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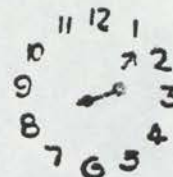
TO IMMEDIATE FCO

TELEGRAM NUMBER 289 OF 22 JUNE

INFO PRIORITY WASHINGTON, UKMIS NEW YORK

INFO SAVING RIO DE JANEIRO AND SAO PAULO

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YOUR TELNO 198: RELATIONS WITH LATIN AMERICA

1. FENCE-MENDING WITH THE LATIN AMERICAN REGION IN GENERAL, IN THE AFTERMATH OF THE FALKLANDS CONFLICT, MAY WELL BE NECESSARY. BUT IT DOES NOT SEEM TO ME THAT RELATIONS WITH BRAZIL HAVE BEEN ADVERSELY AFFECTED BY IT TO ANY IMPORTANT DEGREE. PUBLIC OPINION HWERE HAS BEEN AT LEAST AS CRITICAL OF THE ARGENTINES' PERFORMANCE AS OF OURS: THE PRESS HAS BEEN ALMOST UNIFORMLY ON OUR SIDE: AND THE GOVERNMENT, WHILE HANKERING AFTER A PEACEFUL SOLUTION WHICH IN THE EVENT PROVED UNATTAINABLE, HAS FREQUENTLY EMPHASISED ITS DESIRE FOR CONTINUED GOOD RELATIONS WITH US.

2. THAT SAID, I ENTIRELY AGREE THAT WE OUGHT TO PLAN NOW SOME CAREFULLY-CONSIDERED EFFORTS TO CONTINUE THE DEVELOPMENT OF OUR RELATIONS WITH BRAZIL. WE SHALL, HOWEVER, NEED TO BEAR IN MIND NOT ONLY THE BRAZILIANS' NATURALLY PRUDENT AND CAUTIOUS TEMPERAMENT, WHICH WOULD MAKE THEM WARY OF ANY OVER-DRAMATIC INITIATIVES, BUT ALSO THEIR OVERRIDING ANXIETY NOT TO OFFEND ARGENTINA IN HER PRESENT DANGEROUSLY EXCITABLE CONDITION. A DECISIVE FACTOR WILL, OF COURSE, BE THE DEGREE TO WHICH THE CONFLICT ITSELF HAS COOLED TO A RATIONAL TEMPERATURE. IN BRAZILIAN EYES, THIS WILL MEAN NOT ONLY A TOTAL CESSATION OF HOSTILITIES IN THE SOUTH ATLANTIC, AND A CONSEQUENT RETURN TO NORMAL TRADING RELATIONS IN THE AREA, BUT ALSO SOME PROSPECT OF A RETURN BY THE PARTIES TO THE NEGOTIATING TABLE BEFORE VERY LONG.

3. SO FAR AS BRAZIL IS CONCERNED, I THINK THAT A PROGRAMME OF VISITS OF THE KIND PROPOSED IN CORRESPONDENCE WITH MR URE LAST YEAR, SUITABLY UP-DATED, WOULD MEET THE NEW REQUIREMENTS VERY WELL.

4. SPECIFICALLY, I WOULD SUGGEST THE FOLLOWING VISITS IN 1982:

OUTWARD TO BRAZIL

(A) SECRETARY OF STATE FOR TRADE (FULFILLING THE CANCELLED VISIT WHICH MR BIFFEN WAS TO HAVE CARRIED OUT IN APRIL),

OUTWARD TO BRAZIL

- (A) SECRETARY OF STATE FOR TRADE (FULFILLING THE CANCELLED VISIT WHICH MR BIFFEN WAS TO HAVE CARRIED OUT IN APRIL),
- (B) MINISTER OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS (MR ONSLOW),
- (C) FIRST SEA LORD (WHO HAS AGREED IN PRINCIPLE TO COME IN OCTOBER),
- (D) DIRECTOR-GENERAL OF THE BRITISH COUNCIL (WHOM ITAMARATY PUT OFF EARLIER THIS MONTH BUT SAID THEY WOULD LIKE TO INVITE AFTER THE FALKLANDS CONFLICT ENDED).

