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FROM TEHRAN 0512007Z DEC 79

TO IMMEDIATE FCO

TELEGRAM NUMBER 1293 OF 5 DECEMBER

INFO PRIORITY WASHINGTON , EEC POSTS, UKMIS NEW YORK

MY TEL NO 1282: U S EMBASSY, TEHRAN.

Princ

and

1. THIS IS A MOST INTRACTABLE PROBLEM, SINCE THE MINDS OF THE TWO PARTIES ARE MOVING ON DIFFERENT TRACKS, ONE LEGAL, THE OTHER EMOTIONAL. AT HEART MOST THINKING IRANIANS MUST REALISE THAT THEY HAVE BITTEN OFF MORE THAN THEY CAN CHEW, BUT IT IS DIFFICULT FOR THEM TO CLIMB DOWN. KHOMEINI IN PARTICULAR HAS GOT WHERE HE IS BY STICKING TO HIS GUNS AND, AS SIR A PARSONS HAS COMMENTED, IT IS A PERSIAN CHARACTERISTIC TO RAISE THE BID AT THE SLIGHTEST SIGN OF FLEXIBILITY IN THE OPPONENT. IT IS TRUE THAT KHOMEINI HAS GIVEN WAY OVER THE CHADOR AND FROZEN MEAT, MINOR MATTERS IN WHICH HE ALLOWED OTHERS TO EXPLAIN AWAY HIS OBITER DICTA: (LAST TWO WORDS UNDERLINED) HE HAS ALSO FINALLY ADOPTED AN OUTWARDLY CONCILIATORY ATTITUDE TO THE KURDS, IN THE FACE OF THEIR STRONG MILITARY RESISTANCE, IN EFFECT WITHDRAWING HIS EX-COMMUNICATION OF HOSSEINI AND QASSEMLOU. MANY HERE DOUBT HOWEVER WHETHER HE IS PREPARED TO MAKE ANY CONCESSION OF SUBSTANCE ON THE AUTONOMY ISSUE. IN GENERAL HE HAS PROVED ADAMANT., AND THERE APPEARS TO BE LITTLE UNDERSTANDING AMONG IRANIANS, EVEN AMONG THOSE IN RESPONSIBLE POSITIONS, THAT WHAT SEEMS TO THEM THEIR SIMPLE DEMAND, THE RETURN OF THE SHAH, IS NOT ONE THAT ANY SELF-RESPECTING GOVERNMENT WHICH HAD ADMITTED HIM IN SIMILAR CIRCUMSTANCES, COULD CONTEMPLATE, LEAST OF ALL UNDER THE PRESSURE OF THE HOLDING OF HOSTAGES.

2. THE EUROPEAN COMMUNITY AMBASSADORS HAVE MADE THIS POINT TO BANI SADR., AND AT OUR NEXT MEETING WITH QOTZBADEH MUST, I BELIEVE, MAKE IT AGAIN TO HIM. WE HAVE STUDIOUSLY AVOIDED, HOWEVER, GIVING THE IMPRESSION THAT WE ARE MEDIATING OR SPEAKING FOR THE U S. WE HAVE TAKEN OUR STAND ON THE

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PRINCIPLES OF IMMUNITY AND THE INADMISSIBILITY OF TAKING HOSTAGES, ON THE GROUNDS THAT THEIR OBSERVANCE IS VITAL TO ALL COUNTRIES, AND ON THE HUMANITARIAN ASPECTS., AND WE HAVE SAID THAT NONE OF OUR (LAST WORD UNDERLINED) GOVERNMENTS WOULD NEGOTIATE UNDER THE PRESSURE OF HOSTAGES, WITHOUT SAYING IN TERMS THAT THAT IS ALSO THE U S POSITION. BUT I CANNOT CLAIM THAT WE HAVE MADE MUCH IMPACT, EXCEPT PERHAPS ON BANI SADR, WITH THE RESULT THAT HE WAS REMOVED.

