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TO IMMEDIATE BUENOS AIRES

TELEGRAM NUMBER 273 OF 21 NOVEMBER.

PERSONAL FOR CHARGE

ARGENTINE THREAT TO THE FALKLAND ISLANDS AND DEPENDENCIES

1. JIC HAVE PREPARED FOLLOWING ASSESSMENT OF ARGENTINE THREAT TO FALKLANDS. WE ARE ASKED TO COMMENT BY 26 NOVEMBER.

GRATEFUL FOR YOUR VIEWS BY 1600Z ON 26 NOVEMBER.

2. TEXT BEGINS.

THE ARGENTINE THREAT TO THE FALKLAND ISLANDS AND DEPENDENCIES INTRODUCTION

1. ANGLO/ARGENTINE NEGOTIATIONS ON THE ECONOMIC AND POLITICAL FUTURE OF THE FALKLAND ISLANDS AND DEPENDENCIES RE-OPENED IN JULY 1977. FOUR ROUNDS OF TALKS WERE HELD BY THE LAST BRITISH GOVERNMENT BUT NO PROGRESS WAS MADE. THE ISSUE OF PRIMARY IMPORTANCE TO THE ARGENTINE GOVERNMENT REMAINS THE EARLY TRANSFER OF SOVEREIGNTY OVER THE FALKLAND ISLANDS AND DEPENDENCIES, THE SURROUNDING SEA AREAS WITHIN 200 NAUTICAL MILES AND THE MARITIME ZONES GENERATED BY THESE ISLANDS. THE ARGENTINES REFUSE TO ACCEPT HER MAJESTY'S GOVERNMENT'S FUNDAMENTAL NEGOTIATING POSITION THAT ANY SOLUTION TO THE DISPUTE SHOULD BE CONDITIONAL ON ITS ACCEPTANCE BY THE ISLANDERS THEMSELVES. THE ARGENTINE GOVERNMENT IS PRESSING FOR A RESUMPTION OF TALKS.

2. IN OUR LAST ASSESSMENT (PREPARED FOR THE SECOND ROUND OF TALKS) WE CONCLUDED THAT THE MILITARY JUNTA AS A WHOLE WOULD PREFER TO ACHIEVE ITS SOVEREIGNTY OBJECTIVES BY PEACEFUL MEANS, AND THAT SO LONG AS IT CALCULATED THAT HER MAJESTY'S GOVERNMENT IS PREPARED TO NEGOTIATE SERIOUSLY ON THE ISSUE OF SOVEREIGNTY, IT WAS UNLIKELY TO RESORT TO FORCE. BUT IF NEGOTIATIONS BROKE DOWN, OR IF THE ARGENTINES CONCLUDED FROM

THEM THAT THERE WAS NO PROSPECT OF REAL PROGRESS TOWARDS A NEGOTIATED TRANSFER OF SOVEREIGNTY, THERE WOULD THEN BE A HIGH RISK OF THEIR RESORTING TO MORE FORCEFUL MEASURES, INCLUDING DIRECT MILITARY ACTION.

3. WE HERE ASSESS THE RISK OF ARGENTINA RESORTING TO FORCIBLE ACTION OVER THE FALKLAND ISLANDS.

DEVELOPMENTS SINCE 1977

4. SINCE OUR LAST ASSESSMENT THE ARGENTINE THREAT TO THE FALKLAND ISLANDS HAS BEEN AFFECTED BY TWO MAIN FACTORS: ARGENTINA'S PRE-OCCUPATION WITH ITS DISPUTE WITH CHILE OVER THE BEAGLE CHANNEL, AND ARGENTINA'S BELIEF THAT BRITAIN INTENDS GENUINELY TO NEGOTIATE ON SOVEREIGNTY. HER MAJESTY'S GOVERNMENT'S WILLINGNESS TO INCLUDE THE SOVEREIGNTY ISSUE IN THE NEGOTIATIONS DESPITE THE DISCOVERY (IN DECEMBER 1976) OF AN ARGENTINE BASE ON SOUTHERN THULE, RAISED ARGENTINE HOPES OF PROGRESS TOWARDS THE PEACEFUL TRANSFER OF SOVEREIGNTY. IT ALSO ALLOWED THEM TO DEVOTE MORE ATTENTION TO THE BEAGLE CHANNEL DISPUTE AND OTHER PROBLEMS.

