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[PLEASE RETURN COPY TO
TYPISTS]

FALKLANDS SELECTIVE ADVANCES

MMW

PS
PS/MR HURD
PS/MR ONSLOW
PS/PUS
PS/LORD BELSTEAD
MR BULLARD
SIR I SINCLAIR
MR GIFFARD
MR WRIGHT
MR GILLMORE
~~MR WRIGHT~~
MR BARRETT
HD/S AM D
HD/DEF D
HD/PLANNING STAFF
HD/UND
HD/NEWS D
HD/ERD
HD/PUSD (2)
MR REED, PUSD
~~EMERGENCY ROOM~~
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HD/WED.

ADVANCE COPY

IMMEDIATE

PS/NO 10 DOWNING STREET (2 copies)
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PS/CHANCELLOR DUCHY OF LANCASTER
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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)

CABINET
OFFICE

CONFIDENTIAL

FM LUXEMBOURG 270920Z MAY
TO IMMEDIATE FCO
TELGRAM NUMBER 167 OF 27 MAY 1982

INFO BRUSSELS AND MODUK (FOR DIC ARMS CONTROL CELL)

MY TELNO 165: FALKLAND ISLANDS: ARMS SALES

1. ECONOMIC DIRECTOR, MFA, RANG ME THIS MORNING TO REPORT THAT MFA AND TRANSPORT MINISTRY ARE URGENTLY PREPARING RECOMMENDATIONS TO ALLOW LUXEMBOURG GOVERNMENT GREATER CONTROL OF CARGOLUX OPERATIONS. MADAME FLESCHE IS DETERMINED TO ACHIEVE THIS, BY ASSUMING FRESH LEGAL POWERS IF NECESSARY. SHE HAS SUMMONED THE BOARD OF CARGOLUX TOMORROW (INCLUDING THE ICELANDERS).
2. I SPOKE TODAY TO ONE OF THE SENIOR LUXEMBOURG MEMBERS OF THE CARGOLUX BOARD OF DIRECTORS, FRANSSENS. HE IS THE MANAGING DIRECTOR OF KREDIETBANK WHO ARE A SUBSTANTIAL MINORITY SHAREHOLDER IN GARGOLUX. I GAVE HIM THE BACKGROUND OF WHICH HE WAS UNAWARE. HE PROMISED HIS FULL SUPPORT. HE SAID THAT HE WOULD MAKE IT PLAIN TO OLAFSSON THAT UNLESS HE BEHAVED HIMSELF FORTHWITH, HE, FRANSSENS

TO OLAFSSON THAT UNLESS HE BEHAVED HIMSELF FORTHWITH, HE, FRANSSENS
WOULD NOT ONLY RESIGN FROM THE BOARD BUT ENSURE THAT KREDIETBANK'S
HOLDING IN GARGOLUX WAS WITHDRAWN. I ENCOURAGED HIM TO EXERT THE
MAXIMUM PRESSURE, REMINDING HIM THAT LUXEMBOURG'S CREDIBILITY
(UNSPOKEN THOUGHT, NOT LEAST AS A BANKING CENTRE) WAS INVOLVED.

THOMAS

NNNN

SENT/RECD AT 271010Z WHL/V RK