

[PLEASE RETURN COPY TO  
TYPISTS]

3A

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  
ED/S AM D  
ED/DEF D  
ED/PLANNING STAFF  
ED/UND  
ED/NEWS D  
ED/EPD  
ED/PCSD  
MR REED, PUSD  
EMERGENCY ROOM  
RESIDENT CLERK

PS/NO 10 DOWNING STREET (2 copies)  
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 E ARMSTRONG  
PS/SIR M PALLISER  
PS/SIR A DUFF  
MR WADE-GERY  
MR FULLER  
MR COLVIN  
MR O'NEILL HD ASSESS-  
MENTS STAFF  
DIO

CABINET  
OFFICE

~~MR J M STEWART ASST STAFF MOD~~  
~~ADMIRAL SIR ROY HALLIDAY DGI MOD~~  
~~DIRECTOR G.C.H.Q. (via Room 8)~~

OO MODUK (FOR DIC ARMS CONTROL CELL)  
PP BRUSSELS  
GRS 4pp  
SECRET  
FM LUXEMBOURG 290836Z MAY  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 169 OF 29 MAY 1982  
AND TO IMMEDIATE MODUK (FOR DIC ARMS CONTROL CELL)  
INFO PRIORITY BRUSSELS

IMMEDIATE  
ADVANCE COPY

MT

MY TELNO 167: CARGOLUX AND FALKLANDS

1. MADAME FLESCH ASKED ME TO CALL LAST NIGHT TO REPORT HOW HER MEETING WITH THE CARGOLUX BOARD HAD GONE.
2. YESTERDAY MORNING SHE BRIEFED HER CABINET COLLEAGUES ON WHAT CARGOLUX HAD BEEN DOING. THEY EXPLODED. THE "VIKING PIRATES" WERE GRAVELY DAMAGING THE COUNTRY'S GOOD NAME. WERNER HAD FORMALLY AUTHORIZED HER TO READ THE RIOT ACT.
3. FOUR LUXEMBOURG MEMBERS OF THE BOARD WERE PRESENT (TWO OF

THEM I HAD BRIEFED IN ADVANCE) AND OLAFSSON. THE LATTER REMAINED SILENT THROUGHOUT. THE CHAIRMAN (SIETZEN) AGREED THE MAY FLIGHT FROM SOUTH AFRICA TO ARGENTINA AND THE 25 MAY FLIGHT FROM TEL AVIV TO LIMA HAD TAKEN PLACE, BUT CLAIMED THAT HE HAD NO REASON TO SUPPOSE THE FIRST DID NOT CARRY AGRICULTURAL EQUIPMENT AS STATED ON THE CARGO MANIFEST, NOR THE SECOND EMPTY CONTAINER FOR HEAVY WATER. HE ACKNOWLEDGED THAT CARGOLUX HAD RECEIVED 360,000 DOLLARS FOR THE SECOND FLIGHT, CLAIMING THAT WAS A NORMAL COMMERCIAL FEE.

4. MADAME FLESCHE THEN DEPLOYED OUR OWN INTELLIGENCE, DESCRIBING IT AS HER INFORMATION, IN THE TERMS I HAD PREVIOUSLY AGREED WITH HER, \* THIS SEVERELY SHOOK THE BOARD. SHE SAID THAT WHAT HAD HAPPENED WAS PAINFUL TO BRITISH INTERESTS AND THUS TO LUXEMBOURG. IT WAS CONTRARY TO THEIR NATO AND EC COMMITMENTS. THE LUXEMBOURG GOVERNMENT COULD NOT ACCEPT THAT ITS REPUTATION, AND THE POLITICAL AND ECONOMIC STANDING OF THE COUNTRY, SHOULD BE TARNISHED BY THIS BEHAVIOUR. NOR WAS IT THE FIRST TIME CARGOLUX HAD IGNORED ITS RESPONSIBILITIES (A REFERENCE TO THE LIBYAN ACTIVITIES LAST YEAR.)

5. THE LUXEMBOURG GOVERNMENT, SHE TOLD THE BOARD, WOULD IN FUTURE CHECK THE ITINERARIES OF ALL CARGOLUX FLIGHTS IN ADVANCE. CUSTOMS WOULD CHECK THE CARGOES OF ALL CARGOLUX FLIGHTS THROUGH FINDER AIRPORT. SHE DEMANDED AN ASSURANCE FROM THE BOARD THAT CARGOLUX WOULD NOT ENGAGE IN ANY SUCH OPERATION AGAIN. IF THEY DID, THE GOVERNMENT WOULD EITHER CANCEL THE OFFENDING AIRCRAFT'S REGISTRATION OR WITHDRAW CARGOLUX'S LICENCE TO TRADE. SHE TOLD THEM THIS WAS A FORMAL GOVERNMENTAL DECISION. FURTHERMORE, THE GOVERNMENT REQUIRED THE BOARD TO TAKE IMMEDIATE MEASURES TO TIGHTEN THEIR CONTROL OF THE MANAGEMENT OF THE COMPANY.

6. SIETZEN, SPEAKING AS CHAIRMAN, GAVE MADAME FLESCHE THE ASSURANCES SHE HAD SOUGHT.

7. MADAME FLESCHE PRIVATELY AND SEPARATELY TOLD THE LUXEMBOURG BOARD MEMBERS THAT SHE HAD INFORMATION WHICH INDICATES THAT OLAFSSON HAD POKETED A MASSIVE BRIBE FOR ONE OF THE FLIGHTS. SHE REPEATED TO THEM MY JUDGEMENT THAT WE WOULD LAUGH IF THEY ASKED US FOR RIGHTS IN HONG KONG.

8. I THANKED MADAME FLESCHE. WE AGREED THAT I SHOULD RECOMMEND THAT BOTH OUR GOVERNMENTS SHOULD TAKE THE FOLLOWING PRESS LINE IF QUESTIONED AFTER THE PROPOSED SUNDAY TIMES ARTICLE ON 30 MAY: WE WERE AWARE OF THESE ALLEGATIONS AND THE GOVERNMENTS WERE

*Savage deleted and retained under Section 3(4). O'Wayland, 19 April 2012*

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WE WERE AWARE OF THESE ALLEGATIONS. OUR TWO GOVERNMENTS WERE  
CLOSELY IN TOUCH. I HAD CALLED ON MADAME FLESCH ON SEVERAL OCCAS-  
-IONS. SHE HAD SUMMONED THE BOARD OF CARGOLUX TO REMIND THEM OF  
THEIR OBLIGATIONS. THE LUXENBOURG GOVERNMENT WOULD DO EVERYTHING IN  
ITS POWER TO ENSURE THAT LUXEMBOURG MET ITS COMMITMENTS TO HER  
BRITISH PARTNER AND ALLY.

THOMAS

NNNN

SENT/43:⊕ -5 29