

OUT TELEGRAM

		Classification CONFIDENTIAL	Caveat	Precedence IMMEDIATE
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1	ZCZC
2	CONFIDENTIAL
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4	FM FCO
5	TO IMMEDIATE WASHINGTON
6	TELNO
7	OF 051100Z MAY 88
8	INFO MODUK
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10	YOUR TELNO 924: FALKLANDS/ARGENTINA
11	
12	Please deliver the following reply from me to Shultz's letter of
13	2 April.
14	1. Your letter of 2 April set out frankly your concerns over
15	the recent reinforcement exercise in the Falklands. I am, as
16	you know, grateful to you for the understanding you showed at
17	the OAS and at the Security Council meeting last month. I am
18	also well aware of the difficulties which this issue may have
19	caused you with the Argentine Government.
20	2. Your endorsement of the need for military exercises to
21	ensure security is welcome. In the Falklands case, our decision
22	to halve the size of the garrison - which in itself contributes
23	directly to lowering tensions - has been premised on our ability
24	to reinforce the Islands rapidly in case of need. That premise
25	had to be tested. I have given considerable thought to your
26	point about prior consultation between us. There are a number
27	of issues involved here, including parliamentary constraints and
28	whether indeed earlier notification through yourselves to the
29	Argentines would have led them to respond with any greater

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		Catchword: moderation	
File number	Dept P OFFICE	Drafted by (Block capitals) R N CULSHAW	Telephone no
Authorised for despatch by: <i>[Signature]</i>		Date/time <i>1200</i>	
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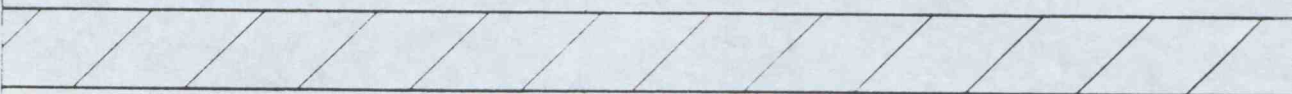
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moderation and understanding. But on this latter point, I am far from convinced. It would only have led to Argentine pressures for the cancellation or postponement of the exercise to which - given the detailed logistical planning involved and the necessary purpose of the Exercise - we could not have acceded. But this merits, I think, fuller discussion between us and I am asking David Gillmore to take advantage of his visit to Washington at the end of May for a full and detailed exchange with your officials on this and other aspects of the Falklands/Argentina issue. I hope that you will think this a good idea.

3. In those discussions it would also seem helpful to exchange views on the Argentine internal situation and on possible developments on the Falklands. I note with interest what you say about the apparent Argentine consideration, before Fire Focus, of steps to declare a cessation of hostilities and to move towards normalising relations in other areas. We had had no such indications. We have always made clear that an unconditional declaration by Argentina of a cessation of hostilities is overdue and would be welcome. It would however be simplistic to suppose that such a declaration would on its own dispose of the need for us to take the steps we judge necessary to protect the security of the Islands. If there were a genuine Argentine wish to restore confidence, we would expect it to be accompanied by a serious response to the numerous proposals we have made to break down the practical barriers between us.

4. Our own commitment to restoring more normal relations with Argentina is unequivocal. To this end we do, as you know, attach importance to the exchange on fisheries on which we welcome your continued good offices. Our recent contribution to this exchange contained a proposal which would allow direct contacts on this issue to begin and which we hope that the

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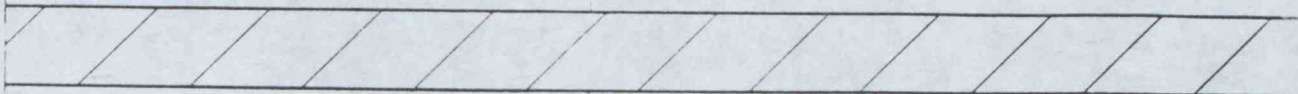
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 2 Argentines will accept. The heavy pressures on fish stocks in
 3 the South West Atlantic continue and the need for regional
 4 action to concert effective conservation measures remains
 5 pressing.
 6 5. Our people should continue to keep in close touch on
 7 Falklands/Argentina issues. Any notion that we are less
 8 interested than others in the survival of democracy in Argentina
 9 is entirely misplaced. We welcomed the return of democracy,
 10 there as anywhere else: we want to see it maintained and
 11 strengthened: and, given the actions of the military regime in
 12 1982, this is self-evidently in our interest. I thus well
 13 understand your wish to help President Alfonsin in his dealings
 14 with the military. What I continue to question is whether
 15 supplying sophisticated modern weapons would help achieve that
 16 objective. There are other and perhaps more critical elements
 17 in the complex equation of the civil/military relationship. For
 18 our part we have also legitimate and clear responsibility to
 19 preserve the security and well-being of the Falkland Islanders.
 20 A significant enhancement of the Argentine military capability -
 21 for example, through the acquisition of heavy torpedoes or
 22 sophisticated A4/Skyhawk fighter-bomber aircraft with their
 23 proven caheir proven capacity for offensive action against the
 24 Falklands - has to be a matter of the greatest concern to us,
 25 since it would directly affect our strategy of keeping a minimum
 26 garrison in the Falklands.
 27 6. I recognise that these are not easy issues and that how they
 28 are handled is a matter of importance for both of us. It is
 29 clearly right to maintain our existing consultation arrangements
 30 and to make every effort to ensure that we share our thoughts
 31 and analyses.
 32
 33 **HOWE**
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