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PREM 19/874



SECRET

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PART 8

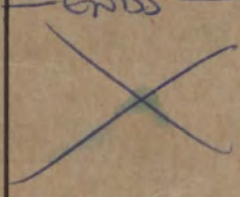
Confidential Filing

UK/Polish Relations  
Internal Situation  
Economic Assistance

POLAND

Part 1: August 1979

Part 8: Feb 1982

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
<del>10.2.82</del>		<del>16.3.82</del>		<del>9.8.82</del>			
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PREM 19/874



PART \_\_\_\_\_ 8 \_\_\_\_\_ ends:-

cc (82) 43 <sup>rd</sup> concs item 2 of 14/10/82

PART \_\_\_\_\_ 9 \_\_\_\_\_ begins:-

Warsaw kd 986 of 21/10/82







PS  
PS/MR RIFKIND  
PS/PUS  
SIR J BULLARD  
~~LORD BRIDGES~~ MR EVANS.  
MR WRIGHT  
MR ~~EVANS~~ J.C. THOMAS  
MR GILLMORE  
MR GOODISON  
HD/EESD (ALLOCATED)  
HD/TRED  
HD/UND  
HD/DEF D  
HD/PUSD (2)  
HD/WED  
HD/ECD (E)  
HD/PLANNING STAFF  
HD/ERD  
HD/NEWS D  
HD/CONS D  
HD/CONS EM UNIT

No.10 DOWNING STREET  
ASSESSMENT STAFF, CABINET OFFICE  
D I O CABINET OFFICE

MR FRANKLIN }  
MR CAINES } OT/ D O T  
MR CORLEY }  
MR POWNALL }

MR HANCOCK }  
MISS LAMBERT } CABINET OFFICE

**ADVANCE COPY**

**IMMEDIATE**

RESIDENT CLERK

CONFIDENTIAL

*Read in file.*

FM WARSAW 191130Z OCT 82

TO IMMEDIATE FCO TEL NO 979 OF 19 OCT 82  
INFO IMMEDIATE UKDEL NATO AND PRIORITY WASHINGTON, PARIS, BONN  
AND MOSCOW.

*[Handwritten signature]*

CALL ON THE POLISH FOREIGN MINISTER

- 
1. I CALLED ON MR OLSZOWSKI THIS MORNING AND WE TALKED FOR NEARLY AN HOUR. HE INVITED ME TO OPEN.
  2. I SAID THAT I WAS MAKING MY INITIAL CALL ON HIM IN DIFFICULT CIRCUMSTANCES. HE WOULD BE AWARE THAT THE BRITISH GOVERNMENT HAD STATED THEIR VIEWS ON THE RECENT LEGISLATION IN POLAND ABOLISHING SOLIDARITY. I HAD WATCHED EVENTS IN POLAND CLOSELY OVER THE LAST YEAR AND A HALF AND UNTIL RECENTLY THE THEME HAD BEEN THAT THE GOVERNMENT WAS SEEKING TO ESTABLISH A DIALOGUE WITH THE PEOPLE. EVEN UNDER MARTIAL LAW THERE HAD BEEN TALK OF DIALOGUE, RECONCILIATION, ODNOWA. WERE THESE DEAD? I FOUND IT HARD TO SEE HOW THE DISSOLUTION OF A TRADE UNION WHICH HAD COMPRISED TEN MILLION POLES WOULD LEAD TO DIALOGUE. THE POLISH GOVERNMENT STATED THAT CERTAIN ELEMENTS IN SOLIDARITY WERE UNACCEPTABLE. BUT THEY HAD NOT AS FAR AS I WAS AWARE CONTESTED THAT THE MOVEMENT



STATED THAT CERTAIN ELEMENTS IN SOLIDARITY WERE UNACCEPTABLE. BUT THEY HAD NOT AS FAR AS I WAS AWARE CONTESTED THAT THE MOVEMENT HAD THE SUPPORT OF THE BULK OF THE WORKERS IN POLAND. HE HAD TALKED TO ME WITH OPTIMISM ABOUT THE POSSIBILITY OF A DIALOGUE WITH SOLIDARITY SHORTLY BEFORE MARTIAL LAW.

3. THE POLITICAL AND ECONOMIC SITUATIONS WERE INTERLINKED. I SHOULD BE INTERESTED TO HAVE HIS VIEWS ON HOW THE POLISH GOVERNMENT CONSIDERED THEY WOULD ACHIEVE THE ECONOMIC REFORMS NECESSARY FOR THE WELL-BEING OF THE COUNTRY WITH THE PROPOSED NEW TRADE UNION STRUCTURE.

4. AS AMBASSADOR I NATURALLY HOPED THAT EVENTS WOULD MAKE POSSIBLE A RETURN TO BETTER RELATIONS WITH POLAND. IN THE PAST BRITAIN'S RELATIONS WITH POLAND HAD BEEN GOOD, LESS COMPLICATED THAN THE FRENCH, LESS TAINTED THAN THE GERMANS. WE HAD FOUGHT SIDE BY SIDE WITH THE POLES IN THE LAST WAR. BUT THERE WERE GREAT IMPEDIMENTS AT PRESENT TO AN IMPROVEMENT.

5. FINALLY, I ASKED HIM WHETHER WE COULD EXPECT TO SEE AN EARLY END TO MARTIAL LAW AND WHAT HIS OWN VIEW WAS ON THE EVOLUTION OF EVENTS IN POLAND.

6. MR OLSZOWSKI HAD IN HIS HAND THE STATEMENT OF OCTOBER 8 OF THE FOREIGN OFFICE SPOKESMAN AND SAID THAT HE WANTED ME TO KNOW THAT HE REJECTED IT UTTERLY. AS A POLISH CITIZEN, AS A POLISH POLITICAL LEADER, HE FOUND IT OBJECTIONABLE. BY WHAT RIGHT DID BRITAIN TELL POLAND HOW TO MANAGE ITS OWN AFFAIRS? POLAND WAS NOT A MEMBER OF NATO AND HAD NO INTENTION OF BECOMING A MEMBER OF NATO. AS FOR SOLIDARITY, THE BRITISH GOVERNMENT HAD WORDS OF CRITICISM FOR THE POLISH REGIME (A WORD WHICH HE FOUND INSULTING) BUT NO WORD OF CRITICISM FOR THE MILITANTS OF SOLIDARITY WHO HAD DISRUPTED THE CIVIL POWER OF THE GOVERNMENT. THERE WERE MANY OCCASIONS WHEN THE HAND HELD OUT BY THE GOVERNMENT TO SOLIDARITY HAD BEEN REJECTED. HE WOULD BE INTERESTED TO KNOW WHAT WOULD HAVE BEEN THE REACTION OF THE BRITISH GOVERNMENT IN DECEMBER OF LAST YEAR IF CIVIL WAR HAD BROKEN OUT AND LEADERS LIKE HIMSELF HAD BEEN DESTROYED. (IN PARENTHESIS, HE REMARKED THAT IN 1939 POLAND HAD BEEN LEFT BY HER ALLIES TO HER OWN FATE. I REPLIED THAT BRITAIN HAD NEVERTHELESS GONE TO WAR FOR POLAND AT A TIME WHEN SHE WAS NOT WELL PREPARED. HE ACKNOWLEDGED THAT THIS WAS SO).

7. AS FOR TRADE UNION LEGISLATION, THE GOVERNMENT HAD DISSOLVED ALL TRADE UNIONS. IN TIME THE NEW TRADE UNIONS WOULD GROW UP AND WOULD BE ALLOWED TO WORK DEMOCRATICALLY. THEY WOULD NOT BE MANAGED BY THE GOVERNMENT NOR WOULD THEY BE MANAGED FROM BRUSSELS.



8. THE ECONOMIC SITUATION WAS DIFFICULT. THE WESTERN ECONOMIC SANCTIONS HURT POLISH SOCIETY AND THIS WAS BECOMING MORE AND MORE UNDERSTOOD BY THE POLES. THE WEST WAS NOT COMPLICATING THE LIFE OF THE GOVERNMENT SO MUCH AS THE LIFE OF THE PEOPLE. BUT RECENT MONTHS SHOWED THAT THE TRENDS WERE IMPROVING. IT WAS A PARADOX THAT POLAND HAD BEEN A SOCIETY MOST OPEN TO THE WEST AND WAS NOW THE SUBJECT OF ITS MOST SEVERE ATTACKS. IF THE WEST CONTINUED THE ISOLATION OF POLAND, POLAND WOULD LOOK FOR OTHER PARTNERS. HE WOULD LIKE TO SEE AN IMPROVEMENT IN RELATIONS AND TOOK LIMITED PLEASURE IN EXERCISING HIS RESPONSIBILITIES AT THE PRESENT TIME.

9. AS REGARDS MARTIAL LAW, ITS PURPOSE HAD BEEN TO SAVE THE COUNTRY FROM RUIN. THE GOVERNMENT HAD NO PARTICULAR ENTHUSIASM FOR MARTIAL LAW, BUT THEY WOULD MAINTAIN IT AS LONG AS IT WAS NECESSARY IRRESPECTIVE OF STATEMENTS FROM THE WEST. IT WAS, HOWEVER, THEIR INTENTION TO TRY AND ABOLISH IT AS SOON AS POSSIBLE. THIS HAD BEEN COMPLICATED BY THE RIOTS OF AUGUST 31 AND THE MORE RECENT RIOTS. BUT THERE WAS NOT MUCH WEIGHT BEHIND THE RECENT RIOTING.

10. I SAID THAT MR OLSZOWSKI HAD SPOKEN BLUNTLY AND SO WOULD I. KHRUSHCHEV HAD ONCE SAID "THIS IS OUR PORRIDGE NOT YOUR PORRIDGE. STICK TO YOUR OWN PORRIDGE". THIS WAS A TYPICALLY PRIMITIVE SOVIET REACTION BUT IT HAD NEVER BEEN HISTORICALLY A POLISH REACTION. INDEED IF IT HAD BEEN, POLAND WOULD NOT EXIST. IT WAS SIMPLISTIC TO THINK THAT EVENTS IN POLAND COULD BE ISOLATED FROM THE DEVELOPMENT OF EUROPE. THERE WAS SUCH A THING AS PUBLIC OPINION AND THE WEST HAD FOLLOWED WITH GREAT INTEREST THE GROWTH OF A MORE PLURISTIC EXPERIMENT IN POLAND. THIS HAD BEEN EXTINGUISHED AS SOLIDARITY HAS BEEN EXTINGUISHED. WHETHER THE POLISH AUTHORITIES LIKED IT OR NOT, THIS WAS AN OBSTACLE TO MORE NORMAL RELATIONS. BUT I HAD NO WISH TO POLEMICISE AND I WOULD BE INTERESTED TO KNOW HOW MR OLSZOWSKI NOW SAW THE FUTURE.

11. HE ACKNOWLEDGED THAT KHRUSHCHEV'S PORRIDGE DICTUM WAS TOO SIMPLISTIC AND THAT INTERNATIONAL RELATIONS WERE INTER-RELATED. BUT THERE WERE LIMITS WHICH SHOULD NOT BE TRANSGRESSED BY GOVERNMENTS. POLAND DID NOT TELL BRITAIN HOW TO RUN HER AFFAIRS. HE SAID THAT HE WOULD NEED ANOTHER OCCASION TO GIVE ME A FULL PICTURE OF HOW HE SAW THE FUTURE BUT BRIEFLY THE SITUATION WOULD NORMALISE, IT WOULD BECOME PEACEFUL. THE POLISH GOVERNMENT WOULD DEVELOP A DIALOGUE BECAUSE THIS WAS NECESSARY. MODERNISATION WOULD TAKE PLACE IN THE ECONOMY. THEY WOULD PURSUE FURTHER LEGISLATION TO INTRODUCE GREATER SELF-MANAGEMENT, BETTER LOCAL AND REGIONAL GOVERNMENT, THE DEVELOPMENT OF PEASANT FARMS BASED ON THE FAMILY, A LIVELY DIALOGUE WITH THE CHURCH, CROWNED BY THE VISIT OF THE



A LIVELY DIALOGUE WITH THE CHURCH, CROWNED BY THE VISIT OF THE POPE.

12. MR OLSZOWSKI WAS POLITE, ASKING AFTER MY HEALTH WHEN I ARRIVED. IT WAS A FAIRLY DISAGREEABLE CALL. BUT THEN I HAD NOT EXPECTED IT TO BE ANYTHING ELSE. HE WAS OBVIOUSLY DETERMINED TO MARK THE GOVERNMENT'S DISPLEASURE AT THE FOREIGN OFFICE STATEMENT AND I FOUND HIS REMARKS ON THE FUTURE PERFUNCTORY. I THINK HIS REMARKS BEAR OUT OUR VIEW THAT THE POLISH GOVERNMENT ARE NOW DETERMINED TO GRIND AWAY AT THEIR OWN POLICIES WITHOUT MUCH CONCERN FOR REPERCUSSIONS ELSEWHERE. I HAD THE FEELING AT TIMES THAT I WAS TALKING TO AN INTELLIGENT SOVIET MINISTER.

JAMES

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THE ORIGINAL MESSAGE CONTAINED THE FOLLOWING INFORMATION: MR OLSZOWSKI WAS POLITE, ASKING AFTER MY HEALTH WHEN I ARRIVED. IT WAS A FAIRLY DISAGREEABLE CALL. BUT THEN I HAD NOT EXPECTED IT TO BE ANYTHING ELSE. HE WAS OBVIOUSLY DETERMINED TO MARK THE GOVERNMENT'S DISPLEASURE AT THE FOREIGN OFFICE STATEMENT AND I FOUND HIS REMARKS ON THE FUTURE PERFUNCTORY. I THINK HIS REMARKS BEAR OUT OUR VIEW THAT THE POLISH GOVERNMENT ARE NOW DETERMINED TO GRIND AWAY AT THEIR OWN POLICIES WITHOUT MUCH CONCERN FOR REPERCUSSIONS ELSEWHERE. I HAD THE FEELING AT TIMES THAT I WAS TALKING TO AN INTELLIGENT SOVIET MINISTER.



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FM WARSAW 181130Z OCT 82

TO PRIORITY FCO

TELNO 975 OF 18TH OCTOBER

INFO PRIORITY UKDEL NATO

INFO ROUTINE WASHINGTON, PARIS, BONN, MOSCOW AND HOLY SEE

VIEWS OF THE POLISH PRIMATE

1. I CALLED ON THE PRIMATE WHO RECEIVED ME ALONE. I ASKED FOR HIS VIEWS ON THE SITUATION. HE SAID IT WAS BAD. THE GOVERNMENT WERE UNDER HEAVY EXTERNAL PRESSURE. THEIR FREEDOM OF ACTION WAS LIMITED. I ASKED WHETHER THEY WOULD HAVE TAKEN THE SAME KIND OF ACTION IF THEY HAD NOT BEEN SUBJECTED TO SUCH HEAVY SOVIET PRESSURE. WAS THERE ANY POSSIBILITY OF THIS ADMINISTRATION GOING FOR A MORE ACCOMMODATING, POLISH SOLUTION? HE DID NOT THINK SO. THEY WERE TOO MUCH UNDER ORDERS. THEY COULD HAVE FOUND PEOPLE IN SOLIDARITY TO TALK TO IF THEY HAD REALLY TRIED.

2. AS FOR THE NEW TRADE UNION LEGISLATION, IT GAVE THE GOVERNMENT AMPLE OPPORTUNITY TO MANIPULATE THE WORK FORCE. THEY WOULD GET THEIR PEOPLE INTO POSITIONS OF POWER. IT WAS NOT POSSIBLE FOR THE MASS OF POLISH WORKERS TO BOYCOTT THE INSTITUTION FOR LONG, IT WAS ILLUSORY TO THINK THEY COULD CHANGE IT FROM INSIDE. HE WAS QUITE FIRM ON THE IMPOSSIBILITY OF BOYCOTT. THE GOVERNMENT WAS TOO STRONG AND THE PEOPLE WERE WEARY. SOLIDARITY HOWEVER WAS NOT DEAD : IT WAS A FORCE AMONG THE PEOPLE. BUT IT WOULD HAVE TO FIND SOME NEW FORM. THE PEOPLE WOULD HAVE TO RESIST AND WAIT ON EVENTS. BUT HE WAS AGAINST STREET DEMONSTRATIONS. THEY MERELY OPENED UP THE ORGANISATION TO THE GOVERNMENT AND TO THE SECURITY FORCES. SOLIDARITY HAD TO PLAY A LONGER GAME.

3. ON THE CHURCH, IT WAS TRUE THAT JARUZELSKI HAD MADE SOME CONCILIATORY GESTURES BUT THE GOVERNMENT'S IDEA WAS TO TAME (AND DIVIDE) THE CHURCH BY CONCESSIONS. THE GOVERNMENT WANTED THE POPE'S VISIT TO WORK TO THEIR BENEFIT. NO AGREEMENT HAD YET BEEN REACHED ON THE DATE OF THE VISIT OR ON ITS DURATION OR PROGRAMME. HE MURMURED THAT IT MIGHT BE POSSIBLE IN JULY.

4. I ASKED HIM ABOUT THE PEOPLE AROUND JARUZELSKI. HE SAID THAT RAKOWSKI WAS A BAD INFLUENCE AND HAD TOO MUCH POWER OVER JARUZELSKI. HE KNEW THAT THERE WERE THOSE WHO THOUGHT HE WAS A LIBERAL FORCE, AND THAT THERE WAS OPPOSITION TO HIM IN SOME QUARTERS OF THE PARTY ON THIS ACCOUNT. BUT THIS WAS NOT HIS VIEW. HE BELIEVED THAT THERE WAS ALSO A GROUP OF SOVIET ADVISERS WHO WERE IMPORTANT. BUT HE ADMITTED THAT IT WAS DIFFICULT TO KNOW EXACTLY WHERE THE POWER LAY. HE DID NOT THINK JARUZELSKI A STRONG MAN. HE WOULD NOT EXCLUDE CHANGES AT THE HIGHER LEVELS. IN GENERAL, THE POLISH PEOPLE MUST FOR THE MOMENT WAIT ON THE EVOLUTION OF DEVELOPMENTS.

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5. I ASKED WHETHER HE THOUGHT THE WEST COULD DO ANYTHING MORE. HE SAID THAT WE COULD PERHAPS HELP WITH THE CHURCH'S IDEAS ON AGRICULTURAL AID TO THE PRIVATE SECTOR. HE COULD NOT BE SURE ABOUT THE EFFECT OF SANCTIONS. THERE WAS A DANGER THAT THEY DROVE POLAND TO THE EAST. HE THOUGHT THE IDEAS OF THE REAGAN ADMINISTRATION WERE NOT HELPFUL. ON THE OTHER HAND, SOME SANCTIONS MIGHT AFFECT THE PRODUCTION OF ARMS. BUT IT WAS IMPORTANT THAT THE POLISH PEOPLE DID NOT BECOME SHUT IN ON ITSELF. CULTURAL EXCHANGES AND CONTACTS WITH THE WEST WERE VITAL. AID WAS ALSO IMPORTANT. I SAID THAT BRITAIN WAS PLAYING ITS PART IN PROVIDING GENEROUS HELP. HE SAID HE WAS AWARE OF THIS. THE CHURCH WERE DOING THE MAJOR PART OF THE DISTRIBUTION AND THIS WAS WORKING WELL.

6. I ASKED WHETHER HE HAD MUCH TROUBLE INSIDE THE CHURCH. HE SAID SOME OF THE YOUNG PRIESTS WERE MILITANT. HE UNDERSTOOD THIS: THEY SHARED THE LIFE AND PREOCCUPATIONS OF THE PEOPLE. BUT THIS WAS NOT MUCH OF A PROBLEM.

7. I LEFT SAYING THAT THE BRITISH GOVERNMENT WERE FOLLOWING EVENTS IN POLAND WITH CLOSE INTEREST. OUR PEOPLE HAD SYMPATHY FOR THE TRIBULATIONS OF THE POLISH PEOPLE AND GREAT ADMIRATION FOR THEIR FORTITUDE.

8. ARCHBISHOP GLEMP SPOKE FREELY ON THIS OCCASION. I SHOULD BE GRATEFUL IF THIS ACCOUNT COULD BE TREATED WITH DISCRETION. MY IMPRESSION IS THAT HE IS NOW TAKING A LONG VIEW OF EVENTS HERE AND DOES NOT BELIEVE THAT THE SITUATION WILL LOOSEN OR CHANGE MUCH FOR THE BETTER IN THE NEXT TWO YEARS. I AM NOT SURE HOW MUCH HE REALLY KNOWS ABOUT THE EXTENT OF SOVIET INFLUENCE. ON RAKOWSKI, IT IS DIFFICULT TO AVOID THE FEELING THAT THE CHURCH PREFERENCES A STRAIGHT-FORWARD COMMUNIST TO AN OILY LIBERAL-MINDED COMMUNIST.

JAMES

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POLAND SPECIAL

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ADDITIONAL DISTRIBUTION  
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THIS TELEGRAM  
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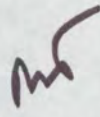


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FM WARSAW 131010Z OCT 82

TO IMMEDIATE FCO TEL NO 951 OF 13 OCT 82  
REPEATED TO PRIORITY MOSCOW, WASHINGTON, UKDEL NATO, UKMIS GENEVA,  
SAVING TO EAST BERLIN, PRAGUE, SOFIA, BELGRADE, BUCHAREST, BUDAPEST,  
HELSINKI, STOCKHOLM, PARIS, BONN, UKMIS NEW YORK, UKREP BRUSSELS  
AND MODUK.

POLAND 

1. COMMUNICATIONS TO GDANSK AND OTHER POLISH COASTAL CITIES REMAINED CUT OFF YESTERDAY. REPORTS REACHING JOURNALISTS IN WARSAW INDICATED THAT THE LENIN SHIPYARD AND A NUMBER OF OTHER FACTORIES IN GDANSK HAD AGAIN GONE ON STRIKE. OTHERS WERE OPERATING A GO-SLOW.
2. YESTERDAY MORNING WORKERS FROM MORNING AND AFTERNOON SHIFTS ARRIVED TOGETHER AT THE LENIN SHIPYARD AT 6AM, FEARING A LOCK-OUT, BUT THIS DID NOT TAKE PLACE. THE STRIKERS, WHO EVIDENTLY COMPRISED A SIGNIFICANT PART OF THE TOTAL WORKFORCE OF 16,000, DECLARED AN INTENTION TO CONTINUE THE STRIKE DAILY FROM 6AM TO 2PM UNTIL THEIR DEMANDS WERE MET (SEE MY TELNO 944). THUS ONLY THE AFTERNOON MAINTENANCE SHIFT CONTINUES NORMAL WORK. AT SOME STAGE DURING THE DAY, THE SHIPYARD WAS PLACED UNDER MILITARY CONTROL, IT IS NOT CLEAR HOW THIS WILL AFFECT PLANNED CONTINUED STRIKE ACTION TODAY.
3. THERE WAS AN ATTEMPTED MARCH BY SOME 3000 DEMONSTRATORS THROUGH THE STREETS TO THE LOCAL COMMUNIST PARTY HEADQUARTERS, AND A GATHERING BY THE SOLIDARITY MONUMENT NEAR THE SHIPYARD. BOTH DEMONSTRATIONS WERE DISPERSED BY SECURITY FORCES. ACCORDING TO ONE JOURNALIST, SECURITY FORCES THEN CONTINUED TO PATROL THE STREETS OF GDANSK IN FORCE IN AN APPARENT ATTEMPT TO INTIMIDATE THE POPULATION. IT IS SAID THAT THEY FIRED TEAR GAS, SMOKE AND PERCUSSION GRENADES AT SMALL GROUPS OF PEDESTRIANS OR AT RANDOM FROM THEIR ARMoured VEHICLES.
4. THERE ARE FEW REPORTS OF UNREST FROM ELSEWHERE IN THE COUNTRY, THOUGH TELEPHONE COMMUNICATIONS TO GRUDZIAZ, SOME 100 KILOMETRES SOUTH OF GDANSK WERE CUT OFF DURING THE DAY. REPORTS FROM NOWA HUTA (NEAR KRAKOW) INDICATE THAT SOME WORKERS THERE ARE CONSIDERING STRIKE ACTION TODAY BUT OTHERS MAY WISH TO DELAY THIS UNTIL 10 NOVEMBER, ON WHICH DAY A GENERAL STRIKE HAS BEEN CALLED FOR BY UNDERGROUND SOLIDARITY LEADERS, (THIS IS THE SECOND ANNIVERSARY OF THE REGISTRATION OF SOLIDARITY.)

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5. THE AUTHORITIES HAVE AGAIN ATTEMPTED TO PLAY DOWN THE SIGNIFICANCE OF THE STRIKES. AT A LUNCHTIME PRESS CONFERENCE YESTERDAY GIVEN BY URBAN, THE GOVERNMENT SPOKESMAN, IT WAS STRESSED THAT NORMAL WORK CONTINUED AT MOST FACTORIES IN THE GDANSK AREA, AND STRIKE PARTICIPATION AT THE LENIN SHIPYARD WAS LIMITED TO 10-13% OF THE WORKFORCE. ON 11 OCTOBER ONLY 8 FACTORIES HAD GONE ON STRIKE HE SAID. AN ATTEMPT WAS MADE TO PLAY UP THE HOOLIGAN NATURE OF THE RIOTS. URBAN SAID THE AUTHORITIES HAD MADE A CONSIDERABLE NUMBER OF ARRESTS (REPORTS REACHING JOURNALISTS IN WARSAW SPEAK OF AT LEAST 150). HE ADMITTED THAT RIOTERS HAD ATTEMPTED TO BUILD BARRICADES AND THAT UNREST HAD CONTINUED LATE INTO THE NIGHT. POLISH TV ALSO GAVE COVERAGE TO THE RIOTING.

6. THE RIOT CONTROL METHODS OF THE AUTHORITIES IN GDANSK ARE HEAVY-HANDED AND INDISCRIMINATE. WE HAVE ALSO HAD A NUMBER OF REPORTS OF POLICE HARASSMENT OF SOME WESTERN (BUT NOT BRITISH) NEWS TEAMS (AND PARTICULARLY OF POLISH NATIONALS EMPLOYED BY THEM). THIS HAS TAKEN THE FORM OF ARREST, DETENTION AND TEMPORARY CONFISCATION OF DOCUMENTS.

7. FCO PLEASE PASS TO SAVINGS ADDRESSEES.

JAMES

REPEATED AS REQUESTED

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POLAND SPECIAL

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ADDITIONAL DISTRIBUTION

POLAND SPECIAL

2

CONFIDENTIAL



GR 330

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FM WARSAW 120830Z OCT 82

TO IMMEDIATE FCO

TELNO 944 OF 12TH OCTOBER

INFO IMMEDIATE UKDEL NATO AND UKREP BRUSSELS.

INFO PRIORITY MOSCOW, WASHINGTON AND UKMIS GENEVA

INFO ROUTINE EAST BERLIN, PRAGUE, SOFIA, BELGRADE, BUCHAREST,  
BUDAPEST, HELSINKI, STOCKHOLM, BONN, PARIS, UKMIS NEW YORK  
AND MODUK

POLAND

1. THERE WERE SEVERAL REACTIONS TO THE NEW TRADE UNION LAW YESTERDAY. ACCORDING TO REPORTS REACHING JOURNALISTS IN WARSAW, UP TO 4000 MEN IN THE MORNING SHIFT AT THE LENIN SHIPYARD IN GDANSK FORMED A STRIKE COMMITTEE AND STARTED A STRIKE FOR THE DURATION OF THEIR SHIFT. THEY DISTRIBUTED LEAFLETS CALLING FOR THE REINSTATEMENT OF SOLIDARITY AND THE FREEING OF INTERNEES. COURIERS WERE SENT TO GDYNIA AND SZCZECIN TO PROMOTE STRIKE ACTION THERE. THEY MAY HAVE HAD SOME SUCCESS, AS TELEPHONE COMMUNICATIONS BETWEEN THE COASTAL TOWNS AND WARSAW WERE CUT YESTERDAY.
2. APART FROM A FEW WHO REMAINED BEHIND, THE LENIN SHIPYARD WORKFORCE DISPERSED PEACEFULLY AT THE END OF THE MORNING SHIFT, THOUGH ORGANISERS ARE ALLEGED TO HAVE PLEDGED TO CONTINUE THE STRIKE TODAY.
3. YESTERDAY AFTERNOON, DISTURBANCES BROKE OUT IN TWO OR THREE PLACES IN GDANSK, INCLUDING THE AREA OF THE RAILWAY STATION. REPORTS STATE THAT FIGHTING WITH RIOT POLICE, WHO USED WATER-CANNON AND TEAR GAS, CONTINUED FOR SEVERAL HOURS. ROADBLOCKS WERE SET UP ROUND GDANSK, THOUGH SOME OF THESE WERE LATER REMOVED.
4. WARSAW REMAINED FAIRLY QUIET YESTERDAY. WORKERS AT THE URSUS TRACTOR PLANT STAGED A SHORT AND VOCAL DEMONSTRATION DURING THEIR BREAKFAST BREAK. ACCORDING TO WORKERS INTERVIEWED BY JOURNALISTS AT THE HUTA WARSZAWA STEEL WORKS, PRODUCTION WAS NOT INTERRUPTED, THOUGH WORKERS IN AT LEAST FOUR OF THE SIX DEPARTMENTS AT THE STEEL WORKS ARE SAID TO HAVE MET AND AGREED TO BOYCOTT THE NEW UNIONS.
5. EMBASSY STAFF IN KRAKOW YESTERDAY REPORTED THE TOWN QUIET.

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6. POLISH TV LAST NIGH AND THE PRESS THIS MORNING CARRIED LOW KEY REPORTS OF THE EVENTS IN GDANSK, AND ALLEGED THAT A STRIKE ATTEMPT AT THE LENIN SHIPYARD HAD FAILED, AND THAT SECURITY FORCES HAD DISPERSED GROUPS OF MAINLY YOUNG PEOPLE WHO HAD BEGUN TO GATHER IN AN ATTEMPT TO UPSET PUBLIC ORDER.

7. THE PRESS GIVES MORE PROMINENCE TO THE FORMATION OF NEW TRADE UNION COMMITTEES IN "NUMEROUS" FACTORIES THROUGHOUT POLAND, NOTABLY THE LODZ TEXTILE FACTORY AND SILESIAN COAL MINES AND STEELWORKS. THESE FOUNDING COMMITTEES WILL TRY "TO POPULARIZE THE NEW TRADE UNION LAW AMONG THE WORKFORCE" AND DRAFT UNION STATUTES AND REGISTRATION APPLICATIONS (WHICH MAY BE SUBMITTED AFTER 31 DECEMBER 1982).

JAMES

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POLAND SPECIAL

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CABINET OFFICE

ADDITIONAL DISTRIBUTION

POLAND SPECIAL

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# CONFIDENTIAL





Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

Prime Minister

To note.

A. J. C. 12.  
10

SECRETARY OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS

POLISH DEBT RESCHEDULING

In your minute of 27 September to the Prime Minister, covering papers on Eastern Europe and the Soviet Union, you referred to the problem of rescheduling Poland's official debts in 1982.

2. I entirely agree with your assessment that it is becoming increasingly important to tackle this. As the paper I circulated to OD on 17 February made clear, it is strongly in our financial interest to do so. As time goes on, the case for movement on this issue becomes ever stronger:-

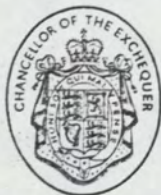
a. the effect of refusal to reschedule is to allow the Poles de facto 100 per cent rescheduling of both principal and interest. This is quite contrary to the aim of putting pressure on the Poles to meet the three NATO political desiderata;

b. the Poles are now falling behind on their obligations under the 1981 agreement, and the indications are that they will make no effort to bring these up to date until there is some movement on the creditors' part towards an agreement for this year;

c. the banks are making good progress in their negotiations with the Poles for a 1982 agreement on unguaranteed debt. It is not satisfactory that governments should lag badly behind, with the risk that the room for manoeuvre on the terms of any rescheduling will be constrained by the agreement reached by the banks;



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- d. there is an increasing danger that the creditors groups may break ranks, as individual countries strive to protect their own position.
3. I recognise the political difficulties of making progress on this issue while the pipeline row is unresolved and the Americans still argue fiercely and illogically against rescheduling, as I was reminded at my meeting with Don Regan on 20 September. But I would still hope that with careful preparation, it should be possible to present a move to reopen negotiations on rescheduling in its proper light - that is, not as a concession to the Poles, but rather as an attempt to tighten the financial pressure on them by attempting to achieve repayment of some part of their debts.
4. I propose therefore that, at the meeting of the Polish Creditors Club in Paris on 25-26 October, our officials should continue to press the case for resumption of rescheduling talks. The Americans, who know our views, will have no cause for surprise or complaint at this, and by keeping up the pressure we shall bring nearer the day when we get some of our money back.
5. My only other comment relates to Yugoslavia, which is referred to in your second paper. I agree that in the event of rescheduling we should be willing to play a constructive part in promoting a viable solution. Whether that will require us to offer generous terms is something on which I would rather keep an open mind at present. As you know, we are heavily exposed in Yugoslavia both absolutely and relatively, so our approach will have an important bearing on the outcome.
6. I am copying this minute to the other recipients of yours.

A handwritten signature in black ink, appearing to be "G.H.", written in a cursive style.

(G.H.)

11 October 1982



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11 OCT 1982



Poland

**CONFIDENTIAL**

GRS 440

CONFIDENTIAL

FM WARSAW 071735Z OCT 82

TO IMMEDIATE FCO

TELNO 927 OF 7TH OCTOBER

INFO IMMEDIATE UKDEL NATO AND UKREP BRUSSELS  
INFO PRIORITY COPENHAGEN, WASHINGTON, PARIS AND BONN.

UKDEL NATO TELNO 262

1. THE DANISH AMBASSADOR CALLED ON VICE MINISTER OLECHOWSKI TODAY AND LEFT WITH HIM THE TEXT OF THE PRESIDENCY DEMARCHE.

2. OLECHOWSKI SAID THAT THE BILL WOULD GO BEFORE THE SEJM TO-MORROW AND HE THOUGHT IT WOULD BE PASSED. HE SAID IT WAS ESSENTIAL TO HAVE THIS LEGISLATION. THE ABSENCE OF TRADE UNIONS LEFT A GAP. BUT THERE WAS NO GOING BACK TO 1980. THE TRADE UNION BILL WOULD BE AN IMPORTANT FACTOR IN NORMALISATION. ALL REGISTERED TRADE UNIONS WOULD BE DISSOLVED AND POLAND WOULD BE STARTING FROM A ZERO OPTION. HE CLAIMED THE NEW DRAFT CONTAINED 90% OF THE GDANSK AGREEMENTS. BUT FOR THE FIRST TWO YEARS SOME OF THE PROVISIONS OF THE LAW MIGHT BE TEMPORARILY SUSPENDED, EG THE RIGHT TO STRIKE. HE DID NOT SAY HOW THIS WOULD BE DONE. THIS MIGHT BE CRITICISED. THE TARGET FOR 1983 WAS A TRADE UNION IN EACH FACTORY. THIS WOULD INVOLVE SETTING UP 60,000 UNIONS. EACH UNION WOULD HAVE TO DRAFT ITS OWN STATUTES IN ACCORDANCE WITH THE LAW. BY 1985 IT WAS HOPED TO HAVE A CENTRAL UMBRELLA ORGANISATION. HE THOUGHT THAT THE ILO HAD SHOWN UNDERSTANDING OF THE POLISH POSITION, ESPECIALLY THE LEGAL ASPECTS.

3. OLECHOWSKI SAID THAT THE MOMENT THE LAW WAS PASSED, THERE COULD BE TROUBLE. THE POLISH AUTHORITIES DID NOT KNOW WHAT UNDERGROUND SOLIDARITY WOULD DO. AT THE SAME TIME, THERE WERE RUMOURS THAT SOME ELEMENTS OF SONIDARITY WERE FAVOURABLY DISPOSED TO THE LEGISLATION. (HE HAD PREVIOUSLY TOLD MY DANISH COLLEAGUE AT A RECEPTION THAT HE THOUGHT BUJAK MIGHT BE WILLING TO JOIN.) HE DID NOT EXCLUDE, HOWEVER, A BOYCOTT. HE ENDED BY SAYING THAT THIS WAS A MOST IMPORTANT STEP TOWARDS THE LIFTING OF MARTIAL LAW. HE EXPRESSED DISAPPOINTMENT THAT THE WESTERN COUNTRIES DID NOT SEEM INTERESTED IN NORMALISATION AND THAT THEY SHOWED A LACK OF IMAGINATION AND TRUST (SICWLM TBE TRADE UNION STRUCTURE WOULD BE UNIQUE OF ITS KIND IN EASTERN EUROPE.

/4.

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4. THE DANISH AMBASSADOR SAID THAT HE THOUGHT THIS ISSUE WAS A VERY IMPORTANT ONE FOR WESTERN DEMOCRACIES. IF SOLIDARITY DID NOT JOIN THE NEW TRADE UNIONS, IT MUST BE BECAUSE THEY DID NOT HAVE ANY TRUST IN THE GOVERNMENT'S INTENTIONS. AN IMPORTANT FACTOR FOR WESTERN TRADE UNIONS WOULD BE THE REACTION OF THE WORKERS.

5. IT EMERGED FROM OUR DISCUSSIONS :

- I. THAT JARUZELSKI IS EXPECTED TO MAKE A SPEECH TOMORROW AFTERNOON AT THE SEJM.
- II. ONE OR TWO INDEPENDENT DEPUTIES HAVE SAID THEY WILL SPEAK AGAINST THE LEGISLATION.
- III. THERE ARE RUMOURS OF POSSIBLE MARCH ON THE SEJM ON SATURDAY.

JAMES

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~~RESIDENT CLERK~~

*ms*

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FM WARSAW 010902Z OCT 82

TO IMMEDIATE FCO TEL NO 904 OF 1 OCTOBER 82  
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SOFIA, BUCHAREST, BELGRADE, HELSINKI, STOCKHOLM, UKMIS NEW YORK,  
UKREP BRUSSELS

PRIMATE' VIEW ON THE POLITICAL SITUATION IN POLAND.

1. THE AMERICAN AMBASSADOR TOLD ME IN CONFIDENCE YESTERDAY EVENING THAT HE HAD JUST SEEN ARCHBISHOP GLEMP. (THE ARCHBISHOP IS PLANNING TO VISIT THE US LATER THIS MONTH AND MEEHAN WAS ABOUT TO GO ON LEAVE.)

2. HE SAID THAT THE ARCHBISHOP, NORMALLY LOW KEY, WAS IN A GREAT STEW ABOUT THE PROPOSED MOVE TO DE-LEGALISE SOLIDARITY. GLEMP SAID THAT THE GOVERNMENT WERE BLUNDERING BADLY AND THAT HE DID NOT EXCLUDE A REVOLUTIONARY SITUATION IN POLAND IF SOLIDARITY WAS ABOLISHED. MEEHAN JUDGED THAT THE CHURCH WAS IN CONTACT WITH THE GOVERNMENT AND WAS DOING ITS UTMOST TO DISSUADE THEM FROM GOING AHEAD WITH PLANS TO DE-LEGALISE. ARCHBISHOP GLEMP SAID THAT HE HOPED TO SEE JARUZELSKI BEFORE HE LEFT FOR ROME ON OCTOBER 7 TO ATTEND THE CANONISATION CEREMONIES FOR FATHER KOLBE, THE POLISH MARTYR. BUT GLEMP HAD DOUBTS ABOUT GOING AWAY AT THIS TIME AND ESPECIALLY TO THE UNITED STATES. MEEHAN SAID THAT THE ONLY TIME HE HAS SEEN GLEMP SO DISTURBED WAS JUST PRIOR TO THE IMPOSITION OF MARTIAL LAW.

3. COMMENT.



3. COMMENT.

-----  
IT IS NOT CLEAR TO ME FROM MY TALK WITH MEEHAN WHETHER THE ARCHBISHOP WAS THINKING OF A DRAMATIC TURN OF EVENTS SHORTLY IF THE GOVERNMENT PERSISTS IN THEIR ACTION ON SOLIDARITY OR IF HE THOUGHT A DANGEROUS SITUATION WOULD DEVELOP IN THE FACTORIES WORK PLACES AS THE IMPLICATION OF THE GOVERNMENT ACTION SANK IN. I HAVE BEEN TOLD BY A GOOD POLISH SOURCE THAT THE GOVERNMENT HAVE CONDUCTED POLLS AND THAT THEY BELIEVE THAT OVER 20% OF THE WORK FORCE WILL RALLY TO SOME NEW SYSTEM. BUT THE MAIN DANGER IN THE EYES OF THE CHURCH SEEMS TO BE THE YOUNGER WORKERS AND THE YOUNGER TECHNOCRAT CADRES. AT ALL EVENTS, THE ARCHBISHOP'S VIEW MUST BE TAKEN SERIOUSLY SINCE HE IS LACONIC RATHER THAN ALARMIST AND HIS SOURCES OF INFORMATION ARE PROBABLY BETTER OR AS GOOD AS ANYONE'S IN POLAND.

4. FCO PLEASE PASS TO SAVINGS ADDRESSEES.

JAMES

NMIN

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QUEEN ANNE'S GATE LONDON SW1H 9AT

Poland

4 September 1982

Dear Francis

Await reply from

FCS.

A.J.C. 8/19.

POLES IN THE UNITED KINGDOM

You will recall that at the time martial law was imposed in Poland we gave an undertaking that, for the time being, no Pole would be returned to Poland against his or her will. That remains the position but I believe that the time has now come to review this policy in the light of developments in Poland since last December.

When martial law was imposed we could not foresee how the situation would develop and in the circumstances it was right to grant temporary refuge to Poles who did not want to return. In the event some of our worse fears were not confirmed and while martial law is still in force it is now less rigorous in its application than before. One of the relaxations introduced by the Polish authorities has been a gradual easing of travel restrictions on Polish nationals wishing to visit other countries.

While our present policy of not returning Poles continues it is vital that applications for visas are carefully scrutinized so that we can be satisfied that the applicant intends to return to Poland at the end of his or her visit. Up until now that has meant interviewing most applicants but the steady increase in the number of applications from Poles for visit visas has given rise to long delays in interviewing and inevitably, in present circumstances, many applications have been refused. I understand that there is now a backlog of some 2,000 applications and a waiting time for an interview of about five months; that this is attracting considerable criticism here; and that the problem will worsen if the Poles continue to make it easier for their nationals to travel overseas. In the circumstances I am prepared to agree to the Embassy in Warsaw being given delegated authority to issue visas to pensioners provided that certain criteria (which have been discussed between our officials) indicating an incentive to remain are met. But since this carries the risk that Polish visitors may come here and seek to benefit from the exceptional treatment of Poles we are presently giving to Poles who are already here, it is essential to review our policy on the returnability of Poles in the United Kingdom.

Despite recent events, conditions in Poland have not proved as bad as was feared and they are no worse, and in some respects better, than in other countries to which we deport their own nationals. I am increasingly faced with calls to give exceptional treatment to nationals of one country or another, Iran being only the latest example, and in the context of our generally restrictive immigration policies it is important that any exceptional treatment which is given lasts no longer than is justified by the circumstances which gave rise to it.

/Nevertheless

The Rt. Hon. Francis Pym, M.C., M.P.



Nevertheless the recent disturbances in Poland place considerable difficulties in the way of announcing an immediate end to our exceptional treatment of Poles in this country. Those Poles who have been here since the introduction of martial law in Poland are now on a six months exceptional extension of stay which will expire over the next few weeks and I think that in present circumstances it would be difficult to avoid granting them some further extension which it would be convenient to set at six months. We should review the position around the end of the year with a view to deciding whether the situation in Poland (as I hope) would justify ending exceptional treatment in the spring of next year.

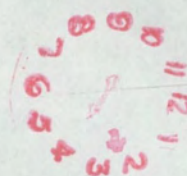
On the other hand, I see no good reason why those Poles now being granted visas to visit this country should not be expected to return to Poland at the end of their visit unless they qualify for an extension of stay under the Immigration Rules or are found, on application, to qualify as refugees. The Poles already here exceptionally have been out of Poland for almost a year. There have been major upheavals in their country in their absence. Many of them may not know what they will find when they return or whether they will find themselves in trouble with the military authorities. The same considerations do not apply to Poles who are now being granted visas to come here for a short visit on the understanding that they will return at the end of their visit. Poles coming here now who seek to extend their stay in this country will therefore have their applications dealt with under the Immigration Rules in the normal way: they will not be given exceptional treatment.

Obviously the United Kingdom will continue to honour its obligations under the 1951 Convention to any Poles in this country who qualify for refugee status.

I should welcome your views on these proposals.

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L. S. 5





00 SEP 1982





FCS/82/139

HOME SECRETARY

Pine Murtter

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24/9

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Poles in the United Kingdom

1. Thank you for your letter of 7 September about our policy on the returnability of Poles in the United Kingdom.

2. I was glad to note that you are now willing to countenance certain limited relaxations of our visa procedures for Poles wishing to visit the United Kingdom and my officials have instructed our Embassy in Warsaw accordingly.

3. These relaxations are welcome both in the interests of reducing the backlog of visa applications and in deflecting the adverse press and parliamentary criticism that the long delays have attracted. I hope that you will be prepared to review our policies again if the number of applications again threatens to outstrip the Embassy's capacity to handle them efficiently.

4. Nevertheless, I accept that relaxations such as these might increase the risk of Polish visitors seeking to take advantage of the exceptional treatment being afforded to Poles already here, in order to remain in Britain. I agree that against the background of our overall immigration policy this would be unacceptable.

5. I have carefully considered the course of action you propose, with which in principle I agree. As you will appreciate, however, we gave a commitment both to our partners in the Ten and in NATO to "contribute . . . to the solution of the problem of Polish citizens now abroad

/and unable





and unable or unwilling to return to their own country". Before giving you a definitive response therefore, I think it would be right to inform our partners what we intend and elicit their reactions.

6. I am accordingly instructing officials to discuss this at an early opportunity in the Ten and NATO. I shall then let you have a substantive reply.

A handwritten signature in dark ink, appearing to be 'FP', with a horizontal line underneath.

(FRANCIS PYM)

Foreign and Commonwealth Office  
24 September 1982



Poland, Relations, Pt 8

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24 SEP 1982





CONFIDENTIAL

Poland

2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434

My ref:

*AF*  
*Brown*

Your ref:

*= 9*  
*CC. R. Mc Study*

*H*  
*+ pm*  
*Hansford*

*SECRET*

*H*  
*12/8*

Thank you for copying to me your memorandum of 27 July to Leon Brittan about Polish refugees.

I see that what you and Willie Whitelaw have worked out as criteria for processing applications should have the effect, among other things, of ensuring that those accepted for resettlement are people with assured accommodation. However, it is always a possibility for some that this initial arrangement might break down after a period resulting in applications to local authorities for housing under the Homeless Persons Act.

We have, as you know, recently completed a review of the Act and in announcing our conclusions on this highly sensitive matter, referred to the strengthened Immigration Rules under which accommodation without recourse to public authorities must be guaranteed; we also referred to the advice being given by overseas embassies to prospective immigrants about the accommodation difficulties in the UK.

While I am in agreement with your proposals for handling these applications, I think it is highly important that the accommodation criterion to which I have referred must be strictly applied, and the difficulties underlying the need for it carefully explained to those concerned.

*you are*

*lll*

MICHAEL HESELTINE

*FCO*



13 AUG 1982





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Poland

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10 DOWNING STREET

*From the Private Secretary*

9 August 1982

Thank you for your letter of 6 August about NATO discussions on Poland to John Coles. The Prime Minister is content with the line that you intend to instruct Sir John Graham to take in the North Atlantic Council.

I am sending a copy of this letter to the Private Secretaries of Members of OD and to Robert Lawson (MAFF), Jonathan Spencer (Department of Industry) and Richard Hatfield (Cabinet Office).

TIM FLESHER

F.N. Richards, Esq.,  
Foreign and Commonwealth Office.

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B





Foreign and Commonwealth Office

London SW1A 2AH

6 August 1982

Dear John,

Prime Minister  
 [Handwritten initials]  
 [Handwritten initials] 8/8

NATO Discussions on Poland

You will have seen telegrams reporting the outcome of the discussion on Poland in the North Atlantic Council on 28 July following the relaxations of martial law announced on 21 July. By agreement the NAC is to meet again on 20 August to review Western measures towards Poland (but not towards the Soviet Union) in the light of Polish reactions. You will wish to know the line we intend to instruct Sir John Graham to take.

As the telegrams made clear, our main concern was that NATO should not reject these developments in Poland out of hand. We saw merit in sending a positive signal which would encourage Jaruzelski to persist in his middle course and allow further relaxations. To this end we advocated that alliance partners should specifically examine the ban on rescheduling Polish debt and the downgrading of political contacts with the Poles.

At the NAC on 28 July the Americans said that they were not yet ready to discuss rescheduling. We have decided after consultation with other Whitehall Departments at official level that in view of our other difficulties with the Americans we should not press for rescheduling at the present time if this remained the American position. However, the latest indication we have is that the Americans may be having second thoughts. If so, this would be welcome news since the refusal to reschedule is hurting Western creditors more than the Poles. We therefore intend to explore American thinking further before the meeting on 20 August. If, in the event, the Americans stick to their original position, we intend to endorse the French proposal that a meeting of technical experts should study the evolution of the Polish economy. It is our hope that the experts' reports may provide the basis for reopening negotiations within the creditors Group at a later stage.

/It would





It would still be possible to convey a signal to the Poles by relaxing our attitude on contacts, particularly since most of our partners are already conducting relations at a somewhat higher level than ourselves. Of course ministerial exchanges remain out of the question while martial law remains in force, but it would nevertheless be possible - eg through a resumption of normal cultural contacts, and by reinstating working consultations between officials on commercial and political matters, to indicate to the Poles that we acknowledge their efforts to meet Western demands. This is what we would propose to advocate in the NAC on 20 August, unless you or other copy addressees see objection.

I am sending copies of this letter to the Private Secretaries of Members of OD and to Robert Lowson (MAFF), Jonathan Spencer (Industry) and Richard Hatfield (Cabinet Office).

*Yours ever,*

A handwritten signature in dark ink, appearing to read 'Francis Richards', written in a cursive style.

(F N Richards)  
Private Secretary

A J Coles Esq  
10 Downing Street



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FM WARSAW 051415Z AUG 82

TO PRIORITY FCO

TELNO 750 OF 5TH AUGUST.

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MODUK AND UKREP BRUSSELS.

### THE POLITICAL SITUATION IN POLAND

1. I THOUGHT YOU MIGHT LIKE TO HAVE MY ASSESSMENT OF THE POLITICAL AND ECONOMIC SITUATION IN POLAND BEFORE I GO ON LEAVE NEXT WEEK.
2. THE COUNTRY IS QUIET (TO SAY THIS IS TO TEMPT PROVIDENCE IN POLAND). IT IS QUIET PARTLY BECAUSE PEOPLE ARE ON HOLIDAY, BECAUSE IT HAS BEEN AN UNUSUALLY GOOD SUMMER AND BECAUSE PEOPLE ARE TIRED AFTER THE EVENTS AND EXCITEMENTS OF LAST YEAR AND THE EARLY SHOCKS OF MARTIAL LAW. THE ACTIVISTS IN SOLIDARITY HAVE PLANS TO BREAK THE CALM AT THE END OF THIS MONTH BUT THEY MAY NOT BE IN GOOD SHAPE TO DO VERY MUCH.
3. JARUZELSKI'S POSITION IS UNCHALLENGED. HE IS AWARE THAT HIS GOVERNMENT IS UNPOPULAR. HE SAID RECENTLY TO A GROUP OF POLISH JOURNALISTS "THE GOVERNMENT'S FIRST PROBLEM IS TO CREATE A MINIMUM OF CONFIDENCE AMONG THE PEOPLE". BUT THE POWER TO SUPPRESS OPPOSITION IS STRONG. THE ARMY IS IN PLACE AND THERE ARE NO SIGNS OF DIVISIONS (AS DISTINCT FROM THE PARTY WHICH IS RIVEN WITH FACTION). MANY OF THE OUTWARD SIGNS OF MARTIAL LAW (ROAD BLOCKS, HEAVY POLICE PRESENCE, TRAVEL RESTRICTIONS, CHECKS OF IDENTITY CARDS) HAVE DISAPPEARED. THE REGIME WANTS TO CREATE THE IMPRESSION OF A NORMAL LIFE. IT WANTS TO AVOID APPEARING REPRESSIVE, CLOSED TO CRITICISM AND HARSH. BUT THIS PICTURE COULD BE UPSET IF THERE WERE VIOLENT DEMONSTRATIONS AND BLOODSHED.
4. JARUZELSKI'S MAIN PROBLEMS AMONG THE PEOPLE ARE THE WORK FORCE AND THE INTELLIGENTSIA. THE FARMERS MAY BE A PROBLEM BUT THEY ARE HAVING A GOOD HARVEST AND IN ANY CASE ARE MORE INDIVIDUALISTIC. (THEY HAVE ALSO BEEN GIVEN REFORMS WHICH SHOULD INCREASE THE SIZE OF PRIVATE HOLDINGS AND IMPROVE INHERITANCE LAWS.) I FIND IT DIFFICULT TO ASSESS WHAT THE WORKERS REALLY FEEL. IT VARIES FROM PLACE TO PLACE AND FACTORY TO FACTORY. WE BELIEVE THAT SOME MAY BE DISAPPOINTED WITH SOLIDARITY. MANY HAVE DECIDED TO KEEP THEIR HEADS DOWN FOR A WHILE TO SEE HOW THINGS DEVELOP. OTHERS ARE PROBABLY WAITING PATIENTLY FOR THE RETURN OF ORGANISED MILITANCY. THE POLISH WORKERS ARE NOT EASILY COWED. WHEN JARUZELSKI WENT TO SEE A STEEL WORKS ON A SATURDAY RECENTLY THEY MADE NO BONES ABOUT EXPRESSING THEIR DISSATISFACTION, BOTH ABOUT THE MANAGEMENT AND ABOUT THE GOVERNMENT IN VERY BLUNT



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TERMS. JARUZELSKI REPLIED, ACCEPTING SOME OF THEIR CRITICISMS AND REJECTING OTHERS. THE WHOLE THING WAS GIVEN WIDE PUBLICITY IN THE PAPERS. THIS SUGGESTS THAT THE REGIME ARE STILL PREPARED TO PUT UP WITH A DEGREE OF FREE AND CRITICAL SPEECH UNUSUAL IN EASTERN EUROPE. IT IS DIFFICULT TO SAY WHETHER MILITANT WORKERS ARE WELL-ORGANISED. WE KNOW THAT THERE ARE CASES OF TOKEN RESISTANCE IN SOME FACTORIES AND OTHER ACTS INIMICAL TO THE GOVERNMENT. BUT I DO NOT GET THE IMPRESSION THAT THERE IS YET MUCH STOMACH FOR A FIGHT AGAINST THE REGIME AMONG THE MASS OF WORKERS. THERE IS AN AIR OF APATHY.

