

- FLAG A - FCS Speaking Note
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Economic and Financial Pressure.
- FLAG C - Action in the UN
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- FLAG E - Economic Measures Against Argentina
- FLAG F - Argentina's Scope for Retaliation
- FLAG G - OAS (Background Note)

Suggest you read top flag

A (Mr Pym's brief) and FCO/
Henderson's telegrams (side flags

A- E) in particular.

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Foreign Secretary's
SPEAKING NOTE FOR THE SECRETARY OF STATE'S MEETING WITH SECRETARY HAIG ON THURSDAY 8 APRIL ON FALKLAND ISLANDS.

1. Grateful for Haig's visit. Great value of close Anglo-American relationship is that we can discuss difficult issues frankly. We look forward to President Reagan's visit in June.
2. Falklands crisis very serious indeed. Important not only to us, but to the US too, not least because it takes place in the American hemisphere.
3. The issue is simple. The Argentine forces have invaded British territory against the clearly-stated and unanimous wishes of the inhabitants in defiance of a UN Security Council call for restraint. They have refused to withdraw despite a mandatory Security Council Resolution instructing them to do so.
4. The Government have only one objective: an immediate Argentine withdrawal and the restoration of British administration. Neither public nor parliamentary opinion would permit the Government any other course, even if it wanted.
5. We do not want to fight: no country would. But if the military option is the only one left to us we shall have to exercise it.
6. Of course we are willing to resume negotiations about substance. But not under duress and not while the Islands are occupied.
7. Question therefore is how to put continuing and increasing pressure on Argentina to withdraw. We have taken various measures and have encouraged our many friends to do so. Response so far

/quite

quite encouraging, but we hope for much more.

8. Most grateful for US assistance so far, eg. President Reagan's intervention with Galtieri. Continuing US support crucial. US has enormous potential influence with Argentina and US words and deeds will have great effect on other countries too. Surely as much in US interests as our own that illegal and naked aggression of this kind should be firmly countered.

9. Very much hope therefore that US will give urgent and sympathetic consideration to Prime Minister's recent message to President Reagan asking for US economic measures against Argentina. We believe that they may be vulnerable to financial measures. Firm action would bring invaluable pressure on Argentina and would be an example for others to follow.

10. Grateful for ideas on other ways in which pressure might be imposed on Argentina. Have carefully considered, but have discounted, further action at UN. Most unlikely to succeed and serious risk of diluting Security Council Resolution 502.

11. How does Haig think Galtieri will react to clear and unequivocal British position? What are Argentine intentions likely to be? Is there any chance of Galtieri being replaced in the next couple of weeks? If so, would it be by more moderate forces, or as we suspect by more militant ones?

/12.

12. Hope Haig will make absolutely clear to the Argentines, the Government's firm stance and the mood of the country. The Argentine Government and its people must be absolutely clear of the strength of feeling on this issue.

13. We should of course be very grateful for US reports on Argentine views.

ARGENTINA: VULNERABILITY TO US PRESSURE ON ECONOMIC AND FINANCIAL MATTERS AND MILITARY SUPPLIES

1. The willingness of the US Administration to take measures against Argentina will depend on their political attitude towards the dispute and the role they see themselves playing in possible mediation. Their ultimate judgement may also be influenced by the attitudes of other Latin American countries, by the effect that sanctions might have on their relations with them, by their anxieties over developments in Central America, and by their obligations as a member of the OAS and as a party to the Rio Treaty.
2. But, given a political decision to introduce measures against Argentina, the US could act on visible trade or financial relations. Military supplies (see below) have been banned since 1978.

Trade

3. Of total OECD imports from Argentina in 1980 of \$4.1 billion, the US took some \$744 million (UK \$251 million). The US share represents some 9% of total Argentinian exports but less than 1% of US trade. The most important sectors were:

Meat	\$131 million
Sugar	\$ 97 million
Mineral Fuels, Lubricants, etc	\$106 million
Leather, Leather Manufactures and Dress Furskins	\$ 78 million
Textiles	\$ 12 million
Coffee and Tea	\$ 11 million
Manufactures of Metals	\$7.5 million
Non-Ferrous Metals	\$5.6 million
Miscellaneous Manufactures	\$ 21 million

Measures taken by the US to restrict imports from Argentina would have a significant effect, especially if taken in support of Community measures. The US have a long history of imposing embargoes. Trade measures by the US, as a major trading partner of Argentina, would do economic damage and serve as a shock to the Argentine Government. In the case of a selective

ban, the most telling measure, as with the Community, would be a ban on food and animal imports. This would account for over 3% of total Argentine exports and the US would find it easy to use alternative sources of supply. A ban on US petroleum product imports (around 1% of total Argentine exports) would also have a significant effect.

4. On the export side, the major sectors are commercial aircraft, chemicals and construction equipment. The UK have not asked for US action on exports nor are we taking action ourselves. If we were to do so, the fact that the major export sectors are all suffering in the current recession would probably influence the Administration's decision.

Financial

5. Of Argentina's total external debt of \$34 billion at end 1981, some \$7.5 billion was owed to the US. This compares with US liabilities of \$2.4 billion. The US is thus in a broadly similar position to the UK in that a freeze of Argentine assets would not cover possible claims.

6. Direct investment by the US in Argentina at end 1979 totalled \$1.9 billion. However, there has been substantial US investment in the petroleum sector in the last two years and the total would now be near \$3 billion. This compares with UK direct investment of some \$400 million.

7. US export credit exposure totalled \$1.8 billion in September 1980. Our Embassy believe that the Administration might agree to a suspension of new credits, justified on economic grounds. (They may press for general support for their efforts to reduce subsidised export credits both for countries like Brazil and for the Soviet Union.)

8. At present the US authorities neither encourage nor discourage lending to Argentina. If the US Government were prepared to advise banks in the US not to undertake new lending, this could have a serious impact. The Argentine borrowing requirement for 1982 is estimated at \$17.4 billion to finance short and long term loans, mainly from commercial banks. The role of US banks in Argentina's borrowing programme is demonstrated by the fact that, of about \$10 billion of short term loans maturing this year, over one half is owed to the US.

Military

9. Military supplies to Argentina have been banned since 1978 under a Congress Resolution passed on Human Rights grounds. There are contracts in the pipeline for spare parts for US equipment currently held by Argentina (notably helicopters, armed personnel carriers and carrier-borne aircraft). But these have been frozen by the Resolution. Nevertheless, some of these spares are believed to be trickling through. But even if the supply of spares from the US dried up completely, since this is fairly old equipment, it is likely that Argentina could quite easily obtain spares from dealers and possibly from neighbouring countries.

Foreign and Commonwealth Office
7 April 1982

ACTION IN THE UNITED NATIONS.

1. The Security Council resolution calling for the cessation of hostilities, immediate Argentine withdrawal and resumption of diplomatic discussions was adopted on 3 April by 10 to 1 (Panama) with 4 abstentions (Spain, China, Soviet Union, Poland). Since the resolution was passed under Chapter 7 of the Charter Argentina is legally bound to comply.
2. We now intend to stay away from the Council, despite Argentina's rejection of the resolution. Our effort to mobilise pressure on the Argentines through bilateral contacts is more likely to be successful than a further resolution of the Council. We are sure the Russians would veto a sanctions resolution.
3. As the task force moves south pressure is likely to mount for a Security Council call on us to refrain from using force, despite our undoubted right to take action in self-defence. This would be completely unacceptable and we count on the US to help us deflect any such move. We shall not get a peaceful solution if we do not maintain our leverage.

