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FM MOSCOW

TO DESKBY 091600Z F C O

TELNO 1065

OF 091430Z SEPTEMBER 86

INFO IMMEDIATE WASHINGTON

INFO PRIORITY BONN, PARIS, UKDEL NATO

WASHINGTON FOR PRIVATE SECRETARY

MY TELNO 1062 (NOT TO ALL) : DANILOFF : COMMENT

SUMMARY

1. EVEN IF THE KGB BELIEVED DANILOFF GUILTY, THE SOVIET LEADERSHIP MUST HAVE SEEN THE DAMAGE THE AFFAIR WOULD DO TO THEIR PEACE AND HUMANITARIAN IMAGE AND TO SUMMIT PROSPECTS. THEY APPEAR TO HAVE DECIDED THAT INTELLIGENCE AND SECURITY CONCERNS HAVE HIGHER PRIORITY. THE INFLUENCE OF THE KGB SHOWN TO REMAIN STRONG. THE RUSSIANS MAY WELL HAVE MISCALCULATED. PAUCITY OF LADDERS TO CLIMB DOWN. POSSIBLE ACTION BY BRITAIN.

DETAIL

2. NOW THAT PRESIDENT REAGAN HAS WRITTEN TO GORBACHEV AND MADE A PUBLIC STATEMENT STRONGLY CRITICAL OF THE SOVIET ACTION THE ARREST AND CHARGING OF DANILOFF HAS BECOME AN IMPORTANT ELEMENT IN US/SOVIET RELATIONS AND THE PROSPECTS FOR A SUMMIT.

3. IF THE KGB BELIEVE, AND HAVE TOLD GORBACHEV, THAT THEY HAVE CAUGHT A GENUINE AMERICAN SPY THE ARREST TAKES ON A LESS EXTRAORDINARY ASPECT. BUT THE COINCIDENCE WITH THE ZAKHAROV CASE SUGGESTS THAT WHAT THE KGB DID WAS SIMPLY TO FRAME THE MOST PLAUSIBLE CANDIDATE. IN EITHER CASE QUESTIONS ARISE BOTH OF SOVIET FOREIGN POLICY PRIORITIES AND OF THE STANDING OF THE KGB AND THE SECURITY ORGANS IN GORBACHEV'S RUSSIA.

4. MOST WESTERN OBSERVERS HERE ACCEPT THAT DANILOFF IS INNOCENT AND BELIEVE THAT THIS CRUDE SOVIET ACTION WILL DAMAGE THE SOVIET IMAGE AND CREDIBILITY AT A TIME WHEN THEY ARE PUTTING THE FINAL TOUCHES TO THEIR WORLD WIDE PEACE INITIATIVES, IN THE LEAD UP TO A POTENTIAL SUMMIT AND TO THE VIENNA CSCE REVIEW MEETING. EVEN IF THE RUSSIANS BELIEVED THAT THEY COULD TRADE DANILOFF FOR ZAKHAROV, THE AFFAIR COULD STILL HARDLY FAIL TO CAST A STRONG SHADOW OVER SUMMIT PREPARATIONS. THE RUSSIANS MAY NOT HAVE EXPECTED SUCH A SHARP AMERICAN REACTION, PARTICULARLY IF THE KGB REALLY THOUGHT IT WAS A FAIR COP. BUT THERE IS SOME SPECULATION THAT THE RUSSIANS, HAVING DECIDED THAT THEY WOULD NOT GET ANYTHING WORTHWHILE FROM A SUMMIT WERE CONTENT TO GIVE TOP PRIORITY TO STRICT SECURITY VIGILANCE, A CONSTANT HALLMARK OF THE GORBACHEV ERA, EVEN

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5. AS TO THE ROLE OF THE KGB, ALTHOUGH IT SEEMS POSSIBLE THAT THE INITIAL ARREST WAS AUTHORISED WITHIN THE KGB, THE DECISION TO CHARGE DANILOFF MUST HAVE HAD FULL POLITICAL CLEARANCE. THE DECISION TO ESCALATE THE AFFAIR, WITH THE POTENTIAL POLITICAL COSTS NOTED ABOVE, DOES HOWEVER SUGGEST THAT THE KGB ARE STILL A VERY POWERFUL VOICE IN THE COUNSELS AROUND GORBACHEV.

6. MY TENTATIVE CONCLUSIONS ARE THAT THE KGB MISCALCULATED THE STRENGTH OF AMERICAN REACTION AND THAT BEFORE THIS HAD BECOME APPARENT THEY HAD PERSUADED THE POLITICAL LEADERSHIP TO BACK THEM IN A CLASSIC TIT FOR TAT ATTEMPT TO SECURE ZAKHAROV. NOW THAT THIS HAS MISFIRED THE LEADERSHIP ARE FACED WITH THE PROBLEM OF PREVENTING THEIR SELF-INFLICTED WOUND FROM BEING VIEWED AS THE CAUSE OF A POSSIBLE POSTPONEMENT OR CANCELLATION OF THE SUMMIT. THEIR IMMEDIATE REACTION HAS BEEN TO ARGUE THAT THE AMERICANS ARE MAKING EXAGGERATED PROTESTS IN ORDER TO DISGUISE THEIR OWN INFLEXIBILITY ON ARMS CONTROL ISSUES. BUT THIS IS PRETTY THIN BEER.

THE BRITISH ROLE

7. WE HAVE MADE SEVERAL ABORTIVE ATTEMPTS TO ENGAGE THE ATTENTION OF SENIOR OFFICIALS IN THE CUSTOMS ADMINISTRATION ABOUT MRS DANILOFF'S PROBLEM AND ARE NOW SEEKING AN APPOINTMENT WITH THE CONSULAR DIRECTORATE IN THE MFA. BUT THIS IS NEITHER MRS DANILOFF'S FIRST PRIORITY, NOR THAT OF THE RUSSIANS. IF THE TEMPERATURE CAN BE LOWERED SUCH A RELATIVELY MINOR PROBLEM CAN SURELY BE RESOLVED. NOW THAT DANILOFF IS CHARGED WITH ESPIONAGE THE RUSSIANS DO NOT NEED AN EXTRA STICK TO BEAT HIM. NOR IS THE CUSTOMS CASE A STRONG ENOUGH LADDER FOR THE RUSSIANS TO USE IN ORDER TO CLIMB DOWN FROM AN ESPIONAGE CHARGE.

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NAD
WED
ACDD
CSCE UNIT
CRD
NEWS DEPT.
INFO DEPT.
FED
NED
PUSD
PROTOCOL D.

PS
PS/LADY YOUNG

PS/MR RENTON
PS/MR EGGAR
PS/PUS
MR DEREK THOMAS
MR GOODALL
MR FERGUSSON
SIR W HARDING
MR RATFORD
MR DAUNT
MR. FERRAN
MR. LONG

CHIEF CLERK
MR BRAITHWAITE
MR BARRINGTON
MR WINCHESTER

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PROTOCOL D.

PS
PS/LADY YOUNG

PS/MR RENTON
PS/MR EGGAR
PS/PUS
MR DEREK THOMAS
MR GOODALL
MR FERGUSSON
SIR W HARDING
MR RATFORD
MR DAUNT
MR. FERRIN
MR. LONG

CHIEF CLERK
MR BRAITHWAITE
MR BARRINGTON
MR WINCHESTER

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