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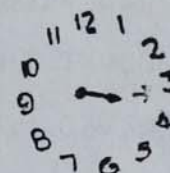
CONFIDENTIAL

FM LIMA 042100Z MAY 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 145 OF 4 MAY

INFO IMMEDIATE WASHINGTON UKMIS NEW YORK



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FALKLANDS

1. THE FOREIGN MINISTER ASKED ME TO CALL AT 1230 WHEN HE COMMUNICATED TO ME A FORMAL NOTE ADDRESSED TO ME ABOUT THE SINKING OF THE BELGRANO. TRANSLATION OF TEXT IN MIFT.
2. IN THE ENSUING CONVERSATION DR ARIAS SAID HE WISHED ME TO BE IN NO DOUBT ABOUT THE PROFOUND SHOCK AND CONSTERNATION FELT BY THE PERUVIAN GOVERNMENT ON LEARNING OF THE ATTACK ON THE CRUISER AFTER PRESIDENT BELAUNDE HAD ANNOUNCED HIS PEACE INITIATIVE. DR ARIAS SAID THAT COSTA MENDEZ HAD TOLD HIM ON THE TELEPHONE THAT THE 7 POINT PLAN WAS BEING CONSIDERED BY THE MILITARY JUNTA IN BUENOS AIRES WHEN THE NEWS OF THE ATTACK BROUGHT ANY FURTHER CONSIDERATION AND THE MEETING TO A CONCLUSION. DR ARIAS WENT ON TO SAY THAT THE PERUVIAN GOVERNMENT REGARDED THE SITUATION AS BEING ONE OF THE UTMOST GRAVITY AND THAT THE LATEST DEVELOPMENTS WOULD HAVE FAR REACHING EFFECTS NOT ONLY ON BRITISH RELATIONS WITH LATIN AMERICA BUT FOR THE OAS AND THE AMERICAS AS A WHOLE. HE ALSO REFERRED TO THE IRISH INITIATIVE REPORTED THIS MORNING AND SAID THAT A BRITISH VETO IN THE SECURITY COUNCIL WOULD HAVE DISASTROUS CONSEQUENCES.



3. DR ARIAS SAID THAT PERU WAS DISPOSED TO DO ANYTHING WHICH MIGHT BRING HOSTILITIES TO AN END AND HE WAS PREPARED TO QUOTE PUT SUCH PRESSURE AS THEY COULD UNQUOTE ON THE ARGENTINE GOVERNMENT IN ANY AREAS WHICH WE MIGHT THINK OFFERED THE PROSPECT OF A CESSATION OF HOSTILITIES. IN THIS CONTEXT, DR ARIAS SAID THAT THE PERUVIANS WOULD WELCOME DIRECT CONTACT WITH THE BRITISH GOVERNMENT IF WE THOUGHT THIS WOULD HELP. THE PERUVIAN OBJECTIVES WERE TO AVOID RENEWED HOSTILITIES AND LOSS OF LIFE. THEY WERE ALSO ANXIOUS TO AVOID FANNING THE FLAMES IN ANY WAY. TO THIS END DR ARIAS SAID THAT THE LEADER OF THE OPPOSITION IN LONDON HAD ASKED THE PERUVIAN EMBASSY FOR A COPY OF THE PERUVIAN 7 POINT PLAN BUT THAT THE PERUVIAN CHARGE HAD BEEN INSTRUCTED NOT REPEAT NOT TO PASS IT ON.

4. DR ARIAS SAID THAT THE ARGENTINE OFFICIALS REFERRED TO IN MY TELNO 144 HAD LEFT HIM WITH THE IMPRESSION THAT THE 7 POINT FORMULA COULD STILL FORM THE BASIS OF A SETTLEMENT WHICH THE ARGENTINE MILITARY JUNTA MIGHT ACCEPT. (THIS HAD ALSO BEEN SUGGESTED TO ME BY MY US COLLEAGUE IN MY EARLIER CONVERSATION THIS MORNING).

5. DR ARIAS ALSO TOLD ME THAT A MAJOR DEMONSTRATION IN SUPPORT OF ARGENTINA HAD BEEN ORGANISED BY ALL THE UNITED LEFT PARTIES FOR THE END OF THIS WEEK AND THAT IN THE CIRCUMSTANCES AND IN THE LIGHT OF THE POPULAR MOOD, HE HAD DECIDED, AS SECRETARY GENERAL OF THE GOVERNING ACCION POPULAR PARTY TO RECOMMEND AP REPRESENTATION IN THIS DEMONSTRATION.

WALLACE

BICWP