

Prime Minister



Thomas

1. Herewith note from Hugh Thomas dated 19th April.
2. You will remember that there was a mini-drama with the French Finance Minister, following Geoffrey's speech to our Party Conference in October. Subsequently, Geoffrey patched up the quarrell and is now on excellent terms with Delors.
3. Also herewith an article about arms for Argentina which appeared in last week's edition of the Economist Foreign Report.

25.4.83

IAN GOW



10 DOWNING STREET

25th April 1983

Thank you so much for your note of 25th April.

I have handed your note and the Economist Report to the Prime Minister.

She has asked me to thank you very much.

How kind of you to have sent the Malraux book. You have, of course, whetted my appetite even further.

Tessa has been instructed to buy a copy.

Very many thanks indeed.

IAN GOW

The Lord Thomas of Swynnerton

P.S. I return the book

## Prime Minister

The French Ambassador came up to me (at a party for Israeli national day) and said that he very much hoped that, if any Conservative leader were, understandably (he kindly added), inclined to point, in the course of our election, to the ill experience of France under socialism, the reference could be made in such a way as to avoid offence. He knew things could be said in the heat of the moment but President Mitterand thought that he had done something for us at the time of the Falkland crisis. He, the Ambassador, thought his President would become sour if the style of what was said was wrong. He thought a passage in the Chancellor's speech at Brighton could have been so mis-understood by the ill-intentioned. I undertook to pass on the above in the right quarter. He may, I see, be in for some mauvais quarts d'heure!

Augh Thomas

April 19, 1983

# Foreign Report

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## Mig-23s for Argentina?

Argentina's military chiefs want to rebuild their air force, decimated in the Falklands war, and appear to be seriously considering a purchase of Soviet Mig-23s. The air force has commissioned a study on the deployment of Mig-23s, including the provision of training courses for Argentine pilots in the Soviet Union. This move must have been preceded by secret contacts with the Russians. We have also been informed that the military chiefs want to replace their 10 downed helicopters and to obtain a new battlefield air defence system.

The generals are anxious to move quickly: they fear that after a civilian government is installed on January 30, 1984, it will cut back military spending sharply.

The Soviet Union would be very willing to do an arms deal. It buys vast quantities of grain from Argentina and had a trade deficit with Argentina of \$3.2 billion for the first 11 months of 1982. The Russians will be offering favourable terms for their weapons, which are usually much cheaper than their western equivalents.

According to the British, Argentina lost 117 aircraft in the Falklands war. Among them were 45 A-4 Skyhawks, 27 veteran Mirages, 21 Argentine-made Pucarás and three C-130 Hercules. The destroyed helicopters were six Pumas, two Bell Hueys and two Chinooks.

Rearmament of the air force has so far been inadequate. Ten Mirages loaned by Peru were bought for about \$50m. Argentina later bought 22 Mirages or Israeli Daggers (an Israeli version of the Mirage-3). "There is a close understanding and mutual trust between the Israelis and the Argentines", a well-placed source says. "The Israelis sold them all their available Mirages."

The air force has also bought 12 Brazilian Xavantes, which can be used as trainers, for ground support or for reconnaissance; three civilian versions of the Lockheed C-130; and four civilian versions of the Orion maritime reconnaissance aircraft.

At present, the mainstay of the air force is the veteran Mirage-3. The armed forces chiefs have been pressing the **Reagan** administration to approve a resumption of sales of military equipment to Argentina. They would also like to buy more from France. But both governments are not selling. They seem unlikely to do so while Argentina declines to state formally that hostilities with Britain have ended. The Argentines apparently believe that purchases from other west European countries would run into difficulties because parts may be produced in Britain and sales would be banned.

The obvious answer seems to be the Soviet Union, and the Mig-23 in particular. This aircraft is a newer generation than the Mirage-3. It is faster, climbs better, is more easily manoeuvrable, carries more weapons and serves as an all-weather fighter-bomber. It compares favourably with the latest version of the American F-4 Phantom and is the mainstay of the Soviet air force. It could easily reach the Falklands.

In the navy, senior admirals are hoping to buy some more of the Super Etendards and air-to-sea AM-39 Exocet missiles, which sank two British warships, from France. The French have delivered five Exocets and are due to deliver four Super Etendards ordered before the war, but they say no more are in the pipeline. Argentina is also awaiting delivery of four 340-tonne Meko-140 missile-carrying frigates from West Germany's Blohm und Voss shipyard and a West German TR-1700 submarine from Emden.

