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10 DOWNING STREET

From the Private Secretary

13 May 1982

Dear Brian,

FALKLAND ISLANDS

President Reagan telephoned the Prime Minister this evening. I enclose a record of their conversation. I should be grateful if you and the other recipients of this letter would ensure that it is circulated only to those with a strict need to know.

I am copying this letter and enclosure to David Omand (Ministry of Defence), John Halliday (Home Office), Jim Nursaw (Attorney General's Office), Keith Long (Office of the Chancellor of the Duchy of Lancaster) and David Wright (Cabinet Office).

Your ever
John Gles.

Brian Fall, Esq.,
Foreign and Commonwealth Office.

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RECORD OF TELEPHONE CONVERSATION BETWEEN PRESIDENT REAGAN AND
THE PRIME MINISTER AT 1840 HOURS ON THURSDAY, 13 MAY, 1982

President Reagan said that he understood that the Prime Minister had been answering Questions in Parliament. He thought she might like to hear a friendly voice. The Prime Minister said that Parliament was rather restless. We were now engaged in our sixth set of negotiations and it had not been possible to reveal the details. Argentina was still insisting on Sovereignty and on unsatisfactory arrangements for administration of the Islands as conditions of withdrawal.

President Reagan said that he had understood that the negotiations conducted by the UN Secretary-General in New York had produced some movement. He believed that the Argentines were willing to enter into negotiations without pre-conditions; or at least their representative in New York said that was the case, though the attitude of the Junta was less clear. No clear signal had emerged from General Walters' talk with Galtieri. But his understanding was that the remaining issues related to the composition of the interim administration, freedom of movement and participation in the administration by the "Island groups". A recent telephone conversation with the Secretary-General had suggested that the two sides were quite close. Was this true?

The Prime Minister said that she regretted that this was not the case. At least two big questions remained. As regards the interim arrangements, Argentina wanted greater Argentine participation than we could accept and there were substantial difficulties about ownership of property and freedom of movement. Secondly, there was the difficulty of South Georgia where our title was completely different and we were in possession. There was the added difficulty that we did not know with whom we were negotiating. The Argentinians were trying to arrange an interim administration which would lead inevitably to Argentine Sovereignty. Finally, there was no guarantee that at a later stage they might not invade the Islands again.

/President Reagan

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President Reagan said that he had discussed the issue with the President of Brazil during the latter's current visit to Washington. President Figueiredo's position on Sovereignty was, of course, close to the Argentine position, but he would support the United Kingdom position on the exclusion of South Georgia from the negotiations and on freedom of movement (which ought to be decided, not in the interim agreement, but in the negotiations for a long-term settlement). Figueiredo had told the President that he had just received a report from the Brazilian Ambassador in Buenos Aires. The latter had said that the United Kingdom was preparing an attack on the Argentine mainland and the Argentine military were also on the move. The Ambassador had added that only Figueiredo would have any impact on Galtieri. The suggestion had arisen that President Reagan should talk to the Prime Minister. Both would be asked to delay any further military action. The President asked whether the Prime Minister could hold off military action.

The Prime Minister said in reply that Argentina had attacked our ships yesterday. It was easy for them to delay military action. Our task force had less endurance than their forces on the mainland. Our capacity to take military action would be steadily reduced. We had made it clear that we could not delay military options because of negotiations. The truth was that it was only our military measures which had produced diplomatic results.

President Reagan said that the United States had sided with Britain but at the price of its relations with Latin America. He was worried that the earlier perception of Argentina as the aggressor was disappearing. A David/Goliath image was now being created - and the United Kingdom was Goliath. The Prime Minister said that this could hardly be true at a distance of 8,000 miles. Our people in the Falkland Islands did not wish to live under a military junta or under the Peronistas. The President would not wish his people to live under a similar regime. The Argentines' title to the Falkland Islands was weak. They had always refused to take it to the international court. If they based their claim on geographical proximity, there were many other islands closer to the American mainland, e.g. Trinidad and Tobago.

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/President Reagan

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President Reagan said that the Argentines had shown no consideration for the people on the Falkland Islands. When he had rung President Galtieri to persuade him to delay his invasion, Galtieri had assured him that the Islanders way of life would continue. But this of course was not true.

The Prime Minister said that some of the families on the Islands had been there far longer than people in Argentina. An Islander who had visited her the other day was of the seventh generation. In other words, his family had begun their life on the Islands at a time when the ancestors of many Argentinians were still in Italy and Spain. There were only 40 Argentines on the Islands and only 20 of those were there permanently. There was another fact which was not generally understood. The Falkland Islands were of strategic importance. If the Panama Canal was closed, it would be important that Port Stanley and South Georgia should be in the hands of a friendly power. This had been significant in the last two World Wars. Argentina was getting very close to the Soviet Union. One day the Junta would fall. The Peronistas would take over and Argentina would get even closer to the Russians. Then we should need to be sure that the Falkland Islands were in loyal hands. The last thing anyone would want is the Russians in both Cuba and the Falkland Islands. South Georgia, as an ice-free port, was important to the future development of Antarctica. Argentina could not be allowed to gain the objectives which had caused her to invade.

President Reagan said that the United States would continue to do what it could to help the negotiations and would remain in touch with the Secretary-General. He had been under the impression that the Argentines had conceded the main points. The Prime Minister said that that was not the case. Argentine rule would really be too much to ask the Islanders to accept. They were a loyal, true and thrifty people who simply wanted to live their own lives. The two greatest democracies must surely protect that wish. This was the kind of thing that the President and she herself had said in their speeches. President Reagan said that he could not quarrel with these arguments.

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A. J. C.