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TELEGRAM NO 181 OF 12 APRIL

RFI PRIORITY WASHINGTON CANBERRA OTTAWA UKMIS NEW YORK AND EC POSTS.
SAVING WELLINGTON

MY TEL NO 180

FALKLAND ISLANDS

1. KATO HANDED ME THIS AFTERNOON A COPY OF MR SUZUKI'S REPLY TO MRS THATCHER (TEXT IN MIFT). HE SAID THAT THIS WOULD BE HANDED OVER FORMALLY BY THE JAPANESE AMBASSADOR IN LONDON TODAY. KATO HAD KEPT ME WAITING FOR SOMETIME AS IT WAS APPARENT THAT THERE HAD BEEN LAST MINUTE DRAFTING CHANGES IN THE TEXT. KATO SAID THAT WHILE THE PRESS WOULD BE GIVEN AN OUTLINE OF THE REPLY THE TEXT WOULD NOT BE RELEASED.

2. KATO TOLD ME ON INSTRUCTION THAT THE JAPANESE FOREIGN MINISTER AND THE VICE MINISTER HAD CALLED IN THE ARGENTINIAN AMBASSADOR THIS MORNING AND HAD MADE THE FOLLOWING POINTS:-

A) JAPAN DEEPLY REGRETTED THE ARGENTIAN USE OF FORCE AND DEMANDED AN EARLY WITHDRAWAL OF ARGENTIANIAN FORCES IN ACCORDANCE WITH THE UNITED NATIONS SECURITY COUNCIL RESOLUTION.

B) JAPAN ATTACHED IMPORTANCE TO FRIENDLY RELATIONS WITH

B) JAPAN ATTACHED IMPORTANCE TO FRIENDLY RELATIONS WITH ARGENTINA AND WANTED THE ARGENTINIANS TO PAY DUE ATTENTION TO THIS WARNING SO THAT THEY DID NOT FORCE JAPAN INTO A MORE DIFFICULT POSITION. THE JAPANESE GOVERNMENT PLACED HIGH EXPECTATIONS ON THE GOOD OFFICES OF THE UNITED STATES AND HOPED THAT ARGENTINA WOULD RESPOND POSITIVELY TO THESE EFFORTS.

C) IF THIS CRISIS WERE PROLONGED THE CONFIDENCE OF THE JAPANESE GOVERNMENT AND PEOPLE IN ARGENTINA'S FUTURE MIGHT BE UNDERMINED AND THE SMOOTH DEVELOPMENT OF RELATIONS BETWEEN THE TWO COUNTRIES MIGHT BE IMPEDED ESPECIALLY IN THE ECONOMIC FIELD. FOR THIS AND OTHER REASONS JAPAN WISHED ARGENTINA TO EXERT ALL EFFORTS TO SEEK AN EARLY SOLUTION.

KATO SAID THAT THE VICE MINISTER HAD MADE THESE POINTS FIRST AND THAT THEY HAD THEN BEEN CONFIRMED BY THE FOREIGN MINISTER WHOSE TIME HAD BEEN VERY LIMITED. THE GIST HAD BEEN PASSED TO THE PRESS. AS A RESULT JAPAN DID NOT THINK IT NECESSARY AND HAD NO INTENTION OF MAKING A FORMAL STATEMENT.

3. KATO ADDED THAT THE ARGENTINIAN AMBASSADOR HAD TOLD THE JAPANESE THAT HE UNDERSTOOD THE WARNING AND WOULD REPORT IMMEDIATELY. THE AMBASSADOR HAD STRESSED THE PEACEFUL INTENTION OF THE ARGENTINIANS (SIC) AND SAID THAT NO BLOOD HAD SO FAR BEEN SHED. THEY HAD WITHDRAWN THEIR WARSHIPS FROM THE AREA OF THE FALKLAND ISLANDS AND HOPED FOR A SINCERE DIALOGUE BETWEEN ARGENTINA AND THE UNITED KINGDOM.

