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PREM 19/656

Argentina Relations Papers seen by the Prime Minister. Not many to be required during Falkland Islands Enquiry ~~after 1982~~

PART 1

ARGENTINA

September 1979

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
21.12.82							
— Pt 1 Ends —							

PREM 19/656

Dd 533270 5M 2/78 8362633 JET

PART 1 ends:-

AJC to FCO 21/12/81

PART 2 begins:-

Buenos Aires Tel 8 dy 7/1/82

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

	Reference	Date
	CC (79) 16th Conclusions (extract)	4.10.79
*	OD (79) 31	12.10.79
	OD (80) 3rd Meeting, Minute 4	29.1.80
	OD (80) 46	27.6.80
	OD (80) 17th Meeting, Minute 2	2.7.80
	OD (80) 66	4.11.80
	OD (80) 25th Meeting, Minute 2	3.12.80
	OD (81) 2	26.2.81
	OD (81) 1st Meeting, Minute 1	29.1.81
*	NOTE: Pages containing Prime Minister's annotations have been left on file.	

The documents listed above, which were enclosed on this file, have 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

Signed C M Wayland Date 17 May 2012

PREM Records Team

Argentina

10 DOWNING STREET

From the Private Secretary

21 December 1981

Argentina

Thank you for your letter of 18 December. The Prime Minister is not inclined to send a message of congratulations to General Galtieri. In general the Prime Minister does not like sending messages on the occasion of a military takeover.

A. J. COLES

Roderic Lyne, Esq.,
Foreign and Commonwealth Office.

OLO

Prime Minister -
Agree to sending endorsed message? A Coles Dep. Clerk 19/12

(1)

Foreign and Commonwealth Office

London SW1A 2AH

I don't like to send messages on military takeovers. No message for me

18 December 1981

Dear John,

Argentina

President Viola of Argentina has been dismissed from office by the military junta. General Leopoldo Fortunato Galtieri, Commander-in-Chief of the Army, becomes President on 22 December. The question arises of whether the Prime Minister should send him a message of congratulations.

There have been no elections in Argentina since the military takeover in 1976 and it looks unlikely that there will be any in the near future. General Galtieri will be the third President since the military coup in 1976: all have been either the serving or the retired Commander-in-Chief of the Army. Argentina has a bad record in the human rights field, although the situation has been improving gradually. The Armed Forces continue to refuse to be held accountable for the excesses of the past.

On the other hand, both the Falklands dispute and our valuable trade with Argentina mean that it is important to maintain a good working relationship with the Argentines. A message would be well received and, conversely, its absence would be noted. The Prime Minister sent a message to President Viola on the occasion of his inauguration, as did several of our European partners. We expect most of them to send messages to the new President.

No.

We therefore recommend that, as a routine courtesy, the Prime Minister should send a brief formal message to the incoming President. I enclose a draft for the Prime Minister's consideration.

Yours ever

R Mark Lyne

(R M J Lyne)
Private Secretary

A J Coles Esq
10 Downing Street

DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

PRIME MINISTER

DEPARTMENT: TEL. NO:

Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO:

HE General Leoplodo Fortunato Galtieri
President of the Republic of Argentina

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

On behalf of Her Majesty's Government, I should like to congratulate you on your accession to the Presidency of the Republic of Argentina. I look forward to the continuation of close relations between our two countries.

Enclosures—flag(s).....

OO BUENOS AIRES
GRS 405
CONFIDENTIAL
FM FCO 181150Z DEC 81
TO IMMEDIATE BUENOS AIRES
TELEGRAM NUMBER 317 OF 18 DECEMBER
REPEATED FOR INFORMATION PRIORITY PORT STANLEY (PERSONAL FOR GOVERNOR)
YOUR TELNO 337: POSTPONEMENT OF TALKS

1. ORTIZ DE ROZAS CALLED ON MR LUCE ON 17 DECEMBER AND PRESSED HARD FOR AGREEMENT TO A NEW DATE FOR TALKS IN THE SECOND HALF OF JANUARY. HE SAID THAT HE HIMSELF HAD RECOMMENDED THE POSTPONEMENT OF THE DECEMBER TALKS SINCE THESE WOULD HAVE GREATER CREDIBILITY AFTER THE INSTALLATION OF A NEW GOVERNMENT. HOWEVER THERE WAS NO QUESTION OF ANY CHANGE IN THE ARGENTINE POSITION AT A NEXT ROUND: THE POLICY HAD BEEN FULLY AGREED BY THE JUNTA AND WOULD NOT BE AFFECTED BY THE CHANGE OF GOVERNMENT. A NEW DATE COULD THEREFORE BE FIRMLY PLANNED.

2. MR LUCE SAID THAT WE FULLY UNDERSTOOD THE REASONS FOR THE POSTPONEMENT OF THE TALKS. BECAUSE OF HIS OWN COMMITMENTS IT WAS, HOWEVER, VERY DIFFICULT AT THIS STAGE TO MAKE A FIRM DECISION ON NEW DATES. JANUARY CERTAINLY HAD TO BE RULED OUT BECAUSE OF A PLANNED VISIT TO THE CARIBBEAN IN MID-JANUARY AND SINCE THE CANADIAN CONSTITUTION BILL WAS EXPECTED TO BE TAKEN IN THE HOUSE IMMEDIATELY AFTER THE RECESS. THE TIMETABLE FOR THE VARIOUS STAGES OF THE BILL HAD STILL TO BE CLARIFIED AND IT WOULD SEEM BEST TO AVOID MAKING TENTATIVE PLANS AT THIS STAGE WHICH MIGHT THEN HAVE TO BE CHANGED. THE TIMETABLE FOR THE BILL MIGHT. HOWEVER, BE CLEARER BY CHRISTMAS AND WE WOULD KEEP ORTIZ DE ROZAS INFORMED. MR LUCE EMPHASISED THAT WE WERE IN NO WAY DRAGGING OUR FEET BUT TO HAVE TO POSTPONE THE TALKS TWICE COULD BE PRESENTATIONALLY UNFORTUNATE.

3. ORTIZ DE ROZAS ACCEPTED THIS WITH RELUCTANCE. TO DELAY BEYOND THE END OF FEBRUARY WOULD BE DIFFICULT FOR THE ARGENTINE GOVERNMENT. ON VENUE THE STRONG ARGENTINE PREFERENCE WAS FOR NEW YORK.

4. YOU MAY WISH TO REINFORCE WITH ROS THE GENUINENESS OF MR LUCE'S DIFFICULTY ON TIMING BECAUSE OF THE CANADIAN CONSTITUTION BILL. FOR YOUR OWN INFORMATION, WE OF COURSE ARE IN NO HURRY AND OUR PREFERENCE MAY BE TO PROPOSE IN DUE COURSE FIRM DATES IN THE SECOND HALF OF FEBRUARY WHEN MR LUCE'S DIARY IS CLEARER.
5. ON PARA 2 OF YOUR TUR WE DO NOT (REPEAT NOT) SEE IT AS IN OUR INTEREST TO SEEK ANY DETAILED INSIGHT INTO ARGENTINE PROPOSALS BEFORE THE NEXT TALKS. AS YOU SAY, TO DO SO WOULD REMOVE A USEFUL BREATHING SPACE. WE ARE RELUCTANT TO DO ANYTHING WHICH MIGHT SHORTEN THE TIME WE CAN PLAUSIBLY CLAIM TO BE NEEDED FOR CONSIDERATION OF ARGENTINE PROPOSITIONS.

CARRINGTON

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FM BUENOS AIRES 15/1420Z DEC 81
TO PRIORITY FCO
TELEGRAM NUMBER 337 OF 15 DECEMBER 1981
INFO PRIORITY GOVERNOR, PORT STANLEY

MY TELNO 336: POSTPONEMENT OF ANGLO-ARGENTINE TALKS

1. I DO NOT THINK THAT ANYTHING SINISTER NEED BE LOOKED FOR BEHIND THIS IRRITATINGLY LAST MINUTE CALLING OFF. THE TITULAR ACTING FOREIGN MINISTER, ADMIRAL COUTO, KNOWS NOTHING OF FOREIGN AFFAIRS AND IT IS UNDERSTANDABLE THAT HE NEEDS ROS TO HOLD HIS HAND. ONE POINT WHICH EMERGED FROM MY TALK WITH ROS WAS THAT THERE WAS A QUITE ELABORATE SET OF PROPOSITIONS IN THE ARGENTINE DELEGATION'S BRIEF, THOUGHT UP BY CAMILION BUT APPROVED BY THE GOVERNMENT AND THE JUNTA, INCLUDING OF COURSE GALTIERI. EVEN THOUGH CAMILION IS NOW OUT, THESE INSTRUCTIONS ACCORDING TO ROS STILL HELD (WHICH IS OF COURSE TRUE TO THE EXTENT THAT WHOEVER IS THE NEXT FOREIGN MINISTER DOES NOT PERSUADE THE JUNTA TO DIFFERENT EFFECT). THERE HAD BEEN QUITE A DEBATE INSIDE THE GOVERNMENT ESTABLISHMENT WHETHER IT WOULD BE BETTER TO CALL FOR THE POSTPONEMENT OR NOT AND, ACCORDING TO ROS, GALTIERI HAD BEEN AGAINST POSTPONEMENT BUT WAS OVER-PERSUADED.

2. IT IS WORTH CONSIDERING WHETHER, IN OUR RESPONSE TO THE PROPOSAL FOR POSTPONEMENT TILL THE SECOND HALF OF JANUARY, WE SHOULD NOT REPEAT OUR REQUEST FOR ANY ADVANCE INDICATION THE ARGENTINES CAN GIVE US OF WHAT THEY HAVE IN MIND. IT WOULD HELP OUR OWN BRIEFING, BUT MIGHT REMOVE A BREATHING PERIOD DURING WHICH WE COULD REASONABLY ASK FOR TIME FOR STUDY BEFORE REACTING.

3. IF THE TALKS ARE NOW TO BE IN JANUARY, THE ARGENTINES MIGHT PREFER TO REVERT TO NEW YORK, WHICH IS LOGISTICALLY EASIER IN WINTER. YOU MAY HOWEVER CARE TO CONSIDER COUNTERPROPOSING A DATE SOMEWHAT LATER, SUCH AS THE SECOND HALF OF FEBRUARY, BY WHICH TIME WE SHOULD HAVE A BETTER PICTURE OF THE ARGENTINE GOVERNMENT WE ARE DEALING WITH.

FCO PLS PASS.

WILLIAMS

[REPEATED AS REQUESTED]

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00 BUENOS AIRES
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FM FCO 151830Z DECEMBER 81
TO IMMEDIATE BUENOS AIRES
TELEGRAM NUMBER 314 OF 15 DECEMBER 1981.
REPEATED TO FOR INFO TO PRIORITY PORT STANLEY (PERSONAL FOR GROWCOTT)
SAVING TO FOR INFO TO UKMIS GENEVA, UKMIS NEW YORK
YOUR TELNOS 334 AND 336: POSTPONEMENT OF TALKS (FALKLAND ISLANDS).

1. PLEASE TELL ROS THAT WE UNDERSTAND HIS DIFFICULTIES AND WILL WAIT TO HEAR FROM HIM AGAIN ONCE THE ARGENTINES ARE IN A POSITION TO PROPOSE NEW DATES.

2. NEWS DEPARTMENT ISSUED PRESS RELEASE TODAY. THIS SAID ONLY THAT THE TALKS HAD BEEN POSTPONED AT ARGENTINE REQUEST AND THAT NEW DATES WILL BE ARRANGED IN DUE COURSE. NEWS DEPARTMENT WERE BRIEFED TO ADD UNATTRIBUTABLY THAT THE POSTPONEMENT WAS CONNECTED WITH THE IMPENDING CHANGE OF GOVERNMENT IN ARGENTINA.

CARRINGTON

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10 DOWNING STREET

From the Private Secretary

3 December 1981

Falkland Islands

The Prime Minister has seen and taken note of the Foreign and Commonwealth Secretary's minute to her of 2 December on this subject.

I am sending copies of this letter to the Private Secretaries to members of OD, Julian West (Department of Energy), Jim Nursaw (Law Officers' Department) and to David Wright (Cabinet Office).

R.M.J. Lyne, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

(2)

Prime Minister
The prospects are worrying.

PM/81/58

PRIME MINISTER

Falkland Islands

1. In my minute PM/81/42 of 14 September I explained the position on the Falkland Islands dispute before my meeting with the Argentine Foreign Minister on 23 September.

2. That meeting went as well as we could have expected. I made it clear that, while we would continue to do our best to persuade the Islanders of the benefits of an accommodation with Argentina, we could not negotiate over their heads nor seek to coerce them. We could act only in accordance with the wishes of the Islanders, who were then just beginning the election process for a new Legislative Council and could not be consulted until later. The Argentines pressed for further talks at an early stage but recognised that we needed to consult the new Islands Councillors before taking any decisions.

3. The Islands elections were completed on 14 October and, at an early meeting, the new Council by four votes to one supported a proposal to send representatives to further talks with the Argentines. These talks are due to be held on 17 and 18 December in Geneva; Richard Luce will head our delegation, which will include two Island Councillors.

4. Islander opinion is even more strongly opposed to any 'deal' with the Argentines over sovereignty. We have reiterated that the wishes of the Islanders are paramount. We therefore have little room for manoeuvre, but it is in our interests to keep the dialogue going in order to avoid the economic consequences of a breakdown. The Argentines have requested this meeting, so we can allow them to make the running. We are waiting to see whether they have any proposals which would make progress possible. Councillors have made it plain that if the Argentines wish to discuss sovereignty (as they inevitably will), the Islands representatives should do no more than take note. This places restrictions on the tactics of the British

/delegation

delegation as a whole: Richard Luce will need to avoid giving any appearance of seeking to stimulate discussion on sovereignty against the wishes of the Councillors.

5. While therefore we cannot be optimistic on the outcome of the talks, there is some hope that they will not end in complete stalemate. The Argentines have given us some indications that they would like at this next round to address all the various aspects of the dispute, ie not just sovereignty, but also the scope for economic cooperation. It will be our intention to lay emphasis on this latter aspect and propose that these Ministerial talks should be followed up in due course by working group discussions between officials on the intricacies of eg regimes for oil exploration and for fishing in Falkland waters. The Argentines are unlikely to accept such a proposal unless there is at least a parallel working group on sovereignty: if they made this demand, our delegation would seek to persuade the Councillors that by agreeing to the establishment of such a group they would not be surrendering any of their rights.

6. Without knowing more of the Argentines' plans it is difficult to be more specific about tactics. But we are all clear about the dangers of failing to keep the negotiating process going. There is no risk of our 'stumbling into accepting new financial commitments inadvertently', against which Leon Brittan warned in his minute of September. Islanders are already aware of the difficult potential consequences if the Argentines came to believe that we were no longer serious about negotiations. They know that HMG could not simply step in and replace the services that Argentina currently provides. But we should be clear that if the day comes when the Islands are cut off as the result of Argentine action, we should come under intense public and parliamentary pressure to do everything possible to provide alternative services. We have also put firmly on record our commitment to support the Islanders in times of difficulty.

7. Preliminary studies suggest that the initial cost of providing alternative services (based on sea rather than air

/communications

communications) for the Islands would be in the region of £6 m. per annum. While this would obviously be a very large sum when compared with the Islands' population of 1800, I do not think we should find it easy to sustain the case that we simply could not afford it. We should not underestimate the strength of feeling of the Islanders and Parliament.

8. I am copying this minute to other members of OD, the Secretary of State for Energy, to the Attorney-General and to Sir Robert Armstrong.

C

(CARRINGTON)

Foreign and Commonwealth Office, SW1

2 December 1981

Argentina

(4)

PM/81/53

PRIME MINISTER

Falkland Islands

1. At earlier OD meetings (OD(80)25th meeting and OD(81)1st meeting), I was invited to consider, in consultation with the Chancellor of the Exchequer, how certain aspects of the Falkland Islands' economic situation could be improved. These related specifically to:

(i) the interest rate paid to Islanders on savings held in the Government Savings Bank; and

(ii) the potential for raising capital for the Islands' development.

2. Savings

The interest rate paid by the Government Savings Bank on private deposits (at present 5% tax free) is set at the discretion of the Falkland Islands Government (FIG). This is an internal matter within FIG's competence and we have no locus standi to intervene. The FIG consider that a higher rate of interest would reduce their income without attracting compensatory new deposits. Given the present depressed economic conditions in the Islands it might require them to raise additional taxes or to seek further aid. They point out that Islanders can and do invest their savings overseas, notably in the UK, where they receive the going rate.

3. As I mentioned in my minute of 13 March (PM/81/12), proposals are being carried forward which would transform the Falkland Islands Government Savings Bank into an institution which would offer a wider range of normal commercial services.

/The

The Falkland Islands' Government have agreed that this should be done and the Bank of England are at present working on a draft ordinance, which will then need to be adapted to the particular circumstances of the Islands. It is hoped that this process will be completed within the next year. While the formation of a commercial bank will not on its own affect the rate of interest paid on private deposits, it will be for the commercial judgement of the bank's manager whether to make the rates more competitive (even if they are unlikely ever to be as attractive as those obtainable in the UK).

4. The Falkland Islands' Government are aware of our interest in this. I believe that we should continue to encourage the formation of the new commercial bank.

5. Capital for Development

We have explored, with the Treasury and with commercial institutions, the scope for securing access to credit for the Falkland Islands' Government. It is clear that private institutions will not lend the FIG even the relatively small sums they are looking for without a British Government guarantee to cover the loan. This attitude stems partly from apprehension about the fate of their investment in the event of the political dispute becoming more difficult, partly from fear of Argentine retaliation against companies' much larger interests on the mainland and partly from inexperience of the Falkland Islands as a risk: the Falkland Islands' Government have never tried to borrow on the open market before.

6. It is open to the Government to issue the sort of guarantee that would be required, with ODA accepting the contingent liability. But we would wish to avoid this. In so far as they build up contingent liabilities which might, at some point, have to be met, guarantees make control of an

/expenditure

expenditure programme more difficult. And if a guarantee were given in the case of the Falklands, it could well stimulate requests for guarantees from other Dependent Territories. The Gibraltar Government, in particular, has requested a guarantee and been refused. They would certainly renew their demands if the Falklands were to be offered a guarantee, and some other Dependent Territories would probably ask to be assisted in the same way. Finally, issuing a guarantee would entail closer involvement by HMG in the financial affairs of FIG.

7. Although direct assistance from HMG does not appear possible, there are alternatives. One is that the Falkland Islands' Government purchase some of the equipment it needs on credit terms from Britain and that the supplier should be guaranteed by the Export Credits Guarantee Department; FIG are already purchasing road-making equipment on this basis. A more comprehensive and lasting solution would be for the Falkland Islands' Government either to move administration of their reserves from the Crown Agents to a merchant bank (they would then be in the position of a client wishing to borrow from his own bank) or for the Crown Agents to obtain a commercial loan for the Falkland Islands' Government. The Governor accepts that this is the path to follow and is already discussing these options with the Crown Agents. I conclude therefore that we need take no further action at this stage; but I shall ensure that you are kept informed of developments.

8. I am copying this minute to other members of OD, to the Secretary of State for Energy, to the Attorney-General and to Sir Robert Armstrong.

C

(CARRINGTON)

24 November 1981

Foreign & Commonwealth Office

Prime Minister
Argentina

CONFIDENTIAL

30987 - 1

RR PORT STANLEY
GRS 930
CONFIDENTIAL
FM FCO 081014Z OCT 81
TO ROUTINE PORT STANLEY (PERSONAL FOR GOVERNOR)
TELEGRAM NUMBER 120 OF 8 OCTOBER.
INFO BUENOS AIRES
SAVING TO UKMIS NEW YORK
ANGLO-ARGENTINE DISCUSSIONS: CONSULTATIONS WITH NEW COUNCILLORS AFTER ELECTIONS

1. YOU WILL PRESUMABLY BE CALLING A FULL MEETING OF THE NEW COUNCIL SOON AFTER THE ELECTIONS. THE SOVEREIGNTY ISSUE WILL BE IN THE FOREFRONT OF COUNCILLORS' MINDS: AND WE HAVE SOON TO RESPOND TO THE ARGENTINE REQUEST FOR A ROUND OF TALKS BEFORE THE END OF THE YEAR. YOU MAY FIND IT USEFUL TO HAVE SOME GUIDANCE ON HOW TO APPROACH THIS ISSUE WITH COUNCILLORS AND ON OUR OBJECTIVES.

