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-5 JUN 1982

BSB/FCO 002/06

OO FCO DESKBY 060700Z

OO MODUK AIR DESKBY 060700Z

OO WASHINGTON DESKBY 061300Z

OO UKDEL VERSAILLES DESKBY 060800Z

GRS 760

CONFIDENTIAL

FM BRASILIA 060120Z JUNE 82

TO IMMEDIATE FCO DESKBY 060700Z

TELEGRAM NUMBER 252 OF 06 JUNE

AND TO IMMEDIATE MODUK AIR (SIC 19F) AND MODUK (FOR BGS/INT AND  
DIC ARMS CELL) DESKBY 060700Z

INFO IMMEDIATE WASHINGTON DESKBY 061300Z, IMMEDIATE UKDEL VERSAILLES  
(FOR S OF S' PARTY) DESKBY 060800Z

MY TELNO 249 VULCAN DIVERSION

1. I SAW THE FOREIGN MINISTER AT HIS HOME AT 052130Z. THE  
OUTCOME CAN BE SUMMARISED THUS:

(A) RELEASE OF VULCAN. NO RELEASE TILL LEGAL ADVISERS AT  
ITAMARATY AND AIR MINISTRY HAVE PRONOUNCED. NO INDICATION  
OF WHEN THEY MIGHT CONCLUDE THEIR CONSIDERATION, WHICH WILL  
BE RESUMED ON MONDAY.

(B) MISSILE. DEFINITELY NO RELEASE TILL END OF HOSTILITIES.  
MEANWHILE, IT WILL BE KEPT AS SECURE AS POSSIBLE AND, IF FEASIBLE,  
SEALED IN PRESENCE OF MY AIR ATTACHE.

(C) CREW. PRESENT CREW FREE TO STAY OR DEPART FROM BRAZIL.

(B) MISSILE. DEFINITELY NO RELEASE TILL END OF HOSTILITIES. MEANWHILE, IT WILL BE KEPT AS SECURE AS POSSIBLE AND, IF FEASIBLE, SEALED IN PRESENCE OF MY AIR ATTACHE.

(C) CREW. PRESENT CREW FREE TO STAY OR DEPART FROM BRAZIL. SENDING OF REPLACEMENT CREW (SUGGESTED IN YOR TELNO 168) UNACCEPTABLE, AS TOO CONSPICUOUS.

(D) AIRCRAFT SECURITY. MY INSISTENCE ON CONTINUED CREW PRESENCE ON AIRCRAFT WILL BE MADE CLEAR TO AIR MINISTER.

(E) LIBYAN-ARGENTINE AIRBRIDGE THROUGH RECIFE. THE AIRCRAFT REFERRED TO IN MY BOUT DE PAPIER (MY TELNO 250) HAD BEEN INSPECTED BY THE COMPETENT SERVICES, AND NO ARMS FOUND. (I DOUBT THIS)

(F) ARMS FROM BRAZIL. BRAZIL REFUSED TO ALLOW TRIANGULAR ARMS DEALS FOR ARGENTINA I.E. SHE WOULD NOT ALLOW BRAZILIAN ENTITIES TO ORDER ARMS ON BEHALF OF ARGENTINA. BUT TO MAKE UP FOR THIS SHE DID PERMIT SALES OF BRAZILIAN ARMAMENTS, WHICH WERE LESS INTERESTING TO ARGENTINA.

2. I BEGAN BY HANDING OVER THE BOUT DE PAPIER (AS AMENDED BY YOUR TELNO 168) GUERREIRO STUDIED IT IN SILENCE. HE THEN LAUNCHED INTO A LENGTHY APOLOGIA OF BRAZIL'S DELICATE RELATIONSHIP WITH ARGENTINA. HE SAID CANDIDLY THAT BRAZIL HAD TO GIVE ARGENTINA SOMETHING OF WHAT SHE WANTED IN ORDER TO CONSERVE THE GOOD RELATIONS BUILT UP SO LABORIOUSLY. ARGENTINA WAS A BOMB THEY WANTED TO DEFUSE RATHER THAN KICK. HE WOULD NOT BE DRAWN ON THE TIMING OF THE LEGAL STUDY, OR ITS LIKELY OUTCOME. HOWEVER, HE DID ADMIT THAT THE "HOSTILITIES" DURING WHICH THE VULCAN MIGHT BE RETAINED HERE, WERE ESSENTIALLY THE LAND BATTLE ON THE FALKLANDS.

