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PREM 19/1420

PART 39

M1

SECRET

CONFIDENTIAL FILING.

Relations with Argentina.
Position of the Falkland Islands; their rehabilitation and future.
Shackleton Report and follow-up.
Internal situation in Argentina.

ARGENTINA

Pt 1: SEPTEMBER 19
Pt 39: NOVEMBER 198

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~5.11.84~~		~~19.2.85~~					
~~14.11.84~~		~~22.2.85~~					
~~16.11.84~~		~~25.2.85~~					
~~20.11.84~~		~~1.3.85~~					
~~23/11/84~~		~~5.3.85~~					
~~27/11/84~~		~~7.3.85~~					
~~29/11/84~~		~~12.3.85~~					
~~30.11.84~~		~~15.3.85~~					
~~6.12.84~~		~~22/3/85~~					
~~17.12.84~~		~~26.3.85~~					
~~3.1.85~~		~~28/3/85~~					
~~10.1.85~~		~~3.4.85~~					
~~11.1.85~~		~~15/4/85~~					
~~15.1.85~~		~~25/4/85~~					
~~16.1.85~~		25/4/85					
~~21.1.85~~		ENDS					
~~24.1.85~~							
~~29.1.85~~							
~~1.2.85~~							
~~11.2.85~~							

PART 39. ends:-

PM to Needham 25/4/85

PART 40 begins:-

BISBA tel 306 2/5/85.

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
CC(84) 39th Meeting, item 1	29/11/1984
OD(85) 2	11/01/1985

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 J. Gray Date 6/1/2014

PREM Records Team

Published Papers

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

House of Commons: Fifth Report from the Foreign Affairs Committee, Session 1983-84. Falkland Islands: Report with Annexes; together with the Proceedings of the Committee, Minutes of Evidence and Appendices. Volume I: Report and Minutes of Proceedings. Ordered to be printed 25 October 1984 – 268-I. Published by HMSO

Signed J. Gray Date 6/1/2014

PREM Records Team

ECL

CF file

cc FCO

10 DOWNING STREET

THE PRIME MINISTER

25 April 1985

Dear Mr. Needham.

Thank you for your letter of 2 April about fishing around the Falkland Islands.

I was very glad to learn that the Agreement between Coalite/Taiyo and the Falkland Islands Government is now ready for signature. This is a most satisfactory outcome. I hope very much that this important venture will prosper, and I wish it well.

Yours sincerely

Margaret Thatcher

C.E. Needham, Esq.

SRW

(2)

Prime Minister

CDP 25/4.

House of Lords

Prime Minister

ARGENTINA

I have had a fairly gloomy impression of the present political situation in Buenos Aires. One of my banking friends reports that the situation is deteriorating rapidly economically, politically and socially.

After Alfonsín's visit to the United States the Americans are convinced that there is no economic plan simply because the only sensible solutions are dashed by Alfonsin's radical ideology. Alfonsin appears to be surrounded by people who insist that by joining with the new Peruvians, and perhaps with the new Brazilians, pr-ssure can be brought on the International Monetary Fund. Inflation in April alone will be at least 80% and the Peso has devalued sharply again.

It appears that Alfonsin is trying to get mob support for the political trials against the military while political or terrorist kidnappings are beginning again.

I suppose this can have serious repercussions on the international financial scene if not controlled.

Hugh Thomas

April 24th, 1985

cc PC.

Foreign and Commonwealth Office

London SW1A 2AH

24 April 1985

Dear Charles,

Falklands Fisheries

Thank you for your letter of 3 April, enclosing a copy of a letter to the Prime Minister from Mr Ted Needham of Coalite.

This time he does indeed seem to be satisfied. We understand that both parties to the proposed agreement (Coalite/Taiyo and the Falkland Islands Government) are ready to go ahead with signature. Agreement should be reached shortly on the date on which the ODA-recruited observers will join the Taiyo fishing vessels. The data which they will be able to collect should add significantly to our knowledge of fish stocks in the area.

I enclose a short draft reply from the Prime Minister to Mr Needham. There are no points of substance which need to be made.

I should add that there have been some developments over our initiative in the FAO aimed at the establishment of a multilaterally-based fisheries regime for the South West Atlantic. In the light of our initial approach to the FAO (recorded in my letter of 7 March), the principal FAO official concerned has been persuaded of the need for the FAO to seek a role in the establishment of such a regime. He has begun taking soundings of a number of the governments most closely concerned including, of necessity, Argentina. The next step will be informal discussion in the margins of the FAO Committee on Fisheries between 22 and 26 April.

Mr Needham has become aware of the FAO activity through enquiries which the Japanese Foreign Ministry has made of Taiyo. We have not told him that we are behind the FAO action, since it is to our wider tactical advantage for the FAO to be seen to be taking the lead. But Mr Needham has probably drawn his own conclusions. It would not be appropriate to refer to these aspects in the Prime Minister's letter.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

ARGENTINA: Relations:

Pt 39.

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

PRIVACY MARKING

.....In Confidence

CAVEAT.....

Enclosures—flag(s).....

TO:

C E Needham
Chairman
Falkland Islands Company
Coalite Group plc
P O Box 2
CEHSTERFIELD
Derbyshire

Your Reference

Copies to:

SUBJECT:

Thank you for your letter of 2 April about fishing around the Falkland Islands.

I was very glad to learn that the Agreement between Coalite/Taiyo and the Falkland Islands Government is now ready for signature. This is a most satisfactory outcome. I hope very much that this important venture will prosper, and I wish it well.

CDP.

CC PC

NBPM
CDP
17/4

CONFIDENTIAL

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Norman Tebbit MP
Secretary of State for Trade & Industry
Department of Trade and Industry
1 Victoria Street
LONDON SW1H 0ET

15 April 1985

Dear Norman,

EMBARGO ON ARGENTINE IMPORTS

I refer to your letter to Geoffrey Howe of 28 March.

The Customs have told me of their growing anxiety over the doubtful legal position concerning the embargo on the importation of Argentine goods which have been put into free circulation in the Community. At any time they may face a challenge on this matter and face claims for substantial damages if the legality of the ban cannot be sustained.

I would therefore welcome that opportunity to join in discussions with Geoffrey and yourself.

I am copying this letter to him and to the other recipients of your letter.

Yours

BARNEY HAYHOE

Argentina Pt 39

Relations

GRS 650

UNCLASSIFIED

(FM BERNE 121000Z)

FM BISBA

TO IMMEDIATE FCO

TELNO 253 OF 11 APRIL 1985

INFO PRIORITY MOD (SIC A3A), CBFFI BANK OF ENGLAND
MONTEVIDEO SANTIAGO UKMIS NEW YORK WASHINGTON PORT STANLEY

PRESS SUMMARY

1. HEADLINES

THESE ARE DIVIDED BETWEEN HEALTH BULLETINS ON BRAZILIAN PRESIDENT TANCREDO NEVES, THE POSSIBLE REVIVAL OF SOCIAL CONTRACT TALKS AND THE KIDNAPPING OF A PROMINENT LOCAL BUSINESSMAN.

2. ECONOMY

SEVERAL PAPERS REPORT THAT THE STALLED SOCIO-ECONOMIC TALKS BETWEEN GOVERNMENT AND CGT MAY SOON BE REVIVED. HOWEVER, THE TRADE UNIONS HAVE APPARENTLY CONDITIONED THEIR CO-OPERATION UPON CHANGES IN OFFICIAL WAGE POLICY AND CONCESSIONS TO THEM CONCERNING CONTROL OF THE WORKERS' SOCIAL WELFARE FUNDS (CLARIN 2-3).

MEANWHILE, 95 PER CENT OF THE COUNTRY'S 500,000 TEACHERS YESTERDAY TOOK STRIKE ACTION IN SUPPORT OF PAY CLAIMS (HERALD 11).

FRONT PAGE SPACE IS GIVEN TO THE NEWS THAT THE PARALLEL DOLLAR RATE YESTERDAY ROSE PAST THE 500 PESO BARRIER. IT HAS NOW INCREASED BY 9.5 PER CENT SINCE LAST FRIDAY, BRINGING THE GAP WITH THE OFFICIAL PARITY TO 36.6 PER CENT. AT THE SAME TIME INTEREST RATES DECLINED AS A RESULT OF GREATER LIQUIDITY IN THE MONEY MARKETS (CLARIN 18).

'AMBITO FINANCIERO' PICKS UP AND EXPANDS CRITICISMS BY FORMER PERONIST PRESIDENTIAL CANDIDATE ITALO LUDER ABOUT THE GOVERNMENT'S UNREALISTIC APPROACH TO ECONOMIC MANAGEMENT. THE PAPER NOTES FREQUENT CONTRADICTIONS IN POLICY ANNOUNCEMENTS AND ATTRIBUTES THE CURRENT LACK OF CONFIDENCE IN THE COUNTRY TO THE ADMINISTRATION'S MISGUIDED DESIRE TO PLEASE ALL SECTORS SIMULTANEOUSLY (P 1).

3. FOREIGN DEBT

'CLARIN' ALLEGES THAT DISCUSSIONS BETWEEN A VISITING IMF TEAM AND THE LOCAL ECONOMY AUTHORITIES ARE PROVING DIFFICULT BECAUSE OF THE FUND'S INSISTENCE UPON THE OBSERVANCE OF CERTAIN FIXED TARGETS (P16).

/4

4. HUMAN RIGHTS

A FEDERAL JUDGE HAS ORDERED T E ARREST, ON CHARGES OF PERJURY, OF TWO PROSECUTION WITNESSES IN THE CASE AGAINST NAVY CAPTAIN ALFREDO ASTIZ, WHO HAD BEEN ACCUSED OF COMPLICITY IN THE KIDNAPPING OF THE SWEDISH-ARGENTINE GIRL DAGMAR HAGELIN (AMBITO P7).

JUDGE HECTOR OYOLA HAS ISSUED A WARRANT FOR THE ARREST OF V CORPS DEPUTY COMMANDER GENERAL JOSE MALAGAMBA FOR ALLEGED INVOLVEMENT IN THE MURDER OF TWO PRIESTS IN 1976. MALAGAMBA, WHOSE RECENT PROMOTION WAS APPROVED BY THE SENATE, IS THE FIRST SERVING GENERAL TO BE THREATENED WITH DETENTION FOR CRIMES DURING THE 'DIRTY WAR' (HERALD P11).

