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cc - Mr. Lobs
(NO 10)
Mr. Omand
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DESKBY WASHINGTON UKMIS NEW YORK 170300Z

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FM LUXEMBOURG 170100Z MAY 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 125 OF 17 MAY

INFO IMMEDIATE WASHINGTON UKMIS NEW YORK (PERSONAL FOR AMBASSADOR/
MINISTER).

PERSONAL FROM PRIVATE SECRETARY FOR PUS AND PRIVATE SECRETARY.
FALKLAND ISLANDS; SECRETARY OF STATE'S MEETING WITH HAIG.

1. THE SECRETARY OF STATE HAD AN HOUR'S TALK ALONE WITH HAIG ABOUT THE FALKLANDS, AND BRIEFED HIM IN GENERAL TERMS. HAIG EXPRESSED CONCERN ABOUT SOME DEVELOPMENTS IN WASHINGTON DURING HIS ABSENCE (IN PARTICULAR, HE THOUGHT THAT REGAN HAD BEEN POORLY ADVISED WHEN HE PHONE THE PRIME MINISTER), BUT HE EMPHASISED THAT THERE WAS NO DOUBT ABOUT THE PRESIDENT'S AND HIS SUPPORT FOR US.
2. HAIG SAID HE THOUGHT THAT PEREZ DE CUELLAR WOULD HAVE TO BRING THE NEW YORK TALKS TO A CLOSE IN THE NEXT FEW DAYS, POSSIBLY AS EARLY AS TUESDAY, BY PUTTING A FIRM PROPOSAL FOR A SETTLEMENT TO BOTH SIDES. THE SECRETARY OF STATE SAID WE HAD NOTHING IN WRITING YET EXCEPT ARGENTINE LANGUAGE ON NON-PREJUDGING.
3. THE SECRETARY OF STATE SAID THERE HAD BEEN A THOROUGH REVIEW OF ALL OF THE OUTSTANDING ISSUES AT CHEQUERS TODAY. THE "CONCESSION ON SOVEREIGNTY" (WHICH HAIG SAID THE ARGENTINES WERE BRAGGING ABOUT EVERYWHERE) WAS NOTHING LIKE AS IMPORTANT AS THE ARGENTINES

CLAIMED. THE INTERIM ADMINISTRATION RAISED QUESTIONS OF PARTICULAR DIFFICULTY FOR US. WE COULD NOT ACCEPT THE KIND OF SOLUTION THAT WE MIGHT HAVE A LITTLE WHILE AGO. WE WERE WORKING ON A PIECE OF PAPER WHICH WE SHOULD BE ABLE TO SHOW HAIG VERY SHORTLY. HAIG SUGGESTED THAT WE SHOULD LOOK AGAIN AT THE IDEAS WE HAD FIRST CONSIDERED, WHICH WOULD HAVE GIVEN US A VETO (PRESUMABLY A REFERENCE TO THE TEXT ON A US/UK/ARGENTINE INTERIM ADMINISTRATION).

4. HAIG RESPONDED POSITIVELY TO THE SECRETARY OF STATE'S SUGGESTION THAT THE AMERICANS SHOULD PUT PRESSURE ON THE ARGENTINES TO LEAVE THE DEPENDENCIES OUT OF ANY AGREEMENT. THE SECRETARY OF STATE EXPLAINED THAT BRITISH PUBLIC OPINION WOULD NOT ACCEPT GIVING UP SOUTH GEORGIA, WHICH WOULD IN ANY CASE HAVE TO BE USED BY THE NAVY DURING WITHDRAWAL FROM THE FALKLANDS.

5. HAIG WAS LESS FORTHCOMING ABOUT SECURITY GUARANTEES. HE SAID THAT THE AMERICANS WOULD NOT BE ABLE TO PROVIDE ONE ON THEIR OWN; THEY HAD ALREADY LOST TOO MUCH GROUND IN LATIN AMERICA BY THEIR SUPPORT FOR BRITAIN DURING THE CRISIS. BUT A JOINT GUARANTEE BY THE US AND BRAZIL, OR PERHAPS WITH PERU AND FRANCE ALSO INVOLVED (THE FRG HAD GOT COLD FEET) MIGHT BE POSSIBLE. HAIG DID NOT SEEM TO HAVE GIVEN FURTHER THOUGHT TO THE QUESTION OF VERIFICATION.

6. HAIG SAID GALTIERI WOULD CERTAINLY FALL; THE ONLY QUESTION WAS WHEN. THE AMERICANS WOULD PREFER HIM TO FALL AFTER SOME KIND OF SETTLEMENT. IF HE FELL IN THE WAKE OF A MILITARY HUMILIATION HE WOULD BE REPLACED BY THE PERONISTAS, WHO WERE WORKING CLOSELY WITH THE COMMUNISTS AND THE SOVIET UNION.

7. THE SECRETARY OF STATE WILL SEE HAIG AGAIN ON MONDAY AFTERNOON AND BRIEF HIM IN MORE DETAIL ABOUT THE NEXT STEPS IN NEW YORK.

8. SEE MIFT ON MILITARY ASPECTS.

THOMAS

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