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 FM WASHINGTON
 TO PRIORITY FCO
 TEL NO 3346
 OF 051645Z DECEMBER
 INFO UKDEL NATO, UKREP BRUSSELS

MY TELNO 3315,

SHULTZ'S VISIT TO EUROPE NEXT WEEK

SUMMARY

1. I THINK YOU WILL FIND SHULTZ IN A RELAXED AND CONFIDENT MOOD WHEN HE VISITS EUROPE NEXT WEEK, SATISFIED THAT THE ALLIANCE IS IN PRETTY GOOD SHAPE AFTER THE GENEVA SUMMIT, AND THAT TRADE PROBLEMS BETWEEN THE COMMUNITY AND THE US MANAGEABLE.

DETAIL

2. SHULTZ, FLANKED BY AN ARRAY OF ASSISTANT SECRETARIES FROM THE STATE DEPARTMENT, WAS GUEST OF HONOUR AT THE EUROPEAN COMMUNITY AMBASSADORS TWICE YEARLY LUNCH ON 5 DECEMBER: OUR HOST WAS THE LUXEMBOURG AMBASSADOR.

3. SHULTZ WAS IN A RELAXED AND CONFIDENT MOOD AND THE LUNCHEON, COMPARED WITH SOME PAST OCCASIONS, PASSED IN A NON-COMBATIVE ATMOSPHERE..

4. ON ALLIANCE MATTERS, MY COLLEAGUES AND I CONGRATULATED SHULTZ ON THE IMPECCABLE WAY IN WHICH OUR FRIENDLY NEIGHBOURHOOD SUPERPOWER HAD CONSULTED THE ALLIANCE BEFORE THE GENEVA MEETING AND HAD DEBRIEFED THE ALLIANCE AFTERWARDS. WE ALSO EXPRESSED SATISFACTION ABOUT THE OUTCOME OF THE MEETING ITSELF. SHULTZ WAS SUITABLY GRATIFIED BUT EMPHASISED THAT THE CONSULTATIONS HAD BEEN VALUABLE ON THE SUBSTANCE TO THE UNITED STATES ITSELF AND THAT INPUT FROM THE ALLIES HAD MATERIALLY INFLUENCED THE UNITED STATES' POSITION AT GENEVA. HIS ANALYSIS OF THE SUMMIT PRODUCED NOTHING STARTLING OR NEW EXCEPT PERHAPS THE POINT THAT THE DECISION THAT THE PRESIDENT SHOULD SPEND SO MUCH OF HIS TIME IN ONE-ON-ONE MEETINGS WITH GORBACHEV WAS DELIBERATELY DESIGNED TO CONVEY THE MESSAGE TO GORBACHEV THAT THE PRESIDENT AND NO-ONE ELSE, WAS IN CHARGE IN WASHINGTON. WE DID NOT GET MUCH CONCRETE INFORMATION ABOUT PREPARATIONS FOR THE NEXT MEETING BETWEEN REAGAN AND GORBACHEV IN WASHINGTON, PROBABLY IN JUNE AND, OF COURSE, THERE IS BOUND TO BE SOME HIATUS AT THE WHITE HOUSE AS POINDEXTER TAKES OVER FROM MCFARLANE. BUT RIDGWAY INDICATED THAT SHE WAS ALREADY WRITING A PAPER ON THE NEXT STEPS. (THERE WILL BE A FURTHER MEETING BETWEEN SHULTZ AND SHEVARDNADZE BEFORE THE PRESIDENT MEETS GORBACHEV AGAIN.)

[So soon]

5. ON TRADE MATTERS, THERE WILL OF COURSE NEXT WEEK BE ONE OF THE NOW TRADITIONAL MEETINGS BETWEEN MEMBERS OF THE UNITED STATES' CABINET DEALING WITH TRADE MATTERS AND THE EUROPEAN COMMUNITY COMMISSIONERS IN BRUSSELS. SHULTZ WAS RELAXED ABOUT THE PROSPECTS FOR THE MEETING. HE POINTED OUT THAT THE VOLUME OF TRADE CONDUCTED ON AN ANNUAL BASIS BETWEEN MEMBERS OF THE EUROPEAN COMMUNITY AND THE US WAS IMMENSE AND MOST OF IT PASSED

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WITHOUT LET OR HINDRANCE. IT WAS THEREFORE HARDLY SURPRISING, GIVEN THIS IMMENSE VOLUME, AND GIVEN PROTECTIONIST SENTIMENTS IN THE US, THAT THERE SHOULD FROM TIME TO TIME BE ROWS IN SPECIFIC SECTORS. HE COULD ASSURE AMERICA'S EUROPEAN TRADING PARTNERS THAT THE PRESIDENT WAS A CONVINCED FREE TRADER: HE HAD DEMONSTRATED THAT ON HIS FOOTWEAR DECISION AND WE COULD REST ASSURED THAT HE WOULD VETO THE TEXTILE BILL IN ITS PRESENT FORM. WHERE WE HAD CONFLICTS OF INTEREST WE SHOULD WORK AT THEM TOGETHER QUIETLY AND NOT ALLOW THEM TO GET BLOWN UP OUT OF CONTEXT.

6. SHULTZ IS JUST BACK FROM THE OAS MEETING IN COLUMBIA, AND HAS A BUSY COUPLE OF WEEKS AHEAD OF HIM BEFORE THE CHRISTMAS BREAK. IN ADDITION TO HIS VISITS TO LONDON (FOR HIS SPEECH TO THE PILGRIMS AND HIS TALKS WITH YOURSELF AND THE PRIME MINISTER,) AND BRUSSELS (FOR THE NATO MINISTERIAL AND THE MEETING WITH THE EUROPEAN COMMISSION) HE WILL GO ON TO WHAT HE CALLS HIS QUOTE A VOYAGE UNQUOTE - VISITING BONN, BERLIN, BUDAPEST, BUCHAREST AND BELGRADE. HE IS GREATLY LOOKING FORWARD TO HIS MEETING WITH YOURSELF AND THE PM IN LONDON.

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