

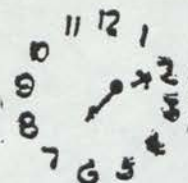
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IMMEDIATE FCO

TELEGRAM NUMBER 333 OF 23 JUNE

INFO ROUTINE WASHINGTON, UKMIS NATO BRUSSELS, UKMIS NEW YORK,
MONTREAL, TORONTO, VANCOUVER, EDMONTON, HALIFAX.



ARGENTINA: ECONOMIC SANCTIONS

1. IN A PRESS RELEASE YESTERDAY THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS ANNOUNCED THAT THE CANADIAN GOVERNMENT HAD DECIDED TO END ITS BAN ON IMPORTS FROM ARGENTINA AND TO PERMIT EXPORT CREDITS FOR NEW TRANSACTIONS.
2. THE RELEASE NOTED THAT HOSTILITIES IN THE SOUTH ATLANTIC APPEARED TO HAVE CEASED AND THAT, IN ITS NOTE OF 18 JUNE TO THE PRESIDENT OF THE UN SECURITY COUNCIL, THE ARGENTINE GOVERNMENT HAD ACKNOWLEDGED THAT "IN VIEW OF THE PRESENT CIRCUMSTANCES, THERE IS A DE FACTO CESSATION OF HOSTILITIES WHICH ARGENTINA IS NOW OBSERVING". MR MACGUIGAN HOPED THAT THIS SITUATION WOULD BE CONFIRMED BY FURTHER UNDERTAKINGS REGARDING A COMPLETE CESSATION OF ALL HOSTILITIES AND THAT THE LONG-STANDING DIFFERENCES BETWEEN ARGENTINA AND THE UNITED KINGDOM WOULD BE SETTLED BY PEACEFUL NEGOTIATIONS.
3. DR MACGUIGAN WAS QUOTED IN THE ANNOUNCEMENT AS SAYING THAT A CHANGE IN THE CURRENT DE FACTO CESSATION OF HOSTILITIES QUOTE WOULD REPRESENT A NEW SITUATION WHICH COULD REQUIRE THE GOVERNMENT TO RECONSIDER ITS POSITION UNQUOTE. HE ALSO NOTED, IN THIS CONNECTION, THAT THE CANADIAN EMBARGO ON ALL EXPORTS OF MILITARY EQUIPMENT TO ARGENTINA WOULD REMAIN IN AFFECT FOR THE TIME BEING.
4. FULL TEXT BY BAG.
5. IF WE DO GET PRESS ENQUIRIES, WE SHALL TAKE THE LINE THAT WE REGRET THAT CANADIAN ECONOMIC SANCTIONS SHOULD HAVE BEEN LIFTED SO QUICKLY BUT ARE GLAD THAT THE ARMS BAN WILL CONTINUE AND THAT THE SITUATION WILL BE REVIEWED IN THE EVENT OF A RESUMPTION OF HOSTILITIES.

MORAN