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DESKBY 051600Z

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GRS 250

SECRET

DESKBY UKMIS NEW YORK 051200Z

DESKBY LIMA 051600Z

FM WASHINGTON 050410Z MAY 82

TO FLASH FCO

TELEGRAM NUMBER 1599 OF 5 MAY

INFO IMMEDIATE (PERSONAL FOR AMBASSADORS) UKMIS NEW YORK, LIMA

MY FIRST IPT: FALKLANDS

1. IF HAIG'S NEW POINTS CAN BE FOUND ACCEPTABLE IN LONDON, THE FOLLOWING IS THE PROCEDURE THAT HAIG HOPES CAN BE FOLLOWED:

(I) THAT LONDON SHOULD REPLY TO THIS EFFECT BY NOON WASHINGTON TIME TOMORROW, WEDNESDAY 5 MAY.

(II) THE U S A WOULD THEN TRANSMIT THE TEXT TO LIMA AND REQUEST THEIR ACCEPTANCE BY NOON WASHINGTON TIME THURSDAY 6 MAY (LIMA WOULD NO DOUBT HAVE TO CONSULT WITH THE ARGENTINIANS BEFORE GIVING THEIR ACCEPTANCE).

(III) THE U S A AND PERUVIAN GOVERNMENTS WOULD THEN, AT NOON ON 6 MAY, TRANSMIT THE TEXTS TO THE BRITISH AND ARGENTINIAN GOVERNMENTS REQUIRING APPROVAL OF THEM WITHIN 48 HOURS.

(IV) THE BRITISH GOVERNMENT WOULD IMMEDIATELY SAY THAT THEY HAD RECEIVED THESE PROPOSALS, THAT THEY WERE CONSIDERING THEM AND THAT THEY IMMEDIATELY EXPRESSED READINESS TO GIVE ORDERS FOR A CEASEFIRE TO COME INTO EFFECT AT NOON ON FRIDAY 7 MAY, PROVIDED THE ARGENTINIAN GOVERNMENT WAS PREPARED TO TAKE SIMILAR ACTION AND HAD NOTIFIED WASHINGTON AND LIMA IN DUE TIME OF ITS READINESS TO DO SO.

(V) AT NOON ON 7 MAY THE CEASEFIRE WOULD COME INTO EFFECT ON BOTH SIDES.

(VI) BY NOON ON 8 MAY BOTH PARTIES WOULD HAVE REPLIED ACCEPTING THE PROPOSALS. IF EITHER PARTY FAILED TO DO SO, THE OTHER WOULD BE FREE TO REVERT TO EARLIER RULES OF ENGAGEMENT.

HENDERSON

SECRET

DESKBY UKMIS NEW YORK 051200Z

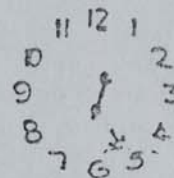
DESKBY LIMA 051600Z

FM WASHINGTON 050405Z MAY 82

TO FLASH FCO

TELEGRAM NUMBER 1598 OF 5 MAY

INFO IMMEDIATE UKMIS NEW YORK, LIMA (PERSONAL FOR AMBASSADORS)



MIPT : FALKLANDS

THE FOLLOWING IS THE TEXT OF THE NEW U S A PROPOSALS :

1. AN IMMEDIATE CEASEFIRE, CONCURRENT WITH:
2. MUTUAL WITHDRAWAL AND NON-REINTRODUCTION OF FORCES, ACCORDING TO A SCHEDULE TO BE ESTABLISHED BY THE CONTACT GROUP.
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 CONTACT GROUP WILL ASSUME RESPONSIBILITY FOR:
 - (A) VERIFICATION OF THE WITHDRAWAL;
 - (B) ENSURING THAT NO ACTIONS ARE TAKEN IN THE ISLANDS, BY THE LOCAL ADMINISTRATION, WHICH WOULD CONTRAVENE THIS INTERIM AGREEMENT; AND
 - (C) ENSURING THAT ALL OTHER PROVISIONS OF THE AGREEMENT ARE RESPECTED.
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 ASPIRATIONS AND INTERESTS OF THE ISLANDERS WILL BE INCLUDED IN THE DEFINITIVE SETTLEMENT OF THE STATUS OF THE ISLANDS.
6. THE CONTACT GROUP WILL HAVE RESPONSIBILITY FOR ENSURING THAT THE TWO GOVERNMENTS REACH A DEFINITIVE AGREEMENT PRIOR TO APRIL 30, 1983.

