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OO WASHINGTON DESKBY 281900Z

OO UKMIS NEW YORK

GRS 867

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DESKBY 281900Z

FM FCO 281730Z MAY 82

TO IMMEDIATE WASHINGTON

TELEGRAM NUMBER 1083

INFO IMMEDIATE UKMIS NEW YORK

YOUR TELEGRAM NUMBER 1921: FUTURE OF THE FALKLANDS

1. THE PRIME MINISTER AND I HOPE TO HAVE A SUBSTANTIAL TALK WITH REAGAN AND HAIG ABOUT THE FALKLANDS AT THE BEGINNING OF THE VERSAILLES SUMMIT (SUGGESTIONS ON THE ARRANGEMENTS IN MY TEL NO. 1082). I WOULD LIKE YOU TO GO OVER THE GROUND WITH HAIG BOTH TO PREPARE FOR THIS DISCUSSION AND IN ORDER TO RESPOND TO HIS MESSAGE TO ME.
2. YOU SHOULD BEGIN BY MAKING CLEAR THAT YOU ARE SHARING WITH HIM PRELIMINARY IDEAS WHICH MINISTERS HAVE BEEN CONSIDERING, THAT WE ARE CONSULTING NO-ONE ELSE IN THIS WAY AND THAT HE MUST DO ALL HE CAN TO ENSURE THAT OUR IDEAS DO NOT LEAK.
3. AS HAIG KOWS, OUR STARTING POINT IS OUR DETERMINATION TO REPOSSESS THE ISLANDS FOLLOWED BY RE-ESTABLISHMENT OF BRITISH ADMINISTRATION. THEREAFTER WE SHALL WISH TO CONSIDER THE FUTURE DEVELOPMENT OF THE FALKLANDS TAKING FULL ACCOUNT OF THE WISHES OF THE ISLANDERS. WE SHALL WISH TO CREATE A SECURE ENVIRONMENT FOR THIS. YOU CAN TELL HAIG THAT WE UNDERSTAND THE IMPORTANCE OF OTHER FACTORS WHICH GIVE HIM SERIOUS CONCERN, AS THEY DO TO US. WE RECOGNISE THAT THE UNITED STATES HAS A MORE IMPORTANT RELATIONSHIP WITH LATIN AMERICAN COUNTRIES THAN WE DO, BUT IT IS IN OUR INTERESTS TOO TO RESTORE POLITICAL RELATIONS WITH THEM AND TO AVOID THE FALKLANDS CRISIS LEAVING SCARS ON THE RELATIONSHIP BETWEEN THE WEST AND THE THIRD WORLD GENERALLY. WE ALSO SEE THE RISK THAT A HUMILIATED ARGENTINA COULD TURN UNDER NEW LEADERS TOWARDS A CLOSER RELATIONSHIP WITH THE SOVIET UNION. ANOTHER IMPORTANT CONSIDERATION IS THAT ARGENTINA WITH OR

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WITHOUT ARMS SUPPLIES FROM THE COMMUNIST BLOC COULD CONTINUE TO MOUNT OR THREATEN TO MOUNT MILITARY STRIKES AGAINST THE FALKLAND ISLANDS AFTER WE HAD REPOSSESSED THEM, THUS KEEPING THE ISLANDERS UNDER THREAT AND COMPELLING BRITAIN TO MAINTAIN STRONG FORCES IN THE AREA POSSIBLY AT THE EXPENSE OF OTHER COMMITMENTS EG TO NATO.

4. WE HAVE TO BE REALISTIC HOWEVER ABOUT THE LIKELY ATTITUDE OF ARGENTINA. AFTER ALL THAT HAS HAPPENED IT IS INCONCEIVABLE THAT THEY CAN ACHIEVE WHAT THEY WANT - NAMELY A TRANSFER OF SOVEREIGNTY. SOMEHOW OR OTHER THEY MUST BE BROUGHT TO ACCEPT THAT THEY MADE A SERIOUS MISCALCULATION IN ATTACKING THE FALKLAND ISLANDS AND BREAKING INTERNATIONAL LAW AND THAT THERE MUST BE A MODIFICATION OF THEIR AMBITIONS. THIS IS CLEARLY A VERY HARD LESSON FOR THEM TO LEARN BUT THE AMERICANS ARE PROBABLY BEST PLACED TO GET IT ACROSS, EITHER WITH GALTIERI OR WITH HIS SUCCESSORS SHOULD HE FALL FROM POWER.

5. FOR OUR PART WE DO NOT NECESSARILY ENVISAGE RETURNING ABSOLUTELY TO THE STATUS QUO ANTE. WE TAKE SERIOUSLY OUR OBLIGATIONS UNDER ARTICLE 73 OF THE UN CHARTER TO FURTHER THE INTERESTS AND WELL-BEING OF THE POPULATION OF THE FALKLANDS AND ARE WILLING TO REDUCE THE COLONIAL APPEARANCES OF THEIR GOVERNMENT IF THAT IS WHAT THEY WANT. WE COULD CONTEMPLATE A CHANGE IN THE STATUS OF THE ISLANDS, PROVIDED THAT IT WAS CONSISTENT WITH THE WISHES AND INTERESTS OF THE ISLANDERS AND WITH THE UN CHARTER. WE ALSO RECOGNISE THAT IT WILL BE IN THE LONG-TERM INTERESTS OF THE ISLANDERS TO HAVE AS HARMONIOUS AND COOPERATIVE A RELATIONSHIP AS POSSIBLE WITH ARGENTINA. ACCORDINGLY, WE ARE CONSIDERING A FUTURE FOR THE ISLANDS THAT PROVIDES EITHER FOR THEIR INDEPENDENCE OR FOR SOME MODIFIED FORM OF INDEPENDENCE THAT WOULD BE CONSISTENT WITH THE PRINCIPLES OF CHAPTER 11 OF THE UN CHARTER, PERHAPS INCORPORATING IDEAS DERIVING FROM OTHER CHAPTERS OF THE CHARTER.