2. AS YOU KNOW, OUR AIM REMAINS TO SOLVE THE DISPUTE BY NEGOTIATION. BUT WE RECOGNISE THE HARDENING OF OPINION IN THE ISLANDS AGAINST SUBSTANTIVE SOVEREIGNTY NEGOTIATIONS: AND, GIVEN THE LIKELY POSITIONS OF THE NEW COUNCILLORS, WE CANNOT REALISTICALLY EXPECT TO MAKE QUICK AND EASY CONVERSIONS. OUR MINIMUM OBJECTIVE HOWEVER MUST BE TO OBTAIN COUNCILLORS' EARLY AGREEMENT TO A FURTHER ROUND OF TALKS IN ORDER TO LISTEN TO WHAT THE ARGENTINES HAVE TO SAY AND TO AVOID THE CONSEQUENCES OF A BREAKDOWN IN THE DIALOGUE. AT THE SAME TIME WE HAVE TO BE CAREFUL TO AVOID ANY IMPLICATION THAT WE ARE PUTTING UNDUE PRESSURE ON COUNCILLORS.

3. WE ENVISAGE THAT YOU MIGHT REMIND THE COUNCILLORS THAT IT IS EIGHT MONTHS SINCE THE LAST TALKS. THERE HAVE BEEN NO DEVELOPMENTS SINCE THEN, LARGELY BECAUSE OF THE IMPENDING ELECTIONS. THE ARGENTINES HAVE RECENTLY CALLED FOR A FURTHER EARLY ROUND. THEY DID SO FIRST IN THEIR FOREIGN MINISTER'S CONFIDENTIAL LETTER TO OUR AMBASSADOR IN BUENOS AIRES (BA TEL NO 221 TO FCO) WHICH WAS FOLLOWED BY THE COMMUNIQUE ISSUED IN JULY TO THE PRESS AND AT THE UN, AND AGAIN IN THE MEETING I HAD

WITH SR CAMILION IN SEPTEMBER (UKMIS NEW YORK TEL NO 909 TO FCO), WHEN HE PRESSED FOR TALKS BEFORE THE END OF THIS YEAR. IN RESPONSE TO THIS PRESSURE WE HAVE MADE CLEAR THAT WHILE WE WISH TO END THE DISPUTE, WE SHALL ACT ONLY IN ACCORDANCE WITH THE WISHES OF THE ISLANDERS. WE HAVE TOLD THE ARGENTINES THAT NO DECISION COULD BE TAKEN ABOUT FURTHER TALKS UNTIL THE ELECTIONS WERE COMPLETED. HOWEVER, WITH THE ELECTIONS OVER, AND THE NEW COUNCIL IN PLACE, HMG MUST OBVIOUSLY GIVE SOME DEFINITE RESPONSE TO THE ARGENTINE REQUEST. WE THEREFORE NEED TO KNOW COUNCILLORS' VIEWS ON WHAT WE SHOULD SAY.

4. COUNCILLORS SHOULD BE CLEAR THAT WE HAVE NO DOUBT ABOUT OUR SOVEREIGNTY, BUT THEY SHOULD ALSO BE REMINDED OF THE ADVANTAGES WHICH A SETTLEMENT WOULD BRING IN TERMS OF EXPANDING THE ECONOMY AND EXPLOITING NATURAL RESOURCES. THESE THINGS WILL NOT HAPPEN IF THE DISPUTE IS NOT SOLVED. THIS IS NOT A QUESTION OF THE UK APPLYING ECONOMIC PRESSURE. IT IS SIMPLY THAT WITHOUT ARGENTINE AGREEMENT, DEVELOPMENT OF THE SORT NEEDED WILL BE VERY DIFFICULT. INVESTORS ARE NOT WILLING TO PUT THEIR MONEY INTO DISPUTED TERRITORY: AND OIL COMPANIES WILL REMAIN SHY OF SEARCHING FOR OIL IN DISPUTED WATERS. IF COUNCILLORS AGREE THAT THE ECONOMIC ARGUMENTS IN FAVOUR OF ENDING THE DISPUTE ARE STRONG, THEY SHOULD LOGICALLY ALSO AGREE THAT WAYS OF DOING SO SHOULD BE EXPLORED.

5. UNLESS YOU CONSIDER THAT IT WOULD LEAD TO AN UNHELPFUL RESURGENCE OF THE QUOTE DUNKIRK SPIRIT UNQUOTE AND A HARDENING OF ATTITUDES, YOU SHOULD EQUALLY DRAW ATTENTION TO THE DANGERS OF REJECTING THE ARGENTINE REQUEST. THERE HAVE BEEN NO OVERT THREATS YET, BUT IMPLICIT IN ALL THE ARGENTINE PRESSURE ON US HAS BEEN THE THOUGHT THAT THEY HAVE THE MEANS TO MAKE ISLANDERS' LIVES DIFFICULT. IF WE SHOW OURSELVES UNWILLING TO CONTINUE A DIALOGUE WE MAY LEAVE THE ARGENTINES (FOR WHOM, WHATEVER THE RIGHTS AND WRONGS, THIS IS AN EMOTIVE NATIONAL ISSUE) NO ALTERNATIVE BUT TO TAKE RETALIATORY ACTION. COUNCILLORS WILL KNOW WHAT SERVICES THE ARGENTINES PROVIDE AND WILL BE ABLE TO JUDGE FOR THEMSELVES THE EFFECT ON THE ISLANDS IF ANY OF THESE ARE WITHDRAWN OR CURTAILED. THERE IS, ALSO, ULTIMATELY,

THE RISK OF MILITARY CONFRONTATION. WE SHALL OF COURSE CONTINUE TO SUPPORT AND DEFEND THE ISLANDS TO THE BEST OF OUR ABILITY. BUT THERE SHOULD BE NO ILLUSION ABOUT THE PRACTICAL DIFFICULTIES OF DOING SO, NOR ABOUT THE COST (AND THE PROBLEMS WHICH PRESENT FINANCIAL CONSTRAINTS POSE FOR HMG). ISLANDERS' LIVES WOULD INEVITABLY BE MADE MORE AWKWARD: AND THERE WOULD BE INEVITABLE DAMAGE TO THE ISLANDS' ECONOMY. WE SEE THIS AS A REAL RISK: TO AVOID IT, WE CONSIDER IT IMPORTANT TO CONTINUE THE TALKS.

6. THERE MAY BE A TENDENCY TO AGREE TO THE PRINCIPLE OF TALKS BUT TO OPPOSE THE INCLUSION OF SOVEREIGNTY. YOU SHOULD POINT OUT THAT, AS THE TALKS WOULD BE HELD AT THE ARGENTINES' REQUEST, WE COULD NOT PREVENT SOVEREIGNTY BEING RAISED BY THE ARGENTINE SIDE. BUT, ALTHOUGH HMG THEMSELVES REMAIN IN FAVOUR OF THE DISCUSION OF SOVERENTY WITHOUT COMMITMENT, IT SHOULD BE POSSIBLE TO LIMIT OURSELVES TO LISTENING TO WHAT THE ARGENTINES HAVE TO SAY. WE DO NOT KNOW WHAT, IF ANY, NEW PROPOSALS THE ARGENTINES MAY HAVE. BUT, HAVING REJECTED THE FREEZE PROPOSAL AT THE LAST ROUND, THE INITIATIVE TO PRESENT NEW IDEAS LIES WITH THEM. WE SEE CLEAR ADVANTAGE IN AGREEING TO AN EARLY NEXT ROUND AND WE HOPE THAT THE ISLANDERS WILL ALSO RECOGNISE THIS.

7. ON THE TIMING OF YOUR CONSULTATION WITH COUNCILLORS, NATURALLY IT IS FOR YOU TO DECIDE WHEN TO CALL A MEETING, AND WHETHER IMMEDIATE EXPOSURE TO THIS ISSUE AT AN EARLY MEETING IS MORE OR LESS LIKELY TO ACHIEVE THE DESIRED RESULT. INDEED THE WHOLE QUESTION OF HOW TO PLAY THE HAND IS OBVIOUSLY VERY MUCH FOR YOU TO JUDGE. BUT WE ARE BOUND TO COME UNDER RENEWED ARGENTINE PRESSURE ONCE THE ELECTIONS ARE OVER, WHICH WILL BECOME PROGRESSIVELY MORE DIFFICULT TO HOLD OFF.

CARRINGTON

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GRS 366
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PS NO 10 DOWNING STREET.

FM BUENOS AIRES 24/18487 SEPT 81
TO IMMEDIATE FCO
TELEGRAM NUMBER 259 OF 24 SEPTEMBER 1981
AND TO IMMEDIATE UKMIS NEW YORK, PRIORITY PORT STANLEY

Seen

ARGENTINA/FALKLANDS: ARGENTINE PRESS COMMENT

1. TODAY'S LOCAL PRESS GIVES HEADLINE TREATMENT TO FOREIGN MINISTER CAMILION'S DISCUSSION WITH THE SECRETARY OF STATE IN NEW YORK ON 23 SEPTEMBER. BASED PRIMARILY ON CAMILION'S OWN PRESS CONFERENCE AFTER THE MEETING, THE ACCOUNTS, QUOTING DIPLOMATIC OBSERVERS IN NEW YORK, PRESENT THE TALKS AS A MOST SIGNIFICANT DEVELOPMENT IN THE FALKLANDS NEGOTIATIONS, WITH BRITAIN AGREEING FOR THE FIRST TIME WITH ARGENTINA THAT THE PRESENT STATUS OF THE ISLANDS COULD NOT BE MAINTAINED.

2. CAMILION, WHO IS REPORTED AS HAVING EMERGED VISIBLY SATISFIED FROM THE TALKS, IS QUOTED AS SAYING THAT QUOTE LORD CARRINGTON ADVANCED TO THE POINT OF SAYING THAT THE PRESENT STATUS QUO IS DIFFICULT TO SUSTAIN TODAY UNQUOTE AND THAT BOTH AGREED ON THE NEED FOR IT TO BE CHANGED. CAMILION IS REPORTED AS HAVING CALLED FOR QUOTE SUBSTANTIVE PROGRESS UNQUOTE IN NEGOTIATIONS IN 1982, WITH A LOWER-LEVEL MEETING TO TAKE PLACE BEFORE THE END OF THIS YEAR. THERE IS NO SUGGESTION IN CAMILION'S REMARKS ABOUT THE LIKELY CONTENT OF FUTURE NEGOTIATIONS, BUT HE IS QUOTED AS SAYING THAT BOTH A HONG KONG-STYLE LEASE-BACK SOLUTION AND A FREEZE WERE REJECTED IN NEW YORK EARLIER THIS YEAR.

3. PRESS REPORTS ALSO QUOTE CAMILION AS REHEARSING FAMILIAR ARGUMENTS ABOUT THE NON-PRODUCTIVITY OF NEGOTIATIONS SO FAR, ALLEGED BRITISH FOOT-DRAGGING, THE POOR ISLANDER RESPONSE TO ARGENTINE EFFORTS TO IMPROVE CONTACTS AND MATERIAL CONDITIONS, AND THE NEED FOR A NEW IMPETUS IN THE NEGOTIATING PROCESS. SOME REPORTS REFER TO THE DIFFICULTIES WHICH LORD CARRINGTON SAW IN DOING ANYTHING UNTIL AFTER THE FALKLAND ISLAND ELECTIONS. CAMILION IS REPORTED AS DISMISSING THE ELECTIONS AS BEING OF NO IMPORTANCE TO ARGENTINA.

4. THERE IS A BRIEF REPORT IN ONE PAPER OF THE SECRETARY OF STATE'S REPRESENTATIONS ON BEHALF OF DAISY HOBSON, BUT WITHOUT COMMENT.

WILLIAMS

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ADDITIONAL DISTRIBUTION
FALKLAND ISLANDS

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GRS 100
CONFIDENTIAL
FM WELLINTON 260230Z SEPT 81
TO IMMEDIATE FCO
TELEGRAM NUMBER 247 OF 26 SEPT
INFO IMMEDIATE BUENOS AIRES AND UKMIS NEW YORK

FROM PRIVATE SECRETARY

BUENOS AIRES TELNO 259: PRESS COMMENT ON FALKLANDS

1. LORD CARRINGTON IS CONTENT TO LEAVE IT TO BUENOS AIRES, IN CONJUNCTION WITH THE DEPARTMENT, TO DECIDE WHETHER WE SHOULD SEEK TO COUNTER THE LINE BEING PUT OUT BY THE ARGENTINES. CAMILION CAN HAVE BEEN LEFT IN NO DOUBT ABOUT OUR COMMITMENTS TO RESPECT THE WISHES OF THE ISLANDERS (UKMIS NEW YORK TELNO 909).

STRATTON

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10

(2)

CHIEF SECRETARY TO THE TREASURY

Prime Minister

A very important point, of which I think you are already very conscious.

PRIME MINISTER

MG.

FALKLAND ISLANDS

In his minute to you of 14 September the Foreign Secretary drew attention to the obdurate attitude of the Islanders, and the great difficulty of bringing them to acceptance of some compromise arrangement for the future with Argentina. This issue has considerable financial implications for the UK and I am minuting you in Geoffrey Howe's absence abroad to register the Treasury's interest and concern.

2. I realise the strength of backbench emotion on this issue, and that any suspicion that we were trying to coerce the Islanders could precipitate the sort of controversy which might well make the Government's problems worse. At the same time, as Peter Carrington says, if the Argentines should act against the interest of the Islanders because of this stalemate - for example, by denying them air services or fuel supplies - it would be very expensive indeed for HMG to attempt to make up the deficiency.

3. We need, I suggest, to take precautions against stumbling into accepting new financial commitments inadvertently. I therefore suggest that it should be made quite clear, at least to the most influential and responsible of the Islanders, that HMG does not have the resources to protect the Islands from the economic consequences of a confontation with Argentina and that the Island authorities will need to bear this consideration in mind when taking their decisions about the future handling of the constitutional problem. Unless we convey such a warning, there is a risk that the Islanders will assume that HMG will bail them out.

4. I am copying this minute to other members of OD, to the Secretary of State for Energy, to the Attorney General and to Sir Robert Armstrong.

(24-9-81)

LEON BRITTAN

[Approved by the Chief Secretary and signed in his absence]


24 SEP 1931

SECRET

vb

16

Argentina

15 September 1981

Falkland Islands

The Prime Minister has seen and taken note of the Foreign and Commonwealth Secretary's minute, reference PM/81/42, about the present siguation in the Falkland Islands dispute.

MODBA

CS

Brian Fall, Esq.,
Foreign and Commonwealth Office.

SECRET

9

(2)

Prime Minister

Reassuring.

PM/81/42

PRIME MINISTER

Falkland Islands

1. I shall be discussing the Falkland Islands dispute with the Argentine Foreign Minister in the margins of the UN General Assembly later this month. You, and colleagues to whom this minute is copied, may like to be aware of the position on the dispute since the Anglo-Argentine talks in February (my minute PM/81/12 of 13 March).

2. Although those talks bought time, the Argentines are showing renewed impatience for an accelerated rate of progress. They have sent us a Note and circulated a communiqué at the United Nations deploring the hitherto slow speed of negotiations and the lack of results and making clear that, if progress is not made soon, they may have to look to other means of achieving their purpose.

3. I remain convinced that a leaseback, as outlined in my memorandum OD(80)46, provides the most likely, and perhaps the only, basis for an agreed solution to the dispute. However, the prospects for negotiating such a solution with Islander agreement have diminished since February. The more realistic approach to the problem generated by Nicholas Ridley's visit to the Islands last November (OD(81)2) and during the February talks, has receded. The elections to be held in the Islands next month seem likely to lead to a new Legislative Council opposed to substantive sovereignty talks with Argentina and to the principle of any transfer of sovereignty.

/4.

4. Unless and until the Islanders modify their views, there is little we can do beyond trying to keep some sort of negotiation with Argentina going (and even for this we cannot take Islander concurrence for granted). Our Ambassador in Buenos Aires has already told the Argentines in response to their Note that no action can be taken until after the Islands' elections have been held. The Argentines seem to accept this, but when I see him in New York, the Foreign Minister will undoubtedly ask for early British pressure on the new Councillors to bring them to the negotiating table. I propose to tell him that we want to end the dispute: but that we can act only in accordance with the wishes of the Islanders. We shall certainly be recommending them to agree to further talks and we may hope that these might lead them to realise the advantages of a settlement. If the Argentines were able to put forward constructive proposals of their own, this would help. But to put pressure on the Islanders to take any decision against their will could only be counter-productive.

5. The Argentines will not like this. They are under strong domestic pressures to show results. If they conclude that we are unable or unwilling to negotiate seriously, they may see little purpose in trying to maintain a dialogue.

6. The consequences for Anglo-Argentine relations would be harmful both politically and commercially. Furthermore it would complicate even further the prospects of developing the natural resources of the area (fish or any oil). But the most serious consequences would be for the Islanders themselves. The Argentines are in a position to withdraw the Islands' air service and a significant proportion of their fuel supply. If this happened it would inevitably fall to the UK, at some considerable cost, to provide alternative facilities so far as possible. Furthermore, we cannot

/discount

discount the risk that we might ultimately become involved in a military confrontation with Argentina. Contingency studies are currently being undertaken by officials, but it is clear that supplying and defending the Islands would be both difficult and costly.

7. In short, the present outlook is not good. When I have seen the Argentine Foreign Minister, I shall be better placed to judge the likelihood of increased pressure from his Government: and to consider what course we should pursue after the Falkland Islands' elections.

8. I am copying this minute to other members of OD, to the Secretary of State for Energy, to the Attorney General and to Sir Robert Armstrong.

C

(CARRINGTON)

Foreign and Commonwealth Office, SW1
14 September 1981

Argentina

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 55A/81

UNCLASSIFIED

OO BUENOS AIRES (DESKBY 2712002)
GRS 94
UNCLASSIFIED
DESKBY 271200Z
FROM FCO 261730Z MARCH 81
TO IMMEDIATE BUENOS AIRES
TELEGRAM NUMBER 101 OF 27 MARCH
(L) YOUR TELNO 109: PRESIDENTIAL INAUGURATION
1. IN THE LIGHT OF THE FURTHER INFORMATION IN TUR, THE PRIME MINISTER HAS AGREED TO SEND VIOLA THE FOLLOWING MESSAGE:
BEGINS:

'I TAKE THIS OPPORTUNITY TO SEND YOU MY CONGRATULATIONS AND THOSE OF HER MAJESTY'S GOVERNMENT ON YOUR ACCESSION TO THE PRESIDENCY AND I LOOK FORWARD TO THE CONTINUED DEVELOPMENT OF RELATIONS BETWEEN OUR TWO COUNTRIES'.

ENDS.
2. PLEASE DELIVER AS SOON AS POSSIBLE AFTER INAUGURATION.

CARRINGTON
NNNN

[COPIES SENT TO NO 10 DOWNING ST]

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jfh

26 March 1981

Argentina

The Prime Minister has seen and approved the message to General Viola enclosed with your letter to me of 24 March. She would however prefer that the reference to "our relations" should be changed to read "relations between our two countries".

MODBA

Roderic Lyne, Esq.,
Foreign and Commonwealth Office.

RLb

010

Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister
Agree draft.

24 March 1981

Dear Michael,

Argentina

General Roberto Viola becomes President of the Republic of Argentina on 29 March. The question arises whether the Prime Minister should send him a message of congratulations.

General Viola, like his predecessor, General Videla, was appointed by the Armed Forces: there have been no elections since the military takeover in 1976 and none are planned for the future. In the human rights field Argentina has a bad record and, although there have been improvements lately, abuses still continue as does the Armed Forces' resistance to accepting any accountability for the excesses of the past. An inauguration message could be criticised in the UK as giving support to an undemocratic regime and to its human rights policies.

