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FROM UKMIS NEW YORK 130227Z MAY 82

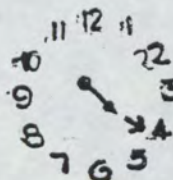
TO IMMEDIATE F C O

TELEGRAM NUMBER 733 DATED 12 MAY 82

INFO IMMEDIATE WASHINGTON

MY TWO IPTS: FALKLANDS

13 MAY 1982



1. YOU AND YOUR COLLEAGUES ARE NOW FACED WITH AN IMMEDIATE STRATEGIC DECISION. IF TOMORROW (13 MAY) I STICK TO THE POSITIONS I SET OUT TO PEREZ DE CUELLAR TODAY AND HE PUTS THEM TO THE ARGENTINES, AS HE WILL FEEL BOUND TO DO, I AGREE WITH HIS ASSESSMENT THAT THE NEGOTIATIONS WILL TERMINATE THERE AND THEN. WE CAN ONLY KEEP THE TALKS GOING IF WE ARE PREPARED TO MAKE FAIRLY SUBSTANTIAL CONCESSIONS ON THE NATURE OF THE INTERIM ADMINISTRATION AND ON OUR MILITARY WITHDRAWAL FROM SOUTH GEORGIA (ALL IN THE CONTEXT OF SATISFACTION ON THE WHOLE PACKAGE).

2. PLEASE DO NOT THINK THAT I AM NOT AWARE OF THE REALITIES OF THE SITUATION. I EXPLAINED TO PEREZ DE CUELLAR IN DETAIL THAT THE BASIC BRITISH VIEW WAS AS FOLLOWS. THE ONLY JUST OUTCOME WAS THAT THE AGGRESSOR SHOULD WITHDRAW, THE STATUS QUO ANTE BE RESTORED AND THE NEGOTIATIONS WHICH HAD BEEN SO RUDELY BROKEN OFF RESUMED. HE MUST NOT THINK THAT WE WERE BEING INFLEXIBLE. WE HAD SHOWN OURSELVES READY TO ENTERTAIN A STRING OF CONCESSIONS - UN ADMINISTRATION, ACCEPTANCE THAT THE OUTCOME DID NOT HAVE TO BE BRITISH SOVEREIGNTY WITH ITS CONCOMITANT OF THE PARAMOUNTCY OF THE ISLANDER'S WISHES, A TARGET DATE FOR A FINAL SETTLEMENT ONLY SEVEN MONTHS AWAY ETC.

HOWEVER, THE PLAIN IF REGRETTABLE FACT IS THAT EVERYONE HERE SEES THE SITUATION QUITE DIFFERENTLY. THE MAJORITY OF THE MEMBERSHIP SYMPATHISE WITH OUR REACTION TO ARGENTINE USE OF FORCE, BUT THEY BELIEVE (THIS INCLUDES A NUMBER OF WESTERN DELEGATIONS) THAT THE FALKLANDS SHOULD BELONG TO ARGENTINA PROVIDED THAT THE INTERESTS OF THE ISLANDERS ARE SAFEGUARDED.

THIS STAGE, THE DOMINANT VIEW HERE IS THAT THE ARGENTINE POSITION IS BECOMING MORE MODERATE AND THAT WE SHOULD RESPOND IN ORDER TO BRING TO AN END THE HOSTILITIES WHICH ARE CREATING INCREASING CONCERN WORLD-WIDE. RIGHT OR WRONG, THIS IS HOW IT IS.

