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TED KOPPEL: ABC News has learned that the U.S. has been tilting in the dispute between Britain and Argentina. Details tonight of just what help Washington has been providing Britain and what the Soviets are doing for Argentina. We'll talk live with a British Member of Parliament in London and Argentina's Ambassador to the Organization of American States here in Washington. And we'll examine, with our diplomatic correspondent, what is likely to happen now to Washington's role as honest broker between London and Buenos Aires.

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KOPPEL: For better than two weeks now, since Argentina invaded the Falkland Islands, Washington has been striking a public stance of impartiality. Washington has called for the withdrawal of those Argentinian troops. But in the person of U.S. Secretary of State Alexander Haig, the key posture has been one of honest broker, diplomatic middleman between two valued friends.

Secretary Haig returned from London to Washington this evening, tired, somewhat frustrated by a long and thus far fruitless round of shuttle diplomacy. But the suggestion was that the diplomatic ball is still very much in play.

SECRETARY OF STATE ALEXANDER HAIG: Good evening, ladies and gentlemen. The parties have received some new ideas today which they are considering. And this will give me an opportunity to discuss the situation directly with President Reagan, to catch up on some other work here in Washington before proceeding on to Buenos Aires and the continuation of our effort.

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KOPPEL: There is tonight, however, some question as to whether the U.S. posture of strict objectivity between Britain and Argentina is still believable.

We have two reports. First, here's Pentagon correspondent John McWethy.

[Technical difficulties]

KOPPEL: All right. I'm afraid I have to apologize to you. It's a little difficult to know what John McWethy is saying when you can't hear the volume.

Essentially, the story amounts to this: that the United States has been involved in helping the British in a number of respects, in terms of giving them satellite information as to the movement of not only their own fleet, but the movement of other ships, of helping them in terms of supplies, that some two million gallons of airline fuel have been provided and put on the island of Ascension, which the British fleet will be passing within the next day or two, and that the British fleet, indeed, will have support from British planes, which will also be landing on Ascension, where they will be refueled with that American fuel and where they will be able, then, to unload a great amount of military material, including some tanks and amphibious landing craft.

There is another aspect to this story, of course, and that is the British response to some of these charges. And we have that part of the story from John Laurence in London.

JOHN LAURENCE: Officially, Britain's Ministry of Defense is refusing to comment on the reports of significant U.S. military assistance to the British Falkland Islands expedition. Officials say confirmation or denial will have to come from Washington, not from London. Privately, however, military sources here say any U.S. assistance may be small- rather than large-scale.

Resupply for the British fleet and air arm is an area of cooperation under normal circumstances, with British and American ships and planes using each other's facilities on a regular basis.

The British military will not comment on the possible refueling of the fleet at Ascension Island, saying it is an operational, and therefore secret, matter.

What should be kept in mind is that Britain and the United States normally cooperate closely on a wide range of military and intelligence affairs. The close working relationship between MI-6 and the CIA is well documented. NATO provides the framework for constant coordination and cooperation between British and American military services. But it is difficult to

determine whether normal assistance has been stepped up for the Falkland Islands operation or whether it falls within the framework of prepared contingency arrangements for military cooperation between the countries.

KOPPEL: Two ABC News correspondents, working independently, developed the story of U.S. cooperation with Britain over the last 24 hours. Indeed, Carl Bernstein first broke the story earlier this evening on ABC's World News Tonight. At that time, the White House categorically denied it. Since that broadcast, however, things have changed.

Carl Bernstein is with us now, live in our Washington studio.

Carl, I've never been happier to see you, because I think the first thing you ought to do is to bring us up to date fully and in somewhat better detail than I did on precisely on what it was that you and Jack McWethy found out. Let's begin there.

CARL BERNSTEIN: Well, basically, that there has been extensive assistance which the United States is providing to Great Britain in its military preparations, despite President Reagan's repeated statements that the United States will try and play this dispute right down the middle between these two friends, as he's described Argentina and Great Britain.

KOPPEL: Let's get into specifics, Carl.

BERNSTEIN: Specifics.

KOPPEL: What kind of help?

BERNSTEIN: Communications. The United States is providing a vital link, through satellites, that is enabling the British fleet to stay in touch with its submarines. The British could not do this without our assistance. They don't have the means of communication until the fleet is within a much closer range to those four submarines around the Falkland Islands.

Intelligence. The United States has mounted what officials here say is a huge survey of Argentine military activity, and it's passed on -- the United States has passed on virtually every piece of significant information to the British.

Similarly, weather forecasting. The United States satellites are providing the basic forecasts that the British fleet is using.

And there's a huge, massive supply operation going on at Ascension Island, including, as you mentioned, some two

million gallons of fuel that is being readied for the arrival of the British fleet.