INWARD TO THE UK

- (E) MINISTER OF COMMUNICATIONS (WHO HAS ACCEPTED MR KENNETH BAKER'S INVITATION FOR SUCH A VISIT, POSSIBLY IN SEPTEMBER),
- (F) CHIEF OF BRAZILIAN JOINT STAFF (ALREADY PROPOSED TO CDS).

5. FOR 1983, I SUGGEST:

OUTWARD TO BRAZIL

- (A) THE PRIME MINISTER (WHO HAS AN OUTSTANDING INVITATION FROM PRESIDENT FIGUEIREDO, DATING FROM THE FOREIGN MINISTER'S VISIT LAST NOVEMBER),
- (B) EITHER THE PRINCE AND PRINCESS OF WALES OR PRINCE ANDREW OR THE DUKE AND DUCHESS OF KENT, WITH A VIEW TO INAUGURATING THE NEW EMBASSY COMPLEX IN MID-YEAR,
- (C) MINISTER OF STATE FOR INDUSTRY AND COMMUNICATIONS TECHNOLOGY (RECIPROCATING 3(E) ABOVE),
- (D) A ROYAL NAVY FLEET DEPLOYMENT TO BRAZILIAN PORTS (POSTPONED FROM 1981).

INWARD TO THE UK

- (E) PRESIDENT FIGUEIREDO (FOR A WORKING VISIT AFTER (A) ABOVE, IN RESPONSE TO THE PRIME MINISTER'S OUTSTANDING INVITATION),
- (F) MINISTER OF AGRICULTURE, FISHERIES AND FOOD (ALREADY AGREED, BUT POSTPONED ON MY ADVICE FROM SEPTEMBER 1982),
- (G) OTHER VISITS OF BRAZILIAN MINISTERS WILL SUGGEST THEMSELVES, OFTEN AT RELATIVELY SHORT NOTICE,
- (H) FURTHER VISITS OF BRAZILIAN SERVICE CHIEFS (EG CHIEF OF AIR STAFF, RECIPROCATING ACM SIR MICHAEL BEETHAM'S VISIT LAST YEAR) COULD ALSO BE ARRANGED.

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6. I HAVE NOT SUGGESTED ANY PARLIAMENTARY EXCHANGES, BECAUSE BRAZIL IS NOW ENTERING A PERIOD OF PRE-ELECTORAL FEVER WHICH WILL LAST UNTIL THE END OF THE YEAR (IE AFTER THE MID-NOVEMBER LEGISLATIVE AND STATE ELECTIONS). WE SHALL NEED TO REVIEW THE BRAZILIAN PARLIAMENTARY AND POLITICAL SCENE THEREAFTER BEFORE MAKING ANY FIRM RECOMMENDATIONS. BUT WE MIGHT USEFULLY THINK NOW IN TERMS OF ENCOURAGING SOME HIGH-LEVEL NON-POLITICAL CONTACTS OF A KIND WHICH WOULD BE CALCULATED TO SPARK A PARTICULARLY KEEN INTEREST IN BRAZIL. THUS, LEADING LIGHTS IN THE LEGAL, RELIGIOUS AND SCIENTIFIC FIELDS (LORD SCARMAN, CARDINAL HUME AND SIR HERMAN BONDI COME TO MIND) COULD MAKE AN IMPACT WHICH, WHILE FAR REMOVED FROM THE FALKLANDS ARENA, COULD USEFULLY SERVE TO GIVE FURTHER DEPTH TO OUR BILATERAL RELATIONS. IT MAY ALSO BE THAT BRAZIL COULD BE INCLUDED ON THE ITINERARY OF ONE OR MORE MAJOR CULTURAL EXHIBITIONS, THOUGH WE HERE DO NOT AS YET KNOW WHAT IS PLANNED IN THIS FIELD.

