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FALKLANDS:

MR HAIG'S SUGGESTIONS OF 29 MAY

1. Mr Haig's new suggestions in Washington telno 1964 bear some similarity to the ideas he was advocating during his earlier shuttle. But there are important differences, notably in the arrangements for withdrawal, the exclusion of the Dependencies and the framework for long term negotiations.

2. The new proposals contain elements which present difficulties for the UK, notably:

- i) the ideas would be advanced by the US and Brazil before a complete British victory;
- ii) the proposed peace-keeping force would arrive immediately after the ceasefire and would 'ensure' the separation of forces'. This has far too 'even-handed' a look;
- iii) the peace-keeping force would apparently depart after a limited period, after which the only factor deterring Argentine re-invasion would apparently be the existence of a contact group on the Islands;
- iv) Argentina would be a member of the contact group;
- v) the final point about undertakings by both parties not to take action prejudicial to the outcome of negotiations might appear to place unacceptable constraints on Britain after re-possession of our own territory;
- vi) the Governor would not return to the Falklands;
- vii) the UK would not publicly espouse independence or quasi-independence for the Falklands.

/3. Ministers

3. Ministers may consider, however, that it would be in Britain's interest not to reject Mr Haig's ideas immediately or in toto. The question is whether those ideas can be re-shaped in order to further British interests. The following re-designed package might be worth consideration:

- a) Mr Haig's point 1
- b) Mr Haig's point 3, but with a time limit of, say, 14 days set for the completion of Argentine withdrawal
- c) Creation of a Contact Group consisting of the US and Brazil (Argentina's participation being unacceptable, the UK also would not participate)
- d) Mr Haig's point 5, but with the presence of a British officer administering the government. The functions of the Contact Group would be limited to approving decisions related to the purposes of the Agreement and ^{not} inconsistent with those purposes.
- e) Introduction of a US/Brazilian peace-keeping force, to remain in place until the implementation of any long-term arrangement following negotiations.
- f) British military withdrawal (after the peace-keeping force is established)
- g) Mr Haig's point 7. The negotiations might not begin immediately and might not involve direct contact between the UK and Argentina. Each could deal separately with the Contact Group.

4. This arrangement would overcome some of the difficulties foreseen in paragraph 2 above. It would secure the advantage of a 'permanent' ceasefire, reducing the risk of continued Argentine strikes against the Islands after Britain has re-possessed them. A suggestion for a conference about economic development of the Islands, in co-operation with countries in the area, might be added to the package. As to the timing and authorship of any proposal:

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i) there is force in Mr Haig's suggestion that the offer should be made before the complete defeat of Argentina, since afterwards she may see continued military and other action against the UK and the Falklands as the only way of preserving national honour. The best time for new proposals might therefore be the latest possible moment before a complete surrender, ie when a British victory is obviously inevitable but operations are still going on, perhaps on a scale. It would be difficult to pinpoint this moment, but perhaps not impossible.

ii) If Britain launched the new proposals, Argentina would be even less willing to accept them. A proposal by the US and Brazil may therefore be preferable. But the UK and no doubt the US could make perfectly clear that we had been consulted, and had agreed, in advance. This would avoid any appearance of our to international pressure at the moment of victory.

5. We should make clear to Mr Haig that we would not wish him to discuss his ideas with Brazil or Argentina until there is Anglo-American agreement on the package.