

PREM 19/273

Part 3Confidential Filing

Internal Situation.

USA / Iranian Relations, following the taking of hostages at the US Embassy in Tehran.

Sanctions against Iran

IRANPart 1: May 1979Part 3: December 1979

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
<del>31-12-79</del>							
<del>2-1-80</del>							
<del>3-1-80</del>							
<del>8-1-80</del>							
<del>10-1-80</del>							
<del>11-1-80</del>							
8-1-80							
-PC 3 Ends-							
PREM 19/273							



● PART 3 ends:-

UK Min N York tel 62 8/1/80

PART 4 begins:-

UK Min N York tel 69 9/1/80

LIKELY RESPONSE OF OTHER GOVERNMENTS TO THE US APPROACH  
(based on reports from our own posts)

COMMENT

	<u>Germany</u>	<u>France</u>	<u>Japan</u>	<u>Switzerland</u>	<u>Italy</u>
	Germans wish to show solidarity with US but want any action to be voluntary, informal and multi-lateral. Recommendations would be made to private sector but they would continue to exercise their commercial judgement. Cabinet expected to approve this approach in principle on 19 December.	Initial official response	Japanese Embassy say that no decisions have been reached. Strong preference for confidentiality. Replies marked + are as reported by the US Ambassador in Tokyo.	No effective action  The US have not asked for precise measures.	Initial official response. Italians are unhappy at strength of American pressure. Large community in and loans to Iran

ADVICE TO BANKS

(i) Deny new credits to government or public authorities in Iran.	Continued commercial credit likely.	Problem does not arise since banks would be unwilling to lend to Iran.	Yes+	Swiss will inform central and other banks of the Americans' wish that they do nothing to weaken the International monetary system, particularly the dollar. But ? they will leave banks free to do what they think appropriate, irrespective of political factors.	Not involved
(ii) Insist on prompt servicing; declare default in case of arrears	No	No. No legal powers. Only FR 500m involved as minority partners in syndicates	No		Barely applicable
(iii) Decline to open new deposit accounts for Iran	?	Irrelevant. Iranians already have enough French accounts. Could open them in Arab countries.	Yes+		

ADVICE TO BANKS (continued)

	<u>Germany</u>	<u>France</u>	<u>Japan</u>	<u>Switzerland</u>	<u>Italy</u>
(iv) Decline substantial increases in existing non-dollar deposits by Iran	Difficult	Doubted whether French (or US) law would permit this. Could not ask banks to break law.	Yes+	See above	Not known

ADVICE TO OIL COMPANIES

(v) Insist on paying for Iranian oil in dollars	Perhaps. Paid in dollars so far but possible future payment in DM not excluded.	Yes. (Only CFP concerned, already pay in dollars).	Yes. MITI will give administrative guidance.	(Not raised)	Difficult
(vi) Refuse to purchase oil from Iran at terms well above OPEC	Yes. But would not apply to spot market.	Yes. This is a long-standing French proposal.	Hope to cooperate, and exchange information with British companies	(Not raised)	Will try

CONFIDENTIAL

Iran

Prime Minister<sup>2</sup>

9.1.80

GR 750

CONFIDENTIAL

FM UKMIS NEW YORK 082345Z JAN 80

TO IMMEDIATE FCO

TELEGRAM NUMBER 62 OF 8 JANUARY

INFO IMMEDIATE WASHINGTON, PARIS, TEHRAN.

MS

MY TELNO 50: US/IRAN

1. MCHENRY (US) SUMMONED A MEETING OF THE WESTERN FIVE THIS MORNING. HE SAID THAT IT WAS CLEAR FROM THE SECRETARY-GENERAL'S REPORT AND FROM HIS ORAL BRIEFING YESTERDAY (MY TELNO 51) THAT THERE HAD BEEN NO PROGRESS IN THE SITUATION: THERE WAS NO-ONE IN TEHRAN WITH WHOM IT WAS POSSIBLE TO NEGOTIATE EFFECTIVELY. MCHENRY RECOGNISED THAT THERE WAS A GOOD DEAL OF TALK IN THE UN ABOUT THE INEFFECTIVENESS OF SANCTIONS: THAT THEY WOULD ONLY UNITE THE IRANIAN AUTHORITIES: THAT THE SITUATION IN AFGHANISTAN WAS MORE IMPORTANT: THAT THE RUSSIANS WOULD BENEFIT FROM VETOING AND THAT IT MIGHT BE BETTER TO TAKE NO FURTHER ACTION AT LEAST UNTIL AFTER THE PROPOSED 25 JANUARY PRESIDENTIAL ELECTION.

2. HE HAD REVIEWED ALL THIS WITH THE PRESIDENT OVER THE WEEKEND AND THEY HAD BOTH CONCLUDED THAT IT WAS NECESSARY TO GO FORWARD AS SOON AS POSSIBLE WITH THE SANCTIONS RESOLUTION. THEY WERE UNDER NO ILLUSIONS ABOUT WHAT SANCTIONS MIGHT ACHIEVE BUT THEY WOULD INCREASE THE COST TO THE IRANIANS OF THEIR PRESENT POLICY AND MIGHT STRENGTHEN THOSE ELEMENTS IN IRAN WHO WISHED TO AVOID THIS. IF YOU HAD AN INTERNATIONAL LAW THAT APPLIED, IT WAS DANGEROUS NOT TO USE IT. THE RESOLUTION WOULD THEREFORE BE PRESSED EVEN IF THE AMERICANS WERE NOT SURE OF 9 VOTES. IF IT FAILED, THE UN WOULD BE SEEN TO HAVE REFUSED TO ADOPT THE PEACEFUL REMEDIES AVAILABLE TO IT. MCHENRY EMPHASISED THAT THE US WAS NOT LOOKING FOR AN EXCUSE TO APPLY ANOTHER REMEDY. THE LIVES OF THE HOSTAGES WERE STILL IN THE FOREFRONT OF AMERICAN THINKING, BUT ONCE THIS PROCEDURE HAD BEEN GONE THROUGH THE US GOVERNMENT WOULD AT LEAST BE ABLE TO SAY THAT THEY HAD EXHAUSTED ALL MULTILATERAL OPTIONS AVAILABLE TO THEM.

CONFIDENTIAL

/3. MCHENRY



3. MCHENRY AGREED THAT THE LIKELIHOOD OF A SOVIET VETO WAS GREATER THAN BEFORE THE AFGHANISTAN SITUATION HAD ARISEN. "SALT WAS OUT OF THE WAY FOR A YEAR." (HE EMPHASISED THAT THIS WAS A PERSONAL OPINION.) MOREOVER THE RUSSIANS MIGHT WISH TO CURRY FAVOUR WITH THOSE IRANIANS WHO SEEMED TO BE IN POWER AT THE MOMENT.

4. MCHENRY ADMITTED THAT HE HAD BEEN RECEIVING INDRECTLY MESSAGES FROM THE IRANIAN PERMANENT REPRESENTATIVE ASKING THAT THE AMERICANS HOLD OFF FURTHER ACTION HERE UNTIL AFTER THE 25 JANUARY ELECTION. THESE MESSAGES HAD INCLUDED THE HOPE THAT THE NEW GOVERNMENT'S FIRST ACTION WOULD BE TO RELEASE THE HOSTAGES. BUT THERE WAS NO REASON TO BELIEVE THAT THE MINISTRY OF FOREIGN AFFAIRS, OR THE REVOLUTIONARY COUNCIL, OR EVEN KHOMEINI COULD DELIVER, EVEN ASSUMING THAT THE IRANIAN PERMANENT REPRESENTATIVE WAS SPEAKING ON INSTRUCTIONS. MCHENRY HOPED THAT WALDHEIM WOULD CONTINUE HIS GOOD OFFICES AND IN A REFERENCE TO SOME OF WALDHEIM'S PUBLIC STATEMENTS, SPOKE IN SIMILAR TERMS TO PARA 1 OF WASHINGTON TELNO 96.

5. ALGARD (NORWAY) STRESSED THE IMPORTANCE, FOR THE UN IMAGE IN THE US AND ELSEWHERE, OF SECURING 9 VOTES. MCHENRY SAID THAT HE KNEW WHO HE COULD COUNT OUT, BUT WAS NOT SURE YET WHO HE COULD COUNT IN. HE THOUGHT THE PHILIPPINES WOULD GIVE THEIR SUPPORT, BUT WAS UNCERTAIN ABOUT MEXICO. ZAMBIA AND JAMAICA WOULD BE DIFFICULT AND HE THOUGHT HE COULD WRITE-OFF, APART FROM THE RUSSIANS AND THE GDR, BANGLADESH AND PROBABLY TUNISIA. CHINA WOULD PROBABLY BE ON BOARD AS LONG AS THEY WERE NOT THE NINTH VOTE. HE WOULD BE TALKING INDIVIDUALLY THIS AFTERNOON TO MOST OF THESE COUNTRIES.

6. MCHENRY CIRCULATED A REVISED VERSION OF THE DRAFT RESOLUTION EXPLAINING THAT IN PARA 2(A) OF THE ORIGINAL (MY TELNO 34) A FEW WORDS HAD BEEN OMITTED. THE SUB-PARAGRAPH SHOULD NOW READ:

(A) SHALL PREVENT THE SALE OR SUPPLY, BY THEIR NATIONALS OR FROM THEIR TERRITORIES, WHETHER OR NOT ORIGINATING IN THEIR TERRITORIES, TO OR DESTINED FOR IRANIAN GOVERNMENTAL ENTITIES IN IRAN OR ANY OTHER PERSON OR BODY IN IRAN, OR TO BE DESTINED FOR ANY OTHER PERSON OR BODY FOR THE PURPOSES OF ANY ENTERPRISE CARRIED ON IN IRAN, OF ALL ITEMS, COMMODITIES, OR PRODUCTS, EXCEPT FOOD, MEDICINE, AND SUPPLIES INTENDED STRICTLY FOR MEDICAL PURPOSES:

7. THE FRENCH SAID THEY STILL HAD TWO OUTSTANDING DIFFICULTIES OVER EXISTING CONTRACTS AND EXTRA TERRITORIALITY, BUT THESE WERE BEING HANDLED IN WASHINGTON. NEITHER THE PORTUGUESE NOR THE NORWEGIANS MENTIONED ANY DIFFICULTY WITH THE DRAFT RESOLUTION.

8. WE RECEIVED YOUR TELEGRAM NO 54 TO WASHINGTON AFTER THIS MEETING. AS MCHENRY SAID HE WAS HOPING FOR A VOTE BY THURSDAY EVENING AND CERTAINLY NO LATER THAN FRIDAY, THE AMERICANS MAY ASK AFTER THEIR FURTHER CONSULTATIONS THIS AFTERNOON FOR HELP WITH PARTICULAR MEMBERS OF THE COUNCIL.

PARSONS

## DEPARTMENTAL DISTRIBUTION

MED	NAD
CONS D	MAED
CONS EM UNIT	UND
EESD	COD
ES & SD	FRD
EID	PSD
NENAD	CRD
SAD	SECURITY D
SED	MVD
TRED	POD

ADDITIONAL DISTRIBUTION  
TEHRAN SPECIAL

CONFIDENTIAL

P S TO P 144740 DOWNING ST

CRS460

CONFIDENTIAL

*fc. Am*

FM FCO 081545Z JAN 80  
TO IMMEDIATE WASHINGTON  
TELEGRAM NUMBER 54 OF 8 JANUARY  
INFO IMMEDIATE UKMIS NEW YORK, TEHRAN, BONN, PARIS, UKREP  
BRUSSELS  
UKMIS TEL NO 50: US/IRAN

1. I AM PERTURBED BY THE POSSIBLE COURSE ON WHICH THE AMERICANS MAY BE HEADING AND EXPECTING THEIR ALLIES TO FOLLOW, IF THE SECOND STAGE SANCTIONS RESOLUTION FAILS.

2. THE OVERRIDING OBJECTIVE REMAINS, AS I SEE IT, TO SECURE THE RELEASE OF THE HOSTAGES. SINCE AN ENTEBBE-STYLE OPERATION IS NOT POSSIBLE, THEIR RELEASE CAN ONLY BE ACHIEVED WHEN SOMEONE WITH THE NECESSARY AUTHORITY IN IRAN ORDERS THEIR RELEASE. ANY ACTION UNDERTAKEN ON BEHALF OF THE HOSTAGES MUST THEREFORE BE JUDGED ACCORDING TO ITS POSSIBLE CONTRIBUTION TO THIS END.

3. IF, AFTER THE DEFEAT OF THE RESOLUTION, THE AMERICANS WERE TO GO FOR ANY BUT THE MOST LIMITED FORM OF MILITARY REPRISAL, THE CONSEQUENCES COULD BE DISASTROUS. A LARGE BODY OF WORLD OPINION WOULD DRAW A COMPARISON WITH THE RUSSIAN MILITARY ACTION IN AFGHANISTAN. MANY COUNTRIES, PARTICULARLY IN THE GULF, WOULD CONSIDER MILITARY MEASURES PREMATURE AND EXCESSIVE AND WOULD NO LONGER BE ABLE TO SUPPORT THE AMERICAN CASE. OPINION IN IRAN WOULD TEND TO RALLY ROUND THE EXTREMISTS AND THE HOSTAGES THEMSELVES MIGHT WELL BE ENDANGERED.  
ENDANGERED.

4. IF ON THE OTHER HAND THE AMERICANS ASKED THEIR ALLIES TO APPLY THE MEASURES IN THE RESOLUTION VOLUNTARILY IN STEAD OF MANDATORILY THEN IT WOULD BE HARD, IF NOT IMPOSSIBLE, FOR US TO DO MUCH BEYOND WHAT WE ARE ALREADY DOING ON A VOLUNTARY BASIS. MOREOVER WE SHOULD NEED TO CONSULT CLOSELY WITH THE NINE ON ANY SUCH PROPOSALS, PARTICULARLY A CIVIL TRADE BOYCOTT.

5. YOU SHOULD THEREFORE NOW MAKE A FURTHER APPROACH TO FIND OUT

CONFIDENTIAL

14740 - 1

HOW AMERICAN THINKING IS DEVELOPING. IF THEY ARE DETERMINED TO PUSH FOR A VOTE ON FRIDAY, THEY HAVE PRESUMABLY CONSIDERED WHAT THEY ARE GOING TO DO IF THE RESOLUTION FAILS. YOU SHOULD DRAW ON THE ABOVE TO EXPLAIN WHY WE FEAR THAT A MILITARY RESPONSE WOULD NOT BE EFFECTIVE OVER RELEASING THE HOSTAGES, AND REPEAT OUR DIFFICULTIES OVER VOLUNTARY AS OPPOSED TO MANDATORY APPLICATION OF SANCTIONS. YOU SHOULD SAY THAT WE SHOULD LIKE TO BE CONSULTED BEFORE THE AMERICANS MOVE ON TO EITHER OF THE ALTERNATIVES ABOVE. FOR INSTANCE, SERIOUS CONSIDERATION SHOULD PERHAPS BE GIVEN TO WHETHER AN AMERICAN EMBARGO ON FOOD EXPORTS (LY TEL NO 1990) MIGHT NOT BE EFFECTIVE. THIS WOULD NOT HAVE A DRAMATIC EFFECT IN TEHRAN (THE IRANIANS HAVE BEEN EXPECTING IT) BUT IT MIGHT BE EFFECTIVE IN GRADUALLY INTENSIFYING THE PRESSURE ON IRAN, PARTICULARLY IF THE US MEASURES ALREADY ANNOUNCED AGAINST THE SOVIET UNION MAKE IT HARD FOR IRAN TO GET HELP FROM THAT QUARTER. THERE ARE ALSO THE VARIOUS SUGGESTIONS MADE BY THE EEC AMBASSADORS IN TEHRAN AND BY SIR J CRAHAM PERSONALLY.

CARRINGTON

DEPARTMENTAL DISTRIBUTION

MED	NAD
CONS D	MAED
CONS EM UNIT	UND
EESD	COD
ES & SD	FRD
EID	PSD
NENAD	CRD
SAD	SECURITY D
SED	MVD
TRED	POD

ADDITIONAL DISTRIBUTION  
TEHRAN SPECIAL

- 2 -

CONFIDENTIAL



SECRET



21

10 DOWNING STREET

From the Private Secretary

8 January 1980

BF / 9.1.80

Message from President Carter

I enclose the text of a message to the Prime Minister which we have just received from President Carter about the recent agreement between BP, Shell and INOC to purchase oil at an average price of \$30 per barrel.

The Prime Minister will wish to reply promptly to the President's message. I should be grateful if you could let me have a draft, agreed with the copy recipients of this letter, by mid afternoon tomorrow, 9 January.

I am sending copies of this letter and its enclosure to George Walden (Foreign and Commonwealth Office), Tony Battishill (HM Treasury) and Martin Vile (Cabinet Office).

M. O'D. B. ALEXANDER

Bill Burroughs, Esq.,  
Department of Energy.

TR?

SECRET

CONFIDENTIAL

GR 703

CONFIDENTIAL

DESKBY 090900Z (FCO) FIRST CONTACT (TEHRAN)

FM WASHINGTON 090217Z JAN 80

TO IMMEDIATE F C O

TELEGRAM NUMBER 117 OF 8 JANUARY

INFO IMMEDIATE UKMIS NEW YORK, TEHRAN,

INFO PRIORITY BONN, PARIS, UKREP BRUSSELS.

YOUR TEL 54 US/IRAN.

1. MINISTER (COMMERCIAL) TOOK ACTION, WITH ASSISTANT SECRETARY SAUNDERS, EXPLAINING OUR CONCERNS, THE REASONING BEHIND THEM AS SET OUT IN TELEGRAM UNDER REFERENCE AND OUR EXPECTATION THAT WE WOULD BE CONSULTED ON AMERICAN THINKING ABOUT NEXT MOVES IN EITHER THE MILITARY OR THE ECONOMIC FIELD.
2. IT WAS CLEAR FROM SAUNDERS' REPLY (AND FROM A SEPARATE CONVERSATION THOMAS HAD WITH UNDER SECRETARY COOPER - PARAGRAPH 5 BELOW) THAT THE STATE DEPARTMENT HAVE WELL TAKEN THE POINT THAT WE AND OTHER ALLIES WOULD HAVE MAJOR DIFFICULTIES IN IMPLEMENTING THE KIND OF SANCTIONS AGAINST IRAN THAT THE AMERICANS HAVE IN MIND WITHOUT THE BACKING OF A SECURITY COUNCIL DECISION. THE PRESIDENT, HOWEVER, IS STILL THINKING IN THESE TERMS THOUGH THE STATE DEPARTMENT HAVE MADE THE PROBLEMS QUITE CLEAR TO VANCE. THE PRESENT PLAN IS THAT, SOON AFTER THE SANCTIONS VOTE ON 11 JANUARY AND WHICHEVER WAY IT GOES, COOPER SHOULD FLY TO LONDON (PROBABLY AS EARLY AS THE EVENING OF 13 JANUARY WITH A VIEW TO DISCUSSIONS ON 14 JANUARY) AND OTHER MAJOR CAPITALS TO CONSULT ALLIES ON WHAT THEY COULD OR COULD NOT DO IN THE ECONOMIC FIELD, BOTH ON IRAN AND, IN THE CONTEXT OF AFGHANISTAN, ON THE SOVIET UNION. APART FROM THAT THE ADMINISTRATION HAVE NOT YET TAKEN ANY FIRM DECISION ON WHAT THEY MIGHT DO, ALTHOUGH ONE OPTION UNDER CONSIDERATION (THOUGH SAUNDERS WAS RECOMMENDING AGAINST AND DID NOT EXPECT IT TO GO THROUGH) WAS TO MOVE THE IRAN QUESTION, LIKE THE AFGHANISTAN ONE, FROM THE SECURITY COUNCIL TO THE GENERAL ASSEMBLY IN THE EVENT OF A VETO. SAUNDERS ASSURED US THAT HE WOULD KEEP US INFORMED OF US THINKING.
3. ON MILITARY ACTION, SAUNDERS SAID THAT IN HIS JUDGEMENT THIS WAS A LONG WAY OFF. QUITE APART FROM THE ADVERSE AFFECT ON WORLD OPINION, PARTICULARLY IN THE GULF (A POINT WHICH SAUNDERS TOOK WELL), THE AMERICANS ARE FULLY SEIZED OF THE NEED TO AVOID ANY ACTION WHICH MIGHT ENDANGER EITHER THE HOSTAGES OR WESTERN PERSONNEL

CONFIDENTIAL

REMAINING IN TEHRAN (THOMAS HAS EXPLAINED THAT OUR EMBASSY WAS AFTER ALL LIKELY TO REMAIN BEYOND THE COMPLETION OF THE SECURITY COUNCIL DEBATE).

4. TURNING TO OTHER IDEAS, SAUNDERS DID NOT RULE OUT A WALDHEIM TYPE ENQUIRY INTO THE SHAH'S ACTION. THE MAJOR PROBLEM THE AMERICANS FACED WAS THAT IN ORDER TO PURSUE SUCH AN IDEA IT WAS ESSENTIAL THAT THEY HAD SOME KIND OF AUTHORITATIVE SIGNAL FROM THE IRANIANS. IN SAUNDERS' VIEW THIS MUST MEAN A SIGNAL FROM QOM SINCE NEITHER GOTBZADEH NOR THE REVOLUTIONARY COUNCIL HAD THE NECESSARY AUTHORITY. IN THE CASE OF THE RELEASE OF THE ORIGINAL 13 HOSTAGES THEY HAD RECEIVED SUCH A SIGNAL, ALBEIT INDIRECTLY. MORE RECENTLY THEY HAD NOTHING WHICH COULD BE INTERPRETED AS HAVING KHOMEINI'S AUTHORITY. THEY WERE TRYING ONE OR TWO NEW LINES TO QOM (SAUNDERS WAS NOT PREPARED TO SAY WHAT THESE WERE BUT WE BELIEVE THEY ARE THINKING OF USING THE SYRIANS) WHICH THEY HOPED MIGHT PRODUCE SOMETHING. ANY SIGNAL FROM QOM NEED NOT BE PUBLIC SINCE THE PRESIDENT WAS PREPARED TO TAKE SOME DOMESTIC PUBLIC OPINION FLACK, PROVIDED HE HAD SOMETHING RELIABLE TO GO ON. BUT SO FAR THAT WAS STILL LACKING.

5. AS A POSSIBLE EXAMPLE OF AN ALTERNATIVE COURSE OF ACTION, THOMAS MENTIONED SIR J GRAHAM'S IDEA OF A DECLARATION OF WAR AND A BREAKING OF DIPLOMATIC RELATIONS LEADING TO THE INTERNMENT OF IRANIAN DIPLOMATS HERE, BUT SAUNDERS SAID THAT HAD BEEN CONSIDERED AT A MUCH EARLIER STAGE AND REJECTED. HE DID NOT EXPLAIN WHY BUT PRECHT (IRAN COUNTRY DIRECTOR) HAS TOLD US SEPARATELY THAT SUCH ACTION WOULD LOOK TOO LIKE THE MIRROR IMAGE OF WHAT THE IRANIANS HAD DONE AND THAT THE AMERICANS WERE MORE LIKELY TO EXPEL IRANIAN DIPLOMATS IF THEY CHOOSE TO TAKE ACTION AGAINST THEM AT ALL.

6. EARLIER THIS EVENING COOPER, BESIDES INFORMING THOMAS OF HIS PLANNED TRIP TO EUROPE, HAD MENTIONED THAT THE AMERICANS STILL DID NOT HAVE FRENCH AGREEMENT TO THE TEXT OF THE RESOLUTION TO BE PUT TO THE SECURITY COUNCIL, THOUGH WE UNDERSTAND GISCARD AND CARTER MAY HAVE BEEN IN DIRECT TOUCH ABOUT THIS TODAY. COOPER ALSO MENTIONED THAT THE AMERICANS HAD CONSIDERED A BAN ON FOOD EXPORTS TO IRAN BUT HAD DECIDED AGAINST IT ON THE GROUNDS THAT THIS WOULD BE BOUND TO RALLY SUPPORT FOR THE STUDENTS HOLDING THE AMERICAN HOSTAGES ACCORDING TO PRECHT, THERE IS ANYWAY NO FOOD MOVING BETWEEN THE UNITED STATES AND IRAN DUE PARTLY TO THE FREEZE OF IRANIAN ASSETS AND PARTLY TO UNION ACTION BY AMERICAN LONGSHOREMEN.

CONFIDENTIAL

7. AMERICAN PERSISTENCE WITH THEIR SANCTIONS ACTION (TEHRAN TEL 29) IS EXPLICABLE MAINLY IN TERMS OF DOMESTIC POLITICAL PRESSURES. THE PRESIDENTIAL CAMPAIGN IS NOW UNDER WAY IN EARNEST. PUBLIC FRUSTRATION AT THE CONTINUING DEADLOCK WITH IRAN IS STARTING TO UNDERMINE THE BROAD BIPARTISAN SUPPORT WHICH HAD TRANSFORMED CARTER'S STANDING IN THE POLLS. THE CRITICISM IS NOW BEING VOICED THAT HIS QUOTE RESTRAINT UNQUOTE HITHERTO HAS BEEN SIMPLY A COVER FOR INACTION. THE PRESIDENT PUBLICLY COMMITTED HIMSELF ON 22 DECEMBER TO SEEKING ECONOMIC SANCTIONS UNDER CHAPTER VII. IN PRESENT CIRCUMSTANCES, THE ADMINISTRATION CLEARLY FEEL THAT THEY NEED TO BE SEEN BY THE AMERICAN PUBLIC TO BE TAKING FIRM ACTION; AND THAT TO DRAW BACK NOW, IN THE FACE OF PERSISTENT IRANIAN INTRANSIGENCE, FROM FOLLOWING UP THE COMMITMENT TO SANCTIONS IN THE FIRST-STAGE SECURITY COUNCIL RESOLUTION WOULD BE SEEN HERE AS BETRAYING A LACK OF NERVE WHICH WOULD SERIOUSLY WEAKEN THE PRESIDENT'S STANDING.

HENDERSON

FILES

MED

N AM D

NENAD

DEF D

CONS D

CONS EM UNIT

SED

FUSD

FRD

MAED

ES & SD

OID

SEC D

UND

IPD

NEWS D

POD

PSD

PS

PS/SIR I GILMOUR

PS/MR HURD

PS/PUS

SIR D MAITLAND

LORD BRIDGES

MR BULLARD

ADDITIONAL DISTRIBUTION

TEHRAN SPECIAL

MR FIGG

MR J C MOBERLY

MR FERGUSSON

3



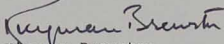
EMBASSY OF THE UNITED STATES OF AMERICA  
LONDON

January 8, 1980

Dear Prime Minister:

I have been asked to deliver the enclosed message to you from President Carter, which was received at the Embassy this morning.

Sincerely,

  
Kingman Brewster  
Ambassador

The Rt. Hon. Margaret Thatcher, M.P.,  
Prime Minister,  
10 Downing Street,  
London SW1.



INSTITUTIONAL INVESTMENT BOARD

MEMORANDUM

DATE: 1/8/80

TO: THE BOARD

FROM: [Illegible]

SUBJECT: [Illegible]

[Illegible text]

[Illegible text]

[Illegible text]

[Illegible text]

[Illegible text]

[Illegible text]

CONFIDENTIAL

1  
2  
3  
4  
5  
6

1980

JAN 8 1980

1  
2  
3  
4  
5  
6  
7  
8  
9  
10

SECRET

**SUBJECT** 20  
**PRIME MINISTER'S**  
**PERSONAL MESSAGE**  
**SERIAL No. T6/80**

January 8, 1980

Dear Prime Minister Thatcher:

I greatly appreciate your firm backing and support of the international effort to secure the release of American hostages held in Iran. I am aware that you personally have taken a leading role in working with us and the international community.

It has also come to my attention that Iranian authorities are seeking to withdraw deposits from British banks, presenting you with difficult decisions in the days ahead.

As part of the international effort to insure that Iran does not take undue advantage of the current situation, we have worked with your government and others to prevent Iran from concluding contracts calling for sharply increased prices. Before we could meet to define these terms more precisely, however, I understand that British Petroleum and Shell both agreed, under pressure from Iran, to purchase oil from the Iranian National Oil Company at \$30 a barrel.

I regret that such a decision was made when it was, and ask that you use your influence to insure close cooperation with us and others in the future in order to prevent Iran from exploiting current uncertainties in the oil market.

Sincerely,

/s/

Jimmy Carter

SECRET

86

PRIME MINISTER'S  
POST OFFICE  
SERIAL TOP  
8 JAN 1960

Copy to Foreign Minister



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12

11-1960

Dear Sir,  
I refer to the letter of the 11th inst. in which you advised that the Government of the United Kingdom had decided to grant a concession in the form of a reduction in the rate of duty on the importation of certain types of motor cars from the United Kingdom to the Republic of South Africa.  
I am pleased to hear that the Government of the United Kingdom has decided to grant this concession and I am sure that it will be of great benefit to the Republic of South Africa.  
I am sure that the Government of the United Kingdom will continue to be a most helpful and friendly neighbour to the Republic of South Africa.  
I am, Sir, very truly yours,  
J. G. D. D. D.

Very truly yours,  
J. G. D. D. D.



IRAN: ADVANCE COPIES 43

ADVANCE COPY  
PS NO-10 DOWNING ST

PS  
PS/SIR I GILMOUR  
PS/MR HURD  
PS/PUS  
SIR D MAITLAND  
MR J C MOBERLY  
LORD BRIDGES  
MR EVANS  
MISS BROWN  
HD/MED (2)  
HD/FRD  
HD/NEPAD  
HD/UND (2)  
HD/OID (2)  
HD/DEF DEPT  
HD/H AM D  
HD/ES & SD (2)  
HD/FUSD (2)  
HD/RES DEPT  
HD/COD  
HD/CONS DEPT  
RESIDENT CLERK  
*Lord R G Hume*

SIR R ARMSTRONG )  
ASSESSMENTS STAFF ) CABINET  
MR R WADE GERY ) OFFICE  
MR LE CHEMIGNANT )  
MR P G FOWLER R 217 )  
DIO )

PS/CHANCELLOR )  
MR F R DARRATT ) TREASURY  
MR D J S HANCOCK )  
MR C W MCMAHON ) BANK OF  
MR S PAYTON ) ENGLAND  
*Re R Williams* CRES DC  
MR W KNIGHTON DEPT OF TRADE  
MR C BENJAMIN DOI

MR D LE B JONES ) DEPT OF  
MR C LUCAS ) ENERGY

*[ASPTL]*

GPS900

CONFIDENTIAL

DESKBY F C O 000900Z

DESKBY TEHRAN 000500Z

DESKBY WASHINGTON 001400Z

DESKBY PARIS 000800Z

FROM UKMIS NEW YORK 000240Z JAN 80

TO IMMEDIATE F C O

TELEGRAM NUMBER 51 OF 7 JANUARY

INFO IMMEDIATE WASHINGTON TEHRAN AND PARIS

MIPT: IRAN

THE SECRETARY GENERALS' REPORT WAS CIRCULATED THIS MORNING. THE CONCLUSIONS DIFFERED FROM THOSE IN MYTEL 32 IN THAT HIS APPARENT SUPPORT FOR THE CREATION OF AN INTERNATIONAL ENQUIRY COMMITTEE HAS DISAPPEARED. IN ITS PLACE IS A SENTENCE SIMPLY REPORTING THE IRANIAN AUTHORITIES SUPPORT FOR THE IDEA.

2. THIS EVENING WALDHEIM GAVE TO A RESTRICTED MEETING OF INFORMAL CONSULTATIONS SOME INFORMATION ABOUT HIS RECENT VISIT TO TEHRAN ADDITIONAL TO WHAT HE HAD INCLUDED IN HIS WRITTEN REPORT TO THE SECURITY COUNCIL. HE SAID THAT IT HAD BEEN THE MOST DIFFICULT DECISION IN HIS TIME AS SECRETARY-GENERAL TO GO TO TEHRAN WHEN

ADDITIONAL TO WHAT HE HAD INCLUDED IN HIS WRITTEN REPORT TO THE SECURITY COUNCIL. HE SAID THAT IT HAD BEEN THE MOST DIFFICULT DECISION IN HIS TIME AS SECRETARY-GENERAL TO GO TO TEHRAN WHEN HE DID. HE KNEW THE MISSION COULD NOT SUCCEED, BUT IF HE DID NOT GO HE KNEW HE WOULD BE BLAMED FOR NOT HAVING TRIED. WHEN THE INFORMAL INVITATION CAME FROM THE IRANIANS, CONVEYED THROUGH THE IRANIAN REPRESENTATIVE HERE, HE CONSULTED DELEGATIONS AND EVEN THE PLO AND HAD PERSONALLY TELEPHONED FOREIGN MINISTERS. EVERYONE HAD ADVISED HIM TO GO.

3. THE VISIT HAD BEEN A DISASTER. ONLY QOTBZADEH HAD TRIED TO MAKE IT A SUCCESS. THE REVOLUTIONARY COUNCIL HAD WANTED HIM TO GO AS A MEANS OF UNRAVELLING THE PROBLEM, BUT THEY DID NOTHING TO MAKE THIS POSSIBLE. THE PRESS HAD SURROUNDED HIM THROUGHOUT AND MADE HIS VISIT EVEN MORE DIFFICULT. THE IRANIANS HAD ASKED HIM TO DESCRIBE THE PURPOSE OF HIS VISIT AS FACT FINDING, NOT FOR NEGOTIATION AND HE HAD COMPLIED.

4. HE GAVE HARROWING ACCOUNTS OF HIS VISITS TO THE CEMETERY AND TO THE CENTRE FOR REHABILITATION OF ALLEGED SAVAK VICTIMS. SURROUNDED BY JEERING AND JOSTLING CROWDS. EVEN WHEN HE WAS FINALLY RECEIVED BY THE REVOLUTIONARY COUNCIL THE ARRANGEMENTS FOR GETTING HIM THERE WERE CHAOTIC AND HE WAS LEFT AT THE EDGE OF A PARK IN THE DARKNESS TO MAKE HIS WAY TO THE SENATE THROUGH HOSTILE DEMONSTRATORS. DURING HIS TWO MEETINGS WITH QOTBZADEH, HIS ONE MEETING WITH THE REVOLUTIONARY COUNCIL AND OTHER CONTACTS WITH IRANIANS, THEIR MAIN CONCERN HAD BEEN TO DISCUSS THE MISDEEDS OF THE SHAH'S REGIME. HE HAD BEEN IMPRESSED WITH THE ENORMOUS AND WIDESPREAD HATRED OF THE UNITED STATES AND ALSO WITH THE STRONG DISSATISFACTION WITH THE UNITED NATIONS AND ITS FAILURE TO TAKE ANY ACTION ABOUT IRAN OVER THE LAST TWENTY-FIVE YEARS. HE HAD FAILED TO MAKE ANY IMPRESSION WITH HIS INSISTENCE THAT THE INTERNATIONAL COMMUNITY COULD NOT ACCEPT THE SERIOUS IRANIAN VIOLATION OF INTERNATIONAL LAW. BUT HE FELT THAT HE HAD SUCCEEDED IN CONVEYING SOME UNDERSTANDING OF THE ROLE WHICH THE UN COULD NOW PLAY IN FINDING A SOLUTION TO THE PROBLEM.

5. WALDHEIM SAID THAT QOTBZADEH WAS PREPARED TO ACCEPT THAT THE HOLDING OF THE HOSTAGES WAS A MISTAKE, BUT HE HAD INSISTED THAT THE REVOLUTIONARY COUNCIL HAD NO POWER OVER THE STUDENTS AND KHOMEINI AT QOM WAS TOO FAR AWAY AND DIVORCED FROM DAY TO DAY POLITICAL ACTIVITY. DESPITE WALDHEIM'S REPEATED REQUESTS KHOMEINI WOULD NOT SEE HIM: HE WANTED NO MEDIATION.

6. AT THE MEETING WITH THE REVOLUTIONARY COUNCIL AYATOLLAH  
SPEAKING TO THE PRESS WALDHEIM HAD FOUND HIMSELF UNWELCOMED. BUT HIS

6. AT THE MEETING WITH THE REVOLUTIONARY COUNCIL AYATOLLAH NEHESTI TOOK THE CHAIR. WALDHEIM HAD FOUND HIM IMPRESSIVE, BUT HIS CONCLUSION FROM THIS MEETING WAS THAT THE IRANIANS HAD TOUCHED THEIR POSITION. THEY SPOKE OF A THREE POINT PROGRAMME INVOLVING THE RETURN OF THE SHAH, THE RESTORATION OF HIS ASSETS AND THE RELEASE OF THE HOSTAGES COMPARED TO THEIR EARLIER IDEA OF AN INTERNATIONAL ENQUIRY CLEARLY LINKED TO THE RELEASE. THEY HAD GIVEN UP THEIR IDEA OF A GRAND JURY, BUT WANTED AN INTERNATIONAL COMMISSION, PART GOVERNMENTAL AND PART PRIVATE TO INVESTIGATE THE SHAH'S REGIME. THEY EXPECTED IT TO REPORT IN ONE WEEK TO THE SECURITY COUNCIL OR THE GENERAL ASSEMBLY. AFTER THE REPORT HAD BEEN APPROVED, THE HOSTAGES WOULD BE RELEASED. WALDHEIM HAD EXPLAINED TO THE REVOLUTIONARY COUNCIL WHY HE EXPECTED THAT SUCH A PROPOSAL WOULD BE TOTALLY UNACCEPTABLE TO THE SECURITY COUNCIL, BUT HE UNDERTOOK TO INFORM THEM OF IT.

7. IN ANSWER TO A QUESTION, WALDHEIM SAID THAT HE HAD FOUND THREE POWER CENTRES IN IRAN, THE STUDENTS, THE REVOLUTIONARY COUNCIL AND AYATOLLAH KHOMEINI. THE LATTER WAS STILL VERY IMPORTANT, BUT HE GAVE LITTLE GUIDANCE. THIS LEFT THE STUDENTS AS THE MOST POWERFUL ELEMENT. IF THEY WERE ASKED WHETHER THEY WOULD RELEASE THE HOSTAGES IF KHOMEINI ASKED THEM TO DO SO, THEIR REPLY WOULD BE THAT THIS WOULD NEVER HAPPEN. THE ONLY HOPE THAT HE COULD SEE WAS THE ELECTION OF A CAPABLE PRESIDENT LATER THIS MONTH. KHOMEINI HAD MADE CLEAR THAT HE WOULD LEAVE THE FIELD TO HIM AND HE WOULD HAVE THE AUTHORITY OF ELECTION BY THE PEOPLE.

8. WALDHEIM OBVIOUSLY FELT THAT HE HAD TO EXPLAIN THE FAILURE OF HIS MISSION AND THE INSULTS TO HIS DIGNITY AS SECRETARY-GENERAL. MY IMPRESSION IS THAT HIS EXPERIENCE IN TEHRAN HAS DISTORTED HIS JUDGEMENT. THERE IS NO DOUBT THAT HE HAD AN EXTREMELY UNNERVING EXPERIENCE, BUT I SUSPECT THAT THE DEPTH AND EXTENT OF IRANIAN BITTERNESS AGAINST THE AMERICANS WHICH MADE SUCH AN IMPRESSION ON HIM WAS TO SOME EXTENT ARTIFICIALLY-CREATED BY THE IRANIANS. THE EFFECT OF HIS ACCOUNT ON THE NON-ALIGNED MEMBERS OF THE COUNCIL WAS PERHAPS ILLUSTRATED BY THE ZAMBIAN WHO FELT IT NECESSARY TO APOLOGISE FOR HAVING PRESSED SO STRONGLY FOR THE VISIT TO TAKE PLACE.

PARSONS

PS  
 PS/SIR I GILMOUR  
 PS/MR HURD  
 PS/PUS  
 SIR D MAITLAND  
 MR J C MOBERLY  
 LORD BRIDGES  
 MR EVANS  
 MISS BROWN  
 HD/MED (2)  
 HD/FRD  
 HD/RENAD  
 HD/UND (2)  
 HD/OID (2)  
 HD/DEF DEPT  
 HD/N AM D  
 HD/ES & SD (2)  
 HD/FUSD (2)  
 HD/NEWS DEPT  
 HD/COD  
 HD/CONS DEPT  
 RESIDENT CLERK  
 Lord R G Hemox

PS NO 10 DOWNING ST -  
 SIR R ARMSTRONG )  
 ASSESSMENTS STAFF )  
 MR R WADE GERY ) CABINET  
 MR LE CHEMINANT ) OFFICE  
 MR P G FOWLER R 217 )  
 DIO )

PS/CHANCELLOR )  
 MR F R BARRATT ) TREASURY  
 MR D J S HANCOCK )  
 MR C W MCMAHON ) BANK OF  
 MR S PAYTON ) ENGLAND  
 Mr R Williams CRES DCT  
 MR W KNIGHTON DEPT OF TRADE  
 MR C BENJAMIN DOI  
 MR D LE B JONES ) DEPT OF  
 MR C LUCAS ) ENERGY

OR 210

CONFIDENTIAL

FM TEHRAN 081115Z JAN  
 TO IMMEDIATE FCO

TELEGRAM NUMBER 29 OF 8 JAN 80

INFO IMMEDIATE WASHINGTON, UKHIS NEW YORK AND EEC POSTS.

MIPT : US/IRAN.

IMMEDIATE

MY COMMUNITY COLLEAGUES ALL AGREE WITH MY VIEW THAT SANCTIONS WILL BE INEFFECTIVE. INDEED IN THAT THERE IS ANY DISPOSITION HERE TOWARDS A SOLUTION AMONG THE MORE RESPONSIBLE MEMBERS OF THE REVOLUTIONARY COUNCIL, A MOVE FOR SANCTIONS WHETHER SUCCESSFUL OF NOT WILL TEND TO RETARD, IF NOT DESTROY IT.

2. WE SEE TWO SMALL RAYS OF LIGHT. FIRST THERE IS THE HOPE THAT AN ELECTED PRESIDENT MAY FEEL HIS POSITION STRONG ENOUGH, AND HIS RETENTION OF AUTHORITY SO ENDANGERED BY THE "STUDENTS" IN THE US EMBASSY THAT HE WILL MOVE AGAINST THEM (BUT SEE PARA 4 OF MY TEL NO 23). SECONDLY AND MORE SUBSTANTIAL, THE FRO AMBASSADOR HAS IT FROM THREE MEMBERS OF THE REVOLUTIONARY COUNCIL THAT THEY WOULD BE PREPARED TO PUT THEIR FULL WEIGHT BEHIND A COMPROMISE WHICH INVOLVED THE

THEIR FULL WEIGHT BEHIND A COMPROMISE WHICH INVOLVED THE  
RELEASE OF THE HOSTAGES IN ADVANCE OF AN INTERNATIONAL INVESTIGATION, PROVIDED IT WAS ABSOLUTELY GUARANTEED THAT SUCH AN INVESTIGATION WOULD IMMEDIATELY TAKE PLACE. SOME OFFER ON THE SHAH'S ASSETS (EG TO CIVIL PROCEEDINGS) COULD BE THROWN IN. THIS MATCHES SO CLOSELY THE IRAN WORKING GROUP'S IDEA (PARA 1 OF WASHINGTON TELNO 96 TO YOU-NOT TO ALL) THAT IT WOULD SEEM WORTH FOLLOWING UP, DESPITE THE HARDER LINE GIVEN WALDHEIM WHEN HE WAS HERE.

3. WE ARE ALL PUZZLED BY THE AMERICAN PERSISTENCE WITH SANCTIONS DESPITE THE PROSPECT OF FAILURE. WE DEDUCE THAT THEY MUST BE CLEARING THE DECK FOR FURTHER ACTION.

GRAHAM

IMMEDIATE

NNNN

01 01 1979

01 01 1979

01 01 1979

01 01 1979

01 01 1979

01 01 1979

01 01 1979

01 01 1979



PS  
 PS/SIR I GILMOUR  
 PS/MR HURD  
 PS/PUS  
 SIR D MAITLAND  
 MR J C MOBERLY  
 LORD BRIDGES  
 MR EVANS  
 MISS BROWN  
 HD/MED (2)  
 HD/FRD  
 HD/WENAD  
 HD/UND (2)  
 HD/OID (2)  
 HD/DEF DEPT  
 HD/N AM D  
 HD/ES & SD (2)  
 HD/PUSD (2)  
 HD/NEWS DEPT  
 HD/COD  
 HD/CONS DEPT  
 RESIDENT CLERK

*Lord & G hamox*

PS NO 10 DOWNING ST

SIR R ARMSTRONG )  
 ASSESSMENTS STAFF ) CABINET  
 MR R WADE GERY ) OFFICE  
 MR LE CHEMINANT )  
 MR P G FOWLER R 217 )  
 DIO )

PS/CHANCELLOR )  
 MR F R BARRATT ) TREASURY  
 MR D J S HANCOCK )

MR C W MCMAHON ) BANK OF  
 MR S PAYTON ) ENGLAND  
*Re R Williams* CRES DOT  
 MR W KNIGHTON DEPT OF TRADE  
 MR C BENJAMIN DOI

MR D LE B JONES ) DEPT OF  
 MR C LUCAS ) ENERGY

GR 160

CONFIDENTIAL

FM TEHRAN 091115Z JAN

TO IMMEDIATE FCO

TELEGRAM NUMBER 28 OF 8 JAN 80

INFO IMMEDIATE WASHINGTON, UKMIS NEW YORK AND EEC POSTS.

**IMMEDIATE**

MY TEL NO 25 : POSITION OF WESTERN EMBASSIES.

I DISCUSSED THIS WITH MY EEC COLLEAGUES THIS MORNING. NONE ..  
 HAVE RECEIVED ANY INSTRUCTIONS, EVEN ON A CONTINGENCY BASIS,  
 AND ALL PROPOSE TO SIT IT OUT, ALTHOUGH ALL RECOGNISE THAT  
 THE STATEMENTS TO BE MADE IN THE SECURITY COUNCIL DEBATE MAY  
 PROVE ANKWARD FOR US HERE. THE ITALIAN HAS A FURTHER EMBARRASSMENT  
 OVER THE HELICOPTERS AND MISSILES WHICH ARE READY AND PAID FOR  
 IN ITALY, BUT HELD UP. HE WAS TACKLED ABOUT THIS KHARAZI TODAY,  
 BUT COULD GIVE ONLY A LAME EXCUSE.

2. I THINK THAT WE TOO SHOULD SIT THINGS OUT, THOUGH I MIGHT  
 EVACUATE THE EMBASSY ON FRIDAY AND SATURDAY TO SEE HOW  
 THINGS GO - WE ARE CLOSED THOSE DAYS IN ANY CASE.

3. THE SILENCE OF KHONEINI ABOUT LAINGEN'S POSITION SUGGESTS

3. THE SILENCE OF KHOMEINI ABOUT LAINGEN'S POSITION SUGGESTS THAT THE MFA WILL NOT BE ORDERED TO SURRENDER HIM. THEY ARE WORKING ON THAT BASIS. IF SO THE CONTINGENCY DISCUSSED IN YOUR TEL NO 48 TO WASHINGTON (REPEATING A COREU TO ROME) DOES NOT ARISE.

GRAHAM

NNNN

CCN.. PARA 1.. PERULTIMATE LINE.. HE WAS TACKLED ABOUT THIS BY KHARAZI TODAY, ETC

IMMEDIATE

NNNN

08 0000

09 0000

10 0000

11 0000

12 0000

13 0000

14 0000

15 0000

16 0000

7

1

GR 350

CONFIDENTIAL

CONFIDENTIAL

DESKBY FCO 080900Z

DESKBY TEHRAN 080500Z

DESKBY WASHINGTON 081400Z

DESKBY PARIS 080800Z

FM UKMIS NEW YORK 080240Z JAN 80

TO IMMEDIATE FCO

TELEGRAM NUMBER 50 OF 7 JANUARY

INFO IMMEDIATE TEHRAN WASHINGTON PARIS

MY TELNO 42: IRAN - TIMING OF SECURITY COUNCIL

1. MCHENRY HAS NOW GIVEN THE DRAFT RESOLUTION TO ALL MEMBERS OF THE COUNCIL. AT THIS EVENING'S INFORMAL CONSULTATIONS (SEE MIFT), MCHENRY MADE CLEAR THAT HE WANTED A VOTE BY FRIDAY EVENING AT THE LATEST. BUT HE DID NOT SEEM TO BE ENVISAGING A FORMAL MEETING OF THE COUNCIL BEFORE THURSDAY. HE INTENDED TO SPEND THE INTERIM PERIOD IN CONSULTING INDIVIDUAL DELEGATIONS, LEADING UP TO INFORMAL CONSULTATIONS OF THE WHOLE, PERHAPS ON WEDNESDAY.

2. THERE IS NO PARTICULAR REASON WHY I SHOULD SPEAK EARLY WHEN THE DEBATE RESUMES AND I SHALL RESIST ANY PRESSURE WHICH MAY DEVELOP FROM THE AMERICANS FOR ME TO SPEAK PREMATURELY. HENCE, I SHALL PROBABLY NOT HAVE TO SPEAK BEFORE THURSDAY AFTERNOON AT THE EARLIEST, MORE PROBABLY ON FRIDAY.

3. AS REGARDS THE POSSIBLE VOTING PATTERN, THE GENERAL FEELING IS THAT THE SOVIET UNION WILL VETO. THE AMERICANS SAY THAT, APART FROM THE WESTERN FIVE (AND THEY THINK THAT FRANCE MAY BE SLIPPING) THEY HAVE FIRM ASSURANCES FROM THE PHILLIPINES AND NIGER. THEY HAVE HOPES OF JAMAICA AND MEXICO AND QUOTE HAROLD BROWN IS WORKING ON THE CHINESE IN PEKING UNQUOTE. THEY DID NOT SEEM TO HAVE MUCH CONFIDENCE AS REGARDS ZAMBIA OR BANGLADESH (WHO ABSTAINED LAST TIME). MANY THINGS CAN HAPPEN DURING THE NEXT FEW DAYS,

CONFIDENTIAL

/ PARTICULARLY

CONFIDENTIAL

PARTICULARLY WHEN THE AMERICANS START HEAVY ARM-TWISTING IN CAPITALS. BUT THE JAMAICAN AND MEXICAN INTERVENTIONS AFTER WALDHEIM'S ORAL REPORT THIS EVENING WERE NOT ENCOURAGING FOR THE AMERICANS. BOTH DELEGATIONS SUGGESTED THAT THE COUNCIL SHOULD THINK VERY CAREFULLY AND MAKE SURE THAT ANY ACTION IT NOW TOOK WOULD BE IN THE INTERESTS OF THE HOSTAGES. IN RESPONSE, WALDHEIM SAID THAT THE IRANIANS HAD TOLD HIM THAT THEY COULD NOT CARELESS ABOUT SANCTIONS WHICH WOULD ONLY MAKE THINGS WORSE BY RAISING THE EMOTIONAL TEMPERATURE.

PARSONS

DEPARTMENTAL DISTRIBUTION

MED	NAD
CONS D	MAED
CONS EM UNIT	UND
EESD	COD
ES & SD	FRD
EID	PSD
NENAD	CRD
SAD	SECURITY D
SED	MVD
TRED	

ADDITIONAL DISTRIBUTION  
TEHRAN SPECIAL

CONFIDENTIAL

GRS 186

CONFIDENTIAL

DESKBY (WASHINGTON AND UKMIS NEW YORK) 071600Z

FM FCC 071445Z JAN 80

TO IMMEDIATE WASHINGTON

TELEGRAM NUMBER 44 OF 7 JAN

AND TO IMMEDIATE UKMIS NEW YORK

INFO PARIS AND EEC POSTS

YOUR TEL NO 72 (NOT TO ALL): SECOND STAGE RESOLUTION ON IRAN

1. AS YOU INDICATE IN PARA 4 OF TUR, THE STATUS OF THE PRESENT TEXT IS NOT QUITE CLEAR. OUR APPROACH ALL ALONG HAS BEEN THAT THE AMERICANS WERE SEEKING TO AGREE A TEXT WITH OURSELVES AND THE FRENCH. WE HAVE NO FURTHER PROBLEMS WITH THE TEXT IN UKMIS TEL NO 34 BUT WE UNDERSTAND THAT THE FRENCH HAVE SOME REMAINING DIFFICULTIES. WE HOPE THAT, IN CIRCULATING THE TEXT TO MEMBERS OF THE COUNCIL, THE AMERICANS WILL NOT REFER ONLY TO OUR SUPPORT WITHOUT REFERENCE TO THE FRENCH. WE TRUST THAT THEY WILL ALSO ENSURE THAT THEY ARE IN A POSITION TO SAY THAT THE TEXT HAS BROAD FRENCH SUPPORT. WE WOULD OTHERWISE BE VERY EXPOSED.

2. AS REGARDS DEFAULT (OPERATIVE PARA 2(C)), YOU ARE AWARE THAT WE ACCEPTED THE INCLUSION OF THIS ITEM WITH RELUCTANCE. WE STILL THINK IT LIKELY THAT OTHERS WILL WISH IT TO BE EXCLUDED. IF SO, YOU SHOULD NOT DEFEND ITS CONTINUED INCLUSION.

CARRINGTON

FILES

FRD	
MED	UND
NENAD	IPD
DEF D	NEWS D
CONS D	POD
CONS EM UNIT	PSD
SED	PS
NAD	PS/SIR I GILMOUR
PUSD	PS/MR HURD
	PS/FUS
MAED	SIR A DUFF
ES & SD	MR FIGG
OID	MR J C MOBERLY

ADDITIONAL DISTRIBUTION  
TEHRAN SPECIAL

CONFIDENTIAL

# CONFIDENTIAL

CR 850

CONFIDENTIAL UK COMMS ONLY

DESKBY FCO 061400Z

FM TEHRAN 061030Z JAN

TO IMMEDIATE FCO

TELEGRAM NUMBER 20 OF 6 JANUARY 80

INFO IMMEDIATE CABINET OFFICE (DIO), MODUK (DI1 AND DS11)

CRE5 WASHINGTON, UKMIS NEW YORK, BAHRAIN,

INFO PRIORITY ABU DHABI, ANKARA, BAGHDAD, DOHA, DUBAI,

ISLAMBAD, JEDDA, KABUL, KUWAIT, MOSCOW, TOKYO, MUSCAT,

NEW DELHI, AND EEC POSTS.

MY TELNO 10 : SITUATION IN IRAN.

1. AFTER SCENES OF CONSIDERABLE VIOLENCE YESTERDAY IN WHICH AT LEAST 5 OR 6 WERE KILLED AND 200 INJURED, TABRIZ IS TODAY REPORTED QUIET, WITH THE RADIO AND TV STATION IN THE HANDS OF KHOMEINI'S SUPPORTERS. TROUBLE APPARENTLY STARTED WHEN SHARIAT MADARI'S HOUSE IN QOM WAS REPORTED TO BE UNDER ATTACK, AND VILLAGERS FLOODED INTO TABRIZ TO DEMONSTRATE IN HIS FAVOUR. THE MPRP CLAIMED THE DEMONSTRATION WAS SPONTANEOUS AND THAT THEY HAD HAD NO ROLE IN IT. SIMILAR RIOTING BROKE OUT IN MARAGHEH NEAR LAKE OROUMIEH, AND 16 ARE REPORTED INJURED.
2. QOM IS ALSO SUPPOSED TO BE CALM. IT IS STILL UNCLEAR WHETHER SHARIAT MADARI'S SUPPORTERS STARTED THE FIGHTING, AS REUTERS BELIEVE : THE QOM REVOLUTIONARY GUARDS HAVE BLAMED THE FEDAYANE KHALQ (WHO HAVE REFUTED THIS) AS WELL AS THE MPRP, WHOSE TEHRAN OFFICE HAS BEEN TAKEN OVER BY KHOMEINI SUPPORTERS. THE OFFICIAL NEWS AGENCY HAS CARRIED A STATEMENT MADE YESTERDAY BY SHARIAT MADARI IN WHICH HE CALLED FOR UNITY AND PEACE (DIRECTING A SPECIAL APPEAL TOWARDS AZERBAIJANIS) AT A TIME WHEN "WE ARE FACED WITH A DANGEROUS SUPER POWER LIKE THE UNITED STATES AND ITS ACCOMPLICES". HE REPEATED AN EARLIER STATEMENT THAT THE MPRP WAS AN INDEPENDENT PARTY: IT HAD ANNOUNCED ITS OWN DISSOLUTION AND HE WOULD NOT ENDORSE IT IF IT CONTINUED TO BE ACTIVE.

CONFIDENTIAL

13.



# CONFIDENTIAL

3. SHARIAT MADARI WAS NEVERTHELESS CRITICISED YESTERDAY IN THINLY VEILED TERMS BY KHOEINI, THE MULLAH AT THE US EMBASSY AND KHOMEINI'S REPRESENTATIVE ON THE NIRT BOARD AND THE PRESIDENTIAL ELECTORAL COMMISSION, WHO ADDRESSED MARCHERS GATHERED THERE. AFTER EXTOLLING KHOMEINI'S LEADERSHIP AND THE "UNANIMOUS OPINION" OF IRANIANS THAT THE US WAS THE NO 1 ENEMY (HE MADE NO REFERENCE TO THE SOVIET UNION), KHOEINI SAID THE IRANIAN NATION WAS "FULLY AWARE THAT THOSE WHO ENGINEER PLOTS TODAY ARE THE SAME PEOPLE WHO DID NOT DISAGREE WITH MOHAMMAD REZA'S RULE EVEN FOR A MOMENT. IRANIANS KNOW THAT THESE PLOTTERS ARE THE SAME PEOPLE WHO SUPPORTED THE MONARCHICAL CONSTITUTION AND .... THAT THOSE WHO EMBARK ON PLOTS TODAY, ARE THOSE WHO DID NOT RECOGNISE THE ISLAMIC REVOLUTION CONSTITUTION AND DID NOT VOTE IN ITS FAVOUR".
4. THE QOM ELMIEH CIRCLE TEACHERS ASSOCIATION CRITICISED SHARIAT MADARI DIRECTLY YESTERDAY FOR NOT PREVENTING DISTURBANCES IN THE TOWN AND CALLING ON HIM "NOT AGAIN TO ALLOW COUNTER-REVOLUTIONARIES TO CAUSE FURTHER DISRUPTIONS AND RIOTS".
5. THE GOVERNMENT GOODWILL MISSION TO KURDESTAN HAS REJECTED THE LOCALLY-AGREED WITHDRAWAL OF REVOLUTIONARY GUARDS FROM SANANDAJ (SEE TUR). SHOPS ETC IN THE TOWN ARE CLOSED AND THE SIT-IN AT THE GOVERNOR-GENERAL'S OFFICE IS REPORTED TO BE CONTINUING. THE KURDISH RELIGIOUS LEADER, HOSSEINI, YESTERDAY ASKED FOR DEMONSTRATIONS THROUGHOUT KURDESTAN TODAY TO DEMAND THE WITHDRAWAL OF THE GUARDS FROM THE WHOLE REGION.
6. A PIPELINE IN ILAM (A KURDISH DOMINATED PROVINCE) WAS BLOWN UP YESTERDAY, ACCORDING TO THE OFFICIAL NEWS AGENCY THE LATEST OF A SERIES OF SUCH INCIDENTS, THOUGH THERE HAVE BEEN NO RECENT REPORTS OF OTHERS. THE AGENCY IMPLIED THAT IRAQIS WERE RESPONSIBLE, AND ANOTHER REPORT CLAIMED THAT 700 DISCIPLINED RAIDERS ARMED BY THE IRAQIS HAD ATTACKED BORDER POSTS, REVOLUTIONARY GUARD HEADQUARTERS, OIL INSTALLATIONS, A WATER RESERVOIR AND THE RADIO AND TV STATION IN THE QASFE-SHIRIN AREA. FIVE RAIDERS WERE REPORTED KILLED AND ONE CAPTURED WHEN REVOLUTIONARY GUARDS AND OTHER FORCES REPULSED THE ATTACK AFTER 4 HOURS.

2

CONFIDENTIAL

/ 7.

# CONFIDENTIAL

7. THE FIGHTING AT BANDAR LENGEH REPORTED BY THE BBC THIS MORNING (AND AS YET GIVEN ONLY A ONE LINE REPORT ON TV HERE) SEEMS TO HAVE BEEN BETWEEN THE LOCAL SUNNI AND SHIA COMMUNITIES AND WAS PROVOKED BY A SUNNI LEADER'S CRITICISM OF HIS SHIA COUNTERPART. REUTERS REPORT 26 KILLED.
8. AFTER DR BAHONAR'S MEDIATION (SEE TUR), THE 21- DAY ISFAHAN SIT-IN IS REPORTED TO HAVE ENDED WITH THE MERGER OF KOMITEHS INTO THE REVOLUTIONARY GUARDS. AYATOLLAH IMANI, AYATOLLAH KHO'I'S REPRESENTATIVE IN ISFAHAN, WAS SHOT AND WOUNDED ON 4 JANUARY BY A GUNMAN ON A MOTOR CYCLE.
9. TEHRAN IS APPARENTLY TAKING A BREAK FROM DEMONSTRATIONS TODAY. A LARGE NUMBER ARE REPORTED INJURED IN THAT HELD BY THE FEDAYANE KHALQ ON 3 JANUARY INVOLVING ABOUT 30,000 PEOPLE (SEE TUR) , AT WHICH BAZARGAN'S GOVERNMENT AND LINKS WITH THE US WERE CRITICISED.
10. KHOMEINI HAS STILL NOT RESPONDED TO QOTBZADEH'S STATEMENT THAT KHOMEINI HIMSELF WOULD DECIDE WHETHER THE MFA SHOULD HAND OVER LAINGEN TO THE GROUP OCCUPYING THE EMBASSY.
11. PRESIDENTIAL CANDIDATES ARE CAMPAIGNING ACTIVELY, THOUGH ONE OF THEM, FORUHAR (A MEMBER OF THE GOVERNMENT DELEGATION TO KURDESTAN) WAS REPORTED TO HAVE ESCAPED AN ASSASSINATION ATTEMPT YESTERDAY IN WHICH HIS DRIVER WAS INJURED. FORUHAR'S PARTY HAS SINCE SAID ONE OF HIS OWN GUARDS LET OFF HIS GUN BY ACCIDENT. KHOMEINI CONTINUES TO INSIST THAT HE WILL NOT ENDORSE A PARTICULAR CANDIDATE.
12. THE PROMISED PURGES OF THE MINISTRIES SEEM TO HAVE STARTED. THE FINANCE MINISTRY HAVE LOST 48, THE MINISTRY OF POST, TELECOMMUNICATIONS AND TELEPHONE 18, AND THE MFA ABOUT 63. THERE IS ALSO EVIDENCE THAT THE REMOVAL OF BAHA'IS FROM THE ARMED FORCES (REDDAWAY'S TELELETTER OF 27 DECEMBER TO MED) IS UNDER WAY.

GRAHAM

## DEPARTMENTAL DISTRIBUTION

MED	NAD
CONS D	MAED
CONS EM UNIT	UND
EESD	COD
ES & SD	FRD
EID	PSD
NENAD	CRD
SAD	SECURITY D
SED	MVD
TRED	POD

## ADDITIONAL DISTRIBUTION TEHRAN SPECIAL

# CONFIDENTIAL

**IMMEDIATE**

PS  
 PS/SIR I GILMOUR  
 PS/MR HURD  
 PS/PUS  
 SIR D MAITLAND  
 MR J C MOBERLY  
 LORD BRIDGES  
 MR EVANS  
 MISS BROWN  
 HD/MED (2)  
 HD/FRD  
 HD/NENAD  
 HD/UND (2)  
 HD/OID (2)  
 HD/DEF DEPT  
 HD/N AM D  
 HD/ES & SD (2)  
 HD/PUSD (2)  
 HD/NEWS DEPT  
 HD/COD  
 HD/CONS DEPT  
 RESIDENT CLERK

13.16

PS NO 10 DOWNING ST

SIR R ARMSTRONG )  
 ASSESSMENTS STAFF )  
 MR R WADE GERY ) CABINET  
 MR LE CHEMINANT ) OFFICE  
 MR P G FOWLER R 217 )  
 DIO )

PS/CHANCELLOR )  
 MR F R BARRATT ) TREASURY  
 MR D J S HANCOCK )

MR C W MCMAHON ) BANK OF  
 MR S PAYTON ) ENGLAND  
 Mr R Williams CRES DOT  
 MR W KNIGHTON DEPT OF TRADE  
 MR C BENJAMIN DOI

MR D LE B JONES ) DEPT OF  
 MR C LUCAS ) ENERGY

*Lord R G Hamox*

GR 540

CONFIDENTIAL

FM TEHRAN 060955Z JAN

TO IMMEDIATE FCO

TELEGRAM NUMBER 18 OF 6 JAN 80

INFO IMMEDIATE WASHINGTON AND PRIORITY ROME.

WASHINGTON TELNO 66 TO YOU : IRAN.

1. THE ITALIAN AMBASSADOR, WHO RETURNED YESTERDAY FROM ROME, CALLED A MEETING THIS MORNING TO DISCUSS COREU 022 AND THE AMERICAN REQUEST FOR ACTION IN TEHRAN BY THE COMMUNITY HEADS OF MISSION.
2. IN THE VIEW OF THE COMMUNITY HEADS OF MISSION HERE, IT IS CLEAR THAT WE HAVE SHOT OUR BOLT AS FAR AS JOINT APPROACHES TO THE MINISTER OF FOREIGN AFFAIRS ARE CONCERNED. MOREOVER, INCREASINGLY WE HAVE ALL FOUND DIFFICULTY IN MAKING APPROACHES TO OTHER MEMBERS OF THE REVOLUTIONARY COUNCIL. FOR EXAMPLE, QOTBZADEH REFUSED ON 28 DECEMBER TO FORWARD OUR JOINT REQUEST FOR A MEETING WITH BEHESHTI, AND I MYSELF HAVE BEEN TRYING TO SEE BAHONAR FOR SOME TIME BUT WAS GIVEN THE ANSWER RECENTLY THAT I SHOULD ADDRESS MYSELF TO QOTBZADEH.
3. THE HEADS OF MISSION ALSO THOUGHT THAT IT WOULD BE

3. THE HEADS OF MISSION ALSO THOUGHT THAT IT WOULD BE DIFFICULT TO MAKE ANY APPROACH BEFORE WE HAD CLEAR GUIDANCE ON WHAT WALDHEIM HAD DISCUSSED WITH THE IRANIANS, AND HAD SEEN HOW THINGS WENT TOMORROW IN THE SECURITY COUNCIL.

4. SUBJECT TO THAT, HOWEVER, IT WAS AGREED THAT THE ITALIAN AMBASSADOR, WHO SAW QOTBZADEH ALONE ON 21 DECEMBER, SHOULD TRY TO SEE HIM AGAIN ON 8/9 JANUARY TO TAKE UP THAT CONVERSATION, ON HIS RETURN FROM HIS CONSULTATIONS IN ROME, AND SHOULD AT THE SAME TIME INFORM QOTBZADEH THAT HE WOULD BE ACTING AS PRESIDENT OF THE COMMUNITY IN TEHRAN FOR THE NEXT SIX MONTHS. THIS MIGHT GIVE AN OPPORTUNITY TO REFER TO OUR MEETING WITH QOTBZADEH ON 28 DECEMBER AND TO RE-ESTABLISH CONTACT. IT WOULD ALSO PROVIDE AN OCCASION TO SOUND QOTBZADEH ON ANY IDEAS THAT WALDHEIM HAS PUT FORWARD IN THE SECURITY COUNCIL. MEANWHILE THE REST OF US SHOULD FOLLOW UP SUCH BILATERAL CONTACTS AS WE CAN.

5. THE IDEA PUT FORWARD IN PARAGRAPH III OF WASHINGTON TUR IS NOT I THINK A STARTER. IT IS MY IMPRESSION, SHARED BY MY COLLEAGUES HERE, THAT THE GRAND JURY IDEA HAS DIED, NOT BECAUSE OF OPPOSITION FROM THE COMMUNITY OR THE US, AS QOTBZADEH ALLEGED ON 28 DEC, BUT BECAUSE ON THE ONE HAND THE STUDENTS REJECTED IT AND ON THE OTHER NONE OF THE PERSONALITIES APPROACHED TO SIT ON THE JURY WERE PREPARED TO DO SO, EITHER ON PERSONAL GROUNDS OR BECAUSE THEY WISHED TO RECEIVE THE BLESSING OF THEIR OWN GOVERNMENTS, WHICH IN THE CIRCUMSTANCES WAS NOT FORTHCOMING. IT MAY BE THAT THE IRANIANS ARE TRYING TO REVIVE IT THROUGH WALDHEIM (PARA 1 OF UKMIS NEW YORK TELNO 32 TO YOU (NOT TO ROME)) BUT IF SO, THAT IS ANOTHER REASON FOR NOT CROSSING WIRES WITH HIM. INCIDENTALLY I HAVE LEARNT (IN STRICT CONFIDENCE) THAT WALDHEIM IS ALSO TOYING WITH AN IDEA THAT A REPRESENTATIVE DELEGATION OF THE UN MEMBERSHIP MIGHT VISIT IRAN TO TRY TO BRING HOME TO THE IRANIANS AND PARTICULARLY KHOMEINI, THAT THE UN IS NOT A PUPPET OF THE US BUT A BODY COMPOSED LARGELY OF NON-ALIGNED, AND POOR, STATES. THIS SEEMS TO BE A REVIVAL OF HIS EARLIER IDEA, BEFORE THE LAST MEETING OF THE SECURITY COUNCIL.

GRAHAM

CR 360

UNCLASSIFIED

FM TEHRAN 060615Z JAN

TO IMMEDIATE FCO

TELEGRAM NUMBER 14 OF 6 JAN 80

INFO PRIORITY WASHINGTON, UKMIS NEW YORK, KABUL, ISLAMABAD  
AND MOSCOW.

MIPT :

1. FOLLOWING IS TEXT OF KHOMEINI'S INAUGURAL MESSAGE TO THE MEETING IN TEHRAN OF LIBERATION MOVEMENTS, INVITED BY THE 'MOSLEM STUDENTS FOLLOWING THE LINE OF THE IMAM' WHICH STARTED YESTERDAY :

IN THE NAME OF GOD, THE MERCIFUL, THE COMPASSIONATE:  
AT THIS TIME THAT A NUMBER OF LIBERATION MOVEMENTS ARE IN IRAN FOR ESTABLISHING AN UNDERSTANDING WITH THE PEOPLE OF IRAN AND FOR PALPATING OUR TROUBLES AND OUR PREOCCUPATIONS, THEY PROPOSED THAT I SEND THEM A MESSAGE ON THE OCCASION. BUT I NOW WONDER AS TO HOW I SHOULD START A MESSAGE LIKE THIS. SHOULD I START BY GIVING AN ACCOUNT OF THE AGONIES WHICH HAVE INFLICTED OUR NATION IN THE COURSE OF HISTORY AND DURING THE PRESENT CENTURY, OR SHOULD I START BY POINTING TO THE DISASTERS WHICH THE 'MOSTAKBERIN', THE OPPRESSORS AND DOMINEERING BLUSTERERS BROUGHT ON THE IMPOVERISHED MASSES OF THE WORLD? I FEEL NOW AS BEING AT A LOSS AS OF WHOM I SHOULD FIRST COMPLAIN.  
SHOULD I COMPLAIN OF THE MEN IN POWER, THE OPPRESSORS, THE PLUNDERERS OR OF THE PEOPLE WHO STAND IN WITNESS OF THE CRIMES OF THE OPPRESSORS AND WHO DO NOT RISE TO REVOLT? OR SHOULD I COMPLAIN OF THE PEOPLE WHO HAVE WILLINGLY CONSENTED TO BEING SLAVES IN THE HANDS OF FOREIGNERS AND WHO DO NOT FOLLOW THE EXAMPLE OF THE BOLD AND THE BRAVE PEOPLE OF IRAN FOR DEFEATING THE SUPER POWERS? A NATION WHICH WITH BARE HANDS BUT A SINCERE BELIEF HAS SUCCEEDED IN BRINGING THE CRIMINAL U.S. GOVERNMENT TO ITS KNEES, WHICH EXPELLED THE EX-SHAH AND WHICH GOD WILLING WILL CONTINUE ITS STRUGGLE UNTIL SUCH TIME AS IT PUT AN END TO ALL MANIFESTATIONS OF DEPENDENCE. OR SHOULD I COMPLAIN OF THE ISLAMIC GOVERNMENTS WHICH HAVE AT THEIR DISPOSAL THIS TRENCANT

/ WEAPON



WEAPON OF OIL AND OTHER RESOURCES WHEREBY THEY CAN MAKE THE WEST AND EAST YIELD TO THEM BUT WHO THEMSELVES DO NOT USE THIS WEAPON FOR FREEING THEMSELVES FROM THE YOKE OF THE IMPERIALISM OF THE WEST OR EAST?

O' LIBERATION MOVEMENTS AND THE MOVEMENTS IN PURSUIT OF INDEPENDENCE AND FREEDOM, RISE YOU TO REVOLT AND TELL YOUR NATIONS THAT IT IS MORE DISGRACEFUL AND SHAMEFUL TO SUBMIT TO CRUELTY THAT IT IS TO DO INJUSTICE TO OTHERS. TELL YOUR GOVERNMENTS TO RESCUE THEMSELVES FROM THE SELF IMPOSED DEBILITY, LASSITUDE AND ABJECTION. TELL THEM ALL TO RECOURSE TO ISLAM AND TO ISLAMIC BROTHERHOOD. O' YOU IMPOVERISHED MASSES OF THE WORLD, RISE YOU TO REVOLT AND RESCUE YOURSELVES FROM THE CLAWS OF THE ENEMIES OF HUMANITY AND DO NOT SUBMIT TO INJUSTICE ANY FURTHER, FOR GOD WILL AID THE OPPRESSED.

CRAHAM

DEPARTMENTAL DISTRIBUTION

MED	NAD
CONS D	MAED
CONS EM UNIT	UND
FESD	COD
ES & SD	FRD
EID	PSD
NENAD	CRD
SAD	SECURITY D
SED	MVD
TRED	

ADDITIONAL DISTRIBUTION  
TEHRAN SPECIAL



CONFIDENTIAL

FM TEHRAN 060600Z JAN

TO IMMEDIATE FCO

TELEGRAM NUMBER 12 OF 6 JAN 80

INFO IMMEDIATE WASHINGTON

INFO PRIORITY UKMIS NEW YORK AND EEC POSTS.

WASHINGTON TELNO 23: US/IRAN - POSITION OF WESTERN EMBASSIES.

1. THIS SUBJECT WAS DISCUSSED AGAIN WITH MY COMMUNITY COLLEAGUES THIS MORNING IN THE LIGHT OF THE STUDENTS' DEMAND FOR THE SURRENDER OF THE US CHARGE, LAINGEN, FOR INTERROGATION, A DEMAND WHICH QOTBZADEH SAYS HE HAS REFERRED TO KHOMEINI.

2. IT WAS GENERALLY AGREED THAT IF THE IRANIAN GOVERNMENT GAVE WAY ON THIS, THE LAST RAG WOULD HAVE BEEN STRIPPED FROM THE FICTION THAT IT WAS NOT THE GOVERNMENT THAT WAS HOLDING THE HOSTAGES IN THE US EMBASSY BUT AN INDEPENDENT FORCE. THERE WAS DISAGREEMENT HOWEVER ABOUT WHAT REACTION WE SHOULD MAKE. WHILE LAINGEN'S SURRENDER WOULD NOT OF ITSELF INCREASE THE SECURITY RISK TO OTHER WESTERN MISSIONS HERE, THERE WAS ~~SOME FEELING THAT~~ IT WOULD CALL FOR A POLITICAL GESTURE SUCH AS THE WITHDRAWAL OF MISSIONS BY LIKE-MINDED STATES, PRESUMABLY MAINLY THOSE OF WESTERN EUROPE, ALTHOUGH SOME AFRICAN AND ASIAN ONES MIGHT BE PERSUADED TO FOLLOW SUIT. ON THE OTHER HAND, BOTH THE ITALIANS AND THE GERMANS STILL HAVE LARGE COMMUNITIES HERE, MOST OF WHOM ARE RELUCTANT TO LEAVE, AND THEIR AMBASSADORS WOULD NOT WISH TO LEAVE THEM IN THE LURCH. OTHERS ALSO BELIEVE THAT HOWEVER OUTRAGEOUS THE SURRENDER OF LAINGEN WOULD BE, IT WOULD BE IN THE GENERAL WESTERN INTEREST TO CONTINUE TO MAINTAIN A PRESENCE HERE AS LONG AS THE SECURITY SITUATION PERMITS, IN CASE WE MIGHT BE ABLE TO EXERCISE SOME INFLUENCE AND TO BE ON HAND SHOULD THE SITUATION CHANGE SUDDENLY FOR THE BETTER.

3. IT WAS AGREED THAT WE SHOULD ALL REPORT THESE VIEWS TO OUR GOVERNMENTS SO THAT THE QUESTION COULD BE DISCUSSED BETWEEN CAPITALS AND AN AGREED POLICY REACHED. THE ARGUMENTS ARE FINELY BALANCED. IF THE IRANIAN GOVERNMENT WERE TO GIVE WAY TO THE STUDENTS' DEMAND, SOME STRIKING REACTION WOULD BE REQUIRED, BUT WHETHER IT WOULD BE BETTER FOR IT TO COME FROM A FEW WESTERN MISSIONS OR FROM THE AMERICANS THEMSELVES,

CONFIDENTIAL

IS ARGUABLE (I REVERT TO MY EARLIER SUGGESTION THAT ONE OPTION OPEN TO THE AMERICANS WOULD BE TO DECLARE A FORMAL STATE OF WAR AND TO INTERN IRANIAN DIPLOMATS IN THE US IN CONDITIONS WHICH WOULD MARK THE DIFFERENCE FROM THE TREATMENT OF THE AMERICAN HOSTAGES HERE.) ALTHOUGH THE WITHDRAWAL OF WESTERN MISSIONS WOULD HAVE AN IMPACT HERE (THERE HAS BEEN SOME SIGN OF DISQUIET AT THE RUMOURS OF WITHDRAWAL AND AT THE RUNNING DOWN OF WESTERN COMMUNITIES), THE PUBLIC LINE WOULD BE TO WELCOME IT ON THE GROUNDS THAT FOREIGNERS WERE NOT NEEDED. AND WE SHOULD BE LEFT WITH ALL THE DISADVANTAGES OF A TOTAL LACK OF CONTACT. ON BALANCE THEREFORE I THINK THAT WE SHOULD NOT USE THE WITHDRAWAL OF MISSIONS AS A POLITICAL GESTURE TO MARK DISAPPROVAL OF SOME IRANIAN ACTION AGAINST LAINGEN (OR ROEDER).

