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(Copies passed to Emergency Staff, MOD Sitcen and CinC Fleet)

GRS 295 CONFIDENTIAL FM BRASILIA 14:1530Z APRIL 82 TO IMMEDIATE FCO DESKBY 141700Z REPEATED TO WASHINGTON TELEGRAM NUMBER 101 OF 14 APRIL

MY TELS NOS 099 AND 100: FALKLANDS/ TENDENTIOUS BRAZILIAN PRESS COMMENT

TODAY'S CORRETO BRASILIENSE (ONE OF TWO DAILY NEWSPAPERS PUBLISHED IN BRASILIA), REFERRING TO THE PRIME MINISTER'S REPLY TO PRESIDENT FIGUEIREDO, CARRIES A FRONT-PAGE HEADLINE QUOTE ENGLAND THREATENS BRAZIL: THE IDEA IS TO FORCE US TO PERSUADE GALTIERI UNQUOTE. ON AN INSIDE PAGE AN EXPANDED REPORT IS HEADED QUOTE LONDON HINTS AT THE CUTTING OFF OF NAVAL ASSISTANCE TO BRAZIL UNQUOTE. THE REPORT CLAIMS THAT BRITAIN ACCOMPANIED MRS THATCHER'S QUOTE HARD AND CURT UNQUOTE NOTE WITH A THREAT TO CANCEL BRITISH PARTICIPATION IN THE LONG-STANDING PLAN FOR THE REMOVATION AND MODERNISATION OF THE BRAZILIAN FLEET. THAT THIS THREAT, WHICH WAS CONFIRMED BY A NAVAL SOURCE

WAS THE CENTRAL THEME OF A MEETING YESTERDAY OF THE NAVY HIGH COMMAND CHAIRED BY THE MINISTER HIMSELF. THE ARTICLE GOES ON REFER TO THE PRESENCE OF BRAZILIAN NAVY OFFICERS UNDERGOING TRAILING AT VOSPER THORNEYCROFTS IN BRITAIN AND TO THE DEVASTATING EFFECT THAT BRITISH SANCTIONS WOULD HAVE AGAINST THE EFFECTIVENESS OF THE FRIGATE SQUADRON, IN PARTICULAR.

2. WE HAVE PUT OUT A PRESS RELEASE TO REBUT THIS DAMAGING LIE (ENGLISH TEXT IN MIFT). RICUPERO OF THE ITAMARATY HAS ALREADY TOLD ME THAT HE WAS PRESENT AT THE NAVY HIGH COMMAND MEETING IN QUESTION AND THAT THE QUESTION OF BRITISH PARITICPATION IN THE FRIGATE AND CORVETTE PROGRAMME WAS NOT EVEN MENTIONED. I SHALL CALL ON THE SECRETARY—GENERAL THIS AFTERNOON TO HAND HIM A COPY OF THE PRESS RELEASE. I HAVE ALREADY IMPRESSED ON HIM THROUGH RICUPERO THE NEED FOR THE ITAMARATY AND THE NAVY MINISTRY TO TAKE SWIFT ACTION TO DENY THE TRUTH OF THE ARTICLE.

3. MY OWN SUSPICION IS THAT THIS IS AN EXERCISE IN BLACK PROPAGANDA MOUNTED BY EITHER THE ARGENTINES OR THE RUSSIANS. WE SHALL HAVE TO WATCH OUT FOR FURTHER DIRTY TRICKS OF THIS KIND.

HARDING

MNNN

SENT/RECD 14:1540Z MW/KRW