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TELEGRAM NUMBER 98 OF 30 MARCH

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FOR PRIVATE SECRETARY
SOUTH GEORGIA

1. SINCE THE SECRETARY OF STATE'S DEPARTURE, WE HAVE RECEIVED TWO REPORTS FROM SECRET SOURCES ON ARGENTINE INTENTIONS.
2. THE FIRST REPORTS A BRIEFING GIVEN BY THE HEAD OF THE ARGENTINE NAVY TO NAVAL STAFF ON 28 MARCH IN WHICH ADMIRAL ANAYA FORESAW THE FOLLOWING OUTCOMES TO THE PRESENT SITUATION:
 - (A) THE ARGENTINE WORKERS WOULD BE ALLOWED BY THE BRITISH TO COMPLETE THEIR WORK AND WOULD THEN LEAVE THE ISLAND: BRITISH SHIPS WOULD LEAVE THE AREA:
 - (B) THE BRITISH WOULD TRY TO PREVENT THE SALVAGE WORK OR ARREST THE MEN, WHICH COULD RESULT IN ARGENTINES BEING KILLED.
3. IN THE FIRST CASE, A PEACEFUL SETTLEMENT OF THE PROBLEM WAS POSSIBLE. IN THE SECOND, ARGENTINA WOULD TAKE MILITARY ACTION AGAINST THE FALKLAND ISLANDS THEMSELVES, POSSIBLY AT PORT STANLEY OR THROUGH A LANDING ELSEWHERE, IN ORDER TO TAKE HOSTAGES OR TO ESTABLISH AN ARGENTINE PRESENCE. THE ARGENTINE NAVY ASSESSMENT WAS THAT, WHILE BRITAIN MIGHT SEND NAVAL REINFORCEMENTS TO THE AREA, THIS WAS UNLIKELY.
4. THE REPORT QUOTES ANAYA AS SAYING THAT WHILE THE SOUTH GEORGIA INCIDENT HAD NOT BEEN CREATED BY THE ARGENTINE GOVERNMENT, IT HAD COME AT A 'WONDERFUL TIME', PROVIDING ARGENTINA WITH A MEANS OF PRESSING FORWARD ON ITS SOVEREIGNTY CLAIM AND FOR CONSOLIDATING ITS OWN PUBLIC OPINION BEHIND THE MILITARY REGIME.
5. THE SECOND SECRET REPORT QUOTES NAVAL SOURCES AS SAYING THAT THE ARGENTINE GOVERNMENT COULD TAKE MILITARY ACTION AGAINST THE FALKLAND ISLANDS IN APRIL, NOT THROUGH A COMPLETE INVASION BUT BY OCCUPYING ONE OF THE OUTLYING ISLANDS OF THE FALKLANDS

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6. MR LUCE HAS DISCUSSED THESE REPORTS WITH THE DEPARTMENT AND HAS THE FOLLOWING COMMENTS:

- (A) TAKEN AT FACE VALUE, THE FIRST REPORT SUGGESTS THAT, PROVIDED WE TAKE NO FURTHER ACTION AGAINST THE MEN IN SOUTH GEORGIA, THE ARGENTINES WILL MAKE NO FURTHER MOVES THEMSELVES. BUT THE ARGENTINE NAVY CLEARLY HAS THE BIT BETWEEN ITS TEETH AND IS LOOKING FOR AN EXCUSE TO TAKE WIDER MILITARY ACTION:
- (B) IN THESE CIRCUMSTANCES, IT MUST BE HIGHLY IMPROBABLE THAT THE ARGENTINE GOVERNMENT WOULD BE PREPARED TO ACCEPT ANY COMPROMISE ON REGULARISATION OF THE ARGENTINE WORK FORCE IN SOUTH GEORGIA, GOING BEYOND A RETROSPECTIVE BRITISH GOVERNMENT AUTHORISATION FOR THE MEN TO STAY AGAINST AN UNDERTAKING THAT THEY WOULD LEAVE WHEN THEIR WORK HAD BEEN COMPLETED. THERE ARE POINTS FOR REFLECTION: AND THE TELEGRAM PROPOSING JOHN URE'S VISIT TO BUENOS AIRES HAS NOW BEEN SENT.

CARRINGTON

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MR URE

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