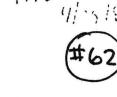
PRESS STATEMENT
BY
THE HONORABLE
ALEXANDER M. HAIG, JR.



The South Atlantic crisis is about to enter a new and dangerous phase, in which large-scale military action is likely. I would like to bring you up to date on what we have done, and why, and what we must now do.

From the outset of the crisis, the United States has been guided by the basic principle of the rule of law. We have made a determined effort to restore peace through implementation of UN Security Council Resolution 502. That Resolution calls for:

- -- an end to hostilities;
- -- the withdrawal of Argentine forces from the islands; and
- -- a diplomatic settlement of the fundamental dispute.

The United States made this extraordinary effort
because the stakes in human lives and international order
required it. A fundamental tenet of United States foreign
policy is that change in the world must not result from
the use of force. The collapse of that principle could
only bring chaos and suffering.

Office of the Secretary of Defense 50.6.6
Chief RDD ESD WHS

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We also made this effort because the crisis raised vital issues of hemispheric solidarity at a time when Communist adversaries seek positions of influence on the mainland of the Americas and latent territorital disputes in much of the hemisphere call for unity and the resolute defense of principle.

We acted as well because the United States has the confidence of the parties. The United Kingdom is our closest ally, and Prime Minister Thatcher's Government looked to us to pursue a peaceful solution. We have also recently developed a better relationship with Argentina, as part of our success in revitalizing the community of American states. President Galtieri also requested our involvement.

Under the direction of President Reagan, I participated in many days of intense discussion with the parties -- in London, in Buenos Aires, and here in Washington -- in search of a framework for implementing UN Security Council Resolution 502. Our initial aim was to clarify the position of the parties and to offer suggestions on how those positions might be reconciled. We took no position on the merits of either the British or Argentine claims to the islands.

Page determined to be Unclassified Reviewed Chief, RDD, WHS IAW EO 13526, Section 3.5 Date: DEC 2 8 2017 As the prospects for more intense hostilities arose, we put forth an American proposal. It represented our best estimate of that the two parties could reasonably be expected to accept, and was based squarely on our own principles and concern for the rule of law.

We regard this as a fair and sound proposal. It involves: a cessation of hostilities; withdrawal of both Argentine and British forces; termination of sanctions; establishment of a US-UK-Argentine interim authority to maintain the agreement; continuation of the traditional local Administration, with Argentine participation; procedures for encouraging cooperation in the development of the Islands; and a framework for negotiations on a final settlement, taking into account the interests of both sides and the wishes of the inhabitants.

We had reason to hope that the United Kingdom would consider a settlement along the lines of our proposal, but Argentina informed us yesterday that it could not accept it. Argentina's position remains that it must receive an assurance now of eventual sovereignty, or an immediate de facto role in governing the islands which would lead to sovereingty.

, . For its part, the British Government has continued to affirm the need to respect the views of the inhabitants in a settle-ment.

The United Stateshas thus far refrained from adopting measures in response to the seizure of the islands that could have interfered with our ability to work with both sides in the search for peace. The British Government has

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shown complete understanding for this position. Now, however, in light of Argentina's failure to accept a comprenise, we must take concrete steps to underscore that the US cannot and will not condone the use of unlawful force to resolve disputes. The President has therefore ordered:

- -- the suspension of all military exports to
 Argentina;
- eligibility for military sales;
- -- the suspension of new Export-Import Bank credits and guarantees; and
- -- the suspension of Commodity Credit Corporation guarantees

The President has also directed that the United

States will respond positively to requests for materiel

support for British forces. There will, of course, be no

direct US military involvement.

American policy will continue to be guided by our concerns for the rule of law and our desire to facilitate an early and fair settlement. The United States remains ready to assist the parties in finding that settlement.

A strictly military outcome cannot endure over time.

In the end, there will have to be a negotiated outcome acceptable to the interested parties. Otherwise, we will all face unending hostility and insecurity in the South Atlantic.

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Date: DEC 2 8 2017

TALKING POINTS

ARGENTINE-UK DISPUTE

Provided by Hoston Surece

(6/NT) SUBJECT: Effects of an overt tilt toward the UK beyond current US posture which supports UN Resolution 502 and UK.

(C/NE) Short Term; Argentina:

- Militarily, little effect over next two weeks. APR30 1982
 - -- US now supporting UK under aegis of bilateral agreements
 - -- US military forces, primarily Navy, would require time.
 - -- Would harden Argentine position, resolve.
- Mediator position would be impossible; UN could assume.
- Could lead to fall of Galtieri Government.
 - -- No apparent viable alternative government available.
 - -- Economic and political chaos.
 - -- Exploitable situation by ultra-right and radical left elements.
- Endanger US citizens/property.
 - -- Anti-US groups could exploit.
 - -- A few terrorist acts could escalate.
 - -- Target rich environment for terrorist exploitation (approximately 16,000 US citizens, multiple economic and property interests).
- Marriage of convenience with Soviets despite ideological differences.
 - -- Expand on current trade relationship.
 - -- Affect security of SLOCs.
 - -- Distinct possibility of Soviet advances in strategic area.
- Could push Argentina to make decision to develop nuclear weapons.
 - -- Technically capable.
 - -- In consequence, Brazil may make political decision.
- Argentina would cease supporting/cooperating with US on serious regional issues.
 - -- CBI/Central America.
 - -- Bolivia.
 - -- SLOCs.

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SECRET NOTON

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(6/NT) Intermediate Term; Latin America:

- Overt tilt beyond current posture would seriously undermine the confidence the US as a hemispheric partner that has been partially restored during the last two years.
 - -- Reversal of recent trends toward greater cooperation regionally.
 - -- Provide greater opportunities for Soviet/Cuban exploitation.
- Latin American support for US Caribbean Basin Initiative and Central American policy could evaporate, particularly from such key countries as Venezuela and Panama.
- Create a rift between Anglo and Latin in region.
 - -- Breakdown of OAS, Rio Pact.
 - -- Reinforce concept that US is not a reliable partner.
 - -- Exacerbate North-South issues; US again seen as supportive of colonial concepts and European interests.
- Increase probability of danger to US interests.
 - -- Provide fodder to anti-US groups (radical left and right).
 - -- Increase bipolar development and resultant instability.
 - -- Democratic governments supported by US could come under pressure.
 - -- Anti-US mob action could result in several countries.
- . Stiffening Latin American positions counter to US interests in international fora would result.
 - -- Impact on LOS/Tuna issues.
 - -- Politicize the GATT.
 - -- North-South issues again gain prominence.
 - -- Alignment with the NAM.

(S/NF) Negative aspects of an overt US tilt toward the UK would be increased if US support leads to distinct UK victory, Argentine defeat.

- -- Solidify and increase LA support for Argentina.
- -- Could lead to serious repercussions in UN.

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