

SUBJECT ce Paris

CONFIDENTIAL

RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND
MR. DONALD RUMSFELD AT 1730 HOURS ON MONDAY 25 OCTOBER 1982
AT NO.10 DOWNING STREET

Prime Minister
Mr. A.J. Coles

Mr. Rumsfeld
Mr. Guhin

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Mr. Rumsfeld said that he had already visited Paris. He would proceed to Bonn this evening and Rome tomorrow. After returning to the United States, he would then probably visit Tokyo, Brussels and The Hague.

The President had asked him to visit these capitals to explain his thinking on the Law of the Sea Convention. When he had come into office, the President had "stopped the train". He had examined the Convention and had been disturbed about the way in which it had evolved. He had several concerns. The first related to the deep seabed mining provisions. These would establish a bureaucratic body with a United Nations flavour. Expenditure of hundreds of millions of dollars was anticipated. The President and he were absolutely convinced that the apparatus was such as to dissuade those who were interested in deep sea mining. Secondly, there were aspects of the Convention which were both bad in themselves and which would create unfortunate precedents if transferred to other areas of UN activity (a recent speech had referred to the possibility of the adoption of such provisions in relation to Antarctica and outer space). For example, some provisions of the Convention could be changed by a two-thirds majority, without reference to capitals. There were also rules relating to the mandatory transfer of technology. Production limits were established. There was provision for national liberation fronts, for example SWAPO and the PLO, to benefit from revenue. All this violated the President's belief in how economic activity should be handled. The notion that such ideas should be approved and be used as precedents for the future was distinctly worrying.

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/An impetus

An impetus towards signature was now developing. Many of those supporting signature would end up with jobs in the new bureaucracy.

Mr. Rumsfeld then handed over the original of President Reagan's letter of 10 October to the Prime Minister, as well as a note arguing that the deep seabed mining part of the treaty is contrary to Western interests and a further note illustrating the voting record of the Non-Aligned Movement in the United Nations. Copies of both these notes are annexed to this record.

The Prime Minister said that the deep seabed mining provisions gave rise to very considerable concern. At present, the United Kingdom was examining the text of the Convention and consulting a number of interests. It would be argued that many provisions of the Convention were conducive to British interests, for example those relating to freedom of navigation, though she thought that in practice we had this freedom now. Mr. Rumsfeld said that the United States would also be concerned if it could be shown that failure to sign the Convention would prejudice the freedom of navigation. But the argument that the Convention largely consolidated existing international and customary law suggested to them that they would not benefit from it. On such matters as navigation, over-flying rights etc. the United States was able to function satisfactorily without the Convention.

The Prime Minister repeated that she would not disguise her worries about the mining provisions but we were engaging in a process of wide consultation.

Mr. Rumsfeld said that the view was heard that it would be possible to alter the mining arrangements when the Convention got under way. But this was not convincing given that an attempt to change the provisions, when change was still a practical possibility, had failed. President Reagan hoped that the United Kingdom and other countries would consider not signing the Convention - and would in any event delay signature. At the forthcoming meeting in Jamaica, there would be a ceremony terminating the negotiating conference.

That was not important. But the Convention would then become open for signature - and when sixty countries had signed it, it would be open for ratification. At a particular point in this procedure a preparatory commission would be established - those who had signed the Convention could participate fully in the Commission; others could take part as observers. But since there was provision for observers to play an effective role, there was no reason for any country to rush into signature.

Ten years ago the assumption had been that seabed mining would be economically viable sooner rather than later. Now, the timescale looked longer. The Non-Aligned countries would be unhappy about this because they had been expecting revenue soon.

The Prime Minister asked what the US estimate was of the intentions of other countries. Mr. Rumsfeld said that Japan and the Netherlands were leaning towards signature; France would sign; and Belgium was believed to oppose signature. For various reasons, Venezuela would not sign and Ecuador was undecided.

The Prime Minister said that she was worried that the deep sea mining provisions were such that potential Western investors would not put money into this activity. Mr. Rumsfeld agreed - the regime was too uncertain to attract money. The Prime Minister said that there were, however, other provisions which had to be balanced against these - that was why we were embarking on a process of consultation.

The Prime Minister then asked Mr. Rumsfeld which heads of state he had already seen. Mr. Rumsfeld replied that he had so far only seen President Mitterrand. The French shared US distaste for the mining provisions but the arguments about the attitude of Third World countries fell on deaf ears in Paris where there was a policy of remaining as close as possible to the Third World. He sensed that the fear of being at odds with the developing countries would weigh more with the French Government than the disadvantages of some aspects of the text.

/The Prime Minister

The Prime Minister said that she doubted whether a Convention of this kind could function without American participation. Mr. Rumsfeld said that this was certainly true of the mining section. It was desirable to work out an alternative approach on mining, involving the countries with a large GNP and the appropriate technology to exploit the seabed.

The Prime Minister said that she understood the American message, but there were other matters that had to be taken into consideration. Mr. Rumsfeld said that President Reagan himself had said that he could agree with 90% of the Convention but that in his view this was outweighed by the principal problem of the mining provisions.

The Prime Minister then asked Mr. Rumsfeld to give his view of the prospects for the US economy. Mr. Rumsfeld said that recovery was slow but was going to come. Inflation would continue to fall and the fall in interest rates was encouraging. Unemployment would be slow to come down but he was generally optimistic. The American people were demonstrating unusual patience. He did not believe that the forthcoming elections would see a large anti-Reagan swing due to the unemployment situation. The party in office normally lost 25 seats in such elections. He would be very surprised if on this occasion the Republican Party lost more than 30 or so. The Prime Minister suggested that when the elections were over, the Administration would need to look again at the size of the budget deficit. Mr. Rumsfeld agreed. He then said that he attached particular importance to the home mortgage rate. This was pegged to long term expectations and was not yet falling. Real recovery would only come when it began to fall.

The conversation ended at 1810 hours.

A. S. C.

25 October 1982



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10 DOWNING STREET

From the Private Secretary

22 November 1982

LAW OF THE SEA: U.S. POSITION

The Prime Minister has received a letter from President Reagan's Special Emissary, Mr. Donald Rumsfeld. I enclose a copy.

I doubt if any further communication with the United States is necessary at this stage.

I am copying this letter and enclosure to John Rhodes (Trade), Jonathan Spencer (Industry), Richard Mottram (Defence) and Richard Hatfield (Cabinet Office).

A. J. COLES

John Holmes, Esq.,
Foreign and Commonwealth Office.

THE WHITE HOUSE
WASHINGTON

November 16, 1982

②
Prime Minister

A.S.C. 22
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MF

Dear Mrs. Thatcher:

I was pleased that you were able to honor President Reagan's request and meet with me on short notice despite your busy schedule. We would not have imposed but the issues are, as you recognize, very important and time sensitive.

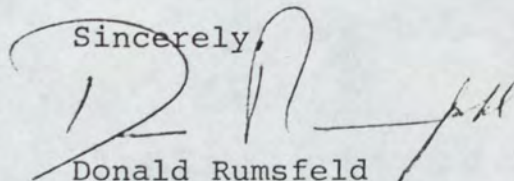
After completing my round of consultations with you and the leaders of other key countries, I reported to President Reagan. He remains firm in his resolve not to sign the Law of the Sea treaty and to develop an alternative seabed mining arrangement. He continues to urge the United Kingdom not to sign the treaty or, at least, to defer that decision while working with the United States toward an alternative regime. Continuing dialogue at high and expert levels is important, and the United States looks forward to such consultations with your government in this critical field.

The concern about whether key navigation and overflight rights can be fully protected outside the treaty was addressed in our discussion and was particularly evident in my subsequent meeting with Mr. Rifkind and others. I had these concerns put before Secretary Weinberger and understand that he has subsequently written to Defense Minister Nott elaborating on U.S. views as to why these rights can be so protected.

