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CONF ENTIAL

DECKBY 261800Z

FM DRASILIA 261630Z MAY 82

TO IMMEDIATE FCO

TELEGRAM HUMBER 210 OF 26 MAY

INFO IMMEDIATE WASHINGTON, UKNIS NEW YORK

YOUR TELNO 65 TO ASUNCION: FALKLANDS: RIO TREATY MEETING

- 1. I MADE THE POINTS IN TUR THIS MORNING TO THE FOREIGN MINISTER, PUTTING HIM STRAIGHT ALSO ON THE RIVER PLATE ISSUE (UKMIS TELS NOS 852 AND 853) AND INFORMING HIM OF OUR REACTION TO THE REVISED IRISH DRAFT RESOLUTION AT THE UN.
- 2. GUERREIRO SAID THAT HE THOUGHT ADOPTION OF THE AMENDED RESOLUTION COULD HOLD THE POSITION FOR A SHORT TIME, LEADING EVEN TO A POSTPONEMENT OF THE TIAR MEETING, SO LONG AS THE NEXT FEW CRUCIAL DAYS LED TO THE OUTLINE OF AN HONOURABLE SETTLEMENT AND WERE ACCOMPANIED BY A TACITLY-AGREED REDUCTION OF MILITARY ACTIVITIES.
- 3. FAILING THIS, GUERREIRO BELIEVED THE ARGENTINES WOULD SEEK STRONG MEASURES AT THE TIAR, AND BRAZIL WOULD NOT BE ABLE TO STAND OUT AGAINST THE MAJORITY OPINION, OR TO MODERATE THE OUTCOME, AS SHE HAD DONE PREVIOUSLY. I ASKED SPECIFICALLY WHETHER BRAZIL WOULD GO ALONG WITH ECONOMIC SANCTIONS AGAINST BRITAIN OR THE BREAKING OF DIPLOMATIC RELATIONS. GUERREIRO SAID BRAZIL HAD NOT CONTEMPLATED THINGS COMING TO SUCH A PASS, NOR SO FAR HAD ARGENTINA EXPECTED IT OF HER. HOWEVER, GREAT SOPHISTICATION WAS REQUIRED FROM BRITAIN AT THIS POINT TO ACHIEVE A SOLUTION WHICH WOULD AVOID THE JUNTA BEING REDUCED TO DESPERATION. THE PROBLEM NOW HAD MUCH WIDER IMPLICATIONS THAN THE FUTURE OF THE ISLANDS THEMSELVES. A RAPID DETERIORATION OF THE INTERNAL SITUATION IN ARGENTINA AND AN INSTITUTIONAL CRISIS THERE WOULD AFFECT THE WHOLE REGION. IT WOULD ALSO STORE UP TROUBLE FOR BRITAIN, SINCE IT WOULD TEND TO KEEP THE MALVINAS ISSUE ALIVE AT A HIGH EMOTIONAL PITCH FOR A LONG TIME.

## COMMENT

4. BRAZIL'S POSITION IS AT THIS STAGE DETERMINED LESS BY FEAR OF A CONFIDENT ARGENTINA THROWING ITS WEIGHT AROUND IN THE REGION THAN OF AN IMPLODING ARGENTINA PROVIDING OPPORTUNITIES FOR SOVIET/CUBAN MISCHIEF-MAKING AND AN EVENTUAL LEFT-WING

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5. IT MAY SEEM REGRETTABLE THAT THE BRAZILIANS DO NOT DRAW THE CONCLUSION FROM THIS GLOOMY PROGNOSTICATION THAT THEY SHOULD THEMSELVES PLUCK UP THEIR COURAGE AND TACKLE THE

THE CONCLUSION FROM THIS GLOOMY PROGNOSTICATION THAT THEY SHOULD THEMSELVES PLUCK UP THEIR COURAGE AND TACKLE THE ARGENTINES HEAD ON ABOUT THE CONSEQUENCES OF THEIR INTRANSIGENCE, BUT THEIR JUDGEMENT IS THAT THE JUNTA IS IMPERVIOUS TO REASON AND WOULD REACT NEGATIVELY TO ANY PRESSURE THAT BRAZIL COULD BRING TO BEAR.

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