HENDERSON

SECRET

PS
PS/NO 10
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MR GARDNER
MR WILSON
MR GARDNER
MR USE
HD/CAND
HD/DEPT
MAY 82

PS/No 10 DOWNING STREET
PS/S of S DEFENCE
PS/SIR R ARMSTRONG)
PS/SIR M PALMER)
MR WADE-GERY) CABINET OFFICE
MR FULLER)
D I O)

FLASH

R.C.

GR 1500
SECRET
DESKBY 051200Z UKMIS NEW YORK
DESKBY 051600Z LIMA
FM WASHINGTON 250400Z MAY 82
TO FLASH F C O
TELEGRAM NUMBER 1597 OF 5 MAY
INFO IMMEDIATE UKMIS NEW YORK AND LIMA (PERSONAL FOR AMBASSADORS)

YOUR TELNO 929: FALKLANDS

1. I HAVE JUST HAD A THREE-HOUR SESSION WITH HAIG ABOUT YOUR MESSAGE AND PROPOSALS. HE CANCELLED A MEETING IN NEW YORK FOR THE PURPOSE, AND FROM WHAT HE SAID AND THE WAY HE SAID IT THERE WAS NO DOUBT ABOUT HIS GREAT ANXIETY.

2. UNDERLYING HAIG'S REACTIONS IS HIS BELIEF THAT THE USA AND THE UK WILL DIMINISH THEMSELVES IN THE EYES OF THE WORLD IF THEY LET FIGHTING CONTINUE IN THE SOUTH ATLANTIC WITH FURTHER LOSS OF LIFE. HE REALISES THAT HMG CANNOT GET EVERYTHING THEY WANT, AND THAT

TEARS CAN BE FORTHCOMING, BUT HAIG'S VIEW IS THAT WE ARE A POWERFUL
THE POWER AND THE ARGENTINIANS ARE NOT, AND THAT THIS IMPOSES CERTAIN
OBLIGATIONS, AND INDEED PROBLEMS, FOR US IN THE EYES OF THE WORLD.

3. HE THINKS IT IS NOW OR NEVER. WE MUST PUT AN END TO THE FIGHTING
AND, AS I HAVE ALREADY REPORTED, HE BELIEVES THAT IF THE FIGHTING
GOES ON WE WILL INCREASINGLY LOSE THE SOLID WORLD SUPPORT THAT WE
HAVE GOT NOW, APART ALTOGETHER FROM THE TRAGEDY OF CASUALTIES.

4. HAIG DOES NOT CONSIDER THAT THERE IS THE SLIGHTEST CHANCE OF THE
PERUVIANS BEING PREPARED TO AGREE TO OUR POINTS OR OF BEING READY
TO TRANSMIT THEM TO THE ARGENTINIANS. HE COULD NOT PUT THEM TO THE
PERUVIANS; HE FULLY UNDERSTANDS WHY WE WISH, FOR INSTANCE, TO INSERT
A REFERENCE TO THE RESTORATION OF THE FORMER ADMINISTRATION, TO THE
NEED FOR THE WISHES OF THE ISLANDERS TO BE RESPECTED, AND AN
EXPRESSION OF OUR DOUBTS ABOUT REACHING A DEFINITIVE AGREEMENT BY
30 APRIL 1983. BUT HE INSISTS, ON THE BASIS OF HOURS AND HOURS OF
ARGUMENT WITH THE ARGENTINIANS, THAT THERE IS NO CONCEIVABLE CHANCE
OF GETTING AN AGREEMENT IF WE INSIST ON OUR LANGUAGE.

5 HAIG ATTACHES THE GREATEST IMPORTANCE TO AN EARLY CEASEFIRE. HE
BELIEVES THAT THIS IS THE FIRST AND OVERWHELMING NEED AND HE FULLY
APPRECIATES YOUR READINESS TO TAKE AN INITIATIVE ON THIS SUBJECT.
BUT A CEASEFIRE WILL NOT BE FEASIBLE FOR US UNLESS IT IS LINKED WITH
SOME PROCEDURE THAT ENSURES ARGENTINIAN WITHDRAWAL; AND IT WILL
NOT BE ACCEPTABLE TO THE ARGENTINIANS UNLESS IT IS LINKED IN SOME
WAY TO A LONGER TERM SOLUTION.

