high level visits to and from the Soviet Union in 1984 is at Annex A.

2. We have now proposed 28-29 May 1985 for Mr Gromyko's return visit to London and await the Soviet response.

Trade

3. The Soviet Union accounts for more than half the UK's trade with CMEA countries and approximately 1% of our total world trade. The UK share of Soviet market has been steadily declining since the 1960s. Between 1970 and 1983 our share of total OECD exports to the USSR fell from 9.2% to 3%. The UK is now the 9th largest trading partner of the Soviet Union in the OECD in 1983 (6th in 1970).

4. UK exports to the USSR increased by 26% in 1983 and in the first 9 months of 1984 by a further 51% to £525 million. Two-thirds of this increase results from a sharp increase in exports of non-ferrous metals, which may not continue in 1985.



5. Gorbachev has made clear his interest in a substantial commercial element in his programme. He will have talks and dinner with Mr Channon on 20 December and visit a number of firms (including ICI, John Brown and new Shell plant at Mossmorran). The Soviet Union is now finalising its Five Year Plan for 1986-90, and British firms hope to be able to participate in it. In particular we hope that at least one major contract will be awarded to a British firm (the last was John Brown's contract for equipment for the Siberian gas pipeline in 1981). Lord Jellicoe and DTI officials visited Moscow from 3-7 December. Several areas where business might be done were identified. (See Annex B.)

Personal cases/human rights

6. Since Gorbachev holds no Government position it would not be appropriate to go into these questions in detail, but it would be a useful opportunity to mention the three personal cases who were given exit visas after Sir G Howe's visit. They were Mr Aleksey Terletskiy who wished to visit his son, Mr Stefan Terlezki MP; Miss Flora Leipman-Kaplan, a British subject who wished to return to the country of her birth; and Miss Lyudmila Kuzmina who wished to visit her then fiancé who is a British subject. Mr Terletskiy made a short visit to see his son; Miss Leipman-Kaplan was granted an exit visa for permanent settlement; and Miss Kuzmina has married her fiancé in Britain and has applied for permanent settlement here.

7. On the general subject of human rights, Soviet performance has consistently failed to live up to its Helsinki and Madrid CSCE commitments. Figures for Jewish emigration have continued to fall. In 1983 1315 Jews left the Soviet Union and the figure for 1984 is expected to be well below 1000. This is the lowest figure since 1970. Other types of human rights abuse including detention in psychiatric hospitals remains widespread. There are no indications of any improvement.



ANNEX A

1. Ministerial Contacts and high level visits to and from the Soviet Union: 1984

- (i) Meeting between the Foreign and Commonwealth Secretary and the Soviet Foreign Minister, Mr Gromyko, in margins of Conference on Disarmament in Europe: Stockholm 19 January;
- (ii) Visit to Moscow by the Prime Minister and Foreign and Commonwealth Secretary to attend President Andropov's funeral: 13-14 February;
- (iii) Visit to London of Soviet First Deputy Foreign Minister, Mr G M Kornienko: 28-29 March;
- (iv) Visit to Moscow by Minister for Trade, Mr Channon for UK/Soviet Joint Commission: 21-23 May;
- (v) Visit to Moscow by the Foreign and Commonwealth Secretary: 2-3 July;
- (vi) Visit to Farnborough of Soviet Deputy Minister of Civil Aviation, Mr L M Shkadov: 1-10 September;
- (vii) Meeting between Sir G Howe and Mr Gromyko in margins of UN General Assembly: New York, 27 September.
- (viii) Visit to Moscow by the Governor of the Bank of England: 15-22 November;
- (ix) Visit to Moscow by the Leader of the Opposition and Mr Healey: 21-27 November;



- (x) Visit by Lord Jellicoe, Chairman BOTB, to Moscow:
3-7 December;
- (xi) Visit to UK by Soviet Deputy Minister of Foreign
Trade, Mr Ivanov at the invitation of Louis Dreyfus
Ltd: end November;
- (xii) Visit to UK by the Soviet Deputy Minister for Food
Industries, Mr Belichenko, for talks at the DTI:
9-12 December.

Outstanding invitations

- (i) Mr Channon to Mr Lein, Minister for the Food
Industry;
- (ii) Mr Channon to Mr Bratchenko, Minister for the Coal
Industry;
- (iii) ICI to Deputy Prime Minister Nuriev.

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