

FALKLANDS: POSSIBLE FUTURE DIPLOMATIC OPTIONS

I Ideas which might be pursued by Mr Haig

a) Interim arrangements

A military stand-off: British Task Force halts at e.g. 50 miles from Port Stanley, exclusion zone is lifted, Argentina stops supplying the garrison by air or merchant ships as well as by naval vessels.

Variations on Mr Haig's present ideas, for instance. US instead of tripartite administration during withdrawal and negotiations.

Variations on the description of the longer term negotiations, e.g. that they should be described as being about sovereignty and self-determination or about a specific option such as lease-back.

b) Longer term arrangements

A treaty about the Falkland Islands and Dependencies similar to the Antarctic Treaty (Note A attached)

Lease-back: Argentine sovereignty, British administration (Note B attached).

Cession of some or all FI Dependencies, status quo ante for Falkland Islands themselves.

One of the above combined with repatriation arrangements for Falkland Islanders.

II Other methods of seeking a settlement

Another respected international figure, for instance the Commonwealth Secretary-General, tries to negotiate a settlement.

A group of states (e.g. US, 1 European and 1 *Latin American*) try the same thing.

UN Secretary-General appoints a Special Representative to try the same thing.

The UN Security Council seeks an advisory opinion about sovereignty from the International Court of Justice.

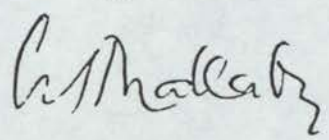
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Private Secretary

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1. As requested I attach a note on this subject. It is divided into two parts:
 - a) Ideas about substance which we might consider putting to Mr Haig if his negotiations on their present basis should run into acute difficulty.
 - b) Other methods of seeking a settlement.



C L G Mallaby
Planning Staff

15 April 1982

cc: PS/Mr Onslow
PS/PUS
Mr Giffard
Mr Ure
Mr Fearn ✓

Note A

The Antarctic Treaty

The main provisions of the Antarctic Treaty are that questions of sovereignty are frozen for the duration of the treaty; that parties to the treaty have freedom of scientific investigation anywhere in the area (and may establish scientific stations for the purpose); and that the area is demilitarised. The obvious disadvantage in applying the multilateral treaty to the Falkland Islands and Dependencies is that the Soviet Union and other Warsaw Pact countries (as well as the US, the UK and Argentina and others) are parties and therefore would have the right to establish scientific stations. A better alternative might be to suggest a new agreement covering the Falklands and dependencies with provisions similar to those in the Antarctic Treaty, to which the UK and Argentina - or these two and the US- would be the only parties. The advantages of involving the United States would include that a US presence in the Islands might provide an element of political deterrence of future Argentine aggression, and that American investment might possibly be attracted to the Islands.

Instead of freedom to establish scientific settlements, which would hardly be relevant to the Falklands, the new agreement would presumably provide for the parties to establish settlements under their own administration. Legislation would be required in the Falkland Islands to allow the purchase of land by Argentine or US interests. It might be possible to encourage Argentine settlements on some of the less utilised smaller islands in the Falklands group and in the Dependencies, since this would give rise to less friction than settlements on the two main islands. Land in the Falkland Islands is broadly divided between that owned by the Falkland Islands Company, that owned by private sheep farmers and other private persons, and a small amount of Crown land. It would be necessary to limit the amount that Argentines and Americans could buy, for otherwise British interests might quickly sell out while the going was good.

Another difficult question would be the area to which the new treaty regime would be applicable. One solution would be the islands and a 3 mile belt of territorial sea around them. This would not provide all that much in the way of security. Another solution would be the islands and a 200 mile belt of waters around them subject, in the case

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of the Falkland Islands, to a median line with Argentina, and in the case of the South Sandwich Islands to the outer limit of the Antarctic Treaty area. This would of course provide a great deal more in the way of security but is likely to be unacceptable to Argentina unless accompanied by a separate arrangement for joint exploitation of mineral resources within the belt between 3 and 200 miles.

The advantages of this arrangement for the UK would be that the position on sovereignty would be unchanged, since the UK and Argentine views would simply stand; that British administration would be re-established over all existing settlements; and that the United States could be involved permanently in the question of the Falkland Islands. One difficulty would be that the Falkland Islanders could not be assumed to favour such new arrangements. Their views would probably have to be ascertained by means of a sounding of opinion before the arrangements took effect. Another difficulty might be that Argentina would suggest alterations to the Antarctic model which would be completely unacceptable. The other big question is whether Argentina would buy this idea. It would give her a real gain: her own settlements on the islands with her administration and flag. But she would not get her main goal, which is sovereignty, although she would be able to maintain her claim to it.

Britain and Argentina refer sovereignty to the International Court of Justice for a binding decision.

UK and Argentina jointly refer sovereignty to an ad hoc arbitration tribunal.

UN Security Council appoints a commission to investigate the Falkland Islands problem

Note: The risk *with* the International Court or an ad hoc arbitration tribunal is that they might possibly find against UK. The composition of the International Court is not favourable to us. The risk with any UN arrangement is that third world solidarity on questions of so-called decolonization would be against us.

Note BLease-Back

This would involve immediate transfer of sovereignty to Argentina and lease-back to the UK either indefinitely or for a long finite period, such as 50 years. This possibility has been much mentioned in Parliament and the media and does not seem to have attracted widespread criticism. It might well satisfy Argentina, since sovereignty is what she wants. It would meet the UK criteria of Argentine withdrawal and the return of British administration, but not the criterion about the wishes of the Islanders. Indeed the Islanders in the past have opposed this idea. Any new version of it would therefore need to provide for them to express their views. There might be provision for a referendum before the arrangements were put into effect; or for a referendum before the end of the lease-back period. In the latter case, if a majority opposed the expiry of the lease, it would continue for a further, say, 10 years. There would be another referendum near the end of this second period and a further extension if a majority opposed expiry of the lease. And so on...

Needham 18 April.

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