

RR TOKYO

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CONFIDENTIAL

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TO IMMEDIATE FCO

ELEGRAM NUMBER 181 OF 15 MAY

INFO IMMEDIATE ALL ECPOSTS WASHINGTON UKMIS NEW YORK UKDEL NATO
OTTAWA OSLO CANBERRA WELLINGTON ROUTINE UKDEL STRASBOURG TOKYO

MIPT FALKLAND ISLANDS; SPEAKING NOTE

1. NEED NOT SPEAK AT LENGTH. ISSUES WELL UNDERSTOOD. SINCE LAST MEETING OF POLITICAL COMMITTEE (4 MAY) FOREIGN MINISTERS HAVE DISCUSSED SUBJECT AT WEEKEND MEETING (8-9 MAY), EUROPEAN PARLIAMENT HAS ADOPTED RESOLUTION IN CLEAR TERMS (12 MAY) AND VARIOUS MESSAGES CIRCULATED. ALSO SEVERAL BILATERAL MEETINGS, AND FREQUENT BRIEFINGS IN LONDON, NEW YORK AND WASHINGTON.
2. PRIME MINISTER'S MESSAGE OF 11 MAY GIVES BRITISH POSITION.
3. ESSENTIAL THAT ALL THE MEASURES ADOPTED IN EARLY APRIL BE CONTINUED. IN PARTICULAR EMBARGO ON ALL IMPORTS FROM ARGENTINA (WITH CERTAIN TECHNICAL EXCEPTIONS), WHICH EXPIRES ON 17 MAY, NEEDS TO BE EXTENDED FOR ANOTHER MONTH.
4. MUCH THEREFORE DEPENDS ON PRESENT MEETING AND ON MEETINGS IN COMMUNITY FRAMEWORK WHICH ARE TO FOLLOW.
5. SAID ON 9 APRIL THAT PREFERRED BRITISH AIM WAS PEACEFUL SOLUTION AND THAT THIS COULD BE ATTAINABLE THROUGH NEGOTIATIONS BACKED BY MILITARY, ECONOMIC AND POLITICAL PRESSURE.
6. MILITARY. MISSION OF TASK FORCE IS TO REPOSESS ISLANDS BY FORCE IF NECESSARY. CANNOT GIVE DETAILS BUT PRESSURE HAS BEEN STEADILY INCREASED OVER LAST MONTH. SOUTH GEORGIA REOCCUPIED; TOTAL EXCLUSION ZONE DECLARED AND ENFORCED; GARRISON EFFECTIVELY BLOCKADED. NO KNOWLEDGE OF FUTURE EVENTS BUT NO DOUBT AS TO OUTCOME IF ISSUE HAS TO BE SETTLED BY FORCE OF ARMS.

7. ECONOMIC MEASURES OF THE TEN AND EC HAVE CONTRIBUTED TOWARDS SUBSTANTIAL WORSENING OF ALREADY SERIOUS POSITION. ALL ARGENTINE INDICATORS NEGATIVE: INFLATION, MONEY SUPPLY, TAXATION, BALANCE OF PAYMENTS, EXPORTS AND IMPORTS, RESERVES AND BANKRUPTCIES. CONFIDENCE, INTERNAL AND EXTERNAL SEVERLY SHAKEN. IN THE NATURE OF THINGS THAT EFFECTS OF ALL THIS SHOULD BE PROGRESSIVE RATHER THAN INSTANTANEOUS.

8. UNDERLINE IMPORTANCE OF EMBARGO ON ARMS SUPPLIES. EVIDENCE OF ARGENTINE CONCERN AND INTENSIVE SEARCH FOR POSSIBLE SUPPLIERS. ESSENTIAL TO BE ON WATCH FOR LOOPHOLES AND TO BLOCK THEM, EG SALES TO NOMINALLY NON-ARGENTINE BUYERS, SUPPLIES "IN ACCORDANCE WITH PREVIOUS CONTRACTS" ETC. WILL MAKE BILATERAL APPROACHES AS NECESSARY.

9. POLITICAL. ARGENTINA MAKING EFFORTS TO OVERCOME INITIAL ISOLATION. PROPAGANDA, MISSIONS TO VARIOUS CAPITALS, DIPLOMATIC ACTIVITY ESPECIALLY IN NEW YORK. SOME SUCCESS, BUT LIMITED MAINLY TO LATIN AMERICA. USSR CRITICAL BUT CAUTIOUS, EAST EUROPEANS VERY RESERVED.

