

350. Situation Report Prepared by the Department of State Falklands Working Group¹

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Falklands Situation as of 1700 EDT, June 17, 1982

1. *Galtieri Out.* The Argentine Army announced June 17 that General Galtieri has offered his resignation as Army Commander in Chief and will be replaced tomorrow as Army CINC by First Corps commander General Cristino Nicolaides. There is no official word yet on Galtieri's future as President, but the private news service DYN has reported that Galtieri will also submit his resignation as President. Interior Minister Saint Jean will then serve temporarily as President until a new one is appointed by the junta. Army Chief of Staff Vaquero, next in line after Galtieri, was offered the top army job but, according to DYN, turned it down. Galtieri is expected to brief the cabinet on these changes and to ask government ministers to remain in their posts until a new president is appointed. Dissatisfaction with Galtieri was widespread following the week's events. According to Argentine press, Galtieri's rejection of a total cessation of hostilities with the UK met stiff opposition within the army with all but two of fourteen senior generals favoring a definite termination of hostilities. Galtieri's decision to "convoke the people" for his June 15 speech also drew substantial criticism.² The text of the surrender document released by London received front page coverage June 17 in most Argentine dailies.

2. *EC To Review Sanctions.* USEC reports that the EC countries have decided that the Argentine sanctions will be maintained so long as there is any doubt about continuation of hostilities in the South Atlantic. EC public solidarity is strong, but privately some are pressing for early lifting of sanctions. EC Foreign Ministers will discuss the sanctions issue in Luxembourg June 20.

3. *Soviet Ties.* Private agricultural trade sources in Montevideo report that the USSR has re-entered the Argentine grain market in the last few days, purchasing up to one million tons of corn and sorghum as of June 15. An Argentine Air Force spokesman rejected as "ridiculous" a press report that Argentina has plans to purchase 100 MIG aircraft.

¹ Source: Department of State, Bureau of Politico-Military Affairs, Falklands Crisis Historical Files, Lot 86D157, unlabeled folder. Confidential.

² In his June 15 televised speech, Galtieri responded to British demands for a ceasefire by declaring there would be no peace if the United Kingdom restored "colonial rule" in the Falklands. (Edwards Schumacher, "Galtieri Bars Peace if Britain Restores Its 'Colonial Rule'," *New York Times*, June 16, p. A22)

4. *Prisoner Count.* The UK now puts the total number of Argentine prisoners presently under British control at about 8,000. Argentina has thus far refused to allow the prisoners to be returned directly to Argentina, asking instead that they be taken to Montevideo.

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