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FM BELMOPAN

TO FCO LONDON

C O N F I D E N T I A L UK COMMS ONLY

TO IMMEDIATE FCO

TELEGRAM NUMBER 359 OF 13 JULY 1981

INFO PRIORITY GUATEMALA CITY, UKMIS NEW YORK, WASHINGTON AND OTTAWA.

YOUR TELNO PERSONAL 80 AND UKMIS NEW YORK TELNOS 613, 614 615 : BELIZE/ GUATEMALA NEGOTIATIONS.

1. PREMIER RETURNED YESTERDAY AND CALLED ON ME THIS MORNING. HIS DESCRIPTION OF THE TALKS IN NEW YORK LAST WEEK SQUARED GENERALLY WITH THE ACCOUNT GIVEN IN TURS AND THE BRIEFING GIVEN BY WILMSHURST ON 11 JULY (FOR WHICH WE WERE MOST GRATEFUL). PRICE THOUGHT THAT THE GUATEMALANS' DEMANDS FOR INDEFINITE AND UNRESTRICTED ( UNCLUDING MILITARY) USE OF THE CAYES AND THE WATERS SURROUNDING THEM, TOGETHER WITH THEIR LONG LIST OF AMENDMENTS TO THE DRAFTS AGREED IN NEW YORK IN MAY (MANY OF WHICH REPRESENTED A MORE EXTREME GUATEMALAN POSITION) INDICATED THAT THE GUATEMALANS NO LONGER WISHED OR EXPECTED A TREATY TO RESULT FROM THE HEADS OF AGREEMENT. HE ADDED THAT HERRERA HAD, TOWARDS THE END OF THE TALKS, PRIVATELY RAISED THE POSSIBILITY OF GUATEMALA PURCHASING SOME OR ALL OF THE RANGUANAS AND SAPODILLAS ( HE OFFERED US DOLLARS 10 MILLION). PRICE SAID THAT HE HAD TURNED HIM DOWN BUT HAD THE FIRM IMPRESSION THAT THE OFFER WAS MADE UNDER INSTRUCTIONS.

2. ALTHOUGH PRICE THOUGHT THAT FURTHER NEGOTIATION BASED ON THE HEADS OF AGREEMENT WAS NO LONGER POSSIBLE, HE EMPHASISED THAT THE DOOR REMAINED OPEN. HE HOPED THAT THE FRIENDLY ATMOSPHERE EVIDENT AT THE END OF THE TALKS WOULD CONTINUE. HE SAID THAT HE AND CASTILLO VALDEZ HAD EXCHANGED TELEPHONE NUMBERS AND THERE WOULD BE EXCHANGES OF VISITS BY MINISTERS. I WAS LEFT WITH THE IMPRESSION THAT, ONCE INDEPENDENCE HAD BEEN ACHIEVED, PRICE WOULD NOT BE ADVERSE TO RE-OPENING TALKS WITH THE GUATEMALANS ON THE BASIS OF THE HEADS OF AGREEMENT.

3. PRICE HAD OBVIOUSLY TAKEN TO HEART MR RIDLEY'S WARNING THAT THE BRITISH PARLIAMENT WOULD NEED TO BE ASSURED THAT THE MAJORITY OF BELIZEANS REALLY WANTED INDEPENDENCE. HE HAD ALREADY ARRANGED TO MEET ARANDA AND ESQUIVEL LATER IN THE DAY AND PLANNED TO TALK TO THE PUBLIC SERVICE UNION AND PERHAPS OTHER GROUPS, SUCH AS LAWYERS AND BUSINESSMEN. NOR HAD HE RULED OUT THE POSSIBILITY OF MEETING WITH INDIVIDUAL BAM LEADERS ( AS OPPOSED TO CONFRONTING NOISY BAM DEMONSTRATIONS). THIS NEW WILLINGNESS TO UNDERTAKE A DIALOGUE WITH THE OPPOSITION IS A GOOD SIGN AS FAR AS IT GOES AND I ENCOURAGED PRICE TO MAINTAIN AND, IF POSSIBLE, BUILD ON THESE LINKS.

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4. THIS AFTERNOON, PRICE TOLD ME THAT, AT HIS MEETING WITH THE OPPOSITION, ARANDA HAD MADE IT CLEAR THAT THE UDP WOULD WANT TO SEE A PROPER SETTLEMENT WITH GUATEMALA BEFORE THE COUNTRY WENT INTO INDEPENDENCE. IRONICALLY, ARANDA HAD ARGUED IN FAVOUR OF GOING BACK TO THE HEADS OF AGREEMENT.

5. PRICE CONCLUDED FROM ALL THIS THAT WE WERE LIKELY TO BE IN FOR MORE TROUBLE, INCLUDING VIOLENCE, FROM THE UDP AND BAM.

BUT WITH A GOOD DEFENCE GUARANTEE, HE THOUGHT HE WOULD HAVE THE SUPPORT OF THE MAJORITY.

6. THE TWO COMMUNIQUES WERE BROADCAST AT 1230 LOCAL TIME TODAY AND PRICE INTENDS TO ADDRESS THE NATION HIMSELF TONIGHT, FOLLOWED BY A PUBLIC MEETING TOMORROW.

FCO PASS ALL  
HENNESSY

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