5. ARMED FORCES

THERE IS MUCH SPECULATION ABOUT YESTERDAY'S CLOSED SESSION OF THE LOWER HOUSE BUDGET AND ECONOMY COMMITTEE WHICH WAS ANALISING PROPOSED MILITARY EXPENDITURE FOR 1985. DEFENCE SECRETARY HORACIO JUANARENA REPORTEDLY TOLD COMMITTEE MEMBERS THAT THE GOVERNMENT WOULD GIVE 'PRIORITY TO THE OPERATION OF THE V ARMED CORPS BY COMPARISON WITH OTHER UNITS'. HE FURTHER DENIED THAT BUDGETARY ALLOCATIONS HAD BEEN MADE FOR THE CONTINGENCY OF INTERNAL CONFLICT (CLARIN P9, HERALD P11).

THE QUESTION OF ARMS SALES WAS ALSO RAISED DURING THE HEARING. THERE IS SUPPOSEDLY A POSSIBILITY OF EXPORTING 30 MILLION DOLLARS WORTH OF LIGHT WEAPONS TO IRAN, ALTHOUGH THE MFA IS SAID TO HAVE ALREADY BLOCKED THE SALE TO THE SAME CUSTOMER OF THE NAVY'S TWO TYPE-42 DESTROYERS AND 150 TAM TANKS SO AS NOT TO DISTURB THE BALANCE OF FORCES IN THE IRAN-IRAQ WAR. MILIHARY EQUIPMENT SUPPLIES CONTRACTED ABROAD BY ARGENTINA APPARENTLY ACCOUNT FOR 7 BILLION DOLLARS OF THE COUNTRY'S FOREIGN DEBT, BUT THE FIGURE WILL RISE TO 12 BILLION IF THE NAVY COMPLETES ITS PROPOSED ACQUISITIONING OF 6 NEW SUBMARIES, 4 FRIGATES AND 6 CORVETTES (AMBITO P7 AND 10).

6. FALKLANDS

RETIRED GENERAL MARIO BENJAMIN MENENDEZ, WHO COMMANDED ARGENTINE TROOPS IN THE FALKLANDS DURING THE 1982 CONFLICT, YEFTERDAY TESTIFIED FOR FIVE HOURS FOR THE ARMED FORCES SUPREME COUNCIL WHICH IS INVESTIGATING CONDUCT OF THE CAMPAIGN (TIEMPO P9).

ACCORDING TO A REUTERS DISPATCH FROM NEW YORK, FOUR US ARMS DEALERS AND AN ELECTRONICS FIRM HAVE BEEN INDICTED FOR THE ILLEGAL EXPORT OF MILITARY EQUIPMENT, INCLUDING THE SALE OF SOPHISTICATED NIGHT VISION DEVICES TO ARGENTINA DURING THE FALKLANDS WAR (CLARIN P12).

AN INTERNATIONAL CONFERENCE OF NON-COMMUNIST YOUTH YESTERDAY ENDED A STORMY SESSION IN KINGSTON, JAMAICA, BY PASSING A RESOLUTION CALLING FOR THE RESUMPTION OF TALKS BETWEEN THE UK AND ARGENTINA OVER THE FALKLANDS (HERALD P7).

/THE

THE CHAMBER OF DEPUTIES YESTERDAY PAID HOMAGE TO ARGENTINE TROOPS WHO SERVED IN THE FALKLANDS WAR. PERONIST SPEAKERS TENDED TO BE PARTICULARLY VITUPERATIVE ABOUT THE UK, WHILE THE RADICAL PARTY CHAIRMAN OF THE LOWER HOUSE FOREIGN AFFAIRS COMMITTEE, FEDERICO STORANI, ANNOUNCED THAT 'THE STRUGGLE HAS NOT CONCLUDED, AND REQUIRES IMAGINATION AND INTELLIGENCE'. (NACION P 5)

SHARKEY

POWELL-JONES

FALKLAND ISLANDS

LIMITED

FID	NEWS D	PS/MR RAISON
DEF D	INFO D	PS/MR RENTON
S AM D	PLANNING STAFF	PS/PUS
UND	ECON ADVISERS	SIR W HARDING
ERD	RESEARCH D	MR DEREK THOMAS
MAED	PUSD	MR GOODALL
WIAD	PARLY UNIT	MR DAVID THOMAS
MCAD	LEGAL ADVISERS	MR WESTON
ECD(E)	PS	SIR C TICKELL (ODA)
WED	PS/LADY YOUNG	MR BROWNING (ODA)
		MR VEREKER (ODA)

ADDITIONAL DISTRIBUTION

FALKLAND ISLANDS

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From the Secretary of the Cabinet and Head of the Home Civil Service

Sir Robert Armstrong GCB CVO

Ref. A085/1031 3 April 1985

Dear Clive,

A Naval History of the Falklands Campaign

File with CDP.

Thank you for your letter of 21 February in response to mine of 29 October 1984 about the Ministry of Defence proposal to publish David Brown's history of the naval aspects of the Falklands campaign.

I understand the considerations which have led you to conclude that Mr Brown should be allowed to continue with the history, with a view to publication at the end of the year, though I cannot say that your letter disposes of the reservations that led me to question the wisdom of going ahead with this project. As you say, even in nine or ten months' time the Belgrano/Conqueror story may still be going on and Mr Brown's book may add a new element to the controversy. In view of that the careful scrutiny of his text which you have arranged - for both security and political sensitivities - will be particularly important.

I am sending copies of this letter to Antony Acland and Robin Butler.

Yours ever

Robert

Sir Clive Whitmore KCB CVO

ARGENTINA: Relations.

FUK 84

10 DOWNING STREET

From the Private Secretary 3 April, 1985

Fishing off the Falklands

I attach a copy of a further letter to the Prime Minister from Mr. Needham. This time he seems a happy man. I should be grateful for a draft reply, making any points of substance which may need saying, for despatch after the Prime Minister's return from South East Asia.

C. D. POWELL

P. F. Ricketts, Esq.,
Foreign and Commonwealth Office

PO Box No 21, Chesterfield, Derbyshire S44 6AB
Telephone: 0246 822281 (10 lines)
Telegrams: 'Coalite, Bolsover, Telex'. Telex: 54250

Coalite Group PLC

PERSONAL

2nd April, 1985

The Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
London S.W.1.

Dear Prime Minister

Fishing Off The Falkland Islands

I greatly appreciated your personal intervention and most helpful reply of 11th January to mine of 12th December. I thought a response would best wait until the outcome was clear, which it now appears to be, but I apologise that it has taken rather longer than anticipated at the time to reach this stage.

I fully agree with your comment on the need to devise arrangements for conservation and management of fishing round the Falklands to permit proper control over the depletion of fishing stocks and that has been the sustaining motivation throughout to try to bring this Agreement enabling British observers to collect data on Japanese vessels to fruition. You may recall that it was Foreign Office enthusiasm in that direction during the time of Cranley Onslow which prompted us to get involved.

The main emphasis of your letter was on the need for flexibility in negotiations to secure the widest possible measure of international support for whatever arrangements might eventually be made and therefore asking that we agree certain amendments to the draft Agreement. As you arranged, we immediately received details of the proposed amendments from the Foreign Office and further correspondence in the meantime has provided an acceptable assurance that the Government would seek to ensure that the "quid pro quo" provisions in return for the exploratory fishing would be maintained in any eventual fisheries regime, but without being able to guarantee success in that direction. I was pleased that this enabled us to secure Taiyo agreement to all the amendments proposed by the F.C.O. and so meet the condition for Government approval set out at the end of your letter.

It is perhaps of interest to add that Taiyo have also agreed to provide the necessary fishing information from the beginning of the fishing season until the British observers are available to go on board.

/Cont'd...

I am attaching copy of a letter written today to Sir Rex Hunt, which will hopefully lead to early signature and implementation of the Agreement, and that in turn eventually prove to be of substantial benefit to the Islands and Islanders.

Your close personal involvement is very sincerely appreciated.

Best Wishes

Yours Sincerely

Cecil Needham

C. E. Needham

PO Box No 21, Chesterfield, Derbyshire S44 6AB
Telephone: 0246 822281 (10 lines)
Telegrams: 'Coalite, Bolsover, Telex'. Telex: 54250

Coalite Group PLC

Our Ref : CEN/BS

2nd April, 1985

Sir Rex Hunt,
Civil Commissioner,
Government House,
Port Stanley,
Falkland Islands,
SOUTH ATLANTIC.

Dear Rex

FALKLANDS FISHING

It was in an exchange of telex messages early in November 1984 that we last commiserated over the delay with the fishing Agreement and, looking back further, it was in telexes from David Taylor dated 21st and 27th September that we were all then under the impression that the only obstacle to completion was the clearance of one small point by the F.C.O.

As you know, the eventual upshot from pleas for progress at this end was a letter from Andrew Palmer dated 11th January, 1985, of which I understand you received copy, setting out certain proposed amendments to the draft Agreement which would secure Government approval. This necessitated a good deal of further correspondence and discussion, not least with Taiyo, but I am pleased to be able to say that the way ahead appears to have been cleared. All the Government proposed amendments have been accepted and embodied into the Agreement, of which I am now enclosing two copies.

The only other changes made are consequential to the delay from last September, i.e. :

1. The first line of the Agreement now reads "as of the first day of September, 1984."

   The practical significance of that is small, since the observers were not due to join the vessels until they re-entered Falklands waters in January, 1985 for the season. In our telephone conversation, you asked whether C.T.C. would be prepared to provide information on fishing since then and until the observers get on board and I am pleased to confirm that we have Taiyo's agreement to that.

2. In Clause 7, page 7, "in January 1985" has been deleted and "30th April 1985" has been substituted for "20th December 1984".

   I understand that O.D.A. have confirmed that they can meet that date.

/Cont'd...

Since no other amendments have been made, we are hopefully now in a position to sign the Agreement. If you agree, we can sign and despatch a copy of the Agreement simultaneously from each end to save time.

It will be a great relief to see a start made and, if it can lead before too long to the declaration of an E.F.Z., it will all have been well worthwhile.

With kind regards.

Yours Sincerely

Ned

Encl.

C. E. Needham.

P.S. I am passing copy also to Andrew Palmer.

ARGENTINA: Relations: Pt 39

1. Charles - Powell to see
2 NBPM

H. STEEL, CMG OBE
LEGAL SECRETARY

LAW OFFICERS' DEPARTMENT
ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

2 April, 1985

W A Proctor Esq
Clerk to the Committee
Foreign Affairs Committee
Committee Office
House of Commons
London SW1A OAA

Dear Proctor,

The Attorney-General has asked me to reply on his behalf to your letter of 1 April, 1985.