5. THE INTELLIGENTSIA ARE AN IMPORTANT CLASS IN POLAND. WE HAVE NUMEROUS CONTACTS WITH THEM. MANY OF THEM ARE NOW TUNED OFF. THEIR WORD FOR IT IS INNER EMMIGRATION (I.E. THE CULTIVATION OF PRIVATE E.M. FORSTER-LIKE VIRTUES AND NO THOUGHT FOR POLITICS OR THE GOVERNMENT). THERE IS GREAT DISILLUSION. HOPES WERE PROFOUNDLY DASHED BY MARTIAL LAW. MANY HATE JARUZELSKI AND DESPISE THE PARTY. SOME ARE CRITICAL OF THE CHURCH WHICH THEY BELIEVE IS PLAYING THE GAME OF THE GOVERNMENT.

6. SOLIDARITY IS STILL ACTIVE AND IS TRYING TO PUT AN ACT TOGETHER AGAIN BUT IT HAS TAKEN A HARD KNOCK. I EXPECT THEY WILL HOLD DEMONSTRATIONS AT THE END OF AUGUST. I CAN SEE THIS CAUSING INCONVENIENCE BUT I DOUBT WHETHER IT WILL CAUSE REAL TROUBLE FOR THE GOVERNMENT. THE CHURCH LEADERSHIP IS PLAYING A CAUTIOUS GAME AND DOES NOT WANT VIOLENT RESISTANCE. IT IS HELPING SOLIDARITY AND THE DETAINEES IN PRACTICAL WAYS. BUT IT SEEMS INTENT ON KEEPING OPEN ITS LINES TO THE GOVERNMENT WHILE IDENTIFYING ITSELF WITH THE PLIGHT OF THE PEOPLE. IT IS TALKING OF THE NEED FOR REALISM AND TIME TO HEAL THE WOUNDS IN SOCIETY. IT IS NOT GOING OUT OF ITS WAY TO CAUSE JARUZELSKI TROUBLE.

7. THE REAL MESS IS THE ECONOMY. HOW CAN THE GOVERNMENT GET IT MOVING AND GIVE SOME INCENTIVES BACK TO THE POLISH WORKERS? THE COMING WINTER MAY BE VERY HARD. THE STANDARD OF LIVING WILL GO DOWN, CONDITIONS IN THE FACTORIES WILL BECOME MORE DIFFICULT AND THERE WILL BE LITTLE HOPE OF IMPROVEMENT OR MATERIAL REWARD. JARUZELSKI SEEMS WELL AWARE OF THIS AND THERE ARE NUMEROUS PLANS PUT FORWARD TO DEAL WITH IT. HE CAN HARDLY HOPE TO STAY ON A LIBERALISING PATH UNLESS HE CAN DO SOMETHING TO IMPROVE THE ECONOMIC SITUATION. BUT IT IS HARD TO SEE HOW HE CAN DO MUCH ABOUT THIS WITHOUT MORE HELP THAN HE LOOKS LIKE GETTING BOTH FROM THE EAST AND THE WEST.



CONFIDENTIAL

8. A PRETTY BLEAK PROSPECT, THEREFORE, FOR MOST OF THE POLISH PEOPLE. A LEADER WHO MAY TURN OUT TO BE AS GOOD AS ANY REALISTIC ALTERNATIVE (GIVEN THE LIMITATIONS IMPOSED ON ANY LEADER IN POLAND AT PRESENT) BUT WHO HAS FEW LEVERS AT HIS DISPOSAL. HE WILL NEED LUCK AND MAY BE IN FOR SOME NASTY SURPRISES. HIS HOPE MUST BE TO HOLD ON TO THE LINE OF MODEST REFORM AND TO AVOID SOME OF THE EXCESSES OF HIS PREDECESSORS. HE MAY BELIEVE THAT THIS WILL GRADUALLY GATHER SOME POPULAR SUPPORT AND THAT THE PRESENCE OF THE ARMY AND THE OTHER FORCES OF SUPPRESSION, AND HIS KNOWN DETERMINATION TO USE THEM IF NECESSARY, WILL GIVE HIM TIME. WHEN THIS IS SAID, I CONFESS TO GREAT UNCERTAINTY AS TO HOW THE NEXT YEAR WILL UNFOLD.

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JAMES

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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Francis Pym MC MP  
Secretary of State  
Foreign and Commonwealth Office  
Downing Street  
London SW1A 2AL

Prime Minister

H

5/8

4 August 1982

Francis

M

POLISH REFUGEES

Thank you for your minute of 27 July outlining recent developments and your wish to respond favourably to pressure to admit some exiles from the detainee camps in Poland.

I am sure that you are right that, since our partners now accept that we have done all we can to criticise enforced exile, we must accept some commitment to admit detainees. We are now relieved of the risk of refugees from the South Atlantic, and some of the Poles temporarily resident here are going home.

I see that you expect that the US and FRG responses will become public. I am not clear about the latter's position on numbers but I note that the US is committed to 150 ex-detainees and their families. I should have thought, if the US is prepared to put a number on its commitment, that we could do the same. It would not, I suggest, be prudent for us to be seen to "match" the US quota, so I suggest that we settle on 100, as in the Austrian case.

As you say, the UK commitment would be subject to the usual sponsorship, etc., criteria and not least, following the US scheme, clear identification of political threat if the detainees remained in Poland.

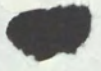
That leaves the public presentation of our decision. I readily agree that our officials should consult about briefing, etc. But, as I say, if the US view becomes public - as seems likely at the NATO meeting on detainees in August - then we should be ready to state publicly what our commitment is.

I am copying this letter to the Prime Minister, members of "H" Committee and Sir Robert Armstrong.

Leon

LEON BRITTAN





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Poland



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10 DOWNING STREET

From the Private Secretary

2 August 1982

*Dear Francis,*

Polish Refugees

The Prime Minister has seen the minute of 27 July by the Foreign and Commonwealth Secretary to the Chief Secretary.

Mrs. Thatcher has commented that we have obligations to East African and other Commonwealth dependents which are lacking in the case of other countries. She suggests that we should proceed very slowly with regard to further Polish requests for settlement, especially since we still have 800 Poles here "temporarily".

I am copying this letter to the Private Secretaries to the members of H Committee and to Richard Hatfield (Cabinet Office).

*Yours ever  
John Cole.*

Francis Richards, Esq.,  
Foreign and Commonwealth Office.

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*9*





CONFIDENTIAL

Prime Minister

FCS/82/107

CHIEF SECRETARY TO THE TREASURY

*We have other objections to common market and looking in the long run to the possibility of further P. with respect especially on the full heart - go - agreement -*

*Frank Minuto note. dependents which other countries. case 7*

*A.J.C. 29 7.*

Polish Refugees

1. In correspondence between us on this subject in May, we touched upon the issue of Polish detainees wishing to leave Poland to settle in the UK and what our response to their applications might be.
2. As indicated in my minute of 11 May, our policy and that of our partners has been to make known to the Polish authorities our strong disapproval of any attempt to force Polish detainees or others in Poland to emigrate. This view was expressed forcefully both in the European Council Statement of 31 March and in the Luxembourg Communiqué of NATO Foreign Ministers of 18 May.
3. Although we believe our efforts have been successful in deterring a larger number of applicants, there has nevertheless been a steady trickle of requests from Poles wishing to leave their country. The total number of such applications is now believed to stand in the region of 3,000; the majority of which have been addressed to the US, the FRG and French embassies. The UK so far has received approximately 90 settlement applications upon which no action has yet been taken.
4. Notwithstanding the earlier Western decision to resist applications made under pressure from the Polish authorities, a number of our allies have now taken steps to admit some applicants to their countries and the majority of our European Community partners are processing settlement applications. The US and the FRG have taken the lead, the former agreeing to take some 150 ex-detainees and their families provided they meet a number of criteria which show that they would be under political threat if they remained in Poland. The FRG have likewise agreed to admit a number of ex-detainees.





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5. In the light of these moves, we have come under renewed pressure from some of our allies to give a clearer indication of our own thinking on this issue and of our willingness to share the burden now falling upon Western Governments. We can expect this pressure to grow and to be reinforced in Parliament and in the press once news of the FRG and US response becomes widely known.

6. In these circumstances, I think it would be right now to adopt the approach outlined by Willie Whitelaw in his letter of 3 April as the basis for a suitable UK response to this problem. As you will be aware, the criteria specified by the Home Secretary for processing these applications: viz a general requirement for refugee status, links with the UK and the provision of adequate UK sponsorship, including accommodation, closely followed those adopted for use in processing applications from Poles in Austria. As such, they should provide a workable selection process intended to minimise the burden imposed upon HMG.

7. In our earlier correspondence you expressed concern that our response to applications from Polish refugees should take account of other potential obligations whether towards those Poles already in the UK or as a result of the Falklands conflict.

8. On the first of these issues, I understand that of the original 2-3,000 Poles in the UK at the time of martial law, only some 800 now remain and that this number is decreasing as many of these Poles are returning to their native country. So far only a third of this number have applied for permanent settlement in this country and this total may further decrease as the situation in Poland clarifies. By comparison with the problems faced by some of our partners and allies therefore, our figures are modest. It would not be understood by them or by the public more generally

/if we

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if we were to adduce this as a major stumbling block to UK acceptance or at least some ex-detainees.

9. Furthermore, it now seems clear that we will not be faced with an influx of large numbers of people from the Falklands or of refugees of British origin from the Argentine. I understand that only some 30-40 families from the Islands now remain in the UK and these are expected to return soon.

10. Against this background I hope you will agree that we should now proceed on the basis agreed earlier with the Home Secretary to process settlement applications in accordance with the stipulated criteria. As with the Poles in Austria, we do not think it would be desirable to set a quota; equally we do not expect selection on this basis to result in the admission of large numbers of Poles. In line with our practice towards applications from Poles in Austria, we will keep you informed if it should appear that our intake might be higher than anticipated.

11. In view of the evident sensitivity of this issue, and our wish not to encourage the Polish authorities to increase their pressure on Poles to emigrate, it would seem inappropriate to make any public announcement. I suggest however that if my proposals are acceptable, our officials should consult together about defensive press briefing.

12. I am copying this letter to the Prime Minister, members of 'H' Committee and Sir R Armstrong.

(FRANCIS PYM)

Foreign and Commonwealth Office  
27 July 1982

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28 JUL 1962

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Poland

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SIR J BULLARD  
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MR WRIGHT  
MR EVANS  
MR GILLMORE  
MR GOODISON

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ASSESSMENT STAFF, CABINET OFFICE  
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RESIDENT CLERK

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FM WARSAW 211340Z JUL 82

TO IMMEDIATE F C O

TELNO 704 OF 21ST JULY 1982

INFO ROUTINE: WASHINGTON, MOSCOW, UKDEL NATO AND UKMIS GENEVA  
INFO SAVING: EAST BERLIN, PRAGUE, SOFIA, BELGRADE, HELSINKI,  
STOCKHOLM, BUDAPEST, BUCHAREST, UKMIS NEW YORK, UKREP BRUSSELS,  
PARIS, BONN AND MODUK

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JARUZELSKI'S SPEECH TO THE SEJM.

1. AT FIRST HEARING, AND UNCHECKED AGAINST ANY OFFICIAL TEXT,  
THE MAIN POINTS OF JARUZELSKI'S SPEECH TO THE SEJM THIS MORNING  
APPEAR TO ME TO BE THE FOLLOWING :-

(A) MARTIAL LAW MUST BE MAINTAINED FOR THE PRESENT. THE  
AUTHORITIES HAVE EASED ITS RIGOURS, AND WOULD HAVE LIKED TO HAVE  
LIFTED IT BY NOW, BUT HAVE BEEN PREVENTED FROM DOING SO BY BOTH  
INTERNAL AND EXTERNAL OPPOSITION, PARTICULARLY THAT OF THE US  
ADMINISTRATION. IF POSITIVE TRENDS CONTINUE, JARUZELSKI HOPES TO  
LIFT MARTIAL LAW BEFORE THE END OF THE YEAR.

(B) THE MAJORITY OF INTERNEES HAVE BEEN RELEASED, INCLUDING ALL  
WOMEN. SOME RESTRICTIONS ON OVERSEAS TRAVEL WILL BE LIFTED. IT APP-  
EARS THAT THE STATEMENT ON DETAINEES REFERS TO THE RELEASES MADE



~~(B) THE MAJORITY OF INTERNEES HAVE BEEN RELEASED, INCLUDING ALL WOMEN. SOME RESTRICTIONS ON OVERSEAS TRAVEL WILL BE LIFTED. IT APPEARS THAT THE STATEMENT ON DETAINEES REFERS TO THE RELEASES MADE OVER THE PAST FEW WEEKS RATHER THAN TO A NEW AMNESTY. PROFESSOR SCZEPANSKI TOLD ME TO-DAY THAT THERE WERE NOW BETWEEN 300-500 PEOPLE IN DETENTION. HE CLAIMS 1,500 HAVE BEEN LET OUT RECENTLY.~~

(C) TRADE UNIONS, WHEN THEY REAPPEAR, SHOULD BE SELF-GOVERNING AND GENUINELY INDEPENDENT OF THE GOVERNMENT, BUT SIMULTANEOUSLY ACCEPT THE PRINCIPLES OF SOCIALISM AND THE CONSTITUTION OF THE PRL. FOR THIS REASON, NEITHER THE OLD GRZZ NOR SOLIDARITY PROVIDE AN APPROPRIATE MODEL FOR FUTURE TRADE UNIONS.

(D) THE AUTHORITIES REACT POSITIVELY TO THE VISIT BY THE POPE. THE DATE REMAINS OPEN. UNNECESSARY SENSATION HAS BEEN CREATED OVER THE TIMING OF THE VISIT, ESPECIALLY IN THE WESTERN PRESS. THE CONDITIONS MUST BE RIGHT FOR THE VISIT WHICH WILL TAKE PLACE NEXT YEAR IN THE FRAMEWORK OF THE JASNA GORA CELEBRATIONS WHICH CONTINUE UNTIL SEPTEMBER 1983.

(E) THERE COULD BE NO RETREAT FROM REFORM. THE PROGRAMME OF THE 9TH CONGRESS OF THE PZPR IS STILL THE BASIS OF THE AUTHORITIES' ACTIONS. THE CREATION OF A PATRIOTIC MOVEMENT OF NATIONAL REBIRTH, ANNOUNCED YESTERDAY, IS POLAND'S BIG CHANCE. IT WILL BE BROADER-BASED THAN ITS PREDECESSORS AND SHOULD INCLUDE ALL ELEMENTS OF SOCIETY WILLING TO RESPECT THE BASIC PRINCIPLES OF THE SOCIALIST SYSTEM AND POLAND'S ALLIANCES. SEVEN MONTHS AGO POLAND STOOD AT THE EDGE OF A PRECIPICE, NOW SHE STANDS AT THE CROSS-ROADS.

2. COMMENT WILL FOLLOW.

FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES

JAMES

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AND : ADVANCE COPIES

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FM WARSAW 141540Z JUL 82

TO IMMEDIATE FCO

TELNO 679 OF 14TH JULY

INFO ROUTINE MOSCOW, WASHINGTON, UKDEL NATO AND UKMIS GENEVA  
 INFO SAVING EAST BERLIN, PRAGUE, BUDAPEST, PARIS, BONN, MODUK,  
 SOFIA, BUCHAREST, BELGRADE, HELSINKI, STOCKHOLM, UKMIS NEW YORK  
 AND UKREP BRUSSELS.

POLAND

1. THE BBC CORRESPONDENT IN WARSAW HAS TOLD US THAT THE REPORT IN THE BBC OVERSEAS SERVICES NEWS THIS MORNING ON RELEASES OF DETAINEES YESTERDAY WAS SLIGHTLY MISLEADING AND WAS BASED ON A MISQUOTATION FROM REUTERS. THERE HAS BEEN A TRICKLE OF RELEASED OF DETAINEES IN THE PAST TWO WEEKS (INCLUDING KURON'S SON). THIS COULD BE A FORE-TASTE OF LARGER RELEASES ON THE OCCASION OF THE POLISH NATIONAL DAY, 22 JULY.
2. SOLIDARITY'S APPEAL (ALSO MENTIONED IN TODAY'S BBC OVERSEAS SERVICE NEWS) FOR NO STRIKES OR DEMONSTRATIONS BEFORE 22 JULY WAS CONTAINED IN A SOLIDARITY LEAFLET DATED 26 JUNE. IN EFFECT THIS IS AN APPEAL TO GIVE THE AUTHORITIES A CHANCE TO MAKE SOME FORTHCOMING RESPONSE OF ITS OWN ON 22 JULY. THIS LINE FITS IN WITH THE STATEMENT BY RADIO SOLIDARITY WHICH LAST NIGHT BROADCAST



FORTHCOMING RESPONSE OF ITS OWN ON 22 JULY. THIS LINE FITS IN WITH THE STATEMENT BY RADIO SOLIDARITY, WHICH LAST NIGHT BROADCAST FOR TWO AND A HALF MINUTES, THAT ITS BROADCASTS WOULD NOW BE SUSPENDED FOR 2 MONTHS BECAUSE OF THE "SPECIAL SITUATION IN POLAND". THE BROADCAST DID NOT ELABORATE FURTHER ON THIS THEME, BUT IN TRADITIONAL SOLIDARITY FASHION SEEMED DESIGNED TO SHOW THE GOVERNMENT THAT IT WAS STILL IN BUSINESS BUT WAS WILLING TO HOLD BACK ITS PRESSURE ON THE GOVERNMENT FOR THE TIME BEING. THE BROADCAST ADMITTED THAT 4 PEOPLE CONNECTED WITH RADIO SOLIDARITY HAD BEEN ARRESTED (THE GOVERNMENT HAVE MENTIONED 7 PEOPLE) AND ALSO ADMITTED FOR THE FIRST TIME THAT RADIO SOLIDARITY WAS NOW USING FOREIGN EQUIPMENT. IT CHEEKILY ADDED THAT THE OFFICIAL POLISH RADIO AND TV EQUIPMENT WAS ALSO 70% FOREIGN.

FCO PLEASE PASS TO ALL SAVING ADDRESSEES

JAMES

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*If true, this could have implications for U.S. sanctions.*

*MW A.J.C. 15/7*

CONFIDENTIAL

FM WARSAW 141530Z JUL 82

TO IMMEDIATE FCO

TELNO 678 OF 14TH JULY

INFO PRIORITY MOSCOW, VIENNA, PARIS, BONN, WASHINGTON, UKDEL NATO.

THE POLISH POLITICAL SITUATION

1. THE NEW ZEALAND AMBASSADOR, RESIDENT IN VIENNA, WHO IS AN OLD FRIEND, HAS JUST PRESENTED HIS CREDENTIALS AND HAD LONG TALKS WITH JABLONSKI, PRESIDENT OF THE COUNCIL OF STATE, AND CZYREK. CZYREK SPOKE ALONG PREDICTABLE LINES ABOUT THE DIFFICULTIES THE REGIME WERE FACING, DOING THEIR BEST TO OVERCOME, AND THE SHORTSIGHTEDNESS OF THE WEST.
2. JABLONSKI WAS MORE INTERESTING. HE SAID THAT OVER HALF THE DETAINEES WOULD BE RELEASED ON JULY 22. IT WAS NOT CLEAR TO MR JUDD WHETHER THIS MEANT HALF THOSE DETAINED BEFORE DECEMBER 13 (WHICH WOULD AMOUNT TO ABOUT 1000) OR HALF OF THE TOTAL NUMBER OF THOSE NOW IN DETENTION (I.E. ABOUT 2000).
3. JABLONSKI SAID THAT THE IDEA WAS TO BRING MARTIAL LAW TO AN END IN THE AUTUMN. BUT THAT THIS WOULD DEPEND ON HOW THINGS WENT AFTER THE RELEASE OF THE DETAINEES.



WENT AFTER THE RELEASE OF THE DETAINEES.

4. HE ALSO CONFIRMED FROM THE POLISH SIDE THAT THERE WAS NO QUESTION OF THE POPE COMING HERE IN AUGUST BUT REFERRED TO A TIME HALF WAY THROUGH THE ANNIVERSARY YEAR AS A POSSIBILITY FOR THE VISIT (IE ABOUT MARCH/APRIL OF NEXT YEAR).

5. MR JUDD SAID THAT FROM THE EXPRESSION OF SURPRISE ON THE FACE OF AN ACCOMPANYING VICE MINISTER FROM FOREIGN AFFAIRS, HE JUDGED THE INFORMATION ABOUT THE RELEASE OF THE DETAINEES TO BE SOMETHING OF AN INDISCRETION, THOUGH PERHAPS A CALCULATED ONE.

JAMES

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FROM HOLY SEE 131300Z JUL 82

TO ROUTINE FCO

TELNO 39 OF 13 JUL 82

INFO ROUTINE WARSAW , ROME (ACTIONED)

THE POPE'S VISIT TO POLAND

1. ARCHBISHOP POGGI HAS TOLD REPRESENTATIVES OF EC MISSIONS HERE THAT THE POPE WILL NOT VISIT POLAND IN AUGUST. AN ANNOUNCEMENT WILL BE MADE SHORTLY. MGR GLEMP IS ON HOLIDAY AND PLANS TO RETURN TO POLAND ON 22 JULY. IN A TELEVISED INTERVIEW YESTERDAY HE MAINTAINED THE VATICAN'S LINE THAT THE VISIT WAS ON BUT THE DATE UNCERTAIN.

2. POGGI TOLD ME THAT IN HIS TALK WITH CZYREK LAST MONTH LATTER HAD MAINTAINED THAT THE GOVERNMENT COULD NOT POSSIBLY IMPLEMENT CHANGES BY AUGUST NOR COULD THEY IGNORE THE TWO AWKWARD ANNIVERSARIES ON THE 13TH AND THE 30TH OF THAT MONTH. SO THE AUGUST DATES WERE NON-STARTERS. GLEMP IS FULLY IN AGREEMENT WITH THE DECISION TO POSTPONE THE VISIT AS, ACCORDING TO POGGI, ARE THE POLISH BISHOPS AS A WHOLE. HE ATTRIBUTED THE OPTIMISTIC TONE OF THE POLISH EPISCOPATE'S INVITATION OF 8 JUNE TO DABROWSKI WHO WAS IN ROME THE DAY BEFORE IT ISSUED.

3. THE POINT IMMEDIATELY AT ISSUE IS WHETHER THE ANNOUNCEMENT WILL INCLUDE A NEW DATE. OCTOBER AND NOVEMBER ARE ALREADY PARTLY COMMITTED (SPAIN). THE VATICAN ARE AIMING FOR A SPRING DATE, POSSIBLY IN APRIL.

HEATH

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PS/FUS

*Sir* MR BULLARD

LORD BRIDGES

MR EVANS

MR WRIGHT

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MR GOODISON

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UNCLASSIFIED

DESKBY 100900Z

FM WASHINGTON 092130Z JUL 82

TO IMMEDIATE F C O

TELEGRAM NUMBER 2389 OF 9 JULY

INFO PRIORITY BONN, PARIS, ROME.

M I P T: SIBERIAN PIPELINE AND POLAND: NEW YORK TIMES STORY.

1. THE TEXT OF GELB'S STORY FOLLOWS BY BAG. ACCORDING TO GELB, ADMINISTRATION OFFICIALS SAY THE PRESIDENT IS SEARCHING FOR WAYS TO EASE ECONOMIC SANCTIONS INCLUDING A SCALING BACK OF THE BAN ON EQUIPMENT FOR THE SIBERIAN PIPELINE. THEY REPORT QUOTE HEATED EXCHANGES UNQUOTE AT AN QUOTE EXPLOSIVE UNQUOTE MEETING OF THE CABINET ON 27 JUNE. REMARKS, THAT THE DECISION TO EXTEND THE SANCTIONS WAS A DISASTER FOR RELATIONS WITH WESTERN EUROPE, WERE ATTRIBUTED TO BROCK, U.S. TRADE REPRESENTATIVE, AND SOME OTHER UNIDENTIFIED MEMBERS OF THE CABINET. BROCK, WHO WAS IN EUROPE AT THE TIME OF THE EARLIER NSC MEETING WHEN THE DECISION TO EXTEND SANCTIONS WAS TAKEN, IS SAID TO HAVE REPORTED ON HIS RETURN THAT THE PRIVATE REACTION OF GOVERNMENTS IN EUROPE WAS EVEN SHARPER THAN THEIR PUBLISHED REACTION. ADMINISTRATION OFFICIALS ARE SAID TO BELIEVE THAT THE WHITE HOUSE WOULD RELAX THE SANCTIONS



ARE SAID TO BELIEVE THAT THE WHITE HOUSE WOULD RELAX THE SANCTIONS ONLY IF THERE WERE MOVEMENT TOWARDS LIBERALISATION IN POLAND. ACCORDING TO THESE SOURCES, THE WHITE HOUSE IS ATTEMPTING TO INDUCE AMERICAN BUSINESSMEN TO URGE WESTERN EUROPEAN LEADERS TO PRESS THE POLISH AND SOVIET AUTHORITIES TO MAKE THE FIRST MOVE. IN THIS WAY, THE WHITE HOUSE COULD POINT TO THE SUCCESS OF SANCTIONS AND THE PIPELINE COULD GO FORWARD.

2. THIS VIEW IS SAID TO BE SUPPORTED BY A WHITE HOUSE OFFICIAL WHO IS QUOTED AS SAYING THAT IT WAS QUOTE PERHAPS THE FASTEST AND SUREST WAY TO RELIEVE SOME OF THE TENSION WITHIN THE ALLIANCE AS WELL UNQUOTE. THE SAME OFFICIAL IS REPORTED TO HAVE COMMENTED THAT THE 27 JUNE CABINET MEETING WAS NOT INTENDED TO CHALLENGE THE PRESIDENT'S DECISION BUT TO FIND WAYS OF EXPRESSING THE POLICY MORE CONVINCINGLY. THE OFFICIAL CONCERNED IS SAID TO HAVE DENIED THAT THERE HAS BEEN ANY SOFTENING OF THE U.S. POSITION. HE POINTED OUT THAT THERE HAD BEEN NO CHANGE IN THE PRESIDENT'S OUTLOOK SINCE MARCH BUT THAT THERE WERE NOW QUOTE MORE POLITICAL REASONS UNQUOTE TO REDUCE THE SANCTIONS THAN IN MARCH.

3. ADMINISTRATION INTELLIGENCE EXPERTS ARE SAID NOT TO BE OPTIMISTIC ABOUT A POSITIVE POLISH RESPONSE. ACCORDING TO GELB, HOWEVER, THESE EXPERTS BELIEVE THAT THE PRESIDENT'S SANCTIONS AGAINST POLAND HAVE BEEN WORKING AND THAT THERE IS A CHANCE THAT THE WARSAW AUTHORITIES MAY USE POLAND'S NATIONAL HOLIDAY ON 22 JULY TO ANNOUNCE SOME RELAXATION OF MARTIAL LAW WITHOUT APPEARING TO HAVE SUCCUMBED TO U.S. PRESSURES.

4. STATE AND COMMERCE DEPARTMENT OFFICIALS ARE REPORTED NOT TO BELIEVE THAT THE U.S. CAN COUNT ON REAL MOVEMENT TOWARDS LIBERALISATION IN POLAND. THEY HAVE, THEREFORE, BEEN EXPLORING THE POSSIBILITY OF A GENUINE TIGHTENING OF EXPORT CREDITS BY THE WESTERN EUROPEANS.

X RESIDENT CLERK PLEASE INFORM BRIDGES BEFORE HE LEAVES FOR PARIS. X

ADVANCE COPIES ON 12 JULY TO BULLARD, EVANS, BROOMFIELD (EESD) AND GOWLLAND (TRED).

HENDERSON

NNNN



POLAND : ADVANCE COPIES

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*Mr Giffard*  
*Mr Lee*  
*Head NAs*

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DESKBY 100900Z

FM WASHINGTON 092120Z JUL 82

TO IMMEDIATE F C O

TELEGRAM NUMBER 2388 OF 9 JULY

INFO PRIORITY BONN, PARIS, ROME.

SIBERIAN PIPELINE AND POLAND

1. I HAVE SPOKEN TO EAGLEBURGER ABOUT THE STORY IN TODAY'S NEW YORK TIMES (SUMMARISED IN M I F T) THAT THE ADMINISTRATION IS HOPING THAT THE POLISH REGIME WILL ANNOUNCE CHANGES ON THEIR NATIONAL DAY (22 JULY) SUFFICIENT TO JUSTIFY AN EASING OF U.S. SANCTIONS. THE REPORT IS ALLEGEDLY BASED ON DISCUSSIONS WITH OFFICIALS IN THE WHITE HOUSE, THE INTELLIGENCE COMMUNITY, AND THE COMMERCE DEPARTMENT. BUT THE AUTHOR (GELB) IS A FORMER STATE DEPARTMENT OFFICIAL. HIS ACCOUNT REPRESENTS STATE DEPARTMENT HOPES AS WELL AS THE FACTS, AND NEEDS TO BE INTERPRETED WITH CAUTION.

2. THERE ARE TWO ISSUES HERE:

- (A) WHAT CHANGES IN POLAND THE AMERICANS JUDGE LIKELY; AND
- (B) WHETHER THE PRESIDENT WILL THINK THAT THESE CHANGES WOULD JUSTIFY A RELAXATION OF HIS SANCTIONS.

*mt*



JUSTIFY A RELAXATION OF HIS SANCTIONS.

3. ON THE FIRST, STATE DEPARTMENT OFFICIALS TELL US THAT THE POLISH AUTHORITIES MAY BE CONSIDERING A NUMBER OF OPTIONS, INCLUDING SOME QUITE RADICAL ONES, FOR A POSSIBLE POLITICAL INITIATIVE. THESE MIGHT INCLUDE RELEASE OF SOME OR MOST OF THE REMAINING DETAINEES; THE LIFTING OF MARTIAL LAW; THE RELEASE OF WALESA; AND THE ANNOUNCEMENT OF A QUOTE TRADE UNION STATUTE UNQUOTE. MUCH WOULD OBVIOUSLY DEPEND ON HOW FAR THE POLES NOW BELIEVE THEY HAVE THE POLITICAL AND SECURITY SITUATION FIRMLY UNDER CONTROL. BUT EAGLEBURGER DOUBTED THAT ANYTHING VERY STRIKING WOULD EMERGE IN THE END.

4. ON THE SECOND, EAGLEBURGER THOUGHT THAT IT WAS HIGHLY UNLIKELY THAT THE PRESIDENT WOULD RELAX HIS CONDITIONS FOR RAISING THE SANCTIONS. THE POLICY WAS IN THE HANDS OF THE RIGHT WING OF THE REPUBLICAN PARTY. ANY POLISH MOVES WOULD HAVE TO BE SUBSTANTIAL, NOT COSMETIC, TO MAKE A DIFFERENCE. EAGLEBURGER'S JUDGEMENT HAS BEEN CONFIRMED BY AN NSC CONTACT.

COMMENT

5. BECAUSE OF THE PRESIDENT'S PERSONAL ENGAGEMENT, WE MUST EXPECT THAT HE WILL RELAX THE SANCTIONS ONLY WITH SOME PLAUSIBLE JUSTIFICATION. NEVERTHELESS, WE HAVE SOME INDICATIONS THAT THE WHITE HOUSE HAS BEEN SURPRISED BY THE STRENGTH OF THE EUROPEAN REACTION. A REVIEW OF THE CONTENTIOUS ECONOMIC ISSUES NOW BURDENING THE TRANSATLANTIC RELATIONSHIP IS TO BE PUT TO THE PRESIDENT, THOUGH PROBABLY NOT BY THE END OF NEXT WEEK AS ORIGINALLY PLANNED (THE REVIEW GROUP IS CHAIRED BY TREASURY SECRETARY REGAN IN THE ABSENCE OF A SECRETARY OF STATE; BUCKLEY IS ON IT, TOGETHER WITH REPRESENTATIVES FROM COMMERCE, USTR, DEFENSE, AGRICULTURE, CIA AND NSC).

6. THE ADMINISTRATION CAN HARDLY WANT AN EXPANDING ROW MOSTLY BENEFITING THE RUSSIANS. THIS SUGGESTS

(A) THAT THE EUROPEANS MUST GO ON BEING FIRM WITH THE AMERICANS, ESPECIALLY IN PRIVATE;

(B) THEY SHOULD NOT MAKE IT HARDER FOR THE PRESIDENT TO JUDGE POSITIVELY ANY MEASURES THE POLES TAKE.

HORMATS AGREES BROADLY WITH THIS ASSESSMENT. HE HOPES THAT AT THEIR MEETING IN PARIS ON MONDAY 12 JULY, BRIDGES SHOULD REITERATE OUR POSITION ON SANCTIONS. BRIDGES MIGHT ALSO PROPOSE THAT THERE SHOULD BE PROPER CONSULTATION BETWEEN THE ALLIES BEFORE ANYBODY COMMENTS PUBLICLY ON ANY MEASURES WHICH EMERGE IN WARSAW. IT WOULD BE UNFORTUNATE IF THE AMERICANS PUBLICLY CLAIMED THAT SUCH MEASURES



PUBLICLY ON ANY MEASURES WHICH EMERGE IN WARSAW: IT WOULD BE  
FORTUNATE IF THE AMERICANS PUBLICLY CLAIMED THAT SUCH MEASURES  
DID NOT JUSTIFY RELAXING SANCTIONS WHILE THE EUROPEANS CLAIMED  
THE OPPOSITE. (THIS IS THE THOUGHT REPORTED IN BRAITHWAITE'S  
TELELETTER OF 8 JULY TO BRIDGES). HORMATS THOUGHT IT WOULD BE  
USEFUL IN THE POLICY DEBATE HERE IF HE COULD REPORT BACK SOME SUCH  
EUROPEAN REACTION.

RESIDENT CLERK PLEASE INFORM BRIDGES BEFORE HE LEAVES FOR PARIS.

ADVANCE COPIES ON 12 JULY TO BULLARD, EVANS, BROOMFIELD (EESD) AND  
GOWLLAND (TRED).

HENDERSON

NNNN



GRS 765  
CONFIDENTIAL

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DESKBY 100900Z

FM WASHINGTON 092120Z JUL 82

TO IMMEDIATE F C O

TELEGRAM NUMBER 2388 OF 9 JULY

INFO PRIORITY BONN, PARIS, ROME.

*Poland*

*ms*

SIBERIAN PIPELINE AND POLAND

1. I HAVE SPOKEN TO EAGLEBURGER ABOUT THE STORY IN TODAY'S NEW YORK TIMES (SUMMARISED IN M I F T) THAT THE ADMINISTRATION IS HOPING THAT THE POLISH REGIME WILL ANNOUNCE CHANGES ON THEIR NATIONAL DAY (22 JULY) SUFFICIENT TO JUSTIFY AN EASING OF U.S. SANCTIONS. THE REPORT IS ALLEGEDLY BASED ON DISCUSSIONS WITH OFFICIALS IN THE WHITE HOUSE, THE INTELLIGENCE COMMUNITY, AND THE COMMERCE DEPARTMENT. BUT THE AUTHOR (GELB) IS A FORMER STATE DEPARTMENT OFFICIAL. HIS ACCOUNT REPRESENTS STATE DEPARTMENT HOPES AS WELL AS THE FACTS, AND NEEDS TO BE INTERPRETED WITH CAUTION.
2. THERE ARE TWO ISSUES HERE:
  - (A) WHAT CHANGES IN POLAND THE AMERICANS JUDGE LIKELY; AND
  - (B) WHETHER THE PRESIDENT WILL THINK THAT THESE CHANGES WOULD JUSTIFY A RELAXATION OF HIS SANCTIONS.
3. ON THE FIRST, STATE DEPARTMENT OFFICIALS TELL US THAT THE POLISH AUTHORITIES MAY BE CONSIDERING A NUMBER OF OPTIONS, INCLUDING SOME QUITE RADICAL ONES, FOR A POSSIBLE POLITICAL INITIATIVE. THESE MIGHT INCLUDE RELEASE OF SOME OR MOST OF THE REMAINING DETAINEES; THE LIFTING OF MARTIAL LAW; THE RELEASE OF WALESA; AND THE ANNOUNCEMENT OF A QUOTE TRADE UNION STATUTE UNQUOTE. MUCH WOULD OBVIOUSLY DEPEND ON HOW FAR THE POLES NOW BELIEVE THEY HAVE THE POLITICAL AND SECURITY SITUATION FIRMLY UNDER CONTROL. BUT EAGLEBURGER DOUBTED THAT ANYTHING VERY STRIKING WOULD EMERGE IN THE END.
4. ON THE SECOND, EAGLEBURGER THOUGHT THAT IT WAS HIGHLY UNLIKELY THAT THE PRESIDENT WOULD RELAX HIS CONDITIONS FOR RAISING THE SANCTIONS. THE POLICY WAS IN THE HANDS OF THE RIGHT WING OF THE REPUBLICAN PARTY. ANY POLISH MOVES WOULD HAVE TO BE SUBSTANTIAL, NOT COSMETIC, TO MAKE A DIFFERENCE. EAGLEBURGER'S JUDGEMENT HAS BEEN CONFIRMED BY AN NSC CONTACT.

COMMENT

5. BECAUSE OF THE PRESIDENT'S PERSONAL ENGAGEMENT, WE MUST EXPECT THAT HE WILL RELAX THE SANCTIONS ONLY WITH SOME PLAUSIBLE JUSTIFICATION. NEVERTHELESS, WE HAVE SOME INDICATIONS THAT THE WHITE HOUSE HAS BEEN SURPRISED BY THE STRENGTH OF THE EUROPEAN REACTION. A REVIEW OF THE CONTENTIOUS ECONOMIC ISSUES NOW BURDENING THE TRANSATLANTIC RELATIONSHIP IS TO BE PUT TO THE PRESIDENT, THOUGH PROBABLY NOT BY THE END OF NEXT WEEK AS ORIGINALLY PLANNED (THE REVIEW GROUP IS CHAIRED BY TREASURY SECRETARY REGAN IN THE ABSENCE OF A SECRETARY OF STATE; BUCKLEY IS ON IT, TOGETHER WITH REPRESENTATIVES FROM COMMERCE, USTR, DEFENSE, AGRICULTURE, CIA AND NSC).

CONFIDENTIAL

16.



# CONFIDENTIAL

6. THE ADMINISTRATION CAN HARDLY WANT AN EXPANDING ROW MOSTLY BENEFITING THE RUSSIANS. THIS SUGGESTS

(A) THAT THE EUROPEANS MUST GO ON BEING FIRM WITH THE AMERICANS, ESPECIALLY IN PRIVATE:

(B) THEY SHOULD NOT MAKE IT HARDER FOR THE PRESIDENT TO JUDGE POSITIVELY ANY MEASURES THE POLES TAKE.

HORMATS AGREES BROADLY WITH THIS ASSESSMENT. HE HOPES THAT AT THEIR MEETING IN PARIS ON MONDAY 12 JULY, BRIDGES SHOULD REITERATE OUR POSITION ON SANCTIONS. BRIDGES MIGHT ALSO PROPOSE THAT THERE SHOULD BE PROPER CONSULTATION BETWEEN THE ALLIES BEFORE ANYBODY COMMENTS PUBLICLY ON ANY MEASURES WHICH EMERGE IN WARSAW: IT WOULD BE UNFORTUNATE IF THE AMERICANS PUBLICLY CLAIMED THAT SUCH MEASURES DID NOT JUSTIFY RELAXING SANCTIONS WHILE THE EUROPEANS CLAIMED THE OPPOSITE. (THIS IS THE THOUGHT REPORTED IN BRAITHWAITE'S TELELETTER OF 8 JULY TO BRIDGES). HORMATS THOUGHT IT WOULD BE USEFUL IN THE POLICY DEBATE HERE IF HE COULD REPORT BACK SOME SUCH EUROPEAN REACTION.

RESIDENT CLERK PLEASE INFORM BRIDGES BEFORE HE LEAVES FOR PARIS.

ADVANCE COPIES ON 12 JULY TO BULLARD, EVANS, BROOMFIELD (EESD) AND GOWLLAND (TRED).

HENDERSON

[COPIES SENT TO NO 10 DOWNING STREET]

POLAND SPECIAL

STANDARD

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ADDITIONAL DISTRIBUTION  
POLAND SPECIAL

2

# CONFIDENTIAL



AJC 9/A.

Island (2)



*MW*

*FE.*

Prime Minister

To note, in particular x below.

FCS/82/76

CHIEF SECRETARY, TREASURY

*AJL 29/5.*

Polish Refugees

1. Thank you for your letter of 21 May.
2. I was glad to see that, on consideration, you have been able to acquiesce in the arrangements agreed with the Home Office for the acceptance of some Polish refugees from Austria who fulfil our criteria for acceptance, including reasonable assurances of long-term accommodation. As I have previously said, I do not think that, given these criteria, we shall find ourselves having to cope with a major inflow of Poles. Their numbers may indeed turn out to be even smaller than we expect, and I have no difficulty in accepting your suggestion that we should review the matter collectively when we have given clearance for 100 refugees to be admitted to Britain.
3. I anticipate that it may be some time before the new arrangements become effectively operational. It seems likely therefore that by the time 100 refugees have been accepted, we shall know more clearly whether there is any prospect of a significant number of islanders choosing to leave the Falklands. We may by then have a better idea of how many of the Poles temporarily resident in Britain will wish to remain. It should also be clearer how our Community partners are responding to the Austrian request, and whether the quotas they have set themselves are proving unrealistically low.
4. I am asking my officials to instruct our Ambassador in Vienna to convey our decision to the Austrian government. They will consult with your officials and those of the Home

/Office





Office on the matter of publicising our policy and on the arrangements for review on the basis agreed.

5. I am copying this minute to the Prime Minister, members of 'H' Committee and Sir Robert Armstrong.

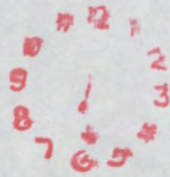
A handwritten signature in black ink, appearing to be 'F. Pym', written in a cursive style.

(FRANCIS PYM)

Foreign and Commonwealth Office  
28 May 1982



28 MAY 1982







Poland. (2)

Prime Minister

To note.

M 4/5

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Francis Pym MC MP  
Secretary of State  
Foreign & Commonwealth Office  
Downing Street  
London SW1A 2A1

21 May 1982

*Francis,*

POLISH REFUGEES

Thank you for your minute of 11 May.

I remain concerned about the risks to public funds attaching to the admission of Polish Refugees now in Austria. It would seem that, by our acceptance that Poles temporarily resident here can remain, and very likely be joined by dependents, we have already contributed, as we promised in the NATO declaration, to the solution of the problem of Poles now abroad; and it is by no means clear that all our European partners have themselves responded positively to the Austrians' appeal for help. What is more, although you do not mention it in your minute, we have to face the possibility of having to receive refugees from Argentina.

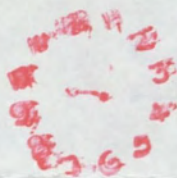
I am prepared, nevertheless, to agree that our Ambassador should tell the Austrian Government that we are prepared to receive Poles in Austria who fulfil the criteria the Home Secretary has proposed, so long as there is reasonable assurance of long-term accommodation. It should be made clear to the Austrians, however, that we might need to reconsider the position at any time. We should not, I accept, publicly set a quota, but we should review the matter collectively after we have taken 100 refugees from Austria, the limit set by those of our partners who have so far responded. We should in any case review our commitment at the time when, as previously agreed, we look again at the arrangements that have been made for possible Falkland evacuees.

A reply in the terms I have suggested would, I recognise, be little more than a gesture, but you have already said that the numbers likely to qualify for acceptance under the Home Secretary's criteria would be extremely small. I therefore hope that you can accept my qualified form of agreement to your proposals.

LEON BRITTAN



20 MAY 1992







CONFIDENTIAL

Prime Minister

To note.

*Handwritten signature*

A.T.C. 11/8

(2)

FCS/82/72

CHIEF SECRETARY TO THE TREASURY

*Handwritten signature*

1. Thank you for your letter of 4 May commenting on the exchange of correspondence between Willie Whitelaw and myself of 3 and 19 April on Polish refugees.
2. I share your concern that, in the light of the other claims on our resources, we should be cautious in our response to this problem and should not at this stage offer a commitment to a UK quota or to a Polish resettlement programme more generally.
3. This is the approach which we and the Home Office have been exploring over several months and which we have also considered with our partners in the EC and NATO. I accept that we should not and indeed cannot undertake any open-ended commitments in this matter. At the same time, I feel strongly that we should take into account in our response the strong public sympathy and concern for the Polish people which has been aroused in Britain. We should also bear in mind the far greater response which others of our partners and allies are being called upon to make both towards the Poles in their own countries and those in Poland and Austria wishing to settle in the West.
4. As you will know, we and our partners in the Alliance made a public statement in the NATO Declaration of 11 January of our 'willingness to contribute, with other governments, to the solution of the problem of Polish citizens now abroad and unable and unwilling to return to their own country'. I am aware that a number of our partners and allies regard it as very important for us to recognise that we have a collective responsibility towards that commitment and to play a part in accordance with our resources and traditions and in line with what others are doing.

/5.

CONFIDENTIAL





CONFIDENTIAL

5. In these circumstances, I believe that the response suggested by Willie Whitelaw in his letter of 3 April and endorsed in my minute of 19 April, is the right one. Such an approach does not commit the UK to a fixed quota of refugees or to a more generalised burden sharing arrangement. Nor does it constitute formal participation in an international resettlement programme. The numbers of Polish refugees either from Poland or Austria who would qualify for acceptance by these criteria is likely to be extremely small; and the requirement that any Polish applicant should have adequate sponsorship here including the provision of long term accommodation should ensure that the financial burden on HMG is modest and local community resources minimal.

6. You make the point that we must not overestimate the resources of the existing Polish community in Britain. But it is not intended the sponsorship should be confined to the Polish community. We want to get over the thought, and this is accepted by the Home Office, that the Polish community might, if they so wish, act as collective sponsors to Polish refugees. But we fully accept the Home Office's view that the applications of any Poles so sponsored should meet our criteria on all points, including long term accommodation. So I think the risk that an over-generous response to Poles outside the UK might reduce the protection currently given to those temporarily resident here by the Polish Community is negligible.

7. The question of the conditions affecting family reunification of those Poles already in the UK is more properly a question for the Home Secretary. But it is, I understand, strictly governed by the provision in the published immigration rules. I see no reason to dissent from your view that family reunifications, if and when they take place, should not constitute an unreasonable cost to the British taxpayer.





CONFIDENTIAL

8. I hope you will agree therefore that we may proceed as envisaged in my minute of 19 April to Willie Whitelaw and will instruct your officials to confirm that there is no objection to our replying to the Austrian Government on the lines the Home Secretary has proposed. As you will be aware, our reply is long overdue and I do not believe that we should delay this any longer than is absolutely necessary.

9. On the question of the Polish detainees, no immediate decision is required and we shall continue to make known to the Polish authorities our strong disapproval of any attempts to force detainees to emigrate. We are however increasingly coming under pressure from our allies to give a firmer indication of our thinking. I should be grateful therefore if you would also confirm that you have no objection to our responding to them on the basis of the criteria proposed by Willie Whitelaw. I shall keep my colleagues informed of developments, and consult them as necessary.

10. I am copying this minute to the Prime Minister, members of 'H' Committee and Sir Robert Armstrong.

(FRANCIS PYM)

Foreign and Commonwealth Office

11 May 1982

CONFIDENTIAL





Poland. ②

Prime Minister

To note

A-7 C. 7/5

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Francis Pym MC MP  
Secretary of State  
Foreign and Commonwealth Office  
Downing Street  
London SW1A 2AL

4 May 1982

POLISH REFUGEES

I have seen your minute of 19 April to Willie Whitelaw about Polish refugees in reply to his letter of 3 April to Peter Carrington.

I can well understand that, as you say, we may come under some pressure, at home and abroad, to do more to help the Poles. We are, however, already allowing a number of them to extend their stay in this country, in recognition of the political position in Poland. At the same time we may have to accept evacuees from the Falkland Islands, and face the possibility of having to handle significantly large numbers of our own people who may have to leave Argentina.

In view of these factors, and our recent experience with the expensive and still uncompleted Vietnamese programme, I am reluctant for this country to respond to the Polish predicament by offering at this stage any commitment to a UK quota or to a Polish 'resettlement' programme.

I do see, of course, that we should expect that a large proportion of the Poles temporarily here will wish to remain. I accept that they should, if necessary, be allowed to do so, and that we should permit family reunions if the Polish authorities make them possible. But such reunions should be on the basis of continued sponsorship for an indefinite period by the Polish emigre community.

I can see the attraction in Willie Whitelaw's suggestion that we might take some detainees and refugees from Austrian camps on similar terms of sponsorship. But I fear, as I think he does, that this might put too great a burden on the existing Polish community. The result might be that we lose the advantage of



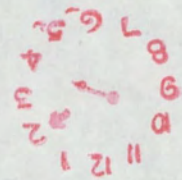
the protection it is currently giving those temporarily resident here, and which it might give to their dependants. I therefore think it is essential to be totally satisfied that any further admissions would be within the capacity of the Polish Community and would not have such an effect.

I am sorry not to be as positive as perhaps you may wish, but I think we should be very careful in taking on any further commitments at this time.

I am sending copies of this letter to the Prime Minister, members of H Committee and Sir Robert Armstrong.

LEON BRITTAN





4 MAY 1982



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ACTION POL,DO-30/ESG

FOR AMBASSADOR

E.O. 12065: GDS 4/23/82 (SCANLAN, JOHN D.)  
 TAGS: ELAB, OECD, PEPR, SOPN, PL  
 SUBJECT: MAY DAY SUPPORT FOR LABOR INITIATIVES ON POLAND.

