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10 DOWNING STREET

From the Principal Private Secretary

17 May 1982

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Deu Francis,

IRELAND AND SANCTIONS AGAINST ARGENTINA

The Prime Minister spoke on the telephone at 1515 today to Mr Haughey about the Irish position on the renewal of Community sanctions against the Argentine.

She said that the decision which Community Foreign Ministers were due to take later that day was a critical one. If the Community now refused to extend the embargo, the Argentine would interpret that as meaning that it was no longer being criticised internationally, and this in turn would weaken our hand in attempting to reach a negotiated settlement of the Falkland Islands dispute. She and her ministerial colleagues had had a long meeting the previous day with Sir Anthony Parsons and Sir Nicholas Henderson, and Sir Anthony Parsons was returning to New York today to have one last attempt at reaching an agreement. Against the background of what was going on in New York, it was essential that the Community renewed sanctions today. She well understood the difficulties for Ireland, given its traditional position of neutrality and its present membership of the Security Council. Nonetheless, she hoped earnestly that Ireland would agree to the continuation of the embargo.

Mr Haughey said that the British request for the renewal of sanctions caused Ireland fundamental difficulties. Ireland had given her whole-hearted support for Security Council Resolution 502 and in particular for the withdrawal of the Argentines from the Falkland Islands and for the attempt to find a diplomatic solution. Irish support for Resolution 502 had essentially been support for a diplomatic, negotiated settlement. He was afraid that to renew sanctions now would be seen to be giving support for a military solution. He hoped that Foreign Ministers in Luxembourg this evening would be able to find a formula which accommodated the Irish position without interfering with the course which the rest of the Community wished to follow.

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The Prime Minister said that sanctions were a mark of disapproval of the Argentines for acting by force. They had taken territory by invasion and occupation. Since then they had gone on increasing both men and material in the Falkland Islands. They had made no attempt whatever to conform with Resolution 502 which called upon them to withdraw. If sanctions against them were now removed, this would appear to be conferring approval on the Argentinian invasion.

Mr Haughey then inquired about the efforts which the UN Secretary General was making to reach a negotiated settlement.

The Prime Minister said that on his return to New York Sir Anthony Parsons would be asking the Secretary General to make one more effort to reach a negotiated settlement. She believed that the negotiations would succeed or fail this week. The British Government had now considered several sets of proposals for a negotiated settlement, and we had been in discussion with the Secretary General for some time now. In the mean time not a single Argentine soldier had been withdrawn from the Falkland Islands. She had been particularly upset by President Galtieri's speech at the weekend when he had said that Argentina was prepared to sacrifice forty thousand Argentinian lives for the Falkland Islands if that were necessary. In this situation it was essential that the Community renewed sanctions. Even an extension of less than one month would be helpful.

Mr Haughey said that he personally would consider most carefully what the Prime Minister had said. He then went on to ask whether the Prime Minister wished to say anything to him about the other matters which the Foreign Ministers would be discussing in Luxembourg.

The Prime Minister said that she had just had a meeting with President Mitterrand at which they had discussed the Community budget and farm prices. The European Council had agreed that changes in the CAP and in the structure of the budget should go together. What had happened since then was that some changes in the CAP had been agreed - notably on the question of assistance for small milk producers which France badly wanted - but nothing had been done about the budget. If the necessary changes in the budget could not be secured now, we should have to go back to the 1980 formula for the third year.

Mr Haughey said that Ireland would make no difficulty about that. He wanted a mandate settlement as soon as possible.

The Prime Minister said that in her view it would be as easy to agree on a restructuring of the budget as on applying the 1980 formula for a third year. The problem was not fundamentally a very difficult one. But the tragedy of the European Community was that it always had to go to the brink before any changes could be agreed. Her discussions with President Mitterrand had not taken

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the matter very much further. Indeed, they had spent most of the time discussing not the Community but the forthcoming economic summit.

Mr Haughey said that he would like to offer Mrs Thatcher his "deepest sympathy" for the many problems she was facing. He did not want to make difficulties for her. He would try to be helpful.

The Prime Minister said that she would be most grateful if sanctions against Argentina could be extended.

Mr Haughey said that he would talk to his Foreign Minister at once to see if a formula on sanctions could be found which accommodated the Irish position. He wondered whether he and the Prime Minister should have a meeting soon.

The Prime Minister said that they should.

I am sending a copy of this letter to David Wright (Cabinet Office).

Yours sincerely,

John White.

Francis Richards Esq.,  
Foreign and Commonwealth Office.

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