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Part 2

JM

Confidential filing

COMMONWEALTH OF INDEPENDENT STATES

Policy towards the CIS

Pt 1 : Dec '92

Pt 2 : June '93

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~4/1/94~~				Armenia		Turkmenistan	
~~5.1.94~~				Belarus		Uzbekistan	
~~18.1.94~~				Moldova		Azerbaijan	
~~2.2.94~~				Kazahstan		Ukraine	
						Tadzhikistan	

CLOSED.

PREM 19/4590

Dd 533270 5M 2/78 8362633 JET

RESTRICTED

File

10 DOWNING STREET
LONDON SW1A 2AA

From the Assistant Private Secretary

28 January 1994

Dear Charles,

VISIT BY PRESIDENT ALIEV OF AZERBAIJAN

Thank you for your letter of 21 January enquiring about possible dates for Presdient Aliev's visit.

We are now in a position to offer Wednesday 23 February for talks and lunch. I would be grateful if you could confirm that this is acceptable to the Azeris.

We agreed that there would be no Guard of Honour for President Aliev, as in the case of President Ter-Petrossian of Armenia. We would envisage talks, possibly beginning at 1215, followed by lunch. I should be grateful for your advice on this format, including who might attend the lunch. Will there be any agreement for the Prime Minister and President Aliev to sign? I take it from your letter that signature of the BP contract by that time seems unlikely.

I am sending a copy of this letter to Nick Welch (Department of Trade and Industry).

Yours ever,
Philippa

MS PHILIPPA LESLIE-JONES

C. R. V. Stagg, Esq.,
Foreign and Commonwealth Office.

RESTRICTED

Tim Eggar MP
Minister for Energy

file.

Department of Trade and Industry

Ashdown House
123 Victoria Street
London SW1E 6RB

Direct line
071-215 6412

DTI Enquiries
071-215 5000

Roderic Lyne Esq CMG
10 Downing Street
LONDON
SW1A 2AH

28 January 1994

Dear Roderic,

file with RL

I have seen a copy of your letter of 17 January to Dickie Stagg and of Dickie's reply of 21 January.

I should like to confirm DTI's support for an earlier invitation for President Aliev's visit. The Azeris have always understood the linkage between the visit and the signing of an oil deal. We, together with BP, see this visit as the only short term lever we can pull to put pressure on the Azeris to finalise the contract.

DTI therefore agree with the FCO that an early invitation for President Aliev is important for maintaining pressure on this major contract and to other contracts that depend upon it.

Yours sincerely,

Matthew Baldwin

MATTHEW BALDWIN
Private Secretary

The Rt. Hon. Michael Heseltine MP
President of the Board of Trade

Secretary of State
Department of Trade and Industry

Ashdown House
123 Victoria Street
London SW1E 6RB

Direct line
071-215 4440

DTI Enquiries
071-215 5000

Roderic Lyne Esq CMG
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1A 2AA

27 January 1994

Dear Roderic

Thank you for your letter of 17 January.

Mr Eggar is planning to lead a delegation of British businessmen to Uzbekistan from 25 to 27 May. Preliminary discussions have already been held between the British Ambassador in Tashkent and the Uzbek Ministries of Foreign Affairs and Foreign Economic Relations. The Uzbeks are reported to be pleased with these developments.

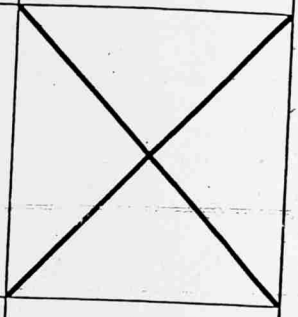
DTI officials and representatives of the CBI, the London Chamber of Commerce, the BSCC (formerly British Soviet Chamber of Commerce) and the British Consultants Bureau are visiting Uzbekistan in the week commencing 7 February. The aim of this trip is to gather information for the mission in May and to hold preliminary direct discussions with the Uzbeks, paving the way for Mr Eggar's mission.

Yours
Nick

NICK WELCH
Private Secretary

JW1150

The National Archives

DEPARTMENT/SERIES PREM 19 PIECE/ITEM 4590 (one piece/item number)	Date and sign
Extract details: letter from Staggs to Lyne dated 24 January 1994	
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R25/1

From: Michael Colvin, M.P.

HOUSE OF COMMONS
LONDON SW1A 0AA

N/T of 17/1 letter.
Last letter on file dated 27/11.

Roderic Lyne Esq
10 Downing Street
London SW1A 2AA

21 January 1994

Dear Roderic.

Many thanks for your letter of 17 January and for keeping me up to date on events which will eventually lead to President Aliev's official visit to the UK.

Yours ever,
Michael

Telephone: 071 - 219 - 3000 Fax: 071 - 219 - 5946

10 DOWNING STREET

Philippa –

Azerbaijan visit:

We can now offer Wednesday, 23 February & talks and lunch – could you possibly ask

Dickie to secure
Confirmation.

Also: how long
would we need
to take before
lunch* - 45 mins?

TVM -



28/1.

* working within bracket:
1215 - 1500 but less if poss!!!

RESTRICTED

Foreign & Commonwealth Office

London SW1A 2AH

21 January 1994

Arabella c PLF

For discussion on Monday. Looks as if we shall need early visit dates, also. 12 Jan.

Dear Rodric,

Proposed Visit by President Aliev of Azerbaijan

Thank you for your letter of 17 January asking whether we might propose dates in the summer for President Aliev's visit rather than invite him to come here before Easter.

We would advise very strongly against postponing the visit until July. Aliev accepted with alacrity when our Ambassador in Baku conveyed the Prime Minister's invitation to him to visit the UK early this year. Indeed, he has made it clear that he wants this to be his next foreign visit, and is deferring decisions about other foreign travel until the London dates are fixed.

We have consulted our Ambassador in Baku, and have spoken informally to BP. Both agree that the commercial arguments for an early visit are compelling. There have recently been signs that Aliev may be moving towards concluding the oil production sharing agreement with BP, and the other members of the Western consortium, within the next few months. BP are keen to try to take advantage of this swiftly, not least at a time when Aliev's domestic political position appears to have improved. A decision to delay the visit might seriously prejudice the prospects.

Although delay would be of particular concern to BP, it would have wider commercial ramifications. Aliev has told our Ambassador that he will come to London ready to discuss business opportunities for a wide range of British companies. He has been given a list of 20 British firms.

An additional reason not to defer Aliev's visit is the arrival here on 8 February of President Ter-Petrossian of Armenia as a guest of the British Government. Aliev is the more likely to take offence if we put him off just as we are preparing to receive his Armenian counterpart.

We cannot guarantee that an early visit by Aliev will secure the BP contract. We know, however, that BP believe that delaying the visit will make securing it even more difficult. We therefore conclude that the early visit promised in the Prime Minister's invitation is critical to our commercial interests.

RESTRICTED

I am sending a copy of this letter to Nick Welch (DTI).

Yours ever,

Vicki

(C R V Stagg)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

SUBJECT MASTER

Filed on:

1. RL
2. file

Philippa

Foreign & Commonwealth Office

London SW1A 2AH

20 January 1994

Dear Roderic

Letter from the Prime Minister of Moldova

You may wish to be aware of the latest letter to the Prime Minister from the Prime Minister of Moldova, Mr Sangheli. I enclose a copy. No reply is needed.

I am copying this letter to Owen Barder in the Treasury.

Yours ever,

Jimmie

(C R V Stagg)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

GUVERNUL REPUBLICII MOLDOVA
The GOVERNMENT of the REPUBLIC of MOLDOVA

Index nr. 05I2-2592 «23» I2 1993

Your Excellency,

On behalf of the Government of the Republic of Moldova I would like to express our sincere thanks for the essential contribution of your country in rendering financial assistance to the Republic of Moldova in the period of fundamental economic reforms.

The financial support of international community, including the United Kingdom of Great Britain and Northern Ireland, promotes implementation and acceleration of economic reforms.

I would like to assure You, Your Excellency, that economic reforms, realised by Moldovian Government, which had been highly evaluated by the participants of the consulting group, are irreversible and will be firmly and consistently continued, what will allow Moldova to be a good example for other countries in the process of successful realisation of economic reforms.

I would like to extend my sincere gratitude for Your joining the efforts of the members of international community and Your initiative in rendering vital support to the Republic of Moldova.

Taking this opportunity I would like to greet You on Christmas and New Year. Great success in Your activity and prosperity for the people of the United Kingdom of Great Britain and Northern Ireland. I hope, that the new year will give further development to our relationship of mutual understanding and cooperation.

Please accept, Your Excellency, the assurances of my highest consideration.

Prime Minister

Andrei Sangheli

His Excellency

Mr. John Major

Prime-Minister of the United

Kingdom of Great Britain and

Northern Ireland

277033, Chișinău, Casa Guvernului Tel. 233346; Fax 242696; Telex 163151

SUBJECT MO
MASTER
Filed on:



10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

18 January 1994

Dear Mr. President,

Thank you for your letter of 13 December and for your kind words about your visit to the United Kingdom in November last year.

I am glad that your visit to London was a success. I very much enjoyed our discussions and was particularly pleased that your visit enabled very worthwhile contacts to be made with British companies.

Thank you for your invitation to visit Uzbekistan. I hope to take up your invitation at some stage and look forward to further opportunities for Ministerial visits in the future, which will enable us to strengthen our bilateral relations and to build on the very worthwhile contacts which have now been established between our two countries.

Yours Ever,
John Major

His Excellency President Islam Karimov

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RL

Pas uses your echoes on CARs.

Foreign & Commonwealth Office

London SW1A 2AH

Sir David Gillmore GCMG

The Permanent Under Secretary of State

PERSONAL

17 January 1994

071 270 2150

R M J Lyne Esq CMG
No 10 Downing Street

Dear Rod,

TRADE WITH CENTRAL ASIA

- at flap

1. Many thanks for your letter of 9 December.

2. There has been a good deal of frustration here at DTI Ministers' reluctance to devote much time or attention to the commercial opportunities offered by the FSU (Russia and the Baltic States as well as Central Asia). DTI officials are aware of the potential, but they seem to have a hard time persuading their Ministers that there are deals to be done in Uzbekistan or Kazakhstan (or Latvia), as well as among the more glamorous "tigers" of the Pacific Rim.

3. Mr Goodlad raised this with Mr Needham last month in the wake of the failure by DTI Ministers to interest themselves in the Karimov visit. Mr Goodlad pointed out that the FSU offers lucrative if difficult markets, as our competitors are well aware. This was why the FCO had opened new posts in Almaty, Tashkent and Baku, despite the squeeze on resources. He urged DTI Ministers to give the region a higher priority in their calculations.

4. We shall have to see what effect this has. My guess is that we shall have to keep up the pressure: the latest news is that the President of the Board of Trade has pulled out of a planned visit to Russia later this year, opting for South Africa instead. I hope this does not mean that the DTI have abandoned the idea of a visit to Russia by a team of high-powered businessmen led by a Minister. All this makes us

.../the more

RESTRICTED

the more grateful for the time the Prime Minister has been willing to invest in high-level FSU visitors. The Karimov visit showed an immediate commercial return. We hope that the forthcoming visits by Presidents Aliev of Azerbaijan and Nazarbaev of Kazakhstan will be similarly successful.

5. I like both the suggestions you put forward in your letter. Asking DTI to put together a paper on trade strategy in Central Asia would be a useful device for focusing their Ministers' attention on the possibilities, and how to exploit them. I also think that widening the scope of the projected trade mission to Uzbekistan to take in Kazakhstan and Turkmenistan would be worthwhile. It would capitalise on the Karimov and Nazarbaev visits to London, as well as helping us build on the Niyazov visit here in the spring of last year (though I think we shall advise against giving or accepting horses as part of the courtesies in Ashkabad). If you can stimulate action on these fronts you will certainly have our support.

Yours ever,

David

David Gillmore

CIS Policy - Pt 2

FILE
CH

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

17 January 1994

Dear Nick,

TRADE MISSION TO UZBEKISTAN

The Prime Minister has seen Dickie Stagg's letter of 17 January, copied to you, and has signed the reply to President Karimov's message.

The Prime Minister was concerned to see that arrangements for the Trade Mission to Uzbekistan are not yet firm. As you know, he agreed with President Karimov that the Mission should definitely be launched, and that it should take place reasonably quickly.

The Prime Minister is keen to maximise the commercial benefits from Karimov's visit, and would be grateful for a report on planning for the Trade Mission.

I am sending a copy of this letter to Dickie Stagg (Foreign and Commonwealth Office).

Yours ever,

Roderic

RODERIC LYNE

N Welch Esq
Department of Trade and Industry

10 DOWNING STREET
LONDON SW1A 2AA

cc FCO
DTI

From the Private Secretary

17 January 1994

Dear Michael,

Thank you for sending me copies of your exchange of fax messages with Mr. Fataliev, under cover of your letter of 4 January.

I am continuing to work with the FCO on the timing of President Aliev's official visit to the UK. There is a firm invitation to him to come here this year, and it is now a question of finding the most suitable dates for the visit. As you know, it is a visit to which the Prime Minister attaches importance. He is pleased that British companies have established a strong base for very significant future business between the UK and Azerbaijan. He would like to help to consolidate that base, and indeed to develop all aspects of the relationship.

I am sending copies of this correspondence to the FCO, and will ask them to keep you posted.

Yours ever,
Roderic

RODERIC LYNE

Michael Colvin, Esq., M.P.

RESTRICTED

Dft. to type pse.
Ryl.
17/1

Foreign & Commonwealth Office

London SW1A 2AH

17 January 1994

Dear Roderic,

Letter to the Prime Minister from President Karimov of Uzbekistan

I enclose a copy of a letter from President Karimov of Uzbekistan to the Prime Minister. This is a bread and butter letter following President Karimov's visit to the UK on 22-25 November last year. It also includes an invitation to the Prime Minister to visit Uzbekistan whenever convenient.

Bilateral relations with Uzbekistan are gaining momentum, in particular since President Karimov's visit and the opening of our Embassy in Tashkent. Substantial contracts have already been awarded to British companies and there are encouraging prospects for further investment and trade in what is at present a relatively stable country with substantial natural resources.

We would not wish to recommend a Prime Ministerial visit in the short term and realise that there is little prospect of the Prime Minister being able to take up this invitation. We therefore recommend that the Prime Minister sends a fairly neutral reply - without actually turning down the invitation, which might cause offence. The Prime Minister might stress his wish to develop contacts at Ministerial level. The DTI are for example considering a possible trade mission to Uzbekistan in the summer, although this is not yet firm. I enclose a draft reply.

Why so slow?

I am copying this letter to the PS to the President of the Board of Trade.

Yours ever,

(C R V Stagg)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

RESTRICTED

TO HIS EXCELLENCY MR JOHN MAJOR, PRIME MINISTER OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

Dear Mr Prime Minister

Allow me again to thank you, Mr Major, for your hospitality during my visit.

The cordial atmosphere, created by the British side and you personally, was a significant factor to the success of the first meeting at the highest level in the history of our two countries.

With warm memories of my stay in your country and of the meetings and discussions with you and other British leaders, I would like to express the certainty that our present co-operation and contacts will be further strengthened in the interests of developing British-Uzbek relations.

I shall like to avail myself of the opportunity, to extend again to you, Mr Major, my invitation to you to pay a return visit to Uzbekistan whenever would be convenient for you.

Please accept, Mr Prime Minister, assurances of my deepest respect.

Islam Karimov

sb/TF/karimov.11.1

draft17-1

DRAFT LETTER FROM THE PRIME MINISTER TO PRESIDENT KARIMOV OF UZBEKISTAN

Thank you for your letter of 13 December and for your kind words about your visit to the United Kingdom in November last year. I am glad that your visit to London was a success. I very much enjoyed our discussions and was particularly pleased that your visit enabled very worthwhile contacts to be made with British companies.

Thank you for your invitation to visit Uzbekistan. I hope to take up your invitation at some stage and look forward to further opportunities for Ministerial visits in the future, which will enable us to strengthen our bilateral relations and to build on the very worthwhile contacts which have now been established between our two countries.

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

17 January 1994

Dear Dickie,

PROPOSED VISIT BY THE PRESIDENT OF AZERBAIJAN

We have discussed the visit of President Aliev, on which correspondence rests with your letter of 23 December.

As you know, we have offered dates for lunches with the Presidents of Armenia and of Kazakhstan in February and March. So that we do not overload the Prime Minister with visitors from the southern parts of the former Soviet Union (and given his many other foreign engagements in February and March), we would like to propose that Aliev should be offered firm dates in the summer rather than before Easter. The Prime Minister could give a lunch for him on Wednesday 13 July. (This would be on the Uzbek or Armenian model - i.e. we would not have a separate session of talks, and the lunch would be either social with businessmen or a small working lunch according to your advice.) Could you please find out if this timing would suit Aliev?

I hope that offering a firm date for the visit, albeit later in the year, will provide helpful leverage for BP and other British companies in their efforts to finalise large contracts in Azerbaijan. If possible, we should try to time the announcement of a number of deals and signature of documents to coincide with the visit, as happened with the President of Uzbekistan. Allowing a longer preparatory period might help in this.

If, however, you were to find that an earlier visit was critical to major contracts, please so advise. We would find it very difficult to create space for a meal with the Prime Minister between March and June, but I would not exclude this if large export business depended on it.

I enclose copies of a further exchange of correspondence with Michael Colvin M.P. about this visit.

I am sending a copy of this letter to Nick Welch (Department of Trade and Industry).

Yours ever,

Roderic

RODERIC LYNE

C.R.V. Stagg, Esq.,
Foreign and Commonwealth Office.

RS/12

GI

I think it was New Year cards, please could you check. Thanks Jo.

Foreign & Commonwealth Office

London SW1A 2AH

05 January 1994

7th

Also filed on Kyrgyzstan relation

Dear Roderic,

Messages from Presidents of Turkmenistan and Kyrgyzstan

Presidents Niyazov and Akaev have sent New Year's greetings to the Prime Minister via our Embassy in Moscow. / I enclose copies of the texts.

The Prime Minister has sent Christmas cards to both. There is thus no need for a reply.

Yours ever,

(J S Smith)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

His Excellency
Mr. John MAJOR
Prime Minister
United Kingdom of Great Britain
and Northern Ireland

Your Excellency,

I would like to send a special greeting for the New Year with our friendiest wish that it may prove for you and the people of your country a happy and rewarding one.

May I take this opportunity to express my gratitude for the support that your Government and the business circles of Great Britain provide to Turkmenistan in its transitional period. The cooperation between our two states is successfully developing and I believe it will be mutually benefitial for both of the nations.

I sincerely wish you happiness, good health and all the success.

With deep respect,

Saparmurat NIYAZOV
President of Turkmenistan

FILE F/Horse.VLS

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

4 January 1994

HORSE FROM TURKMENISTAN

Thank you for your letter of 31 December.

We agree that, subject to the further checks which you will be making this week, you should proceed with the arrangements you have already made to bring Maksat to the U.K.

RODERIC LYNE

C. R. V. Stagg, Esq.,
Foreign and Commonwealth Office.

From: Michael Colvin, M.P.

R10/1

HOUSE OF COMMONS
LONDON SW1A 0AA

Roderic Lyne Esq
10 Downing Street
London SW1A 2AA

4 January 1994

Dear Rodric

I attach a copy of a fax which I received from the Chairman of the Azerbaijani Foreign Affairs Committee, together with a copy of my reply to him.

I shall leave it to you to take the necessary action with regard to an official invitation for their President to visit the UK sometime this year.

Yours ever Michael

Telephone: 071 - 219 - 3000 Fax: 071 - 219 - 5946

F.001

Azərbaycan Respublikasının Milli Məclisi

370150. Bakı, Parlament prospekti, 1

№ 1 « » 14. Dek. 1993

Mr.Michael Colvin,M.P.
Chairman,
Conservative Parliamentary
Foreign & Commonwealth Committee

14 December 1993

Dear Mr.Colvin,

I am writing to you in my official capacity as chairman of Parliamentary Committee for International Affairs.
Thank you very much for your letter dated 24 November 1993 and also for the copy of the letter from Mr. Roderic Lyne addressed to yourself dated 27 November 1993.

As I expressed in my previous letter, Mr.President Aliev was very excited about meeting your Prime Minister The Rt.Hon.John Major. He felt that such meeting and fruitful discussion would be mutually beneficial for both our countries.

However, our Mr.President is awaiting the invitation from your Prime Minister's office,after which he would confirm dates of his meeting with the Prime Minister The Rt.Hon.John Major.

As you probably are aware , our President Mr.Aliev is meeting President Mitterand on 20 December 1993 in Paris for working discussion.This meeting follows the personal invitation from President Mitterand.

Finally I apologise for this late response to your letter due to President Aliev awaiting the Prime Minister's personal invitation.

Yours sincerely

Ramiz Fataliev
Chairman of Parliamentary Committee
for International Affairs
Republic of Azerbaycan

From: Michael Colvin, M.P.

HOUSE OF COMMONS
LONDON SW1A 0AA

Mr Ramiz Fataliev
Chairman of Parliamentary Committee
for International Affairs
Republic of Azerbaijan
370152 Baki
Parliament Prospekli, 1

4 January 1994

We were sorry not to see your President here during the last month of November, when our Prime Minister had said that he would be pleased to have had a short informal meeting as a preliminary to an official visit by your President sometime in 1994.

I have informed No.10 and our Foreign and Commonwealth Office about the current position.

All of us in this country, from the Prime Minister down, look forward to seeing your President over here in order to develop the existing fruitful cooperation between Britain and Azerbaijan, and the appropriate messages should be sent through the normal diplomatic channels, early in the New Year.

Telephone: 071 - 219 - 3000 Fax: 071 - 219 - 5946

No 8-252

THE PRESIDENT OF
THE KYRGYZ REPUBLIC
720003, Bishkek, Dom Pravitelstva

SUBJECT MASTER
Filed on: CIS pouch A2

Rt Hon John Major
Prime Minister
United Kingdom of Great Britain
and Northern Ireland

31 December 1993

Dear Prime Minister

Many thanks for your letter of 28 October 1993. I greatly appreciate Britain's readiness to provide tangible, specific assistance to the young independent state of Kyrgyzstan during the transition to a market economy, both through international organisations and through the Know How Fund. I also very much appreciate your willingness to consider our proposals for technical cooperation in resolving problems concerning the social protection of needy sections of the population, the most vulnerable of which are invalids, the elderly and the young.

In this connection, I should be grateful if you would consider the possibility of providing technical assistance expecially to those people who require cars with manual controls, wheelchairs, prostheses and orthopaedic items, coal and residential homes. According to our calculations, the total cost of such assistance will be two million, sixty thousand US dollars. A detailed breakdown is attached.

I should like to take this opportunity to wish you success, and prosperity to your people.

[signed]
Askar Akayev

Prime Minister

To see -
x must surely be right. It's taken ages to get the arrangements this far - And Mr Meddes has served his sentence for his crime so it's a bit odd if we bar him from helping. But if y reveals any further risk of embarrassment FCO will submit fresh advice - we will do so.

Foreign & Commonwealth Office
London SW1A 2AH

31 December 1993

Dear Alex

Horse from Turkmenistan

I understand that the Prime Minister has seen the Daily Mirror article of 29 December and would like an update on the current situation regarding the horse.

Mr Meddes wrote to the Foreign Office in June representing the Russian Horse Society. He offered to transport the horse to the UK at a total cost of around £1800 - not the £6000 alleged by the Daily Mirror. Christopher Prentice wrote to you on 15 June setting out the various offers of help we had received. As Meddes seemed to be the best candidate for the job, with facilities and contacts in Russia, it was agreed that he should be asked to make the necessary arrangements.

We were not of course aware that Mr Meddes had a criminal record. On seeing the Daily Mirror article, Mr Meddes rang the FCO to regret any embarrassment caused. He claimed the allegations were for the most part without substance, but offered to withdraw from the transportation of the horse should we so wish.

The horse should complete its quarantine in Moscow and be ready for transportation to Britain by road after 9 January (depending on weather conditions). We would recommend allowing the Russian Horse Society to continue with the arrangements. It would be difficult to re-arrange transportation plans at this late stage and would almost certainly incur additional cost.

We shall, however, make further checks with the British Horse Society as soon as they re-open next week. Should new doubts arise as to Mr Meddes' suitability for the job, we would take up his offer to withdraw and look at other options.

Yours ever,

(C R V Stagg)
Private Secretary

Alex Allan Esq
10 Downing Street

How Major was taken for a ride



DARK HORSE: Maksat the 3-year-old gift horse which landed John Major with a

IT was the gift that saddled John Major with a diplomatic headache . . . a prize stallion from the icy wastes of Central Asia.

The Premier didn't want it. But when Downing Street hired horse dealer Ron Meddes to sort out an embarrassing wrangle over the £10,000 gift, they backed a loser.

For 54-year-old Meddes is a convicted crook – jailed for a £6million City fraud.

He is now alleged to have wrecked a West Country horse trainer's business through non-payment of debts.

And the bizarre affair has cast a shadow over the publicity circus planned for the thoroughbred's arrival at Dover docks.

The stallion, named Maksat, was a 50th birthday gift to Mr Major from the president of the former Soviet republic of Turkmenistan.

The Premier was said to be privately embarrassed when President Niyazov gave him the present during a visit to Britain last March. Mr Major has never been interested in riding – and, in any case, Government rules prevent him from keeping the horse himself.

Mr Niyazov became angry when the animal remained undelivered and started getting "flabby."

Britain blamed health regulations for the hold-up. But diplomatic sources said Mr Major simply didn't know what to do with the animal.

Fiasco

Into the fiasco stepped Meddes who had read of the problems.

He contacted Downing Street who agreed a £6,000 deal to bring the stallion to Britain.

But no one seems to have checked on the horse dealer's background.

Meddes, based at Epsom in Surrey, runs the Russian Horse Society and imports hunters and show jumpers from Russia and former Soviet republics.

In the 1980s he was managing director of Multi Guarantee, an insurance company based in a Kent mansion.

He ran two Rolls Royces and had a string of racehorses.

In 1988, Meddes got a two-year jail term for a £6million fraud involving Multi Guarantee and thousands of forged policies.

After his release from prison, he teamed up with unsuspecting trainer Peter Davis who had stables near Minehead in Somerset.

Meddes announced he was planning to import horses from Russia.

The pair went to Stavropol in southern Russia in January, 1991.

Mr Davis recalls: "We were met by a man in an expensive Mercedes and were lavishly entertained.

"It was a great trip, all expenses paid.

"But I wondered why we were being given the red carpet treatment."

Mr Davis says he helped select 30 stallions, but when the first lorry-load arrived he was shocked to discover much poorer animals had been substituted.

Debts

One night, 20 of the horses disappeared from his stables – together with his hay and feed.

Mr Davis claims Meddes owes him £30,000.

"I was left with huge debts by Meddes and my business collapsed," he said.

"He nearly caused a divorce between me and my wife."

Last June, Meddes embarked on a new venture – rescuing the gift horse.

A British diplomat said at the time: "No one knows what to do with the bloody thing."

Meddes seemed to have the answers.

The horse is now in quarantine in Moscow, but is due to arrive in Britain within a fortnight.

He'll join the Household Cavalry for royal ceremonial duties.

Meddes says he owes Mr Davis "nothing."

When the Mirror questioned him about his crooked background, he put down the phone.



WHAT A SHAMBLES: John Major



WHAT A CHEEK: Ron Meddes



Peter Hounam investigates

ON VIDEO TO BUY



HILARY FACES THE MUSIC

Reference.....

Reference: ESV0273

FCO advice on providing whether to accept Mr Meddes' offer to withdraw; and on the general position re. the horse - when [will it arrive and when can we forget the whole saga? MF 29/12.

Miss Duffield

PRIME MINISTER'S HORSE FROM TURKMENISTAN

1. You asked for a note on the above.

2. There was more than one offer to transport the horse to the UK. However Ron Meddes wrote to Jon Benjamin on 2 June and his offer was accepted. The costs were quoted as $1,200 for internal transport and quarantine in Russia, £480 documentation and transport to the UK, £70 per week quarantine in the UK and £120 blood testing in England (approx £1500-2000).

Daily Mirror article, 29/12.

3. Mr Meddes' bid for costs seems perfectly reasonable. We were not aware that he had committed a £6 million fraud in 1988 (for which he served two years in jail). He is now also alleged to owe an animal trainer £30,000 and to have brought substandard horses over to the UK from Russia. However we have no reason to doubt that he can perform the transport and quarantine arrangements for the Prime Minister's horse as required and indeed was the best candidate for the job at the time.

4. I understand that Mr Meddes has now called the FCO and has offered to withdraw his services if we should so wish. (No money has yet been paid to Mr Meddes although he must have incurred costs in Russia where the horse has been in quarantine since October). As agreed, I tried to call Meddes to indicate that we would not be issuing a statement and would get back to him on the question of transporting the horse. (It should be possible to employ another firm if we so wish.) I have as yet only been able to leave a message on his answerphone but will keep trying.