I appreciated the opportunity to meet with you and to address personally President Reagan's deep concerns about the seabed part of the treaty -- concerns that are widely shared throughout the United States and in Congress. Your insightful and candid observations were as refreshing as they were on the mark.

With best wishes.

Sincerely,



Donald Rumsfeld

The Right Honorable
Margaret Thatcher, M.P.
Prime Minister
London



HLK

RM

For. Pol

10 DOWNING STREET

THE PRIME MINISTER

10 November, 1982

Dear Mr. Macgregor.

Thank you so much for your letter of 8 November. I have much sympathy with your views and shall give them full weight when the time comes to take a decision on signature of the Convention on the Law of the Sea. At present, we are conducting the usual examination of all aspects of the Convention but there is no doubt in my mind that the provisions on sea-bed mining are very defective indeed, and would be very *dangerous to this country's interests*

Thank you for writing — and so cogently.

Yours sincerely
Margaret Thatcher

Ian MacGregor, Esq.,

RM

PRIME MINISTER

THE LAW OF THE SEA

Prime Minister
My advice to Alan was that there was no danger of
you telling Mr. Rumsfeld that we should sign (!)
and that therefore his analysis could, if he wished,
wait to appear the time of the OD discussion.
A.S.C. 10/11.

I was proposing to send you an economic analysis of the Law of the Sea before you met Mr. Rumsfeld some three weeks ago. However, John Coles thought it was probably inappropriate at that stage. I gather that now you have received an incisive account from Ian MacGregor.

You may also be interested in how the United States' policy is shaping up. This article in the Wall Street Journal is very informed, primarily by W. Alan Wallis, the Under Secretary in the State Department for Economic Affairs. I understand that the rest of the State Department is orchestrating considerable pressure, certainly to continue funding the Jamaican Head Office and for the initialling of the Treaty. I believe, however, that this lobbying will not be successful. The United States is unlikely to sign.

10 November 1982

Dictated but not seen by: ALAN WALTERS

Sea Law Seduction

As the chill November winds blow across the East River, United Nations officials are eagerly readying themselves for a big bash in Jamaica next month to mark the signing of the Law of the Sea Treaty. Sparing no expense, the U.N. is expected to lay out up to \$20 million celebrating this attempt to tax Western mining companies and to steal their technology. While the Reagan administration opposes the treaty, U.S. taxpayers may wind up paying one-quarter of the bill not only for the party but also for the operating expenses of the U.N.'s new International Seabed Authority.

The authority wants to control the mining of metal and mineral "nodules" on the world's seabeds. It proposes to require mining ventures to pay an application fee of \$250,000, an annual operating fee of \$1 million and a graduated tax on mining operations as high as 70% of net proceeds. Moreover, it would require mining explorers to turn over half of their finds to the authority's own mining arm, called "the Enterprise," and would negate patent protections by demanding that companies turn over their mining technology.

One of the main points of this exercise is to discourage deepsea mining and thereby protect onshore producers of the affected minerals. Should sea mining actually occur, however, the U.N. would have an automatic source of income to be distributed to its member countries and favorite causes like the Palestine Liberation

Organization, largely free of U.S. influence or control.

President Reagan announced last July that the U.S. won't sign the treaty because it doesn't protect our national or commercial interests. Now, however, there is an effort to get the administration to "initial" the treaty at next month's gathering in Jamaica. Proponents say that initialing is a mere diplomatic formality which recognizes U.S. participation in the talks since 1973. What they aren't saying is that America's initials would give the appearance of approval and would commit the U.S. to spend millions to subsidize the authority and its Jamaica headquarters.

Because the seabed authority isn't likely to raise any of its own revenues any time soon, it will be funded out of the general U.N. budget, of which the U.S. pays 25%. As a result, U.S. taxpayers will underwrite a quarter of this seabed piracy unless the U.S. cuts its U.N. contribution to reflect its non-participation in the seabed scheme.

The U.S. already withholds a portion of its U.N. funding obligations, equal to 25% of the funds given to the PLO, the Southwest Africa Peoples Organization and Cuba. If the administration really opposes giving the U.N. control over American mining ventures, the president should not only refuse to initial the Law of the Sea but also to provide any money for the seabed authority. The big party in Jamaica next month deserves a bit of dampening.



10 DOWNING STREET

From the Private Secretary

9 November, 1982

LAW OF THE SEA

I enclose a copy of a letter which the Prime Minister has received on the above subject from Mr Ian MacGregor. The Prime Minister intends to reply to this herself (no draft is required).

I am copying this letter and enclosure to Jonathan Spencer (Department of Industry), John Rhodes (Department of Trade), Julian West (Department of Energy) and Richard Hatfield (Cabinet Office).

A. J. COLES

J. Holmes, Esq.,
Foreign and Commonwealth Office.

BRITISH STEEL CORPORATION

IAN MACGREGOR

8 November 1982

Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing Street
London S W 1

I agree with other letters to lobby.
Please
I will send copy to P.S.
Prime Minister

If you agree I will thank
him for his views and say
that you will give them full
weight when the time comes
to take a decision on signature

Dear Prime Minister,

Content?

A.J.C. 5/11

The Law of the Sea Treaty and the question as to whether Britain becomes a signatory are matters, I believe, which will affect this country's ability to contribute to the progress of the developed world, and to maintain a significant position in its ranks. May I therefore offer some thoughts on the Treaty in its present form?

Initially, the Treaty discussions concentrated on the navigational problems. Mining of the sea bed and the 'nodules' was seen as a secondary and unimportant future prospect. Today, however, we know that in the twenty-first century, industrial economies will have to look increasingly to the oceans for their mineral resource needs. We cannot yet accurately forecast the potentiality of ocean-bed mining, but it is clearly of much greater significance than was recognised when the proposals were put forward by Mr Mintoff and when the major powers were preoccupied with the need to codify navigation rights.

I believe many people are concerned that the deep sea bed mining section gives the UN the power to mine in its own right, with money provided by developed countries and with the additional power to acquire sites and technology compulsorily from private mining consortia. Such compulsory

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Rt Hon Margaret Thatcher MP

acquisition of commercially and strategically valuable technology could be used by many small UN nations as a precedent in other negotiations involving the use of world resources. Further, any profits can be given to bodies associated with the UN and, if immediate past experience is a guide, conceivably even to such organisations as the PLO and SWAPO.

If I may express a view as the former chief executive of a major international mining company, the proposed regime would seriously deter development of such potential resources which represent, in my view, probable future economic sources for metals and minerals which the UK now freely imports from land-based and privately financed enterprises.

I feel that there would be little point in Britain signing the Treaty if the United States does not. It would be helpful, I think, to call for a reconvening of the Conference to consider the deep sea bed mining aspects of the draft Treaty. All other parts of the Treaty were arrived at by consensus and provide a basis for a workable Treaty. Surely the deep sea mining portion of the Treaty should be framed by a similar consensus.

To push ahead prematurely could condemn future generations to a risky dependence for important minerals on the machinations of a supra-nationalised industry.

Sincerely,

Jan MacGregor



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For. Pol.

10 DOWNING STREET

From the Private Secretary

25 October 1982

Dear Sir,

Call on the Prime Minister by Mr. Donald Rumsfeld : Law of the Sea

Thank you for your letter of 22 October. Mr. Rumsfeld called on the Prime Minister at 5.30 this afternoon. I enclose a record of the conversation.

I am copying this letter and its enclosures to John Rhodes (Department of Trade), Anthony Willis (Department of Industry), Richard Mottram (Ministry of Defence), Julian West (Department of Energy), Robert Lawson (MAFF), Lester Hicks (DOE) and Richard Hatfield (Cabinet Office).

*Your edw
JLH WLS.*

John Holmes, Esq.,
Foreign and Commonwealth Office.

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LAW OF THE SEA TREATY

The deep seabed mining part of the treaty is contrary to Western interests for a number of practical and precedential reasons. It runs counter to our common values of economic development and integrity of international organizations.

