PS PS/SIR I GILMOUR PS/MR HURD PS/PUS MR J C MOBERLY HD/MED HD/FRD HD/NENAD (2) HD/UND (2)HD/OID HD/DEF DEPT HD/MAED (2)HD/ES & SD HD/CONS D MISS BROWN (2)PUSD NEWS D RESIDENT CLERK GR 650

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CABINET OFFICE

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RESTRICTED FROM TEHRAN 251755Z NOV 79 TO IMMEDIATE FCO TELEGRAM NUMBER 1231 OF 25 NOVEMBER TO IMMEDIATE CABINET OFFICE (DIO) MODUK (DI4) MODUK (DS11) CRE5, WASHINGTON, UKMIS NEW YORK PRIORITY ABUD DHABI, ANKARA, BAGHDAD, BAHRAIN, DOHA, DUBAI, ISLAMABAD, JEDDA, KABUL, KUWAIT, MOSCOW, TOKYO MUSCAT NEW DELHI. EEC POSTS.

X 32

MY TELNO 1229: SITUATION IN IRAN

1. THERE WAS AN IMPRESSIVE MARCH AT 4 PM TODAY BY THE CHERIKHAYE FEDA'I FROM THE UNIVERSITY TO THE U S EMBASSY. THEIR APPROACH WAS BLOCKED HOWEVER BY RIVAL MARCHERS MOBILISED AT 3 PM BY THE CLERGY. THERE WERE NO CLASHES, THOUGH A LEADING EXTREMIST MULLAH WHO WAS DUE TO ADDRESS THE CROWDS OUTSIDE THE EMBASSY WAS JOSTLED WHEN HE AND HIS ENTOURAGE TRIED TO PASS THOUGH THE TIGHTLY-ORGANISED CORDON OF MARSHALS ROUND THE CHERIKHAYE FEDA'I. THE ELMIEH THEOLOGIAL SCHOOL IN QOM HAS CALLED FOR A FURTHER MARCH TOMORROW, TO MARK THE 7TH DAY OF THE ATTACK ON THE GRAND MOSQUE IN MECCA, WHICH HAS BEEN ENDORSED BY SEVERAL OTHER GROUPS INCLUDING THAT OCCUPYING THE U S EMBASSY 2 WHICH PERSISTS IN ATTRIBUTING THE ATTACK TO '' AMERICAN ELEMENTS''

2. CONGRESSMAN HANSEN SAW THE HOSTAGES THIS MORNING AFTER 2 AND HALF HOURS NEGOTIATING AT THE EMBASSY GATE ( ALTHOUGH HE HAD THOUGHT HOURS NECOTIATING AT THE EMBASSY GATE ( ALTHOUGH HE HAD THOUGHT ALL ARRANGEMENTS HAD BEEN MADE) AT A PRESS CONFERENCE AFTERWARDS HE SAID HE HAD SPOKEN TO A SUBSTANTIAL NUMBER OF THE HOSTAGES WHOM HE DESCRIBED AS '' RELATIVELY COMFORTABLE '' ALTHOUGH STILL BOUND, WITHOUT A CHANGE OF CLOTHES, AND BADLY IN NEED OF A BATH. HE SAID HE WOULD NOW RETURN TO THE USA TO MEET FELLOW CONGRESSMEN.

3. SHARIAT-MADARI IS ALLEGED TO HAVE TOLD A SPANISH JOURNALIST THAT IF HE WERE KHOMEINI HE WOULD TELL THE OCCUPIERS TO LEAVE THE EMBASSY AND FREE THE HOSTAGES.

4. THIS MORNING'S LOCAL PAPER CARRIED A REPORT THAT THE NETHERLANDS AMBASSADOR IN TEHRAN HAD CALLED ON HIS NATIONALS TO LEAVE THE COUNTRY IF THEIR PRESENCE WAS NOT ESSEQQOQNTIAL. THIS CORRECTLY REFLECTS CURRENT DUTCH ADVICE, THOUGH NO FRESH WARNING HAS BEEN ISSUED. ACCORDING TO THE GERMAN AMBASSADOR, HIS NATIONALS ARE CURRENTLY LEAVING AT THE RATE OF 80 - 100 A DAY.

5. KAYHAN PRINTED A SMALL BUT PROMINENT HEADLIN E '' THE BRITISH EMBASSY IN TEHRAN REDUCES ITS STAFF BY HALF'' THE MAIN TEXT OF THE ARTICLE ( ON PAGE 3) READS '' THE BRITISH EMBASSY IN TEHRAN HAS DECIDED TO SEND HALF ITS STAFF BACK TO ENGLAND. AN EMBASSY SPOKESMAN HAS SAID THAT THERE IS NO POLITICAL REASON BEHIND THIS, BUT THAT RELATIONS BETWEEN IRAN AND BRITIAN HAVE DROPPED CONSIDERABLY COMPARED WITH LAST YEAR. THE VOLUMNE OF IRANIAN IMPORTS FROM BRITAIN HAS BEEN REDUCED BY 75 PERCENT AGAINST. THE FIGURE OF 1.5 MILLIARD DOLLARS LAST YEAR, AND THE NUMBER OF BRITONS IN IRAN HAS GONE FROM 14,000 TO 300" THIS REFLETCS BRIEFING GIVEN YESTERDAY TO AP, WITH THE WORD '' COMMERCIAL'' OMITTED BEFORE '' RELATIONS'' THERE WAS NO ADDITIONAL COMMENT. 6. THE FLOW OF IRANIANS ABROAD CONTINUES. THE CONSULATE IS NOW MAKING APPOINTMENTS FOR 4 JANUARY. 7. HABIBI, THE REVOLUTIKARY COUNCIL SPOKESMAN, LAST NIGHT ANNOU-NCED THAT AYATOLLAH KHAMENE'I, THE COUNCIL'S REPRESENTATIVE AT THE DECENCE MINISTRY, WILL ALSO SUPERVISE THE REVOLUTIONARY GUARDS IN PLACE OF LAHOUTI, WHO RESIGNED LAST WEEK. AYATOLLAH MAHDAVI, KANI WILL BE HEAD OF THE ISLAMIC REVOLUTIONARY COURTS.

GRAHAM CN PARA 4 READ NOT ESSENTIAL.