

YALISTS

PH 5

ADVANCE COPIES: FALKLAND ISLANDS

(32)

PS
PS/MR HIRD
PS/MR ONSLOW
PS/FUS
MR GIFFARD
MR WRIGHT
MR ADAMS
MR UPE
MR GILLMORE

PS NO 10 DOWNING ST (-)
PS/S OF S FOR DEFENCE
PS/CHANCELLOR)
SIR K COUZENS)
MR LITTLER)
MR HAWLIN)
MR PERETZ) TREASURY
MR ILETT)
MR McINTYRE)

ED/S AM D (FCO DIST + A/D F/I)
ED/DEF D
ED/NEWS D
ED/ORD
ED/PLANNING STAFF
MR ANTHONY WILLIAMS W60
RESIDENT CLERK

MISS DICKSON (EEP DIV) D/EN
DIO CABINET OFFICE
MR WADD-GERY CABINET OFFICE
MR FULLER SAP/DIO " "
SIR M PALLISER CABINET OFFICE
SIR R ARMSTRONG " "

(Copy passed to Emergency Staff)

GR 1620

SECRET

FM UKDEL NATO 061502Z MAY 82
TO IMMEDIATE MODUK
TELEGRAM NUMBER 061602Z MAY
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EURO-GROUP DINNER - THE FALKLAND ISLANDS

1. THE DEFENCE SECRETARY BRIEFED HIS EURO-GROUP COLLEAGUES AT DINNER LAST NIGHT. MR NOTT REVIEWED THE HISTORY OF THE CRISIS, STARTING FROM THE ARGENTINE INVASION AND EMPHASISING THAT IT WAS ARGENTINA THAT FIRED THE FIRST SHOT. HE SAID THAT WE HAD USED THE TIME WHICH IT TOOK THE TASK FORCE TO SAIL TO THE AREA TO PURSUE ENERGETICALLY A PEACEFUL SETTLEMENT THE ESSENTIAL ELEMENTS FOR US IN SUCH A SETTLEMENT WERE ARGENTINE WITHDRAWALT IN ACCORDANCE WITH SECURITY COUNCIL RESOLUTION 502 AND TRANSITIONAL ARRANGEMENTS ON WHICH WE WERE OTHERWISE FLEXIBLE AND WHICH WOULD NOT PREJUDGE THE SOVEREIGNTY ISSUE. ONE DIFFICULTY HAD BEEN THE INCOHERENCE OF THE ARGENTINE BECAUSE WE HAD

AND WHICH WOULD NOT PREJUDGE THE SOVEREIGNTY ISSUE. ONE DIFFICULTY HAD BEEN THE INCOHERENCE OF THE ARGENTINE REGIME. WE HAD BEEN DEEPLY GRATEFUL TO THE EC FOR THE ECONOMIC MEASURES TAKEN, WITHOUT WHICH THE ARGENTINES WOULD PROBABLY NOT HAVE BEEN WILLING EVEN TO TALK.

2. MR. NOTT THEN GAVE AN ACCOUNT OF THE MILITARY OPERATIONS SINCE 1 MAY, EMPHASISING THAT ARGENTINE ACTIONS AND INTENTIONS OBVIOUSLY CONSTITUTED A THREAT TO OUR SHIPS AND THAT IT WAS NOT POSSIBLE IN THE CIRCUMSTANCES TO WAIT AND ALLOW THE THREAT TO DEVELOP. IT WAS FOR THAT REASON THAT AUTHORITY HAD BEEN GIVEN FOR THE ATTACK ON THE ARGENTINE CRUISER. SUMMING UP, HE SAID THAT WE HAD NEVER CEASED TO TRY TO FIND A DIPLOMATIC SOLUTION. WE KNEW THAT THERE MUST BE COMPROMISE AND THAT WE COULD NOT GO BACK TO THE NEXT THREE WORDS UNDERLINED STATUS QUO ANTE, BUT THE ARGENTINES MUST WITHDRAW THEIR TROOPS. A SIMPLE CEASEFIRE WOULD MEAN THAT THE AGGRESSORS HAD WON WITH SERIOUS CONSEQUENCES FOR THE WESTERN ALLIANCE AND FOR THE PRINCIPLE WHICH WE WERE SUPPORTING.