- o The treaty would concede to developing countries control over a major new international organization governing resources beyond national jurisdictions. The Western allies working together would not have effective power to block or to achieve decisions on many key issues.
- o The Law of the Sea organizations would be politicized much like other UN organizations. The strains between the developing and developed countries could well become worse as it becomes more apparent that the deep seabed provisions will not lead to commercial mining under the treaty and, thus, not produce substantial revenues, if any, for the developing countries.
- o The allies cannot expect to exercise sufficient influence in the organizations under the treaty. As an indicator, during the 1981-82 UN General Assembly, members of the Non-Aligned Movement voted against U.S. positions over 90 percent of the time with respect to votes on the 75 most important issues; they voted against positions of the United Kingdom almost 80 percent of the time on those issues.
- o The treaty would concede principles of mandatory transfer of private technology, sharing funds with national liberation movements, and production limits. This would strengthen those undesirable aspects of the so-called New International Economic Order at the expense of Western interests.
- o Fundamental changes could later be made in the treaty, a major international undertaking, and made binding upon parties without the approval of all the parties.
- o The treaty would not guarantee access to deep seabed resources, but would establish a costly international machinery and process. In addition to the considerable costs to any miners, States would be obligated under the treaty to provide interest free loans and loan guarantees for a mining operation by the international Enterprise, plus a share of administrative costs. Together these obligations for the United Kingdom could be expected to range from 36-90 million in U.S. dollars or about pounds sterling 21-53 million.

- o Although it is not clear when commercial exploitation of deep seabed resources will become economically viable, it is clear that the approach in the treaty would impose great risks and burdens and not attract the necessary private investment to prove workable.
- o Acceptance of the treaty with the unacceptable provisions noted above would enhance efforts to use them as precedents for international management of resources such as in outer space and Antarctica. There are already indications in the UN that some countries would like to push such precedents.

The treaty does contain provisions relating to military and commercial navigation and overflight that serve allied interests. Because they largely codify international law and practice, the exercise of these important rights will be fully protected without signing or ratifying the treaty.

The beneficial aspects of the treaty are outweighed by the seabed problems. United States policy on the treaty reflects basic principles and broad political and economic concerns widely held in the United States and in the Congress, where there is substantial opposition to the treaty. These concerns and Congressional opposition are not expected to change in the foreseeable future.

It is not possible to achieve changes in the deep seabed provisions in the foreseeable future, if ever, that would meet the objectives set forth in the amendments co-sponsored by the several allies at the Law of the Sea conference session in March-April 1982.

Even if one believes that improvements to the treaty are possible, staying outside the treaty and working out an acceptable alternative would not foreclose options with respect to changing the treaty and would strengthen bargaining power for any such effort.

The United States is convinced that an alternative arrangement for deep seabed mining outside the treaty can provide a workable framework for pursuing interests in oceans resource development. This alternative need not be global in nature. It could range from the minimum of mutual recognition of mine sites and private or governmental arbitration of conflicts to a more comprehensive approach.

The United States hopes that your government will reach a similar conclusion regarding the treaty and will delay signing it or preferably decide not to sign or otherwise commit to it. The United States is ready to explore possible alternative arrangements with you at the earliest opportunity.

The Law of the Sea Treaty creates institutions, an Assembly and a Council, that would have control over all aspects of deep seabed mining. These institutions are modeled after institutions of the United Nations. Members of the Non-Aligned Movement (NAM) would dominate these new institutions, much as they dominate the United Nations today.

The 94 members of the NAM do not in large part share the values and policies of the United Kingdom. During the 36th United Nations General Assembly (1981-82), NAM members agreed with the United Kingdom an average of only 21.6 percent of the time with respect to the 75 most important issues voted upon. The most supportive NAM country (Malawi) voted in favor of the United Kingdom's position 41.7 percent of the time, while the least supportive (the Seychelles) voted with the United Kingdom only 12.9 percent of the time.

In contrast to the 21.6 percent average NAM support for the United Kingdom's positions, NAM members supported the positions of the Soviet Union an average of 77.7 percent of the time.

The table below illustrates the voting patterns of NAM members in the United Nations.

Average NAM Country Votes in Agreement With:

<u>United Kingdom</u>	<u>21.6 %</u>
France	24.4 %
Federal Republic of Germany	23.3 %
Japan	28.3 %
Italy	23.3 %
Belgium	24.2 %
Netherlands	27.2 %
<u>USSR</u>	<u>77.7 %</u>
<u>United States</u>	<u>8.4 %</u>

Voting patterns in the proposed Law of the Sea structures -- where the Western allies would not have effective power to block or to obtain decisions on many key issues -- would be similar to those current patterns in the United Nations.

United Nations Box Score: - % Vote Agreement with UNITED K
10/07/82

AGREEMENT OF NON-ALIGNED WITH UK ON IMPORTANT VOTES

YEARS 1981-1981

'**' = NO ROLLCALLS

SORTED BY 'OVERALL'

