

general references to topics. We will feel it necessary to say the problems we have been working on have not been resolved and are hanging over the situation. He imagined that he would be seeing Shevardnadze in New York, and that if it happened it would be a good sign. He would be responsive to Shevardnadze's call. He did not foresee differences on describing the negotiations. He would call the talks on these positive and useful, and while he would give no details on Geneva, he would say it was an important area where good prospects are emerging.

Shevardnadze said he would say the same. If the Summit comes up he would say it is on the agenda, everything depends on how we work in Geneva, agreement on the one issue is necessary, and if the U.S. side takes the same view it will be reached. *The Secretary* said this sounded fine, for he would not wish the President to go to a meeting where that was the only thing to be talked about; let us resolve the issue. *Shevardnadze* said he would say the Soviets would do everything that depended on them, he expected the Americans would say the same thing. He expected they would meet in New York. It should not be put off.

288. Memorandum of Conversation¹

New York, September 23, 1986, 10:30–11:15 a.m.

U.S. Participants

Secretary Shultz

Ambassador Ridgway

D. Zarechnak, Interpreter

USSR Participants

Foreign Minister Shevardnadze

Ambassador Bessmertnykh

P. Palazhchenko, Interpreter

After a brief informal exchange, Shevardnadze asked the Secretary what they should do to resolve the present situation.

¹ Source: Department of State, Executive Secretariat, S/S Records, Memorandum of Conversations, 1981–1990, Lot 93D188, September 19 & 23, 1986, Shultz/Shevardnadze at the UN. Secret; Sensitive. The meeting took place in the President's office at the UN. There is no drafting information Shultz wrote in his memoir: "I saw Shevardnadze on Tuesday. The Soviets wanted either no trial for Zakharov or Daniloff or trials for both. As a sweetener, after both were out, Shevardnadze said, 'We might give you a present' of a dissident release. Gorbachev had approved the release of the renowned Soviet physicist Yuri Orlov, who had been prominent on the list I had given Shevardnadze in Washington. On the matter of the Soviet mission staff, Shevardnadze took a tough line. His proposal was constructive, I told him, but unacceptable. Back and forth we went haggling over the terms—at our UN mission and at the Soviet UN mission. Each day a new formula was proposed and knocked down." (Shultz, *Turmoil and Triumph*, p. 745)

The Secretary replied that it would be good if the Soviet side told Daniloff that he could leave.

Shevardnadze said that he was ready to do that, provided that the U.S. would also let Zakharov go. He saw that the situation was not getting any easier, and that passions were getting heated, especially after the President's UN speech.²

The Secretary indicated that the US side had received the Soviet side's language on the Iran-Iraq war, and would try to see how to formulate something with a parallel objective and find a place to issue it, for example in the Security Council, and perhaps with a phrase noting the connection with the Soviet statement, which would move the two sides in the direction they had spoken of.

Shevardnadze replied that he was sure that something could be found. He noted, however, that the present difficulties were getting worse, especially after the President's speech, and noted frankly that he would have to reply in his speech. But he was not planning to touch on the Daniloff and Zakharov cases. If he were to begin to reveal the substance involved, there would be no end to it. The cases should be resolved between the Secretary and himself. He was empowered to do so. This was not a situation which should be brought up at the General Assembly.

The Secretary agreed. He thought it should be settled.

Shevardnadze said that he had a proposal, and that there was very little time. He indicated that he was not very adept at diplomatic trading (to which the Secretary interjected that he certainly was), but he wanted to propose the following. As the two sides had agreed, the first option was a one-for-one trade, without a trial. The second option was a trial in both countries. Then, on the working level, agreement could be reached as to how to describe it, which was also important.