3. THE NORWEGIAN DEFENCE MINISTER ASKED IF THE AIRFIELDS ON THE FALKLAND ISLANDS WERE OUT OF ACTION. MR. NOTT CONFIRMED THIS, ADDING THAT AS A RESULT OF THEIR BEING TOTALLY CUT OFF WE EXPECTED THAT THE MORALE OF THE ARGENTINE OCCUPATION FORCE IN THE ISLANDS WOULD SUFFER. WE HAD NOT ACHIEVED COMPLETE AIR SUPERIORITY BUT COULD MAKE OUR AIR BLOCKADE EFFECTIVE.

4. THE NETHERLANDS DEFENCE MINISTER ASKED IF IT WAS POSSIBLE TO FORESEE FUTURE POLITICAL DEVELOPMENTS. WOULD OTHER LATIN AMERICAN COUNTRIES JOIN ARGENTINA, AND WHAT WOULD BE THE IMPLICATIONS FOR US AND WEST EUROPEAN RELATIONS WITH SOUTH AMERICA. HE WAS AFRAID THAT WE WERE WITNESSING QUOTE A BREAK IN HISTORY UNQUOTE. MR. NOTT SAID THAT HE DID NOT SHARE THAT FEAR. ALTHOUGH OTHER LATIN AMERICAN COUNTRIES WOULD SHOW SOLIDARITY WITH ARGENTINA, THE EVIDENCE SO FAR SUGGESTED THAT THEY WOULD NOT TRANSLATE THAT INTO ACTION. WHEN WE ACHIEVED A PEACEFUL SETTLEMENT, WHICH HE HOPED WOULD BE SOON, HE BELIEVED THAT EUROPEAN AND US RELATIONS WITH LATIN AMERICA WOULD SOON BE BACK TO NORMAL. VAN MIERLO EMPHASISED THAT THE EFFECTS OF FURTHER ESCALATION COULD BE VERY SERIOUS. THERE WAS A LOT AT STAKE FOR THE UNITED STATES. AGREEING, MR. NOTT SAID THAT WE WOULD LIKE TO STOP TOMORROW BUT TO DO SO WOULD MERELY GIVE THE AGGRESSOR HIS SPOILS. WE RECOGNISED THAT THE FALKLANDS HAD NO ECONOMIC VALUE AND THAT IN A WAY THE WHOLE EPISODE MIGHT SEEM VERY MINOR, BUT THERE WAS A PRINCIPLE AND THERE WERE MANY OTHER ISLANDS. THE US WAS IN THE CENTRE OF NEGOTIATIONS AND HE WAS HOPEFUL OF A SETTLEMENT PERHAPS EVEN WITHIN A WEEK, BUT ONLY IF WE MAINTAINED THE MAXIMUM PRESSURE,

NEGOTIATIONS AND HE WAS HOPEFUL OF A SETTLEMENT PERHAPS EVEN WITHIN A WEEK, BUT ONLY IF WE MAINTAINED THE MAXIMUM PRESSURE, BOTH MILITARILY AND THROUGH EC ECONOMIC MEASURES.