On the other hand, it is important to us to have a good working relationship with the Argentine Government, principally because of the Falklands dispute, but also because of our increasingly valuable trade links. A message would be well received; and, conversely, its absence would be noted. There are likely to be messages from the Americans, the Germans, the French, the Irish, the Canadians and perhaps the Australians and Italians too. We should therefore be in respectable company; and any criticism from the human rights lobby could be dealt with by emphasising a message's courtesy nature.

On balance, therefore, the Foreign and Commonwealth Secretary is in favour of a message to the incoming President (he has already arranged to send one to the new Foreign Minister). I enclose a draft for the Prime Minister's consideration.

yours ever
Roderic Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Prime Minister

DEPARTMENT:

TEL. NO:

Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO:

His Excellency General Roberto Eduardo Viola

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

I take this opportunity to send you my congratulations, and those of Her Majesty's Government, on your accession to the Presidency and I look forward to the continued development of ~~our~~ relations between our two countries.

Enclosures—flag(s).....

vb

Argentina

16 March 1981

Falkland Islands

The Prime Minister has seen and taken note of the Foreign and Commonwealth Secretary's minute to her of 13 March on this subject.

MODBA

G.G.H. Walden, Esq., C.M.G.,
Foreign and Commonwealth Office.

8 (2)

Prime Minister

PM/81/12

PRIME MINISTER

Falkland Islands

1. As agreed in OD on 29 January a round of Anglo/Argentine talks on the Falkland Islands dispute took place in New York on 23/24 February. Nicholas Ridley led our delegation, which included two Island Councillors.

2. As expected, no direct progress was made towards a solution of the sovereignty dispute, though the talks were held in a cordial atmosphere. Nicholas Ridley presented the freeze proposal, explaining that this was what the Islanders wanted and that their wishes were, as always, paramount for us. The Argentines rejected the proposal outright. But they were concerned to make clear their interest in reaching a sovereignty solution which the Islanders might accept and which would open the way for economic development.

3. The most significant outcome was the impact of the discussion on the two Falkland Island Councillors present. They were for the first time directly exposed to the full intractability of the Argentine requirement for a "restitution" of sovereignty. They have accepted that there is no future in the freeze idea; and they have reported back to their colleagues that the choice for the Islanders is now between the status quo, with acceptance of the consequences, and a cession of sovereignty (by implication through leaseback). Nicholas Ridley asked them to let him know in due course how they wanted to see the next round of talks conducted. This may be the main issue in the Islands elections this autumn.

4. For their part, the Islanders impressed on the Argentines that economic considerations are secondary to their fundamental requirement that they should be allowed to continue their way of life under British administration. This was a

useful rejection of the contention frequently advanced in Argentina that Britain is clinging to the Islands for economic reasons alone.

5. The talks were thus a helpful education for both Islanders and Argentines: and narrowed the issues. We must now wait to see whether the impetus of debate in the Islands will be maintained. We must be careful not to put on any pressure. With the Argentines, there is little we can do for the present. By agreeing to hold talks with the outgoing administration we have lowered the temperature of the dispute and bought some time. But it remains to be seen whether the new Argentine Government, which takes office at the end of March, will be as amenable as this one and how soon it will be before they put pressure on us for further talks. We can reach no conclusions now; and in principle there is little point in further talks until the Islanders have cleared their own minds. If in the end the Islanders decide that they would prefer the status quo to any deal involving cession of sovereignty, then we must prepare for the possibility of a deterioration of our relations with Argentina: we might have to supply the Islands with essentials if the Argentines cease to do so (and perhaps even to defend them against physical harassment). The cost of such a stalemate could be considerable.

6. The other questions raised at the last OD meeting are being pursued. We are considering with the Treasury the provision of British Government guarantees for commercial loans to the Falkland Islands' Government. The Governor of the Falklands is reporting on the proposal to transfer the present Government Saving Bank into an institution offering normal commercial services, and, in the light of his report, we shall be discussing savings arrangements with the Treasury and the Bank of England.

7. I am copying this minute to other members of OD, to the Secretary of State for Energy, to the Attorney-General, and to Sir Robert Armstrong.

C

(CARRINGTON)

Foreign and Commonwealth Office

13 March 1981

Ref. A04114

PRIME MINISTER

Falkland Islands

(OD(81) 2)

BACKGROUND

OD last discussed the Falkland Islands on 3 December 1980. The Committee then invited the Foreign and Commonwealth Secretary to report further when the Islanders had made known their considered reactions to the suggestions put to them. He was also invited to consider the course of further contacts with the Argentine Government; to arrange for Parliament to be reassured as to the Government's policy; and to investigate the possibility of improving the financial position of the Islanders' position as regards interest on their savings deposits and the raising of capital for development. The Home Secretary was invited to give further consideration to how non-patrial Islanders should be treated under the proposed Nationality Bill.

2. In OD(81) 2 the Foreign and Commonwealth Secretary reports the outcome of the Islanders' consideration of the Government's proposals. They do not like any of the ideas put to them and implicitly reject the leaseback proposal favoured by Lord Carrington and Mr Ridley. But they agree to negotiations with Argentina designed to achieve a freeze on the dispute for a fixed period. Such a freeze was one of two specific possibilites mentioned by Mr Ridley to the House of Commons on 2nd December (Hansard col. 196); leaseback was the other.

3. Lord Carrington does not think that a freeze will be acceptable to Argentina. But he regards the Islanders' acceptance of the principle of negotiations, in which they themselves would take part, as an important step towards accepting that their own interests require a settlement of some kind with the Argentines. He therefore recommends that freeze negotiations should be attempted; and to avoid trying Argentine patience further he wants this done before the Government in Buenos Aires changes at the end of March (which will involve new faces but not new policies). He calculates that the Islanders will slowly and reluctantly come round to the leaseback idea as it becomes clear that

no more attractive basis for the necessary settlement is negotiable.

4. OD were worried in December that, even if the Islanders accepted the need for a settlement, Parliament here might object that this was merely the result of pressure by the Government. You will need to judge how far this danger has now subsided.

5. The Home Secretary has responded to this remit by sending you and the rest of the Committee a minute on 12th January about the position of the Falkland Islands under the Nationality Bill. This made clear that on the revision of the Immigration Rules 600-700 Islanders would have no right of abode in the United Kingdom and proposed a pledge that their position would be given "the most sympathetic consideration". Mr Whitelaw said that he would assume OD agreement unless anyone commented by 15th January; no one did. Lord Carrington's paper refers to Mr Whitelaw's proposal without specifically challenging it; but he warns that the Islanders may seek further concessions on this sensitive subject in the future. Lord Carrington is of course only too aware that any such concessions would set an awkward precedent for other dependents, eg Gibraltar, where larger numbers would be involved.

6. Since Lord Carrington's paper was written the Argentine Government have felt obliged to protest to us over stories about immigration to the Falklands from St Helena and the United Kingdom. As a further sop to public opinion they also want the next round of talks held sooner rather than later.

7. Mr Ridley, the Attorney General and the Chief Whip have been invited to attend OD for this item.

HANDLING

8. You will wish to ask the Foreign and Commonwealth Secretary to introduce his paper. He will probably ask Mr Ridley to expand on it, and particularly on the detailed reactions of the Legislative Council of the Islands. The following points should then be covered in discussion:-

a. Are the Foreign Secretary and Mr Ridley confident that they can cope with any Parliamentary suspicions that the Islanders are being hustled to their doom? Do the Chancellor of the Duchy and the Chief Whip share such confidence?

b. Do the Foreign Secretary and Mr Ridley believe that the Argentines really wish to settle this dispute? Or is it a quarrel which they cherish because of the benefits it confers in terms of national unity? If so, is there a risk that they may progressively raise their demands as the negotiations progress?

c. What does the Home Secretary's proposed assurance of "most sympathetic consideration" of their position really mean in relation to the 600-700 Islanders who will not have a right of abode in the United Kingdom? If they will in fact be admitted to this country if and when they want to be, would it not be sensible to say so at some stage? If it were specifically linked to a future negotiation about leaseback, such a statement might sugar that pill for the Islanders and at the same time minimise the awkward precedent (because leaseback would be unique).

d. What progress have the Foreign Secretary and Chancellor of the Exchequer made on OD's worries about savings deposit interest and development capital? Paragraph 5b of OD(81) 2 suggests not much.

e. Paragraph 5b of the paper also talks about a possible need for increased "British Government finance" for the Islands. Does the Foreign Secretary expect to cater for this from within the Aid Budget?

f. Do the Foreign Secretary and Mr Ridley see any danger that the Argentines will refuse to negotiate if it is clear that only a freeze is contemplated?

g. Is the immigration row a storm in a teacup or potentially serious?

h. What does the Defence Secretary think about (i) the cost and (ii) the practicability of defending the Islands if negotiations fail (or never start) and the Argentines resort to military threats?

CONCLUSION

9. Subject to the points made in discussion you might guide the Committee to agree to the proposal that the Government should confirm to the Argentines their agreement to further talks in late February/early March with the Islanders present, and should announce a date. You may also wish either to endorse the Home Secretary's proposed assurance to the Islanders about access to the

United Kingdom under the Nationality Bill as going far enough; or to establish that it would be helpful to gain the support of the Islanders to the leaseback idea if authority were given for a more specific assurance of admission to the United Kingdom to be given in due course.

RtA

ROBERT ARMSTRONG

28 January 1981

CRPS 550

CONFIDENTIAL

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DESKBY 27/1730Z

FM BUENOS AIRES 27/1400Z JAN 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 29 OF 27 JANUARY 1981

Read in full

MY TWO IPTS. FALKLAND ISLANDS

1. AS YOU KNOW THE PRESENT ARGENTINE GOVERNMENT, DESPITE AN AN AUTOCRATIC EXTERIOR, IS BASED FUNDAMENTALLY ON A CONSENSUS, PRIMARILY BETWEEN THE SERVICE COMMANDERS AND THE PRESIDENT AND, BEHIND THIS, BETWEEN THE COMMANDERS AND THEIR OFFICER CORPS, BUT ALSO BETWEEN THE GOVERNMENT AND THE MASS OF THE GOVERNED. I HAVE SEVERAL TIMES OVER THE LAST MONTH OR TWO DRAWN ATTENTION TO THE FACT THAT THE LICENSE SECURED FROM THIS CONSENSUS BY THE VIDELA-PASTOR-CAVANDOLI TEAM TO TREAT UNDERSTANDINGLY WITH US OVER THE FALKLANDS WAS WEARING THIN, PARTICULARLY AS TIME DRAGGED ON FROM THE LAST DEVELOPMENT THEY HAD TO SHOW IN NEW YORK LAST APRIL.

2. UNFORTUNATELY WE ARE NOW IN THE SOUTHERN HEMISPHERE'S SILLY SEASON AND THE ONLY OTHER EXCITING STORY- THE POPE'S PROPOSALS FOR THE BEAGLE CHANNEL - HAS GONE UNDER THE ARGENTINE EQUIVALENT OF A D NOTICE. WHILE THERE IS STILL NO ANNOUNCEMENT OF PRESIDENT-DESIGNATE VIOLA'S TEAM FOR THE FOREIGN MINISTRY, IT IS CLEAR THAT THE PASTOR-CAVANDOLI TEAM'S DAYS ARE NUMBERED AND ITS CHOSEN PLOY OF REASONABLENESS OVER THE FALKLANDS WILL BE EITHER VINDICATED AND RETAINED OR CONDEMNED AND ABANDONED. I THINK THEY ARE IN REAL TROUBLE AND, IN OUR OWN INTERESTS AS MUCH AS THEIRS, I URGE THAT WE EXTEND A HELPING HAND, IF WE POSSIBLY CAN.

3. THE DIFFICULTIES RAISED OVER HAVING THE GOVERNOR OF THE FALKLANDS AT THE HEADS OF MISSIONS CONFERENCE ARE VERY IRRITATING AND I DID MY BEST TO RIDE THEM OFF WITH EXPLANANTIONS THAT THIS IS ESSENTIALLY A MATTER OF IN-SERVICE HOUSE-KEEPING IN A DIPLOMATIC SERVICE TO WHICH HUNT BELONGS. HOWEVER, THE POINT IS NOT THAT THE FOREIGN MINISTRY OBJECTS (QUITE THE CONTRARY) BUT THAT, FOR THE SAME REASONS THAT THEY HAVE PREFERRED TO HAVE INTERMINISTERIAL TALKS IN NEW YORK OR ELSEWHERE, THEY ARE SCARED OF DISTORTIONS WHICH THEIR STRIDENT AND IRRESPONSIBLE PRESS COULD GET IMPLANTED IN THE PUBLIC MIND. WHEN I SPECULATED THAT, AT A PINCH, HUNT COULD PERHAPS SEE SIR M PALLISER IN SANTIAGO OR ASUNCION (IF AIR SCHEDULES ALLOW) EVEN THOUGH HE WOULD STILL HAVE TO PASS THROUGH BUENOS AIRES, CAVANDOLI AND ROS JUMPED AT THE SUGGESTION. IT SHOULD BE REMEMBERED THAT RECENT UK STATEMENTS ABOUT THE LEGISLATIVE COUNCIL VOTE, ST HELENA IMMIGRATION ETC HAVE STRESSED THE AUTONOMY OF THE FALKLAND ISLANDS GOVERNMENT. THAT IS HEAD SHOULD BE QUOTE CONSPIRING UNQUOTE FUTURE MOVES WITH THE HEAD OF THE FCO ON THE SACRED TERRITORY OF ARGENTINA COULD, INDEED, PROVIDE SOME EXPLOSIVE MATERIAL FOR A CHAUVINIST JOURNALIST AND, BEHIND HIM, CHAUVINIST CIRCLES IN THE ARMED FORCES.

4. AS THE GOVERNOR IS CURRENTLY TOURING ON HMS ENDURANCE, I LEAVE IT TO YOU TO DECIDE WHETHER TO REPEAT THESE TELEGRAMS TO HIM OR INFORM HIM IN OTHER TERMS.

WILLIAMS

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FM BUENOS AIRES 27/1330Z JAN 81
TO IMMEDIATE FCO
TELEGRAM NUMBER 27 OF 27 JANUARY 1981

The difficulties may be increasing.

FALKLAND ISLANDS

1. DEPUTY FOREIGN MINISTER CAVANDOLI CALLED ME IN YESTERDAY EVENING TO SAY, WITH REGRET, THAT THE ARGENTINE GOVERNMENT COULD NO LONGER SUSTAIN THE LINE OF REFUSING ALL COMMENT ON NEWSPAPER REPORTS OF BRITISH ACTIONS AND ALLEGED STATEMENTS IN REGARD TO THE FALKLANDS. HE WAS THEREFORE GOING TO RELEASE A COMMUNIQUE LATER THAT NIGHT, EXPRESSING CONCERN OVER THE REPORTS OF ST HELENA IMMIGRANTS AND OVER STATEMENTS ALLEGED BY THE EFE PRESS AGENCY TO HAVE BEEN MADE BY MR RIDLEY IN KINGSTON JAMAICA, REGARDING SELF-DETERMINATION AND INDEPENDENCE FOR THE ISLANDERS. THE COMMUNIQUE WOULD CALL FOR URGENT TALKS TO CLARIFY MATTERS. TEXT OF COMMUNIQUE AS IT APPEARED IN THIS MORNING'S PRESS IS IN MIFT.

2. CAVANDOLI AND AMBASSADOR ROS, WHO WAS WITH HIM, WERE AT PAINS TO MAKE CLEAR THAT IT WAS NOT THAT THEY DID NOT ACCEPT WHAT I HAD PREVIOUSLY TOLD AMBASSADOR ROS, THAT THE HANDFUL OF ST HELENIANS REALLY IN QUESTION WERE PART OF A QUITE NORMAL COMING AND GOING OR MY SCEPTICISM, WHICH YOU WILL SEE I PERSUADED THEM TO REFLECT IN THE COMMUNIQUE, THAT EFE HAD REPORTED MR RIDLEY WITHOUT PARAPHRASE. THEIR PROBLEM WAS THAT THE PRESS WAS GETTING OUT OF HAND, BY WHICH THEY, OF COURSE, REALLY MEANT THE FORCES INSIDE THE ARMED SERVICES WHO UNDERLAY THE PRESS CAMPAIGN. CAVANDOLI CONCLUDED WITH TWO PERSONAL PLEAS WHICH HE ASKED ME TO CONVEY TO MR RIDLEY.

(A) THE FIRST WAS A CRI DE COEUR THAT THE FURTHER ROUND OF TALKS WHICH HE HAD REQUESTED SHOULD BE ON THE EARLIEST OF THE DATES DISCUSSED WITH THE ARGENTINE AMBASSADOR IN LONDON, IE, 18 FEBRUARY. HE HAD HAD TO WAIT MUCH LONGER THAN HE HAD ANTICIPATED WHEN HE SAW THE AMBASSADOR IN ROME IN EARLY DECEMBER AND WAS NOW IN VERY GREAT DIFFICULTIES.

CONFIDENTIAL /(B) THE

(B) THE SECOND WAS A PLEA FOR UNDERSTANDING WHEN HE SAID, WITH THE PRESS IN ITS PRESENT AGITATED STATE, HE COULD NOT RISK HAVING IT COME OUT, NEXT MONTH, THAT THE GOVERNOR OF THE FALKLAND ISLANDS WAS IN BUENOS AIRES IN CONSULTATION WITH THE HEAD OF THE FOREIGN OFFICE. THE ARGENTINE GOVERNMENT WERE EXTREMELY PLEASED ABOUT THE PUS'S VISIT AND THE PROSPECT OF THE HEADS OF MISSION CONFERENCE BEING HELD IN BUENOS AIRES: AND, IN ANY OTHER CIRCUMSTANCES, THEY WOULD BE DELIGHTED TO HAVE THE GOVERNOR ENJOY THE FACILITIES OF COMING TO ARGENTINA READILY AVAILABLE TO ALL INHABITANTS OF THE ISLANDS. BUT, JUST NOW, IT WOULD BE TOO EXPLOSIVE.

3. FOR COMMENT PLEASE SEE MY SECOND IFT.

WILLIAMS

FALKLAND ISLANDS
STANDARD
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CABINET OFFICE

ADDITIONAL DISTRIBUTION
FALKLAND ISLANDS

(1)

Prime Minister -

Mr Whitelaw's arguments seem unobjectionable and I imagine that you will be to go along with the line he proposes overleaf. Agree?

You might wish to add that since OD will be meeting on 29 Jan to discuss the Falkland Islands & further complications in our relations with the islands in advance would be unhelpful, it would be desirable for Mr Whitelaw to refrain, if possible, from revealing his hand until the 2nd Reading in February.

Yes

PRIME MINISTER

15/1

THE FALKLAND ISLANDS UNDER THE NATIONALITY BILL

At the meeting of OD Committee on 3rd December, I was invited, in consultation with Peter Carrington, to give further consideration to the treatment under the Nationality Bill of those Falkland Islanders who are non-patrial (OD(80)25th meeting, Item 2). The introduction of the Bill on 14th January is likely to lead to renewed pressure on behalf of the Islanders for full British Citizenship to be given to all the territory's inhabitants. This minute sets out my conclusions, after consultation with the Foreign and Commonwealth Office, on the treatment of the Islanders under the Bill and proposals for responding to the pressure that is likely to arise.

I attach a memorandum which describes the present position of the Falkland Islands under United Kingdom immigration and nationality law. For the reasons set out in paragraph 10 of the memorandum, I am of the firm opinion that no special provision can be made in the Nationality Bill to accommodate the Islanders.

Almost all the Islanders are citizens of the United Kingdom and Colonies and it is estimated that about 65% of them are exempt from immigration control under the patriality provisions of the Immigration Act 1971. Islanders who are patrial will become British Citizens under the new nationality provisions (and retain their exemption from immigration control) as well as Citizens of the British Dependent Territories.

