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WESTERN EUROPE, JAPAN, AND CANADA:
Reactions to US Sanctions Against Libya

Summary

Most West European countries and Japan have offered little support for US measures against Libya and all -- along with Canada -- continue to balk at adopting broad economic sanctions. Surprisingly, Prime Minister Thatcher has been one of the most publicly outspoken opponents of economic sanctions. Thus far, only Canada and Italy have given strong rhetorical support to US actions, and both have announced limited efforts to curb economic relations with Libya. The European Community countries have agreed to hold a special foreign ministers meeting on 27 January to discuss the US request for sanctions and ways to strengthen cooperation in combatting terrorism.

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This memorandum was prepared by the West European Division of the Office of European Analysis. Questions and comments should be delivered to the Chief, West European Division, [Redacted]

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Japan

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Japan is gauging West European and Arab reactions, while remaining cautious and noncommittal in its own approach to US sanctions against Libya.

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- Both Prime Minister Nakasone and Foreign Minister Abe have expressed sympathy for the US position but publicly have stated only that the issue is under study.
- Trade Minister Watanabe has instructed Japanese companies not to take advantage of US sanctions by increasing sales to Libya, but this guidance is not binding.
- Japanese firms appear ready to go through with several large-scale projects in Libya, such as a steel mill, that have been under negotiation for some time.

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West Germany

Bonn has given no indication that it will drop its opposition to broad economic sanctions, and last week Chancellor Kohl publicly reaffirmed this position by noting that the US "would just have to accept" Bonn's rationale. Bonn, however, has asked businessmen not to take over US contracts in Libya, has responded positively to suggestions for increased cooperation on counterterrorism, and is calling for diplomatic measures to isolate Libya.

- Government officials have publicly announced that West German firms should not step in to replace US firms in Libya. During a conversation with the US Ambassador on 9 January, Foreign Minister Genscher agreed to ask for an EC statement to this effect.
- Government officials continue to use the EC to field US requests for further action in their area, and US officials in Bonn report that the West Germans are likely to let those EC countries with larger interests in Libya -- such as Italy -- take the lead. Bonn probably would acquiesce in an EC consensus on measures aimed at Libya.
- The government, however, is not unanimous in its opposition to economic sanctions against Libya. On Sunday, Christian Social Union (CSU) Chairman and Bavarian Minister-President Franz Josef Strauss called

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on the West German government to join the US "without ifs or buts" and said that West Germany "should shut off the flow of money to those who finance terrorist bloodbaths all over the world by refusing their products." In response, however, a government spokesman stated that there would be no change in Bonn's opposition to sanctions. He noted that the four CSU Ministers in the Cabinet had concurred when the decision was taken last week.

- In numerous public statements, as well as in Genscher's talks with the ambassador, the Kohl government has expressed its interest in expanding cooperation to fight terrorism. Suggestions range from inter-ministerial meetings to enhanced aviation security. Influential West Germans have also called on the government to increase protection of US and Israeli interests in the FRG. The opposition SPD's Mideast expert, Hans-Juergen Wischnewski, advocated this in a TV interview, for example. Meanwhile, Interior Minister Zimmermann announced increased security measures at West German airports and border crossings.

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- During his visit to Washington this week, Economics Minister Bangemann expressed his government's willingness to support measures that isolate Qadhafi's regime diplomatically. A government spokesman in Bonn was quick to point out, however, that West Germany had no plans to break its diplomatic ties to Libya and it is unclear what steps, if any, might be under consideration.
- Press reaction on US sanctions has been varied. Some papers applaud the US approach for its moderation, and some criticize the West German and other European governments for failing to join. Others continue to point to the need to resolve the Palestinian question to remove the underlying cause of Mideast terrorism. All portray Qadhafi in extremely negative terms. In terms of general public opinion, however, the US Embassy in Bonn reports that public opinion is well ahead of the FRG government on this issue. [REDACTED]

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France

France has reacted coolly to the US call for sanctions against Libya. In conversations with US diplomats, French officials have not ruled out economic measures against Tripoli, but they have been careful to promise nothing. Paris has said little publicly on the issue.

French deliberations on relations with Libya are focusing on short-term French interests, especially in Chad. The French probably also continue to worry that isolating Qadhafi could unite the Arab world behind him while driving him into the hands of the Soviets.

