

We reported that most of the action was with the MoD, but reviewed the events of the day.

Mr Pym was giving a Press Conference that afternoon and would be returning that evening to London. We did not think he would see the Prime Minister until the meeting of the Falklands Group of Ministers at 9 am the following morning. There would be a Cabinet meeting at 10 am.

We said that Mr Pym had had full discussions in Washington and New York and had picked up some ideas, but was not returning with specific proposals, and was not optimistic about the prospects.

The Prime Minister had returned from Chequers at 4.35 pm and would spend the rest of the evening and night at No 10.

We did not anticipate any decision on talks with the other parties until tomorrow when the Prime Minister would discuss with other Ministers. We thought that Mr Pym would attend the meeting with Mr Steel and Dr Owen if it was held. We thought the emphasis at any such meeting would be on diplomacy. Operational matters would not be discussed though there might be a general discussion on the military options as canvassed in the Press and elsewhere.

We acknowledged that the Group of Ministers meeting regularly on the Falklands was known as OD(SA).

We thought there would be a Statement in the House the following day - probably by Mr Pym since he had been directly involved in the latest diplomatic effort.

We said that Mr Nott would be talking to the Press at 8.30 pm that evening. This was to be a simple up-date of the military situation. He would be stressing the importance of enforcing the TEZ and of ensuring the security of the Task Force within its defence zone. Mr Nott, contrary to Lobby expectations, would not announce anything new.

To suggestions that there was a certain loss of momentum, we pointed out that there was the TEZ being enforced, the airfield bombing had ensured a cut off of supply and anything could happen if the Argentines chose to violate the zone. We did not encourage the idea of instant invasion, though not ruling it out as an option, and emphasised the pursuance of a deliberate policy and a progression of events. It was to be hoped that recognition of their situation would sink into the Argentines, not just in a military sense but in terms of pressure of world opinion and the tightening up of sanctions.

On the last point we agreed that of course we would like to see the Americans and Japanese, for instance, tighten up their sanctions, and acknowledged that economic sanctions always took time to bite. Argentina was very nearly bankrupt and the denial of credit was particularly significant. We noted the high proportion of trade conducted by Argentina with the Soviet Union.

On the diplomatic front, we thought there was no significant peace plan around. We thought the Peruvian idea should not be a source for encouragement and, although acknowledging the Spanish interest, could see no other obvious intermediaries. The UN was constrained by its slow process and inability to enforce its own Resolution.

To suggestions that we could go to the International Court, we said that nothing was ruled out but Argentina did not appear to accept the

Court's jurisdiction and had an appalling record in observing its decisions.

On the mood in Buenos Aires, we said we had the impression they were edgy and somewhat worried but through their Government-controlled media the people were not finding out the truth. The Junta was not answerable to any Parliament or other democratic process and, according to the information being fed to the Argentine people, their troops were still fighting on gallantly in South Georgia; HMS Exeter had been sunk several times; HMS Hermes damaged; and 11 Harriers missing. We explained the problems of getting photographs to support our explanations and the facts back to the UK.

To suggestions that Mr Pym's trip had been a propaganda exercise, we said that he had seen Mr Haig to review the situation and had met the UN Secretary General and Security Council Chairman to talk and brief on Britain's attitude of determination. Mr Pym had shown a readiness to look carefully at any diplomatic possibility.

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