

CONFIDENTIAL

GRS 618

CONFIDENTIAL

PS TO NO 10 DOWNING STREET

FM FCO 081220Z MAR 82

TO IMMEDIATE WASHINGTON

TELEGRAM NUMBER 442 OF 8 MARCH

INFO IMMEDIATE TRIPOLI, UKDEL NATO, PARIS, BONN, ROME, BRUSSELS
INFO SAVING ALL OTHER EC POSTS ABU DHABI ADEN ALGIERS AMMAN
BAGHDAD BAHRAIN BEIRUT CAIRO DAMASCUS DOHA DUBAI JEDDA
JERUSALEM KHARTOUM KUWAIT MUSCAT RABAT SANA'A TEL AVIV TUNIS
US/LIBYA: TRADE CONTROLS

1. IN A LETTER TO BRIDGES MINISTER ECONOMIC IN THE US EMBASSY HAS GIVEN DETAILS OF THE MEASURES FORESHADOWED IN TUR. ANNOUNCEMENT WILL BE MADE IN WASHINGTON NEXT WEEK. AMERICANS HAVE STRESSED THAT THEY ARE NOT (NOT) ASKING US TO TAKE PARALLEL ACTION. HOWEVER SPEAKING NOTE EXPRESSES HOPE THAT QUOTE OUR FRIENDS AND ALLIES WOULD NOT ACT TO UNDERCUT UNQUOTE US MEASURES AND WE ARE ASKED TO AVOID UNNECESSARY CRITICISM OF US POLICY. SIMILAR DEMARCHES HAVE BEEN MADE IN ALL EC, NATO AND OECD CAPITALS.
2. ACTION WILL: A) PROHIBIT IMPORT OF LIBYAN CRUDE OIL INTO UNITED STATES B) INCREASE CONTROLS ON US EXPORTS TO LIBYA. ALL EXPORTS AND REEXPORTS OF US GOODS AND TECHNOLOGY EXCEPT MEDICAL SUPPLIES AND AGRICULTURAL GOODS WILL REQUIRE LICENCES. GENERAL POLICY WILL BE TO DENY LICENCES FOR: ITEMS CONTROLLED FOR NATIONAL SECURITY PURPOSES (IE DUAL USE ITEMS) AND OIL AND GAS TECHNOLOGY AND EQUIPMENT NOT READILY AVAILABLE FROM NON-US SOURCES.
3. MEASURES WILL NOT (NOT) APPLY TO ITEMS ALREADY OUTSIDE THE US OR TO ITEMS SUBJECT TO PREEXISTING BINDING CONTRACTS. AMERICANS HAVE SAID THAT THEY INTEND TO MINIMISE EXTRATERRITORIAL IMPACT OF THESE CONTROLS. THEY WILL NOT APPLY TO EXPORTS OF NON-US ORIGIN ITEMS BY US SUBSIDIARIES OVERSEAS. REEXPORT OF GOODS AND DATA ALREADY OUTSIDE US WHEN NEW CONTROLS ARE INTRODUCED WILL NOT BE PRECLUDED. FOREIGN PRODUCTS DERIVED FROM US TECHNICAL DATA WILL NOT BE AFFECTED. AMERICANS WILL SHOW FLEXIBILITY WHERE ITEMS ARE REQUIRED TO FULFIL EXISTING CONTRACTS OR ARE COMPONENTS REPRESENTING SMALL PART OF PRODUCTS TO BE PRODUCED ABROAD.
4. AMERICANS STRESS THAT THEY ARE NOT (NOT) BLOCKING LIBYAN FINANCIAL ASSETS DIRECTLY OR INDIRECTLY. NOR DO THEY CONTEMPLATE TAKING SUCH ACTION.
5. BACKGROUND STRESSED THAT INTENDED MEASURES NOT PRECIPITATED BY A PARTICULAR ACT OF THE LIBYAN GOVERNMENT BUT RATHER BY QUOTE A CONTINUING PATTERN OF LIBYAN BEHAVIOUR WHICH VIOLATES ACCEPTED INTERNATIONAL NORMS UNQUOTE. US POLICY HAD BEEN UNDER REVIEW FOR OVER A YEAR DURING WHICH TIME AMERICANS HAD NOT SEEN EVIDENCE OF A SIGNIFICANT LASTING CHANGE IN LIBYAN BEHAVIOUR. AMERICANS CONVINCED THAT LIBYA SHOULD BE MADE TO PAY AN INCREASING COST FOR ITS ACTIONS. AMERICANS DID NOT WISH TO

CONFIDENTIAL

/ SEE REPEAT

CONFIDENTIAL

SEE REPEAT OF SITUATION IN WHICH US MADE TRUCKS WERE ALTERED, DESPITE ASSURANCES, TO CARRY TANKS.

6. AMERICANS HAVE ASKED FOR A REACTION FROM US. IN SUPPORT OF THEIR DEMARCHE HOOPER DELIVERED ON 4 MARCH A REVISED ASSESSMENT ON THE LIBYAN THREAT. THIS CONTAINS LITTLE NEW TO US AND REVIEWS LIBYAN ACTIVITIES FROM THE HIGHLY IMPORTANT TO THE TRIVIAL OVER PAST TEN YEARS. PAPER IS CONFUSED AND AT TIMES CONTRADICTORY REFLECTING INTER-AGENCY DISAGREEMENTS ON LIBYAN POLICY (FULL TEXT BY BAG TO YOU, TRIPOLI AND UKDEL NATO).

7. IN SPEAKING AT AN APPROPRIATE LEVEL YOU SHOULD REITERATE THANKS BRIDGES HAS ALREADY EXPRESSED TO EMBASSY FOR THIS TIMELY AND FULL BRIEFING BOTH ON THE INTENDED MEASURES AND ON THE LIBYAN THREAT WORLDWIDE. WE APPRECIATE THIS CONSULTATION AND THE OBVIOUS CARE THAT HAS BEEN TAKEN IN SEEKING TO AVOID EXTRATERRITORIALITY PROBLEMS. WE HOPE THAT ANY POTENTIAL DIFFICULTIES INVOLVING BRITISH FIRMS TRADING IN LIBYA CAN BE AVOIDED BY SIMILAR WARNING OF DIFFICULT CASES. IN GENERAL WE HAVE NO ILLUSIONS AS TO LIBYA'S CAPACITY FOR MISCHIEF AND WE INTEND TO MAKE FULL USE OF OUR CONTACTS WITH THE LIBYAN AUTHORITIES IN SEEKING TO PERSUADE THEM TO MODIFY THEIR POLICIES.

CARRINGTON

MIDDLE EAST
STANDARD
NENAD
MED
NAD
UND
EESD
ECD
TRED
WED
RID
MAED
ES & SD
ERD
ESID
CONS D
CONS EM UNIT
CABINET OFFICE

ADDITIONAL DISTN.
ARAB/ISRAEL DISPUTE
COPIES TO:
MR HAGESTADT OT5/DOT
D/ENERGY
TREASURY
B/ENGLAND