4. HENCE, IF WE DO NOT MODERATE OUR POSITION AND THE NEGOTIATIONS BREAK DOWN TOMORROW (13 MAY) LEAVING A DIPLOMATIC VACUUM ACCOMPANIED ONLY BY INTENSIFYING MILITARY ACTIVITY, WE WILL BE REGARDED AS THE CULPRITS (THE SECRETARIAT WILL SEE TO THAT). SUPPORT FOR OUR POSITION, EVEN FROM OUR ALLIES AND PARTNERS, WILL DRAIN AWAY AS WE CAST VETOES AGAINST CALLS FOR A CESSATION OF HOSTILITIES, PROBABLY ACCOMPANIED BY THE CLAMOUR OF AN EMERGENCY SPECIAL SESSION OF THE GENERAL ASSEMBLY. I STILL HAVE SOME SHOTS IN MY LOCKER TO TRY TO LIMIT THIS DAMAGE BUT, IF THE DIPLOMATIC VACUUM PERSISTS, THEY WILL BECOME DECREASINGLY EFFECTIVE.

5. THE ABOVE IS WHAT WILL HAPPEN HERE IF THE NEGOTIATIONS COLLAPSE TOMORROW AS A RESULT OF OUR STICKING TO OUR PRESENT POSITION. IF YOU NEED TO BUY MORE TIME EITHER IN THE HOPE OF REACHING A SOLUTION THROUGH THE PRESENT UN PROCESS, OR TO AVOID AN IMMEDIATE DIPLOMATIC VACUUM EG IN THE CONTEXT OF PERSUADING OUR PARTNERS TO RENEW SANCTIONS ON 16 MAY, WE SHALL HAVE TO MAKE SUBSTANTIAL CONCESSIONS ON THE TWO ISSUES MENTIONED IN PARAGRAPH 1 ABOVE AT MY MEETING WITH PEREZ DE CUELLAR TOMORROW. THE ALTERNATIVE, IF THIS IS TOO DIFFICULT FOR YOU, IS FOR ME TO SET OUT OUR PRESENT POSITION IN FULL TO PEREZ DE CUELLAR AND OBLIGE THE ARGENTINES TO REJECT IT. AS IT STANDS, THEY WOULD BE LIKELY TO REJECT IT IN TOTO RATHER THAN REFERRING TO SPECIFIC POINTS. THIS WOULD MARGINALLY LIMIT THE DAMAGE THEREAFTER IN THE UN.

6. IF, IN THE LIGHT OF THE ABOVE, YOU ARE PREPARED TO CONTEMPLATE FURTHER CONCESSIONS IN ORDER TO KEEP THE TALKS ALIVE, THE FOLLOWING ARE IN MY JUDGEMENT THE MINIMUM:-

sent to LCJ -

- (I) SOUTH GEORGIA: AGREEMENT TO DEMILITARISATION TO ACCOMPANY MUTUAL WITHDRAWAL FROM THE FALKLANDS, LEAVING THE TRADITIONAL BAS ADMINISTRATION INTACT, FREEZING ALL FRESH ECONOMIC AND OTHER NON-SCIENTIFIC ACTIVITY (TO DEAL WITH THE DAVIDOFF CONTRACT) AND AGREEING THAT A SEPARATE SOLUTION TO SOUTH GEORGIA/SOUTH SANDWICH BE INCLUDED IN THE DIPLOMATIC NEGOTIATIONS ON THE FALKLANDS.
- (II) THE INTERIM ADMINISTRATION: AGREEMENT THAT THE UN ADMINISTRATOR SHOULD ACT IN CONSULTATION WITH THE
} ELECTED REPRESENTATIVES OF THE ISLANDERS, ACTING AS A CORPORATE BODY (UNSPECIFIED), AS REGARDS THE DAY TO DAY AFFAIRS OF THE ISLANDS AND AS REGARDS THE FUTURE
} OF THE ISLANDERS. WE WOULD ACCEPT THAT THE OPERATION OF THE EXISTING INSTITUTIONS SHOULD BE SUSPENDED (NOT ABOLISHED) DURING THE INTERIM PERIOD BUT INSIST THAT THE UN ADMINISTRATOR SHOULD NOT MAKE (OR RETAIN) ANY CHANGES WHICH WOULD NOT BE IN CONFORMITY WITH THE SPIRIT OF THE LAWS AND PRACTICES PREVIOUSLY OBSERVED BY THE TRADITIONAL LOCAL ADMINISTRATION

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