



FILE

T.P.

SUBJECT

J.C. Harbat set

## 10 DOWNING STREET

From the Private Secretary

8 January 1982

POLAND

The Prime Minister held a meeting at 5 p.m. on 7 January to consider the proposals in your letter to me of 6 January. The meeting also had before it the Foreign and Commonwealth Secretary's minute of 5 January (FCS/82/3) to the Minister of Agriculture; and some of those present had seen the latter's reply, in Robert Lawson's letter to you of 7 January. The meeting was attended by the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for Industry, the Secretary of State for Trade and Mr. Wade-Gery.

The Foreign and Commonwealth Secretary said that the communique issued by the Foreign Ministers of the Ten Member countries of the European Community on 4 January had been helpful in condemning both repression by the Polish authorities and the hostile role of the Soviet Union; and in undertaking not to undermine American economic measures against the Russians, although it had naturally not been possible to spell out what this would involve. The communique had been well received by the United States Government, and the subsequent meeting between President Reagan and Chancellor Schmidt had also gone reasonably well. American public opinion was nevertheless deeply concerned about what was seen as weakness among the European allies. The United States Government were therefore very anxious to see the Europeans take some concrete steps against the Soviet Union as well as Poland; but they recognised that these need not exactly match the steps they themselves had already taken. The Americans had chosen measures which signalled their displeasure while not doing great harm to their material interests; and they tacitly accepted that it would be reasonable for the EC to do the same. It would now be necessary to discuss the matter at the meeting of NATO Foreign Ministers on 11 January and subsequently among the Ten. European action against the Soviet Union, to which some of the Ten were wholly opposed, would be harder to agree on than on action against Poland. But there should be a reasonable chance of progress if he could put forward a package of possible measures, on the lines of those listed in your letter under reference, which would convey a clear signal both to the Americans and to the Russians and Poles without seriously damaging European interests. If agreement on such a package proved impossible, it would be necessary to consider how far Britain might take action on her own; but for the present that difficult decision did not arise.

/The Secretary of State

The Secretary of State for Trade welcomed the Foreign and Commonwealth Secretary's proposals as a well-judged response to a difficult situation. A signal was clearly needed. But he was glad that comprehensive economic sanctions were not being suggested, given their uncertain efficacy and the considerable damage to British interests they would involve.

In discussion there was general agreement with the course proposed by the Foreign and Commonwealth Secretary. The following points in particular were noted.

(a) Of the proposed measures against Poland, the suspension of subsidised sales of EC food might prove the hardest to agree on, in the face of opposition from the French and possibly the Germans. Britain had a right of veto; but if the prospect were that this would have to be used in uncomfortable isolation it might be preferable simply to make clear that there would be no British participation in such sales.

(b) Among the proposed measures against the Soviet Union, termination of the Maritime Agreement would do little harm to British interests and might have incidental advantages if the number of Soviet sailors visiting British ports were reduced. It would irritate more than harm the Soviet Union, and would not take effect until 12 months' notice had expired; but it would be welcomed by the Americans as an appropriate gesture.

(c) As regards factory fishing, the Minister of Agriculture's need to consult the fishing industry about the proposed new licensing system was understood. But the idea of using that system to discriminate against the Russians would do no harm to British interests and would need to be canvassed with Britain's partners in the coming week. Any prior consultation needed should therefore be undertaken on 8 January.

(d) Possible COCOM measures against Poland and against the Soviet Union were further examined in a minute which the Foreign and Commonwealth Secretary was on the point of circulating to the Prime Minister and others concerned. In this context it was not clear whether the measures already taken by the Americans against the Soviet Union applied to existing contracts as well as new ones. It was to be hoped that they did not, as the EC had strongly urged. Otherwise serious difficulties could arise for British, German and Italian firms over contracts for equipment for the West Siberian pipeline which involved components made in the United States or under United States licence. It would be unwise of the Americans to press this point, since the European firms could if necessary find ways round any American ban; but the process of doing so would be highly inconvenient.

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(e) Some of the Government's supporters in Parliament were critical of the United States Government's measures against the Soviet Union, which were seen as precipitate and probably ineffective. There would therefore be advantage in any British measures being so far as possible seen to be part of a distinct European response to the present crisis. In practice, however, there would be little scope for disguising the fact that European and American policies were being co-ordinated, e.g. in the NATO forum; nor would it be desirable to underplay the extent of such co-ordination, given the importance of unity of purpose within the Western Alliance.

Summing up the discussion the Prime Minister said that it was right to deny any help to Poland which would assist the regime in its present repressive policies; and to work for a series of European gestures against the Soviet Union which would echo but not necessarily copy the gestures being made by the United States. The Foreign and Commonwealth Secretary should therefore proceed as he had suggested. The Americans had chosen measures which were not likely to do serious harm to their interests, and it was reasonable that the members of the EC should do the same. It was important that American restrictions on technology exports should not be allowed to damage the current contracts of British firms such as John Brown; and the Foreign and Commonwealth Secretary, in consultation with the Secretary of State for Trade, should report further if this problem could not be satisfactorily clarified. The Minister of Agriculture's proposed consultations with the fishing industry over licensing in relation to factory fishing should be begun at once, i.e. on 8 January (you will have seen the separate letter on this which I sent to Robert Lawson last night).

I am sending copies of this letter to the Private Secretaries to the Chancellor of the Exchequer, the Secretaries of State for Industry and Trade and the Minister of Agriculture; and to David Wright (Cabinet Office).

Z. J. COLLS

Brian Fall, Esq.,  
Foreign and Commonwealth Office.

Draft Letter from Mr Coles to Mr Fall, FCO

CONFIDENTIAL

Poland

*Plush  
8/1/82.*

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Europeans take some concrete steps against the Soviet Union as well as Poland; but they recognised that these need not exactly match the steps they themselves had already taken. The Americans had chosen measures which signalled their displeasure while not doing great harm to their material interests; and they tacitly accepted that it would be reasonable for the EC to do the same. It would now be necessary to discuss the matter at the meeting of NATO Foreign Ministers on 11 January and subsequently among the Ten. European action against the Soviet Union, to which some of the Ten were wholly opposed, would be harder to agree on then on action against Poland. But there should be a reasonable chance of progress if he could put forward a package of possible measures, on the lines of those listed in your letter under reference, which would convey a clear signal both to the Americans and to the Russians and Poles without seriously damaging European interests. If agreement on such a package proved impossible, it would be necessary to consider how far Britain might take action on her own; but for the present that difficult decision did not arise.

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CONFIDENTIAL

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