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- While French officials have been guarded in their few public statements, they have been careful not to close the door on participation in sanctions. Last weekend, Foreign Minister Dumas told reporters -- "I do not say that we will not follow the American sanctions." He went on to remind them that "France has been the victim of terrorism and it has reacted" -- apparently referring to French retaliations in Lebanon.
- President Mitterrand has said nothing on the issue. On 13 January, however, a senior Foreign Ministry official told US diplomats that Mitterrand intends to "reply soon" to President Reagan's letter. The official asked for US forbearance, saying that while Paris shares US concerns and eagerness to fight terrorism, it is "not an easy subject" for France.
- In discussions with US officials, the French have stressed that they need specific proof of Libyan involvement in the Rome and Vienna airport attacks. French officials agree privately that Libya supports international terrorism, but maintain that they see no specific threat to French interests and cannot act before a "smoking gun" is found.
- French officials point out that they have been winding down their economic ties with Tripoli, especially since the Libyan invasion of Chad in 1983. They also note that they accept the principle of economic sanctions, as in the case of their measures against South Africa, but repeatedly question the utility of sanctions in this instance. When asked on television last week whether he favors the sanctions against Libya, Prime Minister Fabius responded -- "I am mainly in favor of efficient measures. If it is a matter of having inefficient sanctions, then this is of no interest." Late last year France did explicitly reject a total ban on oil imports from Libya.

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- [REDACTED]
- France has indicated that any actions taken are likely to be channeled through the EC. French officials told US diplomats last week that Paris may support an EC statement condemning terrorism, but will not single out Libya.
 - Thus far, French companies do not appear to be capitalizing on the US sanctions. [REDACTED]

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United Kingdom

The British government has expressed little support for US sanctions and continues to oppose implementing its own broad economic measures against Libya. London maintains that sanctions are ineffective, and British officials worry that sanctions would set an undesirable precedent for South Africa. The government and media also remain preoccupied with the Westland helicopter takeover and Heseltine's resignation. Most papers continue to express doubts that the European allies will support US sanctions. The Economist and The Times, meanwhile, have strongly urged the Allies to take at least the limited steps against Libya that the Thatcher government adopted after the Libyan embassy shooting in 1984.

- In a press conference last Friday, Prime Minister Thatcher said that the UK "unequivocally" ruled out adoption of sanctions against Libya and that direct military retaliation against non-terrorist targets for the Rome and Vienna incidents could not be considered a "viable diplomatic weapon."
- Nonetheless, according to the London Sunday Times, British Foreign Secretary Howe will press the EC to adopt some of the measures taken by the United Kingdom in 1984 in response to Libyan terrorism -- these measures included a ban on arms sales, strict limitations on Libyan travel in the United Kingdom, and denial of export credits.
- The issue of US sanctions against Libya has emerged in the Westland takeover battle. Opponents of the US bailout have said that Fiat's relatively small role as an ally of Sikorsky could make Westland subject to US

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restrictions on technology transfer on helicopter sales because 14 percent of Fiat stock is owned by Libya.

- Deputy Foreign Secretary Lady Young reiterated London's opposition to sanctions in discussions with US officials on Monday. She expressed concern at the implications for British banks if US financial sanctions went beyond foreign branches of US banks, but said the Thatcher government would do everything it could to avoid undercutting Washington's efforts. She said that the British continue to fear Western actions could force the Arabs to rally behind Qadhafi.
- Lady Young also repeated London's pledge to take the lead at the EC meeting in arguing for stronger counter-terrorism cooperation. [redacted]

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Italy

Of the West European countries, Italy has provided the strongest rhetorical support for US actions and, on 9 January, announced a number of economic and other measures intended to reduce ties with Libya. Craxi has taken a surprisingly strong pro-US position despite some opposition within his Cabinet, especially from Foreign Minister Andreotti, who now appears increasingly isolated in his efforts to accommodate the Arab countries in general, and Libya and Syria in particular. Comments by Qadhafi concerning terrorism have apparently deeply angered Craxi and probably have contributed to the tough Italian position. Craxi publicly connected Libya to the airport attacks on 14 January saying that Qadhafi's words and actions appear to have "confirmed his support" for the Abu Nidal group. On the other hand, the Cabinet has announced "confirmation" that NATO bases in Italy can only be used for NATO purposes. In response to the heightened tension in the Mediterranean, Italy has decided to intensify its long-range air defense and electronic surveillance apparatus in Sicily and the minor islands in the area.

