

~~SECRET~~

a. M. to
Dor
Econ. R. (min)
Pt. 3
Subject filed in
Afghanistan
Pt. 4. 00



PRIME MINISTER'S

10 DOWNING STREET PERSONAL MESSAGE

SERIAL No. T 46/80

THE PRIME MINISTER

3 March 1980

Dear Mr. President

Thank you for your letter of 10 February about the Western response to the Soviet invasion of Afghanistan. I have delayed this reply in order to take into account Peter Carrington's discussions with his European colleagues in Rome on 19 February and with Cy Vance in London on 21 February. He found Cy Vance's exposition of the next steps particularly constructive. The Alliance is drawing closer together both on the analysis and on the action which should flow from it. We shall do all we can to push this process still further.

I believe that, first of all we should make it clear that we do not accept the Soviet invasion of Afghanistan as an accomplished fact. The idea for Afghan neutrality which we put to our colleagues in Rome was designed both to maintain pressure on the Russians to withdraw and to allow them a way out. We are now studying the proposal in detail with our European partners and as you know, have made it clear to the Russians that we hope they will consider it seriously. Cy Vance thought this was an appropriate initiative. Our people will keep in close touch with yours about the next steps.

I too hope that the Afghan crisis will serve as a catalyst in meeting some of the most urgent challenges which face us. On the need to improve the Western defensive capability inside and outside Europe we are at one. I agree, too, that we should seek to reduce the industrialised world's dependence on Middle East oil,

/and that

and that measures to reduce consumption are the key to this. We shall continue to work closely with you and other major Western consumers. The oil crisis, and indeed the wider implications of the Afghanistan crisis, would, I suggest, be a suitable subject for discussion when the seven of us meet in Venice in the Spring.

I now turn to the particular points you raised.

Aid to Pakistan

We are, as you know, considering increased economic assistance to Pakistan in our next financial year (1980-81) when economic aid and debt relief will be worth about £30m. (For subsequent years forecasting is less easy, partly because the 1980-81 total includes special aid for ships). Any aid to Afghan refugees would be additional. Apart from our initial consignment of emergency aid, we are providing our share, amounting to £1.1m, of the European Community response to the appeal by the UN High Commissioner for Refugees.

The Pakistanis do not often look to us for major items of military equipment. If they should now turn our way (and they may be interested in some items, e.g. radar, artillery, communications equipment, and military engineering equipment) we would do our best to help. But since we, like you, do not have a military hardware grant aid programme, much will depend on funds being made available to Pakistan by her Moslem friends. Meanwhile, I am glad that your military survey team has been counselling the Pakistanis. It is important that the Pakistanis concentrate on the Soviet threat - military on the NW Frontier, and subversive - and equip themselves appropriately. To purchase arms beyond their limited needs would waste scarce resources and alarm the Indians, who would move closer to the Russians.

Of paramount importance, it seems to me, is the scope of the military guarantee you have given to Pakistan, and whether it is properly understood in Moscow. I was glad to hear that Cy Vance told Peter Carrington that the extent of your commitment has been made clear to the Russians. Political anxieties on the Sub-Continent should lessen in consequence and the practical problems of supporting the countries of the area, militarily and economically, should become more manageable.

/Aid to Turkey

Aid to Turkey

I shall naturally consider what kind of contribution to the exercise being led by the Germans we can make within our own financial constraints. I certainly agree with you about the importance for us all of Turkey's position in the region.

Defence Policy Outside NATO

We are as you know reviewing our defence role outside the NATO area in order to see how the UK can best contribute. I think it should be possible to use our resources more flexibly and thus to help out a little more in other areas without any major diversion from our efforts in NATO. Your suggestion that we could draw on US logistical assistance for deployments in the Indian Ocean and the Gulf area is an attractive one which we shall certainly want to explore fully. We, for our part, will be as helpful as we can over the use of our facilities by your forces. My people have already told yours of our agreement to the first stage improvements for Diego Garcia. They will be getting together again early in March to take matters further.

Export Credits and Transfer of Technology to the Soviet Union

A decision by the Alliance to restrict further the supply of equipment and technology to the Soviet Union and to toughen the terms on which it is exported would, I am sure, be the right kind of signal. But if the West's measures to this end are to have a substantial impact, they must be closely co-ordinated and rigorously applied by all the COCOM partners. The European countries have a proportionately larger commercial stake than the United States in trade with the Soviet Union, much of it in long term projects and tougher controls will cause added problems at a time when economic conditions are already difficult. Some COCOM partners may not be willing to go as far along the road as you would wish. In the export credit field for example not all our partners in the Community have agreed to move as far as we have and our discussions in the Foreign Affairs Council do not suggest that there would be sufficient support for a ban on new official export credits.

On high technology, several countries have expressed willingness

/to tighten

to tighten COCOM's rules for exports to the Soviet Union. Restrictions on the submission of general exceptions cases to COCOM - while allowing for cases such as hardship or security interest, as you propose - would seem the most profitable area in which to seek collective agreement. Cy Vance and Peter Carrington agreed that we should push ahead on this. As an interim measure, we are not submitting applications to COCOM under the General Exceptions Procedure, and in the particular case of computers which you mention we shall continue to operate on the basis of the 1976 lists.

I have noted with interest what you say about widening the scope of the COCOM embargo. We will consider this carefully. We have since received through your Embassy further proposals which we are now studying. My officials will be in touch with yours to seek some clarifications.

Similarly we shall need to look at the implications of your decision that ALCOA and ARMCO should withdraw from major projects in the Soviet Union. I think it unlikely that in these cases British companies would be taking part in competing bids.

Yours sincerely
Raymond Thatcher

RB

The President of the United States of America