Foreign & Commonwealth Office

7 April 1982

INTERNATIONAL REACTION TO THE ARGENTINE INVASION

General

1. Widespread concern at the situation has been expressed around the world. Expressions of disapproval at the use of force have proliferated. Specific condemnations of the Argentine action, and calls for withdrawal, have come from some 35 states, mostly in Europe and the Commonwealth. The Ten have collectively and (except for Greece and apparently Ireland) individually condemned the invasion as has the US. Early US reactions which spoke of both Britain and Argentina as 'friendly nations' have now become more favourable to Britain, although the US privately point out they must not overly antagonise Argentina if they are to retain influence with her.
2. Other states have expressed support for the UN Resolution, and thus by implication for what it called for. Support has not been forthcoming from India (memories of Goa?), or Malaysia (anti-British feeling in present leadership?), while Japan has been distinctly hesitant and seems chiefly concerned that Britain should not herself use force. Eastern Europe and the Soviet Union have been broadly non-committal with signs of a Soviet tilt towards Argentina. China has refused to be drawn beyond expressing distaste for colonial squabbles.
3. No state seems to have declared unqualified support for Britain's claim to sovereignty, though Commonwealth Caribbean and African countries accept that for the Falklands self-determination should be the over-riding principle. In Spain and in Latin America there have been the expected reiterations of support for Argentina's claim to sovereignty, but not for the invasion which has received no unqualified official backing. Venezuela and Panama have been the most pro-Argentine; Brazil and Colombia more neutral with talk of mediation; Mexico has publicly condemned the use of force to resolve international conflicts, while Chile has taken a generally anti-Argentine line.

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Arms Embargos

4. The US, Canada, Belgium, Germany, the Netherlands, Austria and France have imposed arms embargoes on Argentina. Some countries like Sweden may have them already. Switzerland has said it will sell arms to neither side.

Trade Sanctions

5. Australia has decided to impose an embargo on imports, other than those covered by existing contracts, and a ban on new credit. Germany too has banned new credit. Of the Ten, Denmark, Italy and Belgium have told us they will comply with whatever can be agreed at Community level, and the Belgian Presidency are hoping for agreement on a package of measures by Friday. The Greeks have said they could go along with a total ban on imports if all their partners agreed. The Danes have expressed interest in stopping credit.

6. Other European countries like Sweden, Turkey, Portugal, Norway, Finland and Austria might be prevailed upon to follow an EC lead.

Other Measures

7. New Zealand has broken off diplomatic relations. Papua New Guinea has threatened to. Belgium, Canada and Australia have recalled their Ambassadors for consultations. Canada has cancelled some official military visits. New Zealand has forbidden Argentina civil aircraft to land.

8. A number of countries have pointed out in response to British lobbying that their relations with Argentina are not sufficiently substantial for them to take effective measures against her.

8 April 1982

Foreign and Commonwealth Office

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ECONOMIC MEASURES AGAINST ARGENTINA

A. Measures Taken by HMG

1. Hitherto we have:-

- (a) Frozen Argentine financial assets in London.
These may total about \$1.4 billion, one quarter of their holdings in OECD countries.
- (b) Ceased to give export credit cover on new commitments to Argentina.
- (c) Banned all exports of arms and military equipment to Argentina.
- (d) Banned all imports of goods from Argentina, as from midnight 6 April. (Our imports from Argentina in 1980 were £114 million; our exports £173 million.)

2. We can at any time withdraw the operating permit for Argentine Airlines to fly to London (they have two flights per week). We have recommended separately today that this be done.

B. Supporting Measures by our Friends and Partners

3. Economic measures will hurt Argentina much more if they are taken by a wide range of other countries in addition to the UK.
4. The Prime Minister sent messages on 6 April to the Heads of State/Government in Community countries, the United States, Japan, Canada, Australia and New Zealand asking them to support us against Argentina by banning arms sales, banning all or some imports, ceasing export credit cover for new commitments and giving no encouragement or incentive to their banks to lend to Argentina.

5. In discussions in the Community on 6 and 7 April, mainly on trade issues, we urged our EC partners to support our actions (the Falkland Islands are associated with the Community under Part IV of the Treaty of Rome). There has been a general positive response, especially on an arms embargo. It is possible that our partners will agree to a total import ban (though we would be content with a selective ban, eg on agricultural products). It is proposed also to exclude Argentina from the Community's generalised preference scheme. The Community will meet again on 9 April, with the aim of taking decisions.

C. Vulnerability of the Argentine Economy

6. The Argentine economy, though basically strong, has been poorly managed in recent years. There was negative GDP growth in 1978 and 1981 and inflation has been around 150% per year. The economy is vulnerable to financial pressure and denial of export earnings.

7. Argentina needs to borrow about \$17 billion during 1982. \$3 billion of this is to finance their current account deficit; the rest is to finance debt repayments falling due. \$4 to 5 billion is long-term debt; \$9 to 10 billion short-term debt, owed 50% to US creditors and 25% to the UK. \$3 to 4 billion will be needed over the next three months.

Economic Relations Department

7 April 1982

ARGENTINA: RETALIATION AGAINST THE UNITED KINGDOM

1. This paper considers the scope for action against British economic interests in Argentina and against the British community there. It is a preliminary assessment. We have not consulted the firms concerned.

ECONOMIC INTERESTS

2. Argentina has already retaliated against the United Kingdom by:-

- (a) banning payment for imports of goods and services from the United Kingdom (including payment of dividends on our investment there);
- (b) suspending repayments of loans from the United Kingdom.

Further action remains open to the Argentine authorities, including the confiscation of British assets.

Exports

3. The value of British exports to Argentina in 1980 (predominantly machinery and power generation equipment) amounted to £173 million. Argentina is our third largest market in Latin America but it ranks only 42nd in our world table. About 60% of our exports are covered by ECGD who have firm commitments for business worth £290 million.

4. Apart from possible claims incurred on ECGD, restrictions on British exports to Argentina are not likely to have a significant impact on our trading position worldwide. Our initial assessment shows no serious industrial or employment consequences in the UK.

Direct Investment

5. The UK has about 8% of Argentina's foreign investment. The latest book value of our investments is about £200 million but we believe the current value may be higher. This represents about 15% of our total investment in South America.

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6. Investors in the manufacturing sector include ICI, Unilever, Dunlop, EMI, Black and Decker, Burroughs Wellcome, Coats Paton, Gestettner, Tube Investments, Rank, Pilkington Reckitt & Coleman, GEC, Babcocks and John Brown Engineering. None are thought to have very substantial investments in Argentina, relative to their global overseas investments. Shell have some offshore and refining operations: they are withdrawing 19 British staff present.

7. Although British holdings in the Argentine meat industry were substantial in the past, they are now thought to be negligible, with both Union International (Vestey) and Brooke Bond, Liebig having little at risk.

8. In the banking sector Barclays Bank and Lloyds Bank International (Bank of London and South America) lend on the domestic Argentine market. They are feeling the effects of being denied interbank funding and are rumoured to have lost deposits heavily. The Bank of London and South America have a particularly important stake with 37 branches in Argentina. They are the third largest foreign owned bank in Argentina with deposits totalling the equivalent of \$315 million.

9. Confiscation of British assets would be unwelcome but would probably not have serious consequences for the UK economy or even for the majority of companies involved, except in the banking sector.

