

GRS 800
CONFIDENTIAL
DESKBY 160900Z
FM PARIS 151900Z DEC 82
TO IMMEDIATE FCO

CONFIDENTIAL

[AMENDED DISTRIBUTION]

TELEGRAM NUMBER 1198 OF 15 DECEMBER 1982
INFO IMMEDIATE WASHINGTON PRIORITY BONN UKDEL NATO ROME BRUSSELS
THE HAGUE MADRID MOD(DS17)

MT

MY TELNO 1196: SHULTZ'S VISIT TO PARIS

1. A SECOND, IMPROMPTU PRESS CONFERENCE, CONVENED BY SHULTZ AND CHEYSSON AFTER THEIR DINNER YESTERDAY EVENING AND THEREFORE NOT REFLECTED IN THIS MORNING'S FRENCH PRESS AND AGENCY REPORTS, GAVE A MORE POSITIVE IMPRESSION OF THE PROGRESS MADE ON EAST/WEST ECONOMIC RELATIONS. THE ELYSEE, HOWEVER, CONTINUE TO INSIST ON THE MORE RIGOROUS FACETS OF THE FRENCH POSITION AND THIS DUALITY MAY PERSIST IN BOTH SIDES' PRESENTATION OF THE RESULTS.

2. DESPITE THIS IT SEEMS THAT SHULTZ DID A VERY COMPETENT JOB IN REPAIRING BILATERAL RELATIONS AND ENABLING DISCUSSION TO MOVE FORWARD. IN PARTICULAR THE FRENCH SEEM TO HAVE AGREED THAT NATO DISCUSSION SHOULD BE WIDE ENOUGH TO COVER ECONOMIC ASPECTS OF EAST/WEST RELATIONS INSOFAR AS THEY CONCERN SECURITY, BUT NOT REPEAT NOT TO ACT AS COORDINATOR FOR RELEVANT DISCUSSION IN OECD AND COCOM. SHULTZ HIMSELF WAS CAREFUL TO DISCLAIM THE INTENTION OF SEEKING A "GLOBAL" FRAMEWORK.

DETAIL

3. THE EVENING PRESS CONFERENCE (FULL TRANSCRIPT BY BAG TO TRED FCO, WASHINGTON AND UKDEL NATO) FOCUSED ALMOST EXCLUSIVELY ON EAST/WEST ECONOMIC RELATIONS. SHULTZ SAID BOTH SIDES WERE AGREED THAT THE FOLLOWING ACTIVITIES AND STUDIES SHOULD BE UNDERTAKEN:

- A) ON A STRENGTHENING OF COCOM:
- B) IN COCOM, ON OTHER TYPES OF HIGH TECHNOLOGY, INCLUDING POSSIBLY OIL AND GAS TECHNOLOGY, WHICH MIGHT HAVE A RELATIONSHIP TO SECURITY ISSUES BECAUSE OF THEIR STRATEGIC NATURE.
- C) IN OECD, A PURELY FACTUAL STUDY ON FINANCIAL AND TRADE FLOWS BETWEEN THE SOVIET BLOC AND THE WEST.
- D) IN OECD (WITH THE HELP OF THE IEA), ON ENERGY ALTERNATIVES IN EUROPE, FOR THE US AND FOR JAPAN.
- E) IN OECD, TO MAKE SURE THAT THE WEST WAS NOT PROVIDING THE SOVIET UNION WITH RESOURCES THAT STRENGTHENED ITS MILITARY CAPABILITY.

4. SHULTZ SAID IT WAS DESIRABLE THAT THERE SHOULD BE ADEQUATE CONSULTATION AND COOPERATION AMONG WESTERN COUNTRIES ABOUT THEIR OVERALL OBJECTIVES AND STRATEGIES IN EAST/WEST TRADE INSOFAR AS

CONFIDENTIAL

/SECURITY

SECURITY CONCERNS WERE RELATED TO IT. HE SAID THAT MITTERRAND SEEMED TO FEEL THAT THE BEST PLACE TO CONDUCT THIS STUDY WAS NATO. IT WOULD BE NECESSARY TO FIND A WAY OF ASSOCIATING JAPAN AS WELL. SHULTZ SAID THAT HE WOULD PREFER NOT TO USE WORDS LIKE 'ORGANIC' OR 'GLOBAL' TO DESCRIBE THE PROPOSED CONSULTATION.

