

POLAND : ADVANCE COPIES

IMMEDIATE

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 LORD BRIDGES
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 MR WRIGHT
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 MR GOODISON
 HD/TRED
 HD/UND
 HD/EESD(ALLOCATED)
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 HD/WED
 HD/ECD(E)
 HD/PLANNING STAFF
 HD/ERD
 HD/NEWS D
 ND/CONS D
 HD/CONS EM UNIT
 RESIDENT CLERK

Mr Giffard
Mr Lee
Head N/A

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 ASSESSMENT STAFF
 CABINET OFFICE
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 MR FRANKLIN
 MR CAINES
 MR CORLEY
 MR POWNALL

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CONFIDENTIAL

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TO IMMEDIATE F C O

TELEGRAM NUMBER 2388 OF 9 JULY

INFO PRIORITY BONN, PARIS, ROME.

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SIBERIAN PIPELINE AND POLAND

1. I HAVE SPOKEN TO EAGLEBURGER ABOUT THE STORY IN TODAY'S NEW YORK TIMES (SUMMARISED IN M I F T) THAT THE ADMINISTRATION IS HOPING THAT THE POLISH REGIME WILL ANNOUNCE CHANGES ON THEIR NATIONAL DAY (22 JULY) SUFFICIENT TO JUSTIFY AN EASING OF U.S. SANCTIONS. THE REPORT IS ALLEGEDLY BASED ON DISCUSSIONS WITH OFFICIALS IN THE WHITE HOUSE, THE INTELLIGENCE COMMUNITY, AND THE COMMERCE DEPARTMENT. BUT THE AUTHOR (GELB) IS A FORMER STATE DEPARTMENT OFFICIAL. HIS ACCOUNT REPRESENTS STATE DEPARTMENT HOPES AS WELL AS THE FACTS, AND NEEDS TO BE INTERPRETED WITH CAUTION.

2. THERE ARE TWO ISSUES HERE:

- (A) WHAT CHANGES IN POLAND THE AMERICANS JUDGE LIKELY; AND
- (B) WHETHER THE PRESIDENT WILL THINK THAT THESE CHANGES WOULD JUSTIFY A RELAXATION OF HIS SANCTIONS.

JUSTIFY A RELAXATION OF HIS SANCTIONS.

3. ON THE FIRST, STATE DEPARTMENT OFFICIALS TELL US THAT THE POLISH AUTHORITIES MAY BE CONSIDERING A NUMBER OF OPTIONS, INCLUDING SOME QUITE RADICAL ONES, FOR A POSSIBLE POLITICAL INITIATIVE. THESE MIGHT INCLUDE RELEASE OF SOME OR MOST OF THE REMAINING DETAINEES; THE LIFTING OF MARTIAL LAW; THE RELEASE OF WALESA; AND THE ANNOUNCEMENT OF A QUOTE TRADE UNION STATUTE UNQUOTE. MUCH WOULD OBVIOUSLY DEPEND ON HOW FAR THE POLES NOW BELIEVE THEY HAVE THE POLITICAL AND SECURITY SITUATION FIRMLY UNDER CONTROL. BUT EAGLEBURGER DOUBTED THAT ANYTHING VERY STRIKING WOULD EMERGE IN THE END.

4. ON THE SECOND, EAGLEBURGER THOUGHT THAT IT WAS HIGHLY UNLIKELY THAT THE PRESIDENT WOULD RELAX HIS CONDITIONS FOR RAISING THE SANCTIONS. THE POLICY WAS IN THE HANDS OF THE RIGHT WING OF THE REPUBLICAN PARTY. ANY POLISH MOVES WOULD HAVE TO BE SUBSTANTIAL, NOT COSMETIC, TO MAKE A DIFFERENCE. EAGLEBURGER'S JUDGEMENT HAS BEEN CONFIRMED BY AN NSC CONTACT.

COMMENT

5. BECAUSE OF THE PRESIDENT'S PERSONAL ENGAGEMENT, WE MUST EXPECT THAT HE WILL RELAX THE SANCTIONS ONLY WITH SOME PLAUSIBLE JUSTIFICATION. NEVERTHELESS, WE HAVE SOME INDICATIONS THAT THE WHITE HOUSE HAS BEEN SURPRISED BY THE STRENGTH OF THE EUROPEAN REACTION. A REVIEW OF THE CONTENTIOUS ECONOMIC ISSUES NOW BURDENING THE TRANSATLANTIC RELATIONSHIP IS TO BE PUT TO THE PRESIDENT, THOUGH PROBABLY NOT BY THE END OF NEXT WEEK AS ORIGINALLY PLANNED (THE REVIEW GROUP IS CHAIRED BY TREASURY SECRETARY REGAN IN THE ABSENCE OF A SECRETARY OF STATE; BUCKLEY IS ON IT, TOGETHER WITH REPRESENTATIVES FROM COMMERCE, USTR, DEFENSE, AGRICULTURE, CIA AND NSC).

6. THE ADMINISTRATION CAN HARDLY WANT AN EXPANDING ROW MOSTLY BENEFITING THE RUSSIANS. THIS SUGGESTS

(A) THAT THE EUROPEANS MUST GO ON BEING FIRM WITH THE AMERICANS, ESPECIALLY IN PRIVATE;

(B) THEY SHOULD NOT MAKE IT HARDER FOR THE PRESIDENT TO JUDGE POSITIVELY ANY MEASURES THE POLES TAKE.

HORMATS AGREES BROADLY WITH THIS ASSESSMENT. HE HOPES THAT AT THEIR MEETING IN PARIS ON MONDAY 12 JULY, BRIDGES SHOULD REITERATE OUR POSITION ON SANCTIONS. BRIDGES MIGHT ALSO PROPOSE THAT THERE SHOULD BE PROPER CONSULTATION BETWEEN THE ALLIES BEFORE ANYBODY COMMENTS PUBLICLY ON ANY MEASURES WHICH EMERGE IN WARSAW. IT WOULD BE UNFORTUNATE IF THE AMERICANS PUBLICLY CLAIMED THAT SUCH MEASURES

PUBLICLY ON ANY MEASURES WHICH EMERGE IN WARSAW: IT WOULD BE
FORTUNATE IF THE AMERICANS PUBLICLY CLAIMED THAT SUCH MEASURES
DID NOT JUSTIFY RELAXING SANCTIONS WHILE THE EUROPEANS CLAIMED
THE OPPOSITE. (THIS IS THE THOUGHT REPORTED IN BRAITHWAITE'S
TELELETTER OF 8 JULY TO BRIDGES). HORMATS THOUGHT IT WOULD BE
USEFUL IN THE POLICY DEBATE HERE IF HE COULD REPORT BACK SOME SUCH
EUROPEAN REACTION.

RESIDENT CLERK PLEASE INFORM BRIDGES BEFORE HE LEAVES FOR PARIS.

ADVANCE COPIES ON 12 JULY TO BULLARD, EVANS, BROOMFIELD (EESD) AND
GOWLLAND (TRED).

HENDERSON

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