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subject copy filed on: -

Soviet Union: credit terms for exports: Pe3

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T216A/82

000 WTE24
DE WTE 88074 3162030
O 122037Z NOV 82
FM THE WHITE HOUSE
TO CABINET OFFICE, LONDON
ZEM

SECRET VIA CABINET OFFICE CHANNELS WH08074
NOVEMBER 12, 1982

DEAR MARGARET:

I HAVE JUST GIVEN MY APPROVAL TO THE FINAL PROVISIONS OF THE AGREEMENT AMONG OUR COUNTRIES AND OUR OTHER FRIENDS AND ALLIES CONCERNING OVERALL ECONOMIC RELATIONS WITH THE EAST. YOUR AMBASSADOR HAS BEEN INFORMED OF MY SEPARATE DECISION ON THE ECONOMIC SANCTIONS RELATED TO POLAND. I AM GRATIFIED THAT WE HAVE REACHED A CONCENSUS ON THESE VITAL QUESTIONS. IT IS A VICTORY FOR THE WESTERN ALLIANCE WHICH WILL BRING TO AN END THE SOVIET UNION'S ABILITY TO TAKE ADVANTAGE OF THE DIVISIONS AMONG US AND REDUCE THE COMMERCIAL BENEFITS OF PLAYING ONE WESTERN COUNTRY OFF AGAINST ANOTHER.

WE HAVE ALL APPROVED THE TERMS OF THE CURRENT CONSENSUS WHICH WERE WORKED OUT BY OUR FOREIGN MINISTERS AND AMBASSADORS. IN THIS LETTER I WOULD LIKE TO EMPHASIZE TWO POINTS WHICH I CONSIDER OF THE GREATEST IMPORTANCE.

FIRST, I BELIEVE IT IS VITALLY IMPORTANT THAT WE ADOPT A COMMON APPROACH ON THE PUBLIC PRESENTATION OF OUR AGREEMENT AND, AVOID THE RISK OF DIFFERING STATEMENTS IN ALLIED CAPITALS, AS HAPPENED AFTER OUR LAST ECONOMIC SUMMIT. THIS WOULD GIVE THE ERRONEOUS IMPRESSION OF CONTINUED DISAGREEMENT RATHER THAN THE REALITY OF AN ALLIED CONSENSUS. FOR MY OWN PART, I PROPOSE TO TREAT THE ANNOUNCEMENT TOMORROW MORNING IN MY WEEKLY RADIO ADDRESS. AT THE SAME TIME I WILL ANNOUNCE THE LIFTING OF OUR POLAND-RELATED SANCTIONS IMPOSED ON DECEMBER 29TH AND JUNE 22ND. I REALIZE TIME IS SHORT, BUT I INVITE YOUR APPROVAL OF THIS PROCEDURE. IT ALSO SEEMS TO ME THAT THE OFFICIAL RELEASE OF THE SO-CALLED +NON-PAPER+ IN ALL OUR CAPITALS WOULD BE BY FAR THE BEST APPROACH TO FORGING A COMMON PUBLIC UNDERSTANDING. I REALIZE THAT AT THE BEGINNING OF THE DISCUSSIONS BETWEEN OUR FOREIGN MINISTERS IN NEW YORK THAT THERE WAS CONSIDERABLE SENTIMENT FOR KEEPING WHATEVER EMERGED AT THE END OF THE PROCESS A CONFIDENTIAL DOCUMENT. HOWEVER, I FEEL THAT NOW ALL OUR INTERESTS ARE BEST SERVED BY RELEASING THE TEXT AND ALLOWING IT TO SPEAK FOR ITSELF.

SECOND, THE DECISION BY THE UNITED STATES TO MODIFY OUR SANCTIONS WAS TAKEN WITH THE CLEAR EXPECTATION THAT THE JOINT WORK PROGRAM LAID OUT IN THE AGREEMENT ON EAST-WEST TRADE WILL

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BE CONDUCTED EXPEDITIOUSLY. IT IS MY STRONG HOPE THAT IN A MATTER
OF MONTHS WE WILL HAVE JOINT POLICIES WHICH WE ALL CAN SUPPORT
IN THE AREAS OF ENERGY ALTERNATIVES TO ADDITIONAL CONTRACTS FOR
IMPORTS FROM THE SOVIET UNION, TIGHTENED CONTROLS ON HIGH
TECHNOLOGY ITEMS AND HARMONIZED CREDITS POLICIES. I EXPECT
THAT WE WILL BE ABLE TO ACHIEVE CONCRETE RESULTS IN A FEW MONTHS
TIME. I INTEND TO ASSIGN HIGH-LEVEL, KNOWLEDGEABLE PEOPLE TO
THESE STUDIES, AND WILL PERSONALLY FOLLOW THE DEVELOPMENT OF
THE IMPLEMENTING PROCESS. WE MUST DEVELOP A SECURITY-MINDED,
REALISTIC, DURABLE AND JOINT SET OF POLICIES TOWARDS THE EAST
IN THE ECONOMIC AREA. WE OWE NO LESS TO OUR OWN PEOPLE, WHO
PAY THE PRICE FOR THE MILITARY FORCES WE MUST FIELD TO DETER
THOSE OF THE SOVIET UNION. WE OWE NO LESS TO THE PEOPLE OF
POLAND, WHOSE SUFFERING UNDER A MARTIAL LAW REGIME HAS BROUGHT
HOME TO ALL OF US THE REPRESSIVE AND AGGRESSIVE NATURE OF THE
SOVIET SYSTEM. I AM CONFIDENT THAT THE POLICIES WHICH RESULT
FROM OUR STUDIES WILL BOTH PROTECT OUR VITAL INTERESTS AND HAVE
A MORE SUBSTANTIAL IMPACT ON THE PRESENT AGGRESSIVE BEHAVIOR OF
THE SOVIET UNION THAN THE UNILATERAL U.S. MEASURES WHICH WE HAVE
BEEN OBLIGED TO TAKE IN THE PAST YEAR.

MARGARET, I WOULD LIKE TO EXPRESS PARTICULAR APPRECIATION
TO YOU, FOREIGN MINISTER PYM AND AMBASSADOR WRIGHT FOR THE
CONSTRUCTIVE ROLE THE UNITED KINGDOM HAS PLAYED IN WORKING
OUT THIS CONSENSUS. I THINK WE HAVE SUCCEEDED IN MOVING OUR
FRIENDS CLOSER TO THE U.S./U.K. POINT OF VIEW ON EAST-WEST
ECONOMIC RELATIONS THAN MANY WOULD HAVE THOUGHT POSSIBLE A
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SINCERELY,

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