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MR POWELL

ARMS CONTROL: PRESIDENT REAGAN'S MESSAGE TO MR GORBACHEV

1. I wonder whether we are not being over-optimistic over those parts of the Reagan message dealing with SDI. The Prime Minister's question to Nitze about 'testing' pointed to the problem.

2. The reference in the message to 'a programme of research, development and associated testing, which is permitted by the ABM Treaty, to determine the technical feasibility of advanced reliable systems on strategic defence' suggests a US reversion to the wider interpretation of the ABM Treaty - the McFarlane version as opposed to the received Shultz formula. This is born out by Nitze's reference, in answer to the Prime Minister's question, to Agreed Statement D. Agreed Statement D is the strong rock of all those who argue the Treaty does not constrain work on new and exotic systems, short of deployment.

3. We have, therefore, language which the Russians will almost certainly read as an attempt to resurrect an interpretation of the Treaty which they have already rejected out of hand. We also have a proposed delay of 7½ years before SDI deployment, which to the Russians will seem to offer nothing in the way of constraint: in the most favourable circumstances the Americans could not hope to reach deployment before then.

4. A senior CIA analyst who knows something of the background told me on Friday that this part of the message is deliberately ambiguous and intended to draw the Russians out. It may well do so, in the worst sense.

Sir Percy Craxford 17

You should see

The President's letter, received over the

28 July 1986

week-end. I found it

quite revealing on this point.

CDP
28/7.

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5. These are still early days. We must see how Gorbachev responds; there is the Shultz/Shevardnadze meeting planned for September; and the Americans seem confident that Gorbachev wants a Summit. But, unless there are later changes, the language of the message reduces the prospect of agreement on the central area of strategic arms and space. A Summit could in theory take place despite disagreement here, eg if an accord was prepared on some other arms control issue; but the prospects of it happening would be distinctly poorer.

PC

PERCY CRADOCK

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