

Permanent Under-Secretary

NEW BASIS FOR MR HAIG'S NEGOTIATIONS

- / 1. The attached draft message takes account of your telephone call to me. I remain convinced that:
- a) we need to present our ideas as a variation on Mr Haig's, so as to protect ourselves against future accusations of having ditched the present basis for negotiations;
  - b) it would be far better to propose a 'Conference' than mere negotiations, since otherwise there is no new look that could attract Argentina in our suggestions.

*C L G Mallaby*

26 April 1982

C L G Mallaby  
Planning Staff

DS 1 (Revised)

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FROM:

Reference

Prime Minister

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

Mr Haig

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

The repossession of South Georgia of course alters the situation regarding the tremendous efforts you are making to produce a negotiated settlement of the present crisis. ON THE ONE HAND, there is the important change that the Falkland Islands Dependencies are no longer occupied by Argentina. On the other hand, the successful British military action should bring home to Argentina her interest in negotiating seriously for a settlement.

The first Argentine reaction may be to play for time, as Costa Mendez did with you yesterday. Yet time, as you have often said, is running out. Our Task Force is ~~coming very near to~~ <sup>approaching</sup> the maritime exclusion zone and the next phase of operations may have to start very soon.

I wonder therefore whether the key elements discussed so far in your negotiations could be simplified and put to the Argentines in a rather different form. A change of this kind might make them more likely to make concessions which they have declined to make when discussing the existing texts. The new suggestion <sup>54</sup> could be linked

closely/

Enclosures—flag(s).....



closely to the elements in Security Council Resolution No 502.

The Argentines might be asked to agree to the immediate starting of negotiations to carry out point 3 in the Resolution, which called on Argentina and Britain to seek a diplomatic solution to their differences. To give Argentina hope of speedier progress than in the past, the United States might offer to chair the negotiations. The subject for negotiation might be described neutrally as the future of the Falkland Islands.

The condition for starting these negotiations would be implementation of the first two points in the Security Council Resolution, namely immediate cessation of hostilities and immediate Argentine withdrawal. In return for Argentine withdrawal the British forces would withdraw a certain distance or stand back from the area of the Falkland Islands. British administration would be restored pending the outcome of the negotiations, but with an Argentine resident in Port Stanley, whose task might be to look after the interests of the Argentine population. I hope that the United States would give a security guarantee for the Islands, during that same period.

You will wish to consider these suggestions urgently and to decide whether to try them out on Costa Mendez during his present visit to Washington. They might conceivably be used to defuse proposals unwelcome to the US and to Britain at the present meeting of the OAS. One idea that occurs tentatively to me is that Mexico or possibly Colombia could be asked to float these ideas in

in the OAS.

The virtue I see in this suggestion is that simplicity can *achieve speedier progress* as tension mounts, and that a change of form in your negotiations may make it more likely that Argentina will be reasonable. If you think these ideas worth consideration, we shall gladly send you a more detailed note of them.