6. WHILE RECOGNISING THE DIFFICULTIES WE WANT TO PROMOTE THE ECONOMIC DEVELOPMENT OF THE ISLANDS AND WOULD BE PREPARED TO CONSIDER THIS IN COOPERATION WITH COUNTRIES IN THE AREA. THERE ARE POSSIBILITIES IN OIL AND GAS EXPLORATION, FISHERIES, FURTHER

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DEVELOPMENT OF SHEEP FARMING, WOOL, KELP AND OF COURSE TOURISM.  
7. SECURITY IS OF COURSE THE KEY TO THE FUTURE OF THE ISLANDS. WITHOUT SOME RELIABLE FORM OF INTERNATIONAL SECURITY ARRANGEMENT, IN WHICH IT WOULD BE ESSENTIAL FOR THE US TO BE INVOLVED AND (AS AN ASSURANCE FOR THE ISLANDERS) FOR BRITAIN ALSO TO PLAY A PART, NEITHER THE POLITICAL NOR THE ECONOMIC FUTURE OF THE ISLANDS WOULD BE CERTAIN ENOUGH TO RETAIN THE PRESENT INHABITANTS OR TO ATTRACT INVESTMENT: AN INSECURE FALKLANDS WOULD BE A PERMANENT TEMPTATION TO IRREDENTISM IN ARGENTINA. WE GREATLY WELCOME HAIG'S OFFER OF A US BATTALION WITH PERHAPS A BRAZILIAN ONE AND IT SEEMS TO US THAT SOME INTERNATIONALISATION OF THE SECURITY ARRANGEMENTS COULD BE HELPFUL PRESENTATIONALLY TO THE ARGENTINES. WE ARE CONSIDERING WHETHER THE PRESENCE OF FORCES FROM SEVERAL COUNTRIES (ACTING RATHER ON THE SAME LINES AS THE SINAI MFO WHERE WE ARE HELPING THE AMERICANS) COULD BE ARRANGED TO PROVIDE A GUARANTEE OF THE SECURITY OF THE ISLANDS.

8. PLEASE DISCUSS THE FOREGOING WITH HAIG AND TELL HIM THAT WE CAN REFINE THE IDEAS IN THE LIGHT OF HIS RESPONSE. WE WOULD OF COURSE BE MOST INTERESTED TO HEAR WHETHER HE HAS ADDITIONAL OR ALTERNATIVE SUGGESTIONS FOR A REALISTIC ARRANGEMENT, BUT YOU SHOULD CONTINUE TO LEAVE HIM IN NO DOUBT ABOUT THE POLITICAL FACTS OF LIFE HERE, OF WHICH YOU ARE WELL AWARE. YOU SHOULD STRESS THAT IT IS ESSENTIAL THAT THE UK AND THE US SHOULD COOPERATE CLOSELY IN CONSIDERING THE FUTURE.

PYM

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FALKLANDS SELECTIVE

LIMITED  
HD/EMERGENCY UNIT  
HD/S AM D  
HD/DEF D  
HD/PLANNING STAFF  
HD/UND  
HD/NEWS D  
HD/ERD  
HD/ECD (E)  
HD/FUSD  
DEP HD/FUSD  
HD/RES D  
PS  
PS/MR HURD  
PS/MR ONSLOW  
PS/LORD BELSTEAD  
PS/PUS  
MR BULLARD  
SIR I SINCLAIR  
MR GIFFARD  
MR WRIGHT  
MR GILLMORE  
MR URE  
MR BARRETT

COPIES TO  
PS/HOME SECRETARY  
PS/ S OF S DEFENCE  
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PS/CHANCELLOR DUCHY OF LANCASTER

PS/SIR R ARMSTRONG  
PS/SIR M PALLISER  
PS/SIR A DUFF  
MR WADE-GERY  
MR FULLER  
MR O'NEILL  
HD/ASSESSMENTS STAFF  
MR COLVIN  
DIO

CABINET  
OFFICE

MR J M STEWART AUSD STAFF MOD  
ADMIRAL SIR ROY HALLIDAY DGI MOD  
SIR P MOORE BUCKINGHAM PALACE  
DIRECTOR G C H Q

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CONFIDENTIAL

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OO WASHINGTON  
PP UKMIS NEW YORK  
GRS 95  
CONFIDENTIAL  
FM FCO 281245Z MAY 1982  
TO IMMEDIATE WASHINGTON  
TELEGRAM NUMBER 1082 OF 28 MAY  
AND TO PRIORITY UKMIS NEW YORK

VERSAILLES SUMMIT: BILATERAL WITH REAGAN

1. PLEASE TELL REAGAN'S OFFICE THAT THE PRIME MINISTER AND I WOULD VERY MUCH LIKE TO HAVE A SUBSTANTIAL BILATERAL MEETING WITH HIM AND AL HAIG LASTING IF POSSIBLE AT LEAST ONE AND A HALF HOURS, AS SOON AS CAN BE FITTED IN AFTER WE REACH VERSAILLES. THE MAIN TOPIC WOULD BE THE FALKLANDS. PLEASE FIND OUT WHAT TIME WOULD SUIT THE PRESIDENT. COULD HE MANAGE BEFORE OR AFTER DINNER ON 4 JUNE OR BREAKFAST ON 5 JUNE?

PYM

LIMITED  
PLANNING STAFF  
NAD  
EM UNIT  
ERD  
PS  
PS/PUS  
MR BULLARD  
LORD BRIDGES  
MR EVANS

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