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From the
Minister for Trade

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Prime Minister
To note. Hon Secy Duty Clerk
3-2-82
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John Carrington

POLAND - TERMINATION OF ANGLO-SOVIET MARITIME AGREEMENT

I understand that our NATO spokesman has announced tonight agreement in the NAC that certain maritime agreements with the USSR are to be terminated, but without identifying Britain as one of the countries involved in this. This is in line with what was agreed at the Prime Minister's meeting yesterday afternoon.

I also understand however that this aspect of the matter may be discussed further at Cabinet tomorrow; and that it may be suggested that the UK should identify itself as resolved to denounce the Anglo Soviet Treaty on Merchant Navigation independently of its Allies.

I am therefore minuting you in John Biffen's absence abroad, in order to ensure that there is no misunderstanding in Cabinet as to the effects of such action. These effects are summarised in the Annex to this minute. Denouncing this Treaty would not affect the imbalance in carryings between ourselves and the USSR because the Treaty does not provide for the volume of shipping services in either direction. It would however free the Soviets' hands to take discriminatory action against British ships and British seamen in their ports, although this could lead to retaliatory action by the UK against their ships, but not against their seamen, if we were prepared to go that far. It would also go beyond the action taken by the US in this field, who have simply allowed their maritime agreement with the Soviets to lapse by 31 December 1981 without closing the option of renewing it later.

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Colleagues will wish to weigh these consequences before deciding to go beyond what we have already agreed.

I am copying this letter to the Prime Minister and the other members of the Cabinet, and Sir Robert Armstrong.

Peter Rees

PETER REES

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TERMINATION OF THE ANGLO-SOVIET MARITIME AGREEMENT

1 The Anglo-Soviet Maritime Agreement, besides committing both parties to follow the principles of free and fair competition in international shipping, provides the following safeguards for British shipping and British seafarers in the Soviet Union:-

(a) it affords to the vessels of both parties free access to their ports on the same basis as to the vessels of any third country. In theory since the volume of traffic is in favour of the Russians / ^{termination} should tell against them but of course it assumes that the UK would be prepared to take retaliatory action under the Merchant Shipping Act 1974.

(b) it affords equal treatment to the seamen of both parties in their ports. The removal of this safeguard would expose British seafarers in the USSR to harrassment of various kinds as I mentioned yesterday. The Consular agreement may not be sufficient protection against this danger. Our powers give us much less freedom to harrass Soviet seamen than they possess to harrass us.

2 The Agreement, unlike the US/Soviet Maritime Agreement, does not in any way regulate the volume of Russian shipping calling in the UK, whether in bilateral or cross trades. Its termination will therefore leave the volume of Russian shipping calling here unaffected.

3 Restrictions on Soviet shipping, or the denial of access by Soviet ships to UK ports would require new primary legislation, (unless the Soviets acted against our shipping first, in such a way as to trigger our retaliatory powers in the 1974 Merchant Shipping Act, which it would seem fair to assume. This would require a statutory instrument subject to the affirmative resolution procedure in both Houses).