

2



From the Secretary of State

CONFIDENTIAL

John Coles Esq  
Private Secretary  
10 Downing Street  
London, SW1

Prime Minister

To note. I have already made,  
on your behalf, the point at X.

A.F.C. 18.1

MT.

A.F.C. 20.1

h.a.

18th January 1982

Dear John,

John are you holding this letter

Francis Richards' letter of 13 January, (paragraph 3), sought agreement to the possibility of a statement in Parliament immediately after the decisive session in NATO. I am writing to record my Secretary of State's view that before such an announcement is made, and any final decisions are taken, Ministers will need to review the contents of any United Kingdom "package".

Your letter of 8 January recording the meeting at Number 10 the previous day, makes clear Ministers' agreement that measures taken by the United Kingdom should not be such as to harm our interests to a greater extent than the Americans were prepared to hurt their own. Concern was also expressed about the effect of American measures on existing contracts of United Kingdom firms; the Foreign and Commonwealth Secretary, in consultation with my Secretary of State, was asked to report back if the problem could not be satisfactorily clarified. The problem remains; the American measures will do substantial damage to our economy if they are not changed. Contracts totalling some £110m are directly at risk and there will be continuing damage to our trade which could amount annually to as much again or even more.

Other EC countries are likely to be affected to at least a similar extent. We will face a very difficult time in Parliament in defending such measures as are agreed unless there is a rough equality of sacrifice among members of the Alliance (including Japan). There will be sharp criticism from both our own supporters and the Opposition if United Kingdom firms are forced into cancelling contracts with consequential effects on unemployment as a result of United States measures.

CONFIDENTIAL





*From the Secretary of State*

CONFIDENTIAL

Therefore my Secretary of State considers that before any United Kingdom measures against the USSR and Poland are agreed or announced, Ministers should collectively review the United Kingdom package in the light of the measures proposed by our Allies; in particular we will need to consider the United States attitude on the effect of their measures for United Kingdom firms with binding contractual commitments.

Copies of this go to all recipients of Francis Richards' letter.

Yours Sincerely,

Jonathan Rees

J N REES  
Private Secretary

CONFIDENTIAL





JAN 8 1962

FEB 1 1962  
FBI

COMMUNICATIONS SECTION

UNITED STATES DEPARTMENT OF JUSTICE