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TELEGRAM NUMBER 1080 OF 2 APRIL

AND TO MODUK

INFO IMMEDIATE BUENOS AIRES, UKMIS NEW YORK.

⑨ - MY TELNO 1077: FALKLANDS.

1. I SAW HAIG THIS MORNING JUST AFTER HE HAD SPOKEN TO YOU ON THE TELEPHONE. HE TOLD ME OF SUCH INFORMATION AS THEY HAD RECEIVED ABOUT THE SITUATION ON THE ISLAND. ACCORDING TO THIS THE OCCUPATION HAD BEEN COMPLETED WITHOUT MUCH INCIDENT. HAIG SAID THAT THIS ADMITTEDLY WAS BASED LARGELY ON ARGENTINE SOURCES BUT HE BELIEVED IT TO BE ROUGHLY TRUE.

2. I SAID THAT I KNEW WHAT THE ARGENTINIAN'S WERE SAYING BUT I HAD NO INDEPENDENT INFORMATION TO GIVE HIM.

3. HAIG SAID THAT ADMIRAL HAYWARD WHO HAS NOW CUT SHORT HIS VISIT TO BUENOS AIRES HAD SEEN THE COMMANDER IN CHIEF OF THE ARGENTINE NAVY, ALSO A MEMBER OF THE JUNTA. THE LATTER HAD GIVEN AN ACCOUNT OF THE LANDINGS AND THE SIZE OF THE FORCES SO FAR DEPLOYED. HE HAD STATED AS ONE OF THE MAIN REASONS FOR THE ARGENTINE ACTION THE "PERCEIVED THREAT OF SOVIETS IN THE REGION". THE ARGENTINE ADMIRAL HAD MENTIONED LARGE NUMBERS OF SOVIET SHIPS THAT POSED A THREAT.

4. HAIG SAID LATER THAT IF THE ARGENTINIAN'S STUCK TO THIS PROPAGANDA LINE ABOUT A SOVIET THREAT THAT SHOULD BE HELPFUL TO US BECAUSE IT WOULD PREVENT THE SOVIETS LYING UP WITH THE THIRD WORLD. I SAID THAT IT CERTAINLY SOUNDED USEFUL FROM OUR POINT OF VIEW BUT I DID NOT THINK IT COULD BE ASSUMED THAT SIMPLY BECAUSE THE COMMANDER IN CHIEF OF THE NAVY HAD USED THIS PRETEXT IT WOULD BECOME PART OF THE ARGENTINE JUNTA LINE.

5. HAIG TOLD ME THAT HE HAD SPOKEN TO THE ARGENTINE AMBASSADOR HERE. HE HAD TOLD HIM THAT THE ARGENTINE ACTION WOULD CREATE GREAT DIFFICULTIES FOR THE BRITISH GOVERNMENT DOMESTICALLY UNLESS THEY MADE AN ADEQUATE RESPONSE. THEY COULD NOT TAKE WHAT HAD HAPPENED LYING DOWN. THE AMBASSADOR SAID THAT PUBLIC OPINION WAS ALSO HIGHLY RELEVANT IN ARGENTINA: INDEED IN HIS VIEW INTERNAL DIFFICULTY HAS BEEN THE MAIN IMPULSE FOR THE DECISION TO INVADE.

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6. SPECULATING ABOUT FUTURE ARGENTINE INTENTIONS HAIG SAID THAT HE THOUGHT THE MOST DIFFICULT THING FOR US WOULD BE IF THE ARGENTINIANS LEFT A LARGE FORCE ON LAND AND WITHDREW THEIR NAVAL FORCE TO ARGENTINA. IT WOULD BE HARD FOR US, THOUGH NOT IMPOSSIBLE, TO DEAL WITH SUCH A SITUATION.

7. ON THE BASIS OF THE INSTRUCTIONS RECEIVED BY TELEPHONE FROM LONDON I ASKED HAIG IF HE WOULD CONSIDER THREE STEPS:

- (I) THE RECALL OF THE U.S. AMBASSADOR FROM BUENOS AIRES.
- (II) TRYING TO RALLY OPPOSITION IN THE OAS TO THE ARGENTINE ACTION, AND
- (III) AN EMBARGO ON DEFENCE SALES.

I ALSO SAID THAT WE WERE CONSIDERING POSSIBLE ECONOMIC SANCTIONS.

8. HAIG SAID THAT HE WOULD CERTAINLY CONSIDER OUR THREE REQUESTS BUT HE THOUGHT THAT THERE MIGHT BE DIFFICULTY IN THE OAS WHERE THE INVASION WOULD BE SEEN AS AN ANTI-COLONIAL MOVE AND WHERE WE WOULD BE UNLIKELY TO GET MUCH SUPPORT. BUT HE WOULD CERTAINLY LOOK AT IT AS WELL AS OUR TWO OTHER REQUESTS. HE COULD ASSURE ME THAT THE U.S. WOULD GIVE US FULL SUPPORT IN THE SECURITY COUNCIL.

HENDERSON

FCO
SAMJ
CABINET OFFICE

ADDITIONAL DISTN:
FALKLAND ISLANDS