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Reference.....

Mr Giffard

FALKLAND ISLANDS: DRAFT PAPER FOR OD

- / 1. I attach a draft OD paper, revised in the light of your meeting last night, for discussion at the meeting at 9am this morning.

*M H Jay*

M H Jay  
Planning Staff

cc: PS/PUS  
✓ Sir A Acland *[Signature]*  
Sir I Sinclair  
Mr Bullard  
Mr Wright  
Lord Bridges  
Mr Ure  
Mr Gillmore  
Mr Mallaby  
Mr Fearn, Emergency Unit  
Mr Weston, Defence Dept  
Mr Bayne, ERD  
Mr Williams, UND  
Mr Crowe ECD(E)

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DRAFT PAPER FOR OD.

DSR 11C

DIPLOMATIC ACTION FOLLOWING THE INVASION OF THE  
FALKLAND ISLANDS.

1. Immediately following the invasion on Saturday 3 April, we sought and obtained the passage of UN Security Council Resolution 502 which determined that a breach of the peace existed, demanded an immediate cessation of hostilities and an immediate withdrawal of all Argentine forces from the Falkland Islands; and called on the Governments of Argentina and the United Kingdom to seek a diplomatic solution to their differences and to respect fully the purposes and principles of the Charter of the United Nations.
2. Our aim since then has been to put <sup>continuing & increasing</sup> ~~sufficient~~ pressure on the Argentine Government to force them to abide by the Security Council Resolution and in particular to withdraw from the Falkland Islands immediately.
3. To this end we have taken the following measures ourselves:
  - i) political
    - a) broken diplomatic relations with Argentina.
  - ii) economic
    - a) frozen Argentine assets in the UK.
    - b) stopped export credit
    - c) banned the export of arms to Argentina.
    - d) decided to impose an embargo on the import of all goods from Argentina not already shipped by the time of the invasion.
4. In addition, on 4 April we urged a large number of friendly countries from both the developed and the developing world to take measures of their own including:
  - i) political
    - a) recall of Ambassadors for consultation.

Canada  
New Zealand

ii) economic

- a) embargo of supply of arms and military equipment.
- b) denial of export credit.
- c) instructions to their commercial banks to exercise prudence and to refrain from making fresh loans to Argentina.

We have made it clear that statements that such measures were under consideration would be helpful.

5. It is not yet possible to assess the results of this action. There have been a number of helpful <sup>responses</sup> ~~statements~~. The New Zealand Government has broken off diplomatic relations with Argentina. We can probably count on major suppliers not to ~~supply~~ <sup>provide</sup> arms and equipment in present circumstances.

6. As a further <sup>major</sup> measure, we told our European Community partners <sup>on 6 April</sup> ~~this morning~~ <sup>decision</sup> of our intention to impose an embargo on the import of Argentine goods and asked them to do the same. We may have difficulty in ~~persuading~~ them to do so, and it is likely in any case to take ~~time~~. We hope however that we may be able to ~~persuade~~ them at least to impose a selective ban on imports.

7. <sup>in addition</sup> ~~In order further to increase pressure on Argentina~~ We are ~~proposing~~ <sup>recommending</sup> that the Prime Minister should send messages to her colleagues in the European Community, the US, Japan and the old Commonwealth urging them to take <sup>in the very near future</sup> economic measures parallel to those we have taken ourselves.

8. The pressure these various measures will bring to bear on Argentina could be reinforced at the appropriate moment by the declaration of a 200 mile zone of exclusion around the

Falkland Islands, which might be required as part of the military options. The timing of any such declaration would need to be carefully considered since it would almost certainly trigger further recourse to the Security Council by Argentina or one of her friends.

