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FM WARSAW 031600Z FEB 82

TO PRIORITY FCO

TELNO 204 OF 3RD FEBRUARY 1982

INFO ROUTINE: MOSCOW, WASHINGTON, UKDEL NATO

INFO SAVING= EAST BERLIN, SOFIA, BELGRADE, BUCHAREST, BUDAPEST,  
HELSINKI, STOCKHOLM, UKMIS NEW YORK, UKREP BRUSSELS, PARIS,  
BONN AND MODUK.POLISH FOREIGN POLICY.

1. WIEJACZ, VICE MINISTER FOR FOREIGN AFFAIRS, KARAS VICE MINISTER FOR FOREIGN TRADE AND URBAN THE GOVERNMENT PRESS SPOKESMAN GAVE A PRESS CONFERENCE YESTERDAY. ALTHOUGH NOTHING PARTICULARLY NEW EMERGED, WHAT THEY SAID GIVES AN INSIGHT INTO CURRENT GOVERNMENT PRIORITIES, PARTICULARLY IN THE FOREIGN TRADE FIELD.

2. WIEJACZ BEGAN BY SAYING THAT THE LAST YEAR HAD SEEN A DECREASE IN POLAND'S INTERNATIONAL SIGNIFICANCE AND CREDIBILITY DUE TO THE DOMESTIC CRISIS. POLAND WOULD CONTINUE THE TRENDS OF HER FORMER FOREIGN POLICY, WHICH WAS BASED ON A STRIVING FOR DETENTE, DISARMAMENT AND IMPROVED RELATIONS WITH ALL COUNTRIES AS WELL AS A CONSOLIDATED RELATIONSHIP WITH THE USSR AND OTHER SOCIALIST COUNTRIES. POLAND WAS AWARE THAT SHE WAS FACING AN AGGRAVATED INTERNATIONAL SITUATION AND THAT THE CRISIS WAS BEING USED BY THE UNITED STATES TO LAUNCH A GLOBAL CONFRONTATION WITH COMMUNISM.

3. WIEJACZ WENT ON TO SAY THAT US MEASURES WOULD NOT PRODUCE THE RESULTS THAT THE US GOVERNMENT EXPECTED. POLAND WOULD SOLVE HER OWN INTERNAL PROBLEMS. IT WAS NOT THE POLISH CRISIS BUT IMPERIALIST STRATEGY THAT HAD AGGRAVATED THE INTERNATIONAL SITUATION. THE WEST HAD WANTED POLITICAL CHANGES IN POLAND TO SERVE AS THE BEGINNING OF THE DISINTEGRATION OF THE SOCIALIST SYSTEM.

4. WIEJACZ SAID THAT POLAND WAS GRATEFUL TO THOSE WESTERN COUNTRIES WHO WERE TAKING A REALISTIC ATTITUDE TO POLAND'S CRISIS.

5. KARAS SAID THAT POLAND'S ECONOMIC RELATIONS WITH THE WEST HAD BECOME MORE COMPLICATED FOLLOWING WESTERN RESTRICTIONS. POLISH FOREIGN TRADE POLICY WITH WESTERN COUNTRIES WOULD AIM TO ACHIEVE A GOOD LEVEL OF EXPORTS, IMPORT NECESSARY RAW MATERIALS, REPAY POLAND'S DEBTS AND GAIN NEW CREDITS. BUT ALL THESE TASKS HAD NOW RUN INTO NEW OBSTACLES, NAMELY US, NATO AND EC REFUSAL TO REFINANCE POLISH DEBTS AND TO HOLD CREDITS TO POLAND. DOMESTIC CONSUMPTION AND IMPORTS HAD TO BE CUT AND, BECAUSE 70% OF POLISH INDUSTRY WAS DEPENDENT ON SUPPLIES FROM THE WEST, THIS WOULD HAVE A BAD EFFECT ON EXPORTS WHICH WERE ALREADY DECLINING. EXPORTS TO THE WEST IN 1981 WERE 73% OF THE 1980 FIGURES.

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6. KARAS DESCRIBED THE EFFECTS OF US SANCTIONS AS PAINFUL. THE SUSPENSION OF AMERICAN CREDITS FOR IMPORTS OF FARM PRODUCE MEANT THAT POLAND WOULD BE UNABLE TO PURCHASE DOLLARS 740M WORTH OF AMERICAN FOOD SUPPLIES. THE SHORTAGE OF CORN WOULD PARALYSE CHICKEN PRODUCTION AND LEAD TO A DECREASE IN MARKET SUPPLIES OF MEAT OF 250,000 TONS. SUSPENSION OF EXTRA CREDITS WOULD AFFECT INDUSTRIAL CO-PRODUCTION AND POLISH EXPORTS.

7. KARAS SAID THAT POLAND WANTED TO SOLVE HER DEBT PROBLEMS BY NEGOTIATION BUT COULD NOT BEAR RESPONSIBILITY FOR OTHER SOLUTIONS THAT WERE IMPOSED ON HER. HE WENT ON TO SAY THAT HUMANITARIAN AID GIVEN BY THE EC WAS RELATIVELY SMALL.

8. BOTH KARAS AND WIEJACZ SAID THAT POLAND HAD MET WITH UNDERSTANDING FROM THE SOVIET UNION AND OTHER SOCIALIST COUNTRIES. SOME THIRD WORLD COUNTRIES WERE ALSO SHOWING UNDERSTANDING AND INCREASING MUTUAL TRADE. EXPORTS TO THIRD WORLD COUNTRIES HAD INCREASES SLIGHTLY IN 1981. BUT IN THE PURELY ECONOMIC SPHERE, THE SOCIALIST AND THIRD WORLD COUNTRIES WERE UNABLE TO MAKE UP FOR LOSSES CAUSED BY US AND OTHER WESTERN SANCTIONS.

FCO PLEASE PASS SAVING TO ALL SAVING ADDRESSEES

MELHUI SH

(REPEATED AS REQUESTED)

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ADVANCED

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