

SECRET

*Letter to Mulholland.*

*H.A. Mulholland, 15/1*

Private Secretary

PRIME MINISTER'S TELEPHONE CONVERSATION WITH CHANCELLOR SCHMIDT

1. At your request I attach a brief for the Prime Minister's telephone conversation with Chancellor Schmidt which is expected to take place at noon today. You will be seeing Mr Alexander at 10.30.

2. Two additional points:-

- i. I have no further news about President Tito's state of health, but it obviously continues to give cause for concern;
- ii. The FRG will be represented at the EEC Council of Ministers at 3.00 pm by Herr Genscher and at the simultaneous NATO meeting by the State Secretary, Herr van Well. There is, therefore, time for the Chancellor to transmit instructions following the telephone call.

E A J Fergusson

15 January 1980

- cc: PS/PUS
- Mr Bullard
- Mr Murray
- SAD
- MED
- EESD

Iran

Afghan.

Wheat - Butter -

← Credits - Trade

← Technology → Co-com

← Olympics

SECRET

BRIEF FOR PRIME MINISTER'S TELEPHONE CONVERSATION  
WITH CHANCELLOR SCHMIDT ON 15 JANUARY

AFGHANISTAN AND IRAN

1. The following are some points which Schmidt is likely to make, with suggested answers:-

- As Mr Hurd was told in Bonn last week, essential to stay in step with the US.

We absolutely agree. Brezhnev's interview with Pravda shows that he thinks his best chance is to split the US away from Europe. Some American newspapers are starting to play this angle up. Essential to use today's meetings in Brussels to re-establish unity of assessment and action both in the Alliance and within the Nine.

- Best to play down the East/West aspect of Afghanistan and give priority to implications for Non-Aligned countries.

We agree challenge is to Third World and Non-Aligned Movement; hence Lord Carrington's trip. And UN vote very satisfactory demonstration of Non-Aligned concern. But Afghanistan is also a threat to the West. Unless cost to Soviet interests works out higher than Russians foresaw, temptation will be strong for them to repeat the enterprise - possible in some country of really vital importance to us, e.g. Iran or Yugoslavia. Need to agree today in NATO on a list of coordinated but not necessarily identical measures for each member government to announce. We must also agree in the Community on measures falling in EEC competence, and Foreign Ministers of the Nine must adopt a declaration on Afghanistan for issue today and transmission to European Parliament tomorrow.

/Western

SECRET

SECRET

- Western assistance to regional countries must be a mix of political and economic aid.

We want to see what impressions Lord Carrington brings back from the area before deciding what to do there. Essential to convince India that any aid to Pakistan is not directed against her. Mrs Gandhi's eyes need to be opened to the Soviet threat to the region.

- US imposition of national sanctions on Iran risks mobilising Islamic world against the West and jeopardising any gains to us from Russian unpopularity over Afghanistan.

We have pointed this out too. Largely because of our intervention that Americans agreed to tackle Iranian sanctions exercise in New York in 2 stages. But fortnight gained in this way was wasted by Iranian prevarication. After weekend wobbling by Tehran Americans had no option but to put resolution to vote. We urged Christopher yesterday to pause and tackle next stage slowly. But he feels under domestic compulsion and it would be weak to turn back now. He was slow to recognise that situation in Iran had been transformed by Afghanistan. Hope you will arrange for this message to be repeated to Christopher when he gets to Bonn.

- EEC should intensify relations with Gulf States by developing some kind of new machinery.

We like this idea but must avoid duplication with Euro-Arab dialogue itself, and not raise false hopes about what it might lead to on political as well as economic side.

U

SECRET

2. The Prime Minister may also like to make the following points:-

- need for intense vigilance on Yugoslavia, especially if Tito's health gets worse;
- grateful to you for influencing French position on Afghanistan: enormous difference between first and second French public statements on this;

3. On a separate subject, the Prime Minister could express disappointment at the present state of the arrangements for the Lord Privy Seal's visit to Bonn later this week (Bonn telno 51 attached): hope Chancellor Schmidt will be able to spare him half an hour and that Ministers of Finance (Matthoefer) and Economy (Graf Lambsdorff) can fit him in too.

SECRET