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TO IMMEDIATE F C O

TELEGRAM NUMBER 1565 OF 2 MAY

INFO IMMEDIATE UKMIS NEW YORK (PERSONAL FOR AMBASSADOR)

FOLLOWING FROM PRIVATE SECRETARY FOR PUS AND PRIVATE SECRETARY:

FALKLANDS: SECRETARY OF STATE'S VISIT TO WASHINGTON

1. THE SECRETARY OF STATE HAD A PRIVATE DISCUSSION WITH HAIG FOR TWO HOURS THIS MORNING, 2 APRIL. NO-ONE ELSE WAS PRESENT.

MILITARY

2. PRESIDENT REAGAN HAD SPOKEN TO MR HAIG BY TELEPHONE TODAY AND SAID THAT THE UK FORCES WERE QUOTE DOING THE WORK OF THE FREE WORLD UNQUOTE, WHICH WOULD BE STRENGTHENED BY A BRITISH VICTORY. HAIG ADDED THAT THE PRESIDENT AND HE HAD GREAT CONFIDENCE IN THE TASK FORCE AND WERE DELIGHTED WITH YESTERDAY'S EVENTS. HAIG ADDED THAT A LARGE SCALE LANDING ON THE ISLANDS WOULD BE UNNECESSARY (AND BY IMPLICATION VERY RISKY) ONCE WE HAD ESTABLISHED CONTROL OVER THE TAZ: WE COULD DO ALL THE DAMAGE WE WANTED TO WITHOUT A MAJOR ASSAULT.

3. HAIG WENT OUT OF HIS WAY TO EXPLAIN: ~~~~~~

3. HAIG WENT OUT OF HIS WAY TO EXPLAIN THAT WE SHOULD NOT TAKE LITERALLY A PUBLIC STATEMENT BY PRESIDENT REAGAN TO THE EFFECT THAT US MILITARY SUPPORT FOR THE UK WOULD BE WITHIN THE CONTEXT OF

US MILITARY SUPPORT FOR THE UK WOULD BE WITHIN THE CONTEXT OF EXISTING AGREEMENTS. THIS WAS SIMPLY NOT SO. THE AMERICANS WERE KEEN THAT OUR MILITARY EFFORTS SHOULD SUCCEED AND THEY WERE THEREFORE READY TO GIVE MORE EXTENSIVE SUPPORT THAN THAT COVERED BY EXISTING AGREEMENTS. HAIG OFFERED TO SPEAK TO WEINBERGER IF THIS WOULD HELP, ALTHOUGH HE WAS SURE THAT THE SECRETARY OF DEFENSE WOULD GIVE US EVERY POSSIBLE ASSISTANCE.

4. THE SECRETARY OF STATE WELCOMED THIS. HE EXPLAINED OUR THINKING IN GENERAL TERMS AND IT WAS LEFT THAT THE DETAILS WOULD BE FOLLOWED UP BY OFFICIALS THROUGH THE APPROPRIATE CHANNELS.

S E C R E T

15. THE

5. THE SECRETARY OF STATE MENTIONED OUR CONCERN ABOUT POSSIBLE VENEZUELAN ACTIONS AGAINST THE FLEET. HAIG REPLIED THAT HE MIGHT HAVE TO BECOME DIRECTLY INVOLVED IN THIS QUESTION TO DISCOURAGE THE VENEZUELAN. HE THOUGHT HOWEVER THAT THERE WAS STILL PLENTY OF TIME TO DECIDE WHAT ACTION TO TAKE.

6. SECRETARY OF STATE REMINDED HAIG THAT IF THE MILITARY OPERATIONS WERE PROLONGED, THE PROBLEM OF AIR COVER WOULD INCREASE. HE SUGGESTED TO HAIG (WITHOUT MAKING ANY SPECIFIC MENTION OF AIRCRAFT CARRIERS) THAT HE MIGHT GIVE SOME PRELIMINARY THOUGHT TO THE QUESTION.

ECONOMIC

7. THE SECRETARY OF STATE EMPHASISED THE IMPORTANCE WE ATTACHED TO THE AMERICANS TAKING ACTION AGAINST IMPORTS FROM ARGENTINA, AS OUR EC PARTNERS HAD DONE. THE PRIME MINISTER WAS THINKING OF WRITING TO PRESIDENT REAGAN TO THANK HIM FOR HIS SUPPORT AND TO MAKE THE SAME POINT. HAIG MADE NO COMMITMENT ON SUBSTANCE, BUT VOLUNTEERED TO TAKE ACTION IN EUROPEAN CAPITALS (AND PARTICULARLY ROME) IF THIS WOULD BE HELPFUL IN GETTING THE EMBARGO EXTENDED. HE WOULD EMPHASISE THE IMPORTANCE OF WHAT THE AMERICANS HAD OFFERED TO DO BY WAY OF SUPPORT IN THE MILITARY FIELD.