5. ARGENTINA'S REJECTION OF THE BEAGLE CHANNEL ARBITRATION, IN FAVOUR OF CHILE, RESULTED IN INCREASING TENSION BETWEEN THESE COUNTRIES WHICH, IN 1978, BROUGHT THEM TO THE BRINK OF WAR. THIS WAS AVERTED ONLY BY THE VATICAN'S INTERVENTION WITH AN OFFER OF MEDIATION WHICH WAS ACCEPTED BY BOTH SIDES. THE ENTRENCHED POSITIONS OF BOTH SIDES ARE SUCH THAT RENEWED CONFRONTATION BETWEEN THEM REMAINS A POSSIBILITY, REPORTS AT THE END OF 1978 CONFIRMED OUR BELIEF THAT, SO LONG AS ARGENTINA SEES THAT POSSIBILITY AS A REAL THREAT, IT WOULD BE UNLIKELY TO MAKE A MAJOR MILITARY MOVE AGAINST THE FALKLAND ISLANDS. THE VATICAN HAS SO FAR MANAGED TO HOLD THE RING IN NEGOTIATIONS, WHICH SEEM LIKELY TO BE PROTRACTED, AND FOR THE MOMENT THE BEAGLE DISPUTE CANNOT BE COUNTED AS A DISTRACTION.

6. SINCE OUR LAST ASSESSMENT THERE HAVE ALSO BEEN SIGNIFICANT CHANGES IN THE ARGENTINE GOVERNMENT. GENERAL VIOLA REPLACED GENERAL VIDELA AS ARMY COMMANDER AND AS THE ARMY MEMBER OF THE THREE MAN RULING MILITARY JUNTA WHEN VIDELA BECAME PRESIDENT. BOTH MEN ARE FORCES FOR MODERATION IN ARGENTINE AFFAIRS.

ADMIRAL LAMBRUSCHINI THE NAVY COMMANDER AND NAVAL MEMBER OF THE JUNTA IS LESS HAWKISH THAN HIS PREDECESSOR ADMIRAL MASSERA ALTHOUGH THE LATTER STILL REMAINS A POWER IN THE COUNTRY AND ALSO HAS PRESIDENTIAL AMBITIONS. UNDER MASSERA THE NAVY CONTROLLED THE FOREIGN AFFAIRS MINISTRY (MFA) AND SOUGHT TO IMPROVE ITS OWN STANDING BY ADVOCATING MORE FORWARD FOREIGN POLICIES, PARTICULARLY IN THE SOUTH WEST ATLANTIC. CONTROL OF THE MFA HAS NOW PASSED TO THE AIR FORCE. THIS COMBINATION OF CHANGES IN THE ARGENTINE HIERARCHY HAS TENDED TO LESSEN THE LIKELIHOOD OF THEM ADOPTING FORCEFUL POLICIES ON THE FALKLAND ISLANDS.

CURRENT POLITICAL PRESSURES

7. VIOLA IS SCHEDULED TO RETIRE IN DECEMBER 1979, HE HAS AMBITIONS TO SUCCEED AS PRESIDENT WHEN VIDELA RETIRES IN MARCH 1981. THE PROSPECT OF CHANGES IN LEADERSHIP IS ADDING STRAIN TO THE ALREADY DELICATE RELATIONSHIPS BETWEEN JUNTA MEMBERS. ENDEMIC INTER-SERVICE RIVALRIES AND PERSONAL AMBITIONS CONTINUE TO UNDERMINE THE STRENGTH AND STABILITY OF THE JUNTA. IN OCTOBER 1979 THE REVOLT OF GENERAL MENENDEZ (A HARDLINE CORPS COMMANDER) AND HIS ATTEMPT TO FORCE VIOLA'S RESIGNATION ILLUSTRATES THE DEEP DIVISIONS THAT EXIST IN THE ARMY HIGH COMMAND. MENENDEZ AND MEMBERS OF HIS FACTION HAVE CONSISTENTLY ACCUSED VIDELA AND VIOLA OF BEING 'SOFT' ON SUBVERSION AND HAVE STRONGLY OPPOSED VIDELA'S DECISION TO NEGOTIATE ON THE BEAGLE CHANNEL DISPUTE. THOUGH THE ENFORCED RESIGNATION OF MENENDEZ WILL HAVE STRENGTHENED VIOLA'S HAND FOR THE TIME BEING, HE IS LIKELY TO TAKE MORE ACCOUNT OF HARDLINE ARMY OPINION, PARTICULARLY WITH REGARD TO FUTURE APPOINTMENTS INCLUDING THAT OF HIS OWN SUCCESSOR, WHICH MIGHT AFFECT HIS AMBITIONS FOR THE PRESIDENCY. IF FOR SOME REASON ONE OF THE MORE HARDLINE GENERALS REPLACED VIOLA, THERE COULD BE SIGNIFICANT ADVERSE IMPLICATIONS FOR THE FALKLAND ISLANDS DISPUTE, ALTHOUGH THIS SEEMS UNLIKELY AT PRESENT. BUT EVEN WITH ANOTHER MODERATE AS ARMY COMMANDER WE BELIEVE THE STRAINS WITHIN THE JUNTA AND THE ARMED FORCES WILL CONTINUE. THE DANGER WILL REMAIN THAT INTERNAL DIVERSIVE PRESSURES MIGHT BUILD UP TO A POINT WHERE THE JUNTA FELT BOUND TO SEEK A FOREIGN

