

IMMEDIATE

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2A

FALKLANDS SELECTIVE ADVANCES (37)

PS  
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 SIR I SINCLAIR  
 MR GIFFARD  
 MR WRIGHT  
 MR GILLMORE  
 MR URE  
 MR BARRETT  
 HS/S AM D  
 HD/DEF D  
 HD/PLANNING STAFF  
 HD/UND  
 HD/NEWS D  
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 HD/PUSD  
 EMERGENCY ROOM  
 RESIDENT CLERK

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 PS/HOME SECRETARY  
 PS/HOME SECRETARY (c/o NO 10 Dst)  
 PS/ATTORNEY GENERAL  
 PS/CHANCELLOR DUCHY OF LANCASTER  
 PS/SIR R ARMSTRONG )  
 PS/SIR M PALLISER )  
 PS/SIR A DUFF ) CABINET  
 MR WADE-GERY )  
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 MR O'NEILL HD ASSESS- )  
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 ADMIRAL SIR ROY HALLIDAY DGI MOD  
 DIRECTOR G.C.H.Q.

SECRET

FM WASHINGTON 122050Z

TO IMMEDIATE F C O

TELNO 1720 OF 12 MAY 1982;

AND TO IMMEDIATE CABINET OFFICE (FOR COORDINATOR AND AS

STAFF);  
 INFO PRIORITY MOSCOW.

FALKLANDS: USSR/ARGENTINA

1. TESTIFYING ON TECHNOLOGY TRANSFER BEFORE THE SENATE GOVERNMENTAL AFFAIRS INVESTIGATIONS SUBCOMMITTEE YESTERDAY (11 MAY) AND IN ANSWER TO QUESTIONS, CIA DEPUTY DIRECTOR INMAN IS REPORTED TO HAVE SAID THAT IN THE WAKE OF THE FALKLANDS CRISIS ARGENTINA MAY BEGIN A SUBSTANTIAL PROGRAMME TO OBTAIN NEW WEAPONS FROM THE USSR ..... THIS POSSIBILITY WOULD BE A MAJOR CAUSE FOR WORRY IN THE MONTHS AHEAD. INMAN SUGGESTED THAT THE RUSSIANS WOULD PROBABLY BE ANXIOUS TO SELL MILITARY EQUIPMENT AT A BARGAIN PRICE TO ARGENTINA NOW THAT WESTERN SUPPLIES HAD BEEN RESTRICTED. SUCH ARMS SALES COULD HELP PAY FOR GRAIN AS WELL AS INCREASE SOVIET INFLUENCE IN BA.

ASSESSMENTS

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2. AS REPORTED SEPARATELY (OUR JICTEL 206 OF 11 MAY PARA 4) THE CIA ASSESSMENT IS THAT MOSCOW NOW SEES THE FALKLANDS CRISIS AS A MAJOR OPPORTUNITY TO IMPROVE ITS STANDING IN LATIN AMERICA. THEY ALSO BELIEVE THAT WHILE MOSCOW WILL SEEK TO CAPITALISE ON THAT OPPORTUNITY AND MAY TRY TO ENCOURAGE SOME HOSTILITY TOWARDS THE US, STRONG ARGENTINE SUSPICION OF SOVIET INTENTIONS ARE LIKELY TO LIMIT ANY IMPROVEMENT IN THEIR BILATERAL RELATIONS.

3. INMAN'S REMARKS HAVE RECEIVED ONLY PARTIAL AND MINOR PRESS TREATMENT TODAY, BUT THEY COULD BE PICKED UP FURTHER, ESPECIALLY AS CONCERN THAT THE CRISIS WILL INCREASE SOVIET OPPORTUNITIES IN ARGENTINA DOES CONTINUE TO BE AN ELEMENT, THOUGH BY NO MEANS A MAJOR FACTOR, IN US THINKING.

4. WE HAVE SUGGESTED AT WORKING LEVEL THAT AN INTERNAL CIA BRIEFING UPDATE FOR INMAN TODAY SHOULD INCLUDE A NOTE DRAWING ATTENTION TO THE CIA JUDGEMENT ABOVE, AND TO OUR CONCERN ABOUT ANY REMARKS WHICH MIGHT BE INTERPRETED E.G. IN THE U K AS CONVEYING A HINT OF SOFTENING OF US SUPPORT FOR THE UK. WE HAVE ALSO SPOKEN AT A HIGHER LEVEL IN THE CIA AND TO INMAN'S OFFICE. INMAN WAS AWAY, BUT SENSITIVITY TO OUR CONCERNS WAS EXPRESSED AND THESE WILL BE DRAWN TO INMAN'S ATTENTION. PRESS COVERAGE IS NOT THOUGHT IN THE CIA LIKELY TO BE REPEATED. WE SHALL REPORT ANY RESPONSE FROM INMAN WHEN HE RETURNS TO HIS OFFICE, BUT THOSE CONCERNED IN INMAN'S VISIT NEXT WEEK WILL WISH TO BEAR THE POINT IN MIND.

HENDERSON

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