The answers to questions which the Committee has put to him are as follows:

(i) Yes

(ii) No

Yours sincerely,

Henry Steel

H STEEL

COMMITTEE OFFICE
HOUSE OF COMMONS
LONDON SWIA OAA
01-219 3278 (Direct Line)
01-219 3000 (Switchboard)

FOREIGN AFFAIRS COMMITTEE

1 April 1985

Dear Sir Michael,

Events of the weekend of 1 and 2 May 1982

The Foreign Affairs Committee is now approaching the end of its inquiry into the events of the weekend of 1 and 2 May 1982. At a recent meeting, the Committee considered what further information should be sought from Ministers and others before the Committee considers its Chairman's draft Report. As a result of the decisions taken at the meeting I am instructed to ask you to respond to the following questions:-

(i) Were you present at the meeting of the War Cabinet at Chequers on 2 May 1982? If not, by whom were you represented?

(ii) Was an official of your Department a member of the so-called "Mandarins Committee" which provided official advice to the War Cabinet during the South Atlantic conflict?

I am instructed to request that a reply to these questions should reach me not later than Wednesday 17 April 1985.

Yours sincerely,

W A Proctor

W. A. Proctor,
Clerk to the Committee.

Rt. Hon. Sir Michael Havers, QC, MP,
Attorney General,
Law Officers' Department,
Attorney General's Chambers,
Royal Courts of Justice,
London WC2A 2LL.

CC PC

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
TELEPHONE DIRECT LINE 01-215 5422
SWITCHBOARD 01-215 7877

Secretary of State for Trade and Industry
JU184

28 March 1985

CONFIDENTIAL

The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for
Foreign & Commonwealth Affairs
Foreign & Commonwealth Office
Downing Street
London SW1A 2AI

NBPM

Dear Geoffrey,

EMBARGO ON ARGENTINE IMPORTS

Thank you for your letter of 12 March.

You have my strong support in seeking a reciprocal termination of the various commercial and economic restrictions between Argentina and ourselves. Quite apart from the direct economic implications, I share your concern about the increasing risk of legal challenge to our ban on imports. A successful attack on that could lead to major claims for compensation as well as political embarrassment.

If this round of talks is unsuccessful, therefore, I agree we should meet shortly afterwards, perhaps with Barney Hayhoe as well, both to consider that risk and to agree to implement quickly the changes I have proposed.

I am copying this letter to the Prime Minister, Nigel Lawson, Michael Jopling, Barney Hayhoe and to Sir Robert Armstrong.

Yours
Norman

NORMAN TEBBIT

Argentina Pt 39
Relations

GRS 450
RESTRICTED
DESKBY 0280900Z
FM BONN 0280755Z MAR 85
TO IMMEDIATE FCO
TELEGRAM NUMBER 293 OF 28 MARCH
INFO PRIORITY BISBA BERNE, UKREP BRUSSELS FOR SECRETARY OF STATE'S PARTY
INFO SAVING WASHINGTON

ANGLO-ARGENTINE-GERMAN SEMINAR IN BONN

SUMMARY

1. ARGENTINE SENATORS NOT COMING TO LONDON TODAY. BUT REST OF ARGENTINE TEAM COMING: QUESTION OF CONTACT WITH FCO OFFICIALS AND POSSIBLY LADY YOUNG. LATEST IN A VISIT TO UK BY A PARLIAMENTARY TEAM WITHIN THREE MONTHS. AND IN POSSIBILITY OF RESUMING BERNE-TYPE CONTACT, TO PRODUCE INITIALLY A SMALL STEP ON EACH SIDE EG ARGENTINE DECLARATION OF FORMAL END OF HOSTILITIES AND BRITISH RELAXATION OF MARITIME RESTRICTIONS.

DETAIL

2. SIR J EBERLE AND SIR A MEYER MP GAVE MINISTER THIS MORNING AN ACCOUNT OF YETERDAY'S ANGLO-ARGENTINE-GERMAN SEMINAR IN BONN, OSTENSIBLY ON ARGENTINA AND THE EC BUT IN FACT MOSTLY ABOUT BRITAIN AND ARGENTINA. AS WELL AS THE TRIPARTITE SEMINAR, THE BRITISH AND ARGENTINE TEAMS HAD A LONG INFORMAL BILATERAL. EBERLE SAID THE SEMINAR WENT WELL. APART FROM ONE LONG FORMAL EXPLANATION OF THE CLAIM TO FALKLANDS SOVEREIGNTY, THE ARGENTINE PARTICIPANTS WERE COOPERATIVE AND THOUGHTFUL. DESPITE THE VARIETY OF OPINIONS AMONG THEM, THEY MAINTAINED A LARGELY UNITED FRONT. THEY MADE A STRONG PITCH ABOUT ARGENTINA'S ECONOMIC DIFFICULTIES AND THE DEBT, AND THE LIKELY EFFECTS ON DEMOCRACY AND SOCIAL COHESION.

3. THE ARGENTINE PARTICIPANTS WANT TO EXPLORE THE IDEA OF ANOTHER SUCH MEETING, WITHOUT RUSHING OR RAISING EXPECTATIONS. THEY ALSO WANT TO ARRANGE FOR A MIXED TEAM OF ARGENTINE PARLIAMENTARIANS TO VISIT UK WITHIN 3 MONTHS. AS REGARDS INTERGOVERNMENTAL CONTACT, THEY WERE INTERESTED IN THE POSSIBILITY OF BERNE-TYPE CONTACT BEING RESUMED WITHIN A YEAR OR SO. CAREFUL PREPARATION WOULD BE NEEDED. THE LEVEL SHOULD NOT BE SENIOR. THE AGENDA MIGHT CONCENTRATE AT FIRST ON SMALL STEPS TO BREAK THE LONG JAM IN RELATIONS BUT THE POSSIBILITY OF DISCUSSING SOVEREIGNTY LATER MUST REMAIN OPEN. THE FIRST SMALL STEPS MIGHT BE AN ARGENTINE DECLARATION OF A FORMAL END TO HOSTILITIES AND A BRITISH REDUCTION IN MARITIME RESTICTIONS.

/4. THE

4. THE TWO SENATORS IN THE ARGENTINE DELEGATION ARE NOT (NOT) COMING ON TO LONDON TODAY. EBERLE AND MEYER WERE CONVINCED BY THE REASON GIVEN: THAT IF THE SENATORS CAME WITHOUT MPS FROM OTHER PARTIES, THEY WOULD CAUSE A ROW IN BUENOS AIRES WHICH WOULD SET BACK THE CAUSE OF REBUILDING CONTACTS WITH UK. THE REST OF THE DELEGATION TRAVELS TO LONDON THIS MORNING. HELBLING OF THE ARGENTINE FOREIGN AFFAIRS INSTITUTE ASKED EBERLE WHETHER HE COULD MEET FCO OFFICIALS AND POSSIBLY LADY YOUNG. EBERLE REPILIED THAT CONTACT WITH OFFICIALS TODAY OR TOMORROW MIGHT BE POSSIBLE: THAT THERE WOULD BE NO QUESTION OF A CALL ON LADY YOUNG: BUT THAT HE WOULD SEE WHETHER AN ENCOUNTER WITH LADY YOUNG AT A SOCIAL OCCASION MIGHT BE POSSIBLE. HE IS NOT PRESSING FOR THIS LAST.

FCO PLEASE PASS TO WASHINGTON

BULLARD

[REPEATED AS REQUESTED]

FALKLAND ISLANDS

LIMITED

FID	NEWS D	PS/MR RAISON
DEF D	INFO D	PS/MR RENTON
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ERD	RESEARCH D	MR DEREK THOMAS
MAED	PUSD	MR GOODALL
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MCAD	LEGAL ADVISERS	MR WESTON
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WED	PS/LADY YOUNG	MR BROWNING (ODA)
		MR VEREKER (ODA)

ADDITIONAL DISTRIBUTION

FALKLAND ISLANDS

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TEL NO 242 OF 27 MARCH 1985
INFO IMMEDIATE LISBON (FOR SOS'S PARTY
INFO ROUTINE WASHINGTON PORT STANLEY BUENOS AIRES BERNE
BRASILIA

MY TELNO 234: VISIT OF PRESIDENT ALFONSIN TO NEW YORK

SUMMARY

1. THE SECRETARY GENERAL BRIEFS ME ON HIS TALKS WITH PRESIDENT ALFONSIN. I RESPOND APPROPRIATELY.

DETAIL

2. THE SECRETARY GENERAL MADE GOOD HIS INTENTION TO DEBRIEF ME HIMSELF ON HIS TALKS WITH PRESIDENT ALFONSIN BY CALLING ME IN THIS AFTERNOON, 27 MARCH. HIS SPECIAL ASSISTANT WAS WITH HIM AND THE HEAD OF CHANCERY WITH ME.

3. EXPLAINING THAT HE FELT IT TO BE HIS ''DUTY'' TO GIVE ME AN ACCOUNT OF HIS MEETING WITH PRESIDENT ALFONSIN, THE SECRETARY GENERAL SAID THAT IN ORDER NOT TO MISLEAD ME HE HAD PREPARED A SPEAKING NOTE IN ENGLISH. HE PROCEEDED TO READ FROM THIS, DIVIDING WHAT ALFONSIN HAD SAID INTO ARGENTINE POLICY TOWARDS THE FALKLANDS AND ARGENTINE ''COMPLAINTS''.

4. ON THE FORMER, THE SECRETARY GENERAL SAID THAT ALFONSIN HAD INSISTED ON THE NEED FOR ADIALOGUE BETWEEN THE UK AND ARGENTINA WITH AN OPEN AGENDA. ALFONSIN WAS NOT ATTEMPTING TO MODIFY THE BRITISH POSITION ON THE SUBSTANCE AT THIS STAGE. HE WELL UNDERSTOOD THAT SOVEREIGNTY COULD NOT BE DEALT WITH AT THE OUTSET. BUT BRITAIN MUST UNDERSTAND THAT ARGENTINA COULD NOT ACCEPT THAT SOVEREIGNTY BE SPEARATED FROM A PACKAGE FOR DISCUSSION BETWEEN THE TWO SIDES. ALFONSIN HAD INSISTED THAT ARGENTINA WAS NOT ENGAGED IN AN ARMS BUILD UP. REFERENCES TO PURCHASES OF ''SOPHISTICATED WEAPONRY'', IN PARTICULAR FROM ISRAEL, MIGHT BE TO SIX OR SEVEN AIRCRAFT FOR THE ARGENTINE NAVY ~~PAID~~ FOR BEFORE ALFONSIN CAME TO POWER.