5. The horse should leave Moscow in early January and will then spend another month in quarantine in the UK.

Deborah Fisher.

D J Fisher
Eastern Department
W126
2702413

29 December 1993

cc: R Morgan, News Department

CODE

ALEX

PRESIDENT ALIEV OF AZERBAIJAN

FCO request possible dates when the PM could give Aliev talks and a lunch in the latter half of February or early March. Foreign visitors already booked in at that time are:

Wednesday 9 Feb	Armenian President Ter-Petrossian (lunch)
Monday 7 March	Czech Prime Minister Klaus (talks over tea)
Wednesday 9 March	?Indian Prime Minister (talks & lunch - 2nd preference, see 30 March below)
Monday 21 March	Kazakhstan President Nazarbaev (working lunch)
Wednesday 30 March	?Indian Prime Minister (talks & lunch - 1st preference, fall back is 9 March)

The Portuguese Prime Minister has also been promised a lunch before Trafalgar House contract is finalised in (I think) late March. We are trying to push **Monday 31 January** for this, but Cavaco Silva might prefer a date in February or March (the Portuguese have been asked to let us have dates).

Another contender (for a 40 minute call early next year) is the Albanian President Berisha (timing to be considered at next diary meeting).

That said, there are other dates we could offer the Azerbaijani lunch if we are not over-filling the foreign quota, e.g.

Wednesday 23 February
Monday 7 March (by moving colleagues lunch - but Czech PM is calling at 4.00 pm)
Friday 11 March
Monday 14 March (by moving press lunch - NB dinner for HRH on Sunday 13th)
Wednesday 16 March
Monday 28 March

S.

SANDRA
23 December 1993

Rod o/r
3 things here.
① Date for Aliev
~~②~~ Lunch for Ter-Petrossian – not necessary: No commercial interest.
~~③~~ Lunch for Nazarbaev. Looks sensible.

Alex.

Foreign &
Commonwealth
Office

London SW1A 2AH

23 December 1993

Sandy
Advice please
Dear Alex, AL

PROPOSED VISIT TO THE UK BY PRESIDENT ALIEV OF AZERBAIJAN

Thank you for your agreement that President Aliev of Azerbaijan should be invited to visit the UK as a Guest of Government early in 1994. President Aliev was clearly pleased to receive the invitation, and we hope that we can now firm up dates.

The Azeris have suggested a visit in the period 24 January to 5 February. This is however close to Ter-Petrossian's visit in the week of 7 February. It is not politically desirable for the visits to take place immediately after each other. We wonder therefore whether the Prime Minister could offer a time for talks and a lunch in the latter half of February or early March (allowing a suitable pause also before Nazarbaev's visit). The 9 March slot we have offered to Narasimha Rao might be an option if Rao goes for the later alternative. This timing would enable us to work up a substantive and worthwhile programme and would, we understand, also suit BP who are not expecting sudden progress on the contract in the New Year. It would also enable us to deliver a tough message to Ter-Petrossian on Nagorno-Karabakh before seeing Aliev. The Prime Minister could reassure Aliev that we are doing all we can to secure a negotiated settlement and are ready to participe in the so-called Minsk Process aimed at achieving a settlement on Nagorno-Karabakh, if invited to do so.

I would welcome your suggestions on possible alternate dates before we go back to the Azeris.

Yours ever,

(R J Sawers)
Principal Private Secretary

Alex Allan Esq
10 Downing Street

Alex
I am holding lunch slot on 9 Feb for HMS (no additional talks — lunch will be on same basis as Uzbekistan President on 24/11)
Sandra
Advise please
S 23/12
Alex

USG
USP

Foreign & Commonwealth Office
London SW1A 2AH

23 December 1993

Dear Alex,

VISIT OF THE ARMENIAN PRESIDENT

Thank you for your letter of 18 December and the offer of talks with the Prime Minister on 9 February. We are keen that President Ter-Petrossian's visit should go ahead as planned and do not believe this will damage BP's interests in Azerbaijan, provided we are able to offer early dates to President Aliev.

We hope that the Prime Minister will be able to offer a lunch as well as talks to the President. There are no major commercial interests at stake in Armenia at present, but we are keen to use this visit to exert maximum pressure on the Armenians to reach a settlement on Nagorno-Karabakh. We do not want to divert the Armenians on to procedural matters or give them any reason not to be receptive to our pressure.

On the assumption that the Prime Minister is willing to offer a lunch, as your letter implies, we will submit a suggested guest list by 5 January.

Yours ever,

(R J Sawers)
Principal Private Secretary

Alex Allan Esq
10 Downing Street

Alex
I am holding lunch slot on 21 March for Nazarbaev. (preumably + Mrs Major?) S 23/12

6455/57

Foreign & Commonwealth Office

London SW1A 2AH

23 December 1993

Sandra
Advice please
Alex

Dear Alex,

VISIT OF PRESIDENT NAZARBAEV OF KAZAKHSTAN 21-23 MARCH 1994

Thank you for your letter of 18 December regarding the question of a lunch for President Nazarbaev.

President Nazarbaev has accepted the dates of 21-23 March and we are now drawing up a programme with the Kazakhs. It will have a very strong commercial content with major UK companies like British Gas, BP and Rothschilds looking for contracts. British Gas hope to finalise a significant contract in the first half of 1994 which would be worth some US$6 billion dollars over the next ten years. A large portion of this business could go to UK companies.

It would be extremely helpful if the Prime Minister was able to agree to host a working lunch for the President at the start of the visit. A lunch at No 10 would be the centrepiece of the programme for Nazarbaev and would underline the value which we place on developing our political and, in particular, commercial realtions with Kazakhstan.

Best wishes for Christmas.

Yours

(R J Sawers)
Principal Private Secretary

Alex Allan Esq
10 Downing Street

RZ412

From: Sir Derek Thomas



Rod - o/r

Fyi

Think

9/1

N M ROTHSCHILD & SONS LIMITED

New Court, St. Swithin's Lane, London EC4P 4DU

22 December, 1993.

R.M.J. Lyne, Esq., CMG,
10 Downing Street,
London SW1A 2AA.

Dear Rod,

Just to keep you posted, I enclose a copy of a letter I sent today to David Manning about the visit of the President of Kazakhstan next March which we were delighted to hear about. Well done!

I imagine the main business focus of the visit will be Kazakhstan's oil and gas resources which have attracted most attention. But, as you know, although Kazakhstan is not as important a gold producer as Uzbekistan (we think that present annual production no more than about 8 tons), it is still important to London and they have serious plans for expansion. In addition, they are a major silver producer (currently about 700 tons per annum) and this, too, is an important commodity for the London Markets. Again, the Swiss are London's main competitors, so the Prime Minister's initiative will be a great help.

I expect to be going out to Almaty again in January and will let you know if anything relevant transpires while I am there.

Do you ever have time for lunch? I will ring up in January and find out!

Happy Christmas,

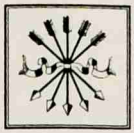
Yours ever,

Derek.

Telephone 071-280 5000 Fax 071-929 1643 Telex 888031

Registered number 925279 England. Registered office as above. Member of SFA

From: Sir Derek Thomas



N M ROTHSCHILD & SONS LIMITED

New Court, St. Swithin's Lane, London EC4P 4DU

22 December, 1993.

David Manning, Esq., CMG.
Head of Eastern Department,
Room W88,
Downing Street (West),
King Charles Street,
London SW1A 2AL.

Dear David,

This is to confirm our telephone conversation this morning about the Prime Minister's invitation to President Nazarbaev of Kazakhstan to pay an official visit to the UK during the period 21/23 March 1994.

N M Rothschild & Sons are involved in Kazakhstan in a number of ways. Most importantly, we have a cooperation agreement with the National Bank of Kazakhstan (the Central Bank) dating from July 1991 under which we assist them in the management of their gold and foreign currency reserves and provide them with a range of facilities, including training (in one case a six months training attachment with us in London). A substantial amount of bullion business has developed, for us and to some extent for London as a whole, as a result of this Agreement and of the work we have put in at both ends since it was signed.

We are also advising a joint venture gold mining development in Eastern Kazakhstan which will eventually need the President's chop if it is to go ahead.

Over the past 18 months, we have received Vice President Asanbaev here and entertained a number of Deputy Ministers, as well as the former Governor of the National Bank. In Almaty, I have called on the Prime Minister and Deputy Prime minister among others. So we are getting reasonably well recognised. But it goes without saying that a direct interface with the President himself during his official visit would give the prospects for future development of this type of business a considerable boost.

Continued .....

I have discussed the President's visit with my Chairman, Sir Evelyn de Rothschild, and he has authorised me to say that Rothschilds would be delighted to give a reception for President Nazarbaev of the kind we and Barclays (in that case jointly) arranged here for the President of Uzbekistan, enabling him to meet a wide cross-section of people from the City. As a minimum, however, we would hope the programme could accommodate a meeting at Rothschilds between President Nazarbaev and our Chairman. During such a meeting we would show him the Gold Fixing Room and give him a brief presentation on the London international bullion market and its advantages over regional exchanges such as Zurich.

I shall be back in London from 4 January and would be glad to discuss possible timing for either or both of these events at any point after that.

Yours ever,

David.

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FOR AMBASSADOR: YOUR TELNO 2026

MOLDOVA: LETTERS TO THE PRIME MINISTER AND CHANCELLOR FROM THE MOLDOVAN PRIME MINISTER.

1. GRATEFUL IF YOU COULD AGAIN REPLY TO MR SANGHELI, DRAWING ON THE FOLLOWING AGREED TEXT.

2. BEGINS.
I HAVE BEEN ASKED TO REPLY TO YOUR LETTERS OF 24 AND 29 NOVEMBER TO THE PRIME MINISTER AND CHANCELLOR OF THE EXCHEQUER, ABOUT HELP FOR YOUR FINANCING NEEDS.

THE UNITED KINGDOM HAS BEEN INVOLVED IN THE DISCUSSIONS ON POSSIBLE HELP THROUGH THE EUROPEAN COMMUNITY, LEADING TO THE EUROPEAN COMMISSION'S PROPOSAL AT THE WORLD BANK MEETING ON 15 DECEMBER THAT 45 MECU BE MADE AVAILABLE TO YOU FOR BALANCE OF AYMENTS SUPPORT. OTHER PLEDGES WERE ALSO MADE AT THE MEETING AND I UNDERSTAND THAT THE IMF HAVE NOW CONCLUDED THAT THE SBA SHOULD GO AHEAD, AND WILL SO RECOMMEND TO THE BOARD.

WE WELCOME THIS AND APPLAUD YOUR COMMITMENT TO REFORM.

IN ADDITION TO HELP THROUGH THE COMMUNITY WE ARE GLAD TO BE ABLE TO OFFER OUR BILATERAL TECHNICAL ASSISTANCE THROUGH THE KNOW-HOW FUND.

ENDS.

HURD

YYYY

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FSU/ECONOMIC

NNNN

From: Roderic Lyne
Date: 18 December 1993

PRIME MINISTER

PRESIDENT OF AZERBAIJAN

If you are content, could you please authorise the Duty Clerk to issue the attached message in a Foreign Office telegram this weekend?

The background is that:

- BP thought they had stitched up a valuable contract to explore for large amounts of oil in Azerbaijan's part of the Caspian Sea;

- with this and other business in mind, we decided a while ago to include President Aliev on the list of guest of Government visitors for 1994;

- Aliev is expected to visit France from Sunday 19 December to Tuesday 21 December;

- BP and the Azeris fished for an invitation to him to come here after Paris;

- those dates are impossible. At an earlier stage of this game, I told intermediaries (including Michael Colvin, M.P.) that we should be able to offer Aliev a short meeting with you if he came, as was once anticipated, before Christmas week;

- meanwhile all sorts of skulduggery is afoot in the Azeri oil business. Russian and other rats may be getting at BP's contract;

- the point of sending this message is to remind Aliev that we are dangling an official visit before him next year.

Roderic

Roderic Lyne

f\aliev.as

R17/12

FCO told to issue message.
SLB 20/12/93

Foreign & Commonwealth Office

London SW1A 2AH

17 December 1993

Dear Roderic,

Visit by President Aliev of Azerbaijan

As agreed this morning, I am enclosing a draft letter from the Prime Minister to President Aliev of Azerbaijan, inviting him to visit the United Kingdom early in the New Year as a Guest of Government, with a request that dates be agreed through our Ambassador at Baku.

Yours ever,

Dickie

(C R V Stagg)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

PS We can have it sent as a Telegram.

foriegn/ aliev.

SCANNED

DRAFT LETTER FROM THE PRIME MINISTER TO HIS EXCELLENCY PRESIDENT HAIDAR ALIEV

I had hoped to be able to meet you during your forthcoming visit to Europe. Unfortunately, the timing of the visit to France and my own diary commitments have made it impossible for me to propose a meeting before the end of the year.

I nevertheless hope that it will be possible for us to meet soon. I should therefore like formally to invite you to visit the United Kingdom as a Guest of Government early next year. I suggest that we agree dates through the British Ambassador in Baku, Mr Thomas Young.

I am in close touch with the Chairman of British Petroleum, and have been taking a keen interest in the negotiations between Azerbaijan and the consortium of which BP is a member. I hope the negotiations will soon reach a successful conclusion. This would help consolidate the ~~further~~ rapid development of our bilateral relations, something I should greatly welcome.

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File

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AZERBAIJAN: OIL NEGOTIATIONS

SUMMARY

1. PRESIDENT ALIEV SAYS THAT THE PAST 4 MONTHS' NEGOTIATIONS WITH WESTERN OIL COMPANIES WERE CONDUCTED BY AN UNAUTHORISED AZERBAIJANI NEGOTIATOR. THESE COMPANIES WOULD NOW BE INVITED TO PUT NEW TERMS TO THE STATE OIL COMPANY. FRENCH AND RUSSIAN COMPANIES WERE IN THE WINGS. WHICHEVER GOVERNMENT HELPED AZERBAIJAN TO ACHIEVE ARMENIAN WITHDRAWAL WILL GET THE OIL BENEFITS. THE WESTERN COMPANIES MAY NOW DECIDE TO LITIGATE FOR BREACH OF CONTRACT.

DETAIL

2. ON 4 DECEMBER SOCAR (STATE OIL COMPANY) GAVE THE WESTERN OIL COMPANIES ITS VIEW OF THE COMMERCIAL TERMS FOR A LONG-TERM OIL AGREEMENT WHICH HAD BEEN INITIALLED BY AZERBAIJAN GOVERNMENT AND WESTERN COMPANY NEGOTIATORS ON 24 OCTOBER. SOCAR WOULD IN EFFECT TEAR UP THAT DOCUMENT, PUTTING NEGOTIATIONS BACK 6 MONTHS. THE OIL COMPANIES THEN ASKED ME AND THE US CHARGE D'AFFAIRES TO SEE WHETHER PRESIDENT ALIEV COULD BRING SOCAR INTO LINE. ON 6 DECEMBER WE ASKED FOR AN APPOINTMENT WITH ALIEV AND WERE FINALLY RECEIVED ON 15 DECEMBER. THE DELAY WAS CLEARLY OF ALIEV'S MAKING.

3. FINN AND I TOLD ALIEV THAT THE COMPANIES HAD NEGOTIATED WITH THE OFFICIAL AZERBAIJAN NEGOTIATOR (MANAFOV) FOR 11 WEEKS IN GOOD FAITH. THE TERMS AGREED ON 24 OCTOBER WERE GOOD FOR ALL CONCERNED. NOW SOCAR WAS TREATING THE AGREED TERMS WITH CONTEMPT. THE US AND BRITISH GOVERNMENTS WERE CONCERNED THAT RELATIONS WITH AZERBAIJAN WOULD NOT DEVELOP AS THEY SHOULD IF THE OIL NEGOTIATIONS BROKE DOWN. WE UNDERSTOOD THAT THERE WAS A POSSIBILITY OF LEGAL ACTION. HE (ALIEV) SHOULD BE IN NO DOUBT THAT, AFTER SEVERAL YEARS TALKING, THE OIL COMPANIES WERE NEARING THE END OF THEIR TETHER. NOR DID IT HELP THAT THE AZERBAIJAN GOVERNMENT WAS EXPECTING THOSE GOVERNMENTS

WITH OIL INTERESTS TO SECURE ARMENIAN WITHDRAWAL BEFORE SIGNATURE OF THE OIL AGREEMENT. POLITICAL INFLUENCE WOULD NATURALLY FOLLOW SIGNATURE BUT COULD NOT REALISTICALLY BE MADE A PRECONDITION FOR IT. WE LOOKED TO ALIEV TO LEAD AZERBAIJAN INTO AN OIL AGREEMENT OF BENEFIT TO EVERYONE, PARTICULARLY THE PEOPLE OF AZERBAIJAN.

4. ALIEV REPLIED THAT HE HAD KNOWN NOTHING OF THE DOCUMENT SIGNED ON 24 OCTOBER. MANAFOV HAD HAD AUTHORITY TO NEGOTIATE ON LEGAL AND TECHNICAL MATTERS, BUT NOT TO DISCUSS COMMERCIAL TERMS, NOR TO INITIAL OR SIGN ANYTHING. WHEN HE (ALIEV) HAD HEARD DURING THE NEGOTIATIONS THAT MANAFOV HAD BEEN SEEKING A BRIBE, HE HAD SACKED HIM. HE WAS NOW HEARING FROM US THAT MANAFOV HAD CONTINUED TO NEGOTIATE, EVEN TO CONCLUDE A DOCUMENT. THOSE CONCERNED IN SOCAR WOULD BE PUNISHED FOR PERMITTING THIS SITUATION.

5. TURNING TO POLITICAL ASPECTS, ALIEV SAID THAT AZERBAIJAN'S NEED FOR US AND UK POLITICAL SUPPORT OVER NAGORNO-KARABAKH WAS STRONGER THAN EVER. OUR GOVERNMENTS HAD SO FAR ACHIEVED NOTHING IN TERMS OF ARMENIAN WITHDRAWAL. AZERBAIJAN WAS ALONE IN ITS WAR. HE HIMSELF MIGHT GO AND FIGHT WITH HIS TROOPS. WHICHEVER NATION HELPED IN ALLEVIATING AZERBAIJAN'S MILITARY PREDICAMENT WOULD REAP ECONOMIC BENEFITS. HE WAS GOING TO FRANCE ON 19 DECEMBER. FRENCH COMPANIES HAD A LARGE INTEREST IN OIL. HE HAD JUST PHONED NAZARBAYEV WHO HAD EXPERIENCE OF AGREEMENTS WITH FRANCE. HE LOOKED FORWARD TO SEEING WHAT WOULD COME UP IN PARIS. RUSSIA ALSO HAD OIL INTERESTS. "LET US CONNECT ALL PROBLEMS". OIL AGREEMENTS AND POLITICAL SUPPORT HAD TO BE LINKED.

6. NATIK ALIEV, PRESIDENT OF SOCAR, WAS NOW BROUGHT INTO THE MEETING AND USED FOR THEATRICAL EFFECT. PRESIDENT ALIEV ALSO SPOKE IN OUR PRESENCE BY PHONE TO RASUL GULIYEV, WHO AS DEPUTY PRIME MINISTER HAD ORIGINALLY APPOINTED MANAFOV AS OFFICIAL AZERBAIJANI NEGOTIATOR. THESE TACTICS WERE DESIGNED TO DEMOLISH THE TERMS AGREED BY MANAFOV ON 24 OCTOBER.

7. PRESIDENT ALIEV CONCLUDED AS FOLLOWS. THE WESTERN COMPANIES SHOULD NOW GIVE THEIR PROPOSALS TO SOCAR, WHO WOULD NO DOUBT HAVE THEIR OWN IDEAS. ON HIS RETURN FROM FRANCE HE WOULD HIMSELF CONSIDER THE OPTIONS. NEGOTIATIONS WITH THE COMPANIES COULD BEGIN AGAIN IN EARLY JANUARY. COMPROMISES WOULD BE NECESSARY. AN EARLY AGREEMENT COULD STILL BE ACHIEVED. BUT WESTERN GOVERNMENTS SHOULD BE CLEAR ON ONE POINT: THEIR POLITICAL SUPPORT IN ACHIEVING A SETTLEMENT IN NAGORNO-KARABAKH WAS MORE RELEVANT THAN EVER.

COMMENT

8. IN SEVERAL RESPECTS PRESIDENT ALIEV DISTORTED THE HISTORICAL RECORD. HE USED RHETORIC AND THEATRE IN TURN TO BOLSTER HIS CASE. HIS PLAN SEEMS ALL ALONG TO HAVE BEEN TO EXTRACT A FINAL OFFER ON SUBSTANCE FROM THE OIL COMPANIES (AS SIGNED ON 24 OCTOBER) WHICH COULD THEN BE USED AS THE STARTING POINT IN A NEW NEGOTIATION WITH SOCAR (AFTER CHRISTMAS). WHETHER THE OIL COMPANIES WILL AGREE TO START PLAY AGAIN ON THESE TERMS REMAINS TO BE SEEN.

9. A LETTER FROM COMPANY NEGOTIATORS TO PRESIDENT ALIEV DATED 10 DECEMBER, WHICH APPEARS TO HAVE BEEN DELIVERED TO ALIEV PERSONALLY BY MANAFOV ON 14 DECEMBER, HOLDS OUT THE POSSIBILITY OF LEGAL ACTION BY THE COMPANIES FOR BREACH OF CONTRACT. COPY OF LETTER FOLLOWS BY FAX TO DTI.

10. ALIEV'S REFERENCES TO FRENCH AND RUSSIAN OIL INTERESTS WERE PROBABLY MEANT TO SHARPEN THE MINDS OF THE COMPANIES CURRENTLY NEGOTIATING. I DO NOT CONSIDER THESE REFERENCES TO BE PARTICULARLY SINISTER. IF LEGAL ACTION DOES ENSUE, OTHER COMPANIES (E.G. TOTAL, CHEVRON) MAY NOT WISH TO ENTER A FRAY IN WHICH BP AND OTHERS HAVE APPARENTLY SPENT YEARS GETTING NOWHERE.

11. THE LINK BETWEEN ARMENIAN WITHDRAWAL AND SIGNATURE OF AN OIL AGREEMENT REMAINS AS STRONG AS EVER. MAINTENANCE OF THE LINK WOULD BE MORE CREDIBLE IF THE POSITION ON THE BATTLE FRONT WERE STABLE. IT IS NOT. THE PROSPECT OF FURTHER ARMENIAN ADVANCES AT ANY TIME REMAINS REAL. THE GOVERNMENT SEEMS TO BE DIGGING A DEEPER HOLE FOR ITSELF OVER NAGORNO-KARABAKH AT A TIME WHEN EARLY SIGNATURE OF AN OIL AGREEMENT MIGHT CONCEIVABLY CHANGE ITS AGENDA WITH BOTH NAGORNO-KARABAKH AND RUSSIA. JUST WHEN AZERBAIJAN NEEDS PRO-ACTIVE AND DYNAMIC GOVERNMENT, IT SEEMS STUCK IN A STATIC POST-COMMUNIST MOULD, MOUTHING WORDS ABOUT THE MARKET ECONOMY BUT UNABLE TO MAKE PROGRESS TOWARDS IT.

12. THE WESTERN OIL COMPANIES' TASK IS NOW MADE HARDER BY THE RUSSIAN ELECTION RESULTS. IN SPITE OF VICE-PRESIDENT GORE'S CONSTRUCTIVE LINE-TO-TAKE AS SHOWN TO ME BY THE US EMBASSY TODAY, IT IS HARD TO SEE RUSSIA IN PRESENT CIRCUMSTANCES DOING MUCH TO HELP OUR COMPANIES RESCUE THEMSELVES.

YOUNG

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YYYY

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NNNN

F/Trade. to

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

9 December 1993

TRADE WITH CENTRAL ASIA

A personal thought, prompted by Derek Birkin's manuscript letter (which I have copied to you separately) and by the Prime Minister's recent lunch for Karimov. No need to do anything more than toss this in your wastepaper basket.

Over the past couple of years, there has been a marked contrast in the attitudes of the FCO and of the DTI to commercial opportunities in the ex-Soviet Central Asian States. The Foreign Office has, by and large, seen the trade potential of the three resource-rich Central Asian States (Kazakhstan, Uzbekistan and Turkmenistan) plus Azerbaijan as the principal British interest in the sub-region. At the risk of over-simplifying, the DTI have tended to put the first three of these countries, though not Azerbaijan, into the "too difficult" category. DTI played virtually no part in Nazarbayev's first visit to the UK, which was a commercial spectacular attracting the interest of nearly a hundred companies. For Karimov's visit, DTI could not field a Minister for the Prime Minister's lunch, and stood the President of the Board of Trade down from dinner (albeit for fairly strong Parliamentary reasons). The idea of a trade mission to follow up, and subsequent pressure to get it moving, came from No.10. We had to squeeze hard to extract from DTI the commercial information we needed for the visit.

I can understand DTI's reservations. There are easier and bigger short-term export gains to be made elsewhere. The economies of the Central Asian States are largely unreconstructed, and are bound to go through instability and turmoil over the next few years. The wealth which lies in the ground - oil, gas, gold and other minerals - will not be easy to market, given the inaccessibility of the region, and the huge political and geophysical obstacles to the various

overland routes. We should not underplay these problems.

On the other hand, the potential is staring us in the face. We have companies with the requisite skills. They are looking to develop their resources and their economies. They are looking for new partners.

All of which leads to two blindingly obvious conclusions:

- Should the scope of the trade mission to Uzbekistan be widened? If DTI are to assemble a Minister and a team of businessmen to go all that way, should the team not also go to Kazakhstan and Turkmenistan (to build on the visit in March 1993 to the UK of the President of Turkmenistan, and to capitalise on the invitation to President Nazarbayev of Kazakhstan to come here again in 1994)?

- Is more work needed to form a considered Whitehall view of the market, given the different assessments of its potential which the FCO and DTI have apparently formed? Should DTI be invited to put together a short paper on a trade strategy for Central Asia, building in views from FCO, Treasury, ECGD, and also consulting the CBI, EETC and major companies (BP, British Gas, RTZ, Rothschilds, BZW, etc.)?

If this is a tiresome intrusion, please ignore. I am not copying the letter elsewhere.

RODERIC LYNE

Sir David Gillmore KCMG
Foreign and Commonwealth Office

CCSP

The Rt. Hon. Michael Heseltine MP
President of the Board of Trade

Sandra,
What page is he at?
MH 9/12

Secretary of State
Department of Trade and Industry

Ashdown House
123 Victoria Street
London SW1E 6RB

Direct line
071-215 4440

DTI Enquiries
071-215 5000

Roderic Lyne Esq
Private Secretary to
the Prime Minister
10 Downing Street
LONDON
SW1A 2AA

9 December 1993

Dear Roderic

I am writing to let you know that the President of the Board of Trade supports strongly the idea of the Prime Minister meeting President Aliev of Azerbaijan in the run up to Christmas.

As you know, BP with its partner Statoil and the other members of the Western consortium, agreed a draft Production Sharing Agreement in October for the development of the Chirag and Azeri oil fields in the South Caspian. This Agreement is now awaiting ratification by the Azeri government at a time when the Azeris appear to be under pressure to make concessions to the Russians in return for help with the Nagorno Karabakh dispute. This may take the form of the Russian oil company LUKoil forcing its way into the deal already negotiated by the Western consortium.

A meeting with President Aliev would allow the Prime Minister to remind Aliev of HMG's interest in Azerbaijan and of HMG's support for BP. This could have the dual result of strengthening BP's position with regard to any Russian encroachment and speeding up the ratification of the Agreement.

Yours ever
David

DAVID MELVILLE
Assistant Private Secretary

PE12092

Recycled Paper

fre KW

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

3 December 1993

Dear David,

Thank you for your letter of 25 November, in which you asked if I could see the Prime Minister of Tajikstan.

Unfortunately, Prime Minister Abdullojanov's visit to London was delayed, and he was only here on Thursday 2 December, when I was hemmed in by Cabinet, Parliamentary Questions and my meeting with the Prime Minister of Israel. I was therefore not able to see him. However, I was very glad that he was able to meet Douglas Hogg at the Foreign Office.

My office have also passed on my congratulations to Tajik Air on the opening of the first scheduled flights between London and Dushanbe.

