



Foreign and Commonwealth Office

London SW1A 2AH

6 August 1982

Dear John,

Prime Minister
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NATO Discussions on Poland

You will have seen telegrams reporting the outcome of the discussion on Poland in the North Atlantic Council on 28 July following the relaxations of martial law announced on 21 July. By agreement the NAC is to meet again on 20 August to review Western measures towards Poland (but not towards the Soviet Union) in the light of Polish reactions. You will wish to know the line we intend to instruct Sir John Graham to take.

As the telegrams made clear, our main concern was that NATO should not reject these developments in Poland out of hand. We saw merit in sending a positive signal which would encourage Jaruzelski to persist in his middle course and allow further relaxations. To this end we advocated that alliance partners should specifically examine the ban on rescheduling Polish debt and the downgrading of political contacts with the Poles.

At the NAC on 28 July the Americans said that they were not yet ready to discuss rescheduling. We have decided after consultation with other Whitehall Departments at official level that in view of our other difficulties with the Americans we should not press for rescheduling at the present time if this remained the American position. However, the latest indication we have is that the Americans may be having second thoughts. If so, this would be welcome news since the refusal to reschedule is hurting Western creditors more than the Poles. We therefore intend to explore American thinking further before the meeting on 20 August. If, in the event, the Americans stick to their original position, we intend to endorse the French proposal that a meeting of technical experts should study the evolution of the Polish economy. It is our hope that the experts' reports may provide the basis for reopening negotiations within the creditors Group at a later stage.

/It would



It would still be possible to convey a signal to the Poles by relaxing our attitude on contacts, particularly since most of our partners are already conducting relations at a somewhat higher level than ourselves. Of course ministerial exchanges remain out of the question while martial law remains in force, but it would nevertheless be possible - eg through a resumption of normal cultural contacts, and by reinstating working consultations between officials on commercial and political matters, to indicate to the Poles that we acknowledge their efforts to meet Western demands. This is what we would propose to advocate in the NAC on 20 August, unless you or other copy addressees see objection.

I am sending copies of this letter to the Private Secretaries of Members of OD and to Robert Lowson (MAFF), Jonathan Spencer (Industry) and Richard Hatfield (Cabinet Office).

Yours ever,

(F N Richards)
Private Secretary

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