5. ON THE LATTER, THE SECRETARY GENERAL PASSED ON TWO POINTS:-
A) ALFONSIN WAS CONCERNED THAT, WHEN THE MOUNT PLEASANT AIRFIELD WAS FINISHED, BRITAIN MIGHT ATTEMPT TO CARRY OUT SOME SORT OF ''SHOW OF STRENGTH'', E.G. FLYING IN A SQUADRON OF AIRCRAFT FROM A DISTANT BASE, WHICH WOULD CREATE TENSION AND PROMPT A RAPID DIPLOMATIC RESPONSE,
B) BRITISH AMBASSADORS EVERYWHERE WERE BELABOURING THE POINT THAT THE DEMOCRATIC REGIME IN ARGENTINA WOULD NOT LAST: THIS WAS A WAY OF WEAKENING ALFONSINS EFFORTS TO STRENGTHEN DEMOCRACY.

6. IN CONCLUSION THE SECRETARY GENERAL SAID THAT ALFONSIN WAS UNDER THE IMPRESSION THAT BRITAIN HAD DECIDED TO SEEK A NEW BERNE EXERCISE, THOUGH HE HAD NOT ELABORATED ON THIS POINT. DE SOTO SAID THAT THE ARGENTINES WERE RELUCTANT TO ENGAGE IN A SIMILAR EXERCISE THOUGH THEY HAD DEFINITELY NOT DISCARDED THE PROTECTING POWER CHANNEL.

7. I THANKED THE SECRETARY GENERAL FOR HIS BRIEFING AND GAVE HIM WHAT I DESCRIBED AS A PRELIMINARY RESPONSE. I SAID THAT ON TWO POINTS OF FACT:-

A) I COULD ONLY UNDERLINE WHAT MRS THATCHER HAD SAID TO THE SECRETARY GENERAL HIMSELF ABOUT ARMS PURCHASES,

B) I WAS TOTALLY UNAWARE OF ANY BRITISH AMBASSADOR HAVING DONE ANY SUCH THING: THIS WOULD BE CONTRARY TO OUR HOPES AS I MYSELF AS BRITISH AMBASSADOR TO THE UN HAD MADE CLEAR IN A NUMBER OF SPEECHES.

8. SO FAR AS ALFONSINS REFERENCE TO THE AIRFIELD WAS CONCERNED I FOUND ''SHOW OF STRENGTH'' A RATHER OFFENSIVE FORMULATION FROM THE ARGENTINE SIDE, ESPECIALLY GIVEN THAT ALFONSIN HAD SAID THAT HE WAS NOT ATTEMPTING TO MODIFY THE BRITISH POSITION ON THE SUBSTANCE. I WONDERED WHETHER IT WOULD BE IN ORDER FOR US TO OBJECT TO PLANES LANDING IN BUENOS AIRES. THE PURPOSE OF AN AIRFIELD WAS TO LAND AIRCRAFT. THE FUNCTION OF THE MOUNT PLEASANT AIRFIELD WOULD BE DUAL: ON THE ONE HAND CIVIL AND ON THE OTHER MILITARY TO PREVENT A REPETITION OF OUR UNHAPPY EXPERIENCE OF 1982 OF BEING INVADED WITH ONLY 40 ODD ARMED MEN IN THE GARRISON. THE OPENING OF THE AIRFIELD WOULD ENABLE US TO REDUCE THE NUMBER OF TROOPS IN THE FALKLANDS.. THUS ALFONSINS SUGGESTION WAS PECULIARLY UNCALLED FOR.

9. SO FAR AS ALFONSINS POLICY STATEMENTS HAD BEEN CONCERNED I SENSED A HARDENING OF THE ARGENTINE POSITION. WE WERE READY TO DISCUSS A CONSIDERABLE NUMBER OF QUESTIONS WHICH WOULD BE THE BETTER FOR DISCUSSION. THIS MADE US SORRY ABOUT THE ARGENTINE ALL OR NOTHING APPROACH AS EXEMPLIFIED IN THE ARGENTINE PRESS STATEMENT OF 2 JANUARY WHICH REFERRED TO ''UNRENOUNCEABLE RIGHTS OF SOVEREIGNTY''. THE WHOLE ARGENTINE EXERCISE SEEMED TO BE BASED ON A ONE WAY STREET. THAT SAID I WOULD REPORT WHAT THE SECRETARY GENERAL HAD SAID AND WOULD KEEP HIM INFORMED OF ANY DEVELOPMENTS. THE SECRETARY GENERAL COMMENTED THAT WE HAD BEEN ''IMPECCABLE'' IN THIS RESPECT.

THOMSON

FALKLAND ISLANDS
LIMITED

FID	NEWS D	PS/MR RAISON
DEF D	INFO D	PS/MR RENTON
S AM D	PLANNING STAFF	PS/PUS
UND	ECON ADVISERS	SIR W HARDING
ERD	RESEARCH D	MR DEREK THOMAS
MAED	PUSD	MR GOODALL
WIAD	PARLY UNIT	MR DAVID THOMAS
MCAD	LEGAL ADVISERS	MR WESTON
ECD(E)	PS	SIR C TICKELL (ODA)
WED	PS/LADY YOUNG	MR BROWNING (ODA)
		MR VEREKER (ODA)

ADDITIONAL DISTRIBUTION
FALKLAND ISLANDS

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FM UKMIS NEW YORK 252325Z MAR 85
TO PRIORITY FCO
TEL NO 234 OF 25 MARCH 1985
INFO PRIORITY BUENOS AIRES PORT STANLEY WASHINGTON
BRASILIA

WASHINGTON TELNO 1018 (NOT TO BRASILIA):
VISIT OF PRESIDENT ALFONISN

1. PRESIDENT ALFONSIN CAME ON TO NEW YORK AFTER WASHINGTON. HE HAD 45 MINUTES WITH THE SECRETARY GENERAL ON 22 MARCH, 23 OF WHICH WERE, ACCORDING TO THE SECRETARY GENERALS SPECIAL ASSISTANT, DEVOTED TO THE FALKLANDS.

2. DE SOTO HAS ASSURED US THAT THE SECRETARY GENERAL IS HIMSELF INTENT ON GIVING ME AN ACCOUNT OF HIS TALKS WITH PRESIDENT ALFONSIN. IN THE MEANWHILE, DO SOTO HAS TOLD US THAT:
A) THE SECRETARY GENERAL GAVE ALFONSIN AN ACCOUNT OF HIS MEETING WITH THE PRIME MINISTER IN JANUARY (IN WHICH CONTEXT ALFONSIN INISISTED THAT THE PRIME MINISTER WAS MISTAKEN IN HER ASSESSMENT OF ARGENTINAS PURCHASES OF NEW MILITARY HARDWARE)
B) ALFONSIN ''VERY MUCH INSISTED'' THAT THE ARGENTINES WANTED A DIALOGUE WITH THE UK WITH AN OPEN AGENDA AND THAT NOT TO ACCEPT THIS COULD ONLY BE INTERPRETED AS A SIGN OF INTRANSIGENCE
C) ALFONSIN HAD STRESSED THAT THE SEVEREIGNTY ISSUE COULD NOT BE SEPARATED.

3. PRESIDENT ALFONSIN MADE POINT C) AT A SUBSEQUENT PRESS CONFERENCE. THE SECRETARY GENERAL COMMENTED THAT ''WHAT I HOPE FOR IS THAT A DIALOGUE SHOULD BE ESTABLISHED BETWEEN THE TWO PARTIES, NOT WITH ME BUT BETWEEN THEM - AND THAT IS WHAT I AM TRYING TO DO''.

THOMSON

FALKLAND ISLANDS

LIMITED

FID	NEWS D	PS/MR RAISON
DEF D	INFO D	PS/MR RENTON
S AM D	PLANNING STAFF	PS/PUS
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MCAD	LEGAL ADVISERS	MR WESTON
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WED	PS/LADY YOUNG	MR BROWNING (ODA)
NAD		MR VEREKER (ODA)

ADDITIONAL DISTRIBUTION
FALKLAND ISLANDS

Repetition to BUENOS AIRES.
referred for departmental decision,
repeated as requested to other posts.

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

22 March 1985

C E Needham Esq
Chairman
Falkland Islands Company
Coalite Group plc
P O Box 21
CHESTERFIELD
Derbyshire

Dear Ted,

FALKLANDS FISHING

54

Thank you for your letter of 18 February stating the views of Taiyo on the modifications to the CTC/FIG agreement proposed in Andrew Palmer's letter of 11 January. Andrew Palmer sent you an interim reply on 20 February.

We have given the most careful consideration to Taiyo's concerns about the proposed amendment to the heading of the Third Schedule.

As the Prime Minister explained to you in her letter of 11 January, our approach to fisheries in the South Atlantic is based on the need to devise arrangements for conservation and management which will have the widest possible measure of international support. The purpose of the amendment was to ensure, as we must, that the provisions in the Third Schedule would not cut across future discussions or arrangements of this sort.

You can however be assured that whatever the precise circumstances in which an EFZ was declared or subsequently managed the Government would seek to ensure that the provisions set out in the Third Schedule were maintained within the framework of the fisheries regime. I am sure you will appreciate, however, that we cannot give any undertakings as to how far we would succeed in this, as negotiation with third parties could be involved.

Yours sincerely,

Christopher Hum

C O Hum
Falkland Islands Department

copy sent to Mr Powell ODA
27/3.

CONFIDENTIAL

DA

9

10 DOWNING STREET

From the Private Secretary 22 March 1985

Falklands Fisheries

Thank you for your letter of 21 March with the further explanations about the draft agreement between the Coalite/Taiyo Joint Venture and the Falkland Islands Government and its implications for our efforts to establish a multilateral fisheries regime.

The Prime Minister is content for the letter to Mr. Needham which was attached to your earlier letter of 12 March to be sent.

BF

I am copying this letter to Henry Steel (Law Officers' Department) and Richard Hatfield (Cabinet Office).

(Charles Powell)

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

21 March, 1985

Prime Minister
I think these arguments are convincing. Can we please now send the draft letter?
CDP 21/3.

Dear Charles,

Falklands Fisheries

Thank you for your letter of 15 March about the draft agreement between the Coalite/Taiyo Joint Venture and the Falkland Islands Government and its implications for our efforts to establish a multilateral fisheries regime.

