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Quick Intelligence Assessment on Falkland Affairs (April 2, 1982)

I. Brief History of the Dispute

The controversy dates to 1833 when the British occupied the island claimed by the Argentines as part of their colonial heritage. The dispute was only a minor irritant in otherwise good bilateral relations until Buenos Aires, anxious to recover the islands, took the dispute to the UN in 1965. The General Assembly declared sovereignty in dispute and established what turned out to be an ineffective mechanism for negotiations. Growing economic potential in Falkland territorial waters heightened tensions during the mid and late 1970s. The latest round of talks, which began in February, failed in mid-March when the British refused to bow to Argentine public demands that negotiations be speeded up. The South Georgia incident began on March 19, escalating into confrontation and the Argentine invasion Friday.

Did Argentina plan the Escalation?

Although there is no direct evidence that the Argentines manufactured the original incident at South Georgia on 19 March, they were looking for a chance to put pressure on the British and, at the least, quickly seized upon a tactical opportunity to confront the British militarily. The civilian group that went to South Georgia had complied with all immigration procedures known to Argentine and British authorities in Buenos Aires and whether Argentine officials encouraged the flag raising itself is unknown. Nonetheless, President Galtieri has pursued a generally aggressive foreign policy, and Navy Chief Anaya has been pushing for some action in the absence of diplomatic progress on the Falklands. The Argentines relatively quickly came to see the issue as a military rather than diplomatic problem and the decision to implement long held contingency plans for the invasion was probably made last weekend.

¹ Source: Reagan Library, Executive Secretariat, NSC Country File, Latin America/Central, Argentina (01/01/1982-04/02/1982). Secret; [*handling restriction not declassified*]. Casey sent [*text not declassified*] an undated paper entitled "The Falklands Dispute: An Historical Perspective" to Clark under an April 2 covering note. Casey also sent the papers and a memorandum to both Haig and Carlucci, under identical covering notes. The copy sent to Haig is in the Department of State, Executive Secretariat, Files of Alexander M. Haig Jr., 1981-1982, Lot 82D370, No folder; the copy sent to Carlucci is in the Washington National Records Center, OSD Files, FRC 330-84-0003, Argentina (Jan-15 May) 1982.

II. Events to Date

The Argentines successfully invaded the Falkland Islands this morning; some 200–350 Argentine Marines with armored vehicles evidently went ashore near Port Stanley and airborne units reportedly secured the local airfield. There is also information that three Argentine ships are in the harbor at nearby Port Williams. The Argentines may be debarking as many as 500–1000 well-armed troops from the task force, and the 10–14 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. There evidently was sporadic resistance by the small force of Royal Marines and irregulars on the main Falkland Islands, and the ice patrol ship *Endurance* was able to depart South Georgia Island and is now somewhere between South Georgia and the main islands. The Argentines appear to be securing the islands and plan to name the general officer in charge of Army operations as military governor.

III. UK Options

A. Diplomatic

The British have broken diplomatic relations with Argentina, but they could continue to make use of the UN Security Council as a means of keeping open a channel of communications and as a forum to put Argentina in the dock as an "aggressor." They probably do not expect the UN debate to resolve the crisis, but they hope it will at least show that Britain had attempted to find a diplomatic solution before resorting to military countermeasures. The British could also ask their European partners to join in a demarche to the Argentines demanding they withdraw their troops and seek a peaceful settlement or even to condemn Argentina openly. London is likely to ask the US to continue to exert pressure on Argentina to "see reason," and to mobilize other Latin American states to intervene with the Argentines. While the British hope that the US will maintain contact with Buenos Aires and perhaps continue to serve as a conduit, they probably prefer public US support for the British position to jolt the Argentines and convince them that the US will not push London to accept a *fait accompli*. London undoubtedly expects US support at the UN as well. London could in principle offer at the UN or in another forum to discuss the ultimate sovereignty of the Falklands, but only after a cooling off period, and only after Argentine withdrawal from the islands.

B. Economic

British economic options are limited. Trade between Argentina and the UK is not significant for either country. In 1980, the UK exported goods totaling \$402 million to Argentina while imports reached \$265 million—representing 0.4 percent and 0.2 percent of total UK exports

and imports, respectively. Manufactured goods of all kinds accounted for nearly 90 percent of British sales; purchases from Argentina consist mainly of meat and other foodstuffs. UK banks hold about 10 percent of Argentina's total commercial bank debt of \$23 billion, but this provides no practical leverage. London's best hope would be for general US and EC economic restrictions on Argentina—something that would be hard to enforce. The British have never shown much faith in economic sanctions, however, and in any case, the length of time it would take to have any effect would make them politically unacceptable.

C. Military

There have been press reports that one or two nuclear-powered attack submarines were sent to the Falkland Islands last week. The units identified as being detailed to the Falklands were said to be the two taking part in a naval exercise near Gibraltar. Those two submarines, however, were still in place as of 1 April. It is not yet clear whether the press was in error only about the identity of the submarines or, equally likely, it could be that no submarines were deployed ahead of the rest of the forces.