Financial Interests

10. The claims of UK banks (British and foreign) on Argentina were \$5.8 billion at the end of 1981. The claims of British banks alone were \$2.9 billion in mid 1981, making us Argentina's second largest creditor after the United States.

11. The Argentine Government's decision to suspend foreign currency payments to the United Kingdom, could mean delays in loan repayments and payments for importers and restrictions on payments of dividends to shareholders in the UK. While

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uncertainties surrounding the Argentine situation have already caused misgivings among international bankers, a formal repudiation of loan repayments, while damaging to the lending banks, would seriously affect Argentina's creditworthiness and consequent capacity to raise money in the markets.

Transport

12. British Caledonian serves Buenos Aires on its route via Sao Paulo to Santiago (Chile). The loss of this operation would cost about £9 million per year. Anglo/Argentine shipping business is divided 50:50, in line with Argentine legislation. British shipping interests have hitherto earned about £12 million per year.

THE BRITISH COMMUNITY

13. Since 5 April, the BBC has been transmitting advice to British citizens in Argentina to make plans to leave the country by normal commercial means unless they have a pressing need to stay. The Embassy in Buenos Aires has been issuing advice, as will also the British Interests Section in the Swiss Embassy.

14. There are about 17,000 UK passport-holders: and a further 30,000 who might be entitled to UK passports. The large majority of these are firmly established in Argentina in the professional and commercial sectors. Our Embassy estimate that perhaps 7,500 short stay British citizens might wish to leave.

15. The Argentine Government could take a number of measures against the Community. The authorities can be expected to concentrate first on retaliation to our moves to freeze bank accounts. - This may not be so simple: most of the British community are residents of Argentina, not of the UK; and the expatriate community are experts in moving their money around so as to avoid loss by inflation or devaluation.

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16. The authorities could also take action against British institutions such as the British Community Council and perhaps also the English/Spanish bilingual schools.

Foreign and Commonwealth Office

8 April 1982

THE OAS AND THE RIO TREATY

The OAS is the modern successor to a variety of Pan-American organisations which evolved during the first half of the present century. It was given permanent legal structure by the Charter of Bogota (1948). (A note of its members is attached.)

2. The separate though complementary "Rio Treaty" is one of the basic documents underpinning the whole inter-American system. Signed in Rio its basic concepts are similar to those of NATO. Its origins lie in the 2nd World War and the historic determination of the US to exclude non-American powers from the Continent; and its principle article provided that "an armed attack by any state against an American state shall be considered as an attack against all the American states."

3. Argentina could bring the Falkland Islands issue before the OAS under a 1975 Protocol to the Rio Treaty. An Organ of Consultation could be formed to "examine such immediate measures as the States Parties may have taken and to agree on the collective measures that may be necessary ". These "collective measures" cover a range of reactions from breaking off diplomatic relations, through disruption of economic relations to, in the extreme, the use of armed force. They require a two-thirds majority for implementation but may be rescinded by majority vote.

4. A peacekeeping role for the OAS is not clearly spelled out in the various treaties but it has, as a body, been called on to intervene in the past in various intra-American disputes. Usually the result has been a fact-finding "Observer mission" (eg Nicaraguan/Costa Rica 1977) and in some cases peace agreements have resulted. An OAS peacekeeping force has only been formed once; after President Johnson's decision (without prior consultation with the OAS) to intervene in the Dominican Republic in 1965.

Organization of American States

The Organization of American States (OAS) is the world's oldest regional association. Since the first international congress of American states held in Washington in 1890, the Western Hemisphere republics have maintained a system of cooperation in cultural, social, economic, and political fields. The treaty creating the OAS in 1948 intensified this cooperation and reaffirmed the mutual defense commitment undertaken in the Inter-American Treaty of Reciprocal Assistance (Rio Treaty) signed in 1947.

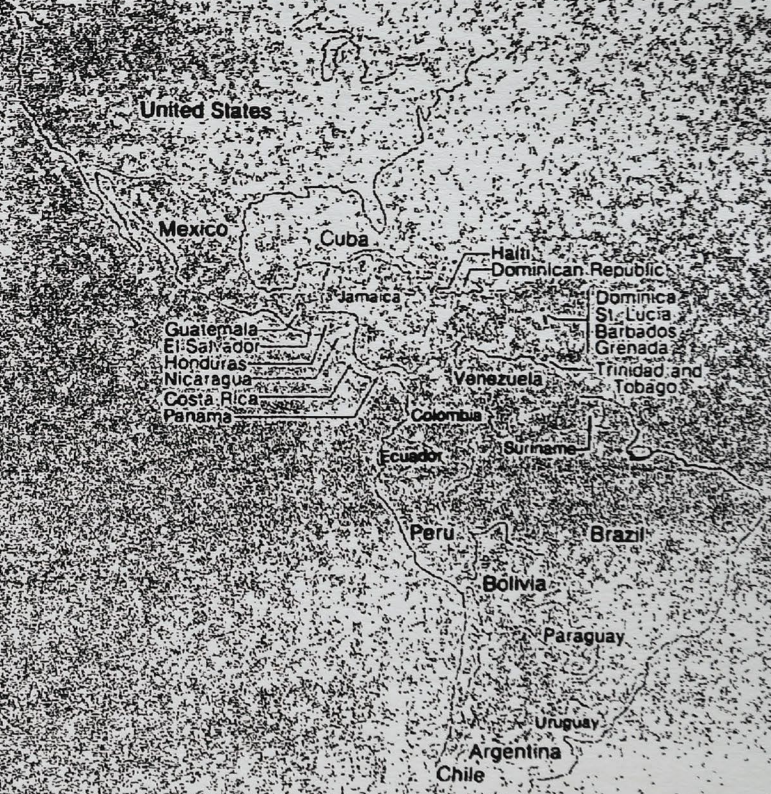
Members: Argentina, Barbados, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba (no longer takes part in OAS affairs), Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, St. Lucia, Suriname, Trinidad and Tobago, Uruguay, United States, and Venezuela.

St. Vincent
Antigua

United States

United States

U.S.



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DIPTELS

SIDE FLAG

- A FCO Tel No 658 of 6th April
- B Washington Tel No 1146 of 6th April
- C Washington Tel No 1147 of 6th April
- D Washington Tel No 1161 of 7th April
- E* Washington Tel No 1174 of 7th April

* Ambassadors guidance to HMG for Mr Haig's visit.

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TO IMMEDIATE F C O
TELEGRAM NUMBER 1184 OF 7 APRIL

FALKLANDS: MEETING OF AIR CHIEFS OF THE AMERICAS.

1. AIR ATTACHE LEARNED TODAY THAT THERE IS TO BE A MEETING IN BUENOS AIRES FROM 12-17 APRIL OF THE AIR CHIEFS OF THE AMERICAS. AT PRESENT, GENERAL ALLEN U S AIR FORCE CHIEF OF STAFF IS UNDER INSTRUCTIONS TO ATTEND, THOUGH HE HIMSELF IS NONE TOO KEEN TO DO SO. WE UNDERSTAND THAT THE CANADIAN AIR FORCE CHIEF OF STAFF HAS ALREADY CRIED OFF.

