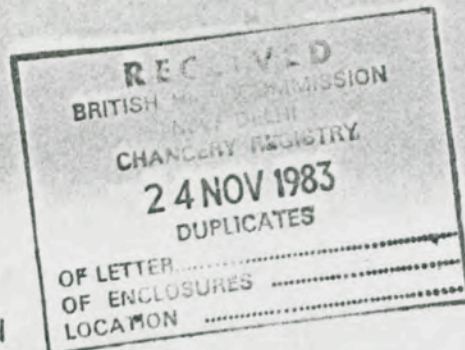


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DD 240300Z DELHI
GRS 417

CONFIDENTIAL

DESKBY 240300Z

FM FCO 231630Z NOV 1983

TO IMMEDIATE DESKBY NEW DELHI

TELEGRAM NUMBER 881 OF 23 NOVEMBER

CONFIDENTIAL

FOLLOWING FOR PS TO PRIME MINISTER: FOR PRIVATE SECRETARY: AND
FOR PUS

SITUATION REPORT 22/23 NOVEMBER

CYPRUS

1. ON 22 NOVEMBER 1983 POCO FOREIGN MINISTERS ASKED THE COMMISSION TO EXAMINE THE POSSIBLE CONSEQUENCES FOR EC TRADE WITH NORTHERN CYPRUS OF TURKISH CYPRIOT UDI. ANY DECISIONS BY EC MINISTERS WOULD BE TAKEN IN THE LIGHT OF THIS. IN PRACTICE IT WILL PROBABLY MEAN WITHDRAWAL OF PREFERENTIAL TREATMENT FOR EXPORTS FROM NORTHERN CYPRUS FOR THE EC.

BRAZIL

2. BRAZIL'S REQUEST FOR A REVISED IMF PROGRAMME (AN EXTENDED FUND FACILITY OF 4.6 BN DOLLARS) AND FOR A BUFFER STOCK DRAWING FOR 58 M DOLLARS WERE APPROVED BY THE IMF EXECUTIVE BOARD ON 22 NOVEMBER. THIS WILL RELEASE IMMEDIATELY 673 M DOLLARS UNDER OF THE BIS BRIDGING LOAN. THE DEPUTY MD SAID THAT THE COMMERCIAL BANKS HAD PLEDGED SUFFICIENT NEW MONEY FOR THE PROGRAMME TO GO AHEAD. COMMITMENTS OF 5.865 BILLION DOLLARS HAD BEEN PLEDGED OUT OF THE 6.5 BILLION DOLLARS TOTAL. THE MD EXPRESSED CONFIDENCE THAT THE 2.5 BILLION DOLLARS SOUGHT FROM GOVERNMENTS 'WOULD BE FORTHCOMING' BUT DID NOT GO INTO DETAILS OF INDIVIDUAL COUNTRY CONTRIBUTIONS. THE PARIS CLUB REACHED AGREEMENT WITH BRAZIL TODAY (23 NOVEMBER) ON BRAZIL'S REQUEST FOR RETRUCTURING OF HER 1983/4 DEBT.

LEBANON

3. IN AN EXCHANGE BETWEEN THE LEBANESE ARMY AND SHIA IN SOUTHERN BEIRUT ON 22 NOVEMBER ONE ROCKET PROPELLED GRENADE MISSED ITS TARGET AND DETONATED ON THE ROCKET SCREEN SURROUNDING BRITFORLEB HQ. THERE WERE NO CASUALTIES AND NO RESPONSE FROM BRITFORLEB. HMS GLAMORGAN AND HMS BRAZEN ARRIVED OFF BEIRUT YESTERDAY AND HAVE TAKEN UP POSITIONS 15 NAUTICAL MILES OFF COAST (OUTSIDE LEBANESE TERRITORIAL WATERS).