4. IF COMMUNITY MISSIONS WERE TO BE WITHDRAWN, MOST ARE THINKING ALONG THE SAME LINES AS OURSELVES, WITH AN ADMINISTRATOR OR CARETAKER LEFT BEHIND AND NO FORMAL BREAK IN RELATIONS. EGYPT, MOROCCO AND MEXICO PROVIDE PRECEDENTS FOR A DE FACTO BREAK OF THIS KIND, WITH FRANCE IN THE CASE OF EGYPT ACTING AS PROTECTING POWER.
5. SO FAR AS I CAN FIND OUT NOBODY HAS SEEN LAINGEN SINCE ABOUT 27 DEC. I RECEIVED A NEW YEAR LETTER FROM HIM ON 2 JANUARY AND I HAVE ASKED TO SEE HIM BUT SO FAR WITHOUT SUCCESS. ACCORDING TO MY DANISH COLLEAGUE TELEPHONE CALLS TO HIM ARE BEING TURNED AWAY.

GRAHAM

DEPARTMENTAL DISTRIBUTION  
MED NAD  
CONS D MAED  
CONS EM UNIT UND  
EESD COD  
ES & SD FRD  
EID PSD  
NENAD CRD  
SAD SECURITY D  
SED MVD  
TRED POD

ADDITIONAL DISTRIBUTION  
TEHRAN SPECIAL

IMMEDIATE

PA  
MS

IRAN: ADVANCE COPIES

53

PS  
PS/SIR I GILMOUR  
PS/MR HURD  
PS/TUS  
SIR D MAITLAND  
MR J C MOBERLY  
LORD BRIDGES  
MR EVANS  
MISS BROWN  
HD/MD (2)  
HD/FRD  
HD/NERAD  
HD/UND (2)  
HD/OID (2)  
HD/DEF DEPT  
HD/N AM D  
HD/ES & SD (2)  
HD/EUSD (2)  
HD/AFMS DEPT  
HD/COB  
HD/COMS DEPT  
RESIDENT CLERK

Lord R G Hamrick

PS NO 10 DOWNING ST

SIR R ARMSTRONG )  
ASSESSMENTS STAFF )  
MR R WADE GERY )  
MR LE CHEMINANT )  
MR P G FOWLER R 217 )  
DIO )

CABINET  
OFFICE

PS/CHANCELLOR )  
MR F R BARRATT ) TREASURY  
MR D J S HANCOCK )  
MR C W MCMAHON ) BANK OF  
MR S PAYTON ) ENGLAND  
MR W KNIGHTON ) DEPT OF THE  
MR C BENJAMIN ) FOI  
MR D LE B JONES ) DEPT OF  
MR C LUCAS ) ENERGY

NYFU 2000 00

OO F C O DESKBY 070900Z

OO PARIS DESKBY FIRST CONTACT

GPS1800

CONFIDENTIAL

DESKBY F C O 070900Z

DESKBY WASHINGTON FIRST CONTACT

DESKBY PARIS FIRST CONTACT

FROM UKMIS NEW YORK 0620001Z JAN 80

TO IMMEDIATE F C O

TELEGRAM NUMBER 34 OF 6 JANUARY

INFO IMMEDIATE WASHINGTON AND PARIS

IMMEDIATE

MIPT: SECOND STAGE RESOLUTION ON IRAN

1. FOLLOWING IS FULL TEXT OF U.S. DRAFT RESOLUTION:

RECALLING ITS RESOLUTIONS 457 (1979) OF 4 DECEMBER  
1979, AND 467 (1979) OF 31 DECEMBER 1979:

RECALLING ALSO THE APPEAL MADE BY THE PRESIDENT  
OF THE SECURITY COUNCIL ON 9 NOVEMBER 1979 (S/12616) WHICH

OF THE SECURITY COUNCIL ON 9 NOVEMBER 1979 (S/13611) WHICH WAS REITERATED ON 27 NOVEMBER 1979 (S/13652):

HAVING TAKEN NOTE OF THE LETTERS DATED 13 NOVEMBER 1979 AND 1 DECEMBER 1979 CONCERNING THE GRIEVANCES AND VIEWS OF IRAN (S/13626 AND S/13671, RESPECTIVELY):

HAVING TAKEN INTO ACCOUNT THE ORDER OF THE INTERNATIONAL COURT OF JUSTICE OF 15 DECEMBER 1979 CALLING ON THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN TO ENSURE THE IMMEDIATE RELEASE, WITHOUT ANY EXCEPTION, OF ALL PERSONS OF UNITED STATES NATIONALITY, WHO ARE BEING HELD AS HOSTAGES IN IRAN (S/13697) AND ALSO CALLING ON THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN TO ENSURE THAT NO ACTION IS TAKEN BY THEM WHICH WILL AGGRAVATE THE TENSION BETWEEN THE TWO COUNTRIES:

FURTHER RECALLING THE LETTER DATED 25 NOVEMBER 1979 FROM THE SECRETARY-GENERAL (S/13646) STATING THAT, IN HIS OPINION, THE PRESENT CRISIS BETWEEN THE ISLAMIC REPUBLIC OF IRAN AND THE UNITED STATES OF AMERICA POSES A SERIOUS THREAT TO INTERNATIONAL PEACE AND SECURITY:

BEARING IN MIND THE ADOPTION BY THE GENERAL ASSEMBLY BY CONSENSUS ON 17 DECEMBER 1979 OF THE CONVENTION AGAINST THE TAKING OF HOSTAGES:

MINDFUL OF THE OBLIGATION OF STATES TO SETTLE THEIR INTERNATIONAL DISPUTES BY PEACEFUL MEANS IN SUCH A MANNER THAT INTERNATIONAL PEACE AND SECURITY, AND JUSTICE, ARE NOT ENDANGERED AND, TO THAT END, TO RESPECT THE DECISION OF THE SECURITY COUNCIL:

CONSCIOUS OF THE RESPONSIBILITY OF STATES TO REFRAIN IN THEIR INTERNATIONAL RELATIONS FROM THE THREAT OF USE OF FORCE AGAINST THE TERRITORIAL INTEGRITY OR POLITICAL INDEPENDENCE OF ANY STATE, OR IN ANY OTHER MANNER INCONSISTENT WITH THE PURPOSES OF THE UNITED NATIONS:

AFFIRMING THAT THE SAFE RELEASE AND DEPARTURE FROM IRAN OF ALL THOSE BEING HELD HOSTAGE IS AN ESSENTIAL FIRST STEP IN RESOLVING PEACEFULLY THE ISSUES BETWEEN IRAN AND THE UNITED STATES AND THE OTHER STATES MEMBERS OF THE INTERNATIONAL COMMUNITY:

INTERNATIONAL COMMUNITY:

U. N. resolution

REITERATING THAT ONCE THE HOSTAGES HAVE BEEN SAFELY RELEASED, THE GOVERNMENT OF IRAN AND THE UNITED STATES OF AMERICA SHOULD TAKE STEPS TO RESOLVE PEACEFULLY THE REMAINING ISSUES BETWEEN THEM TO THEIR MUTUAL SATISFACTION IN ACCORDANCE WITH THE PURPOSES AND PRINCIPLES OF THE UNITED NATIONS:

FURTHER TAKING INTO ACCOUNT THE REPORT OF THE SECRETARY GENERAL OF JANUARY 1980 (S/ ) MADE PURSUANT TO RESOLUTION 46 (1979) OF 31 DECEMBER 1979:

BEARING IN MIND THAT THE CONTINUED DETENTION OF THE HOSTAGES CONSTITUTES A CONTINUING THREAT TO INTERNATIONAL PEACE AND SECURITY:

ACTING IN ACCORDANCE WITH ARTICLES 39 AND 41 OF THE UNITED NATIONS CHARTER:

1. URGENTLY CALLS, ONCE AGAIN, ON THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN TO RELEASE IMMEDIATELY ALL PERSONS OF UNITED STATES NATIONALITY BEING HELD AS HOSTAGES IN IRAN, TO PROVIDE THEM PROTECTION AND TO ALLOW THEM TO LEAVE THE COUNTRY:

2. DECIDES THAT, UNTIL SUCH TIME AS THE HOSTAGES ARE RELEASED AND HAVE SAFELY DEPARTED FROM IRAN, ALL STATES MEMBERS OF THE UNITED NATIONS:

*Exports* (A) SHALL PREVENT THE SALE OR SUPPLY, BY THEIR NATIONALS OR FROM THEIR TERRITORIES, TO OR DESTINED FOR IRANIAN GOVERNMENTAL ENTITIES IN IRAN OR ANY OTHER PERSON OR BODY FOR THE PURPOSES OF ANY ENTERPRISE CARRIED ON IN IRAN, OF ALL ITEMS, COMMODITIES, OR PRODUCTS, EXCEPT FOOD, MEDICINE, AND SUPPLIES INTENDED STRICTLY FOR MEDICAL PURPOSES:

(B) SHALL PREVENT THE SHIPMENT BY VESSEL, AIRCRAFT, RAILWAY: OR OTHER LAND TRANSPORT OF THEIR REGISTRATION OR OWNED BY OR UNDER CHARTER TO THEIR NATIONALS, OR THE CARRIAGE WHETHER OR NOT IN BOND BY LAND TRANSPORT FACILITIES ACROSS THEIR TERRITORIES OF ANY OF THE ITEMS, COMMODITIES, AND PRODUCTS COVERED BY SUBPARAGRAPH (A) WHICH ARE CONSIGNED TO OR DESTINED FOR IRANIAN GOVERNMENTAL ENTITIES OR ANY PERSON OR BODY IN IRAN, OR TO ANY ENTERPRISE CARRIED ON IN IRAN:

OR BODY IN IRAN, OR TO ANY ENTERPRISE CARRIED ON IN IRAN:

(C) SHALL NOT MAKE AVAILABLE TO THE IRANIAN AUTHORITIES OR TO ANY PERSON IN IRAN OR TO ANY ENTERPRISE CONTROLLED BY ANY IRANIAN GOVERNMENTAL ENTITY ANY NEW CREDITS OR LOANS; SHALL NOT, WITH RESPECT TO SUCH PERSONS OR ENTERPRISES, MAKE AVAILABLE ANY NEW DEPOSIT FACILITIES OR ALLOW SUBSTANTIAL INCREASES IN EXISTING NON-DOLLAR DEPOSITS OR ALLOW MORE FAVORABLE TERMS OF PAYMENT THAN CUSTOMARILY USED IN INTERNATIONAL COMMERCIAL TRANSACTIONS; AND SHALL ACT IN A BUSINESSLIKE MANNER IN EXERCISING ANY RIGHTS WHEN PAYMENTS DUE ON EXISTING CREDITS OR LOANS ARE NOT MADE ON TIME AND SHALL REQUIRE ANY PERSONS OR ENTITIES WITHIN THEIR JURISDICTION TO DO LIKEWISE:

(D) SHALL PREVENT THE SHIPMENT FROM THEIR TERRITORIES ON VESSELS OR AIRCRAFT REGISTERED IN IRAN OF PRODUCTS AND COMMODITIES COVERED BY SUBPARAGRAPH (A) ABOVE:

(E) SHALL REDUCE TO A MINIMUM THE PERSONNEL OF IRANIAN DIPLOMATIC MISSIONS ACCREDITED TO THEM:

(F) SHALL PREVENT THEIR NATIONALS, OR FIRMS LOCATED IN THEIR TERRITORIES, FROM ENGAGING IN NEW SERVICE CONTRACTS IN SUPPORT OF INDUSTRIAL PROJECTS IN IRAN, OTHER THAN THOSE CONCERNED WITH MEDICAL CARE:

(G) SHALL PREVENT THEIR NATIONALS OR ANY PERSON OR BODY IN THEIR TERRITORIES FROM ENGAGING IN ANY ACTIVITY WHICH EVADES OR HAS THE PURPOSE OF EVAADING ANY OF THE DECISIONS SET OUT IN THIS RESOLUTION:

3. DECIDES THAT ALL STATES MEMBERS OF THE UNITED NATIONS SHALL GIVE EFFECT FORTHWITH TO THE DECISIONS SET OUT IN OPERATIVE PARAGRAPH 2 OF THIS RESOLUTION NOTWITHSTANDING ANY CONTRACT ENTERED INTO OR LICENSE GRANTED BEFORE THE DATE OF THIS RESOLUTION.

4. CALLS UPON ALL STATES MEMBERS OF THE UNITED NATIONS TO CARRY OUT THESE DECISIONS OF THE SECURITY COUNCIL IN ACCORDANCE WITH ARTICLE 25 OF THE CHARTER:

5. URGES, HAVING REGARD TO THE PRINCIPLES STATED IN ARTICLE 2 OF THE CHARTER, STATES NOT MEMBERS OF THE UNITED NATIONS TO ACT IN ACCORDANCE WITH THE PROVISIONS



UNITED NATIONS TO ACT IN ACCORDANCE WITH THE PROVISIONS  
OF THE PRESENT RESOLUTION:

6. CALLS UPON ALL OTHER UNITED NATIONS BODIES AND  
THE SPECIALIZED AGENCIES OF THE UNITED NATIONS AND THEIR  
MEMBERS TO CONFORM THEIR RELATIONS WITH IRAN TO THE  
TERMS OF THIS RESOLUTION:

7. CALLS UPON ALL STATES MEMBERS OF THE UNITED  
NATIONS, AND IN PARTICULAR THOSE WITH PRIMARY RESPONSIB-  
ILITY UNDER THE CHARTER FOR THE MAINTENANCE OF  
INTERNATIONAL PEACE AND SECURITY, TO ASSIST EFFECTIVELY  
IN THE IMPLEMENTATION OF THE MEASURES CALLED FOR BY THE  
PRESENT RESOLUTION:

8. CALLS UPON ALL STATES MEMBERS OF THE UNITED  
NATIONS OR OF THE SPECIALIZED AGENCIES TO REPORT TO  
THE SECRETARY GENERAL BY FEBRUARY 1, 1980 ON MEASURES  
TAKEN TO IMPLEMENT THE PRESENT RESOLUTION:

9. REQUESTS THE SECRETARY-GENERAL TO REPORT TO  
THE COUNCIL ON THE PROGRESS OF THE IMPLEMENTATION OF  
THE PRESENT RESOLUTION, THE FIRST REPORT TO BE SUB-  
MITTED NOT LATER THAN 1 MARCH 1980.

PARSONS

NNNN

IMMEDIATE



IRAN: ADVANCE COPIES

IMMEDIATE

PS  
 PS/SIR I GILMOUR  
 PS/MR HURD  
 PS/PUS  
 SIR D MATTLAND  
 MR J C MOBERLY  
 LORD BRIDGES  
 MR EVANS  
 MISS BROWN (2)  
 HD/MED (2)  
 HD/FRD (2)  
 HD/NENAD (2)  
 HD/UND (2)  
 HD/OID (2)  
 HD/DEF DEPT  
 HD/N AM D (2)  
 HD/ES & SD (2)  
 HD/FUSD (2)  
 HD/NEWS DEPT  
 HD/COD  
 HD/CONS DEPT  
 RESIDENT CLERK

*Lord R G Hancock*

PS NO 10 DOWNING ST

SIR R ARMSTRONG )  
 ASSESSMENTS STAFF ) CABINET  
 MR R WADE GERY ) OFFICE  
 MR LE CHEMINANT )  
 MR P G FOWLER R 217 )  
 DIO )

PS/CHANCELLOR )  
 MR F R BARRATT ) TREASURY  
 MR D J S HANCOCK )

MR C W MCMAHON ) BANK OF  
 MR S PAYTON ) ENGLAND  
 Mr R Williams ) CRES Doc  
 MR W KNIGHTON ) DEPT OF TRADE  
 MR C BENJAMIN ) DOI

MR D LE B JONES ) DEPT OF  
 MR C LUCAS ) ENERGY

NYFU 000 00

OO F C O DESKBY 070900Z  
 OO PARIS DESKBY FIRST CONTACT  
 GPS1800  
 CONFIDENTIAL

DESKBY F C O 070900Z  
 DESKBY WASHINGTON FIRST CONTACT  
 DESKBY PARIS FIRST CONTACT  
 FROM UKMIS NEW YORK 0620001Z JAN 80  
 TO IMMEDIATE F C O  
 TELEGRAM NUMBER 34 OF 6 JANUARY  
 INFO IMMEDIATE WASHINGTON AND PARIS

IMMEDIATE

MIPT: SECOND STAGE RESOLUTION ON IRAN

1. FOLLOWING IS FULL TEXT OF U.S. DRAFT RESOLUTION:

RECALLING ITS RESOLUTIONS 457 (1979) OF 4 DECEMBER  
 1979, AND 467 (1979) OF 31 DECEMBER 1979:

RECALLING ALSO THE APPEAL MADE BY THE PRESIDENT  
 OF THE SECURITY COUNCIL ON 9 NOVEMBER 1979 (S/13616) WHICH  
 WAS REITERATED ON 07 NOVEMBER 1979 (S/13650).

*File copy*

OF THE SECURITY COUNCIL ON 9 NOVEMBER 1979 (S/13616) WHICH WAS REITERATED ON 27 NOVEMBER 1979 (S/13652):

HAVING TAKEN NOTE OF THE LETTERS DATED 13 NOVEMBER 1979 AND 1 DECEMBER 1979 CONCERNING THE GRIEVANCES AND VIEWS OF IRAN (S/13626 AND S/13671, RESPECTIVELY):

HAVING TAKEN INTO ACCOUNT THE ORDER OF THE INTERNATIONAL COURT OF JUSTICE OF 15 DECEMBER 1979 CALLING ON THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN TO ENSURE THE IMMEDIATE RELEASE, WITHOUT ANY EXCEPTION, OF ALL PERSONS OF UNITED STATES NATIONALITY, WHO ARE BEING HELD AS HOSTAGES IN IRAN (S/13697) AND ALSO CALLING ON THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN TO ENSURE THAT NO ACTION IS TAKEN BY THEM WHICH WILL AGGRAVATE THE TENSION BETWEEN THE TWO COUNTRIES:

FURTHER RECALLING THE LETTER DATED 25 NOVEMBER 1979 FROM THE SECRETARY-GENERAL (S/13646) STATING THAT, IN HIS OPINION, THE PRESENT CRISIS BETWEEN THE ISLAMIC REPUBLIC OF IRAN AND THE UNITED STATES OF AMERICA POSES A SERIOUS THREAT TO INTERNATIONAL PEACE AND SECURITY:

BEARING IN MIND THE ADOPTION BY THE GENERAL ASSEMBLY BY CONSENSUS ON 17 DECEMBER 1979 OF THE CONVENTION AGAINST THE TAKING OF HOSTAGES:

MINDFUL OF THE OBLIGATION OF STATES TO SETTLE THEIR INTERNATIONAL DISPUTES BY PEACEFUL MEANS IN SUCH A MANNER THAT INTERNATIONAL PEACE AND SECURITY, AND JUSTICE, ARE NOT ENDANGERED AND, TO THAT END, TO RESPECT THE DECISION OF THE SECURITY COUNCIL:

CONSCIOUS OF THE RESPONSIBILITY OF STATES TO REFRAIN IN THEIR INTERNATIONAL RELATIONS FROM THE THREAT OF USE OF FORCE AGAINST THE TERRITORIAL INTEGRITY OR POLITICAL INDEPENDENCE OF ANY STATE, OR IN ANY OTHER MANNER INCONSISTENT WITH THE PURPOSES OF THE UNITED NATIONS:

AFFIRMING THAT THE SAFE RELEASE AND DEPARTURE FROM IRAN OF ALL THOSE BEING HELD HOSTAGE IS AN ESSENTIAL FIRST STEP IN RESOLVING PEACEFULLY THE ISSUES BETWEEN IRAN AND THE UNITED STATES AND THE OTHER STATES MEMBERS OF THE INTERNATIONAL COMMUNITY:

INTERNATIONAL COMMUNITY:

REITERATING THAT ONCE THE HOSTAGES HAVE BEEN SAFELY RELEASED, THE GOVERNMENT OF IRAN AND THE UNITED STATES OF AMERICA SHOULD TAKE STEPS TO RESOLVE PEACEFULLY THE REMAINING ISSUES BETWEEN THEM TO THEIR MUTUAL SATISFACTION IN ACCORDANCE WITH THE PURPOSES AND PRINCIPLES OF THE UNITED NATIONS:

FURTHER TAKING INTO ACCOUNT THE REPORT OF THE SECRETARY GENERAL OF JANUARY 1980 (S/ ) MADE PURSUANT TO RESOLUTION 46 (1979) OF 31 DECEMBER 1979:

BEARING IN MIND THAT THE CONTINUED DETENTION OF THE HOSTAGES CONSTITUTES A CONTINUING THREAT TO INTERNATIONAL PEACE AND SECURITY:

ACTING IN ACCORDANCE WITH ARTICLES 39 AND 41 OF THE UNITED NATIONS CHARTER:

1. URGENTLY CALLS, ONCE AGAIN, ON THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN TO RELEASE IMMEDIATELY ALL PERSONS OF UNITED STATES NATIONALITY BEING HELD AS HOSTAGES IN IRAN, TO PROVIDE THEM PROTECTION AND TO ALLOW THEM TO LEAVE THE COUNTRY:

2. DECIDES THAT, UNTIL SUCH TIME AS THE HOSTAGES ARE RELEASED AND HAVE SAFELY DEPARTED FROM IRAN, ALL STATES MEMBERS OF THE UNITED NATIONS:

(A) SHALL PREVENT THE SALE OR SUPPLY, BY THEIR NATIONALS OR FROM THEIR TERRITORIES, TO OR DESTINED FOR IRANIAN GOVERNMENTAL ENTITIES IN IRAN OR ANY OTHER PERSON OR BODY FOR THE PURPOSES OF ANY ENTERPRISE CARRIED ON IN IRAN, OF ALL ITEMS, COMMODITIES, OR PRODUCTS, EXCEPT FOOD, MEDICINE, AND SUPPLIES INTENDED STRICTLY FOR MEDICAL PURPOSES:

(B) SHALL PREVENT THE SHIPMENT BY VESSEL, AIRCRAFT, RAILWAY: OR OTHER LAND TRANSPORT OF THEIR REGISTRATION OR OWNED BY OR UNDER CHARTER TO THEIR NATIONALS, OR THE CARRIAGE WHETHER OR NOT IN BOND BY LAND TRANSPORT FACILITIES ACROSS THEIR TERRITORIES OF ANY OF THE ITEMS, COMMODITIES, AND PRODUCTS COVERED BY SUBPARAGRAPH (A) WHICH ARE CONSIGNED TO OR DESTINED FOR IRANIAN GOVERNMENTAL ENTITIES OR ANY PERSON OR BODY IN IRAN, OR TO ANY ENTERPRISE CARRIED ON IN IRAN:

(C) SHALL NOT MAKE AVAILABLE TO THE IRANIAN AUTHORITIES OR TO ANY PERSON IN IRAN OR TO ANY ENTERPRISE CONTROLLED BY ANY IRANIAN GOVERNMENTAL ENTITY ANY NEW CREDITS OR LOANS: SHALL NOT, WITH RESPECT TO SUCH PERSONS OR ENTERPRISES, MAKE AVAILABLE ANY NEW DEPOSIT FACILITIES OR ALLOW SUBSTANTIAL INCREASES IN EXISTING NON-DOLLAR DEPOSITS OR ALLOW MORE FAVORABLE TERMS OF PAYMENT THAN CUSTOMARILY USED IN INTERNATIONAL COMMERCIAL TRANSACTIONS: AND SHALL ACT IN A BUSINESSLIKE MANNER IN EXERCISING ANY RIGHTS WHEN PAYMENTS DUE ON EXISTING CREDITS OR LOANS ARE NOT MADE ON TIME AND SHALL REQUIRE ANY PERSONS OR ENTITIES WITHIN THEIR JURISDICTION TO DO LIKEWISE:

(D) SHALL PREVENT THE SHIPMENT FROM THEIR TERRITORIES ON VESSELS OR AIRCRAFT REGISTERED IN IRAN OF PRODUCTS AND COMMODITIES COVERED BY SUBPARAGRAPH (A) ABOVE:

(E) SHALL REDUCE TO A MINIMUM THE PERSONNEL OF IRANIAN DIPLOMATIC MISSIONS ACCREDITED TO THEM:

(F) SHALL PREVENT THEIR NATIONALS, OR FIRMS LOCATED IN THEIR TERRITORIES, FROM ENGAGING IN NEW SERVICE CONTRACTS IN SUPPORT OF INDUSTRIAL PROJECTS IN IRAN, OTHER THAN THOSE CONCERNED WITH MEDICAL CARE:

(G) SHALL PREVENT THEIR NATIONALS OR ANY PERSON OR BODY IN THEIR TERRITORIES FROM ENGAGING IN ANY ACTIVITY WHICH EVADES OR HAS THE PURPOSE OF EVADING ANY OF THE DECISIONS SET OUT IN THIS RESOLUTION:

3. DECIDES THAT ALL STATES MEMBERS OF THE UNITED NATIONS SHALL GIVE EFFECT FORTHWITH TO THE DECISIONS SET OUT IN OPERATIVE PARAGRAPH 2 OF THIS RESOLUTION NOTWITHSTANDING ANY CONTRACT ENTERED INTO OR LICENSE GRANTED BEFORE THE DATE OF THIS RESOLUTION.

4. CALLS UPON ALL STATES MEMBERS OF THE UNITED NATIONS TO CARRY OUT THESE DECISIONS OF THE SECURITY COUNCIL IN ACCORDANCE WITH ARTICLE 25 OF THE CHARTER:

5. URGES, HAVING REGARD TO THE PRINCIPLES STATED IN ARTICLE 2 OF THE CHARTER, STATES NOT MEMBERS OF THE UNITED NATIONS TO ACT IN ACCORDANCE WITH THE PROVISIONS

UNITED NATIONS TO ACT IN ACCORDANCE WITH THE PROVISIONS OF THE PRESENT RESOLUTION:

6. CALLS UPON ALL OTHER UNITED NATIONS BODIES AND THE SPECIALIZED AGENCIES OF THE UNITED NATIONS AND THEIR MEMBERS TO CONFORM THEIR RELATIONS WITH IRAN TO THE TERMS OF THIS RESOLUTION:

7. CALLS UPON ALL STATES MEMBERS OF THE UNITED NATIONS, AND IN PARTICULAR THOSE WITH PRIMARY RESPONSIBILITY UNDER THE CHARTER FOR THE MAINTENANCE OF INTERNATIONAL PEACE AND SECURITY, TO ASSIST EFFECTIVELY IN THE IMPLEMENTATION OF THE MEASURES CALLED FOR BY THE PRESENT RESOLUTION:

8. CALLS UPON ALL STATES MEMBERS OF THE UNITED NATIONS OR OF THE SPECIALIZED AGENCIES TO REPORT TO THE SECRETARY GENERAL BY FEBRUARY 1, 1980 ON MEASURES TAKEN TO IMPLEMENT THE PRESENT RESOLUTION:

9. REQUESTS THE SECRETARY-GENERAL TO REPORT TO THE COUNCIL ON THE PROGRESS OF THE IMPLEMENTATION OF THE PRESENT RESOLUTION, THE FIRST REPORT TO BE SUBMITTED NOT LATER THAN 1 MARCH 1980.

PARSONS

NNNN

IMMEDIATE



IRAN: ADVANCE COPIES 45

PS  
PS/SIR I GILMOUR  
PS/MR HURD  
PS/PUS  
SIR D MAITLAND  
MR J C MOBERLY  
LORD BRIDGES  
MR EVANS  
MISS BROWN  
HD/MED (2)  
HD/FRD  
HD/NENAD  
HD/UND (2)  
HD/OID (2)  
HD/DEF DEPT  
HD/N AM D  
HD/ES & SD (2)  
HD/PUSD (2)  
HD/NEWS DEPT  
HD/COD  
HD/CONS DEPT  
RESIDENT CLERK

PS NO 10 ~~DOWNING~~ ST

SIR R ARMSTRONG )  
ASSESSMENTS STAFF )  
MR R WADE GERY ) CABINET  
MR LE CHEMINANT ) OFFICE  
MR P G FOWLER R 217 )  
DIO )

PS/CHANCELLOR )  
MR F R BARRATT ) TREASURY  
MR D J S HANCOCK )

MR C W MCMAHON ) BANK OF  
MR S PAYTON ) ENGLAND

MR W KNIGHTON DEPT OF TRADE  
MR C BENJAMIN DOI

MR D LE B JONES ) DEPT OF  
MR C LUCAS ) ENERGY

00 F C O DESKBY 070900Z

00 TEHRAN DESKBY FIRST CONTACT

00 PARIS DESKBY FIRST CONTACT

GPS250

CONFIDENTIAL

DESKBY F C O 070900Z

DESKBY WASHINGTON FIRST CONTACT

DESKBY TEHRAN FIRST CONTACT

DESKBY PARIS FIRST CONTACT

FROM UKMIS NEW YORK 062000Z JAN 80

TO IMMEDIATE F C O

TELEGRAM NUMBER 33 OF 6 JANUARY

INFO IMMEDIATE WASHINGTON TEHRAN PARIS.

IMMEDIATE

WASHINGTON TEL N O 72: SECOND STAGE RESOLUTION ON IRAN

1. THE AMERICANS GAVE COPIES OF THE FULL DRAFT OF THEIR SECOND STAGE RESOLUTION TO THE WESTERN FIVE IN THE SECURITY COUNCIL THIS MORNING. THEY PLAN TO GIVE IT TO THE OTHER MEMBERS OF THE COUNCIL LATER TODAY. THE TEXT IS IN MIFT (NOT TO TEHRAN).

2. THE US MISSION TELL US THAT THEY ARE UNDER GREAT PRESSURE

2. THE US MISSION TELL US THAT THEY ARE UNDER GREAT PRESSURE FROM WASHINGTON TO BRING THE RESOLUTION QUICKLY TO A VOTE AND THEY ARE TALKING OF DOING THIS AS EARLY AS WEDNESDAY. IT IS DIFFICULT TO SAY HOW REALISTIC THIS TIMETABLE IS WITHOUT KNOWING HOW THE AMERICANS ASSESS THE CHANCES OF A SOVIET VETO IN THE NEW STATE OF US/SOVIET RELATIONS BROUGHT ABOUT BY DEVELOPMENTS IN AFGHANISTAN. IF THE AMERICANS NOW ASSUME A SOVIET VETO TO BE INEVITABLE, THERE IS NO REASON FOR THEM TO SPEND TIME TRYING TO GET NON-ALIGNED VOTES. BUT IF THEY STILL HOPE FOR A SOVIET ABSTENTION, I AM PRETTY SURE THAT THEY WILL NEED MORE THAN TWO DAYS TO GET ENOUGH NON-ALIGNED MEMBERS OF THE COUNCIL TO VOTE FOR THEIR DRAFT.

3. MCHENRY IS IN WASHINGTON THIS AFTERNOON. AS SOON AS HE GETS BACK I WILL TRY TO GET FROM HIM A CLEARER INDICATION OF AMERICAN THINKING ON THE TIMETABLE, WITH SPECIAL REFERENCE TO SIR J. GRAHAM'S NEEDS. IF THE AMERICANS INSIST ON STARTING THE DEBATE TOMORROW AND TRY TO MOBILISE SPEAKERS, I WILL REFUSE TO SPEAK UNTIL YOU AND SIR J. GRAHAM HAVE MADE THE NECESSARY DISPOSITIONS.

PARSONS

IMMEDIATE

NNNN



CONFIDENTIAL

GR 350

CONFIDENTIAL

DESKBY 070930Z FCO  
DESKBY 071400Z UKMIS NEW YORK  
FM WASHINGTON 060130Z JAN 80  
TO IMMEDIATE FCO

TELNO 72 OF 5 JANUARY 1980

INFO IMMEDIATE UKMIS NEW YORK AND PRIORITY PARIS

MY TELNO 65; SECOND STAGE RESOLUTION ON IRAN.

THE AMERICANS ARE STILL NOT OUT OF THE WOOD WITH THE FRENCH, BUT HAVE DECIDED THEY CANNOT WAIT ANY LONGER BEFORE GOING AHEAD WITH WIDER CONSULTATIONS IN NEW YORK. MCHENRY WILL THEREFORE BE TAKING SOUNDINGS THERE THIS WEEKEND.

2. THE FRENCH (COOPER HAD BEEN TALKING DIRECT TO PAGE IN PARIS AND VANCE HAD ALSO SPOKEN TO FRANCOIS-PONCET) REJECTED THE PHRASE WE HAD BEEN PREPARED TO ACCEPT ON DEFAULTS ("SHALL BE PROMPT IN EXERCISING THEIR RIGHTS WHEN PAYMENTS.... ARE NOT MADE WITH DILIGENCE"). COOPER HAD ACCORDINGLY TRIED OUT ON THEM THE WORDING WE HAD SUGGESTED EARLIER ("SHALL ACT IN A BUSINESS LIKE MANNER WHEN EXERCISING ANY RIGHTS .... WHEN PAYMENTS ARE NOT MADE ON TIME"). THIS HAD BEEN PUT BY FRANCOIS-PONCET TO GISCARD, WHO HAD ACCEPTED IT. THE AMERICANS THEREFORE NOW REGARD THIS PART OF THE TEXT AS AGREED.

3. BUT THE FRENCH STILL HAVE DIFFICULTIES WITH THE LAST PART OF THE FINAL PARAGRAPH ("NOT WITHSTANDING ANY CONTRACT ENTERED INTO OR LICENCE GRANTED BEFORE THE DATE OF THIS RESOLUTION"). THIS WOULD JEOPARDISE A NUMBER OF IMPORTANT FRENCH CONTRACTS. GISCARD WAS APPARENTLY NOT PREPARED TO AGREE TO IT WITHOUT CONSULTING BARRE, WHO COULD NOT BE CONTACTED TONIGHT. FRANCOIS-PONCET HAS PROMISED VANCE A FINAL ANSWER ON MONDAY. BUT THE AMERICANS HOPE THAT BY THEN THINGS WILL HAVE MOVED FAR ENOUGH FOR THE FRENCH NOT TO BE ABLE TO HOLD THEM UP BY INSISTING ON THE DELETION OF THIS CLAUSE.

4. IT IS NOT CLEAR WHETHER THE AMERICANS INTEND TO PRESENT THE PRESENT TEXT IN NEW YORK AS A US TEXT OR AS SOMETHING WITH BROADER SUPPORT, AS VANCE ORIGINALLY WANTED. COOPER HAS NOW LEFT FOR THE WEST COAST AND THERE IS NOONE HERE WHO KNOWS WHAT HE SAID TO MCHENRY ON THIS POINT. THOMAS MADE IT CLEAR TO COOPER YESTERDAY THAT OUR SUPPORT FOR THE TEXT WAS DEPENDENT ON FRENCH ACCEPTANCE

/ OF

CONFIDENTIAL

# CONFIDENTIAL

OF IT. BUT THIS RELATED MAINLY TO OUR DIFFICULTIES OVER DEFAULTS.  
IN VIEW OF THEIR REVERSION TO THE WEAKER FORM OF WORDS ON DEFAULTS  
WHICH WE HAD EARLIER SUGGESTED OURSELVES, WE PRESUMABLY NEED NOT  
OBJECT IF THEY CLAIM THAT THE TEXT AS A WHOLE HAS UK SUPPORT.

HENDERSON

## DEPARTMENTAL DISTRIBUTION

MED	NAD
CONS D	MAED
CONS EM UNIT	UND
EESD	COD
ES & SD	FRD
EIB	PSD
NENAD	CRD
SAD	SECURITY D
SED	MVD
TRED	POD

## ADDITIONAL DISTRIBUTION TEHRAN SPECIAL

2  
CONFIDENTIAL

CONFIDENTIAL ECLIPSE

GPS360

CONFIDENTIAL  
ECLIPSE

DESKBY F C O 060900Z  
DESKY TEHRAN FIRST CONTACT  
FROM UKMIS NEW YORK 060232+Z JAN 80  
TO IMMEDIATE F C O  
TELEGRAM NUMBER 32 OF 5 JANUARY  
INFO IMMEDIATE TEHRAN WASHINGTON  
INFO PRIORITY PARIS

MY TELNO 28: IRAN

1. THIS AFTERNOON WE OBTAINED UNOFFICIALLY FROM A SOURCE IN THE SECRETARIAT AN ADVANCE COPY OF THE SECRETARY-GENERAL'S REPORT. THIS DESCRIBES HIS CONVERSATIONS IN TEHRAN WITH QOTBZADEH AND MEMBERS OF THE REVOLUTIONARY COUNCIL AND ENDS WITH THE FOLLOWING CONCLUSIONS:

DESPITE THE MANY DIFFICULTIES I ENCOUNTERED DURING MY VISIT TO TEHRAN DUE TO THE UNUSUAL POWER STRUCTURE IN THAT COUNTRY, I CONSIDER THAT THE TRIP WAS USEFUL AND HELPED ME TO UNDERSTAND BETTER THE MANY FACETS OF THE EXISTING CRISIS. THE EXTENSIVE TALKS WITH THE FOREIGN MINISTER AND THE OTHER MEMBERS OF THE REVOLUTIONARY COUNCIL HAVE GIVEN ME A CLEARER INSIGHT INTO THE POSITION OF THE IRANIAN LEADERS. AT THE PRESENT TIME, THEY ARE NOT PREPARED TO RESPOND TO THE CALL OF THE INTERNATIONAL COMMUNITY FOR THE IMMEDIATE RELEASE OF THE HOSTAGES. THEY CONTINUE TO INSIST ON THE LINKAGE OF THE EXTRADITION OF THE FORMER SHAH WITH THE RELEASE OF THE HOSTAGES. AT THE SAME TIME, THEY INSIST ON THE RETURN OF THE ASSETS ALLEGEDLY TAKEN OUT ILLEGALLY BY HIM. UNDER THE PRESENT CIRCUMSTANCES, THE SETTING UP OF AN INTERNATIONAL ENQUIRY COMMITTEE, AS IT WAS DISCUSSED DURING THE TALKS IN TEHRAN, MAY HELP TO DEFUSE THE SITUATION, WHILE THE SEARCH FOR A PEACEFUL SOLUTION CONTINUES.

1/2  
CONFIDENTIAL ECLIPSE

# CONFIDENTIAL ECLIPSE

2. THE SECRETARIAT SUBSEQUENTLY TOLD US THAT WALDHEIM HAD WITHDRAW THE REPORT FOR RE-DRAFTING. THE US MISSION (PLEASE PROTECT, ESPECIALLY IN WASHINGTON) HAVE TOLD US THAT MCHENRY IS TAKING WALDHEIM TO SEE PRESIDENT CARTER, PROBABLY TOMORROW AFTERNOON, SO THAT THE PRESIDENT CAN TAKE PART IN "HAND-FINISHING" THE REPORT.

3. IN ITS PRESENT FORM THE REPORT IS CLEARLY UNSATISFACTORY FOR THE AMERICANS. IT FAILS TO SPELL OUT THAT HIS MISSION WAS PART OF THE PROCESS ENVISAGED IN THE FIRST STAGE SANCTIONS RESOLUTION AND IT TENTATIVELY SUPPORTS THE SETTING UP OF AN INTERNATIONAL ENQUIRY BEFORE THE RELEASE OF THE HOSTAGES. IT ALSO FAILS TO STATE CLEARLY THE "NON-COMPLIANCE" BY IRAN WHICH UNDER PARAGRAPH 6 OF SCR 461 IS THE NECESSARY CONDITION FOR THE ADOPTION OF SANCTIONS.

PARSONS

## DEPARTMENTAL DISTRIBUTION

MED	NAD
CONS D	MAED
CONS EM UNIT	UND
EESD	COD
ES & SD	FRD
EID	PSD
NENAD	CRD
SAD	SECURITY D
SED	MVD
TRED	POD

## ADDITIONAL DISTRIBUTION TEHRAN SPECIAL

2

CONFIDENTIAL ECLIPSE

IRAN: ADVANCE COPIES

48

PS t-4  
 PS/SIR I GILMOUR  
 PS/MR HURD  
 PS/PUS  
 SIR D MATTLAND  
 MR J C MOBERLY  
 LORD BRIDGES  
 MR EVANS  
 MISS BROWN  
 HD/MED (2)  
 HD/FRD  
 HD/NENAD  
 HD/UND (2)  
 HD/OID (2)  
 HD/DEF DEPT  
 HD/N AM D  
 HD/ES & SD (2)  
 HD/PUSD (2)  
 HD/NEWS DEPT  
 HD/COD  
 HD/CONS DEPT  
 RESIDENT CLERK

IMMEDIATE

PS NO 10 DOWNING ST

SIR R ARMSTRONG )  
 ASSESSMENTS STAFF ) CABINET  
 MR R WADE GERY ) OFFICE  
 MR LE CHEMINANT )  
 MR P G FOWLER R 217 )  
 DIO )

PS/CHANCELLOR )  
 MR F R BARRATT ) TREASURY  
 MR D J S HANCOCK )

MR C W MCMAHON ) BANK OF  
 MR S PAYTON ) ENGLAND

MR W KNIGHTON ) DEPT OF TRADE  
 MR C BENJAMIN ) DOI

MR D LE B JONES ) DEPT OF  
 MR C LUCAS ) ENERGY

CONFIDENTIAL

DESKBY F C O 070900Z

DESKBY TEHRAN FIRST CONTACT

FROM UKMIS NEW YORK 052250Z JAN 80

TO IMMEDIATE F C O

TELEGRAM NUMBER 28 OF 5 JANUARY

INFO IMMEDIATE TEHRAN

INFO PRIORITY WASHINGTON AND PARIS

MY TEL NO 27: IRAN

1. I HAD A BRIEF WORD WITH WALDHEIM THIS MORNING DURING THE COUNCIL SESSION ON AFGHANISTAN. HE LOOKED ILL AND NEUROTIC.

2. WALDHEIM SAID, IN THE HEARING OF OTHERS, THAT NO ONE IN THE UN PROBABLY REALISED QUITE HOW DREADFUL THINGS WERE IN IRAN. IT WAS A DISASTER. IT WAS COMPLETE CHAOS AND ANARCHY. THERE WAS NO CONTROL OR AUTHORITY ANYWHERE. THIS APPLIED TO KHOMEINI. HE SAT IN THE CLOUDS IN COM. THE ONLY PEOPLE WHO COULD BE SAID TO BE CONTROLLING ANYTHING IN TEHRAN WERE THE STUDENTS HOLDING THE HOSTAGES. KHOMEINI, HE THOUGHT, WAS LISTENING CAREFULLY TO WHAT THEY SAID SO AS TO BE ABLE TO SUPPORT THEIR EVERY UTTERANCE.

HOSTAGES. KHOMEINI, HE THOUGHT, WAS LISTENING CAREFULLY TO WHAT THEY SAID SO AS TO BE ABLE TO SUPPORT THEIR EVERY UTTERANCE.

3. AFTER THIS SLIGHTLY HYSTERICAL, BUT PROBABLY ACCURATE, OUTBURST, WALDHEIM CONFIRMED THAT HIS REPORT WOULD BE CIRCULATED ON MONDAY. HE PROPOSED TO PRESENT IT WITH AN ORAL STATEMENT TO THE SECURITY COUNCIL THAT DAY.

4. WALDHEIM HAS OBVIOUSLY HAD AN UNFORGETTABLE EXPERIENCE, WHOLLY UNFAMILIAR TO SOMEONE WHO HAS SPENT HIS LIFE AND CAREER IN THE DEVELOPED WORLD. I TRIED TO CONSOLE HIM BY SAYING THAT I AT LEAST HAD AN IDEA OF WHAT HE MUST HAVE BEEN THROUGH. HE OBVIOUSLY NEEDS A REST BUT IS UNLIKELY TO GET ONE WITH THE COUNCIL ENGAGED ON AFGHANISTAN OVER THE WEEKEND.

PARSONS

NNNN

C



GRS 563

CONFIDENTIAL

FM FCO JANUARY 1980

TO IMMEDIATE JEDDA

TELEGRAM NUMBER 5 OF 4 JANUARY

AND TO PRIORITY KUWAIT, BAHRAIN, ABU DHABI, DOHA, DUBAI, MUSCAT,  
CAIRO, DAMASCUS, ISLAMABAD, BAGHDAD, AMMAN, ANKARA

REPEATED FOR INFO TO PRIORITY WASHINGTON, EEC POSTS, TOKYO,  
OTTAWA, BERNE, UKDEL OECD, UKMIS NEW YORK, CANBERRA

FCO TEL NUMBER 477 TO JEDDA: ECONOMIC MEASURES AGAINST IRAN.

1. THIS TELEGRAM IS FOR YOUR INFORMATION. THE LINE TO TAKE  
IS AT PARAGRAPH 10 BELOW.

VOLUNTARY MEASURES

2. THE MEASURES DISCUSSED IN PARAGRAPH 2 OF MY TUR ARE BEING  
BROUGHT INTO EFFECT BY THOSE GOVERNMENTS ORIGINALLY APPROACHED.  
BY 5 JANUARY ALL WILL HAVE TAKEN STEPS OF THE KIND REQUESTED.  
THE DUTCH, WHO WERE APPROACHED LATER, HAVE ALSO ACTED WHILE THE  
BELGIANS SEEM STILL TO BE CONSIDERING THEIR POSITION.

3. THE PROPOSED MEETING IN WASHINGTON TO DISCUSS THE INTERPRET-  
ATION OF 2(F) - THE TERMS OFFERED FOR OIL PURCHASES - DID NOT  
TAKE PLACE.

4. THE EXISTENCE OF THESE MEASURES CONTINUES TO BE LARGELY  
OBSCURED BY SECURITY COUNCIL ACTIVITY. WE ARE SAYING NOTHING  
ABOUT THEM (DESPITE A SERIOUS LEAK OF THE MEASURES THEN ENVISAGED  
IN THE WASHINGTON POST OF 23 DECEMBER.)

SECURITY COUNCIL RESOLUTION

5. FOLLOWING REPRESENTATIONS BY HMG AND, WE THINK, THE FRENCH,  
THE AMERICANS DECIDED NOT TO GO STRAIGHT FOR THE RESOLUTION  
DESCRIBED IN PARAGRAPHS 5 AND 6 OF MY TUR BUT TO TAKE IT IN TWO  
STEPS.

6. THE FIRST STEP HAS NOW BEEN TAKEN. ON 31 DECEMBER THE SECUR-  
ITY COUNCIL PASSED RESOLUTION 461 WHICH DEPLORED THE CONTINUED  
DETENTION OF THE HOSTAGES; CALLED FOR THEIR RELEASE; REQUESTED  
THE SECRETARY GENERAL TO LEND HIS GOOD OFFICES AND REPORT;  
DECIDED 'TO MEET ON 7 JANUARY 1980 IN ORDER TO REVIEW THE SITUAT-  
ION, AND, IN THE EVENT OF NON-COMPLIANCE WITH THIS RESOLUTION,

# CONFIDENTIAL

TO ADOPT EFFECTIVE MEASURES UNDER ARTICLES 39 AND 41 OF THE UN CHARTER'. THE VOTING ON THIS RESOLUTION WAS II-0-4 WITH USSR, CZECHOSLOVAKIA, KUWAIT AND BANGLADESH ABSTAINING.

7. WE ARE DISCUSSING WITH THE AMERICANS THE FORM AND CONTENT OF THE MAIN RESOLUTION NOW DUE TO BE VOTED ON 7 JANUARY. THE TIMETABLE MAY SLIP IF WALDHEIM'S VISIT TO IRAN MAKES PROGRESS, IF OTHER EVENTS SUPERVENE, OR IF THE AMERICANS RUN INTO DIFFICULTY NEGOTIATING THEIR RESOLUTION. THE PROSPECTS FOR THIS SECOND RESOLUTION ARE UNCERTAIN FOR OTHER REASONS. THE COMPOSITION OF THE SECURITY COUNCIL HAS CHANGED: IT WILL BE MORE DIFFICULT FOR THE THIRD WORLD MEMBERS TO GO ALONG WITH A SUBSTANTIVE RESOLUTION: AND THE RISK OF A RUSSIAN VETO WILL BE HIGHER (ESPECIALLY IF THEY HAVE MEANWHILE BEEN CENSURED IN THE SECURITY COUNCIL OVER AFGHANISTAN). FAILURE OF A SECOND STAGE RESOLUTION WOULD OBVIOUSLY PLACE THE AMERICANS IN A DIFFICULT POSITION: THEY DO NOT YET HAVE FIRM VIEWS ON HOW THEY WOULD PROCEED.

8. WE SHALL VOTE IN FAVOUR OF THE SECOND STAGE RESOLUTION. WE ARE RE-ASSESSING THE LIKELY IRANIAN REACTION (CHIEFLY IN THE LIGHT OF AFGHANISTAN) AND THE NEED TO WITHDRAW MOST OF OUR EMBASSY STAFF FROM TEHRAN BEFORE VOTING IN FAVOUR. WE ARE ASSUMING THAT THERE WILL BE NO SERIOUS REACTIONS TO OUR VOTE ELSEWHERE IN THE MUSLIM WORLD BUT PLEASE REPORT ANY INDICATIONS TO THE CONTRARY. LINE TO TAKE

9. WE HAVE THROUGHOUT MADE CLEAR OUR SUPPORT FOR THE US IN THEIR EFFORTS TO SECURE THE RELEASE OF THE HOSTAGES. THEY HAVE NOW TRIED EVERY OTHER INTERNATIONAL MEANS OF REDRESS. SANCTIONS ARE THE ONLY REMAINING OPTION AND, AS THE PRIME MINISTER MADE CLEAR IN WASHINGTON, WE SHALL SUPPORT THEM.

CARRINGTON

## DEPARTMENTAL DISTRIBUTION

MED	NAD
CONS D	MAED
CONS EM UNIT	UND
EESD	COD
ES & SD	FRD
EID	PSD
NENAD	CRD
SAD	SECURITY D
SED	MVD
TRED	POD

## ADDITIONAL DISTRIBUTION TEHRAN SPECIAL

2

# CONFIDENTIAL

CONFIDENTIAL

GR 930

CONFIDENTIAL

DESKBY 070930Z FCO

DESKBY 070930Z UKMIS NEW YORK

FM WASHINGTON 042335Z JAN 80

TO IMMEDIATE FCO

TELNO 65 OF 4 JANUARY 1980

INFO IMMEDIATE UKMIS NEW YORK AND PARIS.

YOUR TELNO 28: SECOND STAGE RESOLUTION ON IRAN

1. MINISTER (COMMERCIAL) THANKED COOPER FOR AMERICAN EFFORTS TO MEET US BUT EXPLAINED OUR CONTINUED DIFFICULTY WITH "DUE DILIGENCE" IN PARA C. COOPER FOR HIS PART WAS PREPARED TO LIVE WITH "REASONABLE DILIGENCE" AS AN ALTERNATIVE BUT COULD NOT FORMALLY ACCEPT IT WITHOUT CONSULTING MR VANCE.

2. COOPER WAS CONTENT WITH INTERPRETATION OF PARA G AND OUR POSITION ON COMMERCIAL. BUT HE REACTED WITH SOME CONCERN TO HOW WE CONTINUED TO INTERPRET PARA C ON ROLLOVERS AND PARA F ON OIL SERVICE CONTRACTS. HE UNDERSTOOD OUR DESIRE TO ENSURE THAT A BANK SHOULD BE ABLE TO TAKE INTO ACCOUNT ITS COMMERCIAL INTERESTS IN DECIDING HOW PROMPT TO BE IN EXERCISING ITS RIGHTS, BUT HE STILL FOUND IT DIFFICULT TO ACCEPT THAT THIS SHOULD EXTEND TO ROLL-OVERS. IF WE INSISTED ON ROLL-OVERS, WHY COULD WE NOT ACCEPT MORE BINDING LANGUAGE ON DEFAULTS? AFTER CLARIFYING THIS WITH BRIDGES AND HANCOCK (TREASURY) THOMAS EXPLAINED TO COOPER THAT

I) THE PRESENT WORDING OF PARA C, IN SPECIFYING "NEW CREDITS OR LOANS" WOULD SIMPLY NOT PERMIT US TO RULE OUT ROLL OVERS. IT WAS NOT A QUESTION OF JUDGEMENT OR POLICY BUT OF WHAT THE RESOLUTION ACTUALLY SAID.

II) THE CIRCUMSTANCES APPLICABLE TO ROLL-OVERS WERE LIMITED. THEY WERE NOT NECESSARILY THE SAME AS THOSE IN WHICH A DEFAULT MIGHT ARISE. FOR INSTANCE A DEFAULT COULD BE CAUSED BY NON-PAYMENT OF INTEREST. THE WATER BOARD LOAN COULD BE THE SUBJECT OF DEFAULT BUT NOT A ROLL-OVER. IN GENERAL, ROLL-OVERS ONLY APPLIED TO SHORT-TERM BANK CREDITS.

III) ON THE SUBSTANCE, OUR CONCERN WAS TO AVOID FORCING PARTICULAR BANKS INTO GREATER DIFFICULTIES BY REFUSING ROLL OVERS IN PARTICULAR CIRCUMSTANCES. WE DID NOT WANT TO INCREASE THE RISK OF PROVOKING IRANIAN BANKS INTO DEFAULT.

CONFIDENTIAL

13

# CONFIDENTIAL

3. COOPER COMMENTED THAT OUR APPROACH SEEMED TO LEAVE A GREAT DEAL TO THE JUDGEMENT OF THE BANKS. THIS WOULD WEAKEN THE MANDATORY QUALITY OF THE ACTION. THE PROBLEM WAS TO SEE WHERE TO DRAW THE LINE. WHEN WE HAD SUGGESTED CONFINING THE ACTION TO "NEW CREDITS" HE HAD UNDERSTOOD THAT OUR MAIN CONCERN WAS TO AVOID AN OBLIGATION TO TERMINATE EXISTING CREDITS AND THE AMERICANS ACCEPTED THIS. BUT THE LINE WE WERE NOW TAKING WENT WELL BEYOND THAT. HE SUPPOSED THAT TO COVER ROLL-OVERS, THE RESOLUTION WOULD NEED TO REFER TO "NEW OR RENEWED CREDITS". THOMAS AGAIN EXPLAINED THE DIFFICULTIES OF SUBSTANCE WHICH THIS TYPE OF WORDING WOULD GIVE US.

4. ON SERVICE CONTRACTS, COOPER MAINTAINED THAT DURING THE DISCUSSIONS IN NEW YORK (PARA 10 OF UKMIS NEW YORK TELNO 1978) MR VANCE HAD MADE CLEAR HIS DIFFICULTIES WITH RENEWAL OF OIL SERVICE CONTRACTS.. COOPER CLAIMED THAT MR VANCE'S ACCEPTANCE OF RENEWAL OF EXISTING SERVICE CONTRACTS HAD RELATED ONLY TO PHARMACEUTICAL CONTRACTS. COOPER HAD TRIED SUBSEQUENTLY TO PERSUADE MR VANCE THAT THE RENEWAL OF EXISTING OIL SERVICE CONTRACTS SHOULD BE PERMITTED UNDER THIS PARAGRAPH BUT HAD BEEN OVERRULED. THE AMERICAN SUGGESTION FOR THE ADDITION OF THE FINAL PHRASE "OTHER THAN THOSE CONCERNED WITH MEDICAL CARE" WAS DESIGNED TO MAKE THIS CLEAR. HE RECOGNISED HOWEVER THAT THE PRESENT WORDING OF THE RESOLUTION WOULD MAKE IT DIFFICULT FOR US TO INTERPRET AS EXCLUDING THE RENEWAL OF EXISTING SERVICE CONTRACTS OF WHATEVER KIND.

5. HAVING SPOKEN TO MR VANCE, COOPER REPORTED THAT HE HAD SHOWN CONSIDERABLE IMPATIENCE BOTH WITH OUR DIFFICULTIES OVER "DUE DILIGENCE" AND WITH OUR TENACITY ON ROLL OVERS. HOWEVER, ON THE FIRST POINT MR VANCE HAD SUGGESTED THAT WE SHOULD SOLVE THE PROBLEM BY OMITTING ANY ADJECTIVE BEFORE "DILIGENCE". COOPER WAS PUTTING THIS TO THE FRENCH (WHO HAD NOW COME CLEAN WITH THEIR OWN DIFFICULTY OVER THE EXERCISE OF "IN A TIMELY MANNER" IN CASES OF DEFAULT - PARIS TELNO 1016, PARA 5). ON ROLL-OVERS, COOPER HAD NOT BEEN ABLE TO COMPLETE HIS DISCUSSION WITH MR VANCE, BUT WAS PREPARED ON HIS OWN RESPONSIBILITY TO ACCEPT, WITH RELUCTANCE, THAT WE WOULD INTERPRET PARA C IN THE WAY THOMAS HAD EXPLAINED. HE COULD NOT PROMISE THAT THIS WOULD NOT BE RAISED AGAIN ONCE MR VANCE FOCUSSED ON IT. HE DID NOT REFER AGAIN TO SERVICE CONTRACTS.

2  
CONFIDENTIAL

1/6

# CONFIDENTIAL

6. AFTER FURTHER CONSULTING HANCOCK (TREASURY) THOMAS TOLD COOPER THAT PROVIDED THE FRENCH WERE ABLE TO ACCEPT THE CLAUSE ON DEFAULTS AS NOW PROPOSED (IE "SHALL BE PROMPT IN EXERCISING ANY RIGHTS WHEN PAYMENTS DUE ON EXISTING CREDITS OR LOANS ARE NOT MADE WITH DILIGENCE") WE COULD ALSO ACCEPT IT. BUT HE SAID THAT IN REFLECTING SUCH A PROVISION IN AN ORDER IN COUNCIL, WE WOULD HAVE TO USE APPROPRIATE LANGUAGE AND THIS WOULD NECESSARILY REFLECT THE EXPLANATIONS WE HAD GIVEN EARLIER OF OUR POSITION. COOPER NOTED THESE POINTS.

7. COOPER REPORTED THAT THE FRENCH HAD RAISED TWO OTHER ISSUES, ON BOTH OF WHICH MR VANCE HAD TURNED THEM DOWN. THESE WERE:-  
1) THE FRENCH WANTED TO CHANGE "NATIONALS" TO "PERSONS" THROUGHOUT THE TEXT. THE AMERICANS HAD ARGUED AGAINST THIS ON THE GROUNDS OF PRECEDENT IN THE RHODESIAN SANCTIONS RESOLUTION.  
11) THE FRENCH HAD OBJECTED TO THE FINAL PHRASE IN THE LAST UN-NUMBERED PARAGRAPH "NOTWITHSTANDING ANY CONTRACT ENTERED INTO OR LICENCE GRANTED BEFORE THE DATE OF THIS RESOLUTION" AND SOUGHT ITS DELETION.

8. COOPER UNDERSTANDS THAT OUR AGREEMENT IS CONDITIONAL ON FRENCH AGREEMENT WHICH IS NOW ALL THE AMERICANS ARE WAITING FOR BEFORE GOING AHEAD IN NEW YORK AND IN CAPITALS, PROBABLY OVER THE WEEKEND.

9. WE HAVE CHECKED WITH COOPER'S OFFICE THE TEXT IN YOUR TELNO 32.. SUBJECT TO "OR" FOR "AND" IN LINE 2 OF SUBPARA D, IT CORRESPONDS EXACTLY TO THEIR TEXT.

HENDERSON

## DEPARTMENTAL DISTRIBUTION

MED	NAD
CONS D	MAED
CONS EM UNIT	UND
EESD	COD
ES & SD	FRD
EID	PSD
NEMAD	CRD
SAD	SECURITY D
SED	MVD
TRED	POD

## ADDITIONAL DISTRIBUTION TEHRAN SPECIAL

3

CONFIDENTIAL

OO WASHINGTON DESKBY 041430Z  
OO UKMIS NEW YORK  
GRS 405  
CONFIDENTIAL

*fa*  
*Am*

DESK BY 041430Z  
FM FCO JANUARY 1980  
TO IMMEDIATE WASHINGTON  
TELEGRAM NUMBER 28 OF 4 JANUARY 1980  
REPEATED FOR INFO TO IMMEDIATE UKMIS NEW YORK AND PARIS  
YOUR TEL NO 29: SECOND STAGE RESOLUTION ON IRAN

1. WE ARE GRATEFUL FOR THE CONTINUED AMERICAN EFFORTS TO MEET OUR POINTS. THEIR LATEST PROPOSALS IN TUR LEAVE ONLY ONE DIFFICULTY FOR WHICH THIS TELEGRAM OFFERS TWO POSSIBLE SOLUTIONS.
2. THE PHRASE ABOUT DEFAULTS QUOTED IN PARA 2(I) OF TUR IS UNFORTUNATELY NO HELP. 'DUE DILIGENCE' IS NOT A PHRASE WE COMMONLY USE BUT WE UNDERSTAND IT TO MEAN THAT EVERY POSSIBLE STEP SHOULD BE TAKEN TO ENSURE COMPLIANCE WITH ONE'S OBLIGATIONS. IN OTHER WORDS IT IS JUST AS RESTRICTIVE AS 'TIMELY'.
3. IF, HOWEVER THE AMERICANS WOULD ACCEPT 'REASONABLE' INSTEAD OF 'DUE' THIS WOULD BE A DISTINCT HELP. THE PHRASE WOULD THEN READ 'SHALL BE PROMPT IN EXERCISING ANY RIGHTS WHEN PAYMENTS DUE ON EXISTING CREDITS OR LOANS ARE NOT MADE WITH REASONABLE DILIGENCE'. WE COULD THEN ACCEPT THE TEXT SUBJECT TO THE PROVISIONS IN PARA 5 BELOW.
4. IF THE AMERICANS CANNOT ACCEPT THIS AMENDMENT THEN, IN VIEW OF THEIR PRESSURE, WE SHOULD NO LONGER SEEK AMENDMENTS TO THE WORDING OF THE AMERICAN DRAFT.
5. YOU SHOULD THEREFORE TELL THE AMERICANS THAT WE ACCEPT THE PROPOSALS IN TUR, PROVIDED THAT THE FRENCH ALSO ACCEPT THEM BUT WE WOULD LIKE THEM TO BE CLEAR AS TO HOW WE INTEND TO INTERPRET THE RESOLUTION WHEN WE COME TO DRAFT OUR IMPLEMENTING ORDER IN COUNCIL.
6. AS REGARDS PARAGRAPH 1(C) OUR INTENTION IS TO DRAFT THE SUBSIDIARY LEGISLATION SO THAT A BANK MAY TAKE INTO ACCOUNT ITS COMMERCIAL INTERESTS IN DECIDING HOW PROMPT THEY SHOULD BE IN



EXERCISING THEIR RIGHTS.

7. THE CLAUSE ON ENFORCEMENT (RENUMBERED AS PARAGRAPH 1(G)) IS NOW SATISFACTORY TO US. WE INTEND TO INTERPRET IT IN VERY MUCH THE MANNER EXPLAINED BY COOPER TO THOMAS (PARA 5 OF YOUR TEL NO 4422). WE ARE GRATEFUL FOR THE AMERICANS' EFFORTS TO MEET US ON THESE POINTS.

8. SERVICE CONTRACTS. WE CAN ACCEPT 'LOCATED'. WE SHALL CONTINUE TO INTERPRET THIS SUB-PARAGRAPH AS PERMITTING THE RENEWAL OF EXISTING CONTRACTS. VANCE HAS ALREADY ACCEPTED THIS (PARAGRAPH 10 OF UKMIS NEW YORK TEL NO 1978). THE POINT MAY, IN ANY CASE, BE ACADEMIC SINCE, IN THE CIRCUMSTANCES ENVISAGED, RENEWAL OF CONTRACTS IS UNLIKELY TO BE GRANTED.

9. WE HAVE ALREADY MADE OUR POSITION CLEAR ON ROLL OVERS AND TRADE CREDIT (PARAS 8 AND 9 OF FCO TEL NO 5 TO YOU) AND THE AMERICANS APPEAR TO ACCEPT THE POSITION.

CARRINGTON

NNNN

DISTRIBUTION

FRD	UND
NED	CO D
CONS DEPT	PS D
CONS EM UNIT	CR D
EESD	SEC D
ES AND SD	MV D
EID	PO D
NENAD	
SAD	
SED	
TRED	
NAD	
MAED	

ADDITIONAL DISTRIBUTION

TEHRAN SPECIAL

IRAN: ADVANCE COPIES + 43

PS  
PS/SIR I GILMOUR  
PS/MR HURD  
PS/PUS  
SIR D MAITLAND  
MR J C MOBERLY  
LORD BRIDGES  
MR EVANS  
MISS BROWN  
HD/MED (2)  
HD/FRD  
HD/NENAD (2)  
HD/UND (2)  
HD/OID (2)  
HD/DEF DEPT  
HD/N AM D (2)  
HD/ES & SD (2)  
HD/PUSD (2)  
HD/NEWS DEPT  
HD/COD  
HD/CONS DEPT  
~~RESIDENT CLERKS~~

*and*

PS NO 10 DOWNING ST

SIR R ARMSTRONG )  
ASSESSMENTS STAFF )  
MR R WADE GERY ) CABINET  
MR LE CHERINANT ) OFFICE  
MR P G FOWLER R 217 )  
DIO

PS/CHANCELLOR )  
MR F R BARRATT ) TREASURY  
MR D J S HANCOCK )

MR C W MCMAHON ) BANK OF  
MR S PAYTON ) ENGLAND  
*Mark Williams CRES DOT*  
MR W KNIGHTON DEPT OF TRADE  
MR C BENJAMIN DOI

MR D LE B JONES ) DEPT OF  
MR C LUCAS ) ENERGY

ADVANCE COPY

IMMEDIATE

GR 360  
CONFIDENTIAL  
DESKBY FCO 071500Z  
FM TEHRAN 071340Z JAN  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 25 OF 7 JAN 80  
INFO IMMEDIATE WASHINGTON, UKMIS NEW YORK  
PRIORITY EEC POSTS.

*DESKBY*

*and*

UKMIS NEW YORK TELNO 33 (NOT TO ALL :  
POSITION OF WESTERN EMBASSIES.

1. THE COMMUNITY HEADS OF MISSION ARE DUE TO MEET AGAIN TOMORROW AT 0800 HOURS GMT. I THINK THERE WILL BE A CLEAR MAJORITY IN FAVOUR OF STICKING THINGS OUT HERE, HOWEVER THINGS GO IN THE SECURITY COUNCIL, ON THE OFFCHANCE THAT OUR CONTINUED PRESENCE MAY BE USEFUL AND BECAUSE WE NEED TO BE ON HAND TO TAKE ADVANTAGE OF ANY CHANGE. FOR THE ITALIANS AND GERMANS THEIR COMMUNITIES ARE A MAJOR CONSIDERATION.

2. I PERSONALLY AM IN FAVOUR OF HANGING ON, FOR THE REASONS GIVEN IN MY TEL NO 2. I AM DOUBTFUL NOW WHETHER THE AUTHORITIES WILL WANT TO ADD ANOTHER EMBASSY'S SCALP TO THEIR BELT AND THE INDICATIONS ARE THAT THEY WILL EITHER PLAY UP THE SECURITY COUNCIL VOTE AS A DEFEAT FOR THE US, (IF THAT IS HOW THE VOTE IN THE COUNCIL GOES), IN WHICH CASE OUR VOTE AND SPEECH WOULD BE LOST TO VIEW, OR IF THE AMERICAN RESOLUTION IS PASSED, WILL CONTENT THEMSELVES WITH SOME LESS DRAMATIC GESTURE, SUCH AS THE EXPULSION OF WESTERN JOURNALISTS (WHOSE ABSENCE MIGHT EVEN PROVE A BLESSING - MY TEL NO 22) OR, FOR EXAMPLE, THE STOPPING OF OIL EXPORTS TO SELECTED BUYERS. THERE IS, OF COURSE, THE RISK OF MOB ACTION, BUT WE HAVE LITTLE TO LOSE NOW AND IF I AM RIGHT ABOUT THE GOVERNMENT'S ATTITUDE, WE COULD LOOK TO THE PASDARAN FOR SOME PROTECTION.

3. IF YOU DECIDE THAT WE SHOULD PULL OUT AS ORIGINALLY PLANNED, I SHOULD PREFER TO LEAVE BY THE BA FLIGHT EARLY ON THURSDAY 10 JANUARY. GIVEN THE EIGHT AND A HALF TIME DIFFERENCE, THIS WOULD ENABLE ME TO SEE QOTBZADEH ON WEDNESDAY 9 JANUARY WELL BEFORE SIR A PARSONS SPEAKS (ASSUMING A VOTE THAT NIGHT IN NEW YORK) WITH DEPARTURE THE NEXT MORNING, OR MUTATIS MUTANDIS, IF THE VOTE IS DELAYED. UNFORTUNATELY WEDNESDAY IS A HOLIDAY (THE 40TH DAY AFTER ASHURA) AND I MIGHT WELL HAVE DIFFICULTY IN SEEING QOTBZADEH THAT DAY OR ON FRIDAY 11 JANUARY, IF THE VOTE IS DELAYED TILL THEN. SO FROM MY NARROW POINT OF VIEW A VOTE ON THURSDAY OR SATURDAY WOULD BE BEST.

4. I SHALL TELEGRAPH AGAIN AFTER THE BEC MEETING TOMORROW BUT SHOULD BE GRATEFUL FOR GUIDANCE BEFORE THEN IF POSSIBLE.

GRAHAM

CCNMM... PARA 3. GIVEN THE EIGHT AND A HALF HOURS TIME DIFFERENCE

NNNN

PS  
 PS/SIR I GILMOUR  
 PS/MR HURD  
 PS/PUS  
 SIR D MAITLAND  
 MR J C MOBERLY  
 LORD BRIDGES  
 MR EVANS  
 MISS BROWN

HD/MED (2)  
 HD/FRD  
 HD/NENAD (2)  
 HD/UND (2)  
 HD/OID (2)  
 HD/DEF DEPT  
 HD/N AM D  
 HD/ES & SD (2)  
 HD/PUSD (2)  
 HD/NEWS DEPT  
 HD/COD  
 HD/CONS DEPT  
~~RESIDENT CLERK~~

*Hand N G Kennock*

CONFIDENTIAL

FM TEHRAN 071215Z JAN

TO IMMEDIATE FCO

TELEGRAM NUMBER 23 OF 7 JAN 80

INFO IMMEDIATE WASHINGTON, UKMIS NEW YORK, AND EEC POSTS.

UKMIS TEL NO 29 TO YOU (NOT TO ALL):

THE SITUATION IN IRAN.

1. THE RIOTING AND VIOLENCE OF THE LAST FEW DAYS HAVE UNDERLINED THE IRRELEVANCE OF THE OCCUPATION BY THE "STUDENTS" OF THE US EMBASSY TO THE REAL PROBLEMS OF IRAN. IN KURDESTAN THE KURDS ARE ON THE VERGE OF ACHIEVING AUTONOMY, AND IF THEY WERE TO DECLARE AN INDEPENDENT KURDESTAN, THERE WOULD BE NOTHING IN IRAN TO STOP THEM. (ALTHOUGH THE RELIGIOUS LEADER, HOSSEINI, HAS SAID THAT THEY ARE NOT SEEKING SEPARATION "BECAUSE OF OIL"). THE LONG SIMMERING THEOLOGICAL AND POLITICAL DISPUTE BETWEEN THE SUPPORTERS OF KHOMEINI AND HIS FUNDAMENTALIST THEOCRATIC STATE AND THE SUPPORTERS OF SHARIAT MADARI WITH HIS MORE TRADITIONAL VIEW THAT THE MULLAHS SHOULD STAND BACK AND LET POLITICIANS GOVERN, HAS COME INTO THE OPEN WITH SERIOUS RIOTING, NOTABLY IN AZERBAIJAN BUT ALSO IN QOM

PS NO 10 DOWNING ST

SIR R ARMSTRONG )  
 ASSESSMENTS STAFF )  
 MR R WADE GERY ) CABINET  
 MR LE CHEMINANT ) OFFICE  
 MR P G FOWLER R 217 )  
 DIO )

PS/CHANCELLOR )  
 MR F R BARRATT ) TREASURY  
 MR D J S HANCOCK )

MR C W MCMAHON ) BANK OF  
 MR S PAYTON ) ENGLAND  
*Mr R Williams* CRES DOT  
 MR W KNIGHTON DEPT OF TRADE  
 MR C BENJAMIN DOI

MR D LE B JONES ) DEPT OF  
 MR C LUCAS ) ENERGY

**IMMEDIATE**

*and*

AND LET POLITICIANS GOVERN, HAS COME INTO THE OPEN WITH SERIOUS RIOTING, NOTABLY IN AZERBAIJAN BUT ALSO IN QOM ITSELF, WHERE SHARIAT MADARI IS GENERALLY BELIEVED TO BE HELD A VIRTUAL PRISONER. SUNNI AND SHIA HAVE CLASHED IN THE SOUTHERN COASTAL DISTRICT OF BANDAR LENGEH, OPPOSITE THE UAE, WITH MANY DEATHS. THERE IS ALMOST DAILY SABOTAGE IN KHUZESTAN, SOME OF IT PERHAPS ORGANISED FROM ACROSS THE IRAQI BORDER. THERE IS AN UNEASY CALM IN BALUCHISTAN, WHERE THE BALUCHIS ARE PUTTING FORWARD THE SAME SORT OF DEMANDS AS THE KURDS. THE TURCOMAN TRIBES ARE ARMING, SUSPICIOUS OF THE CENTRAL AUTHORITIES AND REPORTEDLY LOOKING TO THE COMMUNISTS, WITH BIG BROTHER CONVENIENTLY HANDY OVER THE BORDER. EVEN IN CENTRAL IRAN THERE IS SOME DISSATISFACTION WITH THE REVOLUTIONARY COMMITTEES, WHOSE DISSOLUTION OR MERGER WITH THE REVOLUTIONARY GUARDS IS INCREASINGLY BEING DEMANDED. FINALLY, THE INDUSTRIAL SECTOR OF THE ECONOMY (THE OIL INDUSTRY APART), IS A WRECK, WITH MASSIVE UNEMPLOYMENT (OFFICIALLY DESCRIBED AS HALF A MILLION "GRADUATES" (IE SCHOOL LEAVERS) BUT UNOFFICIALLY PUT AT ANYWHERE BETWEEN 2.5 AND 4 MILLION, OUT OF A WORKFORCE WHICH DOES NOT EXCEED 10 MILLION). EVEN AGRICULTURE IS NOT THRIVING AS IT SHOULD, WITH DISPUTES OVER LAND HOLDING UP SOWING AND SHORTAGES OF SEED AND ANIMAL FEEDSTUFFS PUTTING THE FUTURE IN DOUBT.

2. IT IS OBVIOUS TO MANY THAT THOSE NOMINALLY IN AUTHORITY IN THE GOVERNMENT HAVE LITTLE IDEA HOW TO TACKLE THESE PROBLEMS. THE REVOLUTIONARY COUNCIL WOULD LIKE TO SEE AN END TO THE MACABRE AND OBSCENE FARCE OF THE AMERICAN EMBASSY OCCUPATION, BUT THEY HAVE NO RELIABLE FORCES WITH WHICH TO ENFORCE ANY DECISION AND THEY COULD NOT FACE A CONFRONTATION, WHICH WOULD INVOLVE SHOOTING, WITH THE STUDENTS OR THE MOBS, UNLESS THEY HAD FIRST SECURED KHOMEINI'S UNEQUIVOCAL BACKING AND THE BACKING OF THE INCREASINGLY DISILLUSIONED BUT COWED AND SILENT MAJORITY.

3. KHOMEINI REMAINS ALOOF IN QOM, CUT OFF FROM THE REALITIES OF LIFE AND SURE OF HIS OWN INFALLIBILITY AND RECTITUDE. HE IS SURROUNDED BY AMBITIOUS, GREEDY, ILL-EDUCATED BUT DETERMINED MULLAHS AND RELIGIOUS STUDENTS WHO ENSURE THAT HE RECEIVES ONLY SUCH INFORMATION AS THEY JUDGE FIT FOR HIS EAR. WE HAVE SEEN THE PROBLEMS EVEN SUCH FAVOURED SONS AS BARI SADR AND QOTBZADEH, WHO ARE OUTSIDE THIS CIRCLE, FACE WHEN TRYING TO CONVEY TO KHOMEINI THE REALITIES AND IMPLICATIONS OF THE PRESENT SITUATION. NOT ONLY IS HE IGNORANT OF THE PROBLEMS OF RUNNING A BUREAUCRATIC GOVERNMENT AND



PRESENT SITUATION. NOT ONLY IS HE IGNORANT OF THE PROBLEMS OF RUNNING A BUREAUCRATIC GOVERNMENT AND

A MODERN ECONOMY; HE DESPISES THE EXPERTISE THIS REQUIRES.

4. THE COUNTRY NOW HAS A CONSTITUTION OF SORTS, THE KEY PASSAGE OF WHICH PLACES ALL ULTIMATE AUTHORITY IN THE HANDS OF KHOMEINI, SINCE IT GIVES HIM THE RIGHT TO DISMISS THE ELECTED PRESIDENT AND TO REJECT LEGISLATION. ELECTIONS FOR THE PRESIDENT ARE TO BE HELD ON 25 JANUARY, AND FOR THE ASSEMBLY ON 10 FEBRUARY, IN WHICH THE OPPOSITION PARTIES (THE LIBERAL NATIONAL FRONT, THE MPRP AND OTHERS) ARE SAID TO BE WORKING FOR A STRONG REPRESENTATION, IN ALLIANCE WITH EACH OTHER. AN OPTIMISTIC VIEW WOULD BE THAT THE GOVERNMENT THUS INSTALLED, WITH A CLEAR POPULAR MANDATE, WOULD HAVE THE AUTHORITY TO REASSERT CONTROL. EXPERIENCE UNFORTUNATELY SUGGESTS THAT WHOEVER TAKES OFFICE THEN WILL CONTINUE TO BE UNDERMINED BY KHOMEINI, AS BAZARGAN WAS BEFORE, AND THAT WITHOUT HIS UNEQUIVOCAL BACKING, AND WITH NO RELIABLE MILITARY FORCE, THEY WILL BE UNABLE TO CONTROL THOSE WHO DO NOT WISH TO SEE STABILITY ESTABLISHED ON THE BASIS OF THE PRESENT CONSTITUTION.