1. SECRET - ENTIRE TEXT.
2. THE USG IS SEEKING ALLIED ASSISTANCE TO MAINTAIN PUBLIC ATTENTION ON THE CONTINUING REPRESSION IN POLAND AND TO PRESS FOR THE RELEASE OF LECH WALESZA AND THE 4000 OTHER POLITICAL PRISONERS -- "THE SOLIDARITY 4,000". WE WILL UNDERTAKE A SUSTAINED EFFORT TO HIGHLIGHT THIS ISSUE IN THE PUBLIC STATEMENTS OF THE WHITE HOUSE AND THE DEPARTMENT AND WILL SEEK OPPORTUNITIES TO BRING THE SITUATION IN POLAND INTO THE PUBLIC EYE.
3. UPCOMING MAY DAY CELEBRATIONS PROVIDE AN IDEAL OPPORTUNITY TO RAISE THE ISSUE OF POLISH FREEDOM. WE HAVE BEEN INFORMED BY AFL-CIO THAT ICFTU AND MANY OF ITS AFFILIATES INTEND TO USE INTERNATIONAL LABOR DAY ON MAY 1 AS OCCASION TO STRESS -- AMONG OTHER ISSUES -- THE CONTINUING CRISIS IN POLAND, PARTICULARLY THE SUPPRESSION OF SOLIDARITY AND CONTINUING IMPRISONMENT OF WALESZA AND OTHER SOLIDARITY ACTIVISTS. ALSO, ICFTU HAS PREPARED A MAY DAY MANIFESTO, A ,ARAG,APH OF WHICH DISCU SE THE CASE AGAINST POLISH MARTIAL LAW (AND FOR SOLIDARITY).  
 SECRET
4. USG BELIEVES THAT NATIONAL GOVERNMENTS AND LEADERS SHOULD SUPPORT SUCH INDEPENDENT LABOR INITIATIVES, AND TAKE SEPARATE ACTIONS ON THEIR OWN TO FOCUS ATTENTION ON THE CONTINUING REPRESSION IN POLAND. FOR OUR PART, THERE WILL BE A PRESIDENTIAL STATEMENT ON MAY 1 EMPHASIZING OUR SUPPORT FOR THE POLISH PEOPLE AND PARTICULARLY THE IMPRISONED TRADE UNIONISTS.
5. AS A LIKELY SIDE EFFECT, HOMAGE TO BE PAID BY FREE TRADE UNIONS TO SOLIDARITY ON MAY 1 IS LIKELY TO DRAW ATTENTION TO THE TENSIONS WITHIN WESTERN COMMUNIST UNIONS CAUSED BY THE SUPPRESSION OF SOLIDARITY, FURTHER ISOLATING MOSCOW LOYALISTS FROM THE LABOR MAINSTREAM.



6. INTERNATIONAL LABOR ATTENTION WILL SHIFT TO THE ILO IN MAY (GOVERNING BODY MEETING) AND THE MONTH OF JUNE (ANNUAL CONFERENCE). PRESIDENT MITTERRAND IS DUE TO ADDRESS THE CONFERENCE ON JUNE 2 AND THE POPE WILL SPEAK ON JUNE 15. WE HOPE THAT BOTH LEADERS WILL HIGHLIGHT THE REPRESSION OF TRADE UNION ACTIVITIES IN POLAND. THE POLISH FREEDOM OF ASSOCIATION COMPLAINT, INTRODUCED ON DEC. 14, 1981 BY ICFTU AND WCL, WILL BE DISCUSSED.

7. ACTION REQUESTED: ACTION ADDRESSEES ARE REQUESTED TO CALL ON HOST FOREIGN MINISTRIES AT APPROPRIATE SENIOR LEVEL TO: A) CONVEY USG VIEW THAT SUSTAINED EFFORT IS NECESSARY TO KEEP INTERNATIONAL PUBLIC FOCUS ON CONTINUING REPRESSION IN POLAND; B) SHARE INFORMATION ON INTENTIONS OF INTERNATIONAL LABOR ON POLISH ISSUE; C) EXPRESS STRONG U.S. SUPPORT FOR THESE INDEPENDENT ACTIONS AND INDICATE THAT THERE WILL BE A PRESIDENTIAL STATEMENT ON MAY 1; AND D) ENCOURAGE HOST GOVERNMENTS TO TAKE SIMILAR STEPS, INCLUDING PERSONAL STATEMENTS BY LEADERS TO BRING MAXIMUM POSSIBLE INTERNATIONAL FOCUS ON MAY 1 ON REPRESSION OF FREE TRADE UNIONISTS IN POLAND. ||

8. AT SAME TIME, IN CONTACTS WITH HOST COUNTRY TRADE UNIONISTS, POSTS SHOULD EXPRESS U.S. SUPPORT FOR ICFTU AND OTHER LABOR INITIATIVES ON POLAND AND OUR DETERMINATION TO KEEP INTERNATIONAL SPOTLIGHT ON SUPPRESSION OF SOLIDARITY. THESE EXPRESSIONS OF SUPPORT SHOULD BE CONVEYED IN SUCH A WAY AS TO SHOW THAT THE USG CLEARLY ACKNOWLEDGES THEM AS INDEPENDENT ACTIONS BASED ON FREE TRADE UNION PRINCIPLES, WHICH THE USG RESPECTS- -

9. IN CONTACTS WITH BOTH GOVERNMENTS AND WITH TRADE UNION REPRESENTATIVES, POSTS SHOULD ASCERTAIN WHAT STEPS THEY INTEND TO TAKE IN REGARD TO MAY 1 EVENTS AND TO KEEP POLISH QUESTION IN PUBLIC FOREFRONT OVER LONGER TERM. YOU

POLISH QUESTION IN PUBLIC FOREFRONT OVER LONGER TERM. YOU SHOULD MAKE CLEAR THAT WE WOULD APPRECIATE BOTH GOVERNMENT AND TRADE UNION SUGGESTIONS CONCERNING HOW THIS MIGHT BE ACCOMPLISHED, AND WOULD WELCOME CONTINUING EXCHANGE OF VIEWS ON THIS MAJOR ISSUE. ||

10. FINALLY, IN CONTACTS WITH US AND-HOST COUNTRY MEDIA, POSTS SHOULD EXPRESS OUR HOPE THAT PLIGHT OF SOLIDARITY AND POLISH WORKERS WILL NOT BE FORGOTTEN. YOU SHOULD CALL MEDIA ATTENTION TO LABOR ACTIVITIES DESCRIBED ABOVE, PARTICULARLY MAY 1 EVENTS AND MITTERRAND AND PAPAL PARTICIPATION IN ILO ANNUAL CONFERENCE. AND ENCOURAGE BROAD MEDIA COVERAGE.



11. POSTS SHOULD BE AWARE THAT THE GOP IS PUBLICIZING THROUGH DIPLOMATIC CHANNELS THAT IT INTENDS TO TAKE SOME STEPS TO EASE THE REPRESSION BY THE END OF THE MONTH. IF THIS IS RAISED BY YOUR CONTACTS IN GOVERNMENT, LABOR OR MEDIA, YOU SHOULD RESPOND THAT WE WILL BE WATCHING ANY SUCH DEVELOPMENTS CAREFULLY AND WILL DULY NOTE ANY REAL RPT REAL PROGRESS TOWARD ALLEVIATING THE REPRESSION IN POLAND. YOU SHOULD POINT OUT AT THE SAME TIME THAT OUR INFORMATION ON WARSAW'S INTENTIONS, BASED ON A DIRECT APPROACH MADE TO DEPARTMENT BY POLISH EMBASSY AS WELL AS ON OTHER REPORTS, GIVES NO RPT NO INDICATION THAT ANY STEP WILL BE TAKEN TO RELEASE WALESA OR TO ESTABLISH A DIALOGUE WITH SOLIDARITY--WHICH WE CONSIDER ESSENTIAL TO ENDING THE CRISIS IN POLAND. HAIG





FCS/82/62

HOME SECRETARY

Polish Refugees

1. Thank you for your letter of 3 April to Peter Carrington. I agree that we have to see this problem of Polish refugees in the broader context of our immigration policy as a whole and that our first priority must be the resettlement, should this become necessary, of those Poles already in the UK.
  
2. I note too that you consider that there would be an obligation upon us to participate in any general resettlement programme for Polish detainees. As you know, we have worked hard with our partners in the ten and in NATO to convey to the Polish Government the total unacceptability of pressuring detainees to leave their country, but no doubt some may choose to do so of their own accord. If such a resettlement programme becomes necessary I agree with you that the ICRC might be the most appropriate non-governmental authority for the processing of resettlement cases. I also agree that the application of some criteria for admission into the UK, such as those specified in your letter under reference, will be necessary. I shall keep you informed of developments and in particular of the need, if this arises, for further consideration of this aspect of the refugee problem.
  
3. As for the Austrian request, we had hoped as you know that we could adopt a somewhat more flexible approach. I note however from your letter that you feel we should stick to the guidelines suggested in your earlier letter of 20 January, with the additional requirement of satisfactory accommodation for refugees being guaranteed by the UK sponsor in advance of settlement.

/4. While I

Prime Minister

To note.

A. J. C. 20.  
4

*[Handwritten signature]*

*[Handwritten signature]*

Poland (2)





4. While I agree that the response you propose to the Austrian appeal may be the right one at the present time, I hope you will accept that the question of our priorities in this matter is something which will have to be kept under review in the light of developments in Poland and of the likely response of our partners. Although, as you point out, the latter's response to the Austrians has so far been unenthusiastic, we should not ignore the fact that several of our partners face a considerably larger number of requests for asylum from Poles already in their countries (the FRG alone has some 300,000 Poles temporarily resident in that country). If, as may happen, the number of requests for asylum in the UK, from Poles either in the UK or now in Poland, does not reach very high proportions, we may well come under considerable political pressure at home and abroad to do more both to help the Poles and to show that we are sharing the burden with our European partners.

5. I have also noted the Prime Minister's concern that we may have to take in a number of Falkland Islanders at some time, and accept that this is a factor which we shall need to bear in mind when we are reviewing the position.

6. In the circumstances, therefore, I agree that we should reply to the Austrians on the general lines that you propose, and I am instructing my officials to discuss with yours instructions to be sent to our Ambassador in Vienna. I hope that you can agree however that these instructions should include an indication of our readiness to keep this issue under review in the light of further developments. I also hope that on the question of an accommodation requirement in the UK,

/we would





we would be prepared to interpret this flexibly (for example, if the Polish emigre community was prepared to organise reception provision) provided the charge did not fall on HMG.

7. I agree with your proposal for publicizing this decision and have instructed my officials to pursue this point with yours at the same time they prepare instructions for the Ambassador in Vienna.

8. I am copying this letter to the Prime Minister, Members of H Committee and Sir Robert Armstrong.

A handwritten signature in black ink, appearing to be 'FP', written in a cursive style.

(FRANCIS PYM)

Foreign and Commonwealth Office  
19 April 1982





10 DOWNING STREET

*From the Private Secretary*

14 April, 1982

Poland

The Prime Minister noted the contents of the Home Secretary's letter of 3 April to the Foreign and Commonwealth Secretary. She has commented that we should bear in mind that circumstances could arise in which we might have to accept in this country a number of Falkland Islanders.

I am copying this letter to John Holmes (Foreign and Commonwealth Office) and David Wright (Cabinet Office).

A. J. COLES

John Halliday, Esq.,  
Home Office





Note - we may  
have to take 2  
Fulford  
10/10/42

(2)

QUEEN ANNE'S GATE LONDON SW1H 9AT

Dear Peter

3 April 1942

Prime Minister

To note

M 5/4

POLAND

As you know, a reply is still outstanding to the Austrian appeal to sympathetic States to share her burden of some 40,000 Poles presently accommodated in reception camps there. More recently, the Polish military government has indicated its intention to enforce exile on some, or all, of the estimated 4,000 Poles who have been detained without trial since the declaration of martial law. In addition, there are estimated to be some 2,000 Poles in the United Kingdom on a temporary basis whose departure we have agreed will not be enforced in the absence of a significant improvement in Poland.

Against this background our officials met recently to discuss the Polish situation and to formulate priorities and proposals which might be implemented to deal with these three categories.

Poles in the United Kingdom

It would be prudent to assume that Poles who are already in the United Kingdom are potential settlement cases. Giving them extensions of stay has so far avoided applications for political asylum. If and when we seek to return them to Poland, however, applications for political asylum are likely to follow and we are under the obligations imposed by the 1951 Convention Relating to the Status of Refugees to protect those who are (or might be) recognised as refugees from return to the country where persecution is feared. About half of the 2,000 might be able to establish a case for refugee recognition. The final settlement figure might be up to three times as great if the Poles subsequently allowed dependents and family members to leave the country to join those who had settled here.

Resources

Poles on our own territory must be our first priority. There is no obligation on us in respect of the other two groups of Poles and our response is a matter for our discretion. I need not rehearse in this letter the general arguments for limiting immigration, though there would not be lacking those who contrasted a generous exercise of discretion in favour of Poles with our restrictions on the entry of United Kingdom Passport Holders in India, but we need to have regard to possible demands on resources if we admit Poles from Poland or Austria as refugees.

Some reception provision would be unavoidable unless sponsorship could underwrite the whole of the cost from landing in Britain onwards (which is unlikely). This would mean Supplementary Estimates. Our

/most



most recent experience is of the Vietnamese programme for the quota of 11,500, 300 boat rescues and family dependants, which is estimated to have cost some £14 million from the Home Office vote since 1979, with a further £1.7 million budgeted for 1982/83. Taking account of social security benefits and other statutory entitlements, the total cost so far to central government of the Vietnamese exercise is likely to approach £30 million.

Furthermore, the availability of housing would be crucial if the need to maintain long-term reception centre accommodation was to be avoided. We should have to rely on the goodwill of local authorities, and the Vietnamese programme - in which housing was a major problem - has already put this under strain. We cannot count on the resident Polish population involving themselves in the long-term settlement of those (together with their dependants) with whom they have no connection other than common nationality.

#### Detainees in Poland and Poles in Austria

As to those detained in Poland, we must envisage the possibility that the Polish Government will not be influenced by protests from the West at the enforced exile of Polish nationals. The U.S. Government wishes to be prepared for such a circumstance in suggesting the establishment of a single non-Governmental authority for the processing of resettlement cases. We agree with the principle but believe that the I.C.R.C. would be preferable to the Inter-Governmental Committee on Migration (I.C.M.) which is not so universally representative of potential receiving States. We would also feel obliged to participate, in however a small degree, in a resettlement programme for Polish detainees.

Our participation would, however, need to be conditioned by our limited capacity to involve ourselves in a further refugee programme. I previously proposed the following criteria for any participation by us in a resettlement programme for Poles in Austria: (i) any Pole seeking resettlement here should be properly recognised as a refugee in accordance with the definition contained in the 1951 Convention; (ii) we should accept only those recognised refugees for whom, by ties of family, education or language the United Kingdom is the most appropriate country of resettlement; (iii) we should look for private sponsorship for those wishing to come here; and (iv) individual applications should be acceptable from the point of view of national security. If we participate in a resettlement programme for Polish detainees, I propose that we should operate these criteria with two modifications. First, the refugee recognition procedure does not apply to people who are in their own country and could not be applied. Secondly, we should require sponsorship in this country to include accommodation, if necessary for an indefinite period. Such a requirement would, of itself, imply that the tie with this country, which makes it the appropriate country of resettlement, will be substantial.

#### The Austrian Appeal

Finally it is against the background of all these factors that we need to decide our response to the Austrian appeal. Those who are already outside Poland are safe from persecution, detention and

/the rigours



the rigours of martial law and economic stringency. The Austrian appeal therefore lags far behind our responsibility for Poles already in the United Kingdom and those for whom the price of freedom is exile. Furthermore, the initial response of other countries to the Austrian appeal can best be described as guarded. It would seem that four of our European partners have indicated that they will take about 100 Poles from Austria, while France, Belgium and the F.R.G. have as yet done no more than draw attention to the large number of Poles already in their countries. The response by the U.S., Australia and Canada - countries which, unlike the United Kingdom, are countries of immigration - must be viewed against their annual intake of refugees from Eastern Europe. Nevertheless, I would still be content that we should reply to the Austrians on the basis of the criteria set out in paragraph 8 above provided that these are strictly applied (and sponsorship again includes accommodation).

I think that this is as far as we can reasonably be expected to take this at the present time, though I should be prepared to reconsider the matter again in the light of events and of the response made by other countries.

If you are content, the way is open to our officials to draft a reply to the Austrians along the lines indicated. You may feel that any announcement about Polish detainees would be inappropriate at a time when the efforts of Western nations are directed towards changing Polish policy, but I suggest that our officials draft a text of an arranged Parliamentary Question and Written Answer on our response to the Austrians for our consideration.

I am copying this letter to the Prime Minister, members of H Committee and Sir Robert Armstrong.

*My  
letter*



45 APR 1982



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*Present*

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FM WARSAW 251605Z MAR 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 389 OF 25TH MAR 82

ROUTINE INFO WASHINGTON, MOSCOW, UKDEL NATO, UKMIS GENEVA.

SAVING EAST BERLIN PRAGUE SOFIA BELGRADE BUCHAREST BUDAPEST  
HELSINKI STOCKHOLM BONN PARIS UKREP BRUSSELS UKMIS NEW YORK  
MODUK HOLY SEE.

POLAND.

1. THE SEJM STARTED ITS TWO-DAY MEETING TODAY WITH A LONG SPEECH ON FOREIGN POLICY FROM CZYREK. HIS MAIN POINTS WERE :-
  - (1) THE INTERNATIONAL TENSION SURROUNDING EVENTS IN POLAND IS NOT CAUSED BY POLAND'S DECISIONS BUT BY US POLICY:
  - (II) THE BASIC PRINCIPLES OF POLISH FOREIGN POLICY ARE UNALTERABLE AND ARE BASED ON ALLIANCE WITH THE SOVIET UNION:
  - (III) POLAND WISHES TO EXPAND HER RELATIONS WITH THIRD WORLD COUNTRIES:
  - (IV) POLAND'S ECONOMIC DIFFICULTIES ARE DUE TO BAD DECISIONS IN THE PAST. POLAND DOES NOT WANT TO LIVE ON OTHER PEOPLE'S MONEY BUT TO HAVE THE OPPORTUNITY TO USE HER POTENTIAL:
  - (V) THE CONDITIONS THAT THE WEST HAS LAID DOWN FOR THE LIFTING OF SANCTIONS ARE INADMISSABLE AND UNREALISTIC. POLAND STANDS READY TO DEVELOP ITS BILATERAL RELATIONS WITH CAPITALIST STATES, ESPECIALLY EUROPEAN ONES. (SPECIAL MENTION WAS MADE OF THE FRG AND FRANCE IN THIS CONTEXT. THE UK WAS MENTIONED IN A LIST OF OTHER WESTERN EUROPEAN STATES).
  - (VI) POLAND ATTACHES PARTICULAR WEIGHT TO RELATIONS WITH THE HOLY SEE .POLAND AND THE POPE SEE EYE TO EYE ON MANY ISSUES INCLUDING SANCTIONS.

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(VII) CURRENT US POLICY IS UNACCEPTABLE. BUT POLAND HAS NOT LOST THE HOPE THAT THE AMERICAN AUTHORITIES, GUIDED BY REALISM, WILL REVISE THEIR POLICY. POLAND WISHES TO DEVELOP RELATIONS WITH THE UNITED STATES BASED ON THE PRINCIPLES OF EQUALITY, SOVEREIGNTY AND NON-INTERFERENCE IN EACH OTHERS INTERNAL AFFAIRS.

2. THE SPEECH WAS Milder IN TONE THAN MIGHT HAVE BEEN EXPECTED. THE PART ASKING THE US TO REVISE ITS POLICIES AND THE SPECIAL PITCHES AT FRANCE AND THE FRG SHOW THAT POLAND HAS NOT LOST ALL HOPE OF CHANGING THE WESTERN POLICY OF SANCTIONS. OTHERWISE THE SPEECH FOLLOWED STANDARD LINES, WITH PREDICTABLE REFERENCES TO THE WARSAW PACT, THE CMEA, ARMS CONTROL ETC. THE UNDERLYING THEME WAS THAT POLAND STILL WISHED TO PLAY A PART IN INTERNATIONAL AFFAIRS DESPITE HER CURRENT DIFFICULTIES.

3. THE NEW POLISH JOURNALISTS' ASSOCIATION WAS DULY REGISTERED YESTERDAY. THE PRESS HAS MADE MUCH OF THE EVENT AND HAS BUILT UP THE REPUTATION OF THE NEW CHAIRMAN KRZYZAGORSKI, AN UNKNOWN PROVINCIAL JOURNALIST WITH A REASONABLY MODERATE REPUTATION. MEANWHILE BRATKOWSKI, PRESIDENT OF THE OLD JOURNALISTS ASSOCIATION, GAVE A NEWS CONFERENCE TO WESTERN JOURNALISTS TWO DAYS AGO WHICH HAS BEEN ATTACKED SCATHINGLY IN THE PRESS.

4. TODAY'S PRESS ALSO CARRIES AN ACCOUNT OF AN INCIDENT IN WROCLAW YESTERDAY WHERE A YOUNG MAN WAS ARRESTED WHILST ATTEMPTING TO BLOW UP A MONUMENT TO DEAD MILICJA-MEN. THIS IS ONE OF A SERIES OF SUCH INCIDENTS WHICH HAVE TAKEN PLACE IN WROCLAW AND WHICH TEND TO CONFIRM EARLIER RUMOURS THAT THERE ARE MEMBERS OF SOLIDARITY THERE WHO WISH TO TURN TO TERRORIST ACTIVITY.

FCO PSE PASS SAVING ADDRESSEES

JAMES

[ REPEATED AS REQUESTED ]

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POLAND SPECIAL

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*Poland*

Ref: B06456

PRIME MINISTER

c Sir Robert Armstrong

Economic Measures Against the Soviet Union  
(OD(82) 15)

## BACKGROUND

*File AF*

The Foreign and Commonwealth Secretary's paper for OD tomorrow has been prepared in response to your suggestion (Mr Coles' letter to the Foreign and Commonwealth Office of 16th March) that, in the light of the Buckley mission, he should provide a basis on which Ministers could discuss in depth the policy implications underlying current exchanges between the Americans and their European allies about East-West economic relations. You were concerned at the prospect of a further unsatisfactory bout of frustration within the Alliance. The Secretary of State for Trade's letter to the Foreign and Commonwealth Secretary of 23rd March, about John Brown's pipeline contract, is also relevant.

*Submitted to you in folder 2 earlier today.*

2. The Buckley mission was designed to promote current United States ideas about the need to end or restrict the subsidisation and guaranteeing by Western Governments of export credit for the Soviet Union. Although these ideas are not supposed to be Poland-related, it was clear that the mission's report was likely to affect American decisions about existing contracts (including John Brown) and about possible further measures in the Polish context. It was received without enthusiasm in Paris, Bonn and Rome. In London our agreed attitude was receptive but interrogative; in practice, the Americans cannot have found us much more encouraging than our Continental partners, and we effectively refused to agree to a 60-day "pause" in government-supported export credit for the Russians.

3. The recommendations now made by the Foreign and Commonwealth Secretary are procedural rather than substantive. They involve agreeing to a multilateral meeting on the credit issue with the Americans and the other Versailles participants, and private soundings of our European allies. With some grumblings, the Economic Ministers are likely to agree; their main concerns will be that we should not get out ahead of our partners or inflict more damage on ourselves than on the Soviet Union. But the paper's





rather blatant tone leaves it far from clear whether such procedural steps will in fact be enough to achieve our immediate objectives of saving the John Brown contract, averting further American measures detrimental to our interests and avoiding a major open split in the Alliance. If that underlying question is not probed now, it will be difficult to do so collectively until after the Easter recess; Lord Carrington is abroad almost all next week and on holiday the week after.

4. The Secretary of State for Trade's letter seems to suggest that, provided the Government undertakes not to be obstructive, John Brown may be able to find some means of saving their project even if the Americans do not exempt existing contracts. It is not clear how financially damaging this would be to them; nor how embarrassing vis-a-vis the United States Government it would be for us to give such an undertaking. But the matter is certainly urgent and should be considered by the meeting.

5. As background for the meeting, the Chancellor of the Exchequer has circulated his minute of 24th March on East European Indebtedness. This updates the January report of the Official Committee concerned (OD(82) 1) without challenging the broad conclusions then agreed. But it highlights an immediate and unexpected liquidity crisis in Hungary and the liquidity problems also faced by the Soviet Union; and it stresses the danger that American-inspired action against credit support could undermine the banking community's declining confidence in Eastern Europe and so precipitate a general collapse.

6. The Secretary of State for Industry will be represented by Mr Lamont.

#### HANDLING

7. The Foreign and Commonwealth Secretary should introduce his paper. The Secretary of State for Trade will wish to comment, as will the Chancellor of the Exchequer and Mr Lamont. It should not be too difficult to agree on the procedural way forward suggested by Lord Carrington.





8. You will need to probe the following issues of substance.
- (a) Are dramatic developments likely before the end of the Easter Recess (when the Committee will next be meeting with the Foreign and Commonwealth Secretary present)? In particular
- (i) Are the Americans likely to announce new sanctions? If so how far would they be likely to damage our interests? The Foreign and Commonwealth Secretary and Secretary of State for Trade should comment.
- (ii) Is time likely to run out for John Brown? If so, are we content with the fall-back measures canvassed in the Secretary of State for Trade's letter of 23rd March? How much damage will the company suffer? The Secretary of State for Trade and Mr Lamont should address the company's position, and the Foreign and Commonwealth Secretary likely American and European attitudes.
- (iii) How likely is a major public split in the Alliance? How short is American patience running? How resentful are the Germans and French? The Foreign and Commonwealth Secretary should comment; and you may yourself wish to mention Chancellor Schmidt's attitude.
- (iv) How likely is a general financial collapse in Eastern Europe? How vulnerable are the Russians to economic pressure? How damaging would a collapse be to Western interests? The Chancellor of the Exchequer should speak to this, and the Foreign and Commonwealth Secretary should comment.
- (b) To the extent that any of these dangers seem imminent, what does the Foreign and Commonwealth Secretary recommend we or anyone should do about them? How seriously should we be prepared to consider, if necessary, restricting credit support? The Secretary of State for Trade will wish to comment.
- (c) Does the Committee accept the American thesis that the Soviet military threat can and should be limited by hostile economic measures?





(d) Is enough being done to ensure that any measures taken by the United States and Europe are also taken by Japan? Should this problem be tackled at, and at the preparations for, the Versailles Summit? What do the Foreign and Commonwealth Secretary and the Secretary of State for Trade suggest?

## CONCLUSION

9. If the underlying problems are unlikely to reach crisis proportions before late April, the Committee need only endorse the Foreign and Commonwealth Secretary's paper; take note of the Chancellor of the Exchequer's minute; and approve the policy on John Brown suggested in the Secretary of State for Trade's minute.

10. If an earlier crisis seems likely, the Committee will need to decide

- whether there are any practical steps that you or the Foreign and Commonwealth Secretary could take to try to bridge the gulf between our continental allies and the Americans;
- how far in that context Britain should be willing to sacrifice her economic interests as a trading nation in order to try to avert grave political damage to the Alliance on which our security depends.

Given a clear steer on these points, specific contingency planning could be referred to officials.

24th March 1982

R L WADE-GERY



CONFIDENTIAL

*Poland*



Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

FOREIGN AND COMMONWEALTH SECRETARY

EASTERN EUROPE INDEBTEDNESS

.....

The attached note by Treasury officials updates in certain respects the assessment in OD(82)1. I am circulating it as background to our forthcoming discussion of your paper on the recent visit of the Buckley Mission (OD(82)15).

2. Copies of this minute and enclosure go to the Prime Minister and other OD colleagues, and to Sir Robert Armstrong.

A handwritten signature in black ink, appearing to be 'G.H.'.

G.H.

24 March 1982

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REVIEW OF OD(82) 1: EASTERN EUROPEAN INDEBTEDNESS

Note by the Treasury

The above report by officials was circulated to OD Committee in January, which endorsed its recommendations without collective discussion. Recent developments require some reassessment of the report's conclusions.

2. The report was concerned with the effects a Polish default or declaration of a moratorium might have on the international banking system, and whether there might be a domino collapse in Eastern Europe. It concluded that a collapse could not be ruled out if commercial banks were to cut back their existing level of exposure ie refuse to rollover or refinance existing debt, but that this was an unlikely scenario. It considered the dangers could best be avoided by a pragmatic approach to the problems of individual countries, and it identified ways in which this process could be facilitated. Countries could be encouraged to act promptly to adjust their economies, and not to delay approaching Western creditors for rescheduling if they were unable to repay their debts on time. Central banks had a role to play in advising commercial banks to concert their actions so as to avoid beggar my neighbour policies. The report recommended that the UK's general approach should be guided by these considerations.

Recent Developments

Poland

3. Because interest payments on 1981 debt were still in arrears, the date for signature of Poland's agreement with



the commercial banks for rescheduling 1981 debt repayments has been further postponed until 6 April. But there are nevertheless still good prospects for signature. The Poles have recently written to the Chairman of the group of major creditor Governments expressing the hope that Governments will re-open talks on rescheduling officially guaranteed debt due in 1982. They may be doing so only to press their case for new credit as well. But it is clear they are trying to avoid a formal default. Even if the prior condition of agreement with the commercial banks is met, there will be political reluctance by some countries to participate in talks while martial law continues and NATO's three criteria are unfulfilled. As far as the UK is concerned, Ministers have agreed that it is in the West's best interests to proceed to an orderly rescheduling, rather than to leave Poland with the benefits of 100% defacto debt relief. The United States<sup>position</sup>/is complicated by the fact that it had not completed its 1981 bilateral rescheduling agreement before the imposition of martial law and has consequently received no payments for 1981. It would probably be unwilling to participate in 1982 negotiations until these arrears are brought up to date and would in any case find it politically difficult to conclude a 1981 agreement in present circumstances. The US Administration's decision not to require Poland to be declared in default in respect of repayments due on CCC credits shows that for the time being it accepts that a Polish default is not in its own interests.

4. A recent assessment of Poland's prospects confirms that even rescheduling on the same basis as 1981 would leave Poland in need of substantial additional help from the East or West if it is to meet its commitments in 1982.



Romania

5. There has been some progress here. Romania has completed discussions with an ad hoc group of commercial banks about rescheduling 1981 arrears and 1982 repayments over 6½ years including 3 years grace. It now has to negotiate these terms individually with some 300 banks some of which may cavil at the Romanian decision to declare a temporary moratorium pending signature of the Commercial Bank rescheduling, which is (optimistically) set for 16 May. The moratorium should, however, prevent the ill-will aroused when it was found that some of Poland's creditors had received payments up to a later date than others. The arrangements agreed would be subject to comparable treatment for CMEA and Government guaranteed debt. The Romanian Finance Minister has told the Chairman of the Paris Club that Romania is now in favour in principle of participating in a multilateral rescheduling exercise to reschedule Government guaranteed debt. We have indicated readiness to participate, as have most other creditors. The Romanians have not yet made a formal request and in the meantime the Romanians have been attempting, unsuccessfully to hold bilateral talks with some countries. The Americans have said they did not wish to join in a Paris Club meeting with Romania <sup>until</sup> an IMF programme was in place, and the Paris Club chairman has confirmed there could be no meeting until this Condition has been met. A programme with conditionality is the only basis on which a rescheduling could be considered, and the IMF are getting ahead with this work, which might be completed in 4-6 weeks. Romania's arrears are leading some firms to withhold supplies.



Yugoslavia

6. The uncertainties about Yugoslavia's ability to raise the finance required in 1982 remain and the possibility of it seeking debt relief cannot be discounted. The Yugoslavs claim to have arranged some \$0.5 bn financial credits this year from bilateral sources; they can aspire to draw \$0.6 bn from the IMF and a substantial amount of suppliers credits. But their efforts to raise financial credits from Western banks to bridge the balance of a projected financing gap of some \$6 bn or more are meeting with considerable resistance. Only some \$500 million has been raised so far this year compared with \$6-\$7 billion needed.

Hungary

7. [HIGHLY CONFIDENTIAL]. This is a country where no immediate problems had been foreseen when the earlier report was written, though it was noted that Hungary was illiquid and vulnerable to any sudden outflow of funds. Following a substantial withdrawal of deposits (apparently by the Soviet Union as well as Iraq and Libya) the Hungarians have now asked for urgent foreign exchange help amounting to \$500 million over the next 6-9 months. The situation has not yet clarified but appears to result from a high level of short-term debt. It will be relevant to establish the causes of the withdrawals and whether other Eastern European countries are also vulnerable to withdrawal of OPEC deposits. In these new circumstances it is particularly important that Hungary's application to join the IMF should be agreed quickly.



USSR

8. It was shown earlier that the USSR's scope for action to help Eastern Europe is severely constrained by its own financial problems. A preliminary assessment of the prospects for foreign trade and payments confirms this. Continuing large trade deficits are likely into the next decade, and after taking account of sales of arms to LDC's and of gold it is envisaged that it could need to borrow between \$4-\$8 billion annually by the mid-1980s. Inability to borrow on this scale due to reluctance of Western banks to commit new money would force the USSR to re-examine the help it gives to Eastern Europe. It has already done so, to the extent of reducing its subsidised oil exports, which had hitherto been pegged at the 1980 level, to countries other than Poland and Bulgaria. The USSR currently runs large trading surpluses with Eastern Europe, which represents a significant transfer of resources, some of which could otherwise be available for export to the West.

9. There has been recent publicity for the USSR's current financing difficulties. It has been meeting the heavy cost of grain and sugar imports from the West, and the reduction in prices for oil exports, by running down deposits with Western banks and by gold sales, rather than by borrowing from the West. It is clear that banks are now unwilling to provide purely financial credits to replace maturing syndicated loans, though they are still making funds available on a short-term basis to finance trade for their Western customers. But they are probably reducing their exposure on a net basis. The USSR has approached banks for up to \$1 billion to finance sugar imports and such requests for short-term trade finance seem to be meeting with some success.



10. American suggestions that export credit cover for the USSR should be restricted or ended, although unlikely to be acceptable to other Western Governments will do nothing to enhance banks' confidence in new unguaranteed lending or in their maintaining existing levels of lending to the USSR and Eastern Europe, which in turn could influence the assessment of risk by export credit agencies as far as their purely commercial cover is concerned.

Conclusions

11. The developments in Hungary are potentially disturbing. The Soviet Union's position remains basically strong but its liquidity is under strain which could increase if the availability of new credit, and the willingness of banks to rollover existing credit were further restricted, either as a result of current political initiatives by the Americans or because of doubts about its creditworthiness in the short term. For the present the strategy described in OD( 2)1 remains appropriate and appears to be operating successfully on Romania. There is now some reassurance in the accumulating evidence that neither Western Governments nor Western banks are likely to see any advantage in calling default on Poland. Nevertheless recent developments high-light the potential pressures on the Soviet bloc arising from the drying up of new credit and demonstrate the vulnerability of countries to the withdrawal of existing deposits.

12. It remains on the cards that Poland will declare a moratorium though it cannot be ruled out that the USSR will act to prevent this. But the prospect of default has existed



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for so long now that it may not greatly alter the banks' perception of the situation. The question now therefore is not so much whether a Polish default might cause a domino collapse but whether deteriorating confidence in general could create a situation in any Eastern European country which could precipitate a general crisis in the area.

13. It is now even clearer that actions must be avoided which could undermine banking confidence. Measures such as the Americans are advocating to restrain export credit cover for the Soviet Union (though not necessarily those for ending subsidised credit) could force that country into a complete re-appraisal of its good debtor policy towards the West. In the financial crisis that could follow from that there would be slim chances of banking creditors differentiating between the remaining members of the bloc.





Prime Minister

To note at this stage.

OD will discuss on Thursday

From the Secretary of State

A.J.C.  $\frac{23}{3}$

Rt Hon The Lord Carrington KCMG MC  
Foreign and Commonwealth Office  
London SW1

23 March 1982

Dear Peter,

SOVIET PIPELINE CONTRACTS

I understand that, when the Buckley Mission was here last week, they suggested that the price for American help with our problems over existing pipeline contracts would be progress on their proposals about credit. Leaving aside the question of how far we can go to meet them on this issue, I am writing to emphasise that the time for decisions is running out. John Brown are due to begin deliveries to the Soviet Union in July and will next month have to make decisions about their manufacturing programme involving substantial financial commitments.

So, I think we must now prepare for the situation where American re-exports remained blocked. In such a case, it must be up to the companies concerned to negotiate with their Soviet trading partners suitable revisions to their contracts. However I suggest that, should the need arise, HMG be prepared to say that we will not stand in the way of any new arrangements which we are satisfied are fair to the firms concerned and consistent with our present international obligations and licensing procedures. The Russians will want our goodwill in finding solutions to their problems. If turbine rotors have to be manufactured in Europe because US General Electric is precluded from making further exports, the necessary blades will almost certainly have to be made by a firm in Britain.

I am copying this to members of OD, the Secretaries of State for Industry, Agriculture and Energy, and Sir Robert Armstrong.

John Brown



(29) (36)

IMMEDIATE

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 PS/LORD TREFGARNE  
 PS/FUS  
 MR BULLIARD  
 LORD BRIDGES  
 MR EVANS  
 MR WRIGHT  
 MR GILMORE  
 MR GOODISON  
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 MR FRANKLIN  
 MR CAINES  
 MR CORLEY  
 MR POWNALL

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FM UKDEL NATO 191630Z MAR 82

TO IMMEDIATE FOREIGN AND COMMONWEALTH OFFICE,

TELEGRAM NUMBER 142 OF 19 MARCH 1982,

INFO PRIORITY WASHINGTON, PARIS, BONN, UKREP BRUSSELS,

INFO ROUTINE ROME, TOKYO, UKDEL OECD,

INFO SAVING ALL OTHER NATO POSTS, MOSCOW, WARSAW, DUBLIN.

YOUR TELNO 83 (NOT TO ALL): NORTH ATLANTIC COUNCIL; BUCKLEY MISSION.

1. BUCKLEY ACCOMPANIED BY LELAND (WHO LEFT EARLY) AND BAILEY BRIEFED THE COUNCIL THIS MORNING. HIS PRESENTATION WAS WELL-JUDGED AND STIMULATED A USEFUL EXCHANGE. THE MAIN POINTS WERE AS FOLLOWS (FULLER RECORD FOLLOWS BY BAG).

2. IN HIS OPENING STATEMENT BUCKLEY COVERED MUCH THE SAME GROUND HE HAD IN BONN, PARIS AND LONDON EXCEPT THAT HE PITCHED HIS REMARKS TOWARDS ALLIANCE CONCERNS. HE SAID THAT PROVISION OF WESTERN CREDIT WAS HELPING THE SOVIET UNION TO EXTEND ITS MILITARY CAPABILITIES AND ITS DRIVE FOR MILITARY SUPERIORITY. THIS, AT A TIME WHEN THE RELATIVE MILITARY CAPABILITIES OF THE WARSAW PACT AND NATO WERE MOVING IN THE FORMER'S FAVOUR; WHEN AN EVER-INCREASING BURDEN OF NATIONAL TAXATION FOR DEFENCE WAS PLACED ON WESTERN TAXPAYERS; AND WHEN SOVIET SELF-CONFIDENCE WAS EVIDENT IN ITS ACTIONS IN THE THIRD WORLD, AGAINST THIS BACKGROUND WESTERN POLICY ON OFFICIAL CREDIT TO



WORLD. AGAINST THIS BACKGROUND WESTERN POLICY BY OFFICIALS OF THE U.S. GOVERNMENT WAS PARADOXICAL. THE U.S. THEREFORE WISHED TO EXPLORE THE COOPERATION WHICH EXISTED IN DEFENCE PLANNING AND IN COORDINATION OF DISCUSSION IN A STRATEGIC CONTEXT OF THE ROLE (AND NECESSITY) OF PROVIDING SUCH CREDIT. THE OBJECTIVE WOULD BE TO MONITOR AND EXERCISE DISCIPLINE OVER THE TRANSFER OF RESOURCES TO THE SOVIET UNION THROUGH PROVISION OF CREDIT, WITH A VIEW TO ENDING IN AND EVENTUALLY REVERSING THE RISE IN SOVIET INDEBTEDNESS TO THE WEST WHICH HAD BECOME SO LARGE THAT IT WAS BEGINNING TO LAY THE WEST OPEN TO SOVIET LEVERAGE. IN THE LIGHT OF THE DEBT PROBLEMS OF THE SOVIET UNION AS A WHOLE THIS MADE FINANCIAL AS WELL AS STRATEGIC SENSE; BUT HE EMPHASISED THAT THE U.S. INITIATIVE WAS FOCUSED EXCLUSIVELY ON CREDIT TO THE SOVIET UNION.

3. BUCKLEY SAID THAT THE U.S. WAS UNDER NO ILLUSIONS ABOUT CHANGING SOVIET BEHAVIOUR THROUGH ECONOMIC MEASURES. THE U.S. WAS NOT CAMPAIGNING AGAINST EAST/WEST TRADE NOR PROPOSING A TRADE WAR BUT SIMPLY ARGUING THAT TRADE WITH THE SOVIET UNION SHOULD BE CONDUCTED ON A STRICTLY COMMERCIAL BASIS. WESTERN COUNTRIES WERE CUTTING THEIR OWN THROATS IN OUT-BIDDING EACH OTHER TO PROVIDE SUBSIDISED CREDIT. THE U.S. DID NOT UNDER-ESTIMATE THE PRACTICAL DIFFICULTIES WHICH HAD BEEN BROUGHT HOME TO THEM IN THE CAPITALS THEY HAD VISITED, OF CONSTRUCTING A REGIME TO REGULATE CREDITS, GIVEN THE DIFFERENCES IN NATIONAL CREDIT ARRANGEMENTS. BUT WITH POLITICAL WILL A REGIME COULD BE CONSTRUCTED WHICH DID NOT DISADVANTAGE ANY ONE WESTERN COUNTRY. IN ADDITION TO THE BILATERAL DISCUSSIONS IN THE CAPITALS OF THE FOUR COUNTRIES WHO WERE IMPORTANT TRADING PARTNERS OF THE SOVIET UNION, THE U.S. WAS ALSO CONSULTING JAPAN. (REFERENCE WAS LATER ALSO MADE TO A FORTHCOMING VISIT BY BUCKLEY TO OTTAWA).

4. BUCKLEY SAID THAT HE DID NOT WISH TO ADDRESS WESTERN DEPENDENCE ON SOVIET ENERGY IN DETAIL AT THIS MEETING. BUT DISCUSSION WITH ALLIES HAD LED HIM TO THE CONCLUSION THAT THE PROBLEMS OF FINDING ALTERNATIVE SOURCES OF SUPPLY WAS LESS PHYSICAL THAN POLITICAL. THIS HE MEANT THE FAILURE OF ANY INTERNATIONAL AGENCY TO PURSUE THE PROBLEM, AND THE NATIONAL POLICIES OF WESTERN COUNTRIES WITH REGARD TO GAS DEPOSITS. HE PROPOSED THAT NATO SHOULD EXAMINE THE LONGER TERM QUESTION OF ALTERNATIVE ENERGY SOURCES FOR EUROPE.

5. IN ANSWER TO QUESTIONS BUCKLEY AND LELAND (US TREASURY) MADE THE FOLLOWING ADDITIONAL POINTS:

(A) THE COOPERATION OF THOSE NATIONS PROVIDING MOST CREDIT TO THE SOVIET UNION WAS THE KEY TO THE SUCCESS OF THE U.S. INITIATIVE. HE HAD BEEN SUFFICIENTLY ENCOURAGED BY THE BILATERAL DISCUSSIONS IN CAPITALS TO BELIEVE THE INITIATIVE COULD BE PURSUED;



- IF CAPITALS TO RELIEVE THE INITIATIVE COULD BE PURSUED:
- (B) THE FIRST STEP WAS TO EXCHANGE INFORMATION ON CREDIT TO THE SOVIET UNION AND TO EASTERN EUROPE, THE LATTER BEING INCLUDED WAS TO MONITOR WHETHER THE BENEFITS WERE BEING PASSED ON TO THE SOVIET UNION (HE LATER CIRCULATED THE U S QUESTIONNAIRE):
  - (C) THE PROBLEM CONCERNED NOT ONLY SUBSIDISED OFFICIAL CREDITS BUT ALSO OFFICIAL CREDIT GUARANTEES. THE LATTER DISTORTED THE BANKS' JUDGEMENT OF THE SOVIET UNION'S COMMERCIAL CREDIT-WORTHINESS; WITHOUT THEM BANKS WOULD ONLY LEND AT HIGHER RATES (BUCKLEY SAID HE HAD LEARNED IN BONN THAT 70 PERCENT OF GERMAN CREDIT TO THE USSR IN 1930 HAD BEEN IN UNGUARANTEED PRIVATE CREDIT; THIS YEAR GERMAN BANKS WERE REFUSING CREDIT WITHOUT THESE GUARANTEES).
  - (D) WHILE THE U S SUPPORTED THE EC INITIATIVE TO REGRADE THE USSR IN THE OECD CONSENSUS SYSTEM, THE SOVIET UNION WAS A SPECIAL CASE. QUOTE IF IT WAS JUST ANOTHER COUNTRY, THERE WOULD NOT BE A NATO UNQUOTE (IE MERELY APPLYING THE HIGHER, BUT STILL SUBSIDISED OECD CONSENSUS RATE WAS NOT ENOUGH):
  - (E) ANY RESTRAINT MEASURES SHOULD APPLY TO NEW CREDITS - IE THOSE FOR WHICH QUOTE TO-DAY UNQUOTE THERE WAS NO LEGALLY BINDING COMMITMENT:
  - (F) THE U S PROPOSALS APPLIED TO OFFICIAL CREDIT FOR EXPORTS OF COMMODITIES AS WELL AS CAPITAL GOODS:
  - (G) THE U S WOULD WELCOME VIEWS ON THE FORA IN WHICH CONSULTATION SHOULD PROCEED. BUCKLEY FORESAW FURTHER CONSULTATION INITIALLY WITH A SMALL GROUP OF THOSE COUNTRIES MOST INVOLVED, FOLLOWED BY CONSULTATION IN A FORUM MOST SUITED TO THE SECURITY PERSPECTIVE. THE SUMMIT MEETINGS IN JUNE MIGHT PROVIDE AN APPROPRIATE OPPORTUNITY FOR HIGH LEVEL DISCUSSION.

6. BUCKLEY DID NOT REFER SPECIFICALLY TO THE IDEA OF A PAUSE IN GRANTING OFFICIAL CREDITS TO THE SOVIET UNION.

7. APART FROM QUESTIONS AS IN PARA 5 ABOVE, THE INTERVENTIONS OF MOST OF MY COLLEAGUES WERE LIMITED TO THANKING BUCKLEY, TO EXPRESSING THE IMPORTANCE THEIR GOVERNMENTS ATTACHED TO COORDINATION OF POLICY ON THIS MATTER (BURDEN-SHARING) AND THEIR READINESS TO CONSIDER THE U S PROPOSALS SERIOUSLY. I INDICATED UK READINESS TO TAKE PART IN AN EXCHANGE OF INFORMATION AND DREW ON APPROPRIATE POINTS IN PARA 5 OF FCO TELNO 512 (NOT TO ALL), FOR WHICH I WAS GRATEFUL. I ADDED THAT IF THERE WERE TO BE FURTHER CONSULTATION AT NATO, I THOUGHT THIS SHOULD BE UNDERTAKEN PRIMARILY IN THE COUNCIL AND THE SENIOR POLITICAL COMMITTEE.

8. THE ONLY SLIGHTLY SOUR NOTE WAS STRUCK BY MERILLON (FRANCE) WHO, WHILE CLAIMING THAT FRANCE FULLY SHARED THE U S STRATEGIC AIMS



8. THE ONLY SLIGHTLY SOUR NOTE WAS STRUCK BY MERILLON (FRANCE) WHO, WHILE CLAIMING THAT FRANCE FULLY SHARED THE U S STRATEGIC AIMS, SUGGESTED THAT THE U S APPROACH WAS TOO NARROWLY-FOCUSSED AND SIMPLISTIC. FRANCE'S APPROACH WAS GLOBAL; MEASURES HAD TO BE VIEWED AGAINST THE WHOLE BACKGROUND OF EAST/WEST POLICY, ENERGY POLICY, UNEMPLOYMENT AND NOTHING SHOULD BE DONE WHICH HURT OURSELVES MORE THAN THE SOVIET UNION. DESPITE THIS, BUCKLEY SHOULD RETURN TO WASHINGTON WITH THE GENERAL IMPRESSION THAT HE RECEIVED A FAIR AND CONSTRUCTIVE HEARING FROM THE COUNCIL.

FCO PLEASE PASS SAYING TO ANKARA, ATHENS, COPENHAGEN, THE HAGUE, LISBON, LUXEMBOURG, OSLO, OTTAWA, REYKJAVIK, MOSCOW, WARSAM, DUBLIN.

GRAHAM.

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SENT AT 19/1712Z MHJ



RR TOKYO

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CONFIDENTIAL

FROM ROME 191645Z MAR 82

TO IMMEDIATE FCO

TELNO 115 OF 19 MAR 82

AND TO IMMEDIATE WASHINGTON, PARIS, BONN, UKDEL NATO,

UKREP BRUSSELS

INFO ROUTINE MOSCOW, TOKYO

INFO SAVING OTHER EC POSTS, UKDEL OECD, WARSAW, OTTAWA,

STOCKHOLM, VIENNA, CANBERRA, BERNE.

YOUR TELNO 512 TO WASHINGTON: BUCKLEY MISSION

1. BUCCI ASKED THAT A FULL ACCOUNT OF THE BUCKLEY TEAM'S MEETING IN ROME BE PASSED TO BRIDGES. THE TEAM SAW OFFICIALS AT THE MFA, AND LATER COLOMBO AND CORTI (PSDI JUNIOR FOREIGN AFFAIRS MINISTER).
2. BUCKLEY SEEMS TO HAVE USED THE SAME PREPARED BRIEF IN SPEAKING TO THE ITALIANS. THE ITALIANS WERE IMPRESSED BY HIS FRANKNESS AND REALISM, AND BY HIS INSISTENCE THAT THE TEAM HAD NOT COME TO ROME TO PRESENT TAKE IT OR LEAVE IT DEMANDS, BUT TO DEVISE COMMON APPROACHES. BUCKLEY STRESSED THAT THE U.S. AIM WAS THE GRADUAL REDUCTION OF OFFICIALLY SUPPORTED AND GUARANTEED CREDITS, WHILST SAFE-GUARDING NORMAL TRADE. THE PRESENT COMPETITION BETWEEN WESTERN COUNTRIES WAS "RUINOUS" AND LIKELY TO IMPOVERISH THE WEST TO THE EAST'S BENEFIT. THE CRITICAL PROBLEMS FOR EXAMINATION WERE THE DEGREE OF COMMUNIST DEPENDENCE ON WESTERN FINANCE, AND THE SECURITY OF THE WEST. COMMUNIST COUNTRIES' DEBTS HAD REACHED WORRYING LEVELS. BUCKLEY ACKNOWLEDGED THE PROBLEMS IN HARMONISING CREDIT POLICY, BUT, AS IN LONDON, INSISTED THAT IF THE POLITICAL WILL WERE THERE SOLUTIONS COULD BE FOUND.
3. HE PROPOSED A CREDIT WAR "CEASE-FIRE", WITHOUT APPARENTLY SPECIFYING ITS DURATION, AND THE FRAMEWORK OF CONSULTATIONS ~~CO-OPERATION~~ <sup>summarised and passed on</sup> OF YOUR TUR. HE EMPHASISED THE NEED TO INVOLVE ANY INDUSTRIALISED COUNTRIES AS POSSIBLE, BUT FAVOURED PRIOR DISCUSSION BETWEEN THE 7 SUMMIT COUNTRIES. THE WORKING GROUP MEETING MIGHT BEGIN TO PREPARE A DOCUMENT FOR EVENTUAL APPROVAL AT THE VERSAILLES SUMMIT.







- 7. BUCKLEY DID NOT PRESS THE ITALIANS HARD ON THE PIPELINE.  
8. COLOMBO TOLD HIM THAT THE "PAUSE FOR REFLECTION" STILL HELD, BUT IF THE FRENCH AND GERMANS WENT AHEAD WITH CONTRACTS TO PURCHASE SOVIET GAS, IT WOULD BE HARD FOR ITALY NOT TO FOLLOW, NOT LEAST FOR DOMESTIC POLITICAL REASONS.
- 8. FCO PSE PASS SAVING ADDRESSEES.

ARCULUS < [

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CONSULTATIONS SUMMARISED IN PARAG OF YOUR TUR. HE EMPHASISED ETC

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FM WARSAW 181215Z MAR 82

TO PRIORITY FCO

TELNO 369 OF 18TH MARCH 1982

INFO ROUTINE WASHINGTON, MOSCOW, UKDEL NATO AND UKMIS GENEVA  
INFO SAVING: EAST BERLIN, PRAGUE, SOFIA, BELGRADE, BUCHAREST,  
BUDAPEST, HELSINKI, STOCKHOLM, PARIS, BONN, UKREP BRUSSELS,  
UKMIS NEW YORK AND MODUK

POLAND:

1. ALTHOUGH THERE HAVE BEEN NO MAJOR EVENTS OR ANNOUNCEMENTS THIS WEEK, THE AUTHORITIES CONTINUE TO GIVE VARIOUS SIGNS OF THEIR MAIN PREOCCUPATIONS.

2. PROPAGANDA IN THE PRESS HAS CONCENTRATED ON JOURNALISM AND YOUTH. THERE HAS BEEN A WELL-ORCHESTRATED CAMPAIGN BY JOURNALISTS WHO HAVE WRITTEN TO JARUZELSKI AND OLSZOWSKI ABOUT THE FUTURE OF THE SOCIETY OF POLISH JOURNALISTS (SDP), WHOSE ACTIVITY WAS SUSPENDED AT THE START OF MARTIAL LAW. THEIR THEME IS THAT THE SDP IN ITS PREVIOUS FORM WAS USED AS A VEHICLE FOR ANTI-PARTY AND ANTI-STATE ACTIVITY. IT SHOULD EITHER BE RECONSTITUTED IN A NEW FORM OR BE DISBANDED AND REPLACED BY A NEW ORGANISATION. IT SEEMS LIKELY THAT A NEW JOURNALISTS' ORGANISATION WILL SOON BE FORMED WHICH WILL ALLOW THE PARTY HIERARCHY TO KEEP A BETTER GRIP ON JOURNALISTS. A FEW MORE JOURNALS, MAINLY SPORTING AND TECHNICAL PUBLICATIONS HAVE BEEN PERMITTED TO REAPPEAR.

