

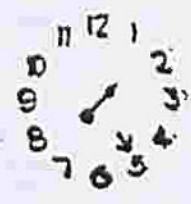
F.R.

F-4 JUN 1982

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CONFIDENTIAL

FM LIMA 032020Z JUN 82
TO PRIORITY FCO
TELEGRAM NUMBER 225 OF 03 JUNE
INFO PRIORITY WASHINGTON MODUK



MY TELNO 223: FALKLAND/PERUVIAN MILITARY AID

1. I CALLED ON THE FOREIGN MINISTER THIS MORNING AND SPOKE AS INSTRUCTED IN PARAGRAPH 5 OF YOUR TELNO 126. I ALSO GAVE HIM TO READ A COPY OF WASHINGTON TELNO 1959.

2. DR ARIAS SAID THAT HE RECALLED READING THE WASHINGTON POST REPORT AT THE TIME AND SAID THAT THIS WAS A FABRICATION. HE HAD NOT BEEN ASKED SPECIFICALLY ABOUT THE EXOCET MISSILES. HAD HE BEEN SO ASKED HE WOULD HAVE REPLIED THAT PERU WAS BOUND BY THE TERMS OF THE AGREEMENT SIGNED WITH THE FRENCH NOT REPEAT NOT TO SUPPLY THESE MISSILES TO THIRD COUNTRIES. IN FACT THE SUBSEQUENT FRENCH REFUSAL TO SUPPLY EXOCET MISSILES ON ORDER BY PERU HAD ALREADY BEEN THE SUBJECT OF A PERUVIAN PROTEST TO THE FRENCH ON THESE GROUNDS. DR ARIAS WAS DISMISSIVE ABOUT MY REFERENCE TO THE PRESS AND OTHER REPORTS TO THE EFFECT THAT PERU WAS ALREADY PROVIDING ARGENTINA WITH IMPORTANT MATERIAL ASSISTANCE. THERE WERE IN EXISTENCE LONG STANDING ARRANGEMENTS WHICH PROVIDED FOR ARGENTINE/PERUVIAN COOPERATION IN THE REPAIRS AND MAINTENANCE BY PERU OF ARGENTINE ENGINES AND SPARE PARTS (BRITDEFAT TELNO UBA 022212Z OF 2 JUNE). THESE CONTRACTS WOULD BE HONOURED AND THE ARRANGEMENTS MIGHT INDEED HAVE BEEN INTENSIFIED AS A RESULT OF THE HOSTILITIES. BUT HE INSISTED THAT THE PERUVIAN POSITION HAD NOT CHANGED. PERUVIAN MILITARY ASSISTANCE WOULD NOT BE FORTHCOMING UNLESS ARTICLE 3 OF THE TIAR WERE TO BE INVOKED BY ARGENTINA AS A RESULT OF, EG, A BRITISH ATTACK ON ARGENTINE MAINLAND BASES. BUT EVEN IN SUCH A CASE ANY ASSISTANCE OFFERED WOULD BE ON THE LIMITED TERMS NECESSARY TO AVOID WEAKENING PERU'S OWN DEFENCE REQUIREMENTS.

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3. IN ANOTHER PART OF OUR CONVERSATION ABOUT HIS PERFORMANCE AT THE OAS MEETING IN WASHINGTON, HE SAID THAT HE HAD ALSO CONTRIBUTED TO INSERTING THE REQUIREMENT THAT QUOTE ADEQUATE COORDINATION UNQUOTE BE UNDERTAKEN BY THE MEMBER STATES IN ARTICLE 7 OF THE OAS RESOLUTION PRECISELY IN ORDER TO AVOID THE RISK OF INTERNAL PRESSURES LEADING TO INDIVIDUAL INITIATIVES BY MEMBER COUNTRIES.

4. DR ARIAS THEN TOOK ME BACK TO MY EARLIER REFERENCE TO ANGLO/PERUVIAN RELATIONS AND TO OUR QUARREL NOT BEING WITH OTHER COUNTRIES IN THE REGION. HE SAID THE PERUVIAN GOVERNMENT WAS ALSO CONCERNED ABOUT THE FUTURE OF ANGLO/PERUVIAN RELATIONS AND THE MANNER IN WHICH THESE MIGHT BE AFFECTED BY WHAT HE DESCRIBED AS THE NOTABLE HARDENING OF OUR POSITION SINCE THE ARGENTINE REJECTION OF THE BRITISH DRAFT INTERIM AGREEMENT. HE SAID THIS MADE IT VERY DIFFICULT FOR COUNTRIES LIKE PERU, WHO REGARDED THEMSELVES AS BELONGING TO THE WEST, TO OVERCOME THE DEEP DIVISIONS AND GRAVE PROBLEMS WHICH THE CONFLICT HAD GENERATED. DR ARIAS SAID THAT WE HAD ALREADY WON THE BATTLE OF THE FALKLANDS AND HE HAD NO DOUBT WE COULD DEFEAT THE REMAINING ARGENTINE TROOPS AT ANY TIME WE WISHED TO DO SO. BUT IT WAS DIFFICULT IN THE CIRCUMSTANCES TO AVOID THE CONCLUSION THAT THE BRITISH DESIRE WAS TO IMPOSE

AN IGNOMINIOUS DEFEAT AND CONSEQUENT HUMILIATION ON ARGENTINA. THE PERUVIAN GOVERNMENT WAS CONCERNED ABOUT THE SITUATION AFTER THE FALKLANDS HAD BEEN REPOSSESSED MILITARILY. THIS WOULD BY NO MEANS BE THE END OF THE AFFAIR SEMICLN QUOTE THE CONTRARY. EVEN GRAVER PROBLEMS WOULD THEN COMMENCE WITH UNPREDICTABLE CONSEQUENCES FOR GOVERNMENTS LIKE PERU'S WHICH WERE IDEALOGICALLY IN SYMPATHY WITH THE WEST. THE SITUATION WOULD BE EXACERBATED BY AN ECONOMIC AND POLITICAL COLLAPSE OF ARGENTINA WITH ALL THE DANGEROUS POSSIBILITIES THAT THIS WOULD GIVE RISE TO. THESE CONSIDERATIONS MIGHT BE OF SECONDARY IMPORTANCE TO THE UNITED KINGDOM AT THIS STAGE BUT THEY WERE OF PRIMARY IMPORTANCE TO PERU. HE WOULD LIKE TO SEE EVIDENCE OF GREATER AWARENESS IN BRITAIN OF THE DANGERS TO WHICH BRITISH INTERESTS WERE EXPOSED EVEN IN THE DEMOCRATIC COUNTRIES OF THE AREA.

5. I GAVE DR ARIAS TO READ THE TRANSCRIPT OF THE PRIME MINISTERS MOST RECENT BBC INTERVIEW. AFTER FURTHER DISCUSSION IN WHICH I SPOKE ABOUT THE ORIGINS OF THE DISPUTE, THE ARGENTINE MILITARY AGRESSION, THEIR CONTINUED INTRANSIGENCE AND LACK OF CREDIBILITY, I ALSO SPOKE TO DR ARIAS ON THE LINES OF YOUR TELNO 130 ABOUT HUMANITARIAN ASSISTANCE. HE WAS RECEPTIVE TO THE SUGGESTION THAT A SHIP MIGHT BE MADE AVAILAILE AND UNDERTOOK TO PUSUE THIS PROPOSAL AND LET ME KNOW AS SOON AS ANYTHING HAD BEEN

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WALLACE

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