Yours Ever,
John

The Rt Hon The Lord Renton KBE QC

PSG cc: Lorne
SUE G
(to note lunch on 21 March)
5 6/12

JSP : to confirm in diary
3) RMyL. 3 Jan

Foreign & Commonwealth Office

London SW1A 2AH

3 December 1993

Dear Roderic,

VISIT TO THE UK BY PRESIDENT NAZARBAEV OF KAZAKHSTAN: 21-23 MARCH 1994

Thank you for giving oral agreement to a switch of the dates offered in your letter of 11 October for the visits of President Karimov of Uzbekistan and President Nazarbaev of Kazakhstan. The former paid a successful visit last month. President Nazarbaev has now accepted the revised dates of 21-23 March 1994 for his visit to the United Kingdom. Our Ambassador in Almaty is in touch with the Kazaks to explore ideas for the programme.

Yours ever,

Dickie

(C R V Stagg)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

Ref: A093/3593

MR LYNE

Possible Visit by President Aliev to Europe

Sir Robin Butler has seen Dickie Stagg's letter to you of 1 December. You may like to have a comment from Sir Robin as Chairman of the RVC. Sir David Gillmore at the RVC meeting drew the Committee's attention to the possibility of a private visit by President Aliev to the UK. He also noted however that, whatever the status of the visit, it would be necessary to treat President Aliev with a degree of pomp and ceremony. The RVC concluded that a Guest of Government visit by President Aliev should continue to be a priority for 1994, but reserved to itself the right to reconsider this in correspondence.

2. If the FCO were to recommend, following a brief private visit by President Aliev, that he should no longer be received as a Guest of Government visitor in 1994 Sir Robin Butler would be content with this recommendation, and that either the President of Ghana or of Austria might take the Guest of Government slot in his place.

3. I am copying this to the Private Secretaries to Sir David Gillmore, Sir Robert Fellowes, and to Alex Allan, Christopher Roberts and Anthony Figgis.

Melanie Leech

MELANIE LEECH

2 December 1993

f/parker.kw

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

2 December 1993

The Prime Minister has asked me to reply to your fax message of 30 November.

He is sorry that he has had no chance to fit in a meeting with the Prime Minister of Tajikstan today. However, he would be content for you to express his pleasure that Tajik Air has now opened the first scheduled service between London and Dushanbe.

RODERIC LYNE

Michael Wynne-Parker Esq

CONFIDENTIAL

Foreign &
Commonwealth
Office

London SW1A 2AH

1 December 1993

Dear Rodric,

Possible Visit by President Aliev to Europe

When Mr Young (HMA Baku) presented credentials on 25 November, President Aliev dismissed rumours that he might visit London in early December. He did however confirm that he might go to Paris, at President Mitterand's invitation, around 20 December.

If he does so, the Foreign Secretary believes that it will be important for the Prime Minister to invite the President to extend his itinerary to include London. A meeting with the Prime Minister might give new impetus to the stalled negotiations between BP (in conjunction with other Western oil companies) and the Azerbaijani Government over a multi-million pound production sharing agreement. It might also help to safeguard BP's interests against what may be attempts by the Russians to complicate or sabotage the deal.

Mr Young reports that President Aliev is now making a link between the oil contract and the problem of Nagorno-Karabakh. A meeting with the Prime Minister would provide a valuable opportunity to reassure the President that we shall continue to do everything we can to promote a settlement to this conflict.

The Foreign Secretary believes that we shall need to offer the President a substantive meeting with the Prime Minister. He also accepts Mr Young's advice that we shall need to issue an invitation if we are to persuade President Aliev to come here. I therefore enclose a draft letter to the President from the Prime Minister. The reference to the appointment of Mr Mahmudguliev as Azerbaijan's Ambassador to London is included because he is President Aliev's son-in-law.

As you know, we have recommended that the RVC should include President Aliev on the list of those to be invited as Guest of Government visitors for 1994. A brief visit here by President Aliev later this month would not affect that recommendation, although it might affect the RVC's collective view on priorities for 1994.

CONFIDENTIAL

CONFIDENTIAL

I am copying this letter to Peter Smith (DTI) and Melanie Leech (Cabinet office).

Yours ever,

Jamie

(C R V Stagg)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

CONFIDENTIAL

DRAFT LETTER

FROM: PRIME MINISTER

TO: PRESIDENT ALIEV OF AZERBAIJAN

I understand that, when our Ambassador in Baku recently presented his credentials, you said that you hoped to visit Paris around 20 December.

I wanted to let you know that, if that visit proves possible, I very much hope that you will be able to extend your itinerary and come to London too. This would provide a valuable opportunity to discuss our bilateral relations, as well as other issues including Nagorno-Karabakh. I shall ask our Ambassador to get in touch with your office about a possible date.

Let me say how delighted I was to learn of your decision to appoint an Azerbaijani Ambassador to London. This will provide a further stimulus to our relations. Mr Mamedguliev will be most welcome.

From: **Roderic Lyne**
Date: **1 December 1993**

PRIME MINISTER

PRIME MINISTER OF TAJIKSTAN

You saw the attached letter from Lord Renton. The Tajik Prime Minister's visit was subsequently delayed by a snow storm. But he has turned up in London today, and is pleading for a photocall with you tomorrow.

Neither the FCO nor I would ask you to find time for this man, least of all on a Cabinet and Questions day:

- He is not the boss of his country, but more of a Chief of Staff or economics minister under a Communist-style President.

- There are very few British interests in Tajikstan - not enough, for example, to justify us opening even a one-person embassy there. The country is hopelessly unstable, riven by war, and very poor.

- If, the country stabilises and develops, there may be some business prospects ~~out of the dark~~ down the road. But Tajikstan has nothing like the business potential of Uzbekistan, Kazakhstan and Turkmenistan.

- This is a private visit, being driven, it seems, by the PR agent, Michael Wynne-Parker. Despite Wynne-Parker's insistence, there is really no need for you to see him.

- Douglas Hogg will be seeing him (in Douglas Hurd's absence in Brussels). That is entirely appropriate.

The only reason for you to consider seeing him might be because Lord Renton has asked you to do so. If so, I suggest that we offer him a five minute photocall just before lunch tomorrow, say at 1240. But I would rather not burden you at all.

Decline politely?

RODERIC LYNE

f\tajik.kw

Telephone:
071-606 9898

Dieter Bock

Cheapside House,

London,

EC2V 6BL

Prime Minister (4)

1 December 1993

The Rt Hon **John Major**
Prime Minister of the United Kingdom
of Great Britain and Northern Ireland
10 Downing Street

London SW1

Dear Prime Minister

Thank you for your invitation to sign the Memorandum of Co-operation with the Uzbek Government at No 10 Downing Street last Wednesday.

I am extremely grateful for your support, especially because the relationship between my Company and the establishment has not always been harmonious. As a German citizen I had been hesitant about strengthening the links between Lonrho and Her Majesty's Government. Your help has increased my determination that we should work in full co-operation in the future. I would like to thank you personally for that.

As I am sure you are aware, we signed a full Agreement that afternoon to create a Joint Venture to study and then build and operate the Amantaytau mine. Whilst that document defines in great detail the conditions under which the new company will operate it is the Memorandum of Co-operation which gives us our main guarantee of Government commitment to provide and maintain these condtions.

Thank you also for your kind invitation to lunch afterwards. Whilst I know many members of the Uzbek delegation quite well and consider them as friends, it was, for me, a good occasion to meet members of the British exporting community. I understand that during the flight home President Karimov said he was very pleased with his visit. I believe this will help British companies to work with Uzbekistan. I hope that many will join us there over the coming years.

Yours sincerely

Dieter Bock

R30/11

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Attention The Rt. Hon John Major

From Michael Wynne-Parker

Date 30th November 1993

Number of Pages *(including this sheet)* 1

Dear Prime Minister

At the suggestion of Lord Renton I telephoned you this
to inform you that the Tajik Prime Minister was unable
today due to severe weather conditions.

As it is unlikely he will arrive in London in time for the
inaugural flight of Tajik Air, I wonder if you would be kin
enough to send me a brief message of congratulations on th
occasion of this historic flight so that I can hand it to t
Prime Minister upon my arrival in Dushanbe.

We depart 1015pm on Thursday.

With very best wishes

Michael Wynne-Parker

REGISTERED IN ENGLAND No. 2736064
Sir Charles Blois Bt *(Chairman)* Michael Wynne-Parker *(Managing Director)* John Beveridge QC *(Director)* The Lord Moyne *(Director)*

R30/11

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From Michael Wynne-Parker

Date 30th November 1993

Number of Pages *(including this sheet)* 1

Dear Prime Minister

At the suggestion of Lord Renton I telephoned you this morning to inform you that the Tajik Prime Minister was unable to leave today due to severe weather conditions.

As it is unlikely he will arrive in London in time for the inaugural flight of Tajik Air, I wonder if you would be kind enough to send me a brief message of congratulations on the occasion of this historic flight so that I can hand it to the Prime Minister upon my arrival in Dushanbe.

We depart 1015pm on Thursday.

With very best wishes

Yours sincerely

Michael Wynne-Parker

REGISTERED IN ENGLAND No. 2736064
Sir Charles Blois Bt *(Chairman)* Michael Wynne-Parker *(Managing Director)* John Beveridge QC *(Director)* The Lord Moyne *(Director)*

P.1

30 NOV '93 16:20 WYNNE-PARKER GROUP

1. Copy personal to PS/No10.

CONFIDENTIAL

FCO

2. Mrs Jackson
Mr Fisher
Mrs Dorfman.

Rose

The usual valuable, and acute, account from Mr Bishop. Even when I knew of Karimov, it is fresh to me.

29/11

From: K A Bishop

Date: 29 November 1993

cc: PS/Secretary of State
PS/Mr Hogg
PS/PUS
PS/Mr Logan
Mr Nicholson, Secretariat F
Cabinet Office
PUSD (CN)
PS/HMA, Moscow
Mr Bergne, Tashkent

Mr Manning (Eastern Dept)

A CLOSE LOOK AT PRESIDENT KARIMOV, 22-25 NOVEMBER 1993

1. I attach at Annex as a contribution to the collective picture my interpreter's-eye impressions of President Karimov, on whom I danced close attendance throughout his time in London, Manchester and Liverpool last week.

2. The visit, by anyone's definition, was "successful" and full of interest. As you will see, I have singled out what struck me as two significant new strands in Karimov's thinking, with possibly far-reaching implications (though how far he can travel on his evident desire to spite the Russians remains to be seen):

(i) his strong disillusionment with and suspicion of the Russians, who he feels have betrayed him and may even harbour mischief-making intentions towards him and Uzbekistan; and

(ii) his seemingly genuine conviction that "the only salvation" now for the Uzbeks is to reduce dependence on Russia wherever possible and, as a matter of urgency, integrate themselves into and open themselves up to other world markets, especially in Europe.

3. In addition to comments on the substance of the business done, I offer for future reference my observations also on Karimov's manner, performance and personal qualities, including his vanity.

Tony Bishop

K A Bishop
Russia/FSU Section, RAD
OAB 3/94 210 6252

CONFIDENTIAL

A CLOSE LOOK AT PRESIDENT KARIMOV, 22-25 NOVEMBER 1993

[Some impressionistic observations from the interpreter's vantage-point covering remarks by Karimov in public and private]

1. President Karimov flew back to Tashkent at the end of his visit (22-25 November) professing himself both in private and in public highly satisfied (as well he might be) with his reception and with the business done here. In addition to various agreements signed and negotiations progressed, he had been delighted with his reception by HM the Queen and his talks over lunch with the Prime Minister, whose "wisdom and far-sightedness" he admired and for whom -- if only it would help with his parliamentary majority [joke] -- he would gladly cast his vote! Nor had he expected, on the banking/industrial and commercial front, to meet "such great numbers of decision-takers". In short, Karimov, the super-salesman for his country, felt somewhat flattered by all the attention and successful in his mission. He also, I am sure, felt gratified to have been given no trouble over his human rights record and [he hates surprises] to have succeeded in avoiding occasions (e.g. Chatham House) where the issue could have arisen.

THE SUBSTANCE

2. Having seen him only a matter of weeks ago in Tashkent with Mr Hogg, I was particularly struck by <u>two new elements</u> (apart from his pathological suspicion of Iran and all its works) which, at least at present, seem to be driving him:

(a) his clear signals of <u>strong disillusionment with and suspicion of Russians</u>: they had effectively forced him, against his wishes, to leave the Rouble Zone; they had conned him, presented him with <u>faits accomplis</u>, tried to make his State Bank a mere offshoot of the Russian State Bank and sought to impose "enslaving" economic conditions that would have left not just the present but also the future generations of Uzbek citizens in hock to Russia; they coveted Uzbek gold and wanted it on deposit in Moscow (he wanted to spite them - "deprive them of their sleep" - over this). The Russians were now, especially during their election campaign, displaying worrying signs of increasing chauvinism. There was no Russian political figure who was not prepared to play the nationalist "Russian minority" card. He and Kozyrev had recently had "sharp words" about this. Like a recently-jilted lover, Karimov could now hardly find a good word to say for the Russians: he believed that the unpublished parts of the new "Military Doctrine" featured the clear irredentist aspirations of the Russian military, now presenting bills to Yeltsin for services recently rendered -- they might even be tempted, perhaps next Spring, to provoke a "small war" involving Uzbek territory, in order to "protect and then subdue us". Even short of that, there were worrying signs of a Russian desire to recover and take over "old frontiers, old regions and old markets". He had warned Yeltsin and Chernomyrdin repeatedly not to push him too far, as others would surely come in and fill any vacuum. They had been deaf to his warnings. Moreover, Yeltsin was "only a destroyer,

not a creator of anything". He was not taking his own but others' decisions. Nor was he sticking to them, once taken. He was unpredictable. Once there was nothing left for him to destroy, he would be "unemployed"!

(b) In these circumstances, and though he, Karimov, had long battled to stay inside the Rouble zone and to have Russia as a bulwark against fundamentalism from the South, he (and the Kazakhs too) had been forced to decide on the introduction of a national currency ("there is no way we will go back into the Rouble, ever"). Its introduction would be delayed and would be by "the soft route" (first the Som-coupon coupled with a possible lengthy period of tight controls on emissions etc, and only then the Som itself). Things meanwhile would be hard -- Russia's high inflation was already having an impact inside Uzbekistan -- but the die was cast. Recognising that Uzbekistan's continuing economic dependence on Russia (e.g. for some 65% of its manufactured goods) was manipulable against Tashkent's best interests, the only way out now, indeed "the only salvation for us", was to reduce that dependence on Russia and to join and collaborate **as a matter of urgency** with other world markets, especially in Europe. This gave his visit to Britain even greater topicality. He wished to see many British companies, banks etc involved in joint projects as soon as possible.

3. For the rest, his main messages -- partly flowing from these two major preoccupations -- can be summed up as follows:

(i) Uzbekistan, the centre and trend-setter of Central Asia and also Gateway to the East, can offer:

-- unusual "political stability, inter-ethnic peace and social tranquillity"

-- predictability and a strongly State-directed social policy (he, Karimov, expected to be around for years yet: "Please applaud", he told the CBI audience !... and "all decisions on Joint Ventures go through the President")

-- creditworthiness, an excellent debt-paying record, $1 trillion-worth of gold and other precious and strategic minerals (and oil and gas) both in the vaults and in the ground (only 12 out of 39 known gold fields were being exploited)

-- government-backed legal guarantees and preferential property rights for investors, as well as tax breaks and a period of zero import duties on necessary consumer goods, etc

-- an "irreversible commitment" to have a market economy (NB there was even a reference to a "free economy" but none about a democratic society).

(ii) Uzbekistan is looking for:

-- long-term relations with Britain (many flattering references to the UK as a "Great Power") and with British concerns, looking at the very least 10 years ahead

-- the benefits of advice, "insider" financial services and training from major British banks. (He was as it were seeking to "buy in" advisers for Uzbekistan's emergence into world markets). He set his cap pretty shamelessly at Rothschilds, Barclays and BZW to name but three, whom he would wish to give "privileged status" (he even invited Sir E de Rothschild to come for summer skiing and use the Presidential residence!)

-- and in that context, an entrée to the London Bullion Exchange [he had brought highest quality Uzbek gold (9999 assay) so as to "earn" a certificate of entry] and, as a full rather than just an associate member, to the Liverpool Cotton Association, etc

--the creation of a modern Uzbek telecommunications network (he gave a strong come-on to GPT in Liverpool)

--rapid establishment of many more British companies in Uzbekistan (only 14 out of 900 JV's were British). Karimov was prepared personally to assist the right companies in every way.

THE PERFORMANCE

4. In making his points, Karimov performed generally very flexibly and effectively, very often without notes and with quite a touch of (somewhat sly) humour. He never minded repetition if it suited his purpose, especially some well-rehearsed statistics about the country's wealth and its place in various world league tables. He is very quick on the uptake, has a clear head, and never seems to lose the thread in discussion, even when (as is often the case) he speaks much longer than we ourselves would find effective. Sometimes he speaks long in order to foreclose the possibility of being asked awkward questions. He clearly dislikes the unexpected or things he has not planned for, and thinks long and hard if caught unprepared. He will then, generally, settle for the safest even if the dullest option. He tends when left to himself to work towards pre-planned effects.

5. He has good political antennae and quickly spots potential pitfalls. He responded readily to any opportunities to charm or amuse. He has a great penchant for the sound-bite (or, perhaps more accurately in his case, the sound-snack: he uses many more four-liners than one-liners). They often seem to be an end in themselves for him and to represent his preferred way of making his points. For example, critical of British tardiness in getting into the Uzbek economy, he never tired of quoting: "Better late than never" and adding that Brits have always been pathfinders and

discoverers: they should be at the front of the train and not trying to jump on the last coach of a train that is already moving. Other firm favourites (not of his own coining) for the business community included: "The country that makes friends with others is protecting itself. So, in making friends with me, you are protecting the UK" ! and "The flight from Tashkent to London takes 7 hours and 15 minutes. But it's faster London-Tashkent, given the direction of the earth's rotation" ! Mr Rakhmonov, my opposite number as Karimov's personal interpreter, expects to be constantly having to trot out his boss's latest find: "East is East and West is West, but never the twain shall meet", with Karimov's jocular commentary on Kipling's outdatedness! And I myself suspect that many a future Anglo/Uzbek occasion will be marked by a reference to correspondence between Henry the Fourth and Tamerlaine as a 500-year-old demonstration of the bilateral relationship (a copy of two such letters was given to Karimov by Shirin Akiner during the visit).

6. We saw little, not surprisingly in view of the game plan, of Karimov's well-documented harsher side. He showed reportedly some fury in private over Mr Heseltine's late withdrawal from the Lancaster House dinner, but in public Karimov passed this off with a fairly gracious joke. We never saw him, in public at least, riding roughshod over his accompanying team, though Foreign Minister Saidkasimov seemed to me to be along just for the ride -- I never saw K consult him or even look at him. Karimov spoke approvingly only of Kuchersky (a great "high-tech expert" who "knows blindfold" where every ounce of Uzbek gold is) and of Deputy PM Sultanov. The latter was the only member of the team who was consulted in public and K said that it was through him that UK businessmen should seek access to the President. Sultanov is clearly a current "trusty" in K's eyes. An oily, macho streak in Karimov was revealed when a lady from the Law Society approached him at a reception. Sensing possible human rights hooks, he simply told her how attractive she was, put an arm round her, told her that if she came to his country he would ensure she had a good time, then turned and started a conversation with someone else!

7. Though usually circumspect and not inclined to chance his arm (unless for pre-planned effect), Karimov has some neuralgic points which can produce unexpectedly strong views, e.g. the threat of Iranian fundamentalism and Iran's "openly declared expansionism". He told Mr Hogg at the opera: "Don't trust Velayati ! He masks his fanaticism for diplomatic and populist purposes, but it is all the more dangerous for that". And Rafsanjani was afraid of and under the thumb of Ayatollah Hamenei. Iran now had a "freedom of movement" treaty with Turkmenia, and the Iranians were moving about there as though they owned the place and buying up trade outlets etc: "Watch this! It's dangerous. It's a takeover!"

8. As to <u>health</u>, Karimov does not smoke and, while not teetotal, seems fairly abstemious with food and drink. His stamina was never in doubt during the trip, though some members of his team admitted to and were clearly feeling the effects of the

time-zone difference. K, however, -- unlike his team-- does have a bed of his own on board the Presidential aircraft: it is inside a lockable cabin. So when they arrived back in Tashkent (at 4 am local time) he would be likely to be rather fresher than his travelling colleagues! I guess he always gets first refusal of any perks that are on offer.

9. Karimov speaks admirably clear and unaccented Russian. He told me it was his "first" language for many years. Now his Uzbek is "equal first" and he thinks in whichever he has been using most. He claimed that in dealing with the outside world he "still" had "no hang-ups" about using Russian. But something that he told Mr Hogg during the interval of "The Magic Flute" (a production, incidentally, which had clearly underwhelmed him) revealed Karimov in his Father-of the Nation/Latter-Day Ataturk mode: he had decided to restore the Latin alphabet to the Uzbek language w.e.f the beginning of 1996 (it had been supplanted by Cyrillic only in 1936). For this purpose, Karimov had single-handedly invented 6 new letters (based on Latin script) to convey the 6 extra Uzbek sounds that the 26-letter Latin alphabet cannot reproduce !! He claimed this was a master-stroke as each people wanted "something specially its own" in its alphabet, even if it was basically Latin: "One day people will praise me for this move"!

10. The autocrat without whose blessing Uzbek summer dare not follow Uzbek spring does seem to need a lot of praise, and if it stops for a while he seems quite able to supply it for himself. A rogue, yes, but very able and far from dislikable.

K A Bishop
28 November 1993

The National Archives

DEPARTMENT/SERIES PREM 19 PIECE/ITEM 4590 (one piece/item number)	Date and sign
Extract details: Letter from Allan to Moore-Searson dated 29 November 1993	
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Extract details: Letter and attachment from Stagg to Lyne dated 26 November 1993	
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F/Azerbaijan

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

25 November 1993

AZERBAIJAN

I enclose the correspondence which I mentioned to you on the telephone on 24 November.

I should be grateful for an early draft reply to Ms Moore-Searson.

RODERIC LYNE

C R V Stagg Esq
Foreign and Commonwealth Office

CONFIDENTIAL AND STRICTLY PERSONAL

From The Lord Renton, PC, KBE, QC

House of Lords,
London SW1A 0PW

Private Minister

Do Ld. Renton breakfast/lunch with you? Tuesday = budget day, and Wed. is v. crowded (including Debate). A good idea no?

P. Lefevre

25 November 1993

PERSONAL AND FAIRLY URGENT

The Rt. Hon John Major
10 Downing Street
London SW1

Dear John,

Visit of Prime Minister of Tajikistan

In October 1951 at Chequers you gave Michael Wynne-Parker a Letter of Introduction to the former President of Tajikistan, Mr Nabiyev. Some developments resulted which have been of great benefit to our trade, for example, the Tajikistan Government have entered into contracts worth many millions of pounds with British companies for the sale of cotton and gold and other contracts have resulted, and that Government has made valauable tax concessions in relation to these trading contracts.

A further development has been the formation of a new British backed airline, Tajik Air, which will provide the first direct British sponsored scheduled flights to Central Asia, the first of which will take place next Thursday 2nd December at 10.15pm. There will be four of these flights a week from Heathrow to Tajikistan, Delhi and Karachi, and are already fully booked into early February.

they

Not true. The Prime Minister of Tajikistan, Mr Abdullojanov, is to be the guest in London of the Foreign Office from Tuesday morning until Thursday evening next week, when he will be on the aircraft's first flight, and Michael Wynne-Parker has suggested to me that it is important that you should receive him at 10 Downing Street if only for a few minutes during his visit. I have already mentioned this to a young lady in your private office. The matter has become even more important since you gave lunch yesterday to the Prime Minister of Uzbekistan!

I much look forward to being with you and Norma at our Conservative Dance tomorrow evening when perhaps we can have a brief word about this.

Yours ever,

David.

10 DOWNING STREET

Rod

Very suspicious.
Can you get quick
FCO advice?

AC

The National Archives

DEPARTMENT/SERIES PREM 19 PIECE/ITEM 4590 (one piece/item number)	Date and sign
Extract details: letter from Moore-Searson to Allan dated 24 November 1993	X
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Mark LLOYD

Miss Eliza Moore-Season
Office of HRH the Prince Michael of Kent
Kensington Palace
Via fax 937 4810
November 24th, 1993

Dear Miss Moore Season,

Further to our conversation earlier today, I am pleased to inform you that preparations are currently in hand for a private visit of the President of Azerbaijan, Geidar Aliev to London next week for a working meeting with the Prime Minister.

I wondered whether in principal His Royal Highness might wish to receive the President in either Nov 30th or December 1st and if so, when would it be convenient?

I look forward to hearing from you.

Yours sincerely

Mark Lloyd

Tel. 071. 351. 7761 Fax. 071. 351. 6261

SUBJECT
MASTER

Filed on:

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

25 November 1993

Dear Mr Stagg

PRIME MINISTER'S LUNCH FOR THE PRESIDENT OF UZBEKISTAN

The Prime Minister and Mrs Major gave a lunch for the President of Uzbekistan and Mrs Karimova on 24 November. The lunch was preceded by the signing of four intergovernmental agreements and two commercial agreements.

There were no formal talks, and as I was not within earshot of the Prime Minister's conversation, I cannot give you much of an account. I hope that Tony Bishop will be able to fill us in from his interpreting notes.

The Prime Minister regarded the lunch as a very worthwhile exercise in promoting British business interests in Uzbekistan. The guest list (which I enclose) included a fairly senior group of business men with current or potential interests there. They were very pleased to have the opportunity of meeting the President or, in some cases, of consolidating an existing relationship. Sir Derek Birkin of RTZ, for example, expressed emphatic thanks to the Prime Minister.

Given the scale of potential business in Uzbekistan (as you know, British companies are already bidding for contracts worth over a billion pounds, though they will only land a percentage of this business; more to the point, we have yet to tap into the country's oil, gas and minerals in a big way), the Prime Minister considers that opportunities created by Karimov's visit should be pursued energetically and promptly. He accepted an invitation from the President to send a trade mission led by a Minister to Uzbekistan. I have mentioned this by telephone to Nick Welch in the Office of the President of the Board of Trade, and he will see that arrangements are put in hand as soon as possible. The trade mission might usefully include some of the business men who attended the lunch. President Karimov appeared to invite each of the

businessmen to come and see him. I have mentioned the trade mission to the CBI. The Prime Minister assumes that DTI will wish to invite the CBI to be represented on it.

President Karimov told the Prime Minister that he was very keen to develop English language teaching. The Prime Minister in turn suggested to Sir Derek Birkin that RTZ might offer some sponsorship. I spoke after the lunch to the British Council to suggest that the model of the Council's collaboration with BP in Azerbaijan might be followed. Sir Derek Birkin will discuss the idea with the Chairman of the British Council (Sir Martin Jacomb is on his Board) and then get back to us. I would be grateful if the FCO could help with the follow-up.

I am sending copies of this letter and its enclosure to Nick Welch (Department of Trade of Industry) and to Melanie Leech (Cabinet Office).

yours sincerely

for **RODERIC LYNE**

C R V Stagg Esq
Foreign and Commonwealth Office

Foreign &
Commonwealth
Office

London SW1A 2AH

24 November 1993

d 8.10 Dear Roderic,

Letter to the Prime Minister from
President Aliev of Azerbaijan

I enclose a letter from President Aliev of Azerbaijan to the Prime Minister, in reply to the Prime Minister's message of 9 October congratulating Aliev on his success in the recent presidential elections. President Aliev's letter is friendly but contains no new points. It does not call for a reply.

Yours ever,

Mike

(C R V Stagg)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

From: Michael Colvin, M.P.

Eastern Dept

File

c/c: PS
PS/M. Hogg

HOUSE OF COMMONS
LONDON SW1A 0AA

108820

24/11

Mr Ramiz Fataliev
Chairman of the Parliamentary Committee
for International Affairs of Azerbaijan Republic
370152 Baki
Parliament Prospekli, 1

c/c: W. Appleyard
W Logan
Planner
Protocol
W Munday
News dpt
PS/NO 10

24 November 1993

Dear Mr. Fataliev

Many thanks for your fax of 22 November.

I have now confirmed with the Prime Minister's office and the Foreign Secretary that your President would be very welcome, if he decided to come to London during the week commencing 29 November.

You will appreciate that diaries are full, but the Prime Minister would certainly see him for an informal talk during his visit and the Foreign Office are working on a draft programme which could include working meetings with Ministers, Officials, leaders of trade and industry and of course Parliamentarians.

The procedure is now for your President's office to give formal notice of his proposed visit, with dates, via the usual diplomatic channels, and it would help if this note was to include a list of subjects he would wish to discuss, in order of priority. Once this is received his programme can be activated.

I very much hope that there will be time for him to visit Parliament while he is here, since we are about to set up an All-Party British/Azerbaijani Parliamentary Group, and it would be a great honour if he were able to attend the inaugural meeting here in the House of Commons.

