



17

Ref: B06472

MR COLESFalklands: Cabinet

As agreed at OD(SA) last night, I submit for the Prime Minister's use at Cabinet this afternoon a draft speaking note on the latest proposals put forward by Mr Haig.

20 April 1982

R L WADE-GERY

c Sir Robert Armstrong

Speaking Note

As colleagues will have seen from the press, the draft Anglo-Argentine agreement worked out between Al Haig and the Argentines in Buenos Aires was received in London at 9 pm last night and OD's South Atlantic Sub-Committee met at 10 pm. We agreed on down-beat press guidance indicating that the proposals were complex and difficult; that they did not appear to meet Parliament's strongly-expressed requirements, particularly on the wishes of the Islanders being paramount; but that we were studying them and remaining in touch with Haig.

2. Haig's covering message to the Foreign and Commonwealth Secretary indicated that he was on his way to Washington unless we wished him to divert to London. He expressed disappointment with the text and doubt whether more could be wrung out of the Argentines. But by talking of the end of "this phase of my effort" he seemed not to rule out further rounds. At the same time he sought to suggest, incorrectly, that Britain's essential interests had been safeguarded and that there was nothing in the agreement to force us to accept a long-term settlement we didn't want. We therefore approved a reply to him last night which agreed he should go to Washington; echoed his disappointment; indicated our press line; and underlined the inadequacy of the proposals in the three key areas of the withdrawal, the interim administration and the long-term settlement.

3. Much of what is now proposed follows the outline we provisionally agreed with Haig when he was here last week, on which I reported to Cabinet on 14 April. But what is new, though skilfully drafted, fatally undermines each of the key areas.

4. The withdrawal arrangements are unbalanced. The Argentines are to pull out of the Islands within two weeks. But though they are the aggressors, it is we who have to withdraw further and faster.



5. The arrangements for the interim administration are unsatisfactory on three counts. First, the Argentines would have three newly created seats on each of the two Island Councils (pre-crisis the Legislative Council had eight members and the Executive Council six, plus the Governor in each case). Second, the local police would include local Argentine "representation" and be supervised by the three-power Special Interim Authority. Third, it is not clear how far we could in fact block proposals for increased Argentine immigration and acquisition of property (which would be "promoted and facilitated" though implicitly subject to governmental agreement).

6. But the really key deficiency lies in the text's failure to safeguard the wishes of the Islanders in relation to the longer-term settlement of the basic sovereignty problem. Negotiations on this would begin at once and be due to be complete, if necessary with American help, by the end of the year. They are to ensure that the Islands cease to be a non-self-governing territory (ie the status quo ante is ruled out in advance); and to have "due regard for the rights" (not wishes or even interests) of the inhabitants and for "the principle of territorial integrity applicable to this dispute" (ie the Argentine claim that the Islands are part of Argentina). In other words, the Islanders are to be sold out.

7. We cannot accept these proposals as they stand. They will need radical change, particularly on the last of these points. We should be unwise to reject them utterly, which would leave us little alternative to a war in which we should be severely handicapped by logistic problems and by the probable erosion both of national unity and of our international support. But we shall only achieve the vital changes we need if we keep up maximum diplomatic, economic and military pressure on Argentina. We are determined to do so.

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