MEMBER	YEAR	PLEN	FIRST	SEC	THRD	FRTH	FIFTH	SIX	SPEC	ESGA	OVER	VOTES	ABSTN	ABSNT
MALAWI	1981	35.3	**	**	33.3	50.0	**	**	66.7	**	41.7	36	31	0
JAMAICA		36.2	40.0	100.0	75.0	66.7	**	**	42.9	0.0	41.6	77	44	0
EQ-GUINE		43.7	**	0.0	**	**	**	**	**	0.0	38.9	18	5	0
BOLIVIA		37.5	50.0	0.0	0.0	66.7	**	0.0	66.7	0.0	36.8	57	21	0
CENT-AFR		36.8	0.0	100.0	25.0	50.0	**	0.0	33.3	**	36.4	55	19	0
SINGAPOR		35.7	33.3	0.0	25.0	66.7	**	0.0	28.6	0.0	32.9	73	30	0
SWAZILAN		34.1	40.0	0.0	25.0	0.0	**	**	0.0	100.0	32.8	64	34	0
LIBERIA		26.7	50.0	0.0	75.0	66.7	**	0.0	28.6	0.0	32.0	75	28	0
IVORY CO		32.7	40.0	100.0	25.0	40.0	**	0.0	42.9	0.0	31.6	79	35	0
MAURITIS		32.5	**	**	**	**	**	**	**	**	31.1	45	6	0
ZAIRE		26.0	40.0	0.0	33.3	66.7	**	0.0	28.6	0.0	29.6	81	30	0
BOTSWANA		29.4	**	0.0	25.0	66.7	**	**	28.6	0.0	29.5	61	15	0
KAMPUCHE		32.4	25.0	**	0.0	**	**	**	**	0.0	29.2	48	10	0
SENEGAL		29.2	25.0	0.0	50.0	66.7	**	**	16.7	0.0	28.9	76	9	0
SOMALIA		27.7	25.0	0.0	25.0	66.7	**	**	28.6	0.0	28.2	78	15	0
SUDAN		27.1	20.0	0.0	100.0	50.0	**	0.0	28.6	0.0	27.3	77	15	0
MALAYSIA		24.0	25.0	0.0	25.0	66.7	**	**	28.6	0.0	25.9	81	19	0
MALDIVE		23.9	0.0	0.0	50.0	66.7	**	0.0	28.6	0.0	25.7	74	10	0
GABON		21.3	20.0	100.0	33.3	66.7	**	0.0	28.6	0.0	25.6	78	25	0
NEPAL		24.5	25.0	**	25.0	66.7	**	0.0	20.0	0.0	25.6	78	30	0
NIGER.		24.4	20.0	0.0	25.0	66.7	**	0.0	28.6	0.0	25.6	78	13	0
EGYPT		21.3	40.0	0.0	25.0	80.0	**	0.0	28.6	0.0	25.3	79	25	0
MOROCCO		26.0	20.0	0.0	0.0	66.7	**	0.0	28.6	0.0	25.3	83	14	0
RWANDA		22.4	20.0	0.0	66.7	60.0	**	**	28.6	0.0	24.4	78	13	0
SAUDI AR		24.0	25.0	0.0	25.0	50.0	**	0.0	28.6	0.0	24.4	82	18	0
DJIBOUTI		25.6	33.3	0.0	50.0	0.0	**	**	28.6	0.0	24.2	66	9	0
BANGLAD		24.5	20.0	0.0	0.0	50.0	**	0.0	28.6	0.0	24.1	79	17	0
GAMBIA		27.3	**	0.0	50.0	0.0	**	**	0.0	0.0	24.1	58	12	0
SRI LANK		22.0	0.0	0.0	50.0	66.7	**	0.0	28.6	0.0	24.1	83	19	0
QATAR		23.8	0.0	0.0	50.0	60.0	**	**	28.6	0.0	23.9	71	14	0
GUYANA		23.9	25.0	0.0	50.0	25.0	**	0.0	28.6	0.0	23.7	76	9	0
TOGO		24.0	20.0	0.0	25.0	33.3	**	**	28.6	0.0	23.5	81	19	0
LESOTHO		22.0	0.0	0.0	33.3	60.0	**	**	28.6	0.0	23.4	77	24	0
BURUNDE		22.4	0.0	0.0	75.0	33.3	**	0.0	28.6	0.0	23.2	82	18	0
KENYA		24.5	20.0	0.0	50.0	16.7	**	0.0	28.6	0.0	23.2	82	12	0
SURINAM		18.4	20.0	0.0	25.0	66.7	**	0.0	28.6	0.0	23.1	78	17	0
BHUTAN		21.7	0.0	**	66.7	50.0	**	0.0	25.0	0.0	22.9	70	18	0
GHANA		22.0	20.0	0.0	75.0	16.7	**	0.0	28.6	0.0	22.9	83	18	0
ST. LUCIA		24.4	**	**	**	0.0	**	**	50.0	0.0	22.9	48	13	0
TUNISIA		22.0	20.0	0.0	0.0	66.7	**	0.0	28.6	0.0	22.9	83	15	0
ZAMBIA		20.0	20.0	0.0	50.0	40.0	**	0.0	28.6	0.0	22.2	81	11	0
MAURITAN		24.0	0.0	0.0	50.0	16.7	**	0.0	28.6	0.0	22.0	82	11	0
OMAN		24.5	20.0	0.0	25.0	0.0	**	0.0	28.6	0.0	21.8	78	18	0
ECCADOR		22.0	20.0	0.0	25.0	33.3	**	0.0	28.6	0.0	21.7	83	25	0
UP-VOLTA		17.0	**	**	25.0	66.7	**	0.0	33.3	0.0	21.7	69	23	0
ZIMBABWE		25.0	**	0.0	50.0	0.0	**	0.0	**	0.0	21.4	56	6	0
ARGENTI		20.4	0.0	0.0	0.0	66.7	**	0.0	28.6	0.0	20.7	82	29	0
PERU		18.4	0.0	0.0	25.0	66.7	**	0.0	28.6	0.0	20.7	82	26	0
TRIN/TOB		18.0	0.0	0.0	75.0	16.7	**	0.0	33.3	0.0	20.7	82	28	0
YUGOSLAV		22.0	0.0	0.0	50.0	16.7	**	0.0	28.6	0.0	20.5	83	12	0

United Nations Box Score - % Vote Agreement with UNITED K
10/07/82

AGREEMENT OF NON-ALIGNED WITH UK ON IMPORTANT VOTES

YEARS 1981-1981 '***' = NO ROLLCALLS SORTED BY 'OVERALL'

MEMBER	YEAR	PLEN	FIRST	SEC	THRD	FRTM	FIFTH	SIX	SPEC	ESGA	OVER	VOTES	ABSTN	ABSNT
SIERRA L		20.0	20.0	0.0	50.0	0.0	**	0.0	28.6	0.0	20.3	79	11	0
BELIZE		21.4	**	**	0.0	0.0	**	**	**	**	20.0	30	11	0
MALTA		23.9	0.0	**	**	**	**	**	**	0.0	20.0	60	8	0
BAHRAIN		22.0	0.0	0.0	25.0	25.0	**	0.0	28.6	0.0	19.8	81	16	0
NIGERIA		22.0	20.0	0.0	25.0	33.3	**	0.0	16.7	0.0	19.8	81	15	0
PAKISTAN		22.0	20.0	0.0	0.0	25.0	**	0.0	28.6	0.0	19.8	81	12	0
KUWAIT		20.8	0.0	0.0	50.0	16.7	**	0.0	28.6	0.0	19.0	79	9	0
IRAQ		18.7	0.0	0.0	50.0	16.7	**	0.0	28.6	0.0	18.5	81	8	0
EMIRATES		20.0	0.0	0.0	25.0	20.0	**	0.0	28.6	0.0	18.3	82	16	0
BENIN		16.3	0.0	0.0	66.7	25.0	**	0.0	50.0	0.0	18.1	72	8	0
CAPE VER		17.0	0.0	0.0	66.7	0.0	**	**	28.6	0.0	18.1	72	11	0
INDIA		18.0	0.0	0.0	50.0	16.7	**	0.0	28.6	0.0	18.1	83	16	0
INDONES		18.0	0.0	0.0	0.0	50.0	**	0.0	28.6	0.0	18.1	83	13	0
CAMEROON		19.1	0.0	0.0	66.7	16.7	**	0.0	16.7	0.0	17.9	78	23	0
COMOROS		18.2	**	0.0	50.0	0.0	**	**	**	0.0	17.9	28	5	0
TANZANIA		15.9	**	0.0	50.0	0.0	**	**	28.6	0.0	17.9	67	9	0
LAOS		16.0	0.0	0.0	50.0	16.7	**	100.0	33.3	0.0	17.7	79	7	0
SAO TOME		16.7	0.0	0.0	50.0	16.7	**	**	28.6	0.0	17.7	79	7	0
UGANDA		17.0	0.0	0.0	50.0	16.7	**	0.0	28.6	0.0	17.5	80	12	0
IRAN		20.0	0.0	0.0	0.0	16.7	**	0.0	50.0	0.0	17.4	69	6	0
CUBA		16.0	0.0	0.0	50.0	16.7	**	100.0	20.0	0.0	17.3	81	7	0
LIBYA		16.3	0.0	0.0	50.0	16.7	**	0.0	28.6	0.0	17.3	81	6	0
LEBANON		17.8	0.0	0.0	50.0	0.0	**	0.0	28.6	**	17.1	70	18	0
NICARAG		16.7	0.0	0.0	50.0	16.7	**	0.0	33.3	0.0	17.1	76	8	0
VIET NAM		16.0	0.0	0.0	50.0	16.7	**	**	28.6	0.0	17.1	82	7	0
MADAGASC		16.0	0.0	0.0	50.0	16.7	**	0.0	28.6	0.0	16.9	83	9	0
HALI		16.0	0.0	0.0	66.7	16.7	**	0.0	33.3	0.0	16.7	78	18	0
PANAMA		16.3	25.0	0.0	0.0	0.0	**	0.0	50.0	0.0	16.7	72	20	0
ALGERIA		14.3	0.0	0.0	50.0	16.7	**	0.0	28.6	0.0	16.0	81	9	0
YEMEN. SO		14.3	0.0	0.0	50.0	16.7	**	0.0	28.6	0.0	15.9	82	8	0
CHAD		16.0	0.0	0.0	33.3	16.7	**	0.0	28.6	0.0	15.4	78	14	0
GUINEA		18.0	0.0	0.0	33.3	16.7	**	0.0	20.0	0.0	15.4	78	11	0
MOZAMBIQ		12.8	0.0	**	50.0	16.7	**	**	28.6	0.0	15.4	78	6	0
GRENADA		13.6	**	**	50.0	33.3	**	**	**	0.0	15.3	59	5	0
SYRIA		14.3	0.0	**	33.3	16.7	**	**	28.6	0.0	15.2	79	6	0
G. BISSAU		16.3	0.0	0.0	33.3	0.0	**	**	**	0.0	15.0	60	12	0
ETHIOPIA		16.0	0.0	0.0	50.0	0.0	**	0.0	28.6	0.0	14.8	81	6	0
ANGOLA		13.6	0.0	0.0	50.0	16.7	**	**	0.0	0.0	14.5	69	7	0
CONGO		11.4	0.0	0.0	50.0	16.7	**	0.0	28.6	0.0	14.5	76	8	0
AFGHAN		7.3	0.0	**	66.7	16.7	**	100.0	28.6	**	14.1	71	7	0
CYPRUS		15.4	0.0	0.0	0.0	0.0	**	**	28.6	0.0	14.1	64	7	0
JORDAN		13.3	0.0	0.0	0.0	33.3	**	0.0	28.6	0.0	13.7	73	10	0
YEMEN. NO		13.6	0.0	0.0	0.0	20.0	**	0.0	28.6	0.0	13.7	73	10	0
SLYCHELL		10.9	**	**	50.0	20.0	**	**	**	0.0	12.9	62	7	0