The Islanders are concerned about the difficulties that would face the 600 to 700 inhabitants who do not possess the right of abode in the United Kingdom (and for future generations who will be similarly placed)

in the event of a future emergency arising from a dispute with Argentina. Nicholas Ridley sent a message (paragraph 6 of the memorandum) to the Governor in December 1979 reaffirming the Government's pledge to do everything possible to assist in the event of an emergency. In order to meet the current concern I propose that a further statement to that effect should be made on Second Reading of the Nationality Bill in February, or in response to Parliamentary Questions on the subject following the publication of the Bill. The statement would be in the following terms:

> "In December 1979, following the publication of the White Paper on the revision of the Immigration Rules, the Minister of State at the Foreign and Commonwealth Office sent a message to the people of the Falkland Islands assuring them that in the event of an emergency the problems of any Islander who did not possess the right of abode in the United Kingdom and who was in trouble at that time would be most carefully and sympathetically considered. In the light of concern recently expressed on behalf of those Islanders, I wish to reaffirm that pledge and assure the Islanders that, in such circumstances, they can depend upon the most sympathetic consideration of their position."

If pressed to be more specific, I would be prepared to indicate that the admission of such Islanders to this country would be given favourable consideration under our immigration legislation.

Copies of this minute, and the attachment, go to the other members of OD. Since we may need to respond publicly on this question very soon, I shall assume that members of the Committee are content with these proposals unless I hear to the contrary by close of play on Thursday 15th January.

hor US

12 January, 1981

F.R.

THE FALKLAND ISLANDERS UNDER U.K. IMMIGRATION AND NATIONALITY LAWS

1. The Falkland Islands have been a colony since the 1830s. They were settled by people from the United Kingdom; there was no indigenous population.

Immigration status

2. Of the population of about 1900 it is estimated that about 1,200 - 1,300 are patrial under the Immigration Act by reason of birth in, or descent from a parent or grandparent born in, the United Kingdom. Of the remainder some would be admissible as dependent relatives e.g. children below the age of 18.

Citizenship

3. With hardly any exceptions all the people on the islands are citizens of the United Kingdom and Colonies, either by descent or through birth there or, in the case of those more recently settled, by birth in the United Kingdom.

4. Under the proposals contained in the White Paper those of the islanders who are patrial would become British citizens as well as Citizens of the British Dependent Territories. The remainder would become citizens of the British Dependent Territories only.

Attitude of the Islanders

5. The attitude of the islanders to possible changes in the colony's status is referred to in the minutes of OD (80) 25th Meeting. Through the Falkland Islands Office in London they are pressing for British Citizenship to be granted to all of them. In a letter sent to all MP's by Air Commodore Frow, the case is made on four grounds:

a) that there was no indigenous population of the islands;
b) that the islanders have no mother country but the United Kingdom;
c) that there is no question of the islands seeking independence; and
d) that the original Chelsea Pensioner settlers 'were promised the right to retain full British citizenship'.

F.R.

Correspondence with the Foreign and Commonwealth Office so far

6. Because of uneasiness in the Islands when it became known in the autumn of 1979 that there was a prospect of negotiations with Argentina, and when the United Kingdom immigration rules were being revised, a telegram was sent to the Governor to be passed on to local councillors containing the following passage:

> 'I, (Mr Ridley) realise that those islanders without patriality or a United Kingdom born grandparent may fear the prospect of finding themselves faced with a genuine difficulty. You will appreciate that I could not give you a firm undertaking in respect of such islanders. But I can reaffirm the pledge of HM Government to do everything possible to assist in the event of an emergency, and to consider most carefully and sympathetically the problems of any islander in trouble at such a time'.

7. On the nationality side, when the question of a transfer of sovereignty was raised last year a note was prepared for the Secretary of State drawing attention to the citizenship issues. [redacted]

8. On the point referred to in 5(d) above, the Foreign and Commonwealth Office can find only scanty references to the Chelsea Pensioners. Thirty went out in 1849 but by 1857 only 5 remained in the Falkland Islands. All were British subjects at the time, as were all people born in the United Kingdom and Empire.

Response to suggestions made at OD (80)23rd Meeting

9. On immigration, the Committee is probably right in thinking that to grant an automatic right of access to the United Kingdom would have unwelcome repercussions elsewhere. The islanders already have the assurance referred to in paragraph 6, and the United Kingdom could hardly go further without granting British citizenship and the right of abode.

10. To give the non-patrial Islanders British citizenship would however upset the whole basis of the Citizenship of the British Dependent Territories (which the Foreign and Commonwealth Office pressed the Home Office to accept). It would inevitably strengthen the demands for similar treatment already made by Gibraltar and the Cayanen Islands, and would encourage other colonies to seek special treatment.

F.R.

11. Moreover (though this is more a matter for the Foreign and Commonwealth Office than the Home Office) it seems possible that to make a special gesture now of giving British citizenship to the Islanders might adversely affect negotiations with Argentina by giving the impression:

a) that the United Kingdom, by making it easier for the islanders to leave if they wish, is trying to strengthen their position in the negotiations; and/or

b) that the United Kingdom is deliberately strengthening its hold on the islands and perhaps discouraging Argentina from proposing that the islanders should also hold Argentinian citizenship.

NLRU
Sunley House

December 1980

Ref: A03708

CONFIDENTIAL

Argentine

PRIME MINISTER

Falkland Islands

BACKGROUND

OD last discussed the Falkland Islands on 7th November (OD(80) 23rd Meeting, Item 1). The Committee agreed that Mr. Ridley should visit the Falkland Islands in order to discover whether his proposals would commend a sufficient degree of support there, and to report the outcome in order that the Committee could consider the next steps.

2. Because of the sensitivity of the issues involved, the circulated OD minutes were kept very brief and contained little more than the conclusion noted above. But a fuller record was also made and is attached. Its existence is not known outside No. 10 and the Cabinet Office.

Filed under 7.11.80

3. Following an alarmist headline in The Times on 26th November, to which Lord Carrington referred in Cabinet on 27th November, soothing answers were given to questions in Parliament on 27th November. These answers made clear that any solution to the dispute over the Islands would have to be endorsed both by the Islanders and by Parliament. Hansard extracts are attached.

4. Mr. Ridley returned from the Falklands on 1st December and is making a Statement to Parliament today. During his visit he discussed his proposals not only with the official Falkland Islands Council but also in a series of public meetings involving all told about half the Islands' population. The reactions were mixed. A vociferous minority, strongly represented in the unofficial Falkland Islands Committee, were for maintaining the status quo, whatever the cost. The majority seemed to have accepted that change of some kind would have to come. There was no agreement, however, on what kind of change. There was total opposition to any proposal involving joint United Kingdom/Argentine sovereignty or administration. There was some support for the idea that we should attempt to negotiate with Argentina a freeze on their claim to sovereignty over the Islands for 25 years in exchange for giving the

Argentines a share in the benefits of economic development. But it was Mr. Ridley's preferred option, the cession of titular sovereignty in return for a long lease-back, which naturally attracted most attention. Opinion about it was sharply divided. There was a good deal of support from those with most interest in good relations with Argentina - primarily the commercial community and sheep farm managers - but there was also much opposition. Both views were represented in the Council.

5. While Mr. Ridley assured the Islanders that they would not be rushed, he invited the Councillors to make a thorough canvass of opinion in the Islands so that they would be in a position to offer their considered advice at the time of the next full meeting of the Council, on 6th January 1981. Mr. Ridley is anxious, however, not to foreclose the lease-back option and would prefer to see the expression of the Islanders' views deferred rather than have a firm rejection of lease-back on 6th January.

6. On his way to the Falklands, Mr. Ridley paid a courtesy call on the Argentine Deputy Foreign Minister. He made it clear that the Islanders' wishes would be paramount and that their readiness to contemplate lease-back could not be taken for granted. He also made it clear that the concept was not regarded with any enthusiasm in London and that it would not be easy to satisfy Parliament that the terms of an agreement on these lines were adequate. Following Mr. Ridley's visit, the Argentines have restated their views on the question of sovereignty, but not in a provocative manner. Whatever line is taken by the Islanders on 6th January, Mr. Ridley thinks it important that he should visit Buenos Aires again early in the New Year in order to encourage the Argentines to continue treating the Falkland Islands issue in a low key.

HANDLING

7. You will wish Mr. Ridley to give an account of his visit and the Islanders' reactions to it; and you will then wish to seek Lord Carrington's comments.

8. In the subsequent discussion you will wish to establish -

(a) the likelihood of a rejection of the lease-back proposal by the Islanders;

(b) the likely reactions of the Argentine Government;

(c) the Parliamentary prospect here.

CONCLUSIONS

9. No policy decisions are required. You might guide the Committee to take note of Mr. Ridley's report and to invite the Foreign and Commonwealth Secretary to come back to the Committee with further proposals, once the Islanders have expressed their considered views.

RA

(Robert Armstrong)

B'B.

2nd December 1980

House of Commons - 27th Nov. 1980

Falkland Islands

Mr. Marlow asked the Lord Privy Seal whether it is the policy of Her Majesty's Government that the United Kingdom will in no foreseeable circumstances relinquish full sovereignty over the Falkland Islands.

Sir Ian Gilmour: The British Government are in no doubt about the United Kingdom's sovereign rights over the Falkland Islands and the Falkland Islands Dependencies. It remains our intention to seek a solution to the sovereignty dispute which is acceptable to all parties. We have made it clear that any proposals for a settlement would have to be acceptable to the islanders and would be laid before the House.

House of Lords - 27 Nov. 1980

Falkland Islands

3.20 p.m.

Lord Morris: My Lords, I beg leave to ask the Question which stands in my name on the Order Paper.

The Question was as follows:

To ask Her Majesty's Government whether they intend making a statement as a result of their negotiations with the Government of Argentina and the Legislative Council of the Falkland Islands.

Lord Carrington: My Lords, as my noble friend Lord Trefgarne told your Lordships at the conclusion of last night's debate, my honourable friend the Minister of State has gone to the Falkland Islands

[LORD CARRINGTON.]

following exploratory talks with the Argentine Government in April and my general discussion with the Argentine Foreign Minister in September. My honourable friend is consulting the islanders to establish their views. It is the Government's aim to achieve a solution which would be acceptable to all parties. I would repeat that no solution can be agreed without the endorsement of the islanders as well as that of Parliament.

Lord Morris: My Lords, I thank my noble friend the Secretary of State for Foreign and Commonwealth Affairs for that Answer. May I once more ask him whether Her Majesty's Government intend making a statement as a result of the negotiations between the Argentinian Government and the Legislative Council of the Falkland Islands?

Lord Carrington: My Lords, I can assure my noble friend that if there is anything to make a statement about it will be made.

Lord Avebury: My Lords, is the Minister aware that many people in the Falkland Islands view with the greatest alarm these conversations that Mr. Nicholas Ridley has had with the military authorities in Argentina; and that, bearing in mind that 3,600 people have totally disappeared into thin air in that country and no explanation has ever been vouchsafed by the authorities in spite of comprehensive investigations by the Inter-American Commission on Human Rights, this is a régime to which the people of the Falkland Islands quite understandably do not want to be subjected?

Lord Carrington: My Lords, in the light of the undertaking and the pledge I gave in the original Answer to the Question, I do not think the Falkland islanders have any cause for alarm.

The Earl of Lauderdale: My Lords, is my noble friend aware that following the visit of Mr. Ridley leaks have begun to appear in the London Press in a fashion all too familiar to those of us who are Whitehall-watchers; and will he give us an assurance that this Government will put absolutely no pressure on the islanders to accede to whatever may be the Whitehall view?

Lord Carrington: My Lords, of course I give that undertaking. I would only add that if my noble friend thinks that I have leaked it he must think that I enjoy being questioned in this House about it.

Lord Paget of Northampton: My Lords, why are we talking to the Argentine at all? What is their *locus standi* here? They are 500 miles away from islands which, when uninhabited, were occupied by British people and have, in the period since then, been British territory. What has it got to do with the Argentine?

Lord Carrington: My Lords, like it or not, over a great many years the Argentinians have claimed the Falkland Islands. We of course do not admit that claim, but the fact that there has been that claim has cast an economic blight over the Falkland Islands, as anybody who knows the subject will be well aware. Consequently, if an agreement could be reached which is acceptable to the Falkland islanders, to the Argentinians and to ourselves, it will be greatly to the benefit of all of us.

Lord Monson: My Lords, following on the question asked by the noble Lord, Lord Paget, would the noble Lord the Foreign Secretary not agree that Argentina is no more morally justified in claiming the right to rule the Falkland Islands than, for example, Liberia would be justified in claiming the right to rule the Canary Islands?

Lord Carrington: My Lords, the noble Lord will know enough about international affairs to know that a lot of people claim things that do not belong to them.

Viscount Thurso: My Lords, can the noble Lord give us an assurance that before assuming that we know the views of the Falkland islanders they will be given some chance of being heard by a referendum or by a means that ascertains their views person by person?

Lord Carrington: My Lords, I think that at this moment we had better take one thing at a time. I have no idea at the moment what the views of the Falkland islanders are, but I should like to hear what my honourable friend the Minister of State says when he comes back to England, and then we can discuss it all. But certainly there will be a lot of opportunity in your Lordships' House to discuss how we go, if we go anywhere.

cc:- Mr Whitmore
Mr Alexander

PRIME MINISTER

Falkland Islands: Mr. Ridley's statement

Mr. Ridley had an awful time in the House this afternoon, following his statement on the Falkland Islands (attached). I do not immediately recollect an occasion when a statement has been greeted with such a degree of hostility from the Government benches - to the extent that not a single Government backbencher supported it.

Peter Shore said that Mr. Ridley's statement was worrying. He said that what was at stake were the rights of 1,800 people of British descent, who wished to preserve their links with the United Kingdom. He asked Mr. Ridley to confirm that he had no intention of going ahead against the wishes of the Falkland Islanders, and that those wishes would have paramount importance. He said that leasing would be a major weakening of our position, and that making the idea public had strengthened the hand of the Argentinians. He called on Mr. Ridley to make it clear that the Government would not abandon the Islanders and that we would continue to support them. He was supported from both sides of the House.

Mr. Ridley said that the answer to all Mr. Shore's questions was "yes". His statement had made it clear that any further move would have to be endorsed by the Islanders and that their wishes were the predominant consideration. He confirmed the Government's commitment to the security of the Islanders.

Sir Bernard Braine said that any leaseback solution would undermine the perfectly valid title we had to the Island. He said that the precedent of Hong Kong was an insult to the Islanders. He wanted discussion of alternative means of reducing the Islanders' dependence on Argentina. He said that the Islanders were wholly British in blood and sentiment, and wanted them included in the forthcoming Nationality Bill. Mr. Ridley agreed that our title to the Island was perfectly valid. He said that the question was whether the dead hand of the dispute should be removed. It was now for the Islanders to give their own views before the Government reached decisions.

/ Mr. Russell Johnston

Mr. Russell Johnston said that Mr. Ridley's reception in the Falkland Islands had left no doubt about the Islanders' view but had left very considerable doubt about his intentions. He said that there was no support in the House for the shameful scheme to get rid of the Islands which had been festering in the Foreign Office for years and called on Mr. Ridley to disown such schemes. Mr. Ridley said that he knew better than Mr. Russell Johnston what sort of reception he had had in the Falklands and that he hoped that the Islanders were agreed on his good intentions. A large number of people there had told him that they wanted the dispute to be settled.

Peter Tapsell said that some of his colleagues would share his doubts about the tactical wisdom about putting leasing on the table at this stage. Mr. Ridley said that no offer had been made to Argentina and there was no question of negotiating about any offer on the table. The Islanders had first to discuss the question among themselves.

Julian Amery said that Mr. Ridley's statement had been profoundly disturbing. For years the Foreign Office had wanted to be rid of the Falklands. In his opinion it was almost always a great mistake to get rid of real estate and there was a British interest in the oil and gas resources in that part of the world. He compared the situation with the surrender of Aden and the Persian Gulf. Mr. Ridley said that he hoped that his colleagues knew well enough to recognise that he would not endorse schemes thrust upon him by his Department. The decision to take this initiative had been one which had been reached by the Government as a whole. It was a political move, and not part of the Foreign Office's job to devise it.

Donald Stewart said that the Government should advise Argentina that the matter was closed unless and until the Islanders themselves wished to reopen it. Mr. Ridley said that it was not for him to say what the Islanders did or did not want. Kenneth Warren said that the potential wealth of the Falklands was quite sufficient to support the Islanders and the Government ought to be giving them support to reach viability. Mr. Ridley said that it would not be possible to exploit the fishing and oil reserves until the dispute was over.

/ Tom McNally

Tom McNally said that over many years the Foreign Office had been pursuing their cause over the Falklands and that it would have been better for him not to make his humiliating excursion. There would never be a majority in the House of Commons to give the Islands to Argentina. Mr. Ridley said (foolishly) that Mr. McNally seemed to think he knew more than the Foreign Office. Members on both sides indicated that they thought that he did.

Lord Cranborne said that the statement would cause grave disquiet among Government supporters. It would encourage the Islanders to believe that they were not supported in this country. Mr. Ridley said that he had made it clear that the Islanders did indeed have our support.

Douglas Jay said that it was perfectly clear that the Islanders had no wish for a change in their present situation, and he asked why the Foreign Office could not leave the whole matter alone. Mr. Ridley said that a lot of Islanders believed it was to their own advantage to settle their dispute.

Robin Maxwell-Hyslop raised again the question of the Nationality Bill and said that Mr. Ridley appeared to have told the Islanders more than he was prepared to tell the House of Commons. He also raised the issue of trade with Chile. Mr. James Johnson welcomed the statement that the Islanders would be the arbiters of their own descent. He said that Mr. Ridley's duty was to ameliorate their conditions, and he asked what was being done to stimulate fishing ventures. Mr. Ridley said that the essential thing was to remove the dead hand of the dispute.

Matthew Parris asked why the dispute precluded help to the Islanders, and Mr. Ridley said that the possibility of declaring a 200 mile fishing zone was remote while the dispute continued. It was also true that investors were fearful about putting money into the Islands in the present situation. John Home Robertson asked whether the Government proposed to sell the freehold to Argentina as part of their policies to reduce the PSBR. Mr. Ridley said that it was impossible to go into details at this stage but that it was not envisaged that money would change hands.

/ William Shelton

William Shelton, in a very damaging intervention, asked whether if the Islanders went for the status quo Mr. Ridley would accept that the Government should help them. Mr. Ridley said that he was not prepared to answer hypothetical questions and that we would have to wait and see. David Lambie said that the Islanders had a deep suspicion of the Foreign Office and Foreign Office Ministers. Mr. Ridley said that he begged to differ and that he had received a very friendly welcome.

Peter Shore returned to Mr. Shelton's question and said that Mr. Ridley had given no clear reply. He called on him to do so. Once again Mr. Ridley declined to answer a hypothetical question.

John Farr rose at the end of all of this to say that in view of the intense dissatisfaction felt on the Government benches about the statement, he would seek to raise the matter on the Adjournment.

Although very different in kind, this is the worst reception a Government statement in the House has had since Keith Joseph's on the appointment of Ian MacGregor.

MJS

2 December 1980

STATEMENT ON FALKLAND ISLANDS MADE BY MR NICHOLAS RIDLEY, MINISTER OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS ON TUESDAY 2 DECEMBER 1980 IN THE HOUSE OF COMMONS

With permission, Mr Speaker, I wish to make a statement on the Falkland Islands.

We have no doubt about our sovereignty over the Islands. The Argentines, however, continue to press their claim. The dispute is causing continuing uncertainty, emigration and economic stagnation in the Islands. Following my exploratory talks with the Argentines in April, the Government have been considering possible ways of achieving a solution which would be acceptable to all the parties. In this the essential is that we should be guided by the wishes of the Islanders themselves.

I therefore visited the Islands between the 22nd and 29th of November in order to consult Island Councillors and subsequently, at their express request, all Islanders, on how we should proceed. Various possible bases for seeking a negotiated settlement were discussed. These included both a way of freezing the dispute for a period or exchanging the title of sovereignty against a long lease of the Islands back to Her Majesty's Government.

/The essential

The essential elements of any solution would be that it should preserve British administration, law and way of life for the Islanders while releasing the potential of the Islands' economy and of their maritime resources, at present blighted by the dispute.

It is for the Islanders to advise on which, if any, option should be explored in negotiations with the Argentines; I have asked them to let me have their views in due course. Any eventual settlement would have to be endorsed by the Islanders, and by this House.