I am sending a copy of this fax to the President's Office and our Ambassador in BACU - Mr Tom Young.

Yours sincerely

Michael Colvin

MICHAEL COLVIN MP
Chairman, Conservative Parliamentary
Foreign & Commonwealth Committee

Telephone: 071 - 219 - 3000 Fax: 071 - 219 - 5946

END

From: Michael Colvin, M.P.

HOUSE OF COMMONS
LONDON SW1A 0AA

Mr Roderick Lyne
No 10 Downing Street
London SW1

23 November 1993

My dear Roderick —

Further to our discussion on the telephone last week about an informal meeting between the Prime Minister and the President of Azerbaijan Mr Aliev, I'm enclosing a fax which I've just received from the Chairman of their International Affairs Committee, Mr Fataliev, which is self explanatory.

I spoke last week to Douglas Hurd, who confirmed that the Foreign Office would be pleased to organise a programme for the President once dates were known and confirmed the importance of the President seeing John Major whilst he was here.

I made it clear to the President's intermediary that a meeting between him and the Prime Minister would be short - probably 20 minutes and informal, but would hopefully lead to an official visit next year.

You had suggested that during the week commencing 29 November it would be possible to find a 20 minute slot in the Prime Minister's diary and I hope the Foreign Office have the rest of a programme in hand. I'll be checking this this afternoon, but they will need to know from you the date and time of his call at No 10.

I must reply to Dr. Fataliev today so could you call my secretary on 4208 with a date soon.

Yours — Michael

Telephone: 071 - 219 - 3000 Fax: 071 - 219 - 5946

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Press
RS.

Foreign &
Commonwealth
Office

London SW1A 2AH

24 November 1993

Dear Rodwin,

PRIME MINISTER'S LUNCH FOR PRESIDENT KARIMOV

You asked for information to be used in briefing the press following the lunch for President Karimov later today.

- The Lonrho agreement (to be signed by Dieter Bock, Chairman of Lonrho and the Uzbek Prime Minister, Sultanov) is a Memorandum of Cooperation with the Government of Uzbekistan for the development of a major new gold mine. The first phase of the development will cost around US$100 million. Lonrho will be investing US$30 million, and expect a steady return over a thirty year period. They are unwilling to say more at this stage.

- The BZW Agreement is in fact a Financing Agreement between EBRD and BZW covering a heap leach gold project at Zarafshan in Central Uzbekistan. That project was the subject of an agreement, signed on 16 November, between Newmont Mining of Denver Colorado, the State Geology Committee of Uzbekistan, the Uzbek-owned Navoi Mining enterprise and the banks concerned. The Financing Agreement covers the provision of US$105 million (not US$90 million as in the attached note) of working capital arranged by EBRD and BZW, who organised and led a syndicate involving other banks including one other British bank (Rothschilds). BZW have said that the fees and other earnings by each of the banks involved are a matter of commercial confidentiality.

As indicate in the briefing previously provided, it was originally planned that this agreement would be signed by the Uzbeks as well as EBRD and BZW. But the Uzbeks (who have already signed the underlying contract) now say that they see no need to sign the MoU themselves. BZW and EBRD confirm that Uzbek signature is not essential. BZW, the EBRD and the Uzbeks nevertheless see advantage in the signature going ahead on 24 November as planned, with the Prime Minister and President Karimov looking on to underline the Government's interest in this major contract. It should only take a few seconds after signature of the Lonrho agreement. The Chairman of BZW will remain for lunch. The EBRD representative will not (President Karimov is lunching with EBRD on 23 November).

For press purposes the agreements should be described as follows:

a) Memorandum of Cooperation between Lonrho and the Government of Uzbekistan for the development of gold reserves through a Joint Venture to build a major new gold mine in Uzbekistan; and

b) Memorandum of Understanding signed by the European Bank of Reconstruction and Development and Barclays de Zoete Wedd on the financing of the Zarafshan-Newmont Joint Venture for a heap leach gold project (to recover gold from ore and material from mine dumps).

The approximate aggregate value of business for which British companies are bidding in Uzbekistan is US$1,855 million, although this figure is extremely unreliable, as you will see from the DTI note attached.

Possibility of Prospects for a billion pounds or more of business in Uzbekistan.

I am copying this letter to Nick Welch (DTI).

Yours ever,

Diana

(C R V Stagg)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

Commercial-in-Confidence

Urgent: via Nick Udall
PS/President

Denise Holt
FCO(E)
King Charles Street

Department of Trade and Industry

Kingsgate House
66-74 Victoria Street
London SW1E 6SW

Enquiries
071-215 5000

Telex 8813148 DTHQ G
Fax 071-931 0397

Direct line 071 215 4750
Our ref
Your ref
Date 24 November 1993

Dear Denise,

AGGREGATE VALUE OF POTENTIAL BUSINESS IN UZBEKISTAN

You asked for an approximate value for potential business for UK companies in Uzbekistan.

I must start with a list of caveats.

* 1 The list contains some figures which are at best estimates.

* 2 It is extremely unlikely that all of these contracts will eventually be won by British companies.

* 3 The list simply gives a figure for the amount likely to be spent, or invested, in the project. We cannot say what proportion of this spend will go to UK companies or how much will go on UK-produced goods.

* 4 In the case of cotton contracts, the figure given is an estimate of the value of the cotton that could be traded by UK companies in the next few months. The value of this to the UK economy is certainly much less.

* 5. Some of these projects may even never progress into contracts.

Commercial-in-confidence

However, given our caveats, our estimated breakdown follows:

New airport project	$500mn	
BAT tobacco industry investment		$100mn
Cotton contracts		$150mn
GPT sales		$250mn
Lonrho mine		$500mn
BZW/Newmont mining mine		$90mn — NB now $105mn
RTZ Murantau project		$250mn
Total		$1,840mn * — would be $1,855mn

The above does not include oil and gas concessions where the potential is large but for which firm contracts are not yet under discussion.

Yours,
David

David Wightman

cc: Mr George - XEA2
Mr Peters - Exp Prom

* NOTE: includes BZW/Lonrho deals

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

23 November 1993

Dear Vickie,

PRESIDENT OF UZBEKISTAN

I would be grateful if you or DTI could provide me with the following information, for use by us in briefing the press after the lunch for President Karimov tomorrow:

- value to BZW (and British companies?) of the joint venture project to be signed tomorrow;
- value or potential value of the Lonhro joint venture;
- how should these two agreements be described for press purposes?
- approximate aggregate value of business for which British companies are bidding in Uzbekistan (this will of course be a very round figure, eg. "there are good prospects for British business in Uzbekistan worth up to £X Billion).

I would be grateful to have this information by telephone or fax, by noon on 24 November.

I am copying this letter to Nick Welch (Department of Trade and Industry).

Yours ever,
Roderic

RODERIC LYNE

C. R. V. Stagg, Esq.,
Foreign and Commonwealth Office

From: Roderic Lyne
Date: 23 November 1993

PRIME MINISTER

LUNCH FOR PRESIDENT KARIMOV

Despite de Larosiere's favourable chat, Karimov is an old-style Communist strong man who has little truck with genuine democracy or civil rights in Uzbekistan. He is sitting next to a nasty ethnic conflict in neighbouring Tajikistan (to some extent a spillover from the Afghan war) and some of his troops are taking part in a mainly Russian peacekeeping effort there.

You are giving Karimov lunch for one reason only: he is sitting on large deposits of oil, gas, gold and copper (and Uzbekistan is the world's fourth largest cotton producer). British companies have won some quite significant business there. They expect to win considerably more as a result of this visit, as presidential favour is a big feature in determining the destination of business. I have asked FCO/DTI to produce some headline figures for business completed during this visit and business in prospect, for use with the press.

The good news is that there are no separate talks - just a guard of honour, signing ceremony and lunch; and no speeches at lunch. The bad news is that this will not be the liveliest two hours of your life (you will earn those contracts the hard way).

Signing ceremony

To save time, the agreements will be signed during pre-lunch drinks. You and Karimov will sign four agreements (investment protection; air services; economic co-operation; freedom of travel). You will then observe the signing by BZW (Sir Peter Middleton) and Lonhro (Dieter Bock) of two joint venture deals. (There is an element of doubt over the Lonhro deal which I hope will be cleared up in the morning.)

Conversation points

- this visit: The Queen. Foreign Secretary. Lord Mayor. Meetings with banks and companies, including EBRD. The visit to Liverpool on Thursday (GPT factory and cotton exchange);

- Uzbekistan has a famous history, from its position on the overland trade routes through central Asia. Bukhara and Samarkand are neighbouring cities which have attracted enterprising tourists over the years. The capital, Tashkent, is less spectacular, and was severely damaged in the famous earthquake about 20 years ago. You might ask about the development of tourism, assisted by the Uzbek airlines service to London;

- relations with Russia (no common border) and neighbouring countries - Iran, Afghanistan, ~~Tjikistan~~ TAJIKISTAN, Turkmenistan and Kazakstan?

- to what extent are the central Asian states co-operating/setting up joint projects;

- the economy. Progress with the transition to a market system (pretty slow). Development of international trade;

- internal politics. Democracy?

Other points in the Foreign Office's notes.

Roderic.

RODERIC LYNE

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Foreign &
Commonwealth
Office

London SW1A 2AH

22 November 1993

Dear Rodric,

PRIME MINISTER'S WORKING LUNCH WITH PRESIDENT KARIMOV, WEDNESDAY, 24 NOVEMBER (1255 - 1430)

The Prime Minister has agreed to meet President Islam Karimov of the Republic of Uzbekistan on 24 November for a working lunch preceded by inspection of a Guard of Honour in the Foreign Office Quadrangle and a signing ceremony at No 10 Downing St. President Karimov will be accompanied by his wife (Mrs Karimova), the Deputy Chairman of the Council of Ministers, Mr Sultanov, and the Minister of Foreign Affairs, Mr Saidkasimov as well as other members of his entourage. Earlier in the day, President Karimov will have had an audience with Her Majesty The Queen.

President Karimov is visiting the UK as a Guest of Government. His programme (22 - 25 November) includes a meeting with the Foreign Secretary, a speech at a reception hosted by the CBI, a number of visits to companies with interests in Uzbekistan as well as a trip to Liverpool to visit the GPT manufacturing plant and the Cotton Exchange. Mr Hogg will host an evening at the Opera (23 November) and the Secretary of State for Transport a dinner (24 November).

The main objectives of the visit are:

i) to show President Karimov (who has recently visited France, Germany and the Netherlands) that we take Uzbekistan seriously as a newly independent state: bilateral relations are quickly gaining momentum with the opening of a British Embassy in May and Mr Hogg's visit to Tashkent in October;

ii) to stress the growing British commercial interests in Uzbekistan: a number of British companies are already involved in the country (most of them will be represented at the Prime Minister's lunch); many others are keen to participate in the development of its economic potential.

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The Bilateral Agreements to be signed by the Prime Minister and President Karimov before lunch on 24 November cover:

- Investment Protection and Promotion;
- Air Services;
- Economic cooperation;
- Unrestricted Freedom of Travel (a Memorandum of Understanding)

In addition, two commercial contracts will be signed at No 10 - by BZW and Lonrho.

Our interest in this visit is principally commercial. There is not a great deal of bilateral political business to be done. But the Prime Minister might probe the President's intentions on the democracy/human rights front. (He has one of the worst human rights records in the FSU). The Prime Minister might also discuss the implications of Uzbekistan's decision on 13 November to introduce a new national currency. He might ask how this will affect relations with Russia and other FSU States, as well as economic reform in Uzbekistan. President Karimov may press for more UN involvement in bordering Tajikistan, where Uzbek soldiers are deployed. He fears the emergence there of a fundamentalist Islamic regime which might threaten Uzbek stability.

I enclose:

- Points to make and Background
- Note on British commercial interests in Uzbekistan
- A fact sheet on Uzbekistan
- Personality Notes
- A map.

Yours ever,

Jimmie

(C R V Stagg)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

UZBEKISTAN: BACKGROUND BRIEF

Uzbekistan: General

1. Uzbekistan is the second largest (450,000 km sq - the size of Sweden) and the most populous (20 million - 69% Uzbeks, 8% Russians, 4% Kazakhs, 4% Tajiks, 2% Tatars) of the five Central Asian states. Most Uzbeks are nominally Sunni Muslims; their language is related to Turkish. The Uzbek Soviet Republic, formed in 1924 as part of the Soviet Union, can trace its history back to the 16th Century. Uzbeks are acutely conscious of their ancient history.

2. Uzbek nationalism appeared as a force in 1988, promoted by the Uzbek Popular Front (Birlik - 'Unity'). The Uzbek Supreme Soviet declared the republic's independence on 1 September 1991; this was confirmed in a popular referendum on 29 December 1991 in which the incumbent **President Islam Karimov** was re-elected with 86% of the vote.

Bilateral Relations

3. The UK recognised Uzbekistan as an independent state on 31 December 1991. A British Embassy in Tashkent opened in May 1993 and the Chargé, Paul Bergne, received agrément as our first resident Ambassador on the eve of Mr Hogg's visit to Tashkent in October 1993 (the first by a British Minister since independence). The Uzbeks are looking for premises for an Embassy in London.

Trade and Investment

4. Uzbekistan's industrial base (mainly agricultural machinery, chemicals and oil refining) is founded on its raw materials; its natural resources include major deposits of gas, oil, gold and copper. Uzbekistan currently produces 18m barrels of oil and 40 bn cubic feet of gas a year. It is the third largest producer of gas in the FSU. The Uzbek authorities are keen to involve foreign companies in the exploration and development of their hydrocarbon resources and have recently offered a number of blocks for licensing by international tender. Annual cotton production of 4.6 million tonnes is the fourth largest in the world.

5. Most major British companies interested in Uzbekistan will be represented at the Prime Minister's lunch. A note on their particular interests is attached. ECGD cover is not available for Uzbekistan at present, but this is under review.

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Know How Fund/Aral Sea

6. Uzbekistan is eligible for limited KHF funds this year. For 1994/95 we have proposed a separate country allocation of £0.5 million (**not to be revealed**) reflecting the country's commercial importance to the UK. But a significant increase in the aid programme must await political reform and improvement in Uzbekistan's human rights record.

7. The Aral Sea is a major environmental disaster zone in the FSU. The Uzbekistan cotton industry is partly responsible for the situation - a Soviet legacy. The World Bank are proposing a $50 million programme to stabilise selected eco-systems, rehabilitate worst affected areas and introduce strategic planning of water resources. The UK will attend the donor meeting called by the World Bank on 11 February.

Drugs

8. Uzbek authorities are concerned about a rise in opium poppy cultivation, traditionally grown in Uzbekistan, mostly on small individual plots for domestic consumption. Cannabis also grows wild. Uzbekistan's borders with the other four Central Asian republics and Afghanistan, make it attractive as a brokering centre for drug operations. We have contributed $200,000 towards a legal assistance project in Uzbekistan, the Baltic States and other republics of the FSU run by the United Nations International Drug Control Programme (UNDCP). In addition, we have contributed $150,000 to a UNDCP project to strengthen the existing law enforcement services. HM Customs and Excise visited Uzbekistan in October to assess what we could do to train drugs law enforcement officers.

Economic Reforms

9. President Karimov's government endorse economic reform in principle but have been cautious in practice. They have been reluctant to see prices fully liberalised, and state orders continue to dominate key sectors of the economy such as cotton production. Budget priorities have been maintaining employment and providing price subsidies.

10. Interventionist policies were relatively successful in 1991-92 and the early part of this year in limiting the decline in output caused by trade dislocation, the breakdown of central planning, and the beginnings of price liberalisation. But the rising cost of energy imports from Russia is a substantial extra burden this year and output may now be falling more sharply.

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Currency Reform

11. Despite earlier reluctance to do so, Uzbekistan introduced a new currency (the soun) on 13 November 1993, following the break up of the rouble zone under strict new Russian rules. Uzbekistan will now be faced more clearly than before with the consequences of its economic policy. It will be impossible to get high inflation down unless tight monetary and budget policies are pursued. There is a one-off opportunity to build confidence in a new currency by supporting it with tough policies from the start. The Uzbeks have shown interest in close economic cooperation with neighbouring Kazakhstan which is also launching its own currency.

Relations with IFIs

12. There is no lending from the IMF yet. But the World Bank has made a start with an institution building loan.

Internal Political and Human Rights

13. Placing stability above all else, and fearing an Islamic revival, Karimov has prevented real democratic development. Hard-line ex-Communists remain in control of the bureaucracy. Opposition groups are disunited and weakened by repression. The only legal opposition party (**Erk** - 'Free Will', set up in October 1990 and closely related to Birlik) is moderate and intellectual but has only 14 MPs out of 500 in Parliament. The Islamic **Renaissance Party (IRP)** is banned but has managed to hold an inaugural Congress. The limited revival of Islamic consciousness in Uzbekistan is centred in the Ferghana Valley and the holy cities of Samarkand and Bukhara. Karimov's human rights record is one of the worst in the FSU. Intimidation and mistreatment of opposition figures is frequent.

Uzbek Foreign Policy

14. Karimov's enthusiasm for the Commonwealth of Independent States has been greater than that of most other FSU leaders. He has given full support to President Yeltsin. His views on a Russian role in peace-keeping operations in the FSU will be coloured by his concerns over Tajikistan.

15. Karimov has consistently called for action by the CIS states and Russia to support the ex-Communist government in Tajikistan against what he perceives to be a fundamentalist Islamic opposition. Uzbek troops and equipment have played an

important part in military successes against Tajik Islamic/democratic opposition. Since September, Uzbek troops in Tajikistan have been part of a force comprising troops from several CIS countries. President Karimov has appealed to the Tajik authorities to initiate a political dialogue with the opposition. Despite Tajik promises, progress on this front has been minimal. We have supported the activities of the UN Secretary General's Special Representative in Tajikistan (Kittani), whose latest report was circulated on 17 November and will be discussed by the UN Security Council shortly.

16. President Rafsanjani visited Tashkent in October. Emphasis was put on trade relations but the Uzbeks excluded any form of political or religious Iranian activity in the country.

Islam KARIMOV

President, Uzbekistan

Karimov is a highly skilled politician. A former communist leader, he made some concessions to Islam, while strongly opposing fundamentalism and other political opposition. He is popular among the Russian community in Uzbekistan. Foreign visits and status are important to Karimov and he has been pressing to meet the British Prime Minister. He was a charming host when the Princess Royal visited Uzbekistan in July this year.

Karimov insists that stability is paramount in Uzbekistan. He has therefore made very few concessions to pluralism. He has used Islamic fundamentalism to smear the opposition and offered state posts to some opponents, dividing opposition parties. Opposition activists have been severely assaulted and put on trial. However the deteriorating economic situation is making more people speak out. He has consistently rejected criticism of Uzbekistan's poor human rights' record. He showed hostility towards a CSCE delegation in April 1993 which raised this issue with him.

Karimov is careful not to risk causing excessive social hardship by implementing the transition to a market economy too abruptly. Although his critics have said this will only make problems worse in the future. However, he launched a privatisation programme this year and criticised regional leaders for being slow to implement it. He has praised China for rapid economic development and political stability. He opposes outright land ownership.

BACKGROUND:

Karimov was born in 1938 in Samarkand; he is an ethnic Uzbek and speaks the Uzbek language, and fluent Russian. He is a mechanical engineer by training.

Karimov became Minister of Finance in 1983, then in 1986 he became a Deputy Chairman of the Council of Ministers (Government) and Chairman of Gosplan. In 1989 he became First Secretary of the Uzbek Communist Party and a member of the CPSU Central Committee. He left the CPSU in August 1991 after it failed to condemn the attempted coup. Under his leadership the Uzbek Communist Party was renamed the Popular Democratic Party of Uzbekistan; he is now its Chairman. In December 1991 he was elected President of Uzbekistan in the first contested elections.

Uzbekistan



Islam KARIMOV
President, Uzbekistan
(since March 1990)

First secretary, Uzbek Communist Party, since June 1989...former regional party boss in Uzbekistan...engineer ...born January 1938.

Tatiana KARIMOVA

Wife of the President of Uzbekistan

Mrs Karimova works as a researcher at the Institute of Economics: the Karimovs have three daughters and grandchildren. One daughter is married to the President of the Korean corporation "DAEWOO". Another is married to an American Uzbek millionaire, Maksud. She divides her time between Uzbekistan and America. The youngest daughter is still at school.

Utkur SULTANOV

Deputy Chairman of the Council of Ministers, Uzbekistan

Minister of Foreign Economic Relations, Uzbekistan

Sultanov worked in the aviation production industry and in scientific research before entering politics. He has worked in foreign economic relations since 1991.

In March this year Sultanov said the Uzbek government had made creating a private sector and share-holding companies a priority.

Sultanov met the Minister of State, Mr Hogg, during Mr Hogg's visit to Uzbekistan last month. Sultanov accompanied President Karimov to Holland in June 1993.

Background

Sultanov was born in July 1939 in Tashkent; he is an ethnic Uzbek. He graduated from Tomsk Polytechnical Institute in 1964 and began work as an electrician. From 1966 to 1985 he worked in the "Chkalov" Tashkent aviation factory, rising from engineer to Deputy General Director. In 1985 he became General Director of NPO "Vostok", one of the largest Scientific Research Assocations in Uzbekistan. He was a member of the CPSU.

In February 1990 Sultanov was elected a People's Deputy to the Uzbekistan Supreme Soviet (parliament). In September 1991 he was appointed Chairman of the republican State Committee for External Trade and Foreign Links. This Committee was reformed into the Ministry for Foreign Economic Relations in February 1992 with Sultanov as the Minister in charge.

Later, Sultanov became a Deputy Chairman of the Uzbekistan Council of Ministers (government).

Saidmukhtar SAIDKASIMOV

Minister of Foreign Affairs, Uzbekistan

Doctor of Philosophical Sciences, Professor.

Saidkasimov is reportedly an effective, self-confident and intelligent man. He has hardline views on foreign `interference' in Uzbekistan's internal affairs, particularly in the context of human rights abuses, taking a tough line with a visiting CSCE delegation which tackled him on this issue in April this year. Saidkasimov's predecessor was more liberal and Saidkasimov's appointment has been seen at least in part as an attempt to redress the balance.

Saidkasimov was appointed Uzbek Foreign Minister in July this year. He has an academic background and specialised in classical philosophy. He worked in the Uzbek Communist Party and then in the central apparatus of the Soviet Communist Party until he was recalled to Uzbekistan when the republic became independent in August 1991. He then became an adviser to Karimov on political problems, and played a direct and active role in formulating a foreign policy for the newly independent state.

Saidkasimov was the main founder of the University of World Economics and Diplomacy in Tashkent. This is the first university in Central Asia to offer further education and research facilities in international political and economic affairs and journalism.

Background

Saidkasimov was born in 1947, in Tashkent, Uzbekistan. He is an ethnic Uzbek and came from a working class family. He graduated from Tashkent State University in 1970.

From 1965-83 Saidkasimov studied and worked as a research fellow at the Tashkent State University and the Tashkent History Institute. From 1983-88 he headed the Science and Educational Institutions Department of the Tashkent Regional Communist Party Committee. Later he was elected First Deputy Chairman of the Republican "Znanie" (Knowledge) Society.

From 1988-91 Professor Saidkasimov worked in Russia at the Moscow State University. He then became a scientific consultant and Head

of the Central Asia and Kazakhstan Department of the Soviet Communist Party Central Committee.

In October 1991 Saidkasimov became a State Adviser to the Uzbek President, Karimov. In September 1992 he became Rector of the University of World Economics and Diplomacy in Tashkent. In July 1993 he was appointed Uzbek Minister of Foreign Affairs.

In October 1993 Saidkasimov met Minister of State, Mr Hogg, during the latter's visit to Uzbekistan.

Saidkasimov speaks excellent Russian and Uzbek; he also studied English and Persian. He has travelled widely and published his research. He is married with three children.

Jura ABDULLAEV

Minister of Higher and Intermediate Special Education, Uzbekistan

President, Uzbekistan-Malaysia Friendship Society, Uzbekistan

Abdullaev received a trade and investment delegation from Malaysia in August this year. They discussed sending Uzbek teachers to work for a year in Malaysian institutions.

Background

Abdullaev was the rector of the Tashkent Electrotechnical Institute of Communications in the 1980s.

Abdullaev was a CPSU member. In 1988 he was a delegate to the XIX CPSU Party Congress. In July 1990 he was elected a member of the CPSU Central Committee.

Erkin VAKHIDOV

Chairman, Parliamentary Commission for Questions of Glastnost, Uzbekistan

Vakhidov is a poet and translator. Latterly he has supported land ownership.

Background

Vakhidov was born in 1936 in Fergana Region, Uzbekistan. He is an ethnic Uzbek. He graduated in philology from Tashkent University in 1960 and joined the CPSU in 1968.

Vakhidov has been published since 1953. He wrote poems, verse and essays in Uzbek which were translated into Russian. He has translated Goethe, Esenin and Svetlov. In the early 1980s he was the Chief Editor of the journal "Eshlik". He applied to come to the UK as a tourist in 1982.

Vakhidov was appointed to his present post in April 1990.

Vakhidov is married. His wife, Gulchekhra Gulyamovna, was the senior engineer at the Uzbekistan Centre of Standardisation and Metrology in the early 1980s.

Tulkum SHAYAKUBOV

Chairman, State Committee for Geology and Mineral Resources, Uzbekistan

Shayakubov was Uzbek Minister for Geology and Mineral Resources in the mid-80s. He was confirmed in his present post in 1991. He was a member of the CPSU and a senior member of the Uzbek Communist Party.

Background

Shayakubov was born in 1933 in Tashkent, Uzbekistan. He is an ethnic Uzbek.

Shayakubov was appointed Uzbek Minister of Geology in January 1986 and confirmed in this post in July. However, in November 1987 the ministry was abolished and Shayakubov released.

In February 1986 Shayakubov was elected a member of the Uzbek Communist Party Central Committee.

Two years later, in February 1991, Shayakubov was confirmed as Chairman of the State Committee for Geology and Mineral Resources, Uzbekistan. He was on the guest list to meet the Princess Royal during her visit to Uzbekistan in June 1993.

INTERESTS OF BRITISH COMPANIES WORKING IN UZBEKISTAN

- **Lonhro:** main interest is gold. Signing a Joint Venture agreement for a feasibility study on a gold mine. Also interested in, car dealership, printing mill and general trading (tobacco).

- **Barclays de Zoete Wedd (BZW):** Lead bankers for Newmont-Uzbek Gold-mining Joint venture, for which BZW and EBRD have arranged a $90 million loan. Project (to recover gold from mining waste) has a total cost of $130 million, the balance being made up by equity investment.

- **Rothschilds:** working with Uzbek Central Bank to help them manage gold reserves. Encouraging them to hold some of these in London rather than in Switzerland as at present. Involved in the Newmont-Uzbek Joint Venture Gold-mining project (see above). Also providing advice on inward investment through privatisation and/or foreign direct investment.

- **RTZ:** hope to help with development of Uzbek mineral resources.

- **BAT:** considering investing in the Uzbek tobacco industry.

- **Morgan Grenfell:** bidding for two contracts in Uzbekistan: to advise Uzbekneftegaz on refinery project in Bokhara and to advise Uzbek Airlines on upgrading, or green field site construction of Tashkent airport. Would be worth $3-500 million. BAe Consultancy Services are also involved.

- **Meredith-Jones (MJ):** With US$ 17 million contracts plus a further $44 million under negotiation, MJ have been heavily involved in the Uzbek cotton industry for some time. Earlier this year contracts were under threat of cancellation - ostensibly because of lobbying by Korean company Daewoo (which is being paid in cotton for investment in a car plant).

- **Pobjoy Mint:** have completed a £300,000 project to supply the Uzbek Government with coining machines and have a further £200,000 contract to supply the necessary templates and other associated machinery. Contracts were arranged in anticipation of the Uzbek's launching their own currency (the soum).

- **GPT:** have signed a protocol with the Uzbek Ministry of Communications to establish a Joint Venture telecoms operations company in Tashkent.

- **ICI:** sent a mission to Uzbekistan last November. Zeneca (the agrochemicals part of ICI) has sold products in exchange for a percentage of the cotton crop. ICI's explosives division has contracts with Uzbekistan for the exploitation of mineral resources. ICI Polyurethanes have started product trials with a shoe manufacturer in Tashkent.

- **John Laing:** construction projects.

- **Rolls Royce:** turbines for oil and gas pipelines.

- **De La Rue:** Swiss subsidiary Giorri have supplied currency printing and finishing machinery worth several million pounds to the state printing works. Royal Mint Services, the joint company of De La Rue and the Royal Mint, have supplied proposals for the establishment of a mint and the supply of coinage.

UZBEKISTAN: FACT SHEET

Official Name:	Republic of Uzbekistan
Capital:	Tashkent 2,500,000
Area:	447,000 km^2

POPULATION/SOCIAL STATISTICS

Population:	21,000,000	
Ethnic Composition:	Uzbeks	71%
	Russians	8%
	Tajiks	5%
	Kazakhs	4%
	Tatars	2%
	Karakalpaks	2%
Religion:	Sunni Muslims	
	Christian Orthodox	

POLITICS

Form of Government:	Presidential (new constitution adopted on 8 December, 1992).
President:	Islam Karimov
Prime Minister:	Abdulkhashim Multalov
Foreign Minister:	Saidmukhtar Saidkasimov
Last Election:	Presidential elections (29 December 1991); Mr Karimov was elected with 86% of the vote.
Next Election Due:	No date has been set.
Main Political Parties:	People's Democratic Party (ex-Communist Party) Birlik (opposition; banned) Erk ("Free Will"; opposition) Islamic Renaissance Party (banned)

ECONOMIC/TRADE STATISTICS

GNP:	($bn) 1992	18.3
GNP per head:	$ 1992	860
GNP Growth:	(%) 1992	-14
Inflation:	(%) 1992	700
Exports:	bn $ 1 est 93	1.5
Imports:	bn $ 1 est 93	2.1
Principal Exports:	cotton, (80% of exports), chemicals	
Main Trade Partners:	CIS, Germany	
Bilateral Trade (Jan-Sept 93):	£m exports 7, [redacted] imports 0.095	

sb/THIERRY/uzbek.fact.sheet

3rd Edition



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Foreign &
Commonwealth
Office

London SW1A 2AH

22 November 1993

Dear Roderic

VISIT OF PRESIDENT KARIMOV: SIGNATURE OF AGREEMENTS

The Prime Minister is due to host a working lunch in honour of the President of Uzbekistan at No 10 on Wednesday 24 November 1993 at 1300. We suggest that a signing ceremony should take place before the guests sit down to lunch, involving the signature of four bilateral Agreements between the UK and Uzbekistan, plus two commercial contracts (between Barclays de Zoete Wedd and Lonrho and the Government of Uzbekistan).

The Prime Minister has indicated that he is happy to witness the commercial contracts. The Uzbeks have been pressing us to agree that the four bilateral Agreements should all be signed by the Prime Minister on behalf of the UK (President Karimov is keen to sign all four on behalf of Uzbekistan). It would be more usual for Ministers from the relevant Government Departments to sign the Agreements, but time will be very short to complete the signing ceremony and no DTI Minister will be attending the lunch. I should therefore be grateful to know whether the Prime Minister would agree to sign all four of the bilateral Agreements on this occasion. They are: Investment Promotion and Protection Agreement; Air Services Agreement; Economic Co-operation Agreement; and Memorandum of Understanding on the Unrestricted Freedom to travel.

Yours ever,

Jimmie.

(C R V Stagg)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

RESTRICTED

CARB

File.

Foreign & Commonwealth Office

London SW1A 2AH

19 November 1993

Dear Roderic,

POSSIBLE VISIT BY PRESIDENT OF AZERBAIJAN

Thank you for your letter of 18 November about your conversation with Michael Colvin MP.

Mr Colvin does indeed appear to be under a false impression. As you know, there have been persistent rumours and suggestions that President Aliev planned to make a private visit to the UK in the next few weeks. This is why we were in touch with you to ask whether the Prime Minister would be able to see him.

Mr Young, HMA Baku, made formal enquiries earlier this week and was told by one of the President's closest confidants, as well as by the Foreign Ministry, that the President has no intention of visiting London in the near future - not least because the political situation in the country demands his presence at home. There were strong hints that Dr Manafov has his own agenda and that his approaches should not be taken at face value. Indeed, Mr Young was specifically told that Dr Manafov's account of the President's wishes was inaccurate and was given without instructions.

You may therefore want to tell Mr Colvin that we have taken steps to discover whether President Aliev has plans to visit this country privately, in the next few weeks. We have been told categorically, not only by the Foreign Ministry, but also by one of his closest advisers, that he does not. You may also, however, assure Mr Colvin that we hope to be able to issue an official invitation to President Aliev to visit the UK shortly. This of course has nothing to do with Dr Manafov and his confusing interventions.

I am sending copies of this letter to Nick Welch (Department of Trade and Industry) and Melanie Leech (Cabinet Office).

Yours ever,

(C R V Stagg)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

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F/ Aliev. TO.

bc. AP
GB
RB



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

18 November 1993

Dear Dickie,

POSSIBLE VISIT BY PRESIDENT OF AZERBAIJAN

Michael Colvin MP telephoned me on 18 November to ask how matters stood over a visit by President Aliev. I said that the advice we had received was that Aliev was not at the moment contemplating a visit to the UK because he had to deal with problems at home.

Michael Colvin said that he thought this might be a false impression. He had heard a different version from the Azerbaijani wheeler-dealer, Dr. Marat Manafov. (I believe that Manafov is known to you and DTI.) Colvin said that Manafov appeared to have the President's ear, though there was no way of knowing for sure. His story was that the Foreign Minister was not to be trusted and was giving an incorrect story to our Ambassador. It seemed that the President might be free to come here in the week beginning 29 November. Michael Colvin said that he had mentioned this to the Foreign Secretary today, and that Mr. Hurd had seemed keen on the visit.

I told Colvin that the Prime Minister had very little time available in the week of 29 November, with the Budget on the 30th and other commitments likely to consume 2 and 3 December at least. However, the Prime Minister's diary was far from the only factor. If Aliev came here on an informal visit (Colvin confirmed that this was what was envisaged), we could perhaps get away with a short meeting of 20 or at the most 30 minutes with the Prime Minister; but he would need to have a suitably prestigious set of engagements for the rest of his programme to ensure that he went away happy. The object of the exercise should be to clinch whatever needed to be clinched in the commercial area - especially with regard to BP's interest. If the visit was going to result in large contracts, we would do whatever we could to facilitate it.

RESTRICTED

I agreed with Colvin that, as the next step, I would put the matter in the hands of the FCO, who would no doubt keep me posted. You will presumably wish to find out from our Ambassador whether there is truth in the Manafov version. Presumably our Ambassador should speak to someone in the President's office about it. Ideally, Aliev might then be persuaded to offer a range of dates for a possible visit, within which you could organise a suitable programme and we could try to find 20 minutes with the Prime Minister - always assuming that you are content that this will do the trick (Colvin thought it would).

We shall take no further action until we hear from you.

I am sending copies of this letter to Nick Welch (Department of Trade and Industry) and Melanie Leech (Cabinet Office).

yours ever,

Roderic

RODERIC LYNE

C.R.V. Stagg, Esq.,
Foreign and Commonwealth Office.

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SUBJECT
MASTER

Filed on:

MY TELNO 279 TO YOU OF 1 NOVEMBER: LETTER FROM TURKISH PRIME MINISTER

SUMMARY

1. Text of reply for onward transmission to Mrs Ciller.

DETAIL

2. Following is text of the Prime Minister's reply to Mrs Ciller's letter of 29 October. Grateful if you would arrange for onward transmission. There will be no (no) signed original.

Begins

Thank you for your letter of 29 October about recent events in Azerbaijan.

I share your deep concern at the breakdown of the ceasefire and the occupation of more Azerbaijani territory. This has led to appalling suffering, particularly for those who have had to flee their homes and are now refugees.

Like you, I am disturbed at the implications for regional stability if this conflict is not brought to an end. The parties must therefore be persuaded to agree quickly to the CSCE Minsk Group's peace proposals. It is right, too, that the UN Security Council should be engaged, as it has been in recent weeks. We shall continue to play our full part in its deliberations.

Ends.

3. In handing over the reply, you might like to say that we are

encouraged by the Turks' cautious optimism that Azerbaijan will sign up to the revised CSCE timetable by the deadline of 22 November. A positive response on all sides is urgently needed if further instability is to be avoided.

HURD

YYYY

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MODUK//DI(SEC)
DTI//MR GEORGE XEA2
DTI//MR WIGHTMAN XEA2D
HMT//MS YOUNG

NNNN

Azerbaijan.

Tele f/turkish AS

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

11 November 1993

LETTER FROM THE TURKISH PRIME MINISTER: AZERBAIJAN

The Prime Minister has approved the reply to Mrs. Ciller sent under cover of your letter of 10 November.

This should be despatched as an unsigned message by FCO telegram.

RODERIC LYNE

C.R.V. Stagg, Esq.,
Foreign and Commonwealth Office.

Foreign &
Commonwealth
Office

London SW1A 2AH

Prime Minister

We have good reasons
(a) to be polite to Mrs Ciller
(b) to show concern over
Azerbaijan (especially BP's interest there)

10 November 1993

Dear Roderic,

Content?
Roderic 10/11

LETTER FROM THE TURKISH PRIME MINISTER

We have received, under cover of a Diplomatic Note, a letter from Mrs Ciller to the Prime Minister, condemning the latest round of NK Armenian attacks on Azerbaijan and calling on the UK to convene an urgent Security Council meeting to facilitate an immediate Armenian withdrawal and the imposition of sanctions. She has written in similar terms to Heads of State or Government of other Permanent Members of the Security Council.

Since she wrote, the Azerbaijanis have put forward a draft UN Security Council Resolution covering much the same ground. This was discussed in the Security Council in informal consultations on 3 November. The Azeri draft is unlikely to be acceptable in its present form.

Turkey has consistently supported Azerbaijan in the Nagorno Karabakh conflict, and Turkish public opinion has been particularly partisan. Turkey has not, however, achieved under President Aliev the close relationship with Azerbaijan which it enjoyed when ex-President Elchibei was in power. Mrs Ciller's letter may be designed to help rectify this. It may also reflect Turkish concern about Iranian intentions, following President Rafsanjani's recent visit to Baku. Iran has so far maintained neutrality in the Nagorno Karabakh conflict, but has become more closely involved in providing shelter inside Azerbaijan for refugees.

I attach a draft reply.

Yours ever,

Dickie

(C R V Stagg)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

MESSAGE (By FCO telegram)

DRAFT ~~LETTER~~ FROM THE PRIME MINISTER TO HE TANSU CILLER, PRIME MINISTER OF THE REPUBLIC OF TURKEY

Thank you for your letter of 29 October about recent events in Azerbaijan.

I share your deep concern at the breakdown of the ceasefire and the occupation of more Azerbaijani territory. This has led to appalling suffering, particularly for those who have had to flee their homes and are now refugees.

Like you, I am disturbed at the implications for regional stability if this conflict is not brought to an end. The parties must therefore be persuaded to agree quickly to the CSCE Minsk Group's peace proposals. It is right, too, that the UN Security Council should be engaged, as it has been in recent weeks. We shall continue to play our full part in its deliberations.

Roderic
Can I so inform
Michael
Colvin's office —
who keep nagging!

cc Damian Green
Jonathan Hill/
Graham Bright
Sandra Phillips.

ARB

Foreign &
Commonwealth
Office

London SW1A 2AH

10 November 1993

S 10/11

I fyi.

Yes. For God's sake,
tell them to ring the [illegible] by
FCO, not us. (Eastern Dept — David Manning — 270 2417)

Dear Roderic,

R.

Possible Visit by President Aliev of Azerbaijan
- File with RL

Thank you for your letter of 9 November about a possible visit by President Aliev. The suggestion by Michael Colvin MP and others that he might be planning to come to London coincided with rumours that the President might have plans to make Paris his first West European destination.

We have consulted our Ambassador in Baku, who thinks it improbable that Aliev will visit either London or Paris in the near future. Azerbaijan's recent military reversals in the Nagorno-Karabakh dispute make it unlikely that he will feel able to leave the country. If, however, the Ambassador detects signs that Aliev is planning to travel to Western Europe, he will make it clear that Aliev would be a welcome visitor and that he believes that, diary permitting, the Prime Minister would hope to see him for a short call.

I will let you know if there are any further developments.

Yours ever,

Dickie

(C R V Stagg)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

Michael Colvin's
office informed.
P.G. S 11/11

aRB

cc Damian Green
Jonathan Hill
Graham Bright
Sandra Phillips.
I file.

Foreign &
Commonwealth
Office

London SW1A 2AH

10 November 1993

Dear Roderic,

Possible Visit by President Aliev of Azerbaijan

Thank you for your letter of 9 November about a possible visit by President Aliev. The suggestion by Michael Colvin MP and others that he might be planning to come to London coincided with rumours that the President might have plans to make Paris his first West European destination.

We have consulted our Ambassador in Baku, who thinks it improbable that Aliev will visit either London or Paris in the near future. Azerbaijan's recent military reversals in the Nagorno-Karabakh dispute make it unlikely that he will feel able to leave the country. If, however, the Ambassador detects signs that Aliev is planning to travel to Western Europe, he will make it clear that Aliev would be a welcome visitor and that he believes that, diary permitting, the Prime Minister would hope to see him for a short call.

I will let you know if there are any further developments.

Yours ever,

Didie

(C R V Stagg)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

File

fl Uzbek. as

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

10 November 1993

VISIT OF THE PRESIDENT OF UZBEKISTAN

Thank you for your letter of 9 November. I confirm that our agreement is to give Karimov a Guard of Honour and a lunch. We shall not have time for a separate session of talks (nor, I understand, would you consider this essential). If there are agreements to sign, we could have a brief ceremony during the pre-lunch drinks. I hope the Prime Minister will be able to announce good news on the commercial front during the visit.

For the lunch, you will be sending a draft guest list tomorrow. The aim will be to have a lunch of 32 guests (with about 10 in reserve). The lunch will basically be without spouses, save perhaps at the top of the table. We should include the senior members of the travelling Uzbeki party. Otherwise the emphasis should mainly be on representatives of British companies bidding for large contracts in Uzbekistan.

As you know, we have already been lobbied by Nigel Meredith-Jones (William Chapman's letter of 9 November to you). We have also had expressions of interest from Sir Patrick Sheehy (BAT have a large interest in Uzbekistan) and from Sir Derek Thomas (of Rothschilds).

RODERIC LYNE

C.R.V. Stagg, Esq.,
Foreign and Commonwealth Office.

AS

file

KW

bc RB

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

9 November 1993

Dear Bruce,

POSSIBLE VISIT BY PRESIDENT ALIEV OF AZERBAIJAN

We had a word on the telephone about President Aliev's possible visit, on which you wrote to me on 28 October. I have separately sent you a letter from Michael Colvin MP (following up the telephone call which Sandra Phillips reported in her letter of 21 October).

I am sure that the Prime Minister would be amenable to a recommendation that he should have a short meeting (i.e. 20 to 30 minutes, rather than longer) with President Aliev if this was held to be crucial to BP's chances of tying down their huge oil exploration bid in Azerbaijan and the Caspian Sea; and if, of course, the President came here at a time when it was physically possible for the Prime Minister to receive him.

I understand that a representative of the President is in London today. To my relief, and despite rumours to the contrary, he has not asked to call here. If he provies more information on the possible timing of Aliev's visit, we could institute the search for a slot in the diary.

I shall wait to hear further from you.

I am copying this letter to Peter Smith (Department of Trade and Industry).

Yours ever,

Roderic

RODERIC LYNE

C R V Stagg Esq
Foreign and Commonwealth Office

ALL

RL

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

9 November 1993

Dear Richard,

Please find enclosed a letter from David Hunt MP asking whether a constituent of his, Mr Nigel Jones, could be asked to the Prime Minister's dinner for the President of Uzbekistan on 24 November.

I understand this is likely to be a working occasion and there will therefore not be a large guest list. Would it be possible to invite Mr Jones to the reception or dinner being planned for the President at the Liverpool Cotton Exchange?

I should be grateful for a draft reply for the Prime Minister to send as soon as possible, and at any rate by close of business on 15 November.

Yours

WILLIAM CHAPMAN

C R V Stagg Esq
Foreign and Commonwealth Office

From: The Right Hon. David Hunt, M.B.E., M.P.

HOUSE OF COMMONS
LONDON SW1A 0AA

9th November 1993

Dear Prime Minister

NIGEL MEREDITH JONES of A MEREDITH JONES & CO of YORKSHIRE HOUSE CHAPEL STREET LIVERPOOL L3 9AG 051-236-3563

You may remember coming to dinner in Wirral with one of my leading constituents Nigel who is Chairman of the Meredith Jones Group the largest indigenous international cotton merchants in the U.K.

I understand you are hosting a dinner for President Karimov of Uzbekistan on Wednesday 24th November or thereabouts. As Uzbekistan is the largest potential

market in Central Asia, for UK companies who are obliged to take cotton in exchange for their goods and services. I wonder whether or not it might be possible for you to invite Nigel to this very important occasion.

Yours ever

Ian

cc RB
B'up

Foreign &
Commonwealth
Office

London SW1A 2AH

9 November 1993

Dear Roderic,

President Karimov's Visit to Britain: 22-25 November:
Guard of Honour

The Prime Minister has kindly agreed to receive President Karimov of Uzbekistan for a working lunch at No 10 on 24 November during the President's Guest of Government visit to the UK.

This will be the first visit to the UK by the Head of State from newly independent Uzbekistan. There are important commercial opportunities at stake. We shall therefore seek every opportunity during the visit to demonstrate the importance we attach to strengthening relations with Uzbekistan.

We agreed in conversation last week that the call by President Karimov on No 10 might be preceded by a Guard of Honour in King Charles St. HM The Queen has given her approval for this. I confirm that this Department will now make the necessary arrangements.

Yours ever,

Dickie

(C R V Stagg)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

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SUBJECT
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AZERBAIJAN: MESSAGE TO THE PRIME MINISTER

1. PRESIDENT ALIEV HAS SENT THE FOLLOWING REPLY TO THE PRIME MINISTER'S MESSAGE OF CONGRATULATION ON HIS ELECTION:

QUOTE Dear Prime Minister,

PLEASE ACCEPT MY SINCERE THANKS FOR THE CONGRATULATIONS YOU SENT ON MY ELECTION AS PRESIDENT OF AZERBAIJAN.

SO LONG AS I OCCUPY THIS OFFICE, I SHALL DO ALL I CAN TO STRENGTHEN FRIENDLY RELATIONS AND MUTUALLY BENEFICIAL COOPERATION BETWEEN OUR NATIONS.

I SHOULD EMPHASIZE THAT AZERBAIJAN IS COMMITTED TO THE PRINCIPLES OF DEMOCRACY, POLITICAL PLURALISM, THE MARKET ECONOMY, AND RESPECT FOR HUMAN RIGHTS AND FREEDOMS.

WITHIN THESE PRINCIPLES, THE POSITION OF AZERBAIJAN IN SUPPORTING THE PEACEFUL SETTLEMENT OF THE ARMENAIAN-AZERBAIJAN CONFLICT IS CLEAR. I AM CONFIDENT THAT THE UNITED KINGDOM, WITHIN THE CSCE FRAMEWORK, WILL ASSIST THE EARLY RESOLUTION OF THIS CONFLICT.

I HAVE THE HONOUR TO CONVEY TO YOU MY FRIENDSHIP AND RESPECTS.

Yours sincerely,
Heydar Aliev

UNQUOTE

2. SIGNED ORIGINAL FOLLOWS BY BAG.

YOUNG

YYYY
BMLNAN 0070

NNNN

RESTRICTED

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

1 November 1993

LETTER FROM THE PRIME MINISTER OF MOLDOVA

Thank you for your letter of 1 November.

I doubt if it is necessary for the Prime Minister to send a personal reply to Mr. Sangheli. I should be grateful if you could arrange for our Embassy at Moscow to reply on the Government's behalf in terms of the draft enclosed with your letter.

I am copying this letter to Jeremy Heywood (H.M. Treasury).

RODERIC LYNE

C.R.V. Stagg, Esq.,
Foreign and Commonwealth Office.

RESTRICTED

RESTRICTED

Foreign &
Commonwealth
Office

London SW1A 2AH

1 November 1993

Dear Roderic,

Letter to the Prime Minister from the Prime Minister of Moldova

We have received, through our Embassy in Moscow, a letter from the Prime Minister of Moldova requesting balance of payments support. The Moldovans reiterated this request to the international community as a whole at a Consultative Group Meeting held in Paris on 26 October.

As a matter of policy we do not provide bilateral balance of payments support to FSU countries. Most of our assistance to the FSU goes through multilateral programmes to which we contribute via the EC and the IFIs. A Commission proposal for Community Balance of Payments support for Moldova was turned down at ECOFIN on 25 October. The Commission has, however, made provision for Moldova in the Community's programme of technical assistance through TACIS. The World Bank is currently preparing a rehabilitation loan of US $60 million.

Although Moldova is not a priority country for Know How Fund support, we have started a small number of technical assistance projects. There are others in the pipeline and we are investigating further possibilities.

Our delegation to last week's Consultative Group Meeting explained our approach to the Moldovans, stressing our readiness to consider further modest possibilities for technical assistance.

I enclose a draft reply.

I am copying this letter to Jeremy Heywood (HM Treasury).

Yours ever,

Dickie

(C R V Stagg)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

RESTRICTED

DRAFT FOR SIGNATURE BY THE PRIME MINISTER

HE Mr Andrei Sangheli
Prime Minister
Republic of Moldova

Thank you for your letter of 23 September which, I fear, was delayed in reaching London.

I was interested to learn of the progress you are making with economic stabilisation and reform. I am sure you are right in taking these essential steps in the transition to a market economy.

The United Kingdom participated in the recent Consultative Group Meeting in Paris to which you referred, and our delegation set out the ways in which the UK can help. The International Monetary Fund and the World Bank, to which we contribute, provide the main source of financial support. In this context, I congratulate you on reaching agreement with the IMF on access to the Systemic Transformation Facility.

We also contribute substantially to the programmes of the European Community and the European Bank for Reconstruction and Development. I hope Moldova will increasingly benefit from both of these.

Our bilateral aid is essentially in the form of Technical Assistance, through the UK Know How Fund. We are ready to provide this quick and effective help to support your reform programme, where we can.

SUBJECT✓
MASTER

Begins letter from the Prime Minister of Turkey:

Filed on:

Ankara, 28th October 1993

Mr. Prime Minister,

The most recent onslaught against Azerbaijan territory, namely occupation and destruction of town of Horadis and the ultimatum for evacuation of Zengelan, is another open act of defiance of international norms by the Armenians.

This unprovoked onslaught by the Armenians disregarding the United Nations Security Council Resolutions 822, 853 and 874 clearly reveals their ambition for territorial expansion.

I should like to draw your attention to the fact that the Armenians dare to launch their armed attacks and destruction while the CSCE Chairman-in-Office, the Swedish Foreign Minister Madame Af Ugglas was in the Caucasus to make a personal effort in search of a political solution to the conflicts in the region.

Last but not least, this interminable Armenian military adventurism has acquired a nature that might drag other regional countries into the conflict. Such a perilous development is a serious threat to the stability and security of the region with wider grave consequences.

We sincerely believe that these unchecked Armenian military ventures have to be halted and reversed without further delay and there exists a mechanism in the United Nations system which we have to utilize effectively.

Therefore, I should like to call upon you for convening an urgent Security Council meeting to this effect so as to facilitate the immediate withdrawal of Armenian military forces and impose effective sanctions for the implementation of Security Council Resolutions.

Sincerely,

Prof. Dr. Tansu Çiller
Prime Minister of the
Republic of Turkey

The Rt Hon John Major MP
Prime Minister of the United Kingdom
and Northern Ireland

ends letter

Foreign &
Commonwealth
Office

London SW1A 2AH

28 October 1993

Dear Roderic,

Possible Visit by President Aliev of Azerbaijan

Sandra Phillips wrote to me on 21 October about a telephone conversation with Derek Lord in the office of the Conservative backbench committee on Foreign Affairs about a possible visit by President Aliev of Azerbaijan "in the next 4-6 weeks".

We know of no plans for a visit on this timing. We hope to be able to invite President Aliev to visit the United Kingdom as a Guest of Government soon, perhaps in the first half of 1994. This will be discussed at the RVC in December. During his recent visit to Azerbaijan, Mr Hogg told the President that he hoped he would be able to visit the UK in due course, but said nothing about dates.

It may be that President Aliev plans to visit privately in the next 4-6 weeks. Were he to do so, we should recommend that the Prime Minister see him for a short call, without prejudice to a more formal visit next year.

Were such a call to take place, we would not recommend the involvement of the Chairman or Deputy Chairman of the Conservative backbench committee on Foreign Affairs.

Yours ever,

Dominic

(C R V Stagg)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

RODERIC o.r.

POSSIBLE VISIT BY AZERBAIJAN PRESIDENT ALIE

You may recall that the office of the Chairman of the Foreign Affairs Committee asked whether the President of Azerbaijan could call on the Prime Minister on a visit to London during the next 4 - 6 weeks. I asked FCO for information and advice.

A Mr John O'Reilly from BP (tel:070.496.4136) has now asked whether there are any plans for someone from No 10 to meet the President's representatives next week to discuss the possibility of a visit. BP have picked up a rumour that one of the Azerbaijani chief negotiators on the contract BP is currently hoping to win has approached No.10 through Michael Walker (who represents the Azerbaijani side) to try to set up a meeting.

I said this was all news to me. Have you heard anything?

S.

SANDRA
28 October 1993

Damian: thanks
C. to Rod
Douglas

From: Damian Green
Date: 25 October 1993

MRS HOGG

BP AND AZERBAIJAN

We discussed the noises I had heard from BP about a possible visit by the President of Azerbaijan. Further investigation reveals that

a) The FCO, notably Douglas, have been 'extremely helpful' and have extended an invitation in principle to the President to come here.

b) The previous President was due to meet the PM, but was deposed before his visit.

c) The contract, if won, will be seriously good news for BP.

d) The PM is seeing the Armenian leader next March, which adds to sensitivities.

BUT

e) BP have no idea yet when President Aliev might want to come, so cannot even bid for a tentative date!

I have told them (sympathetically) to go through the normal processes when they have a firm proposal.

D.G.

DAMIAN GREEN

152.dg

Roderic or
There is also
a request (via
Foreign Affairs Committee)
for call by President
Aliev of
Azerbaijan in
next 4-6 weeks.
S 25/10

Sandra,
Presumably no diary
problem with this?
MLA 25/10

Foreign &
Commonwealth
Office

London SW1A 2AH

25 October 1993

Dear Roderic,

File. Ryl.

INWARD VISITS FROM THE FORMER SOVIET UNION

Thank you for your letter of 11 October offering dates for the visits of President Nazarbaev of Kazakhstan and President Karimov of Uzbekistan. This was very welcome given the commercial importance we attach to these visits. Unfortunately both Presidents have indicated that they are unable to come to London on the dates offered. However, it appears that, if we can move quickly, President Karimov of Uzbekistan could take the 24 November slot identified for President Nazarbaev.

We continue to attach importance to receiving both Presidents as soon as possible. We do not, however, have any strong views about the order in which they should come. Given the continuing pressure on the Prime Minister's diary, and the likely difficulty of finding alternative dates, we hope you might be able to agree to offer the November date to President Karimov of Uzbekistan. We could then explore urgently the possibility of a straight swap between the two Presidents, although it is possible that 21 March may cause as many difficulties for Nazarbaev as it did for Karimov (it is the date of a major regional festival).

I am copying this letter to Peter Smith (DTI) to Melanie Leech (Cabinet Office).

Yours ever,

Diane.

(C R V Stagg)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

Alei dlstagg.ecn

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

21 October 1993

Derek Lord, in the office of the Chairman of the Foreign Affairs Committee, Mr Michael Colvin MP, telephoned to make a representation to the Prime Minister on behalf of President Alier of Azerbaijan. Apparently the President plans to visit this country in the next 4-6 weeks, and has asked for a brief call (15-20 minutes) on the Prime Minister. Mr Colvin, and the Foreign Affairs Committee Deputy Chairman Ian Duncan Smith, would like to attend any such call.

I told Mr Lord that I was not aware of this particular visit, though a number of Presidents from the other new Republics were seeking calls on the Prime Minister during the autumn. The diary over the next few weeks was extremely full, and I could make no promises.

It is not clear (and Mr Lord did not know) whether the President's visit is an official one, or whether it is a maverick request through Mr Colvin. It appears that the President will fit in with any dates we can suggest.

Since the cancellation of the Elchibei visit, I am not aware of any suggestion of an Azerbaijani call. There is very little opportunity this autumn, and I should be most grateful for your advice.

MISS SANDRA PHILLIPS

C.R.V. Stagg, Esq.,
Foreign and Commonwealth Office.

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

19 October 1993

Dear Laura,

Your splendid account of how to put a Turkmeni horse into quarantine was the most enjoyable document the Private Office have put into my weekend box in a very long time.

Had I solicited this gift, I would have been embarrassed at the trouble it has caused. But, as you know, there are important reasons of State for ensuring the safe transit of "Maksat" to his eventual home with the Household Cavalry. I am most grateful to you for your valiant, and amusing efforts, in this noble cause.

Yours sincerely,
John Major

Miss L J Brady

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

18 October 1993

Dear Matthew,

The Prime Minister was grateful for Mr Eggar's minute of 14 October, reporting on his recent visit to Kazakhstan.

We had reserved space in the Prime Minister's diary for a meeting with President Nazarbayev this month. I believe that the President is now being offered an alternative date towards the end of November.

Presumably the size of the German Embassy in Almaty in part relates to the large number of "ethnic Germans" settled in Kazakhstan.

I am sending copies of this letter to Dickie Stagg (Foreign and Commonwealth Office), Peter Smith (Department of Trade and Industry) and Melanie Leech (Cabinet Office).

Yours ever,

Roderic Lyne

RODERIC LYNE

Matthew Baldwin Esq
Department of Trade and Industry

CeHB

Prime Minister.

PRIME MINISTER

I visited Kazakhstan for three days where I led a delegation of forty businessmen on a trade promotion visit.

It became obvious that if we are to do successful business with Kazakhstan, then a clear Government to Government link must be maintained. It will be some time before the old communist thinking disappears. Personal relations with Kazakh Ministers are important. (As an example of which Mr Tereschenko, the Prime Minister, mentioned that Lady Thatcher had written to him supporting Phillip Harris' successful bid for the national cigarette company. He did not explicitly express surprise that she did not support the alternative bidder - BAT!) The FCO and ourselves are laying plans for inward ministerial visits. We indicated that the President, who still dominates the country and government, would be invited on an official visit in 1994. I have established a good rapport with Mr Baikenov, the Energy Minister. UK oil and gas companies, particularly British Gas, have a high profile in Kazakhstan but this has not yet spread to the UK generally.

Actually on the slate for late '93.

There are plenty of opportunities available for the UK in all sectors, but the availability and level of funding will be critical to our success. The announcement that an ECGD line of credit would be made available was welcomed. It is a reasonable start but export success, particularly in the energy sector, will require an increase in the £20m internal

line. The remaining barter opportunities are very limited. The Know How Fund was generally held in high regard, although a need to respond quickly to requests was identified. We have a number of ideas to pursue on this.

On a sector by sector basis, I signed a Memorandum of Understanding with Mr Baikenov on future energy cooperation, and our Offshore Supplies Office have agreed to carry out a technical audit of their oil equipment supply industry. There are a large number of possible projects in the energy sector. There is a shortage of electricity generating capacity which is being addressed, albeit hesitantly, and which offers significant opportunities. The Kazaks are interested in the UK's experience of legal and technical management of environmental risks, and the possibility of exchanges to discuss this will be pursued. On mining equipment, our companies are well placed, but their success will depend on the Kazakh's ability to finance their priorities. We need to clear up misunderstanding on the air service agreement. But it will not be easy since British Airways apparently still believe that the route is unprofitable. The textile manufacturing industry needs new equipment but has few raw materials and fewer opportunities to earn hard currency.

The three person team at the Mission, including one temporary official sponsored by the DTI, worked wonders in organising the trip, but the uprating of the Mission to Ambassador status is welcome, both to ourselves and the Kazakhs. At present, our plans call for the removal of the DTI-sponsored commercial official from Almaty next year. This needs to be re-addressed. The Germans have 44 officials in their Embassy!

Resources?

Temporarily retained

THIS IS A COPY. THE ORIGINAL IS RETAINED UNDER SECTION 3 (4) OF THE PUBLIC RECORDS ACT

T E

DEPARTMENT OF TRADE & INDUSTRY

14 OCTOBER 1993

dti
the department for Enterprise

Prime Minister

This is a wonderful story — worthy of Gogol. The family might enjoy it. (French horse attaché there because Mitterrand was given one too).

You will have to visit the nag when it arrives next year.

Roderic.

Jean Roderic, 14/x

Foreign & Commonwealth Office

London SW1A 2AH

13 October 1993

cc RB
W. Haslam.

Rod/(1) Note to Laura Brady (who rounded [illegible]) (2) Copy of telegram for use to keep please
16.10.

TURKMENISTAN: THE PRIME MINISTER'S HORSE

The Prime Minister may like to know that we have received confirmation from our Embassy in Moscow that the Turkmen horse arrived safely and is now in the hands of the Russian Horse Society, where it will remain for its period of quarantine. All being well, the horse should arrive in London in early January. Our Embassy in Moscow has however been told that the breed papers for the horse were presented to the Prime Minister by President Niyazov himself. It seems that these will have to be sent to Moscow for the Embassy to incorporate into the horse's "passport". Perhaps you could let me have these for onward transmission.

I am enclosing the full report we have received from Laura Brady in Moscow on the last stages of this saga. It is an enlightening, and highly entertaining, account of the bureaucratic obstacles the Embassy has had to overcome!

Yours ever

Victoria

(C R V Stagg)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

Ref: A093/3058

File

MR LYNE

with RL

Sir Robin Butler has seen Dickie Stagg's letter of 6 October to you about inward visits from the FSU.

2. Dickie Stagg's letter seeks agreement to visits by the President of Kazakhstan in November this year, and by the President of Uzbekistan early in 1994. Sir Robin has already indicated (my letter of 14 September to Dickie Stagg) that he would be prepared to agree to an additional supernumerary visit in 1993 by the President of Kazakhstan.

3. On the question of a visit by the President of Uzbekistan in 1994, Sir Robin notes the suggestion that this might replace the visit already accepted by the President of Armenia. This was not in fact a supernumerary visit but was agreed by RVC in June as one of the visits for the programme for 1994. If the Foreign Office and DTI now feel that a higher priority should be given to a visit by the President of Uzbekistan, Sir Robin would be content for Uzbekistan to replace Armenia in the programme. This would mean that the next RVC meeting in December would consider candidates for, in principle, two further inward visits in 1994. Sir Robin hopes that, particularly in view of the proposed changes to the programme, no invitations will be issued for these two visits until RVC has met in December to reassess the priorities for the two remaining slots in the programme.

4. Sir Robin understands that there would be difficulties in cancelling the invitation to the President of Armenia on the eve of Mr Hogg's visit and would be content for the invitation not to be formally withdrawn immediately. However he hopes that, by the time of the next RVC meeting, the Foreign Office will be in a position to inform the Committee whether they wish to continue to advise that the President of Armenia should be included in the programme of inward State visits. If the Committee does not feel able, in the light of the Foreign Office advice, to recommend that the President of Armenia should remain in the programme the invitation would of course then need to be withdrawn.

5. I am copying this minute to Dickie Stagg and Peter Smith.

Melanie Leech

MELANIE LEECH

8 October 1993

cc RB

Foreign & Commonwealth Office
London SW1A 2AH

Authorised to Res. Clerk

8 October 1993

SUBJECT MASTER

Filed on:

Dear Roderic,

MESSAGE OF CONGRATULATIONS FROM THE PRIME MINISTER TO HAIDAR ALIEV

Azerbaijan's presidential elections on 3 October have resulted in a significant victory for Haidar Aliev. Despite widespread irregularities, a boycott by the main opposition party, and official returns of which Brezhnev would have been proud (over 97.6% turnout, with 98.8% voting for Aliev), the election took place in an orderly atmosphere. Observers from several Western countries, including four from the British Helsinki Human Rights Group, concluded that a clear majority genuinely voted for Aliev. He will now be inaugurated on 10 October. He has promised to pursue the democratic process and to convene parliamentary elections

We have important trade/investment interests and prospects in Azerbaijan (BP hope to sign an oil production sharing agreement soon). Mr Hogg is due to visit Baku next week (12-13 October).

We recommend that the Prime Minister send Aliev a congratulatory message. For maximum impact, this should reach Baku by 1000Z on 9 October to coincide with his inauguration. I enclose a draft.

Yours ever,

Dickie

(C R V Stagg)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

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FM FCO
TO DESKBY 091000Z BAKU
TELNO
OF 081339Z OCTOBER 93

MESSAGE FROM THE PRIME MINISTER TO THE PRESIDENT OF THE REPUBLIC OF AZERBAIJAN

1. Please pass the following message from the Prime Minister to Haidar Aliev, President of the Republic of Azerbaijan

BEGINS
Please accept my warm congratulations on your election as President of the Republic of Azerbaijan. We were pleased that the elections were able to go ahead, despite the many difficulties facing your country. I understand you hope to organise multi-party Parliamentary elections as soon as possible. This will be an important element in the restoration of democracy in Azerbaijan.

We continue to watch the situation in Nagorno-Karabakh very closely. This has been a tragedy for all the peoples in the Caucasus. We welcome the fact that there has been an effective ceasefire since July and we hope that the peace talks under the

CSCE

BAKU8.10 PRIVATE OFF C R V STAGG 270 2069

CSCE auspices will soon bring a lasting settlement. We shall do all we can to support this.

I look forward to developing the close and friendly relationship which exists between the United Kingdom and Azerbaijan. I hope in particular that we can build closer commercial ties as you seek to develop a diverse market economy. British companies are, as you know, keen to play a part in this. I hope that the oil agreement currently under negotiation with a number of Western companies, including British Petroleum, can soon be completed. This would be a very significant step forward in our bilateral relationship.

~~With warm wishes.~~

2. There will be no signed original.

HURD

YYYY
MAIN
EASTERN
PS
PS/MR HOGG
MR APPLEYARD
MR LOGAN
SED
NEWS DEPT

NNNN

RESTRICTED

Foreign & Commonwealth Office

London SW1A 2AH

06 Oct 1993

Dear Rodderic,

Inwards Visits from the FSU

There has been extensive correspondence about possible visitors from the FSU in 1993/94. The main difficulty concerns the so-called "supernumerary" Guest of Government category. This, as I understand it, was devised in 1991 mainly as a means of providing for the leaders of the newly independent countries of the former Soviet Union and Warsaw Pact to pay short, early visits to the UK: the normal quota of three Guests of Government visits per annum was clearly unable to accommodate them.

We now have a practical problem over President Nazarbaev of Kazakhstan and President Karimov of Uzbekistan. Both come from countries which offer substantial commercial opportunities and both are pressing for early visits to the UK. We need to reach firm decisions quickly, not least because Mr Hogg will be visiting the region next week.

We would like to propose that Nazarbaev should be invited to pay an official visit in November. The Prime Minister has already agreed in principle to a meeting with President Nazarbaev, although no firm dates have yet been proposed. Melanie Leech indicated in her letter of 14 September that the Cabinet Secretary would be willing to consider a supernumerary visit by Nazarbaev this year. This is extremely helpful and we hope we can go firm on this.

The other candidate who, in our view, deserves a high priority is President Karimov. He is currently pencilled in for 1994. But in our view a visit should come earlier rather than later. You are well aware of the pressures from British companies to see progress on this visit. Important commercial contracts could well hinge on it. Karimov has visited Germany and has been invited to visit

RESTRICTED

France. Our companies are in direct competition with the French and Germans. We have stalled for the past six months. We hope that it will now be possible to agree on a supernumerary visit for Karimov early in 1994.

We considered whether Karimov could take the slot offered to President Ter-Petrossian of Armenia (the week of 7 February). The Foreign Secretary would be willing to put this supernumerary visit on ice. But we would be reluctant to cancel formally at this stage (and certainly not on the eve of Mr Hogg's visit to Armenia); and we could not stand Ter-Petrossian down on the grounds of the Prime Minister's diary commitments and then invite another FSU visitor here at exactly the same time. The Armenians would understandably take great offence at this. We should therefore like to allow the invitation to stand and review the visit again later this year in the light of various factors, not least the political situation in Nagorno-Karabakh.

If we can now agree on these points, it would be best to review the wider programme for inward visits from the FSU in the context of the regular RVC meeting scheduled for early December.

It would be very helpful if you could let me have an early reply as Mr Hogg will be leaving for his visit to the Caucasus and Central Asia at the weekend.

I am copying this letter to Melanie Leech (Cabinet Office) and Peter Smith (DTI).

Yours ever,

Jackie

(C R V Stagg)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

This is worth reading. A

RESTRICTED

CK 135356
MDTTAN 2425

Mr Manning
Mrs Holt
Mr Fraysse
and PA.

RESTRICTED
FM MOSCOW
TO TELELETTER FCO
TELELETTER
OF 061600Z OCTOBER 93

FROM: LAURA BRADY, MOSCOW
TO: MS CORINNE KITSELL, EASTERN DEPARTMENT, FCO

8/10

OUR TELNO 1717

HORSES: THE DEFINITIVE END OF AN ERA

1. AS I REPORTED TO YOU ON THE TELEPHONE TODAY, THE TURKMEN HORSES HAVE ARRIVED IN MOSCOW. THEY ARE NOW IN THE QUARANTINE STABLES, NO DOUBT RELIVING THE EXCITEMENT OF THE LAST WEEK. THE LAST FEW HOURS LEADING UP TO THIS MOMENTOUS EVENT ARE AS FOLLOWS.

2. ON TUESDAY MORNING I GOT AN EXCITED PHONECALL FROM YEFSTAFIEV OF THE RUSSIAN HORSE SOCIETY (RHS). HE HAD FOUND THE HORSES' CARRIAGE. THE REASON HE HAD NOT BEEN ABLE TO FIND IT THE DAY BEFORE WAS BECAUSE THE CARRIAGE HADN'T BEEN THERE. THE TURKMENS HAD GOT THE DAY WRONG AND THE TRAIN HAD ONLY ARRIVED ON MONDAY NIGHT, NOT SUNDAY NIGHT. YEFSTAFIEV SAID THAT THE RAILWAY AUTHORITY'S VET HAD ALREADY INSPECTED THE HORSES AND PASSED THEM AS FIT. WE WERE NOW FREE TO BEGIN THE CUSTOMS FORMALITIES. WE PHONED THE TWELFTH DIPLOMATIC CUSTOMS POST IN NORTHERN MOSCOW AND WERE GIVEN AN APPOINTMENT FOR ONE O' CLOCK.

3. AT ONE O'CLOCK WE PRESENTED OURSELVES AT THE CUSTOMS OFFICE. APART FROM TWO MANGY DOGS AND A RECEPTIONIST THE PLACE WAS DESERTED. THE RECEPTIONIST TOLD US THAT IT WAS LUNCH TIME. WE SHOULD RETURN AT THREE O'CLOCK. WE EXPLAINED OUR MISSION, PLEADING THE CASE OF TWO POOR TURKMEN HORSES THAT HAD BEEN STANDING UP IN A RAILWAY CARRIAGE FOR FOUR AND A HALF DAYS. THIS ELICITED IN RESPONSE THE SAD TALE OF THE FINNISH AMBASSADOR'S PARROT, THE ONLY OTHER LIVING THING THAT HAD FALLEN IN TO THE HANDS OF THE TWELFTH DIPLOMATIC CUSTOMS POST DURING HER MEMORY. THE RECEPTIONIST, AN ANIMAL LOVER AND CLOSE TO TEARS AT THE THOUGHT OF THE PARROT, RELENTED AND LED US THROUGH A MAZE OF CEILING-HIGH PACKING CASES IN THE ENORMOUS WAREHOUSE. AND THERE WE FOUND THE STAFF OF THE TWELFTH DIPLOMATIC CUSTOMS POST PLAYING POKER.

4. FIFTEEN DOLLARS POORER BUT WITH THE CUSTOMS FORMALITIES COMPLETED WE HOTFOOTED IT TO THE STATION ACCOUNTS OFFICE IN SOUTH MOSCOW, ARRIVING THERE AT 1645. WE PRESENTED THE VET'S CERTIFICATE OF FITNESS AND OUR STAMPED CUSTOMS DECLARATION. WE WERE TOLD THAT STAFF HAD STOPPED WORK TO GET READY TO GO HOME AT 1700. NOTHING COULD BE DONE UNTIL THE FOLLOWING DAY. WE AGAIN TROTTED OUT THE PITIFUL STORY OF THE HORSES. THE SOFT-HEARTED AND ENORMOUSLY FAT CLERK RELENTED. BUT AFTER ONE GLANCE AT THE PAPERS ON HER DESK AND A QUICK TWIDDLE ON THE OFFICE ABACUS SHE ANNOUNCED THAT WE OWED THE RUSSIAN RAILWAY AUTHORITY EIGHT AND A HALF MILLION ROUBLES (8,500). WE EXPLAINED THAT THE TURKMENS HAD PAID FOR THE TRANSPORT IN ADVANCE. SHE REPLIED THAT THEY HAD ADDED UP THE FIGURES WRONGLY AND WE HAD TO PAY THE BALANCE. WE POINTED OUT THAT THE TURKMENS HAD PROVIDED THEIR OWN RAILWAY CARRIAGE FOR THE JOURNEY. THEY DID NOT WANT THE CARRIAGE BACK. COULD WE NOT COME TO SOME ARRANGEMENT ? AFTER SOME DELIBERATION HER BOSS FINALLY AGREED. BUT NOW IT WAS AFTER FIVE O'CLOCK. WE WOULD HAVE TO RETURN THE NEXT DAY.

5. AT 0830 WEDNESDAY MORNING WE WERE ALL BACK AT THE ACCOUNTS OFFICE. COULD WE NOW HAVE THE BIT OF PAPER THAT WOULD ALLOW US TO DRIVE OUT OF THE FREIGHT YARD WITH THE HORSES ? IN PRINCIPLE, YES, SAID THE FAT CLERK. IN PRACTICE, HOWEVER, NO. AS THE HORSES HAD BEEN AT THE STATION FOR 24 HOURS THEY WOULD HAVE TO BE SEEN AGAIN BY THE VET. THE VET WAS IN HER OFFICE ADDING-UP EXTREMELY SLOWLY A LONG LIST OF FIGURES ON A CALCULATOR WITH DODGY BATTERIES. THE NUMBERS KEPT FADING, AT WHICH POINT SHE BEGAN AGAIN AT THE TOP OF THE LIST. WE WAITED AN HOUR. THE VET THEN PUSHED ACROSS THE TABLE A SIGNED DECLARATION SAYING THAT SHE HAD INSPECTED THE HORSES AGAIN AND THAT THEY WERE FIT. ALL WITHOUT LEAVING HER DESK. FOR THIS WE PAID PRECISELY R7,614 (7.00).

6. AT 10.00 WE GOT TO THE STATION ITSELF. WITHIN 20 MINUTES WE HAD THE HORSES LOADED INTO THE HORSE-BOX. I THOUGHT THAT WE WERE READY TO GO. BUT OUT OF THE RAILWAY CARRIAGE THE THREE GROOMS, WHO HAD TRAVELLED WITH THE HORSES, BEGAN TO CARRY COUNTLESS SACKS OF POTATOES, ONIONS, CARROTS AND AT LEAST 200 LARGE YELLOW MELONS. ONE GROOM EXPLAINED THAT AS TURKMENISTAN HAD NO POST 1992 BANKNOTES THEY WERE FORCED TO BRING WARES TO SELL IN MOSCOW TO BE ABLE TO BUY THE RETURN TICKET TO ASHKHABAD. THE GROOM ALSO TOLD ME HOW THEY HAD LOST SOME OF THE MELONS WHEN ARMED BANDITS HAD BROKEN INTO THEIR CARRIAGE AT A RURAL STATION IN KAZAKHSTAN. THE BANDITS HAD BEEN DISAPPOINTED TO FIND NO CASH AT ALL AMONGST THE THREE GROOMS. THE MAIN CARGO (THE HORSES) HAD BEEN UNWILLING TO DISMOUNT FROM THE

TRAIN AND MAKE OFF INTO THE KAZAKH DARKNESS. SO THE ROBBERS HAD MADE OFF WITH AS MANY OF THE LEGENDARY TURKMEN MELONS AS THEY COULD CARRY.

7. AS THE LAST FEW SACKS OF VEGETABLES WERE LOADED ALONGSIDE THE HORSES WE MADE OUR WAY TO THE OFFICE OF THE HEAD OF THE FREIGHT DEPARTMENT OF THE STATION TO GET THE DOCUMENT ALLOWING US TO LEAVE THE STATION WITH OUR 'FREIGHT'. HE TOLD US THAT WE HAD TO RETURN TO THE ACCOUNTS DEPARTMENT TO ARRANGE FOR A STICKER TO BE STUCK ON THE CARRIAGE SAYING THAT THE FREIGHT HAD BEEN REMOVED AND THAT THE CARRIAGE WAS READY FOR DISINFECTION. WE TROOPED BACK TO THE ACCOUNTS DEPARTMENT. IT WAS 11.40. PREDICTABLY THEY WERE AGAIN PACKING UP THEIR PAPERS IN ORDER TO BEGIN THE LUNCH BREAK ON THE DOT OF 12.00. WE FOUND THE FAT CLERK WHO ABANDONED THE WOMAN SHE WAS DEALING WITH (GIVING AS EXPLANATION THE SAME PITIFUL STORY OF HOW LONG THE HORSES HAD BEEN STANDING UP THAT WE HAD GIVEN HER THE DAY BEFORE). WE PAID R5,084, FOR WHICH WE RECEIVED A LITTLE OLD LADY ARMED WITH THE AFORE-MENTIONED STICKER. WE ACCOMPANIED HER BACK TO THE RAILWAY CARRIAGE. SHE TOOK ONE LOOK INSIDE AND SCREECHED THAT SHE WAS NOT GOING TO STICK HER STICKER ON SUCH A DIRTY CARRIAGE FULL OF HORSE MANURE. WE WOULD HAVE TO REMOVE IT. AND NO, WE WERE NOT ALLOWED TO PUT IT IN THE STATION DUSTBINS. SHE STOMPED BACK TO THE ACCOUNTS DEPARTMENT. BY THIS TIME THE FRENCH HORSE ATTACHE WAS GETTING HYSTERICAL.

8. I CONTEMPLATED PUTTING THE MANURE IN THE BOOT OF MY CAR AND TAKING IT BACK FOR THE ROSES AT THE RESIDENCE. BUT WE DIDN'T HAVE A SPADE, AND THE AMOUNT OF MANURE PRODUCED BY TWO HIGHLY-STRUNG HORSES OVER A PERIOD OF FIVE DAYS IS CONSIDERABLE. LUCKILY THE MELONS AGAIN CAME TO THE RESCUE. BRIBED WITH SEVERAL PARTICULARLY LARGE ONES THE DRIVER OF A ENGINE WAS PERSUADED TO SHUNT THE CARRIAGE A COUPLE OF MILES DOWN THE TRACK WHERE THE OFFENDING MATERIAL WAS UNCEREMONIOUSLY SCRAPED OUT ON TO THE TRACK. THE CARRIAGE WAS RETURNED TO THE FREIGHT YARD, THE STICKER WAS STUCK AND WE WERE ALLOWED TO LEAVE THE STATION. THE HORSES ARE NOW INSTALLED IN THE QUARANTINE STABLES. THE ETA IN LONDON WILL THUS BE EARLY JANUARY.

9. ON AN ADMINISTRATIVE NOTE, THE BREED PAPERS FOR OUR HORSE, MELEKOOSH, WERE APPARENTLY PRESENTED TO THE PRIME MINISTER BY PRESIDENT NIYAZOV HIMSELF. BEFORE MELEKOOSH LEAVES MOSCOW THEY WILL HAVE TO BE SENT HERE SO THAT THEY CAN BE INCORPORATED INTO HIS 'PASSPORT'. I TOOK PHOTOGRAPHS THROUGHOUT THE DAY AND WILL FORWARD TO YOU COPIES FOR THE HOUSEHOLD CAVALRY. I WILL BE IN TOUCH ABOUT

ANY OTHER POINTS THAT ARISE. I HAVE MADE SOME USEFUL CONTACTS OVER THE LAST FEW DAYS SO THE NEXT TIME WE WANT TO IMPORT A HORSE TO RUSSIA IT WILL BE A DODDLE.

SIGNED...LAURA BRADY

YYYY

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Ry/10

The Rt. Hon. Michael Heseltine MP
President of the Board of Trade

Secretary of State
Department of Trade and Industry

Ashdown House
123 Victoria Street
London SW1E 6RB

Direct line
071-215 4440

DTI Enquiries
071-215 5000

Roderic Lyne Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1A 2AA

30 September 1993

Dear Roderic

10 - at flap

Sir Derek Thomas of Rothschilds wrote to you on 20 September and you copied me his letter under cover of your own to Dickie Stagg at the FCO, with a request for DTI comments on the arguments for according the President of Uzbekistan an early visit.

We believe that Sir Derek puts his case very fairly. Knowing as we do both that few significant business contracts can now be concluded in Uzbekistan without President Karimov's personal approval and that the Uzbeks have recently sent gold to a German bank in Frankfurt, we are inclined to accept Sir Derek's view that British banks will not get Uzbek gold business until the UK has accorded Karimov a visit. In our view we would also stand a better chance of winning business in Uzbek cotton, oil and gas once Karimov has been welcomed in London.

Whether these commercial considerations should overrule the non-commercial constraints against issuing an early invitation is, however, another matter on which we must leave you and others to judge. In our view the commercial advantages are quite strong but not overwhelming. For one thing we should be better able to exploit commercial opportunities when our new Charge in Tashkent is equipped with a deputy to undertake commercial work. We expect this to happen next March.

A further practical consideration is that our Export Promoter for Uzbekistan is only just beginning to assess the opportunities and stir up interest in them among British companies.

I am copying this letter to Dickie Stagg (Foreign and Commonwealth Office) and Melanie Leech (Cabinet Office).

Yours ever
D

DAVID MELVILLE
Assistant Private Secretary

JW9150

888-888

Recycled Paper

d/weldon. AS.

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

14 September 1993

POSSIBLE VISITS BY PRESIDENT NAZARBAEV (KAZAKHSTAN) AND PRESIDENT ULMANLIS (LATVIA)

John Sawers' letter of 19 July to Roderic Lyne referred to the FCO's preference for a visit by President Nazarbaev this November. I have not seen a reply but have a call on the Prime Minister by President Nazarbaev pencilled into the diary on Thursday 14 October at 1715-1800 hours. Can you confirm that this is now redundant?

A call on the Prime Minister by President Ulmanlis is pencilled in on Monday 29 November at 1500-1545. I assume this still stands?

MISS SANDRA PHILLIPS

Ms Carole Weldon,
Foreign and Commonwealth Office.

K

SP

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

13 September 1993

Dear Charlie,

POSSIBLE VISIT BY THE PRESIDENT OF UZBEKISTAN

As you will see from the enclosed letter, Sir Derek Thomas of Rothschilds is lobbying for an early visit by the President of Uzbekistan. This visit has been the subject of separate correspondence, following the last meeting of the Royal Visits Committee, and I understand that the FCO has been asked to consider where it should stand in the list of priorities, e.g. in relation to the proposed invitation to the President of Austria.

You are doubtless already considering the points made by Sir Derek. I would be interested to know how you and DTI see the arguments in his letter.

I am sending copies of this letter to Peter Smith (Department of Trade and Industry) and Melanie Leech (Cabinet Office).

Yours ever,

Roderic.

RODERIC LYNE

C.R.V. Stagg, Esq.,
Foreign and Commonwealth Office.

From: Sir Derek Thomas

N M ROTHSCHILD & SONS LIMITED
New Court, St. Swithin's Lane, London EC4P 4DU

20 September, 1993.

R.M.J. Lyne, Esq., CMG.
Private Secretary to The Prime Minister,
10 Downing Street,
London SW1A 2AA.

Dear Rod,

Uzbekistan: President Karimov.

I promised to get in touch with you after my visit to Tashkent this week if there was anything useful to report. The short point is that I came back even more convinced of the importance from a business point of view of getting Karimov on an official visit to London as soon as can be managed.

I was attending an International Banking Conference organised by the National Bank of Uzbekistan to celebrate the second anniversary of the Bank, and of the Republic. President Karimov and most of the Government participated.

Two British banks were invited: ourselves and Barclays. But other European banks, the Americans, and the Japanese were strongly represented.

The sensitive issue for us, obviously, is gold. This was not the subject of the Conference, but it was much discussed in the margins. As I knew would be the case, the Swiss and German banks are well out in front as regards Uzbekistan's gold business. This is not because they got in substantively earlier than we did - they didn't - but because the Swiss and German Governments have received Karimov well and given him the recognition he seeks.

Continued .....

The President of the National Bank and the Deputy Governor of the Central Bank have both said to me, in terms and several times, that while their discussions with us have convinced them that they can get more competitive terms in London, they are unable to give any precious metals business to London until the President has been received in Britain. I was given the same message in coded language by the new Foreign Minister, Saidkasimov, whom I met for the first time this week. I do not see this as blackmail. It is just bazaar-trader instinct!

The situation may get worse before it gets better. It emerged this week that Karimov will be visiting Washington just before the Bank/Fund Meetings in September and will be making an official visit to Paris at the end of October. So that will open the door also to American and French banks alongside the Swiss and Germans.

I do not need to spell out the consequences of this. Indirectly, it may affect other types of British banking business as well, but it puts an absolute block on gold trading.

We fully recognise the sensitivities of a visit by Karimov to London and also the problems of fitting visits in to the calendar. But the fact is that until he is received here, Uzbekistan's valuable gold trade will increasingly go to other financial centres. Once contacts are established in those centres and confidence built up, it will be difficult to shift the business back to where it belongs, namely London. We at Rothschilds hope very much, therefore, that HMG will be able to move forward soon on an invitation to Karimov to come to London as early as possible next year.

Robert Wade-Gery, who led for Barclays at the Conference, broadly shares this conclusion and has asked me to associate his name with this approach. If you would like to discuss it with either or both of us, please let us know.

Yours ever,

William Thomas.

FOREIGN | THOMAS. TMW

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

13 September 1993

Many thanks for your helpful letter of 10 September.

I take the point. There are no easy answers, where anything affecting the Prime Minister's diary is concerned. But I have fed your case into the machine, and I hope the right result will come out at the far end.

RODERIC LYNE

Sir Derek Thomas, K.C.M.G.

R11-9

From: Sir Derek Thomas

N M ROTHSCHILD & SONS LIMITED
New Court, St. Swithin's Lane, London EC4P 4DU

10
~~20~~ September, 1993.

R.M.J. Lyne, Esq., CMG,
Private Secretary to The Prime Minister,
10 Downing Street,
London SW1A 2AA.

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Continued .....

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Robert Wade-Gery, who led for Barclays at the Conference, broadly shares this conclusion and has asked me to associate his name with this approach. If you would like to discuss it with either or both of us, please let us know.

Yours ever,

David Thomas.

Overseas Trade Services

as discussed (with whom?)

Crane Howells
VRP1

Welsh Office • Y Swyddfa Gymreig
Tel: (0222) 823258 ~~825097~~
~~Direct: (0222) 82~~ 5097.
Telex: 498228
Fax: (0222) 667072

With Compliments

MOS/909/93

1. Mr A Wynne
2. Mr K L Smith
3. Mr D T Richards
4. PS/ Minister of State

cc PS/Prime Minister
PS/Secretary of State
PS/Permanent Secretary
Mr J F Craig
Mr C D Stevens
Mr T Samuel o/r

INTRODUCTION

1. Dr K Malcolm Clews, Chairman of Robertson Research Minerals Ltd., Llandudno, wrote to the Minister of State on 24 May 1993 (Doc 1) requesting that he meet representatives from Uzbekistan (during their UK visit as guests of Robertson Research Minerals) as a demonstration that the UK is willing to assist in the development of Uzbekistan. He also suggests that the Prime Minister might be persuaded to write a letter expressing "good wishes" to the Republic of Uzbekistan.

BACKGROUND

2. The two visitors, Professor Akmalov Nemat and Mr Farhod Ruziev, are apparently key members in the administration of the mineral resources of Uzbekistan, the second largest producer of gold in the CIS. The purpose of this visit is to seek western investment in Uzbekistan and to investigate how existing mineral legislation may need to be modified to make it more easily understood to potential Western investors. To this end Robertson Research Minerals are seeking backing from the Know How Fund.

3. The Fund is administered by the Foreign and Commonwealth Office Joint Assistance Unit (JAU) which has advised (Doc 2) that a modest budget allocation has been granted from the Know How Fund (KHF) for Uzbekistan but funded projects **must** be clearly linked to political and economic reform. Officials in the (JAU) will be happy to meet with the representatives of Uzbekistan and Robertson Research Minerals. Rather significantly, the FCO have made a point (in Doc 2) of commenting that KHF allocations have been limited by Uzbekistan's **poor human rights record**. FCO also believe that there is no justification for seeking a letter from the Prime Minister (point 6 of Doc 4); the reply could point to the President's visit to the UK next year as evidence of good wishes.

4. A meeting attended by Professor Nemat and representatives of Robertson Research Minerals and of the DTI European Division at Kingsgate House (Doc 3) was held during the week beginning 7 June, 1993. The European Division regard "Robertson" as politically well connected and a reasonable firm with interesting ideas for Uzbekistan but that they were some distance from signing a contract.

RECOMMENDATION

5. In view of the FCO's apparent concern about Uzbekistan's human rights record it is recommended that the invitation to the Minister be declined but that the contact point and meeting at JAU be offered. The invitation to the Prime Minister should not be directly referred to but attention could be drawn to the Uzbekistan President's

planned visit to the UK next year.

6. A self explanatory draft reply for PS/Minister of State to sign is at Doc 5.

for L STEPHENS
IRP1
Ext 3164

18 June 1993

MOS/909/93

SCANNED

SUGGESTED DRAFT REPLY FOR PS/MINISTER OF STATE TO SEND TO:-

Dr K Malcolm Clews
Chairman
Robertson Research Minerals Limited
25-31 Madoc Street
LLANDUDNO
Gwynedd
LL30 2TL

The Minister of State has asked me to thank you for your letter of 24 May 1993 about the visit of Professor Nemat and Mr Ruziev.

He has asked me to say that the Government is certainly willing to help Uzbekistan in the transformation to a democratic free market society, although all Know How Fund projects must be clearly linked to economic and political reform. Officials of the Foreign and Commonwealth Office's Joint Assistance Unit, which administers the Know How Fund, would be happy to meet with you and your guests. I suggest you contact Michael Wood (telephone 071 210 0036) or Louise Alliot (telephone 071 210 0038) to arrange a mutually convenient date. The Minister feels that this would be the most helpful contact point for your guests and has ensured that the FCO are already alerted to the possibility of a meeting.

I note that your Mr Tony Hopkins will be visiting Uzbekistan soon. He might take the opportunity to point to the impending visit of the Uzbekistan President, as a guest of Her Majesty's Government, as a demonstration of the United Kingdom's good wishes towards the Republic.

The Minister has asked me to pass on his best wishes for a successful outcome to your negotiations both in Llandudno and Uzbekistan.

Doc 4

Note of Telephone Message:- 16 June 1993 @ 11.45

Corrine Kitsell, Foreign & Commonwealth Office, 'phoned regarding Alun Wynne's Fax Message 11 June 1993.

Ms Kitsell advised that:-

1. British Embassy now open in Uzbekistan.

2. Uzbekistan Foreign Minister visited UK last March on sponsored visit and met with invited British companies who had expressed an interest in Uzbekistan.

3. Uzbekistan President will visit UK in first half of 1994 on official visit, following HM Government's invitation.

4. Uzbekistan to open Embassy in London in September 1993.

5. Concerning Para 5 of Robertson Research's letter, Ms Kitsell advised that the JAU provide advice.

6. In view of Point 3 above, Ms Kitsell believed there was no justification in seeking a letter of intent carrying the PM's signature.

Corrine is willing to discuss the above points with Alun Wynne on his return, and will provide some text if required.

16 June 1993 Lawrence Stephens.

dti
the department for Enterprise

Overseas Trade Services

Department of
Trade and Industry

Kingsgate House
66-74 Victoria Street
London SW1E 6SW

Enquiries
071-215 5000

Telex: 8813148 DTHQ G
Fax: 071-931 0397

FAX TRANSMISSION

TO: Alun Wynne

FAX NO: 7...0222 667072

ORGANISATION: Welsh Office

REPEATED TO: .....

.....

FROM: Clive Allison

DTI EUROPEAN DIVISION - DESK FOR TRADE WITH FORMER SOVIET UNION AND THE BALTIC STATES (FAX NO. 071-215 8313)

TEL NO: 071-215 ...6554

DATE: 11 June 1993

NO. OF PAGES TO FOLLOW None.

SUPPLEMENTARY MESSAGE TO RECIPIENT: LETTER FROM RESEARCH MINERALS LTD.

further to our earlier telecon. I met this company and Mr Nemat earlier this week. They seemed a reasonable firm with interesting ideas for the development of the mining sector in Uzbekistan. They also appear to be very well politically connected. However, I think they are still a considerable distance from signing a contract and were unaware of the way in which the KHF worked before I explained it to them. The request in para 6 can only really be answered by the FCO (contacts for which I gave you over the phone)

IF ANY PART OF THIS FAX TRANSMISSION IS UNREADABLE PLEASE CONTACT SENDER ON THE ABOVE TELEPHONE NUMBER

Yours sincerely

Clive

Foreign &
Commonwealth
Office

London SW1A 2AH

Telephone: 071- 210 0038

4 June 1993

A Wynne Esq
Welsh Office

BY FAX: 0222 667072

Dear Mr Wynne,

Letter from Robertson Research Minerals Ltd

1. We spoke about this. I would suggest inclusion of a paragraph or two along the lines of:

> "We are certainly willing to help Uzbekistan in the transformation to a democratic free market society. I should perhaps point out that this differs from a general willingness to assist in "development of their basic industries"; all Know How Fund projects must be clearly linked to economic and political reform.
>
> We have a modest budget for Uzbekistan for the current financial year. Officials in the Joint Assistance Unit which administers the KHF would be happy to meet your visitors. You should contact Michael Wood (071 210 0036) or Louise Alliott (071 210 0038)".

2. The tone need not be overly enthusiastic. I mentioned that funds for Uzbekistan are limited by the Uzbek's poor human rights record, since independence. I do not, however, think that the Minister would want to raise this in his reply.

Yours sincerely
Louise Alliott

Louise Alliott

cc: Mr Wood

Doc 1

ROBERTSON RESEARCH MINERALS LIMITED

25 - 31 Madoc Street, LLANDUDNO
Gwynedd LL30 2TL, Wales
United Kingdom

Telephone: (0492) 872007
Facsimile: (0492) 871832

MEETING CONSTITUENCY CASE

ACKNOWLEGED
WELSH OFFICE
RECEIVED
26 MAY 1993
LONDON

Sir Wynne-Roberts,
Minister of State for Wales,
Welsh Office,
Gwydyr House,
Whitehall,
London, SW1A 2ER.

May 24, 1993

Dear Sir Wynne,

Re: Uzbekistan

We have been working as mineral consultants in Uzbekistan for the past two and a half years. In June we are expecting, as our guests in Llandudno, Professor Akmalov Nemat an Associate Professor of the University of Washington and Associate Professor of the University of Tashkent in Economics together with Mr. Farhod Ruziev, Leading Consultant on Interstate and Foreign Economic Relations Administration of the Uzbekistan President.

It would help our cause tremendously if you could find time to meet these gentlemen and help us to deliver the message that the UK is ready and willing to assist them in their development of their basic industries in general and mining in particular by the introduction of Western technology and finance. We would suggest that a meeting in the House of Commons would impress them favourably, and would much appreciate any help that you feel that you might be able to give us in this area.

We are informed that Professor Nemat is to take up residence in the U.K. in September of this year as a Representative Without Portfolio of Uzbekistan, with a wide ranging brief on the economic front to establish stronger links between the UK and Uzbekistan.

These gentlemen are two of the key people in the administration of the mineral resources of Uzbekistan. Uzbekistan is the second largest producer of gold in the C.I.S.

They are seeking western investment in their country and as part of that process they recognise the need to modify their mineral laws to make them comprehensible and attractive to western investment. We are seeking to help them re-cast their laws with backing from the "Know-How" fund for the C.I.S and therefore would be grateful if you could help us by arranging a meeting with the appropriate Minister and senior officials that could help them in their drive to turn their country to the capitalist way of business at a convenient venue in London.

In addition, one of our partners here, Tony Hopkins, is going to Uzbekistan next month to introduce several mining companies to the government and to discuss with President Kamirov the ways in which we might be able to help Uzbekistan develop its mineral wealth. Such an endeavour would be tremendously helped by a letter from the Prime Minister expressing in general terms good wishes to the Republic of Uzbekistan and again, in general terms, declaring a desire to be as helpful as possible in the progress of that country to a successful and prosperous future.

Continued/.....

Doc 1

Whilst they are in the UK in June as representatives of President Kamirov these gentlemen have expressed a desire to grant interviews to the media in general and to the financial press in particular and we are in the process of arranging such opportunities. Again, if you would care to participate in such interviews I am sure that they would be most appreciative.

We thank you for your help and attention and look forward to hearing from you in due course. In the event of my absence from the office please talk to Tony Hopkins about this matter - Many Thanks !

Yours sincerely,

Malcolm Clews

Dr. K. Malcolm Clews
Chairman

SUBJECT
MASTER
Filed on:

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

9 August 1993

Dear President Nazarbaev,

Thank you for your letter of 28 June.

The British Government is very concerned about the Aral Sea environmental situation and the associated health problems for people living in the area. I understand that a number of aid donors are considering a contribution to the World Bank's proposed US$ 50 million Aral Sea Fund. The European Community's Technical Assistance programme, to which Britain contributes substantial resources, has expressed interest in helping. We are also looking into the possibility of making a bilateral contribution.

Yours sincerely,
John Major

His Excellency President Nursultan Nazarbaev

Foreign &
Commonwealth
Office

London SW1A 2AH

4 August 1993

Dear Roderic,

KAZAKHSTAN: THE ARAL SEA

President Nazarbaev of Kazakhstan has written to the Prime Minister seeking UK support for the proposed World Bank Aral Sea Fund (translation attached). A bilateral contribution might come from the Environment Know How Fund and possibilities are being discussed by officials of DOE and FCO. Meanwhile I attach a draft reply to President Nazarbaev's letter.

Yours ever,

Charles

(C R V Stagg)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

Draft message from the Prime Minister

HE

TO: President Nursultan Nazarbaev
Almaty
Kazakhstan

Thank you for your letter of 28 June.

The British Government is very concerned about the Aral Sea environmental situation and the associated health problems for people living in the area. I understand that ~~consideration is being given by~~ a number of aid donors ~~to contribute~~ to the World Bank's proposed US$ 50 million Aral Sea Fund. The EC ~~TACIS~~ programme, to which Britain contributes substantial resources, has ~~also~~ expressed interest in helping. We are also looking into the possibility of making a bilateral contribution.

European Community's Technical Assistance programme

are considering a contribution ~~to~~

Translation of a letter from The President of the Republic of Kazakhstan Nursultan Nazarbaev to The Prime Minister Mr John Major.

Begins
"28 June 1993

Your Excellency

Taking into consideration the importance of protecting and preserving the environment for present and future generations, I think it necessary to draw your attention to the disruption of the ecological balance in the Aral Sea basin.

The catastrophic drying up of one of the largest inland seas on earth caused by lack of water resources has resulted in a most dangerous ecological situation which is spreading to many states of the continent. Huge masses of salt and dust from the bottom of the drying sea are being carried great distances, actively destroying the ecological system of the region. The danger of serious transformation of the climate, vegetation and animals on a global scale, is becoming increasingly real.

As one would expect humans have become the main and most vulnerable victims of the ecological imbalance. Each year the rate of cancer and heart disease in the Aral region's population and the infant mortality rate increase. The statistics are so alarming that there are grounds for speaking of a threat to the genetic fund of hundreds of thousands of people living there. That is why the regions adjoining the Aral sea have already been declared national ecological disaster zones.

However, the crisis extends beyond national borders; scientists believe it will envelop the earth in the near future. Aware of our responsibility to our own and neighbouring peoples, and to the whole world community for the preservation of the environment we are trying to counter this threat. In March this year the Heads of the Central Asian states signed an agreement on joint action to solve the problem of the Aral Sea and the Aral region, on environmental improvement and the promotion of social and economic development of the region. Our efforts to promote a global solution resulted in the establishment of the "Save the Aral Sea" International Fund. It is the start of a joint effort to work on saving the sea and providing normal conditions of life for the population.

We are clearly aware of the fact that a lot of hard work, time and resources are needed to localise, and gradually eliminate, this dangerous ecological situation. However, the scale of the

/disaster

disaster surpasses to a considerable extent the material and technical resources, of Kazkhstan, Kirgizstan, Tadjikistan, Turkmenistan and Uzbekistan which have found themselves face to face with a threat of ecological explosion. Our young states count on the support of the world community because the Aral crisis concerns the vital interests of all mankind - The "Save the Aral" International Fund which they have themselves established is open for wide collaboration in all aspects of the elimination of the Aral crisis.

We believe that uniting the world community's efforts in the struggle against ecological destabilisation, whatever its source, would not only resolve regional problems but would also promote the achievement of mankind's strategic aim, ie the creation of an international system of joint ecological security.

I am confident that in this short letter I have been able to demonstrate to you the acuteness of this ecological problem. I hope that I can count on your cooperation to promote support for the "Save the Aral" International Fund from state and public organisations in your country which include so many people who champion the preservation of the environment for mankind and who can make a contribution to this noble cause.

Mr Prime Minister, please, accept the assurances of my highest consideration.

Nursultan A Nazarbaev
President of Save the Aral International Fund"
Ends

CCRB
SP

Foreign &
Commonwealth
Office

19 July 1993

London SW1A 2AH

Dear Roderic,

at first

POSSIBLE VISITS BY PRESIDENTS NAZARBAEV (KAZAKHSTAN), KARIMOV (UZBEKISTAN) AND TER-PETROSSIAN (ARMENIA)

Thank you for your letter of 12 July about these visits. You will by now have seen my letter of 15 July with which I enclosed a consolidated list of likely FCO bids on the Prime Minister's time during 1994.

Visitors from the former Soviet Union feature prominently in our bid, This is not surprising as we have to accommodate the first ever inward visits from the 15 newly independent countries of the FSU in as short a time-frame as is reasonable. Both Presidents Yeltsin and Kravchuk have paid successful visits to the UK. President Elchibei recently fell by the way-side and it is likely to be some time before the internal situation in Azerbaijan has stabilised sufficiently to consider reinstating such a high-level visit from there. President Niyazov of Turkmenistan called on the Prime Minister in March and we should therefore be able to push a more formal visit by him into the middle distance.

The Prime Minister has invited President Ter-Petrossian of Armenia to visit. We have just heard from the Armenians that President Ter-Petrossian has accepted the week beginning 7 February (your letter of 13 May) to fulfil the Prime Minister's written invitation of 17 March. It would be very difficult to stand him down now even though one of the main reasons for the visit - to balance that by Elchibei in the interests of political even-handedness - has since not materialised. I understand that there are no other FCO bids on the Prime Minister's time in the week of 7 February. I should be grateful to learn whether the Prime Minister is now able to offer a precise date for lunch and talks with Ter-Petrossian around which we can start to build a programme.

The other two FSU countries where we want to arrange an early visit because of our considerable actual and potential commercial interests are Kazakhstan and Uzbekistan.

Our preference remains for a Guest of Government visit by President Nazarbaev of Kazakhstan this November, if the Prime Minister can fit this in, for the reasons set out in my letters of 24 May and 12 July. I should be grateful to know whether this might be possible.

President Karimov of Uzbekistan may well be put out at being preceded by Nazarbaev who has visited before, albeit shortly before independence. It would therefore be helpful if we could at least suggest dates for a visit by Karimov in 1994. In order to arrange a decent programme for him we would have to leave a sufficient gap after Ter-Petrossian's visit. This would rule out the rest of February.
If, as you say, early January is not a good time for an inward visit, might the Prime Minister be able to receive Karimov in March or April?

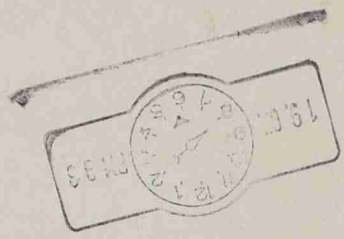
Yours ever,

(R J Sawers)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

KAZAKHSTAN:

Rec Dec 91



No ack.

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

17 July 1993

I enclose a copy of a letter which the Prime Minister has received from the President of Kazakhstan.

I should be grateful if you would provide a draft reply for the Prime Minister's signature, to reach this office by Monday 2 August.

RODERIC LYNE

J S Smith Esq
Foreign and Commonwealth Office

SUBJECT
MASTER

Filed on:

Translation of a letter from The President of the Republic of Kazakhstan Nursultan Nazarbaev to The Prime Minister Mr John Major.

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We are clearly aware of the fact that a lot of hard work, time and resources are needed to localise, and gradually eliminate, this dangerous ecological situation. However, the scale of the

/disaster

disaster surpasses to a considerable extent the material and technical resources, of Kazkhstan, Kirgizstan, Tadjikistan, Turkmenistan and Uzbekistan which have found themselves face to face with a threat of ecological explosion. Our young states count on the support of the world community because the Aral crisis concerns the vital interests of all mankind - The "Save the Aral" International Fund which they have themselves established is open for wide collaboration in all aspects of the elimination of the Aral crisis.

We believe that uniting the world community's efforts in the struggle against ecological destabilisation, whatever its source, would not only resolve regional problems but would also promote the achievement of mankind's strategic aim, ie the creation of an international system of joint ecological security.

I am confident that in this short letter I have been able to demonstrate to you the acuteness of this ecological problem. I hope that I can count on your cooperation to promote support for the "Save the Aral" International Fund from state and public organisations in your country which include so many people who champion the preservation of the environment for mankind and who can make a contribution to this noble cause.

Mr Prime Minister, please, accept the assurances of my highest consideration.

Nursultan A Nazarbaev
President of Save the Aral International Fund"
Ends

f/Nazarbaev.wpd

ARD

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

12 July 1993

POSSIBLE VISIT OF NAZARBAEV

Thank you for your letter of 12 July.

I am a little confused about the interplay between your recommendations and the discussion of upcoming Guest of Government visits in the Royal Visits Committee also on 12 July. At the latter meeting, I understand that President Nazarbaev was put into the space previously earmarked for the Armenian President - i.e. an official visit in the first quarter of 1994. Presumably President Karimov would then take a slot later in the year - unless you choose to take the two Central Asians in the reverse order.

Early January is unlikely to be a good time for an inward visitor, as the Prime Minister has it in mind, as you know, to do some distant travelling in the Christmas recess.

Perhaps these two visits could be reconsidered in the framework of the global forecast for next year which you will be sending me.

RODERIC LYNE

Christopher Prentice Esq
Foreign and Commonwealth Office

RESTRICTED

cc RB

Foreign &
Commonwealth
Office

London SW1A 2AH

12 July 1993

Dear Rodric,

Possible Visit of President Nazarbaev

President Nazarbaev is unable to accept the Prime Minister's offer of a call on 14 October recorded in your letter of 2 June. The Kazakhs have suggested a November visit instead, without specifying their preferred dates: Moscow think that they would accept any November dates we put forward. We have made clear that 9-12 November is not possible.

The question remains of the status of such a visit. Sir Brian Fall recommends strongly that the Prime Minister offer President Nazarbaev a lunch. He fears that our considerable commercial interests, which John Sawers outlined in his letter to you of 24 May, might otherwise suffer. Moscow accept that, if the Prime Minister offered lunch, it would be extremely difficult to stop the visit snowballing into something much larger than the limited working visit we had in mind for this autumn. The Kazakhs are unenthused about a working visit.

The Foreign Secretary therefore recommends that, if the Prime Minister is able to offer lunch, we invite Nazarbaev as a Guest of Government in November. This would enable us to satisfy Nazarbaev in one go rather than offering a working visit followed by a Guest of Government visit next year as we had earlier envisaged. We shall make it clear to the Kazakhs that we expect some firm commercial contracts to flow from this visit. This would not represent an increase in the claims visitors from the FSU will make on the Prime Minister's time this year since one of the previously agreed visitors, President Elchibei, has just fallen through.

RESTRICTED

If the Prime Minister invites Nazarbaev, this may offend his touchy Central Asian rival, President Karimov of Uzbekistan, whom we already have on the list as a Guest of Government viist for 1994 (your letter of 8 March). Our commercial interests in Uzbekistan are not yet in the same league as those in Kazakhstan but still have considerable potential. We might be able to smooth any ruffled feathers by offering Karimov firm dates before he hears about Nazarbaev's plans. Ideally, there should not be too long a gap between the two visits. Might dates in early January 1994 be possible? If not, the Foreign Secretary would recommend fitting Karimov in after the Armenian President - ideally five or six weeks later to allow time for planning. You suggested the weeks of 7 February or 14 March for Ter-Petrossian. We await the Armenian response.

Yours ever,

Christopher Prentice.

(C N R Prentice)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

Since April, quadrilateral talks have been held between Russia, Ukraine (whose interests are similar), Moldova and Romania. We believe Yeltsin's preference would be to negotiate a Federal solution for Moldova, so the Dniestrians stay within Moldova, whereas Russian hardliners are ready to recognise an independent Dniester Republic, protected with Russian troops. Given the geography, Ukraine would need to agree. President Snegur of Moldova would also like a negotiated settlement but is similarly under pressure from hardliners who want to maintain a unitary Moldova and impose their (Romanian) language. The four Presidents have just agreed a ceasefire - but it is not clear if it will last.

South Ossetia

South Ossetia is a part of Georgia which wants to be united with North Ossetia, in Russia. The South Ossetians (about 100,000) have been encouraged and armed by Russian nationalists. Georgian troops and irregulars have fought to reimpose Georgian rule.

Shevardnadze, now Chairman of a Georgian Quadrumuirate has tried to make peace with the Ossetians, but does not have control over his government or the Georgian armed forces. Following a Georgian attack on a city in South Ossetia on 18 June the Russians have been making menacing noises (including Rutskoi's broadcast. Yeltsin and Shevardnadze agreed a ceasefire on 25 July, but a major problem is that neither leader can control his own side.

Comment

Although the Russo/Ukrainian relationship appears to have taken a better turn at Yeltsin's latest meeting with Kravchuk, problems with other ex-Soviet States where there are Russian minorities (including the Baltics) will weigh heavily on Yeltsin.

They will continue to be exploited by political rivals, such as Yeltsin's Vice President, Rutskoi, and the Speaker of the Russian Parliament, Khasbulatov, who assert - with popular support - that the fate of the 25 million Russians living outside the Russian Federation legitimises strong action by the Russian Government. Coping with nationalist pressure from politicians and the army is a more serious problem for Yeltsin even than opposition to his economic and political reforms.

Yours ever,

(S L Gass)
Private Secretary

J S Wall Esq CMG LVO
10 Downing Street

BACKGROUND NOTE

Moldova

1. Map attached.

2. Moldova is a land-locked country of 4.3 million, lying between Ukraine and Romania. The key facts are:

- most of the territory West of the River Dniester was the Romanian province of Bessarabia, annexed in 1940 under the Molotov/Ribbentrop Pact. 64% of the overall population are Moldavians, a people of Romanian origin, and language.

- the large Ukrainian (14%) and Russian (13%) minorities mostly populate the sliver of land to the East of the Dniester. Historically this lay in the Ukrainian part of the Russian empire/USSR.

- a small Turkic-speaking Orthodox Christian people, the Gagauz, lives in the southern tongue of Moldova.

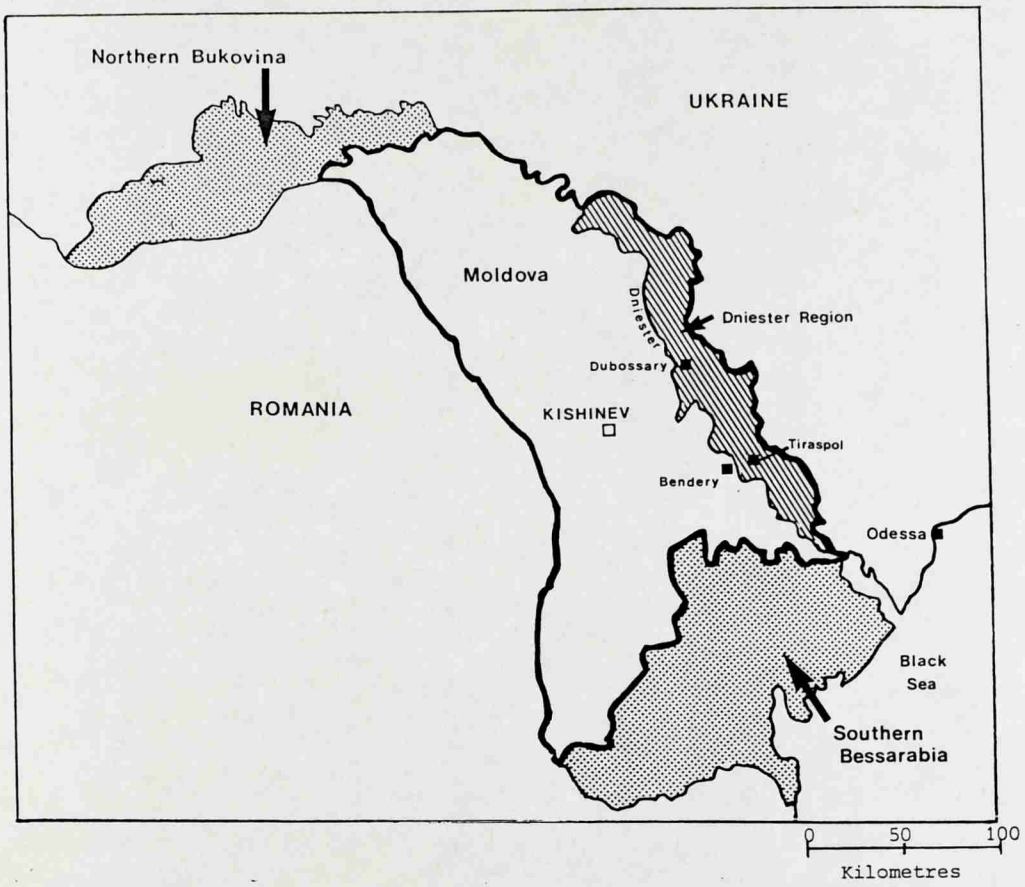
- two areas of Ukraine bordering Moldova - northern Bukovina to the northwest and south Bessarabia to the southeast - are regarded by Moldavians/Romanians as historic parts of their country.

- 80% of Moldova's industry, including the sole power station, is located in the Russian/Ukrainian-populated territory east of the Dniester.

3. Moldavian nationalism grew in 1989. After Ceausescu's fall, many Moldavians called for unification with Romania. In June 1990, Moldova declared its sovereignty. The Russian/Ukrainian and Gagauz minorities responded in August 1990 by establishing the Dniester and Gagauz "Republics".

4. The reformist Communist Snegur was elected President, unopposed, in December 1991, in an election boycotted by the Russians/Ukrainians and Gagauz.

5. The Dniestrian separatists supported the August 1991 putsch in Moscow (which Snegur opposed).



LANDS EAST OF THE DNIESTER DECLARED AUTONOMOUS BY LOCAL RUSSIAN AND UKRAINIAN RESIDENTS

AREAS OF UKRAINE CONTESTED BY ROMANIA

BACKGROUND NOTE

Ossetia

1. Map attached.

2. Ossetia lies astride Georgia's border with Russia. The Ossetians are a small Caucasian nation traditionally aligned with the Russians. They have their own language, in the Persian family; and their own Christian Church. In 1989, the population of North Ossetia was 335,000; of South Ossetia 65,000; and elsewhere in Georgia there were an estimated 100,000 Ossetians.

3. North Ossetia is an autonomous republic within the Russian Federation, flanked on either side by the autonomous republics of Chechen-Ingushetia and Kabardino-Balkar.

4. South Ossetia was an autonomous area within the Soviet republic of Georgia. Its application in 1990 for independence within the USSR was rejected by the Soviet authorities. South Ossetia's autonomous status was subsequently abolished by Georgia (a move which President Gorbachev ruled unconstitutional). In May 1991, the South Ossetian Soviet voted to reassume its autonomous status, but within Russia, and for unification with North Ossetia. In January 1992, this proposal was endorsed by a referendum, boycotted by the Georgian minority in South Ossetia.

Foreign &
Commonwealth
Office

London SW1A 2AH

25 June 1993

Dear Rodeni,

top letter
& file

President Elchibei's Visit

In my letter of 21 June I promised a further update after Sir Brian Fall's visit to Baku. Elchibei can not be ruled out of the game in an increasingly messy situation in Azerbaijan. The rebel military leader, Husseinov, has apparently said he can no longer work with Haidar Aliev and is demanding power himself. There is talk of Aliev sharing power with Elchibei and the former communist President, Mutalibov, who is reportedly back in Baku.

You will have seen from Almaty telno 004 (further copy enclosed), however, that Sir Brian Fall sees no possibility of a successful visit. He suggests that both official and private hosts make contingency plans for the visit being called off, including by warning guests. In effect this has already happened. There seems little point in warning the many people involved now of what must already be evident to them only to have to confirm the warning a day or two later. The Foreign Secretary recommends that we call off the visit now.

Sir Brian Fall rightly says that presentation is all important. We should talk of a postponement rather than a cancellation, holding open the possibility of a visit later, either by Elchibei or his successor, subject of course to internal developments and the progress which BP manages to make with the new regime. We must not appear to be writing off Elchibei, or to be contradicting the recent EC statement's support for democratic institutions, including a democratically elected Presidency. Moscow have asked that their instructions be framed in terms of the Prime Minister fully understanding that President Elchibei is preoccupied with developments in Azerbaijan and that these have made it impossible for him to concentrate on the preparations and substance of his trip to the UK in the way he would have wished. If you agree, we propose to issue such instructions, making it clear that we are talking of a

postponement rather than a cancellation. We will give Sir Brian Fall a defensive line that the Prime Minister's heavy diary commitments rule out a rescheduling of the visit in the very near future.

Yours ever,

Christopher Prentice.

(C N R Prentice)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

P.S. Moscow telno 1093 also enclosed.

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INFO IMMEDIATE MODUK, ACTOR, CABINET OFFICE

SIC A3A

MY VISIT TO BAKU, 21-22 JUNE: POLITICAL CRISIS: COMMENT

SUMMARY

1. BAKU IN LIMBO AWAITING DECISIVE ACTION - POLITICAL OR MILITARY. ELCHIBEI WRITTEN OFF BY ALL BUT HIS MOST ARDENT SUPPORTERS. ALIEV LEADS THE POLITICAL PACK SEEKING TO REPLACE HIM. BUT HUSSEINOV'S FORCES ARE AT THE GATES OF THE CITY AND HIS AMBITIONS APPEAR TO BE GROWING.

DETAIL

2. I VISITED BAKU ON 21-22 JUNE AND SAW ALIEV, CHAIRMAN OF THE SUPREME SOVIET AND MILLI MEJLIS: MAMEDOV, OPPOSITION LEADER AND POSSIBLE PM: MOLLAZADE, CLOSE AIDE OF ELCHIBEI, AND GULIZADE, FORMERLY ELCHIBEI'S FOREIGN POLICY ADVISER BUT NOW REVERTED TO HIS OLDGUARD COLOURS AND SITTING AT ALIEV'S RIGHT HAND. UNFORTUNATELY A PRE-ARRANGED MEETING WITH KARIMOV, ELCHIBEI'S MOUTHPIECE IN BAKU, DID NOT MATERIALISE DESPITE REPEATED ATTEMPTS TO RESCHEDULE BUT A DISTANT VOICE OVER A CRACKLING PHONE LINE DID: I WAS ASSURED THAT IT WAS ELCHIBEI BUT HAVE NO PROOF. I HAVE REPORTED SEPARATELY ON THE PROSPECTS FOR THE ELCHIBEI VISIT DUE NEXT WEEK (ALMATY TELNO 004) AND SHALL DO SO ON TAINS THE MAIN POINTS FROM MY MEETING WITH ALIEV.

3. BAKU WAS SURPRISINGLY QUIET AND CALM WITH PEOPLE (INCLUDING THE PRESIDENT OF THE STATE OIL COMPANY) GOING THROUGH THE MOTIONS OF THEIR DAILY ROUTINE APPARENTLY AWAITING DECISIVE ACTION FROM ONE FACTION OR ANOTHER AND SOME AUTHORITATIVE GUIDANCE FROM ABOVE. THERE IS NO SENSE THAT BAKU WILL FIGHT OR EVEN DEMONSTRATE IN LARGE NUMBERS FOR ITS DEMOCRATICALLY ELECTED PRESIDENT: ALTHOUGH SOME OF THE POPULAR FRONT MIGHT. THE CONSENSUS OF ALL BUT THE MOST COMMITTED ELCHIBEI SUPPORTERS IS THAT HE IS FINISHED POLITICALLY, AND HE EVIDENTLY CANNOT CONTROL THE SITUATION WITH SUCH POOR (AND VULNERABLE) COMMUNICATIONS FROM HIS MOUNTAIN HIDEAWAY. HIS FLIGHT

FROM BAKU IN THE DEAD OF NIGHT HAS GIVEN HIS OPPONENTS AN EASY TARGET ('SAVING HIS OWN SKIN'), AND IS IN STRIKING CONTRAST TO THE POPULAR MEMORIES OF HIM AS THE MAN WHO LED, UNDER THREAT OF FIRE, THE MARCH ON THE SUPREME SOVIET LAST MAY TO OUST MUTALIBOV (FOR THE SECOND TIME). REVERSES IN NK AND ECONOMIC DIFFICULTIES HAVE ERODED HIS POLITICAL SUPPORT.

4. THE FOCUS IS ON HOW TO REPLACE ELCHIBEI, AND ALIEV IS WELL AHEAD OF THE REST OF THE POLITICAL PACK. HE IS INSTALLED IN THE GRANDEST OFFICE OF THE SUPREME SOVIET AND GRANTING PRESIDENTIAL TYPE AUDIENCES. WITH ELCHIBEI OUT OF TOWN (AND WITHOUT HAVING NOMINATED A DEPUTY) AND WITH THE PRIME MINISTER HAVING RESIGNED, HE FINDS TO 'HIS SURPRISE' THAT HE HAS BEEN PLUCKED FROM SEMI-RETIREMENT TO BE THE ONLY LEGITIMATE AUTHORITY IN THE CAPITAL (LEGITIMATE BECAUSE HE WAS ELECTED BY THE MILLI MEJLIS ON ELCHIBEI'S RECOMMENDATION). THE GOVERNMENT MACHINERY ANSWERS TO HIM AND HIS AMBITION IS EVIDENT: HE PERFORMS EVEN IN PRIVATE MEETINGS LIKE A ONE-MAN POLITICAL RALLY, AND IS PERSUASIVE. HE ASSURED ME, AS HE HAS OTHERS, THAT HE WISHES TO SEE ANY CHANGE OF POWER HAPPEN ACCORDING TO THE CONSTITUTION (WHICH IS PERHAPS NOT SURPRISING GIVEN THAT HE WOULD THEN AUTOMATICALLY BECOME ACTING PRESIDENT IF ELCHIBEI RESIGNED OR WAS FORCED FROM OFFICE).

5. THE IMPONDERABLE IN THE EQUATION, WHICH MIGHT YET RENDER ALL THE POLITICAL BROKERING AND MANOEUVRING REDUNDANT, IS HUSSEINOV. HIS FORCES WERE REPEATEDLY DISMISSED AS A RABBLE OF CRIMINALS AND FOREIGNERS. BUT THEY ARE AT THE GATES OF THE CAPITAL (IF NOT WITHIN): THEIR NUMBERS ARE GROWING AND THE ARMY HAS SAID IT WILL NOT OPPOSE THEM. POLITICIANS ARE BEATING A PATH TO HUSSEINOV'S DOOR: WHILE I WAS IN BAKU, GASIMOV (THE FOREIGN MINISTER) TRAVELLED TO GANJA: ALIEV, MAMEDOV AND EVEN MUTALIBOV ARE ALL IN FREQUENT CONTACT. HE WAS VARIOUSLY DESCRIBED AS MOSCOW'S OR ALIEV'S STOOGE, BUT IF THIS WAS EVER TRUE, THERE ARE SIGNS OF GROWING INDEPENDENCE AND AMBITION. NONE OF MY INTERLOCUTORS DISMISSED THE NOTION THAT HE WOULD INSTALL HIMSELF AS PRESIDENT. BUT THEY HOPED THAT HIS TENURE WOULD BE SHORT BELIEVING (OR WANTING TO BELIEVE) THAT ONCE ELCHIBEI WENT, HUSSEINOV'S FIGLEAF OF PUBLIC SERVICE WOULD DISAPPEAR REVEALING HIS NAKED AMBITION, AND SO HIS POPULAR SUPPORT WOULD COLLAPSE. THIS MAY BE AN ACCURATE PREDICTION FOR THE LONGER TERM BUT IN THE SHORT TERM, THE BATTLE SEEMS TO BE BETWEEN HIM AND ALIEV.

FALL

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MDADAN 4301

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NNNN

[redacted] 230800Z FCO
TELNO 004
OF 230520Z
INFO IMMEDIATE MOSCOW

FROM THE AMBASSADOR

AZERBAIJAN: VISIT OF PRESIDENT ELCHIBEI

SUMMARY

1. No (No) realistic possibility of a successful Elchibei visit in present circumstances. What remains is to let him down with a minimum of embarrassment.

DETAIL

2. The overwhelming probability based on the soundings I took with Aliev and others during my meetings in Baku on 22 June (to be reported separately) is that Elchibei, even if he remains President by then, will not (not) be in a position to pay a properly prepared and appropriately-accompanied visit to Britain at the end of next week. It cannot yet be excluded that he may nevertheless try. Our aim should be to close off that possibility without causing unnecessary offence to Elchibei or to his supporters.

3. I was able to make progress in this direction in talking to Elchibei's foreign policy adviser, Mollazade (Gulizade, whom I also saw has jumped ship, and is now very much in the Aliev camp). But the Chief of Staff, Karimov, failed to turn up to our scheduled meeting and could not be traced subsequently (perhaps, because he is avoiding the office for security reasons), and he was the one I was hoping to pin down. A distinctly odd long-distance telephone contact with someone I was assured - but had no means of checking - was Elchibei failed to provide an opening; but it may be significant that Elchibei (if it was indeed he) asked me to pass on his best wishes to the Prime Minister, and his gratitude for our support for democracy in Azerbaijan without mentioning the visit.

4. Formstone is now trying to pin Karimov down to a meeting, at which he will go over the ground again. I have asked him to emphasise not only that a quote postponement unquote would be fully understood at the London end in present circumstances, but also that it might look rather odd (eg to the British press) if Elchibei were to be seen spending time in Britain rather than at home when Azeri domestic politics were in a state of such flux.

5. Bagirov (State Oil Company) made it clear that he does not now see the Elchibei visit as necessary to a successful conclusion of the negotiations with BP. He is waiting for someone to take responsibility (by implication not Elchibei) and authorise him to

come to London to get on with the talks with BP and the other partner companies in the "unitised" field. Aliev, for his part, told me that he was well disposed to Britain and to BP who should have nothing to complain about from a Government in which he would play a leading role.

6. I believe that it would now be fully understood from the point of view of the Elchibei camp (and a fortiori to Aliev and Mamedov's democratic opposition camp) if both official and private sector hosts were to start making contingency plans (including the warning of guests) against the strong possibility that the visit will be postponed by mutual agreement. I hope that we can avoid going beyond that until the end of this week (unless Elchibei had resigned before then or his people definitely ruled out a visit), when it would in my view be right for me to be instructed to indicate our firm conclusion that postponement would be in the interest of both sides.

7. I assume that you will want to liaise with BP about the above.

8. Please advance to PS, PS/No10.

AZERBAIDZHAN
Ref Dec 91

File

RESTRICTED
FM FCO
TO DESKBY 250400Z MOSCOW
TELNO 802
OF 241332Z JUNE 93

YOUR TELNO 004 FROM ALMATY: POSTPONEMENT OF PRESIDENT ELCHIBEIS VISIT

Summary

1. Instructions to inform Azerbaijanis now that we wish to postpone President Elchibei's visit.

Details

2. Thank you for this prompt report. I agree that we should talk of postponing rather than cancelling the visit. The situation in Baku is obviously still messy and a return by an albeit weakened Elchibei cannot yet be ruled out. As you say, the presentation of a postponement is all important so that we do not appear to be abandoning a President whose democratic election we have welcomed. However, there is little to be gained by warning the many people involved in the programme of the likelihood of postponement only to have to repeat the exercise definitively almost immediately afterwards. Those involved have already concluded that the visit is most unlikely to take place and are pressing for confirmation. With less than a week to go until the projected visit we need to take a definite decision now, not least so that we can give early advice to HRH The Prince of Wales' and No 10.

3. If Formstone has been unable to engineer an Azeri postponement, please therefore tell the Azerbaijanis and, if possible, President Elchibei himself that we wish to postpone the visit. You should say that at this difficult time the Prime Minister, who is following events closely, fully understands that President Elchibei is preoccupied with internal developments in Azerbaijan and that these make it impossible for him to concentrate on the preparation and substance of a trip to the UK. You should stress that we are talking of a postponement rather than a cancellation. We shall be taking the same line with the media. When the situation in Baku has been clarified we hope to

be able to discuss revised dates. If pressed, you should say that, given the Prime Minister's very heavy diary commitments we do not foresee a rescheduling of the visit in the very near future.

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

24 June 1993

Dear Christopher,

VISIT OF PROFESSOR ELCHIBEI

Thank you for your letter dated 25 June, conveying the Foreign Secretary's recommendation that Elchibei's visit should now be postponed.

It is clear from the latest reports, including Moscow tel. no. 1093 that Elchibei will not be in a position to carry out in early July the visit to which the Prime Minister invited him, whether or not he remains nominally the President of Azerbaijan. We therefore have no option but to postpone the event, and you should of course send instructions to this effect to Sir Brian Fall. I agree that the presentation will need careful handling.

Yours ever,

Roderic

RODERIC LYNE

C. N. R. Prentice, Esq.,
Foreign and Commonwealth Office.

[redacted] 230800Z FCO

TELNO 004
OF 230520Z
INFO IMMEDIATE MOSCOW

FROM THE AMBASSADOR

AZERBAIJAN: VISIT OF PRESIDENT ELCHIBEI

SUMMARY

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DETAIL

2. The overwhelming probability based on the soundings I took with Aliev and others during my meetings in Baku on 22 June (to be reported separately) is that Elchibei, even if he remains President by then, will not (not) be in a position to pay a properly prepared and appropriately-accompanied visit to Britain at the end of next week. It cannot yet be excluded that he may nevertheless try. Our aim should be to close off that possibility without causing unnecessary offence to Elchibei or to his supporters.

3. I was able to make progress in this direction in talking to Elchibei's foreign policy adviser, Mollazade (Gulizade, whom I also saw has jumped ship, and is now very much in the Aliev camp). But the Chief of Staff, Karimov, failed to turn up to our scheduled meeting and could not be traced subsequently (perhaps, because he is avoiding the office for security reasons), and he was the one I was hoping to pin down. A distinctly odd long-distance telephone contact with someone I was assured - but had no means of checking - was Elchibei failed to provide an opening; but it may be significant that Elchibei (if it was indeed he) asked me to pass on his best wishes to the Prime Minister, and his gratitude for our support for democracy in Azerbaijan without mentioning the visit.

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come to London to get on with the talks with BP and the other partner companies in the "unitised" field. Aliev, for his part, told me that he was well disposed to Britain and to BP who should have nothing to complain about from a Government in which he would play a leading role.

6. I believe that it would now be fully understood from the point of view of the Elchibei camp (and a fortiori to Aliev and Mamedov's democratic opposition camp) if both official and private sector hosts were to start making contingency plans (including the warning of guests) against the strong possibility that the visit will be postponed by mutual agreement. I hope that we can avoid going beyond that until the end of this week (unless Elchibei had resigned before then or his people definitely ruled out a visit), when it would in my view be right for me to be instructed to indicate our firm conclusion that postponement would be in the interest of both sides.

7. I assume that you will want to liaise with BP about the above.

8. Please advance to PS, PS/No10.

UNCLASSIFIED

N BA 20/6

Foreign & Commonwealth Office

London SW1A 2AH

21 June 1993

Further report received. File.

24/6

Dear Roderic,

Developments in Azerbaijan and President Elchibei's visit

President Elchibei of Azerbaijan was due to visit London on 2 July but the political crisis in that country makes that unlikely. Sir Brian Fall is visiting Baku over the next two days. This is an interim assessment to bring you up to date.

Elchibei has fled Baku, citing the danger to his personal safety. But he does not appear to have given up hope of remaining President even though his main rival, the newly elected Parliamentary Speaker, and former KGB leader under Gorbachev, Haidar Aliev, appears to have assumed power in the capital. Elchibei may be about to issue an appeal to Western leaders to support him as the constitutional and democratically elected President. The US has already issued such a statement. Elchibei's supporters in the Azeri Popular Front may be willing to take on troops loyal to the rebel military leader, Surat Husseinov, who have entered Baku. But popular support for Elchibei, who is blamed for the economic deterioration in Azerbaijan and defeats on the Nagorno-Karabakh front, is falling quickly.

Our assessment is that a return to effective power by Elchibei is [redacted] unlikely. If Aliev can force Elchibei to resign, Aliev would, according to the constitution, immediately become Acting President. This is Aliev's prime objective. He is in contact with Surat Husseinov but they are not working hand in glove; Aliev is reported to be unwilling to agree to Husseinov's demand to be appointed Prime Minister with control over the interior, defence and intelligence portfolios.

Our Embassy in Moscow say that Elchibei's visit to London can now be virtually ruled out. Given the developments in Azerbaijan, it may be better to wait for confirmation from Baku that the visit is off than to cancel it ourselves: last

week we went along with an EC statement supporting Elchibei and the upholding of democratic institutions in Azerbaijan.

Sir Brian Fall will report on the political situation and whether the visit can be finally called off on 23 June.

Yours ever,

(R J Sawers)
Private Secretary

Roderic Lyne Esq CMG
10 Downing Street

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MDHIAN 5435

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INFO IMMEDIATE MODUK, ACTOR, CABINET OFFICE

SIC A3A

AZERBAIJAN: POLITICAL CRISIS

SUMMARY

1. ELCHIBEI FLEES BAKU: ALIEV ANNOUNCES THAT HE IS TAKING OVER AS ACTING HEAD OF STATE.

2. PRESIDENT ELCHIBEI FLED BAKU LATE LAST NIGHT AND IS AT PRESENT IN HIS HOME TOWN OF ORDUBAT IN NAKHICHEVAN. ACCORDING TO A STATEMENT BY HIS PRESS OFFICE, THE PRESIDENT WAS FORCED TO LEAVE THE CAPITAL IN ORDER TO PREVENT POSSIBLE FIGHTING IN THE CITY AND ENSURE HIS OWN PERSONAL SAFETY: BEFORE HIS DEPARTURE HE DID NOT NOMINATE ANYONE TO TAKE OVER IN HIS ABSENCE. IT IS WIDELY REPORTED IN BAKU THAT ELCHIBEI'S DECISION CAME FOLLOWING A MEETING WITH THE MILITARY AT WHICH SENIOR OFFICES INDICATED THAT THEY WERE UNABLE/UNWILLING TO PREVENT THE REBEL LEADER, HUSSEINOV, ENTERING BAKU. BEFORE HIS DEPARTURE ELCHIBEI IS REPORTED TO HAVE SACKED THE MINISTERS OF THE INTERIOR, DEFENCE AND SECURITY. AND THE WHEREABOUTS OF THE FOREIGN MINISTER, GASIMOV, ARE UNKNOWN.

3. ALIEV ADDRESSED THE NATION AT NOON LOCAL (0800Z) TODAY (18 JUNE) AND IS REPORTED TO HAVE SAID THAT, IN THE 'UNEXPLAINED ABSENCE' OF ELCHIBEI, HE WAS TAKING THE PRESIDENT'S POWERS AS, ACCORDING TO THE CONSTITUTION, WAS PROPER FOR HIM AS CHAIRMAN OF THE SUPREME SOVIET. AND THAT HE WOULD RECONVENE THE SUPREME SOVIET IN 2-3 DAYS.

4. HUSSEINOV'S FORCES CLASHED WITH GOVERNMENT TROOPS LATE ON 17 JUNE: BUT, FOLLOWING ELCHIBEI'S FLIGHT, THEY ARE REPORTED TO HAVE DISENGAGED AND WITHDRAWN TO 120 KM FROM BAKU. THE CITY IS REPORTED TO BE CALM.

COMMENT

170063
MDHIA[redacted]5435

5. ACCORDING TO SOME SOURCES IN BAKU, ELCHIBEI IS PREPARING TO APPEAL TO THE INTERNATIONAL COMMUNITY FOR SUPPORT. BUT BY GOING TO NAKHICHEVAN - ALIEV'S STRONGHOLD - HE HAS NOT PUT HIMSELF IN A STRONG POSITION TO CHALLENGE THE LATTER. HOWEVER, UNLESS ALIEV OFFERS OTHER MEMBERS OF THE POPULAR FRONT (PF) POSTS IN A COALITION GOVERNMENT, THERE IS A CONSIDERABLE RISK THAT PF HARDLINERS WILL BE READY TO TAKE UP ARMS AGAINST WHAT THEY WILL SEE AS A COMMUNIST TAKEOVER. AS FOR HUSSEINOV, WITH THE DEPARTURE OF ELCHIBEI AND THE DISMISSAL OR DISAPPEARANCE OF KEY MINISTERS, ALL HIS OVERT DEMANDS HAVE DE FACTO BEEN MET. THE QUESTION NOW IS WHETHER HE WILL BE CONTENT TO PLAY THE ROLE OF KINGMAKER ALONE AND IF SO WHAT REWARD HE EXPECTS FROM A GRATEFUL ALIEV.

6. ELCHIBEI'S VISIT TO THE UK AT THE END OF THIS MONTH CAN NOW BE VIRTUALLY RULED OUT BUT IT WOULD BE UNTIMELY FOR US TO MAKE A UNILATERAL ANNOUNCEMENT.

FALL

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Prime Minister

Jp02046

MR LYNE

cc Sir Robin Butler

AZERBAIJAN

President Elchibei looks likely to be sidelined, and possibly ousted, by the current rebellion in Azerbaijan. The trouble appears to have started when government forces failed to disband forces loyal to a former Azerbaijani Deputy Prime Minister, tycoon and military commander, Husseinov, in Azerbaijan's second city Gyandja. Husseinov's troops, subsequently took control of Gyandja and the surrounding area and are said to have advanced to within a hundred kilometres of Baku.

2. Elchibei is said to have offered the posts of parliamentary speaker and Prime Minister to the former CPSU first secretary of Azerbaijan (and politburo member), Geydar Aliev, and opposition leader Etibar Mamedov, respectively. (Husseinov does not appear to be pressing for a key government post for himself.) But Aliev is reported to have said yesterday, after meeting Husseinov, that Husseinov's troops will enter Baku if Elchibei himself refuses to resign. Elchibei has said that he will meet force with force, but the loyalty and capability of his troops are questionable.

3. The Nagorny Karabakh Armenians took advantage of the turmoil to launch a major attack on the Azerbaijani city of Agdam last weekend. The attack was repulsed with heavy casualties. The Nagorny Karabakh Armenians are now reported to have agreed to the latest CSCE peace plan.

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16 June 1993

pp RODRIC BRAITHWAITE

FILE MRM

bc RB

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

2 June 1993

Dear Stephen,

POSSIBLE VISIT OF PRESIDENT NAZARBAEV

John Sawers wrote on 24 May, and I have since seen Moscow telno 944 of 25 May.

Given the magnitude of British commercial interests in Kazakhstan, the Prime Minister would in principle like to have a brief meeting with President Nazarbaev if he pays an unofficial visit to the UK this autumn. The Moscow telegram under reference suggested that Nazarbaev would prefer October. There are few slots left in the Prime Minister's diary that month, as the Party Conference and CHOGM will each take chunks out of it. If Nazarbaev were to be here around Thursday, 14 October, we could probably offer a 45 minute slot at 1715 on that day. We shall keep the slot reserved for him for the time being. If that time does not suit him, he would be better advised to come in November. If he could offer a range of possible dates steering clear of the State Visit (9-12 November), we should be able to find a time.

The Prime Minister can also agree to the Foreign Secretary's recommendation that Nazarbaev should be offered an official visit in the latter part of 1994. You may think it would be best to avoid committing ourselves firmly to an official invitation so far in advance. If the bilateral relationship took a downturn, we might wish to have second thoughts. Perhaps the best course would be for our Embassy to indicate orally that there was a good prospect of an official visit in about the autumn of 1994. The Prime Minister could then issue the invitation more formally when he saw Nazarbaev this autumn - always assuming that the commercial prospects remain as promising as at present. The Prime Minister will therefore not send the draft letter at this stage.

I am copying this letter to Peter Smith (Department of Trade and Industry) and Melanie Leech (Cabinet Office).

Yours ever,

Roderic.

RODERIC LYNE

J.S. Smith, Esq.,
Foreign and Commonwealth Office

The National Archives

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26 June 1992

Dear Stephen, file

Former Soviet Union : Moldova and Ossetia

You asked for a note on these two flash points. I enclose maps and background with this letter.

Moldova

The former Soviet republic of Moldova, sandwiched between Romania and Ukraine, is divided by the River Dniester between the Romanian speaking majority to the West, and the Russian/Ukrainian minority to the East (the Dniestrian separatists). The minority have demanded autonomy, and the option of independence if, as some Moldovans wish, the rest of Moldova were ever to choose to join Romania.

Since early 1992 there have been sporadic clashes. These have escalated in the last few days with an attack by the Moldovan army on Bendery which, although just West of the river, is in separatist hands. The Moldovan army was seen off by the separatists with the help of units of the 14th Russian army. The army (which Yeltsin wishes to withdraw) is sympathetic to the separatists; it is not clear whether it acted under orders from Moscow (and, if so, from whom). On television Russian Vice President Rutskoi rattled Russian sabres and warned that Russian troops would respond to attacks. Yeltsin subsequently threatened to use force to stop the fighting.