7. NOR HAVE I SUGGESTED AN OUTWARD BRITISH TRADE MISSION, SUCH AS IS, I GATHER, BEING TALKED ABOUT IN LONDON. OUR TRADE RELATIONS WITH BRAZIL DO NOT LACK DENSITY: WHAT THEY DO LACK IS CAREFUL CULTIVATION BY BRITISH INDUSTRY. THIS MEANS SUSTAINED ATTENTION PAID TO THE MARKET IN THE BOARDROOMS OF THE BRITISH COMPANIES CONCERNED, BACKED BY FREQUENT PERSONAL VISITS HERE BY SENIOR DIRECTORS. ON THE WHOLE, THOSE FIRMS WHO FOLLOW THIS PRECEPT DO WELL: THOSE WHO DO NOT, DO NOT. NO AMOUNT OF HIGH-FLYING TRADE MISSIONS OR EXPENSIVELY-MOUNTED TRADE FAIRS OR EXHIBITIONS WILL ALTER THIS FACT, SO FAR AS BRAZIL IS CONCERNED. NATURALLY, IF A TRADE MISSION IS PROPOSED, WE SHALL DO OUR BEST TO ENSURE ITS SUCCESS: BUT I DO NOT PERSONALLY RECOMMEND IT.

8. ON THE OTHER HAND, THERE IS MUCH TO BE SAID FOR THE OCCASIONAL JUDICIOUS REMINDER TO THE BRAZILIANS OF THE EXTENT OF THEIR DEPENDENCE FOR THE FORESEEABLE FUTURE ON THE LONDON MONEY MARKET FOR EURO-DOLLAR AND OTHER LOANS. AN EXCELLENT OPPORTUNITY TO TOUCH THIS SENSITIVE NERVE WILL BE OFFERED BY THE VISIT TO BRASILIA OF SIR JEREMY MORSE NEXT WEEK. FURTHER VISITS OF PROMINENT BRITISH BANKERS CAN BE TURNED TO SIMILAR GOOD EFFECT. IN VIEW OF THE NATURE OF BRAZILIAN SUSCEPTIBILITIES ABOUT THEIR FOREIGN BORROWING, THE WORDS OF BANKERS WILL TEND TO WEIGH MORE HEAVILY WITH THEM THAN THOSE OF MINISTERS ON THIS SCORE.

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9. OF SPECIFIC RELEVANCE TO THE FALKLANDS ISSUE MIGHT BE  
VISITS BY THE DIRECTORS OF THE BRITISH ANTARCTIC SURVEY AND/OR  
SCOTT POLAR RESEARCH INSTITUTE. BOTH ENJOY HIGH STANDING IN THE  
RELEVANT BRAZILIAN ACADEMIC CIRCLES. A VISIT BY EITHER OF THEM  
MIGHT USEFULLY SERVE TO HIGHLIGHT AND EXPLORE THE NEW-FOUND  
BRAZILIAN INTEREST IN INSERTING A NATIONAL PRESENCE INTO THE  
ANTARCTIC. THE FACT THAT THIS BRAZILIAN INTEREST CUTS DIRECTLY  
ACROSS THE ARGENTINES' (NOTABLY IN RESPECT OF SOUTH GEORGIA AND  
SOUTH SANDWICH) CAN ONLY BE HELPFUL TO US.

10. BECAUSE OF THE CAVEAT IN PARAGRAPH 2 ABOVE, I WOULD NOT RECOMMEND  
THAT THESE VISITS, OR ANY OTHERS WHICH MAY EVENTUALLY BE  
APPROVED, SHOULD BE LUMPED TOGETHER IN A PUBLICIZED PROGRAMME.  
THOUGH THEIR BENEFICIAL EFFECT WILL IN FACT BE CUMULATIVE, EACH  
VISIT SHOULD BE GIVEN ITS OWN WEIGHT AND ACCORDED ONLY THE PUBLICITY  
APPROPRIATE TO ITS NATURE.

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