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PREM 19/613

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PART 2

Confidential Filing

Relations with Argentina

The position of the Falkland Islands

ARGENTINA

Pt 1: September 1979

Pt 2: January 1982

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
8.3.82		Debbie Neal	4/11/99				
12.3.82							
21.3.82							
22.3.82							
23.3.82							
24.3.82							
25.3.82							
30.3.82							
31.3.82							
34.3.82							
Ends							

PREM 19/613

PART 2 ends:-

Buenos Aires Tel 126 30/3

PART 3 begins:-

ASC de Secretar 1/4

— Lotte Series

— Aen 19/613

Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

1. House of Commons Hansard, 23 March 1982,
columns 798-801

2. House of Commons Hansard, 30 March 1982,
columns 163-170

Signed A Wayland Date 19 January 2012

PREM Records Team

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QPS 550
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p.a.
MR $\frac{1}{4}$

FM BUENOS AIRES 30/2050Z MAR 82
TO IMMEDIATE FCO
TELEGRAM NUMBER 126 OF 30 MARCH 1982
INFO IMMEDIATE WASHINGTON, PORT STANLEY (PERSONAL FOR GOVERNOR)
AND TEL AVIV (SEC OF STATE'S PARTY)

1. YOUR TELNO 77 (SOUTH GEORGIA) ARRIVED AS I WAS ABOUT TO REPORT WHAT MY US COLLEAGUE HAS JUST TOLD ME OF HIS INTERVIEW WITH COSTA MENDEZ THIS MORNING, CARRYING OUT THE INSTRUCTIONS FROM MR STOESSEL FORESHADOWED IN WASHINGTON TELNO 1024. SINCE HIS OWN REPORT IS ONLY NOW ON ITS WAY TO WASHINGTON, HE HAS ASKED THAT HIS CONFIDENCE TO ME SHOULD BE RESPECTED FOR SOME HOURS.
2. IT APPEARS THAT COSTA MENDEZ'S REACTION WAS WHOLLY NEGATIVE. HE INDICATED THAT US GOOD OFFICES, WHILE WELCOME ON THE UNDERLYING DISPUTE, WERE NOT REQUIRED ON THE CURRENT INCIDENT, THE COMPROMISE PROCEDURE SUGGESTED BY MR STOESSEL WAS NOT ACCEPTABLE TO ARGENTINA, BUT THERE WOULD BE NO CONFRONTATION PROVIDED THE BRITISH DID NOTHING TO DISTURB THE ARGENTINE WORKMEN. THE SOLUTION OF THE PROBLEM OF THE INCIDENT COULD BE FOUND IN STARTING WITHOUT DELAY ON NEGOTIATION OF THE MAIN DISPUTE.
3. THIS UNCOMPROMISING STAND WAS TAKEN A FEW HOURS BEFORE MAJOR DEMONSTRATIONS PLANNED BY LABOUR UNIONS AGAINST THE GOVERNMENT'S ECONOMIC AUSTERITY MEASURES FOR LATER THIS AFTERNOON, IT BEING GENERALLY BELIEVED HERE THAT THE GOVERNMENT HAD BEEN HOPING THAT THE RECENT JINGOIST FERVOUR WOULD DECIDE THE UNIONS TO PUT THE DEMONSTRATIONS OFF OR AT LEAST STEAL THE HEADLINES. IT ALSO SEEMS TO SHOW COSTA MENDEZ MOUTHING A FORMULA GIVEN HIM EARLIER TO USE WITHOUT DISCRETION. IT IS AN INDICATION OF MOOD THAT COSTA MENDEZ, ROS AND PENA WERE TO ATTEND THIS MONTH'S EC LUNCH IN MY HOUSE TODAY. AFTER SAYING YESTERDAY, WHEN I OFFERED TO SHIFT THE LUNCH ELSEWHERE, THAT THEY WOULD READILY COME TO ME, I GOT A CANCELLATION FOR ALL THREE AT SHORT NOTICE THIS MORNING.

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/ 4. MY US

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4. MY US COLLEAGUE WAS INCLINED TO SPECULATE THAT, IF HE WERE INSTRUCTED TO GO OVER COSTA MENDEZ'S HEAD (PRESUMABLY TO THE PRESIDENT) AND AFTER TODAY'S DEMONSTRATIONS ARE OVER HE MIGHT GET A LESS BRUSQUE RESPONSE THAN HE DID TODAY. AT PRESENT THE ARGENTINE GOVERNMENT HAVE THEIR TAILS UP AND BELIEVE THEY HAVE FOUND A WAY OF BULLYING US INTO CONCEDED SOVEREIGNTY. BUT THEY ARE NOT NOTABLE FOR STAYING POWER AND MAY LOOK CONSIDERABLY MORE BEDRAGGLED TOMMORROW.

5. IN THESE CIRCUMSTANCES I QUESTION, WITH RESPECT, WHETHER IT IS PRUDENT TO DELIVER SO SOON A MESSAGE AS CONCILIATORY AS THAT CONTAINED IN YOUR TUR. SO FAR I HAVE BEEN CARRYING OUT, I THINK LOYALLY AND WITH DILUTION, SOME PRETTY TOUGHLY WORDED INSTRUCTIONS AND, WHILE MAINTAINING CIVILISED RELATIONS, HAVE AVOIDED CONCEDED GROUND. TO INDICATE NOW, WHILE US GOOD OFFICES ARE STILL IN PLAY, THAT I SHOULD BE SUPERCEDED AS THE ARGENTINES' INTERLOCUTOR BY AN OFFICIAL JUNIOR TO MYSELF COMING WITH QUOTE CONSTRUCTIVE PROPOSALS TO DEFUSE THE INCIDENT UNQUOTE WILL, I FEAR, ONLY CONVINCING THE ARGENTINES THAT I HAVE BEEN DISOWNED AND THAT THEY HAVE US ON THE RUN NOT ONLY ON THIS INCIDENT BUT OVER CONCEDED SOVEREIGNTY. THEY WILL CERTAINLY LEAK THIS INTERPRETATION STRAIGHT AWAY.

6. IF, AS I HOPE, THIS IS NOT IN FACT THE CASE, I SUBMIT THAT WE WOULD DO BETTER TO LEAVE THE ARGENTINES TO STEW FOR A DAY OR TWO AND CONSIDER, IN THE LIGHT OF MR STOESSSEL'S REACTION TO WHAT HE HEARS FROM MY US COLLEAGUE, HOW BEST OUR INTERESTS CAN BE SECURED.

WILLIAMS

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CABINET OFFICE

ADDITIONAL DISTRIBUTION
FAULKLAND ISLANDS

- 2 -

CONFIDENTIAL

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AGAINST DELIVERY

STATEMENT ON SOUTH GEORGIA, TO BE MADE BY MR RICHARD LUCE MP,
IN THE HOUSE OF COMMONS ON TUESDAY 30 MARCH 1982

With permission, Mr Speaker, I would like to repeat a statement on South Georgia, which my right honourable and noble Friend has made in another place.

As I told the House on 23 March, a group of Argentines, employed by a commercial contractor, Mr Davidoff, an Argentine citizen, landed at Leith Harbour on South Georgia on 19 March from an Argentine Naval transport vessel.

Mr Davidoff had been informed in advance of the need to seek the necessary permission from the British authorities at Grytviken to land and to carry out this salvage work. He conveyed to the British Embassy in Buenos Aires his intention to begin work in South Georgia but gave no indication that he would not follow the normal immigration procedures.

When the party arrived at Leith they did not seek the required documentation: and when requested by the Base Commander to proceed to Grytviken in order to do so, they failed to comply. Mr Davidoff's commercial contract is straightforward. But it does not absolve him or his employees from complying with normal immigration procedures.

Subsequently, the majority of the Argentine party and the Argentine ship departed: but about a dozen men remained on shore.

We therefore made it clear to the Argentine Government that we regarded them as being present illegally on British territory, and sought their cooperation in arranging for their departure, pointing out however that their position could be regularised if they were to seek the necessary authorisation. Meanwhile, HMS Endurance was ordered to proceed to the area to be available to assist as necessary. She has been standing by since 24 March.

On 25 March an Argentine vessel delivered further equipment to the group ashore. The Argentine Foreign Minister has said that the Argentine party in South Georgia will be given the full protection of the Argentine Government. Argentine warships are in the area.

The situation which has thus arisen, while not of our seeking, is potentially dangerous. We have no doubts about

British sovereignty over this Falkland Islands dependency as over the Falklands themselves.

We remain of the view that the unauthorised presence of Argentine citizens in British territory is not acceptable. We have no wish to stand in the way of a normal commercial salvage contract, but the position of those carrying it out must be properly authorised.

Further escalation of this dispute is in no one's interest. In these circumstances it is clearly right to pursue a diplomatic solution of this problem. This we are doing. I hope that the Argentine Government will take the same view. Meanwhile, the question of security in the Falklands area is being reviewed, although the House will understand that I prefer to say nothing in public about our precautionary measures.

I can, however, inform the House that HMS Endurance will remain on station as long as is necessary.

South Georgia Parliamentary Statement

As my noble friend Lord Trefgarne informed the House on 23 March a group of Argentines employed by a commercial contractor Mr Davidoff, an Argentine citizen landed Leith harbour on South Georgia on 19 March from an Argentine naval transport vessel.

Mr Davidoff had been informed in advance of the need to seek the necessary permission of the British authorities at Grytviken, to land and to carry out its work. He conveyed to the British Embassy in Buenos Aires his intention to begin work in South Georgia but gave no indication that he would ignore the normal immigration procedures of which he had been told.

When the party arrived at Leith they did not seek the required documentation and when requested by the base commander to proceed to Grytviken in order to do so they failed to comply. Mr Davidoff's commercial contract is straightforward but it does not absolve him or his employees from complying with normal immigration procedures. Subsequently the majority of the Argentinian party and the Argentinian ship departed: but about a dozen men remained on shore .

/We

We therefore sought the co-operation of the Argentine Government in arranging for their departure, making clear that we regarded them as being present illegally on British territory, but that they could regularise their position by seeking the necessary authorisation at Grytviken. Meanwhile, HMS Endurance was ordered to proceed to the area to be available to assist as necessary. She has been standing by since 24 March.

On 25 March an Argentine vessel delivered further equipment to the group ashore. The Argentine Foreign Minister has said that the Argentine party in South Georgia will be given the full protection of the Argentine Government. Argentine warships are in the area.

The situation ^{which} has thus arisen while not of our seeking is potentially dangerous. We have no doubts about British sovereignty over this Falkland Islands dependency, as over the Falklands themselves.

We remain of the view that the unauthorised presence of Argentine citizens in British territory is not acceptable. We have no wish to stand in the way of a normal commercial salvage contract but the position of those carrying it out must be properly authorised.

/Further

Further escalation of this dispute is in no-one's interest. In these circumstances it is our clear duty to pursue, with all the imagination and energy at our disposal, a diplomatic solution of this problem. This we are doing. I hope the House will agree that to release the detail of diplomatic exchanges at this stage would make our efforts less rather than more likely to succeed. I hope the Argentine Government will take the same view. Meanwhile the question of security in the Falklands area is under review although the House will understand that I prefer to say nothing in public about our precautionary measures. HMS Endurance will remain on station.



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ZZ UKREP BRUSSELS
GRS 490
CONFIDENTIAL

BULLARD (4 COPIES)

FM FCO 291500Z MARCH 82
TO FLASH UKREP BRUSSELS
TELEGRAM NUMBER 260 OF 29 MARCH
INFO IMMEDIATE MODUK NAVY
FOR BULLARD

MY TELNO 2561 SOUTH GEORGIA

1. FOLLOWING IS DRAFT TEXT OF PARLIAMENTARY STATEMENT. BEGINS. AS MY NOBLE FRIEND THE PARLIAMENTARY UNDER SECRETARY OF STATE (LORD TREFGARNE) INFORMED THE HOUSE ON 23 MARCH, A GROUP OF ARGENTINES, EMPLOYED BY A COMMERCIAL CONTRACTOR, MR DAVIDOFF, LANDED AT LEITH HARBOUR ON SOUTH GEORGIA ON 19 MARCH FROM AN ARGENTINE NAVAL TRANSPORT VESSEL. MR DAVIDOFF HAD BEEN FULLY INFORMED IN ADVANCE OF THE NEED TO SEEK THE NECESSARY PERMISSION FROM THE BRITISH AUTHORITIES AT GRYTVIKEN TO LAND AND TO CARRYOUT HIS WORK. MR DAVIDOFF'S COMMERCIAL CONTRACT IS A STRAIGHTFORWARD ONE. BUT IT DOES NOT ABSOLVE HIM FROM COMPLYING WITH NORMAL IMMIGRATION PROCEDURES. THIS HE FAILED TO DO: AND, WHEN THE ARGENTINE PARTY AT LEITH WAS REQUESTED BY THE BASE COMMANDER TO PROCEED TO GRYTVIKEN TO OBTAIN THE REQUIRED DOCUMENTATION, IT AGAIN FAILED TO COMPLY.

WE THEN SOUGHT THE COOPERATION OF THE ARGENTINE GOVERNMENT TO ARRANGE FOR THE REMOVAL OF THE PARTY, MAKING CLEAR THAT WE REGARDED THIS AS A POTENTIALLY GRAVE INCIDENT AND THAT WE COULD NOT ACCEPT AN ILLEGAL ARGENTINE PRESENCE ON BRITISH TERRITORY. THIS REQUEST WAS REJECTED. HMS ENDURANCE WAS ORDERED TO PROCEED TO THE AREA TO BE AVAILABLE TO ASSIST AS NECESSARY. SHE HAS BEEN STANDING BY AT GRYTVIKEN SINCE 24 MARCH. ON 25 MARCH AN ARGENTINE VESSEL DELIVERED FURTHER EQUIPMENT TO THE GROUP ASHORE AND THE ARGENTINE FOREIGN MINISTER HAS ASSERTED THAT ARGENTINE PERSONNEL IN SOUTH GEORGIA WILL BE GIVEN THE FULL PROTECTION OF THE ARGENTINE GOVERNMENT. THE DESPATCH OF ARGENTINE WARSHIPS TO THE AREA HAS BEEN REPORTED.

WE FACE A DANGEROUS SITUATION. IT HAS IN NO WAY BEEN OF OUR SEEKING. WE TAKE THE GRAVEST VIEW OF THIS INFRINGEMENT OF BRITISH SOVEREIGNTY AND OF THE ACTION TAKEN BY THE ARGENTINE GOVERNMENT. H M G REMAIN OF THE VIEW THAT THIS UNAUTHORISED PRESENCE ON BRITISH TERRITORY CANNOT BE ACCEPTED.

AT THE SAME TIME THE HOUSE WILL - I AM SURE - JOIN WITH ME IN RECOGNISING THAT A NAVAL CONFRONTATION BETWEEN A BRITISH WARSHIP AND ELEMENTS OF THE ARGENTINE FLEET IN THESE DISTANT WATERS WOULD BE A PERILOUS UNDERTAKING ENDANGERING LIVES AND THE STABILITY OF THIS WHOLE REGION. IT WOULD ALSO DESTROY ANY PROSPECT OF REACHING A FAIR AND AMICABLE SOLUTION OF THE LONG-STANDING DISPUTE BETWEEN OURSELVES AND ARGENTINA. IN THESE CIRCUMSTANCES IT IS OUR CLEAR DUTY TO PURSUE, WITH ALL THE IMAGINATION AND ENERGY AT OUR DISPOSAL, A DIPLOMATIC SOLUTION OF THIS SMALL BUT DANGEROUS PROBLEM. I MUST ASK THE HOUSE TO BEAR WITH ME WHILE WE CONTINUE OUR DIPLOMATIC EXCHANGES. TO RELEASE THE DETAILS OF THESE AT THIS STAGE WOULD MAKE THEM LESS RATHER THAN MORE LIKELY TO SUCCEED. MEANWHILE THE HOUSE WILL WISH TO KNOW THAT THE WHOLE QUESTION OF SECURITY IN THE FALKLANDS AREA IS UNDER CONSIDERATION, AND I CAN GIVE AN ASSURANCE THAT HMS ENDURANCE WILL REMAIN ON STATION FOR THE TIME BEING.

CARRINGTON

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FOEC015/29

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BULLARD (w/COPIES)

ZZ UKREP BRUSSELS
GRS 203
CONFIDENTIAL
FM FCO 291330Z MAR 82
TO FLASH UKREP BRUSSELS
TELEGRAM NUMBER 259 OF 29 MARCH
INFO IMMEDIATE MODUK NAVY

FOR BULLARD

MY TELNO 256 : SOUTH GEORGIA

1. FOLLOWING IS DRAFT OF FURTHER MESSAGE TO HAIG. BEGINS.
I APPRECIATE THAT YOU MAY NOT YET HAVE HAD TIME TO CONSIDER THE
MESSAGE FROM ME WHICH OUR AMBASSADOR WILL HAVE DELIVERED.
YOU SHOULD HOWEVER KNOW THAT I AM NOW SENDING A PERSONAL
MESSAGE TO THE ARGENTINE FOREIGN MINISTER MAKING A FURTHER
ATTEMPT TO DEFUSE THIS DANGEROUS SITUATION. I AM ASKING OUR
AMBASSADOR TO SHOW THE TEXT TO YOU AND I HOPE YOU WILL AGREE
THAT IT OFFERS A REASONABLE COMPROMISE DESIGNED TO PROVIDE BOTH
THE BRITISH AND ARGENTINE GOVERNMENTS WITH A WAY OUT FROM THE
PRESENT IMPASSE. GIVEN THE CONTINUING ARGENTINE INFRINGEMENT OF
BRITISH SOVEREIGNTY IN SOUTH GEORGIA AND PUBLIC AND
PARLIAMENTARY FEELING IN THIS COUNTRY, I CANNOT SEE HOW I CAN GO
FURTHER: AND MY FEAR IS THAT, UNLESS THE ARGENTINES CAN NOW
DEMONSTRATE THAT THEY TOO ARE PREPARED TO BE FLEXIBLE, WE SHALL
FACE A PROSPECT OF INCREASING AND DANGEROUS TENSION. AS I SAID
IN MY EARLIER MESSAGE, THIS IS IN NOBODY'S INTEREST. I HOPE
THEREFORE YOU WILL FEEL ABLE TO URGE THE ARGENTINE GOVERNMENT
TO ACCEPT MY PROPOSAL. ENDS.

CARRINGTON

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Bullard (4. Copies)
FLASH

ZZ UKREP BRUSSELS

GRS 600

CONFIDENTIAL

FM FCO 291330Z MAR 82

TO FLASH UKREP BRUSSELS

TELEGRAM NUMBER 258 OF 29 MARCH

INFO IMMEDIATE MODUK NAVY

FOR BULLARD

MY TELNO 256 : SOUTH GEORGIA

1. FOLLOWING IS PROPOSED TEXT OF MESSAGE TO COSTA MENDEZ:
BEGINS.

OUR AMBASSADOR HAS PASSED TO ME YOUR MESSAGE OF 28 MARCH ON THE SITUATION IN SOUTH GEORGIA. I WISH TO MAKE ABSOLUTELY CLEAR THAT THE DANGEROUS POSITION WHICH HAS NOW DEVELOPED HAS IN NO WAY BEEN OF OUR SEEKING. AS OUR AMBASSADOR HAS EMPHASISED TO YOU, OUR OBJECTIVE THROUGHOUT HAS BEEN TO SEEK A SOLUTION WHICH BOTH OUR GOVERNMENTS CAN ACCEPT. A CONFRONTATION, WHICH COULD HAVE FAR-REACHING CONSEQUENCES AND WHICH WOULD SERIOUSLY PREJUDICE OUR ATTEMPTS TO RESOLVE THE WHOLE FALKLANDS ISSUE THROUGH PEACEFUL NEGOTIATION, IS IN NEITHER OF OUR INTERESTS.

WE HAVE THEREFORE TO WORK TOGETHER, WITH URGENCY, IN ORDER TO SOLVE THIS PROBLEM. I WAS DISAPPOINTED THAT YOUR MESSAGE CONTAINED NO CONSTRUCTIVE PROPOSALS TO THIS END. THE ESSENCE OF THE PRESENT SITUATION IS THAT ARGENTINE PERSONNEL, PURSUING A NORMAL COMMERCIAL CONTRACT, HAVE ENTERED BRITISH TERRITORY WITHOUT PERMISSION AND HAVE REFUSED EITHER TO LEAVE OR TO REGULARISE THEIR PRESENCE. I NOTE WHAT YOU SAY ABOUT THE 1971 COMMUNICATIONS AGREEMENT. THERE IS HOWEVER NOTHING IN THE TEXT OF THIS AGREEMENT WHICH APPLIES TO THE FALKLAND ISLANDS DEPENDENCIES; AND, EVEN IF THERE WERE, IT WOULD NOT ABSOLVE ARGENTINE CITIZENS FROM COMPLYING WITH IMMIGRATION PROCEDURES.

I HAVE ALREADY SUGGESTED TO YOU THAT IF THE PARTY WERE TO PRESENT THEMSELVES AT GRYTVIKEN IN ORDER TO COMPLETE NORMAL IMMIGRATION PROCEDURES, WE WOULD ISSUE THE REQUIRED AUTHORISATION. YOU HAVE NOT TAKEN THIS UP. BUT I CAN SEE NO WAY OUT OF THE PRESENT IMPASSE UNLESS WE CAN AGREE WITH YOU A METHOD BY WHICH THE PRESENCE OF THE PARTY CAN BE REGULARISED. I THEREFORE AGAIN URGE YOU TO ARRANGE FOR THE PARTY OR THEIR REPRESENTATIVE TO APPLY TO THE BRITISH AUTHORITIES AT GRYTVIKEN FOR APPROPRIATE DOCUMENTATION. PROVIDED THIS IS DONE AND PROVIDED THAT A FIRM DATE IS GIVEN FOR THE COMPLETION OF THEIR CONTRACT WITH AN ASSURANCE THAT THE ARGENTINE PERSONNEL WILL THEN LEAVE SOUTH GEORGIA, YOU SHOULD BE IN NO DOUBT THAT THE NECESSARY PERMISSION WILL BE GIVEN. I HOPE THAT YOU WILL GIVE THIS PROPOSAL THE MOST CAREFUL CONSIDERATION. YOU WILL APPRECIATE THAT, IN MAKING IT, I AM SEEKING TO DEMONSTRATE AGAIN OUR DETERMINATION TO TACKLE THIS PROBLEM IN A REALISTIC AND FLEXIBLE MANNER. I DO NOT SEE HOW I CAN GO FURTHER.

IT WILL HOWEVER BE IMPORTANT THAT STEPS TO RESOLVE THIS ISSUE SHOULD NOT TAKE PLACE AGAINST A BACKGROUND OF POSSIBLE NAVAL CONFRONTATION. REPORTS, WHICH HAVE NOT BEEN DENIED BY YOUR GOVERNMENT, OF THE DEPLOYMENT OF WARSHIPS OF THE ARGENTINE NAVY TO THE AREA, HAVE AROUSED STRONG FEELINGS IN THIS COUNTRY. I NOTE WHAT YOU SAY ABOUT HMS ENDURANCE. YOU WILL HOWEVER BE AWARE THAT THIS ICE-PATROL VESSEL HAS THE NORMAL DUTY TO ASSIST IN THE POLICING OF BRITISH TERRITORY IN THE SOUTH ATLANTIC. YOU WILL ALSO BE AWARE THAT HMS ENDURANCE HAS TAKEN NO ACTION TO EXACERBATE THE SITUATION BUT HAS REMAINED AT ANCHOR AT GRYTVIKEN.

I WISH TO REPEAT THAT, IN DEALING WITH THIS PROBLEM, IT IS ESSENTIAL THAT WE SHOULD NOT LOSE SIGHT OF THE OVERRIDING OBJECTIVE OF SEEKING A RESOLUTION TO OUR SOVEREIGNTY DISPUTE OVER THE FALKLAND ISLANDS AND THEIR DEPENDENCIES. IT WOULD BE WRONG FOR EITHER OF US TO UNDERRATE THE DIFFICULTIES OF THIS. ONCE, HOWEVER, WE HAVE DISPOSED OF THE SOUTH GEORGIA PROBLEM AND THE IMMEDIATE HEAT HAS BEEN DISSIPATED, IT WOULD BE MY INTENTION TO PROVIDE YOU WITH A CONSTRUCTIVE RESPONSE TO THE PROPOSAL ON NEGOTIATING PROCEDURE PUT FORWARD AT THE NEW YORK TALKS.
ENDS.

CARRINGTON

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FOEC 008/29

MR BULLARD. (2)

FLASH

ZZ UKREP BRUSSELS

GRS 573

CONFIDENTIAL

FM FCO 291200Z MAR 82

TO FLASH UKREP BRUSSELS

TELEGRAM NUMBER 256 OF 29 MARCH.

