

SECRET

Iran 17
Copied to :
Defence : Contracts
with Iran

Ref. A01197

PRIME MINISTER

OD: Iran

BACKGROUND

Following the inconclusive discussion on Iran at your ad hoc meeting on 16th January (and at Cabinet on 17th January) you asked for a paper by officials setting out the facts and the decisions to be taken. This has been circulated as OD(80) 4 and can be used as the main focus of OD's discussion. It is supplemented by

- (a) a minute by Lord Carrington of 21st January answering points raised on 16th January (Sir John Graham's views on limiting the numbers of Iranian diplomats in London and on imposing visas; the position of other European countries on arms supply to Iran; and the United States interpretation of their own trade embargo);
- (b) an interim minute by the Attorney General, to be circulated today, on legal aspects of the Kharg case and other arms supplies to Iran.

at item 3 There is an additional background in Lord Carrington's longer minute PM/80/5 of 19th January reporting on his overseas tour, although this is primarily concerned with Afghanistan (OD's Item 3); his paragraph 4 (b) refers specifically to Iran.

2. In OD(80) 4 officials suggest rejection of the United States' proposal for implementation of the resolution vetoed by the Soviet Union as impractical and misconceived. They suggest that the United States and its allies should concentrate on the Afghanistan situation while continuing patient attempts at negotiation with Iran. They suggest further urgent study before a decision on arms sales but invite Ministers to decide whether to impose a visa requirement (which the Home Secretary would welcome to curb immigration) and to consider three measures we might be able to adopt, with others, if the Americans continue to press us (these would not need new primary legislation; the meeting on 16th January endorsed your warning to Mr. Christopher that new legislation was out of the question).

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HANDLING

3. You may wish to remind the meeting that a response is required following Mr. Christopher's representations of 14th January. An early decision on visas would also be useful. And once the 30-day notification of availability has been issued for the Kharg a decision on arms sales policy will be required well before the 30-days expire. But, as shown by the Attorney General's minute, the legal study on this is not yet complete. The meeting should first concentrate on the main line of policy to be adopted (paragraph 4 below) before considering individual measures (paragraphs 5-7 below).

4. General policy on voluntary sanctions (paragraph 10 of OD(80) 4). Does the Foreign and Commonwealth Secretary agree, in the light of his tour following the invasion of Afghanistan, and of the latest reports from Sir John Graham, that the proposal and rationale advanced by Mr. Christopher cannot be accepted? Does he agree specifically to the suggestions at (a), (b) and (c) of paragraph 10 of OD(80) 4? Do other members of the Committee similarly agree?

5. Visas (paragraph 11 of OD(80) 4). Sir John Graham is distinctly unenthusiastic (paragraph 2 of Lord Carrington's minute of 21st January) and warns of risks for his Mission in Tehran. Does Lord Carrington therefore advise against? Does the Home Secretary accept this? If so, is there any other way of restricting the flow of Iranian visitors?

6. Other measures (paragraph 12 of OD(80) 4). How soon do we need a decision on these? Are there not some signs that President Carter may be ready to revert to a more patient search for compromise with Iran? When will a line be needed in Parliament (e.g. debate on 28th January)?

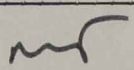
Iranian diplomats in London. Sir John Graham thinks this would be taken as a deliberate gesture of hostility. Should we nevertheless be ready to adopt it and to urge its adoption by others? Would it have any beneficial effects to set against the risks involved? Sir John Graham suggests that, if we do this, we should increase numbers of our diplomats in Tehran, so as to give the Iranians something to cut by way of reprisal. Could we be seen to be increasing our representation in Tehran at this time - given that we could not reveal why we were doing so?

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2 Landings by Iranian registered aircraft. Mr. Nott said on 16th January that he could reluctantly accept this if the Foreign and Commonwealth Office thought it really necessary. Is it? Would other countries join in such a move (the French have opposed it as carrying risk for nationals still in Iran)?

Support for any United States ban on food exports. Hypothetical until the United States take the first step. The Nine would have to agree it but it would be in line with our policy towards the Soviet Union (and for CAP reform) to support an end to subsidised sales to Iran.

7. Arms sales.

The Attorney General's minute of 21st January gives an interim legal view. The Kharg will impose a deadline for decision. The answer may be to allow existing contracts to go forward and to play down the military significance of the Kharg. But the Americans, who have broken existing contracts over Iran (section C of Lord Carrington's minute of 21st January), will not like this; and the French seem at present disposed to break contracts rather than supply patrol boats to Iran (section B of Lord Carrington's minute). The first test case seems likely to be the Italians (helicopter and naval missiles). When does Lord Carrington expect to know their decision? Should we not try to concert a line with them in the light of our legal advice and overall policy? 

CONCLUSION

8. You may wish to aim for agreement as follows:

- (i) General policy.
 - (a) American request to be rejected because since Afghanistan the world has changed.
 - (b) No British action in advance of allies.
- (ii) Visas. Postpone action.
- (iii) Iranian Embassy. Postpone action.
- (iv) Civil aviation. Explore non-committally with allies.
- (v) Food exports. Explore in European Community, also non-committally.

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(vi) Arms

- (a) No new business.
- (b) Postpone decision on whether to honour existing contracts until Italian, French and legal position clearer.
- (c) On Kharg, Attorney General to complete legal analysis, while awaiting general decision on policy ((b) above).

RA

(Robert Armstrong)

21st January, 1980