POLICY SUCCESS IN ORDER TO UNITE THE COUNTRY AND TO PRESERVE ITS OWN POSITION.

8. [REDACTED] INDICATED THAT THERE WAS WIDESPREAD CRITICISM IN THE ARGENTINE ESTABLISHMENT OVER THE GENERAL PERFORMANCE OF THE MFA UNDER THE AIR FORCE, AND ITS HANDLING OF THE FALKLAND ISLANDS ISSUE AND OF THE RE-APPOINTMENT OF AN ARGENTINE AMBASSADOR TO BRITAIN IN PARTICULAR. DISSATISFACTION WAS FOCUSED ON BRIGADIER GENERAL PASTOR THE FOREIGN MINISTER (A RETIRED AIR FORCE OFFICER AND PRESIDENT VIDELA'S BROTHER IN LAW) AND COMMODORE CAVANDOLI HIS DEPUTY. AT PRESENT WE HAVE NO EVIDENCE TO SUGGEST THAT THIS WILL LEAD TO PERSONALITY CHANGES, BUT THE CONTINUING LACK OF PROGRESS IS LIKELY TO INCREASE PRESSURES ON THE MFA TO SHOW A MORE ROBUST APPROACH TOWARDS THE FALKLAND ISLANDS DISPUTE.

ARGENTINE INTENTIONS

9. THE THREAT OF MILITARY ACTION IN PRESENT CIRCUMSTANCES IS NOW AT A LOW EBB. BUT THIS DOES NOT INDICATE ANY DIMINUTION IN ARGENTINA'S DETERMINATION EVENTUALLY TO ACHIEVE ITS SOVEREIGNTY AIMS IN THE FALKLAND ISLANDS AREA. THE ARGENTINES WILL WANT SOME PROGRESS TO SUPPORT THEIR HOPES THAT A PEACEFUL TRANSFER OF SOVEREIGNTY CAN BE REALISED, PARTICULARLY SINCE THEY DESCRIBED THE LAST ROUND OF ANGLO/ ARGENTINE TALKS IN MARCH AS 'A REGRETTABLE STEP BACKWARDS'. AT THOSE TALKS ARGENTINE OFFICIALS MADE CLEAR THEIR IMPATIENCE AT WHAT THEY SAW AS BRITISH DELAYING TACTICS AND EXPRESSED DISAPPOINTMENT AT THE BRITISH DECISION, BECAUSE OF THE ISLANDERS' DEEP SUSPICION OF ARGENTINE INTENTIONS, NOT TO GO AHEAD WITH A DRAFT AGREEMENT ON SCIENTIFIC CO-OPERATION AGREED IN DECEMBER 1978. THE ARGENTINE GOVERNMENT HAS SINCE ACCEPTED THAT THE NEW BRITISH GOVERNMENT NEEDS TIME TO STUDY THE SITUATION, BUT HAVE RECENTLY STATED THAT NEGOTIATIONS SHOULD NOW BE CONDUCTED AT A MORE DYNAMIC PACE.

10. ON 26 SEPTEMBER GENERAL PASTOR TOLD LORD CARRINGTON THAT THOUGH 'THE ISLANDS WERE A LONG WAY DOWN IN BRITISH PRIORITIES, THEY WERE AT THE TOP OF THE LIST FOR ARGENTINA'. IN OUR