4. THERE HAS BEEN A LULL IN THE FIGHTING IN TRIPOLI, BUT REBEL FORCES ARE REPORTED IN NORTHERN OUTSKIRTS OF THE CITY WITHIN HALF A MILE OF ARAFAT'S HQ. THE REBEL LEADER HAS THREATENED TO ENTER THE CITY IN FORCE UNLESS ARAFAT LEAVES WITHIN THREE DAYS. THE LOYALISTS HAVE BEEN MOVING ARTILLERY TO NEW POSITIONS WITHIN TRIPOLI TO COUNTER AN EXPECTED FINAL ATTACK. THE DOMINANT LOCAL MILITIA (ISLAMIC FUNDAMENTALIST) IS NOW APPARENTLY FULLY INVOLVED ON THE SIDE OF THE LOYALISTS AND IS BUILDING BARRICADES. DIPLOMATIC EFFORTS TO STOP THE FIGHTING CONTINUE. THE SAUDI FOREIGN MINISTER MET HIS SYRIAN OPPOSITE NUMBER IN DAMASCUS ON 22 NOVEMBER. THE NAM DELEGATION HAVE ALSO ARRIVED IN DAMASCUS. THE PLO 'FOREIGN MINISTER' FAROUK QADDOUMI (LOYALIST) HAS GONE TO MOSCOW FOR TALKS.

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CYPRUS

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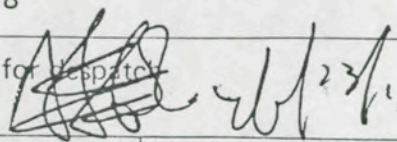
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 CLASS 3 CONFIDENTIAL
 CAVEATS 4
 DESKBY 5 DESKBY 2330Z 240300Z
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 10 FOLLOWING FOR PS TO PRIME MINISTER; FOR PRIVATE SECRETARY; AND
 11 FOR PUS
 12 Situation Report 22/23 November
 13 Cyprus
 14 1. On 22 November 1983 PoCo Foreign Ministers asked ^{the} Commission
 15 to examine ^{the} possible consequences for EC trade with Northern
 16 Cyprus of Turkish Cypriot UDI. Any decisions by EC Ministers
 17 would be taken in the light of this. In practice it will
 18 probably mean withdrawal of preferential treatment for exports
 19 from northern Cyprus for the EC.
 20 Brazil
 21 2. Brazil's request for a revised IMF programme (an Extended
 22 Fund Facility of 4.6 bn dollars) and for a buffer stock drawing
 23 for 58 m dollars were approved by the IMF Executive Board on
 24 22 November. This will release immediately 673 m dollars under
 25 the Extended Fund Facility. This will in turn permit repayment

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OUT TELEGRAM (CONT)

Classification and Caveats
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2 of the BIS bridging loan. The Deputy MD said that the commercial
3 banks had pledged sufficient new money for the programme to go
4 ahead. Commitments of 5.865 billion dollars had been pledged out
5 of the 6.5 billion dollars total. The MD expressed confidence
6 that the 2.5 billion dollars sought from governments 'would be
7 forthcoming' but did not go into details of individual country
8 contributions. ~~The Paris Club is meeting today to consider~~
9 ~~Brazil's request for restructuring of her 1983/84 debt.~~
10 Lebanon *(The Paris Club reached agreement with Brazil today (23*
November) on Brazil's request for restructuring of her 1983/4 debt
11 3. In an exchange between ^{the} Lebanese Army and Shia in Southern
12 Beirut on 22 November one rocket-propelled grenade missed its
13 target and detonated on the rocket screen surrounding BRITFORLEB
14 HQ. ^{There were} ~~NO~~ casualties and no response from BRITFORLEB. HMS Glamorgan
15 and HMS Brazen arrived off Beirut yesterday and have taken up
16 positions 15 nautical miles off coast (outside Lebanese
17 territorial waters).
18 4. There has been a lull in the fighting in Tripoli, but rebel
19 forces are reported in Northern outskirts of the city within
20 half a mile of Arafat's HQ. The rebel leader has threatened to
21 enter ^{the} city in force unless Arafat leaves within three days. The
22 loyalists have been moving artillery to new positions within
23 Tripoli to counter expected ^{an} final attack. The dominant local
24 militia (Islamic fundamentalist) is now apparently fully involved
25 on the side of the loyalists and is building barricades.
26 Diplomatic efforts to stop the fighting continue. The Saudi
27 Foreign Minister met his Syrian opposite number in Damascus on
28 22 November. The NAM Delegation have also arrived in Damascus.
29 The PLO "Foreign Minister" Farouk Qaddoumi (loyalist) has gone
30 to Moscow for talks.

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