(17490) Dd.897502 5m 2/73 G.W.B.Ltd. Gp.863

REFERENCES

Flag A	House of Lords	26 November 1980
Flag B	House of Commons	27 November 1980

NOTES FOR SUPPLEMENTARIES

1. Why negotiate at all? Simply giving in to Argentine pressure

The Islands are stagnating. The dispute casts a cloud over the Islands' economy, security and prosperity and this can only be removed through a negotiated settlement. Islanders recognise this. We are of course aware of the Argentine wish for substantive negotiations.

2. Wrong to consider ceding sovereignty: selling Islanders out?

How can that be? We have no doubt about our sovereignty. We are consulting Islanders. No possible bases for a solution to the dispute can be explored through negotiations without the endorsement of the Islanders. It must be their decision.

3. Why stir things up in this way?

It is not a matter of stirring things up. The dispute exists. We cannot decide on how to move forward on the dispute without fully consulting Islanders' views and wishes.

4. What would leaseback involve: how long?

Hypothetical at this stage. Details would have to be negotiated. Essentials would be to preserve continued British administration of the Islands and to permit the necessary development of the Islands' economy and resources. A lease would need to be for a very long period, covering several generations, if it is to be acceptable.

/5. ...

5. What other options have been considered?

We considered a range of options. But practicable possibilities which might be acceptable to all parties are very limited. I also discussed with the Islanders the concept of a joint administration with ~~the~~ Argentines; but they made clear that this was quite unacceptable to them.

6. How have Islanders reacted? Do they not reject any transfer of sovereignty?

I was impressed in my discussions with the Islanders by their clear recognition of the issues involved and by their appreciation of the need to give them careful and serious thought. The debate will continue in the Islands and they have undertaken to let me have their views in due course.

7. Would Argentines accept leaseback or freeze?

It would be premature to speculate on the Argentine position. But we are aware that the Argentine Government do want to see substantive negotiations undertaken. They have in the past rejected the idea of a freeze.

8. When and how will Islanders' views be known and will they be made public?

I hope that Islanders will be able to let us have their views through the Governor and their Councillors in the New Year. There is of course no deadline and no-one is rushing them. If a basis for further talks with the Argentines is agreed, the House will be informed.

9. What will you do if Islanders reject ideas?

This is a hypothetical question. We cannot anticipate their wishes.

10. Islanders being put under intolerable pressure?

We are not pressurising the Islanders. We are consulting them on their views. We have, however, a responsibility for ensuring a viable economic and political future for the people of the Islands, in accordance with their wishes.

/11. ...

11. What about Dependencies under leaseback?

This would be a matter for negotiation.

12. What about fish/oil?

Any solution must open up the Islands' maritime resources. Without an end to the dispute, the exploitation of the fish and of any oil will remain blocked.

13. UK aid to Falkland Islands

I made clear to the Islanders that our aid programme continues and that we will maintain our support for their economy.

14. Has date been set for negotiations with Argentines?

No.

15. You also visited Argentina?

On my way to the Islands through Buenos Aires I paid a brief courtesy call on the Argentine Deputy Foreign Minister.

CONFIDENTIAL

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CONFIDENTIAL
FM PORT STANLEY 272042Z NOV 80
TO IMMEDIATE FCO
TELEGRAM NUMBER 183 OF 27 NOVEMBER
INFO IMMEDIATE BUENOS AIRES

MY TELNO 180: FALKLAND ISLANDS: MR RIDLEY'S VISIT.

1. MR RIDLEY IS CONTINUING VISITS TO OUTLYING SETTLEMENTS (RETURNING TO PORT STANLEY PM 28 NOVEMBER), DISCUSSING POSSIBLE WAYS FORWARD WITH ISLANDERS. IN GENERAL HE IS RECEIVING A SERIOUS AND SENSIBLE RESPONCE. THE MOST NEGATIVE REACTION HAVE TENDED TO BE FROM THOSE MORE RECENTLY SETTLED IN THE ISLANDS. OTHERWISE THERE APPEARS TO BE A BROAD RECOGNITION THAT SOME WAY MUST BE FOUND TO REMOVE THE CLOUD OF THE DISPUTE AND THAT A LEASEBACK SOLUTION IN PARTICULAR SHOULD BE CAREFULLY CONSIDERED, DESPITE THE EMOTIONAL ANTIPATHY TO THE IDEA OF ANY CESSION OF TITULAR SOVEREIGNTY.

2. IT WILL HOWEVER TAKE TIME FOR A CLEAR REACTION TO EMERGE AND ONE CANNOT BE OPTIMISTIC ON THE PROSPECTS FOR LEASEBACK. THE ROLE OF COUNCILLORS IN MAINTAINING THE MOMENTUM WILL BE IMPORTANT IN THE NEXT FEW WEEKS.

3. COUNCILLORS' WISH THAT MR RIDLEY SHOULD PUT THE ISSUES OPENLY TO ISLANDERS INEVITABLY COMPLICATES THE PRESENTATION OF THE VISIT. THE LINE THAT MR RIDLEY IS STRESSING HERE IS THAT, FOR FUTURE TALKS WITH ARGENTINA, ISLANDERS WISHES AND PREFERENCES ARE OF PARAMOUNT IMPORTANCE. THERE IS A NEED GENUINELY TO CONSULT THEM ON HOW MATTERS MIGHT BEST BE TAKEN FORWARD. OUR INTEREST IS TO IDENTIFY A WAY OF ENSURING MAINTENANCE OF ISLANDS UNDER BRITISH ADMINISTRATION WHILE ALLOWING ECONOMY TO DEVELOP FREE OF DEAD HAND OF DISPUTE. IT WAS FOR ISLANDERS TO AGREE ON WHAT IDEAS MIGHT BE EXPLORED IN NEGOTIATIONS. ANY FINAL SOLUTION WILL HAVE TO BE ACCEPTABLE BOTH TO ISLANDERS AND PARLIAMENT.

HUNT

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S AM D
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PS/LPS
PS/MR RIDLEY
PS/PUS
SIR E YOUDE
MR DAY
MR HARDING

ADDITIONAL DISTN.
FALKLANDS ISLANDS

CONFIDENTIAL

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DESKBY 280900Z

FM PORT STANLEY 271827Z NOV 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 182 OF 27 NOVEMBER

INFO IMMEDIATE BUENOS AIRES

MY TELNO 180: FALKLAND ISLANDS: MR RIDLEY'S VISIT.

1. FOLLOWING ARE MAIN POINTS OF MR RIDLEY'S ADDRESS TO PUBLIC MEETING ON EVENING 25 NOVEMBER.

2. MR RIDLEY SAID HE HAD NOT COME WITH FIRM PROPOSALS BUT TO DISCUSS WHAT WE SHOULD DO NEXT. ARGENTINE CLAIM HAD NOT GONE AWAY. NEW YORK TALKS LAST APRIL HAD NOT MADE PROGRESS BUT HE BELIEVED THAT DIALOGUE SHOULD CONTINUE. HE HAD COME TO ISLANDS TO CONSULT COUNCILLORS AND ISLANDERS ABOUT NEXT ROUND. BRITISH GOVERNMENT WOULD DO NOTHING THAT WAS NOT ACCEPTABLE TO THE ISLANDERS. THAT WAS WHY HE HAD COME FIRST TO THE ISLANDS.

3. THERE WERE VARIOUS ALTERNATIVES. THE TALKS COULD BE DISCONTINUED. BUT THIS DID NOT SEEM TO BE IN ANYONE'S INTEREST. ISLANDS HAD ENOUGH PROBLEMS WITHOUT FURTHER ARGENTINE PRESSURES.

4. WHAT COULD BE POSSIBLE BASIS OF AN AGREEMENT? WHAT ISLANDERS SURELY WANTED AND NEEDED WAS TO RETAIN BRITISH WAY OF LIFE, ADMINISTRATION, LAWS, NATIONALITY AND FREEDOMS. AND ALSO SECURITY AND STABILITY. IT WAS UNCERTAINTY OF DISPUTE THAT DENIED SCOPE FOR PEACEFUL DEVELOPMENT.

5. WHAT WERE THE ARGENTINES WANTING? ARGENTINE CLAIM FOR HISTORICAL REASONS NOT NECESSARILY BECAUSE THEY WANTED TO LIVE IN THE ISLANDS. WE KNOW THAT OUR CLAIM TO SOVEREIGNTY IS RIGHT AND WE DO NOT ACCEPT THEIRS. BUT WE MUST LOOK AT PROBLEM IN PRACTICAL TERMS.

6. THREE IDEAS FOR FINDING POSSIBLE COMMON GROUND. IF ISLANDERS AGREE THAT ANY OF THESE SHOULD BE EXPLORED AND ARGENTINES ALSO AGREE, NO FINAL AGREEMENT COULD BE REACHED WITHOUT FURTHER ISLANDER ENDORSEMENT. PLEDGE THAT YOU WILL HAVE FULL CHANCE TO GIVE YOUR FINAL APPROVAL.

THREE OPTIONS ARE:

(A) JOINT ADMINISTRATION, BUT UNDERSTAND THAT THIS IS NOT ACCEPTABLE TO YOU:

(B) TO FREEZE THE ARGENTINE CLAIM FOR A NUMBER OF

YEARS. NO IDEA WHETHER THIS WOULD INTEREST ARGENTINES BUT WITHOUT CONCESSIONS (EG ON FISH AND OIL) WOULD NOT SEEM ATTRACTIVE TO THEM:

(C) TO CEDE TITLE OF SOVEREIGNTY AND TAKE BACK IMMEDIATELY FULL AND LONG LEASE TO BRITISH GOVERNMENT. AIM WOULD BE FOR NOTHING TO CHANGE ON THE GROUND IN TERMS OF BRITISH ADMINISTRATION, WAY OF LIFE ETC. CANNOT SAY WHAT ARGENTINE REACTION WOULD BE. PERIOD OF LEASE ESSENTIAL ASPECT AND WOULD HAVE TO BE BARGAINED. BUT WOULD NOT BE ACCEPTABLE UNLESS VERY VERY LONG - A NUMBER OF GENERATIONS.

7. FREEZE WOULD BUY TIME BUT UNCERTAINTY WOULD RETURN AT END OF PERIOD. LEASE-BACK REQUIRES ''GULP-MAKING'' STEP ON TITLE OF SOVEREIGNTY. ADVANTAGE WOULD BE TO PRESERVE ADMINISTRATIVE STATUS QUO FREE OF THREAT OF DISPUTE PLUS CHANCE OF DEVELOPING FISH OR ANY OIL RESOURCES AND TO ENCOURAGE INVESTMENT. STRESS THAT WE ARE ONLY TALKING ABOUT POSSIBLE NEGOTIATING POSITION FOR NEXT ROUND OF TALKS, AT WHICH ISLANDERS WOULD BE REPRESENTED. ANY OUTCOME OF TALKS WOULD AGAIN NEED TO BE PUT TO YOU FOR AGREEMENT. NOTHING CAN BE DONE AGAINST ISLANDERS' WISHES. THERE IS NO RUSH: KNOW THAT YOU NEED TIME TO THINK ALL THIS OVER.

8. MR RIDLEY THEN DEALT WITH QUESTIONS. ASKED ABOUT WHAT GUARANTEES, IF SOVEREIGNTY WERE CONCEDED, THERE WOULD BE TO ENSURE ARGENTINE FULFILLMENT OF TERMS OF A LEASE-BACK, MR RIDLEY SAID NO DOUBT ABOUT OUR CLAIM TO ISLANDS BUT LOOKING FOR PRACTICAL SOLUTION. ANY ARGENTINE AGREEMENT WOULD HAVE TO BE IN FORM OF TREATY, UNDER-WRITTEN BY UN AND WITH MAXIMUM INTERNATIONAL ENDORSEMENT. IF ARGENTINES WERE TO BREAK ANY LEASE, WORLD OPINION WOULD BE AGAINST THEM.

9. ASKED ABOUT WHAT MIGHT HAPPEN AT END OF LEASE, MR RIDLEY SAID ISLANDS WOULD BE BRITISH PROPERTY FOR LENGTH OF LEASE. WHEN IT ENDED IT COULD BE POSSIBLE TO SEEK RE-NEGOTIATION.

12. ASKED ABOUT POSITION IF ISLANDERS PREFERRED NO NEGOTIATIONS, MR RIDLEY SAID THAT ISLANDERS HAD THEIR OWN EXPERIENCE OF ARGENTINE PRESSURES. IF THERE WERE NO TALKS, PRESSURES COULD BE EXPECTED TO RESUME, BUT HOPED THAT THESE WOULD BE WITHIN BOUNDS.

11. ASKED WHY ISLANDERS SHOULD DISCUSS OR CONCEDE ANYTHING, BUT SIMPLY RESIST PRESSURES, MR RIDLEY SAID ISLANDERS HAD EVERY RIGHT TO DECIDE WHAT SHOULD BE DONE IF THEY FELT THAT THIS WAS BEST FOR THE ISLANDS, FOR FUTURE OF ECONOMY AND FOR FUTURE GENERATIONS. IT WAS FOR THEM TO CONSIDER THE ISSUES: THEIR RESPONSIBILITY TO DECIDE.

/12. ASKED

12. ASKED ABOUT OIL AND FISH RIGHTS UNDER LEASE-BACK, MR RIDLEY SAID HE EXPECTED ISLANDERS WOULD WISH THESE TO BE INCLUDED AS BELONGING TO FIG UNDER A LEASE.

13. ASKED ABOUT THE POSITION IF ARGENTINES DID NOT AGREE TO LEASE-BACK, MR RIDLEY SAID WE WOULD HAVE TO CONSIDER WITH ISLANDERS CONSEQUENCES OF A CONTINUING DISPUTE AND DISCUSS WHAT MIGHT BE DONE. COULD NOT SAY WHAT ARGENTINE REACTION WOULD BE BUT HOPED THEY MIGHT CONSIDER IT.

14. ASKED WHETHER HMG WERE GIVING ISLANDERS ULTIMATUM, MR RIDLEY EMPHASISED THAT THIS WAS ABSOLUTELY WRONG. BUT WE HAVE TO CONSIDER WHAT SHOULD BE DONE IN DISPUTE: ARGENTINES WILL NOT JUST LEAVE ISLANDS ALONE.

15. ASKED ABOUT RIGHT OF SETTLEMENT IN UK FOR ISLANDERS, MR RIDLEY SAID TWO-THIRDS OF ISLANDERS ALREADY PATRIAL. PROPOSED NATIONALITY LEGISLATION WILL NOT AFFECT THESE RIGHTS. FOR REST HMG WOULD, IN REAL EMERGENCY, BE ABLE TO EXERCISE DISCRETION ON ENTRY INTO UK. CANNOT GO FURTHER SINCE CANNOT DISCRIMINATE BETWEEN DEPENDENCIES.

HUNT

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S AM D
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PS/LPS
PS/MR RIDLEY
PS/PUS
SIR E YOUDE
MR DAY
MR HARDING

ADDITIONAL DISTN.
FALKLAND ISLANDS

CONFIDENTIAL

GRS 430
CONFIDENTIAL
DESKBY 261430Z
FM PORT STANLEY 261228Z NOV 80
TO IMMEDIATE FCO
TELEGRAM NUMBER 180 OF 26 NOVEMBER
INFO IMMEDIATE BUENOS AIRES

Read in full.

FALKLAND ISLANDS: MR RIDLEY'S VISIT.

1. **MR RIDLEY HAD TWO ROUNDS OF TALKS WITH ISLAND COUNCILLORS ON 24 AND 25 NOVEMBER AND SET OUT POSSIBLE NEGOTIATING OPTIONS** (JOINT ADMINISTRATION, SOVEREIGNTY FREEZE OR LEASEBACK). HE MADE CLEAR THAT HE WAS NOT SEEKING AT THIS STAGE AGREEMENT TO ANY PARTICULAR SOLUTION: ONLY TO CONSULT AND AGREE ON WHICH IDEAS SHOULD BE EXPLORED FURTHER IN NEGOTIATIONS. HE HOPED THAT ISLANDERS WOULD BE REPRESENTED AS AT NEW YORK. NO EVENTUAL SOLUTION THROUGH NEGOTIATIONS COULD BE REACHED WITHOUT THEIR FURTHER ENDORSEMENT.

2. INITIAL RESPONSE OF COUNCILLORS HAS BEEN PREDICTABLY MIXED. THEY DO NOT CONTEST THE NEED FOR FURTHER NEGOTIATIONS ON SOVEREIGNTY. SOME APPEAR PREPARED TO SEE TALKS ON LEASEBACK SEMI COLON OTHERS PREFER THAT A POSSIBLE FREEZE LINKED WITH FISH/OIL COOPERATION SHOULD BE EXPLORED FIRST OR EXCLUSIVELY. NO SUPPORT FOR JOINT ADMINISTRATION. THEY MADE CLEAR HOWEVER THAT THEY CANNOT REACH A FIRM POSITION BEFORE MR RIDLEY'S DEPARTURE AND NEED MORE TIME TO THINK AND CONSULT LOCAL VIEWS. HE WILL HAVE A FURTHER MEETING WITH COUNCILLORS ON 29 NOVEMBER. BUT THEY HAVE TENTATIVELY PROPOSED THAT A RESPONSE SHOULD BE AGREED BY JOINT COUNCIL BEFORE CHRISTMAS.

3. AT SAME TIME THEY PREFERRED THAT MR RIDLEY SHOULD, DURING HIS VISIT, GO PUBLIC AND SET OUT THE ISSUES TO ISLANDERS. MR RIDLEY HAS SINCE SPOKEN WITH A NUMBER OF LOCAL BODIES, INCLUDING THE FALKLAND ISLANDS COMMITTEE (SEE MIFT): GIVEN AN INTERVIEW ON FALKLAND ISLANDS RADIO AND ADDRESSED A WELL ATTENDED PUBLIC MEETING. HE WILL BE VISITING OUTLYING SETTLEMENTS OVER THE NEXT THREE DAYS.

/4. IT

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4. IT IS TOO SOON TO TRY TO ASSESS PUBLIC (AS OPPOSED TO COUNCILLORS) FEELINGS. COMMENT HAS CONCENTRATED ON LEASEBACK. AGAINST THE INEVITABLE CAUTION AND SUSPICION, THERE IS A CLEAR WILLINGNESS TO CONSIDER THE IDEA CAREFULLY BEFORE REACHING CONCLUSIONS. MR RIDLEY'S VIEW AT THIS STAGE IS THAT MATTERS ARE GOING AS WELL AS COULD BE REASONABLY EXPECTED.

5. ARGENTINE PRESS (CLARIN AND LA NACION) WERE PRESENT AT PUBLIC MEETING AND WILL BE REPORTING BACK. H.M. AMBASSADOR BUENOS AIRES MAY WISH TO FOREWARN FOREIGN MINISTRY.

6. YOUR TELNO 119. AGREED DEFENSIVE PRESS LINE REMAINS VALID, ALTHOUGH FIRST SENTENCE OF YOUR PARA 2(1)(-A) MAY NOW SEEM MISLEADING. NEWS DEPARTMENT MIGHT SAY, AS APPROPRIATE, THAT MR RIDLEY HAS BEEN CONSULTING THE ISLANDERS ON POSSIBLE NEGOTIATING OPTIONS (PARA 1 ABOVE). GIVEN THE VARIETY OF AUDIENCES TO WHICH MR RIDLEY IS SPEAKING, THERE WILL INEVITABLY BE A NUMBER OF GARBLED REPORTS FEEDING BACK, SUCH AS UN POINT IN PARA 1 OF YOUR TUR. THESE WILL HAVE TO BE DEALT WITH ON A COMMON-SENSE BASIS IN THE LIGHT OF BRIEFS FOR THE VISIT.

7. **MIFT.**

HUNT

LIMITED
S AM D
NEWS D
ES & SD
MAED
PS
PS/LPS
PS/MR RIDLEY
PS/PUS
MR DAY
MR HARDING

ADDITIONAL DISTRIBUTION
FALKLAND ISLANDS

CONFIDENTIAL

Ref. A03485

MR. ALEXANDER

OD, 7th November: Falkland Islands

In paragraph 2 of his minute to the Prime Minister of today's date about tomorrow's OD discussion on the Falkland Islands, Sir Robert Armstrong explained Mr. Ridley's proposed handling of further discussions with the Argentines. This assumed that the Argentine junta as a whole had not yet considered the ideas put to their Foreign Minister in New York in August.