FOR BULLARD (WITH SECRETARY OF STATE) FROM URE

FALKLANDS CRISIS

1. FOLLOWING YOUR ACCOUNT OF THE SECRETARY OF STATE'S DISCUSSION WITH THE PRIME MINISTER EARLIER TODAY, MR LUCE HELD AN URGENT MEETING WITH OFFICIALS TO DISCUSS SOUTH GEORGIA THIS MORNING.
2. IT WAS GENERALLY FELT THAT IT WOULD BE PREMATURE TO PROPOSE A RESUMPTION OF THE BROADER FALKLANDS NEGOTIATIONS IN NEW YORK, OR TO SEND A SPECIAL EMISSARY TO BUENOS AIRES, BEFORE A FURTHER DIPLOMATIC EFFORT HAD BEEN MADE TO RESOLVE THE LOCAL PROBLEM OF SOUTH GEORGIA. MR LUCE FELT STRONGLY THAT ANY RESUMPTION OF WIDER TALKS IN NEW YORK OR BUENOS AIRES WOULD LOOK TOO MUCH AS IF WE WERE NEGOTIATING UNDER DURESS, EVEN IF WE ATTEMPTED TO MAKE THE SOLUTION OF THE SOUTH GEORGIA PROBLEM THE FIRST ITEM ON ANY AGENDA. WIDER TALKS MIGHT ALSO NOT GET OFF THE GROUND.
2. WE ARE THEREFORE DRAFTING A REPLY FROM THE SECRETARY OF STATE TO COSTA MENDEZ'S MESSAGE PROPOSING THAT (A) THE ARGENTINE PARTY AT LEITH SHOULD NOW CONTACT THE BRITISH BASE AT GRYTVIKEN TO 'REGULARISE THEIR POSITION' AND SHOULD BE GRANTED LEAVE TO COMPLETE THEIR WORK WITHIN A CLEARLY SPECIFIED TIME-SCALE. WE WOULD NOT INSIST ANY MORE THAT ALL MEMBERS OF THE ARGENTINE PARTY EVACUATED LEITH BEFORE SUCH PERMISSION WERE GRANTED.
- (3) THE REGULARISING OF THE SOUTH GEORGIA POSITION WOULD BE PROMPTLY FOLLOWED BY PROPOSALS FROM US FOR RESUMING THE NEW YORK TALKS (SUCH PROPOSALS - WHICH WOULD HAVE TO BE ALONG THE LINES OF LORD CAVENDISH'S EARLIER DRAFTED MESSAGE WHICH WAS AGREED BY THE ISLANDERS BUT WHICH WAS OVERTAKEN BY

SUBSEQUENT EVENTS). (C) BOTH SIDES SHOULD AGREE TO AVOID ANY NAVAL ACTION IN THE AREA OF A PROVOCATIVE NATURE. THIS MESSAGE WOULD HAVE TO TAKE ISSUE WITH A NUMBER OF THE FALLACIES IN COSTA MENDEZ'S MESSAGE, IE..HIS CLAIM THAT 'WHITE CARDS' WERE THE RELEVANT DOCUMENTATION, BUT IT WOULD ADOPT AS CONSTRUCTIVE A TONE AS POSSIBLE.

3. WE ARE ALSO DRAFTING A STATEMENT FOR THE SECRETARY OF STATE'S USE IN PARLIAMENT TOMORROW. THIS WILL EXPLAIN TO THE HOUSE HOW THE PRESENT SITUATION HAS ARISEN AND POINT OUT THAT WHILE WE HAVE SENT HMS ENDURANCE TO THE AREA THE ARGENTINE NAVY HAS SENT A VERY MUCH LARGER FORCE OF WARSHIPS AND THAT IN THE CIRCUMSTANCES THE HOUSE WILL SURELY REALISE THAT THIS IS A PROBLEM WHICH IT IS NOT SUITABLE TO SOLVE BY DIRECT CONFRONTATION ON THE GROUND BUT WHICH REQUIRES A DIPLOMATIC SOLUTION PROTECTING OUR POSITION AND THAT OF THE FALKLAND ISLANDERS. STATEMENT WOULD GO ON TO SAY THAT WE ARE INVOLVED IN URGENT DIPLOMATIC EXCHANGES TO THIS END. IT WOULD ADD THAT ENDURANCE WILL REMAIN IN COMMISSION PENDING AN URGENT REVIEW OF SECURITY IN THE AREA. IT WOULD STRESS THAT WE STILL DO NOT INTEND TO ACCEPT ANY INDEFINITE ARGENTINE PRESENCE ON SOUTH GEORGIA (AND THUS COVER MR LUCE'S POSITION AFTER HIS STATEMENT OF LAST WEEK).

4. WE ARE ALSO DRAFTING A FURTHER MESSAGE TO HAIG WITH A VIEW TO SENDING THIS WITH A COPY OF THE PROPOSED REPLY TO COSTA MENDEZ, ASKING THAT THE US GOVERNMENT SHOULD SPECIFICALLY SUPPORT THESE LATEST PROPOSALS.

5. ALL THESE DRAFTS WILL BE TELEGRAPHED TO YOU AS SOON AS THEY HAVE BEEN SEEN BY MR LUCE. ACTION IS ALSO PROCEEDING ON THE OTHER POINTS WHICH YOU REPORTED TO ME.

6. YOU SHOULD KNOW THAT MR HEALEY HAS JUST AGREED TO WITHDRAW A PNO TODAY ON HEARING THAT THE SECRETARY OF STATE WILL MAKE A STATEMENT TOMORROW. WE UNDERSTAND OTHER PNOs ARE ALSO NOT GOING FORWARD.

CARRINGTON

OO BRUSSELS (FOR SEC OF STATE'S PARTY)

GPS 220

CONFIDENTIAL

DESKBY 291700Z

FM BUENOS AIRES 29/1535Z MAR 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 119 OF 29 MARCH 1982

INFO IMMEDIATE WASHINGTON, PORT STANLEY (PERSONAL FOR GOVERNOR),
MODUK NAVY, CINCFLEET AND BRUSSELS (FOR SEC OF STATE'S PARTY)

YOUR TELNO 587 TO WASHINGTON : SOUTH GEORGIA

1. I HAVE THIS MORNING UPDATED MY PERIODIC BRIEFINGS OF MY US COLLEAGUE, BRINGING OUT MOUNTING EVIDENCE OF DELIBERATE STAGE MANAGEMENT BY THE ARGENTINE NAVY, IF NOT ALSO BY ARGENTINE MINISTRY OF FOREIGN AFFAIRS. IN PARTICULAR I HAVE PUT HIM RIGHT ON THE WHITE CARD ISSUE.

2. HE HAS ALERTED ME THAT ADMIRAL HAYWARD, OUTGOING CINC US NAVY IS DUE TO COME HERE FROM CHILE ON 31 MARCH FOR THREE DAYS. COULD HE BE USED?

3. I AM RECEIVING MANY GESTURES OF SYMPATHY, BOTH PRIVATELY AND IN PUBLIC, FROM INDIVIDUALS AND THERE IS QUITE A BODY OF OPINION READY HERE TO BELIEVE THAT, IF WE ARE IN TROUBLE WITH THE MILITARY REGIME, WE MUST HAVE RIGHT ON OUR SIDE, BUT I FEAR THAT IN GENERAL, THE ARGENTINE GOVERNMENT WILL NOT ONLY GAIN IN POPULARITY BY PLAYING THE JINGOIST DRUM, BUT BE ACCEPTED AS DOING THE RIGHT THING IN TAKING EVEN THE MOST EXTREME MEASURES. IMPORTANT THOUGH THE RELATIONSHIP BETWEEN GALTIERI'S GOVERNMENT AND THE REAGAN ADMINISTRATION HAS BECOME, IT IS QUESTIONABLE WHETHER IT COULD CARRY THE WEIGHT OF SUGGESTING AN ARGENTINE CLIMB DOWN, SUCH AS ACCEPTING REMOVAL OF THE WORKMEN EVEN BY A THIRD PARTY.

WILLIAMS

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CONFIDENTIAL

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OO WASHINGTON DESKBY 282030Z
GRS 524
CONFIDENTIAL
DESKBY 282030Z
FM FCO 281932Z MAR 82
TO IMMEDIATE WASHINGTON
TELEGRAM NUMBER 588 OF 28 MARCH
INFO IMMEDIATE BUENOS AIRES DESKBY 291200Z
IMMEDIATE PORT STANLEY (PERSONAL FOR GOVERNOR)
MODUK NAVY, CINCFLEET.

MIPT: SOUTH GEORGIA
FOLLOWING IS TEXT OF MY MESSAGE TO HAIG.
BEGINS:

YOUR CHARGE D'AFFAIRES IN LONDON WILL HAVE REPORTED TO YOU THE SERIOUS SITUATION WHICH HAS DEVELOPED BETWEEN OURSELVES AND THE ARGENTINE GOVERNMENT FOLLOWING THE ILLEGAL LANDING AT LEITH HARBOUR ON THE BRITISH ISLAND OF SOUTH GEORGIA LAST WEEK OF A PARTY OF ARGENTINES. THE ARGENTINES HAVE A LONG-STANDING CLAIM TO THE FALKLAND ISLANDS AND THEIR DEPENDENCIES AND, DESPITE ALL OUR EFFORTS TO RESOLVE THE DISPUTE BY PEACEFUL NEGOTIATION, THE ARGENTINES HAVE RECENTLY BEEN MAKING IT CLEAR THAT THEY ARE PREPARED TO USE OTHER MEANS TO ACHIEVE THEIR AIM OF A FULL TRANSFER OF SOVEREIGNTY. THE WHOLE QUESTION OF THE FALKLANDS IS A VERY SENSITIVE ONE FOR US, OUR PUBLIC OPINION AND OUR PARLIAMENT.

AS SOON AS WE DISCOVERED THE PRESENCE OF THE PARTY, WE SOUGHT TO PERSUADE THE ARGENTINE GOVERNMENT THROUGH DIPLOMATIC CHANNELS TO REMOVE THEM. BUT THEY HAVE REFUSED TO DO THIS. INSTEAD THEY APPEAR TO HAVE CONSOLIDATED THE PARTY'S POSITION BY LANDING FURTHER EQUIPMENT AND HAVE ISSUED A STATEMENT THAT THE MEN ON SOUTH GEORGIA WILL BE GIVEN ALL NECESSARY PROTECTION. I HAVE MOREOVER, JUST RECEIVED AN UNCOMPROMISING AND NEGATIVE MESSAGE FROM THE ARGENTINE FOREIGN MINISTER ABOUT THE PROBLEM. IT OFFERS NO CONSTRUCTIVE SUGGESTIONS AND SEEMS LIKELY ONLY TO AGGRAVATE THE PROBLEM.

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THE ROYAL NAVY ICE PATROL SHIP, HMS ENDURANCE, IS ANCHORED NEARBY IN GRYTVEKEN HARBOUR. A NUMBER OF ARGENTINE NAVY VESSELS ARE HEADING FOR THE AREA AND WE CANNOT EXCLUDE THE POSSIBILITY THAT, IF WE ATTEMPT TO REMOVE THE MEN OURSELVES, THEY MAY RETALIATE.

IT IS OUR FIRM WISH TO RESOLVE THIS PROBLEM PEACEFULLY. TO THAT END, WE HAVE DONE EVERYTHING WE CAN TO PERSUADE THE ARGENTINES TO FIND A WAY OUT: WE ARE PREPARED TO EXAMINE EVERY AVENUE WITH THEM. BUT THE CONTINUED PRESENCE OF THESE MEN IS AN INFRINGEMENT OF BRITISH SOVEREIGNTY AND YOU WILL UNDERSTAND THAT WE CANNOT ACQUIESCE IN THAT.

I APPRECIATE THAT THIS DISPUTE WILL SEEM TO OTHERS A BILATERAL MATTER FOR THE BRITISH AND ARGENTINE GOVERNMENTS. BUT DESPITE ALL MY GOVERNMENT'S EFFORTS TO FIND AN ACCEPTABLE SOLUTION, WE HAVE NOW REACHED A STAGE WHERE THE SITUATION WILL SOON BECOME VERY DIFFICULT. I DO NOT, HOWEVER, BELIEVE THAT IT IS IN ANYONE'S INTERESTS TO ALLOW THIS INCIDENT TO BE THE CAUSE OF WHAT MAY BECOME ARMED CONFLICT IN THE SOUTH ATLANTIC, AND I WISH TO EXPLORE EVERY POSSIBLE AVENUE WHICH MIGHT HELP US TO AVOID THIS.

I SHOULD ACCORDINGLY BE GRATEFUL IF YOU WOULD CONSIDER TAKING THE MATTER UP WITH THE ARGENTINES, STRESSING THE NEED TO DEFUSE THE SITUATION AND FIND A SOLUTION WE CAN ALL ACCEPT. IF THE ARGENTINES MAINTAIN THAT THEY WILL NOT REMOVE THE MEN THEMSELVES AND THAT THEY WILL RESIST ANY ATTEMPT BY US TO DO SO, THE USE OF A THIRD COUNTRY SHIP MIGHT BE A COMPROMISE THEY COULD ACCEPT.

I SHOULD BE VERY GRATEFUL FOR ANY HELP YOU CAN GIVE US ON THIS. IF WE DO NOT FIND A SOLUTION SOON, I FEAR THE GRAVEST CONSEQUENCES.
ENDS.

CARRINGTON

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FM BUENOS AIRES 27/1724Z MAR 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 114 OF 27 MARCH 1982

INFO IMMEDIATE PORT STANLEY

SOUTH GEORGIA : ARGENTINE PRESS TREATMENT

1. ALL TODAY 'S NEWSPAPERS LEAD WITH THE NEWS THAT ARGENTINA HAS SENT A NAVAL VESSEL TO QUOTE PROTECT UNQUOTE THE GROUP OF ARGENTINES AT LEITH. HEADLINES SPEAK OF QUOTE GRAVE SITUATION UNQUOTE AND QUOTE CRISIS UNQUOTE. THERE IS SO FAR LITTLE EDITORIAL COMMENT.
2. ALL QUOTE FOREIGN MINISTER COSTA MENDEZ AS HAVING TOLD THE PRESS LAST NIGHT, FOLLWOING A MEETING OF THE MILITARY COMMITTEE, THAT ARGENTINA HAD DECIDED TO GIVE THE GROUP QUOTE ALL DIPLOMATIC PROTECTION UNQUOTE, WHICH INCLUDED THE DESPATCH OF THE ANTARCTIC NAVAL SUPPORT VESSEL QUOTE BAHIA PARAISO UNQUOTE TO SOUTH GEORGIA. PICTURES OF THE VESSEL APPEAR IN MOST NEWSPAPERS, IN SOME CASES ALONGSIDE PICTURES OF QUOTE ENDURANCE UNQUOTE, WHICH IS ALSO STATED TO BE IN SOUTH GEORGIA. SOME REPORTS SAY THE TWO SHIPS ARE WITHIN SIGHT OF EACH OTHER, OTHERS IMPLY THAT THE ARGENTINE SHIP, LIKE QUOTE ENDURANCE UNQUOTE, MAY HAVE MARINES ON BOARD, IN ADDITION TO ITS TWO HELICOPTERS.
3. THERE ARE ALSO AGENCY REPORTS FROM UNSPECIFIED LONDON SOURCES CLAIMING THAT HMG HAD THREATENED TO USE FORCE IN THE LAST RESORT TO RESOLVE THE PROBLEM, AND THAT THE ARGENTINE GOVERNMENT HAD RESPONDED THAT FORCE WOULD BE MET WITH FORCE.
4. A STATEMENT BY DAVIDOFF ON THE BACKGROUND TO HIS CONTRACT IS ALSO GIVEN SOME PUBLICITY (MY TELNO 112 REFERS).
5. LA NACION ALSO ASSERTS ITS FRONT PAGE THAT ALL MEMBERS OF DAVIDOFF'S GROUP HAD BEEN PROVIDED WITH QUOTE THE RELEVANT WHITE CARD UNQUOTE, A DOCUMENT ISSUED UNDER THE TERMS OF AN ANGLO-ARGENTINE AGREEMENT OF 1971 FOR TRAVEL TO THE QUOTE MALVINAS UNQUOTE, AND WHICH IN THE PAST HAD PROVIDED THE MEANS OF AVOIDING DIFFICULTIES OVER PASSPORTS. IT ADDS THAT THE WHITE CARD QUOTE HAS ALSO BEEN A MEANS OF ADVANCING IN OUR SOVEREIGNTY CLAIMS OVER THE ISLANDS UNQUOTE.

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FM BUENOS AIRES 27/1624Z MAR 82

TO FLASH FCO

TELEGRAM NUMBER 113 OF 27 MARCH 1982

INFO FLASH PORT STANLEY (PERSONAL FOR GOVERNOR), MODUK NAVY AND
CINCFLEET

MY TELNO 111: SOUTH GEORGIA

1. I HESITATE TO GIVE A DEFINITIVE ASSESSMENT AS REQUESTED IN YOUR
TELNO 73 WITHOUT SEEING WHAT IS IN THE PROMISED MESSAGE FROM COSTA
MENDEZ. HOWEVER IT SEEMS ALMOST CERTAIN THAT HIS NEW INSTRUCTIONS
CAN ONLY CONTAIN SOMETHING LESS THAN WHAT IS ASKED AS A MINIMUM
IN YOUR TELNO 72. THERE IS LITTLE COMFORT TO BE DRAWN FROM RECENT
INFORMATION FROM SECRET SOURCES AND I UNDERSTAND MY NA'S TELEGRAM
TO MODUK NO 27/1620Z MAR 82 MEANS THAT THE ARGENTINES CAN HAVE A
DOMINATING NAVAL PRESENCE IN THE AREA BY EARLY NEXT WEEK. I SUSPECT
ARGENTINE INTENTIONS MAY STILL BE THE SUBJECT OF DEBATE WITHIN
THE JUNTA, THE NAVY BEING MOST AND THE ARMY (AND PRESIDENT) LEAST
HAWKISH. I CANNOT, HOWEVER, DISCOUNT THE POSSIBILITY THAT ANY ACTION
ON OUR PART TO DISTURB THE ARGENTINE WORKING PARTY AT LEITH WILL
BE TAKEN AS A TRIGGER FOR ARMED ACTION BY THE ARGENTINES.

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FM BUENOS AIRES 271535Z MAR 82
TO IMMEDIATE FCO
TELEGRAM NUMBER 112 OF 27 MARCH 1982
INFO IMMEDIATE PORT STANLEY (PERSONAL FOR GOVERNOR)

SOUTH GEORGIA : DAVIDOFF

1. I RECEIVED FROM DAVIDOFF YESTERDAY A FORMAL LETTER GIVING HIS VERSION OF THE EVENTS LEADING UP TO THE LANDING OF HIS SALVAGE PARTY ON SOUTH GEORGIA AND RESERVING HIS RIGHTS. HE ASSERTS THAT THE EMBASSY WAS AWARE OF THESE EVENTS BUT APPEARED NOT TO HAVE TAKEN ACCOUNT OF THEM IN ITS APPRAISAL OF THE PRESENT SITUATION.
2. THE LETTER DESCRIBES THE SIGNING OF HIS CONTRACT WITH SALVESENS AND SUMMARISES SOME OF ITS CONDITIONS, INCLUDING THE STIPULATION THAT NO DISTURBANCE SHOULD BE CAUSED AND NO WILDLIFE HUNTED. HE STATES THAT HE INFORMED THE EMBASSY IN WRITING IN DECEMBER THAT A SMALL GROUP OF HIS MEN WAS GOING TO TAKE AN INVENTORY OF THE EQUIPMENT, AND THAT ON 9 MARCH HE INFORMED THE EMBASSY IN WRITING THAT 41 MEN WOULD BE PROCEEDING WITH THE SALVAGE OPERATION. HE CONCLUDES THAT IN VIEW OF THE SUBSTANTIAL INVESTMENT, INCLUDING THE COST OF EXTENDING HIS OPTION WITH SALVESENS, AND THE COMMERCIAL INTERESTS INVOLVED, HE RESERVES ALL LEGAL RIGHTS.
3. THE TEXT WAS ALSO SENT TO THE LOCAL PRESS AND IS PUBLISHED IN SEVERAL NEWSPAPERS HERE THIS MORNING. THESE VERSIONS INCLUDE A LIST OF 39 NAMES OF THOSE ALLEGEDLY DESPATCHED TO SOUTH GEORGIA.
4. NEITHER THE LETTER NOR THE PRESS VERSIONS REFER TO OUR OWN INSTRUCTIONS TO HIM REGARDING IMMIGRATION PROCEDURES.
5. I HAVE SIMPLY ACKNOWLEDGED RECEIPT OF THE LETTER, WITHOUT PREJUDICE AS TO ITS CONTENTS.

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FM BUENOS AIRES 27/1540Z MAR 82

TO FLASH FCO

TELEGRAM NUMBER 111 OF 27 MARCH 1982

INFO FLASH PORT STANLEY (PERSONAL FOR GOVERNOR)

MODUK (NAVY) AND CINCFLEET

MY TELNO 110 : SOUTH GEORGIA

1. I GOT TO SEE NOT COSTA MENDEZ BUT ROS AT 1130 LOCAL (1430Z) AND SPOKE AS I HAD PROPOSED WITH SOME ASPERITY. I ALSO PRESSED FOR INFORMATION (WHICH HE PROFESSED NOT HAVE TO HAND) WHERE EXACTLY THE BAHIA PARAISO NOW IS AND WHETHER IT HAS, AS THE PRESS SUGGESTS, ARMED MARINES ON BOARD. I STRESSED THE NEED TO AVOID MISUNDERSTANDING OR LOCAL BRAVURA RESULTING IN AN UNINTENDED INCIDENT.

2. ROS HAD NO READY ANSWER TO MY ENQUIRIES AND COULD ONLY SAY THAT, FOLLOWING THE CINC'S MEETING YESTERDAY EVENING THERE WERE REVISED INSTRUCTIONS TO THE MINISTER OF FOREIGN AFFAIRS. HE WAS NOW PUTTING THESE INTO A MESSAGE TO YOU WHICH, HOPEFULLY, WOULD BE PASSED THROUGH ME LATER TODAY. I ENQUIRED WHETHER THIS MESSAGE WOULD CONTAIN A CONSTRUCTIVE PROPOSAL OR JUST A STATEMENT OF POSITION. ROS SAID HE THOUGHT IT WOULD BE THE FORMER. I URGED THAT IT SHOULD BE AVAILABLE WITHOUT FAIL TODAY, AND THAT IT SHOULD BE ACCOMPANIED BY A CLARIFICATION OF THE APPARENT DISCREPANCIES ABOUT THE ROLE OF THE BAHIA PARAISO AND OF THE OTHER POINTS I HAD RAISED. I STRESSED THE GROWING DISQUIET IN LONDON OVER THE MINISTER'S FAILURE TO PUT THE STAY OF EXECUTION AFFORDED TO HIM TO CONSTRUCTIVE PURPOSE AND SUGGESTED THAT, IF THIS WOULD HELP HIM WITH HIS GOVERNMENT, I SHOULD SEE THE PRESIDENT MYSELF.

3. TO THE PRESS I HAVE SAID ON ENTRY THAT I WAS SEEING ROS AT MY REQUEST TO CLARIFY SOME APPARENT DISCREPANCIES BETWEEN WHAT HAD HAPPENED IN THE PRESS AND WHAT I HAD UNDERSTOOD FROM COSTA MENDEZ. ON LEAVING I SAID ONLY THAT I EXPECTED TO BE CALLED IN LATER TODAY.

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FM BUENOS AIRES 27/1400Z MAR 82

TO FLASH FCO

TELEGRAM NUMBER 110 OF 27 MARCH 1982

INFO FLASH PORT STANLEY (PERSONAL FOR GOVERNOR) , MODUK (NAVY)
AND CINCFLEET

YOUR TELNO 73 : SOUTH GEORGIA

1. I FEAR THAT EVENTS OVER THE NIGHT REINFORCE THE GROWING IMPRESSION THAT COSTA MENDEZ HAS BEEN LESS THAN HONEST WITH ME AND THAT, IN FACT, THE ARGENTINES HAVE BEEN PLAYING US ALONG.
2. INSTEAD OF SUMMONING ME, AS AGREED, AFTER THE CINC'S MEETING LAST NIGHT, COSTA MENDEZ APPARENTLY WENT DELIBERATELY TO THE MFA PRESS ROOM AT ABOUT 10 PM NOT ONLY TO ANNOUNCE THAT A FIRM DECISION HAD BEEN TAKEN TO GIVE THE MEN ON SOUTH GEORGIA ALL NECESSARY DIPLOMATIC PROTECTION BUT TO ADD QUOTE NOR IS THIS DIPLOMATIC PROTECTION ONLY, SINCE THERE IS ALSO A NAVY SHIP, CALLED BAHIA PARAISO IN THE AREA TO PROVIDE ANY NECESSARY PROTECTION UNQUOTE.
3. NOW, AT 1030 AM LOCAL TIME HE HAS STILL NOT SUMMONED ME AND I AM ACCORDINGLY REQUESTING AN URGENT INTERVIEW MYSELF. I SHALL ASK HIM VERY SERIOUSLY FOR A CLARIFICATION OF THE APPARENT DISCREPANCIES BETWEEN THE ABOVE AND WHAT HE HAS TOLD ME ABOUT THE BAHIA PARAISO AND WILL REPORT WHAT TRANSPIRES.

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DESKBY 271200Z BUENOS AIRES

DESKBY 271200Z PORT STANLEY

FM FCO 271030Z MAR 82

TO IMMEDIATE BUENOS AIRES

TELEGRAM NUMBER 73 OF 27 MARCH

INFO IMMEDIATE PORT STANLEY DESKBY 271200Z

INFO MODUK NAVY AND CINCFLEET

INFO PRIORITY WASHINGTON, MONTEVIDEO, BRASILIA, SANTIAGO

SOUTH GEORGIA.

1. IN CONTINUING ABSENCE OF ARGENTINE REPLY TO PROPOSAL IN MY TELNO 72 OR OF ANY OTHER MESSAGE FROM COSTA MENDEZ, GRATEFUL FOR YOUR IMMEDIATE ASSESSMENT OF ARGENTINE INTENTIONS. DO YOU INTERPRET DELAY AS CAUSED BY GENUINE NEED FOR CONSULTATIONS OR AS DELIBERATE FOOT DRAGGING TO ALLOW ARGENTINE NAVAL REINFORCEMENTS TO GET TO AREA. AS TIME GOES BY IT BECOMES INCREASINGLY DIFFICULT FOR US TO HOLD THE SITUATION HERE AND WE NEED TO HAVE A CLEAR PICTURE BY THE END OF THE WEEKEND AT THE LATEST.
2. BBC NEWS THIS MORNING REPORTED STATEMENT BY COSTA MENDEZ THAT ARGENTINE NAVAL TRANSPORT VESSEL IS AT SOUTH GEORGIA TO 'PROTECT' ARGENTINE PERSONNEL: AND THAT IT AND BRITISH NAVAL SHIP WERE WITHIN SIGHT OF EACH OTHER. THIS SEEMS LIKELY TO BE CONFUSED REPLAY OF BAHIA PARAISO PRESENCE. BUT GRATEFUL TO KNOW WHAT IF ANY ARGENTINE STATEMENTS HAVE BEEN MADE.

