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EUROPEAN POLITICAL COOPERATION: POLITICAL COMMITTEE

BRUSSELS, 15 MAY 1982

ITEM 4: FALKLAND ISLANDS (Renewal of Sanctions)

REFERENCES : A - Existing Council Regulation

INTRODUCTION

1. A number of partners are worried by the escalation of hostilities and reluctant to renew the EC import ban. The Irish are particularly opposed to renewal. The Danes have political difficulties over the use of Article 113 of the Treaty to impose sanctions. The meeting of the Political Committee has been brought forward partly to give them the political cover they need to agree renewal.

OBJECTIVE

2. To secure agreement to renewal of the EC import embargo for a further month.

POINTS TO MAKE

3. Essential that embargo should be renewed for one month. Anything less could only encourage Argentines to believe Community solidarity and resolve is weakening and that if they maintain their intransigence their aggression will gain its objective.

4. That would be exact opposite of signal we need to send while they consider UN Secretary-General's initiative on which so much depends. Relaxation of pressure would inevitably damage prospects for peaceful solution, and consequently increase chances of prolonged and bitter fight.

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5. Negotiations still at delicate stage. All the more important that we should avoid anything which Junta might interpret as breach of EC solidarity or weakening of our resolve to secure implementation of SCR 502. Therefore urge you to agree now to one month renewal.

6. (If Danes hold out for use of Article 224). Article 224 alone not practicable on this occasion given need for urgent and uniform action. Embargo should be renewed under Article 113 in same way as it was originally implemented. Renewal should be for one month, during which time an urgent study could be carried out on feasibility of transferring to Article 224 if measures need to be renewed again at end of period.

BACKGROUND

7. At Villers-le-Temple Ministers endorsed again the principles they adopted at the beginning of the Falklands crisis, condemning Argentine aggression and supporting early implementation of UN SCR 502. They also supported the efforts of the UN Secretary-General and stressed the need for a negotiated solution. Several (particularly Irish) clearly concerned about military escalation and reluctant to appear to be supporting military action. On the EC import ban it was decided that a political decision on renewal would be taken, if circumstances required, by 16 May, i.e. at the last moment before expiry of the present ban at midnight on 17 May. The Presidency's timetable is for meetings of the Political Committee (at 1500 Brussels time) and COREPER (at 1900) on 15 May, with a special Foreign Affairs Council on 16 May if Political Committee/COREPER cannot reach agreement. The Regulation could be approved as an 'A' point at the 17 May ECOFIN Council.

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8. The latest information we have on Member States' views is as follows:

- Ireland : Public call on 4 May for withdrawal or non-renewal of embargo. At Villers-le-Temple indicated that they would not block consensus to renew. But recent Irish government statements ominous; especially comments by Mr Haughey in radio interview linking Falklands and Mandate/Price Fixing. [REDACTED]
- Denmark : Can accept substance of embargo, but has problems over procedure (see paras.11-12 below) which could lead her to insist on only two-week renewal
- France : Concern about loss of life. Statement after Cabinet on 5 May calling for immediate cessation of hostilities and separation of forces. But general strong support for UK position. Probably willing to go along with renewal, particularly if UK seems seriously engaged in New York negotiations.
- Germany : Worry that UK use of force disproportionate. Appeal for ceasefire and end to bloodshed. Schmidt quoted as saying Germany had not given us blank cheque. Less solid support than French, but probably agree to renew if reassured about diplomatic and military developments.

/Italy

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- Italy : Considerable concern at long-term implications. Strong pressure from commercial interests, Socialists and large ethnic Italian community in Argentina (40% of population of Italian origin). Socialist pressure may result in Italian demand for two week extension only. Italian MFA's latest estimate is that at best Italy will agree to rally to consensus, conceivably excluding Ireland. German and French attitudes will have important influence.
- Belgium : Tindemans robustly supporting UK, disgusted by Irish, keen to maintain support for UK in interests of future EC cooperation and solidarity.
- Netherlands : Some concern over hostilities but probably follow Belgians with hesitation.
- Luxembourg : Firm support so far. Likely to follow Benelux partners.
- Greece : Relatively firm support, appealed for ceasefire but will support renewal if others do. Draws analogy with failure of UK to act similarly over Turkish invasion of Cyprus in 1974.