9. We should heed Sir A Parson's warning about any initiative on our own part to return to the UN at this stage. We would be lucky to get anybody to vote with us in favour of sanctions and might undermine our position on sanctions against South Africa and Israel in the attempt. Any further resolution put down by us is likely to be amended to enjoin us not to use force and we might have to veto it. Such a veto could jeopardise offers of facilities which we have already received from certain third world countries. Many countries deplore Argentina's use of force but support Argentina's claim for sovereignty on what some of them see as a colonialist issue, and would be likely to support any call on us to refrain from the use of force ourselves.

10. In considering any combination of diplomatic and military approaches to the present crisis our objective must continue to be the unconditional withdrawal of Argentine troops from the Falkland Islands and the restoration of a British administration. But the combined effect of UN Security Council Resolution 502, the measures we and our friends have taken or are considering, and the sending of the naval task force, may not be sufficient to induce the Argentine Government to withdraw its forces.

11. In these circumstances we must prepare for the possibility

that some third parties will put forward proposals relating to some or all of the less desirable scenarios listed at annex A. It is recognised that some of these scenarios are wholly unacceptable to Ministers. But Ministers may wish to be aware of the range of options which others, including some of our friends and allies, might urge upon us at any moment in the hope of pre-empting an armed conflict.

12. Some considerations relevant to an evaluation of any such proposals would be the following:

- i) the wishes of the Falkland Islanders;
- ii) public and parliamentary opinion in the UK;
- iii) the extent of international support for HMG, and condemnation of Argentina, over the dispute; and an assessment of how international opinion would be affected by the use of force by HMG to recapture the Islands;
- iv) an assessment of Argentine intentions;
- v) the likelihood of the present Argentine government falling, to be replaced by a more moderate one, if international opinion is strongly opposed to Argentina, and if the threat of force by HMG is seen to be real;
- vi) the ability and willingness of HMG to bear the cost of keeping a naval force in the vicinity of the Falkland Islands after their recapture, sufficient to deter another Argentine invasion;
- vii) the likely casualties among British and Argentine forces of a naval engagement and an opposed landing on the Islands; and the likelihood of civilian casualties;
- viii) the likelihood of reprisals, official or unofficial, against the British passport holders in Argentina, in the event of a military engagement;

- ix) the possible effects of various options on wider British interests: eg. the effect on other dependent territories, and the effect of possible economic sanctions against the UK by Latin American countries.

LIST OF POSSIBLE CIRCUMSTANCES SURROUNDING ARGENTINE WITHDRAWAL FROM THE FALKLAND ISLANDS, WITHOUT THE USE OF FORCE, IN ROUGHLY DESCENDING ORDER OF DESIRABILITY.

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1. Unconditional withdrawal of Argentine forces, and the re-establishment of British administration.
  2. Withdrawal of Argentine forces and re-establishment of British administration conditional upon negotiations through an intermediary, eg. USA or UN Secretary-General, which might take the form of:
    - i) mediation by the intermediary himself in relation to the substance of the dispute;
    - ii) mediation by the intermediary leading to:-
      - a) reference by the Security Council to the the ICJ for an advisory opinion on the sovereignty issue;
      - b) reference of the dispute to the ICJ by Argentina and ourselves (which would result in a binding decision).
  3. Withdrawal of Argentine forces on same conditions as (2) above but with temporary administration of the Islands by neutral authority, eg. temporary United Nations or US Administrator or Commissioner. (Temporary UN administration would follow logically from some of the scenarios in 2 above).
  4. Withdrawal of Argentine forces following agreement on cession of sovereignty over South Georgia and Sandwich Islands, with Falkland Islands remaining British.
  5. Withdrawal of Argentine forces following agreement on transfer of sovereignty to Argentina, with the Islands leased back to and administered by UK for indefinite or fixed period.
  6. Withdrawal of Argentine forces, but continuing Argentine administration, <sup>following</sup> evacuation to UK, other Commonwealth country or dependent territory, of those Islanders who wished it. (Evacuation might be an element in other solutions too).
  7. Withdrawal of Argentine forces following formal cession of sovereignty by HMG (this would require an Act of Parliament).