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FM BUENOS AIRES 26/1358Z MAR 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 106 OF 26 MARCH 1982

INFO IMMEDIATE PORT STANLEY (PERSONAL FOR GOVERNOR), MODUK NAVY AND
CINCFLEET

MY TELNO 105 : SOUTH GEORGIA

I HAVE NOW BEEN TOLD THAT THE PRESIDENT WISHES TO DISCUSS THE
PROPOSAL WITH HIS FELLOW COMMANDERS IN CHIEF, WHICH MEANS THAT WE
SHALL PROBABLY NOT GET A REACTION UNTIL THIS EVENING.

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FROM PORT STANLEY 261103Z MAR 1982
TO FLASH FCO
TELEGRAM NUMBER 54 OF 26 MARCH
AND FLASH INFO BUENOS AIRES, MODUK NAVY AND CINC FLEET

YOUR TELNO 72 TO BUENOS AIRES: SOUTH GEORGIA.

1. AFTER ALL THE OFFENCES COMMITTED BY DAVIDOFF AND HIS MEN, LETTING THE SHORE PARTY RETURN TO LEITH AFTER PROPER CLEARANCE AT GRYTVIKEN WILL GO DOWN LIKE A LEAD BALLOON WITH THE ISLANDERS; BUT IN VIEW OF THE LAST SENTENCE OF BUENOS AIRES TELNO 101 TO YOU, I AGREE THAT IT IS THE MOST SENSIBLE COMPROMISE.
2. I AM MORE THAN EVER CONVINCED THAT THIS WHOLE EXERCISE WAS CAREFULLY PLANNED BY THE ARGENTINE NAVY, IF NOT BY THE ARGENTINE GOVERNMENT (COSTA MENDEZ'S REFERENCE TO WHITE CARDS SUGGESTS MFA INVOLVEMENT) AND I CONSIDER IT ESSENTIAL THAT, IF DAVIDOFF'S MEN ARE TO GO BACK TO LEITH, THEY MUST HAVE PROPER DOCUMENTATION. WE SHALL THEN HAVE MADE OUR POINT.
3. PROPER DOCUMENTATION DOES NOT (REPEAT NOT) MEAN STAMPING OF WHITE CARDS. I AM INSTRUCTING BASE COMMANDER TO ASK FOR PASSPORTS AND, IF PRODUCED, TO STAMP THEM WITH AN ENTRY PERMIT IN THE NORMAL WAY, FOR 16 WEEKS ONLY. IF THEY CANNOT PRODUCE PASSPORTS, BASE COMMANDER WILL ISSUE THEM WITH TEMPORARY CERTIFICATES OF IDENTITY, EMBOSSED WITH HIS MAGISTRATE'S SEAL, AND BEARING AN ENTRY PERMIT FOR 16 WEEKS.

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FM BRASILIA 26:1230Z MARCH 82

TO IMMEDIATE FCO DESKBY 261400Z

AND TO IMMEDIATE BUENOS AIRES, PORT STANLEY

TELEGRAM NUMBER 051 OF 26 MARCH

YOUR TELNO 71 TO BUENOS AIRES: SOUTH GEORGIA

1. MANY THANKS FOR REPEATING THIS TELEGRAM TO US.
2. THE BRAZILIANS ARE SHOWING A KEEN AND UNDERSTANDABLE INTEREST IN THE PROGRESS OF THE SOUTH GEORGIA INCIDENT. SINCE OUR AIM HERE MUST BE TO PREVENT THEM, SO FAR AS WE CAN, FROM LINING UP AUTOMATICALLY WITH THE ARGENTINES, IT IS IMPORTANT THAT WE SHOULD BE ABLE TO GIVE THEM OUR OWN VERSION OF EVENTS.
3. PLEASE THEREFORE REPEAT TO ME ALL SUBSTANTIVE TELEGRAMS ON THIS QUESTION. I SHOULD ALSO BE GRATEFUL IF THE DEPARTMENT COULD SEND US EITHER A RESUME OF DEVELOPMENTS HITHERTO OR ELSE REPEAT SIGNIFICANT PAST TELEGRAMS.

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Cabinet / Cabinet Committee Document

The following document, which was enclosed on this file, has been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate CAB (CABINET OFFICE) CLASSES.

Reference: CC (82) 12th Meeting, Item 2

Date: 25 March 1982

Signed Wayland Date 19 January 2012

PREM Records Team

FAKLANDS

LINE TO TAKE

A My Hon Friend the Minister of State at the Foreign and Commonwealth Office (Mr Luce) made a statement to the House on 23 March. I have nothing to add to that.

It is our duty to support and defend the islanders to the best of our ability. That we shall do.

REFERENCES

A: House of Commons. 23 March 1982.

SUPPLEMENTARIES

1. Are the men still there?

My latest information is that they are.

2. When will they leave?

Shortly.

3. How?

Appropriate action is in hand.

4. Are you not over-reacting?

The presence of these men on British territory without our authorisation is a breach of our regulations and an infringement of our sovereignty. We have no wish to portray a few workmen as an invasion threat; but we cannot allow ^{we making arrangements} ~~them to remain.~~ ^{to ensure their safe departure.}

5. Argentine reaction?

We have made clear to the Argentines that this situation is not of our seeking. Our hope is that this regrettable incident can be resolved with the least possible consequences for our political relations.

6. Will you now end the illegal occupation of Southern Thule?

As the House knows, we have repeatedly protested to the Argentine Government about the illegal station on Southern Thule. Our legal position is fully protected. We have also made it clear to the Argentines, most recently at the talks with them in February in New York, that their

/continued

2 yrs ago -
small party -
To it then now
there

continued presence on Southern Thule prejudices the climate for discussion on the wider sovereignty issue. We take this matter very seriously.

7. Do the Argentines claim the Dependencies?

Argentina has explicitly claimed sovereignty over South Georgia for more than 50 years and over the South Sandwich Islands (of which Southern Thule is one) for more than 30 years. We have no doubts about British sovereignty over the Falkland Islands Dependencies.

ILLEGAL LANDING ON SOUTH GEORGIA: CHRONOLOGY OF EVENTS

19 March: A British Antarctic Survey field party report that an Argentine Navy cargo vessel is anchored in Leith harbour. A party of about 60 Argentines have set up camp and an Argentine flag has been hoisted.

20 March: The BAS field party informs the Argentines that they have landed illegally and that they must leave.

The Ministry of Defence instruct HMS Endurance to prepare to sail to South Georgia with a detachment of Marines from Port Stanley.

HM Ambassador Buenos Aires informs the Argentine Ministry of Foreign Affairs that we are treating the infringement of our sovereignty very seriously. The Argentine Charge d'Affaires is called in to the Foreign Office and told the same. The Argentine Government profess ignorance but agree to look into the matter urgently.

21 March: HMS Endurance departs for South Georgia.

Argentine MFA inform us that the ship will leave South Georgia shortly and that no service personnel are involved.

22 March: We receive confirmation that the ship has left but there are doubts about whether all the men have gone.

News Department issue statement on incident.

In the evening, BAS confirm that about six men and some equipment remain.

23 March: HMS Endurance is instructed to sail on for South

/Georgia

Georgia and remove the men, if possible without using force.

A

Mr Luce makes a statement to the House of Commons.

Argentine Government later warns that use of HMS Endurance would be gravely provocative. They are told we wish to avoid this if possible: if they can propose an acceptable alternative method of removing the men, we are prepared to let them do so.

24 March: Argentine Government reply that they wish to prevent the situation from escalating if possible: but they need time to devise a method of taking the men off.

25 March: We instruct HM Ambassador Buenos Aires to make clear to the Argentine Government that they must act quickly if we are to contain the situation.

FALKLAND ISLANDS

Sir Frederick Burden
 Sir Nigel Fisher
 Mr Patrick McNair-Wilson
 Sir Bernard Braine
 Sir William Clark
 Sir Donald Kaberry

★ 58

Mr Tony Marlow	Mr Michael Brotherton	Mr Julian Critchley
Mr Christopher Murphy	Mr Geoffrey Johnson-Smith	Mrs Elaine Kellett-Bowman
Mr Roger Moate	Mr David Trippier	Mr Jim Lester
Mr Michael Brown	Mr Martin Stevens	Mr Ivan Lawrence
Mr Churchill	Mr Fergus Montgomery	Mr Percy Grieve
Mr Peter Mills	Mrs Sheila Faith	Mr Nicholas Winterton
Sir John Biggs-Davison	Miss Janet Fookes	Mr Jim Spicer
Mr Ian Lloyd	Mr Peter Thomas	Mr John Townend
Sir Anthony Fell	Mr T. H. H. Skeet	Mr Warren Hawksley
Mr Robert Atkins	Mr Peter Griffiths	Mr Jack Aspinwall
Mr Geoffrey Rippon	Mr Andrew Bowden	Sir Brandon Rhys-Williams
Sir Nicholas Bonsor	Sir Paul Bryan	Sir Victor Goodhew
Mr Jocelyn Cadbury	Sir Hugh Fraser	Mr James Kilfedder
Mr Michael Shersby	Mr K. Harvey Proctor	Mr John Spence
Mr Richard Body	Mr Charles Irving	Sir David Price
Mr Tim Brinton	Mr Keith Speed	Mr Alan Clark
Sir Philip Goodhart	Mr Keith Stainton	Mr Neil Thorne
Mr Julian Amery		

That this House, being greatly disturbed at the implications evident as a result of the recent landing on the Falkland Islands Dependency of South Georgia, of a party of Argentinians conveyed there by an Argentine naval transport ship, calls upon Her Majesty's Government to give an assurance that a Royal Naval force, of sufficient strength to repel any attempt by the Argentine Government to annex this British colony by force, will be kept on station in the area; and further asks Her Majesty's Government to declare in unequivocal terms that the Falkland Islands sovereignty will not be transferred to any foreign power, unless the islanders have asked for such a transfer in a referendum.

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★ figure following this symbol gives the total number of names of Members appended, including those added in this edition of the Notices of Questions and Motions.

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FM BUENOS AIRES 24/2030Z MAR 82

TO IMMEDIATE MODUK

TELEGRAM NUMBER 24/2030Z OF 24 MARCH 1982

AND TO IMMEDIATE FCO

INFO IMMEDIATE PORT STANLEY (PERSONAL FOR GOVERNOR)

24/2030Z

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FROM BRITDEFAT BUENOS AIRES

TO MODUK

SIC U2C/U2C

FOR DIA

THE ARGENTINE MILITARY THREAT TO THE FALKLAND ISLANDS

1. YOU MIGHT WELCOME A SHORT UPDATE ON OUR ASSESSMENT OF THE MILITARY THREAT TO THE FALKLAND ISLANDS IN THE LIGHT OF CURRENT EVENTS IN SOUTH GEORGIA. YOU ALREADY HAVE A NOTE ON WHAT WE SEE AS THE ARGENTINE MILITARY OPTIONS: WHAT CAN NOW BE ADDED IS A VIEW AS TO HOW THESE MIGHT BE EXERCISED IN A DEVELOPMENT OF THE PRESENT SITUATION.
2. IF THE ARGENTINES FAIL TO REMOVE THE WORK PARTY FROM LEITH HARBOUR AND HMS ENDURANCE WERE TASKED TO DO THE JOB, THERE WOULD BE THE STERNEST OF REACTIONS (ARGENTINE NATIONALS TAKEN ON BOARD BRITISH WARSHIP IN ARGENTINE WATERS, ETC). ONE UPSHOT MIGHT WELL BE AN ENCOUNTER WITH AN ARA WARSHIP. AN ALTERNATIVE WHICH MIGHT WELL ATTRACT THE ARGENTINES COULD BE TO AWAIT THE ARRIVAL OF THE PARTY AT PORT STANLEY AND THEN TO MOUNT QUOTE A RESCUE MISSION UNQUOTE WHICH ON ENCOUNTERING RESISTANCE COULD BE ESCALATED INTO AN OCCUPATION.
3. THERE IS A HAWK FACTION IN THE FFAA WHOM WE CAN SEE PRESSING THE LEADERSHIP THUS TO TAKE ADVANTAGE OF THE HEIGHTENED BLOOD PRESSURE OF RECENT DAYS AT A TIME WHEN MILITARY MEASURES MIGHT ATTRACT LESS CENSURE AND BE MORE EASILY JUSTIFIED ABROAD.
4. WE MUST THEREFORE BE AWARE THAT IF HMS ENDURANCE IS COMMITTED WE WOULD BE FACING NOT ONLY THE OBVIOUS RISK OF THE OPERATION ITSELF MEETING RESISTANCE BUT ALSO AN INCREASE IN THE THREAT TO PORT STANLEY - AND THAT AT A TIME WHEN NP 8901 ARE HALF EMBARKED AND HANDOVER IMMINENT.
5. DR HEAP OF SAMD HERE FOR TALKS ON ANTARCTICA ADDITIONALLY POINTS OUT THAT TRADITIONALLY THE RESPONSE TO SUCH AN OPERATION IS FOR THE OTHER SIDE TO REMOVE A LIKE NUMBER OF THE OPPOSITION (EG DECEPTION ISLAND 1952). IN THIS CASE THIS COULD INVOLVE ARA TAKING THE BAS DETACHMENT OFF FROM GRYTVIKEN.

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00 MODUK (NAVY)

00 CINCFLEET

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FM BUENOS AIRES 24/9330Z

TO IMMEDIATE DESKBY 240900Z FCO

TEL NO 95 OF 24 MARCH 1982

INFO IMMEDIATE PORT STANLEY (PERSONAL FOR GOVERNOR)

MODUK NAVY AND CINCFLEET

Head S Am
Head Det
Head Alms.

Ps
Ps/ps
Ps/ps
Ps/ps
Mr Luce
Mr Giffard
Mr Ue

No 10
Calc. Office
RC

MY TELNO 94: ILLEGAL LANDING ON SOUTH GEORGIA

1. AT END OF PUBLIC DINNER THIS EVENING COSTA MENDEZ TOLD ME THAT DECISION MUST NOW WAIT ON MEETING OF COMMANDERS IN CHIEF TOMORROW MORNING BUT THAT HE WAS HOPEFUL OF ARRANGING EARLY EVACUATION OF ARGENTINE WORKMEN NOT BY BUEN SUCESO BUT BY AN ALTERNATIVE ARGENTINE VESSEL

WILLIAMS

NNNN

SENT RECD AT 24/0337Z BUE /ET

CONFIDENTIAL

GRS 300

CONFIDENTIAL

DESKBY 25/0930Z

FM BUENOS AIRES 24/2340Z MAR 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 99 OF 24 MARCH 1982

INFO IMMEDIATE PORT STANLEY (PERSONAL FOR GOVERNOR), MODUK (NAVY)
AND CINCFLEET

MY TELNO 98 (NOT TO ALL): SOUTH GEORGIA

1. WHEN I EVENTUALLY SAW COSTA MENDEZ THIS EVENING AT 2230Z HE WAS LOOKING VERY EXHAUSTED AND SAID HE WAS HAVING GREAT DIFFICULTY, PARTICULARLY WITH THE NAVAL CINC OVER THE QUESTION OF DOING ANYTHING UNDER THE THREAT OF FORCE IMPLIED IN THE DEPLOYMENT OF HMS ENDURANCE. HE TOOK CONSIDERABLE COMFORT WHEN I POINTED OUT THAT ENDURANCE HAD BEEN SENT TO GRITVIKEN RATHER THAN LEITH AND ALL PUBLICITY ON HER WHEREABOUTS HAD BEEN WITHHELD PRECISELY TO AVOID ANY IMPRESSION OF SUCH PRESSURE. HE WAS ALSO ENCOURAGED WHEN I SAID THAT IT WAS NOT THE AIM OF HMG TO GET THE ARGENTINE GOVERNMENT TO ADMIT IT HAD DONE SOMETHING WRONG. I ADDED HOWEVER THAT I DID NOT SEE HOW WE COULD AVOID INSISTING THAT DAVIDOFF AND THE BUEN SUCESO HAD DONE WRONG WHICH COULD NOW ONLY BE PURGED BY THE MEN BEING TAKEN OFF VERY SOON.

2. COSTA MENDEZ ASKED FOR SUGGESTIONS HOW TO PROCEED. I SAID I HAD NO INSTRUCTIONS OR POWER TO NEGOTIATE. HOWEVER, IF THE ARGENTINE GOVERNMENT HAD DIFFICULTY OVER TAKING THE INITIATIVE OF EVACUATING THE MEN AT LEITH, COULD THEY NOT GET DAVIDOFF HIMSELF TO DO SO? COSTA MENDEZ CONFIDED THAT THERE WAS A SCIENTIFIC (NON-WARSHIP) VESSEL IN THE AREA WHICH COULD TAKE OFF THE MEN QUICKLY, PROVIDED A WAY OF GETTING IT SO ORDERED COULD BE DEvised. HE WAS FRANK TO ADMIT THAT HE COULD NOT GUARANTEE THAT HE COULD FIND A MEANS EVEN TO TRY TO PERSUADE DAVIDOFF TO TAKE RESPONSIBILITY AS I SUGGESTED, IN VIEW OF THE RISK OF HIS THEN TELLING THE PRESS THAT THE MFA HAD PRESSURISED HIM. BUT HE WOULD TRY.

3. I SAID THAT I MEANWHILE WOULD TRY TO FIND OUT IF YOU COULD ALLOW HIM EG TILL THE END OF THE WEEK TO DEVISE SOME ALTERNATIVE TO HAVING THE MEN TAKEN OFF BY ENDURANCE. I WOULD ALSO ASK, AS HE URGED STRONGLY, IF SOME EXIT COULD NOT BE FOUND THROUGH INVOKING THE 1971 AND 1972 COMMUNICATIONS AGREEMENTS. WE AGREED TO MEET AGAIN AT 1400Z TOMORROW, BY WHEN I SHOULD BE GLAD OF ANY GUIDANCE YOU CAN GIVE ME.

WILLIAMS

STANDARD

SAMD

CABINET OFFICE

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No 11 BUCKINGHAM STREET

CONFIDENTIAL

XXX

GR 260
Stand Dist
ADVANCE COPY
IMMEDIATE
22/11/23

VZCZC DFA226 HH
ZZ RBDW DFA
DE RBDWC 5354 0822207
ZNY CCCCC
Z O 232155Z MAR 82
FM MODUK NAVY
TO RBDWCR/NP 8901
RBDW DFA/PRODROME MONTEVIDEO
INFO RBDW DFA/HE GOV FALKLAND ISLANDS
RBDEC/CINCFLEET
RBDNPS/MGRM TRF
RBDWCR/HMS ENDURANCE
RBDW DFA/FCO LONDON
RBDW DFA/HMA BUENOS AIRES
RBDW DFA/HMA SANTIAGO
BT

Htd / SARD
Htd / Defences
Htd / News D RC.
PS
PS/LPS
PS/Turkurd
PS/Pl Luce
PS/PUS
Mr Giffard
Mr Luce
~~No 10 DS~~
Cab. Office

4-12

CONFIDENTIAL
SIC W4A/LDQ/EAL/A3A/QFX
ROULEMENT OF NP 8901.

IMMEDIATE DESK BY 232359Z MAR FOR BRITNAVAT MONTEVIDEO.

- A. NP 8901 W4A/WHU 221740Z MAR 82
- B. MODUK NAVY W4A/LDQ/EAL/A3A 222035Z MAR 82
- C. MODUK NAVY W4A/LDQ/EAL/A3A/QFX 231045Z MAR 82
- D. MONTEVIDEO W4A/LDQ/EAL/A3A/QFX 231630Z MAR 82 NOTAL

PAGE 2 RBDWC 5354 CONFIDENTIAL

E. MONTEVIDEO W4A/LDQ/EAL/A3A/QFX 231930Z MAR 82 NOTAL

1. FCO HAVE CONFIRMED THAT OPTION OF DEPLOYING NEW NP 8901 VIA PUNTA ARENAS IS DIPLOMATICALLY UNACCEPTABLE. REQUEST YOU CEASE ALL ACTION ON THIS.

2. UNDERSTAND FROM REF D THAT RRS JONN BISCOE SAILING FOR BREMERHAVEN 241200Z MAR FROM MONTEVIDEO MIGHT BE DIVERTED VIA PORT STANLEY. BRITNAVAT HAS INDICATED THAT CAPTAIN PREPARED TO DIVERT IF INSTRUCTED BY BAS AUTHORITIES. DIVERSION WOULD INVOLVE 10 DAY DELAY IN ETA BREMERHAVEN AND CARRIAGE OF 13 PASSENGERS OVER DOT LIFE SAVING LIMIT FROM MONTEVIDEO TO PORT STANLEY.

LIFE SAVING LIMIT FROM MONTEVIDEO TO PORT STANLEY.

3. IN VIEW LATEST EVENTS ETA 1 APR AT MONTEVIDEO FOR HMS ENDURANCE CONSIDERED OPTIMISTIC AND COULD BE SOME TIME AFTER THIS. THIS WOULD INVOLVE CONSIDERABLE ALTERATION TO ROULEMENT AND ENDURANCE PROGRAMME.

4. FOR NP 8901. REQUEST YOU INVESTIGATE WITH DIRECTOR BAS POSSIBILITY OF DIVERTING RRS JOHN BISCOE. IN PARTICULAR WHAT CHARGES WOULD BE LEVIED AND WHAT ARE VIEWS ON DOT OVERLOAD PROBLEM. IF DIRECTOR AGREES IN PRINCIPLE REQUEST HE INSTRUCT RRS JOHN BISCOE NOT TO SAIL MONTEVIDEO 241200Z MAR WHILE DETAILS SORTED OUT.

5. FOR BRITNAVAT. AM INVESTIGATING PROBLEM OF DOT REGULATIONS.

PAGE 3 RBDWC 5354 C O N F I D E N T I A L

GRATEFUL FOR INFORMATION ON WHETHER OVERLOAD INVOLVES LIFE JACKETS AND/OR LIFEBOATS. IF FORMER CAN YOU OBTAIN LIFE JACKET SHORTFALL AND AT WHAT APPROXIMATE COST.

6. IN VIEW ETD MONTEVIDEO OF RRS JOHN BISCOE REQUEST ANSWERS BY 240900Z MAR

BT

VZCZC DFA218 HH
OO RBDW DFA
DE RBDWC 5191 0822103
ZNY CCCCC

O 232001Z MAR 82

FM MODUK NAVY

TO RBDEC/CINCFLEET

RBDWCR/HMS ENDURANCE

INFO RBDW DFA/HE GOV FALKLAND ISLANDS

RBDNPB/FOF 3

RBDW DFA/HMA BUENOS AIRES

RBDWCR/NP 8901

RBDW DFA/FCO LONDON

BT

C O N F I D E N T I A L

SIC JDA/W4A/LDQ/A3A

FCO LONDON FOR SAMD

SOUTH GEORGIA - RULES FOR USE OF SMALL ARMS

REF: MODUK NAVY JDA/W4A/LDQ/A3A 232000Z MAR 82

(CONTINGENCY GUIDANCE)

[Std Dist] 26/28

ADVANCE COPY

IMMEDIATE

Hd/SAMD

Hd/Defence

Hd/News D

Ps

Ps/LB

Ps/Northwood

Ps/Air Luce

Ps/PWS

Mr Giffard

Mr. Luce

~~No 10 DS~~

Cab. Office

Rc

X-12

1. CARRIAGE AND ISSUE OF ARMS.

A. PERSONAL ARMS AND AMMUNITION MAY BE TAKEN ASHORE FOR USE IN SELF DEFENCE ONLY

PAGE 2 RBDWC 5191 C O N F I D E N T I A L

B. CONSIDERATION SHOULD BE GIVEN TO THE FACT THAT OPEN DISPLAY OF WEAPONS MAY EXACERBATE SITUATION AND BE OPEN TO SUBSEQUENT MISREPRESENTATION BUT MAY ALSO HAVE DETERRENT OR STABILISING EFFECT

C. IN GENERAL TERMS HOWEVER SERVICEMEN SHOULD NOT BE PUT IN POSITION OF DANGER IN WHICH THEY CANNOT DEFEND THEMSELVES

D. WEAPONS ARE NOT TO BE ISSUED WITHOUT AMMUNITION

E. INDIVIDUALS ISSUED WITH WEAPONS ARE TO BE CAREFULLY BRIEFED ON INSTRUCTIONS FOR OPENING FIRE

2. USE OF MILITARY ARMS.

A. MILITARY ARMS MAY BE USED ONLY IN SELF DEFENCE WHEN THEY

2. USE OF MILITARY ARMS.

A. MILITARY ARMS MAY BE USED ONLY IN SELF DEFENCE WHEN THEY

PROVIDE THE ONLY WAY OF PROTECTING SERVICEMEN FROM DEATH OR SERIOUS INJURY. USE OF ARMS IS TO BE LIMITED TO THE MINIMUM NECESSARY TO ACHIEVE THIS, CONSISTENT WITH NEED FOR LOW-KEY APPROACH AND CORDIAL BUT FIRM EXCHANGES.