The Prime Minister commented that she did not see why a multilateral fisheries agreement should not allow pre-existing obligations to stand. The provisions set out in the Third Schedule to the CTC agreement come into effect only if and when an Exclusive Fisheries Zone is declared. They would not be in operation beforehand. The Foreign Secretary said in his minute to the Prime Minister of 10 January that the terms of the CTC agreement could be incompatible with negotiation of a multilateral regime. The agreement would, for example, entitle CTC to a concessionary licence to catch fish up to a maximum catch equal to 50% of the maximum annual sustainable yield. If as a result only 50% of the yield was available to be divided between all other parties to a proposed multilateral agreement, such an agreement could well prove impossible to negotiate and our wider objective might not be attained. It was in recognition of this point that the Prime Minister wrote to Mr Needham of Coalite on 11 January asking him to make amendments to the draft so as to ensure that it did not cut across possible future multilateral arrangements. The detailed amendments were communicated to Mr Needham on the same day.

Yes
MT

In his letter to us of 18 February Mr Needham has implicitly accepted that the provisions in the Third Schedule might need to be qualified if an EFZ resulted from multilateral discussions and negotiations. He asked only for an assurance of "best endeavours" to enable their implementation in such circumstances. He also asked for an assurance that in the event of a unilateral declaration of an EFZ the licence concessions as originally agreed would stand.

For the reasons set out in the fifth paragraph of my letter of 12 March we do not feel it would be prudent to give Mr Needham full satisfaction on either count. There are legal dangers in undertaking to use "best endeavours". Moreover even a unilaterally declared EFZ

/and

and fisheries regime would need to achieve a degree of acquiescence if it was to achieve the purpose of conserving fish stocks without prohibitively expensive enforcement measures, and possible confrontation with foreign fisheries vessels. Full implementation of the CTC agreement would certainly lead other states not to acquiesce in a unilateral measure, whereas a regime which was more even-handed could be acquiesced in by many countries.

It is for these reasons that we proposed to write to Mr Needham as in the draft enclosed with my letter of 12 March.

I am copying this letter to Henry Steel (Attorney General) and Richard Hatfield (Cabinet Office).

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

Argentina

Relacts

Pe 31

DSR 11 (Revised)

DRAFT: ~~minute~~/letter/~~telelettter/despatch/note~~

TYPE: Draft/Final 1+

FROM:
C O HUM

Reference

DEPARTMENT: TEL. NO:

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO:

C E Needham Esq
Chairman
Falkland Islands Company
Coalite Group plc
P O Box 21
CHESTERFIELD
Derbyshire

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT: FALKLANDS FISHING

Thank you for your letter of 18 February stating the views of Taiyo on the modifications to the CTC/FIG agreement proposed in Andrew Palmer's letter of 11 January. Andrew Palmer sent you an interim reply on 20 February.

We have given the most careful consideration to Taiyo's concerns about the proposed amendment to the heading of the Third Schedule.

As the Prime Minister explained to you in her letter of 11 January, our approach to fisheries in the South Atlantic is based on the need to devise arrangements for conservation and management which will have the widest possible measure of international support. The purpose of the amendment was to ensure, as we must, that the provisions in the Third Schedule would not cut across future discussions or arrangements of this sort.

Enclosures—flag(s).....

You can however be assured that whatever the precise circumstances in which an EFZ was declared or subsequently managed the Government would seek to ensure that the provisions set out in the Third Schedule were maintained within the framework of the fisheries regime. I am sure you will appreciate, however, that we cannot give any undertakings as to how far we would succeed in this, as negotiation with third parties could be involved.

ARGENTINA: Relations: A 39

No 8211
cPC.
FCO

10 DOWNING STREET

THE PRIME MINISTER

22 March 1985

Dear Julian,

Thank you very much for your letter of 22 February, and the paper you enclosed about policy in the South Atlantic. I am sorry not to have replied before but I have been reflecting on your ideas.

While I see some analogy with the situation which confronted Winston at the time of his Zurich speech in 1946, I do not think you can push it too far. There has been no unconditional surrender by Argentina, not even a formal declaration that hostilities are at an end. Instead we know that the Argentines are intent on acquiring new arms. They have refused to discuss even such elementary matters as the lifting of commercial restrictions. None of this creates the right background for convincing public opinion here that some great gesture towards Argentina is needed. We have made many attempts to convince them that normal relations should be restored but every effort has been countered by the Argentinians raising sovereignty.

Your concept of a South Atlantic Community for exploring and developing the mineral resources of Antarctica with the Falklands as its main logistic base is characteristically bold. The exploitation of these resources will certainly be of fundamental importance, and we must be in the vanguard of

JC

any exploratory work. As you will know the British Antarctic Survey is already carrying out important work. I certainly envisage Mount Pleasant playing an important role in this context though it is not the only candidate. Chile and Argentina also have well-equipped airports nearer than the Falklands to the Antarctic, while the Americans have an arrangement for facilities in New Zealand. (South Georgia is of course nearer than the Falklands to Antarctica, but it would be impossible to construct a large airport there).

You suggest that the Antarctic Treaty might provide "an international context". I am not entirely clear about the precise relationship you envisage between your plan and the Treaty, which, as you note, may be reviewed from 1991. If you see a direct relationship, there would be difficulties. The Antarctic Treaty was developed to deal with the peculiar circumstances of a part of the world with no permanent inhabitants. An attempt based on the existing terms of the Treaty to apply a comparable arrangement to the South Atlantic would allow all Treaty parties - including the Soviet Union, Poland and Czechoslovakia and some third world countries - to station military personnel (albeit unarmed) wherever they wished in the area and to travel freely in it. This could have serious consequences - even more in the event of disruption of passage through the Panama Canal. But I assume that you had in mind a more limited arrangement which follows the model rather than actually builds on the Antarctic Treaty. I shall ask for this to be examined.

We must also be careful not to disrupt the delicate negotiations currently in progress with the other Antarctic Treaty States to establish a regime to govern the exploitation of mineral resources in Antarctica. If successful, these negotiations may in time help create conditions favourable to the sort of venture you have in mind.

But my main concern remains that the Argentines have still not come to terms with the real world and accepted that they are not going to obtain Sovereignty over the Falklands. Until they lower their sights, any proposal whose aim is to finesse the problem will be bound to fail and perhaps ruin the chances for a worthwhile initiative later on.

It was very good to see you the other night at the dinner for President Mubarak. I am glad that you had a talk with him.

Yours ever

Margaret

The Rt Hon Julian Amery, M.P.

GRS 275

CONFIDENTIAL

CONFIDENTIAL
FM ROME 150816Z MAR 85
TO PRIORITY FCO
TELNO 275 OF 15 MAR 85
INFO PRIORITY WASHINGTON, BRASILIA, BERNE

MY TELNO 265 AND MIPT: ITALY/ARGENTINA

1. OSIO TOLD US TODAY THAT HE HE WAS IN NO DOUBT WHATSOEVER THAT THE ARGENTINE MILITARY HAD SABOTAGED PERTINI'S AIRCRAFT. HE SAID (SEE PARA 4 OF MY FIRST TUR) THAT IT HAD CLEARLY BEEN INTENDED THAT THE SABOTAGE SHOULD BE DISCOVERED: THE EXPERTS WERE AGREED, HOWEVER, THAT HAD IT NOT BEEN THE PLANE WOULD HAVE CRASHED SHORTLY ATFER TAKE-OFF. IT WAS A TERRIBLE BLOW TO ALFONSIN, WHICH, COMING AS IT DID NOT LONG AFTER THE ATTEMPTED SABOTAGE OF SENORA PERON'S PLANE, CLEARLY CAST DOUBT UPON THE EXTENT OF HIS WRIT. OSIO TOOK IT FOR GRANTED THAT THE SABOTAGE HAD BEEN IN RETALIATION AGAINST PERTINI'S MEETING WITH THE DESPARECIDOS.

2. OSIO DID NOT BELIEVE THAT THE INCIDENT, OR INDEED PERTINI'S ABRUPT DEPARTURE, WOULD AFFECT ITALIAN/ARGENTINE RELATIONS. THE SUBSTANTIVE PART OF THE VISIT HAD ALREADY BEEN COMPLETED AND PERTINI'S LAST DAYS WOULD HAVE BEEN SPENT VISITING ITALIAN COMMUNITIES OUTSIDE BUENOS AIRES. IT WAS THE ITALIANS IN ARGENTINA WHO WERE MOST UPSET, PLUS OF COURSE THE BRAZILIANS. ALL THIS HAD CAST A CLOUD OVER WHAT HAD BEEN, AT THE START, A HIGHLY SUCCESSFUL STATE VISIT.

3. OSIO WAS DOUBTFUL ABOUT ALFONSIN'S ABILITY TO SURVIVE. MUCH DEPENDED ON WHETHER THE AMERICANS WOULD BE WILLING TO BAIL HIM OUT THROUGH A RESCHEDULING OPERATION. THE AMERICANS, GERMANS AND JAPANESE WERE THE MAIN ACTORS: ITALY'S EXPOSURE WAS RELATIVELY SMALL. WE TOOK THE OPPORTUNITY TO EMPHASISE OUR OWN ROLE IN THE PARIS CLUB MEETINGS AND THE IMPORTANCE OF BUILDING ON THESE QUICKLY TO REMOVE ARGENTINE RESTRICTIONS UPON TRADE WITH BRITAIN.

4. FCO PLEASE REPEAT OUR TELNO 265 TO BERNE.

BRIDGES

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No. 10 DOWNING STREET

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WED.
PID
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NAD
ERD

PS
PS/LADY YOUNG
PS/MR. RIFKIND
PS/MR. RENTON
PS/PUS
MR. DEREK THOMAS
SIR W. HARDING
MR JENKINS
MR D.C THOMAS
CABINET OFFICE

THIS TELEGRAM WAS NOT ADVANCED

CONFIDENTIAL

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET 5422
TELEPHONE DIRECT LINE 01-215
SWITCHBOARD 01-215 7877

Secretary of State for Trade and Industry

15 March 1985

The Rt Hon Michael Jopling MP
Minister for Agriculture,
Fisheries and Food
Ministry for Agriculture,
Fisheries and Food
Whitehall Place
London SW1A 2HH

NBPM
18/3.

Dear Michael,

Thank you for your further letter of 5 March about the embargo on imports from Argentina.

I am grateful for your acceptance of our policy on imports of Argentine maize. I very much regret the effects this will have on Allied Mills Ltd, particularly if it results in the closure of their Warrington plant. But I am afraid that my Department cannot help them to meet the costs of this. To do so would set a precedent for other requests for compensation from many commercial enterprises which have lost varying amounts of trade as a result of the embargo. My Department simply does not have the money to cover such requests.

I am sorry not to be more helpful.