- The Italians have announced an across-the-board ban on arms sales to strengthen a 1981 embargo that blocked new sales of "dangerous" military equipment but permitted the completion of existing contracts and new contracts for non-lethal weapons. Prime Minister Craxi reiterated on 10 January that the new ban will set stricter criteria for spare-parts sales and disallow some existing contracts. [redacted]

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-- Craxi also said that Italy would order state-owned firms not to undercut the US by providing replacement services to Libya and would apply pressure on private companies to comply as well. Most of the Italian companies in a position to fill in behind departing Americans are state-owned.

-- In addition, Craxi indicated that his government will advise Italian firms and personnel to withdraw gradually from Libya [REDACTED]

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[REDACTED] Craxi believes that Italy can turn to other Middle Eastern countries to make up the lost market and, therefore, is concerned that action against Qadhafi not antagonize more moderate Arab leaders or unite the Arab world behind Libya.

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-- Italy has encouraged its West European partners to cut back their relations with Libya. In addition, over the last week Interior Minister Scalfaro has travelled to Vienna, London, Paris, and Bonn to discuss international cooperation against terrorism with his counterparts. According to press reporting, Craxi, in his 90 minute meeting with Egyptian President Mubarak on 14 January, discussed ways to get at the "roots of terrorism" by reinvigorating the Middle East peace process.

-- The government also will enforce its immigration laws and criteria for issuing visas more strictly, and act promptly to repatriate illegal Arab immigrants. To this end, Rome has notified Algeria, Tunisia, and Morocco that their citizens now "temporarily" need visas to enter the country. Italy also expelled 15 to 20 Palestinians who no longer qualified for their student visas. [REDACTED]

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Spain

The Spanish media continue to give substantial attention to the imposition of US sanctions, but Madrid has offered little direct support for US policy. The Spanish are reportedly concerned that Qadhafi would retaliate against Spain. Moreover, Prime Minister Gonzalez is already worried that his plans to establish diplomatic relations with Israel will offend the Arab world, particularly Libya.

-- A key Foreign Ministry official hinted on 10 January to a US official that Spain would go along with the general line the EC adopts on the sanctions.

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- Foreign Minister Fernandez-Ordonez declared publicly during an official trip to Nicaragua on 11 January that Spain does not believe in economic sanctions "in principle and as a general rule," but he declined to say whether Spain would stick to that policy in the case of Libya.
 - A respected Spanish newspaper -- in an article the US Embassy believes was initiated at the government's request -- reported on 14 January that Prime Minister Gonzalez "fears a US attack on Libya that would implicate Spain." The Prime Minister is reportedly worried that "the United States could not successfully carry out an offensive action" against Libya without using its base facilities in Spain and that there are no assurances that Washington would request authorization from Madrid as is required under the bilateral agreement. [REDACTED]

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The Netherlands

The Hague has not been supportive of US economic efforts against Libya. In fact, Prime Minister Lubbers stated publicly that his government will not participate in broad economic sanctions against Libya. According to recent US Embassy reporting, Lubbers believes that the US sanctions will prove counterproductive by rallying moderate Arab nations to Tripoli's defense. Moreover, The Hague is anxious to switch public attention from US-West European differences over the Libyan sanctions to multilateral efforts to combat terrorism. Prime Minister Lubbers and other Dutch officials are indicating that they will use The Netherlands' current EC presidency to promote an EC consensus at least rhetorically supportive of US anti-terrorist efforts.

- In particular, Dutch officials may ask their EC partners to terminate arms exports to countries supporting terrorism, impose tougher visa regulations and tighten security checks on arriving aircraft. Due to scheduling problems, The Hague postponed the extraordinary meeting of EC foreign ministers to discuss this issue from 21 January to 27 January.
- As part of the widely publicized terrorist alert in The Netherlands, the Dutch have significantly strengthened security measures for US diplomatic personnel in The Hague.

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-- So far, the only measure taken against Tripoli by the government was its cancelling of a high-level official visit to Libya scheduled for February intended to conclude a bilateral economic cooperation accord.

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Switzerland

The Swiss government has indicated to US Embassy officials that it could take part in an economic boycott only if called for by an international organization, such as the UN. Nonetheless, Bern says that it might take some unspecified unilateral measures if Libyan complicity in recent terrorist incidents could be proven.