PAGE 3 RBDWC 5191 C O N F I D E N T I A L

B. WHEN CIRCUMSTANCES PERMIT THE SENIOR PERSON PRESENT SHOULD CONTROL THE USE OF ARMS. IF THIS IS NOT POSSIBLE INDIVIDUALS MAY AND SHOULD TAKE SUCH INDEPENDENT PROTECTIVE ACTION AS CIRCUMSTANCES DICTATE

3. INSTRUCTIONS FOR OPENING FIRE

A. THESE INSTRUCTIONS APPLY TO COMMANDERS CONTROLLING FIRE OR TO INDIVIDUAL SERVICEMEN ACTING INDEPENDENTLY

B. GENERAL. MINIMUM FORCE IS TO BE USED ONLY TO SAFEGUARD LIFE. IF FIRE IS OPENED

1. ONLY AIMED SHOTS ARE TO BE FIRED

2. NO MORE ROUNDS THAN ARE NECESSARY TO SAFEGUARD LIFE ARE TO BE FIRED

3. WHERE POSSIBLE AUTOMATIC WEAPONS ARE TO BE ON SINGLE SHOT. AUTOMATIC FIRE SHOULD ONLY BE USED IN EXCEPTIONAL CIRCUMSTANCES

4. ONLY PERSONS ARMED WITH FIREARMS OR OTHER WEAPONS ARE TO BE

PAGE 4 RBDWC 5191 C O N F I D E N T I A L
FIRED UPON

5. MAGAZINES SHOULD BE LOADED WITH LIVE AMMUNITION AND FITTED TO WEAPONS BUT UNLESS FIRE IS ABOUT TO BE OPENED NO LIVE ROUND IS TO BE IN THE BREACH AND WORKING PARTS ARE TO BE FORWARD

C. WARNING. WARNING IS TO BE GIVEN BEFORE OPENING FIRE.

D. GUIDELINES. YOU MAY FIRE ONLY IF THERE IS NO OTHER WAY TO PROTECT YOURSELF OR THOSE FOR WHOM YOU ARE RESPONSIBLE FROM THE DANGER OF BEING KILLED OR SERIOUSLY INJURED AND THEN ONLY USING

D. GUIDELINES. YOU MAY FIRE ONLY IF THERE IS NO OTHER WAY TO PROTECT YOURSELF OR THOSE FOR WHOM YOU ARE RESPONSIBLE FROM THE DANGER OF BEING KILLED OR SERIOUSLY INJURED AND THEN ONLY USING THE MINIMUM NUMBER OF SHOTS NECESSARY
BT

NNNN

FLASH

Lead Sam &
Lead Det &
Lead News &

BAFO 012/23

ZZ FCO

ZZ PORT STANLEY (PERSONAL FOR GOVERNOR)

ZZ MODUK NAVY

ZZ CINCFLEET

GPS 290

CONFIDENTIAL

FM BUENOS AIRES 23/2130Z MAR 82

TO FLASH FCO

TELEGRAM NUMBER 94 OF 23 MARCH 1982

INFO FLASH PORT STANLEY (PERSONAL FOR GOVERNOR)

MODUK NAVY AND CINCFLEET

Ps
Ps/ps
Ps/Ma Luce
Ps/Ma Hana
Ps/ps
Ma Gibbard
Ma Ue
~~No 10 (2)~~
Cab. Office
Rc

YOUR TELNO 68 : ILLEGAL LANDING ON SOUTH GEORGIA

1. I CARRIED OUT THESE WELCOME INSTRUCTIONS WITH COSTA MENDEZ AT 2045Z THIS EVENING. HE WELCOMED YOUR UNDERSTANDING OF AND RESPONSE TO HIS PREOCCUPATIONS AND SAID THAT WE, THE DIPLOMATS, WERE NOW ENGAGED IN A MATTER OF CRISIS MANAGEMENT IN WHICH THE FIRST STEP HAD NOW BEEN TAKEN. HE HAD BEEN IN CONTACT WITH THE JUNTA AND WAS JUST ABOUT TO ENTER A MEETING WITH CERTAIN MILITARY REPRESENTATIVES AND WOULD GIVE ME SOME RESPONSE TO YOUR PARA 2 LATER THIS EVENING. I SAID THAT, IN ESSENCE THE SITUATION WAS THAT THE MEN MUST GO, TRANSPORTED EITHER BY US OR BY THE ARGENTINES. HE AGREED THAT THIS MEANT THAT AN ARGENTINE REMOVAL NEED NOT NECESSARILY INVOLVE THE BUEN SUCESO ITSELF AND I SUSPECT THERE MAY BE SOME OTHER FORM OF TRANSPORT ENVISAGED. MEANWHILE, THE MINISTER CONTINUED, THE OTHER PART OF CRISIS MANAGEMENT WAS HANDLING THE PRESS. WE AGREED THAT HERE IN BUENOS AIRES AT LEAST NOTHING MORE WOULD BE SAID THAN THAT SUCH AND SUCH MEETINGS HAD TAKEN PLACE AND THAT CONTACT CONTINUED.

2. COSTA MENDEZ IS I THINK TRYING TO BE HELPFUL AND SENSIBLE,

2. COSTA MENDEZ IS, I THINK, TRYING TO BE HELPFUL AND SENSIBLE, BUT IS ON A SHORT REIN WITH PUBLIC OPINION AND THE MILITARY. HE IS MUCH CONCERNED WITH THE RISK OF SUBJECTING HIS MASTERS TO LOSS OF FACE. IS SHOULD BE GLAD OF VERBATIMS URGENTLY OF WHATEVER WAS SAID IN PARLIAMENT TODAY AND HOPE THAT WE CAN AVOID EG TALK OF QUOTE REMOVAL UNQUOTE RATHER THAN QUOTE DEPARTURE UNQUOTE.

WILLIAMS

NNNN

SENT/RECD AT 23/2139+Z JL/RRRRRRRR



Foreign and Commonwealth Office

London SW1A 2AH

23 March 1982

✓ c. Pers. Office
MAP
Argentina
23.
3

Dear John,

h.c.

Falkland Islands

I enclose a copy of the statement Mr Luce proposes to make in the House today, subject to the views of Lord Carrington who is being consulted in Brussels. The statement will be repeated by Lord Trefgarne in the Lords. In response to questions about the precise arrangements we are making, Mr Luce proposes to say no more than that HMS Endurance is in the area and will be available to assist if necessary.

Yours ever

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing St

South GeorgiaFALKLAND ISLANDS: ILLEGAL LANDING ON SOUTH GEORGIA.

2. We were informed on 20 March by the Commander of the British Antarctic Base at Grytviken on South Georgia that a party of Argentines had made a landing at Leith Harbour nearby. The Base Commander informed the Argentine party that their presence was illegal as they had not obtained his prior authority for the landing. We immediately took the matter up with the Argentine authorities in Buenos Aires and the Argentine Embassy in London and, following our approach, the ship and most of the personnel left on 21 March. However, the Base Commander has reported that a small number of men and some equipment remain. We are therefore making arrangements to ensure ~~that they~~ *their* leave soon. *early departure*

REPORT BY THE CHIEFS OF STAFF DUTY OFFICER
FOR THE PERIOD 191800 MARCH TO 220900 MARCH 1982

CINC ROYAL NETHERLANDS NAVY

1. Admiral VAN BEEK, the Commander-in-Chief of the Royal Netherlands Navy, was killed in a car crash near Dan Helder at about midnight on 19 March. Mrs Van Beek was injured in the accident, and is in hospital at Leidsenden. The information came via the Duty Cdr from DA The Hague; CDS, CNS and CINCFLEET were informed, and CNS has sent a message of sympathy to the Royal Netherlands Navy.

ILLEGAL LANDING - SOUTH GEORGIA

2. At 1318 on 20 March, MODUK received an information copy of a signal (1) to the FCO from the Governor of the Falkland Islands (HEGFI) reporting an illegal landing at Leith Harbour, South Georgia, by a party of Argentinians. South Georgia is a virtually uninhabited island some 900 miles south-east of the Falklands, and Leith Harbour is approximately 3 miles north of the British Antarctic Survey Base at Grytviken. The landing had been reported by a field party from the base. HEGFI has already passed instructions back to the illegal landing party via the Base Commander at Grytviken that they were to leave the island forthwith; in the event that the party ignored these instructions, HEGFI recommended that HMS ENDURANCE, lying alongside at Stanley Harbour in the Falklands, sail to South Georgia with Royal Marines from the Falklands embarked. The Marines currently in the Falklands are due for roulement next week via Monte Video, and their replacements are due to leave UK on Tuesday 23 March.

3. Deliberations at the FCO continued throughout the afternoon. At 1630, the FCO replied to HEGFI (2) agreeing the instructions to the Base Commander, advising that further action was under consideration and requesting details of armament on the RFA equivalent which had landed the Argentinian party. The Governor replied at 1813 (3), reporting that the defence capability of the Argentinian ship was probably nil.

4. During the evening the Head of DS5 and the Head of South American Division FCO met to consider sending ENDURANCE to South Georgia. At approximately 2200, US of S (AF) agreed to the joint MOD/FCO view that ENDURANCE should sail for South Georgia and that numbers of Marines embarked should be as decided by HEGFI. This decision was relayed to HEGFI by FCO (4) and to ENDURANCE by CINCFLEET (5).

Notes:

1. Signal A3A 201125Z Mar 82
2. Signal A3A 201630Z Mar 82
3. Signal A3A 201803Z Mar 82
4. Signal A3A 202310Z Mar 82
5. Signal EAL/LDQ 202327Z Mar 82

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5. During Sunday 21 March the matter gradually cooled. A signal from HEGFI (6) advised that only 9 extra Marines would embark for the passage to South Georgia, and reported cordial relations with the illegal landing party. At 1530, a Diptel (7) from Buenos Aires announced that the Argentinians would withdraw their party from South Georgia, and at 1545 we received confirmation (8) that ENDURANCE had sailed. A further sitrep from ENDURANCE (9) indicated that although the Argentinian ship was preparing to leave, Base Commander Grytviken advised that the landing party had remained ashore. Further diptel traffic (10)(11) clarifies earlier statements by BAS field party, HEGFI and the FCO.

6. The majority of detailed naval work was carried out by the Duty Cdr and is recorded in the DNOT Handover brief. However, a record of actions taken and departments called by me, together with a brief summary of discussions held is at Annex to this report.

A M Wills

A M WILLS
Wing Commander
Chiefs of Staff Duty Officer

22 March 1982

Annex:

A. Diary to Events - 20/21 March 1982.

Notes:

6. Signal A3A 211125Z Mar 82
7. Signal A3A 211446Z Mar 82
8. Signal A3A 211545Z Mar 82
9. Signal A3A 211720Z Mar 82
10. Signal A3A 211930Z Mar 82
11. Signal A3A 212012Z Mar 82.

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DIARY OF EVENTS - 20/21 MARCH 198220 MARCH 1982

1318 Signal from HEGFI 201125Z Mar 82.

COSDO informed: Duty Cdr
Resident Clerk
DD of D Ops(RoW)
DISDO for Cabinet Office

Duty Cdr informed: CINCFLEET
DO CGRM
Hd of DS 5
Duty Press Officer

Notes compiled during afternoon.

1. ENDURANCE 2 days 4 hrs sailing for South Georgia.
2. 12 Marines embarked/42 Marines ashore.
3. Roulement of Marines due next week. Main party leave UK for Monte Video on 23 Mar 82, and ENDURANCE due to sail for Monte Video at 210930 Mar 82.
4. ENDURANCE has 2 helicopters/12 AS12 missiles. Marines embarked have Carl Gustav.
5. CINCFLEET making enquiries concerning effect of delaying roulement.
6. Exercise EXPANDED SEA, involving UK/French play in US sponsored NCS exercise also involves Argentina. FCO advised.

1630 FCO Signal agreement to HEGFI 201630Z Mar 82.

1. Protest via Field Party.
2. Protest via HMA Buenos Aires.

Possible Ministerial Meeting Wiggin/Luce this evening to be briefed by DS5.

1650 Briefed DD of D Ops (RoW).

1700 Briefed ACDS(Ops).

1720 From Duty Cdr: US of S (AF) is in his constituency in Somerset and will remain there. DS5 will brief him by telephone and the discussion Wiggin/Luce will be by telephone.

1745 Briefed ACDS(Ops). He advised no need to brief CDS at this stage, but that if Hd of DS5 was to speak to US of S (AF) he should speak with DD(RoW) first. Advised Resident Clerk.

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- 1755 Update from Resident Clerk. Conversation Wiggin/Luce will be purely to agreed ENDURANCE stays in situ for the time being pending further information from HEGFI.
- 1813 Reply from HEGFI, 201803Z Mar 82.
- 1955 Update from Resident Clerk.
1. Hd of DS5 has spoken with US of S (AF) who asked about other forces in the area: he was told that there are none.
 2. Argentinian Ambassador has been summoned to the FCO to explain himself.
 3. S of S has been briefed via his PS.
 4. PM informed.
 5. Hd of DS5 will now speak with Hd of South American Section in FCO at 2045. Decision required by 2130 on whether ENDURANCE should sail, in which direction, and with how many Marines on board.
 6. Duty Cdr has briefed ACNS(O). Hd of DS5 to speak with ACNS(O) before going to FCO.
- 2025 Briefed ACDS(Ops).
- 2030 Briefed PSO/CDS.
- 2035 Briefed CDS.
- 2130 No decision yet. Briefed ACDS(Ops).
- 2140 Briefed PSO/CDS.
- 2215 Hd of DS5 and Hd of South American Section FCO recommended ENDURANCE should sail at 210930 for South Georgia; numbers of Marines embarked to be decided by HEGFI. Rules of Engagement to be decided after further report from HEGFI on Argentinian actions.
- 2225 Resident Clerk confirms US of S (AF) agrees recommendation.
ENDURANCE to sail at 210930 for South Georgia.
Duty Press Officer briefed to refer any queries to FCO
- 2310 FCO signal (202310 Mar 82) to HEGFI announcing decision.
- 2327 CINCFLEET signal (202327 Mar 82) to ENDURANCE announcing decision.
- 21 MARCH 1982
- 0855 Briefed ACDS(Ops)
- 0900 Briefed CDS.
- 0910 Briefed PSO/CDS.

CONFIDENTIAL

A-2

CONFIDENTIAL

- 1015 Updated DD Ops (RoW).
- 1223 Signal (211125 Mar 82) from HEGFI. ENDURANCE has embarked 9 extra Marines. Reports of cordial relations with illegal landing party.
- 1530 Diptel 84 (211446Z Mar 82) from Buenos Aires. Argentina will withdraw landing party and ship. ENDURANCE will continue on passage for South Georgia until confirmation received that illegal party have left.
- 1706 Sitrep (211545Z Mar 82) from ENDURANCE.
- 1810 Sitrep (211720Z Mar 82) from ENDURANCE.
- 1930 Diptel (211930Z Mar 82) FCO to HEGFI requesting clarification of initial reports to assist in enquiry into incident.
- 2131 Diptel (212012Z Mar 82) Reply from HEGFI.

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Z 211125Z MAR 82
FM HEGFI
TO RBDWDFA/FCO LONDON
RBDWDFA/HMA BUENOS AIRES
RBDWC/MODUK NAVY
ZEN/CINCFLEET

BT

C O N F I D E N T I A L

SIC A3A

YOUR TEL NO 35. ILLEGAL LANDING ON S. GEORLIA

1. FRESH FIELD PARTY DESPATCHED FROM GRITVIKEN TO LEITH 0230Z 21 MARCH AND SHOULD BE THERE BY NOW. BASE COMMANDER INSTRUCTED TO KEEP A PARTY OBSERVING LEITH UNTIL FURTHER NOTICE
2. LEADER OF RETURNING FIELD PARTY GAVE CAPTAINS NAME AS BRIATORE, WHO MADE NO COMMENT WHEN MY MESSAGE WAS PASSED TO HIM BUT PARTED ON FRIENDLY TERMS, OFFERING FIELD PARTY FOOD AND DRINK. EDWARDS DECLINED BUT SUGGESTED THAT HE WOULD GLADLY ACCEPT OFFER AT GRITVIKEN. AS FIELD PARTY LEFT, THEY NOTICED THAT ARGENTINE FLAG HAD BEEN TAKEN DOWN, BUT THERE WAS NO INDICATION THAT SHORE PARTY WERE PREPARING TO LEAVE
3. AFTER CONSULTING CAPT BARKER AND OC NP8901, 9 MARINES FROM STANLEY

GARRISON INCREASING RM ENDURANCE DETACHMENT TO PLATOON STRENGTH

4. I WILL KEEP YOU FULLY INFORMED OF DEVELOPMENTS AS SOON AS I HEAR AGAIN FROM BASE COMMANDER
- HUNT

STANDARD
SAMD
CABINET OFFICE

ADDITIONAL DIST:
FALKLAND ISLANDS

CONFIDENTIAL

CONFIDENTIAL

MC

O 202327Z MAR 82
FM CINCFLEET
TO RBDECR/HMS ENDURANCE
INFO RBDWC/MODUK NAVY
RBDNPB/FOF3
RBDWDF/FCO LONDON
RBDWDF/BRITNAVAT BUENOS AIRES
RBDWDF/LIEUT-GOVERNOR FALKLAND ISLANDS

BT

C O N F I D E N T I A L

S I C E A L

REF A. ILLEGAL LANDING ON SOUTH GEORGIA

1. REMAIN PORT STANLEY PREPARE TO SAIL FOR SOUTH GEORGIA 210930Z MAR
2. EMBARK AS ADVISED BY GOVERNOR NUMBER OF ROYAL MARINES CONSIDERED APPROPRIATE UNDER CIRCUMSTANCES
3. FCO HAVE REQUESTED GOVERNOR TO CLARIFY SITUATION REGARDING ARGENTINIAN PARTY
4. YOU ARE TO SAIL AT 210930Z MAR UNLESS YOU HEAR IN THE MEANTIME THAT THE GOVERNORS INSTRUCTIONS TO THE ARGENTINIANS HAVE BEEN COMPLIED WITH IN WHICH CASE REVERT TO PUBLISHED PROGRAMME IN FOP 3/82
5. ENDEAVOUR TO RESTRICT OBVIOUS PREPARATIONS FOR THIS OPERATION TO A MINIMUM TO AVOID UNDUE PUBLICITY
6. THIS POLICY HAS BEEN AGREED BY FCO/MODUK AT MINISTERIAL LEVEL
7. FURTHER INSTRUCTIONS AND ROE TO FOLLOW

LIMITED
SAM.D
DEF.D
NEWS.D
PS/MR LUCE
PS/PUS
MR GIFFARD
MR URE
CABINET OFFICE

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FALKLAND ISLANDS

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[AMENDED DISTRIBUTION]

GRS 180
CONFIDENTIAL
FM BUENOS AIRES 20/2048Z MAR 82
TO FLASH FCO
TELEGRAM NUMBER 84 OF 20 MARCH 1982
INFO FLASH PORT STANLEY (PERSONAL FOR GOVERNOR)

YOUR TELNO 34 TO STANLEY: ILLEGAL LANDING ON SOUTH GEORGIA

1. COSTA MENDEZ AND ROS BEING UNOBTAINABLE, I HAVE SPOKEN ACCORDINGLY TO AMBASSADOR BLANCO. HE HAS TAKEN CAREFUL NOTE BUT PROFESSES TO BE UNAWARE OF THIS SPECIFIC JOURNEY OF BUEN SUCESO, ALTHOUGH OF COURSE HE KNOWS IN GENERAL ABOUT DAVIDOFF. IN THE CIRCUMSTANCES HE FELT UNABLE TO GIVE AN IMMEDIATE REACTION, BUT WAS CLEAR OF THE GRAVITY OF MY MESSAGE. I WARNED HIM THAT SWIFT ACTION WOULD BE NEEDED IF A REACTION ON OUR SIDE WAS NOT TO BE SET IN TRAIN.
2. DAVIDOFF WAS NEVER, OF COURSE, GIVEN ANY PERMISSION BY THIS EMBASSY BUT, ON THE CONTRARY, WARNED PERSONALLY IN FEBRUARY (MY TELEGRAM NO. 21 TO STANLEY) AND THROUGH HIS REPRESENTATIVE HERE ON 11 MARCH THAT NEXT TIME HE MUST FOLLOW CORRECT PROCEDURES. AS SEEN FROM HERE THERE COULD WELL BE ADVANTAGE IN SENDING ENDURANCE TO THE SCENE, BUT I SUGGEST THAT GREAT RESTRAINT BE USED AT LEAST UNTIL IT IS CLEAR WHETHER THIS IS A DELIBERATE CHALLENGE AUTHORISED AT HIGH LEVEL OR JUST A PIECE OF LOW-LEVEL BRAVURA COMBINED WITH DAVIDOFF'S WELL-KNOWN FECKLESSNESS.

WILLIAMS

STANDAARD
SAMD
CABINET OFFICE

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AMENDED DISTRIBUTION - 21 MARCH 1982

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FROM PORT STANLEY 201803Z MAR 1982

TO FLASH FCO

TELEGRAM NUMBER 40 OF 20 MARCH

AND FLASH INFO MODUK NOAVY AND FLASH INFO BUENOS AIRES

YOUR TELNO 34: ILLEGAL LANDING ON SOUTH GEORGIA.

1. DEFENCE CAPABILITY OF BAHIA BUEN SUCESO PROBABLY NIL EXCEPT FOR SMALL ARMS. CREW 100.
2. NEWS OF INCIDENT IS BOUND TO LEAK SOON. RADIO HAMS MUST HAVE PICKED UP SOME OF OUR HF TRANSMISSIONS, WHICH WERE (NEXT TWO WORDS UNDERLINED) EN CLAIR CONVERSATIONS WITH BASE COMMANDER AND FIELD PARTY.
3. BASE COMMANDER HAS CONFIRMED THAT FIELD PARTY DELIVERED MY INSTRUCTIONS TO CAPTAIN OF BAHIA BUEN SUCESO THIS MORNING AND FIELD PARTY ARE NOW ON THEIR WAY BACK TO GRYTVIKEN.

HUNT

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FROM F C O 201630Z MAR 82
TO FLASH GOVERNOR FALKLAND ISLANDS
TELEGRAM NUMBER 34 OF 20 MARCH
INFO FLASH BUENOS AIRES
ROUTINE MODUK NAVY

FOR GOVERNOR
YOUR 201125Z: ILLEGAL LANDING ON SOUTH GEORGIA.

1. WE AGREE WITH YOUR INSTRUCTIONS TO BASE COMMANDER.

2. MINISTERS ARE BEING CONSULTED URGENTLY ON DEPLOYMENT OF
HMS ENDURANCE AND OF MARINES. WE WILL REVERT SOONEST. MEANWHILE
GRATEFUL FOR IMMEDIATE ADVICE ON:

(A) DEFENCE CAPABILITY OF BAHIA BUEN SUCESO (IE ARMAMENTS AND CREW)
IN RELATION TO THAT OF HMS ENDURANCE:

(B) WHETHER NEWS OF THIS INCIDENT IS LIKELY TO LEAK SOON FROM
PORT STANLEY. WE WOULD PREFER TO KEEP IT CONFIDENTIAL FOR AS
LONG AS POSSIBLE.

3. FOR BUENOS AIRES. YOU SHOULD INFORM ARGENTINE MFA OF SITUATION
IMMEDIATELY AND AT HIGHEST LEVEL AVAILABLE. YOU SHOULD MAKE CLEAR
THAT WE REGARD THIS AS A SERIOUS INCIDENT AND IF THE BAHIA BUEN
SUCESO AND PARTY DO NOT LEAVE SOUTH GEORGIA FORTHWITH, WE WILL
HAVE TO TAKE WHATEVER ACTION SEEMS NECESSARY. YOU SHOULD GO ON
TO SAY THAT, AT A TIME WHEN WE ARE BOTH CONSIDERING HOW BEST
TO CONTINUE NEGOTIATIONS ON THE DISPUTE IN ORDER TO RESOLVE IT
PEACEFULLY, IT WOULD BE HARD TO UNDERSTAND IF THE ARGENTINE
GOVERNMENT WERE TO ENDORSE ACTION WHICH WOULD INEVITABLY MAKE
THIS DIFFICULT PROBLEM A GREAT DEAL HARDER TO HANDLE. PLEASE
REPORT ARGENTINE REACTION IMMEDIATELY.

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ZEN/HMS ENDURANCE

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ILLEGAL LANDING ON S. GEORGIA

1. BASE COMMANDER GRYTVIKEN REPORTED LATE 19 MARCH THAT ONE OF HIS FIELD PARTIES OBSERVED ARGENTINE STN (EQUIVALENT OF ROYAL FLEET AUFNLIARY) VESSEL BAHIA BUEN SUCESE IN LEITH HAREOUR AND SIZEABLE PARTY OF CIVILAN AND MILITARY PERSONNEL ASHORE AT LEITH
2. FIELD PARTY REPORTED SHOTS FIRED ARGENTINE FLAG HOISTED NOTICES IN ENGLISH CHANGED TO SPANISH AND RADIC ESTABLISHED LEADER OF FIELD PARTY (BAS EMPLOYEE T EDWARDS) SPOKE TO TWO ARGENTINE CIVILIANS IN SHORE PARTY AND TOLD THEM THAT THEY SHOULD HAVE REPORTED FIRST TO GRYTVIKEN FOR CLEARANCE FORMALITIES THEY SAID THAT BRITISH EMBASSY BUENOS AIRES HAD GIVEN THEM PERMISSION TO LAND AT LEITH AND BASE COMMANDER GRYTVIKEN SHOULD HAVE BTEN NOTIFIED. RELATIONS WERE REASONABLY CORDIAL
3. I PRESUME THAT THESE ARE DAVIDOFFS MEN, IF NOT DAVIDOFF HIMSELF, AND I HAVE INSTRUCTED BASE COMMANDER TO PASS THE FOLLOWING MESSAGE TO LEADER OF SHORE PARTY VIA EDWARDS, WHO IS STILL AT LEITH
 - A. YOU HAVE LANDED ILLEGALLY AT LEITH WITHOUT OBTAINING PROPER CLEARANCE
 - B. YOU AND YOUR PARTY MUST GO BACK ON BOARD THE BAHIA BUEN SUCESE IMMEDIATELY AND REPORT TO THE BASE COMMANDER AT GRYTVIKEN FOR FURTHER INSTRUCTIONS
 - C. YOU MUST REMOVE THE ARGENTINE FLAG FROM LEITH
 - D. YOU MUST NOT INTEREERE WITH THE BAS DEPOT AT LEITH
 - E. YOU MUST NOT ALTER OR DEFACE ANY OF THE NOTICES AT LEITH
 - F. NO MILITARY PERSONNEL ARE ALLOWED TO LAND IN S GEORGIA
 - G. NO FIREARMS ARE TO BE TAKEN ASHORE
4. BAS FIELD PARTY HAVE BEEN INSTURCTED TO RETURN TO GRYTVIKEN ONCE THEY HAVE DELIVERED THIS MESSAGE
5. THIS IS THE SECCND TIME THAT DAVIDOFF HAS VIOLATED CUR IMMIGRATION REGULATIONS WITHIN 3

/ MONTHS

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MONTHS (THE FIRST TIME EMBARKED ON A WARSHIP WITHOUT DIPLOMATIC CLEARANCE) AND I CONSIDER THAT, EVEN IF HE NOW COMPLIES WITH MY INSTRUCTIONS, HE SHOULD BE INSTRUCTED TO LEAVE S GEORGIA FORTHWITH IT IS SIGNIFICANT THAT THIS OPERATION (LIKE THE LAST) WAS CARRIED OUT CLANDESTINELY IN THE LATTER STAGES AND I SUSPECT THAT THE ARGENTINE NAVY ARE USING DAVIDOFF AS A FRONT TO ESTABLISH AN ARGENTINE PRESENCE ON S GEORGIA

6. I HAVE DISCUSSED SITUATION WITH CAPT BARKER AND AM SENDING THIS FROM HMS ENDURANCE IN STANLEY HARBOUR. PRESENT INTENTIONS ARE THAT ENDURANCE STICKS TO IMMEDIATE PROGRAMME IE ROULEMENT OF NP8901 FROM MONTEVIDEO BUT, IF MY INSTRUCTION TO ARGENTINES ARE NOT COMPLIED WITH, I RECOMMEND THAT ENDURANCE SAILS FOR S GEORGIA WITH MARINES EMBARKED ON 21 MARCH WITH INSTRUCTIONS TO ENSURE THAT ARGENTINES LEAVE S. GEORGIA

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TO FLASH FCO
TELEGRAM NUMBER 59 OF 03 MARCH 1982
INFO FLASH PORT STANLEY
INFO IMMEDIATE WASHINGTON AND UKMIS NEW YORK

YOUR TELNO 52 : FALKLANDS TALKS

1. AS ROS IS STILL CLOSETED IN THE PRESIDENCY I HAVE DELIVERED MESSAGE TO POLITICAL DIRECTOR GENERAL, DEL CAMPO, FOR HIM. DEL CAMPO WAS FRANKLY APOLOGETIC AND RECOGNISED THAT GENTLEMEN'S AGREEMENT HAD BEEN BREACHED UNDER PRESSURE OF LOCAL FEELING THAT JOINT COMMUNIQUE WAS INADEQUATE. I EMPHASISED OUR CONCERN AND PRACTICAL CONSIDERATION THAT RESULT WOULD BE FURTHER TO RESTRICT OUR AREA OF POSSIBLE FLEXIBILITY. DEL CAMPO OFFERED TO DISCUSS WITH ROS WHETHER SOME FURTHER GUIDANCE TO THE PRESS COULD SERVE TO COOL THE ATMOSPHERE AND IN PARTICULAR TO MAKE CLEAR THAT WE WERE NOT BEING ASKED TO REACT TO THREATS.

