

ENCL No.  
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C O N F I D E N T I A L

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FOR CWG

PRIORITY 081055Z APR 82

FROM COMMCEN FCO LONDON  
TO MODUK  
CINCFLEET

C O N F I D E N T I A L  
SIC A3A/A2N/19F  
CONFIDENTIAL

FM BONN 081055Z APR 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 309 OF 08 APRIL

INFO IMMEDIATE BERLIN (FOR AMBASSADOR) UKREP BRUSSELS  
INFO PRIORITY DUBLIN PARIS ROME LUXEMBOURG COPENHAGEN THE HAGUE  
EMBASSY BRUSSELS ATHENS WASHINGTON UKMIS NEW YORK UKDEL OECD

MY TEL NO 307: ECONOMIC MEASURES AGAINST ARGENTINA

1. WE HAVE BEEN IN TOUCH WITH MUELLER-THUNS, MINISTRY OF THE  
ECONOMY, ABOUT ACTION FOLLOWING UP YESTERDAY'S CABINET.

2. ON THE ARMS EMBARGO, HE CONFIRMS THAT EVERY COMPANY HOLDING  
AN EXPORT LICENCE FOR ARMS AND RELATED ITEMS FOR ARGENTINA IS  
BEING INDIVIDUALLY APPROACHED. IN THE LIGHT OF PAST EXPERIENCE  
THE GOVERNMENT ARE CONFIDENT THAT ALL WILL COMPLY. MUELLER-THUNS  
COULD NOT GIVE US AN ABSOLUTE ASSURANCE THAT ALL FIRMS WERE COMPLY-  
ING (MY TEL NO 306): ONE COULD NOT EXCLUDE THE POSSIBILITY OF  
SOME COMPANY TRYING TO EXPORT UNDETECTED. BUT IN THE LIGHT  
OF PAST EXPERIENCE AND OF THE SANCTIONS AVAILABLE TO THE GOVERNMENT,  
MUELLER-THUNS WAS CONFIDENT THAT ITS POLICY WOULD BE COMPLIED WITH.

3. ON GSP, MUELLER-THUNS REITERATED THE GERMAN PREFERENCE FOR  
SUSPENSION. HIS INFORMATION WAS THAT AGREEMENT ON THIS IN BRUSSELS  
WAS LIKELY TODAY. HE WAS THINKING IN TERMS OF SUSPENSION FOR ONE  
MONTH IN THE FIRST INSTANCE.

4. ON AN IMPORT EMBARGO WE TOLD MUELLER-THUNS OF THE THINKING  
IN YOUR TELEGRAM TO UKREP BRUSSELS NO 294. HE REMARKED THAT AT  
YESTERDAY'S CABINET THE FEDERAL CHANCELLOR HAD TALKED OF THE  
NEED TO STOP IMPORTS TO HARM ARGENTINE INTERESTS, NOT TO SECURE  
PROTECTIONIST ADVANTAGE. MUELLER-THUNS THOUGHT THE IMPORTS OF  
INTEREST TO THE FEDERAL REPUBLIC MOST LIKELY TO BE AFFECTED WERE  
MEAT, CEREALS AND VEGETABLE OILS. HE AGREED THAT IT WAS IMPORTANT  
THAT MEMBER STATES SHOULD NOT EACH START SELECTING THEIR OWN  
MEASURES.

5. MUELLER-THUNS CONFIRMED THAT INSTRUCTIONS HAD BEEN GIVEN TO  
STOP ISSUING EXPORT CREDIT GUARANTEES, IN THE FIRST INSTANCE FOR

C O N F I D E N T I A L

THREE WEEKS. THE SITUATION WOULD BE REVIEWED AT THE NEXT MEETING OF THE INTER-MINISTERIAL COMMITTEE. HE REITERATED THE FEDERAL CHANCELLOR'S EMPHASIS ON PRUDENTIAL RATHER THAN POLITICAL GROUNDS FOR THE SUSPENSION. ALTHOUGH THERE WERE NO PARALLELS BETWEEN SANCTIONS RELATED TO POLAND AND THE FALKLANDS, THE FEDERAL GOVERNMENT DID NOT WANT TO GIVE THE AMERICANS AN OPENING ON SANCTIONS AGAINST THE SOVIET UNION BASED ON THE FALKLANDS PRECEDENT.

6. FINALLY MUELLER-THUNS SAID THAT THE FINANCE MINISTRY WERE IN CONTACT WITH THE FEDERATION OF GERMAN BANKS ABOUT BANKING POLICY TOWARDS ARGENTINA. HE WAS CONFIDENT THAT A NUDGE FROM THE GOVERNMENT, COMBINED WITH THE BANKS' OBJECTIVE FEARS ABOUT THE SITUATION, WOULD HAVE AN IMMEDIATE AND MARKED EFFECT ON BANKING CONTACTS WITH ARGENTINA.

TAYLOR  
BT

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