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Belgium

Brussels has publicly rejected the usefulness of economic sanctions in solving international conflicts and is unlikely to support the United States outside an EC consensus. Privately, however, Prime Minister Martens' government is considering several unilateral measures to limit its economic and diplomatic relationship with Libya.

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-- The US Embassy in Brussels reported that a Belgian Cabinet minister has offered assurances that the government will prevent a scheduled private-sector Belgium-Luxembourg trade delegation from visiting Libya later this month.

-- The US Embassy also reported that there is growing sympathy within the Belgian Foreign Ministry for drastically reducing the Libyan diplomatic presence in Brussels because it far exceeds Belgian representation in Tripoli. Brussels also is considering imposing greater travel restrictions on Libyan diplomats.

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Austria

The Sinowatz government has so far rejected the call for economic sanctions, and spokesmen, including the Chancellor,

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claim that Austria can only participate in such a move if the measures are endorsed by the UN Security Council. Politicians in Vienna are divided, however, over Austria's response to terrorism and the Libyan connection.

- Interior Minister Blecha appears to be ambivalent regarding a forceful response to Mideastern terrorists and has stated that the terrorists involved in the Vienna airport attack did not come from Libya but were trained in Lebanon and Syria. Chancellor Sinowatz echoed this point in his conversation with our Ambassador last weekend, claiming that his government has confronted Damascus on the issue.

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- Former Chancellor Kreisky, who fostered close ties to the PLO and Qadhafi during his tenure, publicly claimed that Libya was not responsible for the airport attacks. US officials in Vienna report, however, that few Austrians give credence to Kreisky's utterances.

- Austrian officials have also emphasized their intention to hold the two surviving terrorists in Austrian custody and to try them in accordance with Austrian law. This diminishes the possibilities of an early release or pardon; Abu Nidal representatives had been pressuring the Austrians for just that in the cases of other Arab terrorists in Austrian prisons. [Redacted]

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Turkey

Ankara has publicly indicated that it does not want to get involved in any actions directed against Libya, [Redacted] it is limiting dealings with Libya.

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- [REDACTED]
- President Kenan Evren on 11 January publicly criticized US economic sanctions against Libya as a "hurried and useless decision" made without prior consultation with the allies or proof of Libyan involvement in the recent airport attacks.
 - A Turkish official told US Embassy representatives in Ankara on 14 January that Turkey has "quietly limited" dealings with Libya by avoiding transfers of arms, ammunition, high technology, and petroleum technology.

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Greece

Athens has publicly reiterated its decision not to join the US in economic sanctions against Libya. Government officials have argued that for Greece to join in such sanctions would involve unacceptable economic and security risks, and would, in any case, be ineffective. Athens has, however, refrained from criticizing the US for imposing sanctions -- except to register concern about rising tensions in the Mediterranean and to repeat its position that the US bases in Greece must not be used for military actions against Qadhafi. At the same time, Athens is stepping up efforts to monitor and prevent terrorist activity in Greece.

- In response to a press query late last week, the Greek government spokesman stated that Athens is making full use of the three-year Greek-Libyan economic agreement signed in 1984 and "was exploiting the possibilities for its arms industry as well." [REDACTED]
- [REDACTED] the Greeks are likely to continue efforts to sell at least small arms and ammunition. Under pressure from the United States, however, the Greeks may stop short of selling major systems, such as the Artemis anti-aircraft gun.

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- Athens this week asked the US to postpone the visit of the USS Coral Sea and other US naval combatants scheduled for 20-24 January. This move in part reflects Athens' reluctance to become indirectly involved in possible US operations against Libya. In addition, Athens fears the Greek Communist party would use the visit to embarrass the government politically.

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- On the positive side, the Greeks have strongly condemned terrorism in general and have significantly reinforced security measures at Athens airport and around selected US facilities and officials.

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- At the request of the US, the government has spoken to the Syrians about Abu Nidal operations in Damascus. They have not been willing, however, to confront Libya publicly or privately by accusing Tripoli of sponsoring terrorism.
- The Greeks have said they would support a high-level US-West European meeting to discuss ways of combatting terrorism. They have been reluctant, however, to press their EC partners on the issue -- preferring instead to follow the West European lead.

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Portugal

Portugal has publicly indicated that it opposes economic sanctions against Libya. At the same time, Lisbon is trying to play down differences with Washington and has not completely foreclosed the use of bases in Portugal in the event of US military action against Libya.