2. The Foreign and Commonwealth Office have now learned that the Argentine junta are prepared to negotiate on the basis described in paragraph 1 of Sir Robert Armstrong's minute. This removes the need for Mr. Ridley to have substantive discussions in Buenos Aires prior to his proposed talks with the Falkland Islands.

D.J. WRIGHT

6th November, 1980

CONFIDENTIAL

Ref: A03467

6 Argentina

SECRET

PRIME MINISTER

Falkland Islands
(OD(80) 66)

BACKGROUND

OD last discussed the Falkland Islands on 2nd July. The Committee then authorised Mr. Ridley to explore confidentially with the Argentines the possibilities for a solution to the dispute, including that of a surrender of sovereignty and simultaneous lease-back. The Committee agreed that it would need to decide, in the light of the outcome of these exploratory talks, whether the prospects were sufficiently promising to seek the views of the Islanders themselves and then enter into more formal negotiations. The Foreign and Commonwealth Secretary's paper is very discreet about the details of the discussions so far. But his conclusion is that initial Argentine reactions to the concept of a transfer of sovereignty accompanied by lease-back have been sufficiently encouraging to justify Britain going further down this path.

2. Mr. Ridley, who will be present at the OD meeting, talked in August with the Argentine Vice-Minister for Foreign Affairs, Commodoro Cavandoli, and in September the Foreign and Commonwealth Secretary saw the Argentine Foreign Minister (Pastor) in New York. We do not yet know whether the governing junta as a whole would be ready to enter into serious negotiations. An added difficulty is that in a planned reshuffle of posts in the Argentine Government, President Videla will be succeeded by another member of the junta, General Viola, next March. Hence, if OD agree to further exploratory discussions taking place, it will be necessary to have another round with the Argentines before attempting to tell the Islanders what is being mooted. Subject to the Committee's views, Mr. Ridley proposes to visit the Falklands in the next few weeks and, in the course of the stopover he has for practical reasons to make in Buenos Aires, would aim to ensure that the junta as a whole are ready to negotiate on the proposed basis. If the junta's reactions are unsatisfactory, Mr. Ridley would use his visit to the Falklands simply to demonstrate the Government's continuing concern with the Islanders' well-being.

HANDLING

3. You will wish to ask the Foreign and Commonwealth Secretary to introduce his paper. He will probably ask that Mr. Ridley should give a more detailed account of his latest talks and his ideas for making further progress. While the point of principle at issue - whether there might be circumstances in which we could contemplate the transfer of sovereignty to Argentina - was decided at the Committee's earlier meeting, there are a number of points to press in subsequent discussion:-

(a) It is hardly surprising that the Argentines should have wished to encourage to concede them sovereignty over the Falklands: was there any corresponding readiness on their part to recognise that the Islanders would wish to continue under British administration for a very long time?

(b) While the successful conclusion of an agreement with Argentina might be expected to make it less likely that the Argentines would attempt to take physical possession of the Islands, how confident can we be of this? Might the Falklands, as in the past, provide a popular diversion from internal Argentine problems, leaving the United Kingdom with the same commitment as we now have to defend the Islanders, but with an arguably weaker juridical basis for doing so?

(c) If the Argentines settle their dispute with Chile over the Beagle Channel (which seems possible in the near future) will this lead them to adopt a more aggressive attitude in relation to their claim to the Falkland Islands?

(d) What would be the expenditure implications of a solution on the lines envisaged by the Foreign and Commonwealth Secretary? Presumably there would be no question of paying anything more than a peppercorn rent to Argentina; but would the Foreign and Commonwealth Secretary expect an eventual deal to include the commitment of public funds to the exploration of the Falklands' natural resources, especially oil? How could we guarantee ourselves a sufficient share of any oil that may be found?

(e) What are the likely international repercussions? Would we be likely to come under pressure to surrender sovereignty over other British possessions? Would we be setting a precedent regarded as damaging by the United States or France?

(f) At what stage should the Government make its intentions public?

CONCLUSIONS

4. Subject to reassurance on the points outlined above, you might guide the Committee to agree that the logic of their decision on 2nd July is that the Minister of State, Foreign and Commonwealth Office (Mr. Ridley) should be authorised to pursue the exploratory talks with the Argentines and, provided that it is clear that there is not likely to be a sudden hardening of the Argentine line e.g. as a result of the forthcoming Government changes, to broach his ideas with the Islanders themselves. The Committee will no doubt wish to be consulted further about the terms under which any subsequent formal negotiations should take place.

RCA

(Robert Armstrong)

6th November 1980

Argentina

Prime Minister

A positive visit, it seems.

MT

MH 12/8

CONFIDENTIAL

GRPS 470
CONFIDENTIAL
FM BUENOS AIRES 11/1915Z AUG 1980
TO PRIORITY FCO
TELEGRAM NUMBER 186 OF 11 AUGUST 1980

VISIT OF MINISTER FOR TRADE TO ARGENTINA. 5-10 AUGUST

1. MR PARKINSON'S VISIT TO ARGENTINA TOOK PLACE IN A NOTABLY CORDIAL ATMOSPHERE, THE ARGENTINES MAKING EVERY EFFORT TO ENSURE SUCCESS. MEETINGS WITH MINISTERS INVOLVED NEARLY ALL THE MEMBERS OF THE ECONOMIC TEAM IN ADDITION TO MR PARKINSON'S OFFICIAL HOST, THE SECRETARY OF STATE FOR TRADE, LIC. ALEJANDRO ESTRADA. BECAUSE OF AN EMERGENCY OPERATION, THE MINISTER OF ECONOMY, DR MARTINEZ DE HOZ, WAS UNFORTUNATELY UNABLE TO PARTICIPATE, BUT MR PARKINSON CALLED ON HIM IN HOSPITAL WHERE HE WAS RECOVERING. OTHER CALLS INCLUDED A CORDIAL INTERVIEW WITH THE FOREIGN MINISTER, BRIGADIER PASTOR AND AN AUDIENCE WITH PRESIDENT VIDELA, WHO SPOKE WARMLY OF BRITISH FRIENDSHIP AND UNDERSTANDING. THE MINISTER,S EXCURSION TO CORDOBA WAS PARTICULARLY WELL-RECEIVED, BEING THE FIRST VISIT BY A EUROPEAN MINISTER FOR MANY YEARS.

2. THE ARGENTINE AUTHORITIES CONSISTENTLY TOOK PAINS TO SHOW THAT THEY SAW THE VISIT AS A MANIFESTATION OF OUR CONFIDENCE IN THEM AS TRADING PARTNERS AND TO RECOGNISE THE CLOSE SIMILARITY BETWEEN OUR ECONOMIC POLICIES. THEY MADE PLAIN THEIR DESIRE TO SEE AN INCREASE BOTH IN THE GENERAL LEVEL OF CONTACT WITH BRITAIN AND IN OUR BILATERAL TRADE. SEVERAL OPPORTUNITIES WERE TAKEN BY THE MINISTER TO EMPHASISE THE BENEFIT WHICH WOULD DERIVE FROM PARTICIPATION BY THE UK IN ONE OR MORE MAJOR CONTRACTS, SINCE THIS WOULD DRAW IN FURTHER LARGE NUMBERS OF BRITISH COMPANIES. HE WAS ABLE TO CONFIRM THAT THE IMPRESSIVE RANGE AND SCALE OF THE ARGENTINE PROJECTS NOW FIRMLY PLANNED FOR THE NEXT DECADE COULD PROVIDE SCOPE FOR BRITISH COMPANIES IN A NUMBER OF SECTORS. SIMILARLY, THE BUSINESSMEN WHO ACCOMPANIED THE MINISTER WERE ABLE TO FOLLOW UP SEVERAL LEADS WHICH EMERGED FROM THE VISIT AND TO MAKE VARIOUS CONTACTS AT HIGHER LEVEL THAN WOULD OTHERWISE HAVE BEEN POSSIBLE.

3. THIS VISIT, LIKE YOUR OWN TO BRAZIL, VENEZUELA ANDMEXICO HAS SERVED TO DEMONSTRATE THE GENUINNESS OF OUR INTEREST IN THE REGION AND TO EMPHASISE THAT IT IS THE UK WHICH HAS TAKEN THE INITIATIVEM IN ARGENTINA IT WILL CERTAINLY OPEN UP PROSPECTS WHICH I HOPE WE WILL BE IN A POSITION TO EXPLOIT.

/4.

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4. NEITHER THE FALKLAND ISLANDS NOR HUMAN RIGHTS FEATURED STRONGLY IN DISCUSSIONS. THERE WAS ACCEPTANCE THAT DISCUSSION ON THE FALKLAND ISLANDS WERE PROCEEDING SEPARATELY. HUMAN RIGHTS WERE RAISED INDIRECTLY AND INFORMALLY ON A NUMBER OF OCCASIONS, BUT AT NO TIME BECAME AN ISSUE.

5. THE ARGENTINES WERE READY TO BE PLEASED, AND WERE PLEASED.

THE VISIT WAS A GREAT PERSONAL SUCCESS FOR THE MINISTER.

FCO PLEASE PASS SAVING TO DOT (CRE3), DOT (S OF S'S OFFICE), ECGD (COTTERILL), DOT (PEP - BENJAMIN).

WILLIAMS

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MR HAYES

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COPIES SENT TO
No. 10 DOWNING STREET

Argentina 3

Ref A02485

PRIME MINISTER

Falkland Islands
(OD(80) 46)

BACKGROUND

OD last discussed the Falkland Islands at their meeting on 29 January. The Committee then agreed that, provided that the Island Council confirmed that it was their wish that talks should be resumed, the FCO should resume talks with the Argentines at Ministerial level. Since then exploratory talks have been held by Mr Nicholas Ridley, who will be present with the Foreign and Commonwealth Secretary for this item at Wednesday's meeting. The Attorney General, the Secretary of State for Energy and the Minister of State, Ministry of Agriculture and Fisheries (Mr Buchanan-Smith) will also be present to deal with their departmental interests in the subject.

2. The basic question posed by the Foreign and Commonwealth Secretary is whether we should be prepared on an exploratory basis to discuss with the Argentines the surrender of United Kingdom sovereignty over the Falkland Islands. The legal justification for the Argentine claim to sovereignty is weak. The reasons for the United Kingdom taking this course of action are the entirely practical ones of saving ourselves money (both in maintaining the economy of the Islands and in defending them, if the Argentines threatened to attack them), solving a residual colonial problem, improving our relations with the Argentine, opening the way to developing the resources of the South-West Atlantic, and improving the economic prospects for the Islanders. But despite these practical arguments, there may well be considerable concern expressed in OD about the point of principle involved in a British surrender of sovereignty in these circumstances. The Lord Chancellor is likely to have particularly strong views on this point. At the discussion at OD on 29 January, it was suggested that a British readiness to surrender sovereignty over the Falkland Islands might have implications for the British position elsewhere in the world eg Gibraltar and Hong Kong.

HANDLING

3. You will wish to ask the Foreign and Commonwealth Secretary to introduce his paper. He will probably ask that Mr Ridley should give an account of his exploratory talks with the Argentines in April. The points to establish in subsequent discussion are:-

a. Once we are seen to accept that the Argentine claim to sovereignty over the Falklands is a matter on which we are prepared to negotiate, is there a risk that we shall be pushed down the slippery road to total surrender? The main strength of our case lies in the point of principle that the legal Argentine claim is weak. Once we show that we are willing to relinquish this point of principle, what effective bargaining counters have we got left?

b. How likely is it that the Argentines will allow the United Kingdom to share in the development of the natural resources of the continental shelf once sovereignty over the Falkland Islands has been surrendered?

c. What is the potential value of the resources of that continental shelf? Mr Buchanan-Smith is likely to be doubtful whether the fishing around the Islands is likely to be of much value in the present or foreseeable future. What value does the Secretary of State for Energy put on the potential oil deposits?

d. What is the attitude of the Islanders to a negotiated transfer of sovereignty? Although they number only some 1,800, they have some vociferous supporters in this country. Will a readiness to negotiate over the Falkland Islands have any effect in our position in the UNLOSC negotiations and on our position within the European Community over fish and oil in the continental shelf?

e. What would the international reactions be if the United Kingdom showed itself willing to negotiate with the Argentines over the sovereignty of the Falkland Islands? Would this be regarded as another example of enlightened statesmanship, or simply another sign that Great Britain is on the skids? In the latter case, could increased pressure be expected in other parts of the world to surrender pieces of British real estate?

f. What are the views of the Secretary of State for Defence on defending the Falkland Islands against a determined Argentine assault?

CONCLUSION

4. The Foreign and Commonwealth Secretary suggests in his paper that many people in this country would view with distaste the prospect of a British territory being transferred, however technically, to a military junta with a deservedly bad reputation. But he goes on to suggest that the possibilities ought to be explored. In the light of the Committee's discussion, you will wish to consider whether such an exploration can be conducted without a commitment at this stage, or whether a willingness to explore must imply a willingness to negotiate over sovereignty. The practical arguments put forward by the Foreign and Commonwealth Secretary are strong; but there may be considerable reluctance to relinquish the point of principle involved.

RA

ROBERT ARMSTRONG

1 July 1980

CONFIDENTIAL

c.c.
D/N
LOD
CO
HO
LCO
HMT
MOD
LPO
LPS
PS/PT

Argentina

10 DOWNING STREET

From the Private Secretary

25 February, 1980.

Falkland Islands

The Prime Minister has seen the Foreign and Commonwealth Secretary's minute of 22 February on this subject. She agrees that the Foreign and Commonwealth Secretary may proceed as he proposes.

I am sending copies of this letter to the Private Secretaries to members of OD, to Bill Burroughs (Department of Energy), Bill Beckett (Law Officers' Department), and to David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

G.G.H. Walden, Esq.,
Foreign and Commonwealth Office.

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(1)

Prime Minister

Agree that Mr Ridley may proceed as in para 4 below.

PM/80/13

PRIME MINISTER

Falkland Islands

1. We discussed policy towards Argentina in the dispute over the Falkland Islands in OD on 29 January. The Committee invited me to seek written confirmation from Island Councillors that it was their wish that talks with the Argentines be resumed.

2. Councillors have now given their confirmation in reply to a message from Nicholas Ridley. Councillors have also endorsed the terms of a possible announcement in Parliament on the following lines:

> "Representatives of the British and Argentine Governments have agreed to meet in the near future to discuss the Falkland Islands and related issues."

3. Councillors are content that talks should be general and exploratory and without commitment. They have responded positively to our suggestion that one or two of them might join a British delegation. I enclose copies of the exchange. { FCO tel 2 8.2.80 / Port Stanley 25 13.2.80

4. I now propose to ask Nicholas Ridley to make contact with his opposite number in the Argentine Ministry of Foreign Affairs and to suggest a meeting. Provided the Argentines agree, we would hope to arrange a first meeting not too long after Easter.

5. It is possible that the Argentines will suggest a joint announcement in which, on past form, they might want to see some specific reference to the question of sovereignty. If so, we will need to indicate our preference for short separate public statements and inform them of the formula which we intend using. We would also ensure that

/Island

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Island Councillors were given adequate forewarning of our announcement.

6. Unless you or other members of OD, to whom I am copying this minute, see objection, I would propose to proceed as above before the end of this month.

7. I am copying also to the Secretary of State for Energy, to the Attorney General and to the Secretary of the Cabinet.

C

(CARRINGTON)

Foreign and Commonwealth Office
22 February 1980

CONFIDENTIAL

TEXT OF PORT STANLEY TELEGRAM NO. 25 OF 13 FEBRUARY TO FCO

MY TELNO 24: MINISTERS MESSAGE TO COUNCILLORS
I WOULD BE GRATEFUL IF THE FOLLOWING COULD BE PASSED TO THE MINISTER IN RESPONSE TO HIS MESSAGE TO COUNCILLORS IN FCO TELNO 19 OF 8 FEB:
I HAVE NOW BEEN ABLE TO HAVE THOROUGH DISCUSSIONS WITH ALL COUNCILLORS WHO EXPRESSED THANKS FOR YOUR MESSAGE, CONFIRMED AGAIN THEIR SUPPORT FOR THE HOLDING OF TALKS BETWEEN THE UK AND ARGENTINES ABOUT THE FALKLAND ISLANDS AND ENDORSED THE TERMS OF YOUR DRAFT ANOUNCEMENT. THEY NOTED THAT WHAT YOU HAD IN MIND WAS QUOTE A GENERAL AND EXPLORATORY DISCUSSION WITHOUT COMMITMENT UNQUOTE AND FELT THAT THIS WAS MOST IMPORTANT IN FORMULATING THEIR OWN ATTITUDE AND HOPED THAT THIS WOULD ALSO BE MADE CLEAR TO THE ARGENTINES.

2. IN VIEW OF THE QUOTE EXPLORATORY AND WITHOUT COMMITMENT UNQUOTE NATURE OF THE TALKS THEY FELT THAT INSPITE OF ONE OR TWO COUNCILLORS HAVING SOME RESERVATIONS, THEY SHOULD ACCEPT YOUR INVITATION TO SEND PARTICIPENTS AS MEMBERS OF YOUR DELEGATION ON THIS OCCASION. THEY THOUGHT THAT TWO REPRESENTATIVES WOULD BE APPROPRIATE AND WOULD PROPOSE, WITH YOUR AGREEMENT, TO CHOOSE THESE AT A JOINT COUNCILS MEETING IN, SAY, TWO OR THREE WEEKS TIME.

3. THEY WERE PARTICULARLY CONCERNED ABOUT THE TIMING OF THE ANNOUNCEMENT OF THE TALKS. PAST EXPERIENCE HAS SHOWN THAT SUCH NEWS TENDS TO BE LEAKED EARLY ELSEWHERE CAUSING EMBARRASSMENT TO ELECTED COUNCILLORS WHEN ASKED FOR INFORMATION BY THEIR CONSTITUENTS. IT WOULD THEREFORE BE APPRECIATED IF AGREEMENT COULD BE GIVEN FOR THE ANNOUNCEMENT TO BE RELEASED HERE AS SOON AS POSSIBLE AND IN ANY CASE NOT LATER THAN THE BRITISH/ARGENTINE JOINT ANNOUNCEMENT.

4 IN ORDER TO ASSIST THEM IN PREPARING FOR THE TALKS, COUNCILLORS ASKED IF THEY COULD BE GIVEN EARLY INFORMATION ON WHAT MATTERS EACH SIDE WISHES TO RAISE, AND ON THE COMPOSITION OF THE UK DELEGATION.

5. THEY APPRECIATED YOUR CONTINUING PERSONAL INTEREST AND ASKED FOR THEIR GOOD WISHES TO BE PASSED ON TO MRS RIDLEY AND YOURSELF.

BAKER

NNNN

SENT 1@31955 PJ
RECD 131955Z DW

GRS 383

CONFIDENTIAL
FM FCO 080930Z FEB 80
TO IMMEDIATE PORT STANLEY (PERSONAL FOR ACTING GOVERNOR)
TELEGRAM NUMBER PERSONAL 2 OF 8 FEBRUARY
AND TO ROUTINE BUENOS AIRES

MIPT: TEXT OF MR RIDLEY'S MESSAGE TO COUNCILLORS

BEGINS
WHEN WE MET LAST JULY, DURING MY FIRST VISIT TO THE FALKLAND ISLANDS, I MENTIONED THE GOVERNMENT'S INTENTION OF TALKING TO THE ARGENTINES ABOUT THE WHOLE RANGE OF ISSUES COVERED BY THE DISPUTE. YOU GAVE ME YOUR SUPPORT ON THIS PROPOSAL: AND I IN TURN UNDERTOOK TO KEEP YOU FULLY INFORMED OF DEVELOPMENTS.

