

SIBERIAN PIPELINE

ADVANCE COPIES

20

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MR EVANS
MR THOMAS
RESIDENT CLERK

IMMEDIATE

MR GOODALL CABINET OFFICE

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SECRET

DESKBY 130800Z

FM WASHINGTON 130145Z NOV 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 3680 OF 12 NOVEMBER

INFO IMMEDIATE BTDO NEW YORK (FOR PS/S OF S FOR TRADE) PARIS
BONN ROME UKREP BRUSSELS PRIORITY MOSCOW

MIPT: EAST WEST ECONOMIC RELATIONS (PIPELINE)

FOLLOWING IS TEXT OF SHULTZ'S LETTER TO FOREIGN MINISTERS:

BEGINS

I AM SURE YOU SHARE MY SENSE OF SATISFACTION OVER THE GREAT PROGRESS WHICH OUR REPRESENTATIVES HAVE MADE DURING THE PERIOD SINCE OUR MEETINGS IN NEW YORK AND AT LA SAPINIERE IN REACHING A CONSENSUS ON THE BASIC ELEMENTS OF A LONG-TERM ALLIED STRATEGY FOR OUR ECONOMIC RELATIONS WITH THE USSR. WITH THE AGREEMENT ON THE NON-PAPER AND CERTAIN UNILATERAL MOVES WHICH PRESIDENT REAGAN IS PREPARED TO TAKE, WE ARE EFFECTIVELY LEFT WITH ONLY ONE ISSUE, NAMELY THE QUESTION OF HOW WE SHOULD ANNOUNCE PUBLICLY THE RESULTS OF OUR DISCUSSIONS.

AS UNDER SECRETARY ALLEN WALLIS MADE CLEAR TO YOUR REPRESENTATIVES AT THE MEETINGS HERE ON NOVEMBER 8, WE HAVE COME TO THE CONCLUSION THAT THE BEST WAY TO ENSURE THAT THERE ARE NO UNHELPFUL PUBLIC SIGNS OF DISAGREEMENT AMONG US WOULD BE TO RELEASE OFFICIALLY THE TEXT OF THE NON-PAPER ON WHICH WE HAVE AGREED. THIS PAPER, ACCOMPANIED BY BRIEF STATEMENTS WELCOMING THE ALLIED AGREEMENT, WOULD ENABLE US TO AVOID A SITUATION IN WHICH STATEMENTS BY ONE GOVERNMENT COULD CAUSE PROBLEMS FOR ANOTHER. THE PAPER ON WHICH WE HAVE NOW REACHED AGREEMENT WOULD, TO A VERY LARGE DEGREE, SPEAK FOR ITSELF, AND ALLOW US TO AVOID UNHELPFUL AND UNPRODUCTIVE PRESS SPECULATION AS TO THE NATURE OF OUR AGREEMENT. I KNOW THAT SOME OF THE

ALLOW US TO AVOID UNHELPFUL AND UNPRODUCTIVE PRESS SPECULATION AS TO THE NATURE OF OUR AGREEMENT. I KNOW THAT SOME OF THE ALLIED GOVERNMENTS HAVE PROCEEDED ON THE ASSUMPTION THAT THE DOCUMENT WE HAVE BEEN WORKING ON WOULD NOT BE RELEASED TO THE PUBLIC. HOWEVER, I HAVE COME TO THE CONCLUSION THAT OUR INTERESTS CAN BE BEST SERVED BY THE RELEASE OF THE DOCUMENT, AND I URGE THAT YOUR GOVERNMENT AGREE TO THIS PROPOSAL AS THE MEANS BEST CALCULATED TO PRESERVE AND STRENGTHEN THE SUCCESS WE HAVE ACHIEVED.

I ALSO UNDERSTAND THAT YOUR REPRESENTATIVE AND THOSE OF THE OTHER EC PARTICIPANTS HAVE PROPOSED TO SEND A SO-CALLED "SIDE LETTER" WHICH WOULD RECORD YOUR POINT OF VIEW ON THE QUESTION OF HOW THE COMMON ALLIED APPROACH SHOULD BE STRUCTURED ACCORDING TO THE ISSUES INVOLVED. LET ME SAY THAT YOUR POINT STRIKES ME AS A STATEMENT OF FACT. OBVIOUSLY, THE DEGREES TO WHICH OUR COUNTRIES SEEK TO COORDINATE OUR POLICIES WILL VARY ACCORDING TO THE ISSUE IN QUESTION. HOWEVER, PRESENTING THIS FORMULATION IN A UNILATERAL "SIDE LETTER," WHICH WOULD BECOME PUBLIC, COULD HAVE NEGATIVE CONSEQUENCES DETRACTING FROM OUR COMMON PURPOSE. IT COULD LEAD TO INTENSIVE QUESTIONING REGARDING THE MEANING OF THE INTERPRETATION ITSELF, THEREBY UNDERMINING OUR CONSENSUS AND PREVENTING THE NON-PAPER FROM SPEAKING FOR ITSELF.

THE SAME IS TRUE OF YOUR CONCERN OVER THE WORD "SUBSIDIZE" ON WHICH I UNDERSTAND YOU ALSO WISH TO RECORD YOUR VIEWS IN THE PROPOSED SIDE LETTER. HERE, TOO, THERE CAN BE NO QUESTION BY ANY ONE WHO IS FAMILIAR WITH OUR DISCUSSIONS OVER THE PAST MONTH THAT THE PRACTICAL MEANING OF THIS WORD WILL BECOME CLEARER DURING THE STUDIES WHICH WE HAVE AGREED TO CONDUCT. YOU MAY BE SURE THAT THE UNITED STATES WILL NOT ATTEMPT TO USE THE AGREEMENT ON THE NON-PAPER AS A BASIS TO ARGUE THAT FULL AGREEMENT ON THE PRACTICAL MEANING OF THIS TERM HAS BEEN REACHED. THUS, THERE IS IN OUR VIEW NO BASIS ON WHICH ANY UNILATERAL INTERPRETIVE STATEMENT IN THIS REGARD IS REQUIRED.

CONSEQUENTLY, I URGE THAT YOU DROP YOUR REQUEST FOR A SIDE LETTER WHICH REPEATS POSITIONS WHICH THE UNITED STATES ALREADY FULLY UNDERSTANDS, PARTICULARLY SINCE THIS "SIDE LETTER" APPROACH CARRIES THE POTENTIAL OF HARMING OUR JOINT ENTERPRISE.

I BELIEVE WE CAN ALL BE QUITE PLEASED WITH THE SUCCESS WE HAVE ACHIEVED. WE, ON OUR SIDE, LOOK FORWARD TO THE FOLLOW-UP STUDIES WHICH WE HAVE AGREED TO CONDUCT. I AM PERSONALLY CONVINCED THAT WE HAVE NOT ONLY RESOLVED A SERIOUS DISAGREEMENT WITHIN OUR ALLIANCE; MORE IMPORTANTLY, WE HAVE LAID THE GROUNDWORK FOR FUTURE COOPERATION IN AN AREA OF GREATEST IMPORTANCE.

ENDS

WRIGHT