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TO IMMEDIATE FOREIGN AND COMMONWEALTH OFFICE,

TELEGRAM NUMBER 478 OF 11 DECEMBER 1981,

INFO IMMEDIATE (PERSONAL FOR AMBASSADOR) WASHINGTON, TRIPOLI,

INFO PRIORITY (PERSONAL FOR AMBASSADOR) PARIS, BONN, MOSCOW.

FOLLOWING FROM PRIVATE SECRETARY.

BILATERAL BREAKFAST WITH MR HAIG: 11 DECEMBER: LIBYA.

1. HAIG GAVE THE BACKGROUND TO THE ANNOUNCEMENT ON 10 DECEMBER ABOUT THE ADVICE TO AMERICAN CITIZENS TO LEAVE LIBYA. HE SAID THAT THE UNITED STATES HAD BEEN CONDUCTING STUDIES SINCE MAY. THE LIBYAN WITHDRAWAL FROM CHAD HAD LED THE U S GOVERNMENT TO MODERATE THE MEASURES ANNOUNCED YESTERDAY, ALTHOUGH IT WAS CLEAR THAT LIBYA INTENDED TO RETURN TO CHAD LATER. THERE WAS NO DOUBT THAT TERRORIST ACTIVITY BASED IN LIBYA WAS ON A SUBSTANTIAL SCALE. THE U S HAD QUOTE USED SOME RHETORIC UNQUOTE IN ORDER TO GET THE LIBYAN ATTENTION. LIBYA HAD REPLIED BY SENDING REASSURING SIGNALS WHILE AT THE SAME TIME CONTINUING HER OTHER ACTIVITIES. THE INCIDENT IN THE GULF OF SIRTE HAD BEEN THE LAST STRAW.

2. HAIG GAVE DETAILS OF EVIDENCE

ABOUT THE THREAT TO ASSASSINATE PRESIDENT REAGAN. THE INTELLIGENCE COMMUNITY IN WASHINGTON HAD ANALYSED THIS EVIDENCE AND AS USUAL HAD COORDINATED ITS WORK WITH THE INTELLIGENCE COMMITTEE ON THE HILL. (HAIG MENTIONED MOYNIHAN, KENNEDY AND GARY HART, POINTING OUT THAT THESE WERE ALL MEN OF THE LEFT). THE RESULT HAD BEEN A MOOD AND RESOLUTIONS ON THE HILL TO THE EFFECT THAT THE U S COULD NOT CONTINUE TO DO BUSINESS AS USUAL WITH THE TERRORIST MURDERERS IN LIBYA. THUS THE U S HAD FACED A PROBLEM OF INTERNATIONAL RELATIONS, PRESIDENTIAL SECURITY AND INTERNAL POLITICS. QADDAFI'S HALF HOUR ON AMERICAN TELEVISION HAD MADE THE EXISTING POLICY UNTENABLE.

3. HAIG SAID THAT THE AMERICAN STUDIES HAD LED TO THE CONCLUSION THAT THE FIRST NECESSITY WAS TO GET THE AMERICAN COMMUNITY OUT OF LIBYA SO AS TO PREVENT A REPETITION OF WHAT HAD HAPPENED IN IRAN. (HE MENTIONED THAT THE CARTER ADMINISTRATION HAD KNOWN OF THE IMPENDING EVENTS IN TEHRAN BUT HAD TAKEN NO ACTION). EVEN THE REAGAN ADMINISTRATION HAD NOT APPRECIATED THE FULL SERIOUSNESS OF THE MORE THAN 120 INTELLIGENCE REPORTS ABOUT LIBIAN ASSASSINATION PLANS UNTIL THE ATTEMPT IN PARIS, WHICH COULD EASILY HAVE SUCCEEDED. THEY WERE NOW SATISFIED THAT THESE REPORTS WERE RELIABLE. THIS HAD ACCELERATED THE DECISION MAKING PROCESS LEADING UP TO THE ANNOUNCEMENT OF 10 DECEMBER. THE U S GOVERNMENT HAD DECIDED TO MOVE AGAINST LIBYA ON ITS OWN INITIATIVE, RATHER THAN BE FACED WITH LEGISLATION IN CONGRESS WHICH COULD HAVE DAMAGED AMERICAN INTERESTS.

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4. HAIG SAID THAT THE NEXT STEP, WHICH HE WAS SURE THE U S WOULD TAKE, WOULD BE TO CUT OFF AMERICAN PURCHASES OF LIBYAN OIL. AFTER THAT THEY WOULD ASSESS THE SITUATION, AND THEN PROBABLY MOVE TO TERMINATE ALL AMERICAN-LIBYAN ECONOMIC LINKS. THE LOSS OF THE OIL REVENUE OF DOLLARS 10 BILLION A YEAR WOULD ADD TO QADDAFI'S ECONOMIC DIFFICULTIES. THE SAUDIS WERE VERY ANXIOUS TO SEE THIS DONE, AND HAD OFFERED TO PRODUCE THE SHORT-FALL THEMSELVES. THEY BELIEVED THAT THIS WOULD DRIVE DOWN THE OIL PRICE.

5. HAIG DESCRIBED HOW THE U S HAD RECEIVED APPEALS FROM MANY COUNTRIES TO DO SOMETHING TO CURB QADDAFI. HE MENTIONED MASTER SGT DOE, SOMALIA, SUDAN, EGYPT, MOROCCO, JORDAN AND LEBANON.

6. HAIG ASKED RHETORICALLY WHETHER THE AMERICAN MEASURES WOULD ACHIEVE ANYTHING, AND GAVE THE ANSWER THAT HE DID NOT THINK THEY WOULD. BUT THEY MIGHT ALTER QADDAFI'S MODUS OPERANDI. HE WAS NOT SO CRAZY AS SOME PEOPLE IMAGINED.

7. LORD CARRINGTON SAID THERE WAS NO DOUBT ABOUT QADDAFI'S EVIL NATURE AND TROUBLE-MAKING ACTIVITIES. BUT SO FAR THESE HAD BEEN LARGELY UNSUCCESSFUL. HE DESCRIBED HOW THE LIBYAN ASSASSINATION CAMPAIGN IN BRITAIN LAST YEAR HAD BEEN ENDED BY A COMBINATION OF FIRM MEASURES AND DIPLOMATIC CONTACT. HE HAD NO DOUBTS ABOUT THE STEP TAKEN BY THE U S YESTERDAY. AS REGARDS FURTHER MEASURES, THE PROBLEM WOULD BE TO STOP SHORT OF ACTION WHICH MIGHT REHABILITATE QADDAFI IN THE EYES OF THOSE WHO AT PRESENT WERE FAR FROM WELL-DISPOSED TOWARDS HIM. IF OTHER ARAB COUNTRIES CAME TO FEEL THAT THE U S WAS PICKING ON QADDAFI, THEIR ARAB INSTINCTS WOULD BE AGGRAVATED. THIS COULD AFFECT MODERATE AS WELL AS EXTREMIST GOVERNMENTS, THOUGH PROBABLY NOT SAUDI ARABIA. THE U S WOULD HAVE TO WALK A DIFFICULT TIGHT-ROPE AND EXERCISE NICE JUDGEMENT. HIS GUESS WAS THAT QADDAFI MIGHT MODERATE HIS ACTIVITY FOR A TIME; HE DID NOT WANT TO SPOIL HIS IMAGE IN ADVANCE OF THE CAU SUMMIT IN TRIPOLI.

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