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TO FLASH BUENOS AIRES

TELEGRAM NUMBER 53 OF 3 MARCH

AND TO FLASH PORT STANLEY

INFO IMMEDIATE WASHINGTON, UKMIS NEW YORK.

MIPT: FALKLAND TALKS

1. FOLLOWING MR LUCE'S MESSAGE TO ROS. BEGINS.
THE ISSUE OF A STATEMENT BY YOUR MINISTRY ON 1 MARCH GIVING
DETAILS OF THE PROPOSAL YOU PUT FORWARD AT OUR TALKS LAST WEEK
CONTRAVENES OUR UNDERSTANDING IN NEW YORK THAT THESE SHOULD
REMAIN CONFIDENTIAL UNTIL WE HAD EACH HAD AN OPPORTUNITY TO
CONSULT OUR GOVERNMENTS. IT ALSO CONTRAVENES THE SPIRIT OF OUR
DISCUSSIONS. THIS STATEMENT, TOGETHER WITH THE FURTHER COMMENT
IN THE ARGENTINE PRESS, ALSO ATTRIBUTED TO GOVERNMENT SOURCES
(AND WHICH HAS RECEIVED WIDE COVERAGE HERE), INEVITABLY CREATES
A MORE DIFFICULT AND UNHELPFUL CLIMATE FOR CONTINUING THE
NEGOTIATING PROCESS. I AM DEEPLY DISTURBED BY STATEMENTS AND
COMMENT WHICH MAY BE INTERPRETED AS THREATS: THE IMPLICATIONS
ARE SERIOUS. IT WILL BE VERY DIFFICULT TO MAKE PROGRESS UNLESS
THERE IS A CLEAR UNDERSTANDING THAT THIS ISSUE CAN ONLY BE
RESOLVED THROUGH PEACEFUL NEGOTIATION. ENDS.

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TO FLASH BUENOS AIRES

TELEGRAM NUMBER 52 OF 3 MARCH

AND FLASH TO PORT STANLEY

INFO IMMEDIATE UKMIS NEW YORK, WASHINGTON.

YOUR TELNOS 57 AND 58 (NOW REPEATED TO WASHINGTON):

ARGENTINE COMMENT ON FALKLAND TALKS

1. THE MFA STATEMENT AND THE FURTHER COMMENT ON IT IN THE ARGENTINE PRESS ATTRIBUTED TO GOVERNMENT SOURCES HAVE BEEN GIVEN WIDE COVERAGE HERE.
2. THE IMMEDIATE PROBLEM IS THAT IT HAS MADE MR LUCE'S TASK IN PARLIAMENT THIS AFTERNOON MUCH MORE DIFFICULT: IN THE LONGER TERM IT MAKES IT MUCH LESS LIKELY THAT WE SHALL BE ABLE TO RESPOND POSITIVELY TO THE ARGENTINE PROPOSAL FOR A FUTURE NEGOTIATING MECHANISM.
3. WE SHALL BE CONSIDERING FURTHER STEPS AS SOON AS POSSIBLE, AND WHEN WE KNOW THE OUTCOME OF THE COUNCILLORS' MEETING TODAY. WE NEED HOWEVER TO MAKE CLEAR TO THE ARGENTINES THE DIFFICULTIES WHICH ALL THIS WILL CAUSE. PLEASE DELIVER TO ROS AT THE EARLIEST OPPORTUNITY THE MESSAGE IN MIFT. WE WILL BE SPEAKING SIMILARLY TO THE ARGENTINE EMBASSY.
4. FOR PORT STANLEY. PLEASE INFORM BLAKE AND CHEEK OF THE TEXT OF MR LUCE'S MESSAGE.

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FM UKMIS NEW YORK 281344Z FEB 82

TO IMMEDIATE F C O

TELEGRAM NUMBER 188 OF 28 FEBRUARY 1982

AND TO BUENOS AIRES, PORT STANLEY.

INFO IMMEDIATE WASHINGTON,

INFO BRASILIA, MONTEVIDEO, SANTIAGO.

MY TWO IPTS: FALKLAND ISLANDS: ANGLO-ARGENTINE TALKS.

1. FOLLOWING IS TEXT OF AGREED INFORMAL WORKING PAPER:

THE PURPOSE OF A UK/ARGENTINE PERMANENT NEGOTIATING COMMISSION WOULD BE TO ACCELERATE PROGRESS TOWARDS A PEACEFUL AND COMPREHENSIVE SOLUTION OF THE DISPUTE BETWEEN BRITAIN AND ARGENTINA ON SOVEREIGNTY OVER THE FALKLAND ISLANDS, SOUTH GEORGIA AND THE SOUTH SANDWICH ISLANDS.

THE COMMISSION WOULD BE PRESIDED OVER BY BRITISH AND ARGENTINE MINISTERS, WHO WOULD DIRECT THE WORK OF THE COMMISSION AND WHO WOULD DECIDE UPON THE AGENDA OF AND PARTICIPATION IN MEETINGS HELD WITHIN THE COMMISSION'S FRAMEWORK. IT IS UNDERSTOOD THAT THE BRITISH DELEGATION TO THE MEETINGS OF THE COMMISSION MAY INCLUDE ISLANDERS.

THE TASK OF THE COMMISSION SHOULD BE TO IDENTIFY ALL THE ELEMENTS OF THE DISPUTE, TO CONSIDER THEM IN DEPTH, EITHER SEPARATELY OR IN PARALLEL, AND TO RECOMMEND HOW THEY MIGHT BE RESOLVED WITHIN AN OVERALL SETTLEMENT. TO THAT EFFECT, IN THE COMMISSION'S WORK, EITHER SIDE MAY INTRODUCE ANY SUBJECT FOR EXAMINATION WHICH, IN THEIR VIEW, COULD CONTRIBUTE TO A SOLUTION OF THE DISPUTE.

IT IS FORESEEN THAT THE PERIOD OF OPERATION OF THE COMMISSION SHOULD BE FOR ONE YEAR, AT THE END OF WHICH MINISTERS WILL REVIEW PROGRESS AND REACH CONCLUSIONS ON WHETHER THE COMMISSION SHOULD CONTINUE ITS WORK. DURING THIS FIRST YEAR OF OPERATION, IT WILL BE OPEN TO EITHER PARTY TO PROPOSE AT ANY STAGE THE COMMISSION'S TERMINATION. MEETINGS OF THE COMMISSION SHOULD BE HELD ALTERNATELY IN THE CAPITALS OF THE TWO COUNTRIES. THE FIRST MEETING WILL BE ATTENDED BY BOTH MINISTERS AND IT WILL BE OPEN TO MINISTERS OF EITHER SIDE TO ATTEND ANY SUBSEQUENT MEETINGS. MEETINGS IN EACH CAPITAL WOULD BE CHAIRED BY THE MINISTER OF THE HOST GOVERNMENT, ALTHOUGH HE MAY DELEGATE HIS FUNCTIONS TO A SENIOR OFFICIAL OF HIS GOVERNMENT.

THE WORK OF THE COMMISSION SHOULD BE CONDUCTED WITHOUT PREJUDICE TO THE SOVEREIGNTY POSITION OF EITHER GOVERNMENT.

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ANGLO-ARGENTINE MINISTERIAL TALKS ON THE FALKLAND ISLANDS:
NEW YORK, 26/27 FEBRUARY 1982

A.J.C. 12/3

PRESENT

Mr Richard Luce MP
(Minister of State)

Sr Enrique Ros
(Under Secretary for Foreign Affairs)

Mr A J Williams CMG
(HMA Buenos Aires)

Sr Ortiz de Rozas
(Argentine Ambassador in London)

Mr Fearn
(Head of SAmD)

Sr Blanco
(Head of Antarctic and Malvinas Dept)

Mr Cresswell
(PS/Mr Luce)

Sr Molteni
(Minister at the Argentine Embassy
in London)

Mr Bright
(SAmD)

Sr Balcarce
(Antarctic and Malvinas Dept)

Dr Penney
(Research Dept)

Sr Cullen
(Argentine Mission to the UN)

Mr Maclay
(UKMis New York)

|| Mr Blake) Falkland Island Councillors
Mr Cheek)

FIRST DAY, FRIDAY 26 FEBRUARY: FIRST SESSION, IN THE UK MISSION
AT 10.00

1. Mr Luce welcomed the Argentines and introduced his
delegation. Sr Ros reciprocated.

2. Mr Luce explained that he wished to make the British
position clear from the outset. We had no doubts about
British sovereignty over the Falkland Islands and their

/Dependencies ..

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Dependencies. The wishes of the Islanders themselves were paramount: that was why he had felt strongly that the Islanders should participate in the talks. It was their future which was being discussed. No changes could be made without both their consent and that of the British Parliament. However, both the British Government and the Falkland Islanders felt that continuation of the dispute could only be harmful to all concerned. He therefore welcomed the opportunity to see whether it was possible to break the impasse. Above all, it was important to work towards a secure future for the Islanders. The only sensible way to proceed was for both sides to discuss matters frankly.

3. Mr Luce recalled that this was the third round of talks held during the lifetime of the present British Government. At the last round the British side had proposed a freeze of the dispute, but this had been rejected by the Argentines. This was disappointing, as we thought this proposal might have shown a way forward. However, now the Argentines had made their own proposal (attached) to which we had already responded briefly. It would now be useful to discuss this proposal in depth and first to hear from the Argentines an elaboration in detail. Finally, before Sr Ros made his opening remarks, Mr Luce said that the British side were taking it for granted that these talks were, like their predecessors, held without prejudice to the position of either side on sovereignty.

4. Sr Ros recalled that Argentina had been trying to reach a solution to this dispute for over 16 years. Britain and Argentina enjoyed close relations but it could not be denied that the dispute was a serious obstacle in our path: it was therefore in our mutual interest to find a solution, as urged by no fewer than three UN General Assembly resolutions. During the years that we had striven to find common ground there had been only limited progress. The purpose of the

/Argentine ..

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Argentine bout de papier was to propose an entirely new instrument for accelerating the pace of the negotiations. The Argentines wished to avoid these occasional gatherings in New York. They wanted to see, and quickly, whether there was any possibility of agreement. Argentina had no doubts about their sovereignty, but they wished to reach a common understanding with HMG if possible.

5. Sr Ros then expanded on the separate sections of the Argentine paper. He stressed that the principal question for the Argentines was sovereignty. The key to their position was the need for Britain to recognise Argentine sovereignty in the area. It was simply not possible to ignore the dispute: it was forming an ever-increasing presence in Argentine political life. The dispute would not go away, it would only get worse. It remained the Argentines' wish to achieve a peaceful solution to the dispute: all Argentine governments of whatever complexion had agreed on this. It was also in this sense that the three UN resolutions had been adopted. The Argentine Government had appealed in 1981 for real negotiations and they now wanted to see if the political will existed on the British side to start a process which might lead to a solution. The dispute was becoming more and more acute. The Argentines wanted to satisfy the Islanders' interests, indeed they were obliged to do so by the terms of the UN resolutions. The Island Councillors who had attended the February 1981 meeting had been encouraged to list the safeguards that they would need under Argentine administration, but no response had since been forthcoming. The Argentines firmly believed that a solution was possible which would preserve the Islanders' way of life by statute, which could be guaranteed by the UN.

6. Sr Ros believed that all the efforts to make progress in the dispute had come from the Argentine side. The Communications Agreement had been in force for ten years, but all Argentine attempts to improve links with the Islanders

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had failed either because of Islander resistance, or because they fell foul of Islands legislation. The Argentines had hoped that the Communications Agreement would improve relations and lead to better mutual understanding, but there was little evidence of this. The proposed statute of guarantees could cover many subjects, e.g. exemption from military service, exemption from Argentine taxation, the right to property ownership and so on. Argentina had no intention of disturbing the Islanders' style of life; what they wanted was a balance between Islanders' interests and Argentine sovereign rights.

7. Sr Ros also touched on other aspects of the Argentine paper. He thought that the question of natural resources should be looked at by the proposed Negotiating Commission with the aim of providing benefits for all concerned. But he wanted the British side to be in no doubt that any agreement on the economic side would have to be an integral part of a sovereignty solution. Security in the South Atlantic was also very important for the Argentines, who wished to protect their interests in the area and found the dispute a serious impediment. The Argentine proposal aimed to establish an instrument which would enable the UK and Argentina to cooperate to find a solution to all the various aspects of the dispute.

8. Mr Luce thanked Sr Ros for his exposition, which he had found helpful. He thought it might be useful to explore some of the points in more detail, but first he wanted to ask the Councillors for their views. Mr Blake questioned Sr Ros's assertion that Argentine efforts to develop links with the Islanders had been blocked by Islander resistance or legislation. He wanted to make it clear that, as far as he knew, no legislation had been specifically introduced in an attempt to foil Argentine initiatives. Sr Ros said that he had been referring not to new legislation but to statutes such as the Aliens Ordinance.

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9. Mr Fearn said that there was no doubt that both sides wanted to solve the dispute by negotiation. Sr Ros had set out the Argentine view of the end result very clearly; it would not however be easy to negotiate a solution if one side thought there could only be one solution. It was important that all approaches should be looked at.

10. Mr Williams thought that the only really new aspect of the bout de papier was the proposal to establish a Negotiating Commission. He referred to the Argentine communiqué of July 1981 and his subsequent meeting with the former Foreign Minister, Dr Camilion. Dr Camilion had felt that the two sides had not previously approached the subject in a suitably global fashion. There had been too much emphasis on the individual aspects of the problem, it would now be best to draw up an inventory of all these and tackle them together. This had seemed to be an interesting idea which could be developed and helped to lead towards more fruitful discussion and away from generalities. If this was what was now envisaged for the Negotiating Commission, it would require an elaborate organisation. Sr Ros confirmed that the Argentine proposal envisaged a global approach. The negotiating mechanism would establish quickly whether a solution was at all possible and whether the political will could be found. Mr Luce thought it would be profitable to discuss what kind of inventory each side might have in mind. He agreed that the approach would have to be global, but the problem must presumably be broken down into its individual aspects.

11. Sr Ros emphasised that the main subject for consideration by the Negotiating Commission had to be sovereignty. Sovereignty necessarily included all other aspects. All the details were linked by the need to find a solution on sovereignty. Mr Luce recalled that Sr Ros had identified four principal areas in his opening remarks - sovereignty, the

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Islanders' interests, natural resources, and security. He wanted to know whether Sr Ros envisaged separate working groups on each of these subjects. Sr Ros said he did not. The proposal was for one overall Negotiating Commission which could, if necessary, establish a variety of sub-groups or committees to make progress in designated areas.

12. Mr Williams presumed that the purpose of such a Commission would not be simply to exchange rhetoric. He wondered therefore how it would work. Would both sides prepare and exchange papers or what? A great number of very complex and very technical subjects were involved, and a great deal of work would have to be done before all questions could be answered satisfactorily. Sr Ortiz de Rozas replied that the whole purpose of the Commission was to get away from the exchanges of rhetoric which had been so much a feature of previous talks on the subject. It was not acceptable to continue the present sporadic meetings. The Argentines wanted to make rapid progress towards a solution. Nothing would be excluded from the Commission's work; each side should make plain from the outset what it expected from the other side. For example, the Argentine Government had pledged to safeguard Islanders' interests. This was a real commitment, but it was up to the Islanders to say which interests they wanted to preserve. There were many other areas where there could be a profitable exchange. The Negotiating Commission might prefer to tackle the subjects itself, or to allow working groups to look at the details: no subject would be excluded. If the two sides could only agree that negotiations should be pushed forward, the Commission could discuss anything.

13. Mr Fearn had two questions. First, at what level did the Argentines envisage participation? Would it involve Ministers or just officials? It would be important that the British team included Islanders if they wished to attend. Second, he assumed that the Argentines accepted that the

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Commission would look at a variety of scenarios. HMG understood that the Argentines would start from a premise of a transfer of sovereignty to them, but equally the Argentines should understand that we would wish to start from a premise of British sovereignty. He sought confirmation that the Commission would look at the problem from a variety of different angles.

14. Mr Williams questioned whether it was possible for the Islanders to produce a list of their interests. It was like being asked in an examination to write down all you know. The Islanders could not expect to know in detail the situation in Argentina; the Argentines probably did not know all there was to know about the Islands. It would be important as a first step to determine the differences between the respective ways of life before seeing how peoples' concerns could best be met. Sr Ortiz de Rozas thought it more likely that people would want specific answers to practical problems, both in terms of existing Argentine law and of special considerations which might be evolved to deal with special cases. The necessary laws might already exist: new ways might be needed. There was no point looking at theories and generalities; it was necessary to look at cases.

15. Sr Ros repeated that, whatever solution the Commission eventually proposed, the whole would be included in a statute which would be guaranteed by the UN. As for the level of participation, he envisaged a political and technical Commission which would be headed at the same political level as now. But each party would be free to bring in experts to deal with individual aspects. Mr Luce said that it would presumably not be necessary for meetings to be held each time at Ministerial level; Sr Ros said that he expected the Commission to be chaired by Ministers once a month. Mr Luce sought confirmation that meetings at official level would not be precluded. Sr Ros said that the Commission would be

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master of its own proceedings. Mr Fearn thought that practical reasons alone meant that there would have to be great flexibility on Ministerial participation. Mr Luce agreed. Ministers should clearly take an interest but it would be very difficult for them to be available as regularly as Sr Ros hoped.

16. Sr Ros asked Mr Fearn to elaborate further on his question about the premises on which the Commission would operate. Mr Fearn explained that the present talks were being held without prejudice to sovereignty. Any Negotiating Commission would have to operate on the same assumption. But the Argentine paper was premised on one and only one conclusion to the dispute, i.e. that the work of a Commission should simply be to settle the details of a transfer of sovereignty, HMG could not easily envisage a Commission based only on that premise. As he saw it there were a variety of possible outcomes. What he wanted to know was whether the Commission would have the necessary flexibility. As we all accepted, sovereignty would be the hardest nut to crack. If we were to attempt from the outset to operate from one premise only, we were unlikely to make much progress. Sr Ros thought that as long as sovereignty, which was the Argentines' principal interest, was a substantial part of the negotiations, the Commission could discuss what it liked. The objective was to find a solution to the sovereignty dispute in whatever way might be feasible.

17. Mr Williams thought that there would be great problems to be overcome in the Commission's work. To take but one example - fishing: if we were to cede sovereignty to Argentina, control of fishing in waters would be the Argentines' responsibility. If British sovereignty were maintained it would be ours. But a solution acceptable to all sides would probably be much more complicated than that, involving a variety of rights and responsibilities in the area. A great

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deal of highly technical consideration would need to be given to these matters. Sr Ros repeated that the Argentines wanted to solve the dispute. All discussions would have to work to that end. There was no point in discussing individual aspects except in the context of an overall solution. He would be grateful to know the British reaction to the proposal to establish a Negotiating Commission.

18. Mr Luce asked how South Atlantic security would figure in the Commission's work. Sr Ortiz de Rozas thought that while some matters, such as security and the Antarctic, were not strictly speaking components of the dispute, they could profitably be discussed within the same negotiating machinery. These were matters of great importance to both sides, and our interests coincided. We could examine these matters and agree on how to proceed once the Negotiating Commission had recommended a solution to the dispute.

19. Sr Ortiz de Rozas wanted to make clear that Argentina had no quarrel with the Islanders. There were many British people who were fully integrated into Argentine society. In many ways, the Islanders were innocent bystanders, descendants of those who had illegally occupied the Islands in the 19th century. Argentina's dispute was not with the Islanders, but with the UK. Argentina wanted to ensure the Islanders' material and cultural well-being. They understood the Islanders' emotional ties with the UK and their wish to continue them. The same was true of other British communities in Argentina, e.g. the Welsh in Patagonia. The Islanders had a distorted view of Argentina as an enemy. This was wrong. The Islanders' interests were the prime concern of both British and Argentine Governments. Mr Luce agreed that our common interests was to solve the dispute if at all possible. However, he wished to make clear that for Britain it was the Islanders' wishes, not their interests, which were paramount. This was why it would be essential to have Islander representation and participation in the whole

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process of a Negotiating Commission. Mr Blake agreed. Small communities were always suspicious of outsiders. The Islanders were just as suspicious of the UK as they were of Argentina. They were always afraid that they would be swamped. For example, Sr Ros had voiced his objection to the Aliens Ordinance, but its sole purpose was to prevent the Islanders being swamped by outsiders. This was a basic fear for the Falklands. At the moment the Islanders were a majority. Tomorrow they might well be the ethnic minority.

Sr Ortiz de Rozas claimed to understand this perfectly. Most of the British delegation were fairly new to these negotiations; in contrast he and Sr Ros had been attending them for the last 16 years. He had a strong sense of déjà vu. His delegation had been told 16 years ago of the virtue of dispelling the Islanders' fears about Argentina. The Argentines had found this a sensible idea, and the Communications Agreement had developed from it. He well appreciated the Islanders' doubts. But unless the Argentines were given a fair chance to demonstrate their good intentions, he did not see how they could ever win the Islanders over. They wanted to show what they could do.

20. Mr Luce suggested that if the Argentines had nothing further to add on the substance of the Commission's work, both sides could adjourn until the afternoon. Sr Ros suggested an examination of the mechanics of a Commission, e.g. regularity of meetings and the time it would be given to operate. Mr Fearn thought it would be valuable for the British delegation first to discuss among themselves the outcome of the morning talks and Mr Luce agreed.

21. The meeting adjourned at 11.45.

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FIRST DAY, FRIDAY 26 FEBRUARY: SECOND SESSION, IN THE UK MISSION
AT 1600

1. Mr Luce opened the afternoon session by thanking Sr Ros again for his exposition of the Argentine proposal in the morning. The British delegation had taken the opportunity of the early adjournment to examine it in detail. We wished now to present a working paper to ensure that both sides understood each other fully on the framework within which a Negotiating Commission would operate. This would be to avoid any misunderstanding. (Copies of the British draft were then handed out).

2. Sr Ros commented on the inclusion of wording recording the Islanders' right to participate in the Commission. While the Argentines had no objection to the Islanders' presence, it must be clear from the outset that they were members of the British delegation: there must be no question of giving the Islanders the right to participate as a third party. Mr Luce emphasised that the British paper was only a draft and it was not intended for public use. It was a paper to clarify the two sides' respective positions on the proposal to establish a Negotiating Commission and it could usefully form the basis of their recommendation to their respective governments. Sr Ros repeated that the Argentines could not say in public that the Islanders had a right to participate in the talks. Mr Luce repeated that the paper was not intended to be a press statement. Sr Ros again expressed the hope that the British delegation were not intending to change the Islanders' status at the talks. This would not be acceptable to the Argentines. Mr Blake said that for the Islanders too the only basis for acceptance of this document was as a working paper.

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3. Mr Williams made clear that the draft represented the British understanding of the position; it was an attempt to pin down what was really meant by the Argentine proposal. Sr Ros then questioned the inclusion in the draft of a sentence to the effect that no approaches which might lead to a solution of the dispute should be ruled out. For the Argentines it would not be possible to accept any agreement that excluded the Argentine claim to sovereignty. If the British side proposed to work on the premise of the retention of British sovereignty or, for example, a freeze, then there was no point in even starting work. He would prefer the exclusion of any such reference. Mr Williams thought that the implications of this phrase were that the Commission's discussions should not be limited in any way. It would be important to determine whether every aspect had been covered before the commission reached a conclusion. It was important for neither side to be blinkered in their approach. Sr Ros repeated that the inclusion of the possibility of considering any solution which excluded recognition of the Argentine claim would invalidate the whole exercise. The Argentines wanted to find common ground to solve the dispute. Mr Luce thought the Argentines were reading too much into the phrase. It meant only that both sides should feel free to explore every avenue. Its purpose was to demonstrate ^{the} broad latitude which the British side were prepared to adopt. Mr Fearn did not see how a Negotiating Commission could operate if its outcome were prejudged. Sr Ros thought that if he were to accept this wording he might be conceding that the Argentine claim need not even be considered. He would be exposing himself to great criticism in Argentina. Mr Luce thought Sr Ros's reservations were groundless. It was important to have a comprehensive examination of all aspects of the problem. Nothing in the paper excluded this. Mr Fearn felt that it was reasonable to assume that there was not just one possible solution to the dispute; there had to be a number of middle positions in the divide between the status quo on the one hand and a transfer of sovereignty on the other.

