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OO WASHINGTON

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FM FCO 201730Z AUGUST 82

TO IMMEDIATE WASHINGTON

TELEGRAM NUMBER 1543 OF 20 AUGUST

YOUR TELEGRAM NO. 2782: ARGENTINA: FINANCIAL AND COMMERCIAL
SANCTIONS: AIR SERVICES.

1. WE AGREE WITH THE LINE YOU TOOK WITH BAILEY (PARAGRAPH 4 OF YOUR TUR). FOLLOWING A FURTHER REVIEW HERE OF THE SITUATION, WE CONTINUE TO FEEL STRONGLY THAT THE AIR SERVICES ISSUE MUST BE MAINTAINED IN THE FINANCIAL/INVISIBLES PACKAGE.
2. WE REALISE THAT THE AMERICANS MAY BE TEMPTED TO CONTINUE TO PRESS US TO UNTIE THE PACKAGE RATHER THAN THEMSELVES TO URGE THE ARGENTINES TO DELIVER OVER BRITISH CALEDONIAN. NEVERTHELESS, GIVEN STRONG AMERICAN DESIRE FOR MOVEMENT ON THE FINANCIAL PACKAGE (FOR WHICH THE ARGENTINES MUST ALSO BE VERY ANXIOUS) AND THE SUPERIORITY OF THEIR CONTACTS WITH THE ARGENTINIAN AUTHORITIES (OURS ARE OF COURSE CONFINED TO CONTACTS BETWEEN CENTRAL BANKS), WE NOW SEE ADVANTAGE IN ENLISTING THEIR ASSISTANCE.
3. PLEASE THEREFORE TAKE AN EARLY OPPORTUNITY OF TELLING THE AMERICANS THAT, FOR THE REASONS MENTIONED ABOVE, WE SHOULD BE GRATEFUL IF THEY COULD BRING WHAT PRESSURE THEY CAN TO BEAR ON THE ARGENTINES (INCLUDING THE ARGENTINIAN AIR FORCE) TO MEET US ON THE BRITISH CALEDONIAN ISSUE.
4. WE HAVE SENT YOU BY BAG A COPY OF A CALL ON EVANS ON 18 AUGUST BY STROMAYER (ECONOMIC MINISTER AT THE AMERICAN EMBASSY) IN WHICH THE POSSIBILITY OF THEIR HELPING US IN THIS WAY WAS RAISED.
5. WE DO NOT AT THIS STAGE WANT TO INVOLVE THE AMERICANS IN THE DETAILS OF THE NEGOTIATIONS: THIS WOULD NO DOUBT EXPOSE US TO PRESSURE TO LOWER OUR BID. BUT THEY MIGHT LIKE TO BE REASSURED THAT ON OVERFLYING ALL WE ARE SEEKING IS PERMISSION FOR BRITISH CALEDONIAN TO FLY BETWEEN BRAZIL AND CHILE WITHOUT

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THE EXPENSIVE DETOUR. THIS IS OF COURSE IN ADDITION TO THE RESTORATION OF UK-ARGENTINE AIR SERVICES BY BRITISH CALEDONIAN. AIR SERVICES BY BRITISH CALEDONIAN.

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