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FM WASHINGTON 190100Z DEC 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 3861 OF 18 DECEMBER 1981

INFO IMMEDIATE TRIPOLI PRIORITY UKDEL NATO, PARIS, BONN, CAIRO,
JEDDA

US POLICY TOWARDS LIBYA

1. I MENTIONED TO MCFARLANE (COUNSELLOR TO HAIG) TODAY THAT I WAS CONCERNED ABOUT POTENTIAL DIFFERENCES BETWEEN THE UNITED STATES AND EUROPE OVER THE MEASURES THE AMERICANS WERE TAKING VIA-A-VIS LIBYA. THE US WERE CONTEMPLATING ECONOMIC SANCTIONS. WE SHARED THEIR VIEW OF QADHAFI BUT DID NOT THINK SANCTIONS WERE APPROPRIATE OR WERE LIKELY TO SUCCEED.

2. MCFARLANE SAID THAT US POLICY HAD BEEN INFLUENCED NOT ONLY BY QADHAFI'S ATTITUDE TOWARDS THE UNITED STATES BUT BY HIS ACTIVITIES IN CHAD AND VIS-A-VIS EGYPT AND THE SUDAN, AND SUPPORT FOR SUBVERSION IN NIGER. THROUGH THE ASSOCIATION WITH ETHIOPIA AND SOUTH YEMEN, THERE WOULD NO DOUBT ALSO BE ATTEMPTS TO FOMENT OPPOSITION IN NORTH YEMEN AND SAUDI ARABIA. ALL THIS WAS INCOMPATIBLE WITH US INTERESTS. THE ADMINISTRATION WAS UNDER NO ILLUSIONS ABOUT THE EFFICACY OF A BREACH OF ECONOMIC RELATIONS; BUT THE PRESIDENT HAD BEEN IMPRESSED BY THE VERY STRONG REPRESENTATIONS MADE TO HIM PERSONALLY BY NIMEIRI AND BY MUBARAK THAT IN VIEW OF QADHAFI'S CONDUCT THE US SHOULD NOT CONTINUE TO PURCHASE LARGE AMOUNTS OF LIBYAN OIL AND HELP THE LIBYANS TO PRODUCE IT. THE SAME POINTS HAD BEEN MADE WITH SOMEWHAT LESS VEHEMENCE BY THE SAUDIS WHO HAD AGREED THAT IF OTHER CONSUMERS OF LIBYAN OIL HAD DIFFICULTIES, THEY MIGHT HELP TO EASE THE SITUATION. THE CUTTING OFF OF OIL IMPORTS FROM LIBYA WOULD HAVE LITTLE EFFECT ON THE US IN PRESENT MARKET CONDITIONS.

3. VIS-A-VIS THE EUROPEAN ALLIES THE ADMINISTRATION WAS NOT LIKELY TO CLAIM THAT SANCTIONS WOULD BE VERY EFFECTIVE, OR TO URGE THE EUROPEANS TO JOIN IN THEM. THERE WOULD BE NO QUOTE HARD SELL UNQUOTE THOUGH THEY WOULD URGE THAT THERE SHOULD BE NO EMBARRASSING RUSH TO TAKE OVER US CONTRACTS. BUT THERE WAS A NEED TO ESTABLISH CONSISTENCY IN THE US ATTITUDE TOWARDS QADHAFI, AND THESE DECISIONS WERE RELEVANT TO DOMESTIC OPINION. IF THE OUTCOME WERE TO BE REPLACEMENT OF US COMPANIES AND OIL PURCHASES BY THE SOVIET UNION, THAT WOULD BE UNFORTUNATE (AND THIS WAS ONE REASON THE US WOULD NOT BE ASKING TOO MUCH FROM THEIR FRIENDS).

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4. I RAISED THE QUESTION OF AIRBUS. MCFARLANE SAID THAT HE UNDERSTOOD THAT POSED A REAL PROBLEM FOR US. BUT THERE WAS SERIOUS CONCERN IN CONGRESS AND IN THE ADMINISTRATION THAT, GIVEN QADHAFI'S PAST BEHAVIOUR, SUCH AIRCRAFT COULD AND WOULD BE USED TO TRANSPORT LIBYAN TROOPS.

5 MCFARLANE EMPHASISED THAT THE STRONGEST POSSIBLE FEELINGS WERE HELD PERSONALLY BY THE PRESIDENT AND HAIG ABOUT QADHAFI.

HENDERSON.

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