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No. to Rhin

PRIME MINISTER

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c Sir Robert Armstrong

Falklands: OD(SA) 1st July

Situation in the South Atlantic

General Bignone is due to be installed as President of the Argentine tomorrow. It will thus be too early to assess how stable the new Argentine Government is likely to be or what policies it is likely to pursue on the Falklands dispute. You may nevertheless like to ask the Foreign and Commonwealth Secretary to report on the situation in Buenos Aires and on the state of international opinion in the aftermath of the apparent cessation of hostilities. Are there, for example, any signs of pressure on us from any of our principal allies to resume negotiations with Argentina in the near future? What are the prospects at the United Nations?

2. The Foreign and Commonwealth Secretary might also be asked to report on progress towards the rehabilitation of the Islands following Mr Rex Hunt's return. You may wish to establish that no urgent work is being held up because of funding difficulties.

See attached minutes.

Argentine Prisoners

3. Both the Foreign and Commonwealth Secretary and the Defence Secretary are anxious to resolve the problem of what to do with the 560 remaining Argentine prisoners. The Foreign and Commonwealth Secretary believes that the longer we retain the prisoners now that active hostilities have ceased the greater the risk of incurring international criticism that we are holding them for (unjustifiable) political purposes. The Chief of the Defence Staff should be asked where the prisoners now are: are they on their way to Ascension?

4. Up to now we have been making Argentine acceptance that there has been a complete cessation of hostilities ~~and~~ the price for repatriating the prisoners. The Foreign and Commonwealth Secretary may wish to suggest that we should now lower this price; ie that we should offer through the Swiss to repatriate the prisoners in return for

a. Argentine acknowledgement that active hostilities are at an end; and

b. Argentine willingness to return Flight Lieutenant Glover.

This would seem sensible on both political and practical grounds: there is no reason to believe that General Bignone's Government will be ready to make a public statement that hostilities are definitively at an end; but they might be willing to acknowledge that active hostilities are over or at least to allow a unilateral statement to this effect by the United Kingdom to go unchallenged. It is in any case doubtful whether the degree of leverage which retaining the prisoners might give us would outweigh the practical and other difficulties involved in bringing them back to the United Kingdom.

Rules of Engagement

5. The Rules of Engagement have been modified in accordance with the note by officials circulated on 25th June (OD(SA)(82) 68). But the public announcement annexed to that note has not yet been made; and the Defence Secretary is considering a lower key announcement in the form of Notices to Mariners and to Airmen reminding them that the Total Exclusion Zone remains in force. He may wish to seek the views of his colleagues on this.

ADD Goodall
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30th June 1982

A D S GOODALL