4. CONTINUING PROPAGANDA ABOUT EDUCATION PROBABLY REFLECTS THE ANXIETY IN THE PARTY ABOUT INTELLECTUALS AND THE YOUNGER GENERATION. RAKOWSKI'S SPEECH AT THE WEEKEND HAS BEEN ECHOED IN PRESS COMMENT ABOUT THE ROLE OF TEACHERS IN THE POLISH CRISIS, CONTRASTING THOSE WHO ARE FAITHFUL TO THE PARTY AND THOSE WHO TRY TO LEAD POLISH YOUTH AWAY FROM THE STRAIGHT AND NARROW PATH OF COMMUNIST IDEOLOGY.

4. AN ARTICLE IN TODAY'S ZYCIE WARSZAWY DESCRIBES THE GROWING DIFFICULTIES OF FINDING WORK IN SOME PARTS OF POLAND. GRADUATE EMPLOYMENT IS SINGLED OUT AS A PARTICULAR PROBLEM. THIS IS THE FIRST MENTION WE RECALL OF THE EXISTENCE OF UNEMPLOYMENT ( AS DISTINCT FROM OVERMANNING) ALTHOUGH THERE HAVE BEEN WARNINGS FOR SOME TIME THAT IT WOULD BECOME A PROBLEM. SHORTAGES OF ENERGY AND RAW MATERIALS ARE SAID TO BE THE CAUSE.

5. THE DEPUTY PRESIDENT OF THE BANK HANDLOWY HAS JUST ANNOUNCED THAT POLAND HAS NOW COMPLETED PAYMENTS TO WESTERN BANKS OF THE INTEREST DUE ON HER 1981 DEBTS. THIS OPENS THE WAY FOR SIGNATURE OF THE 1981 RESCHEDULING AGREEMENT AND FOR DISCUSSIONS ON AN AGREEMENT FOR 1982.

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6. WALESA'S DAUGHTER IS TO BE CHRISTENED IN GDANSK ON SUNDAY 21 MARCH. THE AUTHORITIES WILL THUS HAVE TO DECIDE QUICKLY WHETHER TO PERMIT HIM TO ATTEND. INTERPRESS HAVE GIVEN WESTERN JOURNALISTS THE ARCANE INFORMATION THAT WALESA WAS ABSENT FROM THE CHRISTENING OF TWO PREVIOUS CHILDREN. THE AUTHORITIES MAY BE PREPARING A JUSTIFICATION FOR REFUSING TO ALLOW HIM TO ATTEND THE CEREMONY.

FCO PLEASE PASS SAVINGNTO ALL SAVING ADDRESSEES

JAMES

REPEATED AS REQUESTED

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FM PARIS 171726Z MAR 82

TO PRIORITY FCO

TELEGRAM NUMBER 254 OF 17 MARCH 1982

INFO PRIORITY BONN, WASHINGTON, ROME, UKREP BRUSSELS AND UKDEL NATO  
INFO SAVING WARSAW AND MOSCOW

BONN TEL NO 229: THE BUCKLEY MISSION

1. WE UNDERSTAND THAT PAYE TELEPHONED LORD BRIDGES YESTERDAY EVENING TO BRIEF HIM ON THE DISCUSSIONS IN PARIS EARLIER THAT DAY. MOUTON IN THE QUAI GAVE FINANCIAL COUNSELLOR THE FOLLOWING SUPPLEMENTARY ACCOUNT TODAY.

2. THE BUCKLEY MISSION WAS RECEIVED BY CHEYSSON, AND HAD DETAILED DISCUSSIONS YESTERDAY MORNING WITH PAYE, WHO WAS ACCOMPANIED BY REPRESENTATIVES FROM THE TRESOR AND MINISTRY OF DEFENCE. SOME MEMBERS OF THE MISSION HAD SEPARATE DISCUSSIONS IN THE AFTERNOON WITH SAUTTER (ADVISER IN THE ELYSEE), CAMDESSUS (DIRECTEUR DU TRESOR), LAGAYETTE (M DELOR'S DIRECTEUR DU CABINET) AND THE CABINET OF M HERNU (MINISTER OF DEFENCE).

3. IN THE PLENARY DISCUSSIONS WITH PAYE THE BUCKLEY MISSION APPARENTLY SET OUT THE AIMS AND BASIS OF THE MISSION IN SIMILAR TERMS TO THOSE IN BONN. THE MISSION PROPOSED AN EXCHANGE OF INFORMATION ON EXPORT CREDITS TO WHICH PAYE AGREED. THE MISSION WENT ON TO SUGGEST THAT THERE SHOULD BE A PAUSE (PERIOD UNSPECIFIED) ON GRANTING CREDITS TO THE SOVIET UNION. IN RESPONSE PAYE ARGUED THAT THE LEVEL OF SUBSIDY INVOLVED IN FRENCH TRADE WITH THE USSR HAD ONLY A MARGINAL EFFECT ON THE ECONOMIC CAPABILITY OF THE SOVIET UNION. THE AMERICANS CONCEDED THIS ARGUMENT BUT SAID THAT ANY SUBSIDY ELEMENT, HOWEVER LIMITED, WAS SELF-DEFEATING FOR THE WEST. PAYE COUNTERED BY DESCRIBING THE PROBLEMS OF COUNTRIES LIKE FRANCE WITH HIGH DOMESTIC INFLATION RATES IN MAINTAINING EXPORTS TO EASTERN EUROPE. HE SUGGESTED THAT THE LIKELY CONSEQUENCE OF ANY DECISION TO STOP SUBSIDISING FRENCH EXPORT CREDITS TO EASTERN EUROPE WOULD BE A TOTAL HALT IN SUCH TRADE, SINCE COMPANIES COULD NOT DO BUSINESS ON ANY OTHER BASIS. INSTEAD, LOW INFLATION RATE COUNTRIES SUCH AS JAPAN WOULD REAP THE DIVIDENDS, THUS CREATING A TREND WHICH COULD NOT EASILY BE REVERSED.

4. THIS EXCHANGE LED ON TO A DISCUSSION ABOUT THE WEST'S FUTURE TRADING RELATIONSHIP WITH THE USSR. ACCORDING TO MOUTON, THE BUCKLEY MISSION DID NOT SPECIFICALLY SUGGEST PUTTING THE USSR IN A SPECIAL CATEGORY. THEY NEVERTHELESS DEVELOPED THE THEME, AS IN BONN, THAT THE TRADE SHOULD BE PLACED FIRMLY ON A MARKET BASIS. PAYE STRESSED THAT EXTERNAL TRADE WAS A MATTER FOR THE EC AND A NUMBER OF SMALLER MEMBER STATES WERE HIGHLY RESISTANT TO SUCH PROPOSALS. HE AGREED EVENTUALLY, IN RESPONSE TO US PRESSURE ABOUT AN EXPORT CREDIT PAUSE, THAT IT WOULD BE USEFUL

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/ TO UNDERTAKE



TO UNDERTAKE A REVIEW OF EAST/WEST TRADE, PROVIDED THAT THIS LOOKED AT THE LONG-TERM PERSPECTIVES. HE SUGGESTED ON A PERSONAL BASIS THAT THIS EXERCISE COULD BE PLACED IN THE CONTEXT OF PREPARATIONS FOR THE VERSAILLES SUMMIT.

5. THERE WAS VIRTUALLY NO DISCUSSION OF NON-UNDERMINING, WHICH THE MISSION POINTEDLY DID NOT RAISE. IN THE GENERAL DISCUSSION PAYE EMPHASISED THE NEED FOR SYMMETRY BETWEEN THE ACTION TAKEN BY THE US AND EUROPE AND DESCRIBED AT LENGTH THE MEASURES WHICH EUROPEAN COUNTRIES HAD ALREADY TAKEN. HE MENTIONED US GRAIN SALES IN PASSING, AT WHICH POINT THE MISSION RAPIDLY CHANGED THE SUBJECT. THERE WAS ALSO AN EXCHANGE ON ENERGY COMPENSATION ON THE LINES OF PARAGRAPH 7 OF BONN TUR.

6. MOUTON SAID HE CAME AWAY WITH THE FOLLOWING OVERALL IMPRESSIONS. HE THOUGHT THE MISSION WAS TO SOME EXTENT GOING THROUGH THE MOTIONS, AND WAS GETTING THE ANSWERS IT EXPECTED. NEVERTHELESS HE CONSIDERED THAT THE STATE DEPARTMENT MEMBERS BELIEVED THAT DIRECT EXPOSURE TO EUROPEAN VIEWS AND PROBLEMS WOULD BE AN EDUCATIVE PROGRESS FOR REPRESENTATIVES OF SOME OTHER US DEPARTMENTS. LELAND HAD DONE MOST OF THE TALKING ON THE AMERICAN SIDE, AND THERE HAD BEEN SOME SHARP EXCHANGES WITH PAYE ABOUT, FOR EXAMPLE, US DEMANDS FOR ACCESS TO FRENCH DOCUMENTS ON FRANCO/SOVIET TRADE. THE MISSION HAD NOT GIVEN ANY CLEAR INDICATION OF ANY CONCLUSIONS WHICH THEY HAD DRAWN FROM THEIR DISCUSSIONS. BUCKLEY HAD SIMPLY SAID THAT THE POINTS WHICH HAD BEEN MADE WOULD BE FED INTO THE PREPARATIONS FOR ANY DECISIONS WHICH PRESIDENT REAGAN MIGHT TAKE ON FURTHER STEPS.

7. SAUTTER TOLD US TODAY THAT HIS DISCUSSIONS WITH SOME MEMBERS OF THE MISSION (NOT INCLUDING BUCKLEY) HAD BEEN IN GENERAL TERMS. SAUTTER HAD MADE THE POINT FIRMLY THAT FRANCE WAS BEING EXTREMELY STRICT ON HIGH TECHNOLOGY EXPORTS TO THE USSR. MOREOVER THE USSR WAS NO LONGER IN A PRIVILEGED TRADING RELATIONSHIP WITH FRANCE, SINCE IT WAS TREATED IN TERMS OF EXPORT CREDITS LIKE ANY OTHER RICH COUNTRY. FRANCE HAD NO INTENTION OF EMBARKING ON ANY POLICY WHICH APPEARED TO MOVE IN THE DIRECTION OF A TRADE EMBARGO OR EXPORT CREDIT BOYCOTT.

FCO PLEASE PASS SAVING TO WARSAW AND MOSCOW.

[REPEATED AS REQUESTED]

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LORD BRIDGES  
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MR EVANS  
MR HANNAY  
MR HAYES

ADDITIONAL DISTRIBUTION

EASTERN EUROPEAN ECONOMIC

[NOT ADVANCED]



GRS 600

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DESKBY 161400Z

FM BONN 161200Z MAR 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 229 OF 16 MARCH

AND TO IMMEDIATE PARIS

INFO ROUTINE WASHINGTON ROME UKREP BRUSSELS UKDEL NATO  
INFO SAVING MOSCOW WARSAW

THE BUCKLEY MISSION

1. THE BUCKLEY MISSION, CONSISTING OF NINE PEOPLE AND INCLUDING OLMER (COMMERCE), LELAND (TREASURY), IKLE (PENTAGON) AND BAILEY (NSC) ARRIVED IN BONN ON 14 MARCH AND LEFT ON 15 MARCH FOR PARIS.
2. IN ADDITION TO HOLDING DISCUSSIONS WITH AN OFFICIAL DELEGATION LED BY STATE SECRETARIES LAUTENSCHLAGER (AUSWAERTIGES AMT) AND VON WUERZEN (ECONOMICS MINISTRY), SUPPORTED BY FISCHER (AA), WESSELKOCK (FINANCE), AND OTHERS THEY ALSO SAW FOREIGN MINISTER GENSCHER.
3. DASSEL (AA) HAS GIVEN US THE FOLLOWING ACCOUNT: BUCKLEY DEPLOYED THE AMERICAN ARGUMENT THAT THE USSR WAS ECONOMICALLY WEAK AND IN PARTICULAR SUFFERING AN ACUTE SHORTAGE OF FOREIGN EXCHANGE. IT WOULD BE IN THE WESTERN INTEREST FOR THE RUSSIANS TO EXPERIENCE TO THE FULL THE EFFECTS OF THE INEFFICIENCIES OF THEIR SYSTEM AND THE MISALLOCATION OF RESOURCES WITHIN IT. INSTEAD OF THIS, HOWEVER, THE EUROPEANS, BY PROVIDING CREDIT SUBSIDIES TO THE SOVIET UNION WERE ACTUALLY HELPING TO CUSHION THE SOVIET UNION FROM ECONOMIC REALITIES. WITH A VIEW TO EXPLOITING THE OPPORTUNITY THE SOVIET UNION'S PRESENT WEAKNESS PRESENTED, THE AMERICANS WANTED TO TAKE ACTION ON CREDIT AND PROPOSED:
  - (A) AN EXCHANGE OF DETAILED INFORMATION ON EXPORT CREDITS (INCLUDING VOLUME, INTEREST RATES ETC)
  - (B) THAT THE SOVIET UNION SHOULD BE PLACED IN A UNIQUE CATEGORY FOR ECONOMIC PURPOSES, IE CREDIT, TRADE ETC
  - (C) THAT THERE SHOULD BE A FAUSE OF SOME MONTHS, MULTILATERALLY AND BILATERALLY, IN GRANTING EXPORT AND OTHER CREDITS TO THE SOVIET UNION.
4. ACCORDING TO DASSEL, THE GERMAN REPLY TO THESE THREE PROPOSITIONS WAS TO AGREE TO THE FIRST, TO AGREE TO DISCUSS THE SECOND HAVING POINTED OUT, HOWEVER, THAT IT BROUGHT INTO PLAY THE COMMUNITY'S COMPETENCE IN TRADE MATTERS, AND TO REFUSE THE LAST.
5. SOME OF THE AMERICANS GAVE THE IMPRESSION THAT THEY THOUGHT ACTION ON CREDIT COULD DEAL A VERY SEVERE BLOW TO THE USSR AND FORCE POLICY SHIFTS BUT OTHERS SEEMED MORE REALISTIC AND HAVING ADOPTED A FORWARD NEGOTIATING POSITION WERE NOT DISAPPOINTED WITH THE GERMAN RESPONSE. BUCKLEY SAID THAT THE AMERICANS WOULD WANT ANOTHER ROUND OF DISCUSSION POSSIBLY AT A CONFERENCE IN WASHINGTON.

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6. IN DISCUSSION THE FOLLOWING POINTS WERE MADE: THE AMERICANS DID NOT WANT A TRADE WAR BUT SIMPLY TO PUT TRADE AND ECONOMIC EXCHANGE IN GENERAL WITH THE SOVIET UNION ON A QUOTE MARKET BASIS UNQUOTE IE, ALL SUBSIDY ELEMENT SHOULD BE REMOVED. THE GERMANS WERE SCEPTICAL THAT PRESSURE OF THE KIND THE AMERICANS ENVISAGED WOULD BE EFFECTIVE. IN A TOTALITARIAN SYSTEM GOVERNMENTS HAD MUCH MORE ROOM FOR MANOEUVRE. AS FAR AS GERMANY WAS CONCERNED THE RATIO OF FOREIGN TRADE TO GNP WAS VERY HIGH, ESPECIALLY COMPARED WITH SOME OTHER COUNTRIES (EG THE USA) AND RESTRICTION OF EXPORT CREDIT GUARANTEE IN THE MANNER PROPOSED WOULD HAVE ADVERSE ECONOMIC CONSEQUENCES, EG ON JOBS. IF ANY ACTION WERE CONTEMPLATED THE GERMANS WOULD REGARD PARTICIPATION BY, IN ADDITION TO EUROPEAN PARTNERS, THE CANADIANS AND THE JAPANESE AS INDISPENSIBLE.

7. THE US TEAM REPEATED THEIR OFFER TO COMPENSATE FOR GAS WITH OTHER ENERGY SUPPLIES, EG COAL EXPORTS, LIQUIFICATION AND GASIFICATION OF COAL, BUT IT WAS PLAIN THAT THIS WAS IN A LONG-TERM CONTEXT AND THE DETAILS WERE VAGUE. ON THE WEST SIBERIAN GAS LINE THE GERMANS RESTATED THEIR COMMITMENT. THE AMERICANS DID NOT GIVE THE IMPRESSION THAT THEY HAD EXPECTED TO HEAR ANYTHING ELSE.

8. NON-UNDERMINING RECEIVED ONLY MARGINAL ATTENTION. THE GERMANS MAINTAINED THEIR LINE THAT EXISTING CONTRACTS SHOULD NOT BE FRUSTRATED. BUCKLEY SAID THE PRESIDENT WOULD MAKE NO DECISIONS UNTIL HE HAD REPORTED. THE GERMANS THOUGHT THAT THE APPARENT AMERICAN LACK OF INTEREST MIGHT HAVE BEEN TACTICAL. THEY GOT THE IMPRESSION THAT ANY SATISFACTION THE AMERICANS GOT ON EXPORT CREDITS MIGHT BE HELPFUL IN THE PIPELINE CONTEXT.

9. AN OVERALL IMPRESSION THE GERMANS HAD FORMED WAS THAT MEMBERS OF THE AMERICAN DELEGATION WERE NOT FULLY IN AGREEMENT WITH ONE ANOTHER AND DURING WHAT WAS EVIDENTLY A LONG AND REPETITIOUS DISCUSSION SOME OF THE AMERICAN PARTICIPANTS SEEMED TO BE QUOTE PROFILING UNQUOTE THEMSELVES, REFLECTING PERHAPS INTER-AGENCY TENSIONS. LELAND HAD APPARENTLY MADE A RATHER ELEGANT AND CLEVER PRESENTATION BUT HAD OVERSTEPPED QUOTE GOOD FORM UNQUOTE ON MORE THAN ONE OCCASION BAILEY HAD BEEN AGGRESSIVE AND WAS TREATED BY THE OTHERS WITH WHAT APPEARED TO BE RATHER EXAGGERATED RESPDCT.

FCO PLEASE PASS SAVING TO MOSCOW AND WARSAW

TAYLOR

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LORD BRIDGES  
MR GOODISON  
MR EVANS  
MR HANNAY  
MR HAYES

## ADDITIONAL DISTRIBUTION

EASTERN EUROPEAN ECONOMIC

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10 DOWNING STREET

*From the Private Secretary*

16 March 1982

*Adad*

*See Francis,*

Poland: The Buckley Mission

Thank you for your letter of 12 March describing the line which the Foreign and Commonwealth Secretary proposes to take with Mr. Buckley and his colleagues during their visit to London this week.

The Prime Minister has commented that, while this general approach seems satisfactory for an initial exchange with the Americans on the issue of Western credit for the Soviet Union and Eastern Europe, she believes it important that Ministers should have an early opportunity to consider the policy implications in depth. She is concerned that the Buckley mission may lead to a further bout of frustration within the Alliance without giving satisfaction to anyone. The Foreign and Commonwealth Secretary may wish to consider bringing a paper to OD in the light of the exchanges with Mr. Buckley.

I am sending copies of this letter to the Private Secretaries of members of OD, the Minister of Agriculture, Fisheries and Food, the Minister for Industry and to Sir Robert Armstrong.

*Yours etc*

*John Giddens*

F.N. Richards, Esq.,  
Foreign and Commonwealth Office.

CONFIDENTIAL

*sup*





From the Secretary of State

~~Prime Minister~~

A.J.C.  $\frac{16}{3}$

CONFIDENTIAL

Francis Richards Esq  
Private Secretary to the Secretary of State  
for Foreign and Commonwealth Affairs  
Foreign and Commonwealth Office  
Downing Street  
London, SW1A 2AH

A.J.C.  $\frac{27}{3}$

h.c.

15th March 1982

Dear Francis,

POLAND: THE BUCKLEY MISSION

Thank you for sending me a copy of your letter of 12 March to John Coles. My Secretary of State has seen this and asked me to convey his reactions.

The objectives of the United Kingdom team for the talks seem right, as is the proposal that our approach should be interrogative. However, my Secretary of State thinks it important that we should not give the Americans the idea that we are particularly receptive. We need to try to avoid a further round of unilateral American measures, while any "receptive" attitude could also too easily lead to building up commitments which in trade terms we would subsequently find costly to meet. The Americans too have a responsibility for maintaining the unity of the Alliance and, from what we have heard so far, seem unlikely to get much out of other European allies in this area. It would be better for us to adopt a strictly neutral stance.

Measures we have taken so far are intended to act as a signal to the Russians and the Poles without serious consequences for West European economic interests. As you know, my Secretary of State feels that we have already gone to the limit on this (if not further). What the Americans now appear to have in mind over changes in credit policy is inflicting significant economic damage to the Soviet Union with long-term aims quite apart from the Polish situation. We agreed in the 11 January NATO communique to reflect on long-term relationships, but to be receptive to the American proposals at this stage would imply an important change of policy for which we are by no means prepared. The credit issue needs to be considered in the context of the relationship as a whole. Ministers would then need to look carefully at all the implications of a change.

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*From the Secretary of State*

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As regards non-undermining, our intention was to maintain a link with United States flexibility over existing pipeline contracts. If the price for the latter is now to be a very restrictive line on credit, this could well prove too high. The Americans should understand that in such circumstances we would have to think again how far we are willing to go in meeting the non-undermining commitment. France, the Federal German Republic and Italy will almost certainly want to do this as well.

I am copying this to the recipients of your letter.

Yours Sincerely,  
*Jonathan Rees*

J N REES  
Private Secretary



17 JAN 1982

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FM WARSAW 151600Z MAR 82

TO IMMEDIATE FCO

TELNO 359 OF 15TH MARCH 1982

<sup>Dubly 160830 Brussels (for Halliday)</sup>  
INFO ROUTINE: MOSCOW, WASHINGTON, UKDEL NATO, UKMIS GENEVA  
INFO SAVING: EAST BERLIN, PRAGUE, BUDAPEST, PARIS, BONN, MODUK,  
SOFIA, BUCHAREST, BELGRADE, HELSINKI, STOCKHOLM, UKMIS NEW YORK  
AND UKREP BRUSSELS

YOUR TELNO 223 (NOT TO ALL) : CALL ON CZYREK.

1. I CALLED TODAY ON CZYREK. AFTER INITIAL COURTESIES I SPOKE TO HIM AS INSTRUCTED IN YOUR TELEGRAM UNDER REFERENCE. I MADE HARDLY ANY ALTERATIONS TO THE WORDING OR THE ORDER. I ENDED BY SAYING THAT I THOUGHT IT IMPORTANT, AS BRITISH AMBASSADOR, TO KEEP THE CHANNELS OF COMMUNICATION OPEN, EVEN IN THESE DIFFICULT TIMES AND EVEN WHEN I HAD TO SAY IMPALATABLE THINGS. I WOULD BE PARTICULARLY INTERESTED TO KNOW HOW HE SAW THE FUTURE DEVELOPING AND WHEN THE APPARATUS OF MARTIAL LAW WOULD BE LIFTED. CZYREK LISTENED TO ME ATTENTATIVELY AND WITHOUT INTERRUPTION. HE REPLIED IN A MILD AND COURTEOUS MANNER. OUR TALK LASTED NEARLY AN HOUR AND A HALF.

2. HE SAID THAT HE WAS GLAD THAT YOU WERE STILL A FRIEND OF POLAND AND WANTED TO MAINTAIN A DIALOGUE. HE TOO ATTACHED IMPORTANCE TO THIS. HE CLAIMED THAT IN AUTUMN 1981 YOU HAD ASKED HIM WHY SOLIDARITY DID NOT CONSOLIDATE ITS GAINS RATHER THAN RISK DESTABILISING THE SITUATION IN POLAND. CZYREK HAD REPLIED THAT HE DID NOT KNOW THE ANSWER AND WAS FEARFUL OF A POLISH TRAGEDY. THIS FEAR HAD PROVED TO BE WELL GROUNDED. HE HAD TOLD YOU IN NOVEMBER THAT SOLIDARITY WAS STRANGLING THE ECONOMY BY HOLDING DOWN COAL PRODUCTION, BLOCKING EXPORTS AND FRUSTRATING ECONOMIC REFORMS BY DEMANDING POLITICAL CONCESSIONS IN RETURN SEMI COLON AND THAT UNLESS ECONOMIC BREAKDOWN WERE AVERTED, THE SITUATION WOULD DEVELOPE ADVERSELY FOR POLAND AND FOR DETENTE. SO IT SHOULD NOT HAVE BEEN A COMPLETE SURPRISE TO THE BRITISH GOVERNMENT THAT MARTIAL LAW HAD LATER BEEN DECLARED. IT WAS CLEAR AFTER THE DEMANDS MADE BY SOLIDARITY AT RADOM AND GDANSK WHERE SOLIDARITY WAS LEADING POLAND TO ANARCHY, ECONOMIC BREAKDOWN AND DESTABILISATION. THE POLISH GOVERNMENT WOULD HAVE PREFERRED A POLITICAL SOLUTION AND DID NOT LIKE IMPOSING MARTIAL LAW. BUT ITS READINESS TO HOLD A DIALOGUE HAD BEEN TAKEN AS A MANIFESTATION OF WEAKNESS, AN ERROR NOW ADMITTED EVEN BY A DISSIDENT LIKE MICHNIK. DESPITE THE EMERGENCY MEASURES THERE HAD BEEN NO CHANGE IN THE GOVERNMENT'S BASIC POLICY OF DIALOGUE AND CONCILIATION.

3. CZYREK SAID THAT FROM THE START THE POLISH GOVERNMENT HAD SAID THAT MARTIAL LAW WOULD CONTINUE AS LONG AS WAS NECESSARY. THE POLITICAL SITUATION WAS NOW IMPROVING AND CONFRONTATIONS WERE BECOMING LESS FREQUENT, EVEN THOUGH SOME INTERNEES AND MEMBERS

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10F



OF SOLIDARITY WERE NOT PREPARED TO DECLARE THEIR LOYALTY TO POLAND. BUT THE MAIN REASON FOR KEEPING MARTIAL LAW WAS TO ALLOW ECONOMIC STABILISATION. MARTIAL LAW PROVIDED THE CONDITIONS UNDER WHICH ECONOMIC REFORM COULD BE INTRODUCED. THE ONLY ANSWER TO POLAND'S ECONOMIC PROBLEMS WAS TO LOWER THE STANDARD OF LIVING BY INTRODUCING PRICE RISES. THIS HAD NOW BEEN SUCCESSFULLY ACHIEVED. THE POLISH GOVERNMENT DID NOT WANT TO USE MARTIAL LAW AS A MEANS OF RULING BUT AS AN UMBRELLA UNDER WHICH NECESSARY REFORMS COULD BE MADE. THE SITUATION IN POLAND WAS BEING EXPLOITED IN EAST-WEST CONFRONTATION.

4. CZYREK SAID THAT IT WAS UNREASONABLE FOR OTHER COUNTRIES TO TELL THE POLISH GOVERNMENT WITH WHOM IT MUST CONDUCT DIALOGUE. DIALOGUE WAS GOING ON WITH THE CHURCH IN THE CONTEXT OF THE MIXED COMMISSION, THE MEETING BETWEEN GLEMP AND JARUZELSKI AND IN OTHER WAYS. THIS DIALOGUE WOULD CONTINUE BECAUSE THE CHURCH HAD A SPECIAL PLACE IN POLAND . BUT NO DIALOGUE COULD BE HELD WITH THE FORMER LEADERSHIP OF SOLIDARITY WHO HAD DECLARED AT RADOM THAT DIALOGUE WITH THE GOVERNMENT WAS ONLY TO BE UNDERTAKEN FOR TACTICAL REASONS. SOLIDARITY MUST BE A TRADE UNION AND NOT A POLITICAL PARTY. BUT THE GOVERNMENT WOULD CONTINUE DIALOGUE WITH ALL SECTORS OF POLISH SOCIETY.

5. THE POLISH GOVERNMENT HAD DONE NOTHING WHICH WORSENERD EAST-WEST RELATIONS. IT WAS RESPECTING BOTH INTERNATIONAL AND POLISH LAW AND HAD, FOR EXAMPLE, NOTIFIED THE INTRODUCTION OF MARTIAL LAW TO THE UN. MARTIAL LAW HAD BEEN INTRODUCED WITH FULL RESPECT FOR HUMANITARIAN PRINCIPLES . IN THIS RESPECT, IT COMPARED WELL WITH STATES OF EMERGENCY ELSEWHERE IN THE WORLD.

6. THE BRITISH GOVERNMENT HAD ASSUMED AN ATTITUDE OF MORAL DISGUST TOWARDS INTERNEES WHO WISHED TO LEAVE POLAND AND SAID THAT IT WOULD NOT ACCEPT THOSE WHO WERE NOT LEAVING OF THEIR OWN FREE WILL. THE POLISH GOVERNMENT DID NOT INTEND TO FORCE ANYBODY TO LEAVE THE COUNTRY BUT WOULD NOT STAND IN THE WAY OF THOSE WHO WISHED TO DO SO. THE QUESTION OF WHETHER ANY INDIVIDUAL LEAVES POLAND WOULD DEPEND ON THE RECEIVING COUNTRY. POLAND HAD SAID THAT PEOPLE WHO WISHED TO LEAVE WOULD BE ALLOWED TO DO SO IN ORDER TO PRE-EMPT ALLEGATIONS THAT THE COUNTRY WAS BEING SURROUNDED BY AN IRON CURTAIN. IF THE GOVERNMENT HAD WISHED TO EXPEL PEOPLE FORCIBLY THEN IT WOULD NOT HAVE BEEN NECESSARY TO MAKE ANY STATEMENT SINCE SUCH PEOPLE COULD HAVE BEEN THROWN OUT IN ANY DIRECTION .( AT THIS POINT I EXPRESSED SURPRISE AND SAID THAT THIS WOULD NOT BE POSSIBLE IN MY OWN COUNTRY FOR GOOD REASONS.)

7. CZYREK THEN CITED A LEAFLET PUBLISHED BY RADIO FREE EUROPE AS AN EXAMPLE OF INTERFERENCE IN POLAND'S AFFAIRS . BUT WHEN I PRESSED HIM ON POSSIBLE BRITISH INTERFERENCE, HE DID NOT PURSUE THE MATTER.

8. CZYREK SAID THAT INTERNEES WERE BEING RELEASED ALL THE TIME AND THAT MORE THAN 50% HAD NOW BEEN RELEASED. LESS THAN THREE AND

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CONFIDENTIAL

1/2 HALF



A HALF THOUSAND PEOPLE REMAINED INTERNED. HOW QUICKLY THE PROCESS CONTINUED DEPENDED ON THE STANCE ADOPTED BY INDIVIDUAL INTERNEES AND THE SITUATION IN THE COUNTRY.

9. HE THEN SAID AGAIN THAT HE VALUED HIGHLY YOUR DECLARATION OF FRIENDSHIP BUT ASKED HOW IT COULD BE TRANSLATED INTO PRACTICE. HE ASKED WHETHER ECONOMIC SANCTIONS HELPED POLAND, EASED THE SOCIAL SITUATION AND ASSISTED THE PROGRESS OF REFORM OR WHETHER THEY HAD THE OPPOSITE EFFECT. HAD THEY IN FACT STIMULATED SOCIAL TENSION, HARMED THE ECONOMY AND DEPRIVED POLAND OF HER ECONOMIC SOVEREIGNTY? HE REFERRED TO THE PROBLEMS OF AGRICULTURE AND THE SUSPENSION OF CREDIT FOR MASSEY FERGUSON PROJECT. I SAID THAT I TOOK NOTE OF THIS LAST POINT.

10. CZYREK CONCLUDED BY SAING THAT HE NOW BELIEVED THAT YOU WERE RIGHT WHEN YOU HAD TOLD HIM IN NEW YORK IN AUTUMN 1980 THAT HE LACKED EXPERIENCE OF RELATIONS BETWEEN TRADE UNIONS AND THE STATE. YOU HAD IMPLIED THEN THAT HE WAS OVER-OPTIMISTIC AND HE BELIEVED YOU WERE WISE. POLAND WAS NOW AIMING FOR POLITICAL AND ECONOMIC STABILITY BUT THIS WOULD COST SOMETHING AND WOULD NEED TIME. THE POLISH GOVERNMENT WOULD DO ALL IT COULD TO LESSEN THE DAMAGE TO EAST-WEST RELATIONS.

11. I SAID THAT BRITISH POLICY TOWARDS POLAND WAS PART OF A JOINT WESTERN POLICY. THE EVOLUTION OF WESTERN ATTITUDES IN A DIRECTION MORE FAVOURABLE TO POLAND DEPENDED ON EVENTS IN POLAND. DID HE HAVE ANYTHING FURTHER TO SAY ABOUT THE FUTURE? CZYREK SAID THAT EVENTS IN POLAND IN PART DEPENDED UPON THE ACTIONS OF THE WEST. I SAID THAT I DID NOT WISH TO INDULGE FURTHER IN POLEMICS ON THIS MATTER. THERE WAS AN ELEMENT OF THE CHICKEN AND THE EGG. BUT HE KNEW CLEARLY FROM WHAT I HAD SAID WHAT THE ATTITUDE OF THE BRITISH GOVERNMENT WAS TO MARTIAL LAW IN ITS PRESENT FORM.

12. FINALLY I ASKED HIM DIRECTLY WHETHER HE THOUGHT POLAND WOULD BECOME A TIDY, WELL-DISCIPLINED AUTHORITARIAN STATE OR A LESS CLEAR-CUT NATION WHICH MAINTAINED ASPIRATIONS TOWARDS FREEDOM AND DEMOCRACY. IT WOULD BE IMPORTANT FOR THE WEST TO TRY TO ASSESS THIS. CZYREK SAID THAT EVERY NATION WAS A PRODUCT OF ITS OWN HISTORY AND THERE WAS NO TRACE IN POLISH HISTORY OF DURABLE DICTATORSHIP. HE WAS NOT AFRAID FOR THE FUTURE OF DEMOCRACY IN POLAND. POLAND'S DOWNFALL IN THE PAST HAD BEEN CAUSED NOT BY DICTATORSHIP BUT BY ANARCHY. THE POLISH GOVERNMENT WAS NOW TRYING TO REVERSE THE TREND TOWARDS ANARCHY IN POLAND.

13. I FOUND CZYREK LOOKING WELL AND IN REASONABLY BUOYANT FORM. HE WAS WELL BRIEFED AND OBVIOUSLY ENJOYED REFERRING TO HIS EARLIER

3  
CONFIDENTIAL

/MEETINGS



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MEETINGS WITH YOU , EVEN IF HE GAVE SOME FAVOURABLE TWISTS TO HIS RECOLLECTIONS. HE SEEMED ANXIOUS TO CONTINUE THE DIALOGUE WITH US, ALTHOUGH ON THIS OCCASION HE SAID LITTLE THAT WAS REALLY NEW. I WAS STRUCK BY THE WAY HE TRIED TO JUSTIFY MARTIAL LAW ON ECONOMIC GROUNDS .

14. MY OVERALL IMPRESSION IS THAT HE HAS NO CLEAR IDEA WHEN OR HOW MARTIAL LAW WILL END. IT IS VERY PROBABLE THAT HE HAS LITTLE HAND IN THE DECISION .

FCO PSE PASS SAVING ADDRESSEES .

JAMES

[REPEATED AS  
REQUESTED]

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Foreign and Commonwealth Office

London SW1A 2AH

15 March 1982

Dear John,

Thank you for your letter of 9 March in which you asked for advice on whether or not a reply was required from the Prime Minister to President Reagan's letter of 22 February.

We have considered this and conclude that no reply is required; neither do we wish to use the opportunity to raise any other matter with the President.

Yours ever,

*F N Richards*  
(F N Richards)  
Private Secretary

A J Coles Esq  
10 Downing Street

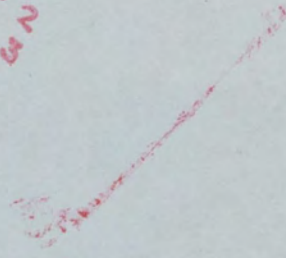
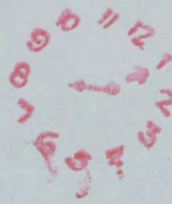
*P. Hunt*

*A. J. C. 16/3*

*h-a*



11 5 MAR 1982



11 5 MAR 1982





Lord Carrington thinks it important that the Americans should not feel that they are leaving London empty-handed. He therefore believes that our representatives should express willingness to attend the meeting of credit-granting countries which the Americans are planning (details are given in Washington tel no 813). Lord Carrington would also suggest, subject to the views of his colleagues, that our representatives should have discretion to indicate willingness on our part to impose some limit on Section 2 (national interest) cover for the Soviet Union.

The Americans may seek to avoid substantive discussion of the question of British contracts affected by the American measures of 29 December and the related issue of 'not undermining'. Lord Carrington thinks that our representatives should press strongly on these issues. Our own firms, notably John Brown, will need decisions soon.

More generally, the talks will provide an opportunity to review the economic and financial situation of the Soviet Union and other countries in Eastern Europe and the implications for policy to be drawn from it. It is important that we should achieve as much common ground as possible with the Americans in this complex field.

Lord Carrington hopes that the Prime Minister and other colleagues will be content with this suggested approach, which is based on conclusions reached by the Cabinet Office Official Group on Economic Policy towards Eastern Europe (MISC 64). He proposes that the question of a possible reply to President Reagan's message of 8 March should be considered in the light of the outcome of the Buckley mission.

I am sending copies of this letter to the Private Secretaries of members of OD, the Minister of Agriculture and Fisheries, the Minister for Industry and to Sir R Armstrong.

*Yours ever,*

(F N Richards)  
Private Secretary

A J Coles Esq  
10 Downing St



Content with this approach?

A.T.C. 15/3



Foreign and Commonwealth Office

London SW1A 2AH

12 March 1982

I don't think this will begin to fit to fits with the situation.

Dear John,

Somewhere in the telegram like weekend I saw it, proposed that he should attempt to stop the system under which the Warsaw Pact countries can acquire all the latest technology

Poland: The Buckley Mission

We have now heard that Mr Buckley and his colleagues will visit Bonn, Paris, London, Rome and also Brussels (for talks with the Commission and in NATO), in that sequence, next week. They will be in London on Wednesday, 17 March. This letter sets out some of the background and suggests the line which our representatives might take

The Buckley mission results from continuing debate within the Administration about the future direction of American policy towards Poland and the Soviet Union. Some voices have been pressing for a further round of American measures against the Soviet Union. Others have been urging a more flexible line, to avoid a damaging split in the Alliance. Faced with this disagreement, President Reagan has decided to send the Buckley mission to Europe. Meanwhile, he has postponed any decisions.

In his message to the Prime Minister of 8 March, the President stressed the need to halt or restrict the grant of export credit to the Soviet Union, particularly credit subsidised by governments. It is clearly the main objective of the Americans to obtain undertakings in this field. But they will also wish to discuss a wide range of questions affecting our economic relations with the Soviet Union and Eastern Europe; they will urge us to consider them in a strategic context and will want the visit of the Buckley mission to mark the beginning of a longer-term review of economic relations with the Soviet Union.

Lord Carrington believes that the objectives of our representatives should be:

- to avert a further round of unilateral American measures which would do serious damage to Alliance unity;
- to obtain exemption from the American measures of 29 December for existing contracts held by European firms;
- to ensure that any measures taken over export credits should follow detailed consultation with the developed countries chiefly concerned, including Japan.

Lord Carrington suggests that our general approach should be receptive but interrogative. Our representatives should stress the efforts we have already made for the sake of Alliance unity. They should then enquire what precisely the Americans now propose, what their objectives might be and how the action proposed would help achieve these objectives.

/Lord Carrington

machines by → value of the willingness to offer competitive credit - The proposals here would seem to lead to a further round of frustration without solving anyone's problem



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GRS 60  
CONFIDENTIAL  
FM BONN 121640Z MAR 82  
TO PRIORITY FCO  
TELEGRAM NUMBER 220 OF 12 MARCH  
INFO ROUTINE PARIS ROME WASHINGTON MOSCOW  
INFO SAVING FRANKFURT

BONN TELNO 145: POLISH DEBT.

1. STOESEL OF THE DRESDNER BANK (THE SPOKESMAN FOR THE WESTERN BANKS) CONFIRMED TO US TODAY THAT THE BANKS HAVE AGREED TO SIGN THE 1981 DEBT RESCHEDULING AGREEMENT, POSTPONED FROM 4 MARCH, ON 6 APRIL IN RETURN FOR ASSURANCES FROM THE POLES THAT THEY WILL CLEAR THE 1981 INTEREST STILL OUTSTANDING (CURRENTLY ASSESSED AT U.S. DOLLARS 30 MILLION) BY THE END OF THIS MONTH.

TAYLOR

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MR BULLARD  
LORD BRIDGES  
MR EVANS  
MR WRIGHT  
MR GILLMORE  
MR GOODISON  
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MR FRANKLIN  
MR CAINES  
MR CORLEY  
MR POWNALL

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ADVANCE COPY

GRS 290  
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FM UKMIS GENEVA 110855Z  
TO IMMEDIATE FCO  
TELNO 110 OF 11 MARCH 1982  
INFO PRIORITY WASHINGTON, WARSAW, MOSCOW, UKMIS NEW YORK.

YOUR TELNOS 38 AND 39 TO LUSAKA : COMMISSION ON HUMAN RIGHTS  
: POLAND

1. THE RESOLUTION ON POLAND WAS ADOPTED ON 10 MARCH BY 19:13:10 (VOTING DETAILS BY FACSIMILE TO UND).
2. THE DEBATE ON THE RESOLUTION CONTINUED ALL AFTERNOON AND EVENING. THE SOVIET BLOC ARGUED THAT THE POLISH GOVERNMENT HAD ACTED IN ACCORDANCE WITH THE POLISH CONSTITUTION AND ARTICLE 4 OF THE CIVIL AND POLITICAL COVENANT, AND THAT THE RESOLUTION REPRESENTED POLITICALLY MOTIVATED INTERFERENCE IN POLAND'S INTERNAL AFFAIRS. WESTERN DELEGATIONS RESPONDED IN MODERATE TERMS, STRESSING THE COMMISSION'S ESTABLISHED RIGHT TO ADOPT RESOLUTIONS ON INDIVIDUAL COUNTRIES (E.G. CHILE), AND THE HUMAN RIGHTS CHARACTER AND INTENT OF THE RESOLUTION.
3. THE SOVIET BLOC INTRODUCED A RIVAL RESOLUTION ON " THE INADMISSIBILITY OF INTERFERENCE BY THE U S A IN THE INTERNAL



3. THE SOVIET BLOC INTRODUCED A RIVAL RESOLUTION ON " THE INADMISSIBILITY OF INTERFERENCE BY THE U S A IN THE INTERNAL AFFAIRS " OF POLAND, AND WIDERANGING AMENDMENTS TO THE WESTERN DRAFT WHICH WOULD HAVE DELETED FROM IT ALL REFERENCES TO POLAND. THESE WERE ROUNDLY DEFEATED IN THREE PROCEDURAL VOTES BEFORE THE WESTERN DRAFT WAS VOTED. IN THE INTERESTS OF GETTING THEIR RESOLUTION ADOPTED AS A WHOLE , WESTERN DELEGATIONS ACCEPTED WITHOUT A VOTE A SEPARATE AMENDMENT WHICH REMOVED PROVISION FOR A REPORT TO ECOSOC ON THE POLISH SITUATION.

4. AFTER THE VOTE, POLAND ANNOUNCED ITS REFUSAL TO COOPERATE WITH THE SECRETARY GENERAL IN THE STUDY OF THE HUMAN RIGHTS SITUATION IN POLAND COMMISSIONED BY THE RESOLUTION. THERE ARE INDICATIONS THAT THE SOVIET BLOC MAY NOT (NOT) NOW PRESS THEIR RIVAL RESOLUTION TO VOTE.

MARSHALL

NNNN

SENT AT 11/0924Z MAF/JB

2000

NOV 11 1957



Prime Minister

MS

A.J.C. 12/3

*From the Secretary of State*

The Rt Hon Humphrey Atkins MP  
 Lord Privy Seal  
 Foreign and Commonwealth Office  
 London SW1

A.J.C. 15/3.

10 March 1982

h-a.

*Dear Humphrey,*

## POLISH DEBT RESCHEDULING

Geoffrey Howe sent me a copy of his minute to Peter Carrington of 26 February and I have now seen your reply. <sup>3 March</sup>

I share your general agreement with the Treasury paper and am quite content with the procedural steps you have outlined. The present suspension of rescheduling negotiations cannot be continued for much longer without the West hurting itself more than the Poles (and indirectly the Russians). Changing our stance must be concerted with our allies and carefully prepared so it can be presented both internationally and at home as maintaining pressure on the Poles, not as a retreat. The Paris Club meeting on 18 March and the media interest it will attract is a useful starting point for this.

The one point of emphasis I would like to make about the paper is that, if anything, it tends to understate the financial arguments and the strength of the West's bargaining position. The Poles have already made considerable efforts to avoid bankruptcy and can be pushed further. The Russians too continue to have a strong interest in this. We should thus demand tougher terms for rescheduling 1982 debt maturities than granted last year in different political circumstances.

I am copying this to the Prime Minister, other OD members and Sir Robert Armstrong.

*Yours*  
*John Biffen*

JOHN BIFFEN



1982

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\*







*Poland* (2)  
Prime Minister

A-J.C. 10/3

*From the Secretary of State*

The Rt Hon the Lord Carrington KCMG MC  
Secretary of State for Foreign and  
Commonwealth Affairs  
Downing Street  
London SW1A 2AH

*MS*

*p.a. M 11/3*

( O March 1982

*Dear Peter,*

POLAND: MEASURES AGAINST THE SOVIET UNION

Thank you for your minute of 8 March, responding to the request in my letter of 26 February that colleagues should have the opportunity to consider a quota package before we committed ourselves to it in Brussels.

My officials have been in touch with yours to say that I am prepared to open the way for UK agreement to the package by withdrawing our reserve over the exemption of existing contracts from the controls. Lifting the reserve should be dependent on the Community agreeing to make a Regulation under Article 113 of the Rome Treaty, and I understand that this requirement has now been met by the Danes falling into line. We also need to ensure a satisfactory translation of the Regulation into English.

I want to stress my reluctance over the step we have taken and my deep concern about the way the Brussels negotiations have progressed. The new restrictions are unlikely to have any significant impact on the Soviet Union, go very far to satisfy the Americans (who did not ask for this measure), or be justified in terms of our long-established trade policies. While efforts have been made to remove features of the package most likely to damage the interests of British firms, some will almost certainly be asked to pay what to them is a high price for a political signal while others secure unmerited protection.

When making my request for colleagues to consider the outcome of the COREPER



CONFIDENTIAL



*From the Secretary of State*

meeting on 1 March, I hoped that we would have a breathing space in which to consider the Commission's final proposals before the UK became effectively committed to them. Your officials have been very helpful in consulting mine as the negotiations have developed, but we seem to have been able to exercise little control over the pace of negotiations and have been faced with salami tactics in Brussels. These have prevented us from standing back and looking at what was being achieved overall in a sensible and timely fashion. I appreciate this happens from time to time in Brussels but still do not like it very much.

I am copying this to recipients of the previous correspondence.

A handwritten signature in cursive script, reading "John Biffen".

JOHN BIFFEN

A red circular stamp with numbers 1 through 10 around the perimeter and a central mark, and a red date stamp below it.

10 MAR 1982





FCS/82/44

MINISTER OF AGRICULTURE, FISHERIES AND FOODPoland: Measures Against the Soviet Union

1. Thank you for your letter of 8 March agreeing to the lifting of our reserve in Brussels but if possible seeking a change in the base year while not re-opening the package.
2. I recognise that the French success in getting canned crab off the list of restrictions is galling for the subsidiary of British American Tobacco which imports canned salmon. As you say, the French request emerged only in the last stage of the discussion in COREPER and they were allowed to get away with it by the Presidency because the latter saw this as the only means of getting agreement on a package. Unfortunately the base year of 1980 is part of the package, being enshrined specifically in the regulation, on which the Danes are about to lift their reserve (on the use of Article 113); and on a detailed point of which (relating to existing contracts), we too have now lifted our reserve. We could not re-open the question of the base year without re-opening the package which, we are all agreed, we should not do. But your officials may wish to investigate how far the company's trade would be covered by the definition of existing contracts in the regulation.
3. I am copying this minute to the recipients of your letter.

C  
—

(CARRINGTON)

Foreign and Commonwealth Office  
10 March 1982

Poland

N. B. P. R.

MR 10/3



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Prime Minister

FCS/82/41

MINISTER OF AGRICULTURE, FISHERIES AND FOOD

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mt

A.J.C. 19/3

1-a-

Poland: Soviet Factory Ships

1. Thank you for your letter of 3 March 1982. I have no wish to jump the gun. But equally we must be sure the gun is not jumped by the conclusion of contracts which restrict our scope for manoeuvre thereafter.

2. I have always recognised that what restrictions should be imposed on Soviet klondykers should be decided in the light of all the circumstances. In view of what you say about the uncertainty of these circumstances in relation to the Minch herring and mackerel fisheries, I agree that we should leave the matter for consideration until nearer the time on the basis of the following understanding:

- a) that officials from your, George Younger's and my departments should get together in good time before the Minch fisheries to consider the options and set them out for us;
- b) that we should not then find our freedom of manoeuvre restricted by "existing contracts" entered into before the start of the fisheries. This means ensuring that such contracts are not entered into between now and then;
- c) that we should continue to make it clear publicly that restrictions could be imposed. I suggest that the appropriate line to take is that what licences are issued to Soviet vessels will be decided nearer the time. Meanwhile no decisions have been taken one way or the other.

/3. If you are





SECRET

3. If you are content with this, perhaps these conclusions and their procedural follow-up can be registered at the meeting of MISC 64 which is taking place on 10 March.

4. Copies of this minute go to the recipients of your letter.

C  
/

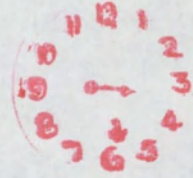
(CARRINGTON)

Foreign and Commonwealth Office  
9 March 1982





9 MAR 1982





ds

Poland

9 March 1982

Poland

I enclose a copy of a letter which the Prime Minister has just received from President Reagan thanking her for her participation in the broadcast "Let Poland be Poland".

RF I am doubtful whether any reply is **required** but perhaps you could kindly consider this point and advise.

A J COLES

Francis Richards, Esq.,  
Foreign and Commonwealth Office.



9 March 1982

I write to thank you for your letter of 9 March enclosing a message from President Reagan about the special broadcast "Let Poland be Poland". I shall place the letter before the Prime Minister.

A J COLES

His Excellency The Honourable John J. Louis, Jr.





EMBASSY OF THE UNITED STATES OF AMERICA  
LONDON

March 9, 1982

Dear Prime Minister:

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

Sincerely,

John J. Louis, Jr.  
Ambassador

Enclosure:

UNCLASSIFIED

The Rt. Hon. Margaret Thatcher, M.P.,  
Prime Minister,  
10 Downing Street,  
London, SW 1.



**CONFIDENTIAL***Kenneth James returning*

CONFIDENTIAL

FM FCO 091841Z MAR 82

TO IMMEDIATE WARSAW

TELEGRAM NUMBER 223 OF 8 MARCH

INFO SAVING BONN, PARIS, WASHINGTON, UKDEL NATO AND MOSCOW

*to Warsaw.**mt*INSTRUCTIONS FOR CALL BY HM AMBASSADOR ON POLISH FOREIGN MINISTER.

1. I SHOULD LIKE YOU TO USE THE WORDING OF THE FOLLOWING PARAGRAPHS AT ALL IMPORTANT POINTS, BUT YOU HAVE DISCRETION AS TO THE ORDER AND STYLE. THE MESSAGE YOU SHOULD TRY TO GET HOME TO HIM IS THAT I COUNT MYSELF A FRIEND OF POLAND BUT SHALL FIND IT DIFFICULT TO REMAIN ONE SO LONG AS THE MARTIAL LAW REGIME CONTINUES ON ITS PRESENT COURSE. IF CZYREK QUESTIONS YOU ABOUT HMG'S INTENTIONS, EG, ON RESCHEDULING AND NEW CREDIT, YOU SHOULD NOTE HIS QUESTIONS AND SAY THAT YOU WILL SEEK FURTHER INSTRUCTIONS. I HOPE THE CALL MAY END ON THE NOTE THAT CZYREK WILL CONTINUE TO RECEIVE YOU FROM TIME TO TIME.