3. I TOLD GUERREIRO THAT IT WAS ALL VERY WELL FOR BRAZIL TO CONCENTRATE ON ARGENTINE REACTIONS, WHICH WE ALL KNEW TO BE UNPREDICTABLE. BUT THE BRAZILIAN GOVERNMENT MUST REALISE THAT AN ISSUE OF THIS KIND, COMING AT THE CRITICAL TIME IT DID, AROUSED VERY STRONG FEELINGS IN BRITAIN IT WAS BEING REGARDED AS A LITMUS-TEST OF BRAZILIAN EVEN-HANDEDNESS.

THE VOLTE FACE YESTERDAY, WHEN ALL HAD SEEMED TO BE SATISFACTORILY SETTLED IN THE LIGHT OF THE AIR MINISTER'S NOTE OF 3 JUNE (MY TELNO 239), HAD CAUSED SHOCKWAVES IN LONDON. AS THE PUS HAD TOLD CAMPOS (YOUR TELNO 169) THE BRAZILIAN

SETTLED IN THE LIGHT OF THE AIR MINISTER'S NOTE OF 3 JUNE (MY TELNO 239), HAD CAUSED SHOCKWAVES IN LONDON. AS THE PUS HAD TOLD CAMPOS (YOUR TELNO 169), THE BRAZILIAN AUTHORITIES SHOULD BE IN NO DOUBT AS TO THE SERIOUSNESS WITH WHICH WE REGARDED THE REVERSAL OF THE INITIAL DECISION TO RELEASE THE AIRCRAFT.

4. ON THE SALES OF BRAZILIAN ARMS AND MILITARY EQUIPMENT TO ARGENTINA, I TOLD GUERREIRO THAT PARTICULAR EXCEPTION WOULD BE TAKEN TO THE EXPORT OF CERTAIN KEY ITEMS, FOR INSTANCE A SUBMARINE, AND REMINDED HIM OF HIS ASSURANCE TO ME AT THE START OF THE CONFLICT THAT NOTHING "DECISIVE" WOULD BE PROVIDED TO ARGENTINA. GUERREIRO REPEATED THIS ASSURANCE. SOME BANDEIRANTE MARITIME RECONNAISSANCE AIRCRAFT HAD BEEN MADE OVER; AND THE ARGENTINES MIGHT ASK FOR XAVANTE TRAINERS, WHICH COULD BE CONVERTED TO A GROUND-SUPPORT ROLE. BUT NOTHING LIKE A SUBMARINE WOULD BE HANDED OVER. BRAZIL HAD BARELY ENOUGH MAJOR ARMAMENTS FOR ITS OWN PURPOSES.

5. GUERREIRO AND RICUPERO, WHO WAS PRESENT, WERE UNCONVINCING ON THE ALLEGED SEARCHING OF ONE OF THE ARGENTINE FLIGHTS THROUGH RECIFE, AND THE APPARENTLY NON-MILITARY NATURE OF ITS CARGO. THEY DISMISSED THE NEWSPAPER REPORTS. I SAID THAT THE REPORTS MERELY CORROBORATED DETAILED INFORMATION IN OUR POSSESSION. I ASKED WHETHER THE AUTHORITIES WOULD HAVE IMPOUNDED MILITARY EQUIPMENT IF IT HAD COME TO LIGHT. GUERREIRO HESITATED AND THEN SAID THAT THEY WOULD BE UNLIKELY TO IMPOUND SUCH EQUIPMENT BUT WOULD PROBABLY TAKE MEASURES TO DISCOURAGE SUCH TRAFFIC. I ASKED IF THE HAGUE RULES WOULD NOT APPLY IN SUCH A CASE. GUERREIRO AVOIDED COMMENT AND LOOKED UNCOMFORTABLE.

6. FINALLY I PUT IT TO GUERREIRO THAT HE SEEMED TO BE SAYING THAT THE VULCAN WAS BEING USED AS A PROPITIATORY OFFERING TO ARGENTINE -BRAZILIAN RELATIONS. HE DID NOT DENY THIS. I SAID THAT WE HOPED THAT OUR STRONG REPRESENTATIONS, BOTH HERE AND IN LONDON, WOULD CAUSE THE BRAZILIANS TO CHANGE THEIR MINDS. GUERREIRO SAID THAT THEY WOULD CERTAINLY BE GIVEN DUE WEIGHT.

7. IN FACT, I THINK THAT THE LAST PARAGRAPH OF THE BOUT DE PAPIER WILL HAVE A CHILLING EFFECT ON THE BRAZILIANS. BUT I AM NOT CONFIDENT THAT THEY WILL ALLOW THE VULCAN TO DEPART UNTIL FIGHTING ON THE FALKLANDS HAS ENDED.