5. CHEYSSON CONFIRMED THAT IN THE FRENCH VIEW NATO WAS 'A PROPER PLACE TO CONSIDER AND COORDINATE ACTION FOR ANY MATTER INCLUDING ECONOMIC SUBJECTS INSOFAR AS THEY CONCERN SECURITY'. MATTERS FALLING OUTSIDE THE MAIN SECURITY CONCERNS WOULD HAVE TO BE DISCUSSED WHEN OCCASION AROSE AT SUMMIT OR MINISTERIAL LEVEL. JAPAN SHOULD TAKE ITS SHARE OF RESPONSIBILITY. QUESTIONED ON CREDITS, CHEYSSON SAID THERE HAD BEEN NO PROGRESS IN DISCUSSION SINCE VERSAILLES, BUT THE FLOW OF CREDITS TO THE EAST WAS ALREADY ON THE DECLINE.

6. THE AMERICAN EMBASSY HAS TOLD US THAT SHULTZ TELEPHONED THE WHITE HOUSE JUST BEFORE HIS DEPARTURE AND EXPRESSED SATISFACTION WITH THE VISIT. FOR THE AMERICANS THE COMPROMISE REACHED ON EAST/WEST ECONOMIC RELATIONS WAS REGARDED AS GENUINE PROGRESS. ALTHOUGH THE TOPIC OF HARMONISATION OF EXPORT CREDITS DID NOT FIGURE IN THE LIST OF STUDIES TO BE UNDERTAKEN, THIS WOULD FORM PART OF THE STUDY IN OECD OF RESOURCE TRANSFERS LIABLE TO STRENGTHEN THE SOVIET UNION'S MILITARY CAPABILITY. THIS REPRESENTED A CONCESSION TO THE FRENCH, WHO PREFERRED THAT FORUM BECAUSE OF THE REPRESENTATION OF NEUTRAL COUNTRIES AND THE CONSEQUENT INHIBITION UPON CONSIDERATION OF MILITARY FACTORS. THE EMBASSY SAID THEY WERE SURE THAT MITTERRAND HAD GIVEN HIS BLESSING TO THE LINE TAKEN BY CHEYSSON.

7. FRENCH OFFICIALS ALSO TELL US THAT THE VISIT WAS A HIGHLY SUCCESSFUL ONE. THEY SAID THAT SHULTZ ACHIEVED A GOOD UNDERSTANDING WITH MITTERRAND, THOUGH VEDRINE (ELYSEE) ADDED THAT SHULTZ WAS A VERY GOOD LISTENER. ACCORDING TO VEDRINE THE MAIN FRENCH AIM WAS TO IMPRESS ON THE AMERICANS THAT THEIR INSISTENCE ON FRANCE'S SOVEREIGN INDEPENDENCE OF DECISION-MAKING WAS ABSOLUTE BUT THAT THIS WAS ALSO IN THE AMERICAN INTEREST. THE FREELY-TAKEN FRENCH STANCE ON DEFENCE QUESTIONS WOULD NOT HAVE BEEN SO FIRMLY SUPPORTED BY FRENCH PUBLIC OPINION IF IT SEEMED TO STEM FROM SUBSERVIENCE TO US ECONOMIC POLICIES.

8. IN THE SAME CONTEXT VEDRINE INSISTED THAT THE FRENCH HAD NOT GONE BEYOND THEIR PREVIOUS AGREEMENT THAT EXISTING STUDIES SHOULD CONTINUE IN THE APPROPRIATE BODIES. QUESTIONED ABOUT CHEYSSON'S REPORTED FORMULA IN PARAGRAPH 5 ABOVE, VEDRINE SAID ANYONE COULD PLAY WITH WORDS. NO DOUBT DISCUSSION IN NATO WOULD RANGE A BIT WIDER THAN IN THE OTHER FORA BUT THERE COULD BE NO QUESTION OF ANY COORDINATING MECHANISM, GLOBAL STUDY OR EVEN PULLING TOGETHER OF THREADS FOR DECISION ('CHAPEAU').

2
CONFIDENTIAL

/9.

CONFIDENTIAL

9. WE UNDERSTAND FROM THE QUAI THAT SHULTZ'S DISCUSSIONS OF OTHER INTERNATIONAL POLITICAL ISSUES COVERED NO NEW GROUND. HOWEVER ANDREANI IS TO GIVE A COMMUNITY BRIEFING TOMORROW AFTERNOON.

PETRIE

EAST/WEST ECONOMIC ISSUES - SIBERIAN PIPELINE

LIMITED

TRED
EESD
NAD
PLANNING STAFF
DEFENCE D
ECD (E)
WED
ESID
FUSD
ES & SD
NEWS D

ERD
PS
PS/MR HURD
PS/MR RIFKIND
PS/PUS
SIR J BULLARD
MR GOODISON
MR ADAMS
MR HANNAY
MR THOMAS
MR EVANS
MR GILLMORE

ADDITIONAL DISTRIBUTION

POLAND SPECIAL

COPIES TO:-

MR SUNDERLAND DOT

MR KNIGHTON DOT

COPIES SENT TO
No. 10 DOWNING STREET