5. THE FRG DEFENCE MINISTER SAID THAT HE WISHED TO ANALYSE THE SITUATION. EUROPEANS WERE OBLIGED AND WILLING TO GIVE BRITAIN THEIR SUPPORT. NEVERTHELESS, IT WAS RIDICULOUS TO COMPARE THE FALKLANDS AND BERLIN, ALTHOUGH HE RECOGNISED THAT TO BRITISH PUBLIC OPINION THERE WAS SOMETHING OF THE SAME FEELING. IT WAS RIGHT TO SUPPORT AN ALLY, TO SHOW THE WORLD THAT NATO WAS UNITED AND COULD NOT ACCEPT AGGRESSION: SELF-DETERMINATION WAS THE FRG'S GOAL AS WELL AND BRITAIN HAD BEEN RIGHT TO MOUNT THE OPERATION. NEVERTHELESS, HE HAD QUESTIONS. WHAT WOULD HAPPEN TO THE US? EUROPE KNEW THAT IT COULD NOT DEFEND ITSELF WITHOUT THEM, AND THE AFFAIR COULD WELL DESTROY US INFLUENCE IN LATIN AMERICA. IT WAS A EUROPEAN INTEREST THAT THE STANDING OF THE UNITED STATES SHOULD NOT BE TOUCHED. SECONDLY, IT WAS GERMANY'S NATIONAL EXPERIENCE THAT DICTATORSHIP COULD EASILY COME TO TERMS WITH COMMUNISM (E.G. HITLER IN 1939). THUS, IT WOULD NOT BE DIFFICULT FOR THE SOVIET UNION AND LATIN AMERICA TO COME TO TERMS. ALREADY WE HAD NICARAGUA AND CUBA MAKING CONTACT WITH ARGENTINA. THIRDLY, IT WOULD BE TERRIBLE IF BRITAIN FAILED. IT COULD START AN INTERNAL PROCESS WITHIN THE UK WHICH WOULD HAVE TERRIBLE CONSEQUENCES FOR EUROPE IN GENERAL, A DISILLUSIONMENT WITH EUROPEAN INTERGRATION, NEUTRALISM, ANTI-EC FEELING AND THE UK AND EUROPE WOULD PAY THE PRICE. HE HAD NO ANSWERS TO THESE QUESTIONS: IF THE WAR CONTINUED AND THE KILLING WENT ON, HE WAS AFRAID THAT WE MIGHT LOSE ON ALL THREE FRONTS. BRITAIN MIGHT FEEL DESERTED BY HER ALLIES, AND DRIVEN INTO AN UNACCEPTABLE MOOD. THE US MIGHT BE ISOLATED AND LATIN AMERICA DRIVEN INTO THE ARMS OF THE SOVIET UNION. ONLY THROUGH A CEASEFIRE COULD WE WIN QUOTE MORALLY UNQUOTE. CONCLUDING, APEL SAID THAT HIS SYMPATHY WAS WITH US BE HE WAS AFRAID THAT THE CONSEQUENCES OF THE CONFLICT MIGHT GET OUT OF CONTROL. THEREFORE HE CONCLUDED ONLY A CEASEFIRE COULD HELP.

6. MR NOTT SAID THAT THE WORST OUTCOME FOR NATO, AS FOR US, WOULD BE IF WE FAILED EITHER DIPLOMATICALLY - WE COULD NOT ACHIEVE A SOLUTION - OR MILITARILY. IN FACT, BRITISH PUBLIC OPINION WAS MORE ENTHUSIASTIC ABOUT THE EC AS A RESULT OF THE CRISIS AND HAD COOLED TOWARDS THE UNITED STATES EVEN THOUGH THE BRITISH GOVERNMENT UNDERSTOOD THE LATTER'S POSITION. HE HOPED THAT THE IRISH AND OTHERS WHO WERE INCLINED TO HAVE DOUBTS WOULD REALISE THAT IF WE WAVERED NOW WE WOULD NEVER GET A SETTLEMENT. HE BELIEVED THAT THE ARGENTINE ESTABLISHMENT WOULD BE VERY RELUCTANT TO LINK UP WITH THE SOVIET UNION, THOUGH THEY MIGHT LOOK TO IT FOR SHORT TERM AID. THE REAL DANGER IN

BE VERY RELUCTANT TO LINK UP WITH THE SOVIET UNION, THOSE
THEY MIGHT LOOK TO IT FOR SHORT TERM AID. THE REAL DANGER IN
ARGENTINA WAS THE PERONISTS. THE US WERE STILL THE MOST
IMPORTANT ELEMENT IN THE NEGOTIATING PROCESS AND MR HAIG
WAS CENTRAL. HE DOUBTED IF THE UN COULD ACHIEVE MUCH
AT PRESENT. FINALLY, HE ASKED WHAT VALUE US INFLUENCE WOULD BE
IF IT WAS USED IN SUCH A WAY AS TO ENCOURAGE AGGRESSION. IF WE
WERE ASKED TO ACCEPT A CEASEFIRE, WITHOUT ARGENTINE WITHDRAWAL,
DEMOCRACY WOULD HAVE SURRENDERED TO AGGRESSION. MOREOVER, A
CEASEFIRE, WHICH LEFT THE ARGENTINES IN POSSESSION OF THE SPOILS,
WOULD WORK AGAINST US SINCE WE COULD NOT KEEP MEN INDEFINITELY
AT SEA IN AN ARCTIC WINTER.

