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Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

4 May 1982

A.S.C. 1/5

H.A. 1/5

Dear John,

Falklands: Ideas for a new Diplomatic Move

Following the discussion at OD(SA) this morning, the Foreign and Commonwealth Secretary has been giving further thought to the ways in which we could alter in our own interests the ideas suggested by Mr Haig to Sir N Henderson last night.

Mr Pym suggests that British ideas for a new diplomatic initiative should:

- a) link a ceasefire directly to Argentine withdrawal; ✓
- b) spell out the withdrawal arrangements in a way that satisfies British interests and so that they will not require further discussion after any Argentine acceptance of the new proposal, since such discussion would enable Argentina to delay withdrawal; ✓
- c) ensure that Argentina is not involved in interim arrangements in the Islands and that the involvement of third parties is so limited that it does not impinge on the restoration of British administration; ✓
- d) make clear that there must be a sounding of opinion to ascertain the wishes of the Islanders;
- e) provide that negotiations on the future of the Islands do not exclude or predetermine any possible outcome. ✓

In order to have any hope of interesting Mr Haig in proposals designed to achieve these results, it will be necessary to draft and present our ideas with care. For instance, it is probably unrealistic to state baldly that full British administration will be restored or that a referendum must take place.

The enclosed list of six points and draft covering message from Mr Pym to Mr Haig seek to satisfy the requirements in the second paragraph above while avoiding the pitfalls in the third paragraph. Mr Pym would like to draw attention to several points of

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clarification:

- i) the list of points refers only to the Falkland Islands. We must see whether Mr Haig will resist this.
- ii) The second point leaves us free after withdrawal to deploy our military forces wherever we like outside an area of 200 nautical miles radius from the Falkland Islands.
- iii) The third point provides the opportunity to refer in passing to 'restored administration'. It restricts the Contact Group to four countries - West Germany, the US, Brazil and Peru - and gives the Group a very limited role in the interim arrangements in the Islands: to verify withdrawal (for which it might need US aircraft) and to ensure that nothing is done in the Islands in the interim period which would contravene the list of points. In effect, this latter provision means merely that the Contact Group would verify the non-return of forces in the demilitarised area. The draft covering letter to Mr Haig further weakens the role of the Contact Group by requiring that it should operate by consensus and thus could do nothing unless all four members agreed.
- iv) The fifth point about the views and interests of the Islanders makes necessary an effective sounding of the opinions of the Islanders, because this is the only way of ascertaining their views. To make this clear beyond doubt, the point spells out that the views and the interest of the Islanders 'must be determined'.
- v) The point about future negotiations in Mr Haig's draft said that the conclusion of an agreement by 30 April next year would be the responsibility of the members of the Contact Group. But the responsibility for reaching any agreement of course lies with Britain. The sixth point in my enclosure corrects this mistake by downgrading the role of the Contact Group in negotiations about the future of the Islands.
- vi) The enclosed list of points does not specify that the British and Argentine exclusion zones should be lifted or suspended or that economic sanctions should be



lifted. Mr Haig may of course suggest that these points should be added.

The Foreign and Commonwealth Secretary suggests that the Government should today put a proposal on the lines of the enclosed drafts to Mr Haig and, subject to the latter's reactions, should subsequently communicate British views to the Government of Peru.

I am sending copies of this letter with enclosures to the Private Secretaries to the members of OD(SA) and the Attorney-General and also the Private Secretary to Sir Robert Armstrong and to Sir Michael Palliser.

(B J P Fall)
Private Secretary

A J Coles Esq
10 Downing Street

AMENDED VERSION OF US/PERUVIAN IDEAS

1. An immediate ceasefire, concurrent with:
2. Mutual withdrawal of forces:
 - a) Argentine and British forces to begin immediately to withdraw from an area of 200 nautical miles radius from the Falkland Islands and to refrain from introducing any forces into that area.
 - b) The UK will ensure safe passage for the Argentine garrison to the mainland.
 - c) All British and Argentine forces to be withdrawn within 7 days from the area of 200 nautical miles radius from the Falklands and to remain outside that area.
3. The immediate introduction of a Contact Group composed of Brazil, Peru, the Federal Republic of Germany and the United States into the Falkland Islands on a temporary basis pending agreement on a definitive settlement, the Group's tasks being:
 - a) to verify the withdrawal;
 - b) to ensure that no actions are taken in the Islands, by the restored administration or otherwise, which would contravene this interim agreement.
4. Britain and Argentina acknowledge the existence of differing and conflicting views regarding the status of the Falkland Islands.
5. The two governments acknowledge that the views and interests of the Islanders must be determined ^{be} and taken into account in the definitive settlement of the problem.
6. The two governments will make every possible effort

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in good faith to reach a definitive agreement prior to 30 April 1983. The countries represented in the contact group will give every assistance in this.

