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FM FCO 221400Z JUNE 82
IMMEDIATE CANBERRA
TEL NO 237 OF 22 JUNE
AND TO IMMEDIATE WELLINGTON

YOUR TELNO 293: ECONOMIC MEASURES AGAINST ARGENTINA

1. OUR POSITION IS THAT WE NEED TO BE SATISFIED THAT ARGENTINA DOES NOT PLAN FURTHER MILITARY ACTION AGAINST US. THE ARGENTINE REPRESENTATIVE TO THE UN HAS REFERRED TO A DE FACTO CESSATION OF HOSTILITIES IN THE SOUTH ATLANTIC. BUT THIS DOES NOT YET GIVE US THE ASSURANCE WE REQUIRE, ESPECIALLY SINCE THE REPRESENTATIVE WENT ON TO STATE THAT IN ARGENTINA'S VIEW THE CESSATION OF HOSTILITIES COULD NOT BE TOTAL UNTIL THE UK HAD LIFTED THE BLOCKADE AND WITHDRAWN THEIR FORCES FROM THE FALKLAND ISLANDS. IN SHORT WE CANNOT YET BE CONFIDENT THAT ACTIVE HOSTILITIES ARE OVER.

2. AUSTRALIA'S IMPORTS FROM ARGENTINA WERE INSIGNIFICANT IN COMPARISON TO THE EUROPEAN COMMUNITY AND THEREFORE AUSTRALIA'S ECONOMIC MEASURES WERE IN PRACTICAL EFFECT A LESS IMPORTANT PART OF THE WHOLE THAN THE COMMUNITY'S. BUT THE GREATEST VALUE OF ECONOMIC MEASURES IN THE SHORT-TERM WAS THE POLITICAL SHOCK TO ARGENTINA REPRESENTED BY THEIR IMPOSITION. WE HAD HOPED THAT OUR COMMUNITY PARTNERS WOULD STICK WITH US UNTIL ARGENTINA HAD SATISFIED US OVER THE TOTAL CESSATION OF HOSTILITIES. THEY HAVE HOWEVER AGREED THAT THEY WOULD MEET URGENTLY TO TAKE MEASURES IF ARGENTINA RENEWED HOSTILITIES, SO THAT A CLEAR LINK NONETHELESS REMAINS BETWEEN A LASTING CESSATION OF HOSTILITIES IN THE SOUTH ATLANTIC AND NORMAL ARGENTINE/EC COMMERCIAL RELATIONS. WE HOPE THAT AUSTRALIA WILL FEEL ABLE TO CONTINUE THE SPLENDID SUPPORT IT HAS SO FAR GIVEN US.

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