A large British naval group has been participating in an exercise near Gibraltar with US and Portuguese forces. Included in this group of 24–28 ships were four guided missile destroyers, 12 frigates, five naval oilers, two nuclear-powered attack submarines, and other support ships. A substantial portion of this group, if not all, reportedly is underway towards the South Atlantic but probably can not arrive before two weeks. As it is presently configured this force apparently should be capable of attacking the Argentine naval group on arrival. Even if the British were able to force the Argentine fleet away, they do not have the capability to invade the Falklands in light of the substantial forces Argentina evidently is deploying to the islands. The British force could blockade the islands while awaiting the arrival of a second British naval group.

The second British task force of seven ships including two carriers—the *Hermes* and the *Invincible*—is forming in Britain. This force probably can not leave before 8 April and would not arrive in the Falklands for about 18 days after that. The two carriers each have five VSTOL aircraft on board; the *Hermes* carrier has 5 helicopters, the *Invincible* 8 helicopters as well. Two commando units, a brigade headquarters, a *Rapier* battery and 1800 to 1900 troops probably would be on board. This force could be used to invade the islands.

There are a few other British warships in the Caribbean and near Belize. They also could be detailed to join the task force en route.

The British evidently have little option to employ air units. The distance between the British airfield in Ascension Islands to the Falklands is so great that aircraft can not fly from the base and return.

There apparently are no alternate airfields the British could use to land their aircraft.

IV. Argentine Responses—Military, Diplomatic, Implications for Beagle Dispute

The Argentines probably soon will begin re provisioning and reinforcing their forces on the islands before any British units arrive. Air Force units in southern Argentina reportedly were being strengthened yesterday; the airbase at Rio Gallegos in the far south would be a particularly good candidate for receiving fighters and has had Mirage aircraft there in the past. It is also possible that combat aircraft could be sent to the airfield at Port Stanley. The field is capable of handling jets and has a fuel storage capacity of 50,000 liters. The Argentines, however, probably will try to increase the fuel storage capacity at the field, to establish command and control communications, and to provide maintenance and logistic support, as well as protection, for aircraft and crews.

While we have no evidence, we believe that Argentine ground force units, particularly those in the south, probably are on a heightened alert status. Reinforcements for the islands likely will come at first from the 9th Infantry Brigade which, with a strength of about 4500, is the largest ground unit in the south. Other units could be alerted and readied for transport to the south, but this probably would take several days to accomplish. Transports and other naval craft could be sent to ports along the South Atlantic to ferry troops and equipment to the islands.

Virtually the entire Argentine fleet is involved in the Falkland operations. Given the age of many of the units—some are almost 40 years old—and their sustained operations at sea, it appears sensible for the Argentines to begin withdrawing some of their more vulnerable naval craft once the reinforcement and re provisioning of the islands has been accomplished. We also do not believe that the Argentines would fare well in a full-scale naval engagement with the British, particularly in view of the nature of the forces the British are preparing to send to the Falklands. If Argentine ships are attacked, however, they will respond in kind.

The invasion has probably strengthened Galtieri's standing within the military, especially the Navy and among predominantly nationalist political opponents who have long advocated invading the Falklands. We expect this support to continue, even among hardline Peronist labor union leaders who, despite repression of their recent demonstration, will have little choice but to back Galtieri. Like Thatcher, Galtieri probably calculates that he will have to avoid appearing to waver or risk serious domestic and international political costs. The Argentines

see a direct correlation between a tough—and successful—effort on the Falklands and success in their Beagle dispute with Chile. Similarly, they believe a defeat on the Falklands would be an enormous setback in the Chile dispute, thus doubling their stake in the current confrontation.

Diplomatically, Argentina will probably utilize its ties to the Non-Aligned Movement and to developing nations in the United Nations to try to block British efforts in international fora to condemn the invasion. Buenos Aires may anticipate US opposition in the OAS but had calculated earlier that they could defeat the British in a showdown in the UN over the issue.

V. Potential for Soviet and/or Cuban exploitation

Cuba, which traditionally has supported Argentina's claim to the Falkland Islands, will probably be initially cautious in providing political backing for the Argentine move—Havana will want to be sure to avoid embarrassment in the event Buenos Aires' military adventure fails. Nevertheless, the incident gives Havana the opportunity to renew its criticism of the Thatcher government, which it views with obvious distaste.

The Soviets will seek to exploit the crisis by giving political support to Argentina; but will not become directly involved militarily. The Soviets have been trying to establish close relations with Argentina, in large part because it provides more than 10 percent of Soviet grain imports and helped offset the US grain embargo in 1980–81. In contrast, relations with the UK are already poor. Now that Argentina has already occupied the islands, Moscow could call for a ceasefire and subsequent talks. Moscow will work to avoid UN Security Council condemnation of Argentina, threatening to veto it. It is likely to use the situation to intensify longstanding, but so far unproductive efforts to sell Argentina military equipment. To ingratiate themselves with the Argentines, the Soviets may provide Buenos Aires with surveillance information of British military moves.