KOPPEL: All right.

Now, initially, Carl, the White House denied that story. And as late as just roughly half an hour ago, the White House was saying it no longer denies it; it now doesn't want to comment. But you've had other contact with senior members of this Administration today. What are they telling you now?

BERNSTEIN: Well, it was extraordinary. About an hour after the story ran and after there had been the categorical denial, as the White House put it, I received two calls from senior officials within the Administration, both of them apologizing for having denied the story and saying, indeed that the story was absolutely accurate in all four of its essential points.

KOPPEL: And why do you think there was this sudden turnaround?

BERNSTEIN: Well, I think the people that called, that originally issued the denial are honorable people, and I think that perhaps they had been misled, themselves. In several instances today, people around this town who were involved in the denials of the story all had contacts with one person within the government who was telling senior officials who deal with the press that indeed the story was not true, when in fact that particular person should have known the story is true.

KOPPEL: Do you know who that official is?

BERNSTEIN: The Deputy Director of the CIA, Admiral Bobby Inman.

KOPPEL: I've got to ask you, Carl, because it makes eminently good sense to me that the Deputy Director of the CIA, particularly if this story might have any embarrassing repercussions to the Administration here, why shouldn't he deny it? Isn't that what a Deputy Director of the CIA is supposed to do?

BERNSTEIN: I suppose. It seems to me it's not up to reporters to decide what Deputy Directors of the CIA do. It's up to reporters to find out what the truth is. But clearly, in this case, the Deputy Director of the CIA, as he has on several occasions within the last several months, has gone around the town dissembling a little bit about the truth, but not only to reporters, but also to people within the Administration.

KOPPEL: Do you have a sense now -- and we'll get into this a little bit later with our diplomatic correspondents. But do you have a sense that this is going to make Secretary Haig's

mission, his role a little more difficult?

BERNSTEIN: Well, one of those people who called to apologize and issue the correction to the denial said, indeed, that the White House was very seriously worried that knowledge of the United States' role in helping the British would make it more difficult for Secretary Haig to go to Buenos Aires.

KOPPEL: All right. Carl Bernstein, thanks very much.

We know the Americans are helping the British. We also learned today that the Soviets are helping the Argentinians. We'll have more on that when we return. And we'll also talk live with an Argentine diplomat and with a Member of Britain's Parliament.

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KOPPEL: In recent days, there has been mounting evidence that the Soviets are actively assisting the Argentine government in the Falkland crisis. White House correspondent Mike von Fremd has that story.

MIKE VON FREMD: From bases in Luanada, Angola, U.S. officials say, Soviet Bear reconnaissance aircraft have been taking off for an 8000-mile round-trip journey to track the British war fleet now heading for the Falklands. The Bear is one of the few aircraft capable of making such a long trip without refueling, though the plane can be refueled in air. The Soviets have also been tracking the British fleet by satellite and trying to intercept British radio communications.

U.S. officials say that all this intelligence information that the Soviets have been gathering is being shared with the Argentine government. The Soviets have been keeping Buenos Aires up to date on the progress and exact location of the British warships.

This close relationship between Buenos Aires and Moscow is by no means something new. For years, the Soviet Union has been Argentina's largest trading partner. When the U.S. imposed a grain embargo against the Soviets, Argentina was quick to sell Moscow all the grain and meat it could spare. And in recent weeks, Argentina's ties with the Soviets have grown even closer. The two countries have just signed a joint fishing rights accord, and the Soviets have agreed to supply Argentina with highly enriched uranium, a substance which could be used to build nuclear weapons. The U.S. refused to sell Argentina the uranium because it would not sign the nonproliferation treaty.

KOPPEL: Joining us now live in our Washington studio is Raul Quijano, Argentina's Ambassador to the Organization of

American States. And in our London studio, Stanley Clinton-Davis, a Member of the British Parliament and the opposition Labor Party's spokesman on foreign affairs.

Let me ask you first of all, Mr. Clinton-Davis, whether you believe that these revelations of American tilting in the direction of Britain and the Soviet Union helping Argentina is in some respects going to turn this into a big-power confrontation.

STANLEY CLINTON-DAVIS: I think this was inevitable. I think that the posture of being evenhanded in a situation where the Argentine has plainly acted illegally and is being condemned by the United Nations Security Council makes an evenhanded attitude on the part of the United States utterly impossible in the final analysis. And, of course, the mischief-making qualities of the Soviet Union to intervene almost anywhere in order to preserve and her own interests is well known.

And so, you have the bitter irony, of course, of the Soviet Union supporting a fascist junta.

