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BIF 57/3/81

Poland 3

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FCS/81/39

SECRETARY OF STATE FOR TRADE

Contingency Planning About Poland

1. Thank you for your letter of 17 March. As I said in my minute to the Prime Minister of 10 March, I should certainly wish to consult fully with my Ministerial colleagues before attending a NATO Ministerial meeting following a Soviet intervention in Poland. I would expect a day or two to elapse between the intervention and the NATO meeting. I also explained that the measures which NATO had been considering were not intended as a package, to be accepted or rejected, but as a range of choices on which Ministerial decisions would have to be reached.

2. The NATO Council has now reached agreement on their paper on contingency planning, and I am afraid that it is too late to change it. I understand that the paper is to a considerable extent a reflection of British views, which in turn reflected the conclusions of a Cabinet Office Committee. I enclose the extract about a general embargo affecting new contracts on exports. As you will see, the object has been to avoid giving the Russians a pretext to go back on undertakings to which they have subscribed.

3. The next step is that officials in NATO should seek to reach an agreed definition of existing contracts. Discussions to date have shown that this will not be an easy task. But it would be a great deal more difficult if, as you propose, we now seek a definition which is not only
/legally

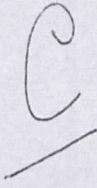
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legally watertight but also tries to ensure justice between firms which are bound by legally enforceable contracts and those which are committed to established business relationships. The exclusion of the latter category from the general embargo would create endless misunderstandings between participant Governments, and give rise to widespread evasion by private firms.

4. I understand that your officials and mine are generally agreed on a draft formula defining existing contracts. If we do not put it forward, there is a risk that a consensus will develop around some less suitable one. I hope you can agree that our officials may now propose it.

5. I am copying this minute to the Prime Minister, other Members of OD, other recipients of OD(81)10, the Chief Whip and Sir R Armstrong.


(CARRINGTON)

Foreign and Commonwealth Office

20 March 1981

1. A general embargo affecting new contracts on exports

This measure would not put into question the principles of legal security of contracts already entered into, prior to an intervention, either by Allied governments or by private firms, and would thus not give the Soviet Union a pretext to go back on undertakings to which it has subscribed. Nonetheless, it will be necessary to examine the legislative actions required and also to establish precise criteria, recognised by all the Allies, to identify clearly and practically existing contracts; these criteria would relate to the date of the contract in relation to the effective date of the embargo, the definition of products, quantities and price mechanisms, as well as to the conditions of delivery and payment. Should this measure be adopted, Allied governments would take, each in accordance with its responsibilities, the necessary legal and practical dispositions to ensure the execution of this measure. Governments will need to examine in advance whether, and if so in what way, the measures could be applied to the execution of service contracts. Some minor exclusions for humanitarian reasons, for example, medical products, might be for consideration.