I am copying this letter to the Prime Minister and to Geoffrey Howe.

Yours
Norman

NORMAN TEBBIT

JH5ATP

999-1

HARGLENTONA
RELATS PE39

CONFIDENTIAL

File No
LOAG
cc Sir P Cadogan

10 DOWNING STREET

From the Private Secretary

15 March 1985

FALKLANDS FISHERIES

Thank you for your letter of 12 March about the draft Agreement between the Coalite/Taiyo Joint Venture and the Falklands Islands Government and its implications for our efforts to establish a multilateral fisheries regime.

The Prime Minister has commented that she does not see why a multilateral fisheries agreement should not allow pre-existing obligations to stand. She does not think that there would be anything unusual about that.

I should be grateful for further advice on this point.

I am copying this letter to Henry Steel (Law Officers' Department) and Richard Hatfield (Cabinet Office).

CHARLES POWELL

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

CGPC 1

Foreign and Commonwealth Office

London SW1A 2AH

12 March 1985

I do not see why an FCO fisheries agreement should not allow reciprocity only should the need arise. There would be nothing unusual about it.

Prime Minister:

Do you agree that the FCO should reply to Mr Needham as proposed

13/3

Dear Charles,

Falklands Fisheries

The Foreign Secretary minuted the Prime Minister on 10 January about the draft Agreement between the Coalite/Taiyo Joint Venture (CTC) and the Falkland Islands Government. The Prime Minister subsequently wrote to Mr Needham of Coalite on 11 January, confirming that the Government would be able to approve the draft Agreement subject to certain amendments which were communicated to him by FCO officials on the same day. I enclose the draft Agreement (before amendment) and the two letters to Mr Needham of 11 January.

Mr Needham has now written to us (copy enclosed) describing the anxieties of his Japanese partners on one particular count. Their concern relates to the heading of the Third Schedule to the Agreement, which sets out the preferential terms on which CTC would be granted a licence within any Exclusive Fisheries Zone (EFZ). As amended, the heading reads as follows:

> "The Falkland Islands Government shall grant CTC a licence to fish in any Exclusive Fisheries Zone, subject to the provisions of any fisheries conservation regime which may be established, containing the following provisions."

As Sir Geoffrey Howe explained in paragraph 4 of his minute of 10 January, our concern in proposing this amendment was to ensure that there would not be any fundamental incompatibility between the CTC licence and whatever licensing or quota arrangements which might be negotiated in the context of a multilateral fisheries regime.

Mr Needham has pointed out to us that Taiyo will be carrying out their side of the Agreement (allowing observers nominated by the Falkland Islands Government access to the results of exploratory fishing) whether or not there is any quid pro quo. Taiyo will benefit from the preferential licensing scheme described in the Third Schedule only if and when an EFZ is established. But to his mind the heading to the Schedule, as amended, would allow HMG to avoid any obligation whatsoever to Taiyo, simply by claiming that the

/preferential

preferential licensing arrangements in the Schedule could not be accommodated within a multilateral regime.

It is of importance to the Falkland Islands Government that the Agreement should go ahead, and we need to consider carefully whether something further could not be done to facilitate this. But we must of course also be careful not to enter into a commitment which we cannot fulfil or which ties our hands to an undesirable degree.

Ministers agreed at OD on 26 February to explore whether some form of multilateral fisheries management system might be established with the assistance of the FAO. (My letter of 7 March reported the outcome of our approach to the FAO Secretariat.) In his minute of 16 January, however, Sir Geoffrey Howe warned that the terms of the CTC Agreement "would be likely to be incompatible with whatever licensing or quota arrangements might be negotiated under FAO auspices: these would almost certainly have to be non-discriminatory". There is thus a risk that undertakings given now to CTC could prove an obstacle to achieving a multilateral arrangement. But, equally, it is not impossible that we could reach a solution compatible with maintaining the advantages for CTC, and we would want to try our best to achieve this provided that to do so would not result in the collapse of the initiative. It is, however, self-evident that the "best endeavours" formulation which we offer to Mr Needham should not be capable of being taken to amount to a legal obligation. It would also be unwise to give Mr Needham the clear assurance he seeks that "in the event of a unilateral declaration of an EFZ (however improbable that may be) the licence concessions as originally agreed would stand." We cannot predict exactly how a unilaterally-declared EFZ would come about, or how it could evolve. An element of negotiation with the countries could be involved. In such circumstances, full implementation of the terms of the Agreement could tie our hands.

I enclose a draft of a letter which, if you are content, we would send to Mr Needham. The line it contains has been agreed with the Law Officers. It is of course possible that Mr Needham will not find the somewhat qualified terms of the assurances given in the draft sufficiently attractive to be acceptable. But it is a risk we must take; the long-term interests of the Falkland Islands would not be served if we were more tightly bound by the Agreement and supplementary assurances.

I am copying this letter to Henry Steel (Attorney General's Chambers) and Richard Hatfield (Cabinet Office).

Yours ever,

Peter Ricketts

C D Powell Esq
10 Downing Street

(P F Ricketts)
Private Secretary

ARGENTINA: Relations: At 39

DRAFT 27.7.84

Unamended version
(for amendments see Flag C)

THIS AGREEMENT is made on the first day of September, 1984 BETWEEN:

1. C.T.C. FISHERIES LTD. of Buttermilk Lane, Bolsover, Nr. Chesterfield, Derbyshire, U.K., ("C.T.C.").

2. THE FALKLAND ISLANDS GOVERNMENT, Port Stanley, Falkland Islands, South Atlantic ("the Government").

WHEREAS

1. C.T.C. Fisheries Ltd. is a Joint Venture Company formed by Taiyo Fishery Co. Ltd., Tokyo, Japan and Coalite Group PLC, Chesterfield, England.

2. The Government is desirous of ascertaining and quantifying the fish species and stocks in the Fishing Territory with a view to obtaining a declaration of an Exclusive Fishery Zone.

3. The parties hereto intend to enter into an Agreement for the purpose of exploratory and commercial fishing activities in the Fishing Territory.

4. This Agreement is intended to regulate the terms of the said Agreement which the parties intend to implement.

IT IS HEREBY AGREED as follows:

1. <u>Definitions</u>

1.1 In this Agreement and the Schedules hereto:

(a) the following expressions shall, unless the context otherwise requires, have the following meanings:

"the Fishing Territory"	means the areas defined in the First Schedule.

(b) Any reference to any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument order or regulation made thereunder or under such re-enactment.

(c) Unless the context otherwise requires words denoting the singular number only shall include the plural number also and vice versa; words denoting one gender only shall include the other gender

(d) All headings are inserted for convenience only and shall be ignored in construing this Agreement.

1.2 The Schedules hereto shall form part of this Agreement and shall have the same full force and effect as though fully set out herein.

3. Exploratory Fishing

C.T.C. hereby undertakes to carry out exploratory fishing for the purposes set out in, and on the terms contained in, the Second Schedule hereto, with a view to determining within a period of two fishing years from October 1st. 1984 the commercial viability of developing and carrying out fishing operations in the Fishing Territory.

4. Obligations of the Government

4.1 The Government hereby undertakes that, after the declaration of an Exclusive Fishing Zone and without delay after application by C.T.C., it will grant a licence to C.T.C. on or substantially on the terms described in the Memorandum of Understanding contained in the Third Schedule hereto.

4.2 In accordance with paragraph 8 of the Second Schedule hereto the Government shall provide and pay for two observers. The Government shall supply to "C.T.C." copies of all reports prepared by the nominated observers such reports to be supplied by the Government within one month after their receipt by the Government.

5. Duration

This Agreement shall be binding on the parties until the date being seven years and six months after the commencement of issuing licences to vessels fishing within fishing limits declared for the Fishing Territory specified in the First Schedule.

6. Confidentiality

The parties to this Agreement shall not either during the currency of this Agreement or at any time thereafter disclose to any third person any information contained in any reports arising from this Agreement and the parties hereto shall take all reasonable steps to bind their servants and agents in this behalf.

7. Press Announcements

The parties hereto agree that any press announcement or statement relating to this Agreement shall be in a form and at a time agreed by all of them except those made in accordance with legal requirements.

8. No Partnership

Nothing in this Agreement shall be deemed to constitute a partnership between the parties hereto.

9. Assignment

Neither this Agreement nor any other rights of the parties hereto may be assigned in whole or in part by any party except with the prior written consent of the other party.

10. Governing Law, and Submission to Jurisdiction and Arbitration

10.1 This Agreement shall be governed by the laws of England and each of the parties hereto submits to the jurisdiction of the English Courts as regards any claim or matter arising under the Agreement.

10.2 Any dispute between the parties under this Agreement shall be referred to a single arbitrator in accordance with the provisions of the Arbitration Act 1979 or any statutory modification or re-enactment thereof for the time being in force.

11. General

11.1 No provisions of this Agreement may be varied except by consent of both parties in writing.

IN WITNESS whereof this Agreement has been signed by or on behalf of the parties hereto the day and year first above written.

THE SCANNING IS INFLUENCED BY THE QUALITY OF THE ORIGINAL DOCUMENT

FIRST SCHEDULE

For the purposes of this Agreement the Fishing Territory shall mean all that off-shore area lying within (150) (200) miles from the coasts of the Islands in the South Atlantic Ocean known as the Falkland Islands or, if an Exclusive Fishing Zone is proclaimed by the Government, an Exclusive Fishing Zone.

SECOND SCHEDULE

1. C.T.C. shall conduct exploratory fishing in the Fishing Territory and consequent marketing for a period of two fishing years from October 1st, 1984, using such vessels, equipment, man-power, expertise and other resources as C.T.C. in its discretion may require to ascertain in relation to the Fishing Territory:

(a) the total fishery resources in terms of the maximum annual sustainable yield.

(b) catch rate of all commercially important fish species;

(c) location of fishing grounds;

(d) potential marketing of fishery products.

2. In order to achieve the objectives mentioned in paragraph 1, C.T.C. shall use in addition to any supply ships, two fishing vessels complying broadly with the following specification and manned by skilled Japanese crews and technical staff :

Nationality	:	Japanese
Owner	:	Taiyo
Gross Tonnage	:	2000 to 3000 tons
Overall Length	:	80 to 100 metres
Fishing Methods	:	Trawl fishing (bottom, middle and surface).
Production Facilities	:	Freezing, with possibly fish meal and surimi.
Number of crew	:	Approximately 40
Main equipment for oceanographic observations	:	Fish-finder, Electrical thermometer, Bathy thermometer, Radar x 2, Sonar, Net Zonde.

