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DESKBY 060800Z

FM BONN 051307Z MAY 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 407 OF 05 MAY

INFO IMMEDIATE UKREP BRUSSELS DUBLIN PARIS ROME LUXEMBOURG  
THE HAGUE COPENHAGEN BRUSSELS ATHENS

FCO TELNO 96 TO UKREP BRUSSELS: RENEWAL OF EC IMPORT BAN

1. AT THE MEETING OF THE ANGLO-GERMAN ECONOMIC COMMITTEE THIS MORNING, BRIDGES RECORDED HOW MUCH HMG HAD APPRECIATED COMMUNITY SOLIDARITY AND HOW VALUABLE IT WAS. THE IMPACT OF THE COMMUNITY IMPORT BAN ON ARGENTINA AND OPINION GENERALLY HAD BEEN CONSIDERABLE. AS TIME WENT BY IN CONJUNCTION WITH OTHER MEASURES IN THE POLITICAL AND ECONOMIC FIELDS IT WOULD HAVE A CUMULATIVE IMPACT ON ARGENTINA'S ECONOMIC SITUATION EVEN IF, INITIALLY, THE PURELY ECONOMIC IMPACT HAD NOT BEEN VERY GREAT. IT WAS OBVIOUSLY OF CAPITAL IMPORTANCE THAT THE POLITICAL AND ECONOMIC PRESSURE EXERTED BY THE IMPORT BAN SHOULD BE MAINTAINED. PER CONTRA, LIFTING THE EMBARGO WOULD REDUCE PRESSURE ON THE ARGENTINES AND THUS UNDERMINE THE EFFORTS TO FIND A NEGOTIATED SETTLEMENT WHICH WAS OUR PRIME OBJECTIVE.
2. FISCHER OBSERVED THAT THE FEDERAL REPUBLIC HAD EXPRESSED HER SOLIDARITY AND THAT THAT WAS A FACT. THE GERMANS UNDERSTOOD OUR DOUBLE STRATEGY IE CONTINUING POLITICAL AND ECONOMIC WITH MILITARY PRESSURE. IN THEIR PUBLIC STATEMENT YESTERDAY, HOWEVER, THEY STRESSED THE IMPORTANCE OF INTENSIFYING THE SEARCH FOR A NEGOTIATED SETTLEMENT. RECENT MILITARY DEVELOPMENTS HAD AROUSED VERY CONSIDERABLE CONCERN AMONG THE PUBLIC AT LARGE AND IN THE PRESS
3. WITH REGARD TO THE EMBARGO, HE REMARKED THAT IT HAD HAD A SUBSTANTIAL IMPACT. THE ARGENTINIANS AND OTHER LATIN AMERICANS HAD PROTESTED TO THE GERMANS ABOUT IT. INITIALLY THE ECONOMIC EFFECTS HAD BEEN SLIGHT BECAUSE EXISTING CONTRACTS HAD NOT BEEN AFFECTED BUT THEY WOULD GROW AND GERMANY WAS THE COMMUNITY'S LARGEST TRADER WITH THE ARGENTINE WITH WHOM SHE HAD A SUBSTANTIAL SURPLUS. WHETHER OR NOT THE EMBARGO SHOULD BE RENEWED AFTER THE 16 MAY WOULD DEPEND MUCH ON DEVELOPMENTS BETWEEN NOW AND THEN. THERE WAS PLENTY OF TIME FOR FURTHER DISCUSSION BUT HE WOULD WELCOME THE EARLIEST

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POSSIBLE NOTICE OF WHEN WE INTENDED TO RAISE THE MATTER AGAIN IN THE COMMUNITY. IT WAS SOMETHING THE COMMUNITY WOULD HAVE TO DECIDE AND WAS NOT A POCO SUBJECT.

4. HANNAY NOTED THAT THE QUESTION OF THE FALKLAND ISLANDS WAS EXPECTED TO BE THE MAIN THEME AT THE COREPER LUNCH TOMORROW, NOT LEAST BECAUSE OF THE IRISH PM'S STATEMENT. HE REMINDED FISCHER THAT BEFORE ANY INFORMAL DISCUSSION IN THE COMMUNITY IT WOULD BE NECESSARY FOR THE COMMISSION TO MAKE A PROPOSAL. HE ALSO DREW ATTENTION TO THE EUROPEAN PARLIAMENT'S RESOLUTION THAT THE EMBARGO SHOULD REMAIN IN FORCE UNTIL UN RESOLUTION 502 HAD BEEN FULFILLED.

TAYLOR

PCO

EOD (E)

CABINET OFFICE

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