2. MINISTER HAS RAISED THIS WITH EAGLEBURGER, POINTING OUT THAT GENERAL ALLEN'S ATTENDANCE AT THIS STAGE WOULD SEND ENTIRELY THE WRONG SIGNAL TO THE ARGENTINE JUNTA. EAGLEBURGER WAS ALREADY AWARE OF THIS QUESTION AND SAID IT HAD BEEN DISCUSSED YESTERDAY WITH HAIG. THE CONCLUSION HAIG HAD COME TO WAS THAT, AS A GENERAL RULE, IT WOULD BE ALL RIGHT FOR AMERICAN REPRESENTATIVES TO ATTEND MULTILATERAL MEETINGS INVOLVING THE ARGENTINE BUT THAT THEY SHOULD AVOID BILATERAL MEETINGS AT PRESENT. THOMAS POINTED OUT THAT NOT ONLY WOULD THE ARGENTINIANS BE BOUND TO TRY TO USE THIS MEETING TO GENERATE SOME KIND OF ENDORSEMENT OF THE ACTION THEY HAD TAKEN IN THE FALKLANDS, BUT ALSO THE START OF THE MEETING WOULD COINCIDE WITH THE ESTABLISHMENT OF OUR MARITIME EXCLUSION ZONE ROUND THE FALKLAND ISLANDS. HE SAID THAT GENERAL ALLEN'S PRESENCE AT SUCH A MEETING AT THAT POINT WOULD SIMPLY NOT BE UNDERSTOOD IN LONDON, AND ASKED WHETHER IT WOULD NOT BE POSSIBLE TO SUGGEST A POSTPONEMENT OF THE MEETING. EAGLEBURGER IMMEDIATELY TOOK THE POINT AND SAID HE WOULD TRY TO SPEAK AGAIN TO HAIG ABOUT IT BEFORE HE LEFT TODAY FOR LONDON. YOU MAY WISH TO RAISE THIS YOURSELF WITH HAIG.

HENDERSON

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CABINET OFFICE

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FALKLAND ISLANDS

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TO IMMEDIATE F C O

TELEGRAM NUMBER 1174 OF 7 APRIL

INFO IMMEDIATE UKMIS NEW YORK (PERSONAL FOR ACTING PERMANENT REPRESENTATIVE).

FALKLANDS.

1. BEFORE THE PRIME MINISTER AND YOU SEE SECRETARY HAIG TOMORROW YOU MAY LIKE ME TO TRY TO PULL TOGETHER AMERICAN VIEWS.

2. THE AMERICANS THOUGH PERHAPS LEAVING IT TOO LATE, MADE GREAT EFFORTS TO DISSUADE THE ARGENTINIANS FROM PROCEEDING WITH THE INVASION AND IN DOING SO MADE CLEAR TO THEM THAT WE WOULD BE LIKELY TO REGARD IT AS A CASUS BELLI. IF IN RESPONSE WE HAD NOT PROCEEDED TO SEND SHIPS TO THE SOUTH ATLANTIC, WE WOULD HAVE LOST ALL AUTHORITY HERE.

3. NEVERTHELESS THE AMERICANS NOW FACE A DILEMMA. AS EXPECTED, THEY ARE CAUGHT BETWEEN THE DESIRE TO SUPPORT US, REALIZING WHAT IS AT STAKE IN LONDON (WITH HAIG TELLING ME IN THE clearest terms THAT THERE QUOTE CANNOT BE ANOTHER SUEZ UNQUOTE) AND THEIR EXTREME CURRENT SENSITIVITY TO THE DANGERS FOR THEM OF INSTABILITY IN CENTRAL AND SOUTHERN AMERICA, AND TO THE RISKS OF A SPREAD OF CUBAN AND SOVIET INFLUENCE THERE IN THE EVENT OF A FURTHER DECLINE OF U S STANDING IN THE REGION. THE PRESENT U S ADMINISTRATION HAS DEVOTED OVER THE PAST YEAR GREAT EFFORTS TO IMPROVING ITS RELATIONS WITH ARGENTINA, TO TRY TO DRAW THEM CLOSER TO THE UNITED STATES AND GET SOME (VERY RELATIVE) IMPROVEMENT IN THE APPALLING RECORD ON HUMAN RIGHTS. ENDERS HAS BEEN THE PRINCIPAL ARCHITECT OF THE POLICY OF TRYING TO GET ACTIVE ARGENTINIAN SUPPORT IN SECURITY ASSISTANCE IN CENTRAL AMERICA.

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4. BEYOND THESE CONSIDERATIONS IS THE FEAR THAT IF THERE IS A NAVAL ENGAGEMENT IN THE SOUTH ATLANTIC, THE OAS STATES, MANY OF THEM AT PRESENT PRIVATELY CRITICAL OF ARGENTINA, WILL BE DRIVEN THROUGH LATIN AMERICAN SOLIDARITY TO SIDE WITH THE ARGENTINIANS. THE AMERICANS WOULD THEN FIND THEMSELVES PULLED PAINFULLY IN BOTH DIRECTIONS.

5. SO FAR AS OUR OWN POSITION IS CONCERNED I HAVE LEFT NOT THE SLIGHTEST DOUBT WITH THE U S ADMINISTRATION THAT THE SINE QUA NON FOR US IS THE ARGENTINIAN WITHDRAWAL FROM THE ISLANDS. HAIG IS WELL AWARE THAT THIS IS OUR QUOTE BOTTOM LINE UNQUOTE. I SHOULD BE SURPRISED IF HE SOUGHT TO PRESS IDEAS FOR JOINT ADMINISTRATION.

6. BUT THERE ARE OTHER FACTORS WHICH WILL BE LEADING THE AMERICANS TO TRY FOR A LONGER TERM SOLUTION. SO FAR AS THE MILITARY SITUATION IS CONCERNED, THE U S ADMINISTRATION DO NOT DOUBT OUR NAVAL SUPERIORITY. THEY DO, HOWEVER, SEE POTENTIALLY SERIOUS PROBLEMS FOR US, OPERATING FAR FROM HOME AND WITH LIMITED AIR SUPPORT, IN GETTING THE ARGENTINIAN GROUND TROOPS OFF THE ISLANDS WITHOUT CONSIDERABLE CASUALTIES.

7. THEY ARE ALSO CONCERNED ABOUT THE SITUATION AFTER WE SUCCEEDED IN RECAPTURING THE ISLANDS BY FORCE. GALTIERI'S GOVERNMENT WOULD NO DOUBT FALL; BUT THE ARGENTINIANS WOULD NOT GIVE UP THEIR CLAIM. WE SHOULD HAVE TO CONTINUE TO DEPLOY CONSIDERABLE FORCES IN THE AREA TO DEFEND THE ISLANDS AND THE ISSUE WOULD REMAIN A RUNNING SORE UNLESS ARGENTINIAN WITHDRAWAL IS ACCOMPANIED BY SOME LONGER TERM SOLUTION.

8. I HAVE NO DOUBT, THEREFORE, THAT THE AMERICANS ARE HANKERING AFTER SOME KIND OF SOLUTION WHICH WOULD ENTAIL ARGENTINIAN WITHDRAWAL FROM THE ISLANDS AND THEIR RETURN TO BRITISH ADMINISTRATION; BUT WHICH WOULD OFFER THEM THE PROSPECT OF SOME SATISFACTION IN TERMS OF AN EVENTUAL SOLUTION ON SOVEREIGNTY.