OVERALL AVERAGE OF AGREEMENT FOR THIS GROUP IS 21.6%

Note. #VOTE = Nbr of votes that qualified bilaterally for comparison.
#ABST = Nbr of abstentions on rollcalls.
#ABSNT = Nbr of absences on rollcalls.

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cc Soviet Union
Pipeline



Foreign and Commonwealth Office

London SW1A 2AH

25 October 1982

Dear John

Mr Rumsfeld's Call: Pipeline

The Prime Minister will wish to know that some progress has been made in talks in Washington. The Americans have now tabled a revised version of the Shultz text which is more acceptable to us. Mr Shultz discussed this version with Sir Oliver Wright and the French and German Ambassadors yesterday. But the French are taking a hard line. They cannot accept the commitments to harmonise credit policies, to refrain for the moment from further Siberian gas purchases, or to examine the desirability of controls on advanced technology. Mr Pym is speaking to M Cheysson about this in Luxembourg today.

The Prime Minister may wish to take the following line with Mr Rumsfeld when he calls this afternoon:

- (a) Glad our governments are working so closely to resolve this dispute. Important to do so as rapidly as possible. We must keep up the momentum. Know Mr Shultz is playing a key role. We are grateful to him for this.
- (b) I understand latest version of his paper likely to be broadly acceptable to Summit Seven, except to France. Francis Pym is urging M Cheysson today in Luxembourg to be more flexible. We expect that if we can reach agreement on the final text of the paper your government will immediately lift the December and June measures (and Denial Orders) relating to companies outside the US. Very important these talks do not break down.

/ (c)

A J Coles Esq
10 Downing Street

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- (c) Believe there are two lessons for our governments. First, we must agree on Western analysis and strategy towards the Soviet Union. The work outlined by the Shultz paper would be an excellent basis. Second, the Alliance must try harder to act together. Events in Poland have been a defeat for the East. We must not let the failures of communism be overshadowed by the disunity of the West.

Gausseray
&

(B J P Fall)

Private Secretary

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25 OCT 1982

10 11 12 1 2 3
4 5 6 7 8 9

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Foreign and Commonwealth Office

London SW1A 2AH

22 October 1982

Prime Minister

A.S.C. 22/10.

Dear John,

Law of the Sea

Thank you for your letter of 15 October about Mr Rumsfeld's visit. The American Embassy have now confirmed that Mr Rumsfeld will call on the Prime Minister from 1730 to 1815 on 25 October. He will be accompanied by Michael Guhin, a staff member of the National Security Council, as a note-taker.

I enclose a brief for the Prime Minister (which has been agreed by the other Departments concerned, including DOI, MOD, DOT and the Department of Energy) and a biographical note on Mr Rumsfeld. We understand Mr Rumsfeld will not be briefed to raise any subjects other than Law of the Sea himself, although he will be prepared to pass on messages on other subjects. We have considered whether it would be useful to raise anything from our side apart from UNLOSC. We suggest that if there is an opportunity the Prime Minister could mention the Siberian pipeline and EC/US trade issues. They are covered in the brief.

Apart from the call on the Prime Minister, Mr Rumsfeld will be having talks in the FCO with Mr Rifkind and other ministers concerned. (Mr Pym will be in Luxembourg.) He may be seeing President Mitterand in Paris on the morning of 25 October. In other capitals, he is likely to be received by Signor Spadolini (Rome) and Mr Tindemans (Brussels). It is not yet clear how he will be received in Bonn.

I am afraid that the brief on UNLOSC is a long one. But the subject is complex and there are many issues to be weighed in the balance. They will be put to Ministers collectively in November (work is still in hand on some of the legal points in particular); and Mr Rumsfeld's visit is therefore well-timed to contribute an up-to-date and authoritative statement of the American position to the papers on which Ministers will wish to base their discussion.

/I am

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I am sending copies of this letter and its enclosures to the Private Secretaries of Mr Sproat (DOT), Mr Macgregor (DO I), Mr Wiggin (MOD), Mr Gray (Department of Energy), Mr Buchanan-Smith (MAFF), Mr King (DOE) and Sir Robert Armstrong.

Yours ever

J E Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

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BIOGRAPHY OF MR DONALD RUMSFELD

Born Chicago 1932. Educated Princeton and served in US Navy as pilot (and wrestling champion) 1954-7. Subsequently Staff Assistant on Capitol Hill and executive in investment banking firm.

Elected Congress as Republican for Illinois 1962. Appointed Director of the Office of Economic Opportunity 1969; Director of Cost of Living Council 1971; and US Ambassador to NATO 1972. Replaced Haig as head of White House Staff 1974 and replaced Schlesinger as Secretary of Defence 1975. Now President of G.D. Searle (Chicago pharmaceutical corporation).

Red-blooded Republican and intensely ambitious. Considered as possible Vice-Presidential running-mate for Ford in 1976 elections and an alleged contender for Secretary of State during Reagan's transition period.



BRIEF FOR CALL BY MR DONALD RUMSFELD ON THE PRIME MINISTER
AT 1730 HOURS ON 25 OCTOBER 1982

OBJECTIVES

UNLOSC

1. Listen to Mr Rumsfeld without commitment.

2. Encourage the Americans:
 - (a) to hold open the possibility of achieving a generally acceptable agreement;
 - (b) to be flexible over the content of a reciprocating arrangement for deep sea mining.

3. Mark the importance to UK interests of the navigation and shelf provisions of UNLOSC and ask for American co-operation in these fields.

OTHER ISSUES

4. Sound note of caution on Siberian pipeline and EC/US trade issues.

/POINTS TO MAKE



POINTS TO MAKE

UNLOSC

1. Agree with President Reagan's emphasis on co-ordinating our efforts. Regret that no consultations took place before the President announced US decision not to sign. (Understand Mr Haig promised consultations, but they were postponed.)

No

2. Main UK objective to obtain a generally agreed Convention. Share your concern about deep sea mining and therefore supported your efforts to obtain improvements at spring session of UNLOSC. Regret failure to obtain consensus. Believe that secure investment in deep sea mining will only take place within an accepted international regime. Hope USA share this long-term aim, despite difficulties with present Convention. Also hope they will use any opportunity which arises for further negotiations.

No
it has to
be the
right
refuse
what it
is.

3. Immediate problem is whether it is in UK national interest to sign. Any decision on signature would not pre-empt a decision on ratification. We will be meeting to decide policy next month. Glad to have American views before we make up our minds.

