



*Prime Minister*

*Hope that LPS should be guided by the attached paper?*

*Prms  
- 11/1*

Prime Minister

POSSIBLE WESTERN ECONOMIC MEASURES AGAINST IRAN

As you know, it is now practically certain that the American Resolution in the Security Council seeking sanctions against Iran will fail. The Americans have conveyed to us privately, and are now leaking publicly, their expectation that their allies will join them in voluntary economic measures against Iran.

We have already made it clear, most recently in your message of 10 January to President Carter, that there would be substantial difficulties for us in such a course. Nevertheless, the Americans may well persevere and may even send a senior official (Cooper) to London on Monday 14 January to pursue this. We have since heard from the American Embassy that Christopher may stop off in London on Monday on his way to a NATO meeting the following day.

In anticipation of these developments, my officials have prepared the enclosed paper which outlines what might be possible in the economic field. The paper has been drawn up in consultation with other Whitehall Departments concerned.

If the American emissaries do arrive on Monday, it will be our aim to broaden the discussion into the wider political field. On the economic aspects, I shall ask Douglas Hurd and the officials whom they will see to take

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a largely interrogative line, explaining also some of the difficulties described in this paper. (You have, of course, already made it clear that we cannot be committed to unilateral or voluntary sanctions.)

You may also know that there will be an informal discussion of voluntary economic measures against Iran with Community Foreign Ministers on 15 January. (It will not be on the formal agenda so as to minimise publicity.) Subject to your views, I propose to be guided by the contents of this paper.

I am sending copies of this minute and its enclosure to other members of the Cabinet and to Sir Robert Armstrong.

1.45

11 January 1980

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