9. ALL THESE FACTORS, PLUS THE HABITUAL DEGREE OF INCOHERENCE WHICH CHARACTERIZES THE U S ADMINISTRATION, HAVE BEEN REFLECTED IN THE SOMEWHAT CONFLICTING STATEMENTS WHICH HAVE BEEN MADE HERE OVER THE PAST FEW DAYS. THE AMERICAN ATTACHMENT TO SOME MEASURE OF QUOTE NEUTRALITY UNQUOTE IS RELATED TO THEIR DESIRE TO PRESERVE THE POSSIBILITY THAT THEY MAY BE ABLE TO NEGOTIATE A SOLUTION AND MUST THEREFORE RETAIN SOME INFLUENCE IN BUENOS AIRES. IT HAS ALSO BEEN RELATED TO THE USUAL FACTIONAL STRUGGLES HERE WITHIN THE ADMINISTRATION, WITH MRS KIRKPATRICK AND ENDERS ESPOUSING A PRO-ARGENTINE LINE.

S E C R E T

10. AS YOU WILL HAVE SEEN FROM MY TELEGRAMS, I HAVE NO DOUBT THAT HAIG AND WEINBERGER ARE SOUND, THOUGH THEY WILL REMAIN ANXIOUS TO DO EVERYTHING THEY CAN TO PROMOTE AN HONOURABLE SOLUTION AVOIDING THE NECESSITY FOR A FULL-SCALE NAVAL ACTION. I HAVE MADE QUITE CLEAR TO THEM THE IMPORTANCE WE ATTACH TO THE PRINCIPLE OF SELF-DETERMINATION AND TO NOT NEGOTIATING UNDER DURESS.

11. I THINK YOU WILL FIND HAIG FULLY CONSCIOUS OF OUR ABSOLUTE DETERMINATION TO GET THE ARGENTINIANS OFF THE ISLANDS BUT ANXIOUS TO EXPLORE WHETHER THIS COULD NOT BE COUPLED WITH SOME PROPOSAL WHICH COULD OPEN THE WAY FOR AN EVENTUAL NEGOTIATED SOLUTION, WHILE MEETING OUR FUNDAMENTAL REQUIREMENTS.

HENDERSON

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TO FLASH F C O
TELEGRAM NUMBER 1161 OF 7 APRIL

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YOUR TELNO 664: FALKLAND ISLANDS

1. I CONVEYED THE MESSAGE AND HAIG IS GRATEFUL. HE WILL BE READY FOR TALKS IN LONDON TOMORROW. HE WILL LEAVE HERE THIS AFTERNOON SO AS TO GET A NIGHT'S REST IN LONDON. I WILL TIE HIM DOWN ABOUT LUNCH OR DINNER AND LET YOU KNOW LATER.

2. I EXPLAINED YOUR CONCERN ABOUT HOW THIS VISIT IS TO BE REPRESENTED PUBLICLY AND SUGGESTED THE LINE THAT WE SHOULD BOTH TAKE. HAIG SAID THAT THE WHITE HOUSE WAS PUTTING OUT A STATEMENT THIS MORNING THAT HE, HAIG, WOULD NOT BE ACCOMPANYING THE PRESIDENT ON HIS VISIT TO THE CARIBBEAN. THE PRESIDENT WANTED HIM TO CONTINUE TO BE OF ASSISTANCE ON THE FALKLANDS ISSUE. NEITHER HAIG NOR THE WHITE HOUSE INTENDED USING THE WORDS MEDIATOR OR GOOD OFFICES.

3. I SUGGESTED THAT THE U.S. COULD AT LEAST DRAW ON THE WORDING OF THE SECURITY COUNCIL RESOLUTION CALLING FOR WITHDRAWAL ETC. HAIG SAID THAT THEY WERE GOING TO MAKE CLEAR THEIR ADHERENCE TO THE SECURITY COUNCIL RESOLUTION. THEY WERE GOING TO SAY THAT THE U.S. WAS CONCERNED ABOUT ANY FURTHER USE OF FORCE. I SAID THAT THIS DID NOT SOUND LIKE A GOOD IDEA. THE ARGENTINIANS HAD ALREADY USED FORCE. SUCH LANGUAGE WOULD GIVE THE IMPRESSION THAT THE U.S. WERE IN FAVOUR OF BLOCKING OUR THREATENED ACTION IF THE ARGENTINIANS DID NOT WITHDRAW. HAIG TOOK NOTE AND ASKED ME TO LEAVE THE PROBLEM WITH HIM. HE UNDERSTOOD IT.

4. I DREW HAIG'S ATTENTION TO THE CAMPAIGN THE SOVIETS WERE LAUNCHING TO SUGGEST THAT THE U.S. WAS DISTANCING ITSELF FROM THE U.K. ON THIS ISSUE. IN PARTICULAR I MENTIONED THE SENSE IN GERMANY THAT THIS WAS HAPPENING (BONN TELEGRAM NO 305). HAIG SAID HE HAD NOT HEARD THIS. HE WAS OBVIOUSLY CONCERNED ABOUT IT.

5. I ALSO MENTIONED THE DIFFICULTIES THE VENEZUELAN AND COLOMBIANS WERE CAUSING AND ASKED WHETHER THE U.S. COULD NOT EXERT SOME PRESSURE ON THOSE TWO COUNTRIES. HAIG SAID THAT HE WAS DOING HIS BEST. THEY HOPED TO BE ABLE TO HEAD THEM OFF FROM EARLY U.S. OR RIO TREATY ACTION. HE BELIEVED THAT AMBASSADOR MITTENDORF WAS HAVING SOME SUCCESS IN THE O.A.S.

HENDERSON

STANDARD

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US.

C O N F I D E N T I A L

CXK064 07/0305 09700457 *****

FOR CXK

RFLASH/ROUTINE 070048Z APR 82

FROM COMMCEN FCO LONDON
TO MODUK SITCEN
INFO CINCFLEET

C O N F I D E N T I A L
SIC A3A/A2M/I9F (SICS INSERTED BY DCC)
CONFIDENTIAL
FM WASHINGTON 070048Z APR 82
TO FLASH FCO
TELEGRAM NUMBER 1147 OF 6 APRIL

FALKLANDS: NIPT

1. WHEN WE WERE DISCUSSING THE US ATTITUDE TOWARDS THE ARGENTINIANS, HAIG SAID, WITH STRONG SUPPORT FROM ENDERS WHO WAS PRESENT AT THE MEETING, HOW IMPORTANT IT WAS FOR THE AMERICANS NOT TO TILT TOO OPENLY TOWARDS OUR SIDE BECAUSE IF THEY DID THIS THEY WOULD LOSE CREDIBILITY WITH THE ARGENTINIANS. HAIG BELIEVED THAT THE AMERICANS ALONE COULD EXERT INFLUENCE IN BUENOS AIRES.

PAGE 2 R30MC 00409 C O N F I D E N T I A L

2. I SAID THAT I THOUGHT THAT AMERICAN INFLUENCE COULD BE PREDOMINANT THERE. IT WAS TRUE THAT PRESIDENT REAGAN HAD NOT BEEN ABLE TO AVERT THE ARGENTINE INVASION, BUT HE HAD GOT INTO TOUCH WITH GALTIERI ONLY SHORTLY BEFORE THE LANDINGS AND THERE WAS NO CHANCE AT THAT STAGE OF STOPPING THE ARGENTINE MILITARY ACTION, BUT THIS DID NOT MEAN THAT THE ARGENTINIANS WOULD NOT BE SUSCEPTIBLE TO AMERICAN PRESSURE. THE ARGENTINE REGIME WAS IN DEEP ECONOMIC STRAITS AND VULNERABLE TO ALL MANNER OF PRESSURES THAT THE AMERICANS COULD BRING TO BEAR ON THEM.
I SAID THAT I PRESUMED THAT THE AMERICANS WOULD NOT BE LETTING ANY FURTHER ARMS DELIVERIES GO TO ARGENTINA AND HAIG CONFIRMED CATEGORICALLY THAT THIS WAS SO.

