



10 DOWNING STREET

From the Principal Private Secretary

12 April 1982

Dear Brian,

FALKLAND ISLANDS

As I told you earlier this evening, Mr. Haig telephoned the Prime Minister at 2155 to say that he had just had a very worrying call from Senor Costa Mendes in Buenos Aires. Senor Costa Mendes had told him that he saw no reason for him, Mr. Haig, to go to Buenos Aires again unless any agreement about the Falkland Islands provided for the Governor of the islands to be appointed by the Argentine Government and for the Argentine flag to continue to be flown there. If that was not possible, then the Argentine Government must have assurances that at the end of negotiations with Britain there would be a recognition of Argentine sovereignty over the Falkland Islands.

The Prime Minister commented that the Argentines were clearly playing for very high stakes. We could not possibly accept Senor Costa Mendes' demands.

Mr. Haig said that he had told Senor Costa Mendes precisely that. He had added that he and British Ministers had worked all day on the basis of the ideas which he had discussed with the Argentine Government in Buenos Aires and he had told him that it was vital that they should now hear from him how he had got on in London, for if there was no agreement the alternative was war. Senor Costa Mendes had then backpedalled a little and had said that perhaps Mr. Haig should go to Buenos Aires after all.

Mr. Haig went on to say that he had not responded to Senor Costa Mendes but had instead told the American Ambassador in Buenos Aires to see Senor Costa Mendes to let him know that he was reconsidering whether to go to Buenos Aires in the light of the ultimatum with which Senor Costa Mendes had presented him. He was now waiting for the Ambassador to report on his meeting with Senor Costa Mendes.

The Prime Minister said that she agreed entirely that Mr. Haig could not return to Buenos Aires on the conditions set by the Argentines. If it came to that, he should let it be known publicly why the effort to find a diplomatic solution had collapsed.

/Mr. Haig said

Mr. Haig said that he would do that. He would now wait for the Ambassador's telephone call. After that he would speak once more to Senor Costa Mendes. If he was still insisting on a guarantee that Argentine sovereignty would be transferred or, failing that, an arrangement which would ensure that they would dominate the Islands unilaterally, he would make it plain that he would not go to Buenos Aires. He would then let President Reagan know how matters stood, make a full public statement explaining what had happened and go straight back to Washington. He would keep the Prime Minister informed.

The Prime Minister said that she was very sorry about this turn of events, especially after all the efforts Mr. Haig had been making to find a solution. She would let the Foreign and Commonwealth Secretary know about the telephone call from Senor Costa Mendes.

I am sending copies of this letter to John Halliday (Home Office), David Omand (Ministry of Defence), Keith Long (Chancellor of the Duchy of Lancaster's Office) and David Wright (Cabinet Office).

Yours mrc,

Muriel Whinnery

Brian Fall, Esq.,
Foreign and Commonwealth Office.

✓ Master set.

SUBJECT

RECORD OF A TELEPHONE CONVERSATION BETWEEN THE PRIME MINISTER AND SECRETARY HAIG ON MONDAY 12 APRIL 1982

Secretary Haig: this was his initial statement, unless the Governor of the island would be appointed by the Government of Argentina and if the Argentine flag should continue to be flown. He said now if we can't have that then we must have assurances to the Argentine Government that at the end of the negotiations there would be a recognition of Argentine sovereignty.

Prime Minister: Yes, he's playing for high stakes and he can't have them.

Secretary Haig: Well I told him that this was impossible ...

Prime Minister: absolutely impossible

Secretary Haig: Then he backtracked a little and I said I was rather astonished that we'd worked all day on the basis of the ideas we had exchanged down there and I said I thought it was vitally important that they hear those ideas, that here it was clear that there would be no change in the course that was under way unless there were an agreement. And he backpedalled a little. He said, well maybe you should come.

Prime Minister: He's trying it on.

Secretary Haig: But I said I think it would be a mistake to come under those circumstances. So I've called our Ambassador to tell him, the Foreign Minister, that I'm reconsidering this trip in the light of the ultimative character of his telephone call, that either of those alternatives are not acceptable here, that we will do our best to work in a spirit of compromise to assist in both areas, both with a time certain on negotiations and with a share of management of the situation on the island. Now I think I'll wait until he calls back after he's discussed this with Costa Mendes.

/Prime Minister:

Prime Minister: Is he the man called Ross?

Secretary Haig: No, Slaughterman.

Prime Minister: Oh, he's the Deputy Minister?

Secretary Haig: The Foreign Minister is Costa Mendes, and he's the one I just spoke to.

Prime Minister: You spoke to Costa Mendes?

Secretary Haig: Yes, directly.

Prime Minister: I'm amazed he took that view.

Secretary Haig: Well, it was very, very tough.

Prime Minister: I'm amazed, that's not his views. That's what he's been told to get on to you about.

Secretary Haig: Of course. So I think it would be very foolish under these circumstances to go down there.

Prime Minister: They change, this is the trouble, and they can't adhere to one viewpoint.

Secretary Haig: No, that's clear. It's clear that what they gave us at the end of the evening, Saturday, which is what we've discussed all day, had now become something different and I told you of the paper he gave me at the airport, but he gave it to me in a very slippery way, and as a, you know, sort of a trade off paper these are our keen interests and if you get strong on one you can be weaker on the other on these two trade-offs. So the basic stone wall that we're facing now clearly is a guarantee, publicly or privately, that there will be a transfer of sovereignty.

Prime Minister: which cannot be given

Secretary Haig:

Secretary Haig: cannot, of course. And, secondly, if not that then a unilateral dominance on the island, which we cannot give either. And I told him that. I told him that that would be an endorsement of aggression.

Prime Minister: And it's totally outside the Security Council Resolution. No, I entirely agree, Al. If those are the conditions, you cannot return but it has to be known publicly from your viewpoint that they've set those conditions and that was why you said we cannot have those, we cannot therefore return. But it must be known from your viewpoint publicly.

Secretary Haig: Well, that's right. What I thought I would do, Madam Prime Minister, is wait until I get the call back, make one more call in which we will sit here with the stenographer and hear every word and then I'll call President Reagan and suggest that I I don't want to leave without some explanation of why we're going back to Washington.

Prime Minister: Of course not.

Secretary Haig: And I think I'll just lay it straight out.

Prime Minister: Lay it straight out and tell them you're laying it straight out. I'll understand. I'm here. Well, let me think, President Reagan's five hours behind us so they're about five-to-five. They've still got the evening ahead. But if they're doing this, it must be known to the world that after all your efforts they've flouted it.

Secretary Haig: No question about it. They clearly are now in the hands of the Navy. Well, I'll keep you posted.

Prime Minister: Well, Al, I am sorry. We've had all this busy day and you've been marvellous.

Secretary Haig: Should I call Francis?

Prime Minister:

Prime Minister: No, you don't necessarily have to call Francis, we'll call Francis. All right, Al. Bless you and thank you