- The Foreign Ministry in a statement of 8 January condemned terrorism, but indirectly opposed military action. It also supported a "just and internationally acceptable" solution to the Palestinian question, and voiced serious reservations about the efficacy of economic sanctions.
- Foreign Minister Pires de Miranda reiterated Portugal's position in a meeting with US Ambassador Shakespeare on 9 January. He agreed that something needs to be done but said that Portugal is too small and vulnerable to act independently, and that Portugal would go along with the EC consensus.
- The Portuguese have not ruled out US use of Portuguese facilities in operations against Libya, but insist they want to be consulted in advance of any action involving the bases.

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Scandinavia

Denmark, Sweden, Norway, and Finland have publicly expressed unwillingness to participate in new economic sanctions or other direct action against Libya except as part of a multilateral effort. Moreover, they oppose the use of force against Tripoli. Their economic ties to Libya are among the least extensive in Western Europe, but the Scandinavians are particularly concerned that sanctions could be more damaging to Western Europe than to Libya if Qadhafi were to retaliate. All four countries have taken measures to increase security at entry points and have expressed support for close and effective international cooperation to combat terrorism.

- Earlier this week Oslo appeared to be supporting the US call for sanctions more strongly than any West European government. The Norwegians, however, have since toned down their response, and on 15 January a senior Foreign Ministry official informed our Embassy that Norway would not take any economic measures against Libya except to continue a ban on military sales and discourage Norwegian firms from replacing US companies. The official added, however, that Oslo would also propose, through its consultative arrangement with the EC, that the Community convene a high-level meeting on anti-terrorism.
- Copenhagen, the only Nordic member of the EC, is skeptical about the effectiveness of economic sanctions, but will probably support any joint action decided by the Community.

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Malta

Maltese Prime Minister Bonnici has publicly condemned the US sanctions and accused the United States of increasing tensions in the Mediterranean. Maltese conciliation toward Libya is dictated in part by strong trade and investment ties that Valletta is eager to expand. Another reason is that Bonnici fears Libya will retaliate if Malta does not live up to its side of the bilateral friendship and cooperation treaty of 1984, which likely includes some mutual defense provisions. Prime Minister Bonnici may also hope that placating Qadhafi will avert terrorist strikes by Abu Nidal who could attempt to force Malta to release the surviving Egyptian hijacker.

- On 16 January, Bonnici flew to Tripoli to consult with Qadhafi on tensions in the Mediterranean.

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- [REDACTED]
- The Maltese Foreign Minister has called in the French and Italian Ambassadors to ask their countries' support for Maltese efforts to convoke an international conference on Mediterranean security.
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Canada

Ottawa has implemented modest sanctions of its own and is considering additional measures. Moreover, it has offered strong rhetorical support for US efforts. Prime Minister Mulroney probably overruled his foreign policy bureaucrats -- and some Cabinet ministers as well -- to break with postwar Canadian precedent and support sanctions without first learning whether Ottawa's European allies were going to follow suit. Although Mulroney has consistently condemned terrorism, he almost certainly is also trying to build some credit with Washington in the hope of finding it more accommodating on bilateral issues -- such as acid rain and Arctic sovereignty -- when he meets with President Reagan in March.

- Mulroney's government cancelled the export insurance offered to Canadian firms trading with Libya, and banned the export of some oil and gas equipment -- reputed to have had a value of \$10 million in 1985 -- to Libya.
- Ottawa also advised its citizens resident in Libya to consider the wisdom of remaining under present circumstances.
- Deputy Secretary Whitehead, after meeting with Prime Minister Mulroney, reports that Ottawa is considering further sanctions.
- Alberta's Premier Getty -- Alberta is the base of Canada's oil industry -- urged Albertan companies doing business in Libya to voluntarily support Ottawa's sanctions, and asked that the approximately 800 Albertan workers in Libya return to Canada. A Reuters report indicates, however, that a Calgary employment agency is being "inundated with requests" from Canadians and Americans resident in Canada to take jobs in Libya.

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-- The Canadian press is about evenly split between supporting the US and alleging that Washington is alienating its European allies and driving Tripoli and the other Arab states closer together. [Redacted]

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SUBJECT: Western Europe, Japan, and Canada: Reactions to US Sanctions Against Libya

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EURA/WE [Redacted] (16 January 1986)

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