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DRAFT MESSAGE TO MR HAIG FROM THE SECRETARY OF STATE

I found our discussions in Washington very useful and am grateful for the continuing efforts you are making to promote a peaceful settlement of the Falklands crisis.

I have discussed with the Prime Minister and other colleagues the ideas you put to Nicko Henderson last night. I am conscious, like you, of the value of simplicity in any new diplomatic initiative. If further conflict is to be avoided and our essential aims are to be met, negotiations must not drag on. At the same time, we cannot accept a ceasefire on the basis of an agreement that is too imprecise. Otherwise, Argentina could accept the proposal, and thus escape military pressure, and then play for time in negotiations and prolong the occupation.

I attach a somewhat expanded version of your points, which takes account of this consideration. Because the provisions on withdrawal and the involvement of third parties in the interim period are expressed more fully, we have omitted your sixth point giving a role to the contact group in negotiations to carry out the interim agreement. We have also gone back to a contact group composed only of Brazil, Peru, the Federal Republic of Germany and the United States, which is the list given by Peru to our Ambassador on 3 May. I take it that the United States and Peru would approach Brazil and the FRG about their participation. In our view the Group should work by consensus and have US or rotating chairmanship. We have also provided a version of the final point which takes account of the plain fact that

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it might prove impossible to reach agreement on the future of the Falkland Islands by 30 April 1983.

If you and the Peruvian Government were to call upon Argentina and Britain to accept within 48 hours an agreement in the terms I am enclosing, the British Government would immediately announce that our naval forces in the South Atlantic had been given orders not to fire within or outside the TEZ unless directly threatened by Argentine snips or aircraft but that we would revert to earlier rules of engagement if Argentina failed to accept your proposals within 48 hours. We would need from you an advance assurance that Argentina at the same time would announce that the same orders had been issued to her forces and that her ships would not be present in the TEZ in the 48 hour period.

As you know it is essential for the British Government that there should be a United States guarantee of the security of ^{the} Falkland Islands. It would need to last from the 7th day after the signature of an interim agreement until the implementation of a definitive agreement about the future status of the Islands, and perhaps beyond. For this to deter Argentina, the Government in Buenos Aires must be in no doubt of the guarantee. That suggests that it might take the form of a public statement by the US Administration at the time when the interim agreement entered into force.

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ADVANCE COPIES: ~~SECRET~~ FALKLAND ISLANDS

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PS
PS/MR HURD
PS/MR ONSLOW
PS/PUS
MR GIFFARD
MR WRIGHT
MR ADAMS
MR URE
MR GILLMORE
HM/S AM D (FOO DIST - A/D S/I)
HM/DEF D
HM/NEWS D
HM/INTD
HM/PLANNING STAFF
MR ANTHONY WILLIAMS WSO
RESIDENT CLERK

PS NO 10 DOWNING ST ✓
PS/S OF S FOR DEFENCE
PS/CHANCELLOR)
SIR X COUZENS)
MR LITTLE)
MR RAWLIN) TREASURY
MR PERETZ)
MR HLETT)
MR MCINTIRE)
MISS DICKSON (HIP DIV) D/EX
DIO CABINET OFFICE
MR WADD-BERRY CABINET OFFICE
MR FULLER SAFT/DIO " "
SIR M PALMER CABINET OFFICE
SIR R ARMSTRONG " "

(Copy passed to Emergency Staff)

IMMEDIATE

ADVANCE COPY

GR 90
CONFIDENTIAL
DESKBY 041000Z (MODUK)
FROM TEL AVIV 040800Z MAY 82
TO IMMEDIATE MODUK
TELNO 040800Z MAY 1982
AND TO IMMEDIATE FCO.
MODUK FOR DIC CRISIS CELL FROM AA

1. REPORT IN TODAY'S JERUSALEM POST ACKNOWLEDGES FOLLOWING SALES OF ISRAELI ARMS TO ARGENTINA, CONFIRMING, IN PART, PREVIOUS REPORTS:-
- A. 26 X NESHER JET FIGHTERS (INCORRECTLY IDENTIFIED AS MIRAGE III)
 - B. SHAFRIR MK 2 AAM
 - C. 4 X DABUR PATROL BOATS
 - D. GABRIEL MK2 SSM.

2. REPORT STATES THAT GABRIEL IS MOUNTED ON 2 X TYPT 148 FAST ATTACK CRAFT (GERMAN BUILT) WHICH MAY RESOLVE UNCERTAINTLY CONCERNING POSSIBLE SALES OF DVORA FAST MISSILE BOATS IN ADDITION TO KNOWN DABUR DELIVERIES.

MODERLY

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NOTES CONTAINING REFERENCE UNQUOTE TO THE
SECRETARY OF STATE FOR THE
FALKLAND ISLANDS