I HAVE SINCE, WITH MY COLLEAGUES, BEEN LOOKING CAREFULLY AT THE WHOLE SITUATION. THIS HAS TAKEN SOME TIME. BUT WE HAVE ALL FELT THAT IT WAS RIGHT NOT TO BE HASTY. I HAVE BEEN CONSCIOUS THROUGHOUT OF MY FIRM UNDERTAKING THAT NOTHING SHOULD BE DONE AGAINST ISLANDERS' WISHES. I THOUGH IT RICHT THEREFORE TO SEND YOU THIS MESSAGE NOW TO LET YOU KNOW WHERE MATTERS STAND. WE NOW THINK THAT THE TIME HAS COME TO MAKE CONTACT WITH THE ARGENTINES. WE PLAN TO ARRANGE FOR A FIRST EXCHANGE OF VIEWS IN THE NEAR FUTURE, POSSIBLY BEFORE EASTER. I HAVE IN MIND A GENERAL AND EXPLORATORY DISCUSSION, WITHOUT COMMITMENT BUT WITH THE AIM OF FURTHERING A BETTER UNDERSTANDING OF OUR RESPECTIVE POSITIONS. I WANT THE TALKS TO BE GENUINELY WIDE RANGING AND TO EXCLUDE NOTHING WHICH EITHER SIDE WOULD WANT TO RAISE. I INTEND AT THIS STAGE TO SAY IN PARLIAMENT NO MORE THAN THAT 'HMG AND THE ARGENTINE GOVERNMENT HAVE AGREED TO MEET IN THE NEAR FUTURE TO DISCUSS THE FALKLAND ISLANDS AND RELATED ISSUES'. WE COULD ADD DATES AND VENUE WHEN THESE HAVE BEEN FIXED.

I SAID IN JULY THAT I WOULD BE HAPPY FOR COUNCILLORS TO

CONFIDENTIAL

PARTICIPATE IN ANY TALKS. IF ONE OR TWO OF YOU WOULD LIKE TO BE PRESENT AS MEMBERS OF MY DELEGATION, YOU KNOW THAT I WOULD WELCOME IT. I WOULD BE GLAD TO HEAR WHAT YOU THINK. WHETHER OR NOT YOU DECIDE TO TAKE PART, I WILL, OF COURSE, ENSURE THAT YOU ARE FULLY BRIEFED ON OUR EXCHANGES.

IT WOULD BE MOST HELPFUL TO ME TO KNOW THAT I CONTINUE TO HAVE YOUR SUPPORT IN THIS. I KNOW THAT THIS IS A BUSY TIME. BUT I THOUGHT IT RIGHT TO ACQUAINT YOU WITH MY THINKING AS SOON AS POSSIBLE RATHER THAN WAIT UNTIL THE SHEARING SEASON IS OVER OR UNTIL THE NEW GOVERNOR ARRIVES. MY THOUGHTS ARE WITH YOU AT THIS IMPORTANT TIME OF THE YEAR. MY WIFE JOINS WITH ME IN SENDING YOU OUR WARMEST PERSONAL GOOD WISHES.
ENDS

CARRINGTON

FILES
S AM D
PS
PS/LPS
PS/MR RIDLEY
PS/PUS
SIR D MAITLAND
MR HARDING

Argentina

CONFIDENTIAL

Ref. A01229

PRIME MINISTER

Falkland Islands

(OD(79) 31)

BACKGROUND

When the Foreign and Commonwealth Secretary reported to Cabinet on 4th October last year on his visit to the United Nations General Assembly in New York, he mentioned that he had had discussions with the Argentine Foreign Minister, Brigadier Pastor, on the Falkland Islands. He told him that it was the United Kingdom wish to make progress on this subject, provided that the wishes of the local inhabitants were respected. Subsequently the Foreign and Commonwealth Secretary circulated this OD paper on 12th October. You decided at that stage to postpone its consideration until the Rhodesia Conference was finished. There is now growing urgency to consider the issue, because next month Argentine Ministers will return from their summer holidays and are likely to raise the issue with the United Kingdom at Ministerial level.

2. The Foreign and Commonwealth Secretary has now minuted you. You will note the reference at the end of paragraph 2 to further meetings with the Argentines awaiting policy decisions on our side.

3. The aim of the Foreign and Commonwealth Secretary is to gain OD agreement that the Foreign and Commonwealth Office should resume talks on the Falkland Islands with the Argentines at Ministerial level. Such talks would be without commitment, and OD would consider the matter further before any decisions were reached. As Annex 2 to his paper shows, this proposal does not even go as far as that taken up by the previous Administration, who announced on 26th April 1977 that negotiations would be held on future political relations including sovereignty. Nevertheless OD may feel that any decision to open talks with the Argentine at Ministerial level must imply a willingness to contemplate some surrender of sovereignty at some point in the future. The Lord Chancellor reacted sharply on this point in Cabinet last October.

Nevertheless, the Foreign and Commonwealth Secretary is likely to argue that the course of action proposed in his paper is the only realistic one that is open to us. He has asked that Mr. Ridley should be present for this item.

HANDLING

4. You will wish to ask the Foreign and Commonwealth Secretary to introduce his paper. The points to establish in subsequent discussion are:-

(a) What is the legal and practical strength of the Argentine claim to sovereignty over the Falklands?

Their legal claim will be a matter for argument between international lawyers, and will raise a number of difficult points of precedent particularly in relation to the status of the Greek Islands in the Aegean off the coast of Turkey. The practical strength of the Argentine claim lies primarily in the fact that normal communications between the United Kingdom and the Falkland Islands pass through the Argentine. Internationally the Argentine may enjoy a fair degree of support, despite the reputation of her present Administration as a repressive militarist regime with a bad record on human rights. She has a solid trading partnership with the Soviet Union and is showing a marked disinclination to follow the American lead in relation to Afghanistan and refuse its food exports to the USSR.

(b) What are the wider British interests in relation to the Falkland Islands dispute?

These are complex; but the present position is certainly damaging both to the economy of the Islands themselves and to our trade with Argentina. On the other hand concessions on the sovereignty over either the Islands themselves or the surrounding seabed could have serious long term effects in relation to fish, and oil in the seabed, which might also weaken our position in negotiations with the Irish and within the European Community.

(c) What would be the domestic political reaction to any suggestion that the Government was prepared to surrender sovereignty at some point in the future?

The Islanders number less than 2000, but they have a strong lobby of supporters.

(d) What is the likelihood of Argentina making a military assault on the Islands? What are the prospects of repelling them?

The nearest potential British base is at Ascension Island, over 3,000 miles away. Warships would take nearly three weeks to reach Port Stanley, and any force having the capability to put up serious resistance to an Argentine attack would have to be larger in total size than the present population of the Islands. You will wish to ask the Secretary of State for Defence to speak about the possibility of providing a naval presence and air cover.

CONCLUSION

5. The Foreign and Commonwealth Secretary hopes to get the agreement of his colleagues that talks should be resumed, in the expectation that wider aspects of the problem will be examined only when the attitude of Argentine Ministers is known. In the light of points made in discussion, however, you may feel that before deciding to reopen negotiations Ministers need to know more on three aspects of the matter:

(i) The type and size of deterrent military force which might be needed, the logistic problems involved and the effect on our NATO and other commitments;

(ii) The possible oil and fishery benefits at stake;

(iii) The implications for our oil and fishery interests elsewhere of the possible cession of United Kingdom sovereignty over the Falkland Islands continental shelf.

The first of these is for the Secretary of State for Defence; the second could be considered by the CPRS; the third is for the Law Officers. The Foreign and Commonwealth Office would no doubt want to be involved in the preparation of all three. The Secretary of the Cabinet could be invited to arrange for advice from these three sources to be co-ordinated into a report to be circulated as a basis for further consideration as soon as possible.

RWA

(Robert Armstrong)

25th January, 1980

(1)

Prime Minister. Would you be prepared to look at this again soon. You may not want to do so immediately before Dublin but perhaps immediately after?

Foreign and Commonwealth Office

London SW1A 2AH

12 November 1979

Dear Michael, Yes - but give us a few days after Dublin. RLS 13/XI

Anglo/Argentine Relations

In your letter of 15 October, you said that the Prime Minister had asked that discussion of the Falkland Islands by OD on 17 October should be postponed until after the Rhodesian issue had been settled. I spoke to you about this shortly afterwards. a remarkable Lever Washington

When the Foreign and Commonwealth Secretary saw the Argentine Foreign Minister in New York at the end of September Brigadier Pastor suggested a "programme of work", which included Mr Ridley meeting with the Argentine Deputy Foreign Minister twice a year very informally with an open agenda, switching to official meetings when there was something agreed to be formalised.

The Argentine Charge d'Affaires called on Mr Ridley on 2 November to convey an invitation from the Deputy Foreign Minister, Commodore Cavandoli, to meet him in New York in the next week or so. The meeting would be informal, with no agenda, and would be aimed at enabling the Ministers to become better acquainted in advance of further Falkland discussions.

We do not know for sure why the Argentines have suggested this meeting at this time. We have repeatedly made clear to them that we are not yet ready to discuss the Falkland Islands question. There is some possibility that the Air Force, now in charge of the Argentine Foreign Ministry, wants to be able to show that they are doing no less well than their Navy predecessors and that discussions with us on Falklands matters are in progress. If this were to help them keep their wilder military colleagues in check, so much the better for us.

To decline this invitation runs the risk of awakening Argentine suspicions that we are simply stringing them along. This carries with it the danger of their doing something unpredictable. However, we are not in favour of a meeting which has no substance: the Argentines would want to talk about the Falkland Islands and there is clearly as yet nothing for us to say. Total silence on Mr Ridley's part would hardly make for a constructive meeting. Mr Ridley has, therefore, with the Secretary of State's agreement, sent the Argentine Deputy Foreign Minister a polite but gentle message of regret. We hope that this will hold the position for the time being; but pressure on us to enter into substantive negotiations may soon increase. Lord Carrington hopes that it will be possible for OD to take decisions on the Falklands by about the end of November so that we shall be able to open negotiations at a

/time

time of our own choosing.

yours ever

Robert Lyne

(R M J Lyne)
Private Secretary

Michael Alexander Esq
10 Downing Street
LONDON

Argentina

CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

15 November 1979

ANGLO/ARGENTINE RELATIONS

The Prime Minister has seen your letter to me of 12 November about resuming discussion of the Falkland Islands in OD. The Prime Minister agrees that the discussion should be resumed but does not wish to do so before the European Council meeting in Dublin. The Cabinet Office are, I believe, thinking of having a meeting of OD in the middle of the week after Dublin.

I am sending a copy of this letter and of yours to Martin Vile (Cabinet Office).

Roderic Lyne, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

PREM

PM/80/6

PRIME MINISTER

Falkland Islands

1. We are to discuss policy towards Argentina in the dispute over the Falkland Islands in OD on 29 January. My memorandum (OD(79)31) of 12 October 1979 sets out the background and the options. These remain valid.

2. The Argentines have been looking to us for some time for a firm indication of our willingness to hold substantive negotiations. We have explained that other matters (in particular Rhodesia) have been taking up our attention. They have suggested meetings on a number of occasions, including a proposal in November last year that Nicholas Ridley should go to New York for an informal exchange with the Argentine Deputy Foreign Minister. We decided not to take this up as there was nothing to be said on our side until policy had been decided.

3. We ought to start exploratory talks with the Argentines soon. To continue to stall could be risky. There are pressures within Argentina, some of them resulting from inter-Service rivalry, which carry with them the possibility of the Argentines taking measures against the Falkland Islands which could cause us serious difficulties. (The JIC(79)(N)74 assessment of the Argentine threat has been circulated separately.) On the other hand, the fact that Ambassadors have now been restored (the new Argentine Ambassador has arrived in London: our Ambassador will reach Buenos Aires next month) should help to create a favourable climate for discussions in a satisfactorily low key.

4. I am copying this minute to other members of OD, to the Secretary of State for Energy, to the Attorney-General and to the Secretary of the Cabinet.

C

Foreign & Commonwealth Office
24 January 1980

(CARRINGTON)

CONFIDENTIAL

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Argentina

15 October 1979

Falkland Islands

The Prime Minister has seen the Foreign and Commonwealth Secretary's memorandum of 12 October on this subject. She has asked that discussion of the Falkland Islands by OD should be postponed until after the Rhodesian issue has been settled. She therefore does not wish to take the Foreign and Commonwealth Secretary's paper at Wednesday's meeting of OD.

I am sending a copy of this letter to the Private Secretaries to the other members of OD and to Martin Vile (Cabinet Office).

M. O'D. B. ALEXANDER

G.G.H. Walden, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

DSG

(2)

10 DOWNING STREET

Prime Minister.

This is an advance copy of the paper for OD next Wednesday. You may like to look through it over the weekend. The line to be taken with the Argentinians is now a good deal more exploratory than previously.

Please could we deal with this before the Production issue is finished or not.

P.T.O.

[signature]

This paper won't do. It sets up a set of circumstances – not justified in any way – and then proceeds to decide between options based

whether you wrote
assumption.

Could you get me
list of all Richard
Luce's questions — &
comments on the Falklands
during the years before
the election?

MT.

CONFIDENTIAL COVERING SECRET

Z

Foreign and Commonwealth Office

London SW1A 2AH

12 October 1979

Dear Michael,

FALKLAND ISLANDS

--- I enclose an advance copy of the paper which the Foreign and Commonwealth Secretary is circulating for discussion by OD on Wednesday, 17 October.

yours ever

Roderic Lyne

(R M J Lyne)

M O'D B Alexander Esq
10 Downing Street

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OD (79)31

15 October 1979

COPY NO

CABINET

DEFENCE AND OVERSEA POLICY COMMITTEE

FALKLAND ISLANDS

Memorandum by the Secretary of State for Foreign and Commonwealth Affairs

1. The Problem The Falklands are a British colony 350 miles off the coast of Argentina (Map: Annex 1). The 1,850 Islanders - mostly sheep farmers - are of British descent and wish to remain British. Argentina has a long-standing and active claim to the Islands. The Labour Government reopened exchanges with Argentina about the future of the Islands, including sovereignty (terms of reference at Annex 2). Argentina has been pressing us hard to continue these negotiations; and we need to decide whether to do so, and if so with what intention.

2. Background On historical and legal grounds (Annex 3), we are confident that our sovereignty is soundly based. Nothing in the negotiations so far has eroded this. Equally, no progress has been made. Nicholas Ridley visited the Islands in July to form a first-hand impression and to reassure the Islanders that no solution of their problem would be brought before Parliament unless it had their backing; they are not averse to our continuing talks with Argentina; they are open for an acceptable settlement to be found. Meanwhile Argentina, under a militaristic regime, might at any time subject us to economic pressures (Annex 4) or political and military harassment (Annex 5); although the Argentine Foreign Minister spoke reasonably to me in New York last month (Annex 6).

3. Our objectives in the dispute include the following:

i) to defend the right of the British settlers to remain under British administration

ii) to end a dispute which is damaging to the economy of the Islands (Annex 4) and to our trade with Argentina (Annex 5), damaging to international relations (most of the UN vote against us) and which could provoke a bitter political controversy at home (eg over the action to be taken following an Argentine assault).

iii) to ensure that the UK derives advantage from the economic resources of the area: possibly oil and certainly fish (Annex 7).

4. Argentine objectives appear to include:

i) achieving nominal sovereignty for reasons of national pride. The Argentines do not seem to want to "colonise" the Islands.

ii) securing a share of the offshore economic resources

iii) a possible non-national objective in providing a cause to further the ambitions of individual Argentine officers.

5. Three broad options appear open to the UK:

a) we could refuse to talk to the Argentines and opt for a would-be "Fortress Falklands". This would almost certainly cause them to cut off vital supplies (eg fuel) and communications (air services) and possibly to harass British shipping. The Islands would be condemned to economic decline and would become a heavy burden on the British aid budget. There would be a serious threat of Argentine invasion, which would require the long-term commitment of substantial British forces (Annex 8).

b) we could talk to the Argentines but refuse to make any concessions on sovereignty. This would lead to a break-down of the talks, probably sooner rather than later, and reversion to option (a) above.

c) we could adopt a more constructive approach. The Argentines will demand sovereignty. We could explore with them various arrangements (Annex 9) as a way of keeping the negotiations going, while preserving our essential interests (paragraph 3). We would seek agreements on economic co-operation to the benefit of both sides, paving the way for profitable developments in the South West Atlantic and Antarctica. The lack of political settlement is preventing the exploitation of possible resources such as oil and fish.

6. Conclusion I therefore invite my colleagues to agree that the FCO should resume talks with the Argentines at Ministerial level. The purpose of the talks in the first instance would be to explore, without commitment, political and economic solutions. I would then propose to report back to the Committee and would consult on all matters of concern to other Departments. We would seek not to rush matters: so long as the Argentines believe we are negotiating seriously, they will desist from precipitate action. Publicly, we would merely announce that we were continuing a series of talks already in being.

C

Foreign and Commonwealth Office
12 October 1979

ANNEX 5

THE ARGENTINE THREAT: POLITICAL AND MILITARY

Political

1. All Argentine regimes subscribe to the sovereignty claim over the Falkland Islands and Dependencies. The claim is not just a matter of law but of national honour and machismo. It fits in with military and nationalist pre-occupation with "sovereignty", inspired partly by fear (about national security) and partly by ambition (the historical rivalry with Brazil).

2. The Argentines ability to focus on the Falkland Islands issue is conditioned by internal and external factors. There are few current distractions. Internal subversion, the military's first target after the March 1976 coup, has been largely contained. Economic progress, though with problems about inflation, enabled the armed forces to undertake extensive arms purchases and orders in 1978 (estimated at $2-4 billion)

3. Other foreign policy issues are less pressing. During 1978, Argentine attention was focused primarily on the dispute with Chile over the Beagle Channel. This came close to a shooting war, prevented at the last minute only by the intervention of the Vatican with its offer of mediation. The Vatican seems likely to play this process long and slow. Differences with Brazil and Paraguay over the exploitation of the hydro-electric potential of the Parana River, whose waters they share, are receding.

4. President Videla is moderate, given neither to gambling nor to flamboyant gestures. Although the Junta has the power to overrule him, he has in office been a force for moderation. He is due to retire in March 1981. His successor may be the Army Commander General Viola, also moderate, but he is also

/scheduled

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File FW Argentina

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10 DOWNING STREET

From the Private Secretary

26 September 1979

Dear George,

Falkland Islands

The Prime Minister has seen the Foreign and Commonwealth Secretary's minute of 20 September about the handling of the Falkland Islands dispute. She has also seen the views of other members of OD as conveyed in a number of Private Secretary letters to your office.

The Prime Minister has indicated that she wishes the subject to be discussed at an early meeting of OD.

I am sending copies of this letter to the Private Secretaries to members of OD, to Bill Burroughs (Department of Energy), Bill Beckett (Law Officers' Department), and to Martin Vile (Cabinet Office).

Yours ever

Richard Alexander

G.G.H. Walden, Esq.,
Foreign and Commonwealth Office.

FW

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(2)

Prime Minister

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

25/9

PRIME MINISTER

FALKLAND ISLANDS

In his note to you of 20th September Peter Carrington proposed that we should try to negotiate with the Argentine an arrangement whereby 'ownership' of the Islands would be transferred to them, but they would simultaneously lease them back to us.

2. I confess to some political anxieties about this idea. At a time when our diplomatic resources are so fully engaged in Rhodesia-Zimbabwe, and with Gibraltar likely to be an issue in the Spanish Accession negotiations, I doubt whether we should deliberately promote another initiative which involves issues of sovereignty.

3. I have also seen David Howell's minute to you of 22nd September, and agree with him that we should thoroughly discuss the implications of Peter's proposals before there is any question of going ahead with it.

4. I am copying this to other members of OD, to David Howell and Michael Havers, and to Sir John Hunt and Sir Kenneth Berrill.

(G.H.)
24th September 1979

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MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~XXXXXX~~ 218 2111/3

CONFIDENTIAL

24th September 1979

MO 5/21

Dear Rodric,

The Defence Secretary has seen a copy of the Foreign and Commonwealth Secretary's minute of 20th September, outlining options for talks about the Falkland Islands. He is quite content that Lord Carrington should indicate to the Argentine Foreign Minister our willingness to enter into negotiations over the Falkland Islands fairly soon. Mr Pym assumes that Ministry of Defence officials will be consulted before substantive negotiations begin, in view of the potential defence implications of any "lease-back" arrangement.

I am sending copies of this letter to the Private Secretaries to members of OD, the Secretary of State for Energy and the Attorney General and to Barry Hilton (Cabinet Office).

