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TO IMMEDIATE WASHINGTON

TELEGRAM NUMBER 2037 OF 3 DECEMBER

MESSAGE TO SHULTZ ON ARMS SALES TO ARGENTINA

1. PLEASE DELIVER AS SOON AS POSSIBLE THE FOLLOWING MESSAGE FROM ME TO MR SHULTZ.

BEGINS: MARGARET THATCHER AND I DISCUSSED THE WHOLE QUESTION OF THE PROBABLE RESUMPTION OF US ARMS SALES TO ARGENTINA WITH KEN DAM AT CHEQUERS EARLY IN NOVEMBER, AND JANET YOUNG HAS SINCE BEEN OVER THE GROUND WITH BOTH KEN DAM AND LARRY EAGLEBURGER.

I DO NOT THEREFORE NEED TO LABOUR OUR SERIOUS CONCERN ABOUT THE POSSIBLE IMPLICATIONS OF US ARMS SALES FOR OUR DEFENCES IN THE FALKLANDS PARTICULARLY WHILE THE ARGENTINES CONTINUE TO REFUSE TO DECLARE A CESSATION OF HOSTILITIES. I WANTED TO LET YOU HAVE THIS MESSAGE NOW TO UNDERLINE THE IMPORTANCE WE ATTACH TO THIS ISSUE IN ADVANCE OF THE INSTALLATION OF THE NEW ARGENTINE PRESIDENT.

WE WERE VERY PLEASED TO NOTE CAP WEINBERGER'S PUBLIC ASSURANCE THAT THE ADMINISTRATION WOULD EXERCISE CAUTION OVER MAJOR NEW SUPPLIES, ESPECIALLY OF WEAPONS THAT COULD BE USED IN A RENEWED ATTEMPT TO INVADE THE FALKLANDS. WE ALSO WELCOME LARRY EAGLEBURGER'S UNDERTAKING TO JANET YOUNG PERSONALLY TO VET ALL PROPOSED EXPORT LICENCES. MICHAEL HESELTINE WILL I KNOW WANT TO DISCUSS THIS SUBJECT WITH CAP WEINBERGER IN WASHINGTON NEXT WEEK, AND I WOULD LIKE TO HAVE A WORD WITH YOU IN THE MARGINS OF THE NATO MINISTERIAL IN BRUSSELS.

AS REGARDS OUR POLICY TOWARDS THE NEW GOVERNMENT IN ARGENTINA, I SHOULD LIKE TO EMPHASISE THAT OUR AIM IS TO RE-ESTABLISH MORE NORMAL RELATIONS BETWEEN OUR TWO COUNTRIES. THE PREVIOUS ARGENTINE GOVERNMENT FAILED TO RESPOND POSITIVELY TO OUR VARIOUS PROPOSALS: I HOPE THE NEW GOVERNMENT WILL BE

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MORE CONSTRUCTIVE. MARGARET THATCHER HAS DECLARED PUBLICLY HER WILLINGNESS TO RESUME FULL COMMERCIAL AND DIPLOMATIC RELATIONS WITH ARGENTINA. I UNDERSTAND THAT GEORGE BUSH WILL BE REPRESENTING THE USA AT DR ALFONSIN'S INAUGURATION. I BELIEVE IT WOULD BE VERY USEFUL IF HE COULD TAKE THE OPPORTUNITY TO EMPHASISE THAT THE NORMALISATION OF RELATIONS BETWEEN BRITAIN AND ARGENTINA IS THE MOST REALISTIC POINT FROM WHICH TO START BUILDING. ENDS

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