

Present:

B Ingham - No 10 N Fenn - FCO J Gee - MoD P Brazier - COI

D Colvin - Cabinet Office S Fuller - Presentation Unit R Hatfield - Presentation Unit

B Mower - No 10.

Military

MoD reported on their present information on casualties and suggested that it should be announced first by the Prime Minister at Question Time today. They confirmed that there was no naval battle going on in the South Atlantic and it was thought that the rumours probably emanated from US intelligence sources: correspondents are accustomed to receiving stories daily and when there is nothing, we get into the realms of invention.

There is little we can usefully say about our lack of defence against Exocet. The Sea Wolf is a very expensive defensive system: ships have to be built around it: and our defence strategy is based on the Soviet threat which did not include Exocet.

MoD confirmed that Invincible probably was an target for Argentine submarines but was well defended.

Diplomatic

FCO reported that, according to Haig, there was not much chance of his proposals succeeding with the Argentines. If, in the course of the day, Peru can be persuaded by Haig to accept the final form of wording, we should go public as quickly as possible (possibly a Press Conference by the Foreign Secretary this evening) to announce our acceptance of these proposals. This would be a major step in recovering international opinion. We might also communicate with Peru encouraging them to press on with these proposals.

If the Cabinet agrees, we shall respond today to the Secretary General accepting the approach of his proposals and attempting to put flesh on the bones drawing heavily on US/Peruvian ideas. In this case FCO will indicate at their 12.30 briefing that we shall be replying in a positive way. Bernard Ingham may mention this as a possibility to the 11 o'clock Lobby.

Mr Pym is not intending to go the the UN at present.

Opinion

It was felt, and in the FCO in particular, that international support was moving away from the UK because we were failing to get

over that we were in a negotiating position. In particular our Ambassador reported the falling away of support in the United Nations. Clearly the sinking of the Belgrano influenced this and probably provided the excuse that many required.

Against that there is a danger of losing domestic support if we are thought be to running away; the Press had noted the change of emphasis towards ceasefire associated with withdrawal.

The international position was not all bad news. MoD mentioned an encouraging communique from the Euro Group NATO Ministers, and Ramphal had been particularly helpful. Clearly an announcement tonight about acceptance of US/Peruvian proposals would recoup a lot of lost ground.

The Chairman mentioned his concern with the hostile attitude of European journalists whom he had spoken to and felt that an approach might be made to the FPA.

The Chairman said that he was issuing a Statement at 11 o'clock that the Prime Minister had seen Enoch Powell on Privy Council terms and also had invited Donald Stewart.

Next Meeting

The next meeting of the Group will take place on Friday 7 May 1982 at 10 am.

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BRIAN MOWER 6 May 1982