KOPPEL: Ambassador Quijano, let me get your response, and let me ask the question in this sense: Do you believe that, somehow, Secretary of State Haig's ability to act as an honest broker between Argentina and the United Kingdom has been damaged?

AMBASSADOR RAUL QUIJANO: Well, when I hear [unintelligible] on this news, I was totally surprised. [Unintelligible] I checked with Buenos Aires, and they say on the first question, about the assistance of the United States of the United Kingdom, we don't know nothing about. And say, well, maybe the United States Government is the one who has to clarify this issue.

On the other question, about the supposed assistance from the Soviet Union, my government deny absolutely this assistance. We don't have any military contact, any technical contact with the Soviet Union. It's only trade that we have.

KOPPEL: Well, let me see what it is you're denying about your contact with the Soviet Union. You are surely not denying that the Soviet Union is your biggest trading partner. That...

AMBASSADOR QUIJANO: [Unintelligible]

KOPPEL: You're not denying that the Soviet Union is selling you -- I forget what the precise figure was -- but enriched uranium, with which Argentina may or may not decide to produce bombs.

AMBASSADOR QUIJANO: Well, it is agreement just signed a few days ago that is not implemented yet. It's something for

the future.

KOPPEL: But it has just been signed.

You are surely also not denying that the Soviet Union has just signed a contract with Argentina for what I believe is half a billion dollars for oil drilling equipment.

AMBASSADOR QUIJANO: Well, the real truth that Argentina's position in the international world is very close to the United States. We are part of the Rio Treaty. We are part of the hemispheric organization. We are always working [unintelligible]. It's something that surprise me, that now [unintelligible] that we are changing sides [unintelligible] now because of this episode in the Malvinas, that is something that will change our international position.

[Unintelligible] the type of question you put to me, I'm going to the real situation. It's something that is speculation that are we doing because of certain circumstance.

KOPPEL: Mr. Clinton-Davis, I detected in your earlier remarks almost a sense of satisfaction that the United States was now finally where it belongs. But you must realize that if indeed the United States is perceived as being on the British side in this dispute, that its usefulness may have been damaged as an intermediary. Does that...

CLINTON-DAVIS: No, I don't agree. I don't agree with that.

KOPPEL: Well, go ahead, sir.

CLINTON-DAVIS: I think that the United States' leverage in relation to the OAS is highly significant. And I don't see how the United Nations can distance itself from the very clear resolution that was carried with only one against, the United Nations Security Council, calling for the withdrawal by the Argentinian forces and the right of the Falkland Islanders to self-determination on this very important issue.

KOPPEL: Well, you're quite right. The United States did not distance itself from that, and indeed also called for Argentina to withdraw its troops; but in every other respect, has tried to strike a posture of impartiality, to facilitate, presumably, Secretary Haig's role as a diplomatic fence-mender.

Is that role not going to have been damaged?

CLINTON-DAVIS: I think that probably the new role of the United States in this situation is, as I said before, to exercise its own economic and military leverage on the Argentine

in a much more positive way. Because nothing that has been done hitherto has apparently caused the Argentine to desist from its illicit action, which is totally unacceptable to, certainly, the Commonwealth, to the EEC, to Britain itself, and to the majority of the Security Council.

KOPPEL: Ambassador Quijano, let me put the question to you this way: Will Secretary of State Haig still be welcomed as -- in the role that he has been playing for the past five days, in Buenos Aires?

AMBASSADOR QUIJANO: Well, I say more than welcomed. We are -- we trust General Haig. He is working very hard to helping the situation. We believe that he's doing a good work. He's got a tremendous [unintelligible]. And if he has more time, I'm sure that he can pull the two sides closer to a solution. But everybody wants a solution. I believe that even the British Government, after this movement of its fleet, is looking for a peaceful diplomatic solution. Certainly Argentina is looking this way.

KOPPEL: All right. Gentlemen, thank you very much indeed, Ambassador Quijano, Mr. Clinton-Davis in London.

These new revelations about American and British cooperation in the Falkland raises questions, as we've just indicated, about this country's ability to continue as an honest and impartial broker between Argentina and Britain. When we return, we'll raise that issue live with ABC's diplomatic correspondents in London and in Buenos Aires.

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KOPPEL: ABC diplomatic correspondent Barrie Dunsmore has covered Secretary of State Haig's meetings with British officials. He is with us now live in our London studio. Chief diplomatic correspondent Sander Vanocur has covered the Haig mission in Argentina. He is with us now in Buenos Aires.

Sandy, what's your initial impression? Do you think that Haig's mission has been damaged?

SANDER VANOCUR: Ted, not one bit. I don't think that in this conflict here which threatens to make history masquerade as farce that we're anywhere near a possible Soviet-United States conflict over the issue here. Indeed, I wouldn't be at all surprised if the United States and the Soviet Union haven't had informal contacts to make sure it remains localized.