3. THE QUESTION ARISES THEREFORE WHAT MORE WE CAN OR SHOULD DO. THE NEXT STEP, I BELIEVE, MUST BE A REQUEST TO BE RECEIVED JOINTLY BY KHOMEINI, IN ORDER TO MAKE THE SAME POINTS TO HIM. SOME OF MY COLLEAGUES HOWEVER MAY BE RELUCTANT., AND OF COURSE THE REQUEST MIGHT BE REFUSED. I AM UNDER NO ILLUSION THAT SUCH A MEETING WOULD BE VERY FRUITFUL, THE PRIME DIFFICULTY BEING THAT KHOMEINI HABITUALLY USES SUCH MEETINGS AS THE OCCASION FOR A MONOLOGUE BY HIMSELF, WITH THE TV CAMERAS PRESENT. NEVERTHELESS IT MIGHT HELP TO PUT OVER THE PRINCIPLES BY WHICH WE STAND AND PERHAPS TO OBTAIN UNDERTAKINGS ABOUT THE TREATMENT OF THE HOSTAGES AND ACCESS TO THEM. I THINK WE SHOULD CONCENTRATE PARTICULARLY ON ACCESS, TO AVOID BEING BRUSHED OFF WITH A COMMENT THAT WE HAVE ALREADY RECEIVED REPEATED ASSURANCES THAT THE HOSTAGES ARE BEING TREATED WELL. WE COULD ARGUE THAT IF THEY ARE, THERE IS NO REASON WHY A VISITOR APPROVED BY KHOMEINI SHOULD NOT BE GIVEN REGULAR ACCESS, SUBMITTING TO WHATEVER SECURITY MEASURES THE GROUP IN THE EMBASSY LAYS DOWN.

4. BY DOING THIS WE WOULD OF COURSE EXPOSE THE COMMUNITY COUNTRIES IN A WAY WHICH HITHERTO WE HAVE AVOIDED, AND RISK PUTTING OURSELVES IN THE LIGHT OF ACTIVE ALLIES OF THE U S. IT MAY BE THAT WE CANNOT AVOID THIS ANYWAY. THE IRANIAN STRATEGY, IF THERE IS NO DE-ESCALATION FOLLOWING THE REFERENDUM ON THE CONSTITUTION, WILL PRESUMABLY BE TO BROADEN THE STRUGGLE INTO A "DEPRIVED" VS "PREDATOR" ONE, IE A NORTH/SOUTH CONFRONTATION. THERE ARE ALREADY SIGNS OF THIS. THEY MAY CALCULATE THAT THE LONGER THE DISPUTE DRAGS ON THE BETTER THE CHANCES OF THE NON-ALIGNED FORGETTING THE ACTUAL CAUSE AND ACCEPTING THE IRANIAN ARGUMENT THAT IT IS THE U S POLICY THAT IS AT THE ROOT. THEY COULD

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IMPROVE THEIR STANCE TACTICALLY (E.G. AS SOME JOURNALISTS HERE ARE ALREADY SPECULATING, BY RELEASING MOST OF THE HOSTAGES AND PUTTING ON TRIAL THOSE WHO CAN PLAUSIBLY BE DENOUNCED AS SPIES). IF THIS TACTIC WORKS, THE OTHER WESTERN COUNTRIES WILL BE DRAWN INTO THE DISPUTE.

INDEED, THIS IS HAPPENING TO SOME EXTENT ALREADY. QOTBZADEH'S PATIENCE, NEVER TOO LONG, IS CLEARLY WEARING THIN AND WE, AND PARTICULARLY THE U K , ARE COMING CLOSER TO BEING SEEN AS IN THE U S CAMP. THERE WAS A VICIOUS ATTACK ON THE U K AND THE BBC IN YESTERDAY'S " ISLAMIC REPUBLIC" (REPORTED YESTERDAY).

5. ANY SUCH TENDENCY WOULD BE ACCELERATED IF WE (THE COMMUNITY 5 AND OTHER LIKE -MINDED COUNTRIES) WERE TO BE DRAWN INTO MORE ACTIVE MEASURES OF SUPPORT FOR THE U S . THE FRG RELUCTANTLY FIND THEMSELVES INVOLVED IN A LEGAL BATTLE OVER THE IRANIAN HOLDING IN KRUPP, AND NOT MANY HERE WILL TAKE THE DISTINCTION BETWEEN THE FRG GOVERNMENT AND COURTS. ALREADY, TOO, HMG ARE HOLDING UP DEFENCE SUPPLIES, WHICH WE ARE CONTRACTED TO DELIVER AND FOR WHICH THE IRANIANS HAVE PAID. IF WE ARE TO BE DRAWN DOWN THIS ROAD, IT SEEMS TO ME IMPORTANT THAT WE SHOULD DO SO WITH OUR EYES OPEN, AFTER FULL CONSIDERATION OF THE COURSES OPEN TO US AND OF THE LIKELY CONSEQUENCES. TO MITIGATE THOSE CONSEQUENCES, IT IS PARTICULARLY IMPORTANT THAT WE SHOULD ACT IN CONCERT WITH THE REST OF THE COMMUNITY.

