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DESKBY 190700Z ALL EC POSTS  
 FM FCO 181800Z MAY 82  
 TO IMMEDIATE ATHENS  
 TELEGRAM NUMBER 143 OF 18 MAY 1982  
 AND TO IMMEDIATE ALL OTHER EC POSTS  
 INFO WASHINGTON, UKMIS NEW YORK, UKDEL NATO

FALKLANDS: EC IMPORT BAN.

1. IT IS CLEARLY DOUBTFUL WHETHER, WHEN THE RENEWED COMMUNITY REGULATION IMPOSING AN IMPORT BAN ON ARGENTINA EXPIRES ON 24 MAY, ITS FURTHER RENEWAL WILL BE FEASIBLE. THE COURSE OF EVENTS IN THE SOUTH ATLANTIC MAY MAKE IT LESS LIKELY. THE DANES IN PARTICULAR MAY NOT AGREE A FURTHER PERIOD OF MEASURES BASED ON ARTICLE 113. AND THERE IS NO REASON TO BELIEVE THAT THE ITALIAN OR IRISH POSITION WILL CHANGE FOR THE BETTER.
2. OUR INTEREST REMAINS ON BOTH POLITICAL AND ECONOMIC GROUNDS TO MAINTAIN THE EMBARGO BY AS MANY OF OUR COMMUNITY PARTNERS AS WE CAN. WE THEREFORE NEED TO BRING WHAT PRESSURE WE CAN TO BEAR ON MEMBER STATES EITHER TO RENEW ON THE PRESENT BASIS OR, IF THEY ARE WILLING TO SUBSTITUTE NATIONAL MEASURES FOR THE COMMUNITY BAN, TO PUT THEMSELVES IN A POSITION TO TAKE ACTION, IF NECESSARY, WITH EFFECT FROM 25 MAY, SO THAT THERE WILL BE NO GAP. ALTHOUGH OUR PARTNERS MAY BE TEMPTED TO AWAIT THE OUTCOME IN NEW YORK, WITH THE ASCENSION DAY HOLIDAY THIS WEEK IT IS IMPORTANT THAT THEY SHOULD DO SOME CONTINGENCY PLANNING NOW. YOU SHOULD THEREFORE SPEAK TO THE GOVERNMENT TO WHICH YOU ARE ACCREDITED AT A HIGH LEVEL (AND UKREP SHOULD TAKE PARALLEL ACTION AS APPROPRIATE WITH THE COMMISSION) ON THE FOLLOWING LINES.

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3. (FOR ALL EXCEPT ITALY AND IRELAND) WE ARE GRATEFUL FOR SUPPORT FOR CONTINUING THE IMPORT BAN AGAINST ARGENTINA. WE CONTINUE TO WORK HARD FOR A POLITICAL SOLUTION. UNTIL ARGENTINE FORCES ARE WITHDRAWN FROM THE FALKLAND ISLANDS IT WILL BE ESSENTIAL TO MAINTAIN MAXIMUM PRESSURE ON ARGENTINA BY ALL POSSIBLE MEANS. ECONOMIC MEASURES ARE A VITAL ELEMENT. SHOULD A POLITICAL SOLUTION NOT HAVE BEEN REACHED BY THE EXPIRY OF THE COMMUNITY BAN ON 24 MAY, (FOR DENMARK ONLY) WE LOOK TO THE DANISH GOVERNMENT TO CONTINUE FOR AS LONG AS NECESSARY THE LEGISLATION WHICH THEY ARE ABOUT TO INTRODUCE SEMI-COLON (FOR ALL EXCEPT ITALY, IRELAND AND DENMARK) A CONTINUATION OF THE IMPORT BAN WILL BE NECESSARY BY AS MANY MEMBER STATES AS POSSIBLE BY WHATEVER MEANS COMMAND SUPPORT. THE BEST SOLUTION MIGHT BE RENEWAL OF THIS WEEK'S REGULATION (WITH ITS EXEMPTIONS FOR ITALY AND IRELAND PLUS A PROVISION FOR DENMARK ANALAGOUS TO THAT FOR THE UK'S NATIONAL MEASURES) FOR A FURTHER PERIOD, PERHAPS A MONTH. WITH THE DOUBTERS NOW OUT OF IT WE HOPE THIS WOULD NOT BE OPPOSED. BUT, TO GUARD OURSELVES AGAINST THE UNEXPECTED, WE HOPE THOSE MEMBER STATES WHO ARE CONTINUING TO GIVE US THEIR BACKING MAY BE READY TO TAKE NATIONAL MEASURES INSTEAD. THEREFORE HOPE BOTH THAT OUR PARTNERS WILL GIVE US ALL NECESSARY SUPPORT FOR RENEWAL OF THE PRESENT COMMUNITY BAN, AND WILL HAVE READY FOR IMMEDIATE INTRODUCTION WHATEVER MEASURES ARE NECESSARY UNDER THEIR CONSTITUTIONS TO CONTINUE THEIR OWN BANS ON A NATIONAL BASIS, THUS ENSURING THAT THERE WOULD BE NO GAP AFTER 24 MAY. (THE UK BAN IS ALREADY UNDER ARTICLE 224 AND COVERS ARGENTINE IMPORTS FROM ANY SOURCE. OUR PARTNERS COULD FOLLOW THE SAME PATTERN.) (FOR ALL EXCEPT ITALY AND IRELAND) IN THIS WAY A SUBSTANTIAL PART, AT LEAST, OF THE SOLIDARITY WHICH THE COMMUNITY HAS SHOWN SINCE THE BEGINNING OF THE CRISIS WILL BE MAINTAINED AND THE PRESSURE KEPT UP ON ARGENTINA.