BEGINS

2. I HAVE BEEN ASKED TO PASS TO YOU A MESSAGE FROM LORD CARRINGTON. HE SENDS YOU HIS GREETINGS AND GOOD WISHES AND INSTRUCTS ME TO SPEAK AS FOLLOWS:

3. IN THE SPIRIT OF THE TRADITIONALLY CLOSE AND GOOD RELATIONS BETWEEN OUR COUNTRIES, LORD CARRINGTON BELIEVES IT IS RIGHT THAT WE SHOULD SEEK TO DISCUSS THE PRESENT ISSUES THAT CONCERN US AS FRANKLY AND AS FULLY AS POSSIBLE.

4. LORD CARRINGTON RECALLS HIS CONVERSATION WITH YOU DURING YOUR VISIT TO LONDON LAST NOVEMBER. HE TOOK PARTICULAR NOTE OF YOUR STATEMENT THEN THAT THE POLISH GOVERNMENT BELIEVED POLAND'S PROBLEMS SHOULD BE SOLVED THROUGH DIALOGUE. LORD CARRINGTON REGRETS THAT THIS PATH HAS NOT BEEN FOLLOWED. HE FINDS IT DIFFICULT TO BELIEVE THAT POLAND CAN ACHIEVE THE POLITICAL STABILITY, SOCIAL HARMONY AND ECONOMIC RECOVERY WHICH ALL POLAND'S FRIENDS WISH TO SEE, EXCEPT BY RESUMING THE PROCESS OF NATIONAL CONCILIATION AND DIALOGUE.

5. LORD CARRINGTON ALSO RECALLS THAT IN YOUR LAST MESSAGE TO HIM CONVEYED BY AMBASSADOR STANISZEWSKI ON 22 DECEMBER YOU EXPRESSED THE CONVICTION THAT MARTIAL LAW WAS NOT A PERMANENT SOLUTION IN POLAND AND WOULD BE LIFTED AS SOON AS POSSIBLE. THE BRITISH GOVERNMENT WELCOMED THESE ASSURANCES, AS WE HAVE SIMILARLY WELCOMED THOSE GIVEN BY GENERAL JARUZELSKI PERSONALLY AND IN THE NAME OF THE MILITARY COUNCIL FOR NATIONAL SALVATION.

6. LORD CARRINGTON OBSERVES WITH DEEP REGRET, HOWEVER, THAT THREE MONTHS AFTER THE IMPOSITION OF MARTIAL LAW IN POLAND, THE POLISH AUTHORITIES ARE STILL UNABLE TO GIVE A FIRM INDICATION WHEN THE PRESENT ABNORMAL CONDITIONS WILL BE ENDED. HE HAS ASKED ME TO EMPHASIZE TO YOU THE IMPORTANCE WHICH THE BRITISH AND OTHER WESTERN GOVERNMENTS ATTACH TO THESE COMMITMENTS AND TO DRAW TO YOUR ATTENTION

**CONFIDENTIAL**

/OUR



# CONFIDENTIAL

OUR CONCERN AT THE EFFECT THAT DEVELOPMENTS IN POLAND HAVE HAD AND ARE CONTINUING TO HAVE ON EAST/WEST RELATIONS. NOT ONLY IN EUROPE. HE BELIEVES THAT YOU WILL BE ALREADY AWARE OF HIS VIEW THAT ANY FURTHER DETERIORATION OF THE SITUATION COULD NOT FAIL TO HAVE THE HRAVEST CONSEQUENCES FOR INTERNATIONAL RELATIONS AS A WHOLE.

7. SO FAR AS THE UNITED KINGDOM IS CONCERNED, LORD CARRINGTON REJECTS THE SUGGESTIONS THAT HAVE BEEN MADE THAT THERE HAS BEEN WESTERN INTERFERENCE IN POLISH AFFAIRS AND THAT WESTERN GOVERNMENTS ARE SEEKING TO TAKE ADVANTAGE OF POLAND'S DIFFICULTIES. BRITAIN AND OTHER COUNTRIES IN THE WEST ARE CONTINUING TO GIVE HUMANITARIAN ASSISTANCE TO THE POLISH PEOPLE. BUT NO WESTERN GOVERNMENT COULD IGNORE THE FACT OF THE IMPOSITION OF MARTIAL LAW OR THE WAY IN WHICH IT IS BEING APPLIED. IN RECENT DAYS FOR EXAMPLE, THE PRESSURE BROUGHT TO BEAR BY THE POLISH AUTHORITIES ON INDIVIDUAL DETAINEES TO GO INTO FORCED EXILE ABROAD HAS MADE A PARTICULARLY BAD IMPRESSION UPON PUBLIC OPINION, NOT ONLY IN BRITAIN.

8. LORD CARRINGTON THEREFORE HOPES THAT THE POLISH AUTHORITIES WILL FIND AN EARLY WAY TO PROVE THE SINCERITY OF THEIR DECLARED INTENTION TO CONTINUE THE PROCESS OF REFORM AND RECONCILIATION. HE WOULD WELCOME AN AUTHORITATIVE STATEMENT FROM YOU AS FOREIGN MINISTER AS TO HOW THE COUNCIL OF NATIONAL SALVATION INTENDS TO ACHIEVE ITS STATED OBJECTIVES AND WHAT TIMETABLE IS NOW ENVISAGED FOR ENDING MARTIAL LAW, THE RELEASE OF THOSE STILL DETAINED, THE INTRODUCTION OF REFORMS AND THE RESUMPTION OF GENUINE DIALOGUE WITH THE CHURCH AND WITH THE LEGITIMATE REPRESENTATIVES OF SOLIDARITY. (ASTERISK SEE BELOW)

9. IN CONCLUSION, LORD CARRINGTON HAS ASKED ME TO SAY THAT HE HAS IN THE PAST GREATLY VALUED THE CONTACTS AND DIALOGUE THAT HAVE BEEN ESTABLISHED WITH THE POLISH GOVERNMENT, AND NOT LEAST THE VARIOUS CONVERSATIONS WHICH HE HAS HAD WITH YOU PERSONALLY. BY ITSELF A DIALOGUE CANNOT SOLVE THE DIFFICULT PROBLEMS WHICH AT PRESENT SEPARATE US. BUT IN THE LONG TERM IF THEY ARE DISCUSSED OPENLY THE UNDERSTANDING ACHIEVED CAN HELP TO FIND WAYS TO OVERCOME THEM.

ASTERISK: " YOU WILL UNDERSTAND THAT ON THE ANSWERS TO THESE QUESTIONS MUST DEPEND THE ATTITUDE AND ACTIONS OF THE BRITISH GOVERNMENT IN REGARD TO POLAND".

CARRINGTON

POLAND SPECIAL  
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From the Minister

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD  
 WHITEHALL PLACE, LONDON SW1A 2HH

~~SECRET~~  
 [Signature]  
 Prime Minister

The Rt Hon The Lord Carrington  
 KCMG MC  
 Foreign and Commonwealth Office  
 Downing Street  
 London SW1A 2AL

A.J.C. 8/3

8 March 1982

A.J.C. 9/3  
h.a.

Dear Secretary of State

## POLAND - MEASURES AGAINST THE SOVIET UNION

attached

I have seen a copy (which incidentally, did not arrive until after the deadline for comments had expired) of your letter of 8 March to the Secretary of State for Trade about the measures agreed, subject to UK and Danish reserves and Greek exemption, on restriction of Soviet Exports to the Community.

Considering that the UK reserve relates specifically to outline contracts, which is more the concern of the Secretary of State for Trade, and accepting - particularly in view of the relatively small impact this will have on UK trade by comparison with that of some other member states - that we cannot reopen the package, I would agree with the suggestion that we accept what is on the table. I am nevertheless writing to seek, if at all possible, some flexibility on the base year.

I understand that the large majority of member states was in favour of maintaining food items in the list which the Commission circulated originally, and that because of this our representative in COREPER went along with the inclusion of the products in question. This was of course in accordance with what we had agreed. I note however that in the final round of discussion the French were successful in getting canned crab excluded from the list.

This last minute deletion is particularly galling in view of representations I have received from a UK firm with virtually an exclusive interest in the import of canned Soviet salmon, which represents 60% of their turnover, into this country. Canned salmon from the USSR has in recent years constituted between 5/10 per cent of total UK canned salmon imports but with recent questions over the health status of the US product (the other major source of imports) the Soviet product would



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probably have featured more largely in the coming year. This particular firm may not only be damaged in existing trade by restrictions on this product but now see themselves excluded from the possibility of expansion.

The problem is compounded by the fact that the base year, 1980, selected for the determination of import statistics for the application of quota, is for the UK quite unrepresentative for this product. Shipments which would normally have arrived here in the autumn of 1980 were delayed until 1981 through bad weather on the eastern coast of the USSR, and further distortion had been caused by the unexpectedly early arrival on 29 December 1979 of a previous large shipment ordered for 1980 which is recorded in the statistics for the previous year. Consequently, the figure for total imports of the product appearing in the UK import statistics for 1980 is misleadingly deflated.

As I have said, I do not wish to reopen the package but I hope that full opportunity will be taken of any possibility of persuading the Commission that in fixing the canned salmon quota for the UK, appropriate adjustments would be made to take these exceptional factors into account.

I am copying this letter to the Prime Minister, the Chancellor of the Exchequer, the Secretaries of State for Industry and Trade and to Sir Robert Armstrong.

*Yours sincerely*

*Robert Carr*

for PETER WALKER

(Approved by the Minister  
and signed in his  
absence)

17-8 MAR 1981  
6 12 1980





Prime Minister

For information.

ABL 8/3

*[Handwritten signature]*

FCS/82/38

SECRETARY OF STATE FOR TRADE

Poland: Measures Against the Soviet Union

1. Thank you for your letter of 3 March 1982.
2. Discussion in the Community is now drawing to a conclusion. A draft Council Regulation imposing more restrictive quotas on Soviet exports to the Community is largely agreed by 7 member states (only the UK has an outstanding point of substance); Greece is prepared to be out-voted; only Denmark still has a reservation on Community action under Article 113. The Danes are very much in two minds about this, on the one hand disliking what they see as economic sanctions regarded as a matter of trade policy, but disliking equally being in a minority of one and blocking Community action although they appear not to object to economic sanctions as such. Subject to the Danish reservation, final decisions are close, so I owe my colleagues a report as well as you a reply to the points in your letter.
3. The situation now reached is as follows. There is agreement in Brussels to restrict Community imports from the Soviet Union of a wide range of goods to 50 per cent of 1980 quotas (where quotas exist) and to 25 per cent of 1980 trade levels where currently quotas do not exist. A number of items on the Commission's list of goods to be restricted (essentially manufactured goods and luxury products) have been deleted at the request of one or more member states. This includes all the deletions we sought. With the deletion of items of significance to the UK the Commission's figures show UK trade as being least affected among member states doing significant trade with the Soviet Union (Benelux 58 per cent, FRG 23 per cent, France 8.5 per cent, Italy 5 per cent, UK 4 per cent) so we come out well in the burden-sharing stakes. The effect of the

/deletions





deletions is to reduce the impact of the proposed restrictions to about 1 per cent of Soviet trade. While this is a very small proportion, it is nonetheless a useful signal both to the Soviet Union and to the Americans.

4. We also achieved the other main objective mentioned in your letter, exemption from the restrictions for contracts already concluded. We got this put in both because of its intrinsic value and because of its importance to our position vis-à-vis the Americans. Unfortunately although we argued strongly, we were in a minority of one in seeking a definition of 'contracts concluded' which specifically covered outline agreements and other similar undertakings. This is the one substantive point outstanding in the discussion which (subject to the overall Danish reserve) is now holding up Community agreement on the regulation. Your officials and mine are in touch about it and will, I hope, be able to resolve the problem at their level: this is not a point which we can usefully pursue further with our partners.

5. Other points are that, as a price for being willing to be out-voted, Greece will be exempted from applying the restrictions; the regulation will run for a year subject to renewal; and that it will enter into force the day after publication in the official journal.

6. We came under heavy pressure in Brussels on Friday (5 March). It was pointed out that we were least affected by the measures, yet holding out where others did not feel it necessary to do so. The Presidency wants to get the regulation agreed today (8 March) so that the Danes can be presented with a united front and has left it that the UK should inform the Presidency of its position as soon as possible in the course of the day. They would like to get it as an A point to the Council as early as 15 or 16 March, with entry into force the following day. We argued unsuccessfully and in isolation for a slightly slower implementation, if only to allow time

/for





for the licensing machinery to be put into place. The reason for the haste is the fear that leaks are inevitable with a consequent rush by traders to evade the new quotas. Implementation as early as possible is therefore regarded as essential.

7. This is germane to the point you raise about modifying the size of the cuts we are prepared to impose on the Soviet Union in proportion to American willingness to meet the Europeans on existing contracts. I have much sympathy with your approach. Unfortunately I do not believe it to be practicable or desirable for several reasons:

- a) We shall receive little comprehension from partners now anxious to go ahead quickly for the reasons given above;
- b) the deal you suggested (a 50 per cent cut in Soviet imports if the Americans are forthcoming; a lesser one if not) has been rather overtaken by the negotiations. A 25 per cent reduction in the liberalised sector was the highest figure that all would agree to; and a 50 per cent cut in present quotas is more than it sounds because many quotas are seriously unfulfilled. So what the Community would be prepared to do is not in practice much of a bargaining card with the Americans, especially since they know that the original Commission proposal envisaged substantially larger cuts which have been whittled down to only 1 per cent of Soviet trade by the end. We should do better to decide what we can do, do it and make maximum use of that with the Americans.

/c)





c) Finally there would be immense practical difficulties in transferring what can be agreed with the Americans in a highly confidential negotiation involving only four members of the Community to the Community forum.

8. Against this background, I propose to accept what is on the table. If you have any difficulty with this, I should - in view of the Brussels deadline - be grateful if your officials would let mine know by telephone as early as possible today (8 March) and in any case before 1600 hours. I am meanwhile sending a message to Olesen to make it plain that we have no sympathy with his stand on the issue of action under Article 113.

9. I am copying this letter to the Prime Minister, the Chancellor of the Exchequer, the Secretary of State for Industry, the Minister for Agriculture and Sir Robert Armstrong.

C  
/

(CARRINGTON)

Foreign and Commonwealth Office

8 March 1982



26 MAR 1982

123  
456  
789





Poland (2)

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

Prime Minister

5 March 1982

To be aware  
of X.

The Rt. Hon. Humphrey Atkins, MP  
Lord Privy Seal

A.T.C. 5/3

POLISH DEBT RESCHEDULING

A.T.C. 9/3

Thank you for your letter of 3 March.

h-a

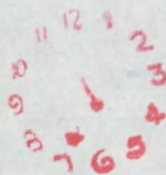
X I understand that, in agreement with your officials, my officials have now accepted the French invitation to a Creditors' discussion of Polish rescheduling on 18 March. It looks as if the French may be planning for a fairly full discussion on that occasion. My officials will of course keep in touch with yours about the line we should take. You may well be right in thinking that the best outcome on 18 March would be a holding reply to the Poles.

I am copying as before to the Prime Minister and other members of OD; also to Sir Robert Armstrong.

GEOFFREY HOWE



5 MAR 1982





CONFIDENTIAL

FM WARSAW 051050Z MAR 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 334 OF 5TH MAR 82

PRIORITY INFO WASHINGTON , PARIS, BONN, MOSCOW, UKDEL NATO, UKDEL  
MADRID, UKMIS GENEVA.SAVING TO EAST BERLIN, PRAGUE, BUDAPEST, SOFIA , BUCHAREST, BELGRADE  
HELSINKI , STOCKHOLM, UKREP BRUSSELS, UKMIS NEW YORK.MY TEL NO 285 : POLAND.

1. GENERAL JARUZELSKI HAS NOW BEEN RUNNING THIS COUNTRY UNDER  
MARTIAL LAW FOR NEARLY 3 MONTHS. HE HAS BEEN UNUSUALLY VISIBLE  
OVER THE PAST TWO WEEKS AND THIS MAY BE A GOOD MOMENT TO SEE WHERE  
HE HAS GOT TO .

INTERNAL SITUATION.

2. POLAND IS QUIET. THERE HAVE BEEN NO REPORTED INCIDENTS OF ANY SORT  
FOR THE PAST THREE WEEKS.

3. SOLIDARITY CONTINUES TO PRODUCE AND DISTRIBUTE ILLEGAL PAMPHLETS  
SOME OF REASONABLE QUALITY. ONE OF ITS MAIN LEADERS STILL AT  
LARGE , BUJAK, HAS ADVISED IN A RECENT ARTICLE AGAINST ANY MORE  
SPORADIC SIT-IN STRIKES OR OTHER ISOLATED ACTS OF OPPOSITION. HE  
WOULD PREFER ACTION ON A NATIONAL SCALE, POSSIBLY IN THE SHAPE OF  
A SYMBOLIC SHORT STRIKE IN THE SPRING. WE HAVE NO AUTHORITATIVE  
EVIDENCE OF WHAT IF ANYTHING SOLIDARITY IS PLANNING OR INDEED HOW IT  
IS NOW ORGANISED.

MARTIAL LAW.

4. MANY OF THE ADMINISTRATIVE MARTIAL LAW RESTRICTIONS HAVE NOW BEEN  
LIFTED. POLES - AND DIPLOMATS- CAN TRAVEL FREELY AROUNTH THE  
COUNTRY EXCEPT IN THE BORDER ZONES. THEY CAN ALSO VISIT OTHER  
SOCIALIST COUNTRIES ON INVITATION OR , IN GROUPS, VISIT THE WEST  
FOR A RESTRICTED NUMBER OF SPECIAL OCCASIONS (E.G. CULTURAL AND  
SPORTING) . TELEPHONE CALLS INSIDE POLAND CONTINUE TO BE MADE  
THROUGH THE OPERATOR BUT RE-INTRODUCTION OF STD AND INTERNATIONAL  
CALLS IS "ENVISAGED". THE CURFEW REMAINS, EXCEPT FOR TAXI-DRIVERS,  
FROM 11 PM TO 5 AM IN WARSAW AND MOST OF THE COUNTRY BUT FROM 10 PM  
IN SOME CITIES, NOTABLY GDANSK. THERE ARE FEW SOLDIERS OR MILICJA  
ON THE STREETS AND IN WARSAW AT LEAST THERE ARE PRACTICALLY NO  
ROAD CHECKS INSIDE TOWN. OUTSIDE THE TOWNS THE SYSTEM OF PERMANENT



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HIGHWAY CONTROL CHECK-POINTS IS IN PLACE AND ACTIVE. PETROL, ON LIMITED RATION, IS ON SALE. CINEMAS, THEATRES AND CONCERT HALLS ARE WORKING NORMALLY. MOST RESTAURANTS REMAIN CLOSED EXCEPT IN HOTELS. LIMITED EXTERNAL FLIGHTS BY SOME WESTERN AIRLINES HAVE RESUMED. MOST NEWSPAPERS AND PERIODICALS, IN WARSAW AND IN THE PROVINCES, ARE BACK. WE HAVE TWO TV CHANNELS AND PROVINCIAL RADIO STATIONS ARE WORKING AGAIN. FAMILY CELEBRATIONS NO LONGER REQUIRE PERMISSION.

5. THE POLITICAL ASPECTS, "THE VERY ESSENCE" (GENERAL KISZCZAK), OF MARTIAL LAW ARE STILL INTACT, HOWEVER. MILITARY COURTS OPERATING MILITARY LAW, SUMMARY PROCEEDINGS IN CIVIL COURTS, CENSORSHIP AND INTERNMENT ARE RETAINED. STRIKES ARE BANNED AND LARGE PUBLIC GATHERINGS ARE ILLEGAL. AND THE AUTHORITIES RETAIN THE RIGHT, AND HAVE THE ABILITY, TO RE-INTRODUCE SELECTIVE MARTIAL LAW RESTRICTIONS IF TROUBLE ARISES.

6. SO FAR AS WE CAN TELL, THE "VERIFICATION" CAMPAIGN CARRIES ON, ALTHOUGH ITS EFFECTS ARE LESS PRONOUNCED AS THE NUMBERS OF UNVERIFIED PROFESSIONALS GETS SMALLER.

DETAINEES

7. UP TO 3 MARCH 6,711 POLES HAD BEEN INTERNED. 2771 HAVE BEEN RELEASED AND 3940 ARE STILL IN INTERNMENT CAMPS. FURTHER RELEASES ARE PROMISED. THE PHYSICAL CONDITIONS IN THE CAMPS, ACCORDING TO ICRC TEAMS WHO HAVE VISITED 21 CAMPS, ARE REASONABLE. THE INTERNEES REMAIN FOR THE MOST PART UNREPENTANT AND HOSTILE. A CONDITION OF THEIR RELEASE SEEMS TO BE THAT THEY MUST AGREE TO SIGN PLEDGES OF LOYALTY TO THE STATE AND ASSURANCES NOT TO TAKE PART IN ANTI-STATE ACTIVITY. IT HAS NOW BEEN PUBLICLY ANNOUNCED THAT THE AUTHORITIES WILL CONSIDER GIVING PERMANENT EMMIGRATION DOCUMENTS FOR THOSE INTERNEES WISHING TO LEAVE POLAND.

8. MILITARY COURTS CONTINUE TO HAND OUT SENTENCES VARYING FROM 10 TO 2 AND A HALF YEARS IMPRISONMENT MOSTLY ON SOLIDARITY ACTIVISTS FOUND GUILTY OF ORGANISING STRIKES AFTER 13 DECEMBER.

RESUMPTION OF DIALOGUE.

9. THE REGIME HAS MADE LITTLE IF ANY PROGRESS ON RESUMING GENUINE DIALOGUE WITH POLISH SOCIETY. THEY NOW SEEM TO HAVE GIVEN UP ALL HOPE OF PERSUADING WALESA TO ENTER INTO NEGOTIATIONS, ALTHOUGH A CHURCH REPRESENTATIVE RECENTLY TOLD WEHNER THAT WALESA WAS NOW READY TO PARTICIPATE IN DISCUSSIONS UNDER THE AUSPICES OF THE CHURCH AND THE STATE. THE CHURCH ITSELF HAS BEEN VERY QUIET OVER THE LAST 3 OR 4 WEEKS. THE COMMUNIQUE OF THE BISHOPS COUNCIL CAME OUT STRONGLY AGAINST MARTIAL LAW. THE CHURCH IS SAID TO BE IN FREQUENT CONTACT WITH THE GOVERNMENT BUT NO RESULTS ARE APPARENT.

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/10. EFFORTS



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10. EFFORTS TO BOOST THE PRESTIGE OF LOCAL COMMITTEES OF NATIONAL SALVATION, WHICH HAVE BEEN RENAMED COMMITTEES OF NATIONAL RE-BIRTH, CONTINUE. THE SEJM, MEETING ON 26-27 FEBRUARY FOR A MAINLY ROUTINE SESSION, ENDORSED THE GENERAL CONCEPT OF A FRONT OF NATIONAL UNDERSTANDING AND THE SPECIFIC ACTIVITIES OF LOCAL COMMITTEES OF NATIONAL REBIRTH WHICH WERE ALSO BLESSED IN PRINCIPLE BY THE VII PLENUM AND BY THE JOINT POLISH/RUSSIAN COMMUNIQUE FROM MOSCOW. DEPUTY PRIME MINISTER OZDOWSKI CHAIRED A NATIONAL GATHERING OF LAY CATHOLICS.

THE PARTY.

11. THE LONG-AWAITED AND MUCH-POSTPONED VII PLENUM HELD ON 24-25 FEBRUARY SOUGHT WITH ONLY MARGINAL SUCCESS TO BREATHE NEW LIFE INTO THE SQUABBLING AND UNPOPULAR POLISH COMMUNIST PARTY. JARUZELSKI'S SPEECH AT THE PLENUM REASSERTED HIS CREDENTIALS AS THE GUARDIAN OF ORTHODOX MARXIST/LENINIST THINKING. IF THERE WAS ANY OPPOSITION TO HIM, NONE APPEARED. ALOOF AND AUSTERE, HE DOMINATED THE PROCEEDINGS. HIS VISIT TO MOSCOW GAVE HIM FURTHER RESPECTABILITY EVEN IF THERE WAS NO GREAT MEETING OF MINDS. PZPR ACTIVISTS WILL NOW BE DISCUSSING THE DRAFT IDEOLOGICAL DECLARATION WHICH WILL BE FURTHER DEBATED AT THE NEXT PLENUM.

THE ECONOMY.

12. THE DOMINANT THEME ON THE ECONOMIC FRONT HAS BEEN THE NEED FOR THE POLISH ECONOMY TO CORRECT ITS "OVER DEPENDENCE ON THE WEST" BY STRENGTHENING ITS LINKS WITH POLAND'S CMEA PARTNERS. THE PREVIOUS LEADERS ARE BLAMED FOR ALLOWING POLAND TO BECOME SO VULNERABLE TO WESTERN ECONOMIC PRESSURE. THE GOVERNMENT HAS PUBLICLY VOICED ITS EXPECTATION OF SUBSTANTIAL ADDITIONAL ECONOMIC AID FROM THE SOVIET UNION AND OTHER CMEA COUNTRIES. MEANWHILE, MORE GOODS ARE APPEARING IN THE SHOPS IN WARSAW AND QUEUES SEEM SHORTER THIS PROBABLY HAS MORE TO DO WITH THE RECENT RETAIL PRICE INCREASES WHICH HAVE STRETCHED FAMILY BUDGETS, THAN WITH MARKEDLY INCREASED PRODUCTION.

CONCLUSION.

13. THERE IS AN INCREASING AIR OF PERMANENCE ABOUT JARUZELSKI. WITH THE SUPPORT OF THE ARMY, HIS CONTROL OVER THE GOVERNMENT, HIS NEW RESPECTABILITY AS FIRST SECRETARY AND WITH MOSCOW'S BLESSING, HE IS NOW MORE OBVIOUSLY IN CONTROL OF THE COUNTRY THAN AT ANY TIME SINCE 13 DECEMBER. BUT NONE OF THE PROBLEMS WHICH HAVE BEEN AROUND SINCE DECEMBER OR MUCH EARLIER HAS BEEN SOLVED OR HAS GONE AWAY. HIS CONTROL OVER THE COUNTRY RESTS ON THE ARMY AND IS BACKED BY THE BAYONET AND THE TRUNCHEON, EVEN IF THERE ARE LESS OF THEM AROUND.



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HE HAS NOT YET SUCCEEDED IN ATTRACTING ANY SORT OF GENERAL POPULAR SUPPORT NOR IN ESTABLISHING ANY POLITICAL ORGANISATION OR STRUCTURE TO REPLACE SOLIDARITY. AS FOR THE THREE WESTERN CONDITIONS, MARTIAL LAW HAS BEEN LIFTED TO THE EXTENT THAT A VISITOR WOULD NOTICE VERY FEW DAYTIME RESTRICTIONS, BUT THE "TEETH" PROVISIONS REMAIN: THE DETAINEES ARE STILL IN CAMPS IN MUCH THE SAME NUMBERS BUT THESE WILL PROBABLY DECLINE AS MORE RELEASES ARE MADE AND OTHERS GO ABROAD INTO FORCED EMIGRATION: AND THERE IS NO DIALGUE.

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FM MOSCOW 021350Z MAR 82

TO IMMEDIATE F C O

TELEGRAM NUMBER 111 OF 2 MARCH

INFO WARSAW

SAVING FOR INFO UKDEL NATO, WASHINGTON, PARIS AND BONN

Lead

JARUZELSKI VISIT

1. THE SOVIET LEADERSHIP ARE CLEARLY TREATING THE VISIT WITH THE IMPORTANCE IT DESERVES, AND JARUZELSKI SEEMS SO FAR TO HAVE SAID WHAT WAS EXPECTED OF HIM. HIS TRIBUTE TO THE SOVIET ARMED FORCES WAS NOTABLY FULSOME. HE ALSO ACKNOWLEDGED POLAND'S NEED TO BE A RELIABLE PARTNER FOR THE SOVIET UNION AND THE IMPORTANCE OF PROLETARIAN INTERNATIONALISM. HE RECORDED HIS BELIEF THAT THE SEVENTH PLENUM OF THE PZPR WAS AN IMPORTANT STEP ON THE ROAD TO STRENGTHENING THE PARTY. HE DESCRIBED THE NEED FOR ECONOMIC HELP FOR POLAND. JARUZELSKI ALSO SAID THAT A RELIABLE POLAND OUGHT TO BE CONSTRUCTED "WITH REGARD TO POLISH TRADITIONS AND CULTURE." HE EMPHASISED THAT THE DECISION TO IMPOSE MARTIAL LAW HAD BEEN A POLISH DECISION AND IN A PASSAGE WHICH BY IMPLICATION ACKNOWLEDGED THE SOVIET UNION'S RIGHT IN THE LAST RESORT TO IMPOSE ITS OWN SOLUTION SAID, "WE PARTICULARLY VALUED THE CREDIT OF TRUST SHOWN IN US, THE CONFIDENCE THAT WITH OUR OWN FORCES, AND BY MEANS SUITABLE TO THE CIRCUMSTANCES WE COULD SETTLE ACCOUNTS WITH THE DANGER".

2. BREZHNEV, TOO, SPOKE AS ONE MIGHT EXPECT. HE DID NOT IN TERMS GIVE JARUZELSKI A VOTE OF CONFIDENCE BUT THE WHOLE IMPORSSION LEFT IS THAT THE MUTUAL COMMITMENT HAS BEEN REINFORCED. BREZHNEV WENT PERHAPS A LITTLE TOO FAR TO CARRY CONVICTION WHEN HE SAID "WE RECEIVED WITH FULL UNDERSTANDING THE INFORMATION ABOUT THE NATIONAL DECISION TAKEN BY OUR POLISH FRIENDS TO PROTECT THE PEOPLE'S POWER ...". HE STRESSED THE NEED FOR A SUITABLE PARTY PLAYING THE LEADING ROLE IN POLAND, ACKNOWLEDGED THE NEED TO INCREASE THE LEVEL AND QUALITY OF ECONOMIC LINKS, ADMITTED THAT THE SITUTATION WAS STILL DIFFICULT, BLAMED THE UNITED STATES AND WAS BLUNT ABOUT THE DEFENCE OF SOCIALISM. IT WAS, HOWEVER, SIGNIFICANT THAT HAVING DEALT FIRMLY WITH THE POLISH SITUATION HE WENT ON TO ARGUE THAT THE SOCIALIST COMMUNITY HAD TO BE NOT ISOLATED, BUT A PART OF CONTEMPORARY CIVILISATION AND TO POINT TO THE IMPORTANCE OF RELATIONS WITH THE UNITED STATES AND EUROPE, THE NEED TO CONTINUE AND ENRICH THE EAST-WEST DIALOGUE AND THE SOVIET COMMITMENT TO DISARMAMENT. THE THRUST OF THE SPEECH WAS THAT POLAND WAS A DIFFICULT LOCAL PROBLEM WHICH WAS NOW BEING FIRMLY TACKLED AND THAT WIDER INTERESTS MUST NOT BE IGNORED.



# CONFIDENTIAL

3. WE HAVE LITTLE TO GO ON IN JUDGING HOW THE TALKS THEMSELVES ARE GOING. TASS DESCRIBED THEM ON 1 MARCH AS HAVING TAKEN PLACE IN A CORDIAL AND FRIENDLY ATMOSPHERE. IN GENERAL NO DOUBT BOTH SIDES WERE IN AGREEMENT WITH EACH OTHER, AND EACH NEEDS THE OTHER. BUT SOME DIFFERENCES OF FOCUS ARE NONETHELESS DETECTABLE, WITH THE SOVIET SIDE PRESUMABLY ARGUING FOR POLAND TO COME AS CLOSE AS POSSIBLE TO THEIR GENERALLY APPROVED MODEL OF SOCIALISM AND JARUZELSKI EMPHASISING THE PECULIARITIES OF THE POLISH SITUATION.

4. M I F T CONTAINS A SUMMARY OF THE SPEECHES. *(attached)*

FCO PLEASE PASS ALL SAVING ADDRESSEES.

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~~Prime Minister~~

To note.

A.F.C.  $\frac{3}{3}$ 

Foreign and Commonwealth Office  
London SW1

3 March 1982

*[Handwritten signature]*  
AR 4/3  
f.a.

*Dear Geoffrey.*

## POLISH DEBT RESCHEDULING

Thank you for your minute of 26 February to Peter Carrington who is abroad, enclosing the useful Treasury note about the 1982 rescheduling of Polish debts.

I agree broadly with the paper. An orderly rescheduling of official debt is clearly in the British interest. But I think we must recognise that the prospects of the Poles making significant net repayments are very small and the risk of default may remain even if the creditors agree to reschedule. I understand that officials are currently engaged in an assessment of Poland's financing requirements for 1982 which may throw further light on this problem.

As you will know, the French have now received a proposal from the Poles to resume official rescheduling negotiations and M. Camdessus has suggested a discussion among creditors in the margins of the Paris Club meeting on 18 March. I think that we should agree to this provided it is clearly understood that at this stage it does not imply any commitment to negotiate with the Poles.

At the meeting on 18 March I suggest that our representative might propose that the Poles be sent a holding reply and that a full meeting of the group of 16 creditors be convened (without the Poles) to assess the position as regards rescheduling and exchange views on the prospects for the Polish economy.

/Meanwhile

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
London SW1



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Meanwhile officials should finalise their assessment of Poland's financing requirements for this year, so that we are in a position to contribute to a more detailed discussion of the whole problem of rescheduling when the full meeting of the creditors group takes place.

I hope you can agree to proceed on this basis. If so perhaps your officials could get in touch with mine about sending a response to the French.

I am copying this minute to the Prime Minister and other members of OD; also to Sir Robert Armstrong.

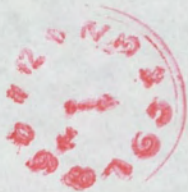
*Yours ever*

*Humphrey*

CONFIDENTIAL



MAR 1962



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From the Minister

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD  
WHITEHALL PLACE, LONDON SW1A 2HH

*Poland* (2)

Prime Minister

To be aware. Lord

Carry on may well wish to  
comment again.

A.S.C. 4/3

CONFIDENTIAL

The Secretary of State for  
Foreign and Commonwealth Affairs  
Foreign and Commonwealth Office  
Downing Street  
London SW1

Ref: FCS/82/32

3 March 1982

*A. S. C.*

*[Handwritten mark]*

*p.a. AR 4/3*

POLAND: SOVIET FACTORY SHIPS

I refer to your minute of 24 February 1982.

In my opinion it is important to avoid jumping the gun on this question. As George Younger and I have already indicated, there are too many uncertainties for us now to be able to arrive at a view on the question of restricting the number of Soviet factory vessels to participate in the Minch mackerel and herring fisheries. Moreover, until it has been possible to evaluate the situation which is likely to obtain in greater detail, I must state for the record that my position is reserved on the merits of taking any restrictive action at all. We must not put ourselves into a position of doing more damage to ourselves than to the Eastern bloc. To this end we need a firm idea of the prospective size of the fisheries, the number of Eastern bloc klondykers likely to participate and the availability of other outlets for our fishermen's catch. We must also give due weight to the risk of generalised Eastern bloc withdrawal from the fishery as a reprisal if some klondykers are excluded. This would have a serious effect on the fortunes of our fishermen and the impact of unexpectedly large quantities of fish on our market would create internal problems for us, quite apart from the Third World effect to which I attach importance.

We are still a long way from having the basic facts on which to found a decision. At present the TACs to be recommended by the Commission for the fisheries are not settled, much less the share that they would propose to allocate to the United Kingdom, and until these at least are known, together with the likely participation of Eastern bloc factory vessels, I see little point in contacts between our officials. In advance

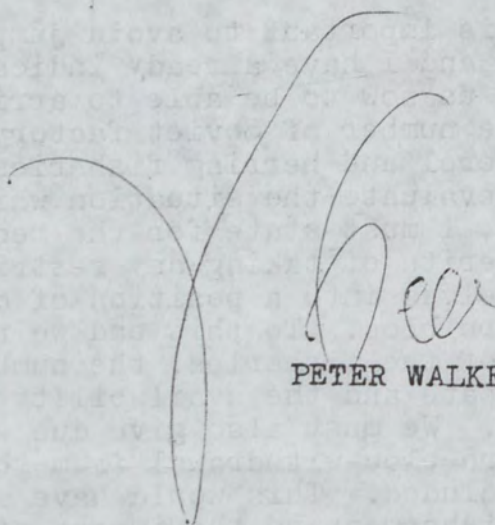


of this, I would certainly oppose any suggestion that we indicate to the Allies that we are in fact going to embark on a restrictive policy, although I appreciate the delicacy of the situation. I trust you will agree that this attitude is compatible with the decisions reached at the Prime Minister's meeting on 2 February, which referred to the possibility that restrictions could be reviewed in the summer.

Copies of this letter go to George Younger and to the Prime Minister, the Lord Privy Seal, the Secretary of State for Industry and the Chief Secretary and Minister for Trade (who were present at the meeting on 2 February) and to Sir Robert Armstrong.

5 MAR 1982

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PETER WALKER



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FM MOSCOW 021351Z MAR 82

TO PRIORITY F C O

TELEGRAM NUMBER 112 OF 2 MARCH

SAVING FOR INFO WARSAW, UKDEL NATO, WASHINGTON, PARIS, BONN.

Prime Minister

WR  
y/3

M.I.P.T. - JARUZELSKI VISIT.

1. JARUZELSKI WAS MET AT THE AIRPORT ON 1 MARCH BY BREZHNEV, TIKHONOV, ANDROPOV, GROMYKO, USTINOV, CHERNENKO AND RUSAKOV, AND TALKS WERE HELD WITH THE SAME GROUP. TASS DESCRIBED JARUZELSKI AS REPORTING ON THE CURRENT STATE OF THE POLISH PARTY, EXPRESSING THE DETERMINATION OF THE POLISH PEOPLE TO STRENGTHEN THEIR FRIENDSHIP WITH THE USSR AND OTHER WARSAW PACT STATES, AND DISCUSSING BILATERAL RELATION WITH BREZHNEV. THE TWO RESOLVED TO WIDEN ECONOMIC, TRADE AND CULTURAL LIE2-759899THEY REJECTED IMPERIALIST DICTATION. THE PRESENT SERIOUS INTERNATIONAL SITUATION DEMANDED THE UNITY OF THE SOCIALIST STATES AS NEVER BEFORE. THE TALKS WERE SAID TO HAVE TAKEN PLACE IN A CORDIAL, FRIENDLY ATMOSPHERE.
2. SPEECHES WERE EXCHANGED AT DINNER ON 1 MARCH. BREZHNEV SAID THAT THE MEASURES TAKEN BY "OUR POLISH FRIENDS" MET WITH THE FULL UNDERSTANDING OF THE SOVIET UNION. FOR COMMUNISTS TO HAVE GIVEN WAY TO COUNTER-REVOLUTION WOULD HAVE BEEN A BLOW TO POLAND AND TO STABILITY IN EUROPE. COMMUNISTS KNEW HOW TO LEARN FROM BITTER LESSONS. THE EFFORTS OF PZPR AND ITS ALLIED PARTIES TO CLEANSE THE PRACTICE OF SOCIALIST CONSTRUCTION FROM ALL THAT WAS BORROWED AND FOREIGN TO ITS ESSENCE WERE ENTIRELY NATURAL, AS WAS THE TASK OF RESTORING THE LEADING ROLE OF THE PARTY. IMPERIALIST POWERS, PRIMARILY THE USA, WERE STRENGTHENING THEIR PRESSURE ON POLAND. THE SOVIET UNION HAD DONE ALL IT COULD TO HELP POLAND, AND WOULD HELP IT IN FUTURE. BREZHNEV STRESSED THE IMPORTANCE OF DEVELOPING ECONOMIC RELATIONS WITHIN THE SOCIALIST COMMUNITY.
3. THE SOCIALIST COMMUNITY, CONTINUED BREZHNEV, WAS NOT ISOLATED, BUT A PART OF MODERN CIVILISATION WHICH COULD NOT BE FENCED OFF FROM THE CURRENT CONCERNS OF THE PEOPLES OF THE WORLD, PRIMARILY THE QUESTION OF PRESERVING PEACE. THE SOVIET UNION STRENGTHENED ITS ARMED FORCES AGAINST THREATS TO ITS SECURITY, BUT THIS WAS FROM NECESSITY. THE ARMS RACE WAS IMPOSED ON THE USSR FROM OUTSIDE. THE SOVIET UNION HAD CHOSEN THE PATH OF PEACE ONCE AND FOR ALL. A GREAT DEAL DEPENDED ON SOVIET-AMERICAN RELATIONS. BUT IN THE RESOLUTION OF INTERNATIONAL PROBLEMS, OTHER STATES, INCLUDING THOSE OF EUROPE, CARRIED GREAT POLITICAL WEIGHT AND INFLUENCE. THEIR VOICE COULD BE DECISIVE. THE SOVIET UNION WAS FOR A CONTINUATION AND ENRICHMENT OF THE EAST/WEST DIALOGUE, FOR BRUSHING ASIDE ACCUSATIONS AND COUNTER-ACCUSATIONS AND FOR GETTING DOWN TO A PRACTICAL SOLUTION OF URGENT PROBLEMS AND FIRSTLY DISARMAMENT. BREZHNEV STRESSED THAT THE POLISH SIDE SHARED THIS VIEW.

/4.



4. JARUZELSKI SPOKE OF THE PARAMOUNT IMPORTANCE OF THE RELATIONS UNITING POLAND WITH ITS GREAT NEIGHBOUR. THE SOVIET ARMED FORCES, DIRECTED BY THE PARTY AND SOVIET GOVERNMENT, TOGETHER WITH THE ARMIES OF OTHER WARSAW PACT STATES, WERE THE PRINCIPAL GUARANTEE OF PEACE IN EUROPE AND THE SECURITY AND TERRITORIAL INTEGRITY OF POLAND. THIS WAS A MATTER OF PRINCIPLE FOR POLAND. HE DWELT AT SOME LENGTH ON THE ROLE OF THE SOVIET ARMY DURING THE WAR AND IN THE ESTABLISHMENT OF POST-WAR EUROPE, BASED ON YALTA AND POTSDAM. THE SOVIET UNION HAD ALSO HELPED POLAND IN THE EARLY DIFFICULT YEARS OF SOCIALIST INDUSTRIALISATION, AND WAS POLAND'S MAIN, MOST VALUABLE ECONOMIC PARTNER AND PRINCIPAL ALLY. THE ALLIANCE OF POLAND AND THE USSR, THE FRIENDSHIP OF THEIR PEOPLES AND TIES UNITING THEIR PARTIES WERE LASTING AND INVIOABLE. ALL RESPONSIBLE, PATRIOTIC FORCES OF THE POLISH PEOPLE UNDERSTOOD THIS. THE WELL-BEING, MIGHT AND WORLD POSITION OF THE USSR SERVED POLAND'S INTERESTS WHILE THE USSR'S INTERESTS WERE SERVED BY THE EXISTENCE OF A STRONG INDEPENDENT RELIABLE SOCIALIST POLAND. THIS WAS WHAT THE POLES WERE SEEKING TO BUILD ON THE PRINCIPLES OF MARXIST-LENINIST SCIENCE TAKING CONCRETE CONDITIONS INTO CONSIDERATION AND OBSERVING POLISH TRADITIONS AND CULTURE. THE INTRODUCTION OF MARTIAL LAW WAS BY INDEPENDENT SOVEREIGN DECISION. DESPITE ADVANCES, THE STRUGGLE CONTINUED. THE PZPR WAS A GUARANTEE OF THE EMERGENCE OF THE COUNTRY FROM A DEEP CRISIS. PLAYING ITS LEADING, GUIDING ROLE IN SOCIALIST CONSTRUCTION, RESTORING THE SENINIST STYLE OF ACTIVITY, THE PARTY WAS WIDENING COOPERATION WITH ALLIED PARTIES AND ALL PATRIOTIC FORCES TO ACHIEVE NATIONAL CONCORD ON THE BASIS OF THE POLISH CONSTITUTION. THE VII PLENUM DETERMINED THE DIRECTIONS FOR THE CONSOLIDATION OF THE PARTY ON THE BASIS OF MARXISM-LLENINISM AND REAFFIRMED ITS WILL TO CONTINUE THE LINE OF THE IX CONGRESS, OF STRENGTHENING SOCIALISM.

5. MARUZELSKI EXPRESSED APPRECIATION FOR THE UNDERSTANDING SHOWN BY THE CPSU AND FRATERNAL PARTIES OF POLAND'S DIFFICULTIES. ESPECIALLY VALUABLE HAD BEEN THE CREDIT OF CONFIDENCE GIVEN TO POLAND AND THE CONVICTION THAT POLAND WOULD MEET THE DNAGER WITH ITS OWN FORCES AND IN A WAY APPROPRIATE TO THE SITUATION. POLAND'S GRAVE ECONOMIC SITUATION WAS COMPLICATED BY THE SANCTIONS INTRODUCED BY THE UNITED STATES AND: UNDER ITS PRESSURE, BY THE GOVERNMENTS OF CERTAIN OTHER CAPITALIST COUNTRIES. ASSISTANCE FROM THE USSR AND OTHER FRATERNAL COUNTRIES WAS VITAL. WITHOUT IT, AND A BROADENING OF COOPERATION IN CMEA, A WAY OUT OF THE CRISIS WOULD BE IMPOSSIBLE. SOVIET AID WAS THE IMPULSE NECESSARY TO RESTORE THE BALANCE OF THE POLISH ECONOMY IN THE SHORT TERM. POLAND



WOULD NOT ABANDON THE ROAD OF SOCIALISM. IT HAD NEVER IN ITS HISTORY YIELDED TO FOREIGN PRESSURE. JARUZELSKI CONCLUDED WITH A BRIEF PASSAGE ON THE DANGER OF THE ARMS RACE AND THE HISTORIC ROLE OF THE CPSU'S PEACE LOVING POLICY.

FCO PLEASE PASS TO ALL SAVING ADDRESSEES.

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*From the Private Secretary*

2 March 1982

Thank you for your letter to John Coles of 2 March, enclosing a letter addressed to the Prime Minister by the President of the French Republic.

As you say, the text of this letter was sent to Mrs. Thatcher on 24 February. It has been shown to the Prime Minister and she was very grateful for it.

W. F. S. RICKETT

R

Monsieur Marcel Tremeau



AMBASSADE DE FRANCE  
LONDRES

T 33 / 82 - <sup>Tal</sup>  
on 24/2/82

2nd March, 1982

Poland

Dear Mr Coles,

The Ambassador has just received through the diplomatic bag the enclosed letter addressed to the Prime Minister by the President of the French Republic.

You will remember that the text of this letter was sent to the Prime Minister on 24th February.

Yours sincerely,

*in minutes*

Marcel Trémeau  
First Counsellor

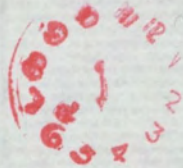
John Coles, Esq.  
Private Secretary  
to the Prime Minister,  
10, Downing Street,  
London, S.W.1.



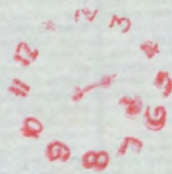
AMBASSADE DE FRANCE

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LE PRÉSIDENT DE LA RÉPUBLIQUE

PARIS, le 20 février 1982.-

Madame le Premier Ministre,

Conformément au souhait que vous exprimiez dans le télégramme que vous m'avez adressé le 29 janvier une réunion de hauts fonctionnaires français, allemands, britanniques, italiens et américains a eu lieu le 2 février, avant la réunion du Conseil de l'Atlantique Nord du 3 février.

Cette réunion à laquelle ont participé le Directeur des Affaires politiques et le Directeur des Affaires économiques du Ministère français des Relations Extérieures a été utile pour préciser les points de vue et dépassionner le débat sur les relations économiques avec l'Union Soviétique.

Je crois comme vous que les pays européens doivent apporter une contribution positive à un effort concerté de l'Alliance, cette contribution ne dépassant pas toutefois celle des Etats-Unis qui manifestent

Son Excellence  
Madame Margaret THATCHER  
Premier Ministre de Grande-Bretagne  
L O N D R E S

.../...



une extrême prudence dans le domaine agricole.

Vous avez pu également constater que la décision prise par les pays de la C E E de proposer le classement de l'Union Soviétique dans la catégorie des pays riches, auxquels sont appliqués les taux d'intérêt commerciaux les plus importants, a résulté d'une volonté commune.

Je vous prie d'agréer, Madame le Premier Ministre, l'expression de ma haute considération.

*François Mitterrand*

François MITTERRAND.



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TO IMMEDIATE FCO

TELNO 313 OF 1ST MARCH 1982

INFO ROUTINE: WASHINGTON, MOSCOW, PARIS, BONN, UKDEL NATO, UKDEL MADRID AND UKMIS GENEVA

INFO SAVING: EAST BERLIN, PRAGUE, SOFIA, BELGRADE, BUCHAREST, BUDAPEST, HELSINKI, STOCKHOLM, UKMIS NEW YORK, UKREP BRUSSELS AND MODUK

POLAND:

1. THE PRESS ANNOUNCES THE DEPARTURE OF JARUZELSKI AND HIS DELEGATION FOR MOSCOW. JARUZELSKI IS ACCOMPANIED BY MALINOWSKI (DEPUTY PREMIER AND LEADER OF THE PEASANTS PARTY), KOWALCZYK (DEPUTY PREMIER AND LEADER OF THE DEMOCRATIC PARTY), CZYREK, MESSNER, SIWICKI, WOZNIAK AND OBODOWSKI. THE INCLUSION OF MALINOWSKI AND KOWALCZYK IS A SIGNIFICANT GESTURE IN THE DIRECTION OF ATTEMPTS AT BROADENING THE GOVERNMENT BASE IN POLAND. WE UNDERSTAND THAT IT IS THE FIRST TIME THAT LEADERS OF THE COALITION PARTIES HAVE ACCOMPANIED A PZPR FIRST SECRETARY TO MOSCOW.

2. THE VII PLENUM RESOLUTION, PUBLISHED ON 27 FEBRUARY, ECHOES AND COMPLEMENTS JARUZELSKI'S TWO SPEECHES TO THE MEETING. SPECIFIC POINTS OF INTEREST THAT ARISE ARE :-

(A) A RECOMMENDATION FOR THE ESTABLISHMENT OF CONSULTATIVE COMMISSIONS IN FACTORIES GIVEN THAT THE NORMAL PROCESSES OF WORKERS SELF-GOVERNMENT HAVE BEEN SUSPENDED BY MARTIAL LAW SEMI COLON

(B) A CALL FOR A SUBSEQUENT PLENUM TO BE DEVOTED TO YOUTH PROBLEMS SEMI COLON

(C) REITERATION OF JARUZELSKI'S CALL FOR AN END TO FACTIONALISM INSIDE THE PARTY SEMI COLON

(D) A CALL FOR AN END TO THE OLD NOMENCLATURE SYSTEM OF APPOINTMENT TO THE STATE BUREAUCRACY.

FULL TEXT BY BAG TO FCO.

3. THE RESOLUTION REINFORCES OUR BELIEF THAT JARUZELSKI OBTAINED MORE OR LESS WHAT HE WANTED FROM THE CENTRAL COMMITTEE WITHOUT EXCESSIVE COST. RAKOWSKI, TALKING TO HELLA PICK OF THE GUARDIAN ON 27 FEBRUARY SAID THAT HE WAS HAPPY WITH ITS OUTCOME. THERE HAD ONLY BEEN ONE BAD MOMENT, WHEN THE MOTION FOR THE CENTRAL COMMITTEE TO GO INTO SECRET SESSION HAD BEEN PUT FORWARD. RAKOWSKI SAID HE FEARED THAT THIS WOULD HAVE LED TO CALLS FOR A MUCH HARSHER SETTLING OF ACCOUNTS WITH THE FORMER LEADERSHIP. HE WAS THEREFORE PLEASED WHEN THE MOTION WAS HEAVILY DEFEATED. RAKOWSKI ALSO REMARKED THAT HE HAD BEEN SURPRISED THAT NIWAK AND OTHER HARD-LINERS HAD NOT TAKEN THE FLOOR. HE ADDED, HOWEVER, THAT JARUZELSKI AND HIS SUPPORTERS HAD BEEN CONFIDENT THAT THEY WOULD /HAVE

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HAVE SUCCESSFULLY FOUGHT OFF ANY SUCH ATTACK FROM THE EXTREMISTS, ACCORDING TO HIM, THEY COULD OFFER LITTLE IN THE WAY OF REALISTIC SOLUTIONS TO THE COUNTRY'S PROBLEMS THAT JARUZELSKI AND THE WRON WERE NOT ALREADY TRYING TO IMPLEMENT.

