

IRAN: ADVANCE COPIES, A3

PS

PS/SIR I GILMOUR

PS/MR HURD

PS/PUS

SIR D MAITLAND

MR J C ROBERTLY

LORD BRIDGES

LORD N G LENNOX

MR EVANS

MISS BROWN

HD/RED

HD/TRD

HD/RENAD

HD/UND

HD/OID

HD/DEF DEPT

HD/RENAD

HD/ES & SD

HD/FUSE

HD/NEWS DEPT

HD/COD

HD/CONS DEPT

RESIDENT CLERK

ADVANCE COPY

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PS NO 10 DOWNING ST

SIR R ARMSTRONG)

ASSESSMENTS STAFF)

MR R WADE GERY) CABINET

MR LE CHERINANT) OFFICE

MR W N WENBAN SMITH)

DIO)

PS/CHANCELLOR)

MR F R BARRATT) TREASURY

MR D J S HANCOCK)

MR C W McMAHON) BANK OF

MR P B EDGLEY) ENGLAND

MR R WILLIAMS) CRE5 DOT

MR W KNIGHTON) DEPT OF TRADE

MR C BENJAMIN) DOI

MR D LE B JONES) DEPT OF

MR C LUCAS) ENERGY

GRS 1000

CONFIDENTIAL

FM WASHINGTON 092355Z APR 80

TO PRIORITY FCO

TELEGRAM NO 1400 OF 9 APRIL

INFO PRIORITY LISBON (FOR PS/SOS) ROUTINE TEHRAN

INFO SAVING UKREP BRUSSELS NATO POSTS TOKO CANBERRA WELLINGTON
BERNE STOCKHOLM SEOUL VIENNA MADRID DUBLIN HELSINKI BAGHDAD

YOUR TELNO 669: IRAN

1. THE MEETING THAT VANCE CALLED AT 2.00 PM TODAY AND THAT I
HAD BEEN LED TO THINK WOULD BE FOR THE SEVEN, TURNED OUT TO BE FOR
THE REPRESENTATIVES OF THE OECD COUNTRIES PLUS SOUTH KOREA AND
THE EC.

2. IN INTRODUCING THE MEETING, VANCE CLOSELY FOLLOWED THE LINES
OF THE AIDE MEMOIRE LEFT BY THE US AMBASSADOR WITH THE LORD PRIVY
SEAL YESTERDAY WITH THE FOLLOWING ADDITIONS OR STRESSES, SOME OF
THEM IN ANSWER TO QUESTIONS:

(A) HE EXPLAINED THAT WHAT HAD LED THE US GOVERNMENT TO DECIDE
THAT THERE HAD BEEN A QUALITATIVE CHANGE IN THE SITUATION WAS WHEN
THE MILITANTS HAD INDICATED THAT THEY WERE PREPARED TO HAND OVER

THE MILITANTS HAD INDICATED THAT THEY WERE PREPARED TO HAND OVER THE HOSTAGES TO THE REVOLUTIONARY COUNCIL AND THE LATTER HAD DECIDED NOT TO TAKE THEM OVER:

(B) THE USA HAD IN PRACTICE IMPOSED ECONOMIC SANCTIONS SINCE JANUARY. THE US INTENTION WAS TO IMPLEMENT THE FULL RANGE OF THE SANCTIONS PROVIDED FOR IN THE SECURITY COUNCIL RESOLUTION WHICH THE SOVIETS HAD VETCED. THAT ALSO WAS WHAT THE US GOVERNMENT WANTED THEIR ALLIES AND FRIENDS TO DO NOW:

(C) THE IMPACT OF THE NEW MEASURES THAT THE US GOVERNMENT WERE TAKING WOULD GREATLY DEPEND ON WHETHER THEY WERE REINFORCED BY SIMILAR MEASURES ADOPTED BY AMERICA'S ALLIES AND FRIENDS:

(D) IF THESE MEASURES DID NOT BRING THE RELEASE OF THE HOSTAGES QUOTE ADDITIONAL AND MORE FORCEFUL MEASURES MAY BE REQUIRED UNQUOTE:

(E) IF ANY GOVERNMENT TO WHOM THE UNITED STATES WAS MAKING THIS APPEAL THOUGHT THAT ITS LEGAL POWERS TO IMPLEMENT SANCTIONS WERE INSUFFICIENT, THE US GOVERNMENT HOPED THAT THAT GOVERNMENT WOULD TAKE THE NECESSARY POWERS:

(F) THE US GOVERNMENT HOPED THESE ECONOMIC MEASURES WOULD BE REINFORCED, BY A DECISION BY THE UNITED STATES' ALLIES TO WITHDRAW AMBASSADORS AND THEN TO BREAK DIPLOMATIC RELATIONS ALTOGETHER IF IN QUOTE THE WEEKS AHEAD UNQUOTE THE IRANIANS STILL REFUSED TO RELEASE THE HOSTAGES:

(G) WHILE THE US GOVERNMENT UNDERSTOOD THE ARGUMENT ABOUT NOT LEAVING THE DIPLOMATIC FIELD ALONE TO THE SOVIETS, THEY BELIEVED THAT THIS WAS NO LONGER THE TIME FOR NORMAL DIPLOMATIC EXCHANGES AND THAT FIRMER MEASURES WOULD PROVE MORE EFFECTIVE IN ORDER TO BRING HOME TO THE IRANIANS THE COST OF WHAT THEY WERE DOING:

(H) THE US GOVERNMENT HAD ASKED THE SWISS GOVERNMENT IF THEY WOULD REPRESENT US INTERESTS IN TEHRAN:

THE IRANIANS HAD ASKED THE ALGERIANS AND THE SYRIANS TO REPRESENT THEM IN WASHINGTON:

(I) THE US AUTHORITIES HAD HAD SOME DISCUSSION, AND WERE PREPARED TO HAVE MORE, ABOUT HOW TO REPLACE OIL THAT NO LONGER FLOWED FROM IRAN. AT THE PRESENT TIME ONLY 300,000 BARRELS PER DAY WERE BEING EXPORTED, THOUGH THE CAPACITY SHOULD ENABLE 1.5 MILLION BARRELS PER DAY TO BE EXPORTED. THE IRANIANS HAD BEEN HAVING INCREASING PROBLEMS WITH DRILLING AND SHORTAGE OF SPARES. THERE HAD BEEN A LARGE EXPLOSION. REFINING CAPACITY HAD BEEN GREATLY REDUCED. THE IRANIANS HAD BEEN EXPORTING OUT OF STOCKS, BUT THERE MAY WELL ALSO HAVE BEEN A REDUCTION IN DEMAND BECAUSE IRANIAN OIL WAS OVER-PRICED. 500-700 IRANIAN TECHNICIANS HAD LEFT IRAN:

(J) VANCE THOUGHT THAT THE EFFECT OF SANCTIONS, IF WIDELY APPLIED, WOULD NOT MERELY BE ECONOMIC (HE MENTIONED IN PARTICULAR THAT THE IRANIANS WOULD HAVE TROUBLE OVER MILITARY SPARES) BUT ALSO PSYCHOLOGICAL. THERE HAD ALREADY BEEN A SERIOUS DETERIORATION IN

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(K) VANCE SAID THAT THE AMERICANS WERE QUITE READY TO WORK WITH WALDHEIM BUT THEY DID NOT THINK THAT IN PRESENT CIRCUMSTANCES THIS COULD LEAD TO ANYTHING VERY MUCH:

(L) AS REGARDS THE SOVIET ATTITUDE, VANCE SAID THAT THEY WERE INCREASINGLY CRITICAL OF THE USA AND WERE LINING UP WITH KHOMEINI AND THE IRANIAN AUTHORITIES. THERE WAS NO MORE TALK, AS THERE HAD BEEN EARLIER, OF THE VIOLATION OF INTERNATIONAL LAW ETC:

(M) VANCE REGRETTED THE POSTPONEMENT OF THE ISLAMIC CONFERENCE:

(N) AS REGARDS THE TIME LIMIT BY WHICH THE ADDITIONAL MEASURES WOULD BE JUDGED, WARREN CHRISTOPHER INTERJECTED THAT THIS DEPENDED UPON THE SUPPORT RECEIVED FROM THE ALLIES. IF THE US PUBLIC SAW THAT THE ALLIED SUPPORT WAS BRINGING A NEW ELEMENT INTO PLAY, THIS COULD ENABLE THE TIME TO BE DRAWN OUT BEFORE THE US HAD TO MOVE TO WHAT VANCE DESCRIBED AS QUOTE INCREASINGLY STRINGENT MEASURES UNQUOTE:

(O) AS REGARDS IRAN/IRAQ RELATIONS, VANCE SAID THAT THEY WERE VERY TENSE. HE THOUGHT THAT BOTH COUNTRIES WOULD CLOSE THEIR EMBASSIES. THE IRANIS WERE ALLEGING THAT THERE WAS AN IRAQ/US CONSPIRACY. VANCE DID NOT THINK THAT WHAT WAS HAPPENING WOULD HELP OVER THE HOSTAGES. HE SAID THAT US COMMUNICATIONS WITH IRAQ WERE VERY THIN AS THEY ONLY HAD AN INTERESTS SECTION IN BAGHDAD:

(P) ON THE SUBJECT OF PUBLICITY, VANCE LEFT IT TO THE REPRESENTATIVES TO DO AS THEY WISHED BUT INDICATED THAT HITHERTO THE STATE DEPARTMENT HAD NOT GIVEN FULL DETAILS OF THE APPROACH THEY WERE MAKING TO THEIR ALLIES.

3. AT THE END OF THE MEETING, THE SWEDISH REPRESENTATIVE MADE A STATEMENT AS FOLLOWS, SAYING THAT HE WAS SPEAKING FOR A FRIENDLY BUT NON-ALLIED COUNTRY:

(I) THE SWEDISH GOVERNMENT ADMIRERD THE PATIENCE OF THE US GOVERNMENT AND UNDERSTOOD THE ACTION THEY HAD TAKEN:

(II) SWEDEN WOULD DO WHAT THEY COULD TO TRY TO BRING ABOUT THE RELEASE OF THE HOSTAGES AND WOULD SEEK TO MAINTAIN CONTACT WITH THEM:

(III) WHAT THEY DID ABOUT SANCTIONS WOULD DEPEND UPON WHAT THE UN DECIDED:

(IV) SWEDEN DID NOT INTEND TO BREAK RELEATIONS WITH IRAN OR WITHDRAW ITS AMBASSADOR.

THE FINNISH AMBASSADOR ASSOCIATED HIMSELF WITH THIS STATEMENT.

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FCO PASS SAVING ANKARA ATHENS BRUSSELS BONN COPENHAGEN
LUXEMBOURG OTTAWA OSLO PARIS ROME REYKJAVIK THE HAGUE UKDEL NATO
UKREP BRUSSELS TOKYO CANBERRA WELLINGTON BERNE STOCKHOLM SEOUL
VIENNA MADRID DUBLIN HELSINKI AND BAGHDAD.

HENDERSON

NNNN