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TO PRIORITY FCO

TELEGRAM NUMBER 1984 OF 14 JULY

INFO BELMOPAN MEXICO CITY UKMIS NEW YORK TEGUCIGALPA SAN JOSE

BOGOTA PANAMA CITY CARACAS

INFO SAVING SIS GUATEMALA CITY

*head - hel**MS***YOUR TALKS WITH SHULTZ: CENTRAL AMERICA**

1. YOU TOLD SHULTZ THAT WE SHARED BOTH AMERICAN ANXIETY ABOUT WHAT WAS HAPPENING IN CENTRAL AMERICA AND THE US OBJECTIVE OF TRYING TO PREVENT DESTABILISATION IN THE AREA. WE HAD ONLY A VERY LIMITED PRESENCE OURSELVES, NAMELY IN BELIZE. IT REMAINED OUR INTENTION TO WITHDRAW THE GARRISON FROM BELIZE BUT WE WERE GRATEFUL FOR THE TENTATIVE US OFFER OF HELP IN PUTTING TOGETHER SOME KIND OF TRAINING FACILITY. SHULTZ SAID THAT HE WISHED THE QUESTION OF A TRAINING TEAM HAD NEVER COME UP. THE BRITISH PRESENCE IN BELIZE WAS VERY IMPORTANT AND THE US GOVERNMENT STILL HOPED THAT WE WOULD STAY BOTH FOR THE SAKE OF FUTURE RELATIONS BETWEEN GUATEMALA AND BELIZE AND FOR WIDER REGIONAL REASONS. THE US APPRECIATED THAT THE BRITISH GARRISON WAS STILL THERE DESPITE THE FACT THAT WE HAD INTENDED TO WITHDRAW IT BY NOW. YOU SAID THAT WE HAD BROUGHT BELIZE TO INDEPENDENCE. IT WOULD BE ILLOGICAL AND INCONSISTENT WITH OUR OBJECTIVES TO KEEP BRITISH FORCES THERE. BELIZE'S LONGER TERM SECURITY AS AN INDEPENDENT COUNTRY MUST DEPEND ON HER ABILITY TO PROTECT HERSELF. WE SHOULD STILL BE WILLING TO HELP BELIZE TO SORT OUT ITS PROBLEMS WITH GUATEMALA.

2. ON WIDER CENTRAL AMERICAN ISSUES, YOU SAID THAT WE WERE ANXIOUS TO SEE THE UNITED STATES GET ITS CASE ACROSS. THE WORK OF THE CONTADORA GROUP AS REPRESENTATIVES OF COUNTRIES CLOSE TO CENTRAL AMERICA APPEARED TO OFFER SOME HOPE OF A WAY FORWARD.

3. SHULTZ EXPRESSED GRATITUDE FOR OUR UNDERSTANDING. THE PROBLEM WAS A VERY IMPORTANT ONE FOR THE US. CENTRAL AMERICA WAS AN AREA WHICH HAD AWAKENED FROM A PERIOD OF POOR GOVERNMENT AND WHICH CLEARLY NEEDED:

A) ECONOMIC DEVELOPMENT

B) GREATER DISTRIBUTION OF INCOME, AND

C) EVOLUTION TOWARDS MORE PLURALIST FORMS OF GOVERNMENT.

THE US WAS TRYING TO PROMOTE THESE GOALS. US ECONOMIC SUPPORT WAS RUNNING AT THREE QUARTERS OF A BILLION DOLLARS A YEAR, WHICH WAS A GREAT DEAL GIVEN THE SIZE OF THE COUNTRIES INVOLVED. THE REGION COULD ABSORB STILL MORE AND THE US WOULD PROBABLY BE WILLING TO CONTRIBUTE MORE. BUT SUCCESS WOULD BE IMPOSSIBLE IF US EFFORTS WERE CONSTANTLY UNDERMINED BY THE SECURITY THREAT. AT THE MOST BASIC LEVEL, IT WAS IMPOSSIBLE FOR A FARMER IN THE REGION TO PLANT CROPS BECAUSE OF GUERRILLA ACTIVITY. IT WAS THEREFORE ESSENTIAL TO PROVIDE SECURITY ASSISTANCE TO THE REGION. THE US

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VIEW WAS THAT SECURITY ASSISTANCE WAS A NECESSARY, BUT NOT SUFFICIENT, CONDITION TO SUCCESS OVERALL. THE CUBA/NICARAGUA/SOVIET AXIS WAS UNDENIABLE. THERE HAD BEEN LARGE CONSIGNMENTS OF ARMS, MUCH GREATER THAN ANYTHING THE US HAD BEEN ABLE TO SUPPLY. THE US GOVERNMENT WAS THEREFORE ASKING FOR HELP AND UNDERSTANDING. GENSCHER HAD TOLD HIM EARLIER IN THE WEEK THAT THE GERMANS PLANNED TO SEND AN AMBASSADOR BACK TO EL SALVADOR BEFORE LONG. THE US GOVERNMENT WOULD LIKE TO KEEP HER PARTNERS INFORMED ABOUT WHAT SHE WAS DOING AND WHY.

4. YOU SAID THAT WE FACED A DIFFICULT PROBLEM OF PRESENTATION IE HOW TO MAKE CLEAR THE NATURE OF SOVIET AND CUBAN INVOLVEMENT WITHOUT BECOMING STRIDENT IN A WAY WHICH PROVOKED MISUNDERSTANDING. PUBLIC OPINION WAS READY TO JUMP TO THE WRONG CONCLUSIONS. THIS WAS NOT AN AREA OF WIDE INTEREST IN BRITAIN, BUT THERE WERE VOCIFEROUS INTEREST GROUPS. WE SHOULD TRY TO FOCUS ON OUR COMMON OBJECTIVES AND IN SO FAR AS A COMMON EUROPEAN VOICE COULD BE PUT TOGETHER AND BE OF USE, WE SHOULD TRY TO ACHIEVE IT. SHULTZ AGREED.

FCO PASS SAVING GUATEMALA CITY

(REPEATED AS REQUESTED)

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