4. THE TWO-DAY SESSION OF THE SEJM APPEARS TO HAVE GONE ACCORDING TO PLAN. A RESOLUTION SUPPORTING THE GENERAL CONCEPT OF NATIONAL ACCORD AND THE SPECIFIC ACTIVITIES OF LOCAL COMMITTEES OF NATIONAL SALVATION WAS PASSED. THE GOVERNMENT'S RAFT OF ECONOMIC REFORM BILLS WAS SUCCESSFULLY STEERED THROUGH THE LEGISLATION PROCESS. A FIRST READING WAS GIVEN TO BILL FOR THE ESTABLISHMENT OF A TRIBUNAL OF STATE AND A CONSTITUTIONAL TRIBUNAL. TWO MINISTERIAL CHANGES WERE MADE: KNAPIK, MINISTER OF THE CHEMICAL INDUSTRY RETIRED ON GROUNDS OF ILL HEALTH AND WAS REPLACED BY GRZYWA, A COMPETENT BUREAUCRAT WELL-KNOWN TO THE EMBASSY. KRASINSKI, CHAIRMAN OF THE PRICES COMMISSION, WAS CONVERTED INTO A MINISTER OF PRICES. THIS LATTER MOVE WAS MADE AS PART OF THE PROCESS OF ESTABLISHING THE MACHINERY FOR THE CONDUCT OF ECONOMIC REFORM.

5. AS PREDICTED BY JARUZELSKI IN HIS VII PLENUM SPEECH THE MINISTER OF THE INTERIOR ANNOUNCED SOME RELAXATIONS IN MARTIAL LAW. THESE APPEAR TO HAVE BEEN DICTATED BY THE NEED TO DEMONSTRATE CONTINUED PROGRESS IN THIS FIELD. WITH EFFECT FROM TODAY, POLES ARE FREE TO TRAVEL INSIDE THE COUNTRY, WITH THE EXCEPTION OF THE BORDER ZONES, WITHOUT SPECIAL PERMISSION. THE CURFEW IS LIFTED FOR TAXI DRIVERS. KISZCZAK ALSO "ENVISAGES" THE RESTORATION OF STD TELREPHONE LINKS AND TF SOME INTERNATIONAL TELECOMMUNICATIONS. THERE APPEARS TO HAVE BEEN A HICCOUGH OVER THE TIMING FORESEEN FOR THIS LAST MEASURE. ON THE OTHER HAND, KISZCZAK REITERATED THAT THOSE RESTRICTIONS WHICH RELATE TO THE ESSENCE OF MARTIAL LAW WILL BE MAINTAINED: MILITARY COURTS, SUMMARY PROCEEDINGS, INTERNMENT CENSORSHIP, THE BAN ON STRIKES AND LARGE MEETINGS. THIS IS DUE TO CONTINUED HOSTILE ACTIVITY INSIDE AND OUTSIDE POLAND. INTERNEES ARE STILL BEING RELEASED (THE LATEST FIGURES HE GIVES ARE 4,095 INTERNED AS OF 26 FEBRUARY, WITH 2552 ALREADY RELEASED). KISZCZAK COMPLAINED THAT MANY INTERNEES WERE STILL SHOWING A HOSTILE ATTITUDE. HE REITERATED THAT THE AUTHORITIES WOULD CAUSE NO DIFFICULTIES FOR PEOPLE WHO WISHED TO STAY ABROAD "AS A RESULT OF THEIR PREVIOUS ANTI-STATE POLITICAL ACTIVITY" AND SAID THAT HE HAD GIVEN INSTRUCTIONS ON THE MATTER TO THE PASSPORT AUTHORITIES. HE ALSO PREDICTED AN ANNOUNCEMENT IN A FEW DAYS ON ARRANGEMENTS FOR PEOPLE WISHING TO LEAVE THE COUNTRY FOR TEMPORARY STAYS ABROAD.

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6. THERE IS SOME CONFUSION AS TO WHETHER THE COMMUNIQUE OF THE EPISCOPAL CONFERENCE WAS READ OUT IN FULL IN CHURCHES YESTERDAY AS THE BBC CLAIMS OR WHETHER IT WILL BE NEXT WEEK. THE COMMUNIQUE CALLS FOR THE EARLIEST POSSIBLE END TO THE STATE OF WAR, THE RELEASE OF INTERNEES AND AN AMNESTY FOR ACTS CONNECTED WITH THE STATE OF WAR AND FOR THOSE WHO EMERGE FROM HIDING, AN END TO SACKING FOR POLITICAL ACTIVITY AND THE PARTICIPATION OF THE LEADERSHIP OF SOLIDARITY IN RENEWED TALKS. IT IS A MORE PRECISE LISTING OF THE CHURCH'S AND SOCIETY'S DEMANDS THAN PREVIOUS STATEMENTS BY THE CHURCH. FULL TEXT AND FURTHER COMMENTS BY BAG.

7. THE 1982 TRADE PROTOCOL BETWEEN POLAND AND THE GDR WAS SIGNED ON 28 FEBRUARY. IT ENVISAGES A TOTAL TRADE TURNOVER OF 1.5 BILLION ROUBLES WITH POLISH IMPORTS RUNNING AT 850 MILLION ROUBLES AND POLISH EXPORTS AT 650 MILLION ROUBLES.

FCO PSE PASS SAVING ADDRESSEES.

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TO IMMEDIATE FCO

TELNO 92 OF 1 MARCH 19821982

INFO UKMIS NEW YORK, WASHINGTON, BONN, PARIS, WARSAW, MOSCOW,  
UKDEL NATO

INFO SAVING UKREP BRUSSELS, COPENHAGAN, BRUSSELS, ATHENS,  
DUBLIN, ROME, THE HAGUE

MY TELNO 77: COMMISSION ON HUMAN RIGHTS: POLAND

1. THE SOVIET DELEGATION HAS RECOVERED FROM ITS INITIAL CONFUSION AND DISMAY THAT NONE OF THE OBVIOUS TARGETS FOR COUNTER-RESOLUTIONS (PARTICULARLY USA AND UK ) ARE AMONG THE COSPONSORS OF THE RESOLUTION ON POLAND, AND IS CONCERTING A LOBBYING CAMPAIGN AMONG NON-ALIGNED DELEGATIONS AND (WE UNDERSTAND) IN THEIR CAPITALS.

2. AS EXPECTED, THEY ARE MUSTERING MAXIMUM SUPPORT FOR A PROCEDURAL MOVE TO AVOID HAVING THE RESOLUTION COME TO A VOTE, AS WELL AS MAXIMUM OPPOSITION TO THE RESOLUTION IF THEIR FIRST TACTIC FAILS. A PROCEDURAL MOVE REPRESENTS THE GREATEST THREAT TO THE RESOLUTION. THIS WOULD PROBABLY TAKE THE FORM OF A DRAFT DECISION EITHER TO POSTPONE CONSIDERATION OF THE RESOLUTION UNTIL NEXT YEAR, OR NOT TO TAKE A DECISION ON IT OR A COUNTER-RESOLUTION TO BE TABLED, EG ON RACIAL DISCRIMINATION IN THE UNITED STATES, OR NORTHERN IRELAND.

3. THE AMERICANS HAVE ALREADY LOBBIED IN MANY NONALIGNED CAPITALS. AT A WESTERN GROUP MEETING TODAY (1 MARCH) IT WAS AGREED THAT THESE REPRESENTATIONS SHOULD BE SUPPORTED IN SELECTED CAPITALS BY OTHER WESTERN GOVERNMENTS. OTHERWISE THE DAMAGING IMPRESSION COULD BE GIVEN THAT THE POLISH RESOLUTION WAS AN EXCLUSIVELY US INTEREST.

4. IT WAS ACCEPTED THAT DELEGATIONS COULD NOT COMMIT THEIR GOVERNMENTS TO REPRESENTATIONS: AND THAT THE CHOICE OF THE MOST APPROPRIATE AND EFFECTIVE FORM OF REPRESENTATIONS WOULD DEPEND ON BILATERAL AND LOCAL CONSIDERATIONS IN EACH CASE. SUBJECT TO THESE CONDITIONS, IT WAS AGREED THAT WE SHOULD RECOMMEND TO CAPITALS THE DIVISION OF LABOUR SET OUT IN MIFT.

5. COSTA RICA, MEXICO, SENEGAL AND URUGUAY HAVE COMMITTED THEMSELVES TO SUPPORTING US ON PROCEDURE AND SUBSTANCE. OF THE OTHERS, WE HAVE HAD SOME INDICATIONS OF POSSIBLE SUPPORT FROM GAMBIA, FIJI, UGANDA, TOGO, AND ZAIRE ON SUBSTANCE AND PROCEDURE, AND FROM INDIA ON PROCEDURE. ABSTENTIONS ARE THE BEST WE CAN HOPE FOR FROM THE REST.

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6. IN OUR VIEW, ANY REPRESENTATIONS SHOULD DRAW ATTENTION TO THE QUESTION OF PRINCIPLE INVOLVED IN THE LIKELY PROCEDURAL VOTE, AND TO THE HUMANITARIAN, NON-POLITICAL CHARACTER OF THE RESOLUTION. THEY SHOULD STRESS THAT ALL DELEGATIONS AT THE COMMISSION HAVE THE RIGHT TO INTRODUCE A RESOLUTION REFLECTING THEIR CONCERNS, AND HAVE IT VOTED ON; THAT WE WOULD VIGOROUSLY OPPOSE, AND EXPECT OTHERS TO OPPOSE, ANY DEAL WHICH INVOLVED THE SHELIVING OF THIS RESOLUTION, EVEN IF PART OF THE DEAL WAS THE SHELIVING OF A RESOLUTION HOSTILE TO THE UK OR ANOTHER WESTERN COUNTRY; THAT THE TERMS OF THE RESOLUTION SHOW WE ARE NOT OUT TO PLAY POLITICS WITH THE ISSUE; AND THAT THE POLISH SITUATION IS OF PARTICULAR LEGITIMATE CONCERN TO EUROPEAN COUNTRIES (HENCE THE EXCLUSIVELY EUROPEAN COSPONSORSHIP AT THIS STAGE). IN AFRICAN CAPITALS, WE COULD ALSO MAKE USE OF OUR SHIFT (WITH FRANCE, FRG AND CANADA) TO A POSITIVE VOTE ON THE RESOLUTION ON THE WORKING GROUP OF EXPERTS ON SOUTHERN AFRICA.

6. THE RESOLUTION WILL NOT BE VOTED UNTIL NEXT WEEK. BUT WE SHALL NEED TO MOVE QUICKLY TO GIVE THE REMOTER CAPITALS TIME TO RESPOND TO REPRESENTATIONS AND CONTACT THEIR DELEGATIONS.

FCO PLEASE PASS SAVINGS.

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(REPEATED AS REQUESTED)

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*Poland*

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

FOREIGN AND COMMONWEALTH SECRETARY

*Prime Minister*  
*You may wish to defer comment*  
*pending Lord Carrington's views.*

*Yes not*

*A.J.C. 26.2*

*f-a.*  
*1.3*

1982 POLISH DEBT RESCHEDULING

.... I enclose a paper on this subject which has been prepared by Treasury officials in consultation with the FCO and other Departments concerned.

2. The main message of the paper is that the continued refusal of Western Creditor Governments to resume rescheduling talks with the Poles is doing more damage to the West than to the Poles, and increasingly so as time goes on.

3. I recognise the difficulty of a UK initiative on this matter at the present delicate stage of our negotiations with the Americans about non-undermining of their economic measures against the Soviet Union. But I think we ought at least to be ready to respond to any moves by other Creditors.

4. I should be interested to have your comments on the analysis and the tactics.

5. I am copying this minute and enclosure to the Prime Minister and other members of OD; also to Sir Robert Armstrong.

(G.H.)

26 February 1982



# CONFIDENTIAL

## 1982 RESCHEDULING OF POLISH DEBTS

Note by the Treasury

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1. This paper examines the options for policy with regard to Polish debt rescheduling in 1982.
2. In November 1981 Creditor Governments provisionally agreed with the Poles that negotiations about 1982 rescheduling would be continued in January this year. However, following the declaration of martial law in December, the NATO Declaration of 11 January said that NATO Governments had decided to postpone further rescheduling talks for the time being. This approach was confirmed by a meeting of the sixteen main Creditor Governments in Paris on 14 January.
3. In agreeing last November to resume negotiations in January, Governments had stipulated that Poland must first conclude an agreement with the banks about rescheduling unguaranteed 1981 debt payments. Unlike the Governments, the banks have been insisting on the Poles keeping up to date with interest payments (about \$500 million had been outstanding at one point in 1981). Until recently it has been unclear whether Poland would be able to reach agreement with the banks on this basis. However latest reports suggest that Poland may now be in a position to find the money required for the interest payments and intends to sign a rescheduling agreement with the banks by the end of February.
4. Poland's total foreign currency debts to Western banks and Governments are estimated at some \$28.5 billion. Assuming that the banks conclude their agreement with the Poles for 1981 rescheduling, the total payments rescheduled from 1981 (comprising 90% of the interest and principal due to Governments, and 95% of the principal due to the banks) will be \$4.5 billion

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approx. Poland seems to have made strenuous and on the whole successful efforts to keep up to date with payments of the 10% of non-rescheduled 1981 official debt. In the case of the UK arrears are not high and the first interest payment due on 1 January 1982 on the 1981 rescheduled debt has been paid.

5. The comparable total at issue in 1982 rescheduling discussions would be \$5 billion. There is no prospect of Poland meeting all her payments (plus the bank interest and interest on the 1981 Government rescheduled debt) without some form of rescheduling arrangement.

6. If Poland shows evidence of meeting the EC and NATO political desiderata (lifting of martial law, release of those detained, and resumption of a genuine dialogue between Government, Church and Solidarity) and concludes a rescheduling agreement with the banks there is unlikely to be any disagreement among Western Creditor Governments about the desirability of resuming negotiations about 1982 rescheduling.

7. But while we now expect Poland to reach an agreement with the banks about 1981 rescheduling, there is little prospect of early relaxation of the internal regime in Poland. Western Governments could soon be confronted with something of a dilemma in deciding whether to resume negotiations about 1982 rescheduling in those circumstances. The issue could come to a head quite soon if the Poles, or some of the neutral Creditors, were to propose a resumption of negotiations if and when a 1981 agreement is reached with the banks.

8. There is a substantial UK financial interest in achieving an orderly debt rescheduling programme rather than simply allowing the Poles to default completely on their debts. The Annex shows the different effects on the PSBR of a situation in which we rescheduled debt due in 1982 and later years and received payment from the Poles accordingly; and one in which the Poles simply defaulted from now on. The difference in 1982 is £50 million on the PSBR. Over the 4 years 1982-85 it is some £300 million. In

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addition default would add to losses for British Shipbuilders and the British Steel Corporation which make their own arrangements with the Poles.

9. However, political reasons against resuming rescheduling talks look equally strong. EC and NATO Ministers have set clear conditions for the resumption of normal economic relations with Poland. There is a risk that a resumption of rescheduling negotiations at the present time would be seen as a signal that Western Governments consider that the Polish authorities have moved to meet Western requirements and are ready to resume business as usual with the military regime. Such a step would undermine the West's strong policies towards the Soviet Union and Poland at the present time.

10. The political difficulty described in paragraph 9 above arises from the link which Western Governments have made between rescheduling and economic measures against Poland. That was a natural link to make as part of the immediate response to martial law, since the 1981 rescheduling had been in part a gesture of Western support for the Polish economy, and had been buttressed by offers of new credit from some Western Governments. The decision of Western Governments to hold 1982 rescheduling in abeyance was a signal that the Poles could not expect to resume negotiations where they had left off. It also carried an implied threat to drive the Poles into default, either by invoking the so-called "tank clause" of the 1981 agreement or by refusing to reschedule for 1982.

11. That threat was never very credible and has become less so now that the US has publicly disowned the default option at any rate for the time being. This reflects a general acknowledgement of the possible serious consequences of deliberately bringing about a default. The effect therefore of continued reluctance on the part of the Creditor Governments to negotiate about 1982 rescheduling is to condone 100% interest-free debt relief for an indefinite period, thus taking some financial and economic pressure off the Poles (and indirectly the Russians). What was originally seen as a political move against the Poles is now working to their advantage, and increasingly so as time goes on and 1982 payments fall due.

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12. If Western Governments now agreed to resume talks about 1982 rescheduling, there could be no question in circumstances where the Poles had not met Western political conditions of the UK making any new credit available to help the Poles meet their rescheduling commitments. The Poles would be unlikely to get more generous treatment from other Western Governments. It must also be on the cards that few Creditor Governments would now be willing to agree without argument to terms as generous as those conceded last April (90% of interest and principal payments).

13. Even though in the present political climate it would be easier to get agreement among the Western Creditors to seek to impose tougher repayment terms on the Poles than for 1981, there is some doubt about the ability of the Polish economy to bear this extra burden. If the Poles maintain they cannot meet Western demands, the official Western Creditors will be faced with a difficult choice. The Creditors could:

- (a) settle for softer terms than those originally envisaged (90% for capital and interest) which would be undesirable both presentationally and because of the precedent for other Third World Creditors;
- (b) declare the Poles in default;
- (c) suspend the talks (and thus return to 100% relief);
- (d) reconsider the question of credits.

A decision does not have to be made now, and it is clearly right that an attempt should be made to press the Poles to repay their debts. Their economy has in the past proved more resilient than had been thought likely. The effect of such pressure should be to transfer more of the burden of Poland's economy on to the shoulders of the Soviet Union and its CMEA allies who support the imposition of martial law.

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Conclusions

14. Given the West's self interest in rescheduling and in averting a disorderly default we would not want it to be thought that we have lost interest in rescheduling altogether. One possible option would be to maintain for the time being the present position where talks are suspended and payment is in effect rolled over pending an improvement in the Polish situation. Politically this would be consistent with Western signals to date. But financially the continued lack of a rescheduling agreement is increasingly to the Poles' advantage, for the reasons explained above. Moreover, we cannot afford to maintain a "wait and see" posture indefinitely. A belated, reluctant agreement by the West to resume rescheduling talks could give us the worst of all worlds if by then there was still no evidence of political improvement in Poland.

15. It would therefore be in the UK's interest to resume rescheduling negotiations for 1982 with the Poles once they have signed their 1981 rescheduling agreement with the Banks. The resumption of such negotiations will, however, need careful handling. It is possible that the neutrals may take the initiative and ask the French as Chairman, to reconvene the Western Creditors Group. Alternatively the French may act on their own initiative. Either course would be preferable from the point of view of our relations with the Americans to any initiative by the UK. Initially consultations might take place among an inner group of Western Creditors; France, FRG, UK, Italy, US, Austria and possibly Sweden. Thereafter careful co-ordination would be needed to ensure that the wrong conclusions are not drawn by the Poles, our Allies, or public and Parliamentary opinion in the UK. We would present a move to resume negotiations not as a concession to the present Polish authorities but as requiring the military regime to honour Poland's massive debts on terms which would not be as favourable as those envisaged before the imposition of martial law.

HM Treasury  
17 February 1982

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## ANNEX

### RESCHEDULING OF POLISH DEBTS - NOTE BY ECGD

The following table shows the effect on PSBR which would be caused by ECGD claims payments in the two cases where:

A Poland reached agreement with its creditors on debt rescheduling in each year on the same basis as in 1981; or

B No such agreement is reached and no further payments arising from the 1981 refinancing or rescheduling agreements are made.

	<u>Increase in PSBR - £ million</u>			
	1982	1983	1984	1985
A	150	90	45	40
B	200	150	120	190

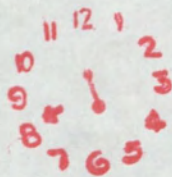
Thus, over the period 1982-85, PSBR is increased by a total of £325 million in case A and £620 million in case B.

The outcome could lie somewhere between cases A and B. For example, under case A the Poles might not be able to meet all their rescheduled commitments. Alternatively, in the absence of any formal agreement on rescheduling (case B) it is conceivable that the Poles might make some payments of unrescheduled debt.

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26 FEB 1982





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TO PRIORITY FCO

TELEGRAM NUMBER 198 OF 26 FEBRUARY

INFO ROUTINE WASHINGTON, WARSAW, BONN, ROME, MOSCOW, UKDEL NATO, VIENNA, UKREP BRUSSELS, MODUK.

INFO SAVING BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, ATHENS.

MIPT: POLISH DEBT RESCHEDULING

(POLAND)

1. FOLLOWING IS THE FULL TEXT OF KARCZ'S REPLY, WHICH WAS SENT IN ENGLISH:

"I HAVE BEEN AUTHORISED TO CONFIRM ON BEHALF OF THE MINISTER OF FINANCE, RECEIVING YOUR LETTER DATED 14TH JANUARY 1982, WHICH SAID THAT ACCORDING TO THE POSITION TAKEN IN PARIS BY A GROUP OF 16 CREDITOR COUNTRIES THEY HAVE NOT BEEN ABLE FOR THE TIME BEING TO RESUME TALKS ON RESCHEDULING OUR DEBT OBLIGATIONS MATURING IN 1982.

I AM SURE THAT THERE IS NO NEED TO CLARIFY TO YOU CONSEQUENCES OF SUCH AN ATTITUDE AND THE DECISION OF SOME WESTERN COUNTRIES TO SUSPEND NEW COMODITY CREDITS FOR POLAND UPON BOTH CURRENT ECONOMIC AND PAYMENTS SITUATION OF MY COUNTRY AND ON MUTUAL ECONOMIC RELATIONS. THE CONSEQUENCES OF THE LACK OF NEW COMMODITY CREDITS WERE PRECISELY POINTED OUT BY YOUR PREDECESSOR, M. JEAN-YVES HABERER, IN THIS LETTER OF 19TH NOVEMBER 1981 ADDRESSED TO THE CHAIRMEN OF OTHER CREDITOR COUNTRIES DELEGATIONS.

WE SINCERELY HOPE, HOWEVER, THAT AN IMPARTIAL AND THOUGHTFUL ANALYSIS OF THE POLISH EVENTS WILL SOON MAKE THE CREDITOR COUNTRIES CHANGE THEIR PRESENT POSITION AND RESUME TALKS WITH THE POLISH SIDE.

ON OUR PART, WE DEFINITELY SUPPORT THE PREVIOUSLY MADE STATEMENT THAT WE HAVE BEEN READY TO RESUME NEGOTIATIONS ON RESCHEDULING DEBT OBLIGATIONS AND ON NEW CREDIT POSSIBILITIES. THE PURSUED TALKS WITH THE COMMERCIAL BANKS AND MEASURES TAKEN TO REPAY SOME DUE, NON-GUARANTEED MATURITIES BEST ILLUSTRATE OUR ATTITUDE AND INTENTIONS. ON MY PART, LET ME STRESS AGAIN THAT I SEE NO REASONABLY JUSTIFIED BASIS, THAT THE FINAL NEGOTIATIONS ON 1982 REFINANCING AGREEMENT WERE POSTPONED.

IN MY OPINION, EVERY WEEK OF DELAY CAN ONLY MAKE THE SITUATION MORE DIFFICULT AND COMPLICATE CHANCES OF A MUTUALLY SATISFACTORY SOLUTION. IT SEEMS ESPECIALLY UNREASONABLE IN VIEW THAT IN SPITE MANY DIFFICULTIES THE PARIS AGREEMENT OF 27TH APRIL 1981 PROVED EFFECTIVE AND COULD CONSTITUTE THE BASIS FOR A SIMILAR SOLUTION THIS YEAR.

THEREFORE, WE ARE INTERESTED IN A QUICK AGREEMENT ON THE CONDITIONS OF THE 1982 REFINANCING OPERATION, THAT IN TURN

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WOULD ALLOW US TO CONTINUE REPAYMENTS OF AGREED OBLIGATIONS. IN PRESENT SITUATION OUR ABILITY TO REPAY DUE OBLIGATIONS IS INEXTRICABLY DEPENDENT UPON THE AGREED CONDITIONS OF THE 1982 REFINANCING OPERATION AND OBTAINING NEW COMMODITY CREDITS.

CONVEYING TO YOU THE ABOVE MENTIONED POINT OF VIEW, AT THE SAME TIME LET ME EXPRESS OUR GREAT PLEASURE THAT YOU KINDLY OFFERED TO KEEP CONTACTS WITH THE POLISH SIDE. ON MY PART, I AM CONVINCED THAT THESE CONTACTS WILL BE USEFUL.

IN THAT CONTEXT, LET ME REPEAT MY INVITATION FOR YOUR COMING TO POLAND AT EARLIEST CONVENIENCE.

I THINK, THAT YOUR PERSONAL EVALUATION OF THE SITUATION IN POLAND AS WELL AS THE CURRENT PROBLEMS OF ECONOMIC POLICY WOULD BE ADVANTAGEOUS.

AWAITING YOUR REPLY, LET ME SEND YOU , MR CHAIRMAN, MY KINDEST REGARDS.

I REMAIN  
SINCERELY YOURS  
ZBIGNIEW KARZ.''

ADVANCE COPIES : CAREY, SLATER (TREASURY)  
BROOMFIELD, MONTGOMERY (EESD, FCO)  
BAYNE, GREEN (ERD, FCO)  
HANCOCK, WENBAN-SMITH (CABINET OFFICE)

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TO PRIORITY FCO

TELEGRAM NUMBER 197 OF 26 FEBRUARY

INFO ROUTINE WASHINGTON, WARSAW, BONN, ROME, MOSCOW, UKDEL NATO, VIENNA, UKREP BRUSSELS, MODUK.

INFO SAVING BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, ATHENS.

WARSAW TEL NO 298 (NOT TO ALL): POLISH DEBT RESCHEDULING

1. M. GUTHMAN IN THE TRESOR CONTACTED FINANCIAL COUNSELLOR YESTERDAY EVENING TO PASS ON KARCZ'S REPLY.

TEXT IN MIFT.

2. IN A COVERING MESSAGE TO CREDIT COUNTRIES ONLY, CAMDESSUS (NEWLY APPOINTED DIRECTEUR DU TRESOR) SAYS THAT THE POLISH LETTER DOES NOT APPEAR TO CALL FOR AN IMMEDIATE REPLY. NEVERTHELESS, CAMDESSUS CONTINUES, IT WOULD BE USEFUL TO HAVE A FURTHER DISCUSSION ON POLISH DEBT BETWEEN THE 16 CREDITOR COUNTRIES PRESENT AT THE 15 JANUARY MEETING, AT WHICH CAMDESSUS' ORIGINAL LETTER TO KARCZ HAD BEEN AGREED. TO THIS END CAMDESSUS PROPOSES THAT THE REPRESENTATIVES OF THESE COUNTRIES SHOULD HAVE A SEPARATE DISCUSSION ON POLISH DEBT IN THE MINISTRY OF THE ECONOMY AT 5PM ON 18 MARCH, AFTER THE END OF THE PARIS CLUB MEETING ON SUDAN WHICH IS NOW SCHEDULED FOR 17/18 MARCH. THE MEETING WOULD BE FOLLOWED BY A DINNER FOR THE HEADS OF DELEGATION. THE AGENDA WOULD BE:

- (A) STATE OF PLAY ON BANK DEBT RESCHEDULING FOR 1981:
- (B) DISCUSSION OF KARCZ'S LETTER AND ANY REPLY.

3. GRATEFUL FOR INSTRUCTIONS ON THE RESPONSE TO THE TRESOR.

ADVANCE COPIES: CAREY, SLATER (TREASURY)

BROOMFIELD, MONTGOMERY (EESD, FCO)

BAYNE, GREEN (ERD, FCO)

HANCOCK, WENBAN-SMITH (CABINET OFFICE)

FCO PLEASE PASS TO ALL SAVING ADDRESSEES.

PETRIE

[REPEATED AS REQUESTED]

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TO IMMEDIATE FCO

TELEGRAM NUMBER 758 OF 25 FEBRUARY

YOUR TELEGRAM NO 160: POLAND: COMMUNITY TRADE MEASURES AGAINST THE SOVIET UNION

1. I AM DISTURBED TO DISCOVER THAT THE PRODUCTS WHICH WE ARE SEEKING TO HAVE EXCLUDED FROM THE PROPOSED MEASURES AMOUNT TO ABOUT 30 PER CENT (MEASURED IN VALUE OF 1980 IMPORTS) OF THOSE ON LIST A. MOST OF OUR PARTNERS ARE VERY RELUCTANT TO TAKE ACTION AT ALL. IF WE PRESS FOR EXCLUSIONS FROM THE COMMISSION'S LIST ON THIS SCALE, THEY WILL BE HAPPY ENOUGH TO USE OUR REQUEST AS A PRETEXT TO FOLLOW SUIT, IN WHICH CASE THE WHOLE EXERCISE COULD RAPIDLY BE FRUSTRATED AND THE COMMUNITY WILL APPEAR IN DISORDER. THERE WAS ALREADY SOME WARNING OF THIS IN THE ITALIAN INTERVENTION IN COPREPER THIS EVENING. I HOPE THEREFORE THAT THE ARGUMENTS FOR SEEKING EXCLUSIONS ON THIS SCALE CAN BE EXAMINED AGAIN AGAINST THE BACKGROUND OF THE POLITICAL DAMAGE WHICH SUCH ACTION COULD CAUSE.

2. I UNDERSTAND THAT AS REGARDS CHEMICALS THE PROBLEM LIES IN COMPENSATION TRADE. IF WE WERE TO MAKE A STATEMENT FOR THE MINUTES TO THE EFFECT THAT WE INTERPRETED THE EXCLUSION OF PRODUCTS IMPORTED UNDER EXISTING CONTRACTS TO EXTEND TO COMPENSATION TRADE ARRANGEMENTS WOULD THIS ENABLE US TO DROP OUR OPPOSITION TO THE INCLUSION OF CHEMICALS?

FCO ADVANCE TO:

FCO - BRIDGES EVANS BULLARD HANNAY CROWE MS YOUNG GREEN

CAB - GOODENOUGH

IDT - CORLEY

TSY - CARY

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CC(82)7\* 25.2.82 Item 2

*Poland*

Poland

Previous  
Reference:  
CC(82) 5th  
Conclusions,  
Minute 2

THE LORD PRIVY SEAL said that there was no sign of any political solution in Poland. Nothing was to be expected from the current meeting of the Plenum of the Polish Communist Party nor from the meeting of the Sejm the following day. General Jaruzelski's government was still facing the dilemma that if it relaxed the martial law regime it would have to face further unrest in the country, while if it maintained the present restrictions the economy would continue to deteriorate. It was clear from recent reports that Western action to restrict the provision of credit was beginning to affect the Polish economy.

The Cabinet -

Took note.



*Prime Secy*

*10/25*

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*h.a.*

*10/25*

Treasury Chambers, Parliament Street, SW1P 3AG

01-233 3000

25 February 1982

B. Fall, Esq.,  
Private Secretary,  
Foreign & Commonwealth Office

*mf*

*New Britain*

POLAND: ECONOMIC MEASURES

Thank you for your letter of 18 February. The Chancellor has no wish to press his suggestion of cancelling the outstanding £12 million credit if you are satisfied that there is presentational advantage in leaving it suspended.

Copies of this letter go to the other recipients of yours.

*Yours ever,*  
*J. B. Kerr*  
J. B. KERR





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PRIME MINISTER

I attach a reply from President Mitterrand to the message you sent to him (and others) after Mr. Haig's visit here at the end of January.

President Mitterrand's letter reads, in translation:

"Madam Prime Minister, in accordance with the wish expressed in the telegram which you sent me on 29 January, a meeting of high level officials from France, Germany, the United Kingdom, Italy and the United States took place on 2 February, before the North Atlantic Council meeting of 3 February.

This meeting, which was attended by the Political Director and Economic Director of the French Ministry of Foreign Affairs, was useful in clarifying points of view and calming down the discussion on economic relations with the Soviet Union.

I believe, like you, that the European countries must make a positive contribution to a concerted effort by the Alliance, though this contribution should not exceed that of the United States which, in the agricultural field, is showing extreme caution.

You will equally have noted that the decision taken by the EC countries to re-classify the Soviet Union as a rich country, to which ~~the~~<sup>is</sup> applied higher commercial interest rates, was the result of a common wish."

A-J-C.

25 February, 1982



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10 DOWNING STREET

*From the Private Secretary*

25 February, 1982

Poland: Measures against the Soviet Union

I enclose a copy of a letter which the Prime Minister has received from President Mitterrand in reply to her letter of 29 January which followed the visit to London of Mr. Haig. No reply appears to be necessary.

I am copying this letter and enclosure to John Kerr (Treasury), John Rhodes (Trade) and David Wright (Cabinet Office).

A. J. COLES

CS

John Holmes, Esq.,  
Foreign and Commonwealth Office

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The problem of  
"existing contracts"  
is still with us.

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FM WASHINGTON 250105Z FEB 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 613 OF 24 FEBRUARY

INFO UKREP BRUSSELS BONN ROME PARIS UKDEL NATO MOSCOW WARSAW

MY TELEGRAM NO. 596: MEASURES AGAINST THE SOVIET UNION

1. ACTING ON INSTRUCTIONS RECEIVED BY TELEPHONE TODAY FROM MACLEAN (TRED) I DELIVERED A FORMAL NOTE TO THE STATE DEPARTMENT THIS AFTERNOON SEEKING EXEMPTION FOR EXISTING CONTRACTS FROM THE U.S. MEASURES AGAINST THE SOVIET UNION ADOPTED ON 29 DECEMBER. TEXT OF NOTE FOLLOWS BY BAG.

2. IN HANDING OVER THE NOTE TO EDGAR (ACTING DEPUTY ASSISTANT SECRETARY FOR ECONOMIC AFFAIRS) IN THE ABSENCE ABROAD OF HORMATS, I REHEARSED THE BACKGROUND, ON THE LINES SET OUT IN YOUR TELEGRAM TO UKREP BRUSSELS NO 109, (PRESIDENCY VISIT TO WASHINGTON). I THOUGHT IT WAS NOW WELL UNDERSTOOD THAT WE FULLY AGREED WITH THE US ON THE NEED TO CONDEMN THE IMPOSITION OF MARTIAL LAW AND SOVIET COMPLICITY IN IT. WE HAD AGREED AT THE NATO MINISTERIAL MEETING OF 11 JANUARY AND AT THE VARIOUS MEETINGS IN THE EARLY PART OF FEBRUARY TO GIVE COMPLEMENTARY SUPPORT TO MEASURES THE U.S. HAD TAKEN. WE HAD ANNOUNCED A SET OF MEASURES OURSELVES ON 4 FEBRUARY WHICH WERE FULLY COMPLEMENTARY TO WHAT THE AMERICANS HAD DONE. OTHERS HAD NOW DONE LIKEWISE IN THEIR VARIOUS WAYS. IN ADDITION, THE COMMUNITY HAD DECIDED IN EARLY FEBRUARY IN FAVOUR OF RECLASSIFYING THE SOVIET UNION AS A QUOTE RELATIVELY RICH UNQUOTE COUNTRY FOR EXPORT CREDIT PURPOSES. YESTERDAY THE COUNCIL OF MINISTERS HAD DECIDED TO ADVANCE A FURTHER TRANCHE OF HUMANITARIAN AID FOR POLAND TO BE DISTRIBUTED THROUGH AGREED CHANNELS, AND IN ADDITION HAD DECIDED IN PRINCIPLE, TO REDUCE IMPORTS FROM THE SOVIET UNION BY ACTION UNDER ARTICLE 113. I POINTED OUT THAT THIS LATTER STEP WAS BEING TAKEN BY THE EUROPEAN COMMUNITY AHEAD OF ANY US DECISION TO ACT AGAINST SOVIET EXPORTS.

3. I SAID THAT ALL THIS UNDERLINED THE EXTENT TO WHICH WE WERE WORKING IN THE SAME DIRECTION AS THE US GOVERNMENT. BUT THEY MUST RECOGNISE THE POTENTIALLY DIVISIVE EFFECTS WITHIN THE ALLIANCE OF THE FACT THAT THEIR OWN REGULATIONS, AS DRAWN UP, BIT SHARPLY ON EXISTING CONTRACTS. THEIR EFFECT WENT FURTHER THAN ANY MEASURES FORESEEN IN THE CONTINGENCY PLANNING WORK DONE IN NATO LAST YEAR FOR USE IN THE EVENT OF SOVIET INVASION. I DREW ATTENTION TO THE IMBALANCE IN THE POTENTIAL SACRIFICE INVOLVED AND SAID THAT UNLESS A WAY COULD BE FOUND OF RESOLVING THE

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PROBLEM,



PROBLEM, WE RISKED HAVING A MAJOR TRANSATLANTIC ROW I SAID THAT AT THE CONCLUSION OF THE MEETINGS ON 2 AND 3 FEBRUARY WE HAD THOUGHT THERE WERE THE MAKINGS OF AN UNDERSTANDING THAT PROVIDED THE EUROPEANS CAME UP WITH ADEQUATE COMPLEMENTARY MEASURES AND WERE ABLE TO GIVE SATISFACTORY ASSURANCES ON NON-UNDERMINING, THE U S WOULD DO ITS UTMOST TO FIND SUFFICIENTLY FLEXIBILITY IN THEIR OWN REGULATIONS TO LET EXISTING CONTRACTS THROUGH. WE HAD DONE OUR BIT ON THE FIRST PROVISIO AND WERE READY TO DISCUSS THE SECOND, ON WHICH WE BELIEVED WE HAD MADE SOME PROGRESS. WE LOOKED TO THE AMERICANS TO DO THEIR PART TO MEET US ON EXISTING CONTRACTS.

4. I TOOK THE OPPORTUNITY ALSO OF REFERRING TO THE REPORTS WE HAD RECEIVED THAT THE BUCKLEY MISSION, WHEN IT TOOK PLACE, WOULD BE LIKELY TO BE PURSUING THE QUESTION OF FUTURE CREDITS. I REPEATED THE POINT WHICH I MADE ON EARLIER OCCASIONS INFORMALLY TO HORMATS THAT IN OUR VIEW THIS WAS A QUESTION WHICH WOULD NEED MAJOR AND SUSTAINED EFFORT TO RESOLVE AND SHOULD MORE APPROPRIATELY BE TREATED ALONG WITH THE LONGER TERM ISSUES WHOSE STUDY WAS CALLED FOR IN THE NATO COMMUNIQUE OF 11 JANUARY.

5. EDGAR LISTENED CAREFULLY AND UNDERTOOK TO SEE THAT COPIES OF OUR NOTE TOGETHER WITH AN ACCOUNT OF THE POINTS I HAD MADE, WAS CIRCULATED QUICKLY TO ALL THOSE CONCERNED. I WOULD KNOW THAT THIS WHOLE QUESTION WAS CURRENTLY UNDER DISCUSSION AMONG DEPARTMENTS IN WASHINGTON. HE COULD GIVE ME NO ASSURANCES, BUT THE STATE DEPARTMENT WAS FULLY AWARE BOTH OF THE UK CONCERN ABOUT EXISTING CONTRACTS AND OF THE DESIRABILITY OF AVOIDING ACTION WHICH WOULD RISK DIVIDING THE ALLIANCE.

6. I HAD EARLIER CALLED ON OLMER (UNDER SECRETARY, DEPARTMENT OF COMMERCE) TO GO OVER THE SAME GROUND AND LEFT A COPY OF THE NOTE WITH HIM. OLMER WAS GLAD TO HEAR OUR CASE AT FIRST HAND. HE SEEMED IMPRESSED BY THE ACCOUNT I GAVE HIM OF THE DECISIONS WHICH THE EUROPEAN COUNCIL OF MINISTERS HAD TAKEN YESTERDAY (UKREP BRUSSELS TELEGRAM NO 697). HIS EXECUTIVE ASSISTANT WHO WAS PRESENT, ARGUED THAT A REDUCTION IN IMPORTS FROM THE SOVIET UNION WOULD INVOLVE NO GREAT SACRIFICE: IT WOULD SIMPLY REDUCE THE EC'S DEFICIT WITH THE USSR. I REPLIED WITH SOME HEAT THAT THIS WAS A GOOD ILLUSTRATION OF THE PRESENTATIONAL PROBLEM WE FACED. I HAD NOTICED A TENDENCY FOR THE AMERICANS TO MINIMISE EVERYTHING THAT THE EUROPEANS DID IN THIS CONTEXT. IT WOULD BE EASY FOR US TO DO THE SAME IN RETURN. I THOUGHT IT HAD BEEN AGREED BETWEEN US THAT OUR OBJECTIVE SHOULD BE TO CAUSE MAXIMUM DAMAGE TO SOVIET INTERESTS WHILE CAUSING MINIMAL DAMAGE TO

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OUR OWN. I POINTED OUT THAT THE POTENTIAL DAMAGE TO THE EUROPEAN ECONOMIES FROM THE MEASURES THE AMERICANS HAD ALREADY TAKEN WAS DOLLARS 4 BILLION COMPARED WITH DOLLARS 400 MILLION A YEAR TO THE U S. IT WAS HARDLY SURPRISING IN THESE CIRCUMSTANCES THAT THE EUROPEANS BEGAN TO ASK QUESTIONS ABOUT GRAIN EXPORTS. OLMER ACCEPTED THAT I HAD A POINT BUT SAID WE SHOULD REALISE THAT THE ADMINISTRATION HAD HAD SIMILAR COMPLAINTS FROM SUCH COMPANIES AS CATERPILLAR. I REMINDED HIM THAT THE U S GOVERNMENT HAD EVERY RIGHT TO DAMAGE CATERPILLAR'S INTERESTS BUT NONE WHATEVER TO DAMAGE JOHN BROWN'S.

7. OLMER TOLD ME IN CONCLUSION THAT THE WHOLE QUESTION OF POSSIBLE FURTHER MEASURES AGAINST THE SOVIET UNION WAS TO BE DISCUSSED AT AN NSC MEETING, UNDER THE PRESIDENT'S CHAIRMANSHIP, DUE TO TAKE PLACE ON 26 FEBRUARY. THE IDEA OF A MISSION LED BY UNDER SECRETARY BUCKLEY IN WHICH OLMER WOULD PARTICIPATE WAS ONE OF THE POSSIBLE OPTIONS WHICH MIGHT BE ADOPTED. MY CALL HAD THEREFORE BEEN TIMELY. I SAID THAT SUCH A MISSION, PROVIDED ITS PURPOSE WAS NOT SIMPLY TO ANNOUNCE NEW MEASURES, WOULD CERTAINLY BE PREFERABLE TO A DECISION TO TAKE UNILATERAL ACTION, WHICH WOULD RISK CAUSING AS MUCH IF NOT MORE DAMAGE TO THE ALLIANCE THAN TO THE RUSSIANS.

8. ADVANCE TO LORD BRIDGES.

THOMAS

(ADVANCED AS REQUESTED)

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AMBASSADE DE FRANCE

LONDRES

L'AMBASSADEUR

24th February, 1982

*Dear Prime Minister,*

I have just received the text  
of a message addressed to you by the  
President of the French Republic.

I enclose it herewith.

*Yours sincerely  
L. Majeur*

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

LONDON SW1



Subject

✓ Master  
Ops

MESSAGE DE MONSIEUR FRANCOIS MITTERRAND,  
PRESIDENT DE LA REPUBLIQUE FRANCAISE

A

THE RT. HON. MARGARET THATCHER, M.P.,  
PRIME MINISTER

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T 33/82.

Paris, le 24 février 1982

"Madame le Premier Ministre,

Conformément au souhait que vous exprimiez dans le télégramme que vous m'avez adressé le 29 janvier, une réunion de Hauts Fonctionnaires français, allemands, britanniques, italiens et américains a eu lieu le 2 février, avant la réunion du Conseil de l'Atlantique Nord du 3 février.

Cette réunion, à laquelle ont participé le Directeur des Affaires Politiques et le Directeur des Affaires Economiques du Ministère français des Relations Extérieures a été utile pour préciser les points de vue et dépassionner le débat sur les relations économiques avec l'Union Soviétique.

Je crois comme vous que les pays européens doivent apporter une contribution positive à un effort concerté de l'Alliance, cette contribution ne dépassant pas toutefois celle des Etats-Unis qui manifestent une extrême prudence dans le domaine agricole.

.../...



Vous avez pu également constater que la décision prise par les pays de la CEE de proposer le classement de l'Union Soviétique dans la catégorie des pays riches, auxquels sont appliqués les taux d'intérêt commerciaux les plus importants, a résulté d'une volonté commune.

Je vous prie d'agréer, Madame le Premier Ministre, l'expression de ma haute considération.

Signé : François Mitterrand"../.



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FM WARSAW 241505Z FEB 82

TO IMMEDIATE FCO

TELNO 302 OF 24TH FEBRUARY 1982

AND TO IMMEDIATE BONN

INFO PRIORITY: WASHINGTON, PARIS, MOSCOW AND UKDEL NATO

MIPT

VISIT OF HERBERT WEHNER

1. THIS WAS THE FIRST VISIT TO POLAND SINCE THE IMPOSITION OF MARTIAL LAW BY A MAJOR WESTERN POLITICAL PERSONALITY. WEHNER'S POLISH HOSTS, WHO REPRESENTED A NUMBER OF VARIATIONS ON THE STANDARD OFFICIAL THEME, DEVOTED MUCH TIME AND ATTENTION TO HIM. IT COMES AT A TIME WHEN MOST OF OUR OWN SOURCES OF INFORMATION IN WARSAW HAVE DRIED UP AND JUST BEFORE A SERIES OF MEETINGS WHICH COULD PRODUCE SOME INDICATIONS OF THE WAY POLAND WILL BE HEADING IN THE NEXT FEW MONTHS.

2. NOT EVERYTHING THAT NEGWER PASSED ON CAN NECESSARILY BE TAKEN AT FACE VALUE. THE POLES WILL HAVE CO-ORDINATED THEIR TACTICS AMONGST THEMSELVES TO MAKE BEST POSSIBLE PRESENTATION OF LOCAL DEVELOPMENTS AND FUTURE MOVES. WEHNER'S OWN PRECONCEPTIONS (AND NEGWER'S TOO) WILL HAVE PERSUADED THEM TO PUT A FAVOURABLE GLOSS ON HIS DISCUSSIONS. NEVERTHELESS THIS WAS AN INTERESTING AND IMPORTANT VISIT WHICH REVEALED FOLLOWING NEW OR SIGNIFICANT POINTS :-

(A) IT SUGGESTS THAT MORE IS GOING ON BY WAY OF CHURCH/STATE DISCUSSIONS BEHIND THE SCENES THAN WE THOUGHT. THE ITALIAN AMBASSADOR WAS QUICK TO POINT OUT THAT MICEWSKI DID NOT NECESSARILY REPRESENT THE MAIN BODY OF CHURCH THOUGHT BUT HIS AND DABROWSKI'S COMMENTS SUGGEST NO SLACKENING OF EFFORT ON THE PART OF THE CHURCH.

(B) IF THE INFORMATION ABOUT WALESA'S UNCONDITIONAL WILLINGNESS TO TALK TO THE AUTHORITIES AND THE CHURCH IS CORRECT, THIS WOULD SEEM TO OPEN UP A BETTER POSSIBILITY FOR FUTURE DIALOGUE. THE GOVERNMENT IS PINNING GREAT HOPE BY ITS TRADE UNION GUIDELINES (MY TEL NO 293) WHICH COULD PROVIDE THE AGENDA FOR SUCH TALKS.

(C) WHILE WE CAN EXPECT SOME MORE MINOR RELAXATIONS OF MARTIAL LAW RESTRICTIONS AND PROBABLY A FURTHER RELEASE OF DETAINEES, THERE WILL BE NO BREAK-THROUGH BY THE END OF THE MONTH, NOR ANY MAJOR CONCESSIONS.

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(D) THE WEST'S DECISION NOT TO PROVIDE NEW CREDIT AND TO DELAY 1982 RESCHEDULING NEGOTIATIONS IS BITING HARD. MICEWSKI'S COMMENTS ON DRASTIC FOOD SHORTAGES, JARUZELSKI'S DISCLOSURE OF THE OFFER OF FURTHER HELP FROM THE SOVIET UNION AND THE UNANIMOUS COMPLAINTS OF WEHNER'S INTERLOCUTORS ABOUT SANCTIONS CONFIRM ACCELERATING ECONOMIC DECLINE.

(E) THE POLES' CONTINUOUS WEDGE-DRIVING TACTICS WILL BE REINFORCED BY THIS VISIT.

3. WEHNER IS EXPECTED TO GIVE DETAILS OF HIS VISIT IN BONN AFTER BRIEFING THE CHANCELLOR. NEGWER GAVE AS HIS PERSONAL OPINION (PLEASE PROTECT THAT SCHMIDT'S OWN VIEWS WOULD PROBABLY NOT BE VERY DISSIMILAR FROM WEHNER'S. THE POLES CANNOT BE DISPLEASED BY THE APPARENT RESULTS OF THIS VISIT.

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FM WARSAW 241520Z FEB 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 301 OF 24TH FEB 82

INFO IMMEDIATE BONN. PRIORITY INFO WASHINGTON PARIS  
MOSCOW, UKDEL NATO.

MY TELEGRAM NO 295 : VISIT OF HERBERT WEHNER.

*These 2 telegrams on  
Poland are of considerable  
interest.*

*A.J.C. 25/2*

*MK*

*(Chairman of SPD  
Parliamentary party)*

1. STRESSING THAT HE WAS SPEAKING IN CONFIDENCE, THE WEST GERMAN AMBASSADOR BRIEFED COMMUNITY HEADS OF MISSION TODAY ON WEHNER'S VISIT.
2. DURING A BUSY 4 DAYS IN WARSAW WEHNER HAD MEETINGS WITH JARUZELSKI ( 3 HOURS), RAKOWSKI (4 HOURS), BARCIKOWSKI, OLSZOWSKI BISHOP DABROWSKI AND MICEWSKI, AND INFLUENTIAL LAY CATHOLIC INTER-MEDIARY , AND A GROUP OF MEMBERS OF THE SEJM. HE HAD BEEN ENTERTAINED BY MANY OF HIS INTERLOCUTORS AND WOULD HAVE TAKEN BACK TO BONN A VERY FULL IMPRESSION OF POLAND CULLED FROM MANY SOURCES . NEGWER WAS HIMSELF PRESENT AT ONLY A LIMITED NUMBER OF THE MEETINGS, BUT TALKED TO WEHNER ABOUT THE OTHERS.
3. WEHNER BEGAN EACH OF HIS SESSIONS BY SAYING THAT HE HAD COME ON THIS PERSONAL VISIT TO LOOK AT THE SITUATION WITHIN POLAND AND ITS EXTERNAL IMPLICATIONS IN THE LIGHT OF GERMANY'S MORAL HISTORIC OBLIGATION TO POLAND. HE VOLUNTEERED THAT HE WAS PERSONALLY AGAINST ANY FORM OF SANCTIONS OR ECONOMIC BOYCOTT TOWARDS POLAND SINCE THEY WOULD ONLY INCREASE THE HARDSHIPS FELT BY THE POLISH PEOPLE. HE WAS STRONGLY IN FAVOUR OF DIALOGUE. HE THEN ASKED HOW COULD THE FEDERAL REPUBLIC HELP AND WHAT WAS GOING ON IN POLAND.
4. BOTH BARCIKOWSKI AND OLSZOWSKI STRESSED THAT WESTERN ECONOMIC SANCTIONS WOULD DAMAGE THE PROSPECTS OF ECONOMIC REFORM. BARCIKOWSKI EMPPHASISED THE DIFFICULTIES WHICH THE GOVERNEMENT WAS HAVING WITH POLISH YOUTH. BOTH MEN SPOKE ABOUT EVENT IN POLAND RATHER SIMILARLY , WITH OLSZOWSKI EXPLAINING THE BACKGROUND TO HIS POLITICAL CAREER AND PRESENTING HIMSELF IN AS MODERATE A LIGHT AS POSSIBLE. RAKOWSKI SPOKE ABOUT THE INTENSE STRUGGLE THAT WAS TAKING PLACE BETWEEN THE VARIOUS FACTIONS WITHIN THE PARTY. THERE WAS A GREAT DANGER THAT THE WESTERN POLICY OF ISOLATING POLAND WOULD ONLY HELP THE HARD LINERS. HE DESCRIBED HIS PERSONAL ROLE IN THE LAST FEW MONTHS AND SPOKE BITTERLY ABOUT SOLIDARITY AND WALESA HIMSELF.

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5. NEGWER DID NOT ATTEND ANY OF THESE MEETINGS, BUT WAS PRESENT THROUGHOUT <sup>WEHNER'S</sup> WALESA'S MEETING WITH CZYREK WHO SPOKE MAINLY ON STANDARD LINES ABOUT THE DANGERS OF INTERNATIONALISING POLAND'S DOMESTIC PROBLEMS. THE IMPOSITION OF MARTIAL LAW SHOULD NOT HAVE SURPRISED ANYONE IN THE WEST BECAUSE THE POLISH AUTHORITIES HAD PASSED ON WARNINGS WELL AHEAD. THE WESTERN REACTION WAS TACTICAL. THEY HAD EXPECTED SOVIET INTERVENTION AND WERE DISAPPOINTED AT THE POLISH SOLUTION. HE ATTACKED WESTERN PROPAGANDA AND SAID THAT NOW POLAND HAD TO DEFEND ITSELF AGAINST FOREIGN PRESSURE MANIFESTED IN ECONOMIC SANCTIONS. THE POLES WANTED A DIALOGUE WITH THE WEST. CZYREK SAID HE DETECTED A HARDENING POSITION WITHIN THE FRG WHICH WAS UNDER PRESSURE FROM WASHINGTON THE VATICAN TOO WAS TAKING HOSTILE LINE. AS FOR INTERNAL DEVELOPMENTS, THE PARTY MUST NOW DEVELOP A NEW DYNAMISM. HE THOUGHT THAT THE VII PLENUM WOULD PRODUCE A USEFUL RESULT, BUT ADMITTED THAT THERE WAS DISAFFECTION WITHIN THE PARTY COUPLED WITH A TENDENCY BY SOME FACTORS TO ADOPT HARD MEASURES.

