

[PLEASE RETURN COPY TO
TYPISTS] *Primo Menzies*
To note
Ala Loga
Duty Clerk

FALKLANDS SELECTIVE ADVANCES (37)

PS
PS/MR HURD
PS/MR ONSLOW
PS/PUS
PS/LORD BELSTEAD
MR BULLARD
SIR I SINCLAIR
MR GIFFARD
MR WRIGHT
MR GILLMORE
MR URE
MR BARRETT
HD/S AM D
HD/DEF D
HD/PLANNING STAFF
HD/UND
HD/NEWS D
HD/ERD
HD/PUSD
MR REED, PUSD
EMERGENCY ROOM
RESIDENT CLERK

PS/NO 10 DOWNING STREET (2 copies) *21/1*
PS/S OF S DEFENCE
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
MR WADE-GERY
MR FULLER
MR COLVIN
MR O'NEILL HD ASSESS-
MENTS STAFF
DIO
MR J M STEWART AUSD STAFF MOD
ADMIRAL SIR ROY HALLIDAY DGI MOD
DIRECTOR G.C.H.Q. (via Room 8)

GABINET
OFFICE

IMMEDIATE

ADVANCE COPY

OO FCO
PP BRUSSELS
PP CAPETOWN
GRS 465
CONFIDENTIAL
FM LUXEMBOURG 251515Z MAY
TO IMMEDIATE FCO
TELEGRAM NUMBER 164 OF 25 MAY 1982
INFO PRIORITY BRUSSELS AND CAPETOWN

YOUR TELNO 057 : POSSIBLE CARGOLUX INVOLVEMENT IN SUPPLY OF ARMS
BY SOUTH AFRICA TO ARGENTINA

1. I HAVE AN APPOINTMENT TO SEE MADAME FLESCH ON HER RETURN TO LUXEMBOURG TOMORROW. MEANWHILE, I ASKED TO SEE THE PERMANENT SECRETARY AT THE MFA THIS AFTERNOON. HE HAD HIS ECONOMIC DIRECTOR WITH HIM. I REPORTED MY INFORMATION (PARAS 1-3 OF MY TELNO 163). WAGNER IMMEDIATELY CONFIRMED THAT THIS TALLIED WITH WHAT THE FOREIGN MINISTRY HAD HEARD LAST WEEK FROM MILLETT, AND THEIR OTHER SOURCES IN CARGOLUX. MADAME FLESCH HAD REACTED VERY SHARPLY. SHE HAD IMMEDIATELY SEEN THE LUXEMBOURG-APPOINTED PRESIDENT OF THE CARGOLUX BOARD (SIETZEN), AND HAD TOLD HIM THAT

SHARPLY. SHE HAD IMMEDIATELY SEEN THE LUXEMBOURG-APPOINTED PRESIDENT OF THE CARGOLUX BOARD (SIETZEN), AND HAD TOLD HIM THAT THIS FLIGHT WAS TOTALLY UNACCEPTABLE AND MUST ON NO ACCOUNT BE REPEATED. SIETZEN HAD CLAIMED TO HAVE HAD NO KNOWLEDGE WHATSOEVER ABOUT IT, AND THE MFA OFFICIALS BELIEVE HIM.

2. WAGNER MADE NO SECRET OF HIS DISTASTE FOR THE BUNCH OF ICELANDERS RUNNING CARGOLUX. HE SAID THAT THE LUXEMBOURG GOVERNMENT HAD A MAJOR PROBLEM IN TRYING TO CONTROL THE COMPANY. THEY COULD EXERT SOME PRESSURE BUT HAD NO LEGAL POWERS. I SAID THAT NEVERTHELESS THE LUXEMBOURG GOVERNMENT HAD ITS NOMINEE AS PRESIDENT OF THE BOARD. THE GOVERNMENT HAD A MINORITY SHAREHOLDING IN THE COMPANY. IT ALSO HAD A RESPONSIBILITY FOR INSURING THAT IT RESPECTED LUXEMBOURG LAWS AND OBLIGATIONS. IT WAS ESSENTIAL THAT THERE SHOULD BE NO REPETITION OF THE FLIGHT. I NOTED THAT THEY HAD MADE NO ATTEMPT TO DENY MY INFORMATION. WHAT WAS SIETZEN DOING ABOUT IT? WHAT ASSURANCES HAD BEEN RECEIVED AS TO THE FUTURE?

3. WAGNER SAID THAT THEY HAD ABSOLUTELY NO INFORMATION TO SUGGEST ANY FURTHER FLIGHTS WERE PLANNED. THEY WOULD HOPE TO GET SATISFACTORY ANSWERS TO MY QUESTIONS IN TIME FOR MY MEETING WITH MADAME FLESCH TOMORROW.

4. WEYLAND SAID THAT MADAME FLESCH HAD DISCUSSED THE MATTER WITH YOU IN BRUSSELS YESTERDAY.

5. WAGNER SAID THAT THEY HAD NO KNOWLEDGE OF WHAT CARGO WAS INVOLVED EXCEPT THAT MILLETT HAD DESCRIBED IT AS QUOTE HEAVY UNQUOTE. THEY WOULD TRY TO DISCOVER WHAT IT WAS.

6. ACCORDING TO WAGNER, AERO-URUGUAY IS A COVER COMPANY OPERATING ONE OR TWO AIRCRAFT AND CONTROLLED BY OLAFSSON PERSONALLY.

7. I SAID I WOULD AWAIT THEIR FURTHER ENQUIRIES WITH INTEREST. IT WAS ESSENTIAL THAT WHAT APPEARED TO BE A LUXEMBOURG INVOLVEMENT IN AIDING THE ARGENTINES SHOULD NOT OCCUR AGAIN. I REMINDED WAGNER AND WEYLAND THAT WE WERE NOT PLAYING GAMES IN THE SOUTH ATLANTIC FOR THE BENEFIT OF MR OLAFSSON. THEY HAVE THE MESSAGE.

THOMAS

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