4. (FOR ITALY) WE UNDERSTAND THE DOMESTIC POLITICAL DIFFICULTIES WHICH HAVE LED TO THE INABILITY OF THE ITALIAN GOVERNMENT TO CONTINUE TO BAN ARGENTINE IMPORTS. NONETHELESS (FOR ITALY AND IRELAND) IT IS IMPORTANT TO MAINTAIN COMMUNITY

SOLIDARITY AND TO SEND THE RIGHT SIGNALS TO ARGENTINA. THE UK CONTINUES TO LOOK FOR A POLITICAL SOLUTION IF HUMANLY POSSIBLE, BUT UNTIL ARGENTINE FORCES ARE WITHDRAWN FROM THE FALKLAND ISLANDS IT WILL BE ESSENTIAL TO MAINTAIN MAXIMUM PRESSURE ON ARGENTINA BY ALL POSSIBLE MEANS. WE THEREFORE LOOK TO THE ITALIAN AND IRISH GOVERNMENTS TO SUPPORT ANY COMMUNITY DECISION ON 24 MAY WHICH THE MAJORITY WANT AND WHICH SAFEGUARDS THEIR POSITION. WE WELCOME THEIR CONTINUING POLITICAL SUPPORT, INCLUDING THE ARMS EMBARGO AND THE NON-AVAILABILITY OF GOVERNMENT-SUPPORTED CREDITS. (FOR IRELAND) WE RECOGNISE IRELAND'S SPECIAL POSITION AS A MEMBER OF THE UNSC. BUT WE LOOK TO THE IRISH GOVERNMENT TO CONSULT US AS A FELLOW MEMBER OF THE COMMUNITY AND OF POLITICAL COOPERATION BEFORE TAKING ANY INITIATIVES OF THEIR OWN ON A MATTER OF SUCH CRUCIAL IMPORTANCE TO US.

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#### DETAIL

3. PRESIDENCY SUMMARISED RESULTS OF DISCUSSION BY MINISTERS IN LUXEMBOURG AS IN PARAGRAPH 1 OF FCO TELEGRAM NO 56 YTD LUXEMBOURG. COREPER'S TASK WAS TO AGREE THE IMPLEMENTING MEASURES.
4. THE TEXT OF A DRAFT REGULATION WAS CIRCULATED. ITALY, IRELAND AND DENMARK WERE ADVISED TO SUBMIT TEXTS OF STATEMENTS TO THE COUNCIL MEMBERS CONCERNING THEIR RESPECTIVE POSITIONS.
5. BIRCHHOLT (DENMARK) TRIED UNHELPFULLY TO GET ITALY AND IRELAND TO INSIST THAT THEIR POSITIONS APPEAR IN THE PREAMBLE TO THE REGULATION. THEY DECLINED.
6. IRELAND AND ITALY ATTEMPTED TO GET WRITTEN INTO THE PREAMBLE A STATEMENT THAT THE PRESENT MEASURES WERE TAKEN "ONLY" IN SUPPORT OF A DIPLOMATIC SOLUTION. IN REJECTED THIS, IT WAS AGREED TO REFER ONLY TO THE FCO DELIBERATIONS OF YESTERDAY.
7. UK SECURED DELETION OF A SUPERFLUOUS PHRASE IN THE PREAMBLE SAYING THAT REMOVAL WAS FOR A SHORT PERIOD ONLY.

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DESKBY 181530Z

FROM UKREP BRUSSELS 181438Z MAY 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 1967 OF 18 MAY 1982

INFO IMMEDIATE BRUSSELS COPENHAGEN THE HAGUE ROME DUBLIN PARIS BONN

LUXEMBOURG ATHENS UKMIS NEW YORK WASHINGTON OSLO CANBERRA

WELLINGTON OTTAWA

INFO ROUTINE UKDEL NATO

COREPER (AMBASSADORS) 18 MAY; FALKLANDS-EUROPEAN COMMUNITY EMBARGO

## SUMMARY

1. TEXT OF REGULATION EXTENDING THE EMBARGO UNTIL 24 MAY AGREED. ITALY AND IRELAND MADE A JOINT STATEMENT FOR THE COUNCIL MINUTES SAYING THAT THEY WOULD NOT APPLY THE EMBARGO, BUT WOULD EXAMINE WITH THE COMMISSION THE MEASURES NECESSARY TO AVOID DISTORTION OF TRADE. DENMARK CONFIRMED THAT THE REGULATION WOULD APPLY IN DENMARK ONLY UNTIL CORRESPONDING NATIONAL MEASURES HAD BEEN PUT INTO FORCE.

