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TO IMMEDIATE F C O

TELEGRAM NUMBER 007 OF 05 JUNE 1982

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MY IMMEDIATELY PRECEDING TELEGRAM. FALKLANDS.

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FOLLOWING IS SUMMARY OF PRIME MINISTER'S TALK WITH PRESIDENT REAGAN.

1. THE PRIME MINISTER OPENED THE DISCUSSION BY THANKING PRESIDENT REAGAN WARMLY FOR THE MATERIAL HELP WHICH THE UNITED STATES HAD EXTENDED TO US. SHE REGRETTED, BUT UNDERSTOOD, THAT SHE COULD NOT MAKE PUBLIC THE VERY VALUABLE ASSISTANCE WHICH THE AMERICANS HAD GIVEN. SHE DESCRIBED THE VARIOUS STAGES OF NEGOTIATION DURING THE PERIOD WHEN WE WERE ATTEMPTING TO REACH A DIPLOMATIC SETTLEMENT. FINALLY, WHEN ALL PREVIOUS EFFORTS HAD COME TO NOUGHT, WE HAD PUBLISHED OUR OWN TERMS FOR A SETTLEMENT. BUT FROM THE MOMENT WHEN WE HAD BEEN OBLIGED TO LAUNCH MILITARY ACTION TO RECAPTURE THE ISLANDS, EVERYTHING HAD CHANGED. WE HAD HAD TO WITHDRAW ALL THE EARLIER PROPOSALS. NOW, THE ONLY PROCEDURE WHICH WOULD BE OF INTEREST TO US WOULD BE A CEASE-FIRE, IRREVOCABLY LINKED TO ARGENTINE WITHDRAWAL WITHIN 14 DAYS.

2. THE PRIME MINISTER WENT ON TO EXPLAIN WHY WE COULD NOT WITHDRAW OUR OWN FORCES OR MAKE CONCESSIONS TO THE ARGENTINE DESIRE FOR SOVEREIGNTY, AND WHY WE SHOULD HAVE TO VETO THE RESOLUTION BEFORE THE SECURITY COUNCIL. SHE EXPRESSED THE HOPE THAT THE UNITED STATES AND FRANCE WOULD ALSO VETO THIS RESOLUTION. WE COULD NOT ACCEPT A CEASE-FIRE AT A TIME WHEN OUR FORCWERE POISED TO TAKE ACTION AND WERE FIGHTING IN ADVERSE CLIMATIC CONDITIONS. IF GALTIERI WANTED TO WITHDRAW AND COMMUNICATE THIS WISH TO HER, BOTH SIDES COULD INSTRUCT THEIR COMMANDERS ON THE SPOT TO MAKE ARRANGEMENTS. PRESIDENT REAGAN, PERHAPS NOT ENTIRELY UNDERSTANDING THE PRIME MINISTER'S POINT, ENQUIRED WHETHER SHE

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HAD MADE A PROPOSAL ON THESE LINES. THE PRIME MINISTER SAID THAT SHE HAD NOT DONE SO. SHE WAS MERELY DESCRIBING THE ONLY PROCEDURE WHICH WE COULD ACCEPT.

3. THE PRIME MINISTER MADE IT PLAIN THAT SHE WAS NOT INTERESTED IN HUMILIATING ARGENTINA NOR WAS SHE AT WAR WITH THE MAINLAND. NO-ONE WAS MORE ANXIOUS THAN SHE FOR AN ARMISTICE.

4. PRESIDENT REAGAN EXPRESSED A KEEN WISH TO MINIMISE THE LOSS OF LIFE. HE WONDERED WHETHER PERSISTENT BOMBARDMENT, RATHER THAN A FRONTAL ASSAULT, MIGHT NOT HELP TO ACHIEVE THIS. THE PRIME MINISTER SAID THAT, GIVEN THE SITUATION OF THE ARGENTINE FORCES, THIS TACTIC MIGHT CAUSE EVEN MORE DEATHS. BUT SHE HAD ASSURED THE PRESIDENT THAT WE TOO WISHED TO MINIMISE LOSS OF LIFE. SHE HAD TOLD THE PRESIDENT OF THE DISCOVERY OF NAPALM BOMBS AT GOOSE GREEN (HE APPEARED TO BE UNAWARE OF THIS) AND HAD ALSO DESCRIBED THE TREATMENT WHICH THE ISLANDERS HAD RECEIVED FROM THE ARGENTINE TROOPS AND THE RECENT WHITE FLAG INCIDENT.

