

IMMEDIATE

D/B 080900Z

(Valid 7/4)

26/27

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ADVANCE COPIES: FALKLAND ISLANDS

PS
PS/LPS
PS/*Mr Luce*
PS/LORD TREFGARNE
PS/PUS
MR GIFFARD
MR WRIGHT
MR ADAMS
MR URE
MR GILLMORE

PS NO 10 DOWNING ST
PS/CHANCELLOR)
SIR K COUZENS)
MR LITTLER)
MR PERETZ) H M TREASURY
MR HAWTIN)
MR ILETT)
MR J D MCINTYRE)

Fco

DIO CABINET OFFICE

HD/S AM D (~~STANDARD~~ DIST.+ A.D. "F/I")
HD/DEFENCE D
HD/NEWS D
HD/UND
HD/EESD

~~RESIDENT CLERK~~

SITCEN

(Copies passed to the Emergency Staff, MOD ~~DITCHEN~~ AND CINC FLEET)

Hd/EKGD

Hd/Plan S.

Hd/SPD

Prime Minister

You said you would wish to

send a personal thank you letter.

AR 9/4

CONFIDENTIAL

DESKEY 080900Z

FM CANBERRA 080515Z APR 82

TO IMMEDIATE FCO

TELNO 145 OF 8 APRIL

INFO IMMEDIATE UKREP BRUSSELS TOKYO WASHINGTON

MY TELEGRAM NO 141 (NOT TO ALL) : FALKLAND ISLANDS : ECONOMIC MEASURES

1. THE AUSTRALIAN PRIME MINISTER SUMMONED ME AT 0330 YOUR TIME TODAY 8 APRIL, AS SOON AS CABINET HAD ADJOURNED. I MADE THE INFORMAL EXPRESSION OF MRS THATCHER'S PLEASURE FORESHADOWED IN PARAGRAPH 4 OF TUR. THIS WENT DOWN EXTREMELY WELL, AND I WAS ASKED THAT HIS APPRECIATION SHOULD BE INFORMALLY RETURNED.
2. MR FRASER SAID THAT THE CABINET HAD DECIDED TO ACCEDE FULLY TO ALL OUR SUGGESTIONS. IN CONSEQUENCE, FROM MIDNIGHT TONIGHT 8 APRIL, ALL IMPORTS FROM ARGENTINA WOULD BE BANNED, EXCEPT THOSE UNDER EXISTING CONTRACTS. SIMILARLY, NO NEW EXPORT CREDIT GUARANTEES WOULD BE GIVEN. THE QUESTION OF THE SALE OF ARMS DID NOT ARISE.
3. MR FRASER SAID THAT INITIALLY, THERE HAD BEEN SIGNIFICANT

3. MR FRASER SAID THAT INITIALLY, THERE HAD BEEN SIGNIFICANT OPPOSITION IN CABINET TO AN IMPORT EMBARGO, BECAUSE OF THE RISKS ATTACHING TO AUSTRALIAN ALUMINIUM EXPORT CONTRACTS (PARAGRAPH 2 OF TUR). THESE AMOUNTED OVER TEN YEARS TO SOME POUNDS 260 MILLION, AND THEIR LOSS WOULD BE SERIOUS, BOTH ECONOMICALLY AND POLITICALLY. HOWEVER, IN THE END MISGIVINGS WERE PUT ASIDE, AND THE CABINET VOTED ALMOST UNANIMOUSLY IN FAVOUR OF THE IMPORT EMBARGO.

4. MR FRASER SAID THAT HIS GOVERNMENT WOULD NOT HAVE DONE THIS FOR ANY OTHER COUNTRY IN THE WORLD: THEY HAD DONE SO BECAUSE IT WAS BRITAIN AND MRS THATCHER WHO WERE CONCERNED. I EXPRESSED OUR WARM GRATITUDE FOR THIS HELPFUL ACTION, WHICH I WAS SURE WOULD HELP TO SWAY OTHER COUNTRIES WHICH WE HAD APPROACHED: AND FOR AUSTRALIA'S STAUNCH AND SPEEDY SUPPORT SINCE THE CRISIS AROSE.

5. A STATEMENT OF THE CABINET'S DECISION WILL BE ISSUED IN A FEW HOURS, AND BEFORE CLOSE OF PLAY HERE I SHALL BE ASKED TO TRANSMIT A LETTER FROM MR FRASER TO THE PRIME MINISTER. I RECOMMEND THAT THE PRIME MINISTER SHOULD SEND A PARTICULARLY WARM ACKNOWLEDGEMENT.

MASON

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