2. THE REGULATION (AND ACCOMPANYING DECISION ON ECSC PRODUCTS) WAS PASSED STRAIGHT TO THE COUNCIL (AGRICULTURE) AND WAS ADOPTED AS AN A POINT. IT WILL APPEAR IN THE OFFICIAL JOURNAL OF TODAY'S DATE.

## DETAIL

3. PRESIDENCY SUMMARISED RESULTS OF DISCUSSION BY MINISTERS IN LUXEMBOURG AS IN PARAGRAPH 1 OF FCO TELEGRAM NO 56 YTO LUXEMBOURG. COREPER'S TASK WAS TO AGREE THE IMPLEMENTING MEASURES.

4. THE TEXT OF A DRAFT REGULATION WAS CIRCULATED, ITALY, IRELAND AND DENMARK WERE INVITED TO SUBMIT TEXTS OF STATEMENTS TO THE COUNCIL MINUTES DESCRIBING THEIR RESPECTIVE POSITIONS.

5. RIBERHOLDT (DENMARK) TRIED UNHELPFULLY TO GET ITALY AND IRELAND TO INSIST THAT THEIR POSITIONS APPEAR IN THE PREAMBLE TO THE REGULATION. THEY DECLINED.

6. IRELAND AND ITALY ATTEMPTED TO GET WRITTEN INTO THE PREAMBLE A STATEMENT THAT THE PRESENT MEASURES WERE TAKEN "ONLY" IN SUPPORT OF A DIPLOMATIC SOLUTION. UK REJECTED THIS. IT WAS AGREED TO REFER ONLY TO THE POCO DELIBERATIONS OF YESTERDAY.

7. UK SECURED DELETION OF A SUPERFLUOUS PHRASE IN THE PREAMBLE SAYING THAT RENEWAL WAS FOR A SHORT PERIOD ONLY.

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8. DENMARK PROPOSED AN AMENDMENT WHICH WOULD HAVE DELETED FROM ARTICLE 3 OF THE ORIGINAL REGULATION THE REFERENCE TO THE POSSIBILITY OF FURTHER EXTENSION OF THE EMBARGO, ON THE GROUNDS THAT MINISTERS YESTERDAY HAD NOT ADDRESSED THE POINT. UK ARGUED THAT TO DROP IT WOULD SUGGEST THAT THERE WAS NO QUESTION OF FURTHER EXTENSION. AFTER RIBERHOLDT HAD CONTACTED OLESEN A COMPROMISE WAS AGREED TO THE EFFECT THAT MINISTERS WOULD EXAMINE THE SITUATION NOT LATER THAN 24 MAY AND DECIDE ON POSSIBLE MEASURES TO BE TAKEN.

9. A SIMILAR DECISION WAS ADOPTED FOR ECSC PRODUCTS.

10. IRELAND, ITALY AND DENMARK MADE STATEMENTS FOR THE COUNCIL MINUTES.

11. TEXTS WERE PASSED TO THE AGRICULTURE COUNCIL WHICH ADOPTED THEM AS AN A POINT. THEY WILL APPEAR IN TODAY'S OFFICIAL JOURNAL, THUS ENSURING THAT THERE IS NO INTERRUPTION OF THE VALIDITY OF THE EMBARGO.

12. MIFT CONTAINS TEXT OF REGULATION EXTENDING THE EMBARGO AS ADOPTED BY THE COUNCIL AND OF ITALIAN/IRISH AND DANISH STATEMENTS.

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## LUXEMBOURG EC FOREIGN MINISTERS' MEETING : RESULT

1. Mr Bullard telephoned the following information to the Emergency Unit at 2210. The 'gathering of the Foreign Ministers of the Ten' in the margins of the NATO Ministerial meeting came to the following unanimous decision:

'No Argentinian goods will be admitted to the Community for a further 7 days.'

The reason for the extension of 7 days was that Ministers would again be meeting in formal session on Monday, 24 May and the Secretary General in New York had been quoted today as saying that 'this week' would mark the make or break time for a result to be achieved.

2. Seven member countries will merely extend the application of the 16 April measures for the next 7 days.

3. Italy and Ireland will not extend but will take action under Article 225 of the Treaty of Rome in consultation with the EC Commission in order to 'devise ways and means of avoiding distortions of trade'.

4. Denmark will continue to ban Argentinian goods on the basis of Article 113 until legislation has been enacted under Article 224.

5. The line which Nick Fenn is taking with the press in Luxembourg is to emphasise that after a two and a half hour discussion the solidarity of the Community was re-asserted. There had been a unanimous decision to, in effect, extend the embargo for a further 7 days.

17 May 1982

*(Emergency Unit)*

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