OPINION THE BEAGLE CHANNEL AND FALKLAND ISLANDS'S DISPUTES PROBABLY SHARE EQUAL PRIORITY IN THE MIND OF THE ARGENTINE GOVERNMENT. BOTH HAVE SIMILARLY FAR-REACHING POLITICAL AND ECONOMIC IMPLICATIONS, AND BOTH ARE MATTERS OF NATIONAL HONOUR AND PRIDE, INSPIRED PARTLY BY FEARS OVER SECURITY AND PARTLY BY AMBITION, AND ENCOURAGED BY AN OBSESSIVE PRE-OCCUPATION WITH 'SOVEREIGNTY'. THE MOST IMPORTANT DIFFERENCE BETWEEN THEM LIES IN THE RISKS THEY CARRY FOR ARGENTINA. WHILE THE ARGENTINE'S DISPUTE WITH CHILE INVOLVES THE POSSIBILITY OF DIRECT CONFRONTATION WITH A LARGE AND MILITARILY POWERFUL NEXT DOOR NEIGHBOUR, THAT WITH BRITAIN INVOLVES NO MILITARY THREAT TO ARGENTINA ITSELF. NEVERTHELESS THE ARGENTINES PREFER TO HAVE ONLY ONE FOREIGN POLICY ISSUE IN PLAY AT A TIME AND THE BEAGLE MEDIATION HAS TAKEN ATTENTION OFF THEIR DISPUTE WITH CHILE. IF NEGOTIATIONS WITH BRITAIN BROKE DOWN OR IF THE ARGENTINES CALCULATED THAT HER MAJESTY'S GOVERNMENT WAS SIMPLY PLAYING FOR TIME, WE BELIEVE THEY WOULD QUICKLY TURN ATTENTION TO MEASURES TO FURTHER THEIR CLAIM TO THE FALKLAND ISLANDS. WE ALSO SEE THIS RISK ARISING IF ARGENTINA'S DISPUTE WITH CHILE LINGERS ON WITH NO PROSPECT OF A SATISFACTORY SETTLEMENT AND THE JUNTA SAW AN URGENT NEED FOR A FOREIGN POLICY SUCCESS ELSEWHERE.

11. IN SUCH CIRCUMSTANCES THE LIKELIHOOD OF ARGENTINA RESORTING TO FORCIBLE ACTION IS DIFFICULT TO PREDICT. MUCH WOULD DEPEND ON THE STATE OF ANGLO/ARGENTINE NEGOTIATIONS AND ON ARGENTINE RELATIONS WITH BRITAIN AT THE TIME. WE HOLD TO OUR BELIEF THAT THE ARGENTINE GOVERNMENT WOULD PREFER TO ACHIEVE ITS OBJECTIVES IN THE FALKLAND ISLANDS BY PEACEFUL MEANS, AND THE IMMINENT APPOINTMENT OF AN ARGENTINE AMBASSADOR IN LONDON TENDS TO SUPPORT THIS VIEW. HOWEVER, WE ALSO CONTINUE TO BELIEVE THAT THE OVER-RIDING CONSIDERATION FOR THE ARGENTINES WILL BE THEIR PERCEPTION OF HER MAJESTY'S GOVERNMENT'S INTENTIONS EVENTUALLY TO TRANSFER SOVEREIGNTY TO ARGENTINA. IF THE ARGENTINE GOVERNMENT CALCULATES THAT HER MAJESTY'S GOVERNMENT DOES NOT INTEND TO NEGOTIATE SERIOUSLY ON SOVEREIGNTY, WE BELIEVE THERE WOULD BE A HIGH PROBABILITY OF IT ADOPTING FORCIBLE MEASURES. WE CANNOT PREDICT WITH CONFIDENCE WHICH OF THESE THE ARGENTINES

MIGHT PURSUE. BUT IT SEEMS LIKELY THAT THEY WOULD ADOPT, AT LEAST IN THE FIRST INSTANCE, EASILY IMPLEMENTED DIPLOMATIC AND ECONOMIC MEASURES. ANOTHER OCCUPATION OF ONE OF THE DEPENDENCIES IN ORDER TO ASSERT THEIR SOVEREIGNTY CLAIMS WOULD ALSO SEEM TO US TO BE A DISTINCT POSSIBILITY. WE CANNOT DISCOUNT DIRECT MILITARY ACTION AGAINST BRITISH SHIPPING OR AGAINST THE FALKLAND ISLANDS, BUT IN THE PRESENT CIRCUMSTANCES WE BELIEVE THE RISK OF SUCH ACTION WOULD NOT BE AS HIGH AS HITHERTO.

CONCLUSIONS

12.