7. VAN MIERLO ASKED IF THAT MEANT WE COULD NOT CONTINUE THROUGH
THE WINTER. MR NOTT CORRECTED THIS AND POINTED OUT THAT THE
WEATHER AND SHORTAGES OF FOOD AND WATER COULD BE EXPECTED TO
AFFECT THE MORALE OF THE ARGENTINE SOLDIERS. THE MILITARY POSITION
WAS NOT IMPOSSIBLE AND WE WERE CONFIDENT WE COULD REPOSSESS
THE ISLANDS, WE HOPED WITHOUT TOO MUCH BLOODSHED. BUT THE FACT
WAS THAT WE COULD NOT HAVE MEN LIVING IN SHIPS IN THE ARCTIC
GALES. THERE WERE TIME CONSTRAINTS: IT WAS IMPORTANT THAT
THE EC SHOULD NOT DESERT US.

8. THE ITALIAN DEFENCE MINISTER ASKED ABOUT SOVIET TECHNICAL
ASSISTANCE TO ARGENTINA. MR NOTT SAID THAT IT WAS VERY LIMITED
IN OUR JUDGEMENT AND OF LITTLE BUT PROPAGANDA VALUE.

9. APEL REFERRED TO MR NOTT'S STATEMENT THAT WE HAD BEEN
FORCED TO ATTACK THE ARGENTINE CRUISER. THE ARGENTINES HAD THEN
ATTACKED A BRITISH DESTROYER. THERE COULD WELL BE ANOTHER LOSS,
AND THEREFORE FURTHER ESCALATION, AND IN A CLASSIC EXAMPLE OF THE
APPLICATION OF NATO'S STRATEGY OF FLEXIBLE RESPONSE, PERHAPS
THE ARGENTINE CARRIER. IT WAS NO PROBLEM TO DESTROY WITH
MODERN WEAPONS BUT HE WAS AFRAID THAT THE LAST CHANCE OF
A POSSIBLE OUTCOME MIGHT BE LOST AND THEN OUR NEXT ATTACK MIGHT
BE ON BASES IN ARGENTINA. AND THEN DEVELOPMENTS WOULD
NO LONGER BE UNDER CONTROL. WAS THERE NO CHANCE TO STOP
THAT ESCALATION? PROBABLY NOT. INDEED HE UNDERSTOOD THE
POSITION, BUT IF IT WENT ON WE MIGHT RUN INTO GRAVE DIFFICULTIES.

10. MR NOTT EMPHASISED AGAIN THAT THERE WAS A CHANCE OF A
SETTLEMENT AND WE WERE WORKING FOR IT. NEVERTHELESS, THE
ARGENTINE CARRIER POSED A THREAT. IF THE ARGENTINES WANTED A
COMPROMISE - AND WE WERE NOT ASKING FOR SURRENDER ON THE ISSUE
OF SOVEREIGNTY, MERELY THAT IT SHOULD BE PUT ASIDE - WE
COULD ACHIEVE ONE, BUT SHORT OF THAT, IT WAS NOT POSSIBLE IN
HIS POSITION TO ALLOW THE ROYAL NAVY TO BE THREATENED WITHOUT TAKING
MEASURES TO DEFEND ITSELF. WE HAD SHOWN RESTRAINT AS WE
COULD HAVE ESCALATED THE FIGHTING: NOW IF THERE WAS ANYTHING
DIRECTLY WITH THE ARGENTINE

COULD HAVE ESCALATED THE FIGHTING: NOW IF THERE WAS ANYTHING THE FRG AND ITALY COULD DO DIRECTLY WITH THE ARGENTINE GOVERNMENT, WE SHOULD BE GRATEFUL.

11. TO A NORWEGIAN QUESTION, MR NOTT SAID THAT THE MAIN THREAT TO OUR SHIPS THAT HE SAW NOW WAS THE SURVIVING ARGENTINE SUBMARINES. THE ITALIAN DEFENCE MINISTER SUGGESTED THAT IT MIGHT BE HELPFUL IF BRITISH TROOPS COULD QUICKLY ESTABLISH THEMSELVES IN NUMBERS ON THE FALKLAND ISLANDS: THAT MIGHT REPRESENT A MORE ACCEPTABLE SCENARIO FOR A CEASEFIRE. MR NOTT SAID THAT THERE WAS NO POINT IN LANDING IN AN ISOLATED AREA FOR THE SAKE OF LANDING: IF WE LANDED, WE WOULD WISH TO GET THE ARGENTINES OUT.

12. THE FALKLANDS PARAGRAPH IN THE EUROGROUP COMMUNIQUE WAS THEN QUICKLY AGREED.

GRAHAM

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SENT AT 061813Z IAN

OK ERE ANOTHER EVEN LONGRE WHAT IS TEL CONTAINMENT ANYWAY