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Falkland Islands Situation Report, No. 1

The Argentines are continuing to occupy the Falkland Islands after successfully taking them this morning. A military governor has been appointed to administer the islands.

Argentine press reports indicate that some 2,000 to 3,000 troops are on the islands, and that 10 to 15 naval ships in the area include the country's only aircraft carrier as well as several guided missile destroyers, frigates, corvettes, transports and amphibious craft, and at least one submarine. Military authorities in Buenos Aires report having taken only three Argentine casualties and no casualties by the Royal Marine defenders.

CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence

FALKLAND ISLANDS
SITUATION REPORT # 1

A large crowd gathered at over 10,000 cheered President Galtieri as he left the Presidential palace following his speech to the nation this afternoon. Galtieri asserted that the invasion was necessary to ensure the permanent sovereignty of the islands. In an interview following the speech, the President suggested that Argentina might be willing to open a dialogue with the British.

The British Response

The British Government yesterday broke diplomatic relations with Argentina, and tomorrow Prime Minister Thatcher will make a parliamentary statement on the crisis--Parliament's first session

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TOP SECRETFalkland Islands Situation Report, No. 1 Information as of 1930, 2 April 1982

The Argentines are continuing to secure the Falkland Islands after successfully taking them this morning. A military governor has been appointed to administer the islands. [REDACTED]

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Argentine press reports indicate that some 4,000 to 5,000 troops are on the islands, and the 10 to 14 naval ships in the area include the country's only aircraft carrier as well as several guided missile destroyers, frigates, corvettes, transport and amphibious craft, and at least one submarine. Military authorities in Buenos Aires Report having taken only three Argentine casualties and no casualties by the Royal Marine defenders. [REDACTED]

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Argentine Domestic Reaction

A large crowd--estimated at over 10,000--cheered President Galtieri as he left the Presidential palace following his speech to the nation this afternoon. Galtieri asserted that the invasion was brought on by Britain's "unending succession of evasive and dilatory tactics" aimed at retaining control of the islands. In an interview following the speech, the President suggested that Argentina might now consider opening a dialogue with the British. [REDACTED]

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The British Response

The British Government yesterday broke diplomatic relations with Argentina, and tomorrow Prime Minister Thatcher will make a Parliamentary statement on the crisis--Parliament's first weekend

