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OO WASHINGTON

OO OTTAWA

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FM FCO 231730Z DECEMBER 82

TO IMMEDIATE WASHINGTON

TELEGRAM NUMBER 2205 OF 23 DECEMBER

AND TO PARIS, BONN, ROME, COPENHAGEN, UKDEL NATO, UKDEL OECD,

TOKYO, CANBERRA, WELLINGTON, UKREP BRUSSELS, OTTAWA

INFO SAVING MOSCOW, OTHER EC POSTS

EAST/WEST ECONOMIC RELATIONS

1. FOLLOWING IS TEXT OF MESSAGE TO ME FROM SHULTZ DATED 22 DECEMBER. REPLY IS IN MIFT.

BEGINS:

UPON MY RETURN FROM WHAT I REGARD AS HIGHLY ENCOURAGING DISCUSSIONS ON THE STATE OF OUR ALLIANCE, I WANT TO SHARE WITH YOU MY IMPRESSION OF WHERE WE STAND ON DEVELOPING FOLLOW-ON WORK ON EAST-WEST ECONOMIC RELATIONS. I HAVE REPORTED TO THE PRESIDENT ON MY MEETINGS IN EUROPE AND HE IS PLEASED WITH THE RESULTS. THE SUBSTANCE OF THE CONSENSUS, WHICH I BELIEVE WE HAVE DEVELOPED AMONG THE MAJORITY OF ALLIANCE MEMBERS INVOLVES THE FOLLOWING APPROACH, UTILIZING EXISTING INSTITUTIONS.

IN COCOM WE WOULD CONSIDER STEPS TO ENHANCE THE EFFECTIVENESS OF OUR EXISTING SYSTEM FOR PREVENTING THE TRANSFER OF MILITARY-RELATED TECHNOLOGY TO THE EAST. IN THAT SAME FORUM, WE WOULD STUDY OTHER HIGH TECHNOLOGY, INCLUDING GAS AND OIL EQUIPMENT, THE TRANSFER OF WHICH COULD BE INIMICAL TO OUR SECURITY.

THE OECD SHOULD MOVE FORWARD IN THREE MAJOR AREAS. AN EX-POST MONITORING OF TRADE AND FINANCIAL FLOWS TO THE EAST SHOULD BE UNDERTAKEN: A STUDY OF ALTERNATIVE ENERGY REQUIREMENTS, FOR WESTERN EUROPE BUT ALSO INCLUDING NORTH AMERICA AND JAPAN, SHOULD BE PREPARED IN CONJUNCTION WITH THE IEA AND OTHER RELEVANT BODIES: AND A STUDY OF POSSIBLE MEANS OF HARMONISING CREDIT AND OTHER FINANCIAL FLOWS TO THE EAST SHOULD ALSO BE CARRIED OUT.

FINALLY, IN NATO, BUT DRAWING AS APPROPRIATE ON NATIONAL

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CONTRIBUTIONS AND OECD STUDIES AND DATA, WE SHOULD PREPARE AN OVERALL STUDY OF THE SECURITY ASPECTS OF EAST-WEST ECONOMIC RELATIONS. IT IS MY HOPE THAT THESE SIX STUDIES CAN BE CONCLUDED IN TIME FOR CONSIDERATION, AS APPROPRIATE, BY THE OECD AND NATO MINISTERIAL IN MAY AND JUNE OF NEXT YEAR.

IN ORDER TO BROADEN OUR EFFORT TO INCLUDE OTHER KEY FRIENDLY NATIONS, I BELIEVE IT WILL BE NECESSARY TO SEEK THE ACTIVE INVOLVEMENT OF JAPAN IN THE NATO STUDY. IN ADDITION, AUSTRALIA AND NEW ZEALAND SHOULD BE ASSOCIATED WITH IT: PERHAPS THE QUOTE TRIO UNQUOTE FORMULA USED IN LINKING THESE TWO COUNTRIE TO OUR DISCUSSIONS ON POLAND COULD BE DEVELOPED FURTHER TO ASSURE THIS COOPERATION. I WOULD WELCOME YOUR VIEWS ON THESE POINTS.

WITH WARM REGARDS  
ENDS.

PYM

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EAST/WEST ECONOMIC ISSUES - SIBERIAN PIPELINE

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