

*OAS*  
**PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T 629/82**



*Subject filed on:  
Foreign Policy,  
East/West Relations  
Part 2.*

*cc OD  
CO*

10 DOWNING STREET

THE PRIME MINISTER

5 April 1982

*Dear Ron*

Thank you for your message of 8 March about the visit to Europe of Under-Secretary Buckley.

As you will have heard, Mr. Buckley and his team spent 17 March in London. They met Peter Carrington and had talks with a team of British officials which filled most of the day. I understand that they gave a detailed account of your concerns about the granting of Western credit to the Soviet Union and made a number of suggestions about how these might be met. We have since been studying these suggestions and Peter Carrington is writing to Al Haig to give our views about some of them.

I share your concern about the manner in which Western Governments and banks have built up increasing credit exposure in the Soviet Union. There is a problem here that we must consider carefully. I look forward to discussing it with you personally during your visit to London in June.

For future work on this subject I think we must find a framework which will allow the necessary analytical work to be done and which will also link action with the outstanding action on East/West economic relations which was commissioned in the North Atlantic Council Declaration of 11 January. Operationally, we must ensure that all the countries which matter in terms of granting credit to the Soviet Union, including Japan, are associated with the work. We also need to avoid action which may cause greater damage to the West collectively than to the Soviet Union or disproportionate difficulties for particular Western countries.

/I also



I also attach great importance to the subject raised in my message of 29 January - that of existing contracts between British companies and Soviet importers affected by the measures which you announced on 29 December. It is now more urgent, as the companies concerned will soon have to make decisions about their manufacturing programmes in relation to these contracts. The most important of the companies concerned, John Brown Engineering, has held decisions in suspense for three months, but time is now running short for them. It would therefore be most helpful to know whether you can accept the arrangement about reciprocal commitments which I suggested in my message.

Very good wish

Yours

Raymond

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