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(The delegations then separated to seek to agree wording to meet the Argentine difficulties on the original draft).

4. After agreeing that each delegation should reflect on the revised draft overnight, Mr Luce asked whether Sr Ros had any other points to raise. Sr Ros said that the Argentines were worried that the British Government might say in public statements that a final solution to the dispute need not take the Argentine claim into account. He wished to make it clear that there was no question of the Argentines putting aside their claim. Mr Luce made clear again that the purpose of the working paper was to refine our mutual understanding of the nature and purpose of a Negotiating Commission. Sr Ortiz de Rozas was concerned that the British position might not coincide with the Argentines'. In his view the way the Commission would operate was for the Argentines to present their proposal (as they already had) and for the UK to present a counter proposal. Our agreed aim must be to solve the dispute. But Sr Ros had to be careful of Argentine sensibilities. It was very important how Mr Luce handled statements in Parliament: nothing should be said to preclude the Argentine claim. Both sides had to be honest with each other. It was possible to work on the basis of assumptions, i.e. a solution to certain aspects could be worked out on the assumption that an overall solution would eventually be possible, but the Argentine position remained that sovereignty over the Falklands was rightfully theirs.

5. Mr Luce said that he understood the sensitivities. However, the Argentines must also recognise the sensitivity of the

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Islanders and his accountability to Parliament. The common objective was to find a solution to the dispute. He agreed that both sides would have to be careful about what they said in public but he stressed again that the paper under discussion was not for public use; and it was only a working document.

6. Sr Ros drew attention to the fact that certain items mentioned in the original Argentine proposal did not appear in the working paper, e.g. venue, level of participation, periodicity and a cut-off point. On venue, the Argentines felt strongly that meetings should be held alternately in the two capitals. They felt this would help both sides to face facts. Mr Fearn agreed that meetings in capitals would enable the Commission's work to be much more efficient, at least for the host country. But there were dangers from the point of view of retaining confidentiality. Mr Luce agreed that meeting in capitals would be politically more sensitive and might attract unwelcome attention to the proceedings. Mr Williams reminded the Argentines that one reason we met in New York was to avoid dramatising the dispute and attracting press interest. This would be more difficult in capitals. Sr Ortiz de Rozas agreed that care would need to be taken, but thought that the difficulties would be outweighed by the psychological advantages and the considerations of greater efficiency.

7. On periodicity Mr Luce agreed that the Commission would need to proceed as rapidly as possible, but thought that we should be tying ourselves down unnecessarily if we were to agree to monthly meetings. He thought it better not to hold meetings at precise intervals but to have them as and when required. He agreed that there should be a launching meeting and that this should be at Ministerial level. This first meeting would identify certain requirements (e.g. what sub-groups would need to discuss) and it would then decide who

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should participate in which group and when they should meet. Mr Fearn felt there would clearly be practical difficulties in pinning Ministers down to certain fixed times. Mr Williams agreed. He thought it was also important to allow time to prepare sufficient input for the meetings. This was the best way to avoid rhetoric.

8. Sr Ros asked for the British reaction to the proposal that the work of the Commission should be terminated after a year. Mr Luce felt that timing this precise could be counter-productive. It would put the work of the Commission under pressure which would make the negotiating task more difficult. There was clearly a need to push the whole process along; he wanted the Argentines to be clear that HMG wished to find a solution too. This was why we were prepared to consider the new structure being proposed. But he felt that a fixed date for termination would make the task more difficult. Mr Cheek agreed that it would be undesirable. It might be that the Commission was making good progress but would have to stop work because of the arrival of a rigid deadline. Mr Williams thought the idea of a preordained cut-off point would be politically dangerous if it leaked to the press. It would attract highly unwelcome attention to our activities. Mr Luce wondered whether it would not be possible to consider a review mechanism at Ministerial level. After a fixed period of time, e.g. one year, Ministers could review the achievements of the negotiating mechanism and decide whether it was worthwhile. Sr Ros felt such an idea to be contradiction in terms: the whole Commission would be held at Ministerial level. Mr Luce agreed that the first meeting should be held at Ministerial level but did not see the need for Ministerial presence at each meeting. He could certainly not guarantee his presence at regular meetings. Sr Ros repeated his feeling that 12 months should be more than enough to ascertain a basis for a solution to the problem. Sr Ortiz de Rozas said that the Argentines did not expect to have a final treaty within a

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year. But it was important for his government to see that a date was incorporated from the outset. After 16 years of inactivity the Argentines had to show that progress was being made. If they could not do so, public opinion in Argentina would grow even more hostile.

9. Mr Luce said he had found all this discussion helpful and would reflect overnight on the various points raised. He repeated that the paper was only a framework. Details would have to be worked out later. He proposed that the meeting adjourn until the next day and discuss the mechanisms of the Commission's work then. Sr Ros asked how long the British Government would need to give an answer to the overall proposal. Mr Luce said that he would put the recommendation to his colleagues as soon as possible and he was sure that the Islanders would do the same. We wanted to make progress. He would consult with his colleagues and give a reply as soon as possible. Sr Ros tried to pin Mr Luce down. Would a reply be forthcoming within a month? Mr Luce said that he could promise that a reply would come in weeks rather than months, and a decision would be based on his positive recommendation. However, he could not commit his government to replying by a certain date.

10. The meeting adjourned at 1845.

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SECOND DAY, SATURDAY 27 FEBRUARY: THIRD SESSION, IN THE ARGENTINE MISSION AT 1000

1. Sr Ros welcomed the British delegation and asked whether they had considered the Argentine proposal further.

2. Mr Luce said that before he commented in detail on the Argentine proposal he would like to make one or two general points about the Argentines' feeling of frustration. He recalled that Sr Ros had said on the previous day that, despite 16 years of negotiations, no progress had been made. The British view of the discussions was that all parties should be trying to generate an atmosphere of mutual trust in which progress could be made. If this was so, it was not helpful for the Argentines to take actions which generated mistrust and resentment amongst the Islanders and public opinion in the UK. Examples of this were the illegal occupation of Southern Thule; the operation of a ham radio and the franking of Argentine stamps in Southern Thule; unauthorised overflights of the Islands and Dependencies; the offer of the Magallanes Este block; and, in recent weeks, speculation in the Argentine press about the possibility of military action. All this caused great irritation, both in the Islands and in Britain. He asked whether Councillors would wish to elaborate on anything he had said. Mr Cheek said that over the last 16 years there had certainly been considerable contact between Islanders and Argentines and this had probably been to the benefit of both. Over the years, despite unquestionable Islander suspicion, the relationship had developed quite well. The Argentines had been kind to the Islanders. But they had probably expected matters to make much faster progress than they had. This might have led to occasional Argentine harshness which, however, in its turn made further progress more difficult. He accepted that the Argentines were not

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solely to blame for this; both Islanders and Argentines had to accept responsibility. Mr Blake added that it was very difficult for large countries to appreciate the sensibilities of small communities. Events of minor importance could arouse widespread opposition. The recent comment in the Argentine press, for example, had made the two Councillors' attendance at the New York talks particularly difficult.

3. Sr Ros felt that the main purpose of the talks was to discuss the sovereignty dispute. If progress could be made here he was sure that these minor difficulties could be overcome. He reminded the British side that the Argentines' sense of frustration was deep-rooted. Despite all the years that had passed and the many attempts to find a way forward there had been no progress. The Argentines had made many offers and practical suggestions to the Islanders; these had all been rejected, apparently for the sake of rejection. Argentine sensitivities had to be taken into account as well. Sr Ortiz de Rozas cited the example of the recent issue of stamps for the Falkland Islands Dependencies depicting the Princess of Wales. This had been seen in Argentina as a direct provocation. Mr Luce ended this part of the discussion by saying that he had just wished to convey certain points to the Argentines as background. He proposed that the discussion move on to the mechanics of the Negotiating Commission.

4. Sr Ros said that he had spoken to his Foreign Minister overnight and had been instructed to urge that the Commission should meet for the first time on 1 April. Mr Luce doubted whether April Fool's Day was the most appropriate day to begin work. More fundamentally, he stressed that he would have to discuss the whole proposal for a Negotiating Commission with his Ministerial colleagues; the Councillors would have to consult their colleagues as well. There was no doubt that both he and the Councillors wished to respond as soon as

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possible but he could not now give a definite date by which a reply would be ready. As soon as an agreement had been reached, dates could be pursued through our respective Ambassadors. Mr Luce could not commit himself so early but he had already agreed that the first meeting should be at Ministerial level and he would be happy to work out the earliest convenient dates with the Argentine Ambassador in London.

5. On the question of venue, Mr Luce repeated that he had no strong objections to meeting alternately at capitals. He thought the danger of attracting attention to the talks would be outweighed by the greater efficiency. Mr Fearn and Mr Williams could see the increased difficulty of keeping the meetings confidential in capitals, but conceded that this would have greater symbolic value than continuing to meet in third countries.

6. Mr Luce then turned to the question of a time limit for the Commission's work. He had liked Sr Ortiz de Rozas' suggestion that Ministers should meet to review the value of the instrument after one year's operation. He thought this would give the necessary new impetus to the discussions without applying counterproductive pressure. Sr Ortiz de Rozas said that it was essential for Argentine public opinion that a fixed term was imposed ab initio. There was widespread criticism that nothing had happened following previous rounds of talks and the Argentine Government could not risk this happening again. Obviously if, after a year's operation, the Negotiating Commission was near agreement on a solution then it would continue. But without a cut-off point it would be very difficult to make the necessary progress. Sr Ros emphasised that it must be understood from the outset that his Government were firmly committed to a one year term for the Commission's work and no longer. He agreed with Sr Ortiz de Rozas that this time limit needed to be imposed

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in addition to the discretion given to either side to end the Commission's work at any time if they could detect no progress. Mr Luce felt that it was important to give this new mechanism a chance. We were all working for the same objective but it was more difficult to work under pressure. Mr Williams agreed that both sides should see how the mechanism worked. If it was not successful we should try to develop a new and more effective one. Sr Ros said that the Argentines were prepared to give as much time and effort as was necessary but only as long as positive progress was made. Sr Ortiz de Rozas stressed that it was very much in Argentine interests for the Commission to work; it was, after all, an Argentine proposal. Mr Fearn said it was the responsibility of both sides to make the Commission work.

7. Sr Ros said that if this one year term was to be useful it would be important to set a fast rhythm and a pace from the outset. That was why the Argentines wanted a commitment to monthly meetings of the Commission.

There then followed a long, repetitive and sterile argument about the frequency with which meetings should be held. The British side (Mr Luce, Mr Williams and Mr Fearn) maintained that it was not realistic to think in terms of monthly meetings. It would be more practical to meet as required. The first Ministerial-level meeting would set work in hand and decide an appropriate time-scale. It was important not to be too rigid. There was no question of deliberate procrastination, it was merely a matter of the practical difficulties of carrying out the work that would be necessary and ensuring that it was comprehensive. Mr Luce said that he could accept wording like 'the Commission should meet as

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regularly as required and with the maximum possible frequency' but he could not agree to commit himself to monthly meetings. The Argentine side (Sr Ros, Sr Ortiz de Rozas and Sr Blanco) maintained that it was essential for their Government that there should be a commitment from the beginning to meet each month. They conceded that the Commission would be master of its own procedure and could decide the exact timing of its own meetings, but they could not concede meetings at more than monthly intervals. They held that the only way to be sure that progress could be made towards a solution to the dispute within a year was to force all concerned to work to this rapid pace. They later agreed that, if only the British side could accept the principle of monthly meetings, the Argentines could accept that the Commission need not meet quite as regularly as this; e.g. if a particularly difficult objective had to be examined, the Commission might take two months to look at it carefully. They were strongly opposed to allowing the Commission to set up its own time-table as they were convinced that if they did so dates would almost certainly slip. Nor did they feel that the whole question of the regularity of meetings should be left to the first meeting of the Negotiating Commission; if the two sides could not agree in New York, there was little prospect of their agreeing in capitals. (Over lunch Sr Ros finally agreed that all reference to periodicity should be omitted from the working paper, provided Mr Luce informed his colleagues of the Argentine preoccupation with the need to give visible urgency to a Commission's work and provided that the British view on the question of frequency of meetings were given in the eventual response to the Argentine proposal).

8. Sr Ros then wished to clarify the level of participation.

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He proposed that, as well as the first meeting being held at Ministerial level, each subsequent meeting should be chaired by the Minister of the host government. Mr Luce said he saw little difficulty with this, providing the Argentines understood that the host Minister might not necessarily be present throughout the sessions. He would open each meeting and technically remain in the chair but he might well have to delegate his functions to a senior official. Sr Ortiz de Rozas thought that his side would have little difficulty with this idea, as long as the British side understood that it would have to be a senior official in charge of the Commission. He proposed, and Mr Luce agreed, that if the Minister of the visiting team wished to attend a particular meeting he could do so.

9. The meeting then looked again at the British draft working paper. Mr Fearn recalled that it was no more than a mind-clearing exercise and expressed the British understanding of the agreement reached. If the Argentines wished, a paragraph could be added on the question of mechanics. Sr Ros accepted that the paper had no formal status, but as it was intended to reflect mutual understanding, it was important that it should include a section on the mechanics. It was agreed that Sr Blanco and Mr Fearn should look at the paper in the light of the morning's discussion and agree a text for submission to the afternoon session.

10. The British side then presented the Argentines with a short draft communiqué and asked for their views. Sr Ros's initial reaction was that he would prefer to have a more substantive communiqué, reflecting in detail the Argentine proposal. Mr Luce said that he would have no objection to a mention of the proposal but to include details would be to preempt the outcome of his discussion with his colleagues. It would create dangerous speculation and attract unwelcome

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pressure, which would help neither side. Mr Fearn and Sr Blanco then discussed in private the wording of the communiqué. The principal difficulty was the Argentine wish to include a reference to the need to accelerate the rate of progress over the dispute. This was unacceptable to the British side, who were however prepared to acknowledge in the communiqué the Argentines' wish to expedite matters.

11. The meeting then reconvened in plenary and agreed to finalise the text of both the communiqué and the working paper in the afternoon session. The meeting adjourned at 1300.

SECOND DAY, SATURDAY 27 FEBRUARY: FOURTH SESSION, IN THE ARGENTINE MISSION AT 1530

1. Mr Luce opened the final session by saying that there should be no misunderstanding about what all those attending the talks should say on their return home. For example, while he was well aware of the Argentine position on sovereignty, he would have no option but to reaffirm in public that Britain had no doubt about her sovereignty over the Falklands. We were firmly committed to acting only in accordance with the wishes of the Islanders and there could be no getting away from that principle. If asked about the substance of the talks he would naturally say that the discussions were confidential but that all sides wished to solve the dispute by peaceful means. Sr Ros agreed that all concerned needed to be very careful what they said at home. For his part he would say that the Argentine side had presented a proposal to expedite the work towards a peaceful solution to the sovereignty dispute and that the proposal was subject to final answer by HMG in the near future.

2. Mr Cheek asked Sr Ros whether there was anything which the Councillors should avoid mentioning. Sr Ortiz de Rozas said only that it would be damaging if any party said something that had not been said elsewhere. The Argentines would not reveal details of their proposal because of Mr Luce's obligations to his Ministerial colleagues. There would be no mention of the detail of a 'Negotiating Commission'. In return, the Argentines would expect there to be no rejection of their claim to sovereignty. Mr Blake found the discussion very helpful. He thought that most aspects had been covered quite satisfactorily, now that he and Mr Cheek knew what

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the Ministers intended to say. He was sure that he could stay within the parameters laid down. Mr Williams was sure that both sides would be asked what substance had been discussed. Would it be possible to say simply that the meeting had been to discuss procedures only? Sr Ros felt that this might give the impression that the talks had again been entirely unprofitable for the Argentines and he would prefer that this should not be said.

3. Agreement was then quickly reached on the final text Annex C,D of an informal working paper and a communiqué.

4. The talks ended at 1700.

South America Department
Foreign and Commonwealth Office

2 March 1982

TEXT OF ARGENTINE BOUT DE PAPIER

(delivered on 27.1.82)

BEGINS

1. ARGENTINE POSITION

THE ARGENTINE POSITION ON THE QUESTION OF THE MALVINAS SOUTH GEORGIA AND SOUTH SANDWICH ISLANDS IS WELL KNOWN BY THE BRITISH GOVERNMENT, BUT IT WOULD BE USEFUL TO SPELL IT OUT ONCE AGAIN TO MAKE ANY ARGENTINE PROPOSAL EASIER TO UNDERSTAND.

THE PRESS COMMUNIQUE PUT OUT BY THE ARGENTINE GOVERNMENT ON 27 JULY 1981 IS A FUNDAMENTAL BASIS. ESSENTIAL POINTS IN THE NEGOTIATIONS WERE SET OUT IN IT.

A) QUESTION OF SOVEREIGNTY

IN THE FIRST PLACE, BRITISH RECOGNITION OF ARGENTINE SOVEREIGNTY OVER THE ABOVE-MENTIONED ARCHIPELAGOS IS THE BASIC ELEMENT OF THE ARGENTINE POSITION. IT REMAINS A SINE-QUA-NON REQUIREMENT FOR THE SOLUTION OF THE DISPUTE.

SO LONG AS THIS QUESTION IS UNRESOLVED THE DISPUTE WILL CONTINUE. CONSEQUENTLY NEITHER MUST IT NOR CAN IT BE IGNORED, BECAUSE THE ARGENTINE REPUBLIC, HOWEVER MUCH TIME MAY PASS, WILL NEVER ABANDON ITS CLAIM NOR RELAX ITS DETERMINATION UNTIL THIS HAS BEEN SATISFIED.

FROM THE BEGINNING IT HAS HAD RECOURSE TO NEGOTIATION AS A MEANS OF SEEKING A PEACEFUL SOLUTION TO ACHIEVE ITS JUST CLAIM. THIS NEGOTIATION HAS INVARIABLY BEEN PROMOTED BY SUCCESSIVE ARGENTINE GOVERNMENTS ON THE BASIS OF WHAT WAS ESTABLISHED BY THE UNITED NATIONS GENERAL ASSEMBLY IN ITS RESOLUTIONS 2065(XX), 3160 (XXVIII) AND 31/49 (XXXI).

B) ESSENTIAL CHARACTERISTICS OF THE NEGOTIATIONS ON SOVEREIGNTY

IN THIS CONTEXT, THE ARGENTINE GOVERNMENT APPEALS FOR THE NEGOTIATIONS TO BE SERIOUS AND IN DEPTH, BASED ON THE GREATEST GOOD FAITH AND THE POLITICAL DETERMINATION NECESSARY RESOLUTELY TO PUSH FORWARD FROM NOW ON A PROCESS CULMINATING, WITHIN A REASONABLE PERIOD OF TIME AND WITHOUT PROCRASTINATION, IN THE RECOGNITION OF ARGENTINE SOVEREIGNTY OVER THE ISLANDS IN DISPUTE.

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SO FAR, AND DESPITE THE NEGOTIATING MEETINGS HELD IN THE PAST, THERE HAS BEEN NO CONCRETE PROGRESS.

IT IS ALMOST IDLE TO POINT OUT THAT THERE HAS BEEN FOR SOME TIME A GROWING AWARENESS BY THE ARGENTINE PEOPLE OF THE LACK OF PROGRESS IN THE MALVINAS QUESTION, AND THAT THE MATTER HAS NOW REACHED A POINT WHICH DEMANDS SOLUTIONS, WITHOUT FURTHER DELAYS OR DILATORY ARGUMENTS.

C) INTERESTS OF THE ISLANDERS

THE ABOVE-MENTIONED RESOLUTIONS OF THE UNITED NATIONS GIVE DUE ATTENTION TO THE QUOTE INTERESTS UNQUOTE (UNDERLINED) OF THE INHABITANTS OF THE ISLANDS, IN THE CONTEXT OF THE NEGOTIATION TO WHICH THEY INVITE BOTH GOVERNMENTS. AT NO POINT DO THE DECISIONS OF THE WORLD ORGANISATION REFER TO THE QUOTE WISHES UNQUOTE (UNDERLINED) OF THE ISLANDERS, BECAUSE THE DISPUTE IS CONFINED TO THE ARGENTINE AND BRITISH GOVERNMENTS.

THE POSSIBILITY EXISTS OF FINDING A MEETING POINT BETWEEN OUR RESPECTIVE POSITIONS IN THIS ASPECT OF THE MATTER, IN THAT THE ARGENTINE GOVERNMENT, ALWAYS IN THE SPIRIT OF PUSHING THE NEGOTIATING PROCESS RESOLUTELY FORWARD, HAS REPEATEDLY DEMONSTRATED ITS CLEAR INTENTION OF RESPECTING THOSE INTERESTS, INCLUDING THE PRESERVATION OF THE WAY OF LIFE AND CULTURAL TRADITIONS OF THE ISLANDERS. TO THIS END, IT IS READY TO DRAW UP A SPECIAL STATUTE OF SAFEGUARDS.

NO-ONE CAN CAST DOUBT ON THE FACT THAT SUCCESSIVE ARGENTINE GOVERNMENTS HAVE MADE GREAT EFFORTS TO SATISFY ISLANDER INTERESTS IN A PRACTICAL WAY, AS DEMONSTRATED BY, AMONG OTHER THINGS, THE COMMUNICATIONS SYSTEM WHICH HAS BEEN IN OPERATION SINCE 1971.

IN SPITE OF ARGENTINE GOOD WILL, THIS POLICY HAS NOT PRODUCED THE RESULTS EXPECTED OF IT.

THERE IS A VIRTUAL ABSENCE OF INFORMATION IN THE ISLANDS ABOUT THE REAL THINKING OF THE ARGENTINE GOVERNMENT. FURTHERMORE, DELIBERATELY TENDENTIOUS VERSIONS ARE PUT ABOUT TO DETRACT FROM THE ARGENTINE POSITION AND DELAY THE PROGRESS OF A NEGOTIATED SOLUTION. THE NEXT MEETING SHOULD ADDITIONALLY SERVE TO CLARIFY AND PUT AN END TO SUCH A STATE OF AFFAIRS.

THE OBJECT OF THE STATUTE OF SAFEGUARDS MENTIONED ABOVE WILL BE TO CONSIDER AND RESPECT THE DIFFERENT ASPECTS WHICH COMPRISE THE QUOTE INTERESTS UNQUOTE (UNDERLINED) OF THE INHABITANTS, FOR EXAMPLE, MATTERS RELATING TO MILITARY SERVICE, TAX EXEMPTIONS, PROTECTION OF PROPERTY RIGHTS, MAINTENANCE OF THE LANGUAGE AND CERTAIN INSTITUTIONS, ETC. AS AN ADDITIONAL GUARANTEE THE

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AGREEMENT WHICH THE PARTIES MIGHT REACH ON THIS MIGHT BE SUBMITTED TO THE UNITED NATIONS. IT MUST BE REPEATED HERE THAT ARGENTINA HAS NO INTENTION OF DISTURBING THE ISLANDERS' WAY OF LIFE, SO LONG AS THERE IS AN ADEQUATE BALANCE BETWEEN THEIR INTERESTS AND THE RECOVERY OF ARGENTINE SOVEREIGNTY.

TO MAKE PROGRESS IN THIS MATTER, IT WOULD BE NECESSARY FOR THE BRITISH GOVERNMENT TO MAKE KNOWN WHAT ARE THE SAFEGUARDS IT CONSIDERS NECESSARY AND CONDUCTIVE TO THE PRESERVATION OF THE WAY OF LIFE AND TRADITIONS OF THE ISLANDERS.

(D) NATURAL RESOURCES

THE ISOLATION IN WHICH THE ISLANDS HAVE FOUND THEMSELVES FOR MANY YEARS, THE SCANT ECONOMIC DEVELOPMENT, THE DIMINISHING POPULATION FIGURES AND OTHER NEGATIVE FACTORS FAVOUR A TENDENCY TOWARDS IMMOBILITY. THESE PROBLEMS WILL REMAIN WHILE THE DISPUTE IS UNRESOLVED, SINCE THIS CONSTITUTES A SERIOUS OBSTACLE TO THE EXPLOITATION OF NATURAL RESOURCES.

THE LACK OF EXPLOITATION ON THE ONE HAND AND THE DEPREDATION OF RESOURCES ON THE OTHER, IN THE CONTEXT OF A WORLD SHORT OF FOOD AND AVID FOR ENERGY, IS AN OBVIOUS NONSENSE AND ANACHRONISM WHICH MUST CEASE. THE ARGENTINE REPUBLIC, WHICH VIEWS THE MALVINAS QUESTION AS A GLOBAL SUBJECT WHICH MUST ALSO BE SOLVED GLOBALLY, IS READY TO SEEK PRACTICAL FORMULAE TO GIVE CONCRETE FORM TO THE EXPLOITATION OF THESE RESOURCES TO THE BENEFIT OF ALL CONCERNED.

IT MUST REMAIN VERY CLEAR HOWEVER THAT ANY IDEA OF MAKING PROGRESS IN THE SEARCH FOR PRAGMATIC FORMULAE FOR EXPLORATION AND EXPLOITATION WHICH MIGHT MEAN A DELAY OR PARALYSIS OF THE SOLUTION TO THE SOVEREIGNTY QUESTION IS TOTALLY UNACCEPTABLE TO ARGENTINA.

(E) SECURITY IN THE AREA OF THE SOUTH ATLANTIC

FOR THE ARGENTINE REPUBLIC, THE SECURITY AND DEFENCE OF THE AREA OF THE SOUTH WEST ATLANTIC IS A VITAL NATIONAL INTEREST. THE ARGENTINE GOVERNMENT HAS THE RESPONSIBILITY OF MAINTAINING MAXIMUM VIGILANCE FOR THE PROTECTION OF THIS AREA OF THE ATLANTIC, IN WHICH THE ISLANDS OF THE SOUTH ATLANTIC HAVE GREAT IMPORTANCE. THE MAINTENANCE OF THE DISPUTE IS INCOMPATIBLE WITH THE APPROPRIATE DEFENCE OF THE AREA OF THE ATLANTIC OCEAN OFF THE COAST OF THE ARGENTINE MAINLAND.

