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DECAPTIONED

BUENOS AIRES 2584

E.O. 12065: RDS-1 4/28/02 (SHLAUDEMAN, HARRY W.) OR-M TAGS: PBOR, MILI, UK, FA, AR SUBJECT: FALKLANDS CRISIS: ARGENTINE NEGOTIATING POSITION

1. (S - ENTIRE TEXT.)

2. THE STATEMENT THIS MORNING BY PRESIDENTIAL PRESS SPOKES-MAN BALTIERREZ THAT "PRESIDENT REAGAN'S PROPOSAL IS UNDER STUDY, THE DIPLOMATIC CHANNELS REMAIN OPEN" FOLLOWED HEAVY MORNING PRESS PLAY OF STATEMENTS COMING FROM THE ARGENTINES IN WASHINGTON THAT THE JUNTA HAD REJECTED THE PROPOSAL AND THAT THE GOA COULD NOT NEGOTIATE FURTHER WHILE THE BRITISH PLEET CONTINUED ITS MENANCING ADVANCE. THE GOVERNMENT HERE DECIDED TO PLAY IT PRUDENTLY FOR THE MOMENT LEAVING THE DOOR SLIGHTLY OPEN WHILE TRYING TO PROJECT AN IMAGE OF REASONABLENESS.

3. I HAVE NO DOUBT, HOWEVER, THAT THE PRESS ACCOUNTS FROM WASHINGTON ACCURATELY REFLECTED THE INITIAL REACTION HERE. BUT THE LENGTHY MEETINGS AND CONSULTATIONS THROUGH THE DAY AND NIGHT YESTERDAY EVIDENTLY PRODUCED A DECISION FOR CAUTION. THE PROPOSAL WAS STUDIED THROUGHOUT THE AFTERNOON AT THE FOREIGN MINISTRY, UNDER THE DIRECTION OF INTERIOR MINISTER SAINT JEAN (ACTING FOREIGN MINISTER); IT WAS HASHED

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OVER BY THE STAFFS OF THE THREE ARMED SERVICES: THE JUNTA THEN MET FROM 2030 TO 2400 HOURS AND A WORKING GROUP INCLUDING THE SECRETARY GENERALS OF THE THREE SERVICES AND UNDERSECRETARY ROS CONTINUED ON AFTERWARD. I DOUBT VERY MUCH THAT ANY VERY SERIOUS CONSIDERATIONS WAS EVER GIVEN TO ACCEPT-ING THE PROPOSAL, RATHER, THE EFFORT MUST HAVE BEEN TO



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UNITED STATES DEPARTMENT OF STATE REVIEW AUTHORITY: OSCAR J. OLSON DATE/CASE ID: 8 NOV 2001 199903752



TRY TO COME UP WITH A RESPONSE AND A COURSE OF ACTION THULD KEEP THE NEGOTIATING OPTION OPEN AND BURNISH ARGENTINA'S IMAGE AS MUCH AS POSSIBLE. IT IS ALSO HIGHLY LIKELY THAT THE JUNTA WANTED TO AVOID ANY RESPONSE AT ALL UNTIL THE OAR RESULTS WERE IN.

- 4. WE HAVE SEEN A NUMBER OF REPORTS EMANATING FROM WASHINGTON AND LONDON ABOUT PURPORTED DISARRAY AND COMPLICT WITHIN THE JUNTA. THERE CLEARLY HAVE BEEN DIFFERENCES, PARTICULARLY ON HOW FAR TO GO IN THE DIFFERENCES, PARTICULARLY ON HOW FAR TO GO IN THE DIFFORM THE OUTSET BEEN IN AGREEMENT ON THE FUNDASHAVE FROM THE OUTSET BEEN IN AGREEMENT ON THE FUNDASHAVE FROM THE GUTSET BEEN IN AGREEMENT ON THE FUNDASHAVE AND THE MALVIMAS, PRESENT OR FUTURE. THEY HAVE CALCULATED THAT ANYTHING LESS WOULD MEAN THEIR OWN DEMISES. THE GOA'S CLUMSY DECISION-MAKING PROCESS AND THE MECESSITY TO CONSULT WITHIN THE MILITARY SERVICES HAS CREATED CONPUSION AND SENSE OF INSTABILITY IN THE GOA. BUT AS LONG AS THE QUESTION IS SOVEREIGNTY, I WOULD EXPECT THE JUNTATO TO HOLD PRETTY WELL TOGETHER.
- 5. WE HAVE SEEN NEWS ITEMS AND REPORTED OURSELVES ON EVIDENCE THAT GALTIER! HIMSELP IS ON SHARY GROUND. IT IS TRUE THAT, UNLIKE MRS. THATCHER, HE IS SCARCELY RIDING HIGH (LONDON 9136). THE CRISIS HAS ERODED HIS PREMINENT POSITION WITHIN THE JUNTA; THE GOA NOW

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SHOWS MORE THE APPERRANCE OF THE COLLECTIVE LEADERSHIP IT HAD UNDER VIOLA AND VIDELA. BUT GALTIERI IS PROBABLY SAFE ENOUGH AS LONG AS THE CRISIS PERSISTS AND HE DOES NOT APPEAR TO GIVE WAY. THIS GOES AS WELL FOR THE OTHER TWO MEMBERS OF THE JUNTA. IN SUM, I DO NOT THINK MUCH HAS CHANGED. SOVEREIGNTY IS STILL THE ISSUE. THE REST CAN BE NESOTIATED, NO MATTER HOW HARD A LINE ADMIRAL ANAYA AND SOME OF THE OTHERS TAKE FROM TIME TO TIME. THAT WILL HOLD TRUE ONLY, OF COURSE, UNTIL THERE IS SERIOUS BLOODSHED IN THE SOUTH ATLANTIC. I STILL THINK THE ARGENTINES WILL FIGHT IF THEY HAVE TO, AND WILL GIVE A FAIRLY GOOD ACCOUNT OF THEMSELVES. NEGOTIATIONS THEER WILL BE A WHOLE NEW GAME.