Yours sincerely,

John Gutteridge

(J D GUTTERIDGE)

R M J Lyne Esq
Foreign and Commonwealth Office

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PRIME MINISTER

Falkland Islands

Lord Carrington's minute to you of 20 September proposes that in the margins of the UN General Assembly meeting next week he should suggest to the Argentine Foreign Minister that negotiations should start soon between Mr Ridley and his Argentine opposite number over the future of the Falkland Islands. In these negotiations we should, for the first time, formally put to the Argentine the suggestion that we might concede sovereignty over the Falklands and the Dependencies in return for a leaseback to ensure continued British rule for as long as possible, ie at least 30 years. Lord Carrington does not appear to intend himself to put forward this suggestion next week. But if you see any difficulty in what he is proposing he asks for an urgent indication of this before he leaves for New York at the weekend.

2. Lord Carrington and Mr Ridley who has recently returned from the Islands believe further sterile negotiations and delay benefit no-one. The Falklands Councillors seem willing to consider a lease-back provided the lease is long enough (eg 99 years). A settlement with the Argentines would open the way to development of the Islands; exploration of possible oil deposits in sea areas between them and Argentina, and the declaration of a 200-mile fishing zone to obtain licencing revenue from the fishing fleets already in those waters. It would also greatly improve prospects for Anglo-Argentinian trade (eg the Falkland Islands dispute seems to have been a major factor in our loss last year of an Argentinian contract for six frigates and a positive gesture soon might turn the balance for GEC in a £100 million nuclear turbine contract now under discussion). Lastly agreement with Argentina, which has rival claims for sovereignty in Antartica, might strengthen our eventual prospects of preferential access to potential large mineral and hydrocarbon deposits there.

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3. The Department of Trade and Ministry of Defence are likely to support any line likely to bring a settlement. The Ministry of Agriculture, Fisheries and Food have been unable to interest our fishing interests in these prolific but distant waters and so are unlikely to have strong views. But the Department of Energy and CPRS have shown interest in the hydrocarbon potential and will need re-assurance that no unnecessary concessions are made. However it seems unlikely that we could ever develop and benefit from any such resources in the face of Argentine opposition.

4. The key difficulty is likely to be political. We are committed to putting no proposals to Parliament which do not have the support of the Islanders. They have always resisted any suggestion of concession to Argentine pressure, despite their close dependence on Argentina and the welcome now given to Argentinian cruise tourists. The bad human rights image of the Argentine Military Government has not helped. It will be very difficult, despite the first new hopeful reactions reported by Mr Ridley, to bring the Islanders and their lobby (backed by the Falkland Islands Company which sees a threat to its sheepfarming interests and control) to agree. But it may not be impossible and the alternative options look bleak.

5. I suggest you may wish to agree, subject to the views of colleagues, to Lord Carrington's proposals but to add that you take it that a surrender of sovereignty in exchange for a lease-back will not be formally proposed to the Argentinian Foreign Minister before the Falkland Island Councillors and the Governor have been informed of our intentions and before Ministers have been given more time to consider and comment on the political and other implications.

JOHN HUNT

21 September 1979

10 DOWNING STREET

Prime Minister.

You may wish to discuss this 20.9 with Lord Carrington tomorrow at lunch. The last couple of lines of Sir F. Hunt's ~~20.9~~ 21.9 minute are important. Mr Nott's office have rung to say that they think he would be anxious that the Foreign Secretary should not at this stage indicate anything more than willingness to negotiate. (Mr Nott is away at present).

21.9.

I could not possibly agree to the line the Foreign Secretary is proposing. Nor would it ever get through the House - the Conservative Party. MT

PM/79/81

PRIME MINISTER

Falkland Islands

1. Our dispute with the Argentines over the Falkland Islands continues. We need to decide how to handle it. There are three broad options:

A. "Fortress Falklands"

2. We could refuse to talk to the Argentines and retreat into some "Fortress Falklands". But this would not be realistic. The Islands and their Dependencies are small, remote, undeveloped and underpopulated (1,850 people of British stock). Their only hope for a secure economic and political future is through cooperation with Argentina. They are already dependent on Argentina for vital supplies (eg oil) and for communications (air services). The islands are militarily indefensible except by major diversion of our current military resources. The cost of supplying them direct from the UK in face of a hostile Argentina would be unacceptably high. The Islands would be condemned to economic decline and social decay and we would have to commit ourselves to heavy aid expenditure to keep them going (Annex I).

B. Protracted Negotiations

3. We could talk to the Argentines but adopt a negotiating position of no concessions on sovereignty. Some islanders, and their supporters in this country, might favour such a policy. Successive British administrations have played for time in this way for some dozen years. However this would eventually lead to a complete breakdown of exchanges, probably sooner rather than later. The consequences would be similar to those which would result from a "Fortress Falklands"policy.

C. Substantive Negotiations on Sovereignty

4. Both the above options are sterile. We need a more constructive approach. I think the right course is to aim for substantive negotiations. I have written to the Argentine Foreign Minister to tell him of our wish to continue the dialogue in a constructive spirit and with the sincere intention of resolving our difficulties. But serious negotiations will have

/to encompass

to encompass the question of sovereignty. We do not have much to bargain with.

5. From 1977 the previous Government negotiated with the Argentines on terms of reference announced in April 1977 (Annex II). The exchanges included the question of sovereignty but were largely exploratory and without prejudice to either side's sovereignty claim. No substantive progress was made. The Falkland Islanders were kept closely informed throughout and it was made clear to all that no solution would be brought to Parliament which did not have Islander support.

6. There is no point in continuing to delay. Nicholas Ridley, following his recent visit to the Falkland Islands to look at the situation and ascertain Islander views, is firmly of the opinion that delay is benefitting no one. It is in our interest and that of the Islanders to try now to find a way forward. The objective would be to find a solution with which the Argentines might agree and which the Islanders will accept. We shall need to retain the support of the Islanders in whatever we propose and shall of course respect our past commitments to them. Our intention would be to surrender only the trappings of sovereignty in return for guaranteed economic and political security for the Islanders under British rule. It will help if we negotiate in the context of our overall relations with Argentina, including the economic developments of the South West Atlantic (oil - if proven - and fish) and co-operation in Antarctica. An unpredictable and possibly violent Argentine reaction would thereby be made less likely.

7. Theoretically, there are a number of ways in which we could handle the sovereignty question (some are examined in Annex III). But the one best fitted to meet our own and Islander wishes would be to transfer ownership of the Islands to Argentina, on the understanding that they would simultaneously grant us a lease roughly analogous to that of Hong Kong New Territories. The previous Government's exchanges with the Argentines implied such a lease-back solution, and the Argentines know this; but it has never been formally put either to them or to the Falkland Islands.

During his visit Nicholas Ridley found the Councillors willing to consider such a possibility, provided the lease was long enough (say 99 years), because it would provide that British control of the Islands continued.

8. While we do not know whether the Argentines will accept a lease-back or what price they might seek in agreeing to one (they will obviously seek a fairly short lease), there are positive reasons for pursuing this option. If the Argentines genuinely want a solution, this one could give them the appearance of sovereignty to present as a success to their domestic opinion. It would provide the Islanders with continued British rule, nationality and institutions. A solution would remove the major impediment to better relations with Argentina and bring commercial (eg arms sales) and other dividends. It would go some way towards unlocking the economic potential of the Islands, by helping to create a framework where business and development could flourish without any support being needed from our aid funds as now. What are needed in the Islands, along with a much greater population, are proper banking facilities (including access to private capital); a less onerous tax regime (and one which encourages inward investment); the break-up of the monopolistic Falkland Islands Company which inhibits agricultural development; and publicity for such opportunities. For this a political solution is essential.

9. There will be difficulties in carrying through the course I am proposing. If negotiations develop positively, we shall have to ensure that we have support for our proposals in Parliament. Provided we carry the Islanders with us, we should achieve this. On the other hand, the risks in being passive and doing nothing (Annex I) are clear; we should positively seek a solution.

10. I would like your agreement and that of our colleagues to my proceeding on the above lines. I would let the Falkland Islanders know of our intentions through the Governor. If I am able to visit New York next week for the General Assembly meeting, I would hope to meet the Argentine Foreign Minister in the margins and would like to indicate our willingness to enter into negotiations fairly soon. I would not intend myself to conduct any substantive discussions with him then, but I would suggest that

Nicholas Ridley might arrange subsequently to meet with his Argentine opposite number. I would expect negotiations to begin in the autumn. The speed with which they go ahead can be adjusted to circumstances as long as the direction of movement is clear. I would report significant developments to you and our colleagues.

11. I am copying this minute to other members of OD, to the Secretary of State for Energy, to the Attorney-General and the Secretary of the Cabinet. If there seems to be any difficulty about what I am proposing, I would be grateful to have an urgent indication of this before I leave for New York at the weekend.

C

(CARRINGTON)

Foreign and Commonwealth Office

20 September 1979

ANNEX I

"FORTRESS FALKLANDS"

A. DEFENCE OF THE FALKLAND ISLANDS

Current Measures

1. The Falklands are currently defended by a permanent detachment of 40 Royal Marines based in Port Stanley. They are supported in this during the Antarctic Summer (roughly December-March) by HMS ENDURANCE, an ice patrol vessel with limited armament which carries out scientific work on behalf of the British Antarictic Survey as well as demonstrating a Royal Naval presence in the area. These measures cost the MOD some £3.5 million per annum. They provide only a symbolic deterrent and would be effective against only small scale, adventurist incursions.

Measures to Counter Argentine Invasion Threat

2. To counter a sudden and serious maritime threat to the Falklands, the Dependencies or to British shipping in the area, the MOD has assessed that it would be necessary to deploy a balanced naval force of one guided missile destroyer, three frigates and supporting RFAs and, possibly, one nuclear powered submarine.

3. To provide a credible deterrent, in the face of an increased threat of military invasion, would require timely reinforcement of the current garrison by at least a force of an RN Commando Group and a Blowpipe air defence troop. Should the Argentines invade before a deterrent force is deployed, or if the deterrent force failed, to recover the Islands would require a force of at least Field Force (formerly called a Brigade Group) strength. At the very best, such an expedition could not reach the Islands in under a month. The remoteness of the Islands, their limited airfield facilities and the fact that the only alternative airfields which could be used in cases of emergency are in Argentina would make reinforcement by air impossible and make resupply extremely difficult.

Implications of Increased Defence Commitment

4. Such a diversion of our military resources would have far reaching effects. The extra fuel costs alone for the task force in paragraph 2 would be of the order of £1 million. The implications for our commitment to NATO would be serious. There would be a reduction in NATO exercise involvement and a reduction in training, which would adversely effect the fighting efficiency of the Fleet. The deployment of a Field Force would have significant implications for BAOR, for our planned roulement of troops in Northern Ireland and would further exacerbate the problem of over-stretch in the army. These problems would get progressively worse the longer the force was required to remain in the area.

B. ECONOMIC BLOCKADE

5. A number of possibilities for harassment of the Islands are available to the Argentines. They could

i) abrogate the Anglo-Argentine Communications Agreement of 1971, cutting passenger links with the outside world and the freight service. There is no feasible alternative to the air service and normal passenger services would cease.

ii) cease to provide fuel: alternative supplies could be provided, at great cost, by the Falkland Islands Company or by the RN RFA which biennially tops up the Admiralty oil tanks at Port Stanley.

iii) cut off supplies of food stuffs, cancel scholarships for Falklands children in Argentina and suspend medical co-operation. Such facilities could only be replaced in the UK.

iv) interfere with British shipping: the Islands are almost entirely dependent on the United Kingdom for their trade. Exports (almost entirely of wool) are marketed via the UK; 85% of imports originate from the UK. MOD have assessed that in such circumstances we should need to provide a naval task force periodically to escort a ship or ships

/to

to the Islands. A typical task force might consist of a helicopter cruiser or guided missile destroyer, frigates, possibly a fleet submarine and supporting RFAs. Each operation would take at least 6 weeks.

5. The Argentines could take measures against British economic interests in Argentina eg refuse to pay monies outstanding on the Type 42 destroyercontract; cancel other defence contracts under negotiation worth over £100 million; and expropriate British assets, worth over £200 million. They could orchestrate industrial and/or bureaucratic action against British exports (£114 million in 1978) and harrass the British Community of 30,000 in Argentina (17,000 hold British passports).

6. The Argentines could occupy uninhabited Dependencies (they have already set up a scientific station on one of them, Southern Thule) and/or arrest the British Antarctic Survey team on South Georgia.

7. The effect of such measures, or a selection of them, would be cumulative. In the short term, life on the Islands would continue to be tolerable. But a prolonged blockade would have a disastrous effect on Islander morale. Internationally, we could expect little sympathy or support and the pressure would be increasingly on HMG to make concessions.

ANNEX II

FALKLAND ISLANDS: TERMS OF REFERENCE FOR NEGOTIATIONS (WRITTEN PARLIAMENTARY ANSWER BY THE SECRETARY OF STATE, 26 APRIL 1977)

The British and Argentine Governments have now reached agreement on the Terms of Reference for negotiations about the Falkland Islands dispute, as follows:

The Governments of the Argentine Republic and the United Kingdom of Great Britain and Northern Ireland have agreed to hold negotiations from June or July 1977 which will concern the future political relations, including sovereignty, with regard to the Falkland Islands, South Georgia and South Sandwich Islands, and economic cooperation with regard to the said territories, in particular, and the South West Atlantic, in general. In these negotiations the issues affecting the future of the Islands will be discussed, and negotiations will be directed to the working out of a peaceful solution to the existing dispute on sovereignty between the two states, and the establishment of a framework for Anglo-Argentine economic cooperation which will contribute substantially to the development of the Islands, and the region as a whole.

A major objective of the negotiations will be to achieve a stable, prosperous and politically durable future for the Islands, whose people the Government of the United Kingdom will consult during the course of the negotiations.

The agreement to hold these negotiations, and the negotiations themselves, are without prejudice to the position of either Government with regard to sovereignty over the Islands.

The level at which the negotiations will be conducted, and the times and places at which they will be held, will be determined by agreement between the two Governments. If necessary, special Working Groups will be established.

ANNEX III

FALKLAND ISLANDS: SOVEREIGNTY OPTIONS

I "Fortress Falklands"

1. This is the idea that we need make no sovereignty concessions to Argentina in that, if we stand firm, the Argentines will give way or, otherwise, we would be able to defend the Islands against any attack, direct or indirect. The concept is false. The Argentines are not going to give up a sovereignty claim they have maintained for decades.

2. The economic and military costs in attempting to defend and maintain our position in the Islands are looked at in Annex I. We could not expect support from anyone in adopting such a position, certainly not Chile, Uruguay or Brazil, to whom we have to look for alternative transit facilities. We are in a minority of one in the United Nations on this issue. The "fortress" concept would effectively prevent all development of the Islands.

II Sovereignty "freeze"

3. This would require Argentine agreement to leave the sovereignty dispute in abeyance for a given period, say 30 years, at the end of which we would both review the sovereignty claim. There is nothing in this that would appeal to the Argentines who want some early progress on the sovereignty front.

III Joint sovereignty or Condominium

4. The Anglo/French condominium of the New Hebrides is an example: co-sovereignty would have to lead eventually to co-administration. It would present extremely complicated problems. It would be unacceptable to the Islanders because it would involve Argentine intervention in their way of life in one form or another. It would probably be unacceptable to the Argentines in that it would involve their admitting the UK to a

/joint

joint share of sovereignty which they want exclusively.

IV A "Mixed Approach"

5. We would seek to differentiate between territory, in which the Argentines are primarily interested, and people which is the main burden of our concern. We would agree to concede sovereignty over the uninhabited Dependencies and the maritime zones to Argentina who would abandon her sovereignty claim over the inhabited Falkland Islands. This would be unacceptable to Argentina because it would not involve the concession of sovereignty over the Falkland Islands which they are seeking.

V Other Models

6. Two existing examples of shared sovereignty are:

a) Spitzbergen where Norway has sovereignty but other powers have the right of "economic access".

b) The Aaland Islands where Finland has sovereignty but the Islanders enjoy certain special rights reflecting their relationship with Sweden.

Neither would be acceptable to the Islanders, because they would involve an Argentine presence and intervention in their British way of life.

VI Leaseback

7. We would concede to the Argentines sovereignty over the Falkland Islands, the Dependencies and their Maritime Zones. Argentina would simultaneously give HMG lease over the Falkland Islands and South Georgia (where we have an Antarctic base) and their territorial waters and agree on equal co-administration of the economic resources of the Maritime Zones and seabed pertaining to all the Falkland Islands and Dependencies.

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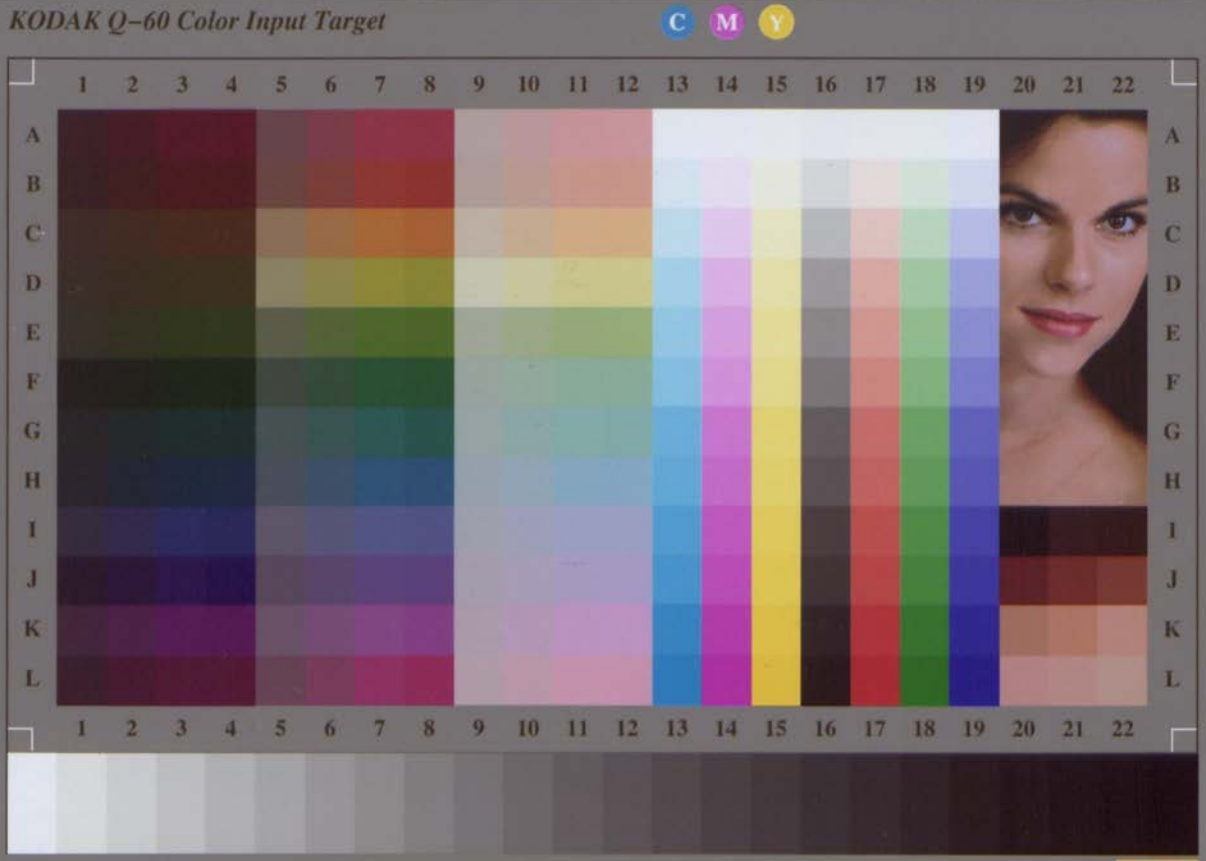
8. A perpetual lease would be best but the Argentines are most unlikely to agree to this. The term would have to be negotiated: we would try for say 99 years but might have to settle, as a last resort, for something like 30 years. If the period were short, it might be necessary to devise special arrangements to enable some of the Islanders to settle in the UK but, if the economy were to blossom in the period agreed, only a few people would be involved, particularly the older generation.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