5. PRESIDENT REAGAN EXPRESSED CONSIDERABLE INTEREST IN HOW WE PROPOSED TO OBTAIN A CESSATION OF HOSTILITIES APPLYING TO THE MAINLAND AS WELL AS THE ISLANDS. THIS LED TO A DISCUSSION ABOUT THE POSSIBILITY OF NOT RETURNING ARGENTINE PRISONERS UNTIL A FULL CESSATION OF HOSTILITIES HAD BEEN AGREED. REAGAN SEEMED VERY INTERESTED IN THIS APPROACH. THE PRIME MINISTER SAID WE WOULD BE VERY GRATEFUL FOR HELP FROM THE UNITED STATES AFTER THE ARGENTINE FORCES HAD SURRENDERED. BUT THE PRISONERS COULD NOT BE RETURNED UNTIL AN ARMISTICE COVERING THE MAINLAND HAD BEEN SECURED. REAGAN SAID THAT HE DID NOT AGREE WITH THOSE WHO ARGUED THAT GALTIERI WOULD NOT CARE ABOUT THE FATE OF THESE PRISONERS. NO COUNTRY COULD BE INDIFFERENT TO THE FATE OF SO MANY OF ITS CITIZENS.

6. PRESIDENT REAGAN EXPRESSED CONSIDERABLE CONCERN ABOUT THE FUTURE COURSE OF EVENTS, AFTER THE RE-TAKING OF PORT STANLEY. HE WAS WORRIED AS TO HOW THE SITUATION COULD BE CONTROLLED IF ARGENTINA CONTINUED THE WAR FROM THE MAINLAND. HIS MAIN INTEREST SEEMED TO LIE IN THE POLITICAL FUTURE OF THE ISLANDS AND IN

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PARTICULAR IN SOME FORM OF DE-COLONISATION. HE HAD ASKED WHETHER WE COULD NOT BRING THE ISLAND TO SELF GOVERNMENT. THE PRIME MINISTER REPLIED THAT THIS WOULD TAKE TIME. THE EFFECT OF RECENT EVENTS ON THE ISLANDERS WAS UNPREDICTABLE. HOWEVER, SELF-GOVERNMENT SHOULD PROBABLY BE THE FIRST OBJECTIVE. REAGAN POINTED OUT THAT SELF-GOVERNMENT MUST INVOLVE SOME PROTECTING POWER. THE PRIME MINISTER SAID THAT SHE APPRECIATED THAT: IT WAS A MATTER WHICH WE WOULD CONSIDER LATER.

7. FINALLY, PRESIDENT REAGAN SAID THAT HE UNDERSTOOD THAT IT WAS NOT POSSIBLE FOR US TO TAKE ANY DIPLOMATIC INITIATIVE AT THE MOMENT. HE WAS WORRIED ABOUT THE SITUATION IN ARGENTINA. HE WAS NOT SURE THAT GALTIERI WOULD FALL BUT IF HE DID SO IT SEEMED LEKELY THAT THE AIR FORCE COMMANDER WOULD TAKE OVER. THE PRIME MINISTER SAID THAT WE HAD NO INTENTION OF GLOATING WHEN RE-POSSESSION WAS COMPLETE: WE HAD NO DESIRE TO HUMILIATE ARGENTINA. PRESIDENT REAGAN VOLUNTEERED THE VIEW THAT GALTIERI HAD AUTHORISED THE INVASION BECAUSE HE WOULD OTHERWISE HAVE FALLEN FROM POWER WITHIN DAYS: LARGE-SCALE STRIKES, SYMPATHETIC TO THE PERONISTAS, HAD BEEN ENVISAGED.

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