DEPARTMENT OF TRADE 1 VICTORIA STREET LONDON SW1H 0ET

(2)

Prime Minister

A.J.C. 25/2

CONFIDENTIAL

From the Secretary of State

Rt Hon Lord Carrington PC KCMG MC
Secretary of State for Foreign
and Commonwealth Affairs
Whitehall
London SW1

17 February 1982

Dear Peter,

ANGLO/SOVIET SHIPPING TREATY

We have told the Soviet Ambassador of our intention to renegotiate this Treaty. You will wish to know the objectives I shall be seeking to achieve in doing so. The essential problem is the great imbalance between British and Soviet carryings of our mutual seaborne trade. We do not accept that this should continue, but the Treaty in its present form contains no provisions on which we can rely in order to improve it.

My broad objective will therefore be to increase the share of the bilateral trade carried in British ships; and to this end to secure Soviet agreement to specific targets. My initial concern will be with the liner trade.

How far we go in seeking to raise our share of this market is something I shall need to reassess during the negotiations. Increasing the share carried by our shipping would not necessarily be without its costs for our trade. Much will depend on the willingness of the UK line now involved in the trade, or some other line, to overcome their present reluctance to commit additional tonnage to it; and that may depend in turn on their securing freight rates significantly higher than those at which the trade is now carried. Part of the cost of this would fall on our exporters and importers, so it will be a question of finding the right point of balance for British interests as a whole.

From the Secretary of State

As a separate objective, discussions are taking place between Departments on the possibility of limiting in the interest of security the number of British ports open to Soviet vessels, and the possibility of requiring Soviet vessels to give advance warning of their arrival. We shall of course see how these matters can also be pursued during the renegotiations.

I shall also be consulting our main Community partners. We have recently had some useful experience of the value of a concerted response to Soviet shipping, when we and four other Northern European countries got some useful concessions concerning the Soviet merchant fleet's activities in the cross-trades out of Northern Europe and the UK. We also know that these EC countries share our dissatisfaction with the shipping of their bilateral trade with the USSR, and I want to explore the scope for a concerted approach to this problem too.

I am copying this letter to our colleagues on MISC 19, and to Sir Robert Armstrong.

Yours

John Biffen

JOHN BIFFEN

DEPARTMENT OF TRADE 1 VICTORIA STREET LONDON SW1H 0ET Telephone 01-215 7877

Soviet Union

(2)

Prime Minister

A.J.C. 12/3.

From the Secretary of State

CONFIDENTIAL

The Rt Hon Humphrey Atkins MP
Lord Privy Seal
Foreign and Commonwealth Office
Downing Street
London, SW1A 2AL

11 March 1982

A.J.C. 15/3

f.a.

Dear Humphrey

ANGLO-SOVIET SHIPPING TREATY

Thank you for your letter of 24 February about the Anglo-Soviet Shipping Treaty. I am glad to see that you endorse our overall objectives.

As to the timing of these negotiations, we have already had discussions about them with the General Council of British Shipping and with the British line involved in the trade, the United Baltic Corporation. I would hope that we shall be able to complete our consultations with our main Community partners during the Spring and thereafter to approach the Soviet side without delay.

Copies of this letter go to the Prime Minister, our colleagues on MISC 19, and to Sir Robert Armstrong.

Yours
John Biffen

JOHN BIFFEN

CONFIDENTIAL

Soviet Union

Foreign and Commonwealth Office
London SW1

24 February 1982

Dear John,

ANGLO/SOVIET SHIPPING TREATY

Thank you for your letter of 17 February to Peter Carrington which sets out the objectives you will be pursuing in the course of the renegotiation of the 1968 Anglo/Soviet shipping Treaty.

While I agree that the main aim should be to include provisions to correct the current imbalance in our bilateral trade, I am pleased to see that you are also looking at the possibilities of port closures and advance notification of Soviet vessels. In addition, anything you can do to achieve a common Community approach to the broader issues of the global activities of the Soviet Merchant Shipping Fleet is to be welcomed. It should be borne in mind that our treaty with the Soviet Union is more permissive than the equivalent treaties of our major partners and allies with the Russians.

I would be grateful if you could let me have some indication of the timetable and mechanism you envisage for consulting with partners and the opening of negotiations with the Soviet side. We must impress upon the Russians that we are serious in our aims and that our proposal to renegotiate, whilst an integral part of our response to developments in Poland, was not a purely political gesture; failure on their part to negotiate seriously could have implications for the future of the Treaty itself.

I am copying this letter to the Prime Minister, our colleagues on MISC 19 and to Sir Robert Armstrong.

Yours ever

Humphrey

The Rt Hon W John Biffen MP
Secretary of State for Trade
1 Victoria Street
LONDON SW1