6. NEGWER DESCRIBED BISHOP DABROWSKI'S ATTITUDE TO WEHNER AS VERY CAREFUL. DABROWSKI SAID THAT THE CHURCH WAS STILL TREADING THE PATHS OF DIALOGUE AND COMPROMISE. BOTH DABROWSKI AND MICEWSKI DENIED RUMOURS THAT RELATIONS BETWEEN CHURCH AND STATE HAD WORSENERED RECENTLY MICEWSKI THANKED WEHNER ON BEHALF OF POLISH CATHOLICS FOR COMING TO POLAND AND STRESSED THAT THE POLISH PEOPLE NOW URGENTLY NEEDED ECONOMIC ASSISTANCE. HE SAID THAT THERE WAS NOW ONLY ENOUGH FOOD TO COVER RATIONS FOR A FURTHER SIX WEEKS. BY THE END OF MARCH THE SITUATION WOULD BE CATASTROPHIC .

7. MICEWSKI DESCRIBED THE CHURCH'S ACTIVITIES TO BRING SOLIDARITY AND THE GOVERNMENT TOGETHER. SOLIDARITY LEADERS HAD BECOME EVEN MORE RADICAL IN THEIR INTERNMENT CAMPS AND THE CHURCH HAD PUT FORWARD THE IDEA OF GATHERING SELECTED SOLIDARITY LEADERS IN A VILLA TO PREPARE FOR CONVERSATIONS WITH THE AUTHORITIES AWAY FROM THEIR INTERNED COLLEAGUES. WALESA HAD NOW GIVEN A WRITTEN DECLARATION TO ORSZULIK THAT HE WAS READY TO HOLD TALKS WITHOUT CONDITIONS ALONG LINES AGREED BY CHURCH AND STATE. FOR THEIR PART THE CHURCH WAS READY TO ACCEPT A FUTURE TRADE UNION STRUCTURE AS OUTLINED IN THIS WEEK'S DISCUSSION PAPER. THE CHURCH ACCEPTED THAT SOLIDARITY IN ITS LAST FEW MONTH BEFORE 13 DECEMBER HAD BECOME A POLITICAL PARTY AND BLAMED ITS REGIONAL STRUCTURE FOR MANY OF ITS EXCESSES. MICEWSKI THEN ASKED WEHNER TO TELL JARUZELSKI THAT THE CHURCH NEEDED THE IMPETUS OF SOME NEW INITIATIVE FROM THE GOVERNMENT SIDE. THEY WERE PREPARED TO ACCEPT A LARGER FRAMEWORK THAN JUST SOLIDARITY, CHURCH AND GOVERNEMENT, BUT IT WAS UNREALISTIC TO CONTEMPLATE ANY DISCUSSIONS WITHOUT SOLIDARITY AND PARTICULARLY WITHOUT WALESA WITH ALL HIS KNOWN LIMITATIONS.

8. JARUZELSKI BEGAN WITH SOME FULSOME COMPLIMENTS TO THE FRG AND CONTINUED WITH WHAT NEGWER DESCRIBED AS A VERY LUCID, LOGICAL AND LOW-KEY EXPOSITION OF THE LEAD-IN TO MARTIAL LAW. JARUZELSKI CLAIMED THAT THE MARTIAL COUNCIL WAS NOW BEGINNING TO WITHDRAW GRADUALLY FROM THE DIRECTION OF POLICY, LEAVING ROOM FOR THE



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GOVERNMENT AND THE SEJM. THE ARMY WOULD NEVER TRY TO GOVERN POLAND. ITS TASK WAS TO ENSURE THE NECESSARY DISCIPLINE TO SOLVE POLAND'S PROBLEMS. HE INTENDED TO PURSUE THE PATH OF REFORM AND RENEWAL. THE SEJM WAS VERY ACTIVE AND THERE WAS GREATER PARTICIPATION IN LOCAL POLITICAL DISCUSSION BY NON-PARTY PEOPLE, ESPECIALLY LAY CATHOLICS. PARTY MORALE WAS IMPROVING AND THE RESULTS OF THE VII PLENUM WOULD MARK A FURTHER STAGE TOWARDS NORMALISATION.

9. JARUZELSKI SAID THAT THE NUMBER OF DETAINEES STOOD AT 4,100. 5,000 PEOPLE HAD BEEN INTERNED ON 13 DECEMBER AND A FURTHER 1500 IN SUBSEQUENT WEEKS, 2,400 OF THESE HAD NOW BEEN RELEASED AND THE PROCESS WAS CONTINUING BOTH FOR HUMANITARIAN REASONS AND AGAINST GUARANTEES OF FUTURE GOOD BEHAVIOUR. JARUZELSKI MADE NO MENTION OF SOLIDARITY LEADERS LEAVING POLAND. THOSE REMAINING IN CAMPS HAD BECOME VERY AGGRESSIVE AND WERE PROBABLY MORE SUBVERSIVE THAN WHEN THEY WENT IN. AS FOR SOLIDARITY'S FUTURE, HE HOPED NEW TRADE UNION GUIDELINES WOULD MEAN A STEP FORWARD. THE DIALOGUE WITH THE CHURCH HAD NEVER BEEN INTERRUPTED AND THERE WERE FREQUENT UNOFFICIAL TALKS WITH WALESA. IN A FEW DAYS TIME THE MINISTRY OF THE INTERIOR WOULD ANNOUNCE FURTHER RELAXATION OF MARTIAL LAW BUT UNFORTUNATELY BECAUSE OF SOCIAL TENSION AND SUBVERSIVE ACTIVITY HE COULD NOT GO AS FAR AS HE HAD PROMISED PUBLICLY HE MIGHT. WHEN WEHNER ASKED JARUZELSKI ABOUT THE CHURCH'S ROLE, JARUZELSKI REPLIED THAT HE HAD THE IMPRESSION THAT THE CHURCH WAS NOT REALLY INTERESTED IN BRINGING ABOUT A DIALOGUE.

10. JARUZELSKI COMPLAINED ABOUT CONTINING FOREIGN POLITICAL AND PROPAGANDA ACTIVITY AGAINST POLAND. THIS WAS NOT HELPING HIS PLANS TO ABOLISH MARTIAL LAW. PEACE AND DETENTE HAD BEEN ENDANGERED BY THE APPARENT WISH OF THE UNITED STATES TO BRING ABOUT A GLOBAL CONFRONTATION. HE HOPED THAT THE FRG WOULD CONTINUE ITS POSITIVE LINE BUT SAID HE HAD NOTICED SOME NEGATIVE SIGNS, PARTICULARLY FROM THE CDU. POLAND DID NOT WANT TO TURN ITS BACK ON THE WEST. HE HAD JUST RECEIVED A LETTER FROM BREZHNEV PROMISING FURTHER SOVIET ECONOMIC ASSISTANCE AND THERE WAS A SOVIET DELATION IN TOWN DISCUSSING THE PRACTICAL APPLICATION OF THIS, PARTICULARLY IN INDUSTRIAL SECTORS ALREADY PARALYSED BY WESTERN ECONOMIC SANCTIONS.

11. NEGWER SAID THAT, THROUGHOUT THE DISCUSSIONS AT WHICH HE HAD BEEN PRESENT, WEHNER HAD PLAYED AN EXCLUSIVE LISTENING ROLE. HE FOUND IT DIFFICULT TO GAIN ANY IDEA OF THE IMPRESSIONS WEHNER WOULD HAVE TAKEN BACK TO BONN, PARTICULARLY AS THE LAST DAY OF THE VISIT HAD BEEN EXTREMELY RUSHED. NEGWER SAID THAT HE DID NOT THINK WEHNER OR HIS ENTOURAGE HAD SEEN, LET ALONE APPROVED, THE PAP COMMUNIQUE IN NEGWER'S HEARING AND HE THOUGHT THAT THE POLES HAD PULLED A FAST ONE.



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12 COMMENT ON THIS IMPORTANT VISIT FOLLOWS IN MIFT. AT THE END OF THE MEETING NEGWER REMINDED US THAT WE WERE BEING BRIEFED IN WARSAW A LITTLE BEFORE WEHNER WAS HIMSELF BRIEFING CHANCELLOR SCHMIDT. HE REPEATEDLY UNDERLINED THE SENSITIVE NATURE OF THIS BRIEFING WHICH I HOPE WE WIL L SCRUPULOUSLY RESPECT.

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Prime Minister

To note

A.J.C. 24. 2

*[Handwritten signature]*

h.a. 25. 2

FCS/82/32

MINISTER OF STATE FOR AGRICULTURE

Poland: Soviet Factory Ships

1. I have seen your letter of 15 February <sup>will request if required</sup> to Humphrey Atkins, and also George Younger's letter of 17 February, about the difficulty of taking any immediate decision to restrict the number of Soviet factory vessels participating in the Minch mackerel and herring fisheries.
2. I accept that you and George Younger consider there are too many uncertainties to commit ourselves to a decision on this subject now. I should nonetheless like to emphasise my view that we shall need to impose some restrictions on Soviet factory vessels during the Minch fisheries if we are not to make public fools of ourselves. Having decided to take-and announced - certain measures specifically against the Soviet Union in the Polish context, it is essential that they should not appear to be devoid of meaning. We should be accused of misleading our allies and Parliament if a measure we announced against the Soviet Union turned out to apply without discrimination to other countries, including our partners in the Community. We expect to have discussions over the coming months with our American and European allies about longer term Western economic relations with the Soviet Union and it is important not to change course now. Otherwise our own partners will surely say that we have led them up the garden path.
3. At the same time, I recognise the difficulties currently being experienced by the UK fishing industry, and the need to ensure that any measures taken do not seriously damage British fishing

/interests



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interests. It is clear that this is one of several implications which will need to be studied before we can reach any decision on restrictive action against Soviet factory vessels during the Minch fisheries.

4. So even if no immediate decision can be reached, it seems desirable that officials of our two departments, together with those of the Scottish Office and any other interested departments, should now get together, for instance in the Cabinet Office MISC 64 Committee, to discuss the various implications with a view to producing a paper, so that when we come to take decisions the various problems will have been fully gone into.

5. Copies of this letter go to George Younger and to the other Ministers who are present at the Prime Minister's meeting on 2 February, and also to Sir Robert Armstrong.

(CARRINGTON)

Foreign and Commonwealth Office

24 February 1982

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10 DOWNING STREET

From the Private Secretary

*[Handwritten mark]*

SIR ROBERT ARMSTRONG

POLAND

Thank you for your minute of 23 February. It is helpful to know how you expect the various differences between Departments on these aspects of the Polish situation to be resolved. If the Prime Minister enquires about the situation I will brief her on the basis of your minute.

B. J. COLES

24 February 1982

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Ref. A07601

MR COLES

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Poland

You may find it helpful to have the following comments on the current exchanges of correspondence between Ministers on a number of aspects of the Polish situation, together with an indication of how we expect the subject raised therein to be handled.

- (a) The Chancellor of the Exchequer (Mr Kerr's letter to Mr Arthur, dated 12th February) and the Foreign and Commonwealth Secretary (Mr Fall's letter of 18th February) have a difference of view about whether the £12 million outstanding credits authorised during 1981 should be held in abeyance, as earlier agreed, or cancelled. Given the situation in Poland, the point at issue is largely symbolic and is likely to remain that way for many months. But the difference is unlikely to be resolved without collective discussion; the best course will probably be to deal with the matter next time Poland comes to OD, but not to arrange a discussion specially. A suitable occasion may arise when the Chancellor makes proposals, as he is expected to do fairly soon, for the negotiation of a governmental rescheduling arrangement covering repayments due in 1982.
- (b) The Secretary of State for Trade (8th February), in minuting the Prime Minister about the URSUS project, explained that he would offer advice separately about the possibility of making available the credit necessary to complete the PVC project (involving about £10 million). Both the Chancellor of the Exchequer (12th February) and the Secretary of State for Industry (Mr Riley's letter of 16th February) have indicated that they would be unlikely to be able to support a proposal to provide this credit. Mr Biffen is at present considering what advice he should give his colleagues in the light of a meeting between his officials and representatives of the British firm concerned on 19th February.





- (c) The Lord Privy Seal (8th February) on the one hand the Minister for Agriculture, Fisheries and Food (15th February) on the other and the Secretary of State for Scotland (17th February), have differing views on the advisability of using the recently instituted licensing procedures for factory ships to prevent Soviet purchases of mackerel. Foreign and Commonwealth Office Ministers are expected to propose that the points at issue should be discussed further between officials under Cabinet Office chairmanship with the aim of submitting agreed advice (or options) for decision by Ministers collectively well before the opening of the mackerel season in Scottish waters in August. This seems sensible.
- (d) You will wish to be aware that the Foreign and Commonwealth Office are advising their Ministers to agree that the restrictions on Polish diplomatic and trade representatives in London should be relaxed so that they exactly reciprocate the restrictions on British diplomats in Warsaw. This relaxation, if agreed, would bring us into line with the Americans, who have already relaxed their restrictions on Polish diplomats in Washington. We have suggested that the Foreign and Commonwealth Secretary should let the Prime Minister know of the action he intends to take.

ROBERT ARMSTRONG

23rd February 1982



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FM TOKYO 230800Z FEB 82

TO PRIORITY F C O

TELEGRAM NO 89 OF 23 FEBRUARY

RFI WASHINGTON MOSCOW, WARSAW AND UKDEL NATO

SAVING UKREP BRUSSELS AND EC POSTS.

POLAND: JAPANESE MEASURES

1. THE CHIEF CABINET SECRETARY, MR MIYAZAWA, ISSUED ON 23 FEBRUARY THE FOLLOWING STATEMENT ON JAPANESE MEASURES OVER POLAND.

THE PROCLAMATION OF MARTIAL LAW IN DECEMBER LAST YEAR AND THE SUBSEQUENT SITUATION IN POLAND COULD SERIOUSLY AFFECT THE INTERNATIONAL SITUATION.

FROM THIS VIEWPOINT, JAPAN HAS REPEATEDLY URGED POLAND TO PUT AN EARLY END TO THE PRESENT EXTRADORDINARY STATE OF AFFAIRS IN POLAND, AND AT THE SAME TIME URGED THE SOVIET UNION TO EXERCISE SELF-RESTRAINT, POINTING OUT ITS RESPONSIBILITY FOR THE POLISH SITUATION.

THE POLISH SITUATION, HOWEVER, HAS NOT SHOWN ANY SIGN OF IMPROVEMENT. THE GOVERNMENT OF JAPAN HAS, THEREFORE, DETERMINED TO TAKE THE FOLLOWING MEASURES AGAINST POLAND AND THE SOVIET UNION, RECOGNISING THAT UNITY AND COOPERATION AMONG WESTERN COUNTRIES ARE OF UTMOST IMPORTANCE IN COPING WITH THE POLISH QUESTION.

WITH REGARD TO POLAND, THE GOVERNMENT OF JAPAN HAD DECIDED TO TAKE THE FOLLOWING MEASURES.

- (1) NEGOTIATIONS ON RESCHEDULING THE PAYMENTS OF OFFICIAL DEBTS DUE IN 1982 WILL BE HELD IN ABEYANCE FOR THE TIME BEING.
- (2) THE EXAMINATION ON EXTENDING NEW OFFICIAL CREDITS WILL BE HELD IN ABEYANCE FOR THE TIME BEING
- (3) RECIPROCAL RESTRICTIONS ON TRAVEL BY THE MEMBERS OF THE POLISH EMBASSY IN JAPAN HAVE ALREADY BEEN IN EFFECT SINCE FEBRUARY 18 IN VIEW OF THE VARIOUS RESTRICTIONS IMPOSED UPON THE MEMBERS OF THE JAPANESE EMBASSY IN POLAND.

ON THE OTHER HAND, THE ECONOMIC ASSISTANCE ALREADY COMMITTED TO POLAND WILL BE CONTINUED. HUMANITARIAN ASSISTANCE FOR THE POLISH PEOPLE WILL ALSO BE CARRIED OUT AS NECESSARY, AND THE GOVERNMENT OF JAPAN HAS DONATED FIVE HUNDRED THOUSAND U.S.DOLLARS (DOLLARS 500,000) TO THE ASSISTANCE PROGRAM FOR POLISH PEOPLE ORGANIZED BY THE INTERNATIONAL COMMITTEE OF THE RED CROSS.

WITH REGARD TO THE SOVIET UNION, THE GOVERNMENT OF JAPAN HAS DECIDED TO TAKE THE FOLLOWING MEASURES.

(1)



(1) THE COMMISSION ON SCIENCE AND TECHNOLOGY COOPERATION, UNDER THE JAPAN-USSR AGREEMENT ON SCIENCE AND TECHNOLOGY COOPERATION, WILL NOT MEET FOR THE TIME BEING.

(2) THE JAPAN-USSR ANNUAL CONSULTATIONS ON TRADE WILL NOT BE HELD FOR THE TIME BEING.

(3) THE SOVIET REQUEST FOR THE ENLARGEMENT OF THE OFFICE OF TRADE REPRESENTATIVE AND OTHER SIMILAR ORGANIZATION OF THE SOVIET UNION IN JAPAN, WILL NOT BE STUDIED FOR THE TIME BEING.

(4) THE EXTENSION OF THE PERIOD OF STAY OF MEMBERS OF THE SOVIET PURCHASING COMMISSION, WHICH IS DUE TO EXPIRE AT THE END OF THIS YEAR, WILL BE CAUTIOUSLY EXAMINED, TAKING INTO ACCOUNT THE FUTURE DEVELOPMENTS OF THE POLISH SITUATION.

JAPAN WILL MAINTAIN ITS BASIC POLICY REGARDING MEASURES WHICH IT HAS BEEN TAKING IN CONNECTION WITH THE AFGHANISTAN SITUATION.

THE GOVERNMENT OF JAPAN WILL CONTINUE TO PAY DUE CONSIDERATION SO AS NOT TO UNDERMINE THE MEASURES TAKEN BY OTHER WESTERN COUNTRIES.

5. FURTHERMORE, THE GOVERNMENT OF JAPAN WILL TAKE APPROPRIATE ACTIONS IN CONCERT WITH OTHER WESTERN COUNTRIES IN THE UNITED NATIONS AND OTHER INTERNATIONAL ORGANIZATIONS.

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TO IMMEDIATE FCO

TELEGRAM NUMBER 697 OF 23 FEBRUARY

INFO PRIORITY WASHINGTON UKDEL NATO WARSAW MOSCOW ROUTINE EC  
POSTSCOUNCIL OF MINISTERS (FOREIGN AFFAIRS) 23 FEBRUARY: POLAND

## SUMMARY

1. LARGE MAJORITY IN FAVOUR OF REDUCING IMPORTS OF MANUFACTURED GOODS AND LUXURY PRODUCTS FROM THE SOVIET UNION BY ACTION UNDER ARTICLE 113. COMMISSION ASKED TO MAKE FORMAL PROPOSALS TO ENABLE ACTION TO BE TAKEN AS SOON AS POSSIBLE. GREECE OPOSED MEASURES, BUT WAS READY TO ACCEPT USE OF ARTICLE 113 IF IT COULD BE EXEMPTED FROM TAKING ACTION. DENMARK PUT A LEGAL RESERVE ON RECOURSE TO ARTICLE 113.

2. FURTHER TRANCHE OF 8 MILLION ECU HUMANITARIAN AID TO POLAND AGREED.

## DETAIL

## TRADE MEASURES AGAINST THE SOVIET UNION

2. NOTERDAEME (CHAIRMAN OF COREPER) IDENTIFIED THE MAIN QUESTIONS FOR THE COUNCIL AS:

(A) WHETHER TO TAKE ACTION AGAINST SOVIET EXPORTS:

(B) IF SO, ON WHAT LEGAL BASIS: AND

(C) HOW TO IMPLEMENT RESTRICTIONS, IN PARTICULAR

WHETHER TO TAKE ACTION BOTH ON LIBERALIZED PRODUCTS AND ON THOSE UNDER QUOTA: AND WHETHER TO FREEZE OR REDUCE TRADE.

4. YOU SPOKE STRONGLY IN FAVOUR OF A CLEAR AND POSITIVE DECISION BY THE COUNCIL IF DAMAGE TO EUROPEAN COMMERCIAL INTERESTS AND A MAJOR RIFT IN TRANSATLANTIC RELATIONS WERE TO BE AVOIDED. THE COMMUNITY SHOULD BE SEEN TO BE ACTING TOGETHER AND THE DECISION TAKEN UNDER ARTICLE 113. THIS WOULD ALLOW GREECE TO OPT OUT IF NECESSARY. FREEZING IMPORTS FROM THE SOVIET UNION AT CURRENT LEVELS WOULD HAVE LITTLE EFFECT: ACTION SHOULD BE TAKEN TO CUT IMPORTS OF A COMMON LIST OF PRODUCTS TO AN AGREED LEVEL OR BY AGREED PERCENTAGES. THE UK WOULD BE READY TO TAKE ACTION ON ANY OF THE PRODUCTS ON THE COMMISSION LISTS EXCEPT FURS, FERRO-CHROME AND CHEMICALS, PROVIDED OTHERS WERE PREPARED TO TAKE SIMILAR ACTION.

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5. OTHER DELEGATIONS, WITH THE EXCEPTION OF GREECE AND DENMARK, GENERALLY FOLLOWED YOUR LEAD. CHEYSSON (FRANCE) SAID MEASURES SHOULD BE AGREED AND ANNOUNCED AS SOON AS POSSIBLE. ACTION SHOULD BE TAKEN UNDER ARTICLE 113. FRANCE WAS READY TO ACCEPT A 50 PER CENT CUT IN QUOTAS WHERE THEY EXISTED AND A 50 PER CENT CUT IN ACTUAL IMPORTS OF LIBERALIZED PRODUCTS. COLOMBO (ITALY) AGREED WITH YOU AND CHEYSSON AND COULD SUPPORT CUTS OF 50 PER CENT, WHILE STRESSING THE NEED FOR ALL MEMBER STATES TO SHARE THE SACRIFICES. GENSCHER (FRG) COULD ACCEPT EITHER FREEZING OR REDUCTION OF QUOTAS. IT MUST BE CLEAR HOWEVER THAT THE COMMUNITY WAS NOT USING EVENTS IN POLAND AS A PRETEXT FOR PROTECTIONISM. VAN DER STOEL (NETHERLANDS) WANTED ANY MEASURES TO BE FLEXIBLE ENOUGH TO ALLOW FOR PROGRESSIVE TIGHTENING OF RESTRICTIONS, BUT COULD GO ALONG IN PRINCIPLE WITH REDUCTIONS SUBJECT TO CO-ORDINATION WITHIN BENELUX ON THE DETAILS. BELGIUM, LUXEMBOURG AND IRELAND ALSO AGREED, THE LAST EXPRESSING SOME CONCERN ABOUT THE ECONOMIC EFFECTS OF ACTION ON THE COMMUNITY.

6. OLESEN (DENMARK) DOUBTED WHETHER THE SORT OF TRADE MEASURES ENVISAGED, WHICH SHOULD BE RECOGNISED AS SANCTIONS, WOULD HAVE ANY EFFECT ON THE SOVIET UNION. IN ANY EVENT ARTICLE 113 WAS NOT APPROPRIATE AND ANY ACTION SHOULD BE UNDER ARTICLE 224. VARFIS (GREECE) OPPOSED FURTHER MEASURES. HOWEVER, HE PICKED UP YOUR REMARK THAT GREECE MIGHT OPT OUT AND ASKED HOW THIS COULD BE DONE. GREECE'S TRADE WAS PARTICULARLY VULNERABLE TO RETALIATION BY THE SOVIET UNION. GREECE WAS PREPARED TO ACCEPT APPLICATION OF ARTICLE 113 PROVIDED A WAY COULD BE FOUND TO EXEMPT HER FROM THE PRACTICAL IMPLICATIONS OF ACTION UNDER IT.

7. HAFERKAMP (COMMISSION) EXPLAINED HIS UNDERSTANDING. ON THE BASIS OF THE LARGE MAJORITY OF EARLIER INTERVENTIONS, THAT THE COMMUNITY WAS IN EFFECT TAKING A POLITICAL DECISION TO REDUCE IMPORTS FROM THE SOVIET UNION AND THAT THE COMMISSION WERE BEING ASKED TO MAKE PROPOSALS TO IMPLEMENT THIS. THEY WERE READY TO DO SO VERY QUICKLY. THEIR PROPOSALS WOULD COVER BOTH LIBERALIZED PRODUCTS AND THOSE ALREADY UNDER QUOTAS.

8. MUCH OF THE SUBSEQUENT DISCUSSION CONCERNED WHETHER GREECE COULD BE EXEMPTED FROM COMMUNITY ACTION ON LIBERALIZED PRODUCTS AS WELL AS ON QUOTAS. THE COMMISSION IMPLIED THAT THE CHOICE OF PRODUCTS COULD BE MADE SO AS TO TAKE ACCOUNT OF GREECE'S POSITION. YOU SUGGESTED THAT THE SIMPLEST WAY TO DEAL WITH THE PROBLEM WAS TO DELIBERALIZE LIBERALISED PRODUCTS, LEAVING SCOPE TO EXEMPT GREECE FROM APPLYING THE CONSEQUENT QUOTA RESTRICTIONS.

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OLESEN (DENMARK) CONTINUED TO HARP ON DANISH OBJECTIONS TO USE OF ARTICLE 113 AND MADE FREQUENT EFFORTS, WHICH VARFIS SIDE-STEPPED, TO PUSH THE GREEKS TO HARDEN THEIR POSITION. BUT HE LATER SHOWED SOME SIGNS OF WEAKENING ON THE SUBSTANCE OF DANISH OPPOSITION TO TRADE MEASURES, EXPRESSING A PREFERENCE FOR FREEZING RATHER THAN REDUCING TRADE.

9. AFTER YOU, GENSCHER AND CHEYSSON HAD MADE IT QUITE CLEAR THAT A DECISION OF PRINCIPLE MUST BE TAKEN, TINDEMANS (CHAIRMAN) CONFIRMED THAT THE NECESSARY QUALIFIED MAJORITY FOR IMPOSING RESTRICTIONS APPEARED TO EXIST. THE COUNCIL AGREED THAT IT WISHED TO REDUCE SOVIET EXPORTS TO THE COMMUNITY BY ACTION UNDER ARTICLE 113 AND IT WAS NOW FOR THE COMMISSION TO MAKE PROPOSALS TO COREPER AS SOON AS POSSIBLE ON HOW TO IMPLEMENT THIS, TAKING ACCOUNT OF GREECE'S POSITION. VARFIS (GREECE) ASKED FOR HIS OPPOSITION TO BE RECORDED AND OLESEN (DENMARK) PUT A LEGAL RESERVE ON THE PROPOSED RECOURSE TO ARTICLE 113.

10. THE COUNCIL SUBSEQUENTLY RETURNED TO THIS POINT AFTER YOUR DEPARTURE AND TINDEMANS READ OUT THE FOLLOWING CONCLUSIONS:

''THE COUNCIL NOTED:

THAT A VERY LARGE MAJORITY OF MEMBER STATES WERE IN FAVOUR OF REDUCING IMPORTS FROM THE SOVIET UNION BY ACTION UNDER ARTICLE 113:

THAT GREECE HAD CONFIRMED ITS OPPOSITION TO SUCH MEASURES:

THAT DENMARK HAD PLACED A LEGAL RESERVE ON RECOURSE TO ARTICLE 113: AND

THAT THE COMMISSION WOULD MAKE PROPOSALS AS QUICKLY AS POSSIBLE IN THIS RESPECT''.

#### HUMANITARIAN AID

11. THE COUNCIL APPROVED THE DRAFT CONCLUSIONS IN THE PRESIDENCY REPORT OF 19 FEBRUARY, MAKING AVAILABLE A FURTHER 8 MILLION ECU HUMANITARIAN AID FOR POLAND TO BE DISTRIBUTED THROUGH NGOS

#### NON-UNDERMINING

12. AGREED THAT COREPER WOULD CONTINUE ITS STUDY OF THIS AND REPORT TO THE COUNCIL AS SOON AS POSSIBLE.

/ COMMENT

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COMMENT

13. IT WILL CLEARLY BE IN OUR INTERESTS TO PRESENT THE OUTCOME OF THE COUNCIL'S DISCUSSION AS A DECISION IN PRINCIPLE TO REDUCE IMPORTS FROM THE SOVIET UNION WITH ONLY THE DETAILS OF IMPLEMENTATION TO BE WORKED OUT. THIS WILL INCREASE THE PRESSURE ON THE DANES TO FALL INTO LINE AS WELL AS BEING HELPFUL WITH THE US. THE SECRETARY OF STATE TOOK THIS LINE IN HIS PRESS CONFERENCE AND OTHER MINISTERS APPEAR TO HAVE SPOKEN SIMILARLY.

14. PLEASE SEE MIFT.

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*C. Mr. Higham*

THE WHITE HOUSE  
WASHINGTON

T 32A/82

February 22, 1982

Dear Margaret:

I want to express my deep appreciation to you for joining in the special broadcast "Let Poland be Poland." This was a remarkable demonstration of Western solidarity that will be remembered by champions of human freedom everywhere. Ours was a pioneering effort in the world's most modern and powerful medium. I hope we will be able to make use of television's potential impact again to address issues of equal seriousness.

An estimated 172 million people of 42 countries have seen "Let Poland be Poland," and some 100 million have heard it on the radio. In the United States, Americans in over 150 cities saw the film. I think we are all gratified to know that millions of citizens of Eastern Europe and the Soviet Union were able to hear the many expressions of support for the Polish people through several of our Western media broadcasts.

Indisputably, the most striking aspect of this statement against repression is that so many of us stood together to be counted. Without your help, such an effort would not have been possible.

I look forward to visiting the United Kingdom in June, and to our joint meetings at Versailles and with other NATO members in Bonn.

Sincerely,

*Ron*

The Right Honorable  
Margaret Thatcher, M.P.  
Prime Minister  
London



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file

off  
Poland

22 February 1932

POLES IN AUSTRIA

The Prime Minister has read the correspondence on this subject (the Home Secretary's letter of 20 January and the minute by the Foreign and Commonwealth Secretary of 19 February). She is inclined to agree with Lord Carrington that for the time being we should not specify a total for the Poles whom we might admit to the United Kingdom.

I am sending a copy of this letter to Francis Richards (FCO).

John Halliday, Esq.,  
Home Office.

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FM WASHINGTON 230045Z FEB 82

TO PRIORITY F C O

TELEGRAM NUMBER 588 OF 22 FEBRUARY

INFO MODUK, UKDEL NATO, BONN, PARIS, WARSAW, MOSCOW, ROME, BRUSSELS,  
UKREP BRUSSELS, BUCHAREST.

INFO SAVING OTHER NATO POSTS, DUBLIN, UKMIS NEW YORK.

MY TELNO 561 POLAND: U.S. MEASURES AGAINST THE SOVIET UNION.

1. THE PUBLIC DEBATE ABOUT FURTHER MEASURES AGAINST THE SOVIET UNION DEVELOPED NEW DIMENSIONS AT THE END OF LAST WEEK AND OVER THE WEEK-END. IT HELPS TO ILLUSTRATE THE PRESSURES WITHIN AND UPON THE ADMINISTRATION.

2. THE PRESS HAVE ATTRIBUTED, WE BELIEVE CORRECTLY, THE POSTPONEMENT OF THE BUCKLEY TEAM'S VISIT TO EUROPE, TO THE ADMINISTRATION'S NEED FIRST TO SETTLE ITS OWN DIFFERENCES. THE NEW YORK TIMES REPORTS THE DISPUTE BETWEEN THE STATE AND DEFENSE DEPARTMENTS IN PARTICULAR OVER THE IDEA OF TRYING TO IMPOSE CONSTRAINTS ON FOREIGN SUBSIDIARIES OF U.S. COMPANIES AND MANUFACTURE UNDER LICENCE.

3 THE PRESS NOTE THAT WHILE HAIG AND HIS STAFF ARE STILL OPPOSED TO THE PIPELINE, THEY DO NOT FAVOUR, IN THE FACE OF STRONG EUROPEAN OPPOSITION, FURTHER U.S. PRESSURE TO HALT THE PROJECT OR AN ATTEMPT TO IMPOSE EXTRA-TERRITORIAL RESTRICTIONS ON U.S. SUBSIDIARIES IN EUROPE. HORMATS IS QUOTED AS SAYING THAT THE PIPELINE IS NOT AN ISSUE ON WHICH THE ALLIANCE SHOULD BE CRACKED OPEN. THE STATE DEPARTMENT ARE AIMING FOR A DEAL WITH THE ALLIES INVOLVING NON-INTERFERENCE WITH COMPANIES MANUFACTURING UNDER LICENCE BUT EUROPEAN AGREEMENT TO LIMIT FUTURE CREDITS TO THE SOVIET UNION. BUCKLEY'S TEAM WILL ALSO DISCUSS THE POSSIBILITY OF REDUCING SOVIET EXPORTS TO THE WEST. THE PENTAGON HAVE BEEN ARGUING THAT U.S. SUBSIDIARIES OVER SEAS SHOULD BE SUBJECT TO THE SAME RULES AS U.S. COMPANIES. WEINBERGER IN A STATEMENT TO A CONGRESSIONAL COMMITTEE RELEASED ON 20 FEBRUARY SPOKE OF THE NEED FOR UNILATERAL INITIATIVES TO IMPLEMENT SANCTIONS TO ASSERT LEADERSHIP AND STRENGTHEN SECURITY.

4. SPEAKING TO THE AFL-CIO EXECUTIVE COUNCIL ON 19 FEBRUARY, HAIG SAID THAT A U.S. GRAIN EMBARGO, WITHOUT SIMILAR ACTION BY OTHER PRODUCERS, WOULD BE SELF-DEFEATING IN PRESENT CIRCUMSTANCES. THIS CAME IN RESPONSE TO A STRONGLY WORDED AFL-CIO RESOLUTION THE DAY BEFORE CALLING FOR STRONGER ACTION BY THE ADMINISTRATION INCLUDING A GRAIN EMBARGO.

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5. ON THE DEMOCRATIC SIDE MONDALE HAS:

- (A) CRITICISED THE ADMINISTRATION FOR FOREIGN POLICY FAILURES INCLUDING UNSETTLING THE EUROPEAN ALLIES, BUT
- (B) CALLED FOR POLAND TO BE DECLARED IN DEFAULT OF HER DEBTS TO THE WEST.

6. THE WASHINGTON POST REPORTS THAT PRESIDENT REAGAN HAS REJECTED A RECOMMENDATION FROM THE STATE AND AGRICULTURE DEPARTMENTS IN FAVOUR OF A DOLLARS 65 MILLION COMMODITY CREDIT LOAN FOR ROMANIA. THE DECISION IS REPORTED AS AN INDICATOR OF REAGAN'S THINKING ON FUTURE LOAN GUARANTEES.

F C O PASS SAVING: ANKARA, ATHENS, COPENHAGEN, LISBON, LUXEMBOURG, DUBLIN, OTTAWA, OSLO, REYKJAVIK, THE HAGUE.

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FM WARSAW 191615Z FEB 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 281 OF 19TH FEB

INFO PRIORITY WASHINGTON, UKDEL NATO, MOSCOW, PARIS, BONN , UKDEL  
MADRID , HOLY SEE.SAVING TO . UKMIS GENEVA, EAST BERLIN, PRAGUE, SOFIA, BUDAPEST,  
BUCHAREST, BELGRADE, UKMIS NEW YORK, UKREP BRUSSELS,  
HELSINKI, STOCKHOLM.POLAND: THE CHURCH.

1. THE POLISH CHURCH HAS MAINTAINED A LOW PUBLIC PROFILE SINCE GLEMP'S RETURN FROM ROME A WEEK AGO. THERE HAS BEEN LITTLE MENTION IN THE PRESS AND FEW COMMENTS FROM GOVERNMENT SOURCES. GLEMP HIMSELF IS NOT SEEING MANY PEOPLE, A DEPARTURE FROM HIS USUAL ACCESSIBILITY TO AMBASSADORS ETC.
2. THE GERMAN AMBASSADOR SAW THE PRIMATE ON 16 FEBRUARY AND FOUND HIM DEPRESSED. GLEMP SAID THAT THE SITUATION WAS VERY BAD. THERE HAD BEEN NO PROPER DIALOGUE BETWEEN CHURCH AND GOVERNMENT FOR WEEKS AND THERE WAS NOTHING MUCH HAPPENING NOW. HE NO LONGER SAID- AS HE SEEMS TO HAVE COMMENTED TO BELGIAN AMBASSADOR IN ROME DURING RECENT VISIT-THAT THE CHURCH CONSIDERED JARUZELSKI A MODERATE. GLEMP TOLD NEGWER, HOWEVER, THAT THEY DID CONSIDER JARUZELSKI AS AT HEART A GOOD POLE. GLEMP SAID THAT THE CHURCH DID NOT EXCLUDE THE POSSIBILITY THAT CURRENT RUMOURS ABOUT PARTY HARD-LINERS PREPARING A MOVE AGAINST THE CHURCH MIGHT BE TRUE. HE ALSO ADMITTED THAT SOME HOT-HEADED PRIESTS MIGHT HAVE GONE A BIT FAR. HE WAS DISMISSIVE OF THE VALUE OF LOCAL COMMITTEES OF NATIONAL SALVATION. AS FOR SOLIDARITY, HE TOLD NEGWER THAT DISTRIBUTING LEAFLETS AGAINST THE GOVERNMENT AND ORGANISING STREET DEMONSTRATIONS WERE NOT THE WAY TO DEFEAT COMMUNISM. HE FINISHED BY SAYING THAT HE COULD NOT FORESEE WHAT WOULD HAPPEN NEXT. LIKE MOST OTHER POLES, HE WAS WAITING TO SEE WHAT TH VII PLENUM OF THE CENTRAL COMMITTEE WOULD REVEAL.
3. IF THIS CONVERSATION GENUINELY REPRESENTS THE PRIMATE'S CURRENT THINKING ., THE ATTITUDE OF THE POLISH CHURCH SEEMS TO HAVE HARDENED CONSIDERABLY OVER THE PAST WEEKS. THIS WOULD NOT BE ALL THAT SURPRISING FOLLOWING GLEMP'S RECENT CONVERSATIONS WITH THE POPE IN ROME AND IN THE LIGHT OF CRITICISM WHICH GLEMP INCURRED BEFORE THAT VISIT FOR GIVING TOO MUCH AWAY IN THE CHURCH'S NEGOTIATIONS WITH THE REGIME ( MY TEL NO 184). ANOTHER POSSIBILITY IS THAT GLEMP

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MAY NOW BE DELIBERATELY TAKING A MORE PESSIMISTIC LINE WITH HIS FOREIGN INTERLOCUTERS SINCE SOME OF HIS EARLIER CONFIDENCES HAVE BEEN BETRAYED. EITHER WAY, HOWEVER, IT DOES NOT HOLD OUT MUCH PROSPECT FOR AN EFFECTIVE CATALYTIC ROLE FOR THE CHURCH IN THE NEXT FEW WEEKS.

4. THIS PESSIMISM FROM THE CHURCH AND THE LACK OF ANY MOVEMENT ON TALKS WITH SOLIDARITY BOTH CONTRIBUTE TO THE CURRENT AIR OF FRUSTRATION AND STAELEMATE IN WARSAW. EVERYONE NOW SEEMS TO BE WAITING FOR THE MUCH DELAYED VII PLENUM BUT MAINLY BECAUSE THERE SEEMS TO BE NOTHING ELSE. THERE IS STILL NO FIRM DATE FOR THIS MEETING, NOR ANY ASSURANCE THAT IT WILL RECORD ANY MARKED PROGRESS. OF ALL THE VARIOUS ACTORS IN THE CURRENT POLISH DRAMA, THE LEAST LIKELY CANDIDATE FOR A STARRING ROLE MUST BE THE PARTY.

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FCS/82/29

THE HOME SECRETARY

Prime Minister

There is broad agreement between the Home Secretary and Foreign Secretary about our approach to the problems of resettling the Poles who are in Austria. The Foreign Secretary proposes (last para.) that we do not for the time being specify a total for those whom we might admit to the U.K.

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1. In his letter of 29 January, Humphrey Atkins promised to let you have a more substantive reply to your earlier letter of 20 January about resettling the large number of Poles in Austria.
2. Since then we have consulted our partners in the Ten to establish what their attitude is likely to be. Of those who have named a figure, Luxembourg has said it will take 75 and the Netherlands 100. Denmark and Ireland have indicated that they will take numbers comparable to these. France, Belgium and Germany have not yet said what their response will be, but have drawn attention to the large numbers of Poles already in their countries; 50,000 in France, 10,000 in Belgium and 200,000 in the FRG, a large number of whom are putting forward applications for asylum.
3. The response or likely response of our EC partners has of course to be seen in the context of the general Western reaction to the Austrian Chancellor's request. So far I understand that the US have agreed to take 5,000 Polish refugees from Austria, Australia 4,000 and Canada 3,000. New Zealand will accept 100. Generous as these responses are, taken together they amount to little more than a third of the 30,000 Poles in Austria whom the Austrian authorities wish to resettle.
4. It is against this background that we must now consider what response the UK should make. As Humphrey Atkins said in his letter of 29 January, I think it is right that our policy on this should be consistent with our policy towards those Poles now temporarily in Britain. I agree therefore that we must respect the internationally agreed definition of refugee status and take care to accept only those Poles who are eligible to qualify.

/5.





5. I feel strongly, however, that it will be necessary for the Government to take account of the wide public sympathy and concern that have been aroused in Britain for the plight of the Poles in Austria. Our response will be judged in the light of the NATO Foreign Ministers Declaration of 11 January which stated 'willingness to contribute, with other governments, to the solution of the problem of Polish citizens now abroad and unable and unwilling to return to their own country.' We must also bear in mind the greater response which others of our partners and allies are being called upon to make both towards the Poles in Austria and those now in their own countries.

6. I note that you are prepared to interpret the two conditions of acceptability mentioned in your letter in a flexible manner. I am sure this is right. While I agree that we should seek where possible to ensure that the majority of Poles we accept should have the connections and/or resources to integrate rapidly and successfully into the community, there are bound to be some deserving cases which it would be desirable to consider on their merits. The general constraints imposed by broad considerations of immigration policy are well understood, but in the circumstances we must ensure that our response is consonant with the public perception of the scale and urgency of their problem.

7. The next step, I believe, should be to reply to the Austrian Government. I note your suggestion that it would be desirable for the UK response to be presented as part of a wider European operation. At the present time, however, I see little scope for a joint move of this kind and in view of the urgency of this issue I do not think that we should delay longer.

8. If you agree, therefore, I believe that our officials should now be instructed jointly to prepare a reply to the Austrians taking into consideration the points set out above. The reply would include the suggestion that the office of the UNHCR in Vienna be asked urgently to assist in providing necessary facilities to enable an adequate selection process to be set up. It would also contain a statement of willingness thereafter to consider with a

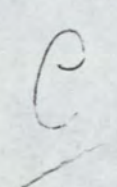




reasonable degree of flexibility the applications of those whose eligibility to refugee status under the 1951 Convention had been established, and for whom ties of family, education or language make Britain the most appropriate country of resettlement. Thereafter valid applications should be referred to the British Embassy in Vienna for processing.

9. I doubt whether it would be sensible to specify a total that we could be prepared to admit into this country. Britain should be seen to play a part in accordance with our traditions and resources and in line with what others are doing. Once the UNHCR exercise gets under way we should have a clearer idea of the total number of those who might be eligible to come to this country and thus be able to compare the burden we may be asked to bear with those shouldered by our Allies and partners.

10. I am copying this minute to the Prime Minister.

  
(CARRINGTON)

Foreign and Commonwealth Office

19 February 1982





1 FEB 1982





Foreign and Commonwealth Office

London SW1A 2AH

18 February 1982

A.S.C. <sup>22</sup>/<sub>2</sub>  
h.a.

Dear John,

Poland: Economic Measures

Thank you for your letter of 12 February to Michael Arthur, in which you reported the Chancellor's broad agreement with the Note by officials on Economic Measures towards Poland and made a number of additional points.

I note from your letter that the Chancellor wonders whether the £12 million remaining from the £65 million medium term credit should not be cancelled, rather than suspended. I have to say that this would cause us difficulty. While there can of course be no question of the Poles being allowed to draw on this credit for the time being, it has always been fundamental to our policy that any measures taken towards Poland should be reversible in the event of a dramatic improvement in the internal situation in that country. As long as the credit remains suspended, it serves as a signal to the Poles: to withdraw it altogether would, in our view, reduce still further what little leverage we have over them. I am not ignoring the fact that, even if the Poles were to make substantial political changes in the direction we are seeking, we should still have to consider the economic as well as the political case for allowing them to draw down the outstanding £12 million. I do not, however, want to prejudge that decision, however theoretical it may appear to be at the moment.

I hope therefore the Chancellor can agree to the recommendation as it stands in the Note by officials.

I am copying this letter to John Coles (No 10 Downing St), Robert Lawson (MAFF), John Rhodes (DOT), Jonathan Spencer (DOI) and David Wright (Cabinet Office).

*Yours ever,*  
*[Signature]*

(B J P Fall)  
Private Secretary

J O Kerr Esq  
PS/Chancellor of the Exchequer  
HM Treasury



18 FEB 1982





Poland

AMENDED DISTRIBUTION 19 FEBRUARY

GR 90

UNCLASSIFIED  
FM WASHINGTON 190122Z FEB 82  
TO ROUTINE F C O  
TELEGRAM NUMBER 541 OF 18 FEBRUARY  
INFO WARSAW MOSCOW UKDEL NATO BONN PARIS

MT

PRESIDENT REAGAN'S PRESS CONFERENCE, 18 FEBRUARY:  
POLISH DEBT .

1. PRESIDENT REAGAN CONFIRMED THAT HE WAS OPPOSED TO DECLARING POLAND IN DEFAULT ON CURRENT DEBT REPAYMENTS. SUCH A STEP WOULD NOT ONLY REDUCE PRESSURE ON THE POLISH AUTHORITIES, BUT WOULD INCREASE THEIR DEPENDENCE ON THE SOVIET UNION. HE ADDED THAT NO DECISION HAD BEEN TAKEN BY THE ADMINISTRATION ON HOW TO HANDLE THE NEXT DEBT REPAYMENTS WHEN THEY FELL DUE.

HENDERSON

[THIS TELEGRAM WAS NOT ADVANCED]

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FM TOKYO 182315Z FEB 82

TO ROUTINE F C O

TELEGRAM NO 83 OF 18 FEBRUARY

RFI UKDEL NATO AND WASHINGTON

MF

YOUR TELNO 70: POLAND, UK MEASURES AND NON-UNDERMINING

1. DURING A CALL THIS MORNING ON KATO, DIRECTOR-GENERAL OF THE EUROPEAN AFFAIRS BUREAU IN THE JAPANESE MFA, WHITEHEAD REFERRED TO BRIDGES' CONVERSATION WITH TSUTSUMI, SAID THAT WE WOULD LIKE TO MAINTAIN CLOSE CONTACT WITH THE JAPANESE ON THESE MATTERS AND ASKED FOR ELUCIDATION OF THE JAPANESE ATTITUDE TO NON-UNDERMINING.
2. KATO SAID THAT AS REGARDS MEASURES GENERALLY AGAINST THE POLISH REGIME THE JAPANESE GOVERNMENT HAD ANNOUNCED YESTERDAY CERTAIN RESTRICTIONS ON THE MOVEMENT OF POLISH DIPLOMATS IN JAPAN AS WELL AS THE PROVISION OF US DOLLARS 500,000 OF HUMANITARIAN AID THROUGH THE RED CROSS. HE UNDERSTOOD THAT THE FEDERAL REPUBLIC WOULD PROBABLY ANNOUNCE A SERIES OF MEASURES TODAY. IT WAS LIKELY THAT THE JAPANESE GOVERNMENT WOULD ANNOUNCE IN DUE COURSE A SIMILAR SET OF MEASURES, ALTHOUGH HE EMPHASISED THAT HE COULD NOT SAY WHEN.
3. ON THE GENERAL PHILOSOPHY OF MEASURES KATO EMPHASISED THAT THE AMERICANS SAW THEIR ACTIONS AS A SIGNAL TO THE POLES AND THE RUSSIANS RATHER THAN AS A SET OF EFFECTIVE ECONOMIC SANCTIONS. THEY WERE THEREFORE ABLE TO AVOID REINSTATING A GRAIN EMBARGO. AS LONG AS THIS WAS THE CASE AND AS LONG AS THE EUROPEANS TOOK THE VIEW THAT THE NATURAL GAS PIPELINE PROJECT IN THE SOVIET UNION SHOULD CONTINUE TO MOVE AHEAD JAPAN WOULD DRAW THE CONCLUSION THAT SHE SHOULD NOT PREJUDICE HER OWN PARTICULAR ECONOMIC INTERESTS WITH THE SOVIET UNION, MOREOVER THERE WAS NO SPECIFIC LEGISLATION TO HAND UNDER WHICH SHE COULD EFFECTIVELY TAKE SUCH ACTION.
4. MORE SPECIFICALLY AS REGARDS NON-UNDERMINING THE JAPANESE GOVERNMENT WERE TAKING THE VIEW THAT THEY SHOULD REFRAIN FROM ANYTHING WHICH REPRESENTED A DIRECT REPLACEMENT OF FORMER AMERICAN INVOLVEMENT EG IT WOULD BE WRONG IN THE EVENT OF A CATERPILLAR CONTRACT FOR THE SUPPLY OF BULLDOZERS TO THE SOVIET UNION BEING CANCELLED FOR A JAPANESE COMPANY TO PROVIDE THOSE BULLDOZERS INSTEAD OF THE AMERICANS. BUT FROM KATO'S REPLIES TO SUBSEQUENT QUESTIONS THE JAPANESE DO NOT SEEM AT THIS STAGE PREPARED TO INTERPRET NON-UNDERMINING AS REFRAINING FROM INVOLVEMENT OR DISENGAGING FROM INVOLVEMENT IN ASPECTS OF A MAJOR PROJECT FROM WHICH THE AMERICANS HAD DISENGAGED, PROVIDING DIRECT SUBSTITUTION WAS NOT INVOLVED. THEY WERE EVEN LESS PREPARED TO PREJUDICE IMPORTANT ECONOMIC INTERESTS SIMPLY IN ORDER TO DEMONSTRATE SOLIDARITY WITH THE AMERICANS.



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5. ON THE SPECIFIC POINT ABOUT THE SUPPLY OF PIPELAYERS BY KOMATSU KATO TOOK THE LINE THAT THE CONTRACT PRE-DATED THE AMERICAN MEASURES AND WAS MAINLY BEING PAID FOR ON A CASH BASIS EVEN THOUGH THE WHOLE DEAL INVOLVED VERY CONSIDERABLY MORE THAN THE HUNDRED PIPELAYERS TO WHICH TSUTSUMI REFERRED (SEE OUR TELNO 65). KATO SAID THAT THE AMERICANS HAD BEEN PUTTING CONSIDERABLE PRESSURE ON THE JAPANESE GOVERNMENT TO DISCONTINUE THE DEAL, ALTHOUGH HE ASKED NOT TO BE QUOTED ON THIS. HE CONFIDED THAT MITI WERE NOW DISCUSSING THE MATTER WITH KOMATSU PRIMARILY WITH THE AIM OF SUBSTANTIALLY SLOWING DOWN THE DELIVERY OF PIPELAYERS BUT THEY HAD NO POWERS TO DIRECT THE COMPANY OVER THIS MATTER AND HE WAS NOT CERTAIN HOW AMENABLE KOMATSU WOULD BE TO GUIDANCE.

6. KATO AGREED THAT IT WOULD BE USEFUL TO STAY IN TOUCH ON THESE MATTERS. WE PROPOSE TO FOLLOW UP IN A FEW DAYS TIME. GRATEFUL FOR ANY FURTHER BACKGROUND WHICH YOU THINK MAY BE HELPFUL BEFORE THEN.

