Date Printed: 16-Jul-2001

DOC NER: 1982STATE093480

CHANNEL: n/a

PAGE 01 STATE 093480 ORIGIN NODS-00

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O 081026Z APR 82 ZFF4: FM SECSTATE WASHDC TO AMEMBASSY LONDON IMMEDIATE:

DECAPTIONED

EYES ONLY FOR AMBASSADOR WALTERS

FOLLOWING STATE 93480 OTD 08 APR SENT ACTION PARIS BEING REPEATED FOR OUTPOUR ACTOR:

QUOTE S.P. STATE 093480

FOR AMBASSADOR WALTERS ONLY

E.O. 12065: RDS-1 4-7-02 (MCMANAWAY, CLAYTON E.) TAGS: AR, UK, FA SUBJECT: FALKLANDS DISPUTE

1. ENTIRE TEXT.

2. YOU ARE AUTHORIZED MEET WITH ARGENTINE AMBASSADOR. SECRETARY ASKS THAT YOU BE MOST CIRCUMSPECT IN ANY COMMENTS ON THE DISPUTE AND OUR APPROACH. YOUR POSTURE SHOULD BE TO LISTEN, SINCE OUR POSITION AND STRATEGY ARE DEVELOPING AS WE GO ALONG, AND WE WILL BE SEEING RACH OTHER SHORTLY. FOLLOWING IS SITUATION AS OF EVENING APRIL 6 AND TALKING.

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POINTS PREPARED FOR 7 APRIL NSPG MEETING.

 BEGIN TEXT: UK POLITICAL SITUATION BRITS IN WARLIKE MOOD -- HIGH STRUNG, UNPREDICTABLE.

THATCHER COULD FALL IF NO DIPLOMATIC SOLUTION OR MILITARY ROUT.

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UNITED STATES DEPARTMENT OF STATE REVIEW AUTHORITY: OSCAR J, OLSON DATE/CASE ID: 6 NOV 2001 199903752

UNCLASSIFIED

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SECRETARY.

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CHANNEL: n/a HANDLING:

COULD ALSO FALL IF U.S. SEEN S TURNING OUR BACK.

LABOR OPPOSITION NO FRIEND OF OURS ON SECURITY ISSUES -- CHALLENGING THATCHER ON FALKLANDS.
THATCHER TURNING TO MOD FOR ADVICE. NOTT SAFE FOR NOW.
I HAVE BEEN IN COMPACT WITH FRANCIS PYM -- NEW FOREIGN.

POLITICAL SITUATION IN ARGENTINA

'GALTIERI UNDER PRESSURE BECAUSE OF ECONOMY (AND OTHER REASONS.

FALKLANDS RECOVERY POPULAR. REGIME STAKES ITS FUTUREON NO RETURN TO STATUS QUO. SECOND THOUGHTS NOW -- BUT NATIONALISM AND WAR SPIRIT.

MILITARY CAPABILITIES

UK NAVY COULD HURT ARGENTINES AND POSSIBLY RETAKE SOME TERRITORY.

ECOVERY OF MAIN ISLAND DIFFICULT.

UK BEST OPTION TO BLOCK: MARITIME COMMERCE TO ARGENTINA.



"VICTORY".

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UK OPTIONS IN ASCENDING ORDER OF DIFFICULTY:

INITIAL SUBMARINE ATTACK RETAKE SOUTH GEORGIA

AIR/NAVAL BLOCKADE FALKLANDS

PRETAKE FALKLANDS
ATTACKS ON ARGENTINE MAINLAND

UK PROBABLY WANTS BIG SEA BATTLE TO GIVE THATCHER A

BUT ARGENTINES CAN PULL MAJOR SHIPS TO PORT.

OTHER FACTORS: UK CIVILIANS ON FALKLANDS, APPROACHOF WINTER.

YESTERDAY'S CONTACTS

ARGENTINES LOOKING FOR WAY OUT.

I TOLD THEM I WOULD NOT ENGAGE IF THEY INSIST US RECOGNIZING THEIR SOVEREIGNTY.

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COSTA MENDEZ INVITED ME TO BUENOS AIRES.

ARGENTINA MAY CONSIDER WITHDRAWAL OF MILITARY FROM-ISLANDS - BUT WANTS TO LEAVE ADMINISTRATIVE PERSONNEL ON ISLANDS.

ARGENTINES NEED TO SHOW ALL NOT IN VAIN -- WE NEED TO

B1

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AND IMPOSSIBLE TO NEGOTIATE WHILE ARGENTINE OCCUPIES ISLANDS.

LESS INSISTENT ON NEED TO RESTORE STATUS QUO ANTE.

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BRITISH HAVE MOMENTUM -- NOT SURE HOW FAR TO GO.

I PUT THEM ON GUARD BY SUGGESTING I GO TO LONDON FIRST.

-UK AND ARGENTINA SEE ROLE FOR US IN THE ISLANDS BUT NOT FOR OTHERS. WE WOULD RATHER SPREAD THE BURDEN AROUND.

PROPOSAL TO UK AND ARGENTINA

ALL MILITARY ON ISLANDS WITHDRAWN WITHIN SHORT, AGREED PERIOD.

NO ADDITIONAL MILITARY FORCE INTRODUCED WITHIN 200 MILES OF ISLANDS.

CONSORTIUM [

INTRODUCE SMALL MILITARY AND PULICE FORCE INTO ISLANDS.
THIS FORCE IN PLACE BY TIME WITHDRAWAL COMPLETED.

CONSORTIUM ASSUMES RESPONSIBILITY FOR LOCAL ADMINISTRA-TION ON INTERIM BASIS. BRITISH AND ARGENTINE ADMINISTRATORS OF THE ISLANDS ATTACHET TO CONSORTIUM.

ARGENTINA AND BRITA NEGOTIATE ULTIMATE DISPOSITION OF ISLANDS WITHIN PRAMEMORY OF RESPECT FOR SOVEREIGN RIGHTS AND FOR THE RIGHT OF THE INHABITANTS OF THE ISLANDS TO SELF-DETERMINATION. CONSORTHM TO HELP WITH NEGOTIATIONS AND APPLICATION OF SETTLEMENT.

NEXT STEPS

UK HAS INITIATIVE. MUST STOP THEIR FLEET. WE SHOULD

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ASK THEM TO SHOW FIRST CARD.

QUESTION FOR BRITS: IF ARGENTINES EVACUATE AND THERE IS AN INTERIM ADMINISTRATION INVOLVING US, FULS AGREED MEGOTIATING SCRWARTO, WILL YOU HOLD UP YOUR FLEET?

ARGENTINA MORE NEGOTIABLE IF THERE IS A LITTLE RUNNING ROOM IN BRITAIN.

MEED PRESIDENT'S AUTHORITY TO SAY, WHEN TALK GETS TOUGH IN LONDON, THAT WE CAN'T SUPPORT A WILLTARY SOLUTION IF A REASONABLE POLITICAL SOLUTION IS AVAILABLE.

IF THIS GOES AT ALL, MAY TAKE TWO BITES WITH EACH PARTY.

IF WE FAIL, OUR INTERESTS SUFFER. BUT NO LOSS OF PRESTIGE FOR HAVING TRIED FOR PEACEFUL SOLUTION.

WE MUST MOVE QUICKLY WHILE THERE IS UNCERTAINTY ON BOTH SIDES AND EACH IS HAVING SECOND THOUGHTS. AS THE UK PLEET PROCEEDS, WAR FEVER ON DOTH SIDES MOUNTS. END TEXT. HAIG UNQUOTE EAGLEBURGER

- China

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