3. I SAID THAT I HAD LISTENED TO THE ARGUMENT ABOUT CREDIBILITY WITH THE ARGENTINIANS BUT, ON THE BASIS OF MY KNOWLEDGE OF THE F.O.I. AMERICANS, I HELD THE VIEW THAT WHAT WOULD HAPPEN WAS THAT THE ARGENTINIANS WOULD NOT BE NICHESSED ON THE PART OF THE AMERICANS BUT WOULD BE UNDER PRESSURE FROM THEM BACKED BY THE FORCE OF THE UNITED STATES' COALITION MILITARY ENGAGEMENT. ALTHOUGH I DID NOT SAY THIS EXPLICITLY,

... THE ARGENTINIANS WERE NOW ALREADY WORRIED.
THE DILEMMA WAS THAT IF WE SUNK THE ARGENTINE NAVY THAT WOULD BEF
THE END OF GALTIERI; BUT IT WOULD ALSO BE THE END OF GALTIERI IF
HE WAS OBLIGED TO WITHDRAW FROM THE ISLANDS WITHOUT ANY PROMISE
OF A NEGOTIATION THAT CONTAINED PROMISE FOR ARGENTINE IN THE
FUTURE HE ASKED ME FOR ANY IDEAS WE MIGHT HAVE OF WHAT SORT
OF APPROACH MIGHT SQUARE THE CIRCLE. I REPEATED OUR VIEW ABOUT
THE NEED AT THIS STAGE TO PUT PRESSURE ON ARGENTINA TO WITHDRAW
AND EMPHASISED THE CRUCIAL ROLE THAT THE AMERICANS COULD PLAY
IN THIS.

4. HAIG SAID HE ENTIRELY AGREED WITH MY VIEW ABOUT HUMAN NATURE.
RETURNING TO THE ISSUE OF HOW TO HEAD OFF A BATTLE HAIG SAID
THAT HE THOUGHT THAT THE ARGENTINIANS WERE NOW ALREADY WORRIED.
THE DILEMMA WAS THAT IF WE SUNK THE ARGENTINE NAVY THAT WOULD BEF
THE END OF GALTIERI; BUT IT WOULD ALSO BE THE END OF GALTIERI IF
HE WAS OBLIGED TO WITHDRAW FROM THE ISLANDS WITHOUT ANY PROMISE
OF A NEGOTIATION THAT CONTAINED PROMISE FOR ARGENTINE IN THE
FUTURE HE ASKED ME FOR ANY IDEAS WE MIGHT HAVE OF WHAT SORT
OF APPROACH MIGHT SQUARE THE CIRCLE. I REPEATED OUR VIEW ABOUT
THE NEED AT THIS STAGE TO PUT PRESSURE ON ARGENTINA TO WITHDRAW
AND EMPHASISED THE CRUCIAL ROLE THAT THE AMERICANS COULD PLAY
IN THIS.

5. HAIG SAID THAT HE ENTIRELY SAW OUR POINT THAT WE COULD NOT BE

PAGE 4 RBDWC 88489 C O N F I D E N T I A L
PARTIES TO ANY DISCUSSIONS SO LONG AS THE ARGENTINE PRESENCE
REMAINED ON THE ISLANDS. BUT PERHAPS THE AMERICANS THEMSELVES
COULD DO SOMETHING BY SUGGESTING THAT IF THE ARGENTINIANS WITHDREW
THE AMERICANS WERE CONFIDENT THAT THERE COULD BE FURTHER TALKS.
I SAID THAT THAT WAS ANOTHER MATTER. I WOULD CERTAINLY BE IN TOUCH
WITH HIM AGAIN BUT I ASKED THAT THE NEXT STEP WOULD BE FOR HIM
TO LET US KNOW HOW HE GOT ON WITH THE ARGENTINIANS. IT DID NOT
LOOK TO ME AS THOUGH THEY WOULD SHOW MUCH SIGN OF FLEXIBILITY AT
THIS STAGE UNTIL THE YEAST OF THE APPROACHING BRITISH NAVAL
PRESENCE HAD HAD TIME TO WORK UPON THEM. TO WHICH HAIG REVERTED
TO THE ARGUMENT THAT HE MADE THROUGHOUT THAT HE WAS REALLY WORRIED
BY THE NARROWNESS OF THE WINDOW AND THE NEED THEREFORE TO GET
SOME SORT OF NEGOTIATION GOING.

6. IT WAS LEFT THEREFORE THAT HE WOULD GET IN TOUCH AGAIN AFTER HE
HAD TALKED WITH THE ARGENTINIANS. HE WAS DUE TO GO WITH THE
PRESIDENT TO THE WEST INDIES ON 7 APRIL BUT HE WAS READY TO RETURN
ALMOST IMMEDIATELY, AND EVEN NOT GO AT ALL IF HIS PRESENCE WAS
NEEDED ELSEWHERE TO DEAL WITH THIS MATTER WHICH WAS OF THE HIGHEST
PRIORITY.

PAGE 5 RBDWC 88489 C O N F I D E N T I A L

F
7. IN REPORTING ALL THIS TO YOU IN THIS SOMEWHAT DISCURSIVE WAY
I SHOULD EMPHASISE THAT HAIG ADMITTED THAT HE WAS SPEAKING ALOUD.
HE ASKED THAT NO NOTES SHOULD BE TAKEN. HE DID NOT CLAIM TO BE
PUTTING FORWARD ANY SPECIFIC IDEAS. HE WAS SIMPLY TRYING TO TEST
INITIAL REACTIONS. I DID NOT THINK THAT HE WAS UNAWARE THAT MUCH
OF WHAT HE SAID WAS ILL-FORMED. IT WOULD I THINK BE WRONG TO
CRITICISE THE SOMEWHAT RANDOM NATURE OF THIS REMARKS OR TO ANALYZE
THEM IN DETAIL.

HENDERSON
ET

US

C O N F I D E N T I A L

CXK038 07/0153 09700290

FOR CXK

RFLASH/RFLASH 070045Z APR 82

FROM COMMCEN FCO LONDON
TO MODUK SITCEN
INFO CINCFLEET

C O N F I D E N T I A L
SIC A3A/A2M/ISF (SICS INSERTED BY OCC)
CONFIDENTIAL
FM WASHINGTON 070045Z APR 82
TO FLASH FCO
TELEGRAM NO 1146 OF 6 APRIL

FALKLANDS

1. I SAW HAIG TODAY AT HIS REQUEST AND CONVEYED YOUR MESSAGE AND SUPPORTING POINTS (YOUR TELEGRAM NO 653).
2. HAIG SAID THAT HE WOULD BE SEEING THE ARGENTINE AMBASSADOR LATER TODAY AS WELL AS THE ARGENTINE FOREIGN MINISTER. HE DID NOT THINK THAT THEY CARRIED MUCH WEIGHT, IT WAS GALTIERI WHO MATTERED, BUT

Page 2 R0DWC A0288 C O N F I D E N T I A L
HE WOULD HAVE TO BEGIN WITH THEM. LATER, OTHER CHANNELS MIGHT HAVE TO BE FOUND.