I POINTED OUT THE CYNICISM OF THESE STATEMENTS.

4. IN COMMENTING ORALLY ON MR SUZUKI'S REPLY TO MRS THATCHER KATO SAID THAT NO APPLICATION FOR NEW COMMITMENT OF EXPORT CREDIT WAS EXPECTED. WHEN I ASKED ABOUT BANK LOANS HE SAID THAT HE THOUGHT NEW LOANS WERE UNLIKELY IN PRESENT CIRCUMSTANCES.

5. I SAID THAT THE BRITISH GOVERNMENT WOULD BE DISAPPOINTED THAT JAPAN HAD NOT SEEN ITS WAY TO PLACE A BAN ON ARGENTINIAN IMPORTS. WERE THEY CONSIDERING THIS MATTER FURTHER? KATO MADE THE FOLLOWING POINTS IN REPLY:-

A) THE LEGAL STATUS OF EUROPE AND JAPAN IN RELATION TO THE FALKLAND ISLANDS WAS DIFFERENT. EUROPE WAS INDIRECTLY A PARTY TO THE MATTER BECAUSE OF THE FALKLAND ISLANDS ASSOCIATION WITH THE COMMUNITY UNDER THE TREATY OF ROME;

WITH THE COMMUNITY UNDER THE TREATY OF ROME:

B) A TOTAL OR PARTIAL BAN ON IMPORTS WAS LEGALLY SPEAKING VERY DIFFICULT IF NOT IMPOSSIBLE UNDER JAPANESE LAWS:

C) AS STATED IN THE MESSAGE JAPAN LOOKED FOR ACTION UNDER THE UNITED NATIONS CHARTER IE IF THE SECURITY COUNCIL ADOPTED A RESOLUTION CALLING FOR SANCTIONS JAPAN WOULD HAVE A LEGAL BASIS ON WHICH TO TAKE ACTION:

D) ARGENTINA WAS A MEMBER OF THE GAATT AND JAPAN HAD A BILATERAL TREATY WITH THE ARGENTINIANS. THE ONLY WAY IN WHICH ACTION COULD BE TAKEN UNDER THIS TREATY WAS UNDER ARTICLE 13 WHICH ALLOWED EXCEPTIONS ON SECURITY GROUNDS.

6. I ASKED ON WHAT BASIS JAPAN HAD TAKEN ACTION AGAINST IRAN IN THE CASE OF THE AMERICAN HOSTAGES. KATO REPLIED THAT NO ACTION HAD BEEN TAKEN ON IMPORTS FROM IRAN BUT THEY HAD PLACED EXPORTS FROM IRAN UNDER THE APPROVAL SYSTEM. HOWEVER IRAN WAS NOT A MEMBER OF THE GATT AND JAPAN HAD NO COMMERCIAL TREATY WITH IRAN. I SAID THAT WE WOULD WISH TO PURSUE FURTHER THE LEGAL ASPECTS.

7. IN CONCLUSION KATO SAID THAT HE HAD TWICE MET THE JAPANESE PRIME MINISTER TODAY. THE PRIME MINISTER WAS DEEPLY CONCERNED AND HAD MUCH SYMPATHY FOR THE BRITISH GOVERNMENT IN THE PRESENT CRISIS.

COMMENT

8. THE JAPANESE REPLY IS DISAPPOINTING BECAUSE OF THE JAPANESE FAILURE TO TAKE SPECIFIC AND FIRM ACTION AGAINST THE ARGENTINIANS BUT THEY HAVE AT LEAST NOW COME OUT IN SUPPORT OF OUR POSITION AND I HOPE THAT THIS WILL BECOME CLEAR IN THE PRESS. THE REPLY IS BETTER THAN I HAD FEARED AND SUGGESTS THAT THE VIGOROUS LOBBYING OF THE LAST FEW DAYS HAS HAD SOME RESULT.

FCO PSE PASS SAVING WELLINGTON

CORTAZZI

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