

Foreign and Commonwealth Office

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COCOM's Response to Developments in Eastern Europe

At a COCOM meeting in Paris in October 1989, COCOM partners agreed to consider whether a more favourable regime should be introduced for Poland and Hungary. As events in Eastern Europe have moved on, we and our partners in COCOM have concluded that the process of streamlining the controls, underway slowly since 1988, should be given new impetus and not necessarily be confined to Poland and Hungary.

All partners agree that the West still needs to guard its most sensitive technology; but that there is scope to rationalise the existing controls. This was stated in the North Atlantic Council Ministerial Communiqué of 15 December. Rationalisation would involve liberalising some of the controls on items with dual application (ie civilian and military uses), especially those in sectors of greatest relevance to the East's economic restructuring such as telecommunications, computers and machine tools. The broader process in COCOM of reviewing all the items on the control lists would also continue in order to reduce them to an essential core of items of vital strategic significance. This would fulfil COCOM's long held aim of erecting higher fences around fewer items.

The key issue for us is whether liberalising measures should be extended only to Poland and Hungary, to Eastern Europe more widely or also to the Soviet Union. While the countries of Eastern Europe, unlike the Soviet Union, no longer represent a credible strategic threat, UK officials have argued that exports to Eastern Europe of very sensitive technology would not necessarily be safe from diversion, especially as neither governments nor Western contractors would have the resources to verify the end-use of sensitive exports.

So far, our major European partners have broadly agreed with this line. The US, on the other hand, are advocating that some of the liberalisation should apply to Eastern Europe and not to the Soviet Union and that COCOM should accept East European "guarantees" against diversion, to be backed up by verification in the form of on-site visiting and monitoring of individual contracts.

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The Foreign Secretary's preference is that COCOM should avoid differentiation. Verification, an existing COCOM practice, is useful in certain cases but would be impractical to exercise on the large scale necessary to ensure adequate protection against diversion.

This is the line that the Foreign Secretary intends to take with Mr Baker in Washington from 28-30 January, and which the Trade and Industry Secretary has taken this week in his discussions in the USA.

In the end, the logic of this position may not prevail against US pressure on some partners. The Foreign Secretary intends to argue that COCOM policies should respond to the requirements of economic restructuring in Eastern Europe and the Soviet Union by offering limited liberalisation to Eastern Europe and Soviet countries as a whole; in short, measured liberalisation, and continued protection of the most important strategic items.

I am sending copies of this letter to Ben Slocock (DTI) and Simon Webb (MOD).

John - ewr,

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