The Argentine national government, the ruling junta does not want a war with Great Britain. It wants its sovereignty recognized over the Falkland Islands. It wants its honor to remain

intact. But it doesn't want a war with Britain, no more than Britain wants a war with Argentina.

KOPPEL: All right. But the question I'm really raising, Sandy, is not so much whether these folks really want to go to war -- I agree with you. I don't think they do -- but whether the United States' role as honest broker between the two of them has been damaged by the revelation that the United States is tilting in the direction of Britain.

VANOCUR: My impression from talking to people here tonight is not. Now, they behave in public like ingenues, but this is a very sophisticated foreign ministry, led by Foreign Minister Costa Mendez, and they know that Britain is America's closest ally -- not its oldest. That's France. But its closest. But I think they trust Haig and I think they were impressed with his doggedness and his expertise on Saturday as a diplomat.

KOPPEL: Barrie Dunsmore, let me take the view, then, from London and pose the question in a slightly different way. I think there are many people here in the United States who are not surprised by these revelations at all, surprised only that it took two weeks for that traditional relationship between the United States and the U.K. to come to the fore, as it has.

What do you think the reaction in Britain will be once this story breaks over there?

BARRIE DUNSMORE: Ted, I think it probably will be positive. Because as our earlier guest had indicated, there's been a certain frustration here at the idea that the United States wanted to play this thing down the middle. They took a look and said, after all, "We are your oldest friend, and the law is on our side."

I think it's also worth noting, Ted, that Secretary Kissinger, who, after all, pioneered the whole shuttle idea, did very well in the Middle East at a time when the United States was very much the ally of Israel, was the principal weapons supplier of Israel; and yet Kissinger was able to go back and forth between Cairo and Jerusalem, between Damascus and Jerusalem, and play the role of honest broker. And I think that's still possible as long as the United States stays neutral on the key issue, at least publicly, of sovereignty.

KOPPEL: All right. That raises an interesting question, though, Barrie, because I think one reason that both Cairo and Damascus were interested in having Washington play that role was their feeling that it was only the United States that could really bring pressure to bear on the Israelis.

Do you think that the Argentinians, then, will have the

feeling that only the United States can bring pressure to bear on the British? And if so, is that accurate?

DUNSMORE: Well, not necessarily that the United States can play a role of putting pressure on Britain. But the United States happens to be the only game in town. And the United States still can provide -- I've used the phrase before -- the fig leaf, if indeed people do want to avoid a conflict. And I think, as we've all noted here earlier, that all sides really do want to avoid it.

KOPPEL: All right, Barrie. Bring us up to speed, if you would, on what the latest proposal was in London today. And that was -- I'm talking about that tripartite handling of the Falkland Islands. Can you bring us up to date on that and what's happened to it?

DUNSMORE: Well, I think I'm going to have to be a little bit vague, because the people here have been vague. But I think we should note, first of all, that the reason things seemed to be going very badly last night was because Argentina had backed away from something it had agreed to with Haig when he was there on Saturday. However, today, just before Haig returned to Washington, he had another conversation with Foreign Minister Costa Mendez, and evidently the Argentine position was described as more flexible, and some new ideas were raised.

Obviously, the new ideas relate to the issue of how you deal with sovereignty, how you fudge the issue, if you will, so that all sides can, if not claim victory, at least don't have to suffer defeat.

KOPPEL: Sandy, as I understood one of the proposals, it was that Argentina, Britain, and the United States administer the Falkland Islands, and that that was rejected out of hand by the Argentinians. Is that essentially where we still stand?

VANOCUR: Absolutely. Absolutely [unintelligible]. It came as a surprise and, as I may say, it came as an affront to them.

KOPPEL: So where, then, do we stand in these negotiations? Secretary Haig gave the impression in his arrival statement here in Washington this evening that he was really only taking kind of a temporary stop here, briefing the President, and then off to Buenos Aires. May I ask with what? Do you know?

VANOCUR: Ted, I don't know. I think the question of sovereignty may be, where does it come? Like that old story of Somerset Maugham saying that every story has a beginning, a middle and an end. And the French writer Camus said, yes, but

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which comes first?

Perhaps it comes down the road. But the Argentinian ruling junta says it has to be recognized by Britain -- not implemented, but recognized. Then everything else is negotiable.

KOPPEL: All right. Very quick question to both of you. Are we any closer to a solution tonight than we were a week ago? Sandy?

VANOCUR: No.

KOPPEL: Barrie?

DUNSMORE: My impression is not. But the way these things go, you either have a solution or you don't. At the moment, we don't have. I think we'll eventually have one.

KOPPEL: All right.