II PROPOSAL

IT IS THEREFORE IN THE UNDERSTANDING THAT THE QUESTION OF SOVEREIGNTY OVER THE MALVINAS, SOUTH GEORGIA AND THE SOUTH SANDWICH ISLANDS MUST BE RESOLVED PEACEFULLY, DEFINITELY AND RAPIDLY (UNDERLINED) IN THE

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INTERESTS OF THE PARTIES TO THE DISPUTE AND OF ALL THOSE INTERESTED IN RESOLVING IT, THAT THE ARGENTINE GOVERNMENT IN ORDER TO DEVELOP THE NEGOTIATING PROCESS, PROPOSES THE ESTABLISHMENT OF A PERMANENT NEGOTIATING COMMISSION, TO MEET IN THE FIRST WEEKS OF EACH MONTH ALTERNATELY IN EACH CAPITAL. THIS SHOULD BE RESPONSIBLE FOR MAINTAINING THE CONTINUITY AND IMPETUS OF THE NEGOTIATIONS, WITHOUT IT HAVING TO DEPEND UPON ONLY SPORADIC MEETINGS, DEVOID OF CLEAR OBJECTIVES AND CONCRETE RESULTS.

ITS TECHNICAL-POLITICAL LEVEL SHOULD ALLOW A DEEP BUT AGILE TREATMENT OF THE SUBJECT MATTER, IN CONDITIONS FAVOURABLE TO PROPOSING SOLUTIONS TO THE GOVERNMENTS. THE COMMISSION WOULD HAVE A DURATION OF ONE YEAR. IT WOULD BE OPEN TO DENUNCIATION BY EITHER SIDE AT ANY TIME WITH PRIOR WARNING TO THE OTHER SIDE.

THE ARGENTINE GOVERNMENT CONSIDERS THAT THE ESTABLISHMENT OF THIS COMMISSION, PREFERABLY WITHIN THE SECOND TWO-MONTH PERIOD OF 1982, TOGETHER WITH SINCERITY AND GOOD FAITH TAKING ACCOUNT OF THE POSITIONS OF BOTH SIDES, WOULD OFFER THE BEST POSSIBILITY OF REACHING SUCCESS IN ITS WORK.

THE ARGENTINE GOVERNMENT WILL ANALYSE THE FUTURE OF THESE NEGOTIATIONS IN THE LIGHT OF THE REPLY WHICH THE BRITISH GOVERNMENT GIVES TO THIS PROPOSAL, HOPING THAT THIS MAY BE GIVEN BEFORE OR DURING THE NEXT ROUND OF NEGOTIATIONS TO BE HELD IN NEW YORK IN FEBRUARY 1982. ENDS.

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TEXT OF BRITISH REPLY

(delivered on 8.2.82)

BEGINS. HER MAJESTY'S GOVERNMENT ARE GRATEFUL TO THE ARGENTINE GOVERNMENT FOR THE CLEAR EXPOSITION OF THEIR ATTITUDE TOWARDS THE INTER-GOVERNMENTAL TALKS ON THE FALKLAND ISLANDS DISPUTE, CONTAINED IN THE BOUT DE PAPIER HANDED TO THE BRITISH AMBASSADOR IN BUENOS AIRES ON 27 JANUARY.

HER MAJESTY'S GOVERNMENT WISH TO REAFFIRM THAT THEY ARE IN NO DOUBT ABOUT BRITISH SOVEREIGNTY OVER THE FALKLAND ISLANDS, THE FALKLAND ISLANDS DEPENDENCIES, THEIR MARITIME ZONES AND CONTINENTAL SHELVES. THEY CAN NOT THEREFORE ACCEPT THE ARGENTINE ASSUMPTION THAT THE PURPOSE OF THE NEGOTIATIONS IS THE EVENTUAL RECOGNITION BY HMG OF ARGENTINE SOVEREIGNTY IN THE AREA. NEGOTIATIONS SO FAR HAVE BEEN CONDUCTED ON THE BASIS THAT THE SOVEREIGNTY POSITION OF NEITHER SIDE IS PREJUDICED. IT IS ON THAT BASIS THAT HMG REMAIN READY TO CONTINUE THE NEGOTIATING PROCESS, AND ON WHICH THE REPRESENTATIVES OF HMG ATTENDING THE FORTHCOMING TALKS IN NEW YORK WILL BE READY TO DISCUSS IN DETAIL THE PROPOSAL TO ESTABLISH WORKING GROUPS TO LOOK AT PARTICULAR ASPECTS OF THE DISPUTE.

HER MAJESTY'S GOVERNMENT WISH TO REAFFIRM THAT IT IS THEIR WISH TO FIND, BY NEGOTIATION, AN EARLY AND PEACEFUL SOLUTION TO THIS DISPUTE WHICH CAN BE ACCEPTED BY ALL CONCERNED, NAMELY THE BRITISH AND ARGENTINE GOVERNMENTS AND THE PEOPLE OF THE FALKLAND ISLANDS. ENDS.

The purpose of a UK/Argentine Permanent Negotiating Commission would be to accelerate progress towards a peaceful and comprehensive solution of the dispute between Britain and Argentina on sovereignty over the Falkland Islands, South Georgia and the South Sandwich Islands.

The Commission would be presided over by British and Argentine Ministers, who would direct the work of the Commission and who would decide upon the agenda of and participation in meetings held within the Commission's framework. It is understood that the British delegation to the meetings of the Commission may include Islanders.

The task of the Commission should be to identify all the elements of the dispute, to consider them in depth, either separately or in parallel, and to recommend how they might be resolved within an overall settlement. To that effect, in the Commission's work, either side may introduce any subject for examination which, in their view, could contribute to a solution of the dispute.

It is foreseen that the period of operation of the Commission should be for one year, at the end of which Ministers will review progress and reach conclusions on whether the Commission should continue its work. During this first year of operation, it will be open to either party to propose at any stage the Commission's termination. Meetings of the Commission should be held alternately in the capitals of the two countries. The first meeting will be attended by both Ministers and it will be open to Ministers of either side to attend any subsequent meetings. Meetings in each capital would be chaired by the Minister of the host Government, although he may delegate his functions to a senior official of his Government.

The work of the Commission should be conducted without prejudice to the sovereignty position of either Government.

JOINT COMMUNIQUE

The British and Argentine Governments held a meeting at Ministerial level in New York on 26 and 27 February 1982 to discuss the Falkland Islands question within the negotiating framework referred to in the relevant resolutions of the United Nations General Assembly.

The British and Argentine delegations were led respectively by Mr. Richard Luce MP, Minister of State at the Foreign and Commonwealth Office in London, and Ambassador Enrique Ros, Under-Secretary of State at the Ministry of Foreign Affairs and Worship in Buenos Aires.

The meeting took place in a cordial and positive spirit. The two sides reaffirmed their resolve to find a solution to the sovereignty dispute and considered in detail an Argentine proposal for procedures to make better progress in this sense. They agreed to inform their Governments accordingly.

Released at 12.30 GMT on 1 March 1982

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FALKLAND ISLANDS: ANNUAL REVIEW

- A 1. I submit the Governor's 1981 Annual Review for the Falkland Islands together with my draft letter of acknowledgement. The despatch is being printed as a Diplomatic Report.
- 2. The despatch concentrates on the sovereignty dispute. It is inevitable that the view it gives should be a partial one. But, as a description of the Islanders' position, it is admirable and worth reading carefully for that reason. It does however take less account of either the difficulties which confront HMG or the realities of the potential Argentine threat. In advance of the New York talks, it is worth looking at the Governor's various points in detail.

The sovereignty issue

3. In 1981 the leaseback initiative ran into the ground and the Islanders moved to open support of a Fortress Falklands policy. At the beginning of 1981 we had some hope, though not much, that the Islanders might yet be brought to see the need for movement on the sovereignty issue as a prerequisite for overall progress on the dispute. Although Island Councillors proposed a 'freeze' at the Anglo-Argentine talks in February 1981 - a concept which we and they knew in advance to be unacceptable to the Argentines - they did not rule out leaseback: indeed, once a freeze had been rejected, leaseback was all that was left. However, against a background of strong parliamentary opposition to any cession of sovereignty, titular or otherwise, we had no option but to adhere rigidly to a policy of putting no pressure on the Islanders. With the stimulus of the Island elections acting unhelpfully, their position at the end of the year was that they were no longer prepared even to discuss the sovereignty issue with the Argentines. Leaseback is now effectively dead. But its demise means that we are left with no alternative way to prevent the dispute moving sooner or later to more open confrontation. As the Governor says, if the Argentines continue to insist on sovereignty first and we continue to maintain that Islander wishes are paramount, it is difficult to see any way forward through negotiations.

UK/Islander relations

4. It was particularly unfortunate that the Islanders should have been given so much cause in 1981 to suspect HMG's motives over the dispute. It is also ironic, given that our commitment to acting only in accordance with Islander wishes is now stronger and more frequently stated than at any time in recent

years. None of the various "insults" cited by the Governor in his paragraph 4 were in fact aimed specifically at the Falklands; they were all part of wider policies, eg the Nationality Act and the Defence Review. On most of the issues the FCO supported the Islanders' view in Whitehall. As regards the aid programme, there is a long history of bad relations between the Governor and the ODA; we in the diplomatic wing have done our best to encourage them to smooth over their differences. There have been faults on both sides and I suspect that the ODA will react to the charge of ineptitude by accusing the Governor of making extravagant demands.

The media and Parliament

5. 1981 was certainly a year when the Islanders received ample coverage in the media and attention in both Houses. To the extent that this increased the stock of knowledge in the UK about the Islands, it has been helpful. But overall, the Islanders have probably been done a disservice: they have been encouraged to adopt a tougher stance in the knowledge that they have widespread support in the UK. But that support will be of no practical help in preventing the consequences if the Argentines choose to increase direct pressures on the Islands.

Argentine/Islander relations

6. On this I agree with the Governor's analysis. The Argentines' apparent inability to understand the Islanders is a major stumbling-block in the path of any hopes of ever achieving a settlement. The Argentines complain that the Islanders take the services offered but give nothing in return: the 'hearts and minds' operation has failed. In view of the arrogant and insensitive way the Argentines have carried out the whole programme, it is hard to see how it could ever have succeeded. And even if the Argentines had handled the Islanders more carefully, it would remain entirely understandable that people used to the British way of life would not voluntarily elect to be ruled by a military government with an appalling human rights record and an economy in a very poor state.

The Islands' economy

7. Here I feel the Governor is being disingenuous. The Islands' economy is in decline. The cost of living is rising, the income from wool is static or falling. FIG's reserves are slowly being whittled away: it is primarily the revenue from stamp sales which has kept them in the black. I cannot agree with the Governor when he says that, if only we showed more determination to keep the Falklands British, the economy would for that reason pick up. There may well be commercial interest in the various areas he lists in his paragraph 10. However, what investors

want from HMG is not an assurance about sovereignty, nor an unspecified commitment to support and defend the Islands: what they want, failing a solution to the dispute, is a permanent and effective defence presence and financial backing for their ventures. No reputable company is going to invest in any significant way in the Falklands if it know that its investment is vulnerable to the whim of the Argentines. If HMG pumped in enough money, the Islands "might actually prosper". But I can see no prospect of the ODA agreeing to increase their relatively substantial aid programme on developmental grounds in view of the relatively high standard of living which the Islanders enjoy. Nor is it apparent why HMG should consider other forms of financial assistance for the economy unless in the context of an overall solution to the dispute or of a rescue operation.

Contingency plans

8. As the Governor is aware, we have already undertaken preliminary contingency plans for action in the event of Argentine withdrawal of services. These include alternative air services to Chile and Uruguay. But we cannot easily go further without allowing such contingency planning to become public knowledge (or without seeking ministerial agreement to a financial context within which to work). I believe that the Governor is too optimistic on the likely cooperation of Uruguay. Chile, itself embroiled with Argentina on the Beagle Channel dispute, would be the better prospect, both politically and in practical terms. But any such solution would be likely to be temporary and very costly for HMG. The most practical long-term replacement for the air-service would be a sea-service, which would be very infrequent and greatly inconvenient to the Islanders.

British Antarctic Territory

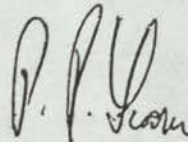
9. The Governor's view of the importance of the Falklands for our position in the BAT is not well-founded. When we started work in the Antarctic 38 years ago, Stanley was the main supply base and, since then, the British Antarctic Survey's establishment in Stanley has been steadily reduced until it is, now, one person. This has been done because of the greater efficiency, helped by better communications, with which BAS can be organised in and managed from Cambridge. All the nations he mentions use ships as the primary means of re-supplying their Antarctic stations. His suggestion that large, multi-million pound aircraft could be used to service our stations from the Falklands makes very little sense. At only one of our six stations is it possible to land any aircraft other than a helicopter. The only facility that the Falklands provide to the Survey that it would be difficult to replace, if use of the Islands were denied to us, is the marine fuel depot. His point about ice-free, deep-water harbours in South Georgia

could be a good one but no-one is clamouring to use them. Even if any oil resources in the Antarctic were to be exploited, a pre-condition would be UK/Argentine agreement on the modalities (within an Antarctic Treaty regime) and we would expect oil companies to prefer to work to the more developed facilities on the South American mainland.

The Outlook

10. The outlook is certainly gloomy. The Argentines are adopting a tough posture. The Islanders are more firmly opposed to sovereignty concessions than ever. We stand uncomfortably in the middle, unable to please either side, but accused by both of failing to end the dispute. If talks break down, the range of actions open to the Argentines will be a good deal wider than the Governor assumes in this despatch: and our limited ability to prevent or withstand Argentine pressures will be embarrassingly apparent. We may still hope that the Islanders will come to the view that an accommodation with Argentina is in their best interest. But it seems more probable that we will find ourselves drawn into increasingly costly political and financial commitments.

11. It will always be difficult for a Governor in Port Stanley to see matters other than through Islander eyes. I have however thought it useful to set out our views in full in the draft reply.



P R Fearn
South America Dept

16 February 1982

cc PS/PUS
Mr Day
Defence Dept

DS 1 (Revised)

DRAFT: ~~xxxxxx/letter/telefax/despatch/notes~~

TYPE: Draft/Final 1+

FROM: Mr Fearn

Reference

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SUBJECT: ANNUAL REVIEW

.....In Confidence

CAVEAT.....

1. Many thanks for your Annual Review for 1981. It has been copied widely in the FCO and Whitehall and will be printed as a Diplomatic Report.

2. The despatch provided an admirable exposition of the situation as seen from the Islands. This is valuable to us in itself. Inevitably, on certain aspects, the perspective in the Islands differs from our own view of the realities; and perhaps I could comment on some of these.

3. On the present position in the dispute, we share your own pessimistic view of the prospects for progress. As you say, while the Argentines continue to put sovereignty first and we continue to make Islander wishes paramount, there is no obvious way ahead through negotiations. We cannot simply persuade the Argentines to drop their claim: and I imagine that Islanders would not want us to disregard their own wishes? This means that, while we may still hope to gain more breathing-space from the New York talks, we are now perilously near the inevitable move from dialogue to confrontation. I assume that Islanders do fully appreciate the difficulties which this would cause them? The range of options open to the Argentines goes of course far wider than a withdrawal of present services. It must also be recognised that for HMG it will not only be

Enclosures—flag(s).....

difficult to find the necessary finance but also, in the final analysis, to defend the Islands and the Dependencies in any adequate way.

4. We had a full discussion of the possible scenarios when you were on leave last summer and you will be aware of the contingency planning undertaken against a withdrawal of services. We shall be clearer on the requirement to take this further forward when we have assessed the outcome of the New York talks. But our ability to provide an alternative air service is unlikely to be conditioned only by what is practical and politically possible (which, incidentally, I doubt would be the case with Uruguay). A main factor will also have to be what it costs to the British taxpayer in terms of capital outlay and running costs, given that any such alternative would be required for an indefinite period. I cannot prejudge Ministers' decisions. But it is probable that the only viable long-term service would have to be by ship: and that whatever ship is found (and we are considering separately your letter of 25 January about the RMS St Helena), it may only be able to make infrequent calls at the Islands. Islanders would have to be prepared to live with such a situation not just temporarily but for an indefinite period.

5. This leads me to comment on your view of the prospects for the Islands' economy. I really cannot see that a stronger assertion of HMG's determination to keep the Islands British would in itself do much to encourage private investment. The main reason why private investors are hesitant is because the sovereignty dispute makes their investment insecure. Until the Argentines choose to renounce their claim or the dispute is resolved in another way, the inclination of investors will be to put their money in a safer place. The potential for expansion is certainly present: but it cannot do other than depend on movement in the dispute. Additional aid for the Falklands economy from HMG might be a palliative, but hardly a solution: and here too one could not neglect the famous British taxpayer!

6. I am sorry to write in such Cassandra-ish style and I am sure you will not interpret what I say as being in any sense "pressure" for Islanders to take a different view on the dispute. They should be in no doubt of the strength of HMG's commitment to act only in accordance with their wishes: but they should also be under no illusion on the difficulties ahead or on the limits to our ability to mitigate the consequences. Unless there is to be a negotiated settlement to the dispute, the way forward for the Islands can only be downhill.

7. A final comment on your point about the value of the Falklands as a support base for operations in BAT. I do not think that there is anything in this. The fact is that, when we started work in the Antarctic 38 years ago, Port Stanley was the main supply base. Nowadays the BAT establishment in the Islands is minimal. This has reflected the greater efficiency, helped by better communications, with which BAS can be organised in and managed from Cambridge. All the countries to which you refer use ships as the primary means of re-supplying their Antarctic stations. The cost (including the infrastructure costs) of operating large aircraft to service our own Antarctic stations would be very great and the benefits relatively minor (at only one of our six stations in BAT is it at present possible to land any aircraft other than a helicopter). If the oil resources of Antarctica are eventually exploited, the significance of the Falklands could perhaps change. But the present view is that, since a pre-condition for exploitation within BAT would be UK/Argentine/Chilean agreement on the modalities, oil companies could be expected to look first at the more developed facilities on the mainland.

8. 1982 seems certain to be a difficult year for us and for the Islands. Whatever the inevitable problems of ^{creating} ~~making~~ a greater climate of trust between HMG and the Islanders (and it is ironic if irrelevant that on most of the 'insults' listed in your paragraph 4 the Department supported the Islander view within Whitehall), it is essential that the

CONFIDENTIAL

Governor should retain their confidence. I should like to make clear our appreciation of the hard and successful work which you have done to achieve this.

FALKLAND ISLANDS

19 January 1982

THE FALKLAND ISLANDS: ANNUAL REVIEW FOR 1981

The Governor of the Falkland Islands to the
Secretary of State for Foreign and Commonwealth Affairs

SUMMARY

The Islanders' relations with Britain and Argentina deteriorated during the year. The community was split on the sovereignty issue. Attitudes hardened after the Argentines rejected the freeze proposal in February. Lease-back an insult to Islanders' loyalty, integrity and intelligence (paragraphs 1-3).

2. Islanders suspected that Her Majesty's Government were making life difficult for them because they had rejected the lease-back option: several decisions taken during the year were interpreted as signs of a diminution in Britain's commitment to the Falkland Islands. Their suspicions were compounded by an inept aid programme; but, although they doubted Her Majesty's Government's good faith, their faith in Parliament and the British public increased as a result of favourable coverage in the news media and a visit by two sympathetic Members of Parliament (paragraphs 4 and 5).

3. The Argentines antagonised Islanders by a combination of insensitivity, arrogance and inefficiency. On top of various irritants in their bilateral relations, the Argentine government's poor performance in running its own affairs convinced Islanders that they were better off outside Argentina (paragraph 6).

4. The economy was badly hit by poor wool prices, imported inflation and rising production costs and wages. A deficit was forecast for this financial year, with reserves down to £½ million, which would however have been worse without the bonus of the Royal Wedding (paragraphs 7 and 8).

5. General elections to the Legislative Council were held in September/October. The sole issue was the sovereignty dispute. They were conducted without incident (paragraph 9).

6. The new Council is less conciliatory than the old. A poor outlook for future talks. But the Islands' economy need not continue to decline. Contingency planning is needed now. An alternative to the Argentine air service (paragraphs 10 and 11).

7. The Falkland Islands are important to our stake in the Antarctic (paragraph 12).

8. They are a very small community, only 1800 people - at shearing time. But they have a strong national pride and will never willingly become part of Argentina (paragraph 13).

Stanley

19 January 1982

The Rt. Hon. The Lord Carrington KCMG, MC
Secretary of State for Foreign and Commonwealth Affairs
Foreign and Commonwealth Office
London SW1A 2AH

My Lord,

The last day of 1981, although the middle of our austral summer, was overcast with strong chill winds, violent hail squalls and the menace of worse to come. It reflected accurately the political and economic tenor at the end of the year.

The Sovereignty Issue

2. The Islanders' relations with Britain and Argentina deteriorated during the year. The start saw a lively debate on the three sovereignty options left behind by Mr Ridley: a freeze, a condominium or the transfer of titular sovereignty to Argentina with a simultaneous long lease-back to Britain (the so-called "Hong Kong solution"). There was a split in the community between those who were willing to talk to the Argentines about these options and those who wished to restrict talks to anything but sovereignty. There were a few who wanted no more talks with the Argentines and a few who saw independence as the only solution. In the circumstances, it was something that there was only one dissenting vote to a Legislative Council motion agreeing to further talks on the basis of a sovereignty freeze.

3. Following the Argentines' flat rejection of this at ministerial talks in New York in February, Islander attitudes hardened against the one remaining proposal: lease-back (the condominium idea had never been a starter). To the emotive appeal of slogans like "Sovereignty is not for sale" and "We are not living in a rented house, we are not working Argie land" was added the feeling that the British had tried hard enough to find

a solution: now it was the Argentines' turn. As the months passed in the run-up to the general elections, more of the moderates pronounced that they would rather leave the Islands than have them owned by Argentina, no matter how titular that ownership might be. Although some of the younger generation were prepared to consider a complete sell-out if the price was right, the feelings of the majority were probably summed up by a young farmer who, when interviewed for a British television programme, said, "Lease-back is an insult to our loyalty, to our integrity and intelligence."

UK/Islander Relations

4. Other "insults" followed: the refusal to grant British citizenship to Falkland Islanders under the new British Nationality Act; the announcement of the withdrawal of HMS Endurance; financial cuts in the British Antarctic Survey and, in particular, the threatened closure of their base in Grytviken, South Georgia; cuts and prohibitive price increases in the BBC transcription services and the postponement of the building of the new barracks for the Royal Marines. Despite all the assurances given by Ministers that these decisions, taken singly or collectively, implied no diminution of Britain's commitment to the Falkland Islands, the Islanders suspected by the end of the year that they were now paying the penalty for having incurred the displeasure of Her Majesty's Government by refusing to accept the favoured lease-back solution: life was deliberately being made difficult in an attempt to bring them to heel. Their suspicions were compounded by the continuing ineptitude of our capital aid programme. They could not believe that the inadequacy of the airport, the snail-like pace of the Darwin road and the dismal failure of the school hostel project were all attributable to incompetence and inefficiency; there must be another, more sinister, motive and in their suspicious minds this was the deliberate misuse of aid funds so that, while deluding friends of Islanders in Parliament and the United Kingdom that they were giving generously to the Falklands (more aid per capita than

anyone else and similarly beguiling phrases), Her Majesty's Government were cynically allowing the Islands' economy to go downhill in order to force Islanders into the hands of the Argentines. Even the delays and difficulties in recruiting key personnel from the United Kingdom, such as doctors, pilots, teachers, engineers and nursing sisters and the absence of a Falkland Islander from the New Year's Honours List were seen as part of the general plot. This is admittedly the more extreme view; but by the end of the year even our most loyal friends were beginning to doubt the good faith of Her Majesty's Government.

5. At the same time, Islanders' faith in Parliament and the British public as champions of their cause was strengthened through the impact made by two television programmes and several newspaper articles about the Falkland Islands which were published during the year. These resulted in a substantial mailbag from supporters in all walks of life in the United Kingdom and did much to boost Islanders' sagging morale. The visit under the auspices of the Commonwealth Parliamentary Association of two Members of Parliament in September gave them further encouragement: Messrs Shersby and Ogden underlined your statement made earlier that month to the Argentine Foreign Minister in New York that the wishes of the Islanders would be paramount on the sovereignty issue and they pledged their support for the Islanders over other issues, including the Nationality Bill and HMS Endurance. The subsequent failure to secure an amendment to the Nationality Bill in the House of Lords and their inability to raise it again in the Commons came in consequence as an even bigger disappointment.

Argentine/Islander Relations

6. The Argentines for their part did not help their own cause. By an unfortunate combination of insensitivity, arrogance and inefficiency they managed to antagonise Islanders on innumerable occasions during the year. A major irritant was the withdrawal of their second weekly flight at ridiculously short notice and without

consultation through the established machinery. The sham of reintroducing this flight at the beginning of summer on a trial basis for one month, again without proper notice, served merely to add insult to injury. Other irritants included six overflights by Argentine Air Force aircraft without prior clearance; the boarding by the Argentine Navy of two Polish fishing trawlers on the high seas east and south-east of the Falklands; the advertising of oil concessions across the putative median line; the continuance of radio transmissions and reports of stamp issues from Southern Thule; the building in Stanley of an ostentatious house (by Falklands standards) for the resident senior Argentine Air Force officer and the tactless attempt to publicise it by planning a high-powered housewarming party; the misleading publicity given to two supply flights (which, without the accompanying propaganda, would have won them much goodwill); the refusal to confirm flight bookings to the mainland unless onward flights were by Aerolineas Argentinas; the frequent non-arrival of passengers, mail, fruit and freight, despite half-empty aircraft; the uncompromising nature of the Argentine rejection of the "freeze" proposal and their subsequent Note urging us to speed up negotiations; the unfortunate remarks in a TV interview by the Argentine Ambassador in London about "conquering" the Islanders' hearts and minds and making them "the most pampered people" in South America and Ambassador Blanco's interview on the Falkland Islands Broadcasting Service in which he ruled out any possibility of the Islanders' right to self-determination. On top of all this, the poor performance of the Argentine military government in running its own affairs, with an 80 per cent devaluation, over 100 per cent inflation, falling reserves and rising unemployment, helped to convince Islanders that, whatever their own economic problems, they were better off outside Argentina than in.