- A) IN THE PERIOD SINCE OUR LAST ASSESSMENT THE ARGENTINE MILITARY THREAT HAS BEEN DIMINISHED BY THE BRITISH GOVERNMENT'S DECISION TO NEGOTIATE AND BY ARGENTINA'S PRE-OCCUPATION WITH ITS DISPUTE WITH CHILE OVER THE BEAGLE CHANNEL, CHANGES IN THE ARGENTINE GOVERNMENT HAVE BEEN A CONTRIBUTORY FACTOR.
- B) WHILE WE CONTINUE TO BELIEVE THAT THE ARGENTINE GOVERNMENT WOULD PREFER TO ACHIEVE ITS SOVEREIGNTY OBJECTIVES BY PEACEFUL MEANS, THERE IS A RISK THAT THE ABSENCE OF ANY DISTRACTING ISSUE SUCH AS THE BEAGLE CHANNEL DISPUTE, CONTINUING STALEMATE IN THAT DISPUTE, AND INTERNAL PRESSURES COULD COMBINE TO CAUSE THE ARGENTINE GOVERNMENT URGENTLY TO SEEK A FOREIGN POLICY SUCCESS ELSEWHERE.
- C) THE OVER-RIDING CONSIDERATION FOR THE ARGENTINE GOVERNMENT WILL REMAIN ITS PERCEPTION OF HER MAJESTY'S GOVERNMENT'S WILLINGNESS TO NEGOTIATE ABOUT AND EVENTUALLY TO TRANSFER SOVEREIGNTY. IF NEGOTIATIONS BREAK DOWN, OR IF FOR SOME OTHER REASON THE ARGENTINE GOVERNMENT CALCULATES THAT HER MAJESTY'S GOVERNMENT IS NOT PREPARED TO NEGOTIATE SERIOUSLY ON SOVEREIGNTY, THERE WILL BE A HIGH RISK OF IT RESORTING QUICKLY TO MORE FORCEFUL MEASURES.
- D) IN SUCH CIRCUMSTANCES, THE ARGENTINES HAVE OPEN TO THEM A RANGE OF MEASURE TO HARASS BRITISH INTERESTS, THE ESTABLISHMENT OF AN ARGENTINE PRESENCE ON ANOTHER OF THE DEPENDENCIES WOULD BE A DISTINCT POSSIBILITY, DIRECT MILITARY ACTION AGAINST BRITISH SHIPPING OR AGAINST THE FALKLAND ISLANDS CANNOT BE DISCOUNTED,

BUT WE GENERALLY BELIEVE THE RISK OF SUCH ACTION WOULD NOT BE AS HIGH AS HITHERTO.

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23 NOV 1979

CLASS	PA	SECRETARY
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Mr Gordon, SAC
Mr Perceval, SAC
Mr Isaacson, UND

CARRINGTON

Mr Hoare, Research Dept.

EAST TIMOR/FALKLAND ISLANDS AT THE UNITED NATIONS

1. Your minute of 9 November.
2. We considered many of the points raised in Mr Furness's teletype some months ago and the factors set out in my minute of 14 August still obtain.
3. We cannot rule out an Argentine invasion of the Falkland Islands: there is a strong element of unpredictability in Argentine foreign policy, particularly under a Junta with intense inter-Service rivalries. These have to be added to the normal Argentine ingredients of excessive national pride and over-attention to machismo. If negotiations were to break down or if the Argentines were to decide for their own part that they were not progressing properly, there is a constant danger that they will take some provocative action which might well include military action against either the Falkland Islands or the Dependencies, undoubtedly including the British Antarctic base in South Georgia.
4. Again, the only reasonable option open to us would be to bring international diplomatic pressure to bear on Argentina, again all at the United Nations. Our case would be seriously weakened if we had given legal recognition of Indonesia's forcible takeover of East Timor.
5. I should like to trespass on your Department's patch. Mr Furness bases his case on dubious historical grounds (see paragraph 2). It is true that before the Portuguese revolution in April 1974 the Portuguese had done nothing to establish what the wishes of the local people were. But these wishes were probably established by the time of the various Indonesian interventions. Late 1975: there was exceedingly little support for Indonesia in Indonesia. It is true also that the Portuguese were to be hand quickly: but the struggle between the two main parties (Fretilin and UDT) was settled in a little over a fortnight in August 1975. The so-called civil war from September to December was really only a clandestine Indonesian invasion and was confined to the border area with Indonesian Timor. It was the result of this clandestine effort and the fear that Fretilin, if East Timor independent of Portugal, might secure international recognition which prompted the Indonesian invasion of 25 November. There can be no doubt that Indonesian intentions to invade the time of the Portuguese revolution were to incorporate East Timor into Indonesia: the only problem was the method. It had to be an invasion, the course least favoured by Fretilin. So, the invasion was a necessary action on the part of Indonesia, "volunteers", over the border, pretended to be Fretilin.