3. HAIG SAID THAT HE HAD FIRST THOUGHT THAT IT MIGHT BE EXPEDIENT TO WAIT A LITTLE TIME BEFORE TRYING TO SET SOME NEGOTIATION IN TRAIN SO AS TO LET THE IMPACT OF OUR NAVAL DEPLOYMENT AND EVIDENT MILITARY DETERMINATION SINK IN ON THE ARGENTINIANS. BE HE WAS NOW COMING TO THE CONCLUSION THAT THE WINDOW WITHIN WHICH IT WOULD BE POSSIBLE FOR USEFUL ACTION TO BE TAKEN WAS A VERY NARROW ONE AND THAT THEREFORE SOME ACTION MUST BE TAKEN SOON. HE WAS THINKING IN TERMS OF SOME SORT OF MEDIATION AND, APPARENTLY THINKING OUT ALOUD, SURMISED WHETHER IT MIGHT BE POSSIBLE TO THINK OF NEGOTIATING WITH US AND THE ARGENTINIANS SOME MIXED ADMINISTRATION TO RUN THE ISLAND.

4. I SAID THAT I MUST CLARIFY OUR ATTITUDE TO AVOID ANY RISK OF MISUNDERSTANDING. HMG COULD NOT ENTER INTO ANY NEGOTIATIONS ABOUT THE FUTURE OF THE FALKLAND ISLANDS UNTIL ARGENTINE TROOPS HAD BEEN WITHDRAWN. THE SAME WOULD BE TRUE OF THE US ADMINISTRATION OF THE FALKLANDS IF US TERRITORY WAS OCCUPIED. IF, FOR EXAMPLE, THE GUCANS

Page 3 R0DWC A0288 C O N F I D E N T I A L
WITH SOVIET SUPPORT OCCUPIED. JOURNAL...
WE WOULD NOT ENTER INTO A NEGOTIATION...

... THE ... GROUPS ...

6. HAIG SAID THAT HE COULD NOT SEE HOW GALTIERI COULD SURVIVE IF HE SIMPLY HAD TO TAKE AWAY ARGENTINE TROOPS WITHOUT GETTING ANTIHIPS IN RETURN. I SAID THAT IT WAS NOT OUR PURPOSE TO HELP GALTIERI SURVIVE. IT WAS HE WHO HAD BROUGHT ABOUT THE PRESENT OCCUPATION IN ORDER TO DETRACT PUBLIC OPINION FROM ECONOMIC AND POLITICAL DIFFICULTIES.

7. I ASKED HAIG TO UNDERSTAND THE STRENGTH OF BRITISH OPINION. THERE CAN SCARCELY HAVE BEEN AN ISSUE SINCE 1939 UPON WHICH THE BRITISH FELT SO STRONGLY, AND THIS FEELING RAN ACROSS PARTY LINES.

PAGE 4 RBOUC A0282 C O N F I D E N T I A L

NO GOVERNMENT IN BRITAIN COULD POSSIBLY CONTEMPLATE A NEGOTIATION INVOLVING THE ARGENTINIANS WHILE THEY REMAINED IN OCCUPATION OF THE ISLAND. IF THE QUESTION WAS ASKED WHY WE BOTHERED SO MUCH ABOUT 2000 PEOPLE THE OTHER END OF THE WORLD, A POINT THAT HAD BEEN MADE TO ME IN MANY PUBLIC INTERVIEWS, THE ANSWER WAS THAT THE AMERICANS SHOULD BEAR IN MIND HOW STRONGLY THEY FELT ABOUT 52 HOSTAGES IN IRAN: WHAT WAS AT ISSUE HERE WAS WHETHER IN THE AMERICAN HEMISPHERE DIFFERENCES WERE GOING TO BE SETTLED BY FORCE AND WHETHER THE PRINCIPLE OF SELF-DETERMINATION WHICH THE US HAD PIONEERED WAS GOING TO BE OVERTHROWN. HAIG THEREFORE SHOULD BE IN NO DOUBT OF OUR DETERMINATION TO GO THROUGH WITH THIS OPERATION AND OUR ABILITY TO DO SO. HAIG SAID THAT HE ENTIRELY UNDERSTOOD. HE WAS COMPLETELY AWARE OF THE STATE OF BRITISH PUBLIC OPINION ON THIS ISSUE. HE WAS DETERMINED, AS WAS THE PRESIDENT, TO DO EVERYTHING CONCEIVABLE TO HELP THE BRITISH GOVERNMENT. I MUST NOT UNDERESTIMATE THE PERSONAL INVOLVEMENT OF THE PRESIDENT IN THIS MATTER. HE WAS TOTALLY AWARE OF THE PROBLEMS AND VIEWS OF THE PRIME MINISTER ON THIS ISSUE. QUOTE WE ARE DETERMINED THERE SHALL NOT BE ANOTHER SUEZ UNQUOTE, HE SAID.

PAGE 5 RBOUC A0296 C O N F I D E N T I A L

8. BUT THE DIFFICULTY WAS NOW TO GET THE ARGENTINIANS OUT. HE ACCEPTED IT NOW AS A FACT THAT THEY MUST BE GOT OUT BEFORE THE BRITISH COULD ENTER A NEGOTIATION. BUT, AGAIN THINKING ALOUD, HE WONDERED WHETHER IT WOULD BE POSSIBLE FOR HIM TO APPOINT A COMMISSION COMPRISING SAY, SOME DISTINGUISHED BUT IMPARTIAL AMERICAN FIGURE, A CANADIAN, SOME LATIN AMERICAN AND ONE OR TWO OTHERS WHO MIGHT ACT AS INTERMEDIARIES AND SERVE AS SOME KIND OF INTERIM ADMINISTRATION.

9. I SUGGESTED THAT TWO MATTERS SEEMED TO BE AT ISSUE IN WHAT HAIG WAS SUGGESTING. THE QUESTION OF THE ADMINISTRATION OF THE ISLAND WAS A PERFECTLY STRAIGHTFORWARD ONE. THE ADMINISTRATION MUST BE RETURNED TO US. THERE WERE AFTER ALL NO ARGENTINIANS TO SPEAK OF ON THE ISLAND. THE QUESTION OF ADMINISTRATION RAISED NO PROBLEMS. THE OTHER MATTER WAS THAT OF THE FUTURE SOVEREIGNTY OF THE ISLAND. IT MIGHT BE THAT A GROUP OF WISE MEN COULD COME UP WITH SUGGESTIONS ABOUT THIS, BUT THE KEY NEED AT THE MOMENT WAS FOR

SECRET

19. HAIG THEN OFFERED IDEAS ABOUT INCLUDING THE OAS. I SAID THAT THIS WOULD BE TOTALLY DEPLORABLE. THE AMERICANS, SCARCELY LESS THAN WE, WERE DEGRADED AS ANGLLO-SAXON GINGOS BY THAT ORGANIZATION AND WE WOULD GET NOWHERE BY INVOLVING THEM. NOR, I SAID, WOULD THERE BE ANY POINT IN BRINGING IN THE UNITED NATIONS AGAIN. WE HAD GOT A VERA SATISFACTORY VOTE WITHIN THE SECURITY COUNCIL AND IF IT WAS IMPORTANT TO BASE OURSELVES ON THIS RESOUNDING DEMAND FOR ARGENTINE WITHDRAWAL, TO TRY TO INVOLVE THE UNITED NATIONS FURTHER WOULD ONLY BE LIKELY TO INCURE A SOVIET VETO. PLEASE SEE MY IMMEDIATELY FOLLOWING TELEGRAM.