If western supplies now dry up and the Russians offer equipment that appears to be cheaper and better, the temptation to buy from the east will be strong.

## The embassy bomb

Information about the perpetrators of the blast which devastated the American embassy in Beirut on Monday is still sketchy. But one of our informants says that the Syrians were aware of the operation, which involved a group of Iran's revolutionary guards based in Syrian-controlled Lebanon and members of **Hussein Mussavi's** faction of the Shia Moslem Amal movement known as El Jihad el Islami (Islamic holy war). Mussavi is a Lebanese Shia of Iranian descent who over the past few months has been allowed to turn Syrian-occupied Baalbek into an outpost of Khomeinist revolutionary activity.

According to our informant, some Soviet military intelligence officers secretly visited Beirut on April 10th and left a message for **President Amin Gemayel** urging him not to sign any American-sponsored troop withdrawal agreement for Lebanon. This informant says that Gemayel was told that an agreement would be swiftly followed by reprisals.

At the same time, we have been told, an Iranian "barter" mission arrived in Damascus offering **President Hafez Assad** 1m tons of Iranian oil. No deal seems to have been signed but when the Iranian group left Damascus, it had shrunk from 22 officials to 10. The remaining 12 apparently linked up with several hundred Iranian revolutionary guards involved in clandestine operations in Lebanon and based in Baalbek.

At a meeting in Damascus, Syrian and Iranian officers agreed to work out tactics with the Baalbek-based Lebanese Shia. The Mussavi group was told to operate between Baalbek and Beirut; **Sheikh Ragheb Harb** of Jabshit, a south Lebanon Shia leader, was to stir up unrest in his Israeli-occupied area.

Over the past six months the Israeli occupying army has met with determined guerrilla opposition, mainly from Shia Lebanese groups. Yet the Lebanese Shias have had a reputation for being quiet and conservative.

Our informant says that the embassy bomb operation was organised by Syrians and Iranians from a base in the al-Uzzi district of west Beirut where a booby-trapped car was rigged up and the driver selected from the Jihad el Islami movement for what would be a suicide mission.

More attacks can be expected from the forces which want to prevent any success for American peace initiatives. The bomb blast has already had one modest success—an American senator has called for the withdrawal of American marines from the multinational force in Lebanon.

## More Israeli-Syrian tension

Tension is rising on the front dividing Israeli and Syrian troops in Lebanon. For three days last week, Israeli and Syrian jets "shadow boxed" with each other over east Lebanon. This was followed by a Syrian army exercise with new Soviet weapons near the front line. There was a similar Israeli buildup and Israeli forces were placed on what was described as a "fairly high alert".

Israel is improving its readiness for battle in Lebanon: it has finished building a helicopter and aircraft terminal near Damour, just south of Beirut, and has several helipads in south Lebanon; it has also built supply bases, tank bases and several radar stations.

There has also been an increase in Soviet intelligence operations. A spyship lying at anchor opposite Lebanese and Israeli shores has been joined by two more last weekend, one just outside Lebanese territorial waters near Jounieh and the other near Israel's main port of Haifa. They are watching the American Sixth fleet and the French fleet guarding Beirut. We have also been told that more Soviet Sam-10s and Sam-11s have been delivered to Syria this week.

In secret exchanges between Moscow and Washington, one of our informants tells us that the Soviet Union is strongly opposed to any agreement between the United States, Israel and Lebanon for an Israeli and Syrian withdrawal from Lebanon coupled with the continued presence of the western multinational force in the country. The Russians also said that any attempt to transfer control of the monitoring posts set up by Israel in south and central Lebanon to the Americans would be opposed forcibly by Syria. The Israelis believe that this could be done by Syria's three brigades of Soviet ground-to-ground Scud missiles.

## Cuba's South Atlantic outpost

The West African island state of São Tomé and Príncipe has concluded a five-year co-operation agreement with Cuba, and its information minister, **Joaquim Rafael Branco**, has accused Portugal of trying to destabilise the government by supporting its opponents. We have heard unconfirmed reports that one of the small islands in the São Tomé group is being prepared as a military outpost—possibly to be manned by Angolans and Cubans. This could be a significant strategic gain for the Soviet block.