

HD/TRED
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 HD/ECD(E)
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 PS/MR HURD
 PS/MR RIFKIND
 PS/PUS
 MR EVANS
 MR THOMAS
 RESIDENT CLERK

IMMEDIATE

MR GOODALL CABINET OFFICE

No 10 DS (2)

MT

CONFIDENTIAL

DESKBY 130800Z

FM WASHINGTON 130140Z NOV 82

TO IMMEDIATE F C O

TELEGRAM NUMBER 3679 OF 12 NOVEMBER

INFO IMMEDIATE BTDO NEW YORK (FOR PS/S OF S FOR TRADE) PARIS BONN
 ROME UKREP BRUSSELS COPENHAGEN UKDEL NATO UKDEL OECD PRIORITY MOSCOW
 ROUTINE TOKYO OTTAWA BRUSSELS THE HAGUE
 INFO SAVING ATHENS DUBLIN LUXEMBOURG

MY TELNO 3675 (NOT TO ALL): EAST-WEST ECONOMIC RELATIONS (PIPELINE)

1. AT THIS AFTERNOON'S MEETING OF THE SEVEN PLUS TWO, UNDER THE
 CHAIRMANSHIP OF UNDER-SECRETARY
 WALLIS, THERE WAS DISCUSSION OF PUBLIC HANDLING: OF THE E C SIDE-
 LETTER AND OF THE NEED FOR THE EUROPEANS TO ENGAGE URGENTLY IN
 DISCUSSIONS OF THE EXTRA-TERRITORIAL PROBLEM.

PUBLIC HANDLING AND PUBLICATION OF THE NON-PAPER.

2. WALLIS REPORTED THAT THE PRESIDENT WOULD MAKE ONE OF A REGULAR
 SERIES OF BROADCASTS ON RADIO AT 12 NOON TOMORROW (WASHINGTON TIME).
 IF ALL THE OTHER GOVERNMENTS CONCERNED COULD AGREE TO PUBLICATION OF
 THE NON-PAPER THEN THE PLAN WAS THAT THE PRESIDENT WOULD MAKE A VERY
 BRIEF STATEMENT ON RADIO ANNOUNCING AGREEMENT OF ALL THE GOVERNMENTS
 CONCERNED ON THE NON-PAPER (WHICH WILL BE CALLED A QUOTE SUMMARY OF
 CONCLUSIONS UNQUOTE). NO POINTS WOULD BE SCORED AGAINST ANY OTHER
 GOVERNMENTS. THE AGREEMENT WOULD BE ANNOUNCED AS A VICTORY FOR THE
 ALLIANCE AND WOULD BE REGARDED AS A JOINT, COLLABERATIVE
 ACCOMPLISHMENT. WALLIS HOPED ALL THE GOVERNMENTS CONCERNED WOULD
 LOOK ON IT IN THIS WAY AND TRY TO FOLLOW A COMMON PRESS LINE. BUT
 THIS PLAN WOULD BE POSSIBLE ONLY IF AGREEMENT COULD BE REACHED TO
 PUBLISH THE NON-PAPER. HE URGED ALL OTHERS TO AGREE TO PUBLICATION.
 THE STATE DEPARTMENT WOULD NEED TO BE INFORMED BY 0830 TOMORROW
 (WASHINGTON TIME) IF ALL WERE AGREED. IF THIS HAPPENED AND THE
 PRESIDENT SUBSEQUENTLY ANNOUNCED THE AGREEMENT ON RADIO, THEN THE

(WASHINGTON TIME) IF ALL WERE AGREED. IF THIS HAPPENED AND THE PRESIDENT SUBSEQUENTLY ANNOUNCED THE AGREEMENT ON RADIO, THEN THE SANCTIONS WOULD BE LIFTED AUTOMATICALLY BY THE COMMERCE DEPARTMENT WITHOUT SEPARATE ANNOUNCEMENT. IF NOT THEN THE PRESIDENT'S ANNOUNCEMENT WOULD HAVE TO BE POSTPONED AND THERE WOULD BE A NEED FOR FURTHER MEETINGS TO RESOLVE THE PUBLIC HANDLING. WALLIS EMPHASISED, HOWEVER, THAT THE RISK OF DAMAGING LEAKS WOULD BE GREAT NOW THAT THE PRESIDENT HAD TAKEN A PROVISIONAL DECISION ON SANCTIONS. THE ONLY GOVERNMENT STILL UNWILLING TO PUBLISH IS THE FRENCH (SEE MY SECOND I F T).

PROPOSED E C SIDE-LETTER

3. THE U.S. URGED THE EUROPEANS TO DISPENSE WITH THE NEED FOR A SEPARATE SIDE-LETTER. WE WERE GIVEN THE TEXT OF A LETTER FROM SECRETARY SCHULTZ TO FOREIGN MINISTERS OF U.K. F R G, FRANCE, ITALY AND TO PRESIDENT THORN. (SINCE THIS IS NOT DUE TO BE DELIVERED UNTIL TOMORROW MORNING IN LONDON, TEXT IS IN M I F T). THIS REQUESTS AGREEMENT TO PUBLISH THE NON-PAPER AND ARGUES FOR DISPENSATION OF THE E C SIDE-LETTER. THE PRESIDENCY TOOK NOTE AND SAID THIS WOULD NEED TO BE DISCUSSED AMONG THE FOUR (SEE MY SECOND I F T). WITH THE AGREEMENT OF THE STATE DEPARTMENT, THE DANISH AMBASSADOR LATER GAVE A COPY OF THE SHULTZ LETTER, IN STRICT CONFIDENCE, TO AMBASSADORS OF THE OTHER E C COUNTRIES NOT PRESENT AT THE MEETING OF SEVEN PLUS TWO.

FOLLOW-UP TALKS ON EXTRA-TERRITORIALITY.

4. THE DANISH AMBASSADOR WITH THE AGREEMENT OF OURSELVES AND THE FRENCH, MADE A BRIEF STATEMENT THAT THE EUROPEANS REGARDED IT AS IMPORTANT THAT THERE BE URGENT DISCUSSIONS ON THE LEGAL, COMMERCIAL AND OTHER ISSUES WHICH ARISE FROM UNILATERAL MEASURES, IN ORDER TO AVOID FUTURE CONFLICTS. WALLIS GAVE WHAT APPEARED TO BE A HELPFULL AND SYMPATHETIC RESPONSE. BUT HE EMPHASISED THAT THIS QUESTION WOULD HAVE TO BE TREATED SEPARATELY FROM THE REST OF THE EXERCISE.

TEXT OF PAPER.

5. THE STATE DEPARTMENT HANDED ROUND A FINAL COPY OF THE NON-PAPER (SUMMARY OF CONCLUSIONS). THIS AGREES WITH THE TEXT IN MY TELNO. 3640 (AS AMENDED BY MY TELNO. 3656) WITH ONE MINOR EXCEPTION. IN LINE 5 OF THE CHAPEAU, OF THE AMERICAN VERSION, THE WORD QUOTE ALSO UNQUOTE HAS BEEN DELETED. THIS IS ACCEPTABLE TO THE E C. THE U.S. TEXT IS THEREFORE NOW THE AUTHENTIC TEXT OF THE SUMMARY OF CONCLUSIONS.

PLEASE SEE MY THREE I F T 'S

F C O PASS SAVING ATHENS DUBLIN LUXEMBOURG

WRIGHT