

eg Iran (Situation) P4

SECRET

Prime Minister

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Ref: B05894

It will be important to keep the discussions on Iran + Afghanistan, so far as possible, distinct. It would be helpful to go through the points in paras 11 + 12 separately.

PM - 15/1

PRIME MINISTER

Iran and Afghanistan

Your meeting at 4 pm tomorrow is to consider -

- a. On Iran, how far can we agree to the United States request to implement voluntarily the sanctions which the Security Council only failed to make mandatory because of the Russian veto? The Lord Privy Seal's minute to you of 11th January is the key document, plus the records of Mr Christopher's visit on 14th January.
- b. On Afghanistan, how far can Ministers collectively agree to the measures against the Soviet Union suggested in the Foreign and Commonwealth Secretary's minute to you of 8th January, and how should you reply to the message from President Carter which Mr Christopher brought you on 14th January?

2. The meeting will be attended by the Home Secretary, the Chancellor of the Exchequer, the Lord Privy Seal (and/or Mr Hurd), the Secretaries of State for Industry, Trade and Energy, the Minister of Agriculture, the Attorney General, Lord Strathcona (representing the Defence Secretary) Mr Monro (as "Minister for Sport"), the Governor of the Bank and Sir Robert Armstrong.

BACKGROUND

3. The Cabinet on 10th January expressed considerable doubt about economic measures against Iran or the Soviet Union, given the vulnerability of our position as a trading nation, and the extent of our economic problems. A factual paper was commissioned on (essentially) the economic costs of action against the Soviet Union. This will be circulated by Sir Robert Armstrong's office tonight.

Attached -

4. British action is contemplated only in association with our major Allies. The American position was put to you and others here by Mr Christopher on 14th January. They are pressing strongly, on Iran,

for voluntary implementation of all the sanctions voted on by the Security Council; and, on Afghanistan, for the maximum Western effort both on "punitive" measures against the Soviet Union and on "affirmative" action vis-a-vis Pakistan and other potential victims. They were disappointed by our cautious response on Iran, which they contrasted with your firm support in December. They are since likely to have been further ~~similarly~~ disappointed by similar caution on the Continent.

5. Allied positions should be clearer in the light of today's meetings in Brussels of the European Council and the North Atlantic Council, attended by Sir Ian Gilmour and Mr Hurd respectively. The French were initially negative, but on Afghanistan have since shown signs of co-operativeness, despite their "special relationship" with the Russians. "Solidarity but not alignment" with the Americans is now their slogan. The Germans will be more sympathetic to the Americans. But their relations with the Soviet Union are of special importance to them, both economically (they have the biggest Western stake in the Soviet market) and politically (Berlin, etc.); and in the end their instinct for solidarity with the French is likely to be decisive.

6. Sir Robert Armstrong is today attending a quadripartite meeting in Paris with Dr Brzezinski and their French and German opposite numbers. This was set up by the White House to discuss both Iran and Afghanistan. The Federal Chancellery has concealed its existence from the German Foreign Ministry, and the White House and Elysee may have done likewise. We have not. But colleagues should be warned that knowledge of this meeting should not be revealed to others.

7. In Parliament, Mr Hurd's preliminary statement on Afghanistan on 14th July clearly disappointed some Government supporters, particularly over the Olympic Games, on which there was also a Labour call for action. Your meeting will need to consider the timing and level of future statements on both Afghanistan and Iran. Lord Carrington will no doubt report to the Lords on his Asian tour, from which he returns on 18th January. He hopes to circulate that evening a paper on the subject for consideration

by OD on 22nd January. He is naturally the main advocate of maximum British action on both fronts. Mr Nott, who led for the minimalists in the Cabinet, will be in the Far East from 18th to 31st January.

8. The JIC is working on an Afghanistan-related note on what effect United States counter-measures can be expected to have on the Soviet Union. This will not be available before 18th January. The main conclusion is likely to be that only the grain ban could do lasting damage.

9. Wedge-driving within the Western Alliance is clearly going to be an important Soviet objective, in relation both to Iran and to Afghanistan. They will hope to divide America from her main Continental allies (and Japan); and they will be only too glad if Britain can be shown in this context as an anti-European stooge of America.

## HANDLING

10. Reports of Meetings You will wish to begin by asking Sir Ian Gilmour and/or Mr Hurd to report on yesterday's meetings in Brussels; and Sir Robert Armstrong to report on his Paris meeting. All three reports will cover both Iran and Afghanistan. Thereafter, despite the difficulties, it would probably be best to try to consider the two issues separately, until you draw the threads together at the end.