4. Convention covers wide range of subjects of importance to UK other than deep seabed mining:

- (a) prospective economic advantages from the outer Continental Shelf, on which the Convention is generally helpful in establishing title for coastal states;
- (b) freedom of navigation, which has significant defence and commercial implications. Want to do everything possible to maintain allied solidarity on defence issues. Extremely

/important



important that international law continues to enable British and allied ships and aircraft fully to use straits like Gibraltar and Hormuz. Doubt whether customary rights alone sufficient;

- (c) marine pollution problems e.g. in Straits of Dover. Want to extend our territorial sea to 12 miles in a way which will not adversely affect our and our allies' interests in other international straits. May be easier if we have signed the Convention.

5. Need to weigh these points against the disadvantages of the seabed mining provisions. Concerned to keep open opportunities for our companies and therefore have to take account of protection which signature might provide. Will keep you informed of what my colleagues and I decide.

*Signature provides no protection
- it puts us at risk to go unreciprocated*

6. Attach importance to negotiating an agreement with you, and with FRG and France, if possible, for recognition of applications for *authorities* exploration licences under our respective national laws (i.e. reciprocating states agreement). Hope to press ahead on this front. Important that agreement should be drawn up in such a way as to minimise risk of an appeal to the International Court of Justice which could well decide that deep sea mining outside the Convention is unlawful. Details need to be carefully worked out to avoid this risk. Otherwise the future for deep sea mining would be adversely affected. Useful if you could emphasise importance of this issue with the [REDACTED] Germans.

/SIBERIAN GAS PIPELINE

SIBERIAN GAS PIPELINE

7. Regard interference with our existing contracts, and the extraterritorial implications of President Reagan's December and June measures as unacceptable. The Denial Order on John Brown is damaging its interests worldwide. More damage being done to Western countries and companies and to the Alliance itself than to the Soviet Union. Measures have had no effect on Poland.

8. We must keep dispute in proportion, same as a family quarrel. Need now is to solve problem rapidly and prevent repetition. We must keep up momentum of La Sapinière where Mr Shultz played key role. Hope meeting of Summit Seven, plus Presidency and Commission, will take place as soon as possible. Essential that we work harder to agree common Western analysis of Soviet economy and prospects, and Alliance strategy.

EC/US TRADE ISSUES

9. Disputes between the US and European Allies do no good to either side. Encouraged by efforts being made to work out mutually acceptable solutions to current problems. Important above all to avoid new ones developing.

10. May be a particular risk of this happening over EC agricultural exports. We have reservations of our own about way CAP currently operates. But CAP is of fundamental political importance to most existing members of EC, and frontal assault on its principles cannot succeed. As candid friends strongly urge US to avoid provoking

/confrontation.



confrontation. Result would be to strengthen the position of hard liners in EC like France.

11. French would get a lot less support if US were to indicate willingness to seek some accommodation. Understand Commission have put ideas forward informally. Ought at least to be worth exploring.

12. In the longer term all developed countries will have to do something to control production of agricultural surpluses. The world market is not elastic and if the Russians started producing good harvests, everyone would be in trouble. Our own objectives of controlling EC production of high-cost surpluses will contribute, but the general trade problem goes much wider than EC export policy.



ESSENTIAL FACTS

UNLOSC

1. Law of the Sea Conference adopted draft Convention on 30 April by a split vote (see Annex A for background). Convention will open for signature in Jamaica in December. When 50 countries have signed, which is likely to be soon, a Preparatory Commission will be set up to

- (a) draw up rules and regulations for the deep sea mining regime;
- (b) grant exploration sites to pioneer investors.

But Convention will not enter into force until 60 countries have ratified or acceded which is likely to take several years.

2. President Reagan announced on 9 July that US would not sign. Mr Rumsfeld's visit intended to encourage us to delay signature and examine alternatives.

3. Convention covers wide range of UK interests (see Annex B for details). UK objective (endorsed by OD in 1980 following review by officials on change of Government in 1979) has been to seek a generally accepted Convention. But failure to reach consensus means two systems now likely to emerge: one inside the Convention (including the majority of states - France, USSR, Japan, Old Commonwealth and G77 likely to sign); and one outside (led by USA and including any other state the Americans can persuade to join them - only FRG, Belgium and Italy are likely candidates apart from UK).

4. If we sign the Convention, our mining companies could apply for an exploration site under the preliminary investment protection arrangements and get priority status for an exploitation authorisation when the Convention enters into force if we have ratified it. But they also need protection against their American competitors and

therefore want UK to sign a reciprocating agreement with USA. This also necessary to permit continued operation of the joint US/UK Kennecott consortium. A limited Conflict Resolution Agreement was signed with USA, France and FRG on 2 September, but it only encourages companies to sort out overlaps in applications which they have made under respective national laws of the four countries and does not involve mutual recognition of national licences. A full reciprocating agreement likely, however, to provoke G77 to ask International Court of Justice to give an opinion declaring mining outside the Convention to be illegal. That would make position worse, eg G77 might take reprisals against our commercial interests involved (which include BP, Shell, RTZ and Consolidated Goldfields).

5. However, signature would not commit UK to ratify it (or involve any extra cost - contributions only payable to International Sea-Bed Authority on entry into force and if we have ratified). Officials therefore considering possibility of keeping foot in both the US and Convention camps. This would involve signing both the Convention and a reciprocating agreement with USA. Law Officers being asked to advise on compatibility. If feasible, we would probably want:

- (a) to have signed reciprocating agreement before signing Convention - this will require American help (hence para 6 of Points to Make)
- (b) to make a public declaration either
 - (i) reserving our position on ratification; or
 - (ii) indicating that UK ratification would be unlikely unless the G77 agreed to make major concessions in the Prep Com negotiations.

Both courses are under consideration. This approach would help to prevent our signature being taken as a signal of support for the Convention and would encourage the G77 to make concessions in the Prep Com negotiations, where we would have a greater say if we had signed the Convention. (If we had not signed, we would not be able to vote.) The European Commission are proposing a similar approach.



6. Ministers due to consider this issue in November. No decision yet reached. British mining companies would probably go along with approach above, which would protect their interests on both flanks. (Shell are pro-Convention, RTZ/Consolidated Goldfields more doubtful and BP in between.) Some (manufacturing) industry opinion against the Convention (eg Aims of Industry), but CBI have not endorsed this view. Shipping industry very much in favour of signing the Convention.

7. Whatever we do, important not to prejudice defence interests which we have in common with USA. Pentagon in the past favoured Convention for strategic reasons (especially passage through Gibraltar), but currently claim that access to strategic minerals more important. Americans could probably protect their defence interests adequately outside the Convention. But this would not be easy for UK, especially if we extend our territorial sea to 12 miles (as we would like to do for pollution reasons). Would not then be able to reject similar 12 mile claims at Gibraltar, Hormuz and Malacca (all straits less than 24 miles wide). Ratification of the Convention would help significant^{-tly} by establishing new concept of transit rights; effect of signature less certain, but might help.

8. Also need to consider what our position would be if we stayed outside the Convention with USA alone and a future American administration took a different view. Despite current confrontation, our long term interest lies in encouraging USA and G77 to keep open option of reaching a general agreement. Important to impress on Americans need to avoid developing conflicting regimes in the short term which would rule out such a possibility. The sort of reciprocating agreement we want with USA should be compatible with the Convention regime.

SIBERIAN GAS PIPELINE

9. At La Sapinière Mr Shultz spoke from US paper whose general thrust was endorsed by NATO Foreign Ministers. Paper broadly acceptable, though criteria and passages on credit and technology might cause difficulty. The Americans have told closest Allies that agreement on the paper might enable them to lift their measures. Discussions are continuing in Washington.