DIPLOMATIC

8. HAIG MADE IT CLEAR THAT, WHILE HE DID NOT WANT TO CUT ACROSS OUR MILITARY ACTIONS (WHICH HE AGAIN ACKNOWLEDGED TO HAVE AN ESSENTIAL PART IN THE BUILDING UP OF PRESSURE), HE REMAINED CONCERNED THAT THE US SHOULD HAVE A CENTRAL ROLE IN NEGOTIATIONS FOR A SETTLEMENT. THE PRESIDENT ATTACHED IMPORTANCE TO THIS FOR AMERICA. (IT WAS CLEAR ALSO

CONCERNED THAT THE US SHOULD HAVE A CENTRAL ROLE IN NEGOTIATIONS FOR A SETTLEMENT. THE PRESIDENT ATTACHED IMPORTANCE TO THIS BECAUSE OF THE US POSITION IN LATIN AMERICA. (IT WAS CLEAR ALSO FROM WHAT I WAS TOLD IN CONFIDENCE BY EAGLEBURGER THAT HAIG ATTACHES CONSIDERABLE IMPORTANCE TO HIS PERSONAL ROLE).

9. HAIG THEN EXPLAINED THE OUTLINE OF A POSSIBLE DIPLOMATIC SOLUTION, WHICH HAD ORIGINATED IN A PERUVIAN INITIATIVE, BUT HAD BEEN MODIFIED BY THE AMERICANS IN THE LIGHT OF THEIR KNOWLEDGE OF OUR POSITION.

THE BASIC ELEMENTS WOULD COMPRISE:

(I) AN IMMEDIATE CEASEFIRE

(II) A MUTUAL WITHDRAWAL OF FORCES:

(III) THE INVOLVEMENT OF THIRD PARTIES ON A TEMPORARY BASIS IN THE ADMINISTRATION OF THE ISLANDS:

(IV) ACCEPTANCE BY BOTH PARTIES OF THE FACT THAT A DISPUTE OVER SOVEREIGNTY EXISTS:

(V) ACKNOWLEDGEMENT THAT THE VIEWS AND INTERESTS OF THE ISLANDERS MUST BE TAKEN INTO ACCOUNT IN REACHING A DEFINITIVE SETTLEMENT:

(VI) A CONTACT GROUP OF BRAZIL, PERU, THE FRG AND THE UNITED STATES WOULD BE FORMED, AND

(VII) A DEFINITIVE AGREEMENT WOULD HAVE TO BE REACHED BY 30 APRIL 1983, FOR WHICH THE CONTACT GROUP WOULD BE RESPONSIBLE.

10. HAIG ARGUED THAT AN AGREEMENT ON THESE BROAD LINES WOULD AMOUNT TO A HUMILIATION FOR ARGENTINA, BUT MIGHT BE ACCEPTABLE TO THE JUNTA AS OUR MILITARY PRESSURE INCREASED. PRESIDENT BELLAUSENA HAD DISCUSSED THESE IDEAS WITH GALTIERI LAST NIGHT (THE US AMBASSADOR AT LIMA HAD BEEN IN THE ROOM AT THE TIME) AND THE AMERICANS HAD HEARD THIS MORNING VIA ECSTA MENDEZ THAT ARGENTINA MIGHT BE ABLE TO ACCEPT SOMETHING LIKE THEM.

11. THE SECRETARY OF STATE MADE IT CLEAR THAT WE WERE NOT AT THE DRAFTING STAGE, BUT IT MIGHT WELL BE THAT SOMETHING ON THESE LINES COULD PROVE USEFUL AT THE APPROPRIATE TIME. FURTHER PRESSURE ON ARGENTINA WOULD BE NEEDED BEFORE THEY WERE LIKELY TO AGREE TO OUR BASIC REQUIREMENTS. HAIG AGREED THAT THIS WAS ESSENTIAL - HE NEEDED ANOTHER DAY LIKE YESTERDAY. MR PYM ADDED THAT IT WOULD, OF COURSE, BE ESSENTIAL FROM OUR POINT OF VIEW THAT THE US SHOULD BE A MEMBER OF THE CONTACT GROUP (THE ARGENTINES HAVE APPARENTLY OBJECTED AND PROPOSED CANADA INSTEAD) AND THAT THEY SHOULD GUARANTEE THE SETTLEMENT. HE ADDED THAT IT WAS VERY UNLIKELY THAT PARLIAMENT WOULD ACCEPT ANY CHANGE IN THE STATUS quo OVER SOUTH GEORGIA AFTER ITS SUCCESSFUL RECAPTURE, AND THAT ANY SUCH

OBJECTED AND PROPOSED CANADA INSTEAD) AND THAT THEY SHOULD GUARANTEE THE SETTLEMENT. HE ADDED THAT IT WAS VERY UNLIKELY THAT PARLIAMENT WOULD ACCEPT ANY CHANGE IN THE STATUS QVO OVER SOUTH GEORGIA AFTER ITS SUCCESSFUL RECAPTURE, AND THAT ANY SUCH AGREEMENT SHOULD BE SEEN AS APPLYING TO THE FALKLAND ISLANDS ONLY.

12. HAIG TOOK NOTE, AND AGREED THAT IT WAS TOO EARLY TO BRING ANY GREATER PRECISION TO THE DISCUSSIONS. MEANWHILE HE HOPED (AND THE SECRETARY OF STATE AGREED) THAT HE WOULD NOT GET EMBROILED IN THE UNITED NATIONS.

13. THE SECRETARY OF STATE WILL WISH TO DISCUSS THIS WITH THE P.M. AS SOON AS POSSIBLE ON RETURN.

HENDERSON

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