3. C.T.C. shall submit a report on or before 3 months after completion of exploratory fishing. The report shall fulfil the objectives listed in paragraph 1 and in particular in relation to the Fishing Territory specify:-

(a) water temperatures, depths, sea, sea-bed and meteorological conditions;

(b) fish species in the daily catch and, on a sampling basis only, length and weight by species.

(c) processing and marketing results.

4. C.T.C. shall bear the cost and expenses of the test fishing and preparation of reports.

5. C.T.C. shall retain the catches for its exclusive use, provided that it shall (a) provide free samples to the Government and (b) supply through C.T.C.'s Agent fish for consumption in the Falkland Islands.

6. C.T.C. shall allow 1 observer on each of its fishing vessels and provide suitable accommodation for them. Such observers shall be nominated by the Government subject to the prior approval of C.T.C. The cost of such observers shall be borne by the Government. C.T.C. will ensure that on each ship there is at least one English speaking crew member. The Government will reimburse C.T.C. at six monthly intervals upon receipt from C.T.C. of an invoice setting out the cost of accommodation for and provisions to observers whilst on board the fishing vessels.

7. C.T.C. will collect the two observers at Port Stanley on dates in January 1985 which will be finally agreed between the parties not later than 20th December, 1984. C.T.C. will also afford opportunities for each observer to go ashore at Port Stanley not less than twice each year.

THIRD SCHEDULE

The Government shall grant C.T.C. a licence to fish in the Fishing Territory containing the following provisions_

1. The Licence shall be for a period of 7½ years from the commencement of licencing.

2. The first 2½ years of the said licence shall be at a rate not greater than 25% of the lowest licence fee rate charged to other operators of vessels of similar size. For the following 2½ years, the licence fee shall be at a rate no greater than 50% of such fees. After 5 years and for the next 2½ years, the fee charged will be not greater than 75% of such minimum fee charged to other fishing vessels of similar size. Thereafter, the fees charged to C.T.C. will be no more than 100% of the lowest licence fee rate charged to other operators of similar sized vessels.

3. The licence granted to C.T.C. at the fee rates specified in paragraph 2 shall relate to 12 fishing vessels or such smaller number at any time as C.T.C. shall decide, subject to a maximum gross tonnage of 36,000 tonnes and a maximum catch equal to 50% of the maximum annual sustainable yield.

4. C.T.C. shall be allowed to use Japanese fishing vessels and to employ skilled Japanese crew and Japanese technical staff aboard fishing vessels and some Japanese employees at fishing bases. Such employees and crew shall be allowed access to the Falkland Islands, subject to normal immigration procedures.

5. Fishing rights shall cover the surface, middle and bottom of the sea, and shall not restrict the fishing methods or techniques to be employed nor the species of fish to be caught, unless such restriction is required for the purpose of conserving stocks.

6. Suitable berthing facilities shall be afforded to C.T.C. vessels where practicable.

(20)

Foreign and Commonwealth Office

London SW1A 2AH

11 January 1985

C E Needham Esq
Chairman
Falkland Islands Company
Coalite Group plc
PO Box 21
CHESTERFIELD
Derbyshire

AFE 134/1

AF 134/3 '84

(5)

Dear Ted,

Thank you for your letter of 9 November. We have also had a number of telephone conversations about your draft Agreement with the FIG, and about the reasons for this delayed reply: please accept my apologies for this.

AF 134/2 (237)

(18)

You will now have received the Prime Minister's reply to your letter of 12 December, explaining the position and concluding that, if you can accept certain amendments to the draft Agreement, the Government would be able to approve it. This bears out what I have told you orally of our concern about the Agreement's implications for a future conservation and management regime in the area to which the Agreement relates; the nature of this regime is of course not yet known as it has still to be drawn up.

One of the main questions is the territorial definition of the fishing area, in particular its westward limits. A 200-mile limit from the coast of the Falkland Islands would cut across Argentine territory (the Isla de los Estados). Furthermore we do not want to draw any arbitrary line that could increase the risk of exposing your vessels to interference. We therefore think it best to base the fishing area on UK practice as laid down in Section 2 of the Fishery Limits Act 1976 (copy enclosed). To the west, this would mean the median line as described in the Act. However, because of the difficulties which might be experienced in activities in the area west of the Islands but outside the Falkland Islands Protection Zone, the western edge of the fishing area will have to be restricted to the limits of the FIPZ. If, on the other hand, the Falkland Islands Protection Zone at any point exceeded the median line (as it does in a small section in the south west) then the median line should be the limit, rather than the Protection Zone. I enclose a suggested re-draft of the First Schedule.

enclosure

/Other

Other amendments are necessary if we are not to commit ourselves, in advance of any international negotiations, to concessionary terms for the Joint Venture of a kind which could bear adversely on the negotiations themselves, and cause difficulties for the implementation of any regime which may result from them. We would therefore like to see the following amendments made:

a) Throughout the draft Agreement and its Schedules replace the phrase 'the Fishing Territory' by 'the Fishing Area'. 'Fishing Territory' is an unusual phrase; it can cause confusion because of the similarity to 'territorial' sea, which is quite different in extent and does not go to 200 miles. The change makes no difference of substance since the area remains the same and so do the substantive provisions applying within the area, whatever term of reference is used.

b) In the second recital we would wish to change 'obtain a' to read 'seeking approval for the'. This more accurately reflects the procedure for obtaining the approval of HMG to such a declaration and the need for local legislation.

c) Clause 4.1 of the draft Agreement, first line, replace 'after' by 'in the event of'. The thinking behind this proposed amendment is that we cannot at this moment commit Ministers to the declaration of an EFL.

d) Third Schedule, amend the heading to read:

''The Government shall grant CTC a licence to fish in any Exclusive Fisheries Zone, subject to the provisions of any fisheries conservation regime which may be established, containing the following provisions ...''.

We cannot undertake a 7 1/2 year commitment which prejudges any conservation regime which may be introduced.

It will be clear from the suggested amendments, especially d) that you could, under a multilateral regime yet to be negotiated, end up with terms, both for licence rates and fishing quotas, different from those contemplated under the Agreement as it now stands.

Yours ever,

Andrew.

A E Palmer
Falkland Islands Department

rep PS / Lady Young
1. / cc Mr Darwin
Mr David Thomas

10 DOWNING STREET

THE PRIME MINISTER

The Private Office would like my letter (dft below) to issue asap.

11 January, 1985.

Thank you for your letter of 12 December about fishing around the Falkland Islands.

2. to me again pl advise ... n/i

I well understand your impatience at the time it has taken to obtain an answer on your draft agreement. I have looked carefully into the reasons for this before replying to you.

I see the advantages of Taiyo's offer to take British observers on board their ships. But this is of course not the only provision of the agreement, and we must be sure that the agreement as a whole is consistent with the Government's longer term approach to fisheries in the South Atlantic. This approach is based on the need to devise arrangements for conservation and management of fishing round the Falklands which will permit a proper control to be exercised over the depletion of fishing stocks. Such control is to the advantage both of the Falkland Islanders and of commercial fishing ventures like yours. But if the arrangements which we introduce are to be effective they must have the widest possible measure of international support.

It is against the background of these general considerations that we have examined your draft agreement. The upshot is that we have identified a number of points on which we have to ask you to make amendments to the draft so as to ensure that it does not cut across future arrangements of the sort which I have described. There is also an

important technical point about the definition of the Westward limit of the fishing area defined in the First Schedule of the agreement.

I am arranging for you to receive separately details of the changes which would be required. It is only fair to point out that some of these might make the commercial prospects appear less attractive to you and your partners. But provided you can accept these changes, I can confirm that the Government would be able to approve the draft agreement.

Yours sincerely

Roger Tasker

C.E. Needham, Esq.

PO Box No 21, Chesterfield, Derbyshire S44 6AB
Telephone: 0246 822281 (10 lines)
Telegrams: 'Coalite, Bolsover, Telex'. Telex: 54250

Coalite Group PLC

CEN/BS

18th February, 1985

Copied with my submission of 19/2 to
PS/Lord Trefgarne
Mr Davis
Mr J. W. Harding
Mr D. Thomas
CW

A. Palmer, Esq.,
Foreign and Commonwealth Office,
Falkland Islands Department,
London SW1A 2AN.

Dear Andrew,

FALKLANDS FISHING

As you know, when we met on February 11th, I had received no reply whatever from Taiyo regarding the modifications to the Agreement proposed in your letter of 11th January and was therefore becoming rather apprehensive.

I have now heard from them however and, as anticipated, their only real anxiety relates to the proposed amendment to the heading of the Third Schedule. The reasons put forward for this amendment are understood and appreciated but this amendment could conceivably result in substantial diminution of the licencing concessions agreed with the F.I.G., depending very largely on the efforts in that direction of whoever does the negotiating and what type of multilateral regime might materialise.

It would therefore be most helpful if you would put me in a position to reassure Taiyo that :

(a) In the event of a unilateral declaration of an E.F.Z. (however improbable that may be) the licence concessions as originally agreed would stand.

(b) That in any multilateral discussions and negotiations relating to an E.F.Z., the licence concessions referred to in the Third Schedule would be kept in mind and best endeavours made to enable their implementation under whatever regime may be decided upon.

As you will appreciate, C.T.C. are already undertaking this work without any assurance that any E.F.Z. will be declared, in which case there will be no return for their efforts and they have always accepted that risk. But the risk to the "quid pro quo" is now being introduced even if an E.F.Z. is declared and it therefore appears not unreasonable to seek reassurance along the lines indicated above, which I feel would satisfy Taiyo.

/Cont'd...

There are no problems at all with the other amendments proposed in your letter.

Yours sincerely,

C. E. Needham

FCS/85/59

SECRETARY OF STATE FOR TRADE AND INDUSTRY

Embargo on Argentine Imports

1. Thank you for your letter of 25 February about our ban on imports from Argentina, picking up points from Michael Jopling's letter to me of 7 February, and of 5 February to you.

2. I am very conscious of the difficulties which our restrictions on imports from Argentina cause to British commercial interests. There may be some scope in certain areas, as you have suggested, for making exemptions which would partially alleviate the problem. I note that you do not believe that an exception can be made in the case of maize imports: I agree that Michael will have to hold the line on that question while we pursue our efforts to secure a reciprocal, across the board removal of restrictions on trade between Britain and Argentina.

3. Reciprocal action is clearly the most attractive course. It would avoid discrimination between the interests of our exporters and importers. It is the objective we have pursued consistently with the Argentines since the end of the conflict, and the Prime Minister has recently agreed that we should use the opportunity of the forthcoming meeting of British and Argentine officials on debt issues to seek progress on the question of commercial and economic restrictions.