5. THIS ANALYSIS LEAVES NO ROOM FOR OPTIMISM EITHER ABOUT THE FUTURE OF THE COUNTRY OR ABOUT THE AMERICAN HOSTAGES. UN ECONOMIC SANCTIONS WILL TEND TO RALLY SUPPORT FOR KHOMEINI IN THE SHORT TERM AND WILL NOT BRING THE COUNTRY TO ITS KNEES OR EFFECT A CHANGE OF HEART IN KHOMEINI OR THE "STUDENTS" IN ANY ACCEPTABLE TIME-SCALE. A FORTIORI, VOLUNTARY MEASURES, IN THE ABSENCE OF A UN COVER, WILL FAIL TO ACHIEVE THE RESULT WE NEED AND MAY EVEN REINFORCE KHOMEINI'S THEME OF THE OPPRESSED BATTLING WITH THE OPPRESSORS AND THUS PROLONG THE AGONY. ULTIMATELY THE ECONOMIC STATE OF THE COUNTRY MAY, INDEED MUST, BRING ABOUT KHOMEINI'S FALL OR NEUTRALISATION, BUT I DOUBT IF THE AMERICANS CAN WAIT THAT LONG. THE BEST HOPE OF AN EARLY CHANGE MUST LIE IN THE INTERNAL POLITICAL DIFFERENCES PROSECUTED BY THE KURDS AND THE AZERBAIJANIS, PARTICULARLY THE LATTER WITHOUT ANY SUGGESTION OF FOREIGN ENCOURAGEMENT OR ASSISTANCE; AND THE REALISATION BY THE REVOLUTIONARY COUNCIL THAT THEIR OWN FUTURE DEPENDS ON ASSERTING CONTROL. IT WOULD BE BETTER, I BELIEVE EVEN AT THIS LATE HOUR, TO TAKE OTHER MEASURES, EVEN IF THEY WERE ONLY SYMBOLIC, RATHER THAN TO COURT DEFEAT IN THE SECURITY COUNCIL OVER SANCTIONS.



TRAN: ADVANCE COPIES 43

PS  
PS/SIR I GILMOUR  
PS/MR HURD  
PS/PUS  
SIR D MAITLAND  
MR J C MOBERLY  
LORD BRIDGES

~~MR HILARY~~  
MISS BROWN  
HD/MED (2)  
HD/FRD  
HD/NENAD  
HD/UND (2)  
HD/OLD (2)  
HD/DEF DEPT  
HD/N AM D  
HD/ES & SD (2)  
SD/PUSD (2)  
HD/NEWS DEPT  
HD/COD  
HD/CONS DEPT

~~RESIDENT CLERK~~  
Lord G & Hamer

PS NO 10 DOWNING ST

SIR R ARMSTRONG )  
ASSESSMENTS STAFF )  
MR R WADE GERY ) CABINET  
MR LE CHEMUNANT ) OFFICE  
MR P G FOWLER R 217 )  
DIO )

PS/CHANCELLOR )  
MR F R BARRATT ) TREASURY  
MR D J S HANCOCK )

MR C W MCMAHON ) BANK OF  
MR S PAYTON ) ENGLAND  
Rt R Williams CRES DC  
MR W KNIGHTON DEPT OF TRADE  
MR C BENJAMIN DOI

MR D LE B JONES ) DEPT OF  
MR C LUCAS ) ENERGY

ADVANCE COPY

IMMEDIATE

GR 230

CONFIDENTIAL

FM UKMIS NEW YORK 071534Z JAN 80

TO IMMEDIATE FCO

TELEGRAM NUMBER 42 OF 7 JANUARY

INFO IMMEDIATE WASHINGTON, TEHRAN, PARIS.

MY TELS NOS 33 AND 34: SANCTIONS AGAINST IRAN

1. WHEN I WAS DINING WITH URQUHART LAST NIGHT HE WAS TELEPHONED BY RAFI AHMED, WALDHEIM'S CHIEF DE CABINET WHO ACCOMPANIED HIM BOTH TO TEHRAN AND YESTERDAY TO WASHINGTON TO SEE PRESIDENT CARTER.
2. URQUHART HAD ALREADY TOLD ME PRIVATELY THAT WALDHEIM WAS RESOLVED TO TRY HIS BEST TO PERSUADE PRESIDENT CARTER AGAINST RUSHING AHEAD WITH SANCTIONS. WALDHEIM WAS CONVINCED THAT THIS COULD ONLY BE DAMAGING TO THE HOSTAGES BOTH IN TERMS OF THEIR TREATMENT IN TEHRAN AND THE PROSPECT FOR THEIR EARLY RELEASE. MY FRENCH COLLEAGUE HAD URGED WALDHEIM TO SPEAK TO PRESIDENT CARTER IN THE SAME TERMS.
3. RAFI AHMED TOLD URQUHART THAT ALL WALDHEIM'S EFFORTS HAD BEEN UNAVAILING. THE AMERICANS WERE DETERMINED TO GO AHEAD WITH A SANCT-

3. RAFI AHMED TOLD URQUHART THAT ALL WALDHEIM'S EFFORTS HAD BEEN UNAVAILING. THE AMERICANS WERE DETERMINED TO GO AHEAD WITH A SANCTIONS RESOLUTION WITHOUT DELAY.

4. I WILL SPEAK TO MCHENRY THIS MORNING AND TRY TO FIND OUT MORE ABOUT THE AMERICAN TIMETABLE. IT NOW SEEMS CERTAIN THAT THE AMERICANS ARE SET ON A COURSE WHICH, IN TERMS OF THE WELL BEING AND RELEASE OF THE HOSTAGES THEMSELVES, EVERYONE IN THE UN INCLUDING MYSELF REGARDS AS CERTAIN TO COUNTER-PRODUCTIVE. MY COLLEAGUES IN THE US MISSION HERE ARE MAKING LITTLE ATTEMPT TO PRETEND THAT THEY ARE ACTING FOR OTHER THAN DOMESTIC POLITICAL REASONS.

PARSONS

NNNN

IRAN: ADVANCE COPIES 44

PS  
PS/SIR I GILMOUR  
PS/MR HURD  
PS/PUS  
SIR D MAITLAND  
MR J C MOBERLY  
LORD BRIDGES  
MR EVANS  
MISS BROWN  
HD/MED (2)  
HD/FRD  
HD/NEVAD  
HD/UND (2)  
HD/OID (2)  
HD/DEF DEPT  
HD/N AM D  
HD/ES & SD (2)  
HD/PUSD (2)  
HD/NEWS DEPT  
HD/COD  
HD/CONS DEPT  
RESIDENT CLERK

PS NO 10 DOWNING ST

SIR R ARMSTRONG )  
ASSESSMENTS STAFF ) CABINET  
MR R WADE GERY ) OFFICE  
MR LE CHEMINANT )  
MR P G FOWLER R 217 )  
DIO )

PS/CHANCELLOR )  
MR F R BARRATT ) TREASURY  
MR D J S HANCOCK )

MR C W MCMAHON ) BANK OF  
MR S PAYTON ) ENGLAND

MR W KNIGHTON DEPT OF TRADE  
MR C BENJAMIN DOI

MR D LE B JONES ) DEPT OF  
MR C LUCAS ) ENERGY

GRS 430

RESTRICTED

FM WASHINGTON 032350Z JANUARY 80

TO PRIORITY F C O

TEL NO 36 OF 3 JAN

INFO UKMIS NEW YORK, UKDEL NATO, PARIS, BONN, ROME AND MOSCOW.

MY TELEGRAM NO 4398 (NOT TO ALL): IRAN AND AFGHANISTAN;  
US PUBLIC OPINION.

1. THE LATEST ABC/HARRIS PUBLIC OPINION POLL PUBLISHED TODAY SHOWS  
CARTER EXTENDING HIS LEAD OVER KENNEDY TO 20 PERCENTAGE POINTS  
(58 PER CENT TO 38 PER CENT) AND OVER REAGAN TO 30 POINTS (64  
PER CENT TO 34 PER CENT). BUT THIS POLL WAS TAKEN IN MID-DECEMBER;  
AND THE SIGNS ARE GROWING THAT THE BIPARTISAN SUPPORT WHICH THE  
PRESIDENT ENJOYED EARLIER IS COMING UNDER FURTHER STRAIN.

2. ON 2 JANUARY BILL BROCK, REPUBLICAN PARTY CHAIRMAN, ISSUED A STATEMENT CHARGING THAT QUOTE MR CARTER HAS FAILED TO DEVELOP A POLICY THAT WOULD PROTECT AMERICAN INTERESTS AND PRESTIGE IN THE WORLD AND DISCOURAGE A REPETITION ELSEWHERE OF THE BARBARIC ACTIONS TAKEN IN IRAN. IT IS INCREASINGLY EVIDENT THAT MR CARTER'S POLICY OF PATIENCE IS A POLICY OF DECEPTION .... IT ONLY WORKS TO CONCEAL OUR WEAKNESS IN THE WORLD UNQUOTE.

3. MOST REPUBLICAN PRESIDENTIAL CANDIDATES, WHILE STILL CAREFUL TO ASSERT THEIR SUPPORT FOR THE PRESIDENT'S EFFORTS TO SECURE RELEASE OF THE HOSTAGES, ARE NOW MAKING STATEMENTS IMPLICITLY OR EXPLICITLY CRITICAL OF THE ADMINISTRATION'S FAILURE TO TAKE MORE FORCEFUL ACTION AND ASCRIBING TO CARTER RESPONSIBILITY FOR AMERICAN HELPLESSNESS AND HUMILIATION IN IRAN AND AFGHANISTAN.

4. CRITICISM ALONG THESE LINES MAY BE INTENSIFIED WHEN ALL THE REPUBLICAN CANDIDATES, EXCEPT REAGAN, TAKE PART IN A NATIONALLY TELEVISED DEBATE ON 5 JANUARY. A SIMILAR DEBATE AMONGST THE DEMOCRATIC CANDIDATES WHICH WAS TO HAVE TAKEN PLACE ON 7 JANUARY HAS BEEN CANCELLED FOLLOWING PRESIDENT CARTER'S WITHDRAWAL. THIS HAS LED TO COMPLAINTS FROM KENNEDY AND BROWN THAT CARTER HAS BEEN EXPLOITING THE IRAN CRISIS TO STRENGTHEN HIS DOMESTIC POLITICAL STANDING.

5. ON 2 JANUARY THE RESPECTED COLUMNIST DAVID BRODER IN A COLUMN ENTITLED QUOTE AFTER THE CINEMA IS OVER UNQUOTE ASKED QUOTE IS THERE ANY REALITY OF THE ADMINISTRATION'S STRATEGY FOR SECURING THE RELEASE OF THE HOSTAGES ? OR IS IT CINEMA? UNQUOTE AND HE CONCLUDED QUOTE WHEN THE CINEMA IS FINISHED .... THE GOVERNMENT OF THE UNITED STATES WILL HAVE TO ACT, OF ITS OWN WILL, TO CHANGE THE EQUATION .... OUR GOVERNMENT WILL HAVE TO SET A DEADLINE FOR RETALIATION UNQUOTE.

6. A BITTER AND DERISIVE EDITORIAL IN TODAY'S WALL STREET JOURNAL STATES THAT QUOTE THE TIME HAS COME TO RECOGNISE SQUARELY THAT PRESIDENT CARTER'S POLICY ON THE IRANIAN CRISIS HAS BEEN AN ABJECT FAILURE UNQUOTE. IT CALLS FOR MUCH TOUGHER ACTION, INCLUDING MILITARY FORCE IF NECESSARY, AND CONCLUDES THAT IF THE COURSE OF POLICY IS NOT CHANGED THE PRESIDENT WILL BE THROWN OUT BY THE AMERICAN PEOPLE.

HENDERSON

PS  
 PS/SIR I GILMOUR  
 PS/MR HURD  
 PS/PUS  
 SIR D MAITLAND  
 MR J C MOBERLY  
 LORD BRIDGES  
 MR EVANS  
 MISS BROWN  
 HD/MED (2)  
 HD/FRD  
 HD/NENAD  
 HD/UND (2)  
 HD/OID (2)  
 HD/DEF DEPT  
 HD/N AM D  
 HD/ES & SD (2)  
 HD/PUSD (2)  
 HD/NEWS DEPT  
 HD/COD  
 HD/CONS DEPT  
 RESIDENT CLERK

PS NO 10 DOWNING ST  
 SIR R ARMSTRONG )  
 ASSESSMENTS STAFF ) CABINET  
 MR R WADE GERY ) OFFICE  
 MR LE CHEMINANT )  
 MR P G FOWLER R 217 )  
 DIO )

PS/CHANCELLOR )  
 MR F R BARRATT ) TREASURY  
 MR D J S HANCOCK )  
 MR C W MCMAHON ) BANK OF  
 MR S PAYTON ) ENGLAND  
 MR W KNIGHTON DEPT OF TRADE  
 MR C BENJAMIN DOI  
 MR D LE B JONES ) DEPT OF  
 MR C LUCAS ) ENERGY

CONFIDENTIAL

DESKBY FCO 040900Z  
 DESKBY TEHRAN 040630Z  
 FM WASHINGTON 032100Z JAN 80  
 TO IMMEDIATE F C O  
 TEL NO 23 OF 3 JAN  
 INFO IMMEDIATE TEHRAN, UKMIS NEW YORK  
 PRIORITY TO EEC POSTS, ROUTINE BERNE

*ms*  
 \_\_\_\_\_

UKMIS TEL 007 (NOT TO BERNE): US/IRAN - POSITION OF WESTERN EMBASSIES

1. WHEN I SAW ASSISTANT SECRETARY SAUNDERS TODAY ABOUT AFGHANISTAN /INDIA (REPORTED SEPARATELY-NOT TO ALL), WE ALSO DISCUSSED HOW THE US ADMINISTRATION VIEWED THE PROSPECT OF OUR EMBASSY CLOSING DOWN: AND I ASKED HIM FOR HIS ESTIMATE OF ANY TIMETABLE FOR US ACTION WHICH MIGHT ENDANGER THE EMBASSY IF IT WERE TO REMAIN BEYOND THE SECOND PART OF THE UN SANCTIONS DEBATE.

2. IN RESPONSE TO MY FIRST QUESTION, SAUNDERS MADE THREE POINTS:

A) THE US WOULD NOT PRESUME TO INFLUENCE OUR OWN JUDGMENT ON THE SAFETY OF OUR EMBASSY:

B) SIR J GRAHAM'S PRESENCE IN TEHRAN HAS BEEN IMMENSELY HELPFUL TO THE AMERICANS. IT WAS MOST REASSURING TO KNOW THAT THERE WAS SOMEONE ON WHOSE JUDGEMENT AND REPORTING THEY COULD RELY. THE BRITISH AND SWISS AMBASSADORS HAD BEEN THE TWO OUTSTANDING REPRESENT-



BRITISH AND SWISS AMBASSADORS HAD BEEN THE TWO OUTSTANDING REPRESENTATIVES IN TEHRAN FROM THIS POINT OF VIEW (THIS HIGH PRAISE FOR SIR J GRAHAM'S CONTRIBUTIONS CONFIRMS A CONSTANT THEME WE HEAR, BOTH FROM THE STATE DEPARTMENT AND THE CIA. THE INTELLIGENCE COMMUNITY IN PARTICULAR - AND AT THE HIGHEST LEVEL - WOULD SORELY MISS THE EMBASSY'S REPORTING):

C) THE DEMARCHES TO SUCCESSIVE FOREIGN MINISTERS BY THE COMMUNITY AMBASSADORS, HOWEVER DISAGREEABLE AND FRUSTRATING FOR THE AMBASSADORS THEMSELVES, NEVERTHELESS REPRESENTED IN AMERICAN EYES AN IMPORTANT AND NECESSARY CONTACT WITH THE IRANIAN AUTHORITIES. THESE EFFORTS WERE MUCH APPRECIATED.

3. AS FOR THE TIMETABLE, SAUNDERS FREELY ADMITTED THAT, FOR U.S. DOMESTIC PURPOSES, THE ADMINISTRATION ALWAYS HAD TO BE SEEN TO BE DOING SOMETHING. FOR THE MOMENT THE WALDHEIM MISSION AND THE INTERRUPTED SANCTIONS DEBATE PROVIDED THAT SOMETHING. HE SHARED SIR A PARSON'S ASSESMENT IN TUR THAT THIS COULD TAKE US THROUGH TO THE WEEK BEGINNING 14 JANUARY. AT THAT POINT, DEPENDING ON THE OUTCOME, AN AWKWARD PERIOD COULD BEGIN WITH THE AMERICANS HAVING TO BALANCE PUBLIC DEMAND FOR SIGNS OF PROGRESS AGAINST ARGUMENTS THAT THE 25 JANUARY IRANIAN PRESIDENTIAL ELECTIONS SHOULD BE GOT OUT OF THE WAY.

4. BEYOND SAYING THAT THE THIRD WEEK OF JANUARY THEREFORE REPRESENTED THE EARLIEST POSSIBLE DANGER POINT (AND HE DID NOT WISH TO EXAGGERATE IT) SAUNDERS WAS UNWILLING TO SPECULATE IN ANY DETAIL EITHER ON A TIMETABLE OR ON THE CONSEQUENCES FOR US OF POSSIBLE U.S. UNILATERAL MEASURES. HE AGREED THAT, IF SANCTIONS WERE VOTED IN THE SECURITY COUNCIL, THE U.S. WOULD HAVE TO ALLOW SOME TIME TO PASS BEFORE DECLARING THEM INEFFECTIVE FOR THE PURPOSE OF RELEASING THE HOSTAGES. HE ALSO CONFIRMED THAT IF THERE WAS A SOVIET VETO OR A FAILURE TO GET NINE VOTES, THE U.S. WOULD LOOK TO THEIR FRIENDS TO APPLY A FORM OF SANCTIONS ANYWAY - HE HAD NO ILLUSIONS ABOUT THE DIFFICULTIES THAT WOULD CAUSE US AND OTHERS HE AGREED THAT AGAIN SOME TIME WOULD HAVE TO ELAPSE WHILE THE FULL EXTENT OF THOSE DIFFICULTIES WERE DISCUSSED.

5. AS REGARDS OTHER WAYS OF BUYING TIME, SAUNDERS SAID THAT AFGHANISTAN DEVELOPMENTS OFFERED A POSSIBLE OUTLET FOR CALLS FOR ACTION WHICH MIGHT TAKE THE PRESSURE OFF THE IRAN CRISIS FOR A BIT. BUT HE DID NOT THINK THAT THE U.S. PUBLIC WOULD BE MUCH IMPRESSED BY THE PERFECTLY VALID ARGUMENT THAT THE IRANIANS SHOULD BE GIVEN TIME TO ABSORB THE LESSONS OF RUSSIAN ACTIVITIES IN AFGHANISTAN. NEVERTHELESS THE AMERICANS HAD QUOTE USED ONE OF THEIR CHANNELS UNQUOTE TO PASS TO THE IRANIANS AN ANALYSIS OF THE SIGNIFICANCE OF



TIME TO ABSORB THE LESSONS OF RUSSIAN ACTIVITIES IN AFGHANISTAN. NEVERTHELESS THE AMERICANS HAD QUOTE USED ONE OF THEIR CHANNELS UNQUOTE TO PASS TO THE IRANIANS AN ANALYSIS OF THE SIGNIFICANCE OF THE RUSSIAN ACTION, AND HOPED TO USE OTHER ISLAMIC CHANNELS TO REINFORCE THE MESSAGE.

6. AS I WAS LEAVING, SAUNDERS WENT OUT OF HIS WAY TO REPEAT THE ADMINISTRATION'S APPRECIATION OF SIR A PARSONS' STATEMENT DURING THE FIRST PART OF THE SANCTIONS DEBATE - AND ALSO FOR HIS MOBILISING ACTIVITIES IN THE AFGHAN CONTEXT.

HENDERSON

NNNN



10 DOWNING STREET

From the Private Secretary

3 January 1980

cc HO  
 KCO  
 Tsy  
 MOJ  
 WPO  
 NPS  
 DIT  
 D I N  
 JCO

JPH  
 cc Afghanistan  
 Situation  
 FCS Mini-Ab  
 /om

Dear George,

Iran and Afghanistan

As you know, the Foreign and Commonwealth Secretary called on the Prime Minister yesterday evening to review the situation in Iran and Afghanistan. For the most part the discussion covered the same issues as are dealt with in Lord Carrington's minute to the Prime Minister of 2 January. However, some of the points which came up should be recorded separately.

The Prime Minister agreed that the Foreign and Commonwealth Secretary, accompanied by Lady Carrington, should make, next week, the tour of the Middle East countries summarised in the final paragraph of his minute under reference.

The Prime Minister expressed concern about the evident intention of the United States to push ahead with a sanctions resolution in the United Nations if and when the deadline set in the resolution of 31 December expires. She wondered whether the continued drive to isolate the Iranians should not be reconsidered in the light of events in Afghanistan. However, she agreed with Lord Carrington's comment that those in control in Iran were not acting with sufficient rationality to make it likely that they would give the United States any credit for softening the line being taken in the United Nations. The Prime Minister said that if the sanctions resolution were to fail next week, the UK could not be committed to implementing its contents unilaterally or voluntarily.

The Prime Minister agreed with Lord Carrington that it would be "unthinkable" to recognise the new Afghan regime in present circumstances. She also agreed that implications for our current representation in Kabul would need careful consideration. More generally, the Prime Minister agreed that a continued effort would be necessary to ensure that the enormity of the act which the Soviet Government had committed was not lost to sight.

/I am sending

CONFIDENTIAL

JS

CONFIDENTIAL

- 2 -

I am sending copies of this letter to the Private Secretaries of the members of OD, to Ian Ellison (Department of Industry), Bill Burroughs (Department of Energy) and to Martin Vile (Cabinet Office).

Yours ever

Richard Alexander

G. G. H. Walden, Esq.,  
Foreign and Commonwealth Office.

CONFIDENTIAL

IRAN: ADVANCE COPIES 45

PS/SIR I GILMOUR  
PS/MR HURD  
PS/PUS  
SIR D MAITLAND  
MR J C MOBERLY  
LORD BRIDGES  
MR EVANS  
MISS BROWN  
HD/MED (2)  
HD/FRD  
HD/NENAD  
HD/UND (2)  
HD/OID (2)  
HD/DEF DEPT  
HD/N AM D  
HD/ES & SD (2)  
HD/PUSD (2)  
HD/NEWS DEPT  
HD/COD  
HD/CONS DEPT  
RESIDENT CLERK

PS NO 10 DOWNING ST

SIR R ARMSTRONG )  
ASSESSMENTS STAFF )  
MR R WADE GERY ) CABINET  
MR LE CHEMINANT ) OFFICE  
MR P G FOWLER R 217 )  
DIO )

PS/CHANCELLOR )  
MR F R BARRATT ) TREASURY  
MR D J S HANCOCK )

MR C W MCMAHON ) BANK OF  
MR S PAYTON ) ENGLAND

MR W KNIGHTON DEPT OF TRADE  
MR C BENJAMIN DOI

MR D LE B JONES ) DEPT OF  
MR C LUCAS ) ENERGY

CONFIDENTIAL

DESKBY F C O 030900Z

DESKBY TEHRAN FIRST CONTACT

FROM UKMIS NEW YORK 022300Z JAN 80

TO IMMEDIATE F C O

TELEGRAM NUMBER 007 OF 2 JANUARY

INFO IMMEDIATE TEHRAN

INFO PRIORITY EEC POSTS AND WASHINGTON

TEHRAN TELNO 2: US/IRAN - POSITION OF WESTERN EMBASSIES.

1. ALL THE INDICATIONS SUGGEST THAT THE AMERICAN PROGRAMME MAY WELL SLIP. FIRST, THE SECURITY COUNCIL EXERCISE WHICH WE ARE LAUNCHING ON AFGHANISTAN WILL PROBABLY CONTINUE INTO NEXT WEEK. SECONDLY, UNLESS THE IRANIANS GIVE WALDHEIM A VERY QUICK BRUSH OFF, IT SEEMS UNLIKELY THAT EVERYONE WILL BE IN A POSITION TO AGREE FINALLY THAT HIS GOOD OFFICES HAVE FAILED BY MONDAY. THIRDLY, THE AMERICANS ARE GOING TO HAVE SERIOUS PROBLEMS NEGOTIATING THE TEXT OF A SANCTIONS RESOLUTION WHICH WILL NEED NINE VOTES INCLUDING FOUR NON-ALIGNED: IT IS NOW WEDNESDAY AND THEY HAVE YET TO GET THE FRENCH AND OURSELVES ON BOARD IN FULL DETAIL, LET ALONE THE JAPANESE AND THE GERMANS. FOURTHLY, THE AMERICANS MAY HAVE TO GO FOR A MAJOR NEGOTIATION WITH THE SOVIET UNION, PARTICULARLY IN THE LIGHT OF THE AFGHAN EXERCISE HERE, IF THEY WISH TO AVOID A SOVIET VETO.

WISH TO AVOID A SOVIET VETO.

2. I WOULD BE SURPRISED IF THERE WAS A VOTE BEFORE THE END OF  
WEEK AT THE EARLIEST. SOME MEMBERS OF THE AMERICAN DELEGATION  
SHARE THIS VIEW. WE COULD EASILY SPEND NEXT WEEK HEARING THE  
SECRETARY-GENERAL'S REPORT AND THEN GOING IN AND OUT OF INFORMAL  
CONSULTATIONS.

PARSONS

NNNN



COVERING SECRET

cc Afghanistan  
Situation  
19

PM/80/1

PRIME MINISTER

Iran and Afghanistan

Both you and my other colleagues in OD will wish to know where we stand following developments over the holiday period.

IRAN

1. The Security Council adopted on 31 December a further Resolution on Iran (with the Soviet Union, Czechoslovakia, Kuwait and Bangladesh this time abstaining) calling for the release of the US hostages, and committing the UN to mandatory sanctions under Chapter VII if this did not happen by 7 January. (Text at Annex A). It was fortunate that the Americans agreed to move towards sanctions in two stages in this way, following pressure from ourselves and others. This opened the way for the UN Secretary General's current visit to Tehran, with the ground prepared by the Pakistan Foreign Affairs Adviser, to investigate the possibility of a face-saving method for the Iranians to release the hostages. It also avoided giving a further twist to the spiral of US/Iranian confrontation, in a way which would have undercut the development of more moderate opinion in Iran, and diminished the chances of the Iranian leaders realising, with the Soviet invasion of Afghanistan, that they are attacking the wrong enemy in continuing to hold the US hostages.

2. But the situation remains ominous for several reasons. First, there is no evidence of significant movement by Khomeini. It remains extremely doubtful whether the Iranians will be able to release the hostages, or even to make a helpful gesture in that direction, before the expiry of the UN deadline. It is not even certain that Khomeini will agree to see Waldheim. Second, domestic opinion in the US is growing increasingly restive and pressure is developing on the President to take more forceful action. This means that

COVERING SECRET





COVERING SECRET

means that the Americans will probably be determined to push ahead with a sanctions resolution when the UN deadline expires, which may well strengthen the hardliners and weaken the moderates in Iran. If the Resolution fails to attract the necessary votes (or is vetoed by the USSR), it would gravely undermine the American attempt to put international pressure on Iran, leaving them with few, and mostly unpalatable, options. Discussion on the detailed text of a sanctions resolution is continuing in New York and Washington. The latest text, which includes a ban on all exports to Iran except food and medicines, a ban on Iranian ships and aircraft and on new service contracts, and certain measures in the field of finance, is attached (Annex B). Our reservations have been put to the Americans, and we shall press for as helpful a text as possible. But solidarity with the Americans may well oblige us to vote for mandatory sanctions on these lines as early as 7 January.

3. We may have to withdraw HM Ambassador and his staff (eight persons in all) from Tehran if and when we have to speak in the Security Council in favour of concrete sanctions, but I am keeping this under review. A caretaker staff of two UK-based persons would be left under the aegis of the Australian Embassy. A suitable warning would be issued to the British Community (now only about 300).

4. The Americans have also been pressing their allies, separately from the Security Council action, to adopt certain voluntary economic measures. We have agreed to help over this, in line with action taken by other countries. The exchange of telegrams setting out the details of the action taken are also attached (Annex C).

#### AFGHANISTAN

1. The Soviet aim seems to be to bring the whole of the country rapidly under their control, using whatever force may be necessary and hoping that Babrak Karmal will prove more acceptable to the population than Amin. To achieve this, they may tolerate apparent concessions to Afghan and Islamic feeling and soft-pedal Marxist measures for the time being.

COVERING SECRET

/2. ..



COVERING SECRET

2. The Russians for their own reasons might like to withdraw most of their troops once the new government is firmly established, and if the Afghan army later was capable of controlling the country. But we certainly cannot rely on this. They are more likely to be drawn into a prolonged anti-insurgent campaign. And the possibilities of using Afghanistan as a staging post for troublemaking elsewhere, for instance Pakistan or Iran, could in time prove attractive.

3. Afghan governments have long lived in the Russian shadow, and a change from one Marxist to another is in itself not significant. But the manner of the change is unprecedented and could have extremely serious repercussions. I think it important that the West's response should be robust, lest the Russians are led to believe that such tactics pay off. The Prime Minister's letter to Brezhnev set the tone. We met the Americans, Germans, French, Italians and Canadians in London on 31 December, and we hope to get action in the Security Council this week. The meeting of 31 December produced a number of ideas we shall be pursuing; while no one spoke in favour of upsetting the framework of detente (European Security Conference, MBFR, Salt II and III etc), it was agreed that we needed urgently to bring the matter to the Security Council and to consider the implications for detente and bilateral relations with the Soviet Union. We are pressing for further allied consultations on this. On 31 December there was also agreement about the need to provide encouragement to Pakistan; my / visit to Islamabad next week serves this end (see below). intended

4. The Russian move has angered some Non-Aligned and Islamic countries. We are doing what we can to encourage a robust response here too. There is even some hope that the Iranians may eventually begin to think straight about the world.

5. We are in touch with our European and Commonwealth colleagues on recognition. Meanwhile our Ambassador in Kabul has been instructed to avoid political contacts.

/NEXT STEPS

COVERING SECRET



COVERING SECRET

NEXT STEPS

Against this background, it is important that the West should make clear its concern at the threats to stability in the region and that a coherent response should be made to the Soviet move.

It may of course take time to work out the most appropriate positive steps to take. But as a first measure I have it in mind to advance to the middle of next week the date of my proposed visit to Saudi Arabia and Oman, and to extend it by including Pakistan and Turkey. My main objectives would be:-

- (a) to familiarise myself at first hand with the problems of the region;
- (b) to discuss the threats to stability with the leaders of the countries visited;
- (c) to reassure our friends that we view these threats with concern.

I am copying this minute to our colleagues in OD and to Keith Joseph and David Howell.

C

(CARRINGTON)

Foreign and Commonwealth Office  
2 January 1980

COVERING SECRET

1950



1-2 JAN 1950



CONFIDENTIAL

PLS TO P M N010 DOWNING ST

QFS 14-00  
CONFIDENTIAL

DESKBY 030930Z

FM WASHINGTON 030255Z JAN 80

TO IMMEDIATE F.C.O.

TELEGRAM NUMBER 9 OF 2 JANUARY.

YOUR TELEGRAM NO 5: SECOND STAGE RESOLUTION ON IRAN.

1. MINISTER (COMMERCIAL) WENT OVER THESE POINTS WITH COOPER THIS EVENING. COOPER HAD ALREADY TOLD US BY TELEPHONE THAT MR VANCE HAD AUTHORISED HIM TO ACCEPT OUR WORDING ON THE SHIPPING PARAGRAPH (PENULTIMATE SENTENCE OF F.C.O. TELEGRAM TO UKMIS NEW YORK 1019). WE WERE NOW THEREFORE CLOSE TO AGREEMENT. BUT THERE ARE STILL DIFFERENCES OF INTENTION ON PARAGRAPH C (DEFAULTS AND ROLL OVER OF EXISTING CREDITS) AND A DIFFICULTY OVER WORDING OF PARAGRAPH H (EVASIONS).

2. GIVEN THE STRONG POLITICAL PRESSURE IN WASHINGTON TO MOVE NOW TO WIDER CONSULTATIONS, (MR VANCE TELEPHONED COOPER WHILE THOMAS WAS WITH HIM TO URGE STRONGLY THAT SOME TEXT SHOULD BE SENT TO NEW YORK TONIGHT TO ENABLE MCHENRY TO CONSULT A WIDER RANGE OF COLLEAGUE

T TOMORROW, THOMAS ACCEPTED COOPER'S PROPOSAL AT THE END OF THE DISCUSSION THAT THE AMERICANS SHOULD PROCEED IN NEW YORK ON THE BASIS OF THE TEXT THAT WE HAD NOW GOT (F.C.O. TELEGRAM NO 1020 SUBJECT TO THE POINTS IN PARAGRAPH 1 ABOVE AND PARAGRAPH 8 (I) - (IV) BELOW), ON THE UNDERSTANDING THAT THIS WOULD BE PRESENTED AS A U.S. DRAFT, THE GENERAL CONTENT OF WHICH HAD THE BROAD SUPPORT OF THE U.K. AND FRANCE, BUT THE DETAILS OF WHICH WERE STILL BEING CONSIDERED AND MIGHT NEED ADJUSTMENT TO MEET DOMESTIC REQUIREMENTS. COOPER SAID IT WOULD BE MADE CLEAR THAT IN THE CASE OF THE U.K. THIS APPLIED PARTICULARLY TO PARAGRAPHS C AND H.

DEFAULTS

3. THOMAS EXPLAINED THE DIFFICULTIES WE SAW WITH THE PRESENT WORDING ON DEFAULTS AND SAID THAT FOR THESE REASONS WE WOULD PREFER THE PROVISION TO BE DROPPED ALTOGETHER. (THE FRENCH HAVE APPARENTLY

CONFIDENTIAL

/NOT

# CONFIDENTIAL

NOT RAISED THIS PROBLEM WITH THE AMERICANS; THERE WAS THEREFORE POINT IN CONSULTING THEM HERE). COOPER WAS STILL NOT ABLE TO ACCEPT THE LANGUAGE CONTAINED IN YOUR TELEGRAM NO 1008 TO UKMIS NEW YORK, NOR DID HE THINK THAT IT WOULD BE ENOUGH TO REQUIRE GOVERNMENTS TO "ACT IN A BUSINESS-LIKE MANNER" IN EXERCISING RIGHTS WHEN PAYMENTS WERE DUE. THIS WOULD STILL LEAVE THE POSSIBILITY OPEN THAT CREDITS AND LOANS COULD BE LEFT OUTSTANDING FOR LONG PERIODS.

4. THOMAS POINTED OUT THAT UNDER THE VOLUNTARY MEASURES, THE AMERICANS HAD ACCEPTED A GENERAL UNDERSTANDING THAT GOVERNMENTS WOULD ENCOURAGE BANKS TO ENSURE PROMPT PAYMENT. OUR PROPOSAL THAT THEY SHOULD "ACT IN A BUSINESS-LIKE MANNER" WOULD BRING THIS CONCEPT INTO THE U.N. RESOLUTION WITHOUT INTRODUCING LANGUAGE WHICH WOULD PLACE INDIVIDUAL BANKS UNDER AN UNACCEPTABLY TIGHT OBLIGATION. WOULD THE AMERICANS NOT BE PREPARED TO ACCEPT THIS IN THE U.N. RESOLUTION? COOPER SAID THAT THE AMERICANS WERE PREPARED TO ALLOW SOME LEEWAY FOR TECHNICAL PROBLEMS OR SLOPPINESS IN PAYMENT, BUT WE SEEMED TO WANT A MORE SUBSTANTIVE LET OUT. HE WONDERED NEVERTHELESS WHETHER, UNDER ENGLISH LAW SOME PHRASE COULD NOT BE FOUND WHICH MET BOTH OUR REQUIREMENTS. HE SUGGESTED "SHALL EXERCISE ANY RIGHTS WHEN PAYMENTS DUE ON EXISTING CREDITS OR LOANS ARE NOT MET IN A PROMPT OR CONSTRUCTIVE MANNER". HIS ADVICE WAS THAT UNDER U.S. LAW "CONSTRUCTIVE" IN SUCH A CONTEXT WOULD COVER AN INTENTION TO MEET OBLIGATIONS BUT WOULD ALLOW SOME FLEXIBILITY IN TIMING AND MODALITIES. THOMAS UNDERTOOK TO PUT THIS WORDING TO YOU. HE SUGGESTED THAT, GIVEN OUR PREFERENCE FOR AVOIDING ANY MENTION OF DEFAULT THE AMERICANS SHOULD OMIT THE RELEVANT CLAUSE IN CIRCULATING ANY TEXT IN NEW YORK. COOPER REJECTED THIS AS WEAKENING THE PARAGRAPH TOO MUCH, THOUGH HE RECOGNISED THAT THE JAPANESE MIGHT ALSO HAVE DIFFICULTY WITH ITS INCLUSION.

## ROLL-OVERS

5. COOPER ARGUED THAT IF ROLL-OVERS WERE PERMITTED, EXISTING LOANS AND CREDITS COULD CONTINUE AD INFINITUM. THOMAS EXPLAINED OUR OBJECTIONS AND SAID OUR INTENTION WOULD BE TO PERMIT ROLL-OVERS IF THE RESOLUTION WAS PASSED. COOPER EXPLAINED THAT THE AMERICAN INTENTION WAS NOT TO TERMINATE EXISTING LINES OF CREDIT WHICH HAD NOT BEEN FULLY DRAWN. BUT THEY DREW A DISTINCTION BETWEEN THAT AND



# CONFIDENTIAL

THE RENEWAL OF EXISTING CREDITS AFTER THEY HAD BEEN FULLY DRAWN. IT WAS LEFT THAT THERE WAS A DIFFERENCE OF SUBSTANCE BETWEEN US ON THIS POINT.

## COMMERCIAL CREDIT

6. COOPER ACCEPTED THAT IT WOULD NOT BE LOGICAL TO PLACE FINANCIAL OBSTACLES IN THE WAY OF COMMERCIAL TRANSACTIONS PERMITTED BY THE RESOLUTION. BUT HE RETURNED TO HIS POINT THAT THE AMERICANS WANTED SUCH TRANSACTIONS TO BE SETTLED IN CASH. BY THIS THEY MEANT NORMAL COMMERCIAL TERMS IE THROUGH LETTERS OF CREDIT PAYABLE AT THE MOMENT WHEN THE TITLE TO GOODS CHANGED HANDS. THEY WERE NOT AIMING TO EXCLUDE NORMAL "SUPPLIER CREDIT" EG BETWEEN A PHARMACEUTICAL PARENT COMPANY AND ITS SUBSIDIARY IN IRAN. BUT THEY DID CERTAINLY AIM TO EXCLUDE NEW SHORT TERM BANK CREDITS, THOUGH COOPER ADMITTED TO SOME UNCERTAINTY ABOUT WHETHER SUCH CREDITS WOULD BE EXTENDED TO IRAN IN PRESENT CIRCUMSTANCES. THOMAS MADE IT CLEAR THAT OUR INTENTION WAS TO DRAFT OUR DOMESTIC LEGISLATION SO AS TO PERMIT NORMAL COMMERCIAL CREDIT. IT DID NOT SEEM THAT THERE WAS ANY MAJOR DIFFERENCE OF INTENTION BETWEEN US ON THIS POINT, THOUGH SOMETHING MUST DEPEND ON PRECISELY HOW SETTLEMENTS ARE NORMALLY MADE FOR THE TYPE OF TRADE IN QUESTION.

## LEGAL ASPECTS

7. WE GOT NO FURTHER ON ENFORCEMENT. FROM THOMAS' EXPLANATION, COOPER ACCEPTED THAT OUR GENERAL INTENTIONS WERE SIMILAR. BUT THERE WAS A PROBLEM OVER WORDING. THE AMERICAN REASONS FOR CHOOSING THE WORDING IN THE PRESENT PARAGRAPH H WAS THAT THE TYPE OF WORDING IN RESOLUTION 253 (BASED ON THE CONCEPT OF "PROMOTING OR ..... CALCULATED TO PROMOTE") HAD GIVEN THE U.S. ENFORCING AGENCIES SERIOUS DIFFICULTIES IN PRACTICE, EG OVER ADVERTISING. COOPER DID NOT THINK THEREFORE THAT THE KIND OF WORDING SUGGESTED IN PARAGRAPH 14 OF YOUR TELEGRAM UNDER REFERENCE WOULD HELP THEM. BUT OTHER COUNTRIES WOULD ALSO BE LIKELY TO HAVE VIEWS. THE IMPORTANT THING AT THIS STAGE SEEMED TO BE TO RECOGNISE OUR SHARED INTENTION TO PREVENT EVASION AND TO TRY TO FIND WORDING IN NEW YORK WHICH WOULD MEET EVERYONE'S REQUIREMENTS.

# CONFIDENTIAL

## OTHER POINTS

8. I) COOPER CONFIRMED THAT THE FINAL UNNUMBERED PARAPHRASE OF THE U.S. TEXT NOW STANDS AS SET OUT IN PARAGRAPH 16 OF YOUR TELEGRAM UNDER REFERENCE.

II) COOPER HAD NOW DROPPED THE IDEA OF A PROTOCOL. ON PARAGRAPH G TO MEET OUR POINT ON MEDICAL CONTRACTS, THE AMERICANS WERE PROPOSING TO ADD "OTHER THAN THOSE CONCERNED WITH MEDICAL CARE". THOMAS SAID THAT THIS PARTIALLY MET OUR CONCERN BUT IT STILL LEFT IMPRECISE THE POSITION REGARDING OIL CONTRACTS. DID THE AMERICANS WANT TO UNDERMINE THE IRANIAN CAPACITY TO PRODUCE OIL? COOPER REPLIED THAT PARAGRAPH A WOULD ALREADY HAVE THIS EFFECT, THROUGH THE PREVENTION OF SALE OR SUPPLY OF GOODS. THIS WOULD BE FAR MORE DAMAGING TO OIL PRODUCTION THAN A PROHIBITION ON THE RENEWAL OF SERVICE CONTRACTS.

III) ON PARAGRAPH C, THE AMERICANS PROPOSED TO INSERT "NON-DOLLAR" INTO THE PHRASE "EXISTING DEPOSITS" (LINE SIX OF PARAGRAPH C OF F.C.O. TELEGRAM NO 1020). THOMAS SAID THAT SINCE THIS TOOK UP THE WORDING IN THE CONSENSUS THIS SHOULD BE ACCEPTABLE.

IV) THE FRENCH HAD PRESSED STRONGLY FOR THE DELETION OF PARAGRAPH D (ON IRANIAN REGISTERED AIRCRAFT). MR VANCE HAD AUTHORISED COOPER TO ACCEPT THIS, ON THE UNDERSTANDING THAT AIRCRAFT SHOULD BE INCLUDED AFTER "VESSELS" IN PARAGRAPH E.

V) THE FRENCH HAD ALSO QUERIED THE PHRASE "WHETHER OR NOT ORIGINATING IN THEIR TERRITORIES", IN PARAGRAPH A AND "NATIONALS OR FIRMS REGISTERED IN THEIR TERRITORIES" IN PARAGRAPH G. IT WAS NOT CLEAR, FROM WHAT COOPER SAID, WHETHER OR NOT THE AMERICANS HAD DECIDED TO MAKE ANY CHANGES TO THESE PARAGRAPHS TO MEET FRENCH CONCERNS.

19.

# CONFIDENTIAL

9. COOPER TOOK ALL THESE POINTS WITH APPARENT EQUANIMITY AND UNDERSTOOD THAT OUR DIFFICULTIES WERE REAL ONES, NOT QUIBBLES. HE SUGGESTED THAT THE NEXT ROUND OF DISCUSSIONS WOULD NEED TO BE IN NEW YORK.

HENDERSON

## DEPARTMENTAL DISTRIBUTION

MED	NAD
CONS D	MAED
CONS EM UNIT	UND
EESD	COD
ES & SD	FRD
EID	PSD
NENAD	CRD
SAD	SECURITY D
SED	MVD
TRED	POD

## ADDITIONAL DISTRIBUTION TEHRAN SPECIAL

5

# CONFIDENTIAL

OO WASHINGTON DESKBY 022200Z

OO UKMIS NEW YORK DESKBY 022200Z

GRS 1605

CONFIDENTIAL

DESKBY 022002Z

FM FCO JANUARY 1980

IMMEDIATE WASHINGTON

TELEGRAM NUMBER 5 OF 2 JANUARY 1980

REPEATED FOR INFO TO IMMEDIATE UKMIS NEW YORK (DESK BY 022200)  
AND PARIS

YOUR TEL NUMBER 4422: SECOND STAGE SANCTIONS RESOLUTION ON IRAN.

1. THE CLARIFICATION CONTAINED IN TUR IS VERY HELPFUL. THERE ARE NOW ONLY THREE POINTS OF SUBSTANCE BETWEEN US AND THE AMERICANS - THE ENCOURAGEMENT OF DEFAULTS, PROBLEMS ARISING FROM BPS JOINT TANKER FLEET AND LEGAL ASPECTS OF THE PROVISION TO PREVENT EVASION. OF THESE, WE ATTACH MOST IMPORTANCE TO THE SECOND FOR THE REASONS EXPLAINED IN OUR TEL NO 1019 TO UKMIS NEW YORK. THE FOLLOWING PARAGRAPHS CONTAIN OUR FURTHER VIEWS ON THE FINANCIAL AND LEGAL ASPECTS AS PROMISED IN OUR TEL NO 1018 TO UKMIS.

FINANCIAL ASPECTS: DEFAULTS

2. WE HAVE CONSIDERED WHETHER WE CAN ACCEPT THE NEW PROVISION IN PARA I(C) OF THE DRAFT SANCTIONS RESOLUTION RELATING TO DEFAULT, NAMELY THAT NATIONALS OF MEMBER STATES SHALL BE PROMPT IN EXERCISING ANY RIGHTS WHEN PAYMENTS DUE ON EXISTING CREDITS OR LOANS ARE NOT MADE IN A TIMELY MANNER. THIS WAS, WE UNDERSTAND, INTENDED TO PROVIDE A LET-OUT FOR A PARTICULAR BANK WHICH JUDGED THAT ITS FINANCIAL POSITION WOULD BE DAMAGED IF IT WERE OBLIGED TO ENFORCE ITS RIGHTS UNDER A LOAN AGREEMENT PRECIPITATELY.

3. IN FACT, WE DO NOT CONSIDER THAT THE NEW WORDS ACHIEVE THAT PURPOSE. WE BELIEVE THAT OUR COURTS WOULD BE LIKELY TO INTERPRET PROMPT TO MEAN AT ONCE AND TIMELY TO MEAN AS SOON AS THE PAYMENTS ARE DUE UNDER THE CONTRACT. THE NEW FORMULATION IS THEREFORE NO IMPROVEMENT ON THE ORIGINAL US PROPOSAL IN UKMIS TELEGRAM NO 1952 OF 24 DECEMBER.

4. THE US ARGUMENTS REPORTED IN PARAGRAPH 5 OF UKMIS TELEGRAM

1978 DO NOT MEET OUR POINT. THE FACT THAT WORLDWIDE IRANIAN OFFICIAL ASSETS EXCEED THEIR OFFICIAL LIABILITIES DOES NOT SOLVE THE PROBLEM OF A PARTICULAR BANK THAT DOES NOT HOLD IRANIAN ASSETS SUFFICIENT TO MATCH THE LOAN IT HAS EXTENDED TO IRAN.

5. ACCORDING TO PARIS TELEGRAM NO IOI6 OF 27 DECEMBER, THE FRENCH HAVE AN IDENTICAL PROBLEM WITH THIS PROVISION. THE SWISS ALTHOUGH NOT DIRECTLY INVOLVED, HAVE SIMILAR VIEWS AND THIS IS IMPORTANT TO US BECAUSE MANY LOAN AGREEMENTS ARE WRITTEN UNDER SWISS LAW. IF BECAUSE OF THE TERMS OF THE UN RESOLUTION BRITISH BANKS WERE FORCED TO TAKE A TOUGHER LINE THAN THE SWISS, OUR FINANCIAL INTERESTS WOULD SUFFER. YOU COULD POINT OUT TO THE AMERICANS THAT, IN THEIR EARLIER DISCUSSIONS ABOUT VOLUNTARY MEASURES, THEY RAN INTO WIDESPREAD DIFFICULTIES OVER THE TREATMENT OF DEFAULTS. THEY EVENTUALLY AGREED THAT THE MATTER SHOULD NOT STAND AS PART OF THE VOLUNTARY MEASURES AND THEY ACCEPTED IN THE END NO MORE THAN A GENERAL UNDERSTANDING THAT GOVERNMENTS WOULD ENCOURAGE BANKS IN THAT DIRECTION (PARAGRAPHS 4 AND 6 OF FCO TEL NO 452 TO BONN OF 23 DECEMBER). THE LATEST VERSION OF THE UNITED STATES DRAFT IS LIKELY TO PROVOKE THE SAME GENERAL CONCERN.

6. FOR THESE REASONS WE HOPE THAT THE AMERICANS WILL DROP THE PROVISION ABOUT DEFAULTS. IF THEY DO NOT, WE SUGGEST THAT YOU SHOULD CONSULT YOUR FRENCH COLLEAGUES AND JOINTLY URGE THE AMERICANS TO SUBSTITUTE A PHRASE THAT WOULD PERMIT AN INDIVIDUAL BANK IN DIFFICULTY SOME LEEWAY. ONE PROPOSAL IS THAT CONTAINED IN OUR TELEGRAM NO IO08 TO UKMIS NEW YORK OF 27 DECEMBER. IF THE AMERICANS STILL CANNOT ACCEPT THAT, THEN YOU MIGHT TRY SOMETHING ON THE FOLLOWING LINES:-

'SHALL ACT IN A BUSINESSLIKE MANNER IN EXERCISING ANY RIGHTS WHEN PAYMENTS DUE ON EXISTING CREDITS OR LOANS ARE NOT MADE ON TIME'.

ROLL OVERS

7. THE ANSWER TO COOPER'S QUESTION (PARAGRAPH 2 OF TUR) IS THAT WE CONSIDER THAT ROLL OVERS OF EXISTING LOANS AND CREDITS SHOULD, AS A MATTER OF POLICY, BE PERMITTED. IF THEY WERE NOT, THE IRANIANS MIGHT THUS BE PROVOKED INTO DEFAULTS THAT COULD OTHER-



WISE HAVE BEEN AVOIDED AND THE PROBLEM OF INDIVIDUAL COMMERCIAL BANKS EXPLAINED IN PARAGRAPH 4 ABOVE WOULD THUS BE MORE LIKELY TO ARISE. ECGD MIGHT INCUR FINANCIAL LIABILITIES THAT COULD OTHERWISE HAVE BEEN AVOIDED.

8. IN OUR VIEW SUB-PARAGRAPH C AS IN OUR TELEGRAM IO20 TO UKMIS NEW YORK PERMITS ROLL OVERS AND, IF THE RESOLUTION IS PASSED, WE INTEND TO DRAFT OUR DOMESTIC LEGISLATION ON THAT BASIS. YOU SHOULD MAKE THIS CLEAR TO THE AMERICANS. WE DO NOT BELIEVE THAT COOPER'S SUGGESTION OF A PROTOCOL WOULD HELP MATTERS. OUR LEGISLATION PERMITS US TO IMPLEMENT THE PROVISIONS OF UNITED NATIONS RESOLUTIONS. IT DOES NOT PERMIT US TO GO BEYOND THE TERMS OF THOSE RESOLUTIONS. FURTHERMORE, IT IS CENTRAL TO OUR ATTITUDE THAT ALL MEMBER STATES OF THE UNITED NATIONS SHOULD ACCEPT THE SAME OBLIGATIONS AS THE UNITED KINGDOM.  
COMMERCIAL CREDIT

9. THE POINT ABOUT COMMERCIAL CREDIT RAISED IN PARAGRAPH 7 OF OUR TELEGRAM NO IO05 OF 22 DECEMBER TO UKMIS NEW YORK REMAINS SOMEWHAT AMBIGUOUS. AS WE INTERPRET SUB-PARAGRAPH C IN THE FORM QUOTED IN OUR TELEGRAM IO20 TO UKMIS NEW YORK IT WOULD PERMIT NORMAL COMMERCIAL CREDIT. THIS SEEMS TO US TO BE RIGHT SINCE THERE WOULD BE NO POINT IN PLACING FINANCIAL OBSTACLES IN THE WAY OF COMMERCIAL TRANSACTIONS THAT WERE PERMITTED BY THE RESOLUTION AS A WHOLE - PARTICULARLY IF THE TRADE STILL PERMITTED, WERE PERMITTED FOR HUMANITARIAN REASONS WHICH IS, WE BELIEVE, WHAT THE AMERICANS WANT. WE THEREFORE INTEND, IF THE RESOLUTION IS PASSED, TO DRAFT OUR DOMESTIC LEGISLATION SO AS TO PERMIT NORMAL COMMERCIAL CREDIT. TO AVOID ANY POSSIBILITY OF FUTURE RECRIMINATION, YOU SHOULD MAKE THIS INTENTION OF OURS CLEAR TO THE AMERICANS AT THIS STAGE.

APPLICATION TO UK SUBJECTS

IO. IF AS WE WOULD HOPE THE AMERICANS ACCEPT OUR POINTS MADE IN PARAGRAPHS 2 - 9 ABOVE, WE COULD ACCEPT THE WORDS OF THE LAST SUB-SENTENCE OF SUB-PARAGRAPH C NAMELY 'AND SHALL REQUIRE ANY PERSON OR ENTITIES WITHIN THEIR JURISDICTION TO DO LIKEWISE'. THE ADOPTION OF OUR SUGGESTION OF 'ENCOURAGE' (OUR TEL NO IO08 TO UKMIS NEW YORK) WOULD GIVE US THE OPPORTUNITY TO INTERPRET



A STRICTER TEXT WITH DISCRETION. BUT WE COULD NOT BASE DOMESTIC LEGISLATION ON A WORD SUCH AS 'ENCOURAGE'. WE SHOULD THEREFORE HAVE TO RELY ENTIRELY ON INFORMAL PERSUASION WHICH COULD BE INEFFECTIVE. WE THEREFORE HOPE THAT THE AMERICANS WILL PROPOSE A VERSION OF SUB-PARAGRAPH C THAT WOULD ENABLE US TO ACCEPT 'REQUIRE'.

## LEGAL ASPECTS

II. YOU WILL HAVE GATHERED FROM PARAGRAPH 3 OF OUR TEL NOIO18 TO UKMIS THAT WE SEE CONSIDERABLE DIFFICULTIES OVER THE ENFORCEMENT OF THE STRICT TERMS OF PARAGRAPH (H) OF THE US DRAFT RESOLUTION, EVEN WITH THE AMENDMENTS RECORDED IN UKMIS TEL NO 1978. THE DIFFICULTY RESIDES IN THE FACT THAT THE INCLUSION OF 'WHICH EVADES OR AVOIDS', ALONGSIDE 'HAS THE PURPOSE OF EVADING OR AVOIDING', MUST BE PRESUMED TO CREATE A RANGE OF ABSOLUTE OFFENCES, THE POTENTIAL SCOPE OF WHICH IS SO WIDE THAT THERE MAY WELL BE OBJECTIONS OF PRINCIPLE TO INTRODUCING THEM INTO OUR DOMESTIC LAW: MOREOVER, IT WOULD IN PRACTICE BE ALMOST IMPOSSIBLE TO DETECT SUCH OFFENCES OR TO FIND SUFFICIENT EVIDENCE TO WARRANT PROSECUTING THEM.

12. WE DOUBT WHETHER THE AMERICANS ARE CORRECT IN SUGGESTING THAT THERE ARE PRECEDENTS FOR THIS PARAGRAPH IN EARLIER RESOLUTIONS ON RHODESIA SANCTIONS. THE CLOSEST WE CAN FIND IS 'ANY ACTIVITIES .... WHICH WOULD PROMOTE OR ARE CALCULATED TO PROMOTE THE (EXPORT, SUPPLY, ETC) .....' IN OPERATIVE PARAGRAPHS 2(B), 2(D) AND (E) OF RESOLUTION 232 AND 3(B) OF RESOLUTION 253. BUT THE CONTEXT IS FAR MORE PRECISE, AS IS THE WORDING WHICH REFERS TO 'ACTIVITIES' AND TO PROMOTING THE ACHIEVEMENT OF A PARTICULAR RESULT: WHEREAS THE US WORDING, BY REFERRING TO 'ENGAGING IN ANY TRANSACTION' AND INCLUDING THE CONCEPT OF AVOIDANCE (WITH ITS CONNOTATIONS OF LAWFUL ACTIVITY FALLING OUTSIDE THE SCOPE OF THE PROHIBITIONS) SEEMS DESIGNED TO CATCH ACTIONS, NOT ONLY IRRESPECTIVE OF INTENTION, BUT ALSO IRRESPECTIVE OF KNOWLEDGE ON THE PART OF THE ACCUSED OF THE ULTIMATE DESTINATION OF GOODS WHICH HE HAS TRADED.

13. WE ARE OF COURSE SYMPATHETIC TO THE GENERAL INTENTION BEHIND THIS PARAGRAPH, PARTICULARLY AS EXPLAINED BY THE AMERICANS IN

CONFIDENTIAL

WASHINGTON ON 31 DECEMBER, BUT WONDER WHETHER THE AMERICANS ARE NOT TRYING TO SPREAD THE ENFORCEMENT NET UNNECESSARILY WIDELY, ESPECIALLY IN THE CONTEXT OF WHAT IS INTENDED AS AN OPERATION OF SHORT DURATION. IT WOULD BE USEFUL TO KNOW WHETHER THE AMERICANS HAVE ANY PARTICULAR DOMESTIC REASONS FOR CHOOSING THIS WORDING: THE POINT MADE BY COOPER (PARAGRAPH 5 OF TUR) COULD BE MET BY WORDING WHICH PRESERVES SUFFICIENT BY WAY OF INTENT TO MEET OUR PROBLEM.

14. WE THINK IT WOULD ULTIMATELY BE POSSIBLE FOR US TO FALL BACK TO WORDING BASED ON RESOLUTION 253 (PARAGRAPH 12 ABOVE), BUT YOU MIGHT WISH TO NOTE THAT, EVEN IN THAT CASE, THE ORDERS IN COUNCIL INCORPORATED ONLY THE PHRASE 'CALCULATED TO PROMOTE', IE EFFECTIVELY IGNORING THE WORDS 'WOULD PROMOTE'. THE PARAGRAPH MIGHT THEN READ: 'SHALL PREVENT ANY ACTIVITIES BY ... WHICH WOULD PROMOTE OR ARE CALCULATED TO PROMOTE THE EVASION OF THE PROHIBITIONS SET OUT IN.....'

15. A POSSIBLE ALTERNATIVE MIGHT BE TO FOLLOW THE PRECEDENT OF PARAGRAPH 4 OF RESOLUTION 333. HERE, THERE WAS A REFERENCE TO 'EVADE ... SANCTIONS', BUT IN THE CONTEXT OF A PARAGRAPH CALLING ON MEMBER STATES TO ENACT AND IMPLEMENT ENFORCEMENT LEGISLATION. THIS CAN REASONABLY BE INTERPRETED AS ALLOWING EACH STATE SUFFICIENT LEEWAY TO DETERMINE WHAT CONSTITUTES 'EVASION' CONSISTENTLY WITH THE GENERAL PRINCIPLES OF ITS OWN - CRIMINAL LAW.

16. WE CONFIRM THAT THE LAST UN-NUMBERED PARAGRAPH OF THE US TEXT GIVES US NO DIFFICULTY. WE UNDERSTAND IT TO READ 'DECIDES THAT ALL STATES MEMBERS OF THE UNITED NATIONS SHALL GIVE EFFECT FORTHWITH TO THE DECISIONS SET OUT IN OPERATIVE PARAGRAPH OF THIS RESOLUTION NOT WITHSTANDING ANY CONTRACT ENTERED INTO OR LICENSE GRANTED BEFORE THE DATE OF THIS RESOLUTION.

17. YOU WILL NO DOUBT KEEP IN TOUCH WITH UKMIS NEW-YORK AS TO HOW AND WHERE THESE POINTS CAN BEST BE MADE TO THE AMERICANS.

CARRINGTON

DEPARTMENTAL DISTRIBUTION  
MED NAD  
CONS D MAED  
CONS EM UNIT UND  
ES & SD COD  
EID FRD  
NEWAD PSD  
SED CRD  
SECURITY D  
MVD  
NEWS D  
OJD  
PUSD

ADDITIONAL DISTRIBUTION  
TEHRAN SPECIAL

PS NO 10 DOWNING ST

PS  
 PS/SIR I GILMOUR  
 PS/MR HURD  
 S/PUS  
 SIR D MATTLAND  
~~MR J C MOBERLY~~  
 LORD BRIDGES  
 MR EVANS  
~~MISS BROWN~~  
 HD/MED  
 HD/FRD  
 HD/NENAD  
 HD/UND  
 HD/OID  
 HD/DEF DEPT  
 HD/N AM D  
 HD/ES & SD  
 HD/PUSD  
 HD/NEWS DEPT  
 HD/COD  
 HD/CONS DEPT  
~~RESIDENT CLERK~~

*M. Stannard*

(2)

(2)

(2)

(2)

(2)

SIR R ARMSTRONG )  
 ASSESSMENTS STAFF )  
 MR R WADE GERY ) CABINET  
 MR LE CHEMINANT ) OFFICE  
 MR P G FOWLER R 217 )  
 DIO )

PS/CHANCELLOR )  
 MR F R BARRATT ) TREASURY  
 MR D J S HANCOCK )

MR C W MCMAHON ) BANK OF  
 MR S PAYTON ) ENGLAND

MR W KNIGHTON DEPT OF TRADE  
 MR C BENJAMIN DOI

MR D LE B JONES ) DEPT OF  
 MR C LUCAS ) ENERGY

IMMEDIATE

ADVANCE COPY

GRS 550

CONFIDENTIAL

DESKEY 021100Z

FM TEHRAN 021100Z DEC

TO IMMEDIATE FCO

TELEGRAM NUMBER 002 OF 2 <sup>JAN</sup> 80.

INFO IMMEDIATE WASHINGTON AND UKMIS NEW YORK

INFO PRIORITY EEC POSTS.

*DESK BY*

*Prime Minister<sup>2</sup>*  
*[Signature]*

MIPT : US/IRAN - POSITION OF WESTERN EMBASSIES.

1. THE SOFT LINE TAKEN BY QOTBZADEH OVER THE SECURITY COUNCIL RESOLUTION, THE SILENCE OF KHOMEINI ON THE ISSUE, AND THE ABSENCE OF ATTACKS ON OURSELVES AND OTHERS, SUGGEST TO ME THAT THE IRANIAN AUTHORITIES ARE TRYING TO PLAY THINGS COOLLY. THEY HAVE NOT TAKEN ANY OF THE PREEMPTIVE MEASURES FORESEEN IN PARA B OF THE JOINT PAPER BY THE EEC AMBASSADORS OF 23 DECEMBER (MY TEL NO 1384). THEY HAVE REPEATEDLY EMPHASISED THAT EMBASSIES (OTHER THAN THE US) SHOULD BE RESPECTED AND PROTECTED AND HOWEVER SCEPTICAL WE MAY BE OF THESE ASSURANCES, THE AUTHORITIES UNDOUBTEDLY MOVED EFFECTIVELY TO PROTECT THE SOVIET EMBASSY YESTERDAY, WITH A CONSIDERABLE BODY OF REVOLUTIONARY GUARDS.

2. I AM CERTAINLY NOT BLIND TO THE LACK OF CONTROL EXERCISED BY THE REVOLUTIONARY COUNCIL, BUT EVEN IN THE MOST OUT-RAGEOUS ACTS HERE, THERE IS USUALLY SOME THREAD OF CONTROL LEADING BACK TO QOM. I AM THEREFORE COMING TO THE VIEW THAT WE SHOULD SIT OUT THE DEBATE IN THE SECURITY COUNCIL DUE TO START ON 7 JANUARY (IT WOULD BE HELPFUL TO HAVE SIR A PARSONS' VIEWS ON HOW THAT MIGHT DEVELOP, ON THE ASSUMPTION THAT WALDHEIM DOES NOT ACHIEVE SUCCESS : E.G. WOULD THERE BE A DAY OR TWO'S INFORMAL CONSULTATIONS BEFORE THE FORMAL DEBATE STARTS?). IF A PROGRAMME OF SANCTIONS IS APPROVED ALONG THE LINES PUT FORWARD BY THE AMERICANS, WE SHALL ALL FORMALLY BE IN THE SAME BOAT. ALTHOUGH THE POSITION OF FOREIGN MISSIONS IN TEHRAN WOULD BE ANOMALOUS, GIVEN THAT THE SENDING STATES WOULD BE COMMITTED TO IMPOSING SANCTIONS, THE PRESENT IRANIAN AUTHORITIES ARE NOT STICKLERS FOR LOGICAL CONSISTENCY AND WE MIGHT WELL BE ABLE TO CONTINUE HERE IF THE PRESENT MORE SOBER MOOD IS MAINTAINED. SIMILARLY IF THE AMERICAN DRAFT RESOLUTION FAILS, THEY MIGHT WELL CHOOSE IN THEIR PRESENT MOOD TO IGNORE OUR STATEMENT AND VOTE IN THE COUNCIL. THEY WOULD BE SO COCK-A-HOOOP WITH WHAT THEY WOULD RIGHTLY REGARD AS A VICTORY THAT THEY MIGHT WELL SEE NO REASON TO DO ANYTHING ABOUT IT ON THE GROUND HERE, BEYOND CRAL CRITICISM.

3. THIS MOOD COULD CHANGE IF IT BECAME CLEAR THAT WE WERE TAKING STEPS AGAINST IRAN WITHOUT SECURITY COUNCIL COVER, UNI-LATERALLY OR IN THE COMPANY OF OTHERS IN THE EEC, BUT I THINK WE SHOULD RECEIVE SOME WARNING OF A CHANGE, IN THE FORM OF PRESS AND OTHER PUBLICITY. THE DISADVANTAGES OF WITHDRAWAL ARE SO OBVIOUS AND CONSIDERABLE THAT I BELIEVE WE SHOULD HANG ON TO SEE HOW THINGS GO.

4. I RECOGNISE THAT THIS AMOUNTS TO A REVERSAL OF THE ADVICE CONTAINED IN THE JOINT EEC PAPER REFERRED TO (MY TEL NO 1384). I CAN ONLY PLEAD THAT THE SITUATION AND PERHAPS MY READING OF IT HAVE DEVELOPED. I DISCUSSED THE QUESTION GENERALLY WITH MY EEC COLLEAGUES ON 30 DECEMBER WITHOUT REACHING ANY FIRM CONCLUSIONS. I BELIEVE HOWEVER THAT MY GERMAN (C.F. YOUR TELNO 455 TO BONN (NOT TO ALL) WHICH REFLECTS THE FRG ATTITUDE) AND DANISH COLLEAGUES WOULD BE IN AGREEMENT WITH THESE ARGUMENTS AND, AS I HAVE SAID BEFORE, THE ITALIANS ARE RELUCTANT TO WITHDRAW, GIVEN THEIR LARGE COMMERCIAL INTERESTS AND COMMUNITY HERE. I HEAR (FROM MY DANISH COLLEAGUE) THAT THE QUESTION MAY BE BEING DISCUSSED BETWEEN CAPITALS TO-DAY.

GRAHAM



IRAN: ADVANCE COPIES 43 39

11111

PS  
PS/SIR I GILMOUR  
PS/MR HURD  
~~PS/PUS~~  
SIR D MAITLAND  
~~MR J C MOBERLEY~~  
LORD BRIDGES  
MR EVANS  
~~MISS BROWN~~  
HD/MED  
HD/FRD  
HD/NENAD  
HD/UND (2)  
HD/OID (2)  
HD/DEF DEPT  
HD/N AM D  
HD/ES & SD (2)  
HD/PUSD (2)  
HD/NEWS DEPT  
HD/COD  
HD/CONS DEPT  
~~RESIDENT CLERK~~

PS NO 10 DOWNING ST

SIR R ARMSTRONG )  
ASSESSMENTS STAFF )  
MR R WADE GERY ) CABINET  
MR LE CHEMINANT ) OFFICE  
MR P G FOWLER R 217 )  
DIO )

PS/CHANCELLOR )  
MR F R BARRATT ) TREASURY  
MR D J S HANCOCK )

MR C W MCMAHON ) BANK OF  
MR S PAYTON ) ENGLAND

MR W KNIGHTON DEPT OF TRADE  
MR C BENJAMIN DOI

MR D LE B JONES ) DEPT OF  
MR C LUCAS ) ENERGY

ADVANCE COPY

CR 420  
CONFIDENTIAL  
FM TEHRAN 020730Z JAN 80  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 001 OF 2 JAN 80  
INFO IMMEDIATE WASHINGTON AND UKMIS NEW YORK  
INFO PRIORITY EEC POSTS.

IMMEDIATE

*Prime Minister 2*

UKMIS NEW YORK TELNO 1936 : US-IRAN:

IRANIAN REACTION TO SECURITY COUNCIL RESOLUTION.

1. THE IRANIAN REACTION HAS NOT BEEN TOO BAD. QOTBZADEH, IN A PRESS CONFERENCE ON 1 JANUARY, NOTING THAT "DEPLORED" HAD BEEN SUBSTITUTED FOR "CONDEMNED" AND THAT THE FINAL DECISION ON SANCTIONS HAD BEEN POSTPONED UNTIL THE MEETING DUE TO START ON 7 JANUARY, SAID THAT SOME OF THE COUNTRIES WHICH HAD VOTED FOR THE RESOLUTION HAD INFORMED IRAN THAT THEY WERE NOT COMMITTED ON THE NEXT STAGE. THE SECURITY COUNCIL RESOLUTION WAS A DIPLOMATIC DEFEAT FOR THE UNITED STATES AND THE UN SECRETARY GENERAL'S VISIT TO IRAN "DOES NOT IMPLY US PRESSURE ON US". WALDHEIM HAD LEFT NEW YORK BEFORE THE RESOLUTION WAS ADOPTED WHICH PROVED THAT THERE WAS NO CONNECTION.

2. WALDHEIM FOR HIS PART HAS TAKEN A SIMILARLY SOFT LINE. HE WAS NOT "SENT BY THE US" : THERE WAS NO OBLIGATION ON IRAN: HE WAS HOPEFUL OF BEING ABLE TO INVESTIGATE THRU VARIOUS ASPECTS OF THE PRESENT CRITICAL SITUATION IN IRAN: HE WAS ANXIOUS TO PRESENT HIS BEST PERSONAL WISHES TO KHOMEINI, AND SO ON.

3. QOTBZADEH AND HIS COLLEAGUES IN THE REVOLUTIONARY COUNCIL ARE IN FACT HAVING TO TREAD A VERY CAREFUL PATH IF THEY ARE TO PRESERVE WALDHEIM AS AN INTERLOCUTOR. IT IS TO THIS THAT I ATTRIBUTE QOTBZADEH'S INSISTENCE IN THE SAME PRESS CONFERENCE, THAT WALDHEIM'S PURPOSE IS "TO FIND OUT OUR VIEWS AND REVIEW WHAT GOES ON IN IRAN" AND THAT THERE COULD BE NO QUESTION OF NEGOTIATIONS ON THE FATE OF THE HOSTAGES OR OF MEDIATION. WERE HE TO DEVIATE FROM THIS, IT SEEMS ONLY TOO PROBABLE THAT THE "STUDENTS" WOULD KICK UP SUCH A FUSS THAT HE WOULD BE COMPELLED BY KHOMEINI TO EAT HIS WORDS. SO FAR THIS TACTIC HAS BEEN SUCCESSFUL IN AT LEAST AVOIDING PUBLIC REJECTION BY KHOMEINI OF THE VISIT OR AN UNEQUIVOCAL REFUSAL BY HIM TO SEE WALDHEIM.

4. FOR THEIR PART THE "STUDENTS" CONTINUE TO TAKE AN INTRANSIGENT LINE, ALTHOUGH EVEN THEY, IN A STATEMENT ISSUED YESTERDAY, SAID THAT THEY MIGHT BE PREPARED TO MEET WALDHEIM (A CHANGE), ALTHOUGH THEY WOULD REFUSE TO DISCUSS THE HOSTAGES WITH HIM OR ALLOW HIM TO SEE THEM. THE KEY TO THE RELEASE OF THE "SPIES", THEIR STATEMENT CONCLUDED, WAS THE HANDING OVER OF THE SHAH. SIMULTANEOUSLY, HOWEVER, A CAMPAIGN HAS BEEN STARTED BY THE "STUDENTS" TO DENIGRATE WALDHEIM BY REFERENCES TO HIS VISIT A YEAR AGO AND BY THE PUBLICATION OF A PICTURE OF HIM KISSING PRINCESS ASHRAF'S HAND.

GRAHAM

NNNN



CONFIDENTIAL

CONFIDENTIAL

DESKBY TEHRAN 010400Z

FROM UKMIS NEW YORK 311935Z DEC 79

TO IMMEDIATE F C O

TELEGRAM NUMBER 1986 OF 31 DECEMBER

INFO IMMEDIATE TEHRAN

INFO PRIORITY WASHINGTON

*Prime Minister<sup>2</sup>**[Signature]*

MYTELS 1980 AND 1981: IRAN-SECURITY COUNCIL

IN THE EVENT, AFTER THE AMERICANS HAD AGREED TO A CHINESE REQUEST TO SUBSTITUTE "DEPLORES" FOR "CONDEMNS" AT THE BEGINNING OF OPERATIVE PARAGRAPHS 2, THE DRAFT WAS ADOPTED AS RESOLUTION 461 BY -11 - 0 - 4 (USSR, CZECHOSLOVAKIA, KUWAIT, BANGLADESH).

2. THE RESUMPTION OF THE DEBATE WAS DELAYED FOR AN HOUR THIS MORNING WHILE KAISER (BANGLADESH) TRIED IN VAIN TO SECURE PERMISSION TO VOTE IN FAVOUR OF THE RESOLUTION.

3. AMERICAN PRESSURE IN LUSAKA WORKED ALTHOUGH THE ZAMBIAN EXPLANATION OF VOTE MADE IT CLEAR THAT STRONG RESERVATIONS REMAIN ABOUT THE CONTENTS OF OPERATIVE PARAGRAPH 6 AND OVER THE ACTUAL MEASURES TO BE TAKEN IF THIS PARAGRAPH HAS TO BE ACTED ON.

4. IN THE DEBATE GABON, BANGLADESH AND CHINA MADE STATEMENTS WHILE THE SOVIET UNION, KUWAIT AND ZAMBIA MADE EXPLANATIONS OF VOTE BEFORE THE VOTE. ALL WELCOMED THE NEWS OF WALDHEIM'S VISIT TO IRAN. GABON WAS THE ONLY ONE TO RECOGNISE THE NEED FOR FURTHER MEASURES AVAILABLE UNDER THE CHARTER IN THE ABSENCE OF IRANIAN COOPERATION WITH WALDHEIM AND CONTINUED REFUSAL TO RELEASE THE HOSTAGES (RESULT OF POWERFUL U.S. PRESSURE IN LIBREVILLE). IN ANNOUNCING HIS INTENTION TO VOTE IN FAVOUR OF THE DRAFT CHEN CHU SAID THAT CHINA FELT STRONGLY THAT IF THE COUNCIL HAD TO MEET AGAIN AS FORESHADOWED IN PARAGRAPH 6 IT SHOULD ENSURE THAT ANY DECISION IT TOOK WOULD BE CONDUCTIVE TO THE RELAXATION OF THE PREVAILING TENSION.

5. TROYONOVSKY (USSR) SAID THAT THE DISPUTE WAS BILATERAL, NOT A THREAT TO INTERNATIONAL PEACE AND SECURITY AND THAT IT WAS INAPPROPRIATE FOR THERE TO BE DISCUSSION OF CHAPTER 7 ACTION. THE COUNCIL SHOULD SEEK WAYS OF EASING NOT EXACERBATING THE TENSION. ZAMBIA, KUWAIT AND BANGLADESH ALL BELIEVED THE WORDING

CONFIDENTIAL

/of

# CONFIDENTIAL

OF THE DRAFT RESOLUTION WOULD BE PREJUDICIAL TO THE SUCCESS OF WALDHEIM'S MISSION BISHARA (KUWAIT), IN A GOOD LAST STATEMENT SAID THAT THE COUNCIL SHOULD NOT BRANDISH PUNITIVE MEASURES AT A COUNTRY WHOSE COOPERATION WAS NEEDED IF A SATISFACTORY SOLUTION WAS TO BE FOUND. HE COULD NOT BE A PARTY TO A DOCUMENT WHICH WOULD ONLY ADD TO THE INSTABILITY IN HIS REGION.

6. KAISER (BANGLADESH) WAS THE ONLY SPEAKER IN THE WHOLE DEBATE TO REFER TO AFGHANISTAN. IN URGING RESTRAINT ON ALL PARTIES TO THE PROBLEM IN IRAN HE ADDED "THE NEED FOR RESTRAINT HAS BECOME ALL THE GREATER IN THE WAKE OF RECENT DEVELOPMENTS IN AFGHANISTAN WHICH CONSTITUTE A GRAVE THREAT TO INTERNATIONAL PEACE AND STABILITY".

7. THUS THE AMERICANS SUCCEEDED IN OBTAINING COUNCIL SUPPORT FOR THE FIRST PHASE OF THEIR TWO STAGE APPROACH. THE OMENS FOR THE SECOND PHASE ARE NOT GOOD HOWEVER AND IT IS DIFFICULT TO SEE WHERE NINE VOTES WILL COME FROM UNLESS THE IRANIANS BEHAVE DISGRACEFULLY WITH WALDHEIM. EQUALLY, AFTER TODAY'S SOVIET STATEMENT, I WOULD NOT EXCLUDE A SOVIET VETO, PARTICULARLY IF WE HAVE A ROUND IN THE COUNCIL ON AFGHANISTAN BEFORE THE RESOLUTION COMES TO THE VOTE.

PARSONS

[ADVANCED TO EMERGENCY ROOM]

## FILES

MED	UND
NENAD	IPD
DEF D	NEWS D
CONS D	POD
CONS EM UNIT	PSD
SED	PS
NAD	PS/SIR I GILMOUR
FUSD	PS/MR HURD
FRD	PS/PUS
MAED	SIR A DUFF
ES & SD	MR FIGG
OID	MR J C MOBERLY

MR BULLARD  
LORD BRIDGES

2

ADDITIONAL DISTRIBUTION  
TEHRAN SPECIAL

CONFIDENTIAL

CONFIDENTIAL



BF 7/1/80 JS  
~~CONFIDENTIAL~~

Iran

10 DOWNING STREET

From the Private Secretary

31 December 1979

IRAN

The Prime Minister has seen a copy of your minute of 28 December to Mr. Miers recording the Foreign and Commonwealth Secretary's conversation with Mr. Vance. She has asked, in relation to the penultimate paragraph of your minute, which Iranian industries are suffering from shortages as a result of the present situation.

M. O'D. E. ALEXANDER

*MBG*

Paul Lever, Esq.,  
Foreign and Commonwealth Office.

GR 530  
CONFIDENTIAL

FM F C O 311950Z PARIS

TO FLASH UKMIS NEW YORK

TELEGRAM NUMBER 1020 OF 31 DECEMBER 1979.

AND TO WASHINGTON.

INFO IMMEDIATE PARIS

*le  
Naus*

M.I.P.T. : FOLLOWING IS REVISED TEXT.

BEGINS:

DECIDES THAT, UNTIL SUCH TIME AS THE HOSTAGES ARE RELEASED AND HAVE SAFELY DEPARTED FROM IRAN, ALL STATES MEMBERS OF THE UNITED NATIONS:

- (A) SHALL PREVENT THE SALE OR SUPPLY BY THEIR NATIONALS OR FROM THEIR TERRITORIES, WHETHER OR NOT ORIGINATED IN THEIR TERRITORIES, TO OR DESTINED FOR IRANIAN GOVERNMENTAL ENTITIES IN IRAN OR ANY OTHER PERSON OR BODY IN IRAN, OR TO OR DESTINED FOR ANY OTHER PERSON OR BODY FOR THE PURPOSES OF ANY ENTERPRISE CARRIED ON IN IRAN OF ALL ITEMS, COMMODITIES, OR PRODUCTS, EXCEPT FOOD, MEDICINE AND SUPPLIES INTENDED STRICTLY FOR MEDICAL PURPOSES.
- (B) SHALL PREVENT THE SHIPMENT BY VESSEL, AIRCRAFT, RAILWAY OR OTHER LAND TRANSPORT OF THEIR REGISTRATION OR OWNED BY OR UNDER CHARTER TO THEIR NATIONALS, OR THE CARRIAGE (WHETHER OR NOT IN BOND) BY LAND TRANSPORT FACILITIES ACROSS THEIR TERRITORIES OF ANY OF THE ITEMS, COMMODITIES, AND PRODUCTS COVERED BY SUB PARAGRAPH (A) WHICH ARE CONSIGNED TO OR DESTINED FOR IRANIAN GOVERNMENTAL ENTITIES OR ANY PERSON OR BODY IN IRAN, OR TO ANY ENTERPRISE CARRIED ON IN IRAN.
- (C) SHALL NOT MAKE AVAILABLE TO THE IRANIAN AUTHORITIES OR TO ANY PERSON IN IRAN OR TO ANY ENTERPRISE CONTROLLED BY ANY IRANIAN GOVERNMENTAL ENTITY ANY NEW CREDITS OR LOANS: SHALL NOT, WITH RESPECT TO SUCH PERSONS OR ENTERPRISES, MAKE AVAILABLE ANY NEW DEPOSIT FACILITIES OR ALLOW SUBSTANTIAL INCREASES IN EXISTING DEPOSITS OR ALLOW MORE FAVOURABLE TERMS OF PAYMENT THAN CUSTOMARILY USED IN INTERNATIONAL COMMERCIAL TRANSACTIONS: SHALL BE PROMPT IN EXERCISING ANY RIGHTS WHEN PAYMENTS DUE ON EXISTING CREDITS OR LOANS ARE NOT MADE IN A TIMELY MANNER: AND SHALL REQUIRE ANY PERSONS OR ENTITIES WITHIN THEIR JURISDICTION TO DO LIKEWISE.

CONFIDENTIAL

- (D) SHALL PREVENT AIRCRAFT OR IRANIAN REGISTRATION FROM LANDING IN THEIR TERRITORIES:
- (E) SHALL PREVENT THE SHIPMENT FROM THEIR TERRITORIES OF PRODUCTS AND COMMODITIES ON VESSELS REGISTERED IN IRAN:
- (F) SHALL REDUCE TO A MINIMUM THE PERSONNEL OF IRANIAN DIPLOMATIC MISSIONS ACCREDITED TO THEM:
- (G) SHALL PREVENT THEIR NATIONALS, OR FIRMS REGISTERED IN THEIR TERRITORIES FROM ENGAGING IN NEW SERVICE CONTRACTS IN SUPPORT OF INDUSTRIAL PROJECTS IN IRAN:
- (H) SHALL PREVENT THEIR NATIONALS OR ANY PERSON OR BODY IN THEIR TERRITORIES FROM ENGAGING IN ANY TRANSACTION WHICH EVADES OR AVOIDS OR HAS THE PURPOSE OF EVADING OR AVOIDING ANY OF THE DECISIONS SET OUT IN OPERATIVE PARAGRAPH OR THIS RESOLUTION:
- (I) NOTHING IN THE ABOVE PARAGRAPHS (D) AND (E) SHALL PREVENT ASSISTANCE TO AN AIRCRAFT OR VESSEL IN AN EMERGENCY THREATENING A HUMAN LIFE OR SAFETY.

ENDS.

CARRINGTON

F I L E S

FED

MED

NENAD

DEF D

CONS D

CONS EM UNIT

SED

NAD

FUSD

MAED

ES & SD

OLD

UND

IPD

NEWS D

FOD

PSD

PS

PS/SIR I GILMOUR

PS/MR BURD

PS/PUS

SIR A DUFF

MR FIGG

MR J C MOBERLY

ADDITIONAL DISTRIBUTION

TEHRAN SPECIAL



GR 600

CONFIDENTIAL

*Energy*

CONFIDENTIAL

DESKBY TOKYO 310030Z  
DESKBY ROME 310930Z  
DESKBY TEHRAN 310430Z  
DESKBY WASHINGTON 302030Z  
DESKBY OTTAWA 311100Z  
DESKBY BONN 310730Z  
DESKBY PARIS 310630Z  
DESKBY BRUSSELS AND THE HAGUE 310930Z

*As*  
*Print*

FM F C O 301955Z DEC 79  
TO IMMEDIATE WASHINGTON  
TELEGRAM NUMBER 2011 OF 30 DECEMBER  
AND TO TOKYO, PARIS, BONN, ROME, OTTAWA, BRUSSELS, THE HAGUE  
INFO IMMEDIATE TEHRAN  
PRIORITY OTHER EEC POSTS, UKDEL OECD AND UKMIS NEW YORK.

YOUR TELNO 4404: IRANIAN OIL.

1. I SPOKE TO VANCE THIS AFTERNOON TO EXPLAIN THAT THE GOVERNMENT  
HAD DECIDED TO TELL BP AND SHELL THAT THEY SAW NO OBJECTION TO  
ACCEPTANCE OF A NIOC OFFER OF DOLLARS 30. THE COMPANIES NEEDED THE  
OIL AND THE PRICE WAS NOT SHARPLY DIFFERENT FROM THAT USED IN  
OTHER CURRENT CONTRACTS: WE HAD HEARD THAT US COMPANIES WERE BUYING  
SUBSTANTIAL QUANTITIES OF LIBYAN CRUDE AT DOLLARS 34.50. FAILURE  
TO ACCEPT THE OFFER WOULD ENDANGER THE COMPANIES' SUPPLY POSITION  
IN 1980. NOR COULD WE HOLD OUR COMPANIES BACK PENDING THE 3 JANUARY  
MEETING, SINCE IT SEEMED THERE WERE DIFFICULTIES ABOUT THE  
ATTENDANCE OF THE GERMANS. VANCE SAID HE WOULD SPEAK TO ME AGAIN  
BUT THIS PROVED IMPOSSIBLE, AND HE AND COOPER SPOKE TO BRIDGES. I  
HAVE NOW SENT A MESSAGE TO VANCE (VIA UKMIS NEW YORK) CONFIRMING  
OUR DECISION.

2. PLEASE INFORM STATE DEPARTMENT AND DEPARTMENT OF ENERGY TODAY OF  
THIS DECISION, WHICH YOU CAN SAY WAS REACHED WITH RELUCTANCE. IN  
ADDITION TO THE POINTS IN PARA 1 ABOVE, THE FOLLOWING MAY BE USED.  
ON SATURDAY 29 DECEMBER NIOC OFFERED 115,000 BPD OF CRUDE FOR 9  
MONTHS AT AN AVERAGE PRICE OF DOLLARS 30, MADE UP OF HALF AT  
IRANIAN G.S.P. (DOLLARS 28.50) AND HALF AT GSP PLUS DOLLARS 3.  
BP BELIEVE DOLLARS 30 A COMPETITIVE PRICE IN PRESENT MARKET  
CONDITIONS. APART FROM RECENT US PURCHASES OF LIBYAN CRUDE AT  
DOLLARS 34.50, WE UNDERSTAND (PARA 3 OF MY TEL 2004) THAT VEBA AND  
ANOTHER GERMAN COMPANY HAVE RECENTLY BOUGHT SOME IRANIAN CRUDE AT  
PRICES ABOVE IRANIAN GSP. CONFIDENTIAL / 3. WE WOULD



CONFIDENTIAL

3. WE WOULD HAVE LIKED TO ASK BP TO HOLD OFF UNTIL THE 3 JANUARY MEETING. BUT APART FROM PRESENT UNCERTAINTY WHETHER THE MEETING WILL IN FACT TAKE PLACE, IT WAS BP'S JUDGEMENT THAT THEY COULD NOT AVOID A REPLY TO NIOC BEFORE THEN. BP THEMSELVES HAVE OF COURSE BEEN PARTICULARLY HARD HIT BY THEIR LOSS OF ACCESS TO CRUDE THROUGHOUT 1979 FROM IRAN, KUWAIT AND NIGERIA.

4. WHEN BP SOUGHT OUR GUIDANCE, WE FACED A DIFFICULT DECISION. WE WERE AWARE OF US HOPES THAT PURCHASES COULD BE HELD AT THE IRANIAN GSP OF DOLLARS 28.50, THOUGH THIS VIEW HAD ONLY RECENTLY BEEN CONVEYED TO US. BUT OUR AGREEMENT ON VOLUNTARY MEASURES DID NOT (NOT) SPELL OUT WHAT QUOTE SHARPLY DIFFERENT UNQUOTE MEANT. WE BELIEVE DOLLARS 30 IS NOT SHARPLY DIFFERENT FROM OTHER OPEC PRODUCER PRICES, AND IT IS CERTAINLY CONSIDERABLY LESS THAN EARLIER IRANIAN OFFERS. WE ALSO TOOK ACCOUNT OF THE FACT THAT THE US IS NOT SEEKING EITHER A VOLUNTARY OR A MANDATORY BAN ON IRANIAN EXPORTS, INCLUDING OIL.

5. WE HAVE EXPLAINED THE SITUATION TO KOMURA OF THE JAPANESE EMBASSY, INFORMING HIM THAT WE EXPECTED THE COMPANIES TO SETTLE AT NO MORE THAN ABOUT DOLLARS 30, AND WERE MOST ANXIOUS TO AVOID COMPETITIVE BIDDING WITH JAPAN. TOKYO SHOULD DO LIKEWISE AS SOON AS POSSIBLE, LAYING PARTICULAR STRESS ON OUR WISH TO KEEP IN CONTINUOUS AND CLOSE CONTACT AND ON THE VERY LIMITED EXTENT TO WHICH BP INTEND TO BUY AT ABOVE IRANIAN GSP.

6. OTHER ACTION ADDRESSEES SHOULD TAKE AN EARLY OPPORTUNITY TO SPEAK TO THEIR GOVERNMENTS. ALL SHOULD STRESS OUR CONTINUING SUPPORT OF THE US ECONOMIC MEASURES AND US ACTION IN THE SECURITY COUNCIL.

7. WE SHALL TELEGRAPH FURTHER ABOUT THE 3 JANUARY MEETING (YOUR TEL 4404). BUT A MEETING WITHOUT THE GERMANS WOULD MAKE NO SENSE.

CARRINGTON

[COPIES SENT TO NO.10 DOWNING ST]

FILES:  
ENSSD  
MED  
FRD  
CONS D  
CONS EM UNIT  
NAD  
EID (1)

PS  
PS/LPS  
PS/MR HURD  
PS/FUS  
SIR D. MAITLAND  
LORD BRIDGES  
MR BULLARD  
MR EVANS  
MR J. MOBERLY  
CABINET OFFICE -2-  
CONFIDENTIAL

CONFIDENTIAL

DESKBY TEHRAN 310400Z

DESKBY FCO 310900Z

DESKBY WASHINGTON 311400Z

FROM UKRIS NEWYORK 301900Z DEC 79

TO IMMEDIATE F C O

TELEGRAM NUMBER 1981 OF 30 DECEMBER

INFO IMMEDIATE TEHRAN WASHINGTON

ANNEX A

MIPT: SECURITY COUNCIL -- IRAN.

1. FOLLOWING IS TEXT OF DRAFT RESOLUTION.

BEGINS:

THE SECURITY COUNCIL,

RECALLING ITS RESOLUTION 457 (1979) OF 4 DECEMBER 1979,

RECALLING ALSO THE APPEAL MADE BY THE PRESIDENT OF THE SECURITY COUNCIL ON 9 NOVEMBER 1979 (S/13616), WHICH WAS REITERATED ON 27 NOVEMBER 1979 (S/13652),

GRAVELY CONCERNED OVER THE INCREASING TENSION BETWEEN THE ISLAMIC REPUBLIC OF IRAN AND THE UNITED STATES OF AMERICA CAUSED BY THE SEIZURE AND PROLONGED DETENTION OF PERSONS OF UNITED STATES NATIONALITY WHO ARE BEING HELD AS HOSTAGES IN IRAN IN VIOLATION OF INTERNATIONAL LAW, AND WHICH COULD HAVE GRAVE CONSEQUENCES FOR INTERNATIONAL PEACE AND SECURITY,

TAKING NOTE OF THE LETTERS FROM THE MINISTER FOR FOREIGN AFFAIRS OF THE ISLAMIC REPUBLIC OF IRAN DATED 13 NOVEMBER (1979 (S/13626) AND 1 DECEMBER 1979 (S/13671) RELATING TO THE GRIEVANCES AND STATEMENTS OF HIS GOVERNMENT ON THE SITUATION,

RECALLING ALSO THE LETTER DATED 25 NOVEMBER 1979 FROM THE SECRETARY-GENERAL (S/13646) STATING THAT, IN HIS OPINION, THE PRESENT CRISIS BETWEEN THE ISLAMIC REPUBLIC OF IRAN AND THE UNITED STATES OF AMERICA POSES A SERIOUS THREAT TO INTERNATIONAL PEACE AND SECURITY,

TAKING INTO ACCOUNT THE ORDER OF THE INTERNATIONAL COURT OF JUSTICE OF 15 DECEMBER 1979 CALLING ON THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN TO ENSURE THE IMMEDIATE RELEASE, WITHOUT ANY EXCEPTION, OF ALL PERSONS OF UNITED STATES NATIONALITY, WHO ARE BEING HELD AS HOSTAGES IN IRAN (S/13697) AND ALSO CALLING ON THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN TO ENSURE THAT NO ACTION IS TAKEN BY THEM WHICH WILL AGGRAVATE THE TENSION BETWEEN THE TWO COUNTRIES,

FURTHER TAKING INTO ACCOUNT THE REPORT OF THE SECRETARY-GENERAL OF 22 DECEMBER 1979 ON DEVELOPMENTS OF THE SITUATION (S/13704),

MINDFUL OF THE OBLIGATION OF STATES TO SETTLE THEIR INTERNATIONAL DISPUTES BY PEACEFUL MEANS IN SUCH A MANNER THAT INTERNATIONAL PEACE AND SECURITY, AND JUSTICE, ARE NOT ENDANGERED, /CONSCIOUS

CONFIDENTIAL

CONFIDENTIAL

CONSCIOUS OF THE RESPONSIBILITY OF STATES TO REFRAIN IN THEIR INTERNATIONAL RELATIONS FROM THE THREAT OR USE OF FORCE AGAINST THE TERRITORIAL INTEGRITY OR POLITICAL INDEPENDENCE OF ANY STATE, OR IN ANY OTHER MANNER INCONSISTENT WITH THE PURPOSES OF THE UNITED NATIONS,

1. REAFFIRMS ITS RESOLUTION 457 (1979) IN ALL ITS ASPECTS:

2. DEPLORES THE CONTINUED DETENTION OF THE HOSTAGES CONTRARY TO SECURITY COUNCIL RESOLUTION 457 (1979) AND THE ORDER OF THE INTERNATIONAL COURT OF JUSTICE OF 15 DECEMBER 1979 (S/13697):

3. URGEFTLY CALLS, ONCE AGAIN, ON THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN TO RELEASE IMMEDIATELY ALL PERSONS OF UNITED STATES NATIONALITY BEING HELD AS HOSTAGES IN IRAN, TO PROVIDE THEM PROTECTION AND TO ALLOW THEM TO LEAVE THE COUNTRY:

4. REITERATES ITS REQUEST TO THE SECRETARY-GENERAL TO LEND HIS GOOD OFFICES AND TO INTENSIFY HIS EFFORTS WITH A VIEW TO ASSISTING THE COUNCIL TO ACHIEVE THE OBJECTIVES CALLED FOR IN THIS RESOLUTION, AND IN THIS CONNEXION TAKES NOTE OF HIS READINESS TO GO PERSONALLY TO IRAN:

5. REQUESTS THE SECRETARY-GENERAL TO REPORT TO THE COUNCIL ON HIS GOOD OFFICES EFFORTS BEFORE THE COUNCIL MEETS AGAIN:

6. DECIDES TO MEET ON 7 JANUARY 1980 IN ORDER TO REVIEW THE SITUATION AND IN THE EVENT OF NON-COMPLIANCE WITH THIS RESOLUTION, TO ADOPT EFFECTIVE MEASURES UNDER ARTICLES 39 AND 41 OF THE CHARTER OF THE UNITED NATIONS.

ENDS.

PARSONS

DEPARTMENTAL DISTRIBUTION

NEB	HAD
CONS D	HAED
CONS EM UNIT	UND
BESD	COD
ES & SD	FRD
EID	PSD
IDNAD	CRD
SKD	SECURITY D
SED	MVD
FRD	POD

ADDITIONAL DISTRIBUTION  
TEHRAN SPECIAL

GR...

CONFIDENTIAL

DESKBY FCO 302200Z

DESKBY PARIS 310900Z

DESKBY WASHINGTON 311400Z

FROM UKMIS NEWYORK 302048Z DEC. 79

TO IMMEDIATE F C O

TELEGRAM NUMBER 1978 OF 30 DECEMBER

INFO IMMEDIATE PARIS WASHINGTON

MY TELNO 1975, PARA 5: SANCTIONS AGAINST IRAN: SECOND STATE RESOLUTION.

1. I SAW SECRETARY VANCE THIS MORNING. HE WAS ACCOMPANIED BY COOPER AND MAYNES. I HAD PREVIOUSLY GIVEN THE U S MISSION A REVISED TEXT INCORPORATING THE AMENDMENTS IN YOUR TELS NOS 1007 AND 1008. VANCE AND I WENT THROUGH THIS WITH THE RESULTS DESCRIBED IN THE FOLLOWING PARAGRAPHS. VANCE IS ANXIOUS TO AGREE A DRAFT WITH US AND THE FRENCH BEFORE HE LEAVES NEW YORK TOMORROW EVENING, SO THAT MCHENRY CAN START CONSULTATIONS AS SOON AS THE STAGE ONE RESOLUTION HAS BEEN ADOPTED. I SHOULD BE GRATEFUL THEREFORE TO KNOW BY 1700Z TOMORROW (MONDAY) WHETHER YOU CAN ACCEPT THE TEXT WHICH EMERGED FROM THIS MORNING'S MEETING.
2. ON SUB-PARA (A) OF THE TEXT IN MY TEL NO 1952, VANCE ACCEPTED THE DRAFTING AMENDMENTS IN THE PENULTIMATE SENTENCE OF PARA 2 OF YOUR TEL NO 1007. HE ALSO ACCEPTED THE DELETION OF THE SEPARATE REFERENCE TO ARMS ETC. THE SUB-PARAGRAPH NOW READS: QUOTE (A) SHALL PREVENT THE SALE OR SUPPLY BY THEIR NATIONALS OR FROM THEIR TERRITORIES, WHETHER OR NOT ORIGINATING IN THEIR TERRITORIES, TO OR DESTINED FOR IRANIAN GOVERNMENTAL ENTITIES IN IRAN OR ANY OTHER PERSON OR BODY IN IRAN OR TO OR DESTINED FOR ANY OTHER PERSON OR BODY FOR THE PURPOSES OF ANY ENTERPRISE CARRIED ON IN IRAN, OF ALL ITEMS, COMMODITIES, OR PRODUCTS, EXCEPT FOOD, MEDICINE, AND SUPPLIES INTENDED STRICTLY FOR MEDICAL PURPOSES UNQUOTE.
3. VANCE ACCEPTED THE DELETION OF QUOTE OR OPERATED FROM UNQUOTE FROM THE LAST LINE OF SUB-PARA (B).
4. ON SUB-PARA (C), VANCE ACCEPTED YOUR REVISED TEXT DOWN TO QUOTE .....COMMERCIAL TRANSACTIONS: UNQUOTE, EXCEPT THE INSERTION OF QUOTE SAVE IN CONNECTION WITH TRADE PERMITTED UNDER THIS RESOLUTION UNQUOTE. COOPER SAID THAT THE AMERICANS INTENDED THAT THE IRANIANS SHOULD BE OBLIGED TO PAY CASH FOR ANY IMPORTS OF FOOD OR MEDICINES.

THE QUESTION OF CREDIT DID NOT THEREFORE ARISE. WITH REGARD TO  
QUOTE NEW CREDITS OR LOANS UNQUOTE, COOPER SAID THAT THE AMERICANS  
INTENDED THAT ANY ROLLED-OVER CREDITS OR LOANS SHOULD COUNT AS NEW,  
BUT THAT THEY WERE PREPARED TO ACCEPT AN INFORMAL UNDERSTANDING BE-  
TWEEN US ON THIS POINTNA

TWEEN US ON THIS POINT AND DID NOT NEED TO COVER IT IN DRAFTING.

5. THE AMERICANS WERE NOT ABLE TO ACCEPT YOUR LANGUAGE ON DEFAULTS  
ETC. THEY FOUND IT TOO LOOSE. IT WAS THEIR INTENTION TO MAKE LIFE  
DIFFICULT FOR THE IRANIANS IF THEY FAILED TO MAKE PAYMENTS ON TIME.  
COOPER ARGUED THAT WE SHOULD NOT FEAR A GENERAL DECLARATION OF  
IRANIAN DEFAULT BECAUSE, WORLD-WIDE, IRAN HAD MORE CLAIMS ON OTHER  
COUNTRIES THAN THEY HAD ON IRAN. QUOTE AT THE END OF THE DAY UNQUOTE  
THERE WOULD BE NO OVERALL NET LOSS AS BETWEEN THE REST OF THE WORLD  
AND IRAN. WE POINTED OUT THAT THE DAY WOULD BE A VERY LONG ONE,  
INVOLVING A GREAT DEAL OF EXPENSE AND LITIGATION, AND WE STRESSED  
THE ECGD POINT AND ITS RELEVANCE TO YOUR GENERAL POLICY ON PUBLIC  
EXPENDITURE/ AFTER SOME DISCUSSION THE FOLLOWING FORMULATION WAS  
AGREED AT REFERENDUM TO YOU: QUOTE SHALL BE PROMPT IN EXERCISING ANY  
RIGHTS WHEN PAYMENTS DUE ON EXISTING CREDITS OR LOANS ARE NOT MADE  
IN A TIMELY MANNER UNQUOTE. I REALISE THAT THIS DOES NOT GO ALL THE  
WAY TO MEET OUR POSITION BUT IT SEEMS TO US HERE THAT THE ADJECTIVES  
QUOTE PROMPT UNQUOTE AND QUOTE TIMELY UNQUOTE SHOULD PROVIDE ENOUGH  
LEEWAY FOR CREDITORS NOT TO BE OBLIGED TO DECLARE DEFAULT PRECIPITAT-  
ELY.

6. THE AMERICANS ALSO HAD DIFFICULTIES WITH YOUR DELETION OF THE  
LAST SUB-SENTENCE OF THEIR VERSION OF SUB-PARA (C). THEY SAID YOUR  
FORMULATION WAS ALTOGETHER TOO WEAK. I MADE THE POINT ABOUT EXTRA-  
TERRITORIAL JURISDICTION (THOUGH IT WAS SOMEWHAT WEAKENED BY THE  
FACT THAT SCR 253 (THE RHODESIA SANCTIONS RESOLUTION) REFERS PASSIM  
TO QUOTE THEIR NATIONALS UNQUOTE). VANCE WONDERED WHETHER YOU COULD  
ACCEPT QUOTE AND SHALL REQUIRE ANY PERSONS OR ENTITIES WITHIN THEIR  
JURISDICTION TO DO LIKEWISE UNQUOTE.? THIS WAS BASED ON THE ASSUMP-  
TION (WHICH PLEASE CONFIRM) THAT THIS FORMULATION WOULD INCLUDE ALL  
UK DEPENDENT TERRITORIES.

7. IF YOU CAN ACCEPT THE AMERICAN PROPOSALS IN THE THREE PRECEDING  
PARAGRAPHS, SUB-PARA (C) WOULD READ: QUOTE SHALL NOT MAKE AVAILABLE  
TO THE IRANIAN AUTHORITIES OR TO ANY PERSON IN IRAN OR TO ANY  
ENTERPRISE CONTROLLED BY ANY IRANIAN GOVERNMENTAL ENTITY ANY NEW  
CREDITS OR LOANS: SHALL NOT, WITH RESPECT TO SUCH PERSONS OR ENTER-  
PRISES, MAKE AVAILABLE ANY NEW DEPOSIT FACILITIES OR ALLOW SUBSTANTIAL  
INCREASES IN EXISTING DEPOSITS OR ALLOW MORE FAVOURABLE TERMS OF  
PAYMENT THAN CUSTOMARILY USED IN INTERNATIONAL COMMERCIAL TRANSACTIONS:  
SHALL BE PROMPT IN EXERCISING ANY RIGHTS WHEN PAYMENTS DUE ON  
EXISTING CREDITS OR LOANS ARE NOT MADE IN A TIMELY MANNER: AND SHALL  
REQUIRE ANY PERSONS OR ENTITIES WITHIN THEIR JURISDICTION TO DO LIKE-



REQUIRE ANY PERSONS OR ENTITIES WITHIN THEIR JURISDICTION TO DO LIKEWISE. UNQUOTE.

8. TO MEET YOUR POINTS ON SUB-PARA (D) VANCE PROPOSED THE FOLLOWING REDRAFT: QUOTE SHALL PREVENT AIRCRAFT OF IRANIAN REGISTRATION FROM LANDING IN THEIR TERRITORIES UNQUOTE. THIS SEEMS TO ME TO MEET YOUR REQUIREMENTS. VANCE SAID HOWEVER THAT THE AMERICANS MIGHT HAVE TO DROP THIS SUB-PARAGRAPH ALTOGETHER BECAUSE PRESIDENT GISCARD HAD MAJOR DIFFICULTY WITH IT. GISCARD HAD POINTED OUT THAT IF IT WAS INCLUDED, AND THE IRANIANS IMMEDIATELY RETALIATED WITH A BAN ON FOREIGN AIRCRAFT LANDING IN IRAN, THERE WOULD BE NO WAY OF GETTING OUT BY AIR ANY OF OUR NATIONALS LEFT THERE. VANCE SAID THAT THIS WAS THE ONLY MAJOR DIFFICULTY THE FRENCH HAD WITH THE AMERICAN DRAFT, THOUGH MAYNES SUBSEQUENTLY SAID THAT THERE WERE STILL SOME MINOR POINTS TO BE SETTLED.

9. TO MEET THE BP PROBLEM, THE AMERICANS PROPOSE TO OMIT EVERYTHING AFTER QUOTE IRAN UNQUOTE IN SUB-PARA (E). THE EFFECT OF THIS WOULD BE THAT THE BP TANKERS WOULD BE ABLE TO PLY THEIR NORMAL TRADE AND TO OBTAIN BUNKERING ETC IN THE NORMAL WAY BUT WOULD HAVE TO RETURN TO IRAN IN BALLAST. HERE TOO, THE AMERICANS SEEM TO HAVE MET OUR REQUIREMENTS. IF SUB-PARA (D) IS DROPPED, QUOTE OR AIRCRAFT UNQUOTE WILL BE INSERTED AFTER QUOTE VESSELS UNQUOTE IN SUB-PARA (E).

10. THERE WAS LITTLE GIVE IN THE AMERICAN POSITION ON SUB-PARA (G) THOUGH THEY AGREED TO ACCEPT THE DELETION AT THE END OF PARA 7 OF YOUR TEL NO 1007. I EXPLAINED WHY YOU THOUGHT QUOTE NEW CONTRACTS UNQUOTE SHOULD BE SPELT OUT IN THE OIL AND PHARMACEUTICAL CONTEXTS. BUT VANCE SAID THAT IT WAS ONE OF THE AMERICAN OBJECTIVES THAT IRAN SHOULD NOT BE ABLE TO MAINTAIN THE SAME STANDARD OF MEDICAL PROVISION AS IN THE PAST OR KEEP UP WITH NEW TECHNOLOGY. HE DID, HOWEVER, ACCEPT THAT RENEWAL OF EXISTING SERVICE CONTRACTS SHOULD BE PERMITTED, AND COOPER WAS INSTRUCTED TO DEVISE LANGUAGE TO COVER THIS.

11. NOR WAS THERE ANY AMERICAN DISPOSITION TO ACCEPT OUR OBJECTION OF PRINCIPLE TO SUB-PARA (H). THEY THOUGHT THAT THERE WAS A PRECEDENT IN SCR 253 (THOUGH WE CAN FIND NO SIMILAR PROVISION THERE) AND THEY INSIST THAT SOME SUCH PROVISION IS NECESSARY TO PREVENT NATIONALS OF MEMBER STATES OF THE UNITED NATIONS FINDING CHANNELS TO EVADE SANCTIONS THROUGH NON-MEMBER COUNTRIES. VANCE DID, HOWEVER, OFFER THE FOLLOWING RE-FORMULATION IN AN ATTEMPT TO MEET YOUR VIEW THAT THE PRESENT DRAFT IS TOO SWEEPING: UNQUOTE ..... THEIR ENGAGING IN ANY TRANSACTION WHICH EVADES OR AVOIDS OR HAS THE PURPOSE OF EVADING OR AVOIDING ANY .....UNQUOTE.

12. VANCE ACCEPTED YOUR POINTS ON SUB-PARA (I).

13. VANCE SAID THAT, TO MEET A FRENCH REQUIREMENT, IT WAS PROPOSED THAT THE FINAL PARA OF THE TEXT IN MY TEL NO 1952 SHOULD BE AMENDED TO READ QUOTE....SHALL GIVE EFFECT FORTHWITH TO THE DECISIONS ..... UNQUOTE.



IRAN: ADVANCE COPIES 45

IMMEDIATE

5 PS  
 PS/SIR I GILMOUR  
 PS/MR HURD  
 PS/PUS  
 MR J C ROBERTLY  
 LORD BRIDGES  
 HD/MED  
 HD/FRD  
 HD/NENAD  
 HD/UND (2)  
 HD/OLD (2)  
 HD/DEF DEPT  
 HD/CONS D (2)  
 HD/ES & SD  
 Sir J Naughton  
 Mr EVANS  
 MISS BROWN  
 PUSD (2)  
 NEWS DEPT  
 RESIDENT CLERK  
 W/NAUTS

PS NO 10 DOWLING ST  
 SIR R ARMSTRONG )  
 ASSESSMENT'S STAFF ) CABINET  
 MR R WADE GERY ) OFFICE  
 MR LE CHEMINANT )  
 MR P G POWELL (R-17)  
 CABINET OFFICE DIO  
 MR F R BARRATT } TREASURY  
 PS/Chancellor }  
 Mr D JS Hancock }  
 Mr CW McMahon } B/England  
 Mr S Payton }  
 Mr W Knighton, Dpt of Trade  
 Mr C Benjamin, DOI  
 Mr D de B Jones } D/Energy  
 Mr C Lucas }

UNCLASSIFIED  
 DESKBY TEHRAN 300400Z  
 DESKBY FCO 300900Z  
 FROM UKMIS NEWYORK 300226Z DEC 79  
 TO IMMEDIATE F C O  
 TELEGRAM NUMBER 1976 OF 29 DECEMBER  
 INFO IMMEDIATE TEHRAN PRIORITY WASHINGTON

Mufersols Clergers  
 30/12

MIPT: IRAN - SECURITY COUNCIL.

FOLLOWING IS TEXT OF MY STATEMENT.  
 BEGINS:

MR PRESIDENT,

ALMOST A MONTH HAS PASSED SINCE WE LAST MET HERE IN OPEN COUNCIL TO CONSIDER THIS PROBLEM. ON THAT OCCASION THE COUNCIL UNANIMOUSLY CALLED ON THE GOVERNMENT OF IRAN TO RELEASE THE PERSONNEL OF THE AMERICAN EMBASSY HELD HOSTAGE IN TEHRAN. IN THE STATEMENTS MADE IN THE COUNCIL AT THAT TIME, THERE WAS EQUAL UNANIMITY IN CONDEMNING THIS UNIQUE AND, IN MODERN TIMES, UNPRECEDENTED ACT. HOWEVER, NOTWITHSTANDING THE SUBSEQUENT EFFORTS BY THE SECRETARY-GENERAL, NOTWITHSTANDING THE UNANIMOUS ORDER OF THE INTERNATIONAL COURT OF JUSTICE THAT IRAN SHOULD IMMEDIATELY RELEASE THE HOSTAGES, NOTWITHSTANDING INITIATIVES TAKEN BY OTHER INDIVIDUALS, THE DEADLOCK CONTINUES. THE HOSTAGES ARE STILL INCARCERATED. THE IRANIAN AUTHORITIES REMAIN IN FLAGRANT VIOLATION OF THE VIENNA CONVENTION ON

ITIES REMAIN IN FLAGRANT VIOLATION OF THE VIENNA CONVENTION ON DIPLOMATIC RELATIONS, OTHER U N CONVENTIONS, GENERAL INTERNATIONAL LAW AND LONG-STANDING PRACTICE OF STATES.

MR PRESIDENT, AS DAY AFTER DAY PASSES WITH THE HOSTAGES STILL IN CAPTIVITY, THE CRISIS DEEPENS. THE INTERNATIONAL TENSION THAT THE HOSTAGE-TAKING HAS GENERATED STRETCHES EVER CLOSER TO BREAKING-POINT.

THIS IS NOT SIMPLY A DIPLOMATIC CRISIS, A DISPUTE BETWEEN TWO COUNTRIES. IT TOUCHES DEEP HUMANITARIAN SPRINGS. THE HOSTAGES THEMSELVES ARE SUFFERING THE STRESSES AND PRIVATIONS OF LONG CAPTIVITY. THEIR FAMILIES ARE SUFFERING THE PANGS OF DOUBT AND UNCERTAINTY. THE AMERICAN PEOPLE AS A WHOLE ARE SUFFERING WITH THOSE FAMILIES AND WITH THEIR COMPATRIOTS IMMURED IN TEHRAN.

BUT, SADLY, WE HAVE SEEN LITTLE IF ANY SIGN OF CHANGE IN THE ATTITUDE OF THE IRANIAN AUTHORITIES OR OF THOSE IN OCCUPATION OF THE AMERICAN EMBASSY, NOR HAVE WE DETECTED ANY INDICATION THAT THEY MIGHT BE PREPARED TO RESPOND POSITIVELY TO THE VARIOUS CALLS MADE BY THE INTERNATIONAL COMMUNITY FOR THE RELEASE OF THE HOSTAGES. INDEED, THE IMPLICATIONS OF THE SECRETARY-GENERAL'S REPORT OF 22 DECEMBER ARE THAT THE IRANIAN AUTHORITIES HAVE NO INTEREST IN MEDIATION AT THIS TIME. MY DELEGATION WISHES AT THIS POINT TO THANK THE S-G FOR THE ORAL STATEMENT WHICH HE HAS JUST MADE AND FOR HIS CLEARLY EXPRESSED RESOLVE TO CONTINUE TO USE HIS GOOD OFFICES TO BRING ABOUT A SOLUTION OF THE PROBLEM.

MR PRESIDENT, MY COUNTRY HAS NO QUARREL WITH THE IRANIAN PEOPLE, NOR, APART FROM THIS ONE ISSUE, WITH THE IRANIAN AUTHORITIES. WE HAVE NO WISH TO INTERFERE IN THE INTERNAL AFFAIRS OF IRAN. WE RESPECT THE RIGHT OF IRAN, AS OF ANY OTHER COUNTRY IN THE WORLD, FREELY TO CHOOSE ITS OWN SYSTEM OF GOVERNMENT. WE RECOGNISE THAT THE PEOPLE OF IRAN FEEL A DEEP SENSE OF GRIEVANCE TOWARDS THE PREVIOUS REGIME IN THEIR COUNTRY. MOREOVER, WE ARE CONFIDENT THAT THE IRANIAN PEOPLE SHARE WITH US A DESIRE TO HAVE NORMAL DIPLOMATIC, COMMERCIAL AND CULTURAL RELATIONS WITH MY COUNTRY AS WOULD BE NATURAL FOR TWO NATIONS WITH SUCH ANCIENT AND HISTORICAL LINKS.

I SHOULD LIKE TO EMPHASISE HERE, MR PRESIDENT, THAT THERE IS NOTHING STANDING IN THE WAY OF SUCH A NORMAL AND FRUITFUL RELATIONSHIP EXCEPT THE TOTALLY UNACCEPTABLE, CONTINUING DETENTION OF THE AMERICAN HOSTAGES.

I THEREFORE APPEAL ONCE MORE TO THE PEOPLE AND THE GOVERNMENT OF IRAN, IN THEIR OWN INTERESTS, IN THE INTERESTS OF THE HOSTAGES AND THEIR FAMILIES, IN THE INTERESTS OF THE PEACE AND STABILITY OF THE WORLD IMMEDIATELY TO RELEASE THE HOSTAGES. THIS ACT WOULD ENABLE THE PEOPLE OF IRAN, IF THEY SO WISHED, TO UNCOVER THE PAST AS THEY SEE IT TO THE EYES OF THE WORLD. IT WOULD ENABLE THE PEOPLE OF IRAN, IF THEY SO WISHED, TO BUILD THEIR FUTURE IN CONCERT WITH THE COMMUNITY OF NATIONS, ONLY BY THIS ACT CAN THEY HOPE TO MAKE A START TO THESE PROCESSES.

COMMUNITY OF NATIONS, ONLY BY THIS ACT CAN THEY HOPE TO MAKE A START TO THESE PROGRESSES.

MR PRESIDENT, IN MY STATEMENT TO THE COUNCIL ON THE FIRST OF DECEMBER, I STATED THE VIEW OF MY PRIME MINISTER THAT WE WOULD DO ANYTHING WE COULD TO ASSIST OUR FRIENDS, THE AMERICANS, IN THE GRIEVOUS POSITION IN WHICH THEY AND THE HOSTAGES NOW FOUND THEMSELVES. MY PRIME MINISTER HAS REITERATED THIS SENTIMENT CLEARLY AND UNEQUIVOCALLY, BOTH RECENTLY IN THIS COUNTRY AND ELSEWHERE. I STATE IT AGAIN NOW ON BEHALF OF HER MAJESTY'S GOVERNMENT. THIS IS A TIME, OF ALL TIMES, FOR FRIENDS TO STAND TOGETHER AND THE UNITED STATES MAY BE ASSURED THAT THE UNITED KINGDOM WILL NOT BE FOUND WANTING.  
ENDS.

PARSONS

NNNN

IMMEDIATE

MIN: ADVANCE COPIES 45

PS  
 PS/SIR I GILMOUR  
 PS/MR HURD  
 PS/PUS  
 MR J C MOBERLY  
 LORD BRIDGES  
 HD/LED  
 HD/FRD  
 HD/RENAD  
 HD/UND (2)  
 HD/OID (2)  
 HD/DEF DEPT  
 HD/ES & SD (2)  
 HD (cont'd)  
 HD/ES & SD (2)  
 Mr J Naughton  
 Mr Evans  
 MISS BROWN  
 PUSD (2)  
 NEWS DEPT  
 RESIDENT CLERK  
 HD/NAMD

PS NO 10 DOWNING ST  
 SIR R ARMSTRONG )  
 ASSESSMENTS STAFF ) CABINET  
 MR R WARD GERY ) OFFICE  
 MR LE CHEMINANT  
 MR P G FOWLER R2.7)  
 CABINET OFFICE DIO

MR F R BARRATT } TREASURY  
 PS/Chancellor  
 Mr D JS Hancock }

Mr CW McMahon } B/England  
 Mr S Payton }  
 Mr W Knighton, Dpt of Trade  
 Mr C Benjamin, DOI.  
 Mr D de B Jones } D/Energy  
 Mr C Lucas }

CONFIDENTIAL

DESKY BY 300400Z TEHRAN

DESK BY 300900Z FCO

Referred to  
Chequers 30/12

FROM UKMIS NEW YORK 300225Z

TO IMMEDIATE FCO

TELEGRAM NUMBER 1975 OF 29 DECEMBER 1979

INFO IMMEDIATE TEHRAN

INFO PRIORITY WASHINGTON AND PARIS.

MY TEL NO.1970: IRAN - SECURITY COUNCIL.

1. WE SPENT MOST OF THE DAY HANGING AROUND WHILE THE NON-ALIGNED MEMBERS OF THE COUNCIL WORKED ON THE DRAFT RESOLUTION IN MY TEL NO.1968. KUWAIT AND GABON WERE DIFFICULT ABOUT OPERATIVE PARAS 4 AND 5. THE NON-ALIGNED EMERGED IN THE AFTERNOON WITH A MUCH WATERED DOWN VERSION WHICH WAS UNACCEPTABLE TO THE AMERICANS.

2. THE AMERICANS THEN DECIDED TO TABLE THE ORIGINAL TEXT AND TO LET THE CHIPS FALL WHERE THEY MAY IN A VOTE ON MONDAY MORNING. THEY WILL NOT, HOWEVER, TABLE IT UNTIL TOMORROW MORNING, THEIR REASON BEING THAT A MESSAGE HAS COME FROM AGHA SHAHI THAT THE IRANIANS MAY DECIDE OVERNIGHT TO INVITE THE SECRETARY-GENERAL TO TEHRAN. ACCORDING TO SHAHI, THE IRANIAN

IRANIANS MAY DECIDE OVERNIGHT TO INVITE THE SECRETARY-GENERAL TO TEHRAN. ACCORDING TO SHAHI, THE IRANIAN FOREIGN MINISTER AND BEHESHTI HAVE COME TO COM TO TRY TO PERSUADE KHOMEINI. THE AMERICANS HAVE SAID THAT THEY WILL GO AHEAD TOMORROW MORNING WITH THEIR RESOLUTION WHATEVER THE RESPONSE FROM THE IRANIANS.

3. WE THEN HAD A FORMAL SESSION OF THE COUNCIL. FOLLOWING AN UNCHARACTERISTICALLY SHORT REPORT BY WALDHEIM, VANCE SPOKE FOR THE UNITED STATES. AFTER BRIEFLY REHEARSING THE HISTORY OF THE MATTER, HE SAID THAT, IF IRAN CONTINUED TO HOLD THE HOSTAGES, ACTION UNDER CHAPTER VII WOULD NOT ONLY BE JUSTIFIED, IT WOULD BE REQUIRED TO PROMOTE A PEACEFUL SOLUTION. HE THEN DESCRIBED IN GENERAL TERMS THE KIND OF RESOLUTION THE AMERICANS WANTED. HE REFERRED TO THE GRIEVANCES OF THE IRANIAN PEOPLE AND REAFFIRMED AMERICAN READINESS TO SEEK A RESOLUTION OF THE PROBLEMS BETWEEN IRAN AND THE UNITED STATES. BUT AMERICAN PATIENCE AND FORBEARANCE WERE NOT UNLIMITED. EFFECTIVE ACTION HAD TO BE TAKEN BY THE COUNCIL.

4. I SPOKE NEXT (TEXT IN M I F T - NOT TO PARIS). NORWAY, PORTUGAL, FRANCE, THE F R G, SINGAPORE, AND AUSTRALIA ALSO SPOKE. WITH THE EXCEPTION OF SINGAPORE, WHO MADE A DULL AND LEGALISTIC STATEMENT, THE OTHERS SPOKE BROADLY ON THE LINES OF MY STATEMENT, ALTHOUGH ALL EXCEPT THE F R G EXPLICITLY SAID THAT THEY WOULD SUPPORT ACTION UNDER CHAPTER VII AND, IN ONE CASE (NORWAY), SPECIFICALLY MENTIONED SANCTIONS. THE FACT THAT I DID NOT GO AS FAR AS THIS DID NOT APPEAR TO UPSET THE AMERICANS WHO SEEMED PARTICULARLY PLEASED BY MY SOMEWHAT RHETORICAL EXPRESSION OF SUPPORT AT THE END OF MY SPEECH. AFTER THE DEBATE SECRETARY VANCE AND MEMBERS OF HIS DELEGATION, INCLUDING THE VISITORS FROM WASHINGTON, WENT OUT OF THEIR WAY TO THANK ME FOR WHAT I HAD SAID.

5. TOMORROW, SECRETARY VANCE HAS ASKED TO SEE ME TO TALK ABOUT OUR AMENDMENTS TO THE SECOND STAGE RESOLUTION (YOUR TELS NOS 1007 AND 1008). OTHERWISE, WE WILL AGAIN HANG ABOUT THROUGH THE MORNING WHEN THE AMERICANS WILL CIRCULATE AND LOBBY SUPPORT FOR THEIR TEXT. THERE WILL BE A FURTHER FORMAL MEETING IN THE AFTERNOON.

6. SEE M I F T (NOT TO ALL).

PARSONS



IMMEDIATE

IRAN: ADVANCE COPIES 45-

5 PS  
 PS/SIR I GILMOUR  
 PS/MR HURD  
 PS/PUS  
 MR J C MOBERLY  
 LORD BRIDGES  
 HD/MED  
 HD/FRD  
 HD/NENAD  
 HD/UND (2)  
 HD/OID (2)  
 HD/DEF DEPT  
 HD/ES & SD (2)  
 Sm D Newland  
 Mr EVANS  
 MISS BROWN  
 PUSD (2)  
 NEWS DEPT  
 RESIDENT CLERK

PS NO 10 DOWNING ST  
 SIR R ARMSTRONG )  
 ASSESSMENTS STAFF ) CABINET  
 MR R WADE GERY ) OFFICE  
 MR LE CHEMINANT )  
 MR P G FOWER (2) )  
 CABINET OFFICE DIO  
 MR F R BARRATT } TREASURY  
 PS/Chancellor }  
 Mr D JS Hancock }

Mr CW McMahon }  
 Mr S Payton } B/England  
 Mr W Knighton, Dpt of Trade  
 Mr C Benjamin, DOI.  
 Mr D de B Jones } D/Energy  
 Mr C Lucas }

GR 450

CONFIDENTIAL

DESKBY FCO 290900Z

FM TEHRAN 290915Z DEC

TO IMMEDIATE FCO

TELEGRAM NUMBER 1404 OF 29 DEC 79.

INFO IMMEDIATE WASHINGTON, UKMIS NEW YORK, DUBLIN, AND COPENHAGEN

INFO PRIORITY OTHER EEC POSTS.

MIPT : IRAN.

Mufaxed to Cheques  
29/12

1. THE COMMUNITY HEADS OF MISSION MET LAST NIGHT TO DISCUSS THE SITUATION AND INSTRUCTIONS FROM CAPITALS. I WAS THE ONLY ONE TO HAVE RECEIVED CONTINGENCY INSTRUCTIONS TO PULL OUT DURING THE SECURITY COUNCIL DEBATE. THE GERMAN AND FRENCH AMBASSADORS HOWEVER HAVE BEEN INSTRUCTED TO ORDER THEIR TEACHERS OUT, AND ALL MISSIONS EXCEPT THE ITALIAN HAVE BEEN TOLD TO SEND DEPENDANTS HOME AND TO CONTINUE THINNING OUT BOTH STAFF AND COMMUNITIES. THE FRG AMBASSADOR WAS RESISTING THE SENDING HOME OF TEACHERS ON THE GROUNDS THAT THIS WOULD MEAN A CLOSURE OF THE JOINT GERMAN-IRANIAN SCHOOL, WHICH HE BELIEVED WOULD INCREASE THE THREAT TO HIS COMMUNITY, ALTHOUGH OTHERS ARGUED THAT SINCE THE SCHOOL CATERES ONLY FOR MIDDLE CLASS IRANIANS



INCREASE THE THREAT TO HIS COMMUNITY, ALTHOUGH OTHERS ARGUED THAT SINCE THE SCHOOL CATERS ONLY FOR MIDDLE-CLASS IRANIANS, ITS CLOSURE WOULD HAVE LITTLE POLITICAL EFFECT. THE FRENCH TEACHERS HAVE ALREADY LEFT OSTENSIBLY ON HOLIDAY UNTIL 5 JAN WHEN THE SCHOOL IS DUE TO OPEN. THERE WAS SOME DISCUSSION OF WHETHER THE IRANIANS WOULD PLAY IT ROUGH WITH US IN AN ATTEMPT TO FRIGHTEN US OUT OF SUPPORT FOR THE US (ON THE LINES OF THE FORECAST IN OUR JOINT PAPER OF 25 DEC) OR WHETHER THEY MIGHT PERVERSELY TRY TO WOO US BY IMPROVED TREATMENT, BUT IT WAS AGREED THAT THIS WAS TOTALLY UNPREDICTABLE.

2. WE THEN DISCUSSED AN APPROACH TO KHOMEINI, WHICH ALL HAD DISCRETION TO MAKE, ALTHOUGH THE NETHERLANDS THOUGHT IT WOULD NOT BE USEFUL AND THE ITALIANS WISHED TO CONFINE THE ARGUMENTS TO THE HUMANITARIAN.

3. WE CONCLUDED THAT THE CHANCES OF OBTAINING AN INTERVIEW IN ANY USEFUL TIME SCALE WERE REMOTE AND THAT IT WOULD BE BETTER, IN ORDER TO EMPHASISE OUR CONCERN, TO ASK TO SEE THE REVOLUTIONARY COUNCIL. ACCORDINGLY, WE PUT THIS REQUEST IMMEDIATELY THROUGH THE MINISTRY OF FOREIGN AFFAIRS, SPEAKING TO THE MINISTER, QOTBZADEH. AS EXPLAINED IN THE RECORD IN MIPT, HE FLATLY REFUSED TO PASS THE REQUEST ON BUT OFFERED TO SEE US HIMSELF. THE MEETING WAS A DISASTER. H IS NOT CLEAR PRECISELY WHAT POINT CAUSED HIM TO LOSE HIS TEMPER: FOR US HIS CONTINUAL INSISTENCE THAT THE GRANTING OF PERMISSION FOR CHRISTIAN MINISTERS TO VISIT THE HOSTAGES, AND THE INEFFECTUAL AND CONFLICTING EFFORTS TO SET UP AN INTERNATIONAL ENQUIRY SHOULD BE REGARDED AS GESTURES OF GOODWILL AND INDEED CONCILIATION, WAS UNACCEPTABLE: AND HIS FAILURE TO RESPOND TO THE CONCILIATORY OPENING PROBABLY SHOWED THAT HE INTENDED TO PLAY IT HARD FROM THE START.

4. AFTER THE MEETING, MY COMMUNITY COLLEAGUES FELT MUCH MORE CERTAIN THAT THERE WAS LITTLE TO BE GAINED IN TALKING TO QOTBZADEH, BUT THE QUESTION REMAINS WHETHER THIS IS HIS TRUE FACE OR WHETHER THE FACE HE HAS TURNED TO AGHA SHAHI, AS REFLECTED IN WALDHEIN'S STATEMENT TO THE SECURITY COUNCIL (PARAGRAPH 3 OF UKMIS NEW YORK TELNO 1970 TO YOU).. AND ATTRIBUTED ALSO TO AGHA SHAHI IN TODAY'S TEHRAN PRESS, IS A BETTER INDICATION. FOR HIS PART, THE FRG AMBASSADOR NO LONGER HAS DOUBTS ABOUT SENDING HIS TEACHERS HOME.

IRAN: ADVANCE COPIES 45

DATE IMMEDIATE

5

PS  
 PS/SIR I GILMOUR  
 PS/MR HURD  
 PS/PUS  
 MR J C MOBERLY  
 LORD BRIDGES  
 HD/MED  
 HD/FRD  
 HD/NENAD  
 HD/UND (2)  
 HD/OID (2)  
 HD/DEF DEPT  
 HD/ES & SD (2)  
 Sir D Newland  
 B EVANS  
 MISS BROWN  
 PUSD (2)  
 NEWS DEPT  
 RESIDENT CLERK

PS NO 10 DOWNING ST  
 SIR R ARMSTRONG )  
 ASSESSMENTS STAFF ) CABINET  
 MR R WADE (ERY ) OFFICE  
 MR LE CHEMINANT  
 MR P G FOWER (R.17)  
 CABINET OFFICE DIO  
 MR F R BARRATT } TREASURY  
 PS/Chancellor  
 No D JS Hancock

An C W McMahon } B/England  
 An S Payton }  
 An W Knighton, Dpt of Trade  
 An C Benjamin, DOI.  
 An D de B Jones } D/Energy  
 An C Lucas }

GR 640  
 CONFIDENTIAL  
 DESKBY 290900Z  
 FM TEHRAN 290615Z DEC  
 TO IMMEDIATE FCO  
 TELEGRAM NUMBER 1403 OF 29 DEC 79  
 INFO IMMEDIATE WASHINGTON, UKHIS NEW YORK, DUBLIN AND  
 COPENHAGEN  
 INFO PRIORITY OTHER EEC POSTS.

Mufared to Chequers  
 29/12

YOUR TEL NO 827 : IRAN.

1. FOLLOWING IS AN AGREED RECORD OFBU CALL BY THE HEADS OF MISSION OF THE NINE ON THE IRANIAN FOREIGN MINISTER AT 9.0 PM LOCAL LAST NIGHT. MIFT EXPLAINS THE BACKGROUND. GRATEFUL IF DIBLIN AND COPFHAGEN COULD KINDLY PASS COPY TO THE IRISH AND DANISH MINISTRIES RESPECTIVELY.

2. BEGINS:

(1) AFTER DISCUSSING A POSSIBLE DEMARCHE TO KHOMEINI OR BEHESHTI, THE HEADS OF MISSION OF THE NINE DECIDED TO SEEK A MEETING WITH THE REVOLUTIONARY COUNCIL. THIS REQUEST WAS PUT THROUGH

(1) AFTER DISCUSSING A POSSIBLE DEMARCHE TO KHOMEINI OR BEHESHTI, THE HEADS OF MISSION OF THE NINE DECIDED TO SEEK A MEETING WITH THE REVOLUTIONARY COUNCIL. THIS REQUEST WAS PUT THROUGH MR QOTBZADEH, WHO, UNFORTUNATELY, FLATLY REFUSED TO FORWARD THE REQUEST BUT VOLUNTEERED TO RECEIVE THE GROUP HIMSELF FORTHWITH (AT 2100 HOURS).

(2) THE PRESIDENCY OPENED BY SAYING THAT WE HAD NOT COME TO MAKE ANY REQUEST BUT TO LAY BEFORE HIM OUR GRAVE CONCERN THAT WE WERE GETTING INTO AN EVER DEEPER CRISIS.

(3) THE AMBASSADORS THEN MADE THE FOLLOWING POINTS :

(A) WE HAD ASKED TO SEE THE REVOLUTIONARY COUNCIL BECAUSE WE BELIEVED THE MATTER WAS SUFFICIENTLY IMPORTANT TO BE PUT TO THEM AND WE HOPED MR QOTBZADEH WOULD DO THAT.

(B) THE SECURITY COUNCIL MEETING WAS APPROACHING: WE DID NOT KNOW HOW IT WOULD TURN OUT, BUT CLEARLY WE FACED A GRAVE SITUATION, NOT ONLY FOR IRAN'S RELATIONS WITH THE US, BUT ALSO FOR ALL THE MEMBERS OF THE UN. IF A CONFRONTATION DEVELOPED, ALL MEMBERS OF THE UN WOULD BE INVOLVED. WE WERE THEREFORE CONCERNED WITH THE POSSIBLE COURSE OF EVENTS.

(C) WE HAD ALL RECOGNISED THE REVOLUTION AND WISHED TO LIVE IN PEACE AND HAPPINESS WITH IRAN. BUT BY IRAN'S BREACH OF INTERNATIONAL LAW AND CUSTOM, ALL SUFFERED.

(D) IN THE ABSENCE OF DIRECT CONTACTS BETWEEN IRAN AND THE US, WOULD IRAN NOT CONSIDER USING THE GOOD OFFICES OF OTHERS?

(E) THE MEMBERS OF THE COMMUNITY FELT THEMSELVES TO BE SPECTATORS OF A TRAGEDY WHICH WOULD ENGULF THEM ALL BUT WHICH THEY WERE POWERLESS TO AVERT.

(F) COULD IRAN USE THE MEETING OF THE SECURITY COUNCIL TO PRESENT HER CASE?

(G) ON THE MATTER OF PRINCIPLE, OUR COUNTRIES MUST INEVITABLY STAND BY THE INVIOABILITY OF EMBASSIES.

(4) MR QOTBZADEH SAID THAT HE RECALLED THAT AT PREVIOUS MEETINGS WITH AMBASSADORS THE PRINCIPAL REQUEST HAD BEEN FOR VISITS TO THE HOSTAGES TO BE ARRANGED. HE HAD DONE THAT. NOW THE WORLD KNEW THEY WERE ALL RIGHT. BUT THE US HAD ONLY RESPONDED BY INCREASING PRESSURE. HIS COLLEAGUES IN THE REVOLUTIONARY COUNCIL

AND THE GENERAL PUBLIC SAW ONLY THAT IRAN'S GESTURES WERE MISREAD AND TAKEN AS WEAKNESS. HE HAD TRIED TO OPEN UP POSSIBILITIES OF EASING TENSION AND HAD EVEN RISKED HIS REPUTATION (OF LONG STANDING) BY PROPOSING THE IDEA OF A GRAND JURY.

AND THE GENERAL PUBLIC SAW ONLY THAT IRAN'S GESTURES WERE MISREAD AND TAKEN AS WEAKNESS. HE HAD TRIED TO OPEN UP POSSIBILITIES OF EASING TENSION AND HAD EVEN RISKED HIS REPUTATION (OF LONG STANDING) BY PROPOSING THE IDEA OF A GRAND JURY. BUT THIS HAD BEEN BRUTALLY CHECKED BY THE MOVE TO THE SECURITY COUNCIL AND BY OTHER COUNTRIES GOING ALONG WITH THE US, AND HE HAD BEEN UNDERMINED. HE HAD NO REGRETS HOWEVER: HE HAD ACTED ACCORDING TO HIS RESPONSIBILITIES AND HIS CONVICTIONS. BUT THE FACT REMAINED THAT THE ANSWER HAD NOT BEEN WHAT HE HAD EXPECTED: HIS INITIATIVE HAD BEEN BLOWN UP IN HIS FACE. UNFORTUNATELY, IF THE SECURITY COUNCIL WERE TO DECIDE ON ECONOMIC SANCTIONS, THE IDEA OF A GRAND JURY COULD NOT CONTINUE: MOST PROBABLY THERE WOULD HAVE TO BE A TRIAL OF THE HOSTAGES, WHICH WOULD BE MUCH HARSHER. IT WAS UP TO THE US, WHICH WITH SOME COUNTRIES OF THE COMMUNITY HAD MISREAD IRAN'S WILL AND HIS DETERMINATION TO WORK FOR A PEACEFUL SOLUTION BY MEANS OF THE GRAND JURY. AFTER THE VISIT OF THE PRIESTS HE HAD EXPECTED SOME GESTURE OF GOODWILL FROM THE EUROPEAN COUNTRIES. THE SITUATION WAS NOW AS HOPELESS AS A MONTH AGO. LET THE US CONTINUE ITS PRESSURES AND DESTROY US ALL. LOOK AT WHAT WAS HAPPENING IN AFGHANISTAN WHICH WAS BEING TOTALLY OCCUPIED BY THE SOVIET UNION. AT NO PRICE WAS IRAN GOING TO SURRENDER TO US PRESSURE. THE US MUST CHANGE THEIR TACTICS OR DESTROY IRAN COMPLETELY.

(5) THE AMBASSADORS ASKED IN VIEW OF THE SOVIET ACTIONS IN AFGHANISTAN, WHY IRAN HAD TO FIGHT THE WRONG ENEMY. IT WAS CLEAR WHO WAS THE IMPERIALIST POWER. MR QOTBZADEH SAID THAT THEY WERE THE SAME. THE AMERICANS HAD NOT CHANGED: SINCE THE REVOLUTION THEY HAD BEHAVED EXACTLY AS IN THE PREVIOUS 25 YEARS. ALL HIS EFFORTS HAD BEEN IGNORED.

(6) THE AMBASSADORS ASKED WHAT EFFORTS HAD BEEN MADE. WAS IT NOT THE CASE THAT THE CRISIS HAD STARTED WITH THE TAKING OF THE HOSTAGES? MR QOTBZADEH, RAISING HIS VOICE IN ANGER, SAID IT HAD STARTED WITH THE US ADMITTING THE SHAH. WHERE WAS THE INTERNATIONAL MORALITY WHICH OVERLOOKED THE BLOCKING OF IRANIAN FUNDS BY THE US, AND THE MALTREATMENT AND KILLING OF IRANIANS THERE? THE US HAD STARTED THE CRISIS 25 YEARS AGO. THE AMBASSADORS SAID THIS DID NOT JUSTIFY THE TAKING OF HOSTAGES. MR QOTBZADEH SAID THERE WAS NO POINT IN FURTHER DISCUSSION AND LEFT THE ROOM.

(7) THE MEETING LASTED 12 MINUTES.

(7) THE MEETING LASTED 12 MINUTES.

(8) COMMENT.

MR QOTBZADEH, IF HE UNDERSTANDS THE MEASURE OF THE PROBLEM, FEELS UNABLE TO SHOW ANY FLEXIBILITY. HIS PROFESSED BELIEF THAT HE HAS MADE HELPFUL INITIATIVES WHICH HAVE BEEN REBUFFED, MAY STEM FROM A REALISATION OF HIS OWN WEAKNESS OR EVEN INSECURITY IN THE FACE OF THE INTRANSIGENCE OF KUAMEINI AND THE "STUDENTS". IT IS CLEAR HOWEVER THAT ECONOMIC SANCTIONS, VOLUNTARY ECONOMIC MEASURES, ARE LIKELY, IN THE SHORT TERM AT LEAST, TO INCREASE IRANIAN INTRANSIGENCE.

GRAHAM

NNNN



*Ans*



*Dani Antish*

*2*

Mr Miers (Middle East Department)

*Lord Carrington gave you  
the gist of this when  
you spoke with him.*

Iran

*R*

Mr Vance telephoned the Secretary of State this afternoon, following the telephone conversation between President Carter and the Prime Minister. Mr Vance said that it appeared that there were four outstanding points over the formulation of UN sanctions on Iran on which there were still difficulties between the British and American Governments. He asked how they might best be resolved. He himself was going to New York that evening.

*28/12*

Lord Carrington explained that in one or two areas the language proposed by the United States posed great difficulties for Britain, particularly over the issues of extra-territorial legislation and shipping. These were genuine problems of substance not mere drafting points. He would ensure that Sir A Parsons in New York was fully briefed to explain the problems involved and to suggest alternative formulations to cover them. If necessary an expert from Washington or from London would go to New York as well for the purpose. He asked about the timetable now envisaged by the Americans.

Mr Vance explained that the meeting of the National Security Council that afternoon had decided on a two step approach. The Americans would be seeking a Security Council Resolution on 31 December, but not involving the full text of the draft resolution which they had already shown to us. Instead, the resolution would simply:

1. deplore the failure of the Iranians to comply with the judgement of the International Court of Justice;
2. request once again the release of the hostages;
3. reaffirm the good offices of the Secretary General of the United Nations;
4. request the Secretary General to proceed to Tehran to seek to bring about the release of the hostages by a fixed date;
5. if there had been no compliance by the Iranians by that date, the Security Council will take effective measures under Articles 39 and 41.

The resolution would not however specify what the measures would be.

Lord Carrington asked what time-scale for compliance the Americans had in mind. Mr Vance replied that the stipulated interval would be one week. Mr McHenry had returned to New York immediately after the National Security Council meeting to sound out Dr Waldheim's willingness to go to Iran. It seemed likely that he would be prepared to go, though it was by no means certain that the Iranians would be willing to receive him.



Lord Carrington asked whether the Americans had definitely rejected any use of two of the sanctions most likely to have an effect on the Iranians, namely oil and food. Mr Vance confirmed that this was so for the moment. Lord Carrington expressed some surprise at this: the things that the Americans were asking for did not seem likely to hurt the Iranians very much. Mr Vance denied this: the Iranians were already suffering shortages, of up to 75%, in some of their industries and the measures proposed would accentuate this.

*What industries?*

Afghanistan

Lord Carrington confirmed that a draft message from the Prime Minister to President Brezhnev was in preparation and that this would issue as soon as President Carter's message had been sent. Sir A Parsons was also being instructed to concert with his Western colleagues action in the Security Council. Mr Vance said that President Carter's message would be delivered later that evening.

*Paul Lever*

28 December 1979

(P Lever)

cc: PS/LPS  
PS/Mr Hurd  
Sir D Maitland  
Lord Bridges  
Mr Bullard  
Head of FRD  
Head of UND  
Head of SAD  
T Lankester, No 10 ✓

CONFIDENTIAL

GR 220

CONFIDENTIAL

DESKBY FCO 281000Z

FM TEHRAN 280900Z DEC

TO IMMEDIATE FCO

TELEGRAM NUMBER 1402 OF 28 DEC 79

INFO IMMEDIATE WASHINGTON AND UKMIS NEW YORK

INFO PRIORITY EEC POSTS.

MIPT : IRAN.

1. I WELCOME THE AUTHORITY IN FCO TEL 827 TO GO AHEAD WITH A REQUEST TO SEE KHOMEINI, ALTHOUGH THIS IS VERY MUCH A LAST CARD, AND THERE COULD WELL BE DELAY IN OBTAINING AN INTERVIEW (THE SOMALI AND THE KUWAITI AMBASSADORS HAVE BEEN TRYING TO SEE HIM FOR SOME WEEKS). IT MIGHT BE BEST TO TRY HEHESHTI FIRST.
2. I ALSO VERY MUCH WELCOME THE EFFORTS TO SLOW THE AMERICANS DOWN. DESPITE THE JOINT PAPER BY THE COMMUNITY AMBASSADORS IN TEHRAN OF 23 DECEMBER AND MY OWN EARLIER THOUGHTS, I AM BEGINNING TO THINK THAT THE IRANIANS FOR THEIR OWN REASONS MIGHT NOT WISH TO SEE THE DEPARTURE OF WESTERN EMBASSIES AND FOR THAT REASON MIGHT BE WILLING TO MAKE A MORE SERIOUS EFFORT TO PROTECT THEM THAN THEY HAVE DONE IN THE PAST, EVEN SHOULD MATTERS COME TO SANCTIONS. THERE ARE SIGNS ALREADY OF THIS (I RECOGNISE OF COURSE THAT THE DEPARTURE OF WESTERN EMBASSIES COULD ITSELF BE A FORM OF PSYCHOLOGICAL PRESSURE ON IRAN WHICH MIGHT INCREASE THE IMPACT OF SANCTIONS, AT LEAST TEMPORARILY). I ALSO SENSE, ALTHOUGH IT IS HARD TO BE OPTIMISTIC, A SLIGHTLY GREATER DETERMINATION IN THE REVOLUTIONARY COUNCIL TO TACKLE THE PROBLEM OF THE STUDENTS, QOTBZADEH HAVING BEEN DEPUTED TO MAKE DIRECT CONTACT WITH THEM. WE HAVE HAD FALSE DAWNS BEFORE, BUT THIS NEW DECISION COULD HAVE BEEN INDUCED BY THE REALISATION, FOLLOING THE ARREST OF ENTEZAM AND THE STUDENT'S CRITICISMS OF BAZARGAN, THAT MEMBERS OF THE REVOLUTIONARY COUNCIL MAY BE THE NEXT TARGET.

GRAHAM

DEPARTMENTAL DISTRIBUTION:

MED

PRD

UND

NENAD

CONS D

MVD

EID (E)

CABINET OFFICE

CONFIDENTIAL

CONFIDENTIAL

ORS 600

CONFIDENTIAL

FM F.C.O. 282307Z DEC 79  
DESKBY UKMIS NEW YORK 291400Z  
DESKBY WASHINGTON 291400Z  
DESKBY TEHRAN 290400Z  
DESKBY CANBERRA 282359Z  
TO IMMEDIATE WASHINGTON  
TELEGRAM NUMBER 2008 OF 28 DECEMBER  
AND TO UKMIS NEW YORK, TEHRAN, CANBERRA.

*h. Paul*

NY TELNO 1990 TO WASHINGTON : IRAN

1. VANCE TELEPHONED ME THIS AFTERNOON, FOLLOWING THE TELEPHONE CONVERSATION BETWEEN PRESIDENT CARTER AND THE PRIME MINISTER. VANCE SAID THAT IT APPEARED THAT THERE WERE FOUR OUTSTANDING POINTS OVER THE FORMULATION OF UN SANCTIONS ON IRAN ON WHICH THERE WERE STILL DIFFICULTIES BETWEEN THE BRITISH AND AMERICAN GOVERNMENTS. HE ASKED HOW THEY MIGHT BEST BE RESOLVED. HE HIMSELF WAS GOING TO NEW YORK THAT EVENING.

2. I EXPLAINED THAT IN ONE OR TWO AREAS THE LANGUAGE PROPOSED BY THE UNITED STATES POSED GREAT DIFFICULTIES FOR BRITAIN, PARTICULARLY OVER THE ISSUES OF EXTRA-TERRITORIAL LEGISLATION AND SHIPPING. THESE WERE GENUINE PROBLEMS OF SUBSTANCE NOT MERE DRAFTING POINTS. I SAID I WOULD ENSURE THAT SIR A PARSONS IN NEW YORK WAS FULLY BRIEFED TO EXPLAIN THE PROBLEMS INVOLVED AND TO SUGGEST ALTERNATIVE FORMULATIONS TO COVER THEM. IF NECESSARY AN EXPERT FROM WASHINGTON OR FROM LONDON WOULD GO TO NEW YORK AS WELL FOR THE PURPOSE. I ASKED ABOUT THE TIME-TABLE NOW ENVISAGED BY THE AMERICANS.

3. VANCE EXPLAINED THAT THE MEETING OF THE NATIONAL SECURITY COUNCIL THAT AFTERNOON HAD DECIDED ON A TWO STEP APPROACH. THE AMERICANS WOULD BE SEEKING A SECURITY COUNCIL RESOLUTION ON 31 DECEMBER, BUT NOT INVOLVING THE FULL TEXT OF THE DRAFT RESOLUTION WHICH THEY HAD ALREADY SHOWN TO US. INSTEAD, THE RESOLUTION WOULD SIMPLY:

- I) DEPLORE THE FAILURE OF THE IRANIANS TO COMPLY WITH THE JUDGEMENT OF THE INTERNATIONAL COURT OF JUSTICE;
  - II) REQUEST ONCE AGAIN THE RELEASE OF THE HOSTAGES;
  - III) REAFFIRM THE GOOD OFFICES OF THE SECRETARY GENERAL OF THE UNITED NATIONS;
- /IV) REQUEST

CONFIDENTIAL

- IV) REQUEST THE SECRETARY GENERAL TO PROCEED TO TEHRAN TO SEEK TO BRING ABOUT THE RELEASE OF THE HOSTAGES BY A FIXED DATE:  
 V) IF THERE HAD BEEN NO COMPLIANCE BY THE IRANIANS BY THAT DATE, THE SECURITY COUNCIL WILL TAKE EFFECTIVE MEASURES UNDER ARTICLE 39 AND 41.

THE RESOLUTION WOULD NOT HOWEVER SPECIFY WHAT THE MEASURES WOULD BE.

4. I ASKED WHAT TIME-SCALE FOR COMPLIANCE THE AMERICANS HAD IN MIND. VANCE REPLIED THAT THE STIPULATED INTERVAL WOULD BE ONE WEEK. MR HENRY HAD RETURNED TO NEW YORK IMMEDIATELY AFTER THE NATIONAL SECURITY COUNCIL MEETING TO SOUND OUT WALDHEIM'S WILLINGNESS TO GO TO IRAN. IT SEEMED LIKELY THAT HE WOULD BE PREPARED TO GO, THOUGH IT WAS BY NO MEANS CERTAIN THAT THE IRANIANS WOULD BE WILLING TO RECEIVE HIM.

5. I ASKED WHETHER THE AMERICANS HAD DEFINITELY REJECTED ANY USE OF TWO OF THE SANCTIONS MOST LIKELY TO HAVE AN EFFECT ON THE IRANIANS, NAMELY OIL AND FOOD. VANCE CONFIRMED THAT THIS WAS SO FOR THE MOMENT. I WAS SURPRISED AT THIS. I SAID THE THINGS THAT THE AMERICANS WERE ASKING FOR DID NOT SEEM LIKELY TO HURT THE IRANIANS VERY MUCH. VANCE DENIED THIS: THE IRANIANS WERE ALREADY SUFFERING SHORTAGES, OF UP TO 75 PERCENT, IN SOME OF THEIR INDUSTRIES AND THE MEASURES PROPOSED WOULD ACCENTUATE THIS.

#### AFGHANISTAN

6. I CONFIRMED THAT A DRAFT MESSAGE FROM THE PRIME MINISTER TO PRESIDENT BREZHNEV WAS IN PREPARATION AND THAT THIS WOULD ISSUE AS SOON AS PRESIDENT CARTER'S MESSAGE HAD BEEN SENT. SIR A PARSONS WAS ALSO BEING INSTRUCTED TO CONCERT WITH HIS WESTERN COLLEAGUES ACTION IN THE SECURITY COUNCIL. VANCE SAID THAT PRESIDENT CARTER'S MESSAGE WOULD BE DELIVERED LATER THIS EVENING.

#### CARRINGTON

DEPARTMENTAL DISTRIBUTION  
 MED NAD  
 CONS D MAED  
 CONS EM UNIT UND  
 EESD COD  
 ES & SD FRD  
 MID PSD  
 MENAD CRD  
 S&D SECURITY D  
 SED MVD  
 TRED POD  
 PUSD

ADDITIONAL DISTRIBUTION  
 TEHRAN SPECIAL

IMMEDIATE

(29)

IRAN: ADVANCE COPIES

PS  
PS/SIR I GILMOUR  
PS/MR HURD  
PS/PUS  
MR J C MOBERLY  
~~LOD BRIDGES~~  
HD/MED  
HD/FRD  
HD/NENAD  
HD/UND (2)  
HD/OID (2)  
HD/DEF DEPT

PS NO 10 DOWNING ST  
SIR R ARMSTRONG )  
ASSESSMENTS STAFF ) CABINET  
MR R WADE GERY ) OFFICE  
MR LE CHEMINANT )  
MR P G FOWLER (2)  
CABINET OFFICE DIO  
MR F R BARRATT TREASURY

HD/ES & SD (2)

*Sir D Davidson*  
*Dr EVANS*

~~MISS BROWN~~  
PUSD (2)  
NEWS DEPT

WASHINGTON

GRS 295

CONFIDENTIAL

FROM LAGOF 291300Z

TO IMMEDIATE FCO

TELNO 1082 OF 28 DECEMBER 1979.

RFI IMMEDIATE UKMIS NEW YORK AND WASHINGTON.

WASHINGTON TELNO 4368: US/IRAN.

PARAGRAPH 8.

1. AS YOU KNOW NIGERIANS HAVE BEEN ROBUST IN CONDEMNING THE HOLDING OF DIPLOMATIC HOSTAGES IN TEHRAN. BUT FROM THIS POSITION IT WOULD BE A BIG STEP TO A POSITIVE VOTE ON ECONOMIC SANCTIONS AGAINST IRAN. FROM WHAT I HAVE BEEN ABLE TO GATHER OVER THE HOLIDAY PERIOD THE OFFICIAL ADVICE IN THE MEA WOULD BE IN FAVOUR OF AN ABSTENTION, MAINLY ON THE GROUNDS THAT IT WOULD BE DIFFICULT TO MAKE SANCTIONS EFFECTIVE AND IN ANY CASE THEY WOULD BE UNLIKELY TO INFLUENCE KHOMEINI.
2. I WOULD BE WILLING TO LOBBY THE NIGERIANS HERE IF I THOUGHT IT WOULD MAKE ANY APPRECIABLE DIFFERENCE. BUT I DOUBT WHETHER ANYTHING I COULD SAY WOULD SIGNIFICANTLY STRENGTHEN THE ARGUMENTS



2. I WOULD BE WILLING TO LOBBY THE NIGERIANS HERE IF I THOUGHT IT WOULD MAKE ANY APPRECIABLE DIFFERENCE. BUT I DOUBT WHETHER ANYTHING I COULD SAY WOULD SIGNIFICANTLY STRENGTHEN THE ARGUMENTS WHICH MY AMERICAN COLLEAGUE IS ALREADY DEPLOYING. MOREOVER AN APPROACH BY ME (EVEN MORE THAN IN THE CASE OF MY AMERICAN COLLEAGUE) WOULD RISK PROVOKING CRITICISM OF OUR REFUSAL TO CONTEMPLATE ECONOMIC SANCTIONS AGAINST SOUTH AFRICA.

3. I HAVE NOT YET CALLED ON THE NEW FOREIGN MINISTER. WHEN I DO CALL ON HIM, WHICH I HAVE BEEN TOLD CANNOT BE BEFORE THE BEGINNING OF NEXT WEEK AT THE EARLIEST, I SHALL HAVE A NUMBER OF IMPORTANT MATTERS OF SUBSTANCE TO RAISE, NOTABLY ZIMBABWE AND BP. I WOULD THEREFORE PREFER NOT TO RAISE AN ADDITIONAL QUESTION WHERE OUR INTERESTS ARE NOT DIRECTLY INVOLVED AND WHERE OUR POSITION IS SLIGHTLY WEAK BECAUSE OF SOUTH AFRICA. HOWEVER, IF YOU CONSIDER THAT THE NEED TO SHOW SOLIDARITY WITH THE AMERICANS IS OVER-RIDING I COULD BRIEFLY EXPRESS MY SUPPORT FOR THE AMERICAN REPRESENTATIONS BASED ON THE FUNDAMENTAL IMPORTANCE OF DIPLOMATIC IMMUNITY FOR THE CONDUCT OF INTERNATIONAL RELATIONS.

BROWN

*ans*

NNNN

10/11/74

10/11/74

PS/SIR I GILMOUR  
 MR HURD  
 PS/PUS  
 MR J C MOBERLY  
 LORD BRIDGES  
 HD/MED  
 HD/FRD  
 HD/NENAD  
 HD/UND (2)  
 HD/OID (2)  
 HD/DEF DEPT  
 HD/MAED  
 HD/ES & SD (2)  
 HD/COHS-DEPT  
 HD/POB  
 MISS BROWN (2)  
 PUSD  
 NEWS DEPT  
 RESIDENT CLERK  
 Hd COB

PS NO 10 DOWNING ST  
 SIR R ARMSTRONG )  
 ASSESSMENTS STAFF ) CABINET  
 MR LE CHEMNANT ) OFFICE

CABINET OFFICE DIO  
 MR F R BARRATT TREASURY  
 ps/chancellor, Treasury  
 M-DTS Hancock, Treasury.

Mr C.W. McMahon } B/England  
 Mr S Payton }  
 Mr W Knighton, D/Trade  
 Mr C Benjamin, DOI.  
 Mr D de B Jones } D/Guerry  
 Mr C Lucas }

CONFIDENTIAL

DESKBY FCO 290900Z  
 DESKBY TEHRAN 290400Z  
 DESKBY WASHINGTON 291400Z  
 DESKBY PARIS 290900Z  
 FM UKMIS NEW YORK 29@140Z DEC 79  
 TO IMMEDIATE FCO  
 TELEGRAM NUMBER 1970 OF 28 DECEMBER  
 INFO IMMEDIATE TEHRAN WASHINGTON PARIS

*Mutated to cheques.  
 29/12*

MY TELNOS 1966 TO 1968: SANCTIONS AGAINST IRAN

1. AT THIS AFTERNOON'S INFORMAL CONSULTATIONS OF THE SECURITY COUNCIL IT WAS TENTATIVELY AGREED THAT THE COUNCIL SHOULD MEET IN FORMAL SESSION AT 2100Z TOMORROW AFTERNOON, FOLLOWING FURTHER INFORMAL CONSULTATIONS BETWEEN DELEGATIONS TOMORROW MORNING. IN HIS INITIAL PRESENTATION MCHENRY SAID THAT THE U.S. BELIEVED THAT, WITH ALL OTHER CHANNELS CLOSED, CHAPTER VII OFFERED THE ONLY WAY FORWARD. BUT THEY WERE READY TO TAKE ACCOUNT OF OTHER MEMBERS' VIEWS AND HAD ALREADY HAD EXTENSIVE CONSULTATIONS. HE GAVE ONLY A VERY GENERAL ACCOUNT OF THE KIND OF RESOLUTION HE HAD IN MIND.

2. THE ONLY OTHER INTERVENTION ON SUBSTANCE WAS BY THE GABONESE AMBASSADOR. HE ARGUED THAT THE AMERICANS SHOULD NOT ASK THE COUNCIL TO APPROVE CHAPTER VII SANCTIONS BECAUSE THERE WAS NO CONSENSUS FOR THIS. THE INTERNATIONAL IMPACT OF THE COUNCIL'S DECISIONS DEPENDED ON THEIR BEING ADOPTED BY CONSENSUS. IRAN

TO CONSIDER FOR THIS. THE INTERNATIONAL IMPACT OF THE COUNCIL'S DECISIONS DEPENDED ON THEIR BEING ADOPTED BY CONSENSUS. IRAN WAS NOT THE FIRST COUNTRY TO HAVE FAILED TO RESPECT DECISIONS OF THE SECURITY COUNCIL AND THE INTERNATIONAL COURT (A CLEAR REFERENCE TO NAMIBIA). SEVERAL OTHERS HAD DONE, AND WERE DOING, SO. THERE WERE HOSTAGES IN SOUTH AFRICA, MILLIONS OF THEM. GABON WOULD NOT VOTE AGAINST A RESOLUTION CALLING FOR SANCTIONS BUT SHE BELIEVED THAT IT WOULD BE MUCH BETTER FOR THE COUNCIL TO PROCEED GRADUALLY, PERHAPS BY FIXING SOME TIME LIMIT OR BY ASKING THE SECRETARY GENERAL TO PURSUE HIS GOOD OFFICES. MCHESTRY REPLIED, REMINDING THE GABONESE THAT THE U.S. WAS NOT ASKING SPECIFICALLY FOR CHAPTER VII AT THIS STAGE.

3. AFTER THE PROCEDURE HAD BEEN SETTLED, WALDHEIM GAVE ANOTHER RAMBLING ACCOUNT OF HIS RECENT ACTIVITY. HE MET THE AMERICANS' WISH (PARA 4 OF MY TELNO 1958) THAT HE SHOULD INFORM THE COUNCIL OF KHOMEINI'S REJECTION OF ANY ATTEMPTS AT MEDIATION. BUT HE DID THIS IN TERMS TOO MUTED FOR THE POINT TO HAVE MUCH IMPACT ON THE MEETING. HE THEN WENT ON TO DESCRIBE MEETINGS WHICH THE PAKISTANI FOREIGN MINISTER HAS HAD WITH KHOMEINI, QOTBZADEH AND BEHESHTI DURING HIS CURRENT VISIT TO TEHRAN. AGHA SHAHI HAD TOLD WALDHEIM THAT HE HAD FOUND KHOMEINI STILL SUSPICIOUS OF THE UN AND SCORNFUL OF THE EFFECTIVENESS OF ANY ACTION THE SECURITY COUNCIL MIGHT TAKE. AGHA SHAHI HAD ASKED KHOMEINI ABOUT A POSSIBLE VISIT BY WALDHEIM TO TEHRAN. KHOMEINI HAD REPLIED THAT HE RESPECTED THE SECRETARY GENERAL BUT COULD NOT PROMISE THAT SUCH A VISIT WOULD HAVE ANY RESULTS. IN SUBSEQUENT CONVERSATIONS WITH QOTBZADEH AND BEHESHTI, AGHA SHAHI HAD PURSUED THE POSSIBILITY OF A VISIT BY WALDHEIM: THESE TALKS WERE STILL GOING ON. ACCORDING TO WALDHEIM, QOTBZADEH AND BEHESHTI WANTED TO ESCAPE FROM THE PRESENT IMPASSE BUT LACKED KHOMEINI'S SUPPORT FOR THIS.

4. MCHESTRY IS FURIOUS WITH WALDHEIM FOR HAVING MADE THIS INTERVENTION. HE MAINTAINS THAT THERE IS NO EVIDENCE AT ALL THAT AGHA SHAHI'S VISIT OFFERS ANY WAY FORWARD. BUT WALDHEIM HAS NOW MADE IT POSSIBLE FOR KUWAIT AND OTHERS TO ARGUE THAT EVEN THE FIRST STEP OF THE AMERICANS'S TWO-STEP APPROACH IS PREMATURE.

5. WE HAVE HAD DIFFERING ACCOUNTS FROM THE AMERICANS OF THEIR MEETING WITH CLARK (NIGERIA) THIS AFTERNOON AND IT IS NOT CLEAR WHETHER HE HAS AGREED TO STAGE-MANAGE THE AMERICAN DRAFT. NOR IS IT CLEAR WHAT WILL HAPPEN AT THE COUNCIL'S FORMAL MEETING TOMORROW AFTERNOON, IF IT TAKES PLACE. IF BY THEN A DRAFT RESOLUTION HAS BEEN MORE OR LESS AGREED (WHICH I THINK UNLIKELY) I WOULD PROBABLY HAVE TO SPEAK, ON THE LINES INDICATED IN PARA 2 OF MY TELNO 1967. IF NOT, THE MEETING MIGHT SIMPLY HEAR A STATEMENT BY VANCE AND THEN ADJOURN. THE GABONESE HAS ASKED THAT THESE

...AFTERNOON, IF IT TAKES PLACE. IF BY THEN  
A DRAFT RESOLUTION HAS BEEN MORE OR LESS AGREED (WHICH I  
THINK UNLIKELY) I WOULD PROBABLY HAVE TO SPEAK, ON THE LINES  
INDICATED IN PARA 2 OF MY TELNO 1967. IF NOT, THE MEETING MIGHT  
SIMPLY HEAR A STATEMENT BY VANCE AND THEN ADJOURN. THE GABONESE  
HAS AGREED THAT THERE SHOULD BE NO MEETING SUNDAY BECAUSE OF THE  
GABONESE ELECTIONS THAT DAY, WHICH HE HAS TO CONDUCT ON BEHALF OF  
THE LOCAL GABONESE COMMUNITY OF ELEVEN (EXCLAM). THE LIKELIHOOD  
IS TRUE THAT I SHALL NOT HAVE TO SPEAK UNTIL MONDAY, BUT I SHALL  
BE READY TO DO SO TOMORROW IF APPROPRIATE.

PERSONS

PS 43  
 PS/SIR I. GILMOUR  
 PS/MR HURD  
 PS/PUS  
 MR J C MOBERLY  
 LORD BRIDGES  
 HD/MED  
 HD/FRD  
 HD/NENAD  
 HD/UND (2)  
 HD/OID (2)  
 HD/DEF DEPT  
 HD/MAED  
 HD/ES & SD (2)  
 HD/CONS-DEPT  
 Sir D. Taitland  
 HD/POD  
 Miss Evans  
 MISS BROWN  
 PUSD (2)  
 NEWS DEPT  
 RESIDENT CLERK  
 Hd COD

PS NO 10 DOWNING ST  
 SIR R ARMSTRONG )  
 ASSESSMENTS STAFF ) CABINET  
 MR LE CHEMANT ) OFFICE

CABINET OFFICE DIO  
 MR F R BARRATT TREASURY  
 ps/chancellor, Treasury  
 Mr DJS Hancock, Treasury.  
 Mr C.W. McTahan } B/England  
 Mr S Payton }  
 Mr W Knighton, D/Trade  
 Mr C Benjamin, DOI.  
 Mr D & B Jones } D/Energy  
 Mr C Lucas }  
 I

SECRET

DESKBY PARIS 290900Z  
 FM UKMIS NEW YORK 282123Z DEC 79  
 TO FLASH FCO  
 TELEGRAM NUMBER 1968 OF 28 DECEMBER  
 INFO FLASH TEHRAN IMMEDIATE WASHINGTON PARIS

*Ami Smith*

MIPT: IRAN

TEXT OF THE DRAFT RESOLUTION IS AS FOLLOWS:

THE SECURITY COUNCIL,  
 GRAVELY CONCERNED OVER THE INCREASING TENSIONS BETWEEN IRAN AND  
 THE UNITED STATES OF AMERICA CAUSED BY THE PROLONGED DETENTION  
 OF AMERICAN DIPLOMATIC PERSONNEL IN IRAN IN VIOLATION OF INTERNAT-  
 IONAL LAW AND THE DANGEROUS CONSEQUENCES FOR ALL STATES,

RECALLING THE APPEAL MADE BY THE PRESIDENT OF THE SECURITY  
 COUNCIL ON 9 NOVEMBER 1979 (S/13616), WHICH WAS REITERATED ON  
 27 NOVEMBER 1979 (S/136252), AND SCR 457 (1979) OF 4 DECEMBER 1979,

HAVING TAKEN NOTE OF THE LETTERS DATED 13 NOVEMBER 1979 AND  
 1 DECEMBER 1979 CONCERNING THE GRIEVANCES AND VIEWS OF IRAN  
 (S/13626 AND S/13671, RESPECTIVELY),

RECALLING ALSO THE LETTER FROM THE SECRETARY GENERAL DATED



RECALLING ALSO THE LETTER FROM THE SECRETARY GENERAL DATED 25 NOVEMBER 1979 STATING THAT, IN HIS VIEW, THE PRESENT CRISIS POSES A SERIOUS THREAT TO INTERNATIONAL PEACE AND SECURITY (S/13646),

TAKING INTO ACCOUNT THE ORDER OF THE INTERNATIONAL COURT OF JUSTICE OF 15 DECEMBER 1979 CALLING ON IRAN TO ENSURE THE IMMEDIATE RELEASE OF ALL PERSONS OF UNITED STATES NATIONALITY HELD HOSTAGE (S/13697),

NOTING THE REPORT OF THE SECRETARY GENERAL DATED 22 DECEMBER 1979 (S13704),

MINDFUL OF THE OBLIGATION OF STATES TO SETTLE THEIR INTERNATIONAL DISPUTES BY PEACEFUL MEANS IN SUCH A MANNER THAT INTERNATIONAL PEACE AND SECURITY, AND JUSTICE, ARE NOT ENDANGERED,

CONSCIOUS OF THE RESPONSIBILITY OF STATES TO REFRAIN IN THEIR INTERNATIONAL RELATIONS FROM THE THREAT OR USE OF FORCE AGAINST THE TERRITORIAL INTEGRITY OR POLITICAL INDEPENDENCE OF ANY STATE, OR IN ANY OTHER MANNER INCONSISTENT WITH THE PURPOSES OF THE UNITED NATIONS,

1. CONDEMNS THE NON-COMPLIANCE BY IRAN WITH SECURITY COUNCIL RESOLUTION 457 (1979) AND THE ORDER OF THE INTERNATIONAL COURT OF JUSTICE OF 15 DECEMBER 1979 (S/13697),

2. DEMANDS THAT THE GOVERNMENT OF IRAN RELEASE FORTHWITH THE PERSONNEL OF THE EMBASSY OF THE UNITED STATES OF AMERICA HELD IN TEHRAN, TO PROVIDE THEM PROTECTION AND TO ALLOW THEM TO LEAVE THE COUNTRY:

3. REAFFIRMS THE GOOD OFFICES OF THE SECRETARY GENERAL:

4. REQUESTS THE SECRETARY GENERAL TO THIS END TO PROCEED TO IRAN TO FACILITATE THE TAKING OF THE ACTIONS CALLED FOR IN PARAGRAPH 2 AND TO REPORT BACK BY ... JANUARY 1980:

5. DECIDES THAT IF THE GOVERNMENT OF IRAN DOES NOT COMPLY WITH PARAGRAPH 2 OF THIS RESOLUTION SQUARE BRACKETS BEGIN BY ... JANUARY 1980 END SQUARE BRACKETS THE SECURITY COUNCIL WILL IMMEDIATELY TAKE EFFECTIVE MEASURES UNDER ARTICLES 39 AND 41 OF CHAPTER VII OF THE CHARTER OF THE UNITED NATIONS.

IRAN: ADVANCE COPIES

5/17  
42

PS +3  
PS/SIR I GILMOUR  
PS/MR HURD  
PS/PUS  
MR J C MOBERLY  
LORD BRIDGES  
HD/MED  
HD/FRD  
HD/NENAD  
HD/UND (2)  
HD/OID (2)  
HD/DEF DEPT  
HD/MAED  
HD/ES & SD (2)  
HD/CGNS-DEPT  
S. D. (Taitland)  
HD/POB  
EVANS  
MISS BROWN  
PUSD (2)  
NEWS DEPT  
RESIDENT CLERK  
Hd cod

PS NO 10 DOWNING ST  
SIR R ARMSTRONG )  
ASSESSMENTS STAFF ) CABINET  
MR LE CHEMINANT ) OFFICE

CABINET OFFICE DIO  
MR F R BARRATT TREASURY

ps/chancellor, Treasury  
Mr DTS Hancock, Treasury

Mr C. W. McMahon } B/England  
Mr S Payton }

Mr W Knighton, D/Trade  
Mr C Benjamin, DOI.

Mr D & B Jones } D/Govt  
Mr C Lucas }

GR 250

SECRET

DESKBY PARIS 290900Z

FM UKMIS NEW YORK 282231Z DEC 79

TO FLASH FCO

TELEGRAM NUMBER 1967 OF 28 DECEMBER

INFO FLASH TEHRAN IMMEDIATE WASHINGTON PARIS

*Ans!*

MIPT AND YOUR TELNO 830 TO TEHRAN: SANCTIONS AGAINST IRAN

1. THE EXACT TIMTABLE REMAINS UNCERTAIN. BUT MCHENRY MADE IT CLEAR THIS AFTERNOON THAT HE IS DETERMINED TO GET A RESOLUTION BY THE END OF THE YEAR AND THAT HE WOULD LIKE TO VOTE TOMORROW IF HE CAN GET IT.

2. THE NEW DRAFT DOES NOT CONTAIN AN EXPLICIT IMPOSITION OF SANCTIONS THOUGH IT DOES CONTAIN A COMMITMENT TO IMPOSE THEM IF IRAN FAILS TO RELEASE THE HOSTAGES. IF THE AMERICANS ARE GOING TO GET THIS RESOLUTION ADOPTED, THEY MAY HAVE TO ACCEPT A WEAKENING OF OPERATIVE PARA 5 IN ORDER TO REMOVE OR WATERDOWN THIS COMMITMENT. EVEN IF THIS DOES NOT HAPPEN, I THINK THAT IN MY STATEMENT IN THE DEBATE I WOULD BE ABLE TO SKATE OVER THE SANCTIONS POINT AND

EVEN IF THIS DOES NOT HAPPEN, I THINK THAT IN MY STATEMENT IN THE DEBATE I WOULD BE ABLE TO SKATE OVER THE SANCTIONS POINT AND FOLLOW THE LINES OF THE STATEMENT I MADE ON 4 DECEMBER IE AN APPEAL TO THE IRANIANS TO RELEASE THE HOSTAGES AND SOME EXPRESSION OF UNDERSTANDING OF THE FACT THAT THEY HAVE DEEPLY HELD GRIEVANCES.

3. YOU AND SIR J. GRAHAM WILL NO DOUBT WISH TO CONSIDER WHETHER THIS NEW SCENARIO HERE MEETS THE CONDITIONS IN PARA 2 OF YOUR TELEGRAM UNDER REFERENCE.

PARSONS

NNNN

IRAN: ADVANCE COPIES

42/6

3+3  
 PS/SIR I GILMOUR  
 PS/MR HURD  
 PS/PUS  
 MR J C MOBERLY  
 LORD BRIDGES  
 HD/MED  
 HD/FRD  
 HD/NENAD  
 HD/UND (2)  
 HD/OID (2)  
 HD/DEF DEPT  
 HD/MAED  
 HD/ES & SD (2)  
 HD/CONS-DEPT  
 HD/POB  
 MISS BROWN  
 PUSD (2)  
 NEWS DEPT  
 RESIDENT CLERK  
 Hd COD

PS NO 10 DOWNING ST  
 SIR R ARMSTRONG )  
 ASSESSMENTS STAFF ) CABINET  
 MR LE CHEMINANT ) OFFICE

CABINET OFFICE DIO  
 MR F R BARRATT TREASURY

ps/chancellor, Treasury  
 A-DTS Hancock, Treasury  
 Mr C.W. McTahan } B/England  
 Mr S Payton }  
 Mr W Knighton, D/Trade  
 Mr C Benjamin, DOI.  
 Mr D de B Torres } D/Guerry  
 Mr C Lucas }

*out*

*Prime Minister*

GR 650  
 SECRET  
 DESKBY PARIS 290900Z  
 FM UKMIS NEW YORK 282230Z DEC 79  
 TO FLASH FCG  
 TELEGRAM NUMBER 1966 OF 28 DECEMBER  
 INFO FLASH TEHRAN IMMEDIATE WASHINGTON PARIS  
 MY TELNO 1962 AND TELECON BRIDGES/GOULDING: SANCTIONS AGAINST  
 IRAN

*This confirms that  
 detailed proposals for  
 sanctions will not be  
 tabled on Monday.  
 So we have a little longer  
 to sort them out.*

*TL  
 28/12*

1. I SAW MCHENRY AS SOON AS HE GOT BACK FROM WASHINGTON THIS  
 AFTERNOON. I STARTED BY SAYING THAT IT WAS AN INCONTESTABLE FACT  
 THAT, AFTER THE AMERICAN EMBASSY, THE BRITISH EMBASSY IN TEHRAN,  
 WAS AT FAR GREATER RISK THAN ANY OTHER WESTERN EMBASSY. THE EVENTS OF  
 THE PAST YEAR HAD DEMONSTRATED THIS. HE WOULD KNOW THE HISTORICAL  
 BACKGROUND. THEREFORE, YOU HAD DECIDED THAT SIR J GRAHAM  
 SHOULD WITHDRAW HIS MISSION BEFORE I SPOKE ON SANCTIONS IN THE  
 SECURITY COUNCIL. IT WOULD OBVIOUSLY BE PARTICULARLY VALUABLE TO  
 HAVE AS MUCH ADVANCE WARNING, PRIVATELY IF NECESSARY, OF THE TIME-  
 TABLE THE AMERICANS HAD IN MIND. I THEN WENT OVER THE POINTS SIR M  
 HENDERSON HAD MADE TO VANCE (WASHINGTON TELNO 4376). FINALLY I  
 SAID THAT I HAD JUST RECEIVED WORD THAT YOU AND THE PRIME  
 MINISTER ATTACHED THE GREATEST IMPORTANCE TO THE AMENDMENTS IN  
 YOUR TELNOS 1007 AND 1008. THESE WERE NOT UNUSUAL EVENTS

YOUR TELNOS 1027 AND 1008. THESE WERE NOT WRECKING ADMENTS; SOME OF THEM REFERRED TO WHAT FOR US WERE MAJOR POINTS OF PRINCIPLE; OTHERS WERE INTENDED HELPFULLY TO IMPROVE THE DRAFT AND MAKE IT EASIER FOR US AND OTHERS TO VOTE FOR IT. WE WENT OVER THE VARIOUS POINTS IN SOME DETAIL.

2. MCHENRY SAID THAT THE AMERICANS HAD NOW DECIDED TO GO FOR A TWO-STEP APPROACH. THIS WAS FOR FOUR MAIN REASONS:

(A) THE DIFFICULTY OF GETTING A VOTE BY MONDAY WITHOUT HAVING BEEN ABLE TO CIRCULATE A DRAFT RESOLUTION TODAY:

(B) THE NEED FOR TIME TO WORK OUT A TEXT WHICH TOOK ACCOUNT OF THE POINTS WE AND THE FRENCH HAD RAISED; SOME OF THESE WOULD NEED TO BE DECIDED QUOTE AT THE POLITICAL LEVEL UNQUOTE:

(C) THE FACT THAT FORCING A FULL SANCTIONS RESOLUTION THROUGH BY MONDAY WOULD HAVE REQUIRED THE EXPENDITURE OF MORE POLITICAL CAPITAL THAN WAS JUSTIFIED:

(D) THE CONCERN OF THE EMBASSIES OF THE NINE IN TEHRAN FOR THE SAFETY OF THEIR PERSONNEL.

3. MCHENRY THEN SHOWED ME THE DRAFT RESOLUTION IN MY SECOND IFT. HE WAS NOW WORKING TO GET THIS ADOPTED BY THE COUNCIL TOMMOROW IF POSSIBLE BUT AT THE LATEST BY MONDAY. HE HAD IT IN MIND THAT THE SECRETARY-GENERAL SHOULD BE ALLOWED ABOUT ONE WEEK TO GO TO IRAN AND REPORT BACK (OPERATIVE PARA 4). HE WAS UNDECIDED WHETHER TO INSERT THE DATE IN OPERATIVE PARAGRAPH 5 AS WELL AS IN PARAGRAPH 4; PERHAPS THE DEADLINE FOR THE IMPOSITION IF SANCTIONS WOULD BE BETTER STATED BY IMPLICATION ONLY.

4. MCHENRY SAID THAT HE WOULD PRESS ON MEANWHILE WITH THE NEGOTIATION OF A FULL SANCTIONS RESOLUTION. THE AMERICANS WOULD NOT HIDE THE FACT THAT ANYONE VOTING OFR THEIR RESOLUTION WOULD BE COMMITTED BY OPERATIVE PARA 5 TO SUBSEQUENTLY VOTING FOR SANCTIONS. A FURTHER ADVANTAGE OF THE TWO-STEP APPROACH WAS THAT IT WOULD REMOVE THE EXCUSE OF THOSE COUNTRIES WHO HAD BEEN ARGUING THAT IRAN SHOULD BE GIVEN A FURTHER PERIOD OF WARNING BEFORE SANCTIONS WERE IMPOSED.

5. AT A SUBSEQUENT MEETING OF THE WESTERN FIVE, MCHENRY CIRCULATED THE TEXT IF MIET AND MADE MOST OF THE POINTS HE HAD PREVIOUSLY MADE TO ME, THOUGH HE OMITTED THE ONE AT PARA 2 (C) ABOVE. HE EXPECTED THE SOVIET UNION, CZECHOSLOVAKIA AND KUWAIT TO ABSTAIN BUT HOOPED THAT THE OTHERS...



ABOVE. HE EXPECTED THE SOVIET UNION, CZECHOSLOVAKIA AND KUWAIT TO  
ABSTAIN BUT HOPED THAT THE OTHER MEMBERS OF THE COUNCIL WOULD  
VOTE IN FAVOUR. HE WOULD ASK CLARK (NIGERIA), WHOM HE WAS  
SEEING LATER THIS AFTERNOON, TO STAGE-MANAGE THE RESOLUTION.  
IF POSSIBLE HE WOULD TRY TO GET HIS TEXT CIRCULATED AS A WORKING  
PAPER AT THIS EVENING'S INFORMAL CONSULTATIONS SO THAT THERE  
WOULD BE NO PROCEDURAL OBSTACLE TO ITS BEING VOTED ON AT A FORMAL  
MEETING OF THE COUNCIL TOMORROW. VANCE WOULD ARRIVE IN NEW YORK  
THIS EVENING AND WOULD PROBABLY DELIVER THE U.S. STATEMENT.

6. I WILL REPORT FURTHER AFTER THIS EVENING'S INFORMAL CONSULTATIONS  
OF THE SECURITY COUNCIL.

7. SEE MY 2 LETS.

PARSONS

NNNN

IRAN: ADVANCE COPIES

45

PS  
PS/SIR I GILMOUR  
PS/MR HURD  
PS/PUS  
MR J C MOBERLY  
LOPD BRIDGES  
HD/MED  
HD/FRD  
HD/NENAD  
HD/UND (2)  
HD/OID (2)  
HD/DEF DEPT

HD/ES & SD (2)

Sm J Naftland

Ms EVANS

MISS BROWN (2)

PUSD

NEWS DEPT

~~RESIDENT CLERK~~

PS NO 10 DOWNING ST  
SIR R ARMSTRONG }  
ASSESSMENTS STAFF } CABINET  
MR R WADE GERY } OFFICE  
MR LE CHEMIGNANT  
MR P G FOWER (2)  
CABINET OFFICE DIO  
MR F R BARRATT } TREASURY  
PS/Chancellor }  
Mr D JS Hancock }

Mr CW McMahon } B/England  
Mr S Payton }

Mr W Knighton, Dpt of Trade

Mr C Benjamin, DOI.

Mr D de B Jones } D/Energy  
Mr C Lucas }

UNCLASSIFIED  
FM WASHINGTON 290120Z DEC 79  
TO ROUTINE F C O  
TELEGRAM NUMBER 4399 OF 28 DECEMBER  
INFO TEHRAN

MY TEL 4181 US/IRAN  
IRANIAN STUDENTS IN THE US

Referred to  
Cheynes  
29/12

1. THE US COURT OF APPEALS YESTERDAY OVER-RULED THE LOWER COURT DECISION THAT HAD PROHIBITED THE ADMINISTRATION FROM DEPORTING ANY IRANIAN STUDENTS FOUND TO BE IN THE US ILLEGALLY. THE COURT HELD THAT, IN ORDERING THE IMMIGRATION CHECKS ON IRANIAN STUDENTS, THE PRESIDENT WAS LEGITIMATELY EXERCISING HIS CONSTITUTIONAL POWER TO CONDUCT FOREIGN AFFAIRS WITHOUT INTERFERENCE FROM THE COURTS. LAWYERS FOR THE IRANIAN STUDENTS HAVE SAID THAT THEY WILL IN TURN APPEAL THIS RULING, AND MAY TAKE THE CASE TO THE SUPREME COURT.
2. THE JUSTICE DEPARTMENT HAVE RELEASED THE FOLLOWING FIGURES: OF THE 54,486 IRANIAN STUDENTS WHO HAVE SO FAR REPORTED TO IMMIGRATION OFFICIALS, 6,444 HAVE BEEN FOUND TO BE IN VIOLATION OF THEIR VISAS AND ARE THEORETICALLY CANDIDATES FOR DEPORTATION. 823 IRANIAN STUDENTS HAVE LEFT THE US VOLUNTARILY, 47 HAVE APPLIED FOR ASYLUM AND 13 HAD BEEN DEPORTED BEFORE THE PROHIBITION ON DEPORTATION WAS ORDERED BY A DISTRICT COURT JUDGE ON 11 DECEMBER.
3. AT A PRESS CONFERENCE AFTER THE APPEALS COURT DECISION ATTORNEY-

3. AT A PRESS CONFERENCE AFTER THE APPEALS COURT DECISION ATTORNEY-GENERAL CIVILETTI SAID THAT THE EXAMINATION OF IRANIAN STUDENTS WOULD CONTINUE QUOTE WITH THE HEARINGS AND THAT THE DUE PROCESS REQUIREMENTS WHICH APPLY TO WHICH ALL IRANIAN STUDENTS.... HAVE A RIGHT UNQUOTE HE WAS UNWILLING TO SPECULATE ON HOW MANY STUDENTS WOULD EVENTUALLY BE DEPORTED BUT SAID THAT 500-1000 WOULD PROBABLY LEAVE THE COUNTRY DURING THE NEXT FEW MONTHS. MOST OF THOSE WOULD BE VOLUNTARY DEPARTURES. MOST OF THOSE FOUND TO BE HERE ILLEGALLY WOULD REMAIN BECAUSE:

- A) A QUOTE SUBSTANTIAL NUMBER UNQUOTE HAD SOUGHT POLITICAL ASYLUM;
- B) OTHERS COULD CITE QUOTE HUMANITARIAN GOALS WHICH WOULD JUSTIFY UNQUOTE THEIR REMAINING, SUCH AS COMPLETING SCHOOL OR BEING MARRIED TO A LEGAL IRANIAN STUDENT;
- C) OTHERS WERE ILLEGAL ONLY IN THE SENSE OF A SMALL TECHNICAL VIOLATION, SUCH AS CHANGING FROM ONE COLLEGE TO ANOTHER AND FAILING TO REGISTER THE FACT.

#### HOSTAGES

4. THE WASHINGTON POST THIS MORNING CARRIES THE STORY THAT AMONG THE 7 QUOTE MISSING UNQUOTE HOSTAGES NOT SEEN BY THE AMERICAN CLERGYMEN AT CHRISTMAS WERE THE THREE ALLEGED BY THE IRANIANS TO BE CIA AGENTS: AHERN, DAUGHERTY AND KALP. ASKED TO COMMENT ON THIS REPORT, STATE DEPARTMENT SPOKESMAN THOMAS RESTON SAID QUOTE I WON'T DENY THAT STORY, BUT I WON'T CONFIRM IT EITHER UNQUOTE. MEANWHILE THE STATE DEPARTMENT ARE CONTINUING TO INSIST THAT THE CORRECT NUMBER OF HOSTAGES IS 50.

5. THE NEW YORK TIMES CARRIES A STORY THAT LAWYERS FROM FOUR LEADING US LAW FIRMS (TWO IN NEW YORK AND TWO IN WASHINGTON), WITH ENCOURAGEMENT FROM THE WHITE HOUSE, HAVE STARTED PREPARING FOR WHAT THEY DESCRIBE AS THE QUOTE CONTINGENCY UNQUOTE THAT THE HOSTAGES WILL BE PUT ON TRIAL. A PARTNER OF ONE OF THE FIRMS, COVINGTON AND BURLING, SAID ON 27 DECEMBER QUOTE THERE IS NO BASIS IN ANY LAW FOR A TRIAL OF ANY HOSTAGES, BUT WE THOUGH THAT AS A CONTINGENCY IT WOULD BE HELPFUL TO PREPARE ANY LEGAL DEFENCE THAT CAN BE DONE. I KNOW THAT THE JUSTICE DEPARTMENT, THE STATE DEPARTMENT AND THE WHITE HOUSE ARE AWARE OF OUR ACTIVITIES AND DID NOT DISAPPROVE UNQUOTE. LLOYD CUTLER, WHITE HOUSE COUNSEL DECLINED TO SAY WHETHER PRESIDENT CARTER HAD BEEN CONSULTED BUT SAID THAT THE OFFER FROM THE COMMITTEE FOR CIVIL RIGHTS UNDER LAW (WHO COMMISSIONED THE FOUR LAW FIRMS) HAD BEEN WELCOME. HE ACKNOWLEDGED THAT THERE WAS NO CERTAINTY THAT ANY AMERICAN LAWYERS WOULD BE ADMITTED TO AN ISLAMIC TRIAL: BUT IF ANY WERE TO BE ADMITTED THEY SHOULD BE PRIVATE LAWYERS - QUOTE WE FELT IT WAS NOT APPROPRIATE FOR THE GOVERNMENT TO APPEAR BEFORE SUCH A TRIBUNAL. THE GOVERNMENT COULD HARDLY TAKE PART IN A TRIBUNAL WHOSE LEGITIMACY IT CHALLENGES UNQUOTE.

IRAN: ADVANCE COPIES

PS  
 PS/SIR I GILMOUR  
 PS/MR HURD  
 PS/PUS  
 MR J C MOBERLY  
 LORD BRIDGES  
 HD/MED  
 HD/FRD  
 HD/NENAD  
 HD/UND (2)  
 HD/OID (2)  
 HD/DEF DEPT  
 HD/MAED  
 HD/ES & SD (2)  
 HD/GONS-DEPT  
 HD/POB  
 MISS BROWN  
 PUSD (2)  
 NEWS DEPT  
 RESIDENT CLERK  
 Hd COD

PS NO 10 DOWNING ST  
 SIR R ARMSTRONG )  
 ASSESSMENTS STAFF ) CABINET  
 MR LE CHEMINANT ) OFFICE

CABINET OFFICE DIO  
 MR F R BARRATT TREASURY  
 ps/chancellor, Treasury  
 Mr DJS Hancock, Treasury  
 Mr C.W. McTahan } B/England  
 Mr S Payton }  
 Mr W Knighton, D/Trade  
 Mr C Benjamin, DoI.  
 Mr D de B Jones } D/Energy  
 Mr C Lucas }

CONFIDENTIAL

FM WASHINGTON 290110Z DEC 79  
 TO IMMEDIATE F C O  
 TELEGRAM NUMBER 4397 OF 28 DECEMBER, 1979,  
 INFO IMMEDIATE UKMIS NEW YORK AND TEHRAN.

*referred to  
 Chegners  
 29/12*

IRAN: MY TELNO 4376.

1. VANCE ASKED ME TO CALL THIS EVENING, MAINLY TO TALK ABOUT AFGHANISTAN, WHICH I AM REPORTING SEPARATELY.

2. ON IRAN HE SAID THAT AFTER CAREFUL CONSIDERATION OF YOUR SUGGESTIONS THE PRESIDENT HAD DECIDED TO GO FOR U N SANCTIONS IN TWO STEPS. THE FIRST STEP WOULD BE TO TRY TO GET A RESOLUTION TOMORROW OR ON MONDAY 31 DECEMBER WHICH WOULD HAVE 5 OPERATIVE PARAGRAPHS, DEPLORING THE HOSTAGE TAKING, CALLING FOR THEIR RELEASE, RECONFIRMING THE ROLE OF THE SECRETARY GENERAL'S GOOD OFFICES AND CALLING FOR THE SECRETARY GENERAL TO OBTAIN THE RELEASE OF THE HOSTAGES BY A CERTAIN DATE. THE 5TH PARAGRAPH WOULD CALL FOR SANCTIONS UNDER SECTIONS 39 AND 41 (TO BE SPELT OUT IN A LATER RESOLUTION) IF THE HOSTAGES WERE NOT RELEASED BY THAT DATE. VANCE SAID THAT THEY WERE THINKING OF AN INTERVAL OF ABOUT ONE WEEK BEFORE GOING FOR THE SECOND RESOLUTION CALLING FOR SPECIFIC SANCTIONS. THIS SEEMS TO BE IN ACCORDANCE WITH

SEN. SECTIONS 39 AND 41  
(TO BE SPELT OUT IN A LATER RESOLUTION) IF THE HOSTAGES WERE NOT RELEASED BY THAT DATE. VANCE SAID THAT THEY WERE THINKING OF AN INTERVAL OF ABOUT ONE WEEK BEFORE GOING FOR THE SECOND RESOLUTION CALLING FOR SPECIFIC SANCTIONS. THIS SEEMS TO BE IN ACCORDANCE WITH YOUR AND THE PRIME MINISTER'S IDEAS. VANCE SAID THAT THE NIGERIANS WERE PREPARED TO ACCEPT THIS PROCEDURE AND MCHENRY HOPED THAT THEY WOULD GET 12 VOTES IN FAVOUR OF THE FIRST RESOLUTION.

3. VANCE SAID THAT THIS WOULD GIVE US QUOTE SEVERAL DAYS UNQUOTE TO RESOLVE DIFFERENCES ON THE BROADER SECOND RESOLUTION CALLING FOR SPECIFIC SANCTIONS. HE SAID HE HAD DISCUSSED THIS WITH YOU ON THE TELEPHONE. HE WOULD BE GOING TO NEW YORK THIS EVENING AND HOPED, AMONG OTHER THINGS, TO BE ABLE TO IRON OUT THE DIFFERENCES BETWEEN US ON THE SECOND RESOLUTION WITH SIR A PARSONS OR PERHAPS WITH LORD BRIDGES IF HE CAME OUT FROM LONDON.

HENDERSON

NNNN



+ 37

Typist 15

IRAN: ADVANCE COPIES

PS  
 PS/SIR I GILMOUR  
 PS/MR HURD  
 PS/PUS  
~~MR J C MOBERLY~~  
 LORD BRIDGES  
 HD/MED  
 HD/FRD  
 HD/NENAD  
 HD/UND (2)  
 HD/OID (2)  
 HD/DEF DEPT  
 HD/MAED  
 HD/ES & SD (2)  
 HD/COHS-DEPT  
 S. D. (Taitland)  
 HD/PDP  
 REEVANS  
 MISS BROWN (2)  
 PUSD  
 NEWS DEPT  
 RESIDENT CLERK

PS NO 10 DOWNING ST  
 SIR R ARMSTRONG )  
 ASSESSMENTS STAFF ) CABINET  
 MR LE CHEMINANT ) OFFICE

CABINET OFFICE DIO  
 MR F R BARRATT TREASURY  
 ps/chancellor, Treasury  
 Mr D J S Hancock, Treasury  
 Mr C. W. McTahon } B/England  
 Mr S Payton }  
 Mr W Knighton, D/Trade  
 Mr C Benjamin, DOI.  
 Mr D de B Jones } D/Kew  
 Mr C Lucas }

*ms*

ADVANCE COPY

GRS 315

SECRET

FROM PARIS 281735Z DEC 79

TO IMMEDIATE F C O

TELEGRAM NUMBER 1020 OF 28 DECEMBER 1979

INFO IMMEDIATE WASHINGTON AND UKMIS NEW YORK

IMMEDIATE

MY TELNO 1021 : IRAN

1. M DE LEUSSE WAS CALLED AWAY FROM PARIS THIS AFTERNOON BEFORE HE COULD TELEPHONE ME, BUT THE FOREIGN MINISTER HIMSELF TELEPHONED ME WITH REFERENCE TO MY CONVERSATION WITH THE SECRETARY GENERAL THIS MORNING. HE SAID THAT THE FRENCH AMBASSADOR AT LONDON HAD BEEN INSTRUCTED TO CONVEY TO YOU SOME OBSERVATIONS BY THE FRENCH GOVERNMENT.

2. AS FAR AS FRANCE WAS CONCERNED THEY HAD CONCENTRATED THEIR ATTENTION ON TWO ASPECTS OF THE PROBLEM, FIRST ON THE QUESTION OF TIMING AND SECOND ON CERTAIN DETAILS OF THE TEXT WHICH THE AMERICANS HAD BEEN CANVASSING. THE DETAILS OF THE TEXT HAD OCCUPIED MOST OF THEIR ATTENTION AND THEIR COMMENTS ON THIS WOULD BE AVAILABLE IN LONDON AND NEW YORK. AS REGARDS TIMING, THEY FELT THAT IT SHOULD BE DETERMINED IN RELATION ENTIRELY TO THE PROSPECTS OF

2. AS FAR AS FRANCE WAS CONCERNED THEY HAD CONCENTRATED THEIR ATTENTION ON TWO ASPECTS OF THE PROBLEM, FIRST ON THE QUESTION OF TIMING AND SECOND ON CERTAIN DETAILS OF THE TEXT WHICH THE AMERICANS HAD BEEN CANVASSING. THE DETAILS OF THE TEXT HAD OCCUPIED MOST OF THEIR ATTENTION AND THEIR COMMENTS ON THIS WOULD BE AVAILABLE IN LONDON AND NEW YORK. AS REGARDS TIMING, THEY FELT THAT IT SHOULD BE DETERMINED IN RELATION ENTIRELY TO THE PROSPECTS OF ASSEMBLING A MAJORITY OF NINE VOTES. THE IMPORTANT THING WAS TO ASSEMBLE THE MAJORITY. IN THIS CONTEXT THEY WERE ATTRACTED BY THE IDEA OF A TWO-STAGE APPROACH WHICH YOU FAVOUR (IE ARTICLE 39 FIRST AND ARTICLE 41 LATER), BUT IN GENERAL THEIR ATTITUDE WAS THAT THEY WOULD FAVOUR ANY PROCEDURE WHICH ATTRACTED A MAJORITY. THEY FELT THAT THE PRESENT TIME WAS ONE IN WHICH IT WAS MOST IMPORTANT TO GIVE FIRST PRIORITY TO SOLIDARITY WITH THE UNITED STATES. THEY HOPED THAT THE UNITED STATES WOULD ACCEPT THIS SOLIDARITY IN WHATEVER FORM ASSURED A MAJORITY FOR A RESOLUTION IN THE SECURITY COUNCIL.

3. M FRANCOIS-PONCET ADDED THAT IT WAS THE FRENCH GOVERNMENT'S INTENTION TO REDUCE THE PERSONNEL OF THE FRENCH EMBASSY AT TEHRAN IN COMING DAYS AND TO ENCOURAGE AN IMPORTANT THINNING OUT OF THE REMAINING FRENCH COMMUNITY IN IRAN. THEY HAD NO THOUGHT OF SUSPENDING THE ACTIVITY OF THEIR MISSION OR WITHDRAWING IT.

4. FCO PLEASE REPEAT TO TEHRAN IF THOUGHT NECESSARY.

HIBBERT

NNNN

SENT 281826Z BC

SECRET



10 DOWNING STREET

From the Private Secretary

28 December 1979

*Dr Paul.*

President Carter telephoned the Prime Minister at 1745 hours today. The following is a summary of their conversation as it related to developments in Iran.

President Carter said that the amendments that we had suggested to their draft paragraphs on sanctions for the UN Resolution were causing great difficulty. He hoped that we would not insist on them. There were three amendments in particular which were causing problems. One of them concerned the joint ownership of Iranian flag ships; but the Administration was willing for a change in their draft text to allow such ships to carry oil. A second point concerned the problem of extra-territoriality; and it seemed unlikely that this could be resolved within the next few days. There was a third point, but he could not remember what this was.

The Prime Minister agreed that it would be difficult to resolve the extra-territoriality question. But the other suggested amendments were, as far as she was aware, of a technical nature which were necessary if the American proposals were to be effective within our law. They were certainly not intended as wrecking amendments, and she hoped that any remaining differences over them could be quickly resolved by Mr. Vance and Lord Carrington and by their respective officials.

The Prime Minister then asked the President whether he thought he would be able to obtain the requisite number of votes in the Security Council. The President replied that he thought he would on the basis of the two-stage approach which the National Security Council had, at their meeting earlier today, decided upon. Under this approach, they would seek approval on Monday for a Resolution which would call upon the Secretary General to negotiate the freeing of the hostages - and failing which, after five or six days, sanctions would come into force. This approach would not only make it easier to get the necessary votes, it would also enable the Iranians to save face if they wanted to do so. His own judgement was that Khomeini did not wish to yield at all, but some other members of the Revolutionary Council were showing some willingness to move. The Prime Minister said that the two-stage approach outlined by the President seemed advisable since it would give the Iranians some incentive to release the hostages.

SECRET

/ The President

*MF*  
*14*  
*to Paul*

SECRET

-2-

The President thanked the Prime Minister for her help. He would be telephoning Herr Schmidt, President Giscard and Prime Minister Cossiga to discuss the Iranian situation with them also.

I am sending a copy of this letter to Tony Battishill (HM Treasury), Bill Burroughs (Department of Energy), Stuart Hampson (Department of Trade), John Beverly (Bank of England) and Martin Vile (Cabinet Office).

*Tom W.*

*Tim Leher.*

Paul Lever Esq  
Foreign and Commonwealth Office

SECRET

78

CONFIDENTIAL

*to [unclear]*

NOTE FOR THE RECORD

The Prime Minister spoke with Lord Carrington after her conversation with President Carter. She said that she had now had an opportunity to look at the detailed amendments which we were suggesting to the American text. She had told the President that these were merely technical amendments (i.e. apart from the problem of extra-territoriality), but she now felt that some of them were a good deal more than this. In particular, unless the necessary change were made to deal with the problem of jointly owned Iranian flagships, British lives could be at stake. Also, unless the necessary changes were made in the export credit provisions, ECGD could be at severe risk. Although in the last analysis we would have to support the Americans, we ought to do everything possible to sort these problems out. The President had indicated that they were going for a two stage approach: this ought to give rather more time to settle the details of the sanctions. But we still ought to move quickly; and she suggested that Lord Bridges might go over to New York to negotiate. Other countries would no doubt have similar problems, and we ought to concert with them.

Lord Carrington said that we ought not to allow the Americans to "railroad" us. We ought to express our views strongly and sort these problems out to our satisfaction. It would be worth concerting with the French, who appeared to have similar difficulties. It would probably be best for Sir Anthony Parsons to take the lead with the help if necessary of Mr. Ryrie; but Lord Bridges could of course go over to New York if necessary..

The Prime Minister then said that it would be much better if the Americans had included oil purchases from Iran and food exports to Iran in their embargo proposals. Without these, sanctions would not be effective. Lord Carrington said that there was some evidence that McHenry held the same

/view

CONFIDENTIAL



CONFIDENTIAL

-2-

view, but the President seemed to have decided what he wanted to do, and there was no point in trying to persuade him to shift his ground at this stage.

They then spoke briefly about President Carter's suggestions concerning Afghanistan - and in particular his proposal that we might take the lead in mounting an initiative at the Security Council. Lord Carrington said that it would be better to get a Western consensus - i.e. with the French and the Portuguese - rather than take the initiative on our own. The FCO would be putting forward advice on this later, together with a draft message for the Prime Minister to send to Breznev. Lord Carrington also questioned whether a meeting of the North Atlantic Council would be an appropriate forum for discussing Afghanistan. The Prime Minister said that this possibility should not be ruled out: she<sup>and</sup> or Lord Carrington would need to discuss this with Mr. Warren Christopher.

Later the Prime Minister spoke again to Lord Carrington on the telephone after his conversation with Mr. Vance (recorded in Paul Lever's note of today's date). Lord Carrington summarised their conversation. The Prime Minister asked whether, in the light of the initiative to get the Secretary General into Tehran, we should still evacuate the remaining members of our embassy. She was inclined to let them stay for the time being: assuming Mr. Waldheim went to Tehran, it was most unlikely our staff would be taken hostage while he was there. The Prime Minister and Lord Carrington agreed that the contingency plans for their evacuation should remain in place, but that the FCO should now ask Sir John Graham for his own advice on whether or not they should stay.

28 December 1979

7.

CONFIDENTIAL

SUBJECT

SECRET

cc Iran (S:12)

13

TELEPHONE CONVERSATION BETWEEN THE PRIME MINISTER AND THE PRESIDENT  
CARTER ON FRIDAY 28 DECEMBER 1979

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T180A/79T

Prime Minister: Hello, how are you?

President: Just fine. It's a great pleasure to talk to you.

Prime Minister: Well I know you have a very busy round of telephone calls and I think the right greeting is that I hope you have had a very happy christmas and a peaceful new year to us all.

President: Well you beat me to it, that was exactly what I was going to say to start with.

Prime Minister: And thank you for the marvellous visit that we had with you.

President: Let me tell you what I wanted to discuss with you. First of all we regard the Soviet intervention in Afghanistan as an extremely grave development. I would say similar in scope and permanent impact of what they did in Czechoslovakia. They have in effect changed a proper nation into a puppet nation and I think it/have profound strategic consequences on the stability of that entire region. Secondly I think that it is essential that we make this action as politically costly as possible to the Soviet Union. I don't think we can force them out but they have a very serious problem with the non-aligned movement in particular with the Moslem countries not only Pakistan and Iran, India and others of a similar nature in the region but also I think with the entire non-aligned movement and I intend to call on these countries, the Moslem countries and the non-aligned countries to speak out. The next thing is that . . . PM interrupts . . . with SALT independently of what happened in Afghanistan but we are not going to let our concern about SALT interfere with a strong move to condemn the Soviets about what they have done in Afghanistan. I don't think we can afford to let them get away with this, with impunity. But we are prepared to carry it all away to the United Nations in the next number of days but because of our own efforts in getting the Security Council to vote on Iran as regards to the hostages it is probably not advisable for us to take the initiative with the United Nations. There are others that can do this. You all or maybe China or some of the non-<sup>aligned</sup> countries. And the last point I would like to

SECRET

/ make is

SECRET

- 2 -

make is I think we ought to dramatise our concern. We would like very much to have an automatic council meeting just on the Afghanistan question. And I would like to send a high level person to meet maybe even this weekend and preferably this weekend to decide how we as a body are going to address the issue.

Prime Minister: Yes well good. I shall be about and Peter Carrington will because it so happens that I am seeing him on Sunday.

President: That's good.

Prime Minister: So certainly one would be very welcome here. And it so happens that Peter and I will be meeting on Sunday.

President: OK. Do you agree that we ought to get the North Atlantic Council together.

Prime Minister: Oh I think so. I think so. I think when something like this occurs the important thing is to act right at the beginning.

President: Yes so do I. I think that the Soviets have gotten away with it already maybe for too many hours. We have been raising as you may have noticed our concern about the Soviet military movements now for two or three weeks.

Prime Minister: Yes. I know you notice that we . . .

President: continuing . . at Secretary of State level but I am probably going to make my concern known to the American press personally this afternoon - I haven't yet decided about that - and we have all a real need I think to let the Soviets know how serious it is. We have got a message from the Germans and so I talked to Genscher this morning. They are extremely concerned about the future impact on countries like not only Pakistan but Romania, Yugoslavia, even the precedent that it establishes concerning the relationship with the Warsaw Pact countries towards our European allies. And so I think that we ought to weigh in very heavily.

Prime Minister: Well certainly we'll welcome anyone you send over. Tomorrow or the next day or the day after that. Just whenever he comes.

SECRET

SECRET

- 3 -

President: Well I'll probably send Warren Christopher. He's our top man second only to Cy.

Prime Minister: Yes

President: And I think that I'll suggest to Cy that he gives maybe Lord Carrington a call within the next few hours to discuss in some detail.

Prime Minister: Yes I will be calling Peter Carrington fairly quickly. He doesn't live very far away. We're both in the country and I'll call him. Warren Christopher will be coming and if Cy will call Peter then Peter and I can be in contact very quickly. I do think its important to act quickly.

President: Well so do I.

Prime Minister: What action we can take . . .

President: Cy will be delivering our Iran message to the United Nations Security Council personally and this will take his time tomorrow and the next day.

Prime Minister: Of course.

President: One of the things that has caused us some serious concern are the very extensive amendments that you all have requested on the Security Council Resolution and I would hope that you would not be so, excuse me using the word, adamant about these three items I think they are going to require a great deal of . . .

Prime Minister: What I wanted to make clear is that they are technical amendments as far as we are concerned because of our own legislation. They are technical but I'll get our boys to get on to you . . .

President: . . legality question I don't believe we can solve it within the next couple of days .

Prime Minister: No.

SECRET

/ President:

SECRET

- 4 -

President: And we have expressed ourselves willing to make a change in the Resolution to permit the jointly owned Iranian flag ships to carry their oil but the other points that would be very difficult for us to resolve within the next day or two.

Prime Minister: Who in your office could my technical boys get on to about this?

President: I think that can be worked out with Cy and No. 10 or Lord Carrington better than between you and me - I don't know that much about this.

Prime Minister: I asked exactly before when I knew you were telephoning I asked exactly about the details of the technical amendments and I haven't got the full details but they said look they are not wrecking in any way they are merely necessary but they might have to be unnecessary in view of what you said. They are merely advisable for us because of our own legislation.

President: I understand that. But I think there is no way that you and I in the next couple of days even if we met personally could resolve the extritoriality question. This is something that has been kicking around among the legal people for a long time.

Prime Minister: And we can't do it because they have raised cases before the courts.

President: And we can't do it in the Security Council either. But there were three points and that was one and another one that I recall was that there are, I think, ten ships that are jointly owned between your companies and Iran and five of them fly British flags and the other five fly the Iranian flag. That wouldn't be any problem for us we could make a quick change in the language and could accommodate your need on that. And I don't even recall what the other one is.

Prime Minister: No well I don't offhand.

President: No well I'll tell Cy to try to work it out with Lord Carrington.

SECRET

Prime Minister:



SECRET

- 5 -

Prime Minister: I'll tell him too.

President: I'll be calling Helmut and Giscard d'Estaing and the Prime Minister of Italy as well after I've got to talk to you but I wanted to talk to you first.

Prime Minister: Well that's very kind of you. Well I'll get them onto that and if they can't be dealt with then that's that.

President: I understand. Well thank you very much. We'll stay in close touch with you.

Prime Minister: All right. And very best wishes. I just hope that you 've got the requisite number of votes. Have you? Lined up?

President: Margaret I think we will have the requisite number of votes if we give some time for the Secretary General to work something out pending the imposition of the sanctions.

Prime Minister: I see you're going in two stages to get the approval for sanctions but suspension of the operations so as to give . . .

President: . . maybe for five, six days time.

Prime Minister: Yes I've got it.

President: And we have just finished our National Security Council meeting and this is what I have decided and we wouldn't want to announce this but I think that would bring aboard more than enough votes.

Prime Minister: I think its advisable, because I think it gives them some incentive to release them.

President: Yes it does and it lets them save face if they want to save face.

Prime Minister: That's right.

SECRET

/ President:

SECRET

- 6 -

President: My judgement is that Khomeini doesn't want to do anything but his Proletarian and other members of the Revolutionary Council - that's how I guess but there is no way to tell what he has in his own mind.

Prime Minister: Yes.

President: Well good luck and thank you very much.

Prime Minister: Well thank you very much. And please don't hesitate to get someone to ring me if it helps and I'll be on straightaway to Peter. I will look forward to receiving someone over the weekend.

President: One thing that you might . . . I'm going to send a personal message to Brezhnev, worded very strongly expressing our deep concern about this development and if you would consider doing that it would help.

Prime Minister: Right I will get onto it immediately.

President: And just well I'm here if you need to call me.

Prime Minister: All right Jimmy. Thank you very much. Thank you for phoning and all best wishes. Thank you. Goodbye.

SECRET

JEG  
CC: HMT

NOTE FOR THE RECORD

The Prime Minister held a meeting at 2000 hours on Friday 21 December to consider what response, if any, should be given to a request from the Governor of the Iranian Central Bank for an assurance that we would not freeze their assets. The Governor and the Deputy Governor of the Bank of England, Mr. Alexander and I were present for the whole meeting; the Foreign and Commonwealth Secretary and the Chancellor of the Exchequer were present for the first part of it (but not when the final text of the message - see below - was agreed).

The Governor first reported on his meeting earlier that evening with Mr. Nobari, the Governor of the Iranian Central Bank. Mr. Nobari had given him a detailed and essentially correct account of events leading up to the Presidential Order. He had then spoken to Mr. Nobari on the following lines. He (Mr. Nobari) had indicated what the Iranians regarded as unlawful action, i.e. the freezing of assets, but he had not mentioned the unlawful acts which Iran had embarked on against the Americans. The two issues had to be considered together. If there was to be a return to normality on the assets question, the hostages must clearly be freed first.

The Governor said that he had then gone on to ask Mr. Nobari about his intentions in coming to London. It seemed that London banks were receiving telexes from Iran requesting the withdrawal of timed deposits in advance of their maturity dates.

Commenting on this, Mr. Nobari had said that Iran "needed the money". But he also indicated that Iran was intent on getting support from Algeria and Libya - and it was partly for this purpose that they were trying to move funds out of London to these countries. Nobari had also said that he had called on Chancellor Kreisky, who had - so he said - been sympathetic. It was no coincidence, therefore, that they were also moving funds - though to a smaller extent - to Austria.

/ Nobari

Nobari had gone on to say that any further action against Iran would simply make the hostage situation worse. He was trying to use what influence he had to get them released, as were others on the Revolutionary Council.

Nobari had asked why our courts were taking any notice of the Presidential Order. He felt that political influence was being brought to bear on them to support the Americans. He (the Governor) had replied that U.S. banks in London might refuse the withdrawal of deposits, but it was open to Iranian depositors to sue in our courts against them. He had of course denied that there was any political influence being brought to bear.

Nobari had finally said that he was afraid, in the light of what the Prime Minister had said in the USA, that we too would freeze Iranian assets. He therefore wanted an assurance from the Prime Minister's Office that we would not do so.

The Governor had replied that the Prime Minister had already made it clear that we do not have the power to freeze assets for political reasons; but he had refrained from saying that there were no circumstances in which we would freeze.

The Governor then said there were no circumstances from a narrow economic and financial point of view in which he would recommend freezing Iran's assets. The Iranians only held about \$300 million of deposits in London denominated in sterling; hence, the withdrawal of this money would have little effect on our reserves or on the exchange rate. But action to freeze Iran's assets would immediately cause concern amongst other Governments which held large deposits in sterling. They would probably withdraw their funds, and this would have a serious effect on sterling.

The Governor went on to say that he was in two minds as to whether we should give Nobari any kind of assurance. It was clearly impossible to rule out freezing altogether - since we might conceivably wish to do so for political reasons or if called upon to do so by a Chapter 7 Resolution. To give a qualified

/ assurance

assurance might frighten the Iranians into taking their funds out. On the other hand, given that Nobari had specifically asked for an assurance, to say nothing could also have a damaging effect. He himself was inclined to the view that it would be better to say nothing, though the choice was finely balanced.

The Prime Minister, supported by the Deputy Governor, said that in her view it would be better to "come clean" and give an assurance - but setting out the circumstances in which the assurance would not hold. After a lengthy discussion, the attached text was agreed. It was also agreed that it would be better for the Governor to speak to Nobari again, rather than the Prime Minister or someone in her Office.

The Governor then tried to telephone Nobari, but was unable to contact him at his hotel.

It was left that the Governor would try to contact him the following morning, subject to our receiving the text of the American proposals for Chapter 7 action and the possibility - in the light of this text - that it might after all be inadvisable to contact Nobari again. In the event, the text of the American proposals did not arrive on Saturday morning, and when the Governor tried to telephone Nobari (at about 1015 hours) Nobari had already left for Washington. The Governor then advised us that it would, in his view, be better not to "chase" Nobari with a telephone call to Washington: this would seem as if we were panicking. I put this to the Prime Minister, and she agreed that we should let matters rest.

R.



You have asked for clarification of the Government's position.

Let me start by making it quite clear that none of these questions would arise if the American hostages had not been taken.

But I have made enquiries, and I can confirm that HMG would not contemplate blocking Iran's assets unless

- Iran grossly violated her obligations to us;

or

- the United Nations by mandatory resolution specifically required all nations to do so.

X  
There would of course be no question of action by the United Nations if the hostages were released.

IMMEDIATE

ADVANCE COPY

F-C-O

UKMIS NEW YORK

OO TEHRAN (DESKBY 280630Z)

OO PARIS

GR 500

PS  
PS/LRS  
R/M Hurd  
~~PS~~  
Ld Bridges  
M Evans  
ML J C Mohrly  
Hls J MED  
N Am & Ad/und  
FRD  
DIO Cabinet Office

(+ 10)<sup>12</sup>

Not faxed  
to chequers

(Dept)

SECRET

DESKBY 280630Z TEHRAN

FM WASHINGTON 280130Z DEC 79

TO IMMEDIATE F C O

TELEGRAM NUMBER 4376 OF 27 DECEMBER 1979,

INFO IMMEDIATE UKMIS NEW YORK, TEHRAN, PARIS.

[Copies sent to R. C. and  
Emergency Room]

in sum *[signature]*

YOUR TELNOS 1990 AND 1991: IRAN

1. I SAW VANCE TODAY AND PUT TO HIM THE PRIME MINISTER'S AND YOUR PREFERENCE FOR A SLOWER TWO-STAGE APPROACH TO THE SECURITY COUNCIL. I UNDERLINED THE DANGER THAT A RUSHED SANCTIONS RESOLUTION MIGHT FAIL TO GET ENOUGH VOTES WHICH COULD MAKE THINGS MUCH MORE DIFFICULT FOR THE WEST. THE ADVANTAGE OF THE TWO-STAGE APPROACH WAS THAT THERE SHOULD BE LITTLE TROUBLE IN GETTING A RESOLUTION THROUGH UNDER ARTICLE 39 AND THIS WOULD PUT THE IRANIANS ON NOTICE THAT THEY HAD TO RELEASE THE HOSTAGES OR ELSE THERE WOULD BE A FURTHER RESOLUTION UNDER ARTICLE 41 WITH SPECIFIC SANCTIONS. IN THE MEANTIME THERE WERE ADDITIONAL MEASURES THAT COULD BE TAKEN SUCH AS A VISIT TO KHOMEINI BY THE COMMUNITY AMBASSADORS. MOREOVER THERE WOULD BE TIME TO RALLY MORE SUPPORT FOR A SANCTIONS RESOLUTION. IN OUR OPINION THE COMPOSITION OF THE SECURITY COUNCIL WOULD BE NO WORSE NEXT YEAR THAN IT IS NOW.
2. VANCE TOOK CAREFUL NOTE. HE REFERRED TO ANOTHER VARIANT OF THIS TWO-STAGE IDEA WHICH MCHENRY HAD PUT TO HIM, FOLLOWING DISCUSSIONS IN NEW YORK. THIS WAS THAT THEY WOULD PROCEED NOW I E BEFORE THE END OF THE YEAR, TO PUT THROUGH A RESOLUTION WITH SANCTIONS UNDER ARTICLE 41 (AND MCHENRY BELIEVED THAT THERE WERE THE VOTES FOR THIS); BUT IT WOULD BE MADE CLEAR THAT THE IMPLEMENTATION OF THIS RESOLUTION WOULD BE DELAYED FOR A CERTAIN TIME. I REPEATED OUR DOUBTS ABOUT TRYING TO PUSH A SANCTIONS RESOLUTION THROUGH IMMEDIATELY. VANCE SAID THAT HE WOULD CERTAINLY CONSIDER YOUR OPINION AND MENTION IT WHEN HE TALKED THE WHOLE THING OVER WITH THE PRESIDENT AND MCHENRY TOMORROW MORNING.

3. IN SUPPORT FOR THE VIEW THAT THE U S SHOULD BE ABLE TO MUSTER NINE VOTES FOR A SANCTIONS RESOLUTION, VANCE SAID THAT THE PRESIDENT WOULD BE TELEPHONING THE PRESIDENT OF NIGERIA AND THE PRIME MINISTER OF JAMAICA TOMORROW TO URGE THEIR SUPPORT AND PRESIDENT GISCARD D'ESTAING WOULD BE TELEPHONING THE PRESIDENT OF GABON.
4. AS REGARDS AMERICAN MOTIVES AND WHAT THEY INTEND DOING IF A SANCTIONS RESOLUTION FAILS, VANCE THAT THAT THEY WOULD LOOK TO THEIR FRIENDS TO TAKE THE ACTION ALONG THE LINES OF THE RESOLUTION. VANCE GAVE NO HINT THAT THE U S WERE CONTEMPLATING ANY OTHER FORM OF ACTION, AT ANY RATE UNTIL THE SANCTIONS ROUTE HAD BEEN PROPERLY TESTED.
5. I LATER SPOKE TO BRZEZINSKI ON THE TELEPHONE ALONG THE SAME LINES. HIS FIRST REACTION WAS TO SAY THAT THIS WOULD BE SEEN BY THE AMERICAN PUBLIC, AS INDEED BY THE IRANIANS, AS A SIGN OF WEAKNESS. HE REITERATED THE AMERICAN VARIANT OF A TWO-STAGE APPROACH (PARA 2 ABOVE) AND SAID THAT HE THOUGHT IT PREFERABLE IN THAT IT WOULD NOT BE SEEN AS A CLIMB-DOWN. HE TOOK THE POINT THAT FAILURE TO ACHIEVE A SANCTIONS RESOLUTION COULD BE DAMAGING BUT SAID THAT IN THOSE CIRCUMSTANCES THE U S WOULD STILL HAVE TWO OPTIONS: THEY COULD LOOK TO THEIR FRIENDS TO ACT WITH THEM AS THOUGH THE RESOLUTION HAD BEEN PASSED, AND THEY COULD CONTEMPLATE UNILATERAL ACTION. I STRESSED TO BRZEZINSKI THE DIFFICULTIES THAT WE WOULD HAVE IN TAKING SOME OF THE ACTION REQUIRED UNDER SANCTIONS IN THE ABSENCE OF AN APPROVED SECURITY COUNCIL RESOLUTION. HE SAID HE FULLY UNDERSTOOD THIS.
6. I REPEATED OUT DOUBTS ABOUT THE CHANCE OF A SANCTIONS RESOLUTION GOING THROUGH AND OUR FEARS ABOUT THE CONSEQUENCES OF A FAILURE. BRZEZINSKI SAID THAT HE WOULD CERTAINLY DISCUSS THESE WITH HIS COLLEAGUES. BUT HE WAS DISTINCTLY LESS INCLINED TO TAKE THE POINT THAN VANCE.
7. I MENTIONED TO BOTH VANCE AND BRZEZINSKI THAT WE WOULD BE PULLING OUR REPRESENTATION OUT OF TEHRAN IN ADVANCE OF ANY SECURITY COUNCIL VOTE ON SANCTIONS (YOUR TELNO 1991).
8. I HAVE SUBSEQUENTLY SPOKEN TO THE FRENCH AMBASSADOR WHO IS GETTING IN TOUCH IMMEDIATELY WITH PARIS TO SUGGEST THAT THEY SUPPORT US IN OUR TWO-STAGE IDEA.

HENDERSON.

S E C R E T

SECRET  
FM F C O 271954Z DEC 79  
TO FLASH WASHINGTON  
TELEGRAM NO 1990 OF 27 DECEMBER  
AND TO FLASH UKHIS NEW YORK  
INFO FLASH TEHRAN IMMEDIATE PARIS

15.  
Pms

IRAN

1. THE PRIME MINISTER AND I HAVE CONSIDERED THE SITUATION TODAY IN THE LIGHT OF THE LATEST REPORTS. PLEASE APPROACH THE STATE DEPARTMENT AND WHITE HOUSE TODAY AT THE HIGHEST LEVEL YOU CAN REACH AND CONVEY TO THEM THE POINTS IN PARAGRAPHS 2 TO 3 BELOW. SIR R HIBBERT MAY GIVE THE GENERAL LINE ON OUR THINKING TO THE FRENCH THIS HAS BEEN DONE TODAY THROUGH THE FRENCH AMBASSADOR HERE, WHO IS CALLING ON ME AT HIS OWN REQUEST EARLY TOMORROW.

2. WE STAND ABSOLUTELY BY THE UNDERTAKING GIVEN BY THE PRIME MINISTER IN WASHINGTON TO SUPPORT THE AMERICANS IN AN APPROACH TO THE SECURITY COUNCIL FOR ACTION UNDER CHAPTER 7 OF THE CHARTER. BUT THE PRIME MINISTER MADE IT CLEAR IN INTERVIEWS IN WASHINGTON THAT ANY SUCH ACTION MUST BE RELATED TO THE OBJECTIVE OF SECURING THE RELEASE OF THE HOSTAGES. MEASURED BY THIS TEST THE DRAFT IN UKHIS NEW YORK TELEGRAM NUMBER 1952 AND THE PROPOSED AMERICAN TACTICS CAUSE THE FOLLOWING MISGIVINGS:-

- (A) WE WONDER WHETHER IT WILL BE SO EASY TO OBTAIN SUFFICIENT VOTES FOR A RESOLUTION IN THESE TERMS TO BE ADOPTED: IF A RESOLUTION WERE TABLED BY THE UNITED STATES AND SUPPORTED BY HER WESTERN ALLIES BUT THEN DEFEATED, THE CONSEQUENCES COULD BE VERY BAD FOR ALL OF US.
- (B) IF A RESOLUTION IN THESE TERMS IS PASSED BY THE SECURITY COUNCIL, IS IT LIKELY TO SECURE THE RELEASE OF THE HOSTAGES? WE MUST HONESTLY SAY THAT WE SEE A GRAVE RISK OF IT PROVOKING THE IRANIANS INTO TAKING MORE HOSTAGES FROM OTHER EMBASSIES INCLUDING OUR OWN.

3. THE IMPLICATIONS OF THE WHOLE EXERCISE ARE SO SERIOUS AND THE RISKS OF MISHANDLING IT SO GREAT THAT WE SHOULD VERY MUCH PREFER TO TACKLE THE PROBLEM IN SLOWER TIME, GIVING MORE THOUGHT TO THE BEST APPROACH FROM THE POINTS OF VIEW OF NEW YORK AND TEHRAN. THE AMERICANS ARE AWARE OF OUR CONCERN LEST MOVES FOR SANCTIONS AGAINST IRAN SHOULD BUILD UP PRESSURE FOR SANCTIONS AGAINST

S E C R E T

/ SOUTH AFRICA.

S E C R E T

35

SOUTH AFRICA. WE WONDER HOW IMPORTANT IS THE DEADLINE OF 31 DECEMBER, GIVEN THAT APART FROM CUBA THE NEW MEMBERS OF THE SECURITY COUNCIL LOOK EITHER NO WORSE THAN THEIR PREDECESSORS AND IN SOME CASES PERHAPS EVEN BETTER. A MORE MEASURED APPROACH WOULD ALSO GIVE THE AMERICANS TIME TO CONSIDER FURTHER UNILATERAL MOVES WHICH MAY BE OPEN TO THEM, WHETHER ON THE LINES SUGGESTED BY THE HEAD OF MISSION OF THE COMMUNITY IN TEHRAN OR IN OTHER FIELDS. COULD WE NOT ENVISAGE A STEP BY STEP APPROACH IN WHICH THE FIRST STAGE WOULD BE A RESOLUTION BY THE SECURITY COUNCIL FINDING THAT THERE IS A THREAT TO THE PEACE UNDER ARTICLE 39, CALLING UPON IRAN TO COMPLY WITH THE RULING OF THE INTERNATIONAL COURT AND THE UNANIMOUS RESOLUTION OF THE SECURITY COUNCIL ITSELF, RESOLVING TO REMAIN SEIZED OF THE PROBLEM AND TO MEET AGAIN AFTER A SPECIFIED INTERVAL TO CONSIDER ACTION UNDER ARTICLE 41 UNLESS THE HOSTAGES HAVE BY THEN BEEN RELEASED?

4. IT IS MOST DESIRABLE TO ESTABLISH WHAT REALLY ARE THE AMERICAN MOTIVES. ONE READING OF THEIR TACTICS IN NEW YORK IS THAT THEY ARE DETERMINED TO TABLE A WHOLE-HOG RESOLUTION WHETHER OR NOT IT IS GOING TO BE PASSED. THE PURPOSE OF THIS, AS SIR ANTHONY PARSONS HAS SUGGESTED, COULD BE TO FREE THE AMERICAN HANDS FOR SOME KIND OF UNILATERAL ACTION. THE IMPLICATIONS OF THIS FOR BRITAIN AND THE WEST IN THE ENTIRE MIDDLE EAST ARE TOO SERIOUS TO NEED STATING. ANY LIGHT YOU CAN SHED ON THIS QUESTION WOULD BE MOST WELCOME.

5. AS THE AMERICANS KNOW, WE HAD A NUMBER OF COMMENTS ON POINTS OF DETAIL IN THE DRAFT RESOLUTION AND WE MAY HAVE MORE. MOST OF THESE ARE OF A MINOR AND TECHNICAL NATURE, BUT FOR THEIR OWN INFORMATION ONLY WE ARE CONCERNED AT THE THOUGHT THAT EXPORT OF CHRYSLER/TALBOT CAR KITS TO IRAN WOULD BE BANNED, LEADING TO SERIOUS LOCAL UNEMPLOYMENT IN BRITAIN. THIS MIGHT BE MORE SERIOUS THAN THE DAMAGE TO ANY OTHER COUNTRY. IT COULD EVEN LOOK TO SOME IN THIS COUNTRY AS IF THE AMERICANS WERE OBLIGING THEIR ALLIES TO CUT OFF VALUABLE EXPORTS WHILE AT THE SAME TIME PROTECTING THE INTERESTS OF THEIR OWN FARMERS IN CONTINUING TO SELL FOOD TO IRAN.

CARRINGTON

DEPARTMENTAL DISTRIBUTION:  
 MED  
 NEWS D  
 FRD

*A.D. TEHRAN SPECIAL*



CONFIDENTIAL

S 420

P S TO P M NO10 DOWNING ST

CONFIDENTIAL

FM MOSCOW 271345Z

TO PRIORITY FCO

TELNO 865 OF 27/12

RPTD PRIORITY INFO TO WASHINGTON AND UKMIS NEW YORK.

IRAN.

1. MY US COLLEAGUE, WATSON, SAW GROMYKO ON 21 DECEMBER IN ORDER TO HAND OVER A LETTER FROM CARTER TO BREZHNEV ABOUT THE POSSIBLE IMPOSITION OF SANCTIONS AGAINST IRAN. HE DESCRIBED THE LETTER AS STOPPING JUST SHORT OF A DIRECT REQUEST FOR SOVIET SUPPORT. GROMYKO SAID THAT THE SOVIET GOVERNMENT WAS IN COMPLETE AGREEMENT WITH THE US GOVERNMENT ABOUT THE BREACH OF INTERNATIONAL LAW AND THE NEED FOR THE HOSTAGES TO BE RELEASED. BUT THIS WAS A TIME FOR PATIENCE NOT ACTION. THE US SHOULD NOT THINK THAT OTHER COUNTRIES WOULD DOUBT THEIR RESOLVE IF THEY REFRAINED FROM ACTION. INDEED THEY MIGHT BE ADMIRER THE MORE IF THEY WERE PATIENT. IN REPLY TO WATSON'S REMARK THAT THERE MUST BE DOUBT ABOUT THE LENGTH OF TIME THE HOSTAGES COULD ENDURE AND THAT SOME MEASURED MOVE FORWARD WAS NEEDED, GROMYKO MERELY REPLIED THAT IN HIS VIEW THIS WOULD NOT BE THE RIGHT COURSE. WATSON WAS CALLED BACK FOR A SECOND MEETING ON 24 DECEMBER AT WHICH HE WAS GIVEN A REPLY TO CARTER'S LETTER, SETTING OUT IN MODERATE TERMS THE POINT OF VIEW EXPRESSED BY GROMYKO AND ARGUING THAT THE US WOULD PROFIT MORE FROM FORBEARANCE THAN FROM ACTION. IT GAVE NO DIRECT INDICATION OF THE POSITION THE SOVIET UNION WOULD TAKE IN THE SECURITY COUNCIL. THE ONLY FURTHER CLUE WATSON HAD HAD WAS A REMARK BY TROYANOVSKI TO THE EFFECT THAT CHAPTER 6 OF THE CHARTER SEEMED MORE APPROPRIATE THAN CHAPTER 7.

2. THE FRENCH AMBASSADOR HAS SEEN DEPUTY FOREIGN MINISTER, KOVALYOV, ON THE SAME QUESTION, FOLLOWING UP A TALK BETWEEN GROMYKO AND STIRN (STATE SECRETARY) KOVALYOV HELD FIRMLY TO THE DISTINCTION BETWEEN THE QUESTION OF THE HOSTAGES AND THE BROADER QUESTION OF US/IRAN RELATIONS. THE SOVIET

CONFIDENTIAL

UNION

# CONFIDENTIAL

UNION WAS AGAINST INSCRIPTION ON THE SECURITY COUNCIL AGENDA.  
IRAN'S ACTIONS WERE NOT A THREAT TO PEACE UNDER CHAPTER 7.  
IF THERE WERE ANY THREAT TO PEACE IT AROSE RATHER FROM THE  
ACTION OF THE US GOVERNMENT IN SENDING WARSHIPS TO THE GULF.  
HE REFUSED TO BE DRAWN ON THE LIKELY SOVIET POSITION IF THE  
ITEM WERE INSCRIBED ON THE SECURITY COUNCIL AGENDA.

3. FCP PLEASE PASS IF APPROPRIATE TO TEHRAN.

KEEBLE

## FILES

MED  
NENAD  
DEF D  
CONS D  
EM UNIT  
SED  
NAD  
FUSD  
FED  
MAED  
ES & SD  
OID  
EESD

UND  
IPD  
NEWS D  
POD  
PSD  
PS  
PS/SIR I GILMOUR  
PS/MR HURD  
PS/PUS  
SIR A DUFF  
MR FIGG  
MR J C MOBERLY  
MR FERGUSSON  
LORD BRIDGES  
MR BULLARD

ADDITIONAL DISTRIBUTION  
TEHRAN SPECIAL

2

# CONFIDENTIAL

GRS 75

UNCLASSIFIED

FM PARIS 271832Z DEC 79

TO IMMEDIATE FCO

TELEGRAM NUMBER 1019 OF 27 DECEMBER 1979

INFO IMMEDIATE WASHINGTON UKMIS NEW YORK TEHRAN

INFO PRIORITY UKDEL NATO BONN BRUSSELS COPENHAGEN DUBLIN  
LUXEMBOURG ROME THE HAGUE UKREP BRUSSELS

IRAN

1. THE COMMUNIQUE ISSUED AFTER TODAY'S FRENCH COUNCIL OF MINISTERS MEETING REPORTS THE FOLLOWING STATEMENT BY PRESIDENT GISCARD:

"FRANCE, WHICH RECOGNISED FROM THE OUTSET THE EXISTENCE OF THE IRANIAN REVOLUTION, WILL SUPPORT THE EFFORTS OF THE INTERNATIONAL COMMUNITY AIMED AT OBTAINING THE RELEASE OF THE HOSTAGES WHO ARE STILL BEING HELD IN IRAN CONTRARY TO THE DECISIONS OF THE UN SECURITY COUNCIL AND TO THE UNANIMOUS DECISION OF THE INTERNATIONAL COURT OF JUSTICE."

HIBBERT.

DEPARTMENTAL DISTRIBUTION

MED	SED
CONS D	TRED
EM UNIT	MAE
EESD	MAED
ES & SD	UND
EID	WED
RENAD	
SAD	

ADDITIONAL DISTRIBUTION

TEHRAN SPECIAL

TYPISTS

IRAN: ADVANCE COPIES

PS  
PS/SIR I GILMOUR  
PS/MR HURD  
PS/PUS  
MR J C MOBERLY  
LORD BRIDGES  
HD/MED  
HD/FRD  
HD/NENAD  
HD/UND  
HD/OID  
HD/DEF DEPT

(+29)

HD/ES & SD (2)

BEANS  
MISS BROWN (2)  
PUSD  
NEWS DEPT

PS NO 10 DOWNING ST  
SIR R ARMSTRONG )  
ASSESSMENTS STAFF ) CABINET  
MR R WADE GERY ) OFFICE  
MR LE CHEMINANT )  
MR P G FOWER (2-7)  
CABINET OFFICE DIO  
MR F R BARRATT TREASURY

*Pin Martin*

CONFIDENTIAL

FM WASHINGTON 272130Z DEC 79

TO PRIORITY F C O

TELEGRAM NUMBER 4368 OF 27 DECEMBER 1979,

INFO PRIORITY UKMIS NEW YORK, LAGOS

MY TEL 4343: U S/IRAN

1. I FOLLOWED UP MY 22 DECEMBER TALK WITH VANCE BY CALLING ON SAUNDERS TODAY.
2. MAKING IT CLEAR THAT I DID NOT WISH TO DUPLICATE DISCUSSIONS CURRENTLY BEING CONDUCTED IN NEW YORK, I ASKED SAUNDERS HOW HE VIEWED THE PROSPECTS FOR A SUCCESSFUL CHAPTER 7 RESOLUTION. HE SAID THAT MCHENRY COULD SPEAK WITH GREATER AUTHORITY THAN HIMSELF ON THIS BUT THAT HE KNEW VANCE HAD JUST SPOKEN TO MCHENRY ON THE TELEPHONE. THE AMERICAN PREFERENCE WAS FOR THE SECURITY COUNCIL UNDER ITS PRESENT COMPOSITION TO TAKE THIS QUESTION. THEY WOULD THEREFORE BE AIMING TO GET THE RESOLUTION THROUGH BEFORE END OF THE YEAR. THEY WOULD NOT WISH TO WATER DOWN THE EXISTING TEXT, BUT ONE IDEA THAT HAD EMERGED FROM MCHENRY'S CONSULTATIONS WAS THAT THERE MIGHT BE AN INTERVAL BETWEEN THE ADOPTION OF A RESOLUTION AND THE IMPLEMENTATION OF SANCTIONS DURING WHICH THE SECRETARY-GENERAL MIGHT BE ENCOURAGED TO PURSUE HIS OWN EFFORTS WITH THE IRANIANS. THIS DELAY MIGHT MAKE IT EASIER FOR SOME MEMBERS OF THE COUNCIL TO VOTE POSITIVELY.
3. SAUNDERS CONFIRMED THAT, HAVING DECIDED TO GO DOWN THIS SANCTIONS ROUTE, THE U S INTENDED TO SEE IT THROUGH. THEY WERE NOT THINKING

...THE SANCTIONS ROUTE HAD BEEN

OF TAKING ANY OTHER KIND OF ACTION UNTIL THE SANCTIONS ROUTE HAD BEEN TESTED, ALTHOUGH ANY THREAT OR HARM TO THE HOSTAGES COULD CHANGE THAT. HE WAS AWARE OF AND TOOK SERIOUSLY THE VIEWS OF THE COMMUNITY AMBASSADORS IN TEHRAN THAT SANCTIONS MIGHT HAVE LITTLE IMPACT ON THE IRANIAN ATTITUDE TO THE HOSTAGES BUT COULD AFFECT THEIR WILLINGNESS TO PROTECT WESTERN MISSIONS. HE WAS NOT, HOWEVER, ENTIRELY CONVINCED, GIVEN THE WAY IN WHICH IRANIANS SEEM TO BELITTLE THE DAMAGE SANCTIONS COULD DO THEM. HE PROFESSED TO BE FULLY SEIZED OF THE NEED TO GIVE US AND OTHER WESTERN PARTNERS NOTICE OF ANY INTENTIONS TO GO DOWN ANOTHER ROUTE.

4. ON THE TRIAL/GRAND JURY/TRIBUNAL PROPOSAL, SAUNDERS CONFIRMED THAT THE AMERICAN POSITION REMAINED THAT THE HOSTAGES WOULD HAVE TO BE RELEASED FIRST AND THAT IT WAS UNACCEPTABLE FOR DIPLOMATIC PERSONNEL TO BE INVOLVED IN ANY WAY IN A TRIAL. HE NOTED, HOWEVER, THE DISTINCTION THE IRANIANS DREW BETWEEN A TRIAL OF U S POLICY WITH THE HOSTAGES PRESENT AND THE TRIAL OF THE HOSTAGES THEMSELVES AS INDIVIDUALS. THE AMERICANS HAD HEARD ON TWO OR THREE DIFFERENCE CHANNELS THAT WHAT WAS ENVISAGED WAS THAT THE HOSTAGES SHOULD BE PRESENT DURING THE HEARINGS AND THEN RELEASED UNHARMED. HE DID NOT KNOW HOWEVER WHAT IRANIAN AUTHORITY THERE WAS FOR THIS PROPOSAL BUT, IF THE AMERICANS COULD BE GIVEN PROPER ASSURANCES THAT THAT WAS WHAT WAS INTENDED IT WOULD "AFFECT OUR THINKING".

5. WE DISCUSSED THE DESIRABILITY OF A MORATORIUM ON MEDIA REPORTING BUT SAUNDERS QUICKLY SAID THAT THIS WAS UNREALISTIC. EVEN IF IT WERE CONSTITUTIONAL (AND THIS WAS DOUBTFUL) IT WOULD BE PRACTICALLY EXTREMELY DIFFICULT. THERE WERE ANYWAY TWO SCHOOLS OF THOUGHT IN WASHINGTON, ONE FAVOURING A PRESS MORATORIUM BUT THE OTHER ARGUING THAT THE FACT OF WORLD ATTENTION HAVING BEEN FOCUSED THROUGH THE MEDIA ON TEHRAN MIGHT EVEN HAVE SAVED SOME OF THE HOSTAGES LIVES.

6. I MENTIONED THE IDEA THAT THE COMMUNITY AMBASSADORS IN TEHRAN SHOULD TRY TO SEE KHOMEINI, PARTICULARLY IN ADVANCE OF ANY SECURITY COUNCIL SANCTIONS WHICH COULD AFFECT THEIR ABILITY TO CONTINUE NORMAL EMBASSY ACTIVITY IN IRAN. SAUNDERS SAID THAT THE ADMINISTRATION HAD GIVEN MUCH THOUGHT TO THE QUESTION OF APPROACHING KHOMEINI. THEY HAD CONCLUDED THAT THE REVOLUTIONARY COUNCIL EITHER DID NOT HAVE THE WEIGHT OR THE COURAGE TO CONFRONT KHOMEINI AND HAD SO FAR FAILED TO PRODUCE ANY MOVEMENT (APART FROM THE CLERGYMEN'S CHRISTMAS VISIT). THE U S COULD HAVE NO DIRECT CONTACT WITH KHOMEINI. WESTERN AMBASSADORS OFFERED ONE POSSIBILITY, ARAB/ ISLAMIC LEADERS ANOTHER. ARAFAT LOOKED THE MOST LIKELY CANDIDATE. THE AMERICANS KNEW THAT HE HAD BEEN THINKING SERIOUSLY ABOUT GOING TO TEHRAN TWO WEEKS AGO AND HAD HESITATED ONLY BECAUSE HE WAS UNCERTAIN OF HIS CHANCES OF ACHIEVING ANYTHING. IF, HOWEVER, HE THOUGHT HE MIGHT BE ABLE TO SECURE THE RELEASE OF THE HOSTAGES,



HE WOULD "GO AS FAST AS A PLANE COULD GET HIM THERE". IT HAD BEEN ANNOUNCED YESTERDAY THAT ARAFAT WOULD BE GOING TO TEHRAN FOR THE "ANNIVERSARY OF THE REVOLUTION". SAUNDERS DID NOT KNOW WHAT THIS DATE MEANT, THOUGH 16 JANUARY (THE DATE THE SHAH LEFT IRAN) COULD BE CONSIDERED A POSSIBLE ANNIVERSARY. ANOTHER FORTHCOMING EVENT WAS THE ISLAMIC COUNCIL MEETING FROM 3-9 JANUARY. SAUNDERS THOUGHT THAT IF ARAFAT DID GO, HE WOULD BE RECEIVED BY KHOMEINI - THE P L O REPRESENTATIVE IN IRAN WAS THE FOREIGNER WHO CURRENTLY HAD THE BEST ACCESS. BUT HE ARGUED THAT AN APPROACH MIGHT BE USEFUL TO KHOMEINI BY THE COMMUNITY AMBASSADORS IN THE INTERVAL BETWEEN THE PASSAGE OF A SECURITY COUNCIL RESOLUTION ON SANCTIONS AND THE DELAYED DATE FOR ITS IMPLEMENTATION.

7. FINALLY I ASKED SAUNDERS WHAT THE AMERICANS ENVISAGED IF THEY FAILED TO GET THE RIGHT RESULT FROM THE SECURITY COUNCIL. HE WAS NOT SPECIFIC, BUT SAID THAT ONE POSSIBILITY, IF THE SECURITY COUNCIL FAILED BECAUSE OF A RUSSIAN VETO, WOULD BE FOR THOSE COUNTRIES WHICH HAD SUPPORTED SANCTIONS TO TAKE SANCTION-TYPE ACTION TOGETHER.
8. SINCE I SAW SAUNDERS, VEST HAS PHONED ME TO SAY THAT THE PRESIDENT ASKED VANCE THIS MORNING TO FIND OUT IF U S WESTERN ALLIES IN THE SECURITY COUNCIL COULD USEFULLY LOBBY OTHER MEMBERS TO SUPPORT THE CHAPTER 7 DETERMINATION. VANCE HAD ASKED VEST TO SEE WHETHER WE CONSIDERED IT MIGHT BE FRUITFUL FOR H M G TO ENCOURAGE NIGERIAN SUPPORT FOR THE AMERICAN RESOLUTION: IF WE THOUGHT THAT SUCH LOBBYING WOULD BE PRODUCTIVE, HOPEFULLY WE WOULD ACT SWIFTLY.
9. ALL THIS TOOK PLACE BEFORE RECEIPT OF YOUR TELS 1990 AND 1991.
10. F C O PLEASE PASS, IF APPROPRIATE, TO TEHRAN.

HENDERSON.

NNNN

IRAN: ADVANCE COPIES

IMMEDIATE

32

10

PS-  
 PS/SIR I GILMOUR  
 PS/MR HURD  
 PS/PUS  
 MR J C MOBERLY  
 LORD BRIDGES  
 HD/LED  
 HD/FRD  
 HD/RENAD  
 HD/UND (2)  
 HD/OID (2)  
 HD/DEF DEPT  
 HD/ED (2)  
 HD/ES & SD (2)  
*Encl*  
*DEWANK*  
 MISS BROWN (2)  
 PUSD  
 NEWS DEPT  
 RESIDENT CLERK

PS NO 10 ~~DOWNING ST~~  
 SIR R ARMSTRONG )  
 ASSESSMENTS STAFF ) CABINET  
 MR R WADE (GERY ) OFFICE  
 MR LE CHEMINANT  
 MR P G FOWLER (2-7)  
 CABINET OFFICE DIO  
 MR F R BARRATT TREASURY

Typists

GR 100A

SECRET  
 DESKBY 271900Z  
 FM UKMIS NEW YORK 271800Z DEC 79  
 TO IMMEDIATE FCO  
 TEL NUMBER 1060 OF 27 DECEMBER  
 INFO IMMEDIATE WASHINGTON TEHRAN PARIS

MY TWO IPTS AND TEHRAN TELNO 1399.

1. I DO NOT THINK THAT THE WESTERN DELEGATIONS ON THE SECURITY COUNCIL WOULD QUARREL WITH PARA 1 OF TEHRAN TEL UNDER REFERENCE. EVEN MCHENRY SHOWS OCCASIONAL GLIMPSES OF DISILLUSION WITH THE COURSE ON WHICH HIS GOVERNMENT HAS EMBARKED. THE GENERAL FEELING AMONGST ALL OF US IS THAT WE ARE ENGAGED IN AN EXERCISE WHICH IS ELATED TO AMERICAN DOMESTIC NEEDS AND WHICH IS UNLIKELY TO BRING ABOUT THE EARLY RELEASE OF THE HOSTAGES - INDEED, IT MIGHT EVEN DELAY THIS BY UNITING THE IRANIANS BEHIND KHOMEINI AGAINST THE 'ENEMY AT THE GATE'.

PARSONS

OO WASHINGTON

RR OTTAWA

GRS 510

CONFIDENTIAL

FM FCO 271430Z DEC 79

TO IMMEDIATE WASHINGTON

TELEGRAM NUMBER 1986 OF 27 DECEMBER 1979

INFO IMMEDIATE TEHRAN, PRIORITY UKMIS NEW YORK, ROUTINE BONN

PARIS ROME TOKYO BERNE OTTAWA AND OTHER EEC POSTS

FOR RYRIE FROM HALL (PS/CHANCELLOR)

IRAN

1. AMMERMAN (US EMBASSY) DELIVERED THE FOLLOWING MESSAGE THIS MORNING TO THE CHANCELLOR IN HIS CAPACITY OF GOVERNOR OF THE IMF:-  
DEAR GOVERNOR:

BOTH THE UN SECURITY COUNCIL AND THE INTERNATIONAL COURT OF JUSTICE HAVE CONDEMNED IRAN'S INVASION OF THE US EMBASSY AND ITS SEIZURE AND HOLDING OF DIPLOMATIC HOSTAGES. DESPITE THESE UNANIMOUS INTERNATIONAL JUDGEMENTS, IRAN HAS NOT RELEASED THE HOSTAGES AND HAS EVEN THREATENED TO BRING THEM TO TRIAL.

THROUGH A VARIETY OF MEANS, IRAN IS ATTEMPTING TO DIVERT INTERNATIONAL ATTENTION FROM ITS OWN ILLEGAL ACTS, AND ONE OF THESE INVOLVES ACTION IN THE IMF.

WE ARE DETERMINED TO COUNTER THAT IRANIAN EFFORT, AND I HOPE WE CAN CALL ON YOUR SUPPORT TO RESIST ANY SUCH MOVE IN THE IMF.

THE GOVERNMENT OF IRAN ALLEGES THAT THE US CONTRAVENED THE IMF CHARTER BY BLOCKING OFFICIAL IRANIAN ASSETS. IRAN'S GOVERNOR TO THE IMF HAS REQUESTED THAT THE IMF EXECUTIVE BOARD EXTEND FROM DECEMBER 29 TO JANUARY 11 THE 30-DAY PERIOD WITHIN WHICH THE IMF CAN CONSIDER THE RESTRICTIONS IMPOSED BY THE UNITED STATES. HE HAS FURTHER REQUESTED THAT IF THE EXTENSION TO JANUARY 11 IS NOT GRANTED, THE IMF EXECUTIVE BOARD CONSIDER THE US RESTRICTIONS ON DECEMBER 29.

THE US IS OPPOSED TO ANY EXTENSION OF THE 30-DAY PERIOD UNTIL JANUARY 11. WE ARE FIRMLY OF THE VIEW THAT IT IS IN THE INTEREST OF THE INTERNATIONAL COMMUNITY TO COMPLETE IMF ACTION WITHIN THE SCHEDULED 30-DAY PERIOD. THIS WILL REMOVE ANY QUESTION

REGARDING THE CONSISTENCY OF THE US ACTION WITH THE IMF CHARTER.

WE ARE PREPARED TO HAVE THE US ACTION CONSIDERED BY THE IMF EXECUTIVE BOARD ON DECEMBER 29, NOTING THAT ANY IMF BOARD MEMBER CAN WITHIN IMF RULES CALL FOR SUCH CONSIDERATION. THE US HAS ACTED SCRUPULOUSLY TO ASSURE THAT ITS BLOCKING MEASURES ARE IN FULL ACCORD WITH THE IMF CHARTER AND PROCEDURES. SPECIFICALLY, THE US ACTION WAS TAKEN PURSUANT TO IMF DECISION 144-(51/52), WHICH PROVIDES THAT A MEMBER MAY IMPOSE RESTRICTIONS ON CURRENT INTERNATIONAL PAYMENTS WHEN THOSE RESTRICTIONS IN THE JUDGEMENT OF THE MEMBER ARE SOLELY RELATED TO THE PRESERVATION OF NATIONAL OR INTERNATIONAL SECURITY. THE SECURITY THREAT WHICH NECESSITATED OUR ACTION HAS BEEN WIDELY ACKNOWLEDGED. WE HOPE YOUR REPRESENTATIVE IN THE IMF WILL SUPPORT OUR POSITION.

WE DEEPLY REGRET THE ACTIONS OF THE GOVERNMENT OF IRAN WHICH LED TO THE BLOCKING ORDER AND HOPE THOSE IRANIAN ACTIONS WILL BE REVERSED IMMEDIATELY. THE UNITED STATES HAS MADE CLEAR THAT, WITH THE HOSTAGES RELEASED, IT WILL COOPERATE WITH THE CALL IN THE UN RESOLUTION THAT THE TWO GOVERNMENTS TAKE URGENT STEPS TO RESOLVE PEACEFULLY THE REMAINING ISSUES BETWEEN THEM IN ACCORDANCE WITH THE PURPOSES AND PRINCIPLES OF THE UN CHARTER.

VERY TRULY YOURS,  
G WILLIAM MILLER.

2. HE TOLD ME THAT THE SAME MESSAGE HAD BEEN SENT TO 'MAJOR' IMF MEMBERS, INCLUDING SOME LDCS.

CARRINGTON

NNNN

DISTRIBUTION

MONETARY

FRD

MED

COPIES TO:

MR HALL, HM TREASURY

MR MICHELL, HM TREASURY

SECRET

Reun k D Miens

MEY

9a

RS1000

SECRET

DESKBY BONN 271100Z

DESKBY PARIS 271100Z

FM FCO 271024Z DEC 79

TO IMMEDIATE WASHINGTON

TELEGRAM NUMBER 1984 OF 27 DECEMBER

AND TO TEHRAN BONN PARIS ROME TOKYO BERNE OTTAWA PRIORITY UKMIS NY  
YORK

INFO OTHER EEC POSTS AND MOD (HD DEFENCE SALES)

YOUR TEL 4350

IRAN : ECONOMIC MEASURES

1. YOU HAVE ALREADY CONVEYED A GENERAL REPLY TO THE US REQUESTS OF 23 DECEMBER (FCO TELNO 1982 TO WASHINGTON). THIS TELEGRAM CONTAINS FURTHER DETAILS WHICH YOU SHOULD PASS ON TO THE US ADMINISTRATION TODAY 27 DECEMBER.

#### FINANCIAL MEASURES

2. THE MEASURES PROPOSED IN PARAGRAPHS 2(A) , (B) AND (C) OF OUR TELNO 452 TO BONN ARE ACCEPTABLE TO US (WE NOTE THAT CREDIT FOR COMMERCIAL TRANSACTIONS IS NOW EXCLUDED. THE BANK OF ENGLAND HAVE SPOKEN IN CONFIDENCE TO THE MAJOR BRITISH BANKS IN THE SENSE SUGGESTED.

#### ADVICE TO OIL COMPANIES

3. WE CAN ALSO AGREE TO ADVISE OUR OIL COMPANIES IN THE SENSE OF PARAGRAPH 3 AND THE LAST SENTENCE OF PARAGRAPH 5 OF THE AMERICAN COMMUNICATION OF 23 DECEMBER. WE HAVE ALREADY SPOKEN IN CONFIDENCE TO BP AND SHELL AND SHALL TAKE APPROPRIATE ACTION WITH THE OTHER OIL COMPANIES THIS AFTERNOON. WE CONTINUE TO BELIEVE THAT IT WOULD BE HELPFUL TO HAVE A BROADER UNDERSTANDING AMONG OIL IMPORTING COUNTRIES, PARTICULARLY OF THE PRECISE MEANING OF THE PHRASE QUOTE ON TERMS SHARPLY DIFFERENT UNQUOTE. WE SHOULD LIKE TO SEE A COMMON INTERPRETATION WIDELY ACCEPTED AND HOPE THAT THE AMERICANS WILL ARRANGE AN EARLY MEETING FOR THE PURPOSE.

SECRET

14



SECRET

4. TO AVOID ANY MISUNDERSTANDING, YOU SHOULD INFORM THE US ADMINISTRATION IN STRICTEST CONFIDENCE OF THE CURRENT POSITION OF THE NEGOTIATIONS BETWEEN NIOC, BP AND SHELL (MY TELNO 822 TO TEHRAN, NOT TO ALL, REFERS). SHELL HAS BEEN OFFERED UP TO ONE HUNDRED THOUSAND BARRELS PER DAY FROM ONE JANUARY. HALF OF THIS QUANTITY WOULD BE AT THE GOVERNMENT SELLING PRICE OF DOLLARS TWENTY-EIGHT POINT FIFTY AND HALF AT A PREMIUM OF DOLLARS FOUR PER BARREL. (THERE WAS NO SUGGESTION OF PAYMENT IN ANY CURRENCY BUT DOLLARS.) BP HAVE RECEIVED A BROADLY SIMILAR OFFER. THE AVERAGE PRICE PER BARREL IN THESE OFFERS IS APPROXIMATELY DOLLARS THIRTY POINT FIFTY. REPRESENTATIVES FROM SHELL WILL BE NEGOTIATING THESE OFFERS IN TEHRAN ON 27/28 DECEMBER. BP WILL FOLLOW SUIT ON 29/30 DECEMBER WE THINK IT LIKELY THAT BOTH COMPANIES WILL CONSIDER THAT THESE TERMS, TAKEN AS A WHOLE, ARE NOT SHARPLY DIFFERENT FROM THOSE OFFERED BY OTHER OPEC COUNTRIES.

PUBLICITY.

5. THE QUESTION OF PUBLICITY REMAINS A MATTER OF CONCERN. WE DO NOT BELIEVE THAT THE FRENCH SUGGESTION THAT WE SHOULD SIMPLY REFUSE TO COMMENT IS LIKELY TO BE SUSTAINABLE. BUT WE TAKE THE GERMAN POINT THAT OUR LINES NEED TO BE COMPATIBLE RATHER THAN IDENTICAL. THE AMERICANS HAVE NOW AGREED TO THE OMISSION OF QUOTE FINANCIAL UNQUOTE SINCE MEASURES ARE ALSO BEING TAKEN IN RESPECT OF OIL PURCHASES. (YOUR TELNO. 4350). WE SHOULD ALSO LIKE THE LINK WITH THE FATE OF THE HOSTAGES CLEARLY SPELT OUT. A REVISED GENERAL LINE MIGHT THUS BE QUOTE CERTAIN MEASURES OF CO-OPERATION ARE BEING TAKEN IN SOLIDARITY BY THE MAJOR DEMOCRACIES IN ORDER TO HELP SECURE THE RELEASE OF THE HOSTAGES IN TEHRAN. GOVERNMENTS ARE NOT PREPARED TO GIVE ANY DETAILS UNQUOTE.

6. WE RECOGNISE, HOWEVER, THAT A LEAK IS NONETHELESS POSSIBLE. IF THERE WERE A LEAK THAT UNSPECIFIED FINANCIAL MEASURES HAD BEEN TAKEN WE MIGHT BE OBLIGED TO SAY EXACTLY WHAT WE HAD DONE IN ORDER TO PREVENT SPECULATION WHICH WOULD SHAKE THE CONFIDENCE OF THE OPEC SURPLUS COUNTRIES IN THE INTERNATIONAL BANKING SYSTEM.

/IMPLEMENTATION

2  
SECRET

SECRET

Reverend to D Meier  
MED

IMPLEMENTATION.

7. WE WOULD BE GRATEFUL FOR ANY FURTHER INFORMATION WHICH MAY NOW BE AVAILABLE ABOUT RESPONSES FROM OTHER GOVERNMENTS APPROACHED AND THE DATES ON WHICH THEY ARE LIKELY TO IMPLEMENT THESE MEASURES.
8. THOSE POSTS TO WHOM THIS TELEGRAM IS REPEATED FOR INFORMATION IMMEDIATE SHOULD NOW INFORM THE GOVERNMENTS TO WHICH THEY ARE ACCREDITED OF THE CONTENT OF THIS REPLY. IT WOULD, OF COURSE BE HELPFUL TO HAVE ANY FUTURE INFORMATION AS TO THE TIMING AND CONTENT OF THEIR MEASURES.
9. OTTAWA AND BONN ONLY. IN RESPONSE TO TELEPHONED ENQUIRIES FROM THE CANADIAN AND GERMAN EMBASSIES, ON 25 DECEMBER, WE GAVE THEM THE GIST OF FCO TELNO. 1982 TO WASHINGTON.

GARRINGTON

DEPARTMENTAL DISTN  
FRD  
MED  
CABINET OFFICE

COPIES TO:  
PS/CHANCELLOR  
PS/SIR. D. WASS  
PS/SIR. K. COUZENS  
MR HANCOCK  
MR ASHFORD  
} TREASURY  
PS/S OFS ENERGY.  
PS/S OFS TRADE.  
ECLD  
BANK OF ENGLAND

3.  
SECRET

IMMEDIATE

X-28

IRAN: ADVANCE COPIES

PS  
 PS/SIR I GILMOUR  
 PS/MR HURD  
 PS/PUS  
 MR J C MOBERLY  
 LORD BRIDGES  
 HD/LED  
 HD/FRD  
 HD/NENAD (2)  
 HD/UND (2)  
 HD/OID  
 HD/DEF DEPT  
 HD/ES & SD (2)

PS NO 40 DOWNING ST  
 SIR R ARMSTRONG )  
 ASSESSMENT STAFF ) CABINET  
 MR R WADE (ERY ) OFFICE  
 MR LE CHEMINANT  
 MR P G FOWLER (2-7)  
 CABINET OFFICE DIO  
 MR F R BARRATT TREASURY

MISS BROWN  
 PUSD (2)  
 NEWS DEPT  
~~RESIDENT CLERK~~

*one*

CONFIDENTIAL

FM TEHRAN 270634Z DEC  
 TO IMMEDIATE WASHINGTON  
 TELEGRAM NUMBER 43 OF 27 DEC 79  
 INFO PRIORITY FCO.

US EMBASSY, TEHRAN : LAINGEN.

1. THE SWISS AMBASSADOR AND I SAW LAINGEN ON CHRISTMAS DAY AND OTHERS FOLLOWED US YESTERDAY. VISITS TO HIM ARE NOW BEING PERMITTED ONCE AGAIN, SUBJECT TO STRICT CONFIDENTIALITY, THE MFA BEING ANXIOUS LEST THE STUDENTS ONCE AGAIN GET TO HEAR OF THEM AND TAKE ACTION EITHER TO PREVENT THEM OR TO REMOVE LAINGEN HIMSELF. HE AND HIS COMPANIONS ARE WELL BUT NATURALLY FRUSTRATED AND DOWNCAST.
2. THE FOLLOWING IS THE TEXT OF A MESSAGE GIVEN BY LAINGEN TO THE NETHERLANDS AMBASSADOR YESTERDAY FOR TRANSMISSION TO THE IRAN WORKING GROUP.
3. BEGINS. WE MET FOR TWO HOURS CHRISTMAS DAY WITH COFFIN, HOWARD AND GUMBLETON. MEETING WAS ON THEIR INITIATIVE. THEY SIMPLY APPEARED AT MFA ASKING TO SEE US, WITH FOREIGN

THEY SIMPLY APPEARED AT MFA ASKING TO SEE US, WITH FOREIGN MINISTER GIVING GO-HEAD FROM ROOM ON BASIS OF TELEPHONE CALL FROM CHIEF OF PROTOCOL. WE HOPE TO SEE THEM AGAIN.

4. SUMMING UP WHAT WE CONVEYED BY TELECON DECEMBER 25 ON THEIR VISITS WITH HOSTAGES :

(A) MILITANTS INDICATED THEY HAD SEEN ALL THE HOSTAGES, BUT WERE EVASIVE WHEN CLERICS POINTED OUT THE DISCREPANCY BETWEEN THE NUMBER THEY SAW (43) AND THE NUMBER USUALLY GIVEN (50). ONE STUDENT REPORTEDLY SAID THAT THEY HAD NEVER SAID THAT 50 WERE STILL BEING HELD. (NOTE BY GRAHAM : A SPOKESMAN FOR THE STUDENTS IS QUOTED IN PRESS OF 27TH DEC AS SAYING THAT THEY HOLD 49 HOSTAGES, BUT OF THESE , SIX HAD NOT WISHED TO SEE THE PRIESTS).

(B) THEY HAVE UNDERSTANDING FROM MILITANTS THAT BEFORE THEY LEAVE EACH HOSTAGE WILL BE ALLOWED TO GIVE THEM A BRIEF WRITTEN CHRISTMAS GREETING WITH NAME AND TELEPHONE NUMBER OF CLOSE RELATIVE (THIRTY THREE SUCH MESSAGES RECEIVED DECEMBER 25).

(C) CLERICS THOUGHT THEY HAD PRIOR UNDERSTANDING THAT THEY (TOGETHER WITH CARDINAL DUVAL) WOULD BE ABLE TO HOLD ECUMENICAL SERVICE FOR ALL HOSTAGES ASSEMBLED TOGETHER. MILITANTS QUICKLY MADE CLEAR THAT THIS WAS IMPOSSIBLE BECAUSE OF ALLEGED SECURITY REQUIREMENTS (CLERICS SAID MILITANTS CLEARLY OBSESSED WITH A POSSIBLE BREAKOUT). AS A RESULT, CLERICS SPENT ALMOST TWO HOURS AT OUTSET OF VISIT WORKING OUT DETAILS OF CONTACTS WITH HOSTAGES.

(D) CLERICS' FRUSTRATION OVER THIS AND MANIFEST INDICATIONS THAT MILITANTS WERE EXPLOITING VISIT TO THE FULL FOR THEIR OWN PURPOSES ALMOST CAUSED THEM TO WALK OUT AT ONE POINT. THEY WENT AHEAD UNDER LESS THAN SATISFACTORY CIRCUMSTANCES RATHER THAN RISK HAVING ENTIRE PROJECT COLLAPSE.

(E) EACH OF CLERICS HELD MEETINGS WITH HOSTAGES, WITH GUMBLETON JOINED BY DUVAL. LATTER TWO USED ROOM BEHIND COMMERCIAL LIBRARY IN MOTOR POOL AREA, HOWARD WAS IN MUSHROOM INN AND COFFIN WENT TO CENTER SALON IN RESIDENCE. EACH ROOM WAS LAVISHLY DECORATED FOR CHRISTMAS. EXTENSIVE REFRESHMENTS WERE AVAILABLE. COFFIN APPARENTLY SAW LARGEST NUMBER. GUMBLETON AND DUVAL SAW ONLY SIX.

(F) CLERICS FAVORABLY IMPRESSED WITH BOTH PHYSICAL AND PSYCHO-

(F) CLERICS FAVORABLY IMPRESSED WITH BOTH PHYSICAL AND PSYCHOLOGICAL CONDITION OF HOSTAGES, THOUGH THIS VARIED AMONG INDIVIDUALS. SEVERAL OF HOSTAGES WERE CLEARLY CROCHETY. EVEN THOSE WHO WERE ANGRY OR DEPRESSED, HOWEVER, TENDED TO BRIGHTEN AS VISITS PROCEEDED. NONE OF THOSE SEEN WAS BOUND, BUT ONE HOSTAGE CAME INTO THE ROOM RUBBING HIS WRISTS, A GESTURE THE CLERICS TOOK AS AN ATTEMPT TO COMMUNICATE THAT HE AT LEAST HAD ONLY BEEN UNBOUND FOR THIS OCCASION. (WHEN QUESTIONED ON THIS POINT, MILITANTS SUGGESTED THAT HOSTAGES WERE BOUND FOR THEIR OWN PROTECTION. THEY REASONED THAT IF ANY OF THE HOSTAGES ATTEMPTED TO CAUSE TROUBLE, MILITANTS GUARDING THEM WOULD BE LESS INCLINED TO TAKE DRASTIC ACTION IF THEIR CHARGES WERE PARTIALLY INCAPACITATED. THEY SEEMED TO BE ESPECIALLY CONCERNED ABOUT MARINES IN THIS RESPECT.)

(G) CLERICS HAD IMPRESSION HOSTAGES ARE BEING HELD TWO AND THREE TO A ROOM. THEY WERE UNCERTAIN WHETHER THEY ARE ALLOWED TO TALK TO EACH OTHER, BUT SEVERAL CASUAL REMARKS SUGGESTED THAT STRINGENT RULES AGAINST CONVERSATION WERE BEING RELAXED, AT LEAST IN SELECTIVE CASES. TWO WOMEN ARE APPARENTLY BEING HELD APART FROM EACH OTHER. BOTH IN GOOD SPIRITS.

(H) GUMBLETON MET, AMONG OTHERS, WITH SUBIC, HERMINING, AND LAUDERBACH WHO TOGETHER APPEARED TO HAVE COMPOSED STATEMENT EXPRESSING SUPPORT FOR SHAH'S RETURN AND GENERALLY SUPPORTIVE OF MILITANTS' POSITION. LAUDERBACH HAD OPPORTUNITY QUIETLY TO CONFIDE TO GUMBLETON THAT LATTER SURELY REALIZED THAT STATEMENT WAS "STAGED". GUMBLETON SAID HE KNEW THAT AND ASKED LAUDERBACH WHAT HE SHOULD SAY PUBLICLY ON THIS POINT. LATTER RESPONDED HE SHOULD "TELL THE TRUTH", REGARDLESS OF CONSEQUENCES TO HOSTAGES.

(I) CHRISTMAS CARDS WERE VISIBLE IN LARGE NUMBERS IN EACH OF THREE ROOMS, BUT REACTION OF HOSTAGES MADE IT CLEAR NOT ALL HAD BEEN GETTING THEM. REGULAR MAIL (VIA SWISS) APPEARS TO BE SPASMODIC AT BEST (EG ODE CONFIRMED RECEIPT OF TWO LETTERS BUT COMPLAINED ABOUT ONE HAVING BEEN TAKEN AWAY BY MILITANTS AND NOT RETURNED). CLERICS REMINDED HOSTAGES OF ODE'S HEART CONDITION.

5. ON SUBSTANCE, CLERICS APPEAR TO HAVE BEEN SOMEWHAT TAKEN ABACK BY RIGIDITY OF MILITANTS, BOTH ON ABOVE PROCEDURAL ISSUES AND ON FUNDAMENTALS. ALTHOUGH THEY CLAIM TO HAVE ALREADY SENSED A GOOD DEAL OF DISAPPROVAL OF MILITANTS' ACTIONS ON PART OF OTHER (UNSPECIFIED) IRANIANS, THEY WERE ALSO STRUCK BY TOTALLY UNFETTERED AUTHORITY OF MILITANTS AS A GROUP. COMMAND



STRUCTURE SEEMED LOOSE TO THEM AND DIFFICULT TO JUDGE, THOUGH SOME STOOD OUT, INCLUDING THE CELEBRATED MARY, AND INTENSE Z AND DEADLY SERIOUSNESS WAS APPARENT IN ALL OF THEM.

6. CLERICS HAVE NO DIFFICULTY IN CONCLUDING THAT ANY EFFECTIVE AUTHORITY OVER MILITANTS COULD ONLY COME FROM QOM. (THIS REMINDS US OF INTERESTING OBSERVATION MADE TO US BY UK AMBASSADOR ON MILITANTS' RELATIONS WITH KHOMEINI. AS HE PUT IT, THE TWO CAMPS HAVE AN UNDERSTANDING WITH EACH OTHER, I.E. THE MILITANTS WILL RESPECT THE IMAM'S ORDERS, BUT THE IMAM WILL NOT ORDER THEM TO DO WHAT THEY ARE NOT PREPARED TO DO.)

7. WE HAD LENGTHY EXCHANGE ON SUBSTANCE WHICH WE WILL NOT ATTEMPT TO RELATE HERE IN DETAIL BUT ON WHICH WE ASSUME DEPARTMENT WILL FOLLOW UP ON THEIR RETURN. THEY PRESSED HARD (ESPECIALLY COFFIN) FOR WAYS IN WHICH US COULD (AND SHOULD IN THEIR OPINION) DEMONSTRATE TO IRANIANS THAT IT RECOGNIZED GRIEVANCES REGARDING SHAH. THEY SEEM DUBIOUS THAT QOTBZADEH'S "GRAND JURY" CONCEPT WILL GET OFF THE GROUND, BECAUSE OF DIFFICULTY IN GETTING ANY REPUTABLE (INCLUDING MCBRIDE'S) FOREIGN PARTICIPATION. NONETHELESS COFFIN WAS CLEARLY GROPING FOR WAYS IN WHICH PROMINENT AMERICANS OUTSIDE GOVERNMENT COULD OFFER TO LISTEN TO AND EVEN GIVE TESTIMONY IN SOME PUBLIC FORUM CONCERNING SHAH'S EXCESSES AND US-IRAN RELATIONSHIP.

8. WE SAID THE IMMEDIATE ISSUE WAS THE HOSTAGES' RELEASE AND THE IMPLICATIONS BOTH FOR IRAN AND FOR ENTIRE FABRIC ON INTERNATIONAL LAW AND PRACTICE IF UNSC/ICJ CALLS WERE IGNORED. (COFFIN HIMSELF VOLUNTEERED THAT IRANIAN SUPPORT ON THIS ISSUE LIMITED TO VIET NAM AND SUCH LIKE.) WE SAID NEED WAS FOR RESPONSIBLE IRANIANS TO HEAR FROM THEM WHILE THEY ARE IN IRAN THAT AMERICAN PUBLIC OPINION IS INDEED UNITED ON THIS ISSUE, WAS SOLIDLY BEHIND GOVERNMENT, AND THAT THERE WERE SERIOUS RISKS TO IRAN IF LATTER DID NOT RECOGNIZE THIS WITH SOME MOVEMENT ON HOSTAGES. COFFIN IN PARTICULAR SEEMS CONVINCED THAT USG IS SO TOTALLY PREOCCUPIED WITH HOSTAGE ISSUE THAT IT IS NOT NOW THINKING, NOR IS IT PREPARED TO THINK, ABOUT HOW TO HELP IRANIANS FIND THE FACE SAVER THEY CLEARLY NEED ON THE ISSUE OF THE SHAH. HE ALSO FEELS IRANIANS ARE JUSTIFIED IN THEIR FEAR THAT ONCE HOSTAGES ARE RELEASNJ, USG WILL TURN TOTALLY DEAF EAR TO IRAN ON SHAH ISSUE. WE POINTED TO CONTRARY EVIDENCE IN PRESIDENT'S PRESS CONFERENCE STATEMENT OF NOVEMBER 28 AND MCHENRY STATEMENTS DURING UNSC DISCUSSION, AND SUGGESTED THEY TALK TO MCHENRY AND OTHERS ON RETURN.

9. WE ALSO SUGGESTED TO CLERICS THAT IN ADDITION TO QOTBZADEH  
THEY TRY TO SEE PERSONS SUCH AS BEHESHTI, BANI SADR,  
BAZARGAN AND MOUSAVI KHOEINI AS THE KIND OF CONTENDING IRANIANS  
IN ONGOING POWER STRUGGLE WHO ULTIMATELY WILL HAVE TO BE  
INFLUENTIAL IN CHANGING IMAM'S CURRENTLY RIGID STANCE.

10. ADDENDUM. WE GIVE FSO DON COOK A SPECIAL NOD FOR HIS  
COMMENT TO ONE OF THE CLERICS : I.E. "ISN'T IT ABSURD?".

ENDS

GRAHAM

NNNN

00

019 ON FF

Iran ~~13~~  
9

pa.

12

28/12

Mr Hurd

IRAN

1. When we spoke this morning I promised to let you know at lunch time how matters stand. The attached telegrams and papers are the most important of those generated over Christmas. Several separate exercises are in train, some of them requiring very early ministerial decisions and raising issues of great importance.

Voluntary Economic Measures

- A. 2. Mr Green's minute of today explains where we stand on these. There have been no leaks or press enquiries so far, but a press line has been prepared for use when the story breaks, as it surely will. These measures will however soon be overshadowed by what is under discussion in New York.

Action in the Security Council

- B. 3. UKMIS New York telegram number 1952 gives the text of the substantive paragraphs of the Resolution which the Americans are proposing to bring to a vote on 31 December, with the support of the Western five and of non-aligned members, including especially Nigeria. After a meeting of officials on Boxing Day we sent preliminary comments. Further comments of a technical nature are being despatched this morning, in order to catch Sir A Parsons' deadline of 1400 hours.
4. The sanctions proposed are very far-reaching. I should be grateful for guidance as to what degree of Ministerial approval is required, and how best to obtain it, before Sir A Parsons is authorised to vote for it, subject to any modifications which may be introduced between now and 31 December. (The Americans want the vote to be taken before the composition of the Security Council changes for the worse on 1 January).

~~I attach a draft telegram on this~~

American intentions

5. I agree with Sir N Henderson's suggestion that he be

/instructed

CONFIDENTIAL COVERING SECRET

instructed to speak to Mr Vance again today about how the Americans expect matters to develop and what is their contingency planning. This would give us the opportunity to establish whether the Americans have answers to the various questions raised in New York and in Tehran about whether the kind of Security Council Resolution now under discussion is best calculated to achieve the desired result, namely the release of the hostages. I attach a draft.

Situation in Tehran

6. The staff of HM Embassy is now down to 8 persons including the Ambassador. The unanimous view of officials this morning was that all but one of the remainder should be brought out of Tehran before the UK votes for a Resolution in New York on the lines now being considered. We would propose to leave one single junior diplomatic official (attached to the Italian Embassy, if the Italians will agree) to act as caretaker for the two Embassy compounds and to maintain contact with the Iranian authorities. Diplomatic relations will of course not be broken off by us, and the Italians would be looking after British interests rather than acting as the protecting power in the formal sense.

7. The British community in Iran is down probably to something like 200, taking account of the considerable number who came away for the holidays. They have been given a series of warnings, most recently on Christmas Eve when they were explicitly told of the possibility of economic sanctions being deployed against Iran in the near future. We propose to instruct Sir J Graham to tell the community that the Embassy is about to be reduced to a single official, who will not be able to provide more than minimal service. The UN deadline of 31 December makes it impossible to handle this aspect in as orderly a fashion as we would hope.

Action by the Nine

8. Community heads of mission in Tehran sent on 23 December

/the

CONFIDENTIAL COVERING SECRET

the latest in their series of agreed analyses and recommendations. It urges the United States in effect to adopt different tactics from those being followed. The text of this paper has been passed to the Americans by the Germans: the American reaction is said, not surprisingly, to be unfavourable. The Irish Presidency have invited comments from member governments on the Tehran paper. This is obviously a secondary exercise which must wait upon developments on the main front.

Publicity

9. News Department are taking the line that consultations are proceeding in New York. Replies to likely supplementaries are still being worked out and agreed with other Departments.

Next Steps

10. The first requirement is to approve and despatch the ~~various~~ draft telegrams. As you will see, the situation carries serious implications of more than one kind affecting British employment and exports, the energy balance (if Iranian oil exports are reduced or cut off), relations with South Africa (if the non-aligned make their support for sanctions against Iran conditional on sanctions against South Africa) etc. I understand that the Private Secretary at Chequers has enquired whether it is the intention of FCO Ministers to call a Ministerial meeting on this whole subject before the weekend. You may think that this is politically essential.

11. The Emergency Unit in the FCO is being activated today.

*J L Bullard*

27 December 1979

J L Bullard

cc: PS No 10  
PS  
PS/LFS  
PS/PUS  
Chief Clerk  
Lord Bridges  
Sir D Maitland o/r  
Mr Evans  
Mr J Moberly

MED  
Consular Dept  
News Dept  
POD  
FRD





I regret that a copy of  
the attached was not sent to  
you yesterday and attach  
a copy for your records.

*With the compliments of*

PA/Mr J L Bullard

FOREIGN AND COMMONWEALTH OFFICE

LONDON, SW1A 2AH

28 December

CONFIDENTIAL COVERING SECRET

Mr Hurd

B.  
28/12

IRAN

1. When we spoke this morning I promised to let you know at lunch time how matters stand. The attached telegrams and papers are the most important of those generated over Christmas. Several separate exercises are in train, some of them requiring very early ministerial decisions and raising issues of great importance.

Voluntary Economic Measures

- A. 2. Mr Green's minute of today explains where we stand on these. There have been no leaks or press enquiries so far, but a press line has been prepared for use when the story breaks, as it surely will. These measures will however soon be overshadowed by what is under discussion in New York.

Action in the Security Council

- B. 3. UKMIS New York telegram number 1952 gives the text of the substantive paragraphs of the Resolution which the Americans are proposing to bring to a vote on 31 December, with the support of the Western five and of non-aligned members, including especially Nigeria. After a meeting of officials on Boxing Day we sent preliminary comments. Further comments of a technical nature are being despatched this morning, in order to catch Sir A Parsons' deadline of 1400 hours.
4. The sanctions proposed are very far-reaching. I should be grateful for guidance as to what degree of Ministerial approval is required, and how best to obtain it, before Sir A Parsons is authorised to vote for it, subject to any modifications which may be introduced between now and 31 December. (The Americans want the vote to be taken before the composition of the Security Council changes for the worse on 1 January).  
~~I attach a draft telegram on this.~~

American intentions.

5. I agree with Sir N Henderson's suggestion that he be

/instructed

CONFIDENTIAL COVERING SECRET

instructed to speak to Mr Vance again today about how the Americans expect matters to develop and what is their contingency planning. This would give us the opportunity to establish whether the Americans have answers to the various questions raised in New York and in Tehran about whether the kind of Security Council Resolution now under discussion is best calculated to achieve the desired result, namely the release of the hostages. I attach a draft.

Situation in Tehran

6. The staff of HM Embassy is now down to 8 persons including the Ambassador. The unanimous view of officials this morning was that all but one of the remainder should be brought out of Tehran before the UK votes for a Resolution in New York on the lines now being considered. We would propose to leave one single junior diplomatic official (attached to the Italian Embassy, if the Italians will agree) to act as caretaker for the two Embassy compounds and to maintain contact with the Iranian authorities. Diplomatic relations will of course not be broken off by us, and the Italians would be looking after British interests rather than acting as the protecting power in the formal sense.

7. The British community in Iran is down probably to something like 200, taking account of the considerable number who came away for the holidays. They have been given a series of warnings, most recently on Christmas Eve when they were explicitly told of the possibility of economic sanctions being deployed against Iran in the near future. We propose to instruct Sir J Graham to tell the community that the Embassy is about to be reduced to a single official, who will not be able to provide more than minimal service. The UN deadline of 31 December makes it impossible to handle this aspect in as orderly a fashion as we would hope.

Action by the Nine

8. Community heads of mission in Tehran sent on 23 December

/the

CONFIDENTIAL COVERING SECRET

the latest in their series of agreed analyses and recommendations. It urges the United States in effect to adopt different tactics from those being followed. The text of this paper has been passed to the Americans by the Germans: the American reaction is said, not surprisingly, to be unfavourable. The Irish Presidency have invited comments from member governments on the Tehran paper. This is obviously a secondary exercise which must wait upon developments on the main front.

Publicity

9. News Department are taking the line that consultations are proceeding in New York. Replies to likely supplementaries are still being worked out and agreed with other Departments.

Next Steps

10. The first requirement is to approve and despatch the various draft telegrams. As you will see, the situation carries serious implications of more than one kind affecting British employment and exports, the energy balance (if Iranian oil exports are reduced or cut off), relations with South Africa (if the non-aligned make their support for sanctions against Iran conditional on sanctions against South Africa) etc. I understand that the Private Secretary at Chequers has enquired whether it is the intention of FCO Ministers to call a Ministerial meeting on this whole subject before the weekend. You may think that this is politically essential.

11. The Emergency Unit in the FCO is being activated today.

27 December 1979

cc: PS No 10  
PS  
PS/IPS  
PS/PUS  
Chief Clerk  
Lord Bridges  
Sir D Maitland o/r  
Mr Evans

J L Bullard

*Mr J. Maitland*  
MED  
Consular Dept  
News Dept  
POD  
FRD

Department .....  
Dispatched by .....  
(Initials) (Capitals) .....

OUTWARD  
TELEGRAM

Security Classification

Precedence

Tel. Extn. ....

DESKBY .....

FOR  
COMMS. DEPT.  
USE

Despatched

(Date) .....  
(Time) ..... Z

POSTBY .....

PREAMBLE

(Time of Origin) ..... Z(G.M.T.)

(Restrictive Prefix).....

(Security Class.)

**CONFIDENTIAL**

(Caveat)

(Privacy Marking).....

(Codeword) .....

(Deskby).....

TO..... IMMEDIATE WASHINGTON  
(precedence) (post)

Tel. No. .... of .....

AND TO (precedence/post).....

AND SAVING TO.....

REPEATED TO (for info).....

IMMEDIATE UKMIS NEW YORK TELEGRAM PARIS

SAVING TO (for info).....

[TEXT]

Your telno ~~43~~ 4351: *Sandwiches against Iran.*

1. I agree that it would be useful for you to see Mr Vance again and probe him further about how the Americans expect the situation to develop and what are their contingency plans for the various eventualities. You may keep your French colleague informed, but in very general terms only: we shall do the same when the French Ambassador calls at his own request later today.
2. You should confirm first of all that the UK stands by the promise of support for America in the hostages crisis which the Prime Minister gave in Washington. Mr Vance will be aware of the voluntary



(oil and finance) already being implemented here, and of the support given by Sir A Parsons when the draft resolution was circulated in New York.

3. You could then explain that the points in our minds are those listed in para 1 of our telex 1005 to UKMIS New York.

4. As on the occasion when you discussed Iran with Mr Vance earlier in the month, our wish is to know more of American thinking in order to be able to support them more effectively. Specifically we have the following questions;

which are not intended as any kind of catechism:

a. We note that McHenry was not authorised to discuss any less far reaching resolution than the one circulated. Does this mean that the Americans are sure that the necessary votes will be cast for the "whole hog" draft, or that anything less than this would not be effective? It would be helpful if Mr Vance could remind you of the American reasons for deciding against a step by step approach. (You should of course report if Mr Vance lets slip any hint that the real American objective is to exhaust the last remaining possibility of international action in order to free their own hands for unilateral measures.

b. What is the American estimate of the effect of a Security Council resolution on the situation in Tehran, both as regards securing the release of the hostages and as to possible reprisals?

NOTHING TO BE WRITTEN IN THIS MARGIN

The UK is among the countries which still have a lot to lose. We have contingency plans but will obviously have to be very careful over the timing. The 31 December deadline is unhelpful in this respect, though we well understand the reasons. It would be very helpful if you could obtain some impression of the extent of US determination to bring the matter to the vote in the Security Council on 31 December.

c. If the optimum result is achieved in the Security Council and UN member states respond, but Iran still refuses to give way, what kind of steps do the Americans envisage.

CONFIDENTIAL



Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

27 December 1979

*Mr Paul,*

*P-a*

IRAN AND THE IMF

... I enclose a copy of a message which Ammerman of the US Embassy left with me this morning. I am arranging separately for the text to be telegraphed to Bill Ryrie in Washington.

I am copying this letter to Tim Lankester (No.10), Bill Burroughs (Department of Energy), Stuart Hampson (Department of Trade), Bill Beckett (Law Officers Department), John Beverley (Bank of England) and Martin Vile (Cabinet Office).

*Yes Mr,*

*M.A.H.*

M. A. HALL

*Timmy may be  
say that this  
problem "has  
now resolved  
itself".*

P. Lever, Esq.,

CONFIDENTIAL

*P.  
28/12*



THE SECRETARY OF THE TREASURY  
WASHINGTON

CONFIDENTIAL

December 27, 1979

Dear Governor:

Both the UN Security Council and the International Court of Justice have condemned Iran's invasion of the U.S. Embassy and its seizure and holding of diplomatic hostages. Despite these unanimous international judgments, Iran has not released the hostages and has even threatened to bring them to trial.

Through a variety of means, Iran is attempting to divert international attention from its own illegal acts, and one of these involves action in the IMF.

We are determined to counter that Iranian effort, and I hope we can call on your support to resist any such move in the IMF.

The Government of Iran alleges that the U.S. contravened the IMF Charter by blocking official Iranian assets. Iran's Governor to the IMF has requested that the IMF Executive Board extend from December 29 to January 11 the 30-day period within which the IMF can consider the restrictions imposed by the United States. He has further requested that if the extension to January 11 is not granted, the IMF Executive Board consider the U.S. restrictions on December 29.

The U.S. is opposed to any extension of the 30-day period until January 11. We are firmly of the view that it is in the interest of the international community to complete IMF action within the scheduled 30-day period. This will remove any question regarding the consistency of the U.S. action with the IMF Charter.

We are prepared to have the U.S. action considered by the IMF Executive Board on December 29, noting that any IMF Board Member can within IMF rules call for such consideration. The U.S. has acted scrupulously to assure that its blocking measures are in full accord with the IMF Charter and procedures. Specifically, the U.S. action was taken

CONFIDENTIAL

CONFIDENTIAL

-2-

pursuant to IMF decision 144-(51/52), which provides that a member may impose restrictions on current international payments when those restrictions in the judgment of the member are solely related to the preservation of national or international security. The security threat which necessitated our action has been widely acknowledged. We hope your representative in the IMF will support our position.

We deeply regret the actions of the Government of Iran which led to the blocking order and hope those Iranian actions will be reversed immediately. The United States has made clear that, with the hostages released, it will cooperate with the call in the UN resolution that the two governments take urgent steps to resolve peacefully the remaining issues between them in accordance with the purposes and principles of the UN Charter.

Very truly yours,

G. William Miller

Sir Geoffrey Howe, QC MP  
Governor  
International Monetary Fund  
H M Treasury  
Parliament Street  
London SW1

CONFIDENTIAL



# CONFIDENTIAL

GR 610

CONFIDENTIAL

FM TEHRAN 271200Z DEC

TO IMMEDIATE FCO

TELEGRAM NUMBER 1399 OF 27 DEC 79

INFO IMMEDIATE WASHINGTON, UKMIS NEW YORK

INFO PRIORITY EEC POSTS.

YOUR TELNO 925 : IRAN.

I DISCUSSED ALTERNATIVE MEASURES WITH MY COMMUNITY COLLEAGUES TO-DAY AGAINST THE GENERAL BACKGROUND OF UKMIS NEW YORK TELNO 1955 TO YOU (NOT TO ALL). THERE WAS A GENERAL MOOD OF GLOOM AND A FEELING THAT WE WERE HEADING DOWN THE GADARENE SLOPE WITHOUT MUCH CHANCE OF BEING ABLE TO SAVE OURSELVES. ECONOMIC SANCTIONS, IT WAS ARGUED, WOULD NOT WORK. RATHER THEY WOULD UNITE IRANIAN PUBLIC OPINION ONCE AGAIN BEHIND KHOMEINI (WHOSE STATEMENT REPORTED TO-DAY ABOUT POLITICAL AND ECONOMIC WAR GIVES NO GROUND FOR OPTIMISM) AND WOULD SERVE TO GLOBALISE RATHER THAN LOCALISE THE PROBLEM.

2. I TRIED TO FOCUS ATTENTION ON PRACTICAL QUESTIONS. THE FRG AMBASSADOR CONFIRMED THE IMPORTANCE OF THE SEIMENS ENGINEERS AND SAID THAT THERE WAS ANOTHER SMALL GROUP OF GERMAN ENGINEERS WHOSE DEPARTURE WOULD QUICKLY IMMOBILISE THE NEKA POWER STATION. PERSONALLY I AM SOMEWHAT SCEPTICAL ABOUT THIS SORT OF FORECAST. IT IS THE GENERAL VIEW, WITH WHICH I AGREE, THAT IT IS LIKELY THAT IRAN, CONFRONTED BY A BAN ON IRANIANS OPERATIONS, WOULD RETALIATE BY BANNING FLIGHTS BY FOREIGN CARRIERS TO IRAN. IRANIANS WOULD LIVE WITH THIS AS THEY DID LAST JANUARY. THERE WERE NO OTHER USEFUL IDEAS. MY OWN VIEW IS THAT A DECISION BY IEA COUNTRIES NOT TO BUY IRANIAN OIL WOULD HAVE AN IMPACT, THOUGH IT WOULD BE ATTACKED HERE AS USING OIL AS A POLITICAL WEAPON, CONTRARY TO OUR KNOWN PRINCIPLES: BUT PRESUMABLY WE NEED THE OIL IF WE CAN GET IT ON REASONABLE TERMS, AND SOMEBODY WOULD BE BOUND TO BREAK RANKS.

/3

CONFIDENTIAL

# CONFIDENTIAL

3. WE ARE ALL AGREED THAT A SELF-DENYING ORDINANCE BY THE WORLD PRESS WOULD HELP: IT WOULD PROVIDE THE TWO WEEK BREATHING-SPACE YAMIN IS ASKING FOR AND WOULD DEPRIVE THE "STUDENTS" AND TO SOME EXTENT KHOMEINI OF THEIR PLATFORM.
  
4. I PUT FORWARD THE IDEA OF THE PRESIDENCY ACTING AS PROTECTING POWER FOR US ALL (PARA 5 OF MY TELNO 1393). THERE WAS NO ENTHUSIASM. SOME DOUBTED WHETHER POLITICAL COOPERATION HAS ADVANCED SUFFICIENTLY FOR THIS TO BE PRACTICABLE. THE ITALIAN CHARGE CLEARLY DID NOT RELISH THE TASK. THE GENERAL VIEW WAS THAT THERE WOULD BE IN ANY CASE NO ADVANTAGE OVER INDIVIDUAL PROTECTING POWERS. IN THIS CONTEXT, IF FOOD IMPORTS ARE TO BE EXEMPT, AUSTRALIA AND NEW ZEALAND MAY WELL BE ABLE TO STAY ON HERE.
  
5. IN CONCLUSION WE DISCUSSED AGAIN THE IDEA I PUT FORWARD YESTERDAY (PARA 6 OF MY TELNO 1393) THAT WE SHOULD TRY TO SEE KHOMEINI. OPINION REMAINS DIVIDED ON THE MERITS, BUT MOST OF MY COLLEAGUES, THE ITALIAN EXCEPTED, SEEM TO BE COMING ROUND TO IT. IT WAS AGREED THAT WE SHOULD ALL SEEK THE VIEWS OF OUR GOVERNMENTS ON WHETHER THEY WOULD SEE MERIT IN THE PROPOSAL, AND IF SO WOULD ISSUE THE NECESSARY AUTHORITY TO MAKE THE APPROACH "ON INSTRUCTIONS". THE GENERAL LINE WE SHOULD TAKE WOULD BE AS IN PARA 6 OF MY TELNO 1393, BUT MY COLLEAGUES WISH TO LOOK AT THE WHOLE QUESTION AGAIN IN THE LIGHT OF COMMENT FROM CAPITALS. WE PLAN TO MEET AGAIN TO-MORROW EVENING. I SHOULD THEREFORE BE GRATEFUL FOR A REPLY ON THIS POINT BY 1200 GMT TO-MORROW IF AT ALL POSSIBLE.
  
6. FAILING KHOMEINI, I SHALL PRESS FOR A CALL ON BEHESHTI TO MAKE THE SAME POINTS. BUT IF MCHENRY IS ABLE TO MAKE GOOD HIS TIME TABLE (UKMIS NEW YORK TELNO 1955) TIME IS RUNNING OUT.  
GRAHAM

## DEPARTMENTAL DISTRIBUTION

MED  
CONS D  
CONS EM UNIT  
EESD  
ES & SD  
EID  
NENAD  
SAD

SED  
TRED  
NAD  
MAED

## ADDITIONAL DISTRIBUTION

TEHRAN SPECIAL

CONFIDENTIAL

CONFIDENTIAL

FM TEHRAN 271000Z DEC

TO IMMEDIATE FCO

TELEGRAM NUMBL 1390 OF 27 DEC 79

INFO IMMEDIATE CABINET OFFICE (DIO), MODUK (DI4 AND DS11),  
 CRES, WASHINGTON, UKMIS NEW YORK, BAHRAIN  
 INFO PRIORITY TO ABU DHABI, ALGIERS, ANKARA, BAGHDAD, DOHA,  
 DUBAI, ISLAMABAD, JEDDA, KABUL, KUWAIT, MOSCOW, TOKYO, MUSCAT,  
 NEW DELHI AND EEC POSTS.

MY TEL NO 1390 : SITUATION IN IRAN.

1. SINCE MY TUR THERE HAVE BEEN NO FURTHER REPORTS OF INCIDENTS IN AZERBAIJAN OR KURDESTAN, BUT INISFAHAN A SIT-IN AT THE GOVERNOR-GENERAL'S OFFICE IS IN ITS TWELFTH DAY, APPARENTLY DEMANDING DISSOLUTION OF THE TOWN'S KOMITEHS AND REVOLUTIONARY COURTS: THE DEMONSTRATORS HAVE REFUSED TO TALK TO MAHDAVIKANI. ZAHEDAN IS REPORTED QUIET WITH THE ARMY IN CONTROL. THE SUNNI BALUCHI LEADER, MOWLAVI ABDON AZIZ, TOLD THE OFFICIAL NEWS AGENCY ON 24 DECEMBER THAT "OUTSIDERS" HAD ARRANGED DEMONSTRATIONS IN FAVOUR OF THE (TEHRAN-APPOINTED) GOVERNOR-GENERAL, AND THAT "SOME PEOPLE" WERE SAYING THAT REVOLUTIONARY GUARDS DISGUISED AS BALUCHIS HAD BEEN CAUSING TROUBLE TO THWART DR YAZDI'S ATTEMPT TO CALM THE SITUATION (MY TELNO 1374). THE ONLY WAY TO PEACE WAS FOR THE GOVERNOR-GENERAL AND HIS RELATIVES TO LEAVE THE AREA.
2. KHOMEINI YESTERDAY SPOKE OF THE DANGER OF ECONOMIC DEPENDENCE ON OTHER COUNTRIES, SAYING THAT THE PRESENT POLITICAL AND ECONOMIC WAR WAS "LIKELY" TO BECOME A MILITARY WAR. IN A SEPARATE STATEMENT HE ATTACKED THE POPE FOR "PROTECTING THE POWERFUL TO THE DETRIMENT OF THE WEAK", AND PRESIDENT CARTER FOR "THREATENING THE IRANIAN PEOPLE WITH FAMINE".
3. QOTBZADEH GAVE AN INTERVIEW TO KAYHAN NEWSPAPER ON 24 DECEMBER, IN WHICH HE DEFENDED HIS RECORD (COMPLAINING OF LOCAL MEDIA CENSORSHIP OF THIS REMARKS) AND HIS STRICT ADHERENCE TO KHOMEINI'S ORDERS. HE ALSO ACKNOWLEDGED THAT FOREIGN REPORTS ABOUT THE LACK OF SAFETY AND SECURITY IN IRAN WERE NOT WITHOUT FOUNDATION. THERE WERE MANY PROBLEMS, AND THEY WERE GROWING.

CONFIDENTIAL

FOR

# CONFIDENTIAL

FOR THIS REASON KHOMEINI WANTED ELECTIONS AS SOON AS POSSIBLE SO THAT THE "TRUE AUTHORITIES" COULD ACT WITH DETERMINATION. THERE WERE AT PRESENT TOO MANY DECISION-MAKING CENTRES.

4. OOTBZADEH'S STATEMENT FOLLOWING THE ATTACK ON THE SYRIAN AMBASSADOR'S RESIDENCE ON 23 DECEMBER, ABOUT THE DANGER OF "IMPERIALISTS" ATTACKING EMBASSIES (MY TELNO 1392 NOT TO ALL) HAS BEEN REPEATED TODAY IN AN ANNOUNCEMENT FROM THE REVOLUTIONARY GUARDS CARRIED ON THE LOCAL RADIO, WHICH WARNED THAT GROUPS LINKED TO THE AMERICANS MIGHT ATTACK OTHER DIPLOMATS' HOUSES AND EMBASSIES TO INDUCE THEM TO WITHDRAW THEIR STAFF AND AROUSE INTERNATIONAL PUBLIC OPINION AGAINST IRAN.
  
5. CROWDS OUTSIDE THE US EMBASSY WERE RELATIVELY THIN OVER CHRISTMAS AND BOXING DAY, WHEN HEAVY RAIN AND SOME SNOW FELL. AYATOLLAH MONTAZERI CAME TO GIVE THE HOSTAGES CHRISTMAS GREETINGS, AND THE VISITING PRIESTS (MY TUR) HELD THEIR SERVICES. JOURNALISTS HERE ARE TRYING TO CHECK THE DISCREPANCY BETWEEN THE NUMBER OF HOSTAGES (43) WHOM THE PRIESTS SAW AND THE LARGER FIGURE (49) GIVEN BY THE "STUDENTS", WHO SAID YESTERDAY THAT SOME OF THE HOSTAGES HAD NOT WANTED TO ATTEND THE CHRISTMAS SERVICES AND HAD NOT THEREFORE MET THE VISITORS. THE PRIESTS PUT OUT A CAREFULLY WORDED STATEMENT AFTER THEIR VISIT, THE TEXT OF WHICH IS NO DOUBT AVAILABLE THROUGH THE AGENCIES. THEY DID THEIR JOB WELL, I THINK, IN THE CIRCUMSTANCES AND THOUGH THE "STUDENTS" DID THEIR BEST TO MAKE POLITICAL CAPITAL, WITH STAGED STATEMENTS BY SOME OF THE HOSTAGES, THE VISIT WAS WORTHWHILE, BUT HAS OPENED NO NEW PASIBILITIES OF A SOLUTION.
  
6. TWO OF THE "STUDENTS" TOLD A LOCAL NEWSPAPER ON 25 DECEMBER THAT THEY HAD JUST RETURNED FROM A VISIT TO ALGERIA AND THAT AN INTERNATIONAL CONFERENCE OF REVOLUTIONARY MOVEMENTS WOULD BE HELD IN TEHRAN ON 3 JANUARY IN WHICH "NOTED WORLD REVOLUTIONARY FIGURES" WOULD PARTICIPATE, INVITED FROM AMONG THE 28 REVOLUTIONARY MOVEMENTS CURRENTLY MAINTAINING PUBLICITY OFFICES IN ALGERIA AND FROM THE COUNTRY'S RULING BODY. THE AIM OF THE CONFERENCE WAS TO EXPLAIN IRAN'S ISLAMIC REVOLUTION.



# CONFIDENTIAL

7. AN ATTACK ON BAZARGAN AND THE FREEDOM MOVEMENT (MEHZATE AZADI) BY THE STUDENTS IN A TV INTERVIEW CONCERNING ENTEZAM'S ALLEGED CONTACTS WITH THE AMERICANS HAS BACKFIRED, WITH BAZARGAN, JAVADI AND SAHABI PUBLICLY AND FIRMLY REFUTING THE CHARGES OF COLLUSION WITH THE US. THE GROUP OCCUPYING THE EMBASSY HAVE APOLOGIZED TO THE NATION AND SAID THAT THE TWO "STUDENTS" WHO MADE THE CRITICISMS HAVE EXPRESSED THEIR READINESS TO FACE ANY "RELIGIOUS PUNISHMENT".
  
8. FOLLOWING RUMOURS OF PURGING IN THE ARMED FORCES, RETIRED GENERAL HADI SHADMEHR HAS REPLACED GENERAL SHAKER AS CHIEF OF THE GENERAL STAFF. KHOMEINI APPOINTED HIM UNDER ARTICLE 110 OF THE NEW CONSTITUTION. THERE ARE ALSO RUMOURS THAT THE CHIEFS OF POLICE AND GENDARMERIE ARE TO BE REPLACED.
  
9. HABIBI ANNOUNCED ON 25 DECEMBER THAT TAHERI QAZVINI, MINISTER OF RAODS AND TRANSPORT, HAD RESIGNED " BECAUSE OF FATIGUE AND EXHAUSTION".

GRAHAM

## DEPARTMENTAL DISTRIBUTION

MEB  
CONS D  
CONS EM UNIT  
EESD  
ES & SD  
EID  
MENAD  
SAD

SED  
TRED  
HAD  
MAED

## ADDITIONAL DISTRIBUTION TEHRAN SPECIAL



FM UKDEL IMF/IBRD WASHINGTON 272212Z DEC 79  
TO PRIORITY F C O

TELEGRAM NUMBER 216 OF 27 DECEMBER 1979,  
INFO ROUTINE UKMIS NEW YORK AND TEHRAN

MY TELEGRAM NUMBERS 213 AND 214. I M F: U S BLOCKING OF IRANIAN  
ASSETS

1. THE EXECUTIVE BOARD TODAY REFUSED IRAN'S REQUEST FOR A TEN-DAY  
EXTENSION FROM 29TH DECEMBER OF THE PERIOD DURING WHICH THE BOARD  
CAN OBJECT TO THE U S ACTIONS ON THE GROUND THAT THEY WERE TAKEN FOR  
REASONS OF NATIONAL OR INTERNATIONAL SECURITY. BEFORE THE MEETING  
THE MANAGING DIRECTOR CIRCULATED A CABLE WHICH HAD JUST ARRIVED FROM  
NOBARI SAYING THAT IF THE BOARD DID NOT APPROVE THE EXTENSION HE  
WOULD WITHDRAW HIS REQUEST FOR A MEETING ON 29TH DECEMBER. IT NOW  
SEEMS CERTAIN THEREFORE THAT THE U S MEASURES WILL BE APPROVED  
WITHOUT FURTHER DISCUSSION.

2. THE DISCUSSION LASTED ONLY THIRTY MINUTES. AMUZEGAR, NOTING THAT  
HE SPOKE AS THE DIRECTOR "ELECTED BY IRAN", ASKED FOR TIME FOR  
THE IN<sup>JURED</sup> MEMBER TO PREPARE ITS CASE. CROSS (U S A) OPOSED THE  
REQUEST ARGUING THAT THIRTY DAYS WAS ADEQUATE TIME FOR AN OBJECTION  
TO BE MADE. THE U S HAD FOLLOWED FAITHFULLY THE PROVISIONS OF EBD  
144(52/51) AND EXPECTED THE FUND TO UPHOLD THE TIME PERIOD. ANY  
EXTENSION MIGHT BE MISINTERPRETED OUTSIDE THE FUND AS INDICATING  
THAT THE FUND WAS UNCERTAIN ABOUT THE U S ACTION. ALTHOUGH THE FUND  
HAD RECENTLY AGREED TO EXTEND THE PERIOD IN THE CASE OF EGYPT'S  
FREEZING OF CERTAIN ARAB COUNTRY DEPOSITS AND LOANS, THAT CASE  
DIFFERED AS THE EGYPTIANS HAD NOT OBJECTED TO THE EXTENSION. IF  
NECESSARY HE WOULD BE PREPARED TO JUSTIFY THE U S ACTIONS AT A  
DISCUSSION ON 29TH DECEMBER.

3. I SUPPORTED CROSS BRIEFLY ARGUING THAT NO GOOD REASON FOR AN  
EXTENSION HAD BEEN PUT FORWARD, AND WAS FOLLOWED IN QUICK SUCCESSION  
BY LASKE (GERMANY), HIRAO (JAPAN), MENTRE (FRANCE), DINI (ITALY),  
LYNCH (IRELAND), RUDING (NETHERLANDS), BLONDAL (ICELAND) AND WHITELAW  
(AUSTRALIA) WHO ALL MADE SIMILAR BRIEF STATEMENTS. THOSE OPPOSING THE  
EXTENSION THUS REPRESENTED OVER 60% OF THE VOTING POWER.

4. ALL OTHER DIRECTORS REMAINED SILENT EXCEPT FOR FINAISH (LIBYA)  
WHO SUPPORTED THE CASE FOR AN EXTENSION ARGUING THAT IT WOULD NOT  
ONLY PERMIT THE IRANIANS TO PREPARE THEIR CASE BUT ALSO ENABLE THE  
STAFF TO PREPARE A PAPER ANALYSING THE CONSEQUENCES OF THE FREEZING  
OF DOLLAR BALANCES AND GIVE MORE TIME FOR DIRECTORS TO CONSULT THEIR  
AUTHORITIES.

CONFIDENTIAL

5. THE MANAGING DIRECTOR SUMMED UP THE FEELING OF THE BOARD AGAINST IRAN'S REQUEST. JALAL (SAUDI ARABIA) THEN ASKED IF, NOTWITHSTANDING THE EXPIRY OF THE THIRTY-DAY DEADLINE, IRAN COULD BRING THE MATTER UP IN THE BOARD AGAIN LATER. EVANS (DEPUTY GENERAL COUNSEL) SAID THAT IT WAS ALWAYS OPEN TO THE BOARD TO RECONSIDER ITS DECISIONS AND TO ANY MEMBER TO PUT AN ITEM ON THE AGENDA AND CROSS COMPLAINED THAT THIS INTERPRETATION APPEARED TO UNDERMINE THE POINT OF THE DEADLINE AND PROLONG THE UNCERTAINTY. THE MANAGING DIRECTOR POINTED OUT THAT IN THE ABSENCE OF AN OBJECTION BY 29TH DECEMBER THE FUND WOULD HAVE DECIDED THAT U S HAD ACTED LEGITIMATELY FOR REASONS OF NATIONAL SECURITY. THEREAFTER THE BOARD SHOULD NOT RE-OPEN THAT QUESTION UNLESS THE BASIC FACTS OF THE SITUATION CHANGED. HOWEVER, THE FUND COULD CONTINUE TO CONSULT WITH BOTH PARTIES ON THE QUESTION OF THE FROZEN BALANCES UNDER THE PROVISIONS OF RULES H'2 AND H-3. CROSS SAID HE WAS CONTENT THAT THERE BE FURTHER CONSULTATIONS UNDER THESE RULES.

RYRIE.

MONETARY DISTRIBUTION

MED  
FRD  
MR J C MOBERLY

ZZ UKMIS NEW YORK

OO WASHINGTON

GRS 493

CONFIDENTIAL

FM FCO 271944Z DEC 79

TO FLASH UKMIS NEW YORK

TELEGRAM NUMBER 1008 OF 27 DECEMBER 1979

INFO IMMEDIATE WASHINGTON AND PARIS

FCO TEL NO 1005: SANCTIONS AGAINST IRAN

1. THIS TELEGRAM DEALS WITH POINTS OF CONCERN TO THE TREASURY AND BANK. A SEPARATE TELEGRAM WILL COVER POINTS RAISED BY OTHER DEPARTMENTS.

2. THE WORDING OF PARAGRAPH 1(C) OF YOUR TEL NO 1952 OF 24 DECEMBER CAUSES US CONSIDERABLE DIFFICULTY. WE SHOULD MUCH PREFER SOMETHING ALONG THE FOLLOWING LINES:

SHALL NOT MAKE AVAILABLE TO THE IRANIAN AUTHORITIES OR TO ANY PERSON IN IRAN OR TO ANY ENTERPRISE CONTROLLED BY ANY IRANIAN GOVERNMENTAL ENTITY ANY NEW CREDITS OR LOANS SAVE IN CONNECTION WITH TRADE PERMITTED UNDER THIS RESOLUTION: SHALL NOT, WITH RESPECT TO SUCH PERSONS OR ENTERPRISES, MAKE AVAILABLE ANY NEW DEPOSIT FACILITIES OR ALLOW SUBSTANTIAL INCREASES IN EXISTING DEPOSITS OR ALLOW MORE FAVOURABLE TERMS OF PAYMENT THAN CUSTOMARILY USED IN INTERNATIONAL COMMERCIAL TRANSACTIONS: AND SHALL TAKE SUCH STEPS AS ARE AVAILABLE TO THEM TO PROTECT THEIR POSITIONS TO THE BEST ADVANTAGE WHEN PAYMENTS DUE ON EXISTING CREDITS OR LOANS ARE NOT MADE ON TIME, AND SHALL ENCOURAGE THEIR NATIONALS TO DO LIKEWISE.

3. YOU WILL NOTICE THAT WE HAVE MADE THE FOLLOWING CHANGES (THE FIRST THREE ARE DRAFTING POINTS).

(A) WE HAVE INSERTED 'NEW' BEFORE 'CREDITS OR LOANS' IN ORDER TO MAKE IT CLEAR THAT THE RESOLUTION DOES NOT REQUIRE EXISTING CREDITS TO BE INSTANTLY REPAYED.

(B) THE POINT ABOUT DEPOSIT FACILITIES HAS BEEN MORE CLEARLY SPELT OUT.

(C) THE REDRAFT IS ALSO INTENDED TO EXPRESS MORE ACCURATELY THE POINT ON TRADE CREDITS WHILE MAKING CLEAR THAT THEY ARE NOT TO BE

EXCLUDED.

(D) THE EXPRESSION 'FAIL TO EXERCISE ANY RIGHTS WHEN PAYMENTS DUE ... ARE NOT MADE ON TIME' COULD BE INTERPRETED AS OBLIGING CREDITORS TO TAKE PRECIPITATE ACTION IN DECLARING DEFAULT. THIS COULD INVOLVE THEM IN POTENTIALLY SERIOUS FINANCIAL LOSS. ECGD'S POSITION WOULD BE PARTICULARLY AFFECTED WITH POSSIBLE PUBLIC EXPENDITURE IMPLICATIONS. WE SHOULD PREFER SOMETHING WHICH WOULD ALLOW INDIVIDUAL CREDITORS MORE FLEXIBILITY TO PROTECT THEIR OWN FINANCIAL INTERESTS. MOREOVER, IT WAS AGREED IN THE CONTEXT OF VOLUNTARY MEASURES, THAT PREMATURE DECLARATION OF DEFAULT SHOULD BE EXCLUDED (SEE PARAGRAPH 5 OF FCO TEL NO 452 TO BONN). YOU SHOULD MAKE IT CLEAR, THEREFORE, THAT WE COULD NOT ACCEPT AN OBLIGATION OF THIS KIND.

(E) WE HAVE EFFECTIVELY OMITTED THE LAST SUB-SENTENCE. AS CURRENTLY DRAFTED IT COULD NOT, WE THINK, BE ENFORCED IN RELATION TO THE OBJECTIVES SET OUT EARLIER IN THE SUB-PARAGRAPH. IN PARTICULAR, THE OBLIGATION TO 'PREVENT THEIR NATIONALS ...' RAISES THE FAMILIAR PROBLEM THAT WE DO NOT HAVE JURISDICTION OVER OUR NATIONALS RESIDENT OVERSEAS.

4. YOU SHOULD NOT AGREE TO ANY TEXT WHICH DOES NOT MEET OUR REQUIREMENTS IN (D) AND (E) ABOVE, AND YOU SHOULD REFER BACK BEFORE FINAL ACCEPTANCE.

5. YOU WILL HAVE NOTICED THAT THE FRENCH SHARE A NUMBER OF OUR DOUBTS - PARAGRAPH 5 OF PARIS TEL NO 1016 OF 27 DECEMBER TO THE FCO.

CARRINGTON

MONETARY DISTRIBUTION

FRD

ESSD

MED

COPIES TO:

SIR E YOUNG

LORD BRIDGES

MR PAYTON, BK/ENG

MR BULLARD

MR EVANS

MR BARRATT HM TREASURY

MR J MOBERLY

MR HANCOCK HM TREASURY

MR LUCAS D/ENERGY

MR KNIGHTON D/TRADE

MR BENJAMIN DOI

CONFIDENTIAL

IMMEDIATE

14150 - 1

DUTY CLERK  
N° 10 DS.

AM son  
R

GRS 863

CONFIDENTIAL

FM FCO DECEMBER 79

TO FLASH UKMIS NEW YORK

TELEGRAM NUMBER 1007 OF 27 DECEMBER

INFO IMMEDIATE WASHINGTON

PRIORITY PARIS

ROUTINE MOD (HEAD OF DEFENCE SALES).

YOUR TELS NO 1951 AND 1952 AND MY TEL NO 1005: SANCTIONS AGAINST  
IRAN

1. THESE ARE THE DETAILED COMMENTS PROMISED IN MY TUR. THEY ARE NOT POINTS OF FUNDAMENTAL DIFFERENCE AND YOU SHOULD NOT MAKE THEM INTO STICKING POINTS. HOWEVER SUB PARA (E) (SEE BELOW) IS A REAL PROBLEM WHICH WE SHALL EXAMINE WITH BP TOMORROW. BUT SOME (IN PARTICULAR YOUR PARA C) RAISE MATTERS OF POTENTIAL AWKWARDNESS. REDRAFTING TO MEET THESE POINTS WILL WE BELIEVE MAKE A RESOLUTION EASIER TO APPLY AND CAPABLE OF COMMANDING MORE GENERAL SUPPORT.

2. SUB PARA (A) THE MAIN PURPOSE OF THIS PARAGRAPH IS TO STOP EXPORTS TO IRAN AND FOR THIS OBJECTIVE THE DRAFT SEEMS WIDER IN SCOPE THAN IS NECESSARY AND IN PARTICULAR THAN THE EQUIVALENT PARAGRAPH IN THE RHODESIA SANCTIONS RESOLUTION. THE WORDS IN LINE ONE 'OR ATTEMPTED SALE OR SUPPLY' APPEAR TO PREVENT ANY NEGOTIATIONS ENTERED INTO WITH A VIEW TO A SALE, AND THIS WOULD RAISE SERIOUS PROBLEMS OF ENFORCEMENT. IN ADDITION IT IS NOT CLEAR FROM THE DRAFTING WHETHER SALES TO IRANIAN GOVERNMENTAL ENTITIES WITHIN THE UK WOULD BE PREVENTED. ALTHOUGH WE THOUGHT THIS WOULD DRAW THE NET MUCH MORE TIGHTLY, WE WOULD BE RELUCTANT TO HAVE TO PROSECUTE BRITISH FIRMS SELLING, SAY, OFFICE SUPPLIES TO THE LONDON OFFICE OF NIOC. OUR POINTS WOULD BE ACHIEVED BY OMITTING THE WORDS 'OR ATTEMPTED SALE OR SUPPLY' AND 'THE UAE OF' IN LINE THREE, AND INSERTING 'IN IRAN' AFTER 'IRANIAN GOVERNMENTAL ENTITIES'. THIS WOULD REMOVE AMBIGUITY.

3. SUB PARA (B) FOR SIMILAR REASONS OF AVOIDING MAKING SALES WITHIN THE UK UNLAWFUL, (WHILE MAINTAINING FULL CONTROL ON EXPORT)

4. SUB PARA (D) THIS SUB PARA REQUIRES SOME CLARIFICATION. IS



IT THE INTENTION TO CATCH AIRCRAFT OWNED BY OR UNDER CHARTER TO IRANIAN NATIONALS ABROAD? FOR EXAMPLE, AIRCRAFT OWNED OR OPERATED BY NATIONALS RESIDENT OUTSIDE IRAN WHO HAVE NO SYMPATHY FOR, OR IN NO WAY SUPPORT OR ASSIST, THE PRESENT REGIME? OR AIRCRAFT OF IRANIAN REGISTRY OR UNDER CHARTER TO IRANIAN NATIONALS WHICH HAPPEN AT THE TIME THE RESOLUTION IS PASSED TO BE OUTSIDE IRAN FOR SERVICING OR MAINTENANCE (PARTICULARLY GIVEN THE DECISION NOT TO FREEZE FINANCIAL ASSETS.)?

5. SUB PARA (E) THIS PRESENTS SERIOUS PROBLEMS FOR BP WHO HAVE A JOINT TANKER FLEET OF TEN VESSELS WITH IRAN. HALF SAIL UNDER THE IRANIAN FLAG BUT WITH BRITISH OFFICERS. BP BELIEVE THE LIVES OF THEIR OFFICERS COULD BE AT RISK.

6. SUB PARA (G) THIS IS, SO FAR AS WE CAN SEE, NOVEL AND DID NOT APPEAR IN THE RHODESIA AND SOUTH AFRICA RESOLUTIONS. IT RAISES COMPLEX PROBLEMS AND IS NOT WHOLLY APPROPRIATE TO A RESOLUTION INTENDED TO HAVE EARLY AND TEMPORARY EFFECT. HOWEVER, IF THE AMERICANS FEEL STRONGLY THAT IT SHOULD BE RETAINED, THE MEANING OF 'NEW CONTRACTS' SHOULD BE MADE CLEARER. IN PARTICULAR THE INTENTION REGARDING OIL INDUSTRY CONTRACTS SHOULD BE CLARIFIED (WE HAVE UNDERSTOOD THAT IRAN'S OIL EXPORTS WERE NOT TO BE IMPEDED AND WE THINK THIS COULD HAVE SOME SUCH EFFECT). AND WE THINK IT MIGHT IMPEDE THE SAFE DISTRIBUTION OF MEDICAL SUPPLIES WHICH ARE EXCLUDED FROM THE EXPORT BAN.

7. WE ALSO NOTE THAT THE PROHIBITION ON ENTERING INTO NEW SERVICE CONTRACTS APPLIES TO FIRMS IN OTHER COUNTRIES WHICH ARE CONTROLLED BY NATIONALS OF THE RELEVANT UN MEMBER STATE OR BY FIRMS INCORPORATED IN THAT STATE. WE THINK IT UNNECESSARY IN ORDER TO ACHIEVE THE PRESENT OBJECTIVES TO EXTEND THE NATIONALITY PRINCIPLE OF JURISDICTION TO THIS DEGREE. AND (AS WASHINGTON WILL KNOW FROM OUR PROBLEMS OVER US EXTRA TERRITORIAL JURISDICTION) WE REGARD THIS EXTENSION AS UNDESIRABLE ON GENERAL POLICY GROUNDS BECAUSE IT CAN ENTAIL, IN OTHER CONTEXTS BOTH A CONFLICT, OF ECONOMIC POLICY BETWEEN THE PARENT STATE OF THE NATIONAL CONCERNED AND THE STATE IN WHICH THE OVERSEAS SUBSIDIARY IS INCORPORATED AND A CONFLICT OF LEGAL DUTY FOR INDIVIDUALS. FOR THESE REASONS WE HAVE HAD SUSTAINED DIFFICULTIES WITH THE US

OVER THIS CONCEPT AND WOULD PREFER THAT IT SHOULD NOT BE GIVEN ADDED AUTHORITY EVEN IN THE PRESENT UNUSUAL CONTEXT. WE HOPE THEREFORE THAT THE US COULD AGREE TO DROP THE PHRASE 'OR FIRMS UNDER THE CONTROL OF THEIR NATIONALS OR OF FIRMS REGISTERED IN THEIR TERRITORIES' AS UNNECESSARY TO ACHIEVE THE OBJECT, BECAUSE ANOTHER STATE WILL HAVE THE OBLIGATION TO CONTROL THE COMPANIES CONCERNED.

8. SUB PARA (H) THIS SUB PARA ALSO SEEMS RATHER NOVEL, AND WE THINK IT MAY BE UNDESIRABLE ON GROUNDS OF LEGAL PRINCIPLE. IT INTRODUCES A FULL-BACK PROVISION WHICH OVER-RIDES THE SPECIFIC PROHIBITIONS IN THE PREVIOUS PARAGRAPHS, WHICH (AT LEAST WHEN TRANSLATED INTO UK LAW) WILL HAVE THEIR SEPARATE TESTS OF GUILTY INTENT. WE THINK IT UNNECESSARY AND WOULD PREFER TO SEE IT DROPPED. BUT, IF IT HAS TO BE RETAINED, WE WOULD IN ANY CASE SUGGEST DELETION OF 'WHICH HAS THE EFFECT OF' IN LINE THREE, WHICH IS FAR TOO SWEEPING AND COULD BE USED AGAINST INNOCENT TRADERS.

9. SUB PARA(I) WE SUGGEST REPLACING THE WORD 'DECLARING' BY 'IN' TO COVER THE CASE WHERE THE AIRCRAFT OR VESSEL DID ITSELF NOT DECLARE AN EMERGENCY. WE SHALL REGARD 'SAFETY' AS COVERING 'POLLUTION'.

10. PLEASE ADD FOLLOWING PASSAGE TO PARAGRAPH 3 ABOVE:  
WE SUGGEST OMITTING 'OR OPERATED FROM' IN THE LAST TWO LINES.

CARRINGTON

DEPARTMENTAL DISTRIBUTION

MED  
FRD

COPIES TO:

MR KNIGHTON DOT  
MR LUCAS DEPT OF ENERGY  
MR BENJAMIN DOI  
MR BARRATT TREASURY

SUBJECT

SECRET



File

Iran

K 8

10 DOWNING STREET

From the Private Secretary

27 December 1979

Dear Paul,

Iran: UN Sanctions

The Prime Minister held a meeting at Chequers this afternoon to consider the latest American proposals for sanctions against Iran (as set out in telegram number 1952 from UKMIS New York). The Foreign and Commonwealth Secretary, Mr. Douglas Hurd and Mr. J. Bullard were present.

The Prime Minister said that she had serious misgivings about the American approach. First, it was by no means clear that their proposals, if endorsed by the Security Council, would help secure the release of the hostages. On the contrary, it seemed just as likely that they would provoke the Iranians into taking more hostages from other Embassies. Second, it was questionable whether the Americans would obtain sufficient votes for the proposals in their present form. Third, the Americans seemed to be rushing unnecessarily. By pressing for a vote on 31 December, they were making it difficult for the UK and other allies to consider properly the implications of their proposals, and they were therefore increasing the risks of retaliation. The Americans did not appear to have exhausted the possibilities of unilateral action against Iran; it also seemed that they could be doing more to approach the Iranians jointly with the Russians and Islamic countries. Moreover, they appeared to have ruled out the option of a two-stage approach whereby they would ask for a resolution under Article 39 to the effect that the Iranians were posing a threat to peace - to be followed, if the hostages were not freed, by a resolution calling for economic sanctions under Article 41. The latter approach would appear to have very considerable advantages both from the Americans' and their allies' points of view. Fourthly, there were aspects of their trade embargo proposals which ought to be queried. The proposed embargo on exports to Iran did not cover food, and therefore the Americans would be to some extent unaffected. By contrast, our own industries would suffer - in particular the Talbot plant at Bathgate. Furthermore, it was not clear why the Americans were not proposing an embargo on imports from Iran. If the UK stopped exports to Iran, there was little doubt that the Iranians would in any case no longer be willing to sell oil to our oil companies. Unless there was an embargo on Iranian oil sales, other countries would simply take our place as purchasers. Trade sanctions were likely to be more effective if they operated on both exports and imports.

SECRET

/In discussion

SECRET

- 2 -

In discussion the following points were made. Mr. Bullard reported that there had been a meeting of the Western Five this afternoon in New York at which the Americans had indicated that they had consulted with the non-aligned countries on the Security Council and that the response had been discouraging. In particular, the Nigerians had made plain that they were not keen to take the lead. Thus the American initiative was already running into considerable difficulty. Nonetheless, they had indicated that they still planned to go ahead with it. This raised the question of what were the Americans' real motives. It could be that they were "going through the motions" so that, having failed to obtain Security Council support, they could then say that they had tried everything. The Foreign and Commonwealth Secretary commented that it was essential to ascertain what their motives were. He went on to say that now that the US had announced that they were going to the United Nations, there was no point in our trying to dissuade them: our objective must be to minimise the damage to our own interests and maximise the effectiveness of whatever sanctions might be adopted. The Prime Minister had raised some important points, but we could not withdraw our general support for what they were trying to do. We could reiterate our support in general terms, but indicate strongly that we had doubts about their tactics and about some of the measures proposed. In particular we should argue for the two-stage approach to give more time for detailed proposals for sanctions to be worked out and to avoid unnecessary risk to other Embassy staffs in Tehran. The Prime Minister added that the Americans ought to be made aware that moves for sanctions against Iran could build up pressure for sanctions against South Africa.

The following further points arose:

- (i) Lord Carrington reported that the French Ambassador had asked to see him. It would be helpful to concert with the French on our response to the Americans. The Prime Minister agreed. While Lord Carrington would not be seeing the Ambassador until tomorrow, it would be desirable to speak to him at once and suggest that the French Government should argue separately on the same lines as ourselves. (Mr. Bullard spoke to the French Ambassador accordingly on the telephone.)
- (ii) Mr. Bullard reported that Sir J. Graham had sent a telegram proposing that the EEC Ambassadors in Tehran should visit Khomeini and spell out the consequences if Iran continued to hold the hostages. It was agreed that this would be worthwhile, and that Sir J. Graham should be instructed accordingly.
- (iii) It was reported that nine of our Embassy staff had left Tehran today, leaving seven. The Prime Minister said that, while it was possible that we might be able to persuade the Americans to postpone going to the Security Council, we still ought to make plans for getting out the remaining seven before Monday. Lord Carrington agreed that the plans for final evacuation should proceed, though a final decision should be put off until tomorrow (Friday).

/(iv) Although

SECRET

SECRET

- 3 -

(iv) Although it might seem that the American proposals were less damaging to them than to us, this was purely coincidental. Their suggestion that food exports should be excluded from embargo was intended for humanitarian reasons. As regards oil exports from Iran, the Americans had presumably not included these in their proposals because they did not wish to cause further damage to world oil supplies.

Summing up, the Prime Minister said that a telegram should be sent immediately to our Ambassador in Washington asking him to convey to the Americans our concern about their approach following the main points which had been made in discussion.

The attached telegram was then drafted by Mr. Bullard and agreed by the Prime Minister and Lord Carrington.

I am sending copies of this letter to Tony Battishill (HM Treasury), Bill Burroughs (Department of Energy), Stuart Hampson (Department of Trade), John Beverly (Bank of England) and Martin Vile (Cabinet Office).

*Tom* *en.*

*T. Laker.*

Paul Lever, Esq.,  
Foreign and Commonwealth Office.

SECRET



File No. \_\_\_\_\_

OUTWARD

Security Classification  
SECRET

Department \_\_\_\_\_

TELEGRAM

Precedence

Drafted by  
(Block Capitals) \_\_\_\_\_

FLASH

Tel. Extn. \_\_\_\_\_

DESKBY \_\_\_\_\_ Z

FOR  
COMMS. DEPT.  
USE

Despatched

(Date) \_\_\_\_\_

POSTBY \_\_\_\_\_ Z

(Time) \_\_\_\_\_ Z

PREAMBLE

(Time of Origin) \_\_\_\_\_ Z(G.M.T.)

(Restrictive Prefix) \_\_\_\_\_

(Security Class.) SECRET \_\_\_\_\_

(Caveat/ \_\_\_\_\_

Privacy Marking) \_\_\_\_\_

(Codecord) \_\_\_\_\_

(Deskby) \_\_\_\_\_ Z

TO FLASH WASHINGTON Tel. No. \_\_\_\_\_ of \_\_\_\_\_  
(precedence) (post)

AND TO (precedence/post) FLASH UKMIS NEW YORK AND TEHRAN

IMMEDIATE, PARIS

AND SAVING TO \_\_\_\_\_

REPEATED TO (for info) \_\_\_\_\_

SAVING TO (for info) \_\_\_\_\_

Distribution:-

[TEXT]

- PS/LPS
- /Mr. Hurd
- /PUS
- /Sir D. Maitland
- Chief Clerk
- Mr. Bullard
- Lord Bridges
- Mr. J. Moberley
- Mr. Evans
- Middle East Dept.
- News Department

Begins:

IRAN

1. The Prime Minister and I have considered the situation today in the light of the latest reports. Please approach the State Department and White House today at the highest level you can reach and convey to them the points in paragraphs 2 to 3 below. Sir R. Hibbert may give the general line on our thinking to the French: this has been done today through the French Ambassador here, who is calling on me at his own request early tomorrow.

Copies to:-

/2. We

2. We stand absolutely by the undertaking given by the Prime Minister in Washington to support the Americans in an approach to the Security Council for action under Chapter 7 of the Charter. But the Prime Minister made it clear in interviews in Washington that any such action must be related to the objective of securing the release of the hostages. Measured by this test the draft in UKMIS New York telegram number 1952 and the proposed American tactics cause the following misgivings:-

(a) we wonder whether it will be so easy to obtain sufficient votes for a Resolution in these terms to be adopted: if a Resolution were tabled by the United States and supported by her Western allies but then defeated, the consequences could be very bad for all of us.

(b) if a Resolution in these terms is passed by the Security Council, is it likely to secure the release of the hostages? We must honestly say that we see a grave risk of it provoking the Iranians into taking more hostages from other Embassies including our own.

3. The implications of the whole exercise are so serious and the risks of mishandling it so great that we should very much prefer to tackle the problem in slower time, giving more thought to the best approach from the points of view of New York and Tehran. The Americans are aware of our concern lest moves for sanctions against Iran should build up pressure for sanctions against South Africa. We wonder how important is the deadline of 31 December, given that apart from Cuba the new members of the Security Council look either no worse than their predecessors and in some cases perhaps even better. A more measured approach would also give the Americans time to consider further unilateral moves which may be open to them, whether on the

/lines suggested

NOTHING TO BE WRITTEN IN THIS MARGIN

lines suggested by the Head of Mission of the community in Tehran or in other fields. Could we not envisage a step by step approach in which the first stage would be a Resolution by the Security Council finding that there is a threat to the peace under Article 39, calling upon Iran to comply with the ruling of the International Court and the unanimous resolution of the Security Council itself, resolving to remain seized of the problem and to meet again after a specified interval to consider action under Article 41 unless the hostages have by then been released?

4. It is most desirable to establish what really are the American motives. One reading of their tactics in New York is that they are determined to table a whole-hog resolution whether or not it is going to be passed. The purpose of this, as Sir Anthony Parsons has suggested, could be to free the American hands for some kind of unilateral action. The implications of this for Britain and the West in the entire Middle East are too serious to need stating. Any light you can shed on this question would be most welcome.

5. As the Americans know, we had a number of comments on points of detail in the draft resolution and we may have more. Most of these are of a minor and technical nature, but for their own information only we are concerned at the thought that export of Chrysler/Talbot car kits to Iran would be banned, leading to serious local unemployment in Britain. This might be more serious than the damage to any other country. It could even look to some in this country as if the Americans were obliging their allies to cut off valuable exports while at the same time protecting the interests of their own farmers in continuing to sell food to Iran.

GPS 234  
CONFIDENTIAL

CONFIDENTIAL

DESKBY 270930Z DEC

FM WASHINGTON 262134Z DEC 79

TO IMMEDIATE F C O

TELEGRAM NUMBER 4354 OF 26 DECEMBER, 1979,

INFO PRIORITY TEHRAN, TOKYO, PARIS, BONN, ROME, OTTAWA, UKMIS NEW YORK, INFO ROUTINE TO OTHER E E C POSTS.

*kg. Phil*

*I had told  
David Howell Feb-1  
considered 30 would  
be appropriate in view of  
the success in  
in Paris  
not*

YOUR TELNO 822 TO TEHRAN (NOT TO ALL): NEGOTIATIONS WITH N I O C.

1. JOHNSTON (STATE DEPARTMENT) INFORMED MINISTER (COMMERCIAL) TODAY OF VARIOUS JAPANESE EMBASSY APPROACHES ON 24 DECEMBER AND OF THE AMERICAN RESPONSE TO THEM.

2. THE EMBASSY HAD ADVISED THE STATE DEPARTMENT THAT JAPANESE COMPANIES WERE BEING OFFERED TWO MONTHS' CONTRACTS BY NIOC ON THE SAME SORT OF CONDITIONS OFFERED TO B P AND SHELL, WHICH WOULD RESULT IN AN AVERAGE PRICE PER BARREL OF DOLLARS 30.00. THE RELATIVE PROPORTIONS OF OIL TO BE SOLD AT THE GOVERNMENT SELLING PRICE AND AT A PREMIUM WERE NOT SPECIFIED. BEFORE PROCEEDING FURTHER, THE JAPANESE WANTED TO KNOW WHETHER THE U S GOVERNMENT WOULD BE QUOTE INDIGNANT UNQUOTE AT DEALS CONCLUDED AT DOLLARS 30 A BARREL. JOHNSTON TOLD THOMAS THAT THE U S REPLY HAD EXPRESSED A STRONG PREFERENCE THAT THE JAPANESE SHOULD HOLD OUT FOR CONTRACTS AT THE G S P OF DOLLARS 28.50. HOWEVER, IF AFTER A FEW DAYS THE IRANIANS REFUSED TO BACK DOWN, THERE WOULD PROBABLY NOT BE A STRONG REACTION FROM THE U S GOVERNMENT SHOULD THE JAPANESE SETTLE FOR THE HIGHER PRICE. IN THAT CASE, IT WAS ASSUMED THAT THERE WOULD BE NO COMPLICITY BETWEEN THE JAPANESE AND THE IRANIANS.

3. IT CAN BE EXPECTED THAT THE U S WOULD HAVE IN MIND THE SAME REACTIONS TO OTHER COUNTRIES OR COMPANIES NEGOTIATING WITH NIOC. YOU WILL NO DOUBT WISH TO APPRISE B P AND SHELL OF THE LIKELY AMERICAN ATTITUDE.

HENDERSON  
DEPARTMENTAL DISTN.  
ES & SD  
MED  
FED  
CABINET OFFICE

COPIES TO:  
~~PS/NO 10 DOWNING ST~~  
PS/CHANCELLOR }  
SIR K COUZENS } TREASURY  
SIR D WASS }  
MR HANCOCK }  
MR ASHFORD }  
  
PS/S OF S ENERGY  
MR D LE B JONES } D/ENERGY  
PS/S OF S TRADE }  
B/ENGLAND }

CONFIDENTIAL

M has seen  
JP 26/12

PRIME MINISTER

IRAN

There was a meeting of the Specials to consider instructions for Sir A. Parsons in New York today. A holding telegram has been sent which simply says that we recognise that we are committed to supporting the Americans with regard to Chapter 7 action, but we have raised one or two questions about the American proposal of a fairly general nature and asked Sir A. Parsons to report back at the end of today's discussions about the attitudes of other people. We know that the French want to delay action until the New Year. The telegram makes clear that this has not been considered by Ministers.

I feel sure that there will have to be a discussion on all of this by Ministers before the weekend and I will be in touch again tomorrow. The texts of the relevant telegrams will be sent down in the box tomorrow morning.

M O'D B Alexander

26 December 1979



CONFIDENTIAL

R300

CONFIDENTIAL

FM WASHINGTON 261830Z DEC

TO IMMEDIATE FCO

TELEGRAM NUMBER 4351 OF 26 DECEMBER

INFORMATION IMMEDIATE TEHRAN AND UK MIS NEW YORK.

*hc*  
*Paul*

UK MIS NEW YORK TEL NO 1953 TO FCO: SANCTIONS AGAINST IRAN.

1. I DOUBT WHETHER THE U.S. GOVERNMENT HAVE A VERY CLEAR IDEA OF HOW BEST TO PLAY THIS UNTIL THEY HAVE GOT THE VIEWS OF SECURITY COUNCIL GOVERNMENTS ABOUT THE SORT OF RESOLUTION THAT MIGHT GO THROUGH. MY FRENCH COLLEAGUE IS UNDER THE DISTINCT IMPRESSION THAT THEY ARE WANTING TO ACT QUICKLY AND TO GET SOMETHING THROUGH THE SECURITY COUNCIL BY THE END OF THIS WEEK. HE HIMSELF SEES DOUBTS ABOUT THE WISDOM OF HASTE AND IS CONSIDERING WHETHER TO SEE VANCE ABOUT IT.

2. IF YOU WANTED I COULD TRY TO FIND OUT A LITTLE MORE CLEARLY WHAT THE PRESENT AMERICAN INTENTIONS ARE AND I COULD POINT OUT THE APPARENT DISADVANTAGES OF HASTE WHILE RECOGNISING THE PROBLEMS ARISING FROM THE CHANGE OF MEMBERSHIP OF THE SECURITY COUNCIL ON 1 JANUARY. I SHOULD HAVE THOUGHT THAT THE SOVIET AIM WILL BE TO SPIN THINGS OUT AND, RATHER THAN VETOING A RESOLUTION, TO ENCOURAGE OTHERS TO PUT FORWARD ALL SORTS OF AMENDMENTS THAT WOULD WATER IT DOWN. IN DOING SO THEY WOULD CURRY FAVOUR IN TEHRAN WHILE AVOIDING A SERIOUS DETERIORATION IN THEIR RELATIONS WITH THE USA. THERE IS SURELY EVERYTHING TO BE SAID FOR THE U.S.A. TRYING TO GET THE NINE VOTES AND AVOID A VETO RATHER THAN RUSHING AT THE FENCE AND FAILING TO GET A RESOLUTION THROUGH AND THEN HAVING TO TAKE UNILATERAL ACTION AFTER SUCH FAILURE. OF COURSE IF THERE WAS A SERIOUS THREAT TO THE LIVES OF THE HOSTAGES THE SCENE WOULD CHANGE.

HENDERSON

DEPARTMENTAL DISTRIBUTION

MED  
CONS D  
CONS EM UNIT  
EESD  
ES & SD  
EID  
HENAD  
SAD

SED  
TRED  
NAD  
MAED

ADDITIONAL DISTRIBUTION  
TEHRAN SPECIAL

CONFIDENTIAL

CR 000  
SECRET

SECRET

XX  
7

DESKBY - PARIS 270600Z  
FM FOO 261537Z  
TO FLASH URMIS NEW YORK  
TELEGRAM NUMBER 1005 OF 29 DECEMBER  
INFO IMMEDIATE WASHINGTON TEHRAN PARIS

YOUR TELNO 1951: SANCTIONS AGAINST IRAN

1. WE ARE COMMITTED TO SUPPORTING THE AMERICANS AS AND WHEN THEY DECIDE TO GO FOR CHAPTER VII ACTION. AT THE SAME TIME WE WISH TO MINIMISE THE DAMAGE TO OUR OWN INTERESTS VIS A VIS IRAN WHICH ARE LIKELY TO REMAIN BOTH IMPORTANT AND VULNERABLE NOW AND AFTER THE RESOLUTION OF THE HOSTAGE PROBLEM. IN PRACTICE WE HOPE TO AVOID:-

- (A) ENDANGERING OUR OWN STAFF OR COMMUNITY;
- (B) BREAKING OFF DIPLOMATIC RELATIONS (AS OPPOSED TO WITHDRAWING STAFF) IN A WAY THAT WOULD MAKE IT HARD TO RESTORE RELATIONS WITH IRAN AFTERWARDS OR DRIVE IRAN INTO THE ARMS OF THE SOVIET UNION;
- (C) CREATING GREATER RISKS THAN NECESSARY FOR THE WORLD FINANCIAL SYSTEM OR ENERGY BALANCE;
- (D) JEOPARDISING OUR OWN TRADING AND FINANCIAL INTERESTS (PARTICULARLY THE LATTER WHERE WE ARE PERHAPS MORE VULNERABLE THAN MANY OF OUR PARTNERS).

2. IF A SANCTIONS RESOLUTION COULD BE ADOPTED, THIS WOULD OF COURSE EASE SOME OF THE LEGAL PROBLEMS OF TAKING ACTION AGAINST IRAN. BUT THE OBJECTIVE IS TO GET THE HOSTAGES OUT SAFELY, AND IF THE AMERICANS WERE SEEN OBVIOUSLY TO FAIL TO GET SECURITY COUNCIL ACTION, THIS COULD STRENGTHEN THE HARD LINERS IN IRAN AND ADVERSELY AFFECT THE MOMENTUM OF BUILDING UP INTERNATIONAL PRESSURE ON IRAN. WHILE RESPECTING THE AMERICAN DECISION TO GO AHEAD, THEREFORE, WE FEEL IT MIGHT BE WISE NOT TO PROCEED TOO FAST, SO THAT IF AND WHEN THE RESOLUTION IS PUT TO THE VOTE, IT CAN EMBODY A PACKAGE WHICH HAS THE BEST CHANCE OF SECURING THE NECESSARY VOTES. THERE COULD BE A CASE, AS ALREADY SUGGESTED TO THE AMERICANS, FOR CONFINING THE RESOLUTION IN THE FIRST INSTANCE TO A DETERMINATION OF A THREAT TO THE PEACE, COUPLED WITH SOME ACCEPTABLE POLITICAL/PROCEDURAL ADDITION (EG ACTION BY THE SECRETARY-GENERAL

SUGGEST APPROPRIATE STEPS OR MEASURES TO TAKE AGAINST IRAN). THIS WOULD ALSO HAVE THE ADVANTAGE OF LEAVING MORE TIME FOR AN ASSESSMENT OF WHICH OF THE VARIOUS MEASURES PROPOSED BY THE AMERICANS WOULD HAVE THE EFFECT OF RALLYING OPINION ROUND THE STUDENTS HOLDING THE HOSTAGES OR OF BRINGING HOME TO IRANIANS THE SERIOUSNESS OF THEIR CONFRONTATION WITH WORLD OPINION.

3. AGAINST THE ABOVE BACKGROUND, AND IN THE LIGHT OF THE COMMITMENT REFERRED TO IN PARA 1 ABOVE, WE HAVE THE FOLLOWING PRELIMINARY COMMENTS ON THE US DRAFT, WHICH HAS NOT BEEN CONSIDERED BY MINISTERS. IT WILL TAKE A LITTLE TIME BEFORE WE CAN SEND YOU OUR DEFINITIVE COMMENTS.

4. WE NOTE THAT THERE IS NO REFERENCE IN THE PART OF THE TEXT WHICH HAS BEEN SHOWN TO US TO ARTICLE 41. AN EXPLICIT REFERENCE TO ARTICLE 41 WOULD PUT BEYOND DOUBT OUR POWER TO IMPLEMENT THE RESOLUTION IN DOMESTIC LAW UNDER THE UNITED NATIONS ACT.

5. WE WOULD ALSO HOPE THAT THE SOUTH AFRICAN ANGLE CAN BE KEPT IN MIND. OUR INTERESTS IN SOUTH AFRICA ARE GREATER THAN THOSE OF THE AMERICANS AND CONSEQUENTLY OUR RELUCTANCE TO ACCEPT SANCTIONS. WE SHALL WANT TO CONTINUE TO ARGUE THAT SOUTH AFRICA IS DIFFERENT. WE ALSO NEED TO AVOID GIVING THE IMPRESSION THAT WE CAN BE RELIED UPON TO BLOCK ALL SANCTIONS ON SOUTH AFRICA ALONE. IF THE ACTION TO BE TAKEN AGAINST IRAN CAN BE FINNED AS PRECISELY AS POSSIBLE TO THE BREACH OF THE VIENNA CONVENTION ON DIPLOMATIC RELATIONS AND THE FAILURE TO COMPLY WITH THE SPECIFIC TERMS OF A DIRECT ORDER BY THE INTERNATIONAL COURT OF JUSTICE, THIS SHOULD HELP TO AVOID A DANGEROUS PRECEDENT. (ANY BARGAINS THAT INDIVIDUAL AFRICAN MEMBERS OF THE COUNCIL MAY TRY TO STRIKE IN RETURN FOR THEIR VOTES WILL HAVE TO BE LOOKED AT SEPARATELY).

6. WE WOULD BE INTERESTED TO KNOW WHY THE AMERICAN DRAFT SINGLES OUT ARMS EXPORTS IN SUB-PARAGRAPH A. THE PART OF THIS PARAGRAPH REFERRING TO LICENSING ARRANGEMENTS COULD CAUSE US DIFFICULTY OVER IMPLEMENTATION, AND WE SHALL BE SENDING FURTHER ADVICE. WE NOTE THAT MUCH OF THE LANGUAGE USED IN THIS PART OF THE SUB-PARAGRAPH IS VERY SIMILAR TO OPERATIVE PARAGRAPH OF S.C. RESOLUTION 419.

7. SUB-PARAGRAPH C HAS CLEARLY BEEN DRAFTED SO AS TO TAKE ACCOUNT OF REPRESENTATIONS MADE BY THE UK AND OTHERS ABOUT THE RISKS TO THE INTERNATIONAL FINANCIAL SYSTEM OF MORE DRACONIAN MEASURES. YOU SHOULD EXPRESS APPRECIATION FOR THAT. WE ARE URGENTLY CONSIDERING THE EFFECTS OF MAKING SUB-PARAGRAPH C AS DRAFTED MANDATORY UNDER UK LAW. IN THIS CONNEXION YOU SHOULD POINT OUT THAT THE FIRST OF THE MEASURES IN SUB-PARAGRAPH C IS SO WIDELY EXPRESSED AS TO BE INCONSISTENT WITH THE FOURTH, BECAUSE THE TERMS OF PAYMENT CUSTOMARILY USED IN INTERNATIONAL COMMERCIAL TRANSACTIONS INCLUDE SHORT-TERM CREDIT. THE FIRST ITEM OUGHT THEREFORE TO PERMIT SUCH CREDIT.

8. WE MAY HAVE COMMENTS ON THE POINTS UNDER SUB PARAGRAPHS (A), (G) AND (H) ARISING FROM OUR RELUCTANCE TO SEE THE CONCEPT OF EXTRATERRITORIAL JURISDICTION GAINING GROUND. WE SHALL BE SENDING FURTHER COMMENTS ON THIS.

9. WE NOTE THAT SUB PARAGRAPH (G) WOULD NOT EXCLUDE THE CONTINUANCE OF EXISTING SERVICE CONTRACTS IN THE OIL INDUSTRY.

CARRINGTON

NNNN

CONFIDENTIAL

OR 150

CONFIDENTIAL

FM TEHRAN 261225Z DEC

TO IMMEDIATE FCO

TELEGRAM NUMBER 1394 OF 26 DEC 79

INFO IMMEDIATE UKMIS NEW YORK AND WASHINGTON.

*ds*  
*Part*

UKMIS TELNO 1953 : IRAN.

PLEASE SEE MIPT FOR MY GENERAL VIEWS. ON THE PARTICULAR QUESTION OF TIMING, AND ON THE ASSUMPTION THAT THE US RESOLUTION IS LIKELY TO FAIL, I BELIEVE THAT I SHOULD BE INSTRUCTED TO SEE QOTBZADEH JUST BEFORE SIR A PARSONS MAKES CLEAR IN THE SECURITY COUNCIL OUR POSITION ON THE US DRAFT, AND SPEAK TO HIM ON THE LINES OF PARA 6 OF MIPT (A JOINT EEC DEMARCH TO HIM, OR, IF AGREED, TO KHOMEINI WOULD BE BETTER). I WOULD CONCLUDE BY SAYING THAT I BELIEVED THE DECISION TO WITHDRAW WAS IN BOTH OUR INTERESTS, AS REDUCING THE RISK THAT RELATIONS MIGHT BE EVEN MORE DRASTICALLY DAMAGED BY HARASSMENT OF THE EMBASSY, AND BY ASKING FOR CONTINUED PROTECTION AND ASSISTANCE DURING OUR WITHDRAWAL.

I COULD THEN NAME THE PROTECTING POWER AND EXPLAIN THE CONDITIONS ON WHICH THE IRANIANS WOULD BE PERMITTED TO CONTINUE TO OPERATE IN LONDON, MANCHESTER ETC.

2. IF IT SEEMS LIKELY THAT THE US RESOLUTION WILL PASS, I BELIEVE WE COULD HOLD OFF A FINAL DECISION ON WITHDRAWAL FOR A BIT.

GRAHAM

DEPARTMENTAL DISTRIBUTION

MED	SED
CONS D	TRED
CONS EM UNIT	NAD
EESD	MAED
ES & SD	UND
EID	POD
NENAD	
SAD	

ADDITIONAL DISTRIBUTION  
TEHRAN SPECIAL

CONFIDENTIAL



GR 360

CONFIDENTIAL

DESKBY 261500Z

FM TEHRAN 260900Z DEC

TO IMMEDIATE FCO

TELEGRAM NUMBER 1392 OF 26 DEC 79

INFO IMMEDIATE WASHINGTON AND UKMIS NEW YORK

INFO PRIORITY EEC POSTS.

*L.S. Paul*

WASHINGTON TELNO 4349 TO YOU: US-IRAN CONFRONTATION.

1. I MET MY COMMUNITY COLLEAGUES THIS MORNING BEFORE I HAD RECEIVED TUR, OR YOUR TEL NO 1982 TO WASHINGTON, UKMIS TELS NOS 1951, 1952 AND 1953, OR YOUR TELNO 821 TO ME. THE BELGIAN, GERMAN, FRENCH AND DUTCH AMBASSADORS HAD RECEIVED PRELIMINARY COMMENTS ON OUR JOINT PAPER OF 23 DECEMBER. THE BELGIANS HAVE BEEN INSTRUCTED TO EVACUATE ALL DEPENDANTS AND TO REDUCE THEIR EMBASSY STAFF TO TWO DIPLOMATS AND TWO NON-DIPLOMATS. THE GERMAN AMBASSADOR REPORTED THAT THE FRG EMBASSY IN WASHINGTON HAD BEEN IN TOUCH WITH THE AMERICANS AND HAD OBTAINED THE REPLY THAT PRESIDENT CARTER HAVING MADE HIS TELEVISION ANNOUNCEMENT OF ACTION IN THE SECURITY COUNCIL, THERE COULD BE NO CHANGE OR DELAY IN THE PROGRAMME. THE DUTCH AMBASSADOR HAD BEEN INSTRUCTED TO WARN HIS COMMUNITY IN TERMS SIMILAR TO THOSE I USED ON CHRISTMAS EVE (MY TELNO DISTRESS 243). THE FRENCH AMBASSADOR WAS ALSO INSTRUCTED TO REDUCE STAFF AND WARN HIS COMMUNITY BUT, LIKE THE GERMANS, HAS A PARTICULAR PROBLEM ARISING OUT OF THE POSITION OF THE LYCEE, WHICH IS A JOINT ENTERPRISE WITH THE IRANIANS, WITH A LARGE FRENCH SUBSIDY INCLUDING THE SALARIES OF ABOUT 70 TEACHERS. HIS DILEMMA IS THAT IF HE ORDERS THE TEACHERS OUT, THE SCHOOL WILL NOT BE ABLE TO START THE NEW TERM ON 5 JANUARY, A UNILATERAL MEASURE AGAINST IRAN IN ADVANCE OF ANY OTHER MEASURES. THE GERMAN SCHOOL IS RATHER SIMILARLY PLACED, BUT THE FRG GOVERNMENT HAVE TAKEN A DECISION TO ORDER SOME OF THE GERMAN TEACHERS HOME AND, IF THEY REFUSE TO OBEY, AS THEY SHOW SIGNS OF DOING, TO WITHHOLD PAYMENTS, LEAVING IT TO THE IRANIAN PARTNERS TO DECIDE WHETHER TO CLOSE.

CONFIDENTIAL

2. THE NORWEGIAN EMBASSY, THE DANISH AMBASSADOR REPORTED, HAS BEEN INSTRUCTED TO WITHDRAW COMPLETELY TOMORROW, SUBJECT TO FINAL CONFIRMATION WHEN THE NORWEGIAN FOREIGN MINISTER HAS TAKEN A DECISION LATER TODAY. THEIR STAFF IS IN ANY CASE ONLY TWO AND THEIR SURVIVING INTERESTS MINIMAL.
3. AGAINST THIS, QOTBZADEH YESTERDAY ISSUED A PUBLIC STATEMENT CALLING ON ALL IRANIANS TO RESPECT THE IMMUNITY OF EMBASSIES AND INSTRUCTING THE PASDARAN TO TAKE SPECIAL MEASURES FOR THEIR PROTECTION. (THE PASDARAN HEADQUARTERS CONFIRM RECEIVING THIS INSTRUCTION.) SO FAR AS IT GOES, THIS IS ENCOURAGING, BUT NONE OF US PLACES TOO MUCH RELIANCE ON IT.
4. WE HAVE AGREED TO MEET TOMORROW AGAIN IN THE LIGHT OF ANY FURTHER COMMENTS AND INSTRUCTIONS.

GRAHAM

F I L E S

MED	UND
NENAD	IPD
DEF D	NEWS D
CONS D	POD
CONS EM UNIT	PSD
SED	PS
NAD	PS/SIR I GILMOUR
FUSD	PS/MR HURD
FRD	PS/PUS
MAED	SIR A DUFF
ES & SD	MR FIGG
OID	MR J C MOBERLY
EID (E)	LORD BRIDGES

ADDITIONAL DISTRIBUTION  
TEHRAN SPECIAL

MR BULLARD

SECRET

FM WASHINGTON 250015Z DEC  
TO PRIORITY FCO

TELEGRAM NO 4350 OF 25 DECEMBER

INFO TEHRAN, UKM'S NEW YORK, EEC POSTS, TOKYO, OTTAWA

YOUR TELEGRAM NO 1982: IRAN: ECONOMIC MEASURES.

MESSAGE CONVEYED TO SOLOMON BY RYRIE. SOLOMON EXPRESSED SATISFACTION AND GRATITUDE RYRIE EMPHASIZED THE POINT ABOUT PUBLICITY AND SOLOMON ACCEPTED THIS AND ALSO AGREED THAT THE WORD QUOTE FINANCIAL UNQUOTE SHOULD NOT BE USED IF ANYTHING HAS TO BE SAID.

2. RYRIE ASKED EXACTLY HOW MATTERS STOOD WITH THE OTHER COUNTRIES. SOLOMON CLAIMED THAT THE SWISS AND JAPANESE HAD ALREADY TAKEN THE NECESSARY ACTION TO IMPLEMENT THE PROPOSALS AND THAT THE GERMANS WERE READY TO DO SO BUT WANTED TO BE SURE OF A COMMON DATE FOR ACTION. THE FRENCH WERE ALSO WILLING TO CO-OPERATE AND HAD, ACCORDING TO SOLOMON, ACTED TO IMPLEMENT ABOUT HALF THE MEASURES ALREADY BUT WOULD TAKE MORE TIME, PERHAPS UNTIL 2ND JANUARY, FOR THE REMAINDER. THE AMERICANS HAD SENT POSITIVE REQUESTS FOR CO-OPERATION ALSO TO THE CANADIANS AND ITALIANS WHO HAD NOT YET REPLIED. THE AMERICANS INTENDED NOW TO ASK THE BELGIANS AND DUTCH ALSO TO JOIN.

[COPIES SENT TO NO 10 DOWNING ST]

HENDERSON

[REPEATED AS REQUESTED]

FILES  
FRD  
MED  
EID  
N AM D  
PS  
PS/LPS  
PS/MR HURD  
PS/PUS  
LORD BRIDGES  
MR BULLARD  
MR HANNAY  
MR J C MOBERLY  
MR EVANS  
CABINET OFFICE

COPIES TO:  
PS/CHANCELLOR  
PS/SIR D WASS  
PS/SIR K COUZENS  
MR HANCOCK  
MR ASHFORD  
PS/ S OF S ENERGY  
PS/ S OF S DOT  
ECGD  
E/ENGLAND

} TREASURY

S E C R E T

# CONFIDENTIAL

GPS 220

CONFIDENTIAL

DESKBY 250800Z

FM F C O 241829Z DEC 79

TO IMMEDIATE TEHRAN

TELNO 822 OF 24 DECEMBER

INFO ROUTINE TOKYO WASHINGTON BONN AND PARIS

NICO NEGOTIATIONS WITH BP AND SHELL

1. THE NIOC TEAM RETURNING FROM CARACAS SAW IN PARIS REPRESENTATIVES OF SHELL ON 22 DECEMBER AND OF BP ON 23 DECEMBER. WE UNDERSTAND THAT NIOC PUT THE FOLLOWING PROPOSALS:-

A) TO SHELL: AN OFFER OF UP TO ONE HUNDRED THOUSAND BARRELS PER DAY FOR AN UNSPECIFIED PERIOD FROM FIRST JANUARY, HALF AT GOVERNMENT SELLING PRICE OF DOLLARS TWENTY-EIGHT POINT FIFTY A BARREL AND HALF AT GSP PLUS A PREMIUM OF DOLLARS FOUR A BARREL. NO MENTION OF PAYMENT IN CURRENCIES OTHER THAN DOLLARS.

B) TO BP: AN OFFER OF A MINIMUM OF ONE HUNDRED THOUSAND BARRELS PER DAY, HALF AT GSP AND HALF AT GSP PLUS AN UNSPECIFIED PREMIUM WHICH BP THOUGHT MIGHT BE RATHER HIGHER THAN DOLLARS FOUR A BARREL.

2. BP AND SHELL WERE ASKED TO TELEPHONE NIOC TODAY TO INDICATE IF THEY WERE INTERESTED. AT THE GOVERNMENT'S REQUEST THEY WILL BE AS NON-COMMITTAL AS POSSIBLE. IF THIS HURDLE IS OVERCOME A SHELL REPRESENTATIVE WILL LEAVE FOR TEHRAN ON THE EVENING OF TWENTY-SIX DECEMBER AND A BP REPRESENTATIVE ON TWENTY-EIGHT DECEMBER.

/3

# CONFIDENTIAL

# CONFIDENTIAL

3. WE ARE CONSIDERING OUR ATTITUDE TO THESE OFFERS  
URGENTLY IN THE LIGHT OF THE RECENT US APPROACH.

DARRINGTON.

DEPARTMENTAL DISTN  
ENSTSD  
MED  
CABINET OFFICE

COPIES TO:  
PS/NO 10 DOWNING STREET.  
PS/CHANCELLOR  
SIR. K. COUZENS  
SIR. J. WASS  
MR HANCOCK  
MR ASHFORD } TREASURY  
PS/SOFS FOR ENERGY  
MR D. LEB JONES, D/ENERGY.  
PS/SOFS FOR TRADE  
BANK OF ENGLAND



GR 500A

CONFIDENTIAL AND ECLIPSE  
DESKBY 242200Z FCO  
FROM UKMIS NEWYORK 242115Z DEC 79  
TO IMMEDIATE F C O  
TELEGRAM NUMBER 1953 OF 24 DECEMBER  
INFO IMMEDIATE TEHRAN WASHINGTON

YOUR TELNO 1003 (NOT TO WASHINGTON): SANCTIONS AGAINST IRAN.

1. ASSUMING THAT THE AMERICANS ARE SERIOUSLY TRYING TO OBTAIN A SECURITY COUNCIL RESOLUTION GIVING THEM THE SANCTIONS THEY TOLD US ABOUT THIS MORNING (MY TELS NOS 1951 AND 1952), THEY WILL NEED TO ALLOW AT LEAST THE REST OF THIS WEEK FOR INFORMAL CONSULTATIONS HERE AND IN CAPITALS. ON THIS BASIS THE FORMAL DEBATE AND VOTING IN THE COUNCIL WOULD BE UNLIKELY TO START BEFORE 31 DECEMBER AT THE EARLIEST.
2. THERE IS, I SUPPOSE, THE POSSIBILITY (THOUGH WE HAVE SEEN NO SIGNS AT ALL OF IT HERE) THAT THE AMERICANS REALIZE THEY WILL NOT BE ABLE TO GET NINE VOTES AND ARE PRIMARILY CONCERNED TO DEMONSTRATE THAT THEY HAVE EXHAUSTED ALL MULTILATERAL OPTIONS BEFORE TAKING UNILATERAL ACTION OF THEIR OWN. IF THEY WANTED TO TAKE SUCH ACTION VERY SOON, THEY COULD TRY TO GET THE COUNCIL PROCEEDINGS WOUND UP AS QUICKLY AS POSSIBLE, IN WHICH CASE THEY MIGHT GO FOR A FORMAL MEETING BY NEXT WEEKEND, THOUGH THEY WOULD PROBABLY ENCOUNTER SOVIET AND NON-ALIGNED OPPOSITION TO THEIR RUSHING PROCEDURES IN THIS WAY, ESPECIALLY AS THEIR LETTER OF 22 DECEMBER (MY TEL NO 1949) ASKED FOR A MEETING QUOTE AT AN EARLY DATE UNQUOTE AND NOT QUOTE AN URGENT MEETING UNQUOTE.
3. THE TIMING IS COMPLICATED BY THE CHANGE IN THE COUNCIL'S COMPOSITION ON 1 JANUARY WHEN BOLIVIA, CZECHOSLOVAKIA, GABON, KUWAIT AND NIGERIA LEAVE AND ARE REPLACED BY THE GDR, NIGER, PHILIPPINES, TUNISIA AND A LATIN AMERICAN MEMBER AS YET UNDECIDED. IF NIGERIA IS TO PLAY A LEADING PART, AS MCHENRY SUGGESTED THIS MORNING, THERE WOULD BE ADVANTAGE FOR THE AMERICANS IN TRYING TO GET THEIR

RESOLUTION ADOPTED BY 31 DECEMBER. THEY MUST ALSO BE CONCERNED THAT IF CUBA SUCCEEDS IN WINNING THE LATIN AMERICAN SEAT WHEN VOTING IS RESUMED ON 27 DECEMBER, SHE WILL HAVE THE PRESIDENCY OF THE COUNCIL IN JANUARY. ON THE OTHER HAND, KUWAIT (WHICH IS LEAVING) HAS BEEN THE MAIN OPPONENT OF ACTION AGAINST IRAN AND NONE OF THE NEW MEMBERS HAS THE SAME REGIONAL PROBLEMS. ALTHOUGH MCHENRY SAID THIS MORNING THE AMERICANS HOPED TO GET A RESOLUTION BY THE END OF THE YEAR, THEY DO NOT YET SEEM TO HAVE TAKEN A FIRM VIEW ON WHETHER THE NEW COUNCIL WILL OR WILL NOT BE MORE AMENABLE THAN THE OLD.

4. THE PICTURE IS THUS CONFUSED. BUT MY TENTATIVE ASSESSMENT, SUBJECT TO WASHINGTON'S VIEWS ON AMERICAN OBJECTIVES, IS THAT IT IS VERY UNLIKELY THAT THERE WILL BE A FORMAL MEETING OF THE COUNCIL BEFORE THE BEGINNING OF NEXT WEEK AT THE EARLIEST.

PARSONS

## DEPARTMENTAL DISTRIBUTION

MED	SED
CONS D	TRED
CONS EM UNIT	NAD
EESD	UND
ES & SD	POD
EID	
NENAD	MAED
SAD	

ADDITIONAL DISTRIBUTION  
TEHRAN SPECIAL

SECRET

FM F C O 241915Z DEC 79

F L A S H WASHINGTON

TELEGRAM NUMBER 1982 OF 24 DECEMBER

INFO IMMEDIATE TEHRAN

PRIORITY UKMIS NEW YORK

ROUTINE BONN PARIS ROME TOKYO BERNE OTTAWA OTHER EEC POSTS  
MODUK (HEAD DEFENCE SALES).

IRAN: ECONOMIC MEASURES.

1. PLEASE TRANSMIT IMMEDIATELY THE FOLLOWING REPLY TO THE US COMMUNICATION CONTAINED IN FCO TELNO 452 TO BONN.
2. BEGINS: HMG ARE GLAD TO BE ABLE TO SEND AN AFFIRMATIVE REPLY TO THE AMERICAN REQUESTS, BUT WE WILL NOT BE ABLE TO ACT BEFORE DECEMBER 27. WE WILL SEND A FURTHER MESSAGE THEN, EXPLAINING HOW WE ARE IMPLEMENTING THE MEASURES HERE. MEANWHILE IT IS ESSENTIAL THAT THERE WILL BE NO PUBLICITY: WE WISH TO AVOID EXPOSING THOSE OF OUR CITIZENS STILL REMAINING IN IRAN TO GREATER RISK. ENDS.
3. YOU SHOULD BE AWARE THAT WE ARE CONCERNED BY THE SERIOUS LEAK IN THE WASHINGTON POST, WHICH IS IN BREACH OF THE ASSURANCES WE HAVE ALREADY RECEIVED. IF THERE IS A FURTHER LEAK IN THE NEXT DAY OR SO, WE AGREE GENERALLY WITH THE DEFENSIVE PRESS LINE PROPOSED: IF WE HAVE TO USE THIS LINE, WE WOULD OMIT THE WORD FINANCIAL BEFORE MEASURES, AND WOULD SPELL OUT THE LINK WITH THE HOSTAGES. BUT OUR CLEAR PREFERENCE IS FOR STRICT CONFIDENTIALITY, WHICH IS THE BASIS ON WHICH WE HAVE ACTED WITH OUR BANKS.
4. BACKGROUND: REASONS FOR DELAY UNTIL DECEMBER 27 ARE
  - A. PUBLIC HOLIDAY ON BOXING DAY
  - B. DEPARTURE OF SOME EMBASSY STAFF FROM TEHRAN ON MORNING OF 27TH.
5. COPY RECIPIENTS SHOULD TAKE NO ACTION ON THIS TELEGRAM UNTIL RECEIPT OF FURTHER INSTRUCTIONS.

GARRINGTON

[COPIES SENT TO NO 10 DOWNING ST]

DEPARTMENTAL DISTRIBUTION

FRD

MED

COPIES TO:

CABINET OFFICE  
BANK OF ENGLANDECGD  
PS/S OF S FOR ENERGY  
PS/S OF S FOR TRADEPS/CHANCELLOR )  
SIR D WASS ) MR HANCOCK )  
SIR K COUZENS ) MR ASHFORD ) TREASURY )

SECRET

~~CONFIDENTIAL~~

OO F C O DESKBY 242100Z

OO TEHRAN

GR 700A

CONFIDENTIAL

DESKBY FCO 242100Z  
FROM UKMIS NEWYORK 241955Z DEC 79  
TO IMMEDIATE F C O  
TELEGRAM NUMBER 1952 OF 24 DECEMBER  
INFO IMMEDIATE TEHRAN WASHINGTON

MIPT: SANCTIONS AGAINST IRAN.

1. FOLLOWING IS TEXT OF DRAFT OPERATIVE PARAGRAPHS ON SANCTIONS GIVEN BY THE U S MISSION TO THE WESTERN FIVE THIS MORNING: BEGINS: DECIDES THAT, UNTIL SUCH TIME AS THE HOSTAGES ARE RELEASED AND HAVE SAFELY DEPARTED FROM IRAN, ALL STATES MEMBERS OF THE UNITED NATIONS:

(A) SHALL PREVENT THE SALE OR SUPPLY OR ATTEMPTED SALE OR SUPPLY, BY THEIR NATIONALS OR FROM THEIR TERRITORIES, WHETHER OR NOT ORIGINATING IN THEIR TERRITORIES, TO OR DESTINED FOR THE USE OF IRANIAN GOVERNMENTAL ENTITIES OR ANY OTHER PERSON OR BODY IN IRAN, OR TO OR DESTINED FOR ANY OTHER PERSON OR BODY FOR THE PURPOSES OF ANY ENTERPRISE CARRIED ON IN IRAN:

-- OF ALL ARMS AND RELATED MATERIAL OF ALL TYPES, INCLUDING THE SALE OR TRANSFER OF WEAPONS AND AMMUNITION, MILITARY VEHICLES AND EQUIPMENT, PARAMILITARY POLICE EQUIPMENT, AND SPARE PARTS FOR THE AFOREMENTIONED, AS WELL AS ALL TYPES OF EQUIPMENT AND SUPPLIES, AND GRANTS OF LICENSING ARRANGEMENTS, FOR THE MANUFACTURE OR MAINTENANCE OF THE AFOREMENTIONED:

-- AND ALL OTHER ITEMS, COMMODITIES, OR PRODUCTS, EXCEPT FOOD, MEDICINE AND SUPPLIES INTENDED STRICTLY FOR MEDICAL PURPOSES.

(B) SHALL PREVENT THE SHIPMENT BY VESSEL, AIRCRAFT, RAILWAY, OR OTHER LAND TRANSPORT OF THEIR REGISTRATION OR OWNED BY OR UNDER CHARTER TO THEIR NATIONALS, OR THE CARRIAGE (WHETHER OR NOT IN BOND)

AND ALL OTHER ITEMS, COMMODITIES, OR PRODUCTS, EXCEPT FOOD,  
MEDICINE AND SUPPLIES INTENDED STRICTLY FOR MEDICAL PURPOSES.

(B) SHALL PREVENT THE SHIPMENT BY VESSEL, AIRCRAFT, RAILWAY, OR OTHER LAND TRANSPORT OF THEIR REGISTRATION OR OWNED BY OR UNDER CHARTER TO THEIR NATIONALS, OR THE CARRIAGE (WHETHER OR NOT IN BOND) BY LAND TRANSPORT FACILITIES ACROSS THEIR TERRITORIES OF ANY OF THE ITEMS, COMMODITIES, AND PRODUCTS COVERED BY SUBPARAGRAPH (A) WHICH ARE CONSIGNED TO OR DESTINED FOR IRANIAN GOVERNMENTAL ENTITIES OR ANY PERSON OR BODY IN IRAN, OR TO ANY ENTERPRISE CARRIED ON IN OR OPERATED FROM IRAN:

(C) SHALL NOT MAKE AVAILABLE TO THE IRANIAN AUTHORITIES OR TO ANY PERSON IN IRAN OR TO ANY ENTERPRISE CONTROLLED BY ANY IRANIAN GOVERNMENTAL ENTITY ANY CREDITS OR LOANS FOR ANY PURPOSE: SHALL NOT, WITH RESPECT TO SUCH PERSONS OR ENTERPRISES, FAIL TO EXERCISE ANY RIGHTS WHEN PAYMENTS DUE ON EXISTING CREDITS OR LOANS ARE NOT MADE ON TIME, EXPAND EXISTING DEPOSIT FACILITIES, OR DEPART FROM TERMS OF PAYMENT CUSTOMARILY USED IN INTERNATIONAL COMMERCIAL TRANSACTIONS: AND SHALL PREVENT THEIR NATIONALS AND ANY PERSONS WITHIN THEIR TERRITORIES FROM DOING SO:

(D) SHALL PREVENT AIRCRAFT OF IRANIAN REGISTRATION OR UNDER CHARTER TO IRANIAN NATIONALS FROM LANDING IN OR DEPARTING FROM THEIR TERRITORIES:

(E) SHALL PREVENT THE SHIPMENT FROM THEIR TERRITORIES OF PRODUCTS AND COMMODITIES ON VESSELS REGISTERED IN IRAN AND SHALL DENY TO ALL SUCH VESSELS BUNKERING AND OTHER SERVICE FACILITIES IN THEIR PORTS:

(F) SHALL REDUCE TO A MINIMUM THE PERSONNEL OF IRANIAN DIPLOMATIC MISSIONS ACCREDITED TO THEM:

(G) SHALL PREVENT THEIR NATIONALS, OR FIRMS REGISTERED IN THEIR TERRITORIES, OR FIRMS UNDER THE CONTROL OF THEIR NATIONALS OR OF FIRMS REGISTERED IN THEIR TERRITORIES, FROM ENGAGING IN NEW SERVICE CONTRACTS IN SUPPORT OF INDUSTRIAL PROJECTS IN IRAN:

(H) SHALL PREVENT THEIR NATIONALS OR ANY PERSON OR BODY IN THEIR TERRITORIES FROM ENGAGING IN ANY TRANSACTION FOR THE PURPOSE OF, OR WHICH HAS THE EFFECT OF, EVADING OR AVOIDING ANY OF THE DECISIONS SET OUT IN OPERATIVE PARAGRAPH --- OF THIS RESOLUTION:

(I) NOTHING IN THE ABOVE SUB-PARAGRAPHS (D) AND (E) SHALL PREVENT ASSISTANCE TO AN AIRCRAFT OR VESSEL DECLARING AN EMERGENCY THREATENING HUMAN LIFE OR SAFETY.

-- DECIDES THAT ALL STATES MEMBERS OF THE UNITED NATIONS SHALL GIVE IMMEDIATE EFFECT TO THE DECISIONS SET OUT IN OPERATIVE PARAGRAPH --- OF THIS RESOLUTION NOT-WITHSTANDING ANY CONTRACT ENTERED INTO OR LICENSE GRANTED BEFORE THE DATE OF THIS RESOLUTION.  
ENDS.



CONFIDENTIAL

GR 600A

P S T O P M N010 DOWNING ST

CONFIDENTIAL

DESKBY FCO 242000Z  
FROM UKMIS NEWYORK 242120Z DEC 79  
TO IMMEDIATE F C O  
TELEGRAM NUMBER 1951 OF 24 DECEMBER  
INFO IMMEDIATE TEHRAN WASHINGTON

*Handwritten initials: "K. Rind"*

MY TELNO 1949: SANCTIONS AGAINST IRAN.

1. MCHENRY SUMMONED A MEETING OF THE WESTERN FIVE AT SHORT NOTICE THIS MORNING AND GAVE US A PAPER SPELLING OUT THE SANCTIONS THE AMERICANS HAVE IN MIND. THE TEXT IS IN MIFT. MCHENRY STRESSED THAT IT WAS NOT BEING SHOWN TO ANYONE ELSE AT THIS STAGE, EXCEPT POSSIBLY THE GERMANS. A FURTHER MEETING OF THE WESTERN FIVE HAS BEEN FIXED FOR 1700Z ON 26 DECEMBER AND THE AMERICANS WOULD LIKE TO HAVE THEN OUR REACTIONS TO THEIR PAPER. WE TRIED TO PERSUADE THEM TO GIVE US MORE TIME BUT THEY ARE ANXIOUS TO PRESS ON AND WANT TO KNOW THE WESTERN MEMBERS' REACTIONS BEFORE PURSUING CONSULTATIONS WITH THE OTHER MEMBERS OF THE COUNCIL. GRATEFUL THEREFORE FOR INSTRUCTIONS BY 261600Z.

2. THE AMERICAN PAPER IS IN THE FORM OF TWO DRAFT PARAGRAPHS FOR INCLUSION IN AN EVENTUAL SECURITY COUNCIL RESOLUTION. MCHENRY EXPLAINED THAT THE RESOLUTION WOULD INCLUDE A NUMBER OF OTHER ELEMENTS, INCLUDING A DETERMINATION UNDER ARTICLE 39. THE LATTER WOULD BE SPECIFICALLY RELATED TO THE DETENTION OF THE HOSTAGES SO THAT THE DETERMINATION AND ALL SANCTIONS DECIDED UNDER IT WOULD AUTOMATICALLY LAPSE WHEN THE HOSTAGES WERE FREED.

3. THE SANCTIONS PROPOSED DO NOT INCLUDE THE FREEZING OF ASSETS BUT CONSIST OF:-

- (A) A BAN ON EXPORTS TO IRAN OTHER THAN FOOD AND MEDICINE:
- (B) THE FINANCIAL MEASURES THE AMERICANS HAVE BEEN ASKING US AND OTHERS TO APPLY VOLUNTARILY (YOUR TELNO 451 TO BONN):
- (C) A BAN ON IRANIAN AIRCRAFT AND SHIPS:
- (D) REDUCTION OF IRANIAN DIPLOMATIC MISSIONS:
- (E) A BAN ON NEW (REPEAT NEW) SERVICE CONTRACTS.

THE ONLY COMMENT ON THE SUBSTANCE OF THE PROPOSALS WAS FROM MY FRENCH COLLEAGUE, WHO WONDERED WHY IT WAS NECESSARY TO DIFFERENTIATE BETWEEN ARMS AND OTHER EXPORTS IN SUB-PARAGRAPH (A) MCHENRY SAID HE WOULD LOOK INTO THIS.

CONFIDENTIAL

/4.MCHENRY

## CONFIDENTIAL

4. MCHENRY SAID THAT THE AMERICANS HAD DECIDED TO MOVE NOW BECAUSE NO OTHER CHANNEL OFFERED ANY PROSPECT OF GETTING THE HOSTAGES OUT. QOTBZADEH HAD TOLD WALDHEIM BLUNTLY ON 21 DECEMBER (MY TELNO 1940) THAT NEITHER KHOMEINI NOR THE STUDENTS WERE INTERESTED IN MEDIATION. MCHENRY SAID HE WOULD TRY TO FOLLOW THE SAME PROCEDURE AS FOR SCR 457, IE INFORMAL CONSULTATIONS WITH THE VARIOUS GROUPS IN THE COUNCIL LEADING TO A RESOLUTION THAT WOULD COMMAND AT LEAST NINE VOTES. HE HOPED THAT NIGERIA WOULD AGAIN TAKE THE LEAD. BUT HE RECOGNISED THAT THE TASK WOULD BE IMMEASURABLY HARDER THIS TIME. THE U S WOULD BE MAKING A MAJOR DIPLOMATIC EFFORT AT HEAD OF STATE LEVEL IN THE NON-ALIGNED CAPITALS. ALL MEMBERS OF THE COUNCIL HAD BEEN SUMMONED BY SECRETARY VANCE ON 22 DECEMBER. THEY WOULD ALLOW ENOUGH TIME FOR THESE EFFORTS TO BEAR FRUIT BUT IF NECESSARY THEY WOULD MOVE INTO OPEN COUNCIL (AND BY IMPLICATION PUT THEIR RESOLUTION TO THE VOTE) EVEN IF THEY HAD NOT GOT THE NINE VOTES.
5. NONE OF THOSE PRESENT AT TODAY'S MEETING EXPECTED THAT THE AMERICANS WOULD FIND IT EASY TO PERSUADE THE NON-ALIGNED MEMBERS TO VOTE FOR THEIR RESOLUTION, AND THE PORTUGUESE AMBASSADOR DOUBTED OPENLY WHETHER THEY HAD ANY CHANCE OF GETTING NINE VOTES.

PARSONS

## FILES

MED                   UND  
 NENAD                IPD  
 DEF D                NEWS D  
 CONS D               POD  
 CONS EM UNIT        PSD  
 SED                   PS  
 NAD                   PS/SIR I GILMOUR  
 FUSD                 PS/MR HURD  
 FRD                   PS/FUS  
 MAED                 SIR A DUFF  
 ES & SD             MR FIGG  
 OID                   MR J C MOBERLY  
                       MR BULLARD

ADDITIONAL DISTRIBUTION  
 TEHRAN SPECIAL

LORD BRIDGES

SECRET

4

AMCAST 021/24

OO WASHINGTON DESKBY 242030Z

OO OTTAWA

OO UKMISNEW YORK

GRS 470

~~SECRET~~

DESKBY F C O AND WASHINGTON 242030Z

FROM PARIS 241930Z DEC 79

TO IMMEDIATE F C O

TELEGRAM NUMBER 1015 OF 24 DECEMBER 1979

INFO IMMEDIATE WASHINGTON, BONN, ROME, OTTAWA, TOKYO, UKMIS NEW YORK  
INFO PRIORITY BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, UKREP BRUSSELS  
AND LUXEMBOURG.

MY TELNO 1011 : IRAN ECONOMIC MEASURES.

1. FOLLIN (QUAI), DEPUTISING FOR PAYE, GAVE COUNSELLOR (A+E) THE FOLLOWING ACCOUNT OF THE FRENCH GOVERNMENTS POSITION TONIGHT.
2. THE TWO MOST IMPORTANT POINTS FOR THE FRENCH WERE PUBLICITY AND TIMING. ON PUBLICITY, THE FRENCH THOUGHT THAT IF ITS WESTERN ALLIES WANTED TO SHOW SOLIDARITY WITH THE U S, IT SHOULD BE AT THE SECURITY COUNCIL. IN THE MEANTIME, TO ADMIT PUBLICALLY THAT ECONOMIC MEASURES WERE BEING TAKEN, EVEN IN RESPONSE TO QUESTIONS, WOULD DEMONSTRATE THAT THE COUNTRIES CONCERNED HAD CONCERTED THEIR POLICIES. THIS WOULD CARRY THE RISK OF ENCOURAGING AN IRANIAN REACTION, AND THE CREATION OF A MOVEMENT OF ISLAMIC SOLIDARITY BEHIND IRAN : AND OF UPSETTING MONETARY STABILITY. THE COUNTRIES CONCERNED SHOULD REFUSE TO COMMENT IF ASKED WHAT THEY WERE DOING. NOTHING SHOULD BE GIVEN AWAY BEFORE A SECURITY COUNCIL MEETING.
3. ON TIMING, THE FRENCH DID NOT BELIEVE THAT EVERYONE SHOULD TAKE A DECISION AT THE SAME TIME. EACH SHOULD ACT AS HE SAW FIT WHEN HE SAW FIT. IF ALL ACTED TOGETHER, THIS AGAIN COULD GIVE RISE TO AN IRANIAN REACTION. THE FRENCH WOULD ACT BY 5 JANUARY AT THE LATEST. THEY HAD CHOSEN THIS DATE SINCE, ALTHOUGH THEY WERE IN EFFECT ALREADY CARRYING OUT (SEE BELOW) THE MEASURES THEY SAID THEY WOULD (WASHINGTON TELNO 4326), THEY WANTED TO GIVE A DATE IN RESPONSE TO THE U S REQUEST. IT WOULD ALSO GIVE MORE TIME TO THIN OUT THE FRENCH COLONY IN IRAN. THERE HAD ALREADY BEEN INDICATIONS THAT THE IRANIANS WERE TRYING TO MOVE FUNDS OUT OF LONDON. IF EACH COUNTRY ACTED SEPARATELY, IT WOULD SOW DOUBT IN IRANIAN MINDS AND POSSIBLY PREVENT THEM MOVING CURRENCY ON A LARGE SCALE.
4. ON THE MEASURES THEMSELVES, INCLUDING THE NEW U S PROPOSALS (XF 23 DECEMBER) THE FRENCH POSITION WAS DESCRIBED IN WASHINGTON TELNO 4326. THE GENERAL ADVICE HAD ALREADY BEEN GIVEN TO FRENCH NATIONALISED BANKS ON OPENING OF NEW ACCOUNTS. THE BANKS HAD ALSO BEEN ASKED TO ACT "PRUDENTLY" AND "LOGICALLY" IN RELATION TO SWITCHING FUNDS I.E. NOT (NOT) TO REFUSE TO CARRY OUT INSTRUCTIONS FROM IRANIAN SOURCES IF THEY COULD NOT FIND SOME REASONABLY PLAUSIBLE EXCUSE FOR DOING SO. THIS ADVICE WOULD BE REINFORCED ON OR BEFORE 5 JANUARY.
5. THE QUAI HAD BEEN UNABLE TO GO INTO THE U K RECYCLING SUGGESTION (PARA 3 OF YOUR TELNO 451 TO BONN) SINCE THOSE QUALIFIED TO EXAMINE IT HAD NOT BEEN AVAILABLE TODAY. THEY WOULD PURSUE THE POINT ON 26 DECEMBER. THEY WOULD EQUALLY EXAMINE THE U K SUGGESTION FOR CONCENTRATION ON SPOT MARKET OIL PURCHASES, ALTHOUGH THE FRENCH BELIEVED THAT THE RESTRAINT ALREADY BEING EXERCISED BY FRENCH COMPANIES MET BOTH U S AND U K PREOCCUPATIONS.

HIBBERT

NNNN

SECRET

IRAN: ADVANCE COPIES

6

60

IMMEDIATE

PS  
 PS/SIR I GILMOUR  
 PS/MR HURD  
 PS/PUS  
 MR J C MOBERLY  
 LORD BRIDGES  
 HD/MED  
 HD/FRD  
 HD/NENAD (2)  
 HD/UND (2)  
 HD/OID  
 HD/DEF DEPT 1  
~~Mr Hills~~  
 HD/ES & SD (2)  
 Chief Clerk 1  
 Mr Hamay 1  
 Mr Evans 1  
~~MISS BROWN~~  
 PUSD (2)  
 NEWS DEPT  
 RESIDENT CLERK

Hd of EID (E) 1  
 Hd of WED 1

PS NO 10 DOWNING ST  
 SIR R ARMSTRONG )  
 ASSESSMENTS STAFF ) CABINET  
 MR R WIDE GERY ) OFFICE  
 MR LE CHEMINANT )  
 MR P G FOWER (2)  
 CABINET OFFICE DIO  
 MR F R BARRATT TREASURY

Prime Minister

CONFIDENTIAL

FM TEHRAN 241300Z DEC  
 TO IMMEDIATE FCO  
 TELEGRAM NUMBER 1391 OF 24 DECEMBER M 79  
 INFO IMMEDIATE WASHINGTON AND UKMIS NEW YORK  
 INFO PRIORITY EEC POSTS.

IMMEDIATE

MY TEL NO 1393 : U S-IRAN CONFRONTATION.

1. THE OTHER GROUP , CONSISTING OF THE SCANDINAVIANS,

EUROPEAN NEUTRALS, GREECE, SPAIN, PORTUGAL AND THE OLD COMMONWEALTH, SAW BEHESHTI YESTERDAY. THE STATE DEPARTMENT WILL NO DOUBT HAVE HAD A REPORT DIRECT. IN BRIEF, BEHESHTI GAVE THE IMPRESSION THAT HE WAS POWERLESS TO DO ANYTHING. IN REPLY TO A DIRECT QUESTION AS TO WHAT WOULD HAPPEN IF THE REVOLUTIONARY COUNCIL OR KHOMEINI ORDERED THE STUDENTS TO RELEASE THE HOSTAGES, HE ANSWERED THAT THIS WAS NOT AN ORDER THAT EITHER OF THEM COULD GIVE IN CONTRADICTION TO THE GENERAL



IN REPLY TO A DIRECT QUESTION AS TO WHAT WOULD HAPPEN IF THE REVOLUTIONARY COUNCIL OR KHOMEINI ORDERED THE STUDENTS TO RELEASE THE HOSTAGES, HE ANSWERED THAT THIS WAS NOT AN ORDER THAT EITHER OF THEM COULD GIVE IN CONTRADICTION TO THE GENERAL WILL OF THE PEOPLE. THE DANISH AMBASSADOR TELLS ME THAT HE HAD THE FEELING THAT BEHESHTI WAS A MAN VERY MUCH ON HIS OWN, WITHOUT ANY CONSTITUENCY OR POWER BASE BEYOND HIS OWN PERSONALITY AND ABILITY. THE GROUP DECIDED AFTER THE MEETING TO REQUEST AN INTERVIEW WITH KHOMEINI.

3. THE FRG AMBASSADOR SAW BAZARGAN LAST NIGHT. AGAIN, THE FRG WILL NO DOUBT BE GIVING AN ACCOUNT DIRECT TO THE AMERICANS, BUT IT EMERGED CLEARLY THAT COMMUNICATION HAS TO A LARGE EXTENT BROKEN DOWN BETWEEN THE REVOLUTIONARY COUNCIL AND KHOMEINI. BAZARGAN AND HIS COLLEAGUES SEE CLEARLY THE DIFFICULTY THAT ITAN HAS GOT HERSELF INTO AND ARE KEEN TO FIND A WAY OUT, BUT SEE LITTLE PROSPECT OF BEING ABLE TO INFLUENCE KHOMEINI, WHO LISTENS TO NONE OF HIS OLD ADVISERS AND SEES ONLY THE NECESSITY OF "SAVING HIS REVOLUTION" BY GOING ALONG WITH THE EXTREMISTS SUCH AS THOSE IN CONTROL OF THE AMERICAN EMBASSY. BAZARGAN AGREED THAT THESE ARE VERY RADICAL AND POSSIBLY ANARCHIST IN PHILOSOPHY AND CONSIDERS THAT WHILE KHOMEINI WOULD REJECT ANY CONSCIOUS HELP OR SUPPORT FROM COMMUNISTS, HE IS IN FACT BEING USED BY LEFTIST ELEMENTS FOR THEIR OWN ENDS. THE FRG AMBASSADOR SPOKE OF THE DANGERS TO IRAN OF ECONOMIC SANCTIONS AND BAZARGAN ASKED WHETHER HE WOULD BE PREPARED TO PUT THESE ARGUMENTS DIRECT TO KHOMEINI. RITZEL SAID THAT HE WOULD, IF HE WAS INVITED, BUT ON CONDITION THAT THE MEETING WAS PRIVATE AND HE WAS ALLOWED TO DEVELOP THE DISCUSSION WITH A GOOD INTERPRETER (KHOMEINI'S "INTERVIEWS" TEND TO BE TELEVISUED MONOLOGUES, WITHOUT INTERPRETATION). I THINK WE SHALL BE CONSIDERING IN THE COMMUNITY AT OUR NEXT MEETING HERE WHETHER WE SHOULD EITHER ASSOCIATE OURSELVES WITH THE APPROACH TO KHOMEINI OF THE OTHER GROUP OR ATTEMPT A SEPARATE INTERVIEW. UNLESS THE FRG AMBASSADORS CONDITIONS COULD BE MET, I FEAR THERE WOULD BE LITTLE ADVANTAGE IN A MEETING, APART FROM A POSSIBLE PUBLIC RELATIONS VALUE.

4. BAZARGAN HAS ALSO TOLD THE FRG AMBASSADOR THAT 5 HOSTAGES (TWO HELD INNOCENT, ONE BLACK, ONE RED INDIAN AND ONE OF MEXICAN DESCENT) MIGHT BE RELEASED, BUT BAZARGAN IS NOT NECESSARILY IN THE KNOW. WHEN RITZEL PROTESTED THAT THIS WAS RACIST, BAZARGAN SAID THAT THE REVOLUTIONARY COUNCIL HAD PROTESTED TO KHOMEINI BUT THE LATTER DID NOT LISTEN.

5. THE GERMANS ALSO REPORT THAT SADEQ TABATABAI HAS LEFT



5. THE GERMANS ALSO REPORT THAT SADEQ TABATABAI HAS LEFT IRAN, PRESUMABLY TO AVOID THE SAME FATE AS ENTEZAM, WHOSE ARREST, IT WOULD SEEM, WAS INTENDED AS MUCH AS A WARNING TO BAZARGAN AND OTHER MEMBERS OF THE HIERARCHY AS AGAINST ENTEZAM HIMSELF (THE AMERICAN EMBASSY'S ARCHIVES NO DOUBT CONTAIN EMBARRASSING DOCUMENTS ABOUT OTHER PERSONALITIES).
6. MEANWHILE I AM INFORMED THAT HASSAN NAZIH, MARAGHEI AND MATINE - DAFTERY ARE ALL ON THE RUN IN IRAN, THE LAST HAVING RETURNED, IF THIS REPORT IS TRUE, FROM ABROAD. NAZIH HAS BEEN MADE THE VICTIM OF A SUMMARY JUDGEMENT CONFISCATING HIS PROPERTY, BUT AGAIN RUMOUR HAS IT THAT HIS HOUSE WAS DESTROYED BY A BOMB A WEEK AGO SO THERE MAY NOT BE MUCH LEFT.
7. I HAVE NOT SPOKEN DIRECTLY ALONG THE LINES OF THE COMMUNITY AMBASSADORS AGREED PAPER IN MY TELNO 1304 TO OLD COMMON-WEALTH COLLEAGUES OF OTHER FRIENDLY AMBASSADORS, ALTHOUGH I HAVE SPECULATED WITH SOME OF THEM ON THE EFFECT ON US ALL OF MOVEMENTS TOWARDS ECONOMIC SANCTIONS IN THE SECURITY COUNCIL, AND I THINK <sup>THEY</sup> HAVE DRAWN THE CONCLUSIONS. NEVERTHELESS YOU MAY THINK IT RIGHT TO KEEP THE CANADIANS, AUSTRALIAN AND NEW ZEALAND HIGH COMMISSIONERS IN LONDON INFORMED OF OUR THINKING.
8. FINALLY, ZUHAIR YAMIN TELLS ME THAT HE HAS BEEN COMPELLED TO ABANDON HIS EARLIET OPTIMISM. ONE BY ONE, EVERY OPENING HAS BEEN BLOCKED BY KHOMEINI. HE IS NOW PINNING HIS HOPES ON SOME UNPREDICTABLE VOLTE FACE BY KHOMEINI RESULTING IN A DECISION TO RELEASE THE HOSTAGES AS AN ACT OF MAGNANIMITY. HE ASKED IF I THOUGHT THAT ARAFAT, WHO IS REPUTED TO BE COMING HERE SOON, MIGHT PLAY A ROLE IN THIS AND I ENCOURAGED HIM: IT SEEMS TO ME JUST POSSIBLE THAT IF ARAFAT COULD CONVINCE KHOMEINI THAT THE BIGGEST CONTRIBUTION HE COULD MAKE TO THE PALESTINIAN CAUSE WOULD BE TO RELEASE THE HOSTAGES, KHOMEINI MIGHT DO IT. ZUHAIR YAMIN'S OTHER THOUGHT, WHICH IS IMPOSSIBLE OF REALISATION, IS THAT IF WE COULD BE GRANTED TWO WEEKS OF CALM, WITHOUT CONTINUOUS PRESS STATEMENTS AND COMMENT, KHOMEINI MIGHT COME ROUND TO A WISER FRAME OF MIND, AND THE REVOLUTIONARY COUNCIL'S IDEA OF A GRAND JURY ON WHICH THEY STILL SEEM TO BE WORKING IN CONSULTATION WITH SEAN MCBRIDE, AWFUL AS IT IS, MIGHT HAVE TIME TO MATURE.

IMMEDIATE

GRAHAM

IRAN: ADVANCE COPIES

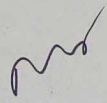
39

IMMEDIATE

PS NO 10 DOWNING ST  
SIR R ARMSTRONG )  
ASSESSMENTS STAFF ) CABINET  
MR R WADE GERY ) OFFICE  
MR LE CHEMINANT )  
MR P G FOWLER (2/7)  
CABINET OFFICE DIO  
MR F R BARRATT TREASURY

5 PS  
PS/SIR I GILMOUR  
PS/MR HURD  
PS/PUS  
~~MR J C MOBERLY~~ RFB  
LORD BRIDGES  
HD/LED  
HD/FRD  
HD/NENAD (2)  
HD/UND (2)  
HD/OID  
HD/DEF DEPT  
HD/ES & SD (2)

Prime Minister



MISS BROWN (2)  
PUSD  
NEWS DEPT  
RESIDENT CLERK

IMMEDIATE

RESTRICTED  
SIC  
UK COMMS ONLY

GR 67Z

RESTRICTED  
FROM TEHRAN 240045Z DEC  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 1333 OF 24 DEC 79

INFO IMMEDIATE CABINET OFFICE (DIO), MODUK (DI4 AND DS11),  
CRE 5, WASHINGTON UKMIS NEW YORK AND BAHRAIN  
INFO PRIORITY ABU DHABI, ANKARA, BAGHDAD, DOHA, DUBAI,  
ISLAMABAD, JEDDA, KABUL, KUWAIT, MOSCOW, TOKYO, MUSCAT, NEW  
DELHI, AND EEC POSTS.

MY TELNO 1331 : SITUATION IN IRAN.

1. BOURSON THE SPOKESMAN OF THE FRENCH PARLIAMENTARY

1. BOURSON, THE SPOKESMAN OF THE FRENCH PARLIAMENTARY DELEGATION WHICH SAW KHOMEINI IN QOM YESTERDAY, HAS REPORTED KHOMEINI AS SAYING THAT THE IRANIAN PEOPLE HAVE NO ENMITY TOWARDS THE AMERICAN PEOPLE, AND THAT THE HOSTAGES WHO HAVE COMMITTED ESPIONAGE WILL GO ON TRIAL. IN THIS "GREAT INTERNATIONAL TRIAL" THE CRIMES OF THE US GOVERNMENT, THE CIA AND SAVAK WILL BE RAISED. THE FRENCH AMBASSADOR TELLS ME THAT THEY FOUND NO FLEXIBILITY. WHEN THEY TOOK UP KHOMEINI'S STATEMENT THAT THE AMERICAN "SPIES" SOILED IRANIAN TERRITORY AND SUGGESTED THAT THEY SHOULD BE EXPELLED, HE REPLIES THAT THE SHAH SOILED AMERICAN TERRITORY AND SHOULD BE SENT TO IRAN.

2. KHOMEINI LAST NIGHT ISSUED A CHRISTMAS MESSAGE TO CHRISTIANS THROUGHOUT THE WORLD, CALLING ON THE CHISTIAN CHURCH AND ITS MEMBERS TO RISE AGAINST OPPRESSION AND PROTECT THE OPPRESSED, AND TO RING CHURCH BELLS IN SUPPORT OF THE OPPRESSED PEOPLE OF IRAN. THE 3 AMERICAN CLERGYMEN INVITED TO HOLD A CHRISTMAS SERVICE WITH THE HOSTAGES ARE EXPECTED TO ARRIVE TODAY. THE LOCAL RADIO NEWS THIS MORNING REPORTED IN DETAIL THE REV. WILLIAM COFFIN'S CRITICISM OF PRESIDENT CARTER'S POLICY TOWARDS IRAN AND COFFIN'S COMPARISON OF IT WITH THE BOMBING OF NORTH VIETNAM, AND HAS EMPHASISED THE THREE CLERGYMEN'S RECORD OF OPPOSITION TO THE VIETNAM WAR. THERE ARE A NUMBER OF OTHER CHRISTIAN CLERGYMEN IN TEHRAN APPARENTLY WITHOUT OFFICIAL INVITATIONS, INCLUDING THE ARCHBISHOP OF ALGIERS. THE POLITICISATION OF THIS BY KHOMEINI AND THE RACIST TWIST IT HAS BEEN GIVEN IS THOROUGHLY DISTASTEFUL.

3. A STATEMENT TO AFP BY PICCIONI (?), AN ITALIAN PRIEST WHO VISITED THE US EMBASSY YESTERDAY, HAS STARTED (UNCONFIRMED) RUMOURS ABOUT THE POSSIBLE RELEASE OR MOVEMENT OF AT LEAST SOME OF THE HOSTAGES. PICCIONI IS REPORTED TO HAVE SAID THAT THE "STUDENTS" WERE HOPING TO RELEASE "SOON" SEVERAL HOSTAGES AGAINST WHOM NO EVIDENCE OF "GUILT" HAD BEEN FOUND. THERE IS A REPORT FROM A REVOLUTIONARY COUNCIL SOURCE THAT IN ADDITION THERE IS ONE MORE BLACK, A RED INDIAN AND A MEXICAN AMERICAN WHO MIGHT BE RELEASED IN ANOTHER RACIST TOUCH.

4. SEAN MACBRIDE SAW QOTBZADEH AND THE REVOLUTIONARY COUNCIL LAST NIGHT AND SAID THAT HE WAS "MORE OPTIMISTIC" ABOUT THE POSITION OF THE HOSTAGES AFTER THE MEETING. THIS FOLLOWED AN EARLIER STATEMENT THAT HE WAS LESS HOPEFUL NOW THAN AT THE TIME OF HIS VISIT LAST MONTH. IT SEEMS THAT THE REVOLUTIONARY COUNCIL IS STILL WORKING ON THE IDEA OF THE GRAND JURY.

5. IN AN INTERVIEW YESTERDAY BAZARGAN DEFENDED ENTEZAM'S CONTACTS WITH FOREIGNERS (MY TELNO 1374) AND SAYING THAT HE AND THE CABINET HAD KNOWN OF THEM AND THAT THEY HAD BEEN INTENDED TO IMPROVE IRAN'S DIPLOMATIC RELATIONS WITH OTHER COUNTRIES. AS BAZARGAN'S DEPUTY ENTEZAM HAD HAD CONNECTIONS NOT ONLY WITH THE AMERICANS BUT WITH THE SOVIET, CANADIAN, SYRIAN, IRAQI AND OTHER AMBASSADORS, AS WELL OF COURSE WITH MYSELF. THE DOCUMENTS FOUND IN THE US EMBASSY PROVIDED NO EVIDENCE OF TREASON. QOTBZADEH YESTERDAY COMPLAINED THAT HE HAD NOT BEEN CONSULTED IN ADVANCE ABOUT ENTEZAM'S ARREST, BUT MADE NO ATTEMPT TO DEFEND HIM.

6. THE OFFICIAL NEWS AGENCY CLAIMED YESTERDAY THAT ZAHEDAN WAS NOW QUIET AND UNDER THE CONTROL OF THE ARMY, GENDARMERIE AND POLICE. IT IS NOT CLEAR WHETHER THIS IS THE RESULT OF AN AGREEMENT WITH THE BALUCHI'S OR MERELY SUPERIOR FORCE.

7. THERE HAVE BEEN NO RECENT REPORTS OF MAJOR INCIDENTS ELSEWHERE, THOUGH SABOTAGE APPEARS TO CONTINUE IN KHUZESTAN. AZARBAIJAN SEEMS QUIET. THE GOVERNMENT DELEGATION TO KURDISTAN HAS SEEMINGLY BEEN TRYING TO TALK "TO THE PEOPLE" AND BY-PASS THE "OFFICIAL" KURDISH REPRESENTATIVES LED BY THE RELIGIOUS LEADER HOSSEINI AND THE HEAD OF THE KDP, QASSEMLOU, BUT IS DUE TO RESUME DISCUSSION WITH THEM TODAY IN SANANDAJ, WHICH IS COMPLETELY UNDER KDP CONTROL. THEY CONTINUE TO PREVARICATE ON ONE OF THE KURDS MAIN DEMANDS, THE RE-DRAWING OF THE PROVINCIAL BOUNDARIES TO INCLUDE ALL KURDS. THE KDP ARE REPORTED TO BE PREPARING A 26 POINT DOCUMENT ON WHICH ALL FUTURE TALKS WITH THE GOVERNMENT MUST BE BASED AND WHICH EMPHASISES KURDISH DEMANDS FOR REGIONAL AUTONOMY. QASSEMLOU YESTERDAY ACCUSED THE GOVERNMENT DELEGATION OF NOT TAKING THE MATTER SERIOUSLY AND SAID THAT IF NECESSARY THE KURDS WILL GO DIRECTLY TO KHOMEINI TO ACHIEVE THE SETTLEMENT OF THEIR PROBLEMS.

8. SOME LOCAL TROUBLE IN BANDAR ABBAS AND BANDAR LENGEH SEEMS TO HAVE BEEN SETTLED BY KHOMEINI'S REPRESENTATIVE, LAHOUTI, WHO HAS ORDERED THAT FRESH ELECTIONS FOR THE BANDAR LENGEH COUNCIL SHOULD BE HELD.

9. I AM REPORTING SEPARATELY (NOT TO ALL) BARI SADR'S ANNOUNCEMENT THAT ALL FOREIGN TRADE WILL IN FUTURE BE CONDUCTED EXCLUSIVELY BY THE GOVERNMENT AND HIS PROPOSALS FOR REORGANISING THE COUNTRY'S BANKING SYSTEM.

10. IT HAS BEEN ANNOUNCED THAT THE REVOLUTIONARY COUNCIL

10. IT HAS BEEN ANNOUNCED THAT THE REVOLUTIONARY COUNCIL  
WILL STICK AT 13 MEMBERS, THE PLAN TO BRING IT UP TO 15  
HAVING BEEN DROPPED.

11. NEXT SITREP ON 27 DECEMBER.

GRAHAM

BT

IMMEDIATE

NNNN



(Departmental)

IMMEDIATE

33

IRAN: ADVANCE COPIES

PS (6)  
PS/SIR I GILMOUR  
PS/MR HURD  
PS/PUS  
MR J C ROBERLY  
LORD BRIDGES  
HE/MED  
HD/FRD  
HD/NENAD  
HD/UND (2)  
HD/OID (2)  
HD/DEF DEPT  
HD/ES & SD (2)

PS ~~NO 10~~ DOWNING ST  
SIR R ARMSTRONG )  
ASSESSMENTS STAFF ) CABINET  
MR R WADE GERY ) OFFICE  
MR LE CHEMINANT )  
MR P G FOWLER (R-7)  
CABINET OFFICE DIO  
MR F R BARRATT TREASURY

ADVANCE COPY

Prime Minister

MISS BROWN  
PUSD (2)  
NEWS DEPT  
RESIDENT CLERK

RC

CONFIDENTIAL

TEHRAN 240430Z DEC  
TO IMMEDIATE FCO

IMMEDIATE

TELEGRAM NUMBER 1386 OF 24 DEC 79

INFO IMMEDIATE WASHINGTON AND UKMIS NEW YORK  
INFO PRIORITY EEC POSTS.

MY TELNO 1381 -PARA 1 : US EMBASSY, TEHRAN.

1. AT THIS MORNING'S MEETING OF THE COMMUNITY HEADS OF MISSION, SOME POINTS OF INTEREST EMERGED FROM CONTACTS BY MY COLLEAGUES, WHO WILL NO DOUBT BE PASSING THEM ON AS APPROPRIATE TO THE AMERICANS.
2. THE ITALIAN AMBASSADOR SAW QOTBZADEH ON 21 DECEMBER BEFORE RETURNING TO ROME FOR CONSULTATIONS. HE FOUND QOTBZADEH TIRED AND DEPRESSED AND, IN HIS VIEW, VERY MUCH AWARE OF THE GRAVITY OF THE SITUATION. INDEED, AS RECOUNTED BY THE ITALIAN CHARGE, THE MEETING SEEMS TO HAVE BEEN MUCH MORE CANDID THAN NORMAL, WITH QOTBZADEH PLEADING FOR TIME AND HELP IN SETTLING THE PROBLEM AND REPEATING THAT HE SAW THE WAY FORWARD THROUGH SOME SORT OF ENQUIRY OR GRAND JURY TO TAKE PLACE OVER TWO OR THREE WEEKS IN JANUARY, WITH THE RELEASE OF THE HOSTAGES FOLLOWING IMMEDIATELY AFTER IT. THE PROBLEM IS OF COURSE THAT QOTBZADEH, AS HE SAID TO ME THE SAME DAY, "CANNOT CONTROL EVERYBODY" AND IN FACT GIVES THE IMPRESSION, EVEN IF THE RUMOURS OF HIS RESIGNATION ARE UNFOUNDED, THAT HE HAS DIFFICULTY IN PERSUADING EVEN KHOMEINI, LET ALONE CARRYING THE "STUDENTS".
3. IN POINT OF FACT, THE BELIEF IS GROWING HERE AMONG MY COLLEAGUES, AND THERE IS SOME COLLATERAL, THAT THE "STUDENTS" OR SOME OF THEM (IT IS GENERALLY AGREED THERE ARE SEVERAL GROUPS) ARE MUCH MORE LEFT-WING THAN WE HAD ORIGINALLY THOUGHT. THE FRG AMBASSADOR DESCRIBED THEM AS IN THE MOULD OF BAKUNIN AND HAVING LINKS WITH THE BADER-MEINHOF. THERE IS ALSO A REPORT, ATTRIBUTED BY A CONTACT, WHO CLAIMS TO KNOW HIM WELL, TO HAKIMI, WHO WAS REVOLUTIONARY PROSECUTOR IN THE SPRING AND IS CLOSE TO THE LEADERSHIP, THAT THE STUDENTS HAVE THROUGHOUT COERCED KHOMEINI, FIRST INTO SUPPORTING THEM AND SUBSEQUENTLY INTO MAKING NO CONCESSIONS, BY THREATS TO KILL SOME OR ALL OF THE HOSTAGES, WHICH HE IN FACT RECOGNISES WOULD BE DISASTROUS. THE RELIABILITY OF THIS REPORT IS SOMEWHAT FLAWED HOWEVER BECAUSE APPARENTLY HAKIMI ALSO BELIEVES THAT THE 10 OR SO RINGLEADERS OF THE MOVEMENT ARE JEWELL SCENTS (CIC) WHOSE PURPOSE

APPARENTLY HAKIMI ALSO BELIEVES THAT THE 10-OR 50 RINGLEADERS OF THE 'STUDENTS' ARE ISRAELI AGENTS (SIC) WHOSE PURPOSE IS TO DESTABILISE IRAN AND PREVENT IRAN'S SUPPORT FOR THE PALESTINIANS' COMING TO ANYTHING. I FIND THIS INHERENTLY IMPROBABLE (DESPITE JACK ANDERSON'S RECENT SUPPORT FOR IT IN THE WASHINGTON POST); NEVERTHELESS IT DOES NOT TOTALLY VITIATE THE REST OF HAKIMI'S ACCOUNT.

4. THE FRENCH AMBASSADOR REPORTS THAT THREE AMERICAN PRIESTS, INCLUDING ONE BLACK BISHOP, REPRESENTING CATHOLICS, PRESBYTERIANS AND BAPTISTS, HAVE BEEN INVITED BY THE IRANIAN CHARGE IN WASHINGTON TO VISIT TEHRAN AT CHRISTMAS-TIME IN ORDER TO CONDUCT SERVICES FOR THE HOSTAGES. THERE MUST STILL BE SOME DOUBT WHETHER THE STUDENTS WILL PERMIT THIS: AN ATTEMPT BY A CATHOLIC PRIEST ON BEHALF OF THE PRO-NUNCIO TO HAND CE SOME CHRISTMAS COMFORTS AND CLOTHING COLLECTED BY THE CORPS FOR THE HOSTAGES, HAS SO FAR GOT NOWHERE.
5. WASHINGTON TELNO 43 TO TEHRAN (NOT TO ALL). THE OTHER GROUP (THE NORDICS, THE EUROPEAN NEUTRALS, THE OLD COMMONWEALTH) FINALLY ACHIEVED THEIR MEETING WITH BEHESHTI YESTERDAY AFTERNOON, AND I WOULD EXPECT TO HAVE AN ACCOUNT IN DUE COURSE, ALTHOUGH I ASSUME THAT THE AMERICANS WILL OBTAIN ONE DIRECT FROM ONE OF THE PARTICIPANTS. I MYSELF AM TRYING TO SEE BAHONAR, BUT HE IS PROVING ELUSIVE.
6. THE REASON FOR THE INTERRUPTION OF CONTACTS WITH LAINGEN, GIVEN BY THE DIRECTOR GENERAL OF PROTOCOL (PLEASE PROTECT, ESPECIALLY IN TELEPHONE AND TELEX CALLS BETWEEN THE STATE DEPARTMENT AND LAINGEN) IS FEAR THAT THE 'STUDENTS' WHO SEEM TO BE AWARE OF WHAT IS GOING ON IN THE MFA, MIGHT BE PROVOKED BY FURTHER VISITS INTO TAKING LAINGEN AND HIS COMPANIONS INTO DIRECT CUSTODY. IT IS POSSIBLE FOR US TO SEND HIM THINGS THROUGH THE DG OF PROTOCOL, AND I AM HOPING THAT A VISIT MAY BE POSSIBLE OVER CHRISTMAS.

GRAHAM

NNNN

IMMEDIATE

SECRET

ANNEX C

GR 890

SECRET

DESKBY WASHINGTON, UKMIS NEW YORK 232000Z.

DESKBY TOKYO 240001Z

FM FCO 231820Z DEC 79

TO FLASH BONN

TELNO 452 OF 23 DECEMBER

AND TO PARIS, ROME, BERNE, OTTAWA, IMMEDIATE TOKYO

INFO IMMEDIATE WASHINGTON, UKMIS NEW YORK, PRIORITY EEC POSTS.

MIPT

FOLLOWING IS TEXT OF U S NOTE:-

BEGINS

1. WE HAVE NOW RECEIVED ANSWERS FROM GERMANY, JAPAN, FRANCE, THE UK AND SWITZERLAND AND INITIAL RESPONSE FROM ITALY ON OUR REQUEST FOR FINANCIAL COOPERATION MEASURES VIS-A-VIS IRAN.

2. THERE APPEARS TO BE A CONSENSUS THAT GOVERNMENTS WOULD PRIVATELY ADVISE THEIR BANKS ON THE FOLLOWING MEASURES. IN SOME CASES GOVERNMENTS HAVE POINTED OUT THAT THE QUESTION IS ACADEMIC BECAUSE THEIR BANKS ARE NOW DOING IT ANYWAY BUT WE BELIEVE IT IMPORTANT THAT THE GUIDANCE SHOULD INCLUDE THESE TYPES OF ACTIVITY ANYWAY AND SHOULD BE UNIFORM:

(A) NO NEW CREDITS PRIVATE OR OFFICIAL TO IRAN OR IRANIAN GOVERNMENTAL ENTITIES (HEREINAFTER QUOTE IRAN UNQUOTE):

(B) TO REFUSE TO OPEN NEW DEMAND OR TIME DEPOSIT ACCOUNTS FOR IRAN:

(C) DECLINE TO ACCEPT SUBSTANTIAL INCREASES IN EXISTING NON-DOLLAR DEPOSITS BY IRAN.

3. THERE IS CONSENSUS THAT GOVERNMENTS WOULD STRONGLY ADVISE THEIR OIL COMPANIES TO INSIST TO CONTINUE PAYING FOR IRANIAN OIL IN DOLLARS.

SECRET

3a  
14

# SECRET

4. ALTHOUGH ALL COUNTRIES APPEAR TO AGREE THAT THEY SHOULD ENCOURAGE THEIR BANKS TO REQUIRE PUNCTUAL PAYMENTS BY IRAN OF PRINCIPAL AND INTEREST, SOME COUNTRIES ARE RELUCTANT TO ADVISE BANKS ON WHICH FOLLOW-UP MEASURES TO TAKE AS A RESULT OF THOSE LOANS BEING IN TECHNICAL DEFAULT.

5. ALL COUNTRIES SUBJECT TO CERTAIN CAVEATS BY THE UK AND JAPAN ARE IN AGREEMENT THAT THEY WOULD STRONGLY RECOMMEND TO THEIR OIL COMPANIES THAT THEY SHOULD REFUSE TO PURCHASE OIL DIRECTLY FROM IRAN AT TERMS SHARPLY DIFFERENT FROM THOSE OFFERED BY OTHER OPEC COUNTRIES (RECOGNIZING THAT THIS DOES NOT PRECLUDE PURCHASE OF IRANIAN-ORIGIN OIL IN REGULAR SPOT MARKETS).

THE UK BELIEVES THAT THIS ACTION SHOULD BE PART OF QUOTE EFFECTIVE AND CONCERTED ARRANGEMENTS MADE BY ALL MAJOR OECD AND IEA COUNTRIES WHICH COVER SPOT MARKET TRANSACTIONS AS WELL AS PURCHASES BY THE OIL COMPANIES. UNQUOTE

TO CLARIFY THE CONSENSUS WHICH WE BELIEVE WOULD BE CONSISTENT WITH THE UK POINT, WE COULD REWORD THE UNDERSTANDING TO READ AS FOLLOWS: THAT ALL MAJOR OECD COUNTRIES (NAMELY, UK, GERMANY, FRANCE, JAPAN, ITALY, CANADA AND, OF COURSE, THE US) WOULD STRONGLY RECOMMEND TO THEIR OIL COMPANIES THAT THEY SHOULD REFUSE TO PURCHASE EITHER CONTRACT OIL OR SPOT OIL DIRECTLY FROM IRAN ON TERMS SHARPLY DIFFERENT FROM THOSE OFFERED BY OTHER OPEC COUNTRIES --- THIS WOULD STILL PERMIT PURCHASE OF IRANIAN-ORIGIN OIL WHERE THE PURCHASE IS NOT MADE DIRECTLY FROM NIOC, BUT UNDER TERMS THAT ARE CONSISTENT WITH THE AGREEMENTS REACHED AT THE TOKYO SUMMIT AND IN THE IEA.

6. THE URGENT IMPORTANCE OF DEMONSTRATING ALLIED SOLIDARITY AND THE FACT THAT THE US IS INITIATING A CHAPTER 7 ACTION IN THE UN SECURITY COUNCIL BUT WHOSE FINAL CONTENT IS NOT PREDICTABLE MAKES IT ADVISABLE

<sup>2</sup>  
SECRET

/ THAT



# SECRET

THAT WE ALL GO AHEAD NOW WITH THE CONSENSUS THAT EXISTS IN 2A, B,C, 3 AND 5. IN REGARD TO PARAGRAPH 4, WE RECOGNIZE THAT AS PART OF THIS PACKAGE THE COOPERATING GOVERNMENTS WILL GIVE PRIVATE GUIDANCE TO THEIR BANKS ENCOURAGING THEM TO REQUIRE PUNCTUAL PAYMENTS BY IRAN OF PRINCIPAL AND INTEREST BUT WILL NOT ADVISE THEIR BANKS TO FOLLOW UP MEASURES.

7. IF THERE IS NO OBJECTION TO THE ABOVE SET OF MEASURES, THE TWO REMAINING QUESTIONS ARE THE TIMING ON WHEN GOVERNMENTS ADVISE THEIR BANKS AND OIL COMPANIES ALONG THE ABOVE LINES AND THE QUESTION OF PUBLICITY. WE SUGGEST THAT IN VIEW OF THE HOLIDAYS THAT THE TIMING OF THESE ACTIONS BE WEDNESDAY, DECEMBER 26, FOR THOSE GOVERNMENTS THAT HAVE NOT ALREADY ACTED.

IN REGARD TO THE PUBLICITY ASPECTS, WE SUGGEST THAT THERE BE NO ANNOUNCEMENTS OF THESE ACTIONS AND THAT IF THERE ARE LEAKS BY THE PRIVATE PARTIES INVOLVED TO THE PRESS WHICH WE ASSUME WILL HAPPEN, THAT GOVERNMENTS CONFINE THEMSELVES TO STATING THAT CERTAIN MEASURES OF FINANCIAL COOPERATION ARE BEING TAKEN IN SOLIDARITY BY THE MAJOR DEMOCRACIES BUT THEY ARE NOT PREPARED TO GIVE ANY DETAILS.

8. PLEASE TELEPHONE TONY SOLOMON THROUGH THE TREASURY OPERATOR (202) 566-2120 OR DICK COOPER THROUGH THE STATE OPERATOR (202) 632-1512 IF YOU HAVE QUESTIONS OR COMMENTS THAT YOU PREFER TO DO BY PHONE RATHER THAN BY CABLE.

CARRINGTON

FILES  
MEI  
FRD  
UNI  
LEGAL ADVISERS  
EID (E)  
ECON.

COPIES TO:

PS/CHANCELLOR OF THE EXCHEQUE  
MR. D. HANCOCK, TREASURY  
MR. W. KNIGHTON, D.O.T.  
MR. C.C. LUCAS, D/ENERGY  
GOV: BANK OF ENGLAND  
MR. K. MCMAHON } BANK OF  
MR. S. PAYTON. } ENGLAND

3

# SECRET

IRAN: ADVANCE COPIES

33

PS  
PS/SIR I GILMOUR  
PS/MR HURD  
PS/PUS  
MR J C MOBERLY *Hurray*  
LORD BRIDGES  
HD/MED  
HD/FRD  
HD/NENAD  
HD/UND (2)  
HD/OID (2)  
HD/DEF DEPT  
  
HD/ES & SD (2)

PS NO 10 DOWNING ST  
SIR R ARMSTRONG )  
ASSESSMENTS STAFF ) CABINET  
MR R WADE GERY ) OFFICE  
MR LE CHEMINANT )  
MR P G FOWLER (2-7)  
CABINET OFFICE DIO  
MR F R BARRATT TREASURY

*Prime Minister*

*Mr Evans*  
~~MISS BROWN~~  
PUSD (2)  
NEWS DEPT  
~~RESIDENT CLERK~~

*out*

GRS 730

CONFIDENTIAL

FM BAGHDAD 230815Z DEC

TO-PRIORITY F C O

TELEGRAM NUMBER 525 OF 23 DECEMBER 1979

INFO PRIORITY TEHRAN, ABU DHABI, BAHRAIN, DAMASCUS, DOHA, DUBAI, KUWAIT, JEDDA, MUSCAT, WASHINGTON AND UKMIS NEW YORK.

IRAN

1. I HAD A LONG CONVERSATION ABOUT IRAN WITH SAMMAWI, MFA UNDER-SECRETARY, WHEN I SAW HIM ON OTHER BUSINESS ON 22 DECEMBER.
2. HE REITERATED IRAQI CONCERN ABOUT THE LACK OF EFFECTIVE AUTHORITY IN IRAN AND THE DANGERS THAT THIS POSED FOR IRAQ AND THE REST OF THE AREA. HE SAID THAT IRAQ WANTED TO LIVE AT PEACE WITH IRAN AND THAT IT HAD REACTED WITH RESTRAINT TO THE ATTACKS ON ITS ESTABLISHMENTS AND NATIONALS IN IRAN. HOWEVER, THE IRAQI GOVERNMENT HAD BEEN FORCED TO THREATEN THE WITHDRAWAL OF ALL ITS NATIONALS FROM IRAN IN ORDER TO SECURE THE RELEASE OF THE IRAQI TEACHERS. THE IRANIAN MFA HAD APOLOGISED AND HAD MET THEIR DEMANDS. IN PRINCIPLE, THE MATTER HAD BEEN SATISFACTORILY RESOLVED, THE LEAST

BUT IN PRACTICE THE MFA SPOKE FOR ONLY ONE, AND PERHAPS THE LEAST EFFECTIVE, OF THE CENTRES OF POWER IN IRAN, SO THAT AT ANY MOMENT SOME OTHER SO-CALLED AUTHORITY MIGHT COMMIT A FURTHER OUTRAGE. (RAIDS ON IRANIAN ESTABLISHMENTS IN IRAQ AND ACTION AGAINST IRANIAN CITIZENS HAVE NOT BEEN PUBLICLY MENTIONED HERE. I ASSUME THAT THE IRANIANS RELEASED THE TEACHERS TO PROTECT THEIR OWN PEOPLE RATHER THAN BECAUSE OF THE IRAQI ULTIMATUM.)

3. SAMMAWI ASKED ABOUT HMG'S ATTITUDE TO ECONOMIC SANCTIONS AGAINST IRAN AND TO POSSIBLE MILITARY INTERVENTION IN THE AREA. I REPLIED ON THE LINES GIVEN BY THE PRIME MINISTER (RETRACTS 535, 824 AND 794 OF 19 DECEMBER) AND ASKED ABOUT IRAQ'S VIEWS ON SANCTIONS. SAMMAWI WAS EVASIVE, SAYING THAT WHILE IRAQ HAD CONDEMNED THE SEIZURE OF THE HOSTAGES IT WAS FOR EACH COUNTRY TO DECIDE WHAT FURTHER ACTION WAS IN ITS INTERESTS. HE DOUBTED WHETHER ECONOMIC PRESSURE WAS LIKELY TO ACHIEVE RESULTS, SINCE THERE WAS NO EFFECTIVE CENTRAL GOVERNMENT IN IRAN.

4. SAMMAWI'S MAIN THEME WAS THE IRAQI CONCERN THAT THE UNITED STATES WOULD INTERVENE MILITARILY: THIS WOULD BE DISASTROUS FOR THE AREA AND FOR THE REST OF THE WORLD. HE FEARED THAT AN ATTACK WAS ALMOST INEVITABLE IF THE HOSTAGES WERE HARMED AND HE CONSIDERED THAT THERE MUST BE A STRONG POSSIBILITY THAT AT LEAST SOME OF THEM WOULD BE HARMED. HE ALSO BELIEVED THAT THE UNITED STATES WERE PREPARING TO MAKE THE HOSTAGES AN EXCUSE FOR THE MILITARY INTERVENTION IN THE GULF FOR WHICH IT WAS KNOWN THAT THEY HAD PLANS. HE WAS ALSO DEEPLY SUSPICIOUS ABOUT PRESENT AMERICAN INVOLVEMENT IN IRAN. HE THOUGHT THAT THE CHARGES AGAINST ENTEZAM OF BEING A CIA AGENT WERE TRUE AND HE WOULD NOT BE SURPRISED IF OTHER HIGHTLY-PLACED IRANIANS WERE FOUND TO BE IN TOUCH WITH THE CIA. THE IRAQI GOVERNMENT CONSIDERED THE SITUATION CRITICAL AND IT HOPED THAT THE UNITED STATES COULD BE RESTRAINED.

5. I SAID THAT IT WAS NOT FOR ME TO SPEAK FOR THE UNITED STATES, BUT THAT IT WAS OBVIOUS FROM THE PATIENCE AND RESTRAINT SHOWN BY PRESIDENT CARTER THAT HE WAS WORKING FOR A PEACEFUL OUTCOME. I DID NOT FOR A MOMENT BELIEVE THAT THE HOSTAGES WOULD BE USED AS AN EXCUSE FOR MILITARY INTERVENTION. AS FOR ACCUSATIONS OF CIA INVOLVEMENT, THESE WERE CHARGES WHICH SEEMED TO BE BROUGHT AUTOMATICALLY AGAINST ANY POLITICIAN BY HIS ENEMIES.

6. SAMMAWI REPEATED THAT OPINIONS MIGHT DIFFER BUT IRAN DID BELIEVE THAT THERE WAS A GRAVE DANGER OF AN AMERICAN MILITARY ADVENTURE IN THE GULF. HE WAS SPEAKING FOR THE RECORD (A NOTE-TAKER WAS PRESENT) AND MUCH OF WHAT HE SAID ECHOED THE WILDER PROPAGANDA ARTICLES IN THE IRAQI PRESS. HOWEVER, I THINK THAT

PROPAGANDA ARTICLES IN THE IRAQI PRESS. HOWEVER, I THINK THAT  
THE IRAQIS GENUINELY FEAR THAT THE UNITED STATES MAY INTERVENE  
MILITARILY WITH CONSEQUENT SERIOUS UPHEAVALS IN THE GULF STATES  
AND POSSIBLE SOVIET INVOLVEMENT.

STIRLING

NNNNN

SECRET

Department  
of the Treasury  
Embassy of the  
United States of America

To Chancellor House  
Room \_\_\_\_\_ Date 12/23/79



*Handwritten initials*

Dear Chancellor:

I have been asked to deliver

(1) a cable from Secretary Miller (I've taken  
the liberty of including a background cable  
from Tokyo)

(2) On behalf of the Ambassador, a  
second message on informal financial  
measures against Iran.

If I can be of any help, the Embassy  
operator (499-9000) can take messages if I  
am not at home

(730-3550)

Financial Attache

Jim Amussen

SECRET



SECRET

FROM SECRETARY MILLER TO CHANCELLOR OF EXCHEQUER,  
MINISTERS OF FINANCE OF FRANCE AND JAPAN FOLLOWING URGENT  
MESSAGE TO BE DELIVERED ALONG WITH SEPARATE MESSAGE  
BEING TRANSMITTED SIMULTANEOUSLY:

BEGIN QUOTE - THE U.S. GOVERNMENT IS EXTREMELY CONCERNED  
BY THE IRANIAN CENTRAL BANK'S INSTRUCTIONS TO JAPANESE  
AND OTHER BANKS IN LONDON ON FRIDAY C/B TO TRANSFER  
DEPOSITS, INCLUDING TIME DEPOSITS NOT YET MATURED, TO  
PARIS AND TOKYO FOR THE ACCOUNTS OF THE CENTRAL BANKS  
OF ALGERIA AND LIBYA RESPECTIVELY. I CONSIDER THIS ATTEMPT,  
IF PERMITTED TO BE CARRIED THROUGH, CLEAR EVASION OF THE  
INTENT OF THE FINANCIAL COOPERATION MEASURES ABOUT TO BE  
PUT INTO PLACE IN THE MAJOR OECD COUNTRIES. FURTHERMORE,  
IT PLACES, IF SUCCESSFUL, ADDITIONAL AND DISRUPTIVE  
PRESSURE ON THE INTERNATIONAL BANKING SYSTEM BY DEPRIVING  
EXPOSED BANKS OF THE POTENTIAL SECURITY OF THEIR IRANIAN  
DEPOSITS.

I BELIEVE THE ISSUES HERE ARE SO SIGNIFICANTLY DISTURBING

THAT THE TRANSACTIONS SHOULD NOT BE COMPLETED UNTIL THE  
COUNTRIES INVOLVED CAN DECIDE WHAT TO DO. I UNDERSTAND  
THAT SOME BANKS AT LEAST ARE NOT PREPARED TO COMPLY ON  
MONDAY.

I WOULD APPRECIATE ADVICE ON THE OUTCOME OF YOUR  
DELIBERATIONS AND ACTIONS. END QUOTE.

SECRET

SUBJECT: IRANIAN CENTRAL BANK DEPOSITS IN LONDON

1. FOLLOWING TRANSMISSION OF OUR CABLE EARLIER TODAY CONCERNING IRANIAN CENTRAL BANK (ICB) ACTION TO MOVE ITS DEPOSITS OUT OF LONDON BANKS, MINISTRY OF FINANCE (MOF) SOURCE PHONED AGAIN WITH UFURTHER INFORMATION ON THIS SUBJECT.

2. ACCORDING TO OUR SOURCE, EIGHT JAPANESE BANKS RECEIVED AFTER WORKING HOURS FRIDAY LONDON TIME A TELEX FROM ICB INSTRUCTING THEM TO TRANSFER THE ICB'S YEN DEPOSITS WITH THEM TO THE LIBYAN CENTRAL BANK'S ACCOUNT WITH THE HEAD OFFICE OF THE BANK OF TOKYO AND ITS DOLLAR DEPOSITS WITH THEM TO THE ALGERIAN CENTRAL BANK'S ACCOUNT WITH THE HEAD OFFICE OF THE BANQUE NATIONALE DE PARIS. THE EIGHT BANKS ARE THE BANK OF TOKYO, THE INDUSTRIAL BANK OF JAPAN, THE LONG TERM CREDIT BANK, FUJI BANK MITSUBISHI BANK, SUMITOMO BANK, DAI ICHI KANGYO BANK, AND SANWA BANK. MOF HAS ESTABLISHED THAT ONE ENGLISH BANK RECEIVED A SIMILAR INSTRUCTION AND BELIEVES ALL LONDON BANKS WITH ICB DEPOSITS ALSO RECEIVED SUCH INSTRUCTION, BUT HAS NOT YET BEEN ABLE TO CONFIRM THE LATTER. BRANCHES OF JAPANESE BANKS OUTSIDE OF LONDON HAVE NOT RECEIVED SUCH INSTRUCTIONS FROM ICB.

4. MOF IS STILL DEVELOPING ESTIMATES OF THE AMOUNTS INVOLVED. THEY PRESENTLY ESTIMATE SEVERAL HUNDRED MILLION DOLLARS EQUIVALENT IN AFFECTED DEPOSITS WITH JAPANESE BANKS' LONDON BRANCHES. MOF BELIEVES MOST OF THIS IS IN YEN. MOF INFORMATION INDICATES THAT ALMOST ALL ICB MONIES ARE IN TIME DEPOSITS, OF WHICH VERY LITTLE COMES DUE YET THIS MONTH BUT CONSIDERABLE AMOUNTS COME DUE IN JANUARY AND FEBRUARY.

5. ONE IMPLICATION OF ICB ACTION MOF SAYS IS VERY MUCH IN THE MINDS OF JAPANESE BANKS IS THAT THE ACTION MEANS THEY WOULD LOSE SECURITY FOR LOANS OUTSTANDING TO IRAN. WITH THE ACCOUNT IN THE NAME OF THE LIBYAN CENTRAL BANK, APPARENTLY EVEN BOT WOULD LOSE ITS SECURITY. IT IS BELIEVED ONLY ONE JAPANESE BANK WOULD HAVE ANY DIFFICULTY IN RE-FUNDING IN THE EURO-DOLLAR MARKET IF IT IS DECIDED TO MAKE THE ICB REQUESTED TRANSFERS IMMEDIATELY. AS INDICATED, JAPANESE BANKS HAVE NOT YET RESPONDED TO THE ICB.

6. AS FOREGOING SUGGESTS, MOF NOW GUESSES THAT ICB ACTION IS PRECAUTIONARY MOVE TO AVOID ECONOMIC SANCTIONS IN THE U.K., PERHAPS LINKED TO PM THATCHER'S STRONG SUPPORT FOR THE U.S. VIS-A-VIS IRAN. ALTHOUGH CHIEF CABINET SECRETARY ITOH IS REPORTED ON TODAY'S TICKER TO HAVE SAID PUBLICLY THAT THE ICB REQUESTED TRANSFERS ONLY OF U.K. AND JAPANESE BANKS. MOF NOW BELIEVES (AS INDICATED EARLIER BUT HAS NOT CONFIRMED) THAT ALL BANKS IN LONDON WITH ICB DEPOSITS RECEIVED NOTICES SIMILAR TO THOSE SENT TO JAPANESE BANKS.

CONFIDENTIAL

(Continued -over.)

CONFIDENTIAL

7. COMMENT: IT APPEARS FROM OUR CONVERSATIONS THAT JAPANESE BANKS ARE GOING TO BE VERY UNHAPPY ABOUT THE LATEST TURN OF EVENTS. IF THEY DO PAY, EXCEPT FOR THE BANK OF TOKYO, THEY WILL LOSE DEPOSITS, AND APPARENTLY ALL, INCLUDING THE BOT, WILL LOSE THE SECURITY FOR THEIR LOANS THE DEPOSITS REPRESENTED. ALSO A DECISION TO PAY MEANS THAT THEY HAVE TO DECIDE WHETHER TO IMPOSE PENALTIES FOR EARLY WITHDRAWAL, POSING ANOTHER QUANDRY. ALTHOUGH BY NO MEANS SURE AT THIS JUNCTURE, THE POTENTIAL BIG WINNER IN THE OPERATION SEEMS TO BE THE BANQUE NATIONALE DE PARIS. IF WASHINGTON HAS ANY COMMENTS, THEY SHOULD BE PASSED ON PROMPTLY. MANSFIELD  
BT

#2368

EMBASSADORS SHOULD URGENTLY DELIVER THE FOLLOWING MESSAGE  
TO FOREIGN MINISTERS AND MINISTERS OF FINANCE:

WE HAVE NOW RECEIVED ANSWERS FROM GERMANY, JAPAN,  
FRANCE, THE UK AND SWITZERLAND AND INITIAL RESPONSE FROM  
ITALY  
ON OUR REQUEST FOR FINANCIAL COOPERATION  
MEASURES VIS-A-VIS IRAN.

THERE APPEARS TO BE A CONSENSUS THAT GOVERNMENTS WOULD  
PRIVATELY ADVISE THEIR BANKS ON THE FOLLOWING MEASURES.  
IN SOME CASES GOVERNMENTS HAVE POINTED OUT THAT THE  
QUESTION IS ACADEMIC BECAUSE THEIR BANKS ARE NOW DOING  
IT ANYWAY BUT WE BELIEVE IT IMPORTANT THAT THE GUIDANCE  
SHOULD INCLUDE THESE TYPES OF ACTIVITY ANYWAY AND  
SHOULD BE UNIFORM:

(A) NO NEW CREDITS PRIVATE OR OFFICIAL TO IRAN OR IRANIAN  
GOVERNMENTAL ENTITIES (HEREINAFTER "IRAN");

(B) TO REFUSE TO OPEN NEW DEMAND OR TIME DEPOSIT ACCOUNTS  
FOR IRAN;

(C) DECLINE TO ACCEPT SUBSTANTIAL INCREASES IN EXISTING  
NON-DOLLAR DEPOSITS BY IRAN.

3. THERE IS CONSENSUS THAT GOVERNMENTS WOULD STRONGLY  
ADVISE THEIR OIL COMPANIES TO INSIST TO CONTINUE PAYING  
FOR IRANIAN OIL IN DOLLARS.

4. ALTHOUGH ALL COUNTRIES APPEAR TO AGREE THAT THEY  
SHOULD ENCOURAGE THEIR BANKS TO REQUIRE PUNCTUAL PAYMENTS  
BY IRAN OF PRINCIPAL AND INTEREST, SOME COUNTRIES ARE  
RELUCTANT TO ADVISE BANKS ON WHICH FOLLOW-UP MEASURES  
TO TAKE AS A RESULT OF THOSE LOANS BEING IN TECHNICAL  
DEFAULT.

5. ALL COUNTRIES SUBJECT TO CERTAIN CAVEATS BY THE UK  
AND JAPAN ARE IN AGREEMENT THAT THEY WOULD STRONGLY  
RECOMMEND TO THEIR OIL COMPANIES THAT THEY SHOULD REFUSE  
TO PURCHASE OIL DIRECTLY FROM IRAN AT TERMS SHARPLY  
DIFFERENT FROM THOSE OFFERED BY OTHER OPEC COUNTRIES  
(RECOGNIZING THAT THIS DOES NOT PRECLUDE PURCHASE  
OF IRANIAN-ORIGIN OIL IN REGULAR SPOT MARKETS).

THE UK BELIEVES THAT THIS ACTION  
SHOULD BE PART OF EFFECTIVE AND CONCERTED ARRANGEMENTS  
MADE BY ALL MAJOR OECD AND IEA COUNTRIES WHICH COVER  
SPOT MARKET TRANSACTIONS AS WELL AS PURCHASES BY THE  
OIL COMPANIES.

TO CLARIFY THE CONSENSUS WHICH WE BELIEVE WOULD BE CON-  
SISTENT WITH THE UK POINT, WE COULD REWORD THE UNDER-  
STANDING TO READ AS FOLLOWS: THAT ALL MAJOR OECD  
COUNTRIES (NAMELY, UK, GERMANY, FRANCE, JAPAN, ITALY,  
CANADA AND, OF COURSE, THE US) WOULD STRONGLY RECOMMEND  
TO THEIR OIL COMPANIES THAT THEY SHOULD REFUSE TO  
PURCHASE EITHER CONTRACT OIL OR SPOT OIL DIRECTLY FROM  
IRAN ON TERMS SHARPLY DIFFERENT FROM THOSE OFFERED BY

THE OPEC COUNTRIES -- THIS WOULD STILL PERMIT  
PURCHASE OF IRANIAN-ORIGIN OIL WHERE THE PURCHASE IS NOT  
DIRECTLY FROM NIOC, BUT UNDER TERMS THAT ARE  
CONSISTENT WITH THE AGREEMENTS REACHED AT THE TOKYO SUMMIT  
AND IN THE IEA.

THE URGENT IMPORTANCE OF DEMONSTRATING ALLIED  
SOLIDARITY AND THE FACT THAT THE US IS INITIATING A  
CHAPTER 7 ACTION IN THE UN SECURITY COUNCIL BUT WHOSE  
FINAL CONTENT IS NOT PREDICTABLE MAKES IT ADVISABLE  
THAT WE ALL GO AHEAD NOW WITH THE CONSENSUS THAT EXISTS  
IN 2 A, B, C, 3 AND 5. IN REGARD TO PARAGRAPH 4, WE  
RECOGNIZE THAT AS PART OF THIS PACKAGE THE COOPERATING  
GOVERNMENTS WILL GIVE PRIVATE GUIDANCE TO THEIR BANKS  
ENCOURAGING THEM TO REQUIRE PUNCTUAL PAYMENTS BY IRAN  
OF PRINCIPAL AND INTEREST BUT WILL NOT ADVISE THEIR  
BANKS ON FOLLOWUP MEASURES.

7. IF THERE IS NO OBJECTION TO THE ABOVE SET OF MEASURES,  
THE TWO REMAINING QUESTIONS ARE THE TIMING ON WHEN  
GOVERNMENTS ADVISE THEIR BANKS AND OIL COMPANIES ALONG  
THE ABOVE LINES AND THE QUESTION OF PUBLICITY. WE  
SUGGEST THAT IN VIEW OF THE HOLIDAYS THAT THE TIMING OF



THESE ACTIONS BE WEDNESDAY, DECEMBER 26, FOR THOSE  
GOVERNMENTS THAT HAVE NOT ALREADY ACTED.

IN REGARD TO THE PUBLICITY ASPECTS, WE SUGGEST THAT THERE  
BE NO ANNOUNCEMENTS OF THESE ACTIONS AND THAT IF THERE  
ARE LEAKS BY THE PRIVATE PARTIES INVOLVED TO THE PRESS,  
WHICH WE ASSUME WILL HAPPEN, THAT GOVERNMENTS CONFINE  
THEMSELVES TO STATING THAT CERTAIN MEASURES OF FINANCIAL  
COOPERATION ARE BEING TAKEN IN SOLIDARITY BY THE MAJOR  
DEMOCRACIES BUT THEY ARE NOT PREPARED TO GIVE ANY  
DETAILS.

8. PLEASE TELEPHONE TONY SOLOMON THROUGH THE TREASURY  
OPERATOR (202) 566-2120 OR DICK COOPER THROUGH THE  
STATE OPERATOR (202) 632-1512 IF YOU HAVE QUESTIONS  
OR COMMENTS THAT YOU PREFER TO DO BY PHONE RATHER  
THAN BY CABLE.

SECRET

3

GRS 250

SECRET

DESKBY ROME 240800Z

FM FCO 232001Z DEC

TO IMMEDIATE WASHINGTON

TELEGRAM NUMBER 1978 OF 23 DECEMBER 1979

INFO IMMEDIATE TOKYO PARIS BONN ROME BERNE TEHRAN

MIPT

THE FOLLOWING IS THE TEXT OF THE MESSAGE DELIVERED TO THE  
CHANCELLOR OF THE EXCHEQUER TODAY BY THE US EMBASSY IN LONDON

BEGINS

FROM SECRETARY MILLER TO CHANCELLOR OF EXCHEQUER,  
MINISTERS OF FINANCE OF FRANCE AND JAPAN FOLLOWING URGENT  
MESSAGE TO BE DELIVERED ALONG WITH SEPARATE MESSAGE  
BEING TRANSMITTED SIMULTANEOUSLY:

BEGIN QUOTE - THE U.S. GOVERNMENT IS EXTREMELY CONCERNED  
BY THE IRANIAN CENTRAL BANK'S INSTRUCTIONS TO JAPANESE  
AND OTHER BANKS IN LONDON ON FRIDAY C/B TO TRANSFER  
DEPOSITS, INCLUDING TIME DEPOSITS NOT YET MATURED, TO PARIS AND  
TOKYO FOR THE ACCOUNTS OF THE CENTRAL BANKS OF ALGERIA AND  
LIBYA RESPECTIVELY. I CONSIDER THIS ATTEMPT, IF PERMITTED TO  
BE CARRIED THROUGH, CLEAR EVASION OF THE INTENT OF THE FINANCIAL  
COOPERATION MEASURES ABOUT TO BE PUT INTO PLACE IN THE MAJOR  
OECD COUNTRIES. FURTHERMORE, IT PLACES, IF SUCCESSFUL, ADDITIONAL  
AND DISRUPTIVE PRESSURE ON THE INTERNATIONAL BANKING SYSTEM BY  
DEPRIVING EXPOSED BANKS OF THE POTENTIAL SECURITY OF THEIR IRANIAN  
DEPOSITIS.

SECRET

# SECRET

I BELIEVE THE ISSUES HERE ARE SO SIGNIFICANTLY DISTURBING THAT THE TRANSACTIONS SHOULD NOT BE COMPLETED UNTIL THE COUNTRIES INVOLVED CAN DECIDE WHAT TO DO. I UNDERSTAND THAT SOME BANKS AT LEAST ARE NOT PREPARED TO COMPLY ON MONDAY.

I WOULD APPRECIATE ADVICE ON THE OUTCOME OF YOUR DELIBERATIONS AND ACTIONS. END QUOTE.

ENDS

CARRINGTON

FILES  
MED  
FRD  
EID(E)  
LORD BRIDGES  
MR BULLARD  
MR. J.C. MOBERLY  
MR EVANS  
MR HANNAY

COPIES TO:  
PS | CHANCELLOR OF THE EXCHEQUER.  
MR. D. HANCOCK, TREASURY  
MR. S. PEYTON, BANK OF ENGLAND

COPIES SENT TO  
No. 10 DOWNING STREET

2  
SECRET

SECRET

2

4.0160  
SECRET

L9

FM FCO 232000Z DEC 79

ROME (DESKBY 240800Z)

TO IMMEDIATE WASHINGTON  
TELNO. 1977 OF 23 DECEMBER  
INFO IMMEDIATE TOKYO PARIS BONN ROME BERNE TEHRAN.

IRANIAN BANK DEPOSITS

MIFT CONTAINS THE TEXT OF A MESSAGE FROM SECRETARY MILLER TO  
THE CHANCELLOR OF THE EXCHEQUER. PLEASE DELIVER THE FOLLOWING  
REPLY FROM THE CHANCELLOR.

BEGINS.

THANK YOU FOR YOUR MESSAGE OF 23 DECEMBER ABOUT WITHDRAWALS  
OF IRANIAN DEPOSITS IN LONDON. I CAN CONFIRM THAT SOME **SIGHT**  
DEPOSITS HAVE ALREADY BEEN WITHDRAWN. IN ADDITION, A NUMBER OF  
BRITISH BANKS HAVE RECEIVED TELEXES ASKING THEM TO RELEASE  
TIME DEPOSITS NOT YET MATURED. THE BRITISH BANKS  
WILL BE CONSIDERING THE MATTER FURTHER TOMORROW  
BUT ARE AT PRESENT DISPOSED TO EXERCISE THEIR RIGHT TO HOLD  
THE DEPOSITS UNTIL THEY MATURE AT THE BEGINNING OF  
FEBRUARY. THE BANK OF ENGLAND WILL BE HAVING FURTHER DISCUSSIONS  
WITH THE BRITISH BANKS TOMORROW AND WE SHALL KEEP **YOU** INFORMED OF  
DEVELOPMENTS.  
ENDS.

CARRINGTON

FILES  
MED  
FRJ  
EID (E)  
LORD BRIDGES  
MR BULLARD

MR. J. C. MOBERLY  
MR EVANS  
MR HANNAY

COPIES TO:  
PS (CHANCELLOR OF THE  
EXCHEQUER,  
MR. D. HANCOCK, TREASURY  
MR. S. PEYTON,  
BANK OF ENGLAND)

[COPIES SENT TO N010 DOWNING ST]

SECRET

GRS 250

SECRET

FM WASHINGTON 240222Z DEC 79

TO IMMEDIATE FCO

TEL NO 4348 OF 23 DECEMBER 1979

INFO IMMEDIATE TOKYO, PARIS, BONN, ROME, BERNE, TEHRAN

Lg  
Nms

YOUR TELEGRAM NO 1977

IRANIAN BANK DEPOSITS.

RYRIE AND PERRY DELIVERED THE CHANCELLOR'S MESSAGE PERSONALLY TO SOLOMON WHO PROMISED TO CONVEY IT IMMEDIATELY TO MILLER.

2. SOLOMON SAID THE JAPANESE HAD TOLD HIM THAT THEIR BANKS WOULD ALSO NOT BE ACTING ON THE IRANIAN INSTRUCTIONS IMMEDIATELY BECAUSE THE INSTRUCTIONS WERE IN VERY GENERAL TERMS AND DID NOT SPECIFY ACCOUNTS AND AMOUNTS. THE JAPANESE BANKS WOULD THEREFORE BE ASKING SOME QUESTIONS FIRST AND THIS MIGHT DELAY ANY ACTION UNTIL AFTER THE CHRISTMAS BREAK.

3. RYRIE MENTIONED THE WASHINGTON POST ARTICLE (ME TELEGRAM NO 4346 NOT TO ALL) IN WHICH THE FINANCIAL ACTIONS NOW BEING CONSIDERED WERE DESCRIBED. THIS WAS SAID TO HAVE COME FROM THE STATE DEPARTMENT, ALTHOUGH THE LATEST U S MESSAGE ON THIS SUBJECT PROPOSED THAT THERE SHOULD BE NO PUBLICITY (PARA 7 OF YOUR TELEGRAM NO 452 TO BONN). SOLOMON SHOWED EMBARRASSMENT AND SAID HE DID NOT UNDERSTAND HOW THIS HAD HAPPENED. RYRIE EMPHASISED THAT ANY PUBLIC MENTION OF FINANCIAL MEASURES WAS LIKELY TO BE MISINTERPRETED AS A THREAT OF BLOCKING WITH POSSIBLY VERY DAMAGING CONSEQUENCES.

4. SOLOMON TALKED AT SOME LENGTH IN A PERSONAL WAY ABOUT THE OPTIONS NOW OPEN TO THE U S THE PRESSURE OF PUBLIC OPINION ON THE PRESIDENT FOR MORE DECISIVE ACTION WAS GROWING. IT SEEMED TO HIM THAT IN MOST OF EUROPE IT WAS STILL QUOTE BUSINESS AS USUAL UNQUOTE WITH IRAN. IT WAS NATURAL THAT WE SHOULD ALL BE CONCERNED ABOUT



DAMAGE TO BANKING SYSTEMS AND TRADE, BUT MUCH LARGER ISSUES WERE AT STAKE. HE ARGUED THAT THE INTERIM FINANCIAL MEASURES WHICH THE AMERICANS HAD PROPOSED COULD HAVE THE EFFECT OF MAKING THE IRANIANS FEEL MORE ISOLATED. BUT THEY COULD ONLY SERVE AS PART OF A GRADUAL BUILD UP OF PRESSURE. CHAPTER VII ACTION MIGHT TAKE SOME WEEKS. IT WAS MIMPORANT TO CONTINUE THE BUILD UP MEANWHILE.

HENDERSON

FILES

MED

FRD

EID (E)

LORD BRIDGES

MR BULLARD

MR HANNAY

COPIES TO:

MR D HANCOCK      TREASURY  
PS/CHANCELLOR OF THE EXCHEQUER  
MR S PAYTON      B/ENGLAND  
~~NO 10 DOWNING ST~~

IMMEDIATE

IRAN: ADVANCE COPIES

PS (6)  
PS/SIR I GILMOUR  
PS/MR HURD  
PS/PUS  
MR J C MOBERLY  
LORD BRIDGES  
HD/MEED  
HD/FRD  
HD/NENAD  
HD/UND  
HD/OID  
HD/DEF DEPT

(+JJ)

PS NO. 10 DOWNING ST  
SIR R ARMSTRONG )  
ASSESSMENTS STAFF ) CABINET  
MR R WADE GERY ) OFFICE  
MR LE CHEMINANT )  
MR P G FOWER (2-7)  
CABINET OFFICE DIO  
MR F R BARRATT TREASURY

HD/ES & SD (2)

Prime Minister

MISS BROWN (2)  
PUSD  
NEWS DEPT  
~~RESIDENT CLERK~~

[Advanced to R.C. 2406202]

UNCLASSIFIED  
FM WASHINGTON 232323Z DEC 79  
TO IMMEDIATE F.C.C.  
TELEGRAM NUMBER 4346 OF 23 DECEMBER.  
INFO ROUTINE UKMIS NEW YORK.

MY TELEGRAM NO 4343 : IRAN : U.N. ACTION.

1. TODAY'S WASHINGTON POST CARRIES A STORY BY JOHN GOSHKO, QUOTING SENIOR U.S. OFFICIALS, ON THE BACKGROUND TO THE ADMINISTRATION'S DECISION TO SEEK U.N. ECONOMIC SANCTIONS AGAINST IRAN. THE MAIN POINTS ARE AS FOLLOWS:
2. THE SACTIONS MOVE IS NOT BASED ON EXPECTATIONS THAT THE WORLD COMMUNITY CAN BE MARSHALLED BEHIND THE SORT OF TOTAL TRADE AND FINANCIAL EMBARGO THAT WOULD DESTROY IRAN'S ECONOMY. INSTEAD THE AIM IS TO PRODUCE A CREDIT SQUEEZE THAT WILL ACCELERATE THE IMPORT PROBLEMS ALREADY BESETTING IRAN IN WAYS THAT WILL AFFECT EVERYTHING FROM THE COUNTRY'S CAPACITY TO PRODUCE THE OIL ON WHICH IT DEPENDS FOR ITS LIVELIHOOD TO ITS ABILITY TO PROVIDE ITS PEOPLE WITH BASIC FOODSTUFFS. OFFICIALS CONCEDE THAT SUCH PRESSURE WON'T NECESSARILY BRING IRAN TO ITS KNEES, BUT IT WILL TIGHTEN THE VICE OF UNEMPLOYMENT, HARDSHIP AND SIMPLE INCONVENIENCE IN WAYS THAT COULD INCREASE

MENT, HARDSHIP AND SIMPLE INCONVENIENCE IN WAYS THAT COULD INCREASE SIGNIFICANTLY THE POLITICAL DIVISION AND UNREST THREATENING KHOMEINI'S CONTROL OVER THE COUNTRY.

3. OFFICIALS SAY THAT THERE ARE SIGNS THAT MANY IRANIAN LEADERS, PARTICULARLY THOSE DEALING WITH THE ECONOMY, ARE AWARE OF THIS POSSIBILITY, AND WOULD LIKE TO AVOID IT BY RESOLVING THE HOSTAGE CRISIS. U.S. OFFICIALS ADMIT THAT IT IS STILL WIDE OPEN WHETHER THEY WILL BE ABLE TO CONVEY THEIR CONCERN TO KHOMEINI IN WAYS WHICH WILL MAKE HIM MORE FLEXIBLE, BUT GIVEN THE ADMINISTRATION'S DETERMINATION TO END THE CONFRONTATION WITHOUT VIOLENCE, "ECONOMIC SANCTIONS ARE THE LOGICAL NEXT WAY TO GO". THIS IN SPITE OF THE FACT THAT OFFICIALS ARE AWARE THAT ANY RESOLUTION LIKELY TO BE ADOPTED BY THE U.N. SECURITY COUNCIL WILL BE A LOOSELY WORDED, OUTWARDLY TOOTHLESS THING. NONETHELESS THE U.S. WANTS THE RESOLUTION, NO MATTER HOW BLAND AND INNOCUOUS, AS A SPRINGBOARD FOR A CONCERTED SQUEEZE AGREED TO BY AMERICA'S PRINCIPAL EUROPEAN ALLIES DURING VANCE'S RECENT TRIP TO EUROPE.

4. THE ARTICLE SAYS THAT ACCORDING TO DIPLOMATIC SOURCES, THE COUNTRIES INVOLVED IN THE JOINT ACTION PLAN - PRINCIPALLY FRG, U.K., FRANCE AND ITALY - HAVE AGREED TO HELP PREVENT IRAN FROM FINDING WAYS AROUND THE ASSETS FREEZE BY PRESSURING THEIR BANKS AND EXPORTING CONCERNS NOT TO DEAL WITH IRAN.

5. BEFORE THE OUTBREAK OF THE HOSTAGE SITUATION IRAN HAD STARTED TO DIVERT BUSINESS AWAY FROM THE U.S., BUT IT WAS STILL CLOSELY TIED TO U.S. SUPPLIERS FOR MANY KEY IMPORTS. OTHER COMMODITIES TRADITIONALLY PURCHASED FROM THE U.S., EG WHEAT AND RICE CAN BE OBTAINED ELSEWHERE, BUT U.S. OFFICIALS CONTENT THAT SWITCHING SUPPLIES CAN BE EXPENSIVE AND DIFFICULT. WITH HALF OF ITS FOREIGN EXCHANGE RESERVES FROZEN IN THE U.S., IRAN IS FINDING SUPPLIERS IN OTHER COUNTRIES UNWILLING TO SELL IT GOODS WITHOUT GUARANTEED PAYMENT, FOR WHICH THE MAJOR INTERNATIONAL BANKS ARE UNWILLING TO PROVIDE THE FINANCE. HOWEVER THERE ARE WAYS FOR IRAN TO OPEN NEW CHANNELS TO THIRD COUNTRY SUPPLIERS, PARTICULARLY IF MAJOR MULTI-NATIONAL BANKS OUTSIDE THE U.S. ARE WILLING TO RISK HELPING IRAN IN EXCHANGE FOR PROMISES OF BIG PROFITS AND FUTURE BUSINESS.

6. THAT IS WHY VANCE WENT TO EUROPE TO NEGOTIATE A PLAN WITH AMERICA'S ALLIES TO BLOCK IRAN'S ABILITY TO USE THESE POTENTIAL ESCAPE ROUTES. THIS PLAN WILL BE READY TO FALL INTO PLACE SHORTLY, EITHER UNDER A U.N. MANDATE, OR IF THAT MOVE FAILS, ON A MORE INFORMAL BASIS. SPECIFICALLY EUROPEAN GOVERNMENTS ARE EXPECTED TO INTERCEDE WITH THEIR RESPECTIVE MULTI-NATIONAL BANKS TO TAKE SUCH STEPS AS -

STEPS AS -

REFUSING NEW CREDITS TO IRAN

SLOWING DOWN THE RENEWAL OF EXISTING CREDITS

APPLYING BANKING RULES SO STRINGENTLY AS TO DECLARE LOANS IN DEFAULT  
IF IRAN IS ONE DAY LATE IN MAKING A PAYMENT.

7. ACCORDING TO U.S. OFFICIALS SUCH PRESSURE SHOULD QUICKLY MAKE  
IRAN SUCH A BAD CREDIT RISK THAT FOREIGN SUPPLIERS WOULD BE WILLING  
TO SELL TO IT ONLY ON A CASH IN ADVANCE BASIS. GIVEN THEIR OIL  
WEALTH THE IRANIANS COULD PROBABLY DO THAT FOR SOME TIME TO COME,  
BUT ONLY AT THE COST OF DRAINING THEIR HARD CURRENCY RESERVES. THAT  
SITUATION WOULD ALSO PROBABLY PREVENT IRAN FROM RESPONDING BY  
REFUSING TO SELL ITS OIL TO THE WEST. TO DO SO WOULD DRAW THE  
ECONOMIC NOOSE EVEN TIGHTER AROUND IT BY CURTAILING ITS FOREIGN  
EXCHANGE EARNINGS.

8. SEE M. I. F. T.

HENDERSON

NNNN

SECRET

DESKBY WASHINGTON, UKMIS NEW YORK 232000Z

DESKBY TOKYO 240001Z

FM FCO 231900Z DEC 79

TO FLASH BONN

TELNO 451 OF 23 DECEMBER

AND TO PARIS, ROME, BERNE, OTTAWA, IMMEDIATE TOKYO,

INFO IMMEDIATE WASHINGTON, UKMIS NEW YORK, PRIORITY OTHER EEC POSTS.

1.  
Referred to Cheques for PA  
StPike 23.12.79

FCO TELNO 1972 TO WASHINGTON: IRAN - ECONOMIC MEASURES.

1. M I F T CONTAINS THE TEXT OF A NOTE HANDED OVER BY THE US EMBASSY TODAY, PROPOSING IMPLEMENTATION ON 26 DECEMBER OF A MODIFIED VERSION OF THE VOLUNTARY ECONOMIC MEASURES ORIGINALLY PROPOSED IN THEIR NOTE OF 17 DECEMBER.

2. GRATEFUL IF YOU WOULD APPROACH THE GOVERNMENT TO WHICH YOU ARE ACCREDITED AND ENQUIRE:-

(A) WHETHER THEY ARE ABLE TO PUT INTO EFFECT THE MEASURES AS NOW DESCRIBED

AND

(B) IF SO, WHETHER THEY CAN AGREE TO THE TIMING PROPOSED.

WE REALISE, OF COURSE, THAT ANY REACTION CAN ONLY BE PRELIMINARY SINCE, LIKE OURSELVES, THEY WILL NOT YET HAVE HAD AN OPPORTUNITY TO CONSULT MINISTERS.

3. OUR OWN ATTITUDE IS SET OUT IN OUR REPLY TO THE AMERICANS (FCO TELNO 1973 TO WASHINGTON). YOU SHOULD STICK CLOSELY TO THIS LINE. YOU MAY ADD THAT, IN THE NEW VERSION, THE PROPOSAL AT 2(A) EXCLUDES ANY REFERENCE TO TRADE CREDIT. WE SHALL THEREFORE INTERPRET IT AS EXCLUDING COMMERCIAL TRANSACTIONS. YOU MAY ALSO SAY THAT WE CONTINUE TO BELIEVE THAT RE-CYCLING AMONG CENTRAL BANKS IS A FAR BETTER APPROACH THAN THE PROPOSALS NOW NUMBERED 2(B) AND 2(C). YOU SHOULD ENQUIRE WHETHER YOUR AUTHORITIES AGREE.



4. AS REGARDS THE REVISED PROPOSAL FOR ADVICE TO OIL COMPANIES (PARAGRAPH 5 OF M I F T) WE NOTE THAT THE UNDERSTANDING IS NOW TO BE CONFINED TO THE MAJOR 7 INDUSTRIALISED COUNTRIES. WE ARE STILL CONSIDERING THE NEW FORMULATION WHICH COMES SOME BUT NOT THE WHOLE WAY TOWARDS MEETING OUR POINTS. WE SHALL NEED TO HAVE A CLEAR UNDERSTANDING WITH OUR PARTNERS OF PRECISELY WHAT THIS ADVICE TO OUR OIL COMPANIES WILL MEAN-- IN PARTICULAR, THE INTERPRETATION OF QUOTE TERMS SHARPLY DIFFERENT UNQUOTE. THIS UNDERLINES THE NEED FOR SOME EARLY INTERNATIONAL DISCUSSION TO ENSURE CONSISTENT IMPLEMENTATION (SEE PENULTIMATE PARA OF FCO TELNO 1973 TO WASHINGTON).

5. THE DIFFICULTY OF INTERPRETATION IS ILLUSTRATED BY AN APPROACH WHICH SHELL AND BP RECEIVED TODAY FROM THE NATIONAL IRANIAN OIL COMPANY WHO PROPOSED TO SUPPLY OIL FROM 1 JANUARY WITH ABOUT HALF THE QUANTITY AT THE THEN CURRENT GOVERNMENT SELLING PRICE AND HALF AT A PREMIUM. NO COMMITMENTS HAVE BEEN MADE AND DISCUSSIONS ARE LIKELY TO RESUME IMMEDIATELY AFTER CHRISTMAS. WE WOULD BE INTERESTED TO KNOW WHETHER SIMILAR PROPOSALS HAVE BEEN MADE TO OTHER COMPANIES AND, IF SO, HOW THEY ARE BEING VIEWED BY THE COMPANIES AND GOVERNMENTS CONCERNED. WASHINGTON SHOULD INFORM THE US ADMINISTRATION OF THIS DEVELOPMENT.

6. AS FAR AS TIMING IS CONCERNED, WEDNESDAY, 26 DECEMBER IS A BANK HOLIDAY IN LONDON. THERE WOULD, THEREFORE, BE NO ONE TO RECEIVE ANY ADVICE GIVEN. WE ARE ALSO CONSCIOUS THAT 17 OF OUR REMAINING 28 STAFF AND DEPENDENTS IN TEHRAN WILL BE LEAVING EARLY ON 27 DECEMBER. WE WOULD, THEREFORE, STRONGLY PREFER NOT TO IMPLEMENT BEFORE THE AFTERNOON OF 27 DECEMBER.

7. AT OFFICIAL LEVEL, WE FIND IT DIFFICULT TO SEE HOW WE COULD SAY LESS THAN THE DEFENSIVE PRESS LINE PROPOSED BY THE AMERICANS. BUT WE WILL WISH TO REFER THIS TO MINISTERS. WE WOULD BE GLAD TO KNOW WHAT OTHERS THINK. MEANWHILE, THERE ARE TWO POINTS THAT OCCUR TO US:-

(1) WE THINK IT WOULD BE BETTER TO DELETE QUOTE FINANCIAL UNQUOTE SINCE MEASURES ARE ALSO PROPOSED IN THE ENERGY FIELD.

(11) WE ALSO THINK IT SHOULD BE MADE CLEAR THAT THESE MEASURES ARE LINKED SOLELY TO EFFORTS TO RELEASE THE HOSTAGES.

8. OFFICIALS ARE MEETING IN LONDON AT 1500Z ON MONDAY, 24 DECEMBER, TO CONSIDER WHAT ADVICE TO GIVE TO MINISTERS. IT WOULD, THEREFORE, BE MOST HELPFUL TO HAVE SOME PRELIMINARY INDICATIONS BY 1300Z TOMORROW.

9. WE APOLOGISE FOR DISTURBING YOUR HOLIDAY.

10. OTTAWA ONLY: IT IS NOT CLEAR WHETHER THE AMERICANS HAVE APPROACHED THE CANADIANS ON FINANCIAL ASPECTS IN THIS ROUND (THE TEXT OF THEIR NOTE SUGGESTS NOT) BUT IT WOULD BE HELPFUL TO HAVE CONFIRMATION. THEY HAVE, IT SEEMS, BEEN INCLUDED IN OIL MEASURES WHERE THE SWISS, OF COURSE, HAVE NOT.

11. SEE M I F T.

CARRINGTON

1. FOLLOWING IS TEXT OF AGREED PAPER OF 23 DECEMBER.

2. THE AMBASSADORS OF THE NINE IN IRAN HAVE EXAMINED THE SITUATION IN THE LIGHT OF THE DECLARED INTENTION OF THE US GOVERNMENT TO SEEK IN THE SECURITY COUNCIL MANDATORY ECONOMIC MEASURES AGAINST IRAN. THEY AGREED ON THE FOLLOWING POINTS :

(A) THE IRANIAN GOVERNMENT, WHICH PROBABLY DOES NOT FULLY RECOGNISE THE DEPTH OF FEELING IN THE US, AND INDEED IN THE WORLD, ABOUT THE OCCUPATION OF THE US EMBASSY AND THE TAKING OF THE AMERICAN HOSTAGES, WILL HAVE AS AN OBJECTIVE THE SEPARATION OF THE EUROPEAN COUNTRIES FROM THE US. KHOMEINI HAS HIMSELF MADE THIS POINT.

(B) WHEN IT BECOMES CLEAR THAT CERTAIN COUNTRIES ARE LIKELY TO SUPPORT THE US WHETHER IN THE SECURITY COUNCIL OR OTHERWISE, AND A FORTIORI WHEN THAT SUPPORT HAS BEEN MADE EVIDENT (E.G. IN THE COUNCIL'S DEBATES), THE IRANIAN AUTHORITIES ARE LIKELY TO TAKE ACTION AGAINST THE EMBASSIES, COMPANIES AND COMMUNITIES OF THOSE COUNTRIES. SUCH ACTION

- 1 MIGHT INCLUDE BAN ON FLIGHTS BY THE NATIONAL AIRLINES CON-
- 2 CERNED, A BAN ON THE DEPARTURE FROM IRAN OF NATIONALS OF
- 3 THOSE COUNTRIES, THE CUTTING OF TELECOMMUNICATIONS AND
- 4 PERHAPS ELECTRICITY SUPPLIES, HARASSMENT OF COMPANIES,
- EM 5 EMBASSIES, ETC.

(C) AFTER A VOTE IN THE SECURITY COUNCIL ON A RESOLUTION UNDER CHAPTER VII IMPOSING ECONOMIC SANCTIONS, WHETHER OR NOT THE RESOLUTION IS ADOPTED, THE IRANIAN AUTHORITIES ARE VIRTUALLY CERTAIN TO TAKE MEASURES OF THE DESCRIBED, AND THERE WOULD BE A GREAT RISK OF MOB ACTION AGAINST EMBASSIES AND INSTITUTIONS.

(D) IN VIEW OF THE ABOVE THE AMBASSADORS BELIEVE THAT, BEFORE CHAPTER VII ACTION IN THE SECURITY COUNCIL IS PRESSED FORWARD, IT IS NECESSARY TO ALLOW TIME FOR THEIR COMMUNITIES TO LEAVE IRAN (THE CHRISTMAS AND NEW YEAR HOLIDAYS WILL REDUCE NORMAL SERVICES): AND THAT THE US GOVERNMENT SHOULD BE URGED TO EXHAUST FIRST THE UNILATERAL MEASURES AVAILABLE TO THEM (E.G. A BAN ON FOOD SUPPLIES TO IRAN, BREAK OF ALL ECONOMIC RELATIONS

FROM SUPPLIES TO IRA, STERNING ALL ECONOMIC RELATIONS  
WITH IRAN, THE INTERNMENT, AFTER A BREAK OF RELATIONS,  
OF IRANIAN DIPLOMATS, THE DEPORTATION OF IRANIAN STUDENTS,  
ETC.) .

- (E) THE NATIONALS OF THE COMMUNITY COUNTRIES ARE UNLIKELY TO LEAVE IRAN, GIVEN THE STRONG ECONOMIC PENALTIES THEY WOULD INCUR, WITHOUT THE CLEAREST GUIDANCE THAT THEY SHOULD DO SO.
- (F) IN THE CIRCUMSTANCES ENVISAGED, IT IS UNREALISTIC TO PLACE RELIANCE ON ANY ASSURANCE BY THE IRANIAN AUTHORITIES OF PROTECTION.
- (G) THE POSITION OF THE EMBASSIES OF THOSE COUNTRIES SEEN IN IRAN TO BE SUPPORTING MANDATORY ECONOMIC SANCTIONS (OR INDEED VOLUNTARY SANCTIONS, SHOULD SUCH SUPPORT BECOME KNOWN) WILL IMMEDIATELY BECOME VERY DELICATE AND GOVERNMENTS OF THE COMMUNITY WILL WISH TO CONSIDER WITHDRAWING THEM, AFTER JOINT CONSULTATION.

GRAHAM

NNNN



PART 2 ends:-

Draft Tel. to Washington Undated

PART 3 begins:-

Text of an Agreed Paper 23. 12. 79