BACKGROUND

EC/US TRADE RELATIONS (Revised to include material from MAFF)

1. US Agriculture Secretary Block has started threatening an 'export subsidy war' with the EC. Reflects increasing frustration at US inability to demonstrate that EC export refund payments are in breach of special GATT rules for agriculture sector; approach of mid-term elections also a factor.
2. In our view the main causes of US farmers' problems are actually the strong dollar and depressed markets for commodities which the EC does not export (coarse grains, soya and cotton). The EC has a substantial deficit of trade in agricultural products with the US (\$7 billion in 1980) and has done nothing new to provoke the Americans. Given the overall state of EC/US relations, the latest US onslaught over agriculture is ill timed.
3. World markets for agricultural produce have obvious limits, with demand underpinned for several years by Soviet crop failures. The appearance of the EC, as internal agricultural restructuring took effect, as a net agricultural exporter, has put increasing pressure on other developed countries like the US that have traditionally planned domestic surpluses for export sales. For the EC, as indeed for the US, exporting is the most cost effective form of surplus disposal and as EC internal prices are generally higher EC exports are subsidised to make them competitive.
4. The US has a genuine problem in that as EC surpluses of cereals, milk and sugar increase, its own market share is eroded. But this has to be seen in the context that US agricultural exports had previously expanded (they increased 2 1/2 times in the 1970s) from 38.5% to 45% of total world agricultural trade. Over recent years the US has supplied two-thirds of world exports of coarse grains, 40% of wheat and 80% of



soya beans.

5. Given Mr Rumsfeld's position it may be worth flagging briefly the dangers of a confrontational US approach. The Americans sometimes give the impression that their aim is to force the EC to abandon the basic CAP mechanisms of export refunds and variable levies altogether. This is completely unrealistic.

UNLOSC BACKGROUND

1. Third U.N. Law of the Sea Conference (UNLOSC) set up in 1973 to prepare comprehensive Convention covering:

(a) "traditional" maritime law questions, e.g. breadth of territorial sea, straits, fishing zones, continental shelves and navigation;

(b) mining of polymetallic nodules on deep sea bed beyond national jurisdiction (on which UN General Assembly adopted a Resolution in 1970 declaring them to be common heritage of mankind);

(c) environmental and research issues.

Agreement reached at early stage on most elements of (a) and reluctantly (c). But fundamental division between industrialised countries and G77 on (b), the former wanting a loose regulatory system allowing maximum freedom for private companies to mine and the latter insisting on all mining being conducted by an international Enterprise. Compromise proposed by Dr Kissinger in 1976, by which both international Enterprise and private companies would be able to mine in parallel, with private companies identifying mine sites for Enterprise and transferring technology to it, and states providing finance. G77 accepted this compromise with proviso that there should be a review conference after 15 years, which would be able to change system by 2/3rds majority vote of participants of Conference.

2. Carter Administration then pressed strongly for adoption of Convention, making a number of undesirable concessions in the process. But US mining companies dissatisfied and, given inevitable interim period before any Convention became operative, urged Administration to pass a deep sea mining law in 1980, whereby US citizens could obtain licences from US government to explore and mine sea bed. FRG, UK and France forced to follow suit with national legislation to protect their companies. (UK Deep Sea Mining (Temporary Provisions) Act passed July 1981. USSR and Japan have now promulgated comparable laws.)



3. With advent of Reagan Administration criticism of Convention in USA came to a head and President announced review which lasted from March 1981 to February 1982 and effectively stopped the Conference negotiations. Americans meanwhile proceeded with UK, FRG and France towards a reciprocating agreement to cover licences applied for under respective national deep sea mining laws. Discussions included other potential deep sea mining countries, in particular Japan, but latter dropped out because it started deep sea mining project too late to qualify for priority under US law.

4. Outcome of US review was that President Reagan instructed his delegation to return to Conference and try to obtain improvements to deep sea mining provisions to meet six key objectives (related to free enterprise principles, national liberation movements, and Senate rights in relation to US treaty-making powers). President wrote to Prime Minister in February seeking UK support. Prime Minister agreed with President's request, but urged that reciprocating agreement be postponed in order to enhance the chance of achieving agreement in UNLOSC. USA accepted latter point and UK delegation faithfully backed American request for amendments during March/April Session of UNLOSC. But G77, having come to conclusion that no compromise would be possible with Reagan Administration, pressed for adoption of Convention. In a vote on 30 April (called for by USA):

- 130 countries voted for adoption of Convention (mainly from G77 but including Old Commonwealth, Japan and France);
- 4 countries voted against (USA, Israel, Turkey and Venezuela);
- 17 countries abstained (including UK, FRG, Benelux, Italy and most of Eastern European group).

Attach-
ment AAttach-
ment B



MRL 371/304/1
 RECEIVED IN DEPT. OF IND. OF
 - APR 1982
 6/4 J.D.

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10 DOWNING STREET

THE PRIME MINISTER

1 March 1982

Attachment (B)
 to Annex A

50041
 4445

Dear Ron.

(2)

Thank you for your message about the Draft Convention on the Law of the Sea.

When we came to office, we also conducted a review of the Convention. Our conclusion was that the adoption of a generally acceptable Convention by agreement would be in the United Kingdom's interest, subject to further consideration of the final text.

Since the talks which our delegations had in Washington on 8/9 February, we have approached some influential Governments and key leaders in the Conference and urged them to accept the necessity for further negotiations on the questions which you raised in your statement of 29 January. We have also spoken with Ambassador Koh, who will be doing his utmost to establish a mechanism for such negotiations. And we persuaded the EC Council of Ministers to adopt a decision on 22 February urging that the matters which you raised should be considered by the Conference.

We have not yet decided how the United Kingdom would react if it proved impossible to achieve a generally acceptable Convention and the group of 77 pressed for a vote. Our objective is an acceptable Convention and we would consider any arrangement which excluded the United States as seriously defective. We shall be making clear to the leaders of the Conference that we would have great difficulty in participating in a Convention in which the US did not take part. All parties have recognised that the Law of the Sea negotiations are a package; we shall therefore need to study the final text especially carefully before reaching a decision on the balance of advantage in the light of our national interest.

/ I was glad

I was glad to note in your statement on 29 January that the US delegation at the Conference will be working with other countries to achieve an acceptable treaty. This commitment has already proved helpful. It will be necessary to convince leading delegations at the Conference of the seriousness of the US commitment to the multilateral treaty process. This leads us to wonder whether it is wise to sign, in the next week, the reciprocating states agreement related to our national mining legislation. We want to sign this agreement with you and the FRG. But signature in the week before the resumption of the Conference will make it more difficult to get the necessary delegations to negotiate on your concerns and so to obtain a generally acceptable international regime of the kind we both want.

Our delegation will, as usual, be working closely with yours to try and achieve a Convention which is in our common interests.

Yours sincerely
D. Rayburn

The President of the United States of America

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Attachment (A)
to Annex A

Dear Margaret:

For years the international community has been striving to develop an agreement concerning the world's oceans. These negotiations are now at an important juncture. I want to share with you some of my country's concerns regarding the current draft treaty on the Law of the Sea.

After a long and detailed review we have concluded that the seabeds provisions of the draft treaty are seriously defective and that, as now written, the treaty would in effect discourage and perhaps prevent the development of deep seabed resources. These resources include not only manganese nodules but other minerals of potentially greater importance. The draft treaty would also subject your government and mine to very large financial obligations.

Western unity will be essential for obtaining improvements in the seabeds provisions of the text while protecting the valuable provisions in such areas as navigation and the continental margin. In the absence of unity of purpose the prospects for a generally acceptable Law of the Sea convention are dim.

If you and other key leaders make it clear to the conference that you are not prepared to conclude a Law of the Sea treaty without the United States, I am convinced that we can succeed in making the changes necessary to transform the draft convention into a widely accepted treaty. If on the other hand, the conference believes that your country and other major industrialized countries might join a treaty which falls short of the necessary improvements, there will be little chance of a successful treaty. I urge you to send your negotiating team back to the conference with full support for the United States position.

I am directing my Law of the Sea negotiators to work closely with your delegation in the weeks to come to achieve a treaty which is acceptable and promotes our common interests.


Sincerely,

/s/

Ronald

The Right Honorable
Margaret Thatcher, M.P.,
Prime Minister,
London.