CORTAZZI

[THIS TELEGRAM WAS NOT ADVANCED]

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UNCLASSIFIED  
FM BONN 181030Z FEB 82  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 147 OF 18 FEBRUARY  
INFO IMMEDIATE WASHINGTON PARIS UKDEL NATO UKDEL MADRID  
INFO PRIORITY MOSCOW ROME AND WARSAW

OUR TELNOS 125 AND 128 TO FCO: GERMAN MEASURES ON POLAND

1. FOLLOWING A MEETING OF THE FEDERAL CABINET YESTERDAY, 17 FEBRUARY, THE FEDERAL SPOKESMAN ANNOUNCED THAT THE FRG WOULD BE IMPLEMENTING THE FOLLOWING SANCTIONS AGAINST THE SOVIET UNION SO LONG AS THE SITUATION IN POLAND DEMANDED IT:
  - (A) STRICTER APPLICATION OF RESTRICTIONS ON THE PERSONNEL OF THE THREE OFFICIAL SOVIET MISSIONS IN THE FEDERAL REPUBLIC,
  - (B) A SIGNIFICANT REDUCTION IN OFFICIAL CONTACTS WITH THE SOVIET UNION AT SENIOR POLITICAL AND DIPLOMATIC LEVEL (IE DOWN TO AND INCLUDING THE RANK OF STATE SECRETARY). THIS WILL ALSO AFFECT THE FRG/SOVIET ECONOMIC COMMISSION. ATTENDANCE OF OFFICIAL REPRESENTATIVES AT FUNCTIONS GIVEN BY EITHER THE FRG OR USSR WILL BE REDUCED,
  - (C) AGREEMENT WILL BE WITHHELD FOR THE OPENING OF ANY FURTHER SOVIET CONSULATES-GENERAL IN THE FEDERAL REPUBLIC,
  - (D) NEGOTIATIONS OVER A FRAMEWORK AGREEMENT ON SCIENCE AND TECHNOLOGY, AND ON A SHIPPING AGREEMENT, WITH THE USSR WILL BE BROKEN OFF,
  - (E) THE FRG/SOVIET ECONOMIC AGREEMENT WILL BE INTERPRETED QUOTE STRICTLY ACCORDING TO THE LETTER UNQUOTE,
  - (F) THE FRG WILL TAKE PART IN AND QUOTE CONSISTENTLY APPLY UNQUOTE EC TRADE POLICY RESTRICTIONS: IT WILL NOT UNDERMINE MEASURES TAKEN BY OTHER NATO COUNTRIES.
  
2. THE FEDERAL SPOKESMAN ADDED THAT QUOTE REPRESENTATIONAL EVENTS UNQUOTE CONNECTED WITH POLAND IN THE FEDERAL REPUBLIC WOULD BE LIMITED, BUT THAT PRIVATE AID TO POLAND WOULD CONTINUE.
  
3. TODAY'S GERMAN PRESS ALSO REPORTS THAT US STATE SECRETARY BUCKLEY WILL VISIT BONN QUOTE IN THE MIDDLE OF NEXT WEEK UNQUOTE (WASHINGTON TELNO 450 TO FCO REFERS).

GOODALL

LIMITED	PS
EESD	PS/LPS
TRED	PS/LORD TREFGARNE
ERD	PS/PUS
PLANNING STAFF	LORD BRIDGES
WED	MR BULLARD
ECD(E)	MR EVANS
MAED	MR GOODISON



**Foreign and Commonwealth Office document**

Reference DIPLMATIC REPORT NO. 96/82  
Description POLAND; MARTIAL LAW IN  
POLAND III: DARKNESS AND  
SILENCE  
Date 16 February 1982

The above FCO document, which was enclosed on this file has been removed and destroyed.

Such documents are the responsibility of the Foreign and Commonwealth Office. When released they are available in the appropriate FCO CLASSES.

Signed AWayland

Date 25 October 2012

**PREM Records Team**



*Poland*

GRS 500

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FM WARSAW 151215Z FEB 82

TO IMMEDIATE FCO

TELNO 252 OF 15TH FEBRUARY 1982

INFO ROUTINE: WASHINGTON, MOSCOW, UKDEL NATO, BMG BERLIN AND UKMIS GENEVA

INFO SAVING: PRAGUE, SOFIA, BELGRADE, BUCHAREST, BUDAPEST, HELSINKI, STOCKHOLM, PARIS, BONN, UKREP BRUSSELS, UKMIS NEW YORK, MODUK AND EAST BERLIN.

*MS*

POLAND:

1. LIKE WARSAW RADIO, TODAY'S PRESS CARRIES SHORT ACCOUNTS OF EVENTS IN POZNAN OVER THE WEEKEND. IREPORTS SAY THAT 194 PEOPLE, MOSTLY SECONDARY SCHOOL AND UNIVERSITY STUDENTS AND UNEMPLOYED PERSONS, WERE ARRESTED FOLLOWING STREET DEMONSTRATIONS PROVOKED BY PAMPHLETS. 162 WERE SUBSEQUENTLY FOUND GUILTY OF OFFENCES BY THE LOCAL EQUIVALENT OF A MAGISTRATES COURT. FOLLOWING THE DEMONSTRATIONS, THE AUTHORITIES OF POZNAN HAVE DECIDED TO SUSPEND SOME OF THE RELAXATIONS OF MARTIAL LAW THERE. PRIVATE CARS WILL BE FORBIDDEN EXCEPT TO DOCTORS ETC AND PETROL WILL NO LONGER BE ON SALE. CINEMAS AND THEATRES WILL BE CLOSED. THERE IS NO MENTION OF INCREASING THE CURFEW HOWEVER.

2. THERE IS ALSO AN ACCOUNT OF THE FINDING AND DEFUSING OF A HOME-MADE TIME BOMB WITH 6 KILOS OF EXPLOSIVES AT A PETROL STATION IN LUBIN, A SMALL TOWN NEAR LEGNICA IN SOUTH-WEST POLAND. HAD IT EXPLODED, IT WOULD HAVE CAUSED GREAT DAMAGE TO A NEARBY SCHOOL, HOSPITAL AND PARTY HEADQUARTERS AS WELL AS HEAVY LOSS OF LIFE. THE REPORT IS FACTUAL WITH NO SPECULATION ON LIKELY CULPRITS OR MOTIVES.

3. LAST FRIDAY THERE WAS A MEETING OF THE PRESIDUM OF THE GOVERNMENT WHICH REVIEWED GOVERNMENT WORK IN A NUMBER OF AREAS. AS FAR AS PRICE RISES WERE CONCERNED, THE PRESIDUM DECIDED THAT IT WAS TOO EARLY TO ASSESS THEIR IMPACT ON SOCIETY.

4. RAKOWSKI GAVE A LONG INTERVIEW FOR PAP OVER THE WEEKEND. THIS WAS PRINCIPALLY BACKWARD LOOKING AND GAVE NO INDICATION OF PLANS FOR THE END OF MARTIAL LAW. RAKOWSKI JUSTIFIED THE INTRODUCTION OF MARTIAL LAW PRINCIPALLY ON ECONOMIC GROUNDS AND BECAUSE OF THE APPROACHING WINTER. HE ATTACKED VOICE OF AMERICA AND RADIO FREE EUROPE BUT NOT SPECIFICALLY THE BBC. HE DENIED THAT HE WAS ANTI-INTELLECTUAL. THE ONLY SIGNIFICANT PIECE OF HARD INFORMATION IN THE INTERVIEW IS THAT HE INTENDS TO PUBLISH HIS COMMITTEE'S REPORT ON THE FUTURE OF THE TRADE UNION MOVEMENT 'THE THE NEXT FEW DAYS'.

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5. THE WEEKENDS PRESS REPORTS PREPARATIONS FOR THE ESTABLISHMENT OF A TRIBUNAL OF STATE. THE TRIBUNAL WOULD SERVE PARTLY AS A SUPREME COURT, ENSURING THAT LEGISLATION DID NOT RUN COUNTER TO THE CONSTITUTION, AND PARTLY AS A MEANS OF HOLDING MINISTERS AND PUBLIC OFFICIALS TO ACCOUNT. IT WOULD BE ABLE TO ACT RETROSPECTIVELY AGAINST FORMER GOVERNMENT MINISTERS, ALTHOUGH WITH SOME LIMITATION ON THOSE POWERS.

6. THERE ARE ALSO REPORTS OF THE CONTINUING ACTIVITY OF THE MILITARY TASK FORCES WHICH WERE ESTABLISHED BY JARUZELSKI IN THE AUTUMN. THE REPORT SAYS THAT THEY ARE NOW UNDER THE COMMAND OF LOCAL MILITARY COMMISSARS. BUT THIS REMINDER TO THE PUBLIC THAT THEY ARE STILL ACTIVE SUGGESTS THAT THEY MIGHT STAY IN PLACE AFTER THE END OF MARTIAL LAW.

7. THE HIJACKING OF A POLISH PLANE TO WEST BERLIN IS REPORTED IN SATURDAY'S AND TODAY'S PRESS. SATURDAY'S ACCOUNT ATTACKED THE PRESSURE PUT ON PASSENGERS TO STAY IN THE "GOLDEN WEST". TODAY'S ACCOUNT ATTACKS THE DECISION TO LET THE PILOT AND HIS COLLEAGUE GO FREE.

8. AMID THE WELTER OF ANTI-AMERICAN ARTICLES IN THE WEEKEND'S PRESS, THERE WAS ONE ANTI-BRITISH ARTICLE, IN SATURDAY'S RZECZPOSPOLITA. IT CONSISTED OF AN ACCOUNT OF 13 YEARS OF THE BRITISH ARMY IN NORTHERN IRELAND AND THE "BLOODY HISTORY" THEREOF.

9. PAP REPORTS THE CONCLUSION OF SZCZEPANSKI'S VISIT TO LONDON AND THE AGREEMENT TO TRY TO HOLD ANOTHER SESSION OF THE ANGLO POLISH ROUND TABLE IN BRITAIN IN THE SPRING.

FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES  
MELHUISH

[REPEATED AS REQUESTED]

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MINISTRY OF AGRICULTURE, FISHERIES AND FOOD  
WHITEHALL PLACE, LONDON SW1A 2HH

Prime Minister

From the Minister

CONFIDENTIAL

The Rt Hon Humphrey Atkins MP  
Lord Privy Seal  
Foreign and Commonwealth Office  
Downing Street  
London  
SW1A 2AL

*The Minister of Agriculture is opposed to saying now that we shall use the new licensing system to reduce the number of Soviet factory ships.*

*A.J.C. 16.2*

15 February 1982

*h.c. 16.2*

*mt*

*Humphrey Atkins*

POLAND: SOVIET FACTORY SHIPS

*will request if required p.7*

Thank you for your letter of 8 February 1982.

I think it would be premature to say now that we intend to use the licensing system to reduce the number of Soviet factory vessels involved in the Minch Mackerel fishery this summer. The conditions which will obtain up there will certainly be very different from those obtaining in the current South-West Mackerel fishery (which in fact we are closing with effect from midnight on Saturday 20 February 1982). There are still a number of uncertainties. We do not know what our target catch will be since to date there has been no Commission proposal regarding a TAC for the Western Mackerel for 1982. Nor do we know how many factory ships in total are likely to become involved in the fishery and until we know both these things we cannot say whether it would be in our interests economically to dispense with any Soviet factory vessels, quite apart from the risk that the exclusion of these might result in the departure of all the other Eastern bloc vessels.

*will request if required*

I see no need to repeat in detail the arguments which I set out in my letter of 27 January to Peter Carrington. As I see it our industry could well suffer excessively from the withdrawal of factory vessels, and the interests of conservation (to judge by recent experience in the South-West) are sufficiently well served by the licensing arrangements as they are operative at present, without any restriction on numbers of klondykers. In my view the Nigerian point is very real; United Kingdom processing capacity is customarily used to the full during the mackerel seasons and could not begin to process supplies for the Third World on the scale practised by the Eastern bloc factory ships.

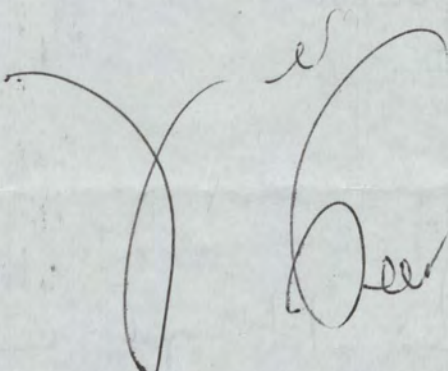
/As I have said I ...

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As I have said I cannot agree to any commitments being entered into now; we must look at the situation nearer the time in the light of the balance between the likely catch and the availability of klondykers.

I believe this is also the view of George Younger to whom I am copying this letter, as well as to the Prime Minister, the Secretary of State for Industry, the Chief Secretary, the Minister for Trade and Sir Robert Armstrong.



PETER WALKER

15 FEB 1982

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Foreign and Commonwealth Office

London SW1A 2AH

15 February 1982

Dear John,

PS

A.S.C. 16/2

h-a.

Poland

Thank you for your letter of 1 February about the communication to the Prime Minister from the President of the Bulgarian Liberation Movement (which is not known to us). It would not be appropriate to acknowledge or reply to this letter.

Yours ever,

(F N Richards)  
Private Secretary

A J Coles Esq  
10 Downing Street



CONFIDENTIAL

GRS 475

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FM UKDEL MADRID 131240Z

TO IMMEDIATE FCO

TELEGRAM NUMBER 16 OF 13 FEBRUARY 1982

INFO PRIORITY WASHINGTON PARIS BONN MOSCOW UKDEL NATO BRUSSELS  
UKMIS GENEVA UKDEL VIENNA WARSAW BERNE STOCKHOLM VIENNA EAST BERLIN  
DUBLIN COPENHAGEN BUCHAREST LUXEMBOURG ATHENS  
AND SAVING TO UKREP BRUSSELS THE HAGUE SOFIA OTTAWA PRAGUE HELSINKI  
BUDAPEST REYKJAVIK ROME VALLETTA OSLO LISBON ANKARA BELGRADE  
UKDEL STRASBOURG CAIRO RABAT ALGIERS TUNIS BEIRUT DAMASCUS  
TRIPOLI TEL AVIV HOLY SEE

MADRID CSCE MEETING, 2ND PLENARY SESSION, 12 FEBRUARY

PLEASE SEE MIPT

1. DISCUSSION THIS WEEK HAS BEEN ALMOST EXCLUSIVELY ABOUT POLAND. THE EAST'S SUGGESTION THAT BUSINESS SHOULD BE AS USUAL WAS SWEEPED ASIDE. IN REPLY TO SPEECH AFTER SPEECH FROM WESTERN AND NEUTRAL MINISTERS AND DELEGATES, THE EAST WAS ABLE TO REPLY ONLY THAT COMMENTS ON POLAND CONSTITUTED INTERFERENCE IN HER INTERNAL AFFAIRS. THE EASTERN PROCEDURAL ABUSES ON 9 FEBRUARY, WHICH DENIED THE FLOOR TO A NUMBER OF WESTERN FOREIGN MINISTERS (MOST NOTABLY CHEYSSON) WERE NOT REPEATED ON 12 FEBRUARY. THIS FACT STRENGTHENS THE THEORY THAT THE SOVIET AIM ON 9 FEBRUARY HAD BEEN TO SECURE A STRIKING PUBLIC DEMONSTRATION OF POLISH LOYALTY TO THE SOVIET UNION. IN EVERY OTHER WAY IT WAS DETRIMENTAL TO SOVIET INTERESTS. THE SYMPATHETIC AND ARTICULATE POLISH VICE-MINISTER WIEJACZ, WHO HAD LEFT THE DIRTY WORK TO HIS DEPUTY, HAS SINCE BEEN MAKING GREAT EFFORTS IN THE CORRIDORS AND WITH THE PRESS TO TRY TO RESTORE THE DAMAGE TO HIS DELEGATION'S REPUTATION.

2. NO ONE ELSE HAS COMMITTED HIMSELF, LIKE THE SWISS FOREIGN MINISTER, TO AN EARLY ADJOURNMENT, THOUGH THE COURSE OF THIS FIRST WEEK HAS MADE THIS EVEN MORE LIKELY THAN BEFORE. WHILE THERE IS A STRONG US PREFERENCE FOR THE MEETING TO BREAK NEXT WEEK, THE AMERICANS HAVE TRIED AT A TACTICAL LEVEL TO AVOID PUTTING THEMSELVES IN THE POSITION OF DEMANDEUR FOR AN ADJOURNMENT. THE FRG AND THE REMAINDER OF THE TEN AGREE FULLY ON THE LATTER POINT, BUT WOULD NOW

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/ BE READY



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BE READY TO ACCEPT AN ADJOURNMENT. THE EAST'S BEHAVIOUR HAS HELPED DEMONSTRATE TO GENSCHER THE TOTAL IMPOSSIBILITY OF FRUITFUL NEGOTIATION AT THIS STAGE. IN THE CORRIDORS, THE RUSSIANS ARE HINTING AT READINESS TO ACCEPT AN ADJOURNMENT BUT ALSO WILL NOT ASK FOR ONE. THEY ARE TRYING TO AVOID ITS BEING SEEN AS A CONSEQUENCE OF THE SITUATION IN POLAND. THEY HAVE SUGGESTED, PRESUMABLY AS THEIR OPENING BID, THAT ONE POSSIBILITY MIGHT BE A FURTHER FOUR WEEKS BEFORE AN ADJOURNMENT WITH NO DISCUSSION ON POLAND DURING THE LAST TWO. WE COULD NOT, OF COURSE, JOIN IN ANY SUCH UNDERTAKING.

3. THE PLENARY YESTERDAY ADOPTED A TRUNCATED NEW WORK PROGRAMME, EXTENDING ONLY AS FAR AS 17 FEBRUARY. A DECISION COULD BE REACHED ON THAT DAY, BUT MAY WELL TAKE SOMEWHAT LONGER. THE SOVIET UNION WILL OBVIOUSLY EXPLOIT ANY TENDENCY FOR THE MEETING TO DRIFT TOWARDS BUSINESS AS USUAL.

THE WEST IS ALIVE TO THIS DANGER AND WILL PROBABLY CONTINUE TO OBSERVE A STRICT SILENCE IN SUCH MEETINGS OF THE SO-CALLED DRAFTING GROUP AS ARE HELD.

FCO PLEASE PASS SAVING TO ABOVE ADDRESSEES.

WILBERFORCE

[REPEATED AS REQUESTED]

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 Sir D Wass  
 Sir K Couzens  
 Mr Littler  
 Mr Hawtin  
 Mr Ridley  
 Mr Carey



Prime Minister

To note

AM 19.  
 2

Treasury Chambers, Parliament Street, SW1P 3AG  
 01-233 3000

12 February 1982

M A Arthur Esq.  
 Private Secretary to the  
 Lord Privy Seal

Dear Arthur,

*[Handwritten signature]*

La.  
 A.J.C. 22/2

POLAND: ECONOMIC MEASURES

The Chancellor has seen your letter of 8 February, enclosing a note by officials, and the Prime Minister's reactions, as set out in John Coles' letter of 11 February to John Rhodes. The Chancellor is generally content with the proposals in the note but has asked me to make the following points.

First, he understands that recommendation (i) of the note may now be out of date, because the present standstill on rescheduling talks is beginning to work to the Poles' advantage. This view, and the conclusions to be drawn from it, will be explained more fully in a paper currently being prepared by Treasury officials with other interested Departments for early submission to Ministers (probably in OD).

Secondly, on the credit items discussed in the note, the Chancellor's view is that it would be a financial nonsense to volunteer any increase in our credit exposure to a country which is to all intents and purposes bankrupt. The Chancellor therefore agrees that ECGD should take early steps to confirm the withdrawal of short-term cover and to cancel the remaining uncommitted £12 million of the £65 million credit offered to the Poles last year. (Your note suggests leaving this £12 million in continued suspense. The Chancellor wonders whether outright cancellation might not be better, on political as well as financial grounds.)

Thirdly, as regards the Ursus project, the Chancellor would not object to limited further drawings on these lines of credit being offered to honour existing contractual obligations or avoid contractual claims, and is therefore content with the proposal in Mr Biffen's minute of 8 February to extend some £7 million remaining in the sterling line of credit for the Ursus project. But the Chancellor does not think that there can be any question of increasing our offer





of £7 million. If the Poles take the line that we must go beyond that if we want to preserve MFP's involvement in the project, the Chancellor believes that we should make it clear that we would be prepared to accept MFP's withdrawal from the project.

Finally, the Chancellor has noted that the PVC project is still under consideration. He would wish the Treasury to be consulted before any decision were taken to give further credit for it. The fact that withdrawal of credits might prejudice the Poles' ability to complete the project does not seem to him a very material consideration.

I am copying this letter to the other recipients of yours.

*Yours sincerely,*  
*J. O. Kerr*

J O KERR  
Principal Private Secretary



# CONFIDENTIAL

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FM WASHINGTON 110400Z FEB 82

TO IMMEDIATE F C O

TELEGRAM NUMBER 450 OF 11 FEBRUARY

INFO PRIORITY UKDEL NATO, PARIS, BONN, ROME AND UKREP BRUSSELS

POLAND: ECONOMIC MEASURES AGAINST THE SOVIET UNION.

A SENIOR INTERAGENCY GROUP MET THIS AFTERNOON UNDER STOESEL'S CHAIRMANSHIP TO CONSIDER WHAT STEPS TO TAKE NEXT IN THE LIGHT OF THE OUTCOME OF THE N.A.C. MEETING LAST WEEK. HORMATS GAVE MINISTER THE FOLLOWING ACCOUNT IN STRICT CONFIDENCE.

2. IT WAS DECIDED IN PRINCIPLE TO SEND A QUOTE GRAND EMBASSY UNQUOTE TO SELECTED EUROPEAN CAPITALS TO DISCUSS THE WHOLE SERIES OF INTER-RELATED PROBLEMS OF HOW TO DEFINE UNDER-CUTTING, WHAT TO DO ABOUT SPECIFIC CONTRACTS, ESPECIALLY THOSE CONNECTED WITH THE GAS PIPELINE, AND WHAT TO DO ABOUT CREDITS TO THE SOVIET UNION. THE QUESTION WILL BE SUBMITTED TO THE N.S.C. EARLY NEXT WEEK. IN HARMATS' JUDGEMENT, HARD DECISIONS ARE UNLIKELY TO BE TAKEN BEFORE THEN.

3. THE MISSION IS LIKELY TO BE LED AT DEPUTY SECRETARY OR UNDER SECRETARY LEVEL (PROBABLY STOESEL OR BUCKLEY). IT IS LIKELY TO VISIT ROME FIRST, FOLLOWED BY PARIS, BONN, AND LONDON. (HORMATS HAD ARGUED AGAINST STARTING WITH LONDON ON THE GROUNDS THAT THIS MIGHT LOOK LIKE THE US AND THE UK GANGING UP, WHICH WOULD BE COUNTER-PRODUCTIVE, BESIDES BEING AWKWARD FOR US.)

4. NO DATES HAD BEEN AGREED FOR THE MISSION BUT IN HORMATS VIEW IT MIGHT BE LAUNCHED AS SOON AS THE MIDDLE OF NEXT WEEK.

5. NOR HAD ANYTHING YET BEEN AGREED ON THE SUBSTANCE OF WHAT THE MISSION SHOULD TRY TO ACHIEVE. EACH AGENCY CONCERNED (PRINCIPALLY STATE, DEFENCE, TREASURY AND COMMERCE) WOULD BE PUTTING TOGETHER ITS OWN OPTIONS PAPER BY THE END OF THIS WEEK. THESE WOULD BE COLLATED INTO A SINGLE PAPER FOR THE N.S.C. HORMATS SAID IT WAS TOO SOON TO SPECULATE WHAT THIS PAPER MIGHT CONTAIN. AT THE MOMENT, HE EXPECTED IT TO BE CONFINED TO THE SUBJECT AREAS MENTIONED IN PARAGRAPH 2 ABOVE. BUT THERE WAS A CRESCENDO OF PRESSURE BUILDING UP OVER THE HANDLING OF POLISH DEBT. THE TREASURY AND STATE DEPARTMENT HAD SO FAR BEEN ABLE TO HOLD THE LINE AND HE WAS REASONABLY CONFIDENT THAT IT WOULD HOLD UNTIL THE RESULTS OF THE PROPOSED MISSION COULD BE LOOKED AT. THEREAFTER MUCH WOULD DEPEND ON THE RESULTS.

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6. HORMATS MENTIONED TWO IDEAS WHICH HAD BEEN VENTILATED TODAY. THESE WERE:-

- (I) A POSSIBLY DEFINITION OF NOT UNDERMINING MIGHT BE THAT EUROPEAN FIRMS WOULD NOT BID FOR A CONTRACT IF A US FIRM THAT WAS PREVENTED FROM BIDDING COULD BE SHOWN ON THE BASIS OF SOME REASONABLE TEST TO BE COMPETITIVE. (THOMAS EXPRESSED DOUBTS ABOUT THE POWERS OF EUROPEAN GOVERNMENTS TO IMPOSE SUCH RESTRICTIONS ON THEIR FIRMS, EVEN IF THE NOTION OF POTENTIAL COMPETITIVENESS COULD SOMEHOW BE VALIDATED, WHICH SEEMED UNLIKELY).
- (II) A POSSIBLE WAY OF DEALING WITH CREDITS MIGHT BE TO DECLARE THAT EUROPEAN GOVERNMENTS WOULD ISSUE NO NEW OFFICIALLY GUARANTEED CREDITS COVERING SOVIET TRADE (HORMATS ACCEPTED THAT THE PROBLEM ON THIS WOULD BE TO GET ENOUGH GOVERNMENTS TO AGREE TO DO IT).

### 7. COMMENT.

THERE IS STILL A LOT OF PRESSURE HERE FOR A FURTHER ROUND OF UNILATERAL MEASURES. WE CAN BE REASONABLY SURE, BARRING A SHARP DETERIORATION OF THE SITUATION IN POLAND, THAT NOTHING WILL BE DECIDED UNTIL AFTER THE PROPOSED SENIOR MISSION HAS MADE ITS TOUR. BUT IT WILL NEED TO BE ABLE TO SHOW SUBSTANTIAL PROGRESS ON ITS RETURN ON NON-UNDERMINING AND PERHAPS ALSO ON CREDITS, IF WE ARE TO GET ANY ACCOMMODATION ON EXISTING CONTRACTS AND AVOID A SECOND STRIKE OF SOME SORT. IT WOULD PROBABLY BE HELPFUL HERE IF, WITHOUT SHOWING TOO MUCH OF OUR HAND IN ADVANCE, WE AND OTHER COULD GIVE THE IMPRESSION OF INTENSIVE ACTIVITY TO PREPARE FOR FURTHER DISCUSSIONS ON THESE QUESTIONS, PERHAPS EVEN PUTTING FORWARD A FEW IDEAS OF OUR OWN ON A TENTATIVE AND NON-COMMITTAL BASIS. ANYTHING THAT CREATES A SENSE OF CONTINUING EFFORT WILL HELP.

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10 DOWNING STREET

*From the Private Secretary*

11 February 1982

Poland: Economic Measures

The Prime Minister has considered the minute of 8 February from the Secretary of State for Trade relating to the Ursus tractor project. She has also considered the note prepared by officials about a number of economic measures in respect of Poland which was enclosed with Michael Arthur's letter of 8 February.

The Prime Minister notes Mr. Biffen's statement that in releasing the £7 million remaining in a sterling line of credit for the Ursus tractor project we should be acting consistently with the position we have adopted in the Community and NATO about existing contracts and therefore agrees with his recommendation. Mrs. Thatcher also notes that your Secretary of State may wish to bring up later issues relating to the PVC project.

The Prime Minister has also taken note of recommendations i. and iv. - vii. in paragraph 12 of the paper enclosed with Michael Arthur's letter of 8 February.

I am sending a copy of this letter to John Kerr (HM Treasury), Robert Lawson (MAFF), Jonathan Spencer (Department of Industry), Francis Richards (Foreign and Commonwealth Office), Michael Arthur (Lord Privy Seal's Office) and David Wright (Cabinet Office).

A. J. COLES

John Rhodes, Esq.,  
Department of Trade.

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MISKIW

10 February 1982

Dear Mr. Miskiw,

Thank you very much for your letter.  
I am delighted that you are now safe and  
well and back in this country.- and so pleased  
that our Embassy was able to help.

May I also say that you have a wonderful  
editor whose efforts were tireless. All  
best wishes.

Yours sincerely,

MT

Greg Miskiw, Esq.

Jef





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13/11/82

16/11/82

Dear Prime Minister,

I would like to thank you sincerely for your endeavours on my behalf. My family and I are very grateful.

Yours sincerely,

G. Mislin

G. MISKIN



(1)



10 DOWNING STREET

Prime Minister

Poland

In the light of this new advice from Sir Robert Armstrong, do you agree :-

- (a) to Mr. Biffen's proposal to release £ 7 million credit for the USSR project Yes no
- (b) to note that he may wish later to bring up problems about the PVC project
- (c) to note Recommendations (i) and (iv) to (vii) in para. 12 of the paper by officials at Day A.

MB A. J. Wals 10/2.



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Ref. A07405

MR. COLES

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Poland: URSUS

I understand that the Prime Minister, before agreeing to the proposal in the Secretary of State for Trade's minute of 8th February, wishes to be fully satisfied that release of the £7 million credit for URSUS could not be construed as inconsistent with the Lord Privy Seal's commitment to Parliament on 5th February or with the NATO Foreign Ministers Declaration on 11th January.

2. The relevant passage of the NATO Declaration reads as follows:

"12. The Allies recognise the importance of economic measures to persuade the Polish authorities and the Soviet Union of the seriousness of Western concern over developments in Poland, and stress the significance of the measures already announced by President Reagan.

13. Regarding economic relations with Poland, the Allies:

- Noted that future commercial credits for goods other than foods will be placed in abeyance;
- Noted ...".

3. The relevant part of Mr. Atkins's commitment to Parliament was that:

"With respect to Poland, Her Majesty's Government:

...

- (vi) have placed in abeyance existing officially guaranteed credits to Poland subject to safeguarding the interests of British firms having legal binding contractual obligations;

... " (Hansard extract attached).

4. The question of contractual commitments is very complex. In the last resort there is the possibility that Her Majesty's Government could renege. However £4 million of Massey Ferguson Perkins's (MFP) commitment is explicitly covered by a contractual obligation and the remainder could be claimed to be implicitly so covered. MFP would therefore be open to be sued by the Poles for the whole of the £7 million for breach of contract. The NATO commitment related explicitly to future commercial credits. The Department of Trade

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are therefore confident that the release of the £7 million credit for URSUS would not be in any way inconsistent with these undertakings and that they could not reasonably be regarded as being inconsistent with them by, for example, the United States.

REA

ROBERT ARMSTRONG

10th February, 1982

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Subsequently the European Court of Human Rights granted three extensions, totalling just over two months, for the submission of the Government's memorial to enable it to complete its researches and drafting. The present Administration have not asked for any other extensions of time or for any adjournment or postponements of hearings.

Mr. Grylls asked the Lord Privy Seal whether any extensions of time or adjournments have been requested by Her Majesty's Government in relation to the claims that have been brought against the Government by, amongst others, Vosper Limited under the European Convention on Human Rights arising out of the Aircraft and Shipbuilding Industries Act 1977; how many requests have been made; and if he will specify the reasons for those requests being made.

Mr. Humphrey Atkins: The Government have made two requests to extend the time limit for submitting their observations on the admissibility and merits of the six original applications raising issues connected with the Aircraft and Shipbuilding Industries Act 1977. The first time limit expired at the end of October 1981 and the second at the end of January 1982. These six applications, and three more similar ones recently notified to the Government, raise exceedingly complicated and difficult issues which have to be co-ordinated in each of the cases.

#### Poland

Sir Anthony Kershaw asked the Lord Privy Seal if he will make a statement on the outcome of the allied consultations on Poland in the North Atlantic Council on 3 February.

Mr. Humphrey Atkins: In her reply to the hon. Member for Huntingdonshire (Mr. Major) on 4 February, my right hon. Friend the Prime Minister explained the position reached in discussion in the North Atlantic Council following the declaration issued by NATO Foreign Ministers on 11 January. The Prime Minister stated that at the meeting of the North Atlantic Council on 3 February, it was agreed to pursue and as necessary strengthen actions along the lines set out in the 11 January declaration. She undertook to give the House details as soon as possible of the measures being taken by Her Majesty's Government. These measures are as follows.

With respect to Poland, Her Majesty's Government:

- (i) have imposed travel restrictions on Polish diplomats and certain other official Polish representatives in London and Glasgow;
- (ii) will ensure that their relations with the military régime in Poland reflect the abnormal nature of the present situation;
- (iii) have increased BBC broadcasts in the Polish language to Poland;
- (iv) will give financial or other assistance to help co-ordinate the efforts of those voluntary and Church agencies in Britain which are providing humanitarian aid to Poland;
- (v) have agreed with other Western official creditors that the question of rescheduling of Poland's 1982 official debt should, for the time being, be held in suspense;
- (vi) have placed in abeyance existing officially guaranteed credits to Poland subject to safe guarding the interests of British firms having legal binding contractual obligations;
- (vii) will not for the present make available any new credits for Poland;
- (viii) have agreed with our Community partners that there should be no further sales of European Community food at special prices to Poland. Funds that would have been made available for this purpose will now be diverted to the provision of humanitarian aid through the voluntary

agencies and Church agencies. As a result of this decision, there is up to 35 mecu (approximately £19 million) available for this purpose of which the Commission is putting forward a proposal for the early allocation of 8 mecu (approximately £4.5 million).

- With respect to the Soviet Union Her Majesty's Government:
- (i) have imposed additional restrictions on the travel of Soviet officials based in the United Kingdom;
  - (ii) will reduce the level of activity under four Anglo-Soviet technical cooperation agreements, in the fields of medicine and public health, environmental protection, agricultural research and atomic energy;
  - (iii) have introduced a licensing system which covers Soviet factory ships trans-shipping fish caught in United Kingdom waters;
  - (iv) have given notice that they intend to re-negotiate the terms of the Anglo/Soviet Treaty on Merchant Navigation;
  - (v) are exploring with Community partners the possibility of reclassifying the Soviet Union within the OECD export credit consensus (on which we expect early agreement in the Community) and of trade policy measures regarding Soviet exports to the Community.

#### Visa Application (USSR)

Mr. Marks asked the Lord Privy Seal what was the total number of entry visa requests received from Union of Soviet Socialist Republics citizens during 1981; how many were for academic purposes; how many were refused; and what were the main reasons for refusals.

Mr. Richard Luce [pursuant to his reply, 28 January 1982, c. 407]: A total of 8,583 visa requests were made by Union of Soviet Socialist Republics citizens in 1981. Of these 1,265 were made by persons coming to this country for academic purposes and to attend conferences. The total number of visa requests refused was 124 and over 90 per cent. of the refusals were because the applications were not supported by sponsors in this country.

#### ENERGY

##### British National Oil Corporation

Mr. Rowlands asked the Secretary of State for Energy whether he will list the advisers and consultants appointed by the Government and the British National Oil Corporation to prepare the privatisation of the corporation's oil equity interests; what has been paid in fees to date; what proportion has been paid by Her Majesty's Government; and what future commitments have been made in respect of, for example, success fees and underwriting.

Mr. Gray: My Department is being advised on the privatisation of the British National Oil Corporation's equity oil interests by S. G. Warburg & Co., Ltd. and by Freshfields. I understand from BNOC that its principal advisers on the Government's proposals for privatisation as on other matters are N. M. Rothschild & Sons Ltd. and Herbert Smith & Co., Ltd. My Department has paid no fees to date in connection with the privatisation of BNOC's equity oil interests and no commitment has been given in respect of success fees or underwriting fees. Fees paid by BNOC are a matter for the corporation.

#### EDUCATION AND SCIENCE

##### School Buildings (Lead-free Paint)

Mr. Skinner asked the Secretary of State for Education and Science if he will now undertake a nation-wide survey



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TO PRIORITY F C O

TELEGRAM NUMBER 439 OF 10 FEBRUARY

INFO UKDEL NATO, BONN, PARIS, ROME, BRUSSELS, WARSAW, MOSCOW.  
INFO SAVING OTHER NATO POSTS.

MEASURES AGAINST POLAND: CONGRESSIONAL PROPOSALS

1. A MOTION IN THE HOUSE OF REPRESENTATIVES, TO FORCE THE ADMINISTRATION TO DECLARE POLAND IN DEFAULT OF DEBTS TO THE U.S., WAS DEFEATED YESTERDAY BY 256 TO 152. THE ADMINISTRATION OPPOSED THE MOTION, AS DID THE LEADERSHIP ON BOTH SIDES OF THE HOUSE. SENATOR MOYNIHAN HAS SUBMITTED A SIMILAR MOTION IN THE SENATE.

2. ADMINISTRATION OFFICIALS, INCLUDING IKLE FROM THE PENTAGON, GAVE TESTIMONY TO CONGRESSIONAL COMMITTEES YESTERDAY, ARGUING THAT THE PRESIDENT'S ACTION ON POLISH DEBTS KEPT UP THE PRESSURE ON THE POLES FOR REPAYMENT. IKLE DESCRIBED THE PRESENT LINE AS A PRUDENT APPROACH WHICH LEFT OPEN THE POSSIBILITY OF CALLING A DEFAULT LATER. OTHER ADMINISTRATION OFFICIALS NOTED THAT DIFFERENCES BETWEEN THE U.S. AND THE ALLIES HAD NOT BEEN RESOLVED, AND THAT POSSIBLE NEW STEPS TO BLOCK THE GAS PIPELINE WERE STILL UNDER STUDY. OLMER (UNDER SECRETARY OF COMMERCE) STATED THAT A DECISION WAS DUE IN A FEW DAYS ON HOW FAR TO PUSH SANCTIONS AGAINST THE PIPELINE AND TO PREVENT EUROPEAN COMPANIES FROM FULFILLING CURRENT CONTRACTS.

F C O PASS SAVING ANKARA, ATHENS, COPENHAGEN, LISBON, LUXEMBOURG, OTTAWA, OSLO, REYKJAVIK, THE HAGUE.

(REPEATED AS REQUESTED)

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MR. COLES

The Secretary of State for Trade minuted the Prime Minister on 8th February to seek colleagues' agreement to the release of £7 million credit to keep open the URSUS factory extension project in Poland and to warn that he might wish to bring up the problems associated with the PVC project at a later stage. These two projects were both among the subjects discussed in a note by officials annexed to a letter to you, also dated 8th February, from the Lord Privy Seal's Private Secretary.

2. So far as URSUS is concerned, it was envisaged, at the time the Foreign and Commonwealth Secretary consulted the Prime Minister early in January (paragraph 9 i. of the official note annexed to Mr. Fall's letter to you, dated 6th January) that the Secretary of State for Trade might wish to consider this problem separately from the items which were to be reviewed at the end of the month (and which are the subject of the enclosure to Mr. Arthur's letter under reference). The Secretary of State for Trade might no doubt have sent his minute sooner, if he had not been away in the Far East.

3. The arguments for allowing £7 million (from pre-1981 lines of credit) to be used are:-

- (a) Without this money, Massey Ferguson Perkins (MFP) could probably not afford to keep their team in Warsaw, because of the firm's own cash flow problems.
- (b) The firm's rapid withdrawal would prejudice the eventual completion of the project and thus British as well as Polish longer-term interests. More immediately there would be a much greater risk of Polish claims for breaches of contract; this might cost MFP £10 million.
- (c) Among the firm's contractual obligations is the supply of components worth some £3 million, manufacture of which has begun in the United Kingdom. Without these, and the credit cover to go with them, both MFP and the URSUS project could be in danger.

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Against these considerations there is the undoubted risk involved in increasing, however slightly, the Government's commercial exposure in Poland. Treasury officials have indicated, however, that the Chancellor of the Exchequer is not expected to object to this increase, given the considerations at (a) to (c) above. Nor, in view of the link with MFP's contractual obligations, would the Secretary of State for Trade's proposal be inconsistent with the Lord Privy Seal's announcement to Parliament on 5th February.

*attached - see point (vi) of statement.*

4. I therefore recommend that the Prime Minister should agree to the Secretary of State's proposal.

*attached - see point (vi)*

5. As regards the other matters covered in Mr. Arthur's letter, and its enclosure, including the PVC project, the Prime Minister need at this stage do no more than take note of the position.

RIA

Robert Armstrong

9th February 1982



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TO IMMEDIATE FCO  
TELEGRAM NUMBER 03 OF 09 FEBRUARY  
INFO IMMEDIATE WASHINGTON UKDEL NATO BONN PARIS

CSCE: MADRID MEETING - HAIG'S SPEECH 9 FEBRUARY:

FOR CSCE UNIT: TELECON HUGHES/PULLEN REFERS.

1. VERBATIM TEXT OF HAIG'S REMARKS CONCERNING POSSIBLE RESUMPTION OF AID TO POLAND IS AS FOLLOWS:

QUOTE

THE AMERICAN PEOPLE, LIKE THOSE OF SO MANY LANDS, HAVE A SPECIAL AND STRONG ATTACHMENT TO THE PEOPLE OF POLAND. NO NATION HAS SUFFERED MORE, NOR DISPLAYED SUCH ENDURING COURAGE. RELIEF FROM CURRENT OPPRESSION IS NOT ENOUGH - THE POLISH PEOPLE WANT MORE, NEED MORE, DESERVE MORE. THE UNITED STATES HAS DECIDED TO JOIN OTHER CONCERNED COUNTRIES IN OFFERING A MAJOR PROGRAM TO HELP POLAND OVERCOME ITS ECONOMIC PROBLEMS, INCLUDING AGRICULTURAL SHORTAGES AND MASSIVE EXTERNAL DEBT. THIS ASSISTANCE WILL BECOME AVAILABLE WHEN THE BASIC RIGHTS OF THE POLISH PEOPLE ARE RESTORED AND THEIR REQUEST FOR A MORE DECENT SOCIETY RESUMED.

WE WILL NOT AID TYRANNY. BUT IF TYRANNY STANDS ASIDE, WE ARE READY TO HELP. IT IS UP TO THE POLISH MILITARY REGIME AND THE SOVIET UNION TO CREATE AND TO MAINTAIN THE CONDITIONS IN WHICH THE POLISH PEOPLE CAN, WITH WESTERN ASSISTANCE, REBUILD THEIR ECONOMY.

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TO IMMEDIATE FCO

TELEGRAM NUMBER 05 OF 9 FEBRUARY 1982

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AND SAVING TO UKREP BRUSSELS VIENNA THE HAGUE SOFIA OTTAWA PRAGUE

COPENHAGEN HELSINKI EAST BERLIN ATHENS HOLY SEE BUDAPEST REYKJAVIK

DUBLIN ROME VALLETTA LUXEMBOURG OSLO WARSAW LISBON BUCHAREST

STOCKHOLM BERNE ANKARA BELGRADE UKDEL STRASBOURG CAIRO RABAT

ALGIERS TUNIS BEIRUT DAMASCUS TRIPOLI TEL AVIV

## MADRID CSCE MEETING 1982 OPENING PLENARY SESSION, 9 FEBRUARY

1. THE SESSION OPENED WITH 9 SPEECHES (6 WESTERN AND 3 EASTERN) BEFORE THE POLISH CHAIRMAN RAN THE MEETING INTO THE SANDS BY BOGUS PROCEDURAL MEANS. THE SIX WESTERN SPEAKERS WERE ALL AT MINISTERIAL LEVEL AND STRONGLY CRITICISED BOTH THE POLISH MILITARY AUTHORITIES AND THE SOVIET GOVERNMENT.
2. DETAIL: THE MEETING STARTED AS SCHEDULED AND ON THE BASIS OF AN INFORMAL AGREEMENT ON A COMPROMISE SPEAKER' S LIST OF 22 SPEAKERS INTERLEAVING EASTERN AND WESTERN SPEAKERS. THOSE WHO SPOKE WERE: HUNGARY, CANADA, BELGIUM, GREECE, POLAND, UNITED STATES, ITALY, USSR, FRG AND SPAIN. AMONG THOSE EXCLUDED WERE THE FOREIGN MINISTERS OF FRANCE, NORWAY, F IRELAND, DENMARK, PORTUGAL AND TURKEY.
3. THE POLISH CHAIRMAN (WIEJACZ) STARTED WITH A PLEA THAT INTERVENTIONS SHOULD QUOTE AT LEAST DO NO HARM UNQUOTE AND THAT SPEAKERS SHOULD CONCENTRATE ON THAT WHICH BRINGS THE CSCE COUNTRIES TOGETHER.
4. CANADA (MCGUIGAN) SET THE TONE FOR SUBSEQUENT WESTERN INTERVENTIONS STRONGLY CRITICISING THE SOVIET UNION'S ROLE IN AFGHANISTAN ITS MANIFOLD VIOLATIONS OF THE HELSINKI FINAL ACT AND ITS INTERFERENCE IN POLISH AFFAIRS. HE SPOKE CRITICALLY AND AT LENGTH ON THE SITUATION IN POLAND. HE DREW ATTENTION TO THE MANOEUVRES WHICH HAD BEEN UNDERTAKEN ON THE BORDERS OF POLAND AND THE FIERCE PROPAGANDA CAMPAIGN BY THE USSR AGAINST THE PROCESS OF REFORM AND RENEWAL.
5. BELGIUM (TINDEMANS) COVERED THE SAME GROUND, ALSO IN FORTHRIGHT TERMS AND SPEAKING ON BEHALF OF THE TEN. THE TEN WOULD BE READY HE SAID TO RETURN TO COOPERATION WHEN THE SOVIET UNION AND POLAND HAD REMOVED THE OBSTACLES TO COOPERATION WHICH HAD RESULTED FROM THEIR POLICIES.
6. GREECE (HARALAMBOPOULOS) MISUSED A POINT OF ORDER TO DISTANCE THE GREEK GOVERNMENT FROM THOSE PARTS OF TINDEMANS SPEECH WHICH QUOTE WERE CRITICAL OF POLITICAL SYSTEMS AND WHICH WOULD LEAD ONLY TO A COLD WAR CLIMATE UNQUOTE.

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7. POLAND (WIEJACZ) RESTATED THE KNOWN POLISH POSITION IN DETAIL AND ADDED THAT SOME PARTICIPATING STATES SEEMED TO HAVE ALLOTTED TO THEMSELVES THE ROLE OF JUDGES AND TO OTHERS, THAT OF OFFENDERS.

8. UNITED STATES (HAIG) SPOKE MOST FORCEFULLY. QUOTING CHURCHILL'S ADVICE ON RETURNING TO FIRST PRINCIPLES AND TAKING SIMPLE ACTION WHEN IN A DIFFICULT POSITION, HE INSISTED ON A RETURN TO THE PRINCIPLES OF THE HELSINKI FINAL ACT. POLAND WAS BEING DENIED ITS SELF-DETERMINATION AT THE INSTIGATION OF THE SOVIET UNION. THE ACTS OF THE SOVIET UNION AND THE POLISH AUTHORITIES WERE VIOLATIONS WITH THE HELSINKI FINAL ACT. THE EXERCISE OF ARBITRARY POWER HAD NOW BECOME A PATTERN OF BEHAVIOUR. HE CALLED FOR RELEASE OF TRADE UNION LEADERS, LIFTING OF THE MARTIAL LAW AND THE RESUMPTION OF THE PROCESS OF REFORM. THE MEANS OF MEETING POLISH NEEDS WOULD BECOME AVAILABLE WHEN THESE CONDITIONS HAD BEEN FULFILLED. (THE TEXT OF THIS SECTION OF THE SPEECH HAS BEEN TELEGRAPHED SEPARATELY.) IN THE MEANTIME TO ACCEPT BUSINESS AS USUAL WOULD BE TO CONDONE VIOLATIONS OF THE HELSINKI FINAL ACT.

9. SOVIET UNION (ILYICHEV) REPLIED AT LENGTH IN A RAMBLING AND VITUPERATIVE SPEECH. HIS CRITICISMS WAS DIRECTED ALMOST EXCLUSIVELY AGAINST NATO AND QUOTE THOSE CIRCLES IN THE UNITED STATES UNQUOTE WHICH SUPPORTED ISRAELI AGGRESSION, THE EL SALVADOR JUNTA, THE PINOCHET CLIQUE, AND THE SOUTH AFRICAN RACISTS UNQUOTE. PRESIDENT REAGAN'S DECISION ON CHEMICAL WEAPONS WAS AGAINST THE HELSINKI FINAL ACT.

10. THE SOVIET UNION WOULD NOT ACCEPT, AS INTERFERENCE IN INTERNAL AFFAIRS, ANY DISCUSSION ON POLAND. THE US MUST CEASE ITS POLICY OF ECONOMIC STRANGULATION OF POLAND. WASHINGTON WAS PUTTING A MINE UNDER THE CSCE AND WISHED TO USE NATO AS A DOG-COLLAR AROUND THE WESTERN EUROPEAN STATES. THE SOVIET UNION WISHED FOR A BALANCED AND SUBSTANTIAL CONCLUDING DOCUMENT. THE CSCE PROCESS NEEDED POSITIVE RESULTS BASED ON THE PROGRESS MADE SO FAR. THE NNA DRAFT MUST BECOME THE BASIS FOR SUCCESSFUL COMPLETION OF THE MEETING'S TASK.

11. FRG (GENSCHER) MADE A POWERFUL SPEECH CRITICISING THE ACTIONS OF THE POLISH MILITARY AUTHORITIES AND OF THE SOVIET UNION. HE CALLED FOR THE RELEASE OF THOSE ARRESTED IN POLAND, THE RESUMPTION OF THE DIALOGUE IN POLAND, AND FOR THE SOVIET UNION TO LET POLAND DECIDE FREELY ON ITS OWN FUTURE.



# CONFIDENTIAL

12. SPAIN (PEREZ LLORCA) SPOKE STRONGLY ALONG SIMILAR LINES AND MADE THE LAST CONTRIBUTION BEFORE THE MEETING DISSOLVED INTO A PROCEDURAL WRANGLE WHICH STARTED ABOUT 3 PM AND LASTED UNTIL 9.30 PM THINGS REACHED SUCH A PITCH DURING THE PROCEDURAL DISCUSSION THAT THE NORWEGIAN FOREIGN MINISTER WAS LOUDLY CHEERED FOR A FORTHRIGHT CRITICISM OF THE POLISH CHAIRMAN AND THE LATTER WAS GREETED WITH AUDIBLE DISAPPROVAL WHEN HE RESPONDED.

13. PLEASE SEE MIFT.

FCO PLEASE PASS SAVING TO ABOVE ADDRESSEES.

WILBERFORCE

(REPEATED AS REQUESTED)

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PART 7 ends:-

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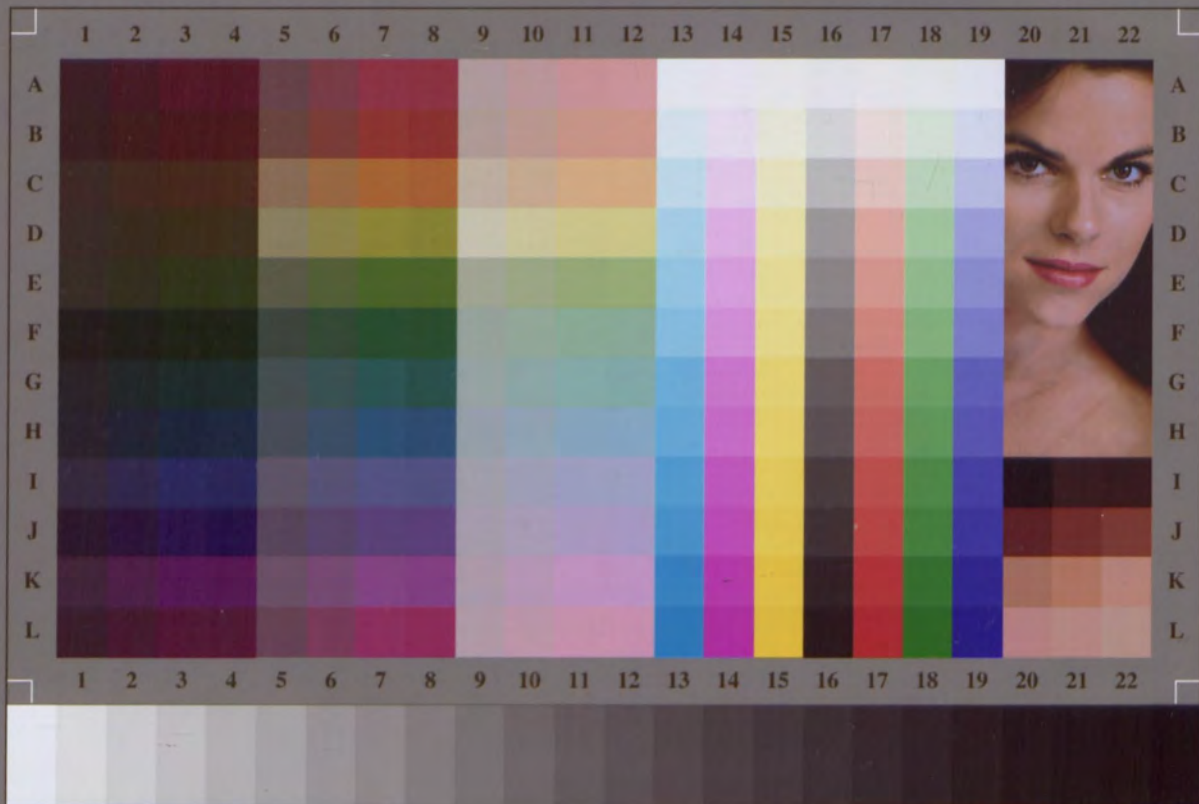
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