

Mr Hannay (Head of MED)

Iran: Telephone Discussion between
Lord Carrington and Herr Genscher

The German Foreign Minister telephoned the Foreign and Commonwealth Secretary at lunch-time today to enquire what sort of representations the Germans would be likely to receive from Mr Vance who was due to arrive in Bonn later in the afternoon.

Lord Carrington said that the gist of Mr Vance's message in London had been that the economic pressure on the Iranians seemed to be having some effect and that the United States would be grateful if their allies could freeze Iranian assets in the same way that the Americans had done. Lord Carrington added that the Prime Minister and he had told Mr Vance that the British Government was anxious to help over Iran as much as possible but that the idea of a freeze on Iranian assets posed problems in that the British Government did not have the necessary juridical authority to impose one. Herr Genscher said that the Germans had similar difficulties. They were anxious to help but did not want to damage the whole of the world's banking system. He thought that the problem could be discussed among the four Foreign Ministers at the Quadripartite Dinner in Brussels on 12 December. Thereafter it might also be discussed among NATO Foreign Ministers at the restricted session, without officials present, of the North Atlantic Council. He asked whether Mr Vance had mentioned the possibility of a chapter seven determination by the UN Security Council and the imposition of sanctions on Iran. Lord Carrington said that Mr Vance had mentioned this as something which might be required if things got worse. Lord Carrington added that he personally saw some merit in this course. Herr Genscher said that he did as well. It ought to be possible to secure the agreement of all the Western members of the Security Council for such action and it would be difficult for the Soviet Union to refuse.

Paul Lever
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cc: PS/Lord Privy Seal
PS/Mr Ridley
PS/PUS
Lord Bridges
Mr Bayne, FRD
PS/Chancellor of the Exchequer

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