HENDERSON
BT

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0120 07 0259 0970442 *****

FOR OMK

IMMEDIATE/ROUTINE 062345Z APR 82

FROM COMNCEK FOO LONDON
TO MODUK SITCEN
INFO CINCFLEET

C O N F I D E N T I A L

SIC A3A/A2N/19F

CONFIDENTIAL

FM FOO 062545Z APR 82

TO FLASH WASHINGTON

TELEGRAM NUMBER 658

FOLLOWING FROM PRIVATE SECRETARY
FALKLAND ISLANDS

1. HAIG RANG ME LATE THIS EVENING (6 APRIL). AFTER CONGRATULATIONS AND SAYING HOW MUCH HE LOOKED FORWARD TO WORKING WITH ME, HE SAID THAT HE HAD JUST HAD AN HOUR WITH YOU FOLLOWED BY AN HOUR WITH THE ARGENTINE AMBASSADOR AND EXPECTED TO SEE THE ARGENTINE FOREIGN MINISTER SHORTLY. HE HAD NOT YET TALKED TO PRESIDENT REAGAN BUT WAS ANXIOUS TO ACT QUICKLY TO STOP THE VERY SERIOUS SITUATION GETTING OUT OF CONTROL. EMOTIONS WERE RUNNING

PAGE 2 RBDWC 00430 C O N F I D E N T I A L

HIGH ON BOTH SIDES AND POSITIONS WOULD BECOME MORE RIGID WITH TIME. HE THEREFORE WANTED TO COME TO LONDON VERY SOON, POSSIBLY AS EARLY AS 7 APRIL, TO SOUND OUT OUR VIEWS AND TO TRY OUT ON US SOME IDEAS BEFORE GOING ON TO BUENOS AIRES. HE THOUGHT HE HAD A PRETTY GOOD IDEA OF THE ARGENTINE BOTTOM LINE AND HE SAW SOME POSSIBILITIES.

2. I MADE CLEAR THE VERY STRONG VIEW HERE THAT THE ARGENTINE ACTION COULD NOT IN ANY WAY BE TOLERATED AND MUST BE REVERSED. WE ATTACH GREAT IMPORTANCE TO US INFLUENCE ON ARGENTINA AND TO THE HELP OF OUR FRIENDS AND ALLIES. THE PRIME MINISTER HAD SENT A MESSAGE TO PRESIDENT REAGAN ASKING FOR HIS HELP ON ECONOMIC MEASURES TO PUT PRESSURE ON THE ARGENTINES. I WAS GRATEFUL FOR THE US INTEREST DEMONSTRATED BY HAIG'S OFFER, BUT I WONDERED WHETHER IT MIGHT NOT BE BETTER IF I WERE TO GO TO WASHINGTON. HAIG INSISTED THAT HE WANTED TO COME TO LONDON FOR EXPLORATORY TALKS AS SOON AS POSSIBLE AND THEN FLY TO BUENOS AIRES. A VISIT TO WASHINGTON BY ME COULD LOOK AS IF WE WERE COLLUDING AGAINST ARGENTINA. IT WAS LEFT THAT I SHOULD BE IN TOUCH WITH HIM AGAIN SOON WITH A RESPONSE TO HIS SUGGESTION.

3. I WOULD BE GRATEFUL FOR YOUR VIEWS BY 070630Z ON HAIG'S

PAGE 3 RBDWC 00430 C O N F I D E N T I A L

OFFER. AT FIRST SIGHT IT TENDS TO CONFIRM OUR FEARS ABOUT THE MEDIATORY ROLE THE AMERICANS SEE THEMSELVES PLAYING. WE MUST BE

C O N F I D E N T I A L

RECEIVED
10 APR 1968
U.S. AIR FORCE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20330

THE CONTENTS OF THIS MESSAGE REQUIRE CAREFUL THOUGHT AND CONSIDERATION AT THE END. YOU SHOULD THEREFORE MAKE CLEAR TO THE OFFICE THAT HE SHOULD NOT EXPECT AN ANSWER FROM US BEFORE THE BEGINNING OF THE WORKING DAY OF 7 APRIL IN WASHINGTON.

PYM
BT

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Cabinet File
(Wg. Commander
Scott)

Private Secretary

FALKLAND ISLANDS: MR HAIG'S VISIT TO LONDON

New Dept.

I submit a brief on the Rio Treaty. The brief is for defensive use only in the event that Mr Haig seeks to argue that the declaration of our Maritime Exclusion Zone may activate the terms of the Rio Treaty itself.

m 14

Ian Sinclair

Ian Sinclair
Legal Adviser

8 April 1982

- .cc PS/all Ministers
- PS/PUS
- Sir A Acland
- Mr Bulland
- Mr Giffard
- Mr Wright
- Lord Bridges
- Mr Ure
- Mr Gillmore

forward to APS/Sys

- Heads of:
- UND
- Defence Department
- Planning Staff
- News Department
- ERD
- ECD(E)
- NAD
- Mr Fearn (Emergency Unit)

17.50

THE RIO TREATY

BACKGROUND

1. The Rio Treaty is, together with the OAS Charter, one of the basic documents underpinning the inter-America system. The Rio Treaty provides the regional system of military security. The concepts are similar to those in NATO.

2. Article 3 of the Rio Treaty provides that:

"An armed attack by any State against an American State shall be considered as an attack against all the American States."

The contracting parties then undertake to assist in meeting the attack in the exercise of the inherent right of self-defence. Article 3 is to be applied "in case of any armed attack which takes place within the region described in Article 4." The Article 4 region extends from the North to the South Poles and includes an extensive area of the Atlantic and Pacific Oceans. At the 1947 Rio Conference, Argentina re-affirmed her claim to the Falkland Islands and the Dependencies. The US commented on these statements that "the Rio Treaty has no effect upon the sovereignty, national or international status of any of the territories included in the region as defined in Article 4".

3. The Maritime Exclusion Zone which we have declared is within the Article 4 region. The Argentines may therefore seek to activate the provisions of Article 3 of the Rio Treaty in the event of an attack upon an Argentine warship in the Maritime Exclusion Zone.

4. The parties to the Rio Treaty include all 21 original members of the OAS plus Trinidad and Tobago. OAS members not party to the Treaty are Jamaica, Barbados, Grenada, St Vincent, Antigua, St Lucia and Dominica. Cuba was suspended from the OAS in 1962.

/POINTS

CONFIDENTIAL

POINTS TO MAKE (DEFENSIVE)

5. (i) We are fully justified in exercising our right of self-defence in respect of the Argentine attack upon the Falklands.
- (ii) The object and purpose of the Rio Treaty, as declared in the preamble, is "to deal with threats of aggression" against any of the American States.
- (iii) Article 10 of the Rio Treaty provides that nothing in it is to be construed as impairing the rights and obligations of the parties under the UN Charter. The Charter specifically prohibits the use of armed force against the territory of another State. Argentina is clearly already in breach of the Charter.
- (iv) There has been no "armed attack against an American State" within the meaning of Article 3 of the Rio Treaty. On the contrary there has been a prior invasion of British territory, and our sole purpose is to secure the withdrawal of Argentine forces from the Falklands and the restoration of British administration.
- (v) Argentina is itself the aggressor under the Rio Treaty, since Article 9 of the Treaty declares specifically that "..... invasion affecting a region which is under the effective jurisdiction of another State" shall be considered as aggression.
- (vi) We assume that the Americans share our view of the matter and will maintain in any consultations which may take place pursuant to the Rio Treaty that it is not applicable in the present circumstances.

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