

"PROPOSAL ANNOTATED BY ENDERS AND GUDGEON"

On the basis of United Nations Security Council Resolution No. 502, and recalling relevant United Nations General Assembly resolutions, Argentina and the United Kingdom have agreed on the following steps, which form an integrated whole:

NOTES: (1) BRITAIN ABSTAINED ON TWO OF THE THREE GENERAL ASSEMBLY RESOLUTIONS; VOTED AGAINST THE THIRD. (2) BRITAIN SEES RESOLUTION 502 AS SEQUENTIAL: THIS DRAFT IS SIMULTANEOUS. REFERENCES TO UNSC RESOLUTION AND UNGA RESOLUTIONS CANNOT BE ON CO-EQUAL BASIS; UNSC RES. SHOULD TAKE PRECEDENCE, SINCE IT IS BINDING.

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All military and security forces shall be withdrawn from the islands and agreed surrounding areas within a short period of time, but not later than two weeks from the date of this agreement.

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NOTE: "AGREED SURROUNDING AREAS" (TO INCLUDE AIRSPACE) MIGHT BE 100 NAUTICAL MILES AROUND EACH OF THE THREE GROUPS OF ISLANDS. UK MAY RESIST REFERENCE TO ALL 3 GROUPS.

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After the date of this agreement and pending a definitive settlement, no military or security force shall be introduced into the islands or surrounding areas. All forces that have been deployed in connection with the current controversy shall be returned to their normal operating areas.

NOTE: (1) "SURROUNDING AREA" IS THE SAME AS ABOVE.

(2) SECOND SENTENCE IS A ONE-TIME COMMITMENT, WITHOUT PRECISE TIME PHASING. DO WE WANT VERIFICATION OF THIS BY COMMISSION, AS NEXT PARAGRAPH WOULD PROVIDE? WHILE IT WOULD BE PERHAPS A ONE-TIME ACTION, IT **COULD** REQUIRE COMMISSION VISITS TO ARGENTINA AND UK AND MIGHT BE SENSITIVE.

"PROPOSAL" IS ANNOTATED BY ENDERS AND GUDGEON

The United Kingdom, Argentina and the United States *agree*
shall ^{to} each appoint a representative to constitute a Special
Commission which shall provide observers to verify com-
pliance with the obligations in the preceding para-
graphs.

NOTE: THERE WOULD HAVE TO BE A SEPARATE AGREEMENT ON HOW
MANY PEOPLE COULD BE ASSIGNED TO THE SPECIAL COMMISSION, WHAT
THEY COULD DO, WHERE THEY COULD GO, WHAT FINANCING AND WHAT
MEANS OF TRANSPORT COULD BE USED, THE DEGREE TO WHICH THEY
WOULD ACT AS A BODY OR SEVERALLY, ETC.

NOTE: THE BRITISH GOVERNOR IS NEITHER EXCLUDED NOR
EXPLICITLY INCLUDED: THAT IS A MATTER FOR JUDGMENT.
WE HAVE ADDED A REFERENCE TO ARGENTINE RESIDENT
REPRESENTATION IN LOCAL BODIES; THIS WOULD REQUIRE
UK LEGAL CHANGES TO IMPLEMENT. COMMISSION VETO WOULD
NOT EXTEND TO UK LAW OR DECISION-MAKING, BUT WOULD TO
LOCAL GOVERNMENT ACTS IN IMPLEMENTATION OF THEM.

The Work of the Commission based on the Agreement

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On an interim basis, all decisions, laws and regulations *hereafter* adopted by the local administration on the islands shall be submitted to and expeditiously ratified by the Special Commission, except in the event that the Special Commission deems such decisions, laws or regulations to be inconsistent with the purposes of this agreement or its implementation. The traditional local administration shall continue, including the Executive and Legislative Councils, which would be enlarged to include representatives of the Argentine population *Customarily* resident on the islands. The Special Commission shall fly the flag of each of its constituent members at its headquarters.