10. DIPLOMATIC SCENE. AT MEETING ON 4 MAY I PUT EMPHASIS ON PERUVIAN PROPOSALS WHICH SOON AFTER WERE DESCRIBED BY BELAUNDE AS "TEMPORARILY IN SUSPENSE". SINCE THEN UN SECRETARY GENERAL THE FOCUS. HIS APPROACH INITIALLY PROCEDURAL, BUT NOW DEEP INTO SUBSTANCE. COMMUNITY BRIEFINGS IN NEW YORK ON 13 AND 14 MAY.

11. ARGENTINE MILITARY STRATEGY? MUST HAVE ABANDONED HOPE OF SUCCESSFUL FAIT ACOMPLI. PROBABLY DO NOT IMAGINE THAT THEY HAVE IT IN THEIR POWER TO PREVENT BRITISH LANDING IF WE SO WISH. AIMS NOW PERHAPS TO MAINTAIN STRONGEST POSSIBLE MILITARY POSITION, KEEPING FORCES INTACT (IE MAINLY AT A DISTANCE) AND RETAINING CONTROL OF FALKLANDS, OR PART OF THEM, OR IN WORST CASE INFLECTING MAXIMUM DAMAGE AND LOSSES IN ORDER TO BE ABLE TO CLAIM AT LEAST PARTIAL VICTORY.

12. ARGENTINE DIPLOMATIC OBJECTIVES? PROBABLY HAVE ABANDONED HOPE OF AN AGREEMENT WHICH WOULD SIMPLY RECOGNISE ARGENTINE SOVEREIGNTY WITH EFFECT EITHER FROM NOW OR FROM SOME FIXED AND EARLY DATE. PRESENT OBJECTIVE PERHAPS:

A) IF POSSIBLE TO SECURE AN AGREEMENT WHICH WOULD ENABLE THEM PHYSICALLY TO ESTABLISH CONTROL OF THE ISLANDS WITHIN A RELATIVELY BRIEF TIME. :

2) FAILING THAT, TO MANOEUVRE SO THAT NEGOTIATIONS APPEAR TO BREAK DOWN ON AN ISSUE WHERE WORLD OPINION WILL HAVE SOME SYMPATHY WITH ARGENTINA.

13. BRITISH OBJECTIVES AS STATED IN PARLIAMENT EG ON 13 MAY.

14. NEXT 3-4 DAYS CRUCIAL. HM AMBASSADORS IN WASHINGTON AND NEW YORK RECALLED FOR CONSULTATIONS. MEETINGS 16 MAY AT CHEQUERS, FOLLOWED POSSIBLY BY OTHERS LATER. I HOPE NO LESS SERIOUS PROCESS OF REFLECTION ON ARGENTINE SIDE.

15. ARGENTINE POSITION HAS OSCILLATED, REFLECTING COMPETING PRESSURES IN BUENOS AIRES, THEIR JUDGEMENT OF MILITARY PROSPECTS ETC - BUT ALSO REFLECTING THEIR ASSESSMENT OF WHAT IS POLITICALLY ATTAINABLE. IT FOLLOWS THAT ANY ARGENTINE PERCEPTION OF BRITISH WEAKNESS MAY AND PROBABLY WOULD REINFORCE HAWKISH TENDENCIES, STIFFEN OBSTINACY AND REDUCE LIKELIHOOD OF AN AGREEMENT. CLEAR FROM ARGENTINE LOBBYING IN NEW YORK THAT THEY AGREE WITH US ON ONE THING: THAT ATTITUDE OF THE TEN IS CRUCIAL.

16. FAILURE TO EXTEND BAN ON IMPORTS, FOR WHATEVER REASON, WOULD SERIOUSLY DAMAGE PROSPECTS FOR PEACEFUL SETTLEMENT, WHICH HAS BEEN AND IS OBJECTIVE OF BRITAIN AND OF THE TEN.

17. I INVITE POLITICAL COMMITTEE TO CONCLUDE THAT REASONS FOR IMPOSING ECONOMIC MEASURES NOT ONLY REMAIN VALID BUT ARE STRONGLY REINFORCED BY FOREGOING CONSIDERATIONS.

JACKSON

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