

SUBJECT: RECORD OF A MEETING HELD IN 10 DOWNING STREET ON MONDAY 12 APRIL 1982 AT 0930

---

Present:

The Prime Minister	The Hon. Alexander M. Haig
Foreign and Commonwealth Secretary	General Vernon Walters
Secretary of State for Defence	The Hon. Thomas O. Enders
Mr. Clive Whitmore	Mr. David Gompert

\* \* \* \* \*

Mr. Haig said that he thought the Prime Minister and her colleagues would find it helpful if he gave them a detailed account of the twelve hours of talks he had had in Buenos Aires on the Falkland Islands. He had been brutally frank with President Galtieri about his talks in London. He had told him that the United Kingdom was ready militarily and psychologically for war, and that the British people were right behind the British Government. He had said to the Argentinians that war would be inevitable if they did not alter course. President Galtieri had not been as bellicose as he had expected. But he had whipped up the people, and things had almost got out of hand during the demonstrations on Sunday, though the crowds away from the main streets were more pacific than jingoistic.

During his talks in Buenos Aires he had detected clear differences of views between the three Argentinian Services. The Navy were looking for a fight. The Air Force did not want a war. The Army were somewhere in between. His talks with the Argentinians had gone through three phases. They had discussed possibilities for bringing about a solution to the problem and these talks had been going well when the Argentinians had produced counter-proposals which had quite clearly been prepared by the Chiefs of Staff. These had demanded virtually complete capitulation by the United Kingdom and the only concession which they offered was to buy out the Falkland Islanders. He had told the Argentinians that if this was

SECRET

- 2 -

the basis on which they proposed to continue the talks, it would be a pointless exercise, and he would break off immediately to return to Washington. This threat had alarmed Senor Costa Mendes, and he had intervened with his Argentinian colleagues. As a result, the atmosphere had improved considerably, and the discussions had resumed on a more constructive note.

In the course of the talks, President Galtieri had given him some surprising information. The Cuban Ambassador had returned to Buenos Aires after a year's absence, together with senior Cuban officials. President Galtieri had claimed that Cuba had offered him everything he needed, and they had represented their offer as having the full support of the Soviet Union. President Galtieri had said that he did not want to breach Argentina's attachment to the West. But if he was isolated he would seek the help of the Soviet Union. He had claimed that the Soviet Union had offered to sink British vessels. He (Mr. Haig) had told President Galtieri that he did not believe this, for if it were true it could well be the cause of world conflict. President Galtieri had added that if he had to remove the Argentine flag from the Falkland Islands, he would be out of office within a week.

Mr. Haig continued that the pressure which Britain had been applying was working in the Argentine. There was now a real fear there that there would be a war. Nobody wanted a conflict, except the Navy. But force alone would not push them off the Falkland Islands. The Royal Navy could be in the South Atlantic for a long time. The Argentines might well try to run any blockade using East European ships. It was very important that Britain did not relax its present tough position while attempts were made to find a diplomatic solution. During his talks in Buenos Aires he had based himself wholly on the British demands for the withdrawal of Argentine forces, the restoration of British administration, and respect for the islanders' right of self-determination.

/ he had

SECRET

SECRET

- 3 -

He had worked out a set of proposals with President Galtieri which the Argentines might be brought eventually to accept, and those proposals were structured around the core of the British position. They would trigger the Argentine withdrawal by giving them an interim official presence on the islands and a commitment to negotiations, though without any indication of what the negotiations would cover. There were 7 elements in the possible agreement.

First, both Britain and Argentina would agree to withdraw from the islands and an agreed surrounding area. The surrounding areas might be circles with a radius of 100 miles or 100 kilometres round the Falkland Islands, South Georgia and South Sandwich. The withdrawal would be accomplished within 2 weeks at the outside.

Second, the vacated zone would be demilitarised until such time as there was a final settlement. Both sides would be committed not to reintroduce military forces. The Argentines had said that they wanted an undertaking from the United Kingdom to keep their task force out of the South Atlantic altogether. He had told them that this was impossible, and he believed that they might be satisfied if the agreement provided for British units to return to normal operating. He did not expect Britain to turn round its task force at the present moment, for to do so would mean giving up leverage with the Argentines. But he anticipated that the United Kingdom would announce unilaterally the return of the task force when the crisis had been defused.

