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SITUATION LISTING

DATE 05/26/82//146

SITUATION: FALKLAND
 SUBJECT CATEGORY: FILE X

MESSAGE / ANNOTATION:

MESSAGE:

EIA263

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#0032 1371330

ZNY MMNSH

O 171330Z MAY 82 ZYH ZFF4

State Dept. review completed

FM AMEMBASSY LUXEMBOURG

TO THE WHITE HOUSE

ZEM

S E C R E T 171330Z MAY 82 VIA PRIVACY CHANNELS

FM JIM RENTSCHLER, LUXEMBOURG 032

TO THE WHITE HOUSE, FOR JUDGE CLARK IMMEDIATE

SI ROOM PLEASE PASS COPIES TO DENNIS BLAIR AND ROGER FONTAINE.

SUBJECT: I PASS ALONG, QUICK AND DIRTY, THE FOLLOWING LIGHTS
 (HIGH AND LOW), DICTATED IN DECREASING ORDER OF PRIORITY:

FALKLANDS. DESPITE SOME OPENING-CEREMONY PEP TALK
 EARLIER THIS MORNING BY THE MINISTERIAL'S LUXEMBOURG HOSTS,
 THE MOOD HERE IS SOMBER AND DOMINATED BY THE SOUTH ATLANTIC
 ISSUE. THOUGH NATO IS THE NOMINAL HEADLINER, MOST EYES ARE ON
 THE FOLLOWING EC MEETING SCHEDULED LATER TODAY AND THE UN-
 CERTAIN STATUS OF THE SANCTIONS RENEWAL. LEAVING IRELAND
 ASIDE, THE KEY TO CONTINUED SUPPORT FOR THE UK MAY HINGE ON
 ITALY. DURING LAST NIGHT'S BILATERAL, COLOMBO TOLD THE
 SECRETARY HE SIMPLY COULD NOT JOIN A PRO-SANCTIONS CONSENSUS
 WITHOUT BRINGING DOWN THE SPADOLINI GOVERNMENT. AL TOLD HIM
 THAT A BREAK IN EC RANKS NOW WOULD HAVE THE CERTAIN EFFECT
 OF EMBOLDENING EXTREMIST ELEMENTS IN ARGENTINA (PERONISTAS
 AND NAVY), HARDCENING THEIR INTRANSIGENCE, AND DRASTICALLY
 INCREASING THE LIKELIHOOD OF MILITARY ESCALATION. A SOBERED
 COLOMBO CALLED ME SHORTLY AFTER THE MEETING AND ASKED ME TO
 CONVEY AN URGENT MESSAGE TO HAIG WHICH HE WISHED TO KEEP
 SECRET FROM HIS OWN PEOPLE, NAMELY, THAT A CHANGE IN HIS EC
 INSTRUCTIONS MIGHT BE POSSIBLE IF MAX RABB WERE TO WEIGH IN
 IMMEDIATELY WITH SPADOLINI AND THE SECRETARIES OF THE
 COALITION PARTIES AND MAKE THE SAME POINTS WHICH HAIG HAD
 MADE TO COLOMBO HIMSELF (THIS RESULTED IN THE ROME DEMARCHE
 YOU MAY HAVE SEEN LAST EVENING - IT'S A LONG SHOT, BUT IT
 COULD HELP). A FEW OTHER FALKLAND-RELATED ITEMS OF DIRECT
 CONCERN TO US:

--- AL'S TALKS WITH PYM LAST NIGHT WERE ONE ON ONE,
 BUT THE SECRETARY SAID HE WAS GOING TO PHONE YOU AND PROVIDE
 YOU WITH A COMPLETE FILL-IN. NO ONE IN OUR DEL HERE HAS THE
 COMPLETE STORY EXCEPT THE SECRETARY HIMSELF, BUT TWO NUGGETS
 DID FILTER DOWN: 1) THE BRITS ARE REPORTEDLY INCENSED AT

ON-FILE NSC RELEASE INSTRUCTIONS APPLY

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WHAT THEY SEE AS LESS THAN WHOLEHEARTED U.S. SUPPORT FOR THEIR POSITION; AND 2) THE NEGOTIATING PROCESS STILL HAS SOME TIME, BUT NOT MUCH (ONE HEARS A GREAT DEAL OF TALK AROUND THE OTHER DELEGATIONS AND IN THE PRESS ABOUT MAY 19 BEING SOUTH ATLANTIC D-DAY).

