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97  
SofS The PM  
wishes to discuss this  
with a small group  
(see x1) after 03:30

PUSEXOCET FOR PERU

As you directed, I had a word this afternoon with Mr Gillmore of the FCO and with ACDS(Ops) about Mr Coles letter to you of 29th May. (Copies attached for copy addressees)

2. Notwithstanding Peruvian disclaimers, the only safe assumption for us to make is that Exocet missiles supplied to Peru could in present circumstances quickly find their way to Argentina. President Mitterrand acknowledged as much in his telephone conversation with the Prime Minister. It is no comfort that the missiles are due to be carried by ship to Peru, since they could be off-loaded at another port early in the voyage and thence flown to South America to pose an early threat to our Forces.
3. As to the possibility that after a-certain date the threat of these missiles would be irrelevant, it is not possible to predict developments over the coming weeks. Our successful repossession of the Falkland Islands might not bring an end to hostilities between British and Argentinian Forces at sea and in the air. These could continue for sometime. The FCO agree, therefore, that the Prime Minister should be advised not to reply to President Mitterrand along such lines.
4. The Prime Minister has herself suggested that the Exocet missiles might be placed in bond with a third party, such as Mexico, to remain there until hostilities are over. Apart from the difficulty of identifying a third party in whom both we and the Argentine would have confidence, it is doubtful whether this approach would serve to protect France's reputation as a reliable arms supplier in the way President Mitterrand wishes. Whether action by the French Government to further delay the delivery of these missiles would actually repercuss on potential French arms sales elsewhere in South America it is difficult to say. The Peruvian order for 4 AM 39 Exocet missiles is worth approximately \$2.4 million.
5. Against this background, Mr Gillmore agreed that there was no alternative but to recommend to the Prime Minister that she should urge President Mitterrand most strongly to take whatever action is necessary to postpone the delivery of these Exocet missiles to Peru until we can be certain they would not be used to attack British Forces in the South Atlantic.

29th May 1982

*R. T. Jackling*  
(R T JACKLING)  
Head of DS 11

97/1



10 DOWNING STREET

From the Private Secretary

29 May 1982

Dear Frank,

Supply by France of Exocet Missiles to Peru

President Mitterrand telephoned the Prime Minister this morning. He said that he had been following the Falklands situation closely and had recently spoken with Chancellor Schmidt. Consequently, confidential contacts were being established with the UK authorities and certain discussions might already have taken place. He very much hoped that the confidentiality of his discussions with us would be maintained. A number of British Ministers had written to their French opposite numbers expressing gratitude for French solidarity. It was better that nothing should be said in public about these matters. The Prime Minister said that we would of course respect French wishes; if our expressions of gratitude were causing difficulty, we would be very careful in the future as to what we said.

President Mitterrand said that he particularly wanted to discuss the problem of France's contract to supply Peru with Exocet missiles. As we knew, a Peruvian ship had recently arrived in a French port to take delivery of a certain number of these missiles. The French authorities had refused to supply the missiles and the ship had sailed away empty. Peru was now protesting to France about the non-execution of a signed contract. In these circumstances, France had to be very careful. Another Peruvian ship would arrive next Tuesday.

The Prime Minister enquired whether there was a condition in the contract that the missiles should not be passed on to third countries. President Mitterrand said that such a clause did exist and when the moment came to deliver France would naturally draw attention to it. The Prime Minister commented that we had reason to believe that Peru was already offering extensive help to Argentina. We therefore had little faith in that clause in the contract. It would be very worrying if the missiles were delivered to Peru. President Mitterrand said that he too had little faith in Peru observing the prohibition on transfer of the missiles to third countries. But he was in a difficult position. Peru had made it known to other Latin American countries that France was declining to execute the contract.

/Consequently,

SECRET AND PERSONAL

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Consequently, France's contracts with other Latin American countries were in danger. He would do all he could to avoid making things more difficult for the United Kingdom but in order to do so he needed to know urgently our view of the future course of events. If the missiles were handed over it would take the ship some days to reach Peru. Then it would take a further period for Peru to transfer the missiles to Argentina. What he needed therefore was a precise estimate of the date on which the arrival of these missiles in Argentina would no longer be dangerous for our situation. The Prime Minister said that every day's delay would help. But it was not possible to be more precise on an open telephone line. She would prefer to send the President a message in another way.

President Mitterrand said that he of course accepted this but he wanted the Prime Minister to have a clear understanding of France's problem. Thus he repeated that he had declined for ten days to implement the contract; a Peruvian ship would arrive on Tuesday in a French port; it would be several days after that before the missiles could be used against us; he would therefore welcome a secret message indicating the date on which delivery would cause us no difficulty. The Prime Minister again undertook to send such a message. She expressed gratitude for the action France had already taken and for the President's telephone call.

After this conversation, the Prime Minister told me that she would want to discuss the problem after the meeting of OD/SA which is to take place at Chequers tomorrow. She envisaged discussion in a restricted group, comprising the Secretary of State for Defence, the Chief of the Defence Staff, yourself, the Foreign Secretary and Sir Antony Acland. As the Prime Minister has asked for this matter to be handled with extreme care, I am copying this letter only to Sir Antony Acland. I should be grateful if you and he would take steps to inform the other persons named above.

*Yours ever*

*John Colville*

Sir Frank Cooper GCB CMG  
Ministry of Defence.

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