

telegraphed to Salalah
on 23/4 MS |

Foreign and Commonwealth Office

London SW1A 2AH

Soviet
Union

23 April 1981

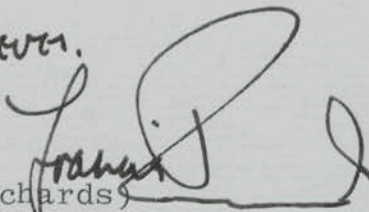
Dear Nick,

US Grain Embargo

I attach a copy of Secretary Haig's message of 22 April to Lord Carrington. The top copy was delivered here late last night and sent straight down to Lord Carrington, and is now with him in Germany; we have only now been able to secure a further copy from the US Embassy.

As I told you on the telephone, the news of this decision has already leaked in Washington. We shall, of course, let you know the line being taken in response to press queries.

copied to MAFF (by FCO)

Yours ever,

(F N Richards)
Private Secretary

Nick Sanders Esq
10 Downing Street
LONDON
SW1

SECRET

fi

1a

fi



EMBASSY OF THE
UNITED STATES OF AMERICA
London

April 22,

The Lord Carrington, KCMG, MC, PC
Secretary of State for
Foreign and Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
London SW1A 2AL

Dear Peter:

x/ I want you to know that the President will announce, in the near future, his decision to lift the partial grain embargo against the Soviet Union. As I know you will understand, this decision has not come easily to the President, who realizes full well its implications for our closest allies. He has, therefore, personally asked me to see that you, and through you the Prime Minister, are the first to be informed of his decision and the reasons for it.

The President has long been opposed to the grain embargo, which he believes has imposed unequal and therefore unfair sacrifice on one sector of the American economy. He campaigned against the embargo; he made a firm commitment to the American people to remove it. Nevertheless, following his inauguration the President recognized the substantial foreign policy considerations that militated against lifting of the embargo. He has firmly and courageously stood against the political forces within this country that have sought, from the moment he took office, a reversal of President Carter's embargo decision.

In all frankness, Peter, those forces have now become so strong that the President feels he can no longer sustain his position. To maintain the embargo now would seriously jeopardize affirmative Congressional action on his economic program in general and his farm bill in particular. The price, in terms of the ability of this Administration to reestablish a healthy

and productive nation, is too much to pay. Thus, albeit reluctantly, the President has determined that he must act now if he is to carry forward the domestic reform programs that are so important to us and, in the last analysis, our allies.

Let me emphasize that the lifting of the embargo does not indicate any change in U. S. policy vis-a-vis the USSR, or U. S. acceptance of the status quo in Afghanistan. The United States remains determined to resist Soviet aggression wherever it occurs. We will continue to work for a political settlement in Afghanistan which includes the withdrawal of Soviet troops. We will continue to scrutinize all our commercial ties with the Soviet Union carefully; we of course urge our allies to do the same. Nor does our action on the grains embargo affect our belief that Poland contingency planning is vital to enable the West to take concerted action if the Soviets should intervene in Poland. In that regard, let me also assure you that should the Soviets intervene militarily in Poland we will take the most stringent measures to limit economic relations between the United States and the USSR; these measures will not be restricted to the agricultural sector alone.

Finally, Peter, you should know that the President and I have appreciated the firm support we have received from you and the Prime Minister on the issue of trade with the Soviets over the past several months. You have our gratitude; I hope we have your understanding for the reasons that led the President to this difficult decision.

/x
Sincerely,

(S) Alexander M. Haig, Jr.

23 APR 1981



2

SECRET

FM FCO 231437Z APR 81

TO IMMEDIATE SALALAH

TELEGRAM NUMBER 6 OF 23 APRIL

INFO IMMEDIATE WASHINGTON PRIORITY UKDEL NATO BONN PARIS

FOLLOWING FOR ALEXANDER PRIME MINISTER'S PARTY.

US GRAIN EMBARGO

FOLLOWING IS THE TEXT OF A LETTER FROM HAIG TO FOREIGN SECRETARY RECEIVED LATE LAST NIGHT.

