

ADVANCE COPIES: FALKLAND ISLANDS GENERAL 44

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SIR I SINCLAIR
MR GIFFARD
MR WRIGHT
MR ADAMS
LORD N G LENNOX
LORD BRIDGES
MR URE
MR GILLMORE

Mr FREEMAN

PS/NO 10 DOWNING ST (2)
PS/S OF S FOR DEFENCE
MR J STEWART AUSD STAFF MOD
PS/CHANCELLOR)
MR ILETT) TREASURY
MR LITTLER)
MISS DICKSON D/ENERGY
SIR R ARMSTRONG)
SIR M PALLISER)
MR A D S GOODALL) CABINET OFFICE
DIO)

HD/PUSD (2)
HD/S AM D
HD/FALKLANDS UNIT (2)
HD/DEFENCE DEPT
HD/NEWS DEPT
HD/ERD
HD/ECD(E)
HD/UND
HD/PLANNING STAFF
RESIDENT CLERK

ROOM 8 FOR MODUK C IN C FLEET

Mr. COLIN ROTH, LACPD, ODA
Mr. BORDEN, LACPD, ODA

ADVANCE COPY

CONFIDENTIAL
FM WASHINGTON 142123Z JUL 82
TO IMMEDIATE FCO
TELEGRAM NUMBER 2425 OF 14 JULY

IMMEDIATE

ARGENTINA: ARMS SUPPLIES

1. BURT (ASSISTANT UNDER SECRETARY FOR EUROPEAN AFFAIRS) RAISED WITH MINISTER THIS MORNING THE PROBLEM OF ARMS SUPPLIES TO ARGENTINA. IT WAS CLEAR FROM RECENT U S INTELLIGENCE REPORTS THAT THE RUSSIANS WERE SHOWING RENEWED INTEREST IN A DEAL WITH THE ARGENTINIANS INVOLVING GRAIN IN EXCHANGE FOR ARMAMENTS. THUS FAR, THE ARGENTINIAN RESPONSE HAD BEEN RESPONSIBLE. BUT THE AMERICANS WERE NONE TOO SURE HOW LONG THIS WOULD CONTINUE IF THE ARGENTINIANS WERE UNABLE TO GET ARMS FROM ANYWHERE ELSE.

2. BURT CONTINUED THAT THE U S ADMINISTRATION WERE WORRIED ABOUT THE POSSIBILITY OF AN ARMAMENTS SUPPLY RELATIONSHIP BECOMING ESTABLISHED BETWEEN THE USSR AND ARGENTINA. HE BELIEVED WE SHARED THIS CONCERN. IN ADDITION, THE U S STRONGLY DISLIKED THE IDEA OF A BARTER DEAL OF THIS KIND, SINCE IT WOULD ENABLE THE SOVIET UNION TO TAKE GRAIN WITHOUT USING UP ITS MEAGRE HARD CURRENCY RESERVES.

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3. BURT ALSO MADE A GLANCING REFERENCE TO A FURTHER ARGUMENT WHICH SEEMS TO HAVE BEEN USED WITHIN THE ADMINISTRATION THAT IN THE EVENT OF FURTHER TENSION IN THE SOUTH ATLANTIC, IT WOULD BE IMPORTANT TO HAVE GOT BACK INTO A POSITION WHERE THE U S AND THE EC JOINTLY HAD SOME LEVERAGE OVER THE ARGENTINIANS. THE IMPLICATION SEEMED TO BE THAT SUCH LEVERAGE WOULD BE MORE EFFECTIVE IF SOME KIND OF ARMAMENTS SUPPLY RELATIONSHIP WITH THE WESTERN INDUSTRIALISED COUNTRIES HAD BEEN RESTORED.

4. BURT ACKNOWLEDGED THAT FOR THE TIME BEING THE AMERICANS WERE UNLIKELY TO LIFT THEIR ARMS EMBARGO. IT HAD BEEN IMPOSED IN 1978 BECAUSE OF ARGENTINA'S POOR HUMAN RIGHTS PERFORMANCE. THERE WAS NO EARLY LIKELIHOOD THAT CONGRESS WOULD CONSIDER THAT THIS HAD SUFFICIENTLY IMPROVED TO PERMIT THE RESUMPTION OF ARMS SALES, EVEN IF NO OTHER ARGUMENTS WERE INVOLVED. BUT THE SAME CONSIDERATIONS DID NOT NECESSARILY APPLY TO THE EUROPEANS. HE WOULD BE INTERESTED TO KNOW WHAT UK THINKING WAS ABOUT THIS. THOMAS SAID THAT HE WOULD REPORT BURT'S ENQUIRY AND SEEK A REACTION FROM LONDON. BUT HE COULD SAY AT ONCE THAT OUR OVERRIDING CONCERN WAS, AS THE AMERICANS KNEW, FOR THE SECURITY OF THE FALKLAND ISLANDS AND OF OUR FORCES WHICH REMAINED THERE. THERE COULD BE NO QUESTION OF OUR ACQUIESCING IN A RESUMPTION OF WESTERN ARMS SUPPLIES TO THE ARGENTINIANS UNTIL THEY HAD EXPLICITLY AND CONVINCINGLY ACCEPTED THAT HOSTILITIES HAD BEEN CONCLUDED. BURT WOULD UNDERSTAND THAT UNTIL THIS POINT HAD BEEN REACHED, ANY MOVES WHICH ENABLED THE ARGENTINIANS TO RE-BUILD THEIR ARMED FORCES WOULD CAUSE US THE GREATEST CONCERN. HE ASKED BURT WHETHER THE AMERICANS SAW ANY SCOPE FOR USING THEIR INFLUENCE WITH THE ARGENTINIANS TO PERSUADE THEM TO ACCEPT A FORMAL ENDING OF HOSTILITIES. BURT DID NOT SEE MUCH LIKELIHOOD OF THE ARGENTINIANS BEING ABLE TO BRING THEMSELVES POLITICALLY TO DO THIS.

5. THIS APPROACH BY BURT SEEMS TO HAVE BEEN DESIGNED TO TAKE OUR TEMPERATURE. HE WAS SPEAKING FROM A WRITTEN BRIEF, WHICH SUGGESTS SOME DEGREE OF COORDINATION, AT LEAST WITHIN THE STATE DEPARTMENT. BUT IT SEEMS UNLIKELY THAT THE APPROACH HAS ANY HIGH LEVEL POLITICAL AUTHORITY BEHIND IT. WE SHOULD NEVERTHELESS REACT FIRMLY. THE LATIN AMERICAN SIDE OF THE STATE DEPARTMENT WOULD CERTAINLY LIKE TO GET AUTHORITY TO RELEASE THE EQUIPMENT FOR ARGENTINA WHICH WAS IN THE PIPELINE AT THE BEGINNING OF THE FALKLANDS DISPUTE (SUCH AS THE 32 ENGINES FOR SKYHAWKS). UNLESS WE CONTINUE TO MAKE OUR OBJECTIONS TO THIS VERY CLEAR, WE MAY FIND THAT SUCH EQUIPMENT IS ALLOWED TO SLIP THROUGH. BUT IN MAKING OUR POSITION PLAIN TO THE AMERICANS, WE OUGHT TO SHOW UNDERSTANDING FOR THEIR CONCERNS ABOUT A SOVIET/ ARGENTINE ARMS DEAL AND WAYS OF TRYING TO AVOID THIS.

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