



Foreign and Commonwealth Office

London SW1A 2AH

9 April 1982

Dear John,

Falkland Islands: Australian Economic Measures

The Australian Prime Minister has informed our High Commissioner that the Australian Cabinet has decided to accede, where applicable, to all of our suggestions on economic sanctions against Argentina.

Sir J Mason recommends that the Prime Minister should send a particularly warm acknowledgement to the attached letter from Mr Fraser to Mrs Thatcher. I enclose a draft reply.

When Sir J Mason saw Mr Fraser yesterday he made an informal expression of Mrs Thatcher's pleasure at the confirmation of Mr Fraser's leadership. Mr Fraser has now asked that his appreciation should be informally returned.

Yours ever

(J E Holmes)  
Private Secretary

A J Coles Esq  
10 Downing Street

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FM CANBERRA 080830Z APR 82  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 148 OF 8 APRIL

MY TELNO 145: FALKLAND ISLANDS

1. FOLLOWING IS TEXT OF LETTER DATED 8 APRIL TO PRIME MINISTER FROM AUSTRALIAN PRIME MINISTER.

QUOTE MY DEAR MARGARET  
SIR JOHN MASON YESTERDAY HANDED ME YOUR LETTER SEEKING OUR HELP IN BRINGING PRESSURE TO BEAR ON ARGENTINA TO WITHDRAW FROM THE FALKLAND ISLANDS.

YOU MENTIONED VARIOUS POSSIBLE MEASURES- A BAN ON THE SUPPLY OF ARMS AND OTHER MILITARY MATERIAL, AN EMBARGO ON ALL OR SOME IMPORTS OF GOODS FROM ARGENTINA, THE ENDING OF EXPORT CREDIT GUARANTEES FOR NEW COMMITMENTS TO ARGENTINA, AND DISCOURAGEMENT OF FURTHER INTERNATIONAL LENDING TO ARGENTINA.

NOT ALL OF THESE ARE APPLICABLE TO US: WE ARE NEITHER AN ARMS SUPPLIER NOR A LENDER TO ARGENTINA. NEVERTHELESS, I AM HAPPY TO SAY THAT THE AUSTRALIAN CABINET THIS MORNING DECIDED THAT WE SHOULD MAKE CLEAR OUR OPPOSITION TO ARGENTINA'S AGGRESSIVE ACT IN SEIZING THE ISLANDS, AND OUR SOLIDARITY WITH YOU AT THIS CRITICAL TIME.

ACCORDINGLY , THE AUSTRALIAN MINISTER FOR FOREIGN AFFAIRS, TONY STREET, HAS ANNOUNCED A BAN WITH EFFECT FROM TODAY AN ALL IMPORTS FROM ARGENTINA OTHER THAN THOSE ON THE WATER OR SUBJECT TO EXISTING CONTRACTS. AND THAT NO EXPORT CREDIT GUARANTEES WILL BE EXTENDED TO ARGENTINA.

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IN YOUR LETTER YOU EXPRESSED THE HOPE THAT SUCH MEASURES, TAKEN RAPIDLY , WOULD SHOW ARGENTINA THAT FORCE DOES NOT PAY AND BRING ABOUT WITHDRAWAL OF THEIR FORCES AND A PEACEFUL SOLUTION. I AM HAPPY THAT WE HAVE BEEN ABLE TO TAKE THIS ACTION TO SHOW IN A PRACTICAL WAY OUR SUPPORT FOR YOUR GOVERNMENT.

I HOPE THAT THIS IN TURN WILL CONTRIBUTE TO BRINGING ABOUT A PEACEFUL SETTLEMENT OF THIS MOST TRYING AND DANGEROUS SITUATION.

MY WARMEST PERSONAL REGARDS

MALCOM FRASER

UNQUOTE

MASON

FCO  
S AM D  
SPD  
CABINET OFFICE

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-2- MISS DICKSON EIP DIV D/ENERGY

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File No. ....  
Department SOUTH PACIFIC OUTWARD  
Drafted by  
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[TEXT]

YOUR TELNO 145: FALKLAND ISLANDS: ECONOMIC MEASURES

1. Please pass following message from the Prime Minister to Mr Fraser.

BEGINS

Dear Malcolm,

Thank you for your letter of 8 April.

I am deeply grateful to you for your

decision to ban all imports from Argentina and to

withhold export credits. *This is exactly the kind of support we need. Your decision gave a great boost to the*

Your ~~most~~ timely action will be an *marvel*

important factor in bringing pressure to bear on *all those*

Argentina to withdraw from the Falkland Islands *who*

and thus avoiding the need for the use of force. *which is the free world*

Copies to:-

- PS/Chancellor )
- Sir K Couzens )
- Mr Littler )Treas-
- Mr Hatwin )ury
- Mr Peretz )
- Mr Ilett )

With My Warmest Regards

Margaret Thatcher

NOTHING TO BE WRITTEN IN THIS MARGIN