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ANNEX B

UNITED KINGDOM INTERESTS IN
UNITED NATIONS LAW OF THE SEA CONFERENCE

A. Navigation

1. We have an interest in resisting the "creeping" jurisdictional claims made by many coastal states which could interfere with our freedom of navigation and over-flight. The provisions of the Convention, which fix the limit of the territorial sea at 12 miles, are satisfactory. The present provisions on innocent passage by warships and merchant ships through the territorial sea are also satisfactory; an amendment which would allow coastal states to impede or deny such passage, especially by warships was defeated.

2. If territorial sea claims of 12 miles are recognised, many international straits of great important to our strategic and commercial interests would become territorial sea, eg at Gibraltar, Hormuz and Malacca (as well as Dover). We need secure rights for ships to pass through such straits, aircraft (civil and military) to overfly them, and submarines to pass such straits submerged. The present text meets these concerns. But if we were not party to the Convention, we might not be able to enjoy satisfactory transit passage rights through international straits.

3. A number of archipelagic states are claiming control of wide areas of sea, which could adversely affect our freedom of navigation. The text on archipelagic waters rule out such unreasonable restrictions. If we were not party to the Convention, our freedom of navigation might be unduly restricted.

4. A large number of coastal states have claimed Exclusive Economic Zones which include restrictions on navigation, and particularly on fishing. The present text of the Convention would preserve existing freedom of navigation and not prejudice our fishing interests (see below).

B. Continental Shelf

5. Our interest (which is not shared to the same extent by the United States) is to obtain the widest possible definition of the continental shelf so as to be able to exploit any hydro-carbon resources round our coasts and in particular beyond the Rockall Plateau without incurring the risk of conflict (and subject only in the case of Rockall to delimitation with the Irish). The present text of the Convention would enable us to have unrestricted access to hydro-carbon resources up to 200 miles from our mainland and inhabited islands. We would not be able to claim a continental shelf (or Exclusive Economic Zone) based on Rockall, because it is uninhabitable. But we could still claim the Shelf and Rockall beyond 200 miles from St. Kilda as an extension of the Scottish landmass and the definition of the outer limits of the Shelf in the Convention is favourable to our claims, although we could establish those limits definitively only on the basis of the recommendations of a Boundary Commission which could be set up. We would have to share the revenues from any exploitation of the continental shelf beyond 200 miles with the developing countries (the percentage is not however onerous). If we were not party to a Convention, we would not in theory have to admit of a boundary between our continental shelf and the deep seabed area beyond it, but in practice it would be difficult to reject claims by the International Seabed Authority once it has been set up. (The Danes (on behalf of the Faroes) and the Icelanders also have a strong interest in encroaching on our claims beyond the Rockall Plateau.)

6. It is important that any Convention should allow for partial removal of abandoned installations, since entire removal, e.g. of our North Sea installations, would be very expensive. The present text would allow partial removal, subject to appropriate safeguards for



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navigation, fishing and the environment. This is an important improvement to the previous text of the Convention.

C. Fisheries

7. The text as it stands gives coastal states rights to exploit fishing stocks in the 200 miles zone with little risk of having to grant access to other states. But the Convention would merely give an international legal cover to a situation we already enjoy de facto and it does not offer any substantial improvements. Because the EC is competent for fisheries, there could be problems if the EC or some member states did not participate in the Convention, but the text on participation is reasonably satisfactory (see below).


D. Delimitation of Maritime Boundaries

8. The present text does not make much difference to the existing situation, except that Article 121.3 would prevent us using Rockall to claim fisheries and continental shelf zones. We would however be entitled to claim the continental shelf beyond Rockall to its boundary with the deep seabed, subject to the recommendations of the Boundary Commission (see above).

E. Deep Sea Mining

9. The resources of the deep seabed will be of increasing importance to the industrialised countries as a source of supply of nickel, cobalt, copper and manganese as landbased supplies are depleted or if they are interrupted. United Kingdom companies have already made large investments in deep sea mining (and the Government have provided an £830,000 loan). Participation by United Kingdom companies in deep sea mining would not only help secure our sources of supply, but also be of general benefit to our economy by stimulating technology resources and possibly some employment.

10. The present text of the Convention is unsatisfactory, since it gives too much control to the developing countries, who could deny access by the United Kingdom and United Kingdom companies; it involves production limits, which could thwart investment, stem the supply of



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minerals from the deep sea bed and create artificial shortages; and it would involve mandatory transfer of technology to developing countries, which would set a bad precedent for other international economic negotiations.

11. If we remain outside the Convention, there would however be some legal problems about conducting deep sea mining on the basis of national legislation alone. For this reason, the United Kingdom companies involved would prefer an international regime. But one in which the United States did not participate would be unsatisfactory both because the United States companies would have an unfair advantage in not being liable to the onerous provisions of the Convention and also because the costs to the United Kingdom might be about a third higher than would otherwise be the case if the United States did participate. 1980 estimates suggested that if party to a generally accepted Convention, the United Kingdom would have to provide £44 million in loans and guarantees to help finance the first project by the Enterprise and would also have to pay a contribution of circa £2 million to capital cost of International Sea-Bed Authority and running costs of circa £500,000 for at least 10 years.

F. Pollution

12. The texts provide for some useful additions to coastal state rights, but do so in a way which preserves our essential freedom of navigation.

G. Marine Scientific Research

13. The text is acceptable, although it involves some restrictions. If we were not party to a Convention, we might be liable to suffer from greater restrictions.

H. Dispute Settlement

14. The procedures are sufficient to protect our interests in seeing the Convention adequately enforced in order to obtain benefits from it.



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I. Participation

15. The texts as regards participation in the Convention by the EC and National Liberation Movements are broadly satisfactory, although there was an amendment on Namibia which was slightly unhelpful. The resolution relating to colonies is also tolerable, despite Argentine attempts to prejudice our rights round the Falklands which were not successful.

Conclusion

16. The Convention would afford positive benefits to the United Kingdom and its allies in relation to many of its Articles (notably as regards navigation and the continental shelf), but the deep sea mining regime is unfavourable.

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Foreign and Commonwealth Office

London SW1A 2AH

22 October 1982

Dear John,

Call on the Prime Minister by Mr Rumsfeld: 25 October

The brief already submitted for this meeting contains a page of background with a note to the effect that a revised version would be provided later incorporating comments by the MAFF. I now enclose this revise.

Yours ever

J E Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

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EC/US TRADE ISSUES (Provisional - MAFF are providing additional material)

10. US Agriculture Secretary Block has started threatening an "export subsidy war" with the EC. Reflects increasing frustration at US inability to demonstrate that EC export refund payments are in breach of special GATT rules for agriculture sector; approach of mid-term elections also a factor.

11. In our view the main causes of US farmers' problems are actually the strong dollar and depressed markets for commodities which the EC does not export (coarse grains, soya and cotton). The EC has a substantial deficit of trade in agricultural products with the US (7 billion in 1980) and has done nothing new to provoke the Americans.

12. Given the overall state of EC/US relations, the latest US onslaught over agriculture is ill timed. But together with others (eg Australia, New Zealand) the Americans have a genuine grievance about the way in which increasing subsidised exports by the EC (the most cost effective means of surplus disposal) prevent them from deriving full benefit from their cost advantage. We understand the Commission, on their own authority, have floated the idea of examining the scope for agreement on share-out of export markets but so far at least they have met with a dismissive response from the US side. In addition in preparations for the GATT Ministerial they have indicated willingness to consider participating in a study of GATT Members' practices in the agriculture sector - this would provide for further discussion of the CAP export refund system but also open up others' practices to scrutiny including the Americans', some of which are pretty questionable.

13. Given Mr Rumsfeld's position it may be worth flagging briefly the dangers of a confrontational US approach. The Americans sometimes give the impression that their aim is to force the EC to abandon the basic CAP mechanisms of export refunds and variable levies altogether. This is completely unrealistic.