

ADVANCE COPIES: FALKLAND ISLANDS GENERAL

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PS  
PS/MR HURD  
PS/MR ONSLOW  
PS/MR RIFKIND  
PS/PUS  
~~SIR I SINCLAIR~~  
SIR I SINCLAIR  
~~MR WRIGHT~~  
MR WRIGHT  
~~MR BRIDGES~~ Mr Goodison  
~~LORD BRIDGES~~  
LORD BRIDGES  
MR URE  
~~MR BRIDGES~~

ADVANCE COPY

IMMEDIATE

PS/NO 10 DOWNING ST (2)  
PS/S OF S FOR DEFENCE  
MR J STEWART AUSD STAFF MOD  
PS/CHANCELLOR )  
MR ILETT ) TREASURY  
MR LITTLER )  
MISS DICKSON D/ENERGY  
SIR R ARMSTRONG )  
SIR M PALLISER )  
MR A D S GOODALL ) CABINET OFFICE  
DIO )

HD/PUSD (2)  
HD/S AM D  
HD/FALKLANDS UNIT (2)  
HD/DEFENCE DEPT  
HD/NEWS DEPT  
HD/ERD  
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HD/UND  
HD/PLANNING STAFF  
RESIDENT CLERK

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Mr. COLIN ROTH, LAEPD, ODA  
Mr. BORDEN, LAEPD, ODA.

SECRET

FM WASHINGTON 282225Z JUL 82  
TO IMMEDIATE F C O  
TELEGRAM NUMBER 2581 OF 28 JULY  
INFO PRIORITY UKMIS NEW YORK.

YOUR CALL ON SHULTZ: FALKLANDS

1. WHEN YOU SEE SHULTZ, I THINK IT WILL BE IMPORTANT TO RE-EMPHASISE OUR CONTINUED OPPOSITION TO RELAXATION OF THE U.S. ARMS EMBARGO AGAINST ARGENTINA. THERE IS EVIDENCE THAT SOME U.S. OFFICIALS WOULD LIKE THE ADMINISTRATION TO BEGIN TO EASE THE RESTRICTIONS IN THE FAIRLY NEAR FUTURE. TWO SEPARATE QUESTIONS ARE AT ISSUE:

(1) THE EMBARGO ON ARMS SHIPMENTS TO ARGENTINA WAS ORIGINALLY IMPOSED IN 1978 ON HUMAN RIGHTS GROUNDS. THE EMBARGO DID NOT COVER ALL MILITARILY RELEVANT EQUIPMENT: JET ENGINES FOR USE IN ARGENTINA'S SKY HAWK AIRCRAFT ARE NOT, FOR INSTANCE, SUBJECT TO LICENSING FOR EXPORT. A GOOD DEAL OF EQUIPMENT IN THE PIPELINE WAS ALLOWED TO GO THROUGH. SINCE THE ARGENTINE INVASION, UNDER STRONG PRESSURE FROM US, THE EMBARGO HAS BEEN MUCH MORE STRICTLY ENFORCED. SOME PROGRESSIVE LIBERALISATION IS INEVITABLE, AS THE AMERICANS AT OUR



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PROGRESSIVE LIBERALISATION IS INEVITABLE, AS THE AMERICANS AT OUR BEHEST HAVE BEEN HOLDING UP A NUMBER OF ITEMS MAINLY BY ADMINISTRATIVE DELAY. BUT WE DO NOT WANT LIBERALISATION TO GO TOO FAR, OR TOO FAST.

(11) BEYOND THAT, THERE ARE THOSE ON THE LATIN AMERICAN SIDE OF THE STATE DEPARTMENT WHO WOULD LIKE TO MOVE PROGRESSIVELY TOWARDS A CERTIFICATION THAT THE ARGENTINE RECORD ON HUMAN RIGHTS HAS IMPROVED SUFFICIENTLY TO ENABLE THE EMBARGO TO BE LIFTED COMPLETELY IN A FEW MONTHS/TIME. (A MOVE WOULD HOWEVER BE LIKELY TO ENCOUNTER CONSIDERABLE RESISTANCE IN CONGRESS).

2. AGAINST THIS BACKGROUND, I THINK IT WOULD BE WORTH FOCUSING SHULTZ'S MIND ON THIS STRAIGHTAWAY, REMINDING HIM THAT THE ARGENTINES HAVE NOT RENOUNCED THE USE OF FORCE NOR GIVEN ANY FORMAL ACCEPTANCE OF THE GENERAL CESSATION OF HOSTILITIES, AND THAT WE HOPE THE AMERICANS WILL NOT MOVE TOWARDS ANY EARLY RESUMPTION OF ARMS SUPPLIES.

3. YOU MAY WISH ALSO TO RAISE THE QUESTION OF THE EXPECTED ARGENTINE DIPLOMATIC DEFENSIVE AT THE U.N. GENERAL ASSEMBLY. (UKMIS TELNO 1165). THE AMERICANS WILL REMAIN NEUTRAL ON THE QUESTION OF SOVEREIGNTY; AND THEIR ATTITUDE WILL DEPEND ON THE PRECISE TERMS OF ANY RESOLUTION WHICH IS PUT FORWARD. A SIMPLE CALL FOR NEGOTIATIONS, WITHOUT PREJUDICE TO THE QUESTION OF SOVEREIGNTY, THEY WOULD PROBABLY WANT TO SUPPORT. IF, HOWEVER, A RESOLUTION IS TABLED WHICH REITERATES PREVIOUS GENERAL ASSEMBLY AND NON-ALIGNED RESOLUTIONS RECOGNISING ARGENTINE QUOTE SOVEREIGNTY UNQUOTE, THEN THERE IS A GOOD CHANCE THAT THE AMERICANS CAN BE INDUCED TO ABSTAIN.

4. YOU WILL NO DOUBT WISH TO TELL SHULTZ THAT, SO FAR AS WE ARE CONCERNED, TALK OF NEGOTIATIONS NOW IS SIMPLY NOT ON AFTER ALL THAT HAS HAPPENED. YOU MIGHT ADD THAT WE ATTACH IMPORTANCE TO VERY CLOSE CONSULTATION, AND THE AVOIDANCE OF SURPRISES BETWEEN US, OVER WHATEVER RESOLUTIONS ARE TABLED AT THE U N.

HENDERSON

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