

ENCL No.
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3633 - 1

OO UKREP BRUSSELS (DESKBY 060700Z)

GRS 771

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FM FCO 051800Z MAY 82

TO IMMEDIATE UKREP BRUSSELS

TELEGRAM NUMBER 396 OF 5 MAY

INFO PRIORITY OTHER EC POSTS

COMMUNITY ECONOMIC MEASURES AGAINST ARGENTINA

1. FOLLOWING IS TEXT OF STATEMENT TO BE CIRCULATED AT COREPER LUNCH ON 6 MAY. IT IS IDENTICAL TO THE SECOND TEXT MUFAXED TO ECD(E) WITH MINOR CHANGES TO PARAGRAPH 3, A DELETION IN PARAGRAPH 4, A NEW SECOND SENTENCE IN PARAGRAPH 5 AND A MINOR CHANGE TO THE FIRST SENTENCE IN PARAGRAPH 5.

QUOTE

1. IN THEIR STATEMENT OF 10 APRIL, THE TEN SAID THAT THEY ATTACHED THE GREATEST IMPORTANCE TO THE IMMEDIATE AND EFFECTIVE IMPLEMENTATION OF SCR 502. TO THIS END AND IN A SPIRIT OF SOLIDARITY AMONG MEMBER STATES, THE TEN DECIDED TO TAKE A SERIES OF MEASURES AGAINST ARGENTINA.

2. THESE MEASURES, INCLUDING THE EMBARGO ON IMPORTS FROM ARGENTINA, WERE CONCEIVED AS AN IMPORTANT MEANS OF BRINGING PRESSURE TO BEAR ON ARGENTINA TO COMPLY WITH THE SECURITY COUNCIL RESOLUTION. THE COMMUNITY'S EXAMPLE HAS SINCE BEEN FOLLOWED BY A GROWING NUMBER OF OTHER INDUSTRIALIZED COUNTRIES. THE STRENGTH OF ARGENTINIAN PROTESTS IS TESTIMONY TO THE SERIOUS IMPLICATIONS FOR THEIR ECONOMY OF THE COMMUNITY'S MEASURES. WHEN THE COMMUNITY'S DECISION ON THESE MEASURES WAS TAKEN, THE BRITISH TASK FORCE WAS ALREADY ON ITS WAY. THE UK HAD MADE IT CLEAR THAT MILITARY AS WELL AS ECONOMIC AND POLITICAL PRESSURE WOULD ALMOST CERTAINLY HAVE TO BE APPLIED IN ORDER TO SECURE A PEACEFUL SOLUTION.

3. THE UK HAVE FROM THE BEGINNING ACTIVELY SOUGHT SUCH A SOLUTION TO THE CONFLICT. THEY HAVE BEEN READY TO CO-OPERATE IN DEVISING AND PUTTING INTO EFFECT ANY SOLUTION WHICH THE PEOPLE OF THE ISLANDS COULD ACCEPT OR COULD BE DEMOCRATICALLY

CONFIDENTIAL

3633 - 1

PERSUADED TO ACCEPT. ANY FRAMEWORK OF NEGOTIATION WOULD BE ACCEPTABLE TO THE UK WHICH DOES NOT PREDETERMINE OR PREJUDICE THE OUTCOME. WHAT THEY COULD NOT DO WAS TO AGREE TO A SOLUTION WHICH LEFT THE ARGENTINES IN POSSESSION OF THE FRUITS OF THEIR AGGRESSION. THIS WOULD BE CONTRARY TO SCR 502. THEY SUPPORTED THE EFFORTS OF MR HAIG OVER THE PAST FEW WEEKS TO ESTABLISH A BASIS FOR NEGOTIATIONS, UNTIL THE US ADMINISTRATION ITSELF CONCLUDED THAT THESE INITIAL EFFORTS HAD FAILED BECAUSE OF ARGENTINIAN INTRANSIGENCE AND DECIDED TO SUPPORT THE UK POSITION. THE UK HAVE SUBSEQUENTLY MADE CLEAR TO THE UN SECRETARY-GENERAL THAT THE UK REMAINS OPEN TO ANY IDEAS FOR NEGOTIATIONS ON THE BASIS ON UNSCR 502. A NUMBER OF SUCH IDEAS ARE CURRENTLY BEING DISCUSSED WITH THE US ADMINISTRATION ON THE BASIS OF IDEAS ORIGINALLY PUT FORWARD BY THE PRESIDENT OF PERU, AND WITH THE UN SECRETARY-GENERAL.

4. ARGENTINA HAD AMPLE OPPORTUNITY TO SHOW FLEXIBILITY BEFORE MILITARY PRESSURE WAS APPLIED BUT DID NOT RESPOND. THEY REINFORCED THE ISLANDS AND TOOK OTHER ACTIONS WHICH MADE IT CLEAR THAT THEY WERE DETERMINED TO MAINTAIN THEIR MILITARY POSITION. SUBSEQUENTLY THE UK HAS APPLIED GRADUATED MILITARY PRESSURE WHICH HAS LED TO A NUMBER OF SERIOUS INCIDENTS IN WHICH BOTH SIDES HAVE SUFFERED. THE UK HAVE MADE CLEAR THAT THEIR AIM REMAINS A POLITICAL SOLUTION IN PREFERENCE TO A MILITARY VICTORY.

5. THE PRESENT SITUATION IS THAT ARGENTINA HAS STILL FAILED TO COMPLY WITH SCR 502. THE RESOLUTION OF THE EUROPEAN PARLIAMENT OF 22 APRIL PASSED OVERWHELMINGLY RIGHTLY CALLED FOR THE MAINTENANCE OF THE COMMUNITY'S MEASURES UNTIL SCR 502 HAD BEEN IMPLEMENTED. THE NEED FOR ECONOMIC SANCTIONS AS A MEANS OF PRESSURE ON ARGENTINA TO COMPLY WITH THE RESOLUTION IS REGRETTABLY NO LESS THAN A MONTH AGO. INDEED ANY RELAXATION OF THAT PRESSURE NOW WOULD BE USED BY THOSE ELEMENTS IN ARGENTINA AS AN EXCUSE FOR MAINTAINING THEIR INTRANSIGENT POSITION. A SERIOUS WEAKENING OF THE SUPPORT WHICH THE UK IS RECEIVING FROM ITS PARTNERS WOULD ENCOURAGE ARGENTINA TO BELIEVE THAT IT CAN CONTINUE TO REFUSE SERIOUS NEGOTIATIONS AND MAINTAIN ITS ILLEGAL OCCUPATION OF THE FALKLANDS. IT COULD THUS CONTRIBUTE DIRECTLY

CONFIDENTIAL

3633 - 1

TO AN ESCALATION OF THE CONFLICT AND TO MAKING A PEACEFUL SOLUTION MORE DIFFICULT. ANY WEAKENING OF THE COMMUNITY'S FIRM POSITION AT THIS DELICATE STAGE COULD JEOPARDIZE THE SUCCESS OF EFFORTS TO FIND A BASIS FOR NEGOTIATIONS.

6. COMMUNITY SOLIDARITY HAS BEEN STRENGTHENED IMPRESSIVELY BY THE COMMUNITY'S RAPID ACTION IN EXERTING ECONOMIC PRESSURE ON ARGENTINA. THIS IS A DEVELOPMENT WITH CONSIDERABLE POTENTIAL FOR THE FUTURE, WHICH SHOULD NOT NOW BE UNDERMINED.

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