9. Haig is reported to be sending messages to all nine Foreign Ministers urging renewal. There is a danger that a significant minority opposing renewal would have a domino effect, attracting those who would otherwise go along with a consensus in favour of /renewal.

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renewal. In addition any escalation of hostilities would severely reduce our chances of winning agreement to renewal. There is also increasing evidence that partners are making an (informal) link between solidarity on the Falklands and 'solidarity' over agricultural prices and the mandate.

Modalities of renewal

10. The unwillingness of one member state to renew does not necessarily prevent renewal but would pose considerable difficulties. A Community measure renewing the embargo would be taken under Article 113 of the Treaty (Common Commercial Policy). Article 113 decisions can be taken by qualified majority vote, which means that a decision can be taken unless blocked by two large or one large and two small member states or five small states. (Details of voting system at Annex). Ireland alone (or Ireland plus Italy) cannot therefore block a decision (although she could provide a focus to which other waverers could rally) unless she vetoes by invoking the Luxembourg compromise (Greece voted against but did not veto trade measures against the Soviet Union in March). Because of our own use of Luxembourg compromise in the price-fixing context, we should leave it to others to suggest if appropriate that a majority vote should be taken in which Irish and/or Italians would allow themselves to be outvoted.

11. The Danes have made it clear that they want a political decision by the Ten by consensus to renew. They have strong political objections to regarding economic sanctions as ordinary trade measures and therefore within Community competence under

/Article 113.

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Article 113. In the Danish view they are foreign policy/security measures which should be taken under Article 224 of the Treaty (this allows member states to take national action - which may be coordinated - in the event inter alia of war or international tension constituting a threat of war). Other Member States have however insisted that uniformity of action requires implementation under the Common Commercial Policy. We agree with this. Article 113 also ensures that the measures are immediately effective in all Member States: under Article 224 alone each national Parliament would need to pass appropriate legislation.

12. The Danes only agreed to the embargo on Argentina in April on the basis that the Community regulation under Article 113 was a measure implementing an earlier political decision under Article 224. This time they are making it clear that, even with a prior political decision (i.e. at Political Committee), they will be unhappy with an Article 113 regulation. It has been suggested to HM Ambassador in Copenhagen that they will agree only to a Community regulation extending the ban by two weeks in order to give time to member states to implement the ban by national action thereafter. As such national action by all member states is a practical and political impossibility, our effort must continue to be devoted to a political decision by the Political Committee, followed by a Community regulation agreed ad referendum by COREPER renewing the ban for a month. Although Olesen has said publicly that he favours 224, he has no clear mandate either way from Danish Parliament.

/Danes

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Danes may therefore give way in the end, having put up enough of a fight to convince their domestic political opinion that they were forced into it. If they hold out, we should offer them as a way out renewal this time by Article 113, but commissioning of a study on feasibility of using Article 224 next time. We should press however for renewal to be for full month, not two weeks (which would, apart from other factors, mean we would be faced with another exercise on the import embargo while we might still be at an awkward stage in Mandate negotiations)

European Community
 Department (External)
 14 May 1982.

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ANNEX

ARTICLE 14

The following shall be substituted for Article 148(2) of the EEC Treaty⁽¹⁾ and Article 118(2) of the Euratom Treaty⁽²⁾:

"Where the Council is required to act by a qualified majority, the votes of its members shall be weighted as follows:

Belgium	5
Denmark	3
Germany	10
Greece	5
France	10
Ireland	3
Italy	10
Luxembourg	2
Netherlands	5
United Kingdom	10

For their adoption, acts of the Council shall require at least: **63**
 —forty-five votes in favour where this Treaty requires them to be adopted on a proposal from the Commission,
 —forty-five votes in favour, cast by at least six members, in other cases."