11. Iran

a. The Lord Privy Seal and/or Lord Strathcona may wish to comment on the prospects for United States military action, eg mining or blockading the Gulf. }

b. The Lord Privy Seal should report on plans for withdrawing or retaining our Embassy. →

c. The Secretary of State for Energy may wish to comment on the oil supply position. →

d. The Lord Privy Seal and Attorney General should comment on Mr Christopher's idea that the Security Council's un-vetoed resolution of 31st December may give us legal cover to use the United Nations Act to implement the sanctions which the Russians vetoed on 13th January. }

*Mr Hurd will be standing in for the Lord Privy Seal.*

*2.8  
1.5*



e. Your colleagues should be invited to endorse your statement to Mr Christopher that we cannot contemplate new legislation.

f. The meeting could then consider the list of measures in paragraph 4 of Sir Ian Gilmour's minute of 11th January. The need for legislation seems to rule out items vii-x. A civil trade embargo (item vi) depends on Community attitudes. That leaves -

i. reducing the Iranian Embassy here. Lord Privy Seal to lead. Pretty small beer.

ii. Arms embargo. Lord Strathcona to lead. Expensive but probably inevitable. Note the Kharg case (Mr Pym's minute to Sir Ian Gilmour of 11th January).

iii. Immigration control. Home Secretary to lead. A useful step, if not too dangerous to our Embassy.

iv. Civil aviation ban. Mr Nott to lead. Probably worthwhile.

g. General Neither we nor other United States allies are likely to be able to do much to meet United States wishes. Objectively, this ought not to make the hostages' release less likely, since we regard United States pressure as misconceived. But subjectively it will annoy the Americans and so strengthen the case against snubbing them over Afghanistan too.

## 12. Afghanistan

a. Counting the cost. You will wish to draw attention to the factual paper commissioned by the Cabinet. Mr Nott and Sir Geoffrey Howe may wish to comment. The figures involved are inevitably imprecise.

b. Olympics Mr Monro to lead. Do your colleagues agree that public opinion seems to be moving in favour of Government action? If so, what should be done and when? Internationally, should we take the lead (thus risking Soviet economic reprisals) or follow others?

- c. Credit Mr Nott to lead. Is it agreed
- to do only what our main relevant partners also agree to?
  - to aim at no credit below Consensus rates?
  - not to renew the Anglo-Soviet Agreement?
- d. COCOM Sir Ian Gilmour to lead on tightening and Mr Nott on extending. Is it agreed
- that we should aim at tightening vis-a-vis the Soviet Union, but not Eastern Europe or China?
  - that we should further explore widening, without commitment?
- e. Food Mr Walker to lead. Is it agreed
- that action on grain is complete?
  - that action on meat should be further studied?
  - that we should press for action on butter?
  - that we should oppose action on sugar?
- f. "Positive" measures Action vis-a-vis Pakistan and other Asian countries to be considered after Lord Carrington's return? But does Sir Ian Gilmour wish to comment on the threat to Yugoslavia and what should be done about it?

## CONCLUSIONS

13. The substance of these must depend on the outcome of today's Brussels and Paris meetings. But the underlying principles on which to base agreement might be
- i. No British action in advance of main allies, including no British pack-leading.
  - ii. Preference for action on Afghanistan rather than on Iran, given that the danger to the hostages is narrow and temporary while the Soviet threat to peace is wide and permanent.

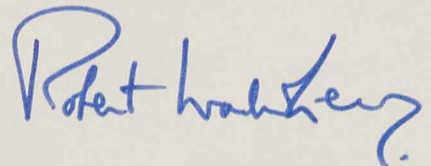
14. Procedurally, you will wish to conclude

i. that the Lord Privy Seal should draft a message from you to President Carter, replying to his message on Afghanistan and to Mr Christopher's representations on Iran (alternatively the latter could be dealt with through diplomatic channels);

ii. that your colleagues conclusions tomorrow should be reported to the Cabinet on 17th January by the Lord Privy Seal;

iii. that unresolved issues should be taken up at OD on 22nd January (NB no Mr Nott);

iv. that the timing and level of statements in Parliament will have to depend on the nature and timing of decisions reached, by us and by others.



R L WADE-GERY

15th January 1980