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TO IMMEDIATE FCO

TELEGRAM NUMBER 282 OF 25 JANUARY 1982

INFO IMMEDIATE WASHINGTON UKDEL NATO

INFO PRIORITY PARIS BONN MOSCOW WARSAW

INFO SAVING BRUSSELS COPENHAGEN THE HAGUE ROME DUBLIN

LUXEMBOURG ATHENS

MIPT: POLAND

FOLLOWING IS UNOFFICIAL TEXT OF GUIDELINE

IT IS UNDERSTOOD THAT APART FROM THE COMMUNICATION TO BE MADE TO MR HAIG, SECRETARY OF STATE, ON THE PROCEEDINGS OF THE CSCE, THE PRESIDENT WOULD ALSO BE AUTHORIZED TO INFORM THE AMERICAN SECRETARY OF STATE:

1. THAT, IN ACCORDANCE WITH THE COMMISSION'S PROPOSAL AND UNDER THE PRESENT CIRCUMSTANCES THE COMMUNITY INTENDS TO DISCONTINUE SALES TO POLAND OF FOODSTUFFS ON SPECIAL TERMS (INSTALMENT 3B). THE FUNDS EARMARKED FOR THIS PURPOSE WILL BE WHOLLY OR PARTIALLY USED FOR PURELY HUMANITARIAN AID (IN THE FORM OF GIFTS) TO THE POLISH PEOPLE ROUTED THROUGH THE NGO'S. THE COMMISSION AND COREPER HAVE BEEN INSTRUCTED TO IMPLEMENT THIS HUMANITARIAN MEASURE AND PARTICULARLY TO DETERMINE EXACTLY WHICH AMOUNTS SHOULD BE DEVOTED TO THIS PURPOSE. IT IS OF COURSE UNDERSTOOD THAT EXPORTS ON NORMAL TERMS MAY CONTINUE.
2. THAT, AS REGARDS EXPORT CREDITS, THE COMMUNITY WILL PROPOSE WITHOUT DELAY TO ITS OECD PARTNERS THAT THE USSR BE TRANSFERRED FROM THE CATEGORY OF INTERMEDIATE COUNTRIES IN WHICH IT NOW IS (CATEGORY 2) TO THE CATEGORY OF RELATIVELY RICH COUNTRIES (CATEGORY 1). THIS WOULD INCREASE THE RELEVANT INTEREST RATES FROM 10.5 PER CENT TO 11 PER CENT FOR CREDIT PERIODS OF 2 TO 5 YEARS AND FROM 11 PER CENT TO 11.25 PER CENT FOR CREDIT PERIODS OF 5 TO 8.5 YEARS.
3. THAT THE COUNCIL HAS INSTRUCTED COREPER, IN CONJUNCTION WITH THE COMMISSION, TO SEE WHAT TRADE POLICY MEASURES RELATING TO IMPORTS WOULD BE OPEN TO THE COMMUNITY TO TAKE VIS-A-VIS THE USSR, ON THE UNDERSTANDING THAT THIS STUDY WOULD BE WITHOUT PREJUDICE TO THE EVENTUAL OPERATIONAL DECISIONS, WHICH WOULD DEPEND ON SUBSEQUENT DECISIONS TAKEN BY THE COUNCIL OR BY MEMBER GOVERNMENTS.

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ON THIS OCCASION THE COUNCIL COULD ALSO INSTRUCT COREPER AND THE COMMISSION TO CONDUCT AN EXCHANGE OF INFORMATION AND AN ANALYSIS OF THE ECONOMIC MEASURES TAKEN BY THE UNITED STATES IN RESPECT OF THE SOVIET UNION WITH A VIEW TO IDENTIFYING THEIR EXACT SCOPE AND THEIR IMPACT ON THE ECONOMY AND TRADE OF THE MEMBER STATES OF THE COMMUNITY. IN THE LIGHT OF THIS STUDY THE COUNCIL WOULD BE CALLED UPON TO DECIDE WHAT CO-ORDINATED ACTION WAS NECESSARY TO IMPLEMENT THE COMMITMENT NOT TO UNDERMINE EACH OTHER'S MEASURES GIVEN IN PARAGRAPH 7 OF THE STATEMENT MADE BY THE MINISTERS FOR FOREIGN AFFAIRS ON 4 JANUARY.

FCO ADVANCE TO:

FCO - PS/SOFS; PS/LPS; PS/PUS; BRIDGES; EVANS; BULLARD; FERGUSSAN;
CROWE; BROOMFIELD; MS YOUNG

CAB - WENTWORTH

DDT - CORLEY

MAFF - PARKHOUSE; BARKER (ERD)

TSY - MOUNTFIELD

FCO PASS SAVING TO COPENHAGEN THE HAGUE ROME DUBLIN
LUXEMBOURG ATHENS

BUTLER

LIMITED
ECDE
EESD
CSCE UNIT
NAD
SED
WED
ESID
TRED
PLANNING STAFF
ERD
PUSD

NEWS D
PS
PS/LPS
PS/LORD TREFGARNE
PS/PUS
MR BULLARD
LORD BRIDGES
MR GODDISON
MR EVANS
MR HANNAY
MR HAYES

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2
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