6. I CAN ASSURE YOU THAT I LEFT HAIG IN NO DOUBT ABOUT THE STRENGTH
OF THE FEELING IN LONDON AND OUR CONVICTION IN OUR CAUSE. WE HAD
SEEN NO READINESS ON THE PART OF THE ARGENTINIANS TO BE FLEXIBLE. IT
DID NOT THEREFORE SEEM REASONABLE FOR US TO HAVE TO START WHITTILING
AWAY WHAT WE THOUGHT NECESSARY JUST BECAUSE THE PERUVIANS HAD COME
FORWARD WITH A TEXT THAT THEY THOUGHT WAS WEARABLE BY THE ARGENTINI-
IANS. (THOUGH THEY HAVE SAID THEY COULD NOT ACCEPT IT UNDER DURESS)
THE PRIME MINISTER, YOU AND OTHER MINISTERS HAD GIVEN GREAT THOUGHT
TO THIS AND HAD MADE A HIGHLY IMPORTANT PROPOSAL FOR A CEASEFIRE
INITIATIVE.

7. HAIG EXPRESSED FULL RECOGNITION OF THE RIGHTNESS OF OUR CAUSE
AND OUR GOOD FAITH IN COMING FORWARD WITH THE CEASEFIRE PROPOSAL.
BUT HE REPEATED TIME AND AGAIN THAT OUR LIST OF POINTS WERE COMPLETELY
UNNEGOTIABLE. THEY WOULD SIMPLY HAVE THE EFFECT, IF WE

WILLY UNNEGOTIABLE, THEY WOULD SIMPLY HAVE THE EFFECT, IF WE STUCK TO THEM, OF ENSURING THAT THE FIGHTING WOULD GO ON, WITH ALL THE UNPREDICTABLE CONSEQUENCES.

8. I ASKED HIM WHAT, IN THE CIRCUMSTANCES, HE THOUGHT COULD BE DONE AND THIS LED ON TO A PROLONGED ANALYSIS OF TEXTS, THE OUTCOME OF WHICH WAS A NEW SET OF POINTS, AS GIVEN IN MIFT, THAT HE HOPED MET SOME OF OUR REQUIREMENTS, WITHOUT INVOLVING LANGUAGE THAT WOULD BE REJECTED OUT OF HAND BOTH BY PERU AND ARGENTINA.

9. AS REGARDS THE IDEA OF A GUARANTEE, HAIG, AFTER REFERRING TO ADVISERS IN THE STATE DEPARTMENT, SAID THAT WHAT WE WERE ASKING FOR POSED ALL SORTS OF DIFFICULTIES, THAT EVEN IF THEY WERE SURMOUNTABLE WOULD TAKE A CONSIDERABLE AMOUNT OF TIME. TO MEET OUR NEEDS AND AVOID THIS CONSTITUTIONAL PROBLEM, HAIG HAS INCORPORATED LANGUAGE IN THE NEW POINTS THAT HE CONSIDERS A GUARANTEE ON THE PART OF THE USA, AND FOR THAT MATTER OF THE OTHER CONTACT GROUP POWERS, OF THE NON-REINTRODUCTION OF ARGENTINE FORCES AND OF THE OTHER TERMS OF THE AGREEMENT. HE MAINTAINS THAT THE SUREST GUARANTEE IS THE USA PRESENCE.

10. WE HAD A LONG WRANGLE ON OUR PROPOSED WORDING ABOUT QUOTE THE RESTORED ADMINISTRATION UNQUOTE. HAIG SAID THERE WOULD BE NO POINT WHATEVER IN DISCUSSING ANY AGREEMENT THAT CONTAINED A COMMITMENT THAT THE PREVIOUS BRITISH ADMINISTRATION SHOULD RETURN TO THE ISLANDS. I REFERRED TO OUR CONVICTION THAT AS THE ARGENTINIANS HAD TAKE THE ISLANDS BY FORCE AND USURPED THE BRITISH AUTHORITY, WE HAD EVERY RIGHT, IN SEEKING A RESTORATION OF THE STATUS QUO, TO ENSURE THAT OUR ADMINISTRATION WAS REINSTATED. HAIG SAID THAT UNFORTUNATELY IT WAS NOT GOING TO BE POSSIBLE TO GO BACK TO THE STATUS QUO ANTE. THE ARGENTINIANS WOULD PREFER TO COMMIT SUICIDE THAN PUT THEIR SIGNATURE TO A DOCUMENT COMMITTING THEM TO ACCEPT A RESTORATION OF THE BRITISH ADMINISTRATION AS IT WAS. AS YOU WILL SEE, THE WORDING HAIG HAS COME UP WITH IS A REFERENCE TO QUOTE THE LOCAL ADMINISTRATION UNQUOTE. HE ADMITS THAT THIS IS IMPRECISE. BUT HE REGARDS IMPRECISION AS A VIRTUE IN PRESENT CIRCUMSTANCES BOTH IN THIS PASSAGE OF THE TEXT AND IN SOME OTHERS. HE KNOWS THAT THERE WILL BE WRANGLES IN THE CONTACT GROUP ABOUT THE MEANING OF THIS PASSAGE BUT MEANWHILE WE WILL HAVE ACHIEVED OUR OVERRIDING OBJECTIVES, WHICH IS THE WITHDRAWAL OF THE ARGENTINIAN FORCES.