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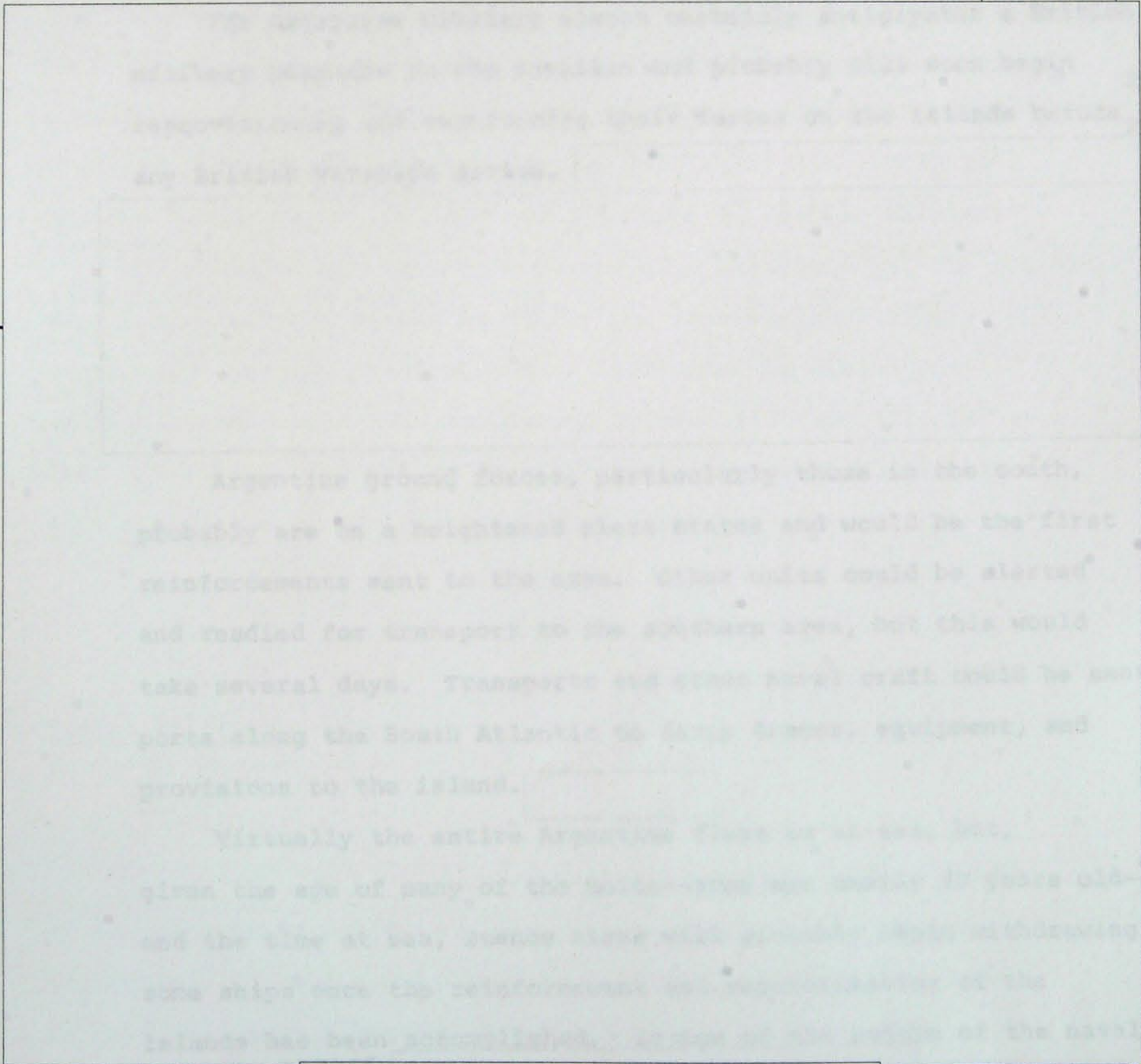
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session since the 1956 Suez crisis. She will probably call for a peaceful settlement but only on the basis of Argentine withdrawal from the islands. In the light of possible casualties to British personnel and intense back-bench pressures, however, she will strongly reaffirm London's determination to meet the Argentine invasion with force, if necessary. To do otherwise would provoke a revolt within the Conservative Party, strong criticism from the opposition, and a public outcry that could combine to bring down the government.

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Reactions to the invasion of the Falkland Islands have been sparse. The Uruguayan Foreign Minister publicly said

Argentine Military Activity

The Argentine military almost certainly anticipates a British military response to the invasion and probably will soon begin reprovisioning and reinforcing their forces on the islands before any British warships arrive.

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Argentine ground forces, particularly those in the south, probably are on a heightened alert status and would be the first reinforcements sent to the area. Other units could be alerted and readied for transport to the southern area, but this would take several days. Transports and other naval craft could be sent to ports along the South Atlantic to ferry troops, equipment, and provisions to the island.

Virtually the entire Argentine fleet is at sea, but, given the age of many of the units--some are nearly 40 years old--and the time at sea, Buenos Aires will probably begin withdrawing some ships once the reinforcement and reprovisioning of the islands has been accomplished. In view of the nature of the naval

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forces the British are preparing to send to the Falklands, we do not believe the Argentines would fare well in a full-scale naval engagement.

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Latin American Reactions

Reactions to the invasion from Latin American countries has thus far been sparse. The Uruguayan Foreign Minister publicly made clear his country's continued support for the Argentine position on the Falklands, and he stated that he was doing so at the direction of President Alvarez. The Brazilian Government has not formally issued a statement. While President Figueiredo has supported Argentina's claim to the islands in the past, the Brazilians are likely to deplore Buenos Aires' decision to use force to resolve the issue.

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The Chileans have not made an official statement but are concerned that London will be unable to muster the international support required to justify a counterattack sufficient to dislodge a well-entrenched Argentine occupation force. Santiago also believes that Galtieri's response to the diplomatic impasse could signal similar tactics to deal with the Beagle Channel controversy.

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Soviet Reaction

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TASS described the islands as "a disputed territory," thus recognizing an Argentine interest. Nonetheless, on the eve of the invasion the Soviets agreed to a UN call for maximum restraint by both sides.

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The Soviet position is consistent with efforts to improve relations with Argentina since it helped the Soviets overcome the 1980-81 US grain embargo. If Britain forces a Security Council vote, the Soviets are likely to veto any condemnation of Argentina, but they will work behind the scenes to avoid such a showdown.

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SALTLAND ISLANDS
SITUATION REPORT #2

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