NOTE: THE BRITISH GOVERNOR IS NEITHER EXCLUDED NOR EXPLICITLY INCLUDED: THAT IS A MATTER FOR JUDGMENT. WE HAVE ADDED A REFERENCE TO ARGENTINE RESIDENT REPRESENTATION IN LOCAL BODIES; THIS WOULD REQUIRE UK LEGAL CHANGES TO IMPLEMENT. COMMISSION VETO WOULD NOT EXTEND TO UK LAW OR DECISION-MAKING, BUT WOULD TO LOCAL GOVERNMENT ACTS IN IMPLEMENTATION OF THEM.

The Working of the Commission would be by majority.

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Henceforth, travel, transportation, communications and all trade between the mainland and the islands shall be facilitated and promoted, and the Special Commission shall make specific recommendations.

NOTE: IMMIGRATION AND THE FALKLAND ISLANDS COMPANY ARE NOT EXPLICITLY MENTIONED, BUT BOTH PROBLEMS ARE IMPLICIT HERE.

CONCEPTS IN LARGE PART ARE CONTAINED IN 1971 UK-GOA UNDERSTANDINGS.

NOTE: ARGENTINA SAYS IT DIDN'T ASK FOR
ITS BEHALF (IT COULD, HOWEVER, ONLY

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Within a short period of time, but not later than two weeks from the date of this agreement, ^{the 2 signatory govts} steps shall be taken to terminate the economic and financial measures adopted in connection with the current controversy, including restrictions relating to travel, transportation, communications, and transfers of funds between the two countries. Likewise, the United Kingdom shall request third countries that have adopted similar measures to terminate them by that date.

NOTE: ARGENTINA SAYS IT DIDN'T ASK ANYONE TO ADOPT MEASURES IN ITS BEHALF (IT COULD, HOWEVER, UNDER THE RIO TREATY).

* SECOND AND FOURTH OPERATIVE PARAS ARE EXPRESSLY TIED TO "INTERIM" PERIOD, I.E., PRE-JANUARY 1983.

SINCE THIS AGREEMENT WOULD BE ONLY PLACE GOA EXPRESSLY ACCEPTS UNSC RES. 502, UK MAY ALSO BE ESPECIALLY SENSITIVE TO EXPLICIT TERMINATION LANGUAGE. TECHNICALLY, OF COURSE, GOA REMAINS BOUND BY THE RESOLUTION AND THE UN CHARTER, BUT COULD USE TERMINATION PROVISIONS TO ATTEMPT TO MITIGATE THESE.

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December 31, 1982, will conclude the interim period, and during this period the conditions of the definitive status of the islands shall be negotiated, consistent with the Purposes and Principles of the United Nations Charter.

NOTE: BY IMPLCATION, ALL PROVISIONS OF THE AGREEMENT LAPSE ON DECEMBER 31, 1982*. EXPLICIT MENTION OF THAT WOULD HELP THE ARGENTINES, BUT POSSIBLY SHOCK THE BRITISH IF INCLUDED IN THE FIRST DRAFT THEY SEE. WE SHOULD AIM TO INCLUDE SUCH A STATEMENT.

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4/12/82 0430 LONDON

SECRET/SENSITIVE

LETTER FROM PRIME MINISTER THATCHER TO PRESIDENT REAGAN

Dear Mr. President:

In view of the agreement signed today on the Falklands dispute, as well as the close friendship between us, I would like to indicate to you my views and intentions with regard to the negotiations on a final settlement. The recent experience has obviously raised serious questions. We have firmly and successfully turned back aggression, which will be a lesson to others. Now that the threat has receded, we can and must consider how best to maintain secure and peaceful lives for the Falkland Islanders.

You have my word that I will do all in my power to conclude the negotiations by December 31, 1982. Consistent with the rights and welfare of the Islanders, it is my intention in the negotiations to find a solution that addresses the historic Argentine interest in the Falklands. This must be done in a way that protects British honor, rewards and satisfies the Islanders, and above all leaves no doubt that the final arrangement is a result of a natural historical development and not aggression.

Margaret Thatcher