Third, a Commission made up of United States, British and Argentine representatives would be set up to ensure compliance with parts 1 and 2 of the agreement. The Argentines had shown themselves completely opposed to any involvement by the United Nations, the OAS or Canada. They felt that only the United States could meet the needs of the situation.

/ Fourth,

SECRET

SECRET

- 4 -

Fourth, economic and financial sanctions would be lifted, but there would not necessarily be a restoration of diplomatic relations at this stage. The Argentine had been shaken to the core by the European Community decision to embargo imports from the Argentine.

Fifth, the traditional local administration of the islands would be restored, including the re-establishment of the Executive and Legislative Councils. The administration would submit its acts and regulations to the Special Commission for them to ensure that the administration's activities were consistent with the agreement. This had been the most difficult element in the discussions in Buenos Aires. It was unlikely that the Argentines would accept the agreement unless the two Councils included representatives of the Argentine population in the Falkland Islands. He did not believe that this would be too big a concession for Britain to make, since there were only some 40 long-term Argentinian residents in the islands. The Argentinians were adamantly opposed to the return of the Governor, though they were prepared to see the return of other senior British officials. Under these proposals the internal day-to-day running of the islands would be in the hands of the 2 Councils, and the Special Commission would in effect replace the Governor. The Commission would not have any initiating powers, and its decisions would be taken only in response to requests from the Councils, with the exception of the provisions in the 6th part of the proposals. The Commission would operate by a majority vote.

Sixth, the Commission would recommend to the British and Argentinian Governments ways of promoting and facilitating communications, trade and transportation between the islands and the Argentine, and in this area the British Government would have a veto. This veto would be a protection against the Argentines trying to populate the islands with settlers. Nonetheless the Argentinians attached importance to this part of the proposals, since they maintained that, in the past, it had been virtually impossible for Argentine citizens to get permission to start up businesses in the islands or to own or rent property there.

/ Finally,

SECRET

SECRET

- 5 -

Finally, negotiations on a final settlement would be pursued, consistently with the purposes and principles of the United Nations Charter. The United States had insisted on this mention of the Charter because of the references in it to the right of self-determination. The Argentinians had been prepared to agree to this part of the proposals only if they contained a date for the conclusion of the negotiations, and it was suggested that this should be 31 December, 1982. There would be no pre-conceived outcome of the negotiations, but clearly the Argentinians would pursue their objective of establishing their sovereignty over the islands, just as Britain would adhere to the principle of the right of self-determination for the islanders.

In reply to a question by the Prime Minister, Mr. Haig said that he agreed that the Argentinians were probably trying to seek practical arrangements that would enable them to change the character of the Falkland Islands. But they would not be able to move very far in this direction before the end of the year when the final phase of the agreement - the negotiations for a long-term settlement - were due to be completed. It was important to emphasise that these proposals were not what the Argentinians wanted. Rather, they were what the Americans had driven them to contemplate under threats to break off the talks and go back to Washington.

The Prime Minister said that if the Falkland islanders chose to join the Argentine, the British Government would accept their decision. But equally, the Argentinian Government should be ready to accept an expressed wish of the islanders to remain British.

Mr. Haig emphasised that an agreement on the lines he had sketched out would give Britain Argentinian withdrawal and the re-establishment of the local administration. He had emphasised time and again to the Argentinians that if they did not settle for something like this agreement, the alternative would be war. That would be bad for us all. The Soviet Union had been

/ cautious

SECRET

SECRET

- 6 -

cautious in their approach to the Falkland Islands dispute initially, but now they were taking a very pro-Argentine position. He did not believe that they would seek a confrontation with the United Kingdom: rather, their objective would be to get a foothold in Argentina and to force that country to become a Soviet outpost. The more desperate Argentina became, the more troubled waters there would be for the Soviet Union to fish in.

Mr. Haig went on to say that he had some language drafted which would serve as the basis for an agreement, and he would like to go through this with the Prime Minister and her colleagues. This language represented the absolute limit of Argentine toleration "and a bit more". If he could reach agreement in London he proposed then to fly back to Buenos Aires the next day. The Argentinians were very tense. His advice was that Britain should continue to be tough, but should not use pejorative language about them unnecessarily. The aim should be to keep them frightened, not angry.

The Prime Minister said that she would now like to discuss with her colleagues the proposals Mr. Haig had put to them.

The meeting ended at 1100.

JWH.

12 April, 1982.

SECRET