11. I WILL NOT RECOUNT THE PROLONGED ARGUMENT WE HAD ABOUT RESPECT

1. I WILL NOT RECOUNT THE PROLONGED ARGUMENT WE HAD ABOUT I. 5. QUOTE FOR THE WISHES OF THE INHABITANTS BECAUSE IT ALWAYS CAME UP AGAINST HAIG'S CONVICTION THAT THIS IS ANOTHER ABSOLUTE STICKING POINT FOR THE ARGENTINIANS, JUST AS IT IS FOR US. THE WORDING THAT HAIG HAS COME UP WITH ON THIS SUBJECT READS, AS YOU WILL SEE, THAT QUOTE THE TWO GOVERNMENTS ACKNOWLEDGE THAT THE ASPIRATIONS AND INTERESTS OF THE ISLANDERS WILL BE INCLUDED IN THE DEFINITIVE SETTLEMENT OF THE STATUS OF THE ISLANDS UNQUOTE.

12. HAIG CONSIDERED THAT THE LANGUAGE OF OUR POINT 6, WHICH LEFT OPEN THE POSSIBILITY OF A FAILURE TO REACH AGREEMENT BY 30 APRIL 1983, WOULD BE IMPOSSIBLE TO NEGOTIATE. I SAID THAT NEVERTHELESS THERE WAS A POINT OF SUBSTANCE HERE. WHAT WAS GOING TO HAPPEN IF A DEFINITIVE AGREEMENT HAD NOT BEEN ARRIVED AT BY THAT DATE? WAS THERE NOT A DANGER THAT THE ARGENTINIANS WOULD SAY THAT IF THAT POINT HAD NOT BEEN COMPILED WITH THEN THE REST OF THE AGREEMENT WAS INVALID? HAIG ARGUED THAT HE DID NOT THINK THEY COULD DO THIS. IN PRACTICE THE CONTACT GROUP WOULD CONTINUE THEIR FUNCTIONS. IN THE END HE CAME FORWARD WITH A NEW PASSAGE WHICH AS YOU WILL SEE, STATES THAT QUOTE THE CONTACT GROUP WILL HAVE RESPONSIBILITY FOR ENSURING THAT THE TWO GOVERNMENTS REACH A DEFINITIVE AGREEMENT PRIOR TO APRIL 30, 1983 UNQUOTE.

13. HAIG IMPLORES YOU TO HAVE ANOTHER LOOK AT THIS AND SEE WHETHER YOU CANNOT ACCEPT HIS LATEST PROPOSALS, GIVEN EVERYTHING THAT IS AT STAKE. HE DOES NOT REALLY THINK THAT WE CAN GO ON DRAFTING AND COUNTER-DRAFTING. IF THIS NEW TEXT CAN BE ACCEPTED IN LONDON, HAIG IS THINKING OF A PROCEDURE AS SET OUT IN MY SECOND IFT.

14. PERHAPS I COULD CONCLUDE WITH A FINAL WORD ABOUT THE MOOD HERE. HAIG IS FEARFUL OF THE CONSEQUENCES OF A PROLONGATION OF THE FIGHTING, PARTICULARLY IF IT CAN BE REPRESENTED, HOWEVER UNFAIRLY, THAT HMG HAS NOT PURSUED EVERY POSSIBLE CHANCE OF A SETTLEMENT. HE FORESEES THAT WE MAY INCREASINGLY COME TO THE USA FOR SUPPORT AND THAT, IF OPINION TURNS TO BELIEVING THAT WE HAVE MISSED THE OPPORTUNITY OF PEACE, IT IS GOING TO BE DIFFICULT FOR THE USA TO STAY IN THE SUPPORTIVE POSITION THEY HAVE NOW ADOPTED. EVEN IF HE THOUGHT THAT THE PROSPECTS OF CONTINUED FIGHTING WERE NOT WITHOUT CONSIDERABLE RISKS FOR US, I DO NOT THINK THAT HE WOULD BELIEVE THAT IT WAS IN OUR INTEREST TO CONTINUE THE BATTLE TO THE BITTER END.