

CONFIDENTIAL

CONFIDENTIAL
FM WASHINGTON
TO IMMEDIATE FCO
TELNO 3402
OF 132240Z DECEMBER 85

ARGENTINA/FALKLANDS

1. DURING A TALK TODAY WITH ARMACOST (UNDER SECRETARY FOR POLITICAL AFFAIRS, STATE), SIR W HARDING RAISED THE QUESTION OF ARGENTINA AND THE FALKLANDS. HE SAID THAT WE HAD BEEN DISAPPOINTED BY THE WAY THE VOTE HAD GONE IN THE UN OVER THE ARGENTINE RESOLUTION AND HAD BEEN PARTICULARLY IRRITATED BY THE DEFECTION OF THE FRENCH AND OTHERS. WE STILL FELT THAT IT SHOULD BE POSSIBLE TO BRING ARGENTINA TO ACCEPT THAT IT WAS IN THEIR OWN INTERESTS TO RESTORE A MORE REASONABLE RELATIONSHIP WITH THE UK WITHOUT PREJUDICE TO THEIR POSITION ON THE SOVEREIGNTY OF THE FALKLANDS. WE HOPED THAT ARGENTINA MIGHT SOON FEEL CONFIDENT ENOUGH TO MAKE A POSITIVE MOVE SUCH AS RECIPROCATING THE UK LIFTING OF TRADE RESTRICTIONS. WE WOULD WELCOME ANY SUGGESTIONS FROM THE US ABOUT HOW TO ENCOURAGE SUCH A DEVELOPMENT.
2. IN REPLY, ARMACOST SAID THAT ALFONSIN WAS THE BEST LEADER ARGENTINA WAS LIKELY TO PRODUCE AND HE DESERVED SUPPORT. THE US FELT THAT IT WAS IN THEIR OWN AND THE BROADER WESTERN INTEREST FOR THEM TO HAVE A CLOSE RELATIONSHIP WITH THE ARGENTINE GOVERNMENT, AND THIS SHOULD INCLUDE A DIALOGUE WITH THE MILITARY ON SECURITY ISSUES. SUCH A DIALOGUE COULD NOT HOWEVER BE ESTABLISHED IF ALL DECISIONS ON SUPPLYING MILITARY EQUIPMENT WERE TO BE DEFERRED TO AN INDEFINITE FUTURE. HE ADDED IN PARENTHESIS, THAT NO DECISION ON THE SUPPLY OF A4S HAD BEEN TAKEN TO DATE.
3. ARMACOST ADDED THAT THE ARGENTINIANS WERE ACTIVELY SEEKING EXTERNAL SUPPLIERS, AND HAD RECENTLY CLAIMED TO HAVE SENT A TEAM TO PERU TO LOOK AT SOVIET EQUIPMENT THERE. THE US TOOK THE VIEW THAT IF ARGENTINA HAD TO ACQUIRE EQUIPMENT FROM EXTERNAL SOURCES, IT WOULD BE BETTER THAT SUCH SOURCES SHOULD BE FROM COUNTRIES ACTIVELY URGING RESTRAINT. THESE POINTS HAD BEEN PUT BY SHULTZ AT HIS DISCUSSION WITH YOU ON 10 DECEMBER.
4. SIR W HARDING REPLIED THAT WE ACCEPTED THE DESIRABILITY OF KEEPING ALFONSIN FIRMLY WITHIN THE WESTERN CAMP. WE ALSO SAW EVERY ADVANTAGE IN THE US HAVING A CLOSE RELATIONSHIP WITH ARGENTINA. AS REGARDS MILITARY EQUIPMENT, OUR FUNDAMENTAL PREOCCUPATION WAS THAT NONE SHOULD BE SUPPLIED TO THE ARGENTINE MILITARY OF A KIND WHICH COULD ENHANCE THEIR CAPACITY TO STRIKE AT THE FALKLANDS IF AND WHEN THEY WERE MINDED TO DO SO. WE CONTINUED TO HEAR REPORTS OF SENIOR MILITARY OFFICERS IN ARGENTINA EXPRESSING THEIR WISH TO HAVE ANOTHER CRACK AT THE FALKLANDS. IN SHORT, WE UNDERSTOOD THE MOTIVE BEHIND THE US OVERALL APPROACH TO ARGENTINA, AND BELIEVED THAT OUR OWN INSISTENCE ON LIMITATIONS TO THE SUPPLY OF MILITARY EQUIPMENT WOULD NOT TIE US HANDS TOO TIGHTLY

CONFIDENTIAL

/5

CONFIDENTIAL

5. COMMENTING ON THE ARGENTINE REFERENCES TO PERU, SIR W HARDING SAID THAT HE DOUBTED WHETHER ARGENTINA WOULD CONTEMPLATE TAKING THE SAME ROAD IN ITS SEARCH FOR MILITARY SUPPLIES. PERU HAD BEEN A BAD EXAMPLE OF WHAT COULD HAPPEN IF A REGIME SHACKLED ITSELF TO SOVIET SOURCES OF SUPPLY.

COMMENT

6. ARMACOST'S LINE CONFIRMS THE US ASSESSMENT THAT THE SUPPLY OF MILITARY EQUIPMENT SHOULD FORM PART AND PARCEL OF THEIR BILATERAL RELATIONSHIP WITH ARGENTINA. SHULTZ IS, OF COURSE FULLY AWARE OF YOUR CONCERNS AND HIS ASSURANCES OF CONTINUING CONSULTATION ARE FIRM AS FAR AS THEY GO. BUT AT SOME POINT THE US ARE LIKELY TO COME TO US WITH SOME SPECIFIC PROPOSALS FOR EQUIPMENT SUPPLY AND WE SHALL NEED BOTH TO REACT QUICKLY AND TO JUSTIFY CONVINCINGLY ANY NEGATIVE RESPONSE.

7. IN HIS MESSAGE TO YOU OF 6 DECEMBER, SHULTZ SAID THAT THE US WERE AWAITING OUR CONSIDERED REPLY TO THE US PRESENTATION MADE IN LONDON AT THE POL/MIL TALKS IN OCTOBER. I THINK IT WOULD BE IN OUR INTEREST TO MAKE THIS REPLY SOON IF OUR VIEWS ARE NOT TO GO BY DEFAULT. IT WOULD CLEARLY HELP IF WE COULD GIVE THE US SOME IDEA AS TO PRECISELY WHERE WE WOULD DRAW THE LINE.

WRIGHT

FALKLAND ISLANDS
LIMITED

FID	NEWS D
DEF D	INFO D
S AM D	PLANNING STAFF
UND	ECON ADVISERS
ERD	RESEARCH D
MAED	PUSD
WIAD	PRU
MCAD	LEGAL ADVISERS
ECD(E)	PS
WED	PS/LADY YOUNG

ADDITIONAL DISTRIBUTION
FALKLAND ISLANDS

PS/MR RAISON
PS/MR EGGAR
PS/PUS
SIR W HARDING
MR DEREK THOMAS
MR GOODALL
MR DAVID THOMAS
MR DAUNT
SIR C TICKELL (ODA)
MR BROWNING (ODA)
MR VEREKER (ODA)

CONFIDENTIAL