BEGINS:

"I WANT YOU TO KNOW THAT THE PRESIDENT WILL ANNOUNCE IN THE NEAR FUTURE HIS DECISION TO LIFT THE PARTIAL GRAIN EMBARGO AGAINST THE SOVIET UNION. AS I KNOW YOU WILL UNDERSTAND THIS DECISION HAS NOT COME EASILY TO THE PRESIDENT WHO REALISES FULL WELL ITS IMPLICATIONS FOR OUR CLOSEST ALLIES. HE HAS THEREFORE PERSONALLY ASKED ME TO SEE THAT YOU AND THROUGH YOU THE PRIME MINISTER ARE THE FIRST TO BE INFORMED OF HIS DECISION AND THE REASONS FOR IT. THE PRESIDENT HAS LONG BEEN OPPOSED TO THE GRAIN EMBARGO WHICH HE BELIEVES HAS IMPOSED UNEQUAL AND THEREFORE UNFAIR SACRIFICE ON ONE SECTOR OF THE AMERICAN ECONOMY. HE CAMPAIGNED AGAINST THE EMBARGO HE MADE A FIRM COMMITMENT TO THE AMERICAN PEOPLE TO REMOVE IT. NEVERTHELESS FOLLOWING HIS INAUGURATION THE PRESIDENT RECOGNISED THE SUBSTANTIAL FOREIGN POLICY CONSIDERATIONS THAT MILITATED AGAINST LIFTING OF THE EMBARGO. HE HAS FIRMLY AND COURAGEOUSLY STOOD AGAINST THE POLITICAL FORCES WITHIN THIS COUNTRY THAT HAVE SOUGHT FROM THE MOMENT HE TOOK OFFICE A REVERSAL OF PRESIDENT CARTER'S EMBARGO DECISION.

IN ALL FRANKNESS PETER THOSE FORCES HAVE NOW BECOME SO STRONG THAT THE PRESIDENT FEELS HE CAN NO LONGER SUSTAIN HIS POSITION. TO MAINTAIN THE EMBARGO NOW WOULD SERIOUSLY JEOPARDISE AFFIRMATIVE CONGRESSIONAL ACTION ON HIS ECONOMIC PROGRAMME IN GENERAL AND HIS FARM BILL IN PARTICULAR. THE PRICE IN TERMS OF THE ABILITY OF THIS ADMINISTRATION TO RE-ESTABLISH A HEALTHY AND PRODUCTIVE NATION IS TOO MUCH TO PAY. THUS ALBEIT RELUCTANTLY THE PRESIDENT HAD DETERMINED THAT HE MUST ACT NOW IF HE IS TO CARRY FORWARD THE DOMESTIC REFORM PROGRAMMES THAT ARE SO IMPORTANT TO US AND IN THE LAST ANALYSIS OUR ALLIES.

LET ME EMPHASISIE THAT THE LIFTING OF THE EMBARGO DOES NOT INDICATE ANY CHANGE IN US POLICY VIS-A-VIS THE USSR OR US ACCEPTANCE OF THE STATUE QUO IN AFGHANISTAN. THE UNITED STATES REMAINS DETERMINED TO RESIST SOVIET AGGRESSION WHEREVER IT OCCURS. WE WILL CONTINUE TO WORK FOR A POLITICAL SETTLEMENT IN AFGHANISTAN WHICH INCLUDES THE WITHDRAWAL OF SOVIET TROOPS.

WE WILL CONTINUE TO SCRUTINISE ALL OUR COMMERCIAL TIES WITH THE SOVIET UNION CAREFULLY WE OF COURSE URGE OUR ALLIES TO DO THE SAME. NOR DOES OUR ACTION ON THE GRAINS EMBARGO AFFECT OUR BELIEF THAT POLAND CONTINGENCY PLANNING IS VITAL TO ENABLE THE WEST TO TAKE CONCERTED ACTION IF THE SOVIETS SHOULD INTERVENE IN POLAND.

IN THAT REGARD LET ME ALSO ASSURE YOU THAT SHOULD THE SOVIETS INTERVENE MILITARILY IN POLAND WE WILL TAKE THE MOST STRINGENT MEASURES TO LIMIT ECONOMIC RELATIONS BETWEEN THE UNITED STATES AND THE USSR THESE MEASURE WILL NOT BE RESTRICTED TO THE AGRICULTURAL SECTOR ALONE.