6. ONE COURSE, ALREADY ADVOCATED IN PARLIAMENT, WOULD BE TO WITHDRAW ALL OUR EMBASSIES, LEAVING ONLY CARETAKERS. MERE RUNNING DOWN OF STAFF WOULD NOT BE EFFECTIVE AS A GESTURE: TOTAL WITHDRAWAL MIGHT SHAKE THE IRANIAN PUBLIC AT LEAST. IT WOULD LEAVE US HOWEVER WITH NO POSSIBILITY FOR FURTHER DIPLOMATIC ACTION., IT WOULD LEAVE UNPROTECTED OUR COMMUNITIES AND TRADE., AND IT WOULD LEAVE THE FIELD OPEN TO THE EAST EUROPEANS FOR AN INDEFINITE PERIOD (ONCE OUT, WE MIGHT NOT FIND IT EASY TO GO BACK). IN OUR OWN CASE, IT ALSO RISKS THE TAKE-OVER OF OUR TWO COMPOUNDS, VALUABLE ASSETS FOR WHICH WE SHOULD NOT SEE COMPENSATION.

7. OTHER OBVIOUS MEASURES INCLUDE THE BLOCKING OF IRANIAN

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FUNDS (ULTRA VIRES IN THE UK IN PRESENT CIRCUMSTANCES), A TRADE BOYCOTT, WHICH WE HAVE ALWAYS OPPOSED ON PRINCIPLE EXCEPT UNDER A MANDATORY U N RESOLUTION, A REFUSAL TO BUY IRANIAN OIL, WHICH WOULD HURT US MORE THAN IRAN, THE INTRODUCTION OF VISAS FOR IRANIANS, WITH ALL THE PROBLEMS THAT WOULD BRING, THE ROUNDING UP AND EXPULSION OF IRANIANS ILLEGALLY IN BRITAIN, WHICH IS PROBABLY IMPOSSIBLE ON PRACTICAL AND LEGAL GROUNDS, AND SO ON - ALL MEASURES WHICH ARE EITHER NOT OPEN TO US ON GROUNDS OF LAW OR PRINCIPLE OR LIKELY MERELY TO IRRITATE WITHOUT INDUCING A NEW FRAME OF MIND. MOREOVER WHILE BLACKMAIL IS UNPLEASANT, IT HAS TO BE ACCEPTED AS A FACT THAT ANY MEASURE THAT IS RECOGNISED OR PERCEIVED HERE AS A FORM OF PRESSURE, IS LIKELY TO PROVOKE A SEVERE REACTION AGAINST THE REMAINING BRITISH INTERESTS, INCLUDING THIS EMBASSY (AND THIS APPLIES TO THE HOLDING UP OF DEFENCE SUPPLIES ONCE THE IRANIANS DETECT A POLITICAL MOTIVE FOR IT).

8. THE CONCLUSION THEN IS NOT CHEERFUL. OTHER OPTIONS MIGHT INCLUDE A CHAPTER VII RESOLUTION IN THE SECURITY COUNCIL CALLING FOR THE RELEASE OF HOSTAGES AND THREATENING, AND PERHAPS RUNNING TO, TRADE SANCTIONS, BUT I DOUBT WHETHER THERE WOULD BE SUPPORT FOR SUCH A RESOLUTION EVEN IF THE AMERICANS EVER GET A FAVOURABLE VERDICT FROM THE ICJ. I AM DRIVEN BACK TO THE CONCLUSION THAT FINALLY A QUICK TRIAL OF SOME AT LEAST OF THE HOSTAGES, RESULTING IN CONVICTION AND A SENTENCE OF EXPULSION IS PROBABLY THE ONLY PRACTICAL WAY OUT OF THE IMPASSE. AND THE GREATER THE OUTCRY IN THE U S, THE BETTER THIS WOULD SERVE IN IRAN. THE PROBLEM IS HOW TO ARRIVE AT THIS RESULT. SOME INDICATION BY THE U S OF A READINESS TO ACCEPT EXTRADITION DOCUMENTS FOR THE SHAH MIGHT HELP, AS MIGHT THE EARLY DEPARTURE OF THE SHAH FROM THE U S. EQUALLY KHOMEINI IS CAPABLE OF CARRYING THROUGH A

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VOLTE - FACE (LAST TWO WORDS UNDERLINED) IF HE JUDGED IT IN
HIS INTERESTS , BUT I SEE NO SIGN OF FLEXIBILITY SO FAR
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DEF D	NEWS D
CONS D	POD
CONS EM UNIT	PSD
SED	PS
NAD	PS/SIR I GILMOUR
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