Shevardnadze continued that the U.S. had transmitted a list. The two sides had agreed that this was a separate issue from Daniloff and

² On September 22, Reagan addressed the UN General Assembly: "Recently, after the arrest of a Soviet national and U.N. employee accused of espionage in the United States, an American correspondent in Moscow was made the subject of fabricated accusations and trumped up charges. He was arrested and jailed in a callous disregard of due process and numerous human rights conventions. In effect, he was taken as a hostage—even threatened with the death penalty. Both individuals have now been remanded to their respective Ambassadors. But this is only an interim step agreed to by the United States for humanitarian reasons. It does not change the facts of the case: Gennadi Zakharov is an accused spy who should stand trial; Nicholas Daniloff is an innocent hostage who should be released. The Soviet Union bears the responsibility for the consequences of its action. Misusing the United Nations for purposes of espionage does a grave disservice to this organization. And the world expects better. It expects contributions to the cause of peace that only the leaders of the United States and the Soviet Union can make." For the complete text of the address, see *Public Papers: Reagan, 1986*, Book II, pp. 1227–1233.

Zakharov. Shevardnadze had consulted and could say that when a firm decision was worked out concerning Zakharov and Daniloff, and a certain time had passed (10 days, 15 days, a month), the Soviet side would expel one of the people on the list. Perhaps this could be regarded as a gift to the U.S. There was a person who was famous in the U.S., although not as well-known in the USSR—Orlov. If this was important to the US, the Soviet side was prepared to do it.

Shevardnadze continued that this was one side of the matter. But he said that the Secretary had promised to come back to him on the question of the Soviet UN employees, which was a separate issue. Shevardnadze was waiting for the Secretary's reply, since a machine has been set in motion, and if the issue were not clarified, there would be a response on the Soviet side, which would make it difficult to talk about normalization of Soviet-American relations, at least for some period of time.

Shevardnadze mentioned that he would not want to resolve the issue through intermediaries, of whom there seemed to be a great number, anxious to play that role.

The Secretary replied that no intermediaries were necessary.

Shevardnadze stated that our two countries realized the importance of Soviet-American relations better than anyone else, and the situation needed to be resolved quickly. The longer it would drag out, the more difficult it would become. He wished to state frankly that the decision on Orlov would not have been possible without the direct intervention of Gorbachev, since the two cases were equal, and why should the Soviet side yield further concessions? But the Soviets realized that everything had been set in motion, including the participation of the President, and some compromise was necessary.

The Secretary indicated that, first of all, he considered Shevardnadze's reply to be constructive, and he welcomed it. Clearly, the US would like to see more names from the list. Some of those individuals were quite ill. But the reply was a constructive one. The question of time, i.e. how long to delay, was a difficult one.

The Secretary then turned to the question on which Shevardnadze had asked for a reply. He said that he would first try to formulate a broad answer, and then a more concrete one. Each of our two countries have intelligence services. Neither country wants representatives of the other country in its own country in any capacity. But this does occur. The US has a special problem that the USSR does not have which stems from the fact that the US is the host for the United Nations and the large number of related organizations. So there is a difference between people in the United States who serve at a UN mission or at the UN itself on the one hand, and those that serve at a diplomatic mission. Those that serve at a diplomatic mission have diplomatic

immunity, whereas those that serve at the UN mission are in a different situation.

The Secretary was sure that Shevardnadze agreed that it was reasonable for the US to take the position that people who are here for UN activities should not be engaged in espionage. From time to time the US finds such people, and when this happens it leads to the kind of difficulties which the two countries are now experiencing. If this had happened to a representative of a Soviet diplomatic mission in Washington, or an American of such status in Moscow, they would have been expelled. Both countries would have complained, but the situation would have been different.

The Secretary continued that his observation of people in intelligence was that they were very intelligent, honorable and patriotic, but that they had a job to do and a role to play, which gave them a certain orientation, almost by definition. Therefore, given that background, as the US identifies Soviet citizens working at the UN Mission or the UN Secretariat who are connected with intelligence agencies, it is like Russian roulette, and there is going to be a hit periodically. So it would be better for both sides if Soviet representatives in the US were not from intelligence agencies, but from other agencies such as the Foreign Ministry.