FINALLY PETER YOU SHOULD KNOW THAT THE PRESIDENT AND I HAVE APPRECIATED THE FIRM SUPPORT WE HAVE RECEIVED FROM YOU AND THE PRIME MINISTER ON THE ISSUE OF TRADE WITH THE SOVIETS OVER THE PAST SEVERAL MONTHS. YOU HAVE OUR GRATITUDE I HOPE WE HAVE YOUR UNDERSTANDING FOR THE REASON THAT LED THE PRESIDENT TO THIS DIFFICULT DECISION.''

ENDS

CARRINGTON

NNNN

CONFIDENTIAL

DESKBY 240830Z (FCO/BONN/SALALAH)

FM UKREP BRUSSELS 231635Z APR 81

TO IMMEDIATE F C O

TELEGRAM NUMBER 1423 OF 23 APRIL 1981

AND TO PARIS, BONN (FOR PS/S OF S), SALALAH (FOR PS/PM), MOSCOW,
WASHINGTON

YOUR TELNO 156:

US GRAIN EMBARGO

1. WE HAVE LEARNT FROM A SOURCE IN DG VI, AND SUBSEQUENTLY CONFIRMED WITH THORN'S CABINET, THAT HAIG SENT THE PRESIDENT OF THE COMMISSION A TELEX TODAY WHICH INCLUDED THE FOLLOWING FORM OF WORDS: QUOTE IN THE VERY NEAR FUTURE WE WILL BE MAKING AN ANNOUNCEMENT ON THE LIFTING OF THE EMBARGO UNQUOTE.

2. WITH THORN AWAY, THERE IS SOME UNCERTAINTY ABOUT THE SPEED WITH WHICH DECISIONS WILL BE TAKEN, BUT THORN'S CABINET'S INCLINATION WAS TO INFORM THE PRESIDENT OF THE COUNCIL THIS EVENING THAT THE AMERICAN MESSAGE HAD BEEN RECEIVED. THEY EXPECTED THAT THE COMMISSION WOULD WANT TO DISCUSS THE ISSUE EARLY NEXT WEEK, WHEN A DECISION MIGHT BE EXPECTED THAT ANY FIRM ANNOUNCEMENT OF THE REMOVAL OF THE AMERICAN EMBARGO SHOULD IMMEDIATELY TRIGGER THE REMOVAL OF ANY CONSTRAINT ON COMMUNITY SALES, SINCE THESE HAD ONLY BEEN IMPOSED IN SUPPORT OF THE AMERICAN ACT. THE COMMISSION WAS UNLIKELY TO THINK IT NECESSARY TO WAIT FOR THE FOREIGN AFFAIRS COUNCIL ON 18/19 MAY.

3. OUR CONTACTS VOLUNTEERED THAT THEY WOULD EXPECT ANY LIBERALISATION OF COMMUNITY TRADE NOT TO BE EXTENDED TO DAIRY PRODUCTS, ON THE GROUNDS THAT (A) THE COMMUNITY IS NOW SHORT OF BUTTER IN STORE AND (B) THAT THE DECISION TO LIMIT BUTTER SALES WAS TAKEN ON DIFFERENT GROUNDS. IT WAS ALSO SUGGESTED THAT THE MONITORING ARRANGEMENTS INSTALLED FOR VARIOUS COMMODITIES IN THE WAKE OF THE 15 JANUARY 1980 FOREIGN AFFAIRS COUNCIL DECISION COULD USEFULLY BE MAINTAINED. WE PRESUME THAT YOU WOULD AGREE TO OUR SUPPORTING AND, IN DUE COURSE, PROMOTING THESE IDEAS.

FCO ADVANCE TO:-

FCO - HANNAY, SPRECKLEY, FAULKNER, MS YOUNG, FITZHERBERT

CAB - FRANKLIN, WENTWORTH

DOT - MEADWAY

MAFF - PS/MIN, PS/PS, DAVIES, ANDREWS, PARKHOUSE, WILKES

BUTLER

NNNN