--- AN OLD FRIEND OF MINE IN PYM'S PARTY TOLD ME HE HAD SEEN A TRANSCRIPT OF THE PRESIDENT'S LAST PHONE CALL TO MRS. THATCHER, WHICH HE TERMED "TERRIFYING"; SINCE THIS CHARACTERIZATION IS GREATLY AT VARIANCE WITH BOTH THE TONE AND CONTENTS AS REPORTED TO ME (VIA HAIG) FROM WASHINGTON LATE LAST WEEK, IS IT POSSIBLE FOR ME TO SEE THE TEXT ON A CLOSE-HOLD BASIS? OR ARE BRITISH SENSITIVITIES SIMPLY VERGING ON THE NEUROTIC?

--- THANKS TO SOME INDISCREET GLOMMING OF STADIS TRAFFIC, I HAVE LEARNED THAT TOM ENDERS AND HIS AKA PEOPLE ARE PUSHING HAIG TO ADOPT A KIND OF CONTACT GROUP APPROACH TO THE CRISIS EMPHASIZING MUCH HEAVIER PRESSURE ON THE UK THAN ON ARGENTINA. I THINK THIS IS A CALAMITOUS IDEA, GUARANTEED TO GIVE US THE VERY WORST OF BOTH WORLDS. GOD KNOWS, THE WICKET WE HAVE WITH THE BRITS RIGHT NOW IS STICKY ENOUGH, BUT IF THIS HARE-BRAINED LUCUBRATION WERE EVER LEAKED (LET ALONE ACTED UPON), WE COULD KISS A SUCCESSFUL PRESIDENTIAL VISIT TO LONDON NEXT MONTH GOODBY. AND THAT'S JUST FOR STARTERS.

GGEECE/TURKEY. YOU WILL HAVE SEEN THE SEC-PRES CABLES FROM ANKARA AND ATHENS, WHICH PROVIDED PRETTY STRAIGHT REPORTING. THE TALKS WITH PAPANDREOU DID INDEED SEEM PERMEATED BY A NEW SPIRIT OF REASONABLENESS AND COOPERATION, THOUGH IT COULD STILL PROVE TO BE PRIMARILY TACTICAL (HE'S IN TROUBLE WITH THE MARXISTS BOTH AT HOME AND ON CYPRUS AND MAY SIMPLY BE WAITING TO WEATHER THOSE HASSLES BEFORE TAKING US ON).

NATO. IT'S TOO EARLY TO TELL HOW TODAY'S SESSIONS WILL BEAR ON THE BONN SUMMIT. I WILL PASS ON ANYTHING SIGNIFICANT LATER TONIGHT. ON AN INDIRECTLY RELATED MATTER, YOU SHOULD KNOW THAT THERE IS SOME UNHAPPINESS AMONG HAIG'S PEOPLE STEMMING FROM THE LAST ADVANCE TRIP TO BERLIN, WHERE GERMAN FEATHERS WERE REPORTEDLY RUFFLED OVER INSENSITIVITY TO SCHMIDT'S ROLE DURING THE BERLIN WALL SCENARIO. (THE SPECIFIC CHARGE US THAT WE ARE SOLOING OVERMUCH AND HAM-HANDEDLY EXAGGERATING OUR PRESENCE AS OCCUPYING POWER). WITHOUT KNOWING ALL THE DETAILS, MY OWN JUDGEMENT IS THAT THIS BUSINESS IS NOT AS SIGNIFICANT AS STATE IS NOW MAKING OUT; NEVERTHELESS IT MIGHT BE USEFUL TO HAVE DENNIS BLAIR OR CHUCK TYSON SNAKE-CHECK THE CURRENT BERLIN ARRANGEMENTS DIRECTLY WITH THE GERMANS AND WITH ARTHUR BURNS.

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SPAIN. MY OPTIMISTIC NOTE ON THE OUTCOME OF THE BASES
TREATY MAY HAVE BEEN PREMATURE. I GATHER THAT WE ARE STILL
HUNG UP WITH THE SPANISH ON THE OVERFLIGHTS/TRANSIT ISSUE
AND THAT THE AGREEMENT MIGHT NOT BE READY FOR THE SECRETARY'S
SIGNATURE EN ROUTE HOME TOMORROW. IT LOOKS TO BE A CLIFF-

HANGER. WARM REGARDS, JUM
S E C R E T P
#0032
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