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DEFENCE AND OVERSEAS POLICY COMMITTEE

Memorandum by the Secretary of State for Foreign & Commonwealth
Affairs

SANCTIONS AGAINST IRAN

1. Since we last discussed this on 24 April, the attitudes of our European partners have become clearer. The Italians, French, and Germans all clearly wish to avoid banning the export of goods to Iran under existing contracts. The Germans have made compromise proposals designed to establish criteria for deciding which contracts to ban and which to exempt. But my impression is that all wish, without admitting it and thus publicly modifying the decision of the Nine to support the Americans, to find loopholes for allowing existing contracts to continue.
2. Some of my colleagues have also expressed doubts about the problems over compensation and other questions which will arise if firms are forced to abandon existing contracts for the supply of goods.
3. In addition, it has become clear that there will be major problems in securing Parliamentary approval for the legislation to which we are committed, unless we make some concessions.
4. I have therefore given instructions that, at the EC Experts meeting on 5 May, the UK delegation should not insist on agreement between the Nine on banning existing supply contracts. Then, if a consensus seems likely to develop in favour of permitting existing supply contracts in practice to continue, our delegation should accept it - but should avoid any appearance of taking the lead in the erosion of the full UN Sanctions proposal

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(though I fear that our refusal to legislate on the financial measures may already have led to such an impression).

5. During my visit to Washington I shall seek to explain to the Americans that there are real difficulties, both legal and parliamentary, in implementing the full UN Sanctions on 17 May and that a graduated response by the Nine may be necessary if, as we must expect, the Iranians have not moved by then.

6. By the time we meet on 7 May there will be further information about the views of our major allies, including Japan (who at present seem to be in the same position as the other countries) and I shall be able to give a first hand account of American attitudes. But unless there are unforeseen developments I hope to be able to invite my colleagues to agree that certain difficult measures (and in particular existing supply contracts) should be exempted, at least initially, from our implementation of the provisions of the UN draft Resolution and that, in presenting our fulfilment of the decisions of the Nine we should emphasise that our approach is a graduated one.

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FOREIGN AND COMMONWEALTH OFFICE
4 May 1980