The Economy

7. The Colony is still largely dependent upon one crop, wool, which has been badly hit by the world recession. Government

revenue from wool derives from a tax levied on company profits which, because of low wool prices and rising production costs, was only a quarter of the amount collected in 1980. Inflation, largely imported, was 12 per cent above the 1980 figure and, as hourly paid workers receive an automatic quarterly cost-of-living bonus, which is consolidated into their basic wage every year, the increasing wage bill was becoming more than the Colony and the wool industry could afford. There was a partial recognition of this by the General Employees' Union, who agreed in June to a 50 per cent cut in the cost-of-living bonus for farm workers; but at the end of the year Stanley employees were demanding their full bonus and threatening strike action.

8. Government expenditure for 1981/82 is estimated at almost £2½ million, with an anticipated deficit of about £200,000. The Colony's development funds are likely to be exhausted and no new capital aid projects are expected from the British Government. Reserves at the end of the financial year (June, 1982) are expected to be £½ million compared with £700,000 in June last year. The one bright spot was the revenue from stamp sales. Thanks to the Royal Wedding, estimated revenue for the year was approaching £½ million, more than double the figure for 1980.

The Elections

9. In a normal post, the heading for this section would be "Internal Politics"; but there are none here: the sole issue is the sovereignty dispute, which dominated the debate leading up to election in September/October of six members of Legislative Council to represent the people for the next four years. With one exception, those leaders of the community who would have been prepared to discuss a possible lease-back solution with the Argentines declined to stand: they made various excuses but the blunt fact was that they knew they would lose (as the one exception did). I have reservations about the calibre of some of the newly-elected members but I have no doubts about their

integrity or that they truly reflect the wishes of the majority. In a world of political violence and rigged elections, it is worth recording that the Falkland Islands conducted their elections in a fair and orderly fashion, with only four policemen and without incident, protest or petition.

The Outlook

10. The new Legislative Councillors have already shown themselves to be less conciliatory towards Argentina than the old. They have made clear their opposition to any increase in the Argentine presence here and I anticipate greater difficulties over the interpretation and implementation of our existing agreements. As for a settlement of the main issue, as long as the Argentines continue to insist upon sovereignty first and we continue to maintain that Islander wishes are paramount, I see no way ahead in future talks. Where, then, do we go from here? If the talks break down, much will depend upon Argentine reactions and the British Government's response to those reactions; but I do not subscribe to the view that the economy of the Islands will necessarily continue to decline. If the present uncertainty were removed and the rest of the world convinced that Britain was determined to keep the Falkland Islands British, there could well be an injection of capital and people into the Islands. I have no doubt that the potential for development exists: over the past year I have had enquiries from private enterprise in the fishing, kelp and tourist industries; salmon ranching; krill harvesting, the export of beef and mutton, both on the hoof and frozen; the salting and drying of fish and various schemes for adding value to the wool. Some of these (tourism in particular) would be badly hit if the Argentines removed their air service; but in those circumstances the Islanders would look to the British Government to subsidise an alternative air service for as long as practicable and a passenger/freight shipping service thereafter. If the Argentines terminated the fuel agreement, alternative sources of supply would undoubtedly be more expensive but present indications

are that they would not be prohibitively so. Short of a military invasion, then, the Islands could survive: with financial help from Britain, they might actually prosper. But I suggest that we should be making practical contingency plans now.

11. I presume that the first step the Argentines would be likely to take if the talks broke down would be to stop their subsidised air service. The Falkland Islands Government Air Service (FIGAS) could fill the gap provided that the British Government would agree to supply a suitable aircraft, such as a Twin Otter, Bandirante or Avro 748, and subsidise its operation. If they closed their skies to FIGAS, we could operate to and from Punta Arenas, in Chile. If they brought pressure to bear on Chile to close her skies also, we should require a longer range aircraft to get to Uruguay. If they then put pressure on Uruguay, we would be reduced to sea communications and in that event we should require a subsidy from the British Government to replace the present charter vessel, which carries freight only, with a passenger/freight vessel such as the "St Helena".

British Antarctic Territory

12. I am unable to calculate the cost of these possibilities but I hope that your planners when doing so will not forget the importance of the Falkland Islands to our stake in the Antarctic. If we wish to maintain a presence there - and this is not the place to argue whether we do or not - I consider that we have an additional interest in keeping the Falkland Islands. The Chileans and Argentines currently supply their bases in the Antarctic from airfields in South America using Lockheed C130s and Chinook helicopters. The Royal Air Force could do the same from Stanley, using Hercules and flying Montevideo-Stanley-Rothera. Stanley is a little over 1000 miles from Montevideo, a little less from Rothera. The Hercules could fly from Montevideo to Stanley without traversing Argentine airspace and without needing a diversionary airfield in Argentina as it has the range, I

understand, to return to Montevideo if necessary. I venture to suggest that, if France (or Germany or the USA or the USSR) owned the Falkland Islands, they would be using Stanley now as their main supply base for Antarctica. Even more important in the future could be the ice-free deep-water harbours of South Georgia.

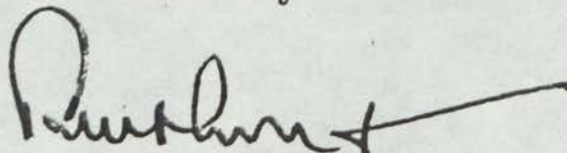
Conclusion

13. Falkland Islanders are like islanders the world over: their insularity makes them suspicious and narrow-minded and they feel vulnerable and insecure. I recall Mr Lee Kuan Yew urging his Singaporeans to greater efforts after the Tunku had kicked him out of Malaysia: "You must remember," he said, "That we are a very small country, only 224 square miles - at low tide." Well, they have not done badly. We must remember that the Falkland Islands are a very small community, only 1800 people - at shearing time. They may not have the entrepreneurial skills of the Chinese, but they have the same sense of national pride and are equally self-reliant and hard-working. They are also intelligent and well-informed about world affairs. Brought up on BBC Overseas and without daily newspapers, they have a well-balanced and objective view on most things not Argentine. But Argentina spells danger and emotion takes over from reason: the shutters come down and one can make no headway. I must conclude by stating that I cannot see Falkland Islanders ever willingly expressing a wish to become part of Argentina. And I do not blame them.

14. I am sending copies of this despatch to Her Majesty's Ambassadors at Buenos Aires and Santiago.

I am Sir,

Yours faithfully



R M HUNT

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FOREIGN AND COMMONWEALTH OFFICE

DIPLOMATIC REPORT No. 70/82

ALV 014/1

General Distribution

FALKLAND ISLANDS

19 January, 1982

THE FALKLAND ISLANDS: ANNUAL REVIEW FOR 1981

*The Governor of the Falkland Islands to the
Secretary of State for Foreign and Commonwealth Affairs*

SUMMARY

The Islanders' relations with Britain and Argentina deteriorated during the year. The community was split on the sovereignty issue. Attitudes hardened after the Argentines rejected the freeze proposal in February. Lease-back an insult to Islanders' loyalty, integrity and intelligence (paragraphs 1-3).

2. Islanders suspected that Her Majesty's Government were making life difficult for them because they had rejected the lease-back option: several decisions taken during the year were interpreted as signs of a diminution in Britain's commitment to the Falkland Islands. Their suspicions were compounded by an inept aid programme; but, although they doubted Her Majesty's Government's good faith, their faith in Parliament and the British public increased as a result of favourable coverage in the news media and a visit by two sympathetic Members of Parliament (paragraphs 4 and 5).

3. The Argentines antagonised Islanders by a combination of insensitivity, arrogance and inefficiency. On top of various irritants in their bilateral relations, the Argentine Government's poor performance in running its own affairs convinced Islanders that they were better off outside Argentina (paragraph 6).

4. The economy was badly hit by poor wool prices, imported inflation and rising production costs and wages. A deficit was forecast for this financial year, with reserves down to £½ million, which would however have been worse without the bonus of the Royal Wedding (paragraphs 7 and 8).

5. General elections to the Legislative Council were held in September/October. The sole issue was the sovereignty dispute. They were conducted without incident (paragraph 9).

6. The new Council is less conciliatory than the old. A poor outlook for future talks. But the Islands' economy need not continue to decline. Contingency planning is needed now. An alternative to the Argentine air service (paragraphs 10 and 11).

7. The Falkland Islands are important to our stake in the Antarctic (paragraph 12).

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8. They are a very small community, only 1,800 people—at shearing time. But they have a strong national pride and will never willingly become part of Argentina (paragraph 13).

(Confidential)
My Lord,

Port Stanley,
19 January, 1982.

The last day of 1981, although the middle of our austral summer, was overcast with strong chill winds, violent hail squalls and the menace of worse to come. It reflected accurately the political and economic tenor at the end of the year.

The Sovereignty issue

2. The Islanders' relations with Britain and Argentina deteriorated during the year. The start saw a lively debate on the three sovereignty options left behind by Mr. Ridley: a freeze, a condominium or the transfer of titular sovereignty to Argentina with a simultaneous long lease-back to Britain (the so-called "Hong Kong solution"). There was a split in the community between those who were willing to talk to the Argentines about these options and those who wished to restrict talks to anything but sovereignty. There were a few who wanted no more talks with the Argentines and a few who saw independence as the only solution. In the circumstances, it was something that there was only one dissenting vote to a Legislative Council motion agreeing to further talks on the basis of a sovereignty freeze.

3. Following the Argentine's flat rejection of this at Ministerial talks in New York in February, Islander attitudes hardened against the one remaining proposal: lease-back (the condominium idea had never been a starter). To the emotive appeal of slogans like "Sovereignty is not for sale" and "We are not living in a rented house, we are not working Argie land" was added the feeling that the British had tried hard enough to find a solution: now it was the Argentines' turn. As the months passed in the run-up to the General Elections, more of the moderates pronounced that they would rather leave the Islands than have them owned by Argentina, no matter how titular that ownership might be. Although some of the younger generation were prepared to consider a complete sell-out if the price was right, the feelings of the majority were probably summed up by a young farmer who, when interviewed for a British television programme, said, "Lease-back is an insult to our loyalty, to our integrity and intelligence."

UK/Islander relations

4. Other "insults" followed: the refusal to grant British citizenship to Falkland Islanders under the new British Nationality Act; the announcement of the withdrawal of HMS *Endurance*; financial cuts in the British Antarctic Survey and, in particular, the threatened closure of their base in Grytviken, South Georgia; cuts and prohibitive price increases in the BBC transcription services and the postponement of the building of the new barracks for the Royal Marines. Despite all the assurances given by Ministers that these decisions, taken singly or collectively, implied no diminution of Britain's commitment to the Falkland Islands, the Islanders suspected by the end of the year that they were now paying the penalty for having incurred the displeasure of Her Majesty's Government by refusing to accept the favoured lease-back solution: life was deliberately being made difficult in an attempt to bring them to heel. Their suspicions were

compounded by the continuing ineptitude of our capital aid programme. They could not believe that the inadequacy of the airport, the snail-like pace of the Darwin road and the dismal failure of the school hostel project were all attributable to incompetence and inefficiency; there must be another, more sinister, motive and in their suspicious minds this was the deliberate misuse of aid funds so that, while deluding friends of Islanders in Parliament and the UK that they were giving generously to the Falklands (more aid *per capita* than anyone else and similarly beguiling phrases), Her Majesty's Government were cynically allowing the Islands' economy to go downhill in order to force Islanders into the hands of the Argentines. Even the delays and difficulties in recruiting key personnel from the UK, such as doctors, pilots, teachers, engineers and nursing sisters and the absence of a Falkland Islander from the New Year's Honours List were seen as part of the general plot. This is admittedly the more extreme view; but by the end of the year even our most loyal friends were beginning to doubt the good faith of Her Majesty's Government.

5. At the same time, Islanders' faith in Parliament and the British public as champions of their cause was strengthened through the impact made by two television programmes and several newspaper articles about the Falkland Islands which were published during the year. These resulted in a substantial mailbag from supporters in all walks of life in the UK and did much to boost Islanders' sagging morale. The visit under the auspices of the Commonwealth Parliamentary Association of two Members of Parliament in September gave them further encouragement: Messrs Shersby and Ogden underlined your statement made earlier that month to the Argentine Foreign Minister in New York that the wishes of the Islanders would be paramount on the sovereignty issue and they pledged their support for the Islanders over other issues, including the Nationality Bill and HMS *Endurance*. The subsequent failure to secure an amendment to the Nationality Bill in the House of Lords and their inability to raise it again in the Commons came in consequence as an even bigger disappointment.

Argentine/Islander relations

6. The Argentines for their part did not help their own cause. By an unfortunate combination of insensitivity, arrogance and inefficiency they managed to antagonise Islanders on innumerable occasions during the year. A major irritant was the withdrawal of their second weekly flight at ridiculously short notice and without consultation through the established machinery. The sham of reintroducing this flight at the beginning of summer on a trial basis for one month, again without proper notice, served merely to add insult to injury. Other irritants included six overflights by Argentine Air Force aircraft without prior clearance; the boarding by the Argentine Navy of two Polish fishing trawlers on the high seas east and south-east of the Falklands; the advertising of oil concessions across the putative median line; the continuance of radio transmissions and reports of stamp issues from Southern Thule; the building in Stanley of an ostentatious house (by Falklands standards) for the resident senior Argentine Air Force officer and the tactless attempt to publicise it by planning a high-powered housewarming party; the misleading publicity given to two supply flights (which, without the accompanying propaganda, would have won them much goodwill); the refusal to confirm flight bookings to the mainland unless onward flights were by Aerolineas Argentinas; the frequent non-arrival of passengers, mail, fruit and freight, despite half-empty aircraft; the uncompromising nature of the Argentine rejection of the "freeze" proposal and their subsequent Note urging us to speed up negotiations; the unfortunate remarks in a TV interview by the Argentine Ambassador in London about "conquering" the Islanders'

hearts and minds and making them "the most pampered people" in South America and Ambassador Blanco's interview on the Falkland Islands Broadcasting Service in which he ruled out any possibility of the Islanders' right to self-determination. On top of all this, the poor performance of the Argentine Military Government in running its own affairs, with an 80 per cent devaluation, over 100 per cent inflation, falling reserves and rising unemployment, helped to convince Islanders that, whatever their own economic problems, they were better off outside Argentina than in.

The economy

7. The Colony is still largely dependent upon one crop, wool, which has been badly hit by the world recession. Government revenue from wool derives from a tax levied on company profits which, because of low wool prices and rising production costs, was only a quarter of the amount collected in 1980. Inflation, largely imported, was 12 per cent above the 1980 figure and, as hourly paid workers receive an automatic quarterly cost-of-living bonus, which is consolidated into their basic wage every year, the increasing wage bill was becoming more than the Colony and the wool industry could afford. There was a partial recognition of this by the General Employees' Union, who agreed in June to a 50 per cent cut in the cost-of-living bonus for farm workers; but at the end of the year Stanley employees were demanding their full bonus and threatening strike action.

8. Government expenditure for 1981-82 is estimated at almost £2½ million, with an anticipated deficit of about £200,000. The Colony's development funds are likely to be exhausted and no new capital aid projects are expected from the British Government. Reserves at the end of the financial year (June, 1982) are expected to be £½ million compared with £700,000 in June last year. The one bright spot was the revenue from stamp sales. Thanks to the Royal Wedding, estimated revenue for the year was approaching £½ million, more than double the figure for 1980.

The elections

9. In a normal post, the heading for this section would be "Internal Politics"; but there are none here: the sole issue is the sovereignty dispute, which dominated the debate leading up to election in September/October of six members of Legislative Council to represent the people for the next four years. With one exception, those leaders of the community who would have been prepared to discuss a possible lease-back solution with the Argentines declined to stand: they made various excuses but the blunt fact was that they knew they would lose (as the one exception did). I have reservations about the calibre of some of the newly-elected members but I have no doubts about their integrity or that they truly reflect the wishes of the majority. In a world of political violence and rigged elections, it is worth recording that the Falkland Islands conducted their elections in a fair and orderly fashion, with only four policemen and without incident, protest or petition.

The outlook

10. The new Legislative Councillors have already shown themselves to be less conciliatory towards Argentina than the old. They have made clear their opposition to any increase in the Argentine presence here and I anticipate greater difficulties over the interpretation and implementation of our existing agreements. As for a settlement of the main issue, as long as the Argentines continue to insist upon sovereignty first and we continue to maintain that Islander wishes are

paramount, I see no way ahead in future talks. Where, then, do we go from here? If the talks break down, much will depend upon Argentine reactions and the British Government's response to those reactions; but I do not subscribe to the view that the economy of the Islands will necessarily continue to decline. If the present uncertainty were removed and the rest of the world convinced that Britain was determined to keep the Falkland Islands British, there could well be an injection of capital and people into the Islands. I have no doubt that the potential for development exists: over the past year I have had enquiries from private enterprise in the fishing, kelp and tourist industries; salmon ranching; krill harvesting, the export of beef and mutton, both on the hoof and frozen; the salting and drying of fish and various schemes for adding value to the wool. Some of these (tourism in particular) would be badly hit if the Argentines removed their air service; but in those circumstances the Islanders would look to the British Government to subsidise an alternative air service for as long as practicable and a passenger/freight shipping service thereafter. If the Argentines terminated the fuel agreement, alternative sources of supply would undoubtedly be more expensive but present indications are that they would not be prohibitively so. Short of a military invasion, then, the Islands could survive: with financial help from Britain, they might actually prosper. But I suggest that we should be making practical contingency plans now.

11. I presume that the first step the Argentines would be likely to take if the talks broke down would be to stop their subsidised air service. The Falkland Islands Government Air Service (FIGAS) could fill the gap provided that the British Government would agree to supply a suitable aircraft, such as a Twin Otter, Bandirante or Avro 748, and subsidise its operation. If they closed their skies to FIGAS, we could operate to and from Punta Arenas, in Chile. If they brought pressure to bear on Chile to close her skies also, we should require a longer range aircraft to get to Uruguay. If they then put pressure on Uruguay, we would be reduced to sea communications and in that event we should require a subsidy from the British Government to replace the present charter vessel, which carries freight only, with a passenger/freight vessel such as the *St. Helena*.

British Antarctic territory

12. I am unable to calculate the cost of these possibilities but I hope that your planners when doing so will not forget the importance of the Falkland Islands to our stake in the Antarctic. If we wish to maintain a presence there—and this is not the place to argue whether we do or not—I consider that we have an additional interest in keeping the Falkland Islands. The Chileans and Argentines currently supply their bases in the Antarctic from airfields in South America using Lockheed C130s and Chinook helicopters. The Royal Air Force could do the same from Stanley, using Hercules and flying Montevideo-Stanley-Rothera. Stanley is a little over 1,000 miles from Montevideo, a little less from Rothera. The Hercules could fly from Montevideo to Stanley without traversing Argentine airspace and without needing a diversionary airfield in Argentina as it has the range, I understand, to return to Montevideo if necessary. I venture to suggest that, if France (or Germany or the US or the USSR) owned the Falkland Islands, they would be using Stanley now as their main supply base for Antarctica. Even more important in the future could be the ice-free deep-water harbours of South Georgia.

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I am Sir

Yours faithfully

R. M. HUNT.

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FOREIGN AND COMMONWEALTH OFFICE

DIPLOMATIC REPORT No. 14/82

ALA 014/2

General/Economic Distribution

ARGENTINA

1 January, 1982

ARGENTINA: ANNUAL REVIEW FOR 1981

*Her Majesty's Ambassador at Buenos Aires to the
Secretary of State for Foreign and Commonwealth Affairs*

SUMMARY

The year of President Viola, whom the Junta dismissed in December, was less than a disaster but very disappointing in nearly all regards—largely owing to his own and his Ministerial team's indecisiveness and inability to inspire confidence (paragraphs 1-4).

2. General Galtieri, the Army Commander-in-Chief, who succeeds him as nominated President, has chosen a more promising team, but they will have a hard task both to deal with their economic inheritance in conditions of world recession and to find a meaningful completion to the "process of political renewal" (paragraphs 5 and 6).

3. A difficult year in Anglo-Argentine relations because of enhanced sensitivities on both sides regarding the Falklands issue, of a growing contrast between UK and US attitudes to the military régime and the hesitancy which, with very adverse press coverage in the UK, less experienced British exporters have felt about venturing into the Argentine market. But we hope figures, when available, will show we have kept our share of the market and, next year, the Argentines themselves may at least spend less time shooting into their own goal (paragraphs 7 and 8).

(Confidential)

My Lord,

Buenos Aires,

1 January, 1982.

1981 has been, for Argentina, the year of President Viola. He was confirmed by the Military Junta as President designate just before it started, was inaugurated in office at the end of March and was removed "for reasons of state" in mid-December. Though neither the year nor the Presidency were quite the disaster which an unsympathetic European press has alleged, both were pretty disappointing and characterised by a failure to get to grips with what is basically wrong with this so unnecessarily unsatisfactory country.

2. Argentina in 1981 has been neither a military dictatorship in the ordinary sense nor in a state of economic collapse. It has spent the whole year in a positive ferment of political debate, in which outspoken criticism has easily out-shouted constructive ideas. It has, meanwhile, retained its position as one of the world's four or five main food exporters, achieved virtual self-sufficiency in energy

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requirements and remained a country with one of the highest *per capita* incomes in Latin America. But the end of term marking is still quite definitely "Does not try hard enough". There has been no real progress to record in the "process of political renewal", to which the military interventors dedicated themselves in 1976, aimed at creating conditions for stable, pluralist democracy in the country. Pragmatic tinkering with the basically monetarist economic strategy embarked on in 1976 has produced an 80 per cent devaluation of the freely-traded financial peso, a reversion to inflation approaching an annual rate of 150 per cent, an ominous foreign indebtedness coupled with a serious decline in reserves. All this without achieving any significant "reoxygenisation" of Argentina's apparently incurably lame duck industrial sector or avoiding a serious rise in unemployment. The problem in Argentina—for 50 years—is not that it is sinking into collapse, but that it is repeatedly failing to achieve even the least competent level of growth. In this sense, 1981 has been one of Argentina's classically bad years.

3. A considerable share of responsibility for this poor showing is rightly laid at General Viola's door. Groomed and presented as the shrewdest politician the military could produce to bridge the gap back to civilian rule, he has proved inarticulate, indecisive and incapable of evoking any coherent conduct of government from a disparate assortment of Ministers which he assembled with paralysing slowness during the earlier part of this year. Much of the economic ills the country has suffered in recent months can be ascribed to a sense of blinded uncertainty and shaken confidence, following inconclusive decisions arrived at far too late in an atmosphere of rumour, speculation, leaks and denials. Similarly, if the political "proceso" seemed to have lost direction, much of the trouble derived from the growing tendency of the three Commanders-in-Chief, who constitute the Junta, to check and query even the smallest detail of Government business.

4. In the conduct of foreign relations, Dr. Oscar Camilión—the not un-able if somewhat meretricious civilian Foreign Minister chosen by Viola—was a particular victim of this hamstringing suspicion. His (quite successful) efforts to get US/Argentine relations back with President Reagan on to a level of greater mutual respect and co-operation, his attempt to counterbalance any awkwardness arising either from this or from Argentina's embarrassingly exclusive commercial links with the Soviet Union by emphasising Argentina's stance among the non-aligned, his manœuvring to weaken by widening the dispute with Chile, where the papal mediation over the Beagle Channel had come up with ideas very difficult for Argentina to swallow—in these and many other matters, Camilión was repeatedly undermined or up-staged by Junta members acting without consultation or warning.

5. In this the worst offender was certainly the army commander, Lieutenant-General Galtieri, who is now to take over as President, while (for 1982) retaining his command. It is clear that 1982 will be his year as much as 1981 was Viola's. He has chosen a good team of civilised, liberal-minded but decisive and respected Ministers. In all these adjectives they show a great improvement on their predecessors. They certainly should do better, if circumstances give them half a chance.

6. Objectively these circumstances are one of a severe domestic and persisting world recession, of depleted reserves, scarce credit and an uncomfortably high level of unemployment. Subjectively they include a President who has at times in the past shown an inclination to spontaneity rather than sagacity of

judgment, a delicate balance of agreed political strategy inside the armed forces (with the new naval Commander-in-Chief a much stronger character than his predecessor) and the extreme difficulty for anyone to produce a convincing prescription to complete the " process of political renewal " in any meaningful way.

7. Meanwhile it has not been an easy year for the UK in its relations with the Argentine Republic, either politically or in export promotion. In the former, as regards the Falklands, we have had to walk like Agag all year to avoid offence to Argentine, Islander or Falkland lobby sensitivities during what must be the longest electoral period per voter anywhere in the world. We have come through without a bust-up, but certainly with the Argentines and the Islanders more on each others' nerves than a year ago. Meanwhile, President Reagan's switch to an effusive cultivation of the present Argentine régime has left our comparative coolness (though less assertive than that of some of our Western European colleagues) the more conspicuous. We should like to increase our trade with Argentina and (despite the cloud of ignorance in which we are working as a result of the UK Civil Service strike) we hope to have at least retained our share of what has been this year a very difficult market. But the publicity which the UK press so readily affords to any story of Argentine incompetence, imminent collapse or arrogant stupidity has, alas, been only too regularly fed by President Viola's Government this year. Only those who know that most stories of Argentine demise tend to be exaggerated have had the courage to sow now for reaping later.

8. 1981 has been a pretty difficult year for most countries. Argentina has been exceptional only to the extent that a higher than average proportion of the difficulty has been self-induced. For her, as for the rest of us, one can only hope that 1982 will be better. At least Argentina may spend less time shooting into its own goal.

9. I am sending copies of this despatch to Her Majesty's Representatives at Montevideo, Santiago, Asuncion, La Paz, Brasilia and Washington and to the Governor of the Falkland Islands and to the Department of Trade.

I am Sir

Yours faithfully

ANTHONY WILLIAMS.

PART 1 ends:-

F.CO Press Release. 15.12.

~~AJC to FCO 21.12.81~~

PART 2 begins:-

1.1.82

~~FCO to Buenos Aires tel: 8; 7.1.82~~

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