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MR CAINES } OT/DOT
MR CORLEY }
MR POWNALL }

- PS
- ~~PS/LFS~~
- ~~PS/LORD TREFGARNE~~
- PS/FUS
- SIDE BULLARD
- LORD BRIDGES
- MR EVANS
- MR WRIGHT
- MR GILLMORE
- MR GOODISON
- HD/TRED
- HD/UND
- HD/EESD (ALLOCATED)
- HD/DEF D
- HD/PUSD (2)
- HD/WED
- HD/ECD(E)
- HD/PLANNING STAFF
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- HD/NEWS D
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- RESIDENT CLERK
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 DESKBY 150900Z
 FM WASHINGTON 142247Z JUL 82
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 TELEGRAM NUMBER 2427 OF 14 JULY
 INFO DOT, PARIS, BONN, ROME
 INFO SAVING MOSCOW, TOKYO

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U S SANCTIONS AGAINST SIBERIAN PIPELINE:

U S PRESS COMMENT.

1. ARTICLES IN TODAY'S AND YESTERDAY'S U S PRESS (COPIES BY BAG) ARE CRITICAL OF THE PRESIDENT'S SANCTIONS AGAINST THE SOVIET GAS PIPELINE AND CONCENTRATE ON THE DAMAGE THEY WILL DO TO THE ALLIANCE.
2. AN EDITORIAL IN THE BALTIMORE SUN MAKES THE POINT THAT QUOTE NOTHING IS MORE DAMAGING TO A NATION'S INTERESTS THAN A DEMONSTRABLY DOOMED POLICY UNQUOTE. PRESIDENT REAGAN HAD EMBARKED ON QUOTE JUST SUCH A POLICY IN HIS MYOPIC ATTEMPT TO BLOCK THE CONSTRUCTION OF THE SOVIET NATURAL GAS PIPELINE TO WESTERN EUROPE. UNQUOTE. THE WESTERN EUROPEAN COUNTRIES INVOLVED WERE DETERMINED TO PUSH AHEAD WITH THE PROJECT. THE MAJOR CASUALTY WAS THEREFORE LIKELY TO BE AMERICA'S ALREADY STRAINED RELATIONS WITH THE ALLIES.

AMERICA'S ALREADY STRAINED RELATIONS WITH THE ALLIES.

3. A STORY BY JOSEPH HARSCH IN THE CHRISTIAN SCIENCE MONITOR HEADED QUOTE THE ALLIANCE IS WORTH SAVING UNQUOTE INDICATED THAT THE PRESIDENT DID NOT UNDERSTAND UNTIL IT WAS TOO LATE HOW STRONGLY THE WESTERN ALLIES FELT ABOUT HIS EFFORTS TO STOP THE SIBERIAN PIPELINE. MRS THATCHER'S QUOTE OPEN DEFIANCE UNQUOTE OF THE PRESIDENT WAS THE FIRST MAJOR BREACH BETWEEN THE TWO COUNTRIES SINCE MR REAGAN TOOK OFFICE. UNTIL THE PRIME MINISTER'S STATEMENT ON 1 JULY IN THE HOUSE, SHE HAD GIVEN MR REAGAN MORE ENTHUSIASTIC AND PUBLIC SUPPORT THAN ANY OTHER HEAD OF GOVERNMENT IN THE ALLIANCE. THE ARTICLE GOES ON TO SAY THAT MR REAGAN HAS HAD TO LEARN THE HARD WAY THAT THE ALLIES CANNOT BE COERCED, OR EVEN LED, IN A DIRECTION CONTRARY TO WHAT THEY REGARD AS IN THEIR OWN BEST INTERESTS. IT CONCLUDES THAT SANCTIONS WHICH DO NOT HAVE ALLIANCE SUPPORT SIMPLY HELP THE SOVIETS BY WEAKENING THE ALLIANCE.

4. AN ARTICLE HEADED QUOTE U S BUNGLED EUROPE TIES DUE TO PIPELINE POSITION UNQUOTE APPEARS IN THE JOURNAL OF COMMERCE. COMMENTS ARE ATTRIBUTED TO PETER PETERSON (WHO HEADED THE DEPARTMENT OF COMMERCE FROM 1972-73) THAT THE U S HAD NOT BEEN QUOTE INSIGHTFUL ENOUGH TO APPRECIATE WEST GERMANY'S LACK OF INDIGENOUS OIL RESOURCES ... WE SHOULD HAVE ACKNOWLEDGED OUR ALLIES' NEED FOR GAS AND NEED TO DIVERSIFY THEIR FUEL SOURCES. UNQUOTE

5. THE WASHINGTON POST, IN AN ARTICLE DATED MOSCOW, REPORTS THE FORMAL AGREEMENT OF WEST GERMAN BANKS ON 13 JULY TO EXTEND UP TO U S DOLLARS 1.6 BILLION IN CREDITS FOR THE SIBERIAN PIPELINE QUOTE IGNORING U S SANCTIONS AGAINST THE SOVIET UNION UNQUOTE. THE ACCORD WAS CITED AS FURTHER EVIDENCE OF WEST GERMAN DETERMINATION TO PROCEED WITH THE PROJECT.

6. THE WALL STREET JOURNAL REPORTS FORMER NORWEGIAN PRIME MINISTER MRS BRUNDTLAND'S CRITICISM OF MR REAGAN FOR QUOTE IMPLYING SOMETHING IN THE NATURE OF JURISDICTION BY THE U S OVER ENERGY RESERVES OF TWO SOVEREIGN NATIONS - NORWAY AND THE NETHERLANDS UNQUOTE. NORWEGIAN GOVERNMENT OFFICIALS ARE REPORTED TO HAVE EMPHASISED THAT NORWEGIAN GAS RESERVES IN THE NORTH SEA COULD NOT BE DEVELOPED BEFORE THE START OF THE 1990'S AT THE EARLIEST.

FCO PASS SAVING MOSCOW, TOKYO.

HENDERSON