

ADVANCE COPIES: FALKLAND ISLANDS GENERAL (39)

PS
PS/MR HURD
PS/MR GNSLOW
PS/PJS
MR BULLARD
SIR I SINCLAIR
MR GIFFARD
MR WRIGHT
MR ADAMS
LORD N G LENNOX
LORD BRIDGES
MR URE
MR GILLMORE
HD/PUSD (2)
HD/S AM D
HD/DEF DEPT
HD/NEWS DEPT
HD/EPD
HD/ECD(2)
HD/UND

HD/PLANNING STAFF
~~MR ANTHONY WILLIAMS W60~~
EMERGENCY ROOM ✓
~~RESIDENT CLERK~~

~~PS/NO 10 DOWNING ST (2)~~
PS/S OF S FOR DEFENCE
MR J STEWART AUSD STAFF MOD
PS/CHANCELLOR)
MR ILETT) TREASURY
MR LITTLER)
SIR R ARMSTRONG)
SIR M PALLISER) CABINET
MR WADE-GERY) OFFICE
MR FULLER SAPU/DIO)
DIO)
RM 8 FOR MODUK C IN C FLEET

Miss Dickson, D/ENERGY

ADVANCE COPY

[Passed to E.R.]
[Typists a.a.]

Hq Wex

CONFIDENTIAL

FM ROME 030850Z JUN 82

TO PRIORITY FCO

TELEGRAM NO. 296 OF 03 JUN 82

SAVING FOR INFO WASHINGTON, PARIS, BONN, UKMIS NEW YORK, BIS BUENOS AIRES, OTTAWA

MY TELEGRAM NO. 285 (NOT TO OTTAWA): FALKLANDS: ITALIAN REPORTING ON ARGENTINA

1. BARBARANI HAS SHOWN US FURTHER TELEGRAMS FROM BUENOS AIRES.
2. KOCIANCICH INTERPRETS THE CALL BY THE SOVIET AMBASSADOR ON GALTIERI ON 30 MAY AS FURTHER EVIDENCE THAT THE JUNTA ARE SEEKING TO IMPROVE THEIR RELATIONS WITH THE USSR. HE NOTES ALSO THAT THE CANADIAN AMBASSADOR, FULFORD, IS LEAVING AT ARGENTINE REQUEST: KOCIANCICH'S EXPLANATION IS THAT THE CANADIAN GOVERNMENT HAVE BEEN SLOW IN GRANTING AGREEMENT FOR THE NEW ARGENTINE AMBASSADOR DESIGNATE (A MILITARY OFFICER) AND THAT FULFORD MADE RASH PRO-BRITISH STATEMENTS ON RETURN FROM CONSULTATIONS ON OTTAWA.
2. ON THE ARGENTINE ECONOMY, KOCIANCICH ESTIMATES THAT THE CANCEL-

ON THE ARGENTINE ECONOMY, KOCIANCICH ESTIMATES THAT THE CANCEL-
LATION OF AIR AGREEMENTS WITH AIR FRANCE, KLM, LUFTHANSA, AND
BRITISH CALEDONIAN WILL AFFECT 20 PER CENT OF ARGENTINA'S SERVICES,
ADDINT THAT SOME OF THIS TRAFFIC SHOULD GO TO ALITALIA AND IBE.
THE SEARCH FOR OTHER EXPORT MARKET^S DO COMPENSATE THOSE LOST IN
EUROPE IS PROVING DIFFICULT. AN ATTEMPT IS UNDER WAY TO INCREASE
THE VOLUME OF TRADE WITH THE ANDEAN PACT (IN 1980 ARGENTINE'S
EXPORTS THEN WERE DOLLARS 370 MILLION AND IMPORTS DOLLARS 505
MILLION) BUT KOCIANCICH SEES LITTLE SCOPE FOR INCREASE. IMPORT
TARIFFS ON LATIN AMERICAN GOODS HAVE BEEN REDUCED BY 20 PER CENT.
FOR ALL IMPORTS EXCEPT THOSE FROM LATIN AMERICA A NEW REGULATION
INSISTS ON CREDIT OF AT LEAST 180 DAYS.

3. FINALLY, KOCIANCICH SPECULATES ON DEVELOPMENTS AFTER THE RE-
CAPTURE BY BRITAIN OF THE FALKLANDS (WHICH HE SEES AS INEVIT-
ABLE). HIS ARGUMENT RUNS AS FOLLOWS:

A) THE WIDE SUPPORT FOR GALTIERI ON THIS ISSUE, EVEN FROM HIS
POLITICAL OPPONENTS, SHOWS HOW THE WHOLE OF ARGENTINA AND INDEED
LATIN AMERICA ACCEPT ARGENTINE'S CLAIM TO SOVEREIGNTY OVER THE
FALKLANDS.

B) WHATEVER GOVERNMENT EMERGES IN ARGENTINA AFTER THE DEFEAT, IT
CANNOT RENOUNCE THE CLAIM TO SOVEREIGNTY.

C) IT WOULD THEREFORE BE A GRAVE MISTAKE FOR BRITAIN TO RULE OUT
THE POSSIBILITY OF NEGOTIATIONS IN THE LONGER TERM. THE PRACTICAL
DIFFICULTIES OF MAINTAINING A BRITISH GARRISON ON THE FALKLANDS ARE
ENORMOUS, AND THE IDEA OF A SECURITY PACT INVOLVING OTHER STATES
OF THE REGION IS UNREALISTIC.

D) ITALY AND THE WEST SHOULD THEREFORE MAKE CLEAR THAT SUPPORT FOR
BRITAIN DOES NOT IMPLY DENIAL OF THE NEED FOR RENEWED NEGOTIATIONS
ONCE THE ARGENTINE TROOPS HAVE WITHDRAWN.

E) A DISTINCTION MUST BE DRAWN BETWEEN THE PRESENT REGIME AND THE
ARGENTINE PEOPLE. A BRITISH STATEMENT OF WILLINGNESS TO NEGOTIATE
WITH A MORE DEMOCRATIC ARGENTINE REGIME MIGHT EVEN ASSIST A RETURN
TO DEMOCRATIC RULE AFTER GALTIERI'S FALL (BARBARANI WAS VERY
SCEPTICAL ABOUT THIS LAST POINT).

4. WE DREW ON RECENT MINISTERIAL STATEMENTS TO EXPLAIN TO BARBARANI
BRITAIN'S ATTITUDE TO NEGOTIATIONS, STRESSING THAT FULL
ARGENTINE WITHDRAWAL REMAINED A PRECONDITION.
FCO PLEASE PASS SAVING ADDRESSEES.

ARCULUS

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