4. Those bilateral discussions should take place at the end of this month or soon afterwards. I therefore favour waiting until after that before making any decision about unilateral changes. Any relaxation of the present regime in advance of the bilateral meeting could encourage the

Argentines to believe that they need not discuss the issue seriously with us in Paris.

5. We shall need to review the situation urgently after the Paris meeting. As well as the commercial problems you have mentioned, there is an increasing risk of legal challenge to our justification of the ban on Argentine imports under Article 224 of the Treaty of Rome. I have therefore instructed my officials to obtain the views of the Law Officers as soon as possible.

6. I suggest that the next step, once the bilateral discussions with the Argentines are over, is for Michael Jopling, you and me to meet to consider how to proceed, in the light of advice from the Law Officers.

7. I am copying this minute to the Prime Minister, Michael Jopling and Sir Robert Armstrong.

Foreign and Commonwealth Office
12 March, 1985

GEOFFREY HOWE

ARGENTINA Mss.

GRS 450 RESTRICTED

RESTRICTED

(FM BERNE 111030Z)
FM BISBA
TO IMMEDIATE FCO
TELNO 162 OF 8 MARCH 1985
AND TO IMMEDIATE MODUK (SEC (O) (C)), CBFFI
INFO PRIORITY MONTEVIDEO, SANTIAGO, WASHINGTON, UKMIS NEW YORK, PORT STANLEY.

ARMED FORCES RESHUFFLE

1. PRESIDENT LAFONSIN WILL TODAY INVEST AIR FORCE BRIGADIER TEODORO WALDNER AS HEAD OF THE ARGENTINE JOINT GENERAL STAFF IN SUCCESSION TO GEN JULIO FERNANDEZ TORRES WHO RETIRED EARLIER THIS WEEK. WALDNER'S APPOINTMENT ENDS A WEEK OF SWEEPING CHANGES IN THE SENIOR RANKS OF THE ARMED FORCES, PARTICULARLY THE ARMY.

2. FERNANDEZ TORRES IS BELIEVED TO HAVE INCURRED GOVERNMENT DISPLEASURE BECAUSE HE PUBLICLY VOICED CONCERN ABOUT THE POSSIBILITY OF A RESURGENCE IN LEFT-WING TERRORISM AND ABOUT CUTS IN THE MILITARY BUDGET. HE HAD ALSO BEEN LINKED WITH GENERALS WHO SOUGHT TO UNDERMINE THE POSITION OF ARMY CHIEF OF STAFF GEN RICARDO PIANTA ON THE GROUNDS THAT THE LATTER HAD FAILED TO DEFEND ADEQUATELY THE INTERESTS OF HIS SERVICE. MOST OF THOSE GENERALS HAVE NOW BEEN RETIRED.

3. PIANTA, WHO WAS TORRES' NATURAL SUCCESSOR, REFUSED HIS JOB AND OPTED FOR RETIREMENT. ALLEGEDLY THIS WAS BECAUSE HE THOUGHT THAT HE COULD NOT COUNT UPON THE BACKING OF HIS OWN OFFICER CORPS. PIANTA'S JOB WAS TAKEN BY GEN HECTOR RIOS ERENU WHO HAD PREVIOUSLY COMMANDED THE ARMY'S III CORPS. HIS PROMOTION CAUSED THE AUTOMATIC RETIREMENT OF SEVEN OF HIS MORE SENIOR COLLEAGUES. THE GOVERNMENT HAS ALSO REMOUVED FOUR ADMIRALS AND TWO AIR FORCE BRIGADIERS. ALFONSIN THEN PERSUADED WALDNER TO HEAD THE NEW JOINT CHIEFS OF STAFF. ERNESTO CRESPO WILL REPLACE WALDNER AS AIR FORCE CHIEF OF STAFF. CRESPO WAS IN CHARGE OF AIR FORCE OPERATIONS DURING THE FALKLANDS WAR, HE IS A WELL-RESPECTED, IF NATIONALISTIC, PROFESSIONAL.

4. THE PROMOTION OF WALDNER, AN AIR FORCE OFFICER, TO THE SENIOR POST IN THE ARMED FORCES (ALFONSIN IS COMMANDER IN CHIEF) COULD PROVE CONTROVERSIAL. IT IS POLITICALLY SHREWD AS AIR FORCE PERSONNEL WERE LESS COMPROMISED IN THE EXCESSES OF THE DIRTY WAR AGAINST TERRORISM AND HAVE BEEN OVERALL LESS CRITICAL OF GOVERNMENT POLICIES THAN THE ARMY OR THE NAVY. THEIR MOST FREQUENT COMPLAINT CONCERNS THE DISTRIBUTION OF BUDGET FUNDS WHICH, THEY FELT, DISCRIMINATED AGAINST THEM TO THE BENEFITS OF THE ARMY. HOWEVER ATTEMPTS BY WALDNER TO REDRESS THE BALANCE COULD CAUSE TROUBLE.

RESTRICTED

/5.

5. THE GOVERNMENT HAS REJECTED ALLEGATIONS THAT THIS RESHUFFLE REFLECTS A CRISIS IN ITS RELATIONS WITH THE ARMED FORCES. PIANTA IS NOT THE FIRST ARMY CHIEF OF STAFF TO BE REPLACED SINCE THE RADICALS TOOK OFFICE IN DECEMBER 1983. JORGE ARGUINDEGUEY SUFFERED THE SAME FATE LAST YEAR BECAUSE THE ADMINISTRATION WAS DISSATISFIED WITH HIS CONTROL OF THE ARMY. FORTY-THREE OTHER GENERALS HAVE ALREADY BEEN RETIRED DURING THE ALFONSIN GOVERNMENT. HOWEVER, THE GOVERNMENT APPEARS TO HAVE DECIDED UPON FIRM ACTION NOW TO ASSERT ITS AUTHORITY OVER THE MILITARY, WHERE THERE HAVE BEEN PERSISTENT SIGNS OF DISCONTENT.

6. THIS DISCONTENT HAS BEEN FUELLED ALSO BY THE CONTINUING DEPRESSED LEVEL OF ARMED FORCES PAY AND THE HUMAN RIGHTS ISSUE. THE ARMED FORCES SUPREME COUNCIL HAS ALREADY CHALLENGED THE GOVERNMENT POLICY BY ITS DECISION TE RELEASE THE NOTORIOUS CAPTAIN ALFREDO ASTIZ WHO WAS ACCUSED OF INVOLVEMENT IN THE DISAPPEARANCE OF A SWEDISH-ARGENTINE GIRL. AS THE ECONOMIC CRISIS CONTINUES, THE RADICALS MUST BE SENSITIVE THAT THE ARMED FORCES SHOULD NOT BE SEEN IN SOME QUARTERS AS A POSSIBLE ALTERNATIVE TO PRESIDENT ALFONSIN ADMINISTRATION.

7. WE DO NOT CONSIDER A COUP TO BE LIKELY IN THE FORSEEABLE FUTURE, BUT THIS RESOLUTE ACTION BY THE GOVERNMENT WAS OPPORTUNE. IT HAS BEEN WELCOMED GENERALLY BY POLITICIANS OF ALL PARTIES.

SHARKEY

POWELL-JONES

FALKLAND ISLANDS
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ERD	RESEARCH D	MR DEREK THOMAS
MAED	PUSD	MR GOODALL
WIAD	PARLY UNIT	MR DAVID THOMAS
MCAD	LEGAL ADVISERS	MR WESTON
ECD(E)	PS	SIR C TICKELL (ODA)
WED	PS/LADY YOUNG	MR BROWNING (ODA)
		MR VEREKER (ODA)

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FALKLAND ISLANDS

(2)

Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

7 March 1985

CDP 7/3.

Dear Charles,

Falkland Fisheries

You will recall that on 26 February OD approved the Foreign Secretary's proposal that we should approach the UN Food and Agriculture Organisation (FAO) to seek their assistance in establishing an international regime for fishery conservation and management in the south-west Atlantic. The Prime Minister may wish to know that the first step in this process has been taken.

On 5 March the responsible Assistant Under-Secretary in the FCO, David Thomas, accompanied by the ODA Fisheries Adviser and our Permanent Representative to the FAO called on M. Carroz, FAO Assistant Secretary General for Fisheries, in Rome. Our delegation explained that we believed that increased and uncontrolled fishing by many countries in the south-west Atlantic was giving rise to serious over-fishing of certain stocks; that in view of the multinational nature of the fishery and the geographical distribution of the fish stocks we saw an urgent need to establish a regional fishery management structure under the guidance of a competent body; and that we believed that the FAO was the appropriate body to undertake the job. We suggested that as a first step the FAO might consider convening an ad hoc working group of interested countries for an exchange of information and ideas relating to the management of fishery resources in the south-west Atlantic.

M. Carroz's reaction was cautious but positive. He was clearly conscious of the political overtones of the issue, but appeared satisfied by our delegation's explanation that we were seeking FAO's technical assistance in tackling an urgent problem of regional fishery conservation and management falling squarely within FAO's remit. He undertook to seek the advice of the appropriate technical experts within the FAO Secretariat (some of whom are at present away from Rome) in order to establish that our case for the need for conservation measures was well-founded. Assuming that it was - and it emerged during the course of the meeting that a draft report being prepared by the Secretariat for the meeting of the FAO Committee on Fisheries on 21-25 April is likely to support our case - M. Carroz undertook to discuss further with our Permanent Representative to the FAO his ideas on how best to proceed. He indicated that he might well follow up our suggestion of an ad hoc working group.

/ So far, ...

So far, so good. Our initiative has been launched and, to judge from M. Carroz's attitude, there seems a reasonable chance that the FAO will be prepared to initiative at least the necessary first phase of technical studies. But news of our approach is bound to reach Argentina soon, either through leaks or as a result of the informal soundings of interested Permanent Representatives which M. Carroz will be making in due course; and as we have recognised from the start, the Argentines may well attempt to sabotage the exercise, notwithstanding their own interest in fishery conservation in the south-west Atlantic. We shall remain alert to this contingency and ready to counter it. Meanwhile, we are keeping the Falkland Islands Government informed.

I am copying this letter to Ivor Llewelyn (MAFF), Richard Mottram (MOD) and Michael McCulloch (ODA)

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

CC NO

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

NBM
CDP 5B

CONFIDENTIAL

The Rt Hon Norman Tebbit MP
Secretary of State for Trade and Industry
Department of Trade and Industry
1-19 Victoria Street
LONDