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TO IMMEDIATE FCO

TELNO 1414 OF 22 APRIL 1982,

INFO IMMEDIATE UKMIS NEW YORK (PERSONAL FOR AMBASSADOR).

IMMEDIATE

PUS

PS

PS/HOME SECRETARY

PS/DEFENCE SECRETARY

PS/CHANCELLOR DUCHY LANCASTER

SIR R. ARMSTRONG - CAB. OFFICE

~~NO 10 D.S.~~

RC

MT

FOLLOWING PERSONAL FOR PUS AND PRIVATE SECRETARY

FALKLAND ISLANDS: SECRETARY OF STATE'S TALKS WITH MR HAIG ON  
22 APRIL

FOLLOWING FROM PRIVATE SECRETARY

SUMMARY

1. SECRETARY OF STATE HAD OVER AN HOUR AND A HALF WITH HAIG IN RESTRICTED SESSION. ENDERS AND I WERE PRESENT AS NOTE-TAKERS. DISCUSSION WAS CONTINUED DURING AND IMMEDIATELY AFTER LUNCH WITH FULL TEAMS.

2. HAIG WANTS TO RETURN TO BUENOS AIRES FOR A FURTHER (AND PROBABLY FINAL) EFFORT TO FIND A NEGOTIATED SOLUTION. HE AGREED WITH MR PYM THAT THE GAP BETWEEN THE ARGENTINE AND BRITISH POSITIONS WAS A VERY WIDE ONE, BUT CLEARLY HOPED THAT WE WOULD BE PREPARED TO CONSIDER SOME NEW IDEAS WHICH MIGHT SERVE AS A BRIDGE. HE WAS NOT OPTIMISTIC THAT AGREEMENT COULD BE REACHED, BUT THOUGHT IT IMPORTANT BOTH FOR THE AMERICANS AND FOR OURSELVES THAT WE SHOULD BE SEEN TO HAVE MADE EVERY POSSIBLE EFFORT. MEANWHILE, THE ARGENTINIANS HAD BEEN LEFT IN NO DOUBT ON WHAT SIDE THE AMERICANS

WOULD BE IF THE TALKS COLLAPSED.  
would be if the talks collapsed.

3. MR PYM MADE IT CLEAR THAT THE POINTS WE HAD MADE IN RESPONSE TO THE TEXT BROUGHT BACK FROM BUENOS AIRES REPRESENTED THE ESSENTIAL OF OUR POSITION. IT WAS AGREED THAT OFFICIALS SHOULD MEET TO LOOK AT DETAILED COMMENTS WHICH THE AMERICANS HAD PREPARED, AND THAT THE TWO MINISTERS WOULD MEET AGAIN TOMORROW. THERE MAY ALSO BE A CALL ON PRESIDENT REAGAN.

#### POSITION IN ARGENTINA

4 HAIG DID NOT THINK MUCH OF GALTIERI'S CHANCES OF SURVIVAL. HIS SUCCESSOR MIGHT WELL BE WORSE, BUT WOULD NOT NECESSARILY LAST. THERE WERE NO RELIABLE NEGOTIATING PARTNERS, AND THERE WOULD BE NO POINT IN MR PYM HAVING TALKS WITH COSTA MENDEZ. THE JOB COULD ONLY BE DONE IN BUENOS AIRES, BY GETTING EVERYONE CONCERNED (AND ESPECIALLY THE SECOND TIER OF MILITARY LEADERS) IN THE SAME ROOM. THE NAVAL MEMBER OF THE JUNTA WAS THE HAWK (HE HAD A SON IN THE INVASION FORCE) BUT THE REAL THREAT TO GALTIERI CAME FROM THE COMMANDER OF THE 3RD ARMY CORPS. PUBLIC OPINION, ON THE OTHER HAND, WAS NOT FOR WAR: THERE HAD BEEN A MARKED CHANGE IN THIS RESPECT BETWEEN HAIG'S FIRST AND SECOND VISITS.

#### USE OF FORCE BY BRITAIN

5. OVER LUNCH, HAIG, WHILE ACKNOWLEDGING THAT MILITARY PRESSURE WAS A NECESSARY PART OF THE PACKAGE, SAID THAT MILITARY ACTION NOW WOULD PROVOKE A SHARP EMOTIONAL REACTION, INCREASE DIFFICULTIES WITH THE OAS, AND PUT AT RISK THE AMERICAN NEGOTIATING ROLE. IN PRIVATE, HE SAID THAT WE HAD NO ALTERNATIVE BUT TO KEEP THE PRESSURE UP. HE IMPLIED THAT REAGAN WOULD BE MORE CONCERNED THAN HE ABOUT SOUTH GEORGIA, AND ADDED THAT THE AMERICANS WOULD HAVE TO MAKE A PUBLIC STATEMENT "ABOUT MODERATION" WHICH HE DIDN'T THINK WOULD BE WELL RECEIVED IN LONDON BUT WHICH WOULDN'T BE PARTICULARLY DAMAGING. IF WE COULD DO IT WITHOUT CASUALTIES, THIS COULD BE THE BEST OUTCOME.

6. MR PYM TOOK THE OCCASION TO SAY HOW APPALLED WE HAD BEEN AT THE SUGGESTION THAT THE INFORMATION ABOUT SOUTH GEORGIA WHICH WE HAD GIVEN IN THE STRICTEST CONFIDENCE MIGHT HAVE BEEN PASSED TO THE ARGENTINIANS. HE WAS SURE THAT THIS HAD NOT BEEN SERIOUSLY INTENDED.

7. SOUTH GEORGIA APART, HAIG ASSUMED THAT OUR FORCES COULD ONLY ADOPT A POLICY OF "LONG TERM STRANGULATION". MR PYM DID NOT RESPOND DIRECTLY BUT PUT DOWN A MARKER ABOUT THE TIME CONSTRAINTS

7. SOUTH GEORGIA APART, HAIG ASSUMED THAT OUR FORCES COULD ONLY ADOPT A POLICY OF "LONG TERM STRANGULATION". MR PYM DID NOT RESPOND DIRECTLY, BUT PUT DOWN A MARKER ABOUT THE TIME CONSTRAINTS UNDER WHICH WE WERE OPERATING.

OAS

8. ENDERS' ASSESSMENT OF THE OAS MEETING ON MONDAY WAS THAT IT WOULD PASS A RESOLUTION CALLING FOR BRITISH FORCES TO STAND OFF EVEN IF NO MILITARY ACTION WERE TAKEN BEFORE THEN. IF IT WERE, A RESOLUTION CALLING FOR ECONOMIC SANCTIONS WOULD BE LIKELY TO PASS. HAIG EMPHASISED THAT THE POSITION WOULD BE MUCH EASIER TO HOLD IF HE COULD SAY THAT HE WAS ON HIS WAY BACK TO BUENOS AIRES WITH SOME NEW IDEAS.

US PRESSURE ON THE ARGENTINE

9. MR PYM, POINTING TO THE WIDE GAP BETWEEN THE TWO SIDES AND TO PRESIDENT REAGAN'S RECOGNITION THAT WE HAD GONE AS FAR AS WE COULD, ARGUED STRONGLY FOR GREATER US PRESSURE ON ARGENTINA. HAIG SAID THAT HE HAD MADE IT QUITE CLEAR TO THE ARGENTINIANS ON WHICH SIDE THE US WOULD BE IF THE TALKS COLLAPSED. HE DID NOT EXCLUDE THE POSSIBILITY OF ECONOMIC MEASURES AT THE RIGHT TIME, BUT THERE WERE PROBLEMS TO BE CONSIDERED. A TRADE EMBARGO WOULD TAKE TIME TO BITE, AND WOULD POLARISE THE HEMISPHERE ON A NORTH/SOUTH BASIS. FINANCIAL MEASURES WOULD BE QUICKER TO TAKE EFFECT, BUT THE CONSEQUENCES FOR THE INTERNATIONAL MONETARY SYSTEM WOULD HAVE TO BE VERY CAREFULLY WEIGHED. HAIG THEN SUGGESTED THAT PERHAPS MILITARY PRESSURE WOULD BE MORE EFFECTIVE, AND SAID THAT HE HAD ASKED HIS PEOPLE TO THINK THE UNTHINKABLE ABOUT THE US FLEET IN THE CARRIBEAN. HE CONCLUDED BY SAYING THAT, BEFORE THE US SHIFTED ITS POSITION HE WOULD LIKE TO BE ABLE TO GO TO BUENOS AIRES AGAIN WITH "REASONABLE PROPOSALS FROM LONDON"; AN EXTRAORDINARY EFFORT SHOULD BE MADE TO PROVIDE SOMETHING NEW.

AMERICAN IDEAS

10. HAIG IMPLIED THAT THE AMERICANS HAD LOOKED FOR ALTERNATIVES TO THE PRESENT FRAMEWORK, BUT FAILED TO COME UP WITH ANYTHING SATISFACTORY. HE RECOGNISED OUR DIFFICULTIES WITH THE PRESENT TEXT, BUT THE PROVISIONS ON WITHDRAWAL WOULD IN PRACTISE SAFEGUARD OUR INTERESTS MORE EFFECTIVELY THAN WAS PERHAPS APPRECIATED IN LONDON. WE WOULD ALSO RETAIN EFFECTIVE CONTROL ON WHAT HAPPENED IN THE INTERIM PERIOD. AND A FORMULA MIGHT BE FOUND WHICH GAVE

LONDON. WE WOULD ALSO RETAIN EFFECTIVE CONTROL ON WHAT HAPPENED IN THE INTERIM PERIOD. AND A FORMULA MIGHT BE FOUND WHICH GAVE "DUE BUT NOT TOTAL WEIGHT" TO THE VIEWS OF THE ISLANDERS, THO SOMETHING WOULD HAVE TO BE DONE TO CONVINCING THE ARGENTINIANS THAT THEIR INFLUENCE WOULD NOT BE EXCLUDED. (HAIG EVIDENTLY STILL FINDS PERSUASIVE ARGENTINE ARGUMENTS ABOUT THE RESTRICTIONS PLACED UPON THEM IN THE FALKLAND ISLANDS, ESPECIALLY OVER THE RIGHT TO BUY LAND, AND HE SUGGESTED THAT AN ARGENTINE STAKE IN THE FALKLAND ISLANDS COMPANY MIGHT HAVE A PART TO PLAY IN A PACKAGE WHICH COULD INCLUDE PRIVATE ASSURANCES). IT MIGHT ALSO BE POSSIBLE TO PROVIDE FOR AN EXTENSION OF THE INTERIM PERIOD IF THE NEGOTIATIONS DID NOT SUCCEED, BY AN ARRANGEMENT WHEREBY THE AMERICANS WERE GIVEN A SPECIFIC MEDIATING RESPONSIBILITY DURING THIS PERIOD OF EXTRA TIME. MR PYM SAID THAT HE WOULD OF COURSE BE WILLING TO LOOK AT NEW IDEAS, BUT THEY WOULD NOT BE ACCEPTABLE IF THEY DEPARTED FROM THE PRINCIPLES WHICH WE REGARDED AS FUNDAMENTAL.

#### US GUARANTEES

11. MR PYM EXPLAINED OUR CONCERN ABOUT A POSSIBLE ARGENTINIAN REINVASION AND, MORE GENERALLY, ABOUT ARGENTINIAN GOOD FAITH IN IMPLEMENTING ANY AGREEMENT. WOULD THE US BE WILLING TO PROVIDE APPROPRIATE GUARANTEES? IN PRIVATE, MR HAIG SAID THAT HE WOULD BE PREPARED TO CONSIDER IDEAS "UP TO THE LIMITS WHERE LEGISLATIVE AUTHORITY WOULD BE REQUIRED". OVER LUNCH, NEITHER HE NOR ENDERS SEEMED PREPARED TO ENVISAGE ANYTHING GOING BEYOND THE INTERIM PERIOD, DURING WHICH THERE WOULD BE A SUBSTANTIAL US PRESENCE ON THE ISLAND (HE MENTIONED A STAFF OF 20 FOR THE US INTERIM COMMISSIONER, WHO WOULD BE A VERY SENIOR DIPLOMAT): IN THESE CIRCUMSTANCES, THE ARGENTINIANS WOULD KNOW THAT THEY WERE "STARING DOWN OUR GUN BARREL" IF THEY VIOLATED THE AGREEMENT, AND IT WAS MUCH EASIER FOR THE US THAN FOR BRITISH FORCES TO REACH THE FALKLANDS. ENDERS SAID THAT NO US MILITARY PRESENCE WAS ENVISAGED ON THE ISLAND DURING THE INTERIM PERIOD, AS THIS WOULD GIVE THE ARGENTINIANS A PRETEXT FOR ASKING FOR THE SAME.

12. RESIDENT CLERK PLEASE PASS QUICKLY TO NO 10 AND TO PRIVATE SECRETARIES TO HOME SECRETARY, SECRETARY OF STATE FOR DEFENCE, CHANCELLOR OF THE DUCHY AND SIR R ARMSTRONG.

HENDERSON