The Secretary continued that Shevardnadze had asked in Washington how it would end if the Soviet side would expel US employees, then the US would expel more Soviet employees, and so on. It was the belief of the US side that the 25 people named are basically affiliated with intelligence agencies, and that there is a much larger number of such Soviet employees at the Soviet UN Mission and the Secretariat. They do useful work, but their affiliation causes problems and the possibility of a blow-up. So the US thinks they should go, and the best course of action would be for the Soviet side to replace them with people from the Foreign Ministry, the Ministry of Foreign Trade, etc. and not from intelligence agencies. This would serve a limiting function. But the decision on the 25 which were named would not be changed.

The Secretary said that Shevardnadze had spoken of counter-measures. The US would not welcome this, but it was up to the USSR to decide what it should do. The Secretary had simply wanted to address the question of where this would end, and how it could be resolved. He indicated that he would let the President know of the information which Shevardnadze had passed on, and that Gorbachev personally was responsible for the decision to release Orlov. The Secretary would try to give a very quick response to Shevardnadze, and he wished to propose that if it were difficult for the two of them to meet quickly, he could ask Ambassador Ridgway to contact Ambassador

Bessmertnykh to pass on information. But if the process moved along, the Secretary would like to continue to deal directly with the Foreign Minister to work things out.

Shevardnadze replied that he had expected a different answer from the Secretary, and wished to comment on some of the Secretary's remarks. He saw that the UN had become a difficult burden for the US, and he was planning to say a few words about this in his speech. The Secretary had said that Soviet representatives and the representatives of other nations engage in prohibited activities. The Soviet side is prepared to publish the list of those that the US has proposed to expel. In addition to being unfair, professionally the US intelligence services made big mistakes. Some of the people on the list never leave the building. The list had not been put together professionally. It is arbitrary. Shevardnadze advised Shultz not to believe everything the intelligence services say. Such an approach would take the two sides too far. Political decisions needed to be taken despite various intelligence reports.

Shevardnadze continued that he had been informed that US intelligence services know how to use representatives of different countries in the UN for purposes of gathering information, i.e. know how to recruit people from different countries and regions. So the US intelligence services were not so innocent. Things should not go so far. Shevardnadze had thought that the two of them had agreed that the main thing was a meeting between the two leaders, and that all obstacles in the path of the meeting needed to be eliminated. The Secretary could have said something different about the fate of the Soviet employees. But he had not proposed anything. He had only given ultimatums. This would not lead anywhere. Shevardnadze could assure the Secretary that there would be a response, and this would not be good for Soviet-American relations. He was very concerned that everything that had been done at the Summit in Geneva and all the work that he and the Secretary had done to bring about the next summit would come to nought.

The Secretary said that he agreed with Shevardnadze's frustration at the fact that this issue was in the way. The frustration was even greater since the Secretary felt that a lot of progress had been made on substantive issues and that Shevardnadze's proposal to do preparatory work during the summer yielded good results. The Secretary assured Shevardnadze that he wanted to work with him to resolve the problem.

Shevardnadze remarked that not words but deeds were necessary. The Secretary agreed.

Shevardnadze indicated that Moscow was waiting for final information and his reply. He agreed that information could be exchanged on the level of Deputy Ministers, Ambassadors or even Counselors.

The Secretary replied that that was not how he had meant it. He would want to work directly with the Foreign Minister. He had only mentioned Ambassador Ridgway because if there needed to be a quick exchange of information, and his and the Foreign Minister's schedule made this difficult, such a quick exchange could be made in that way.

Shevardnadze asked if the question of expelling the 25 people by October 1 still remained in force. He asked the Secretary if the US side would not be ready to make a decision by the end of the day, since the Soviet side also needed to make a decision. If the US was serious about its intent, then there were people and families involved, and the Soviet Union would need to reply. There was very little time left. If, however, the view on the deadline had been changed, this was another matter.

The Secretary replied that the US position on the date stood. This was something which had been set in March, but was not connected at that time with the issue of the 25 people. But he indicated that he would give the Foreign Minister a reply by the end of the day to the question that the Foreign Minister had asked and to the proposal he had made. He would try to deal directly with Shevardnadze, but if the schedule did not permit, it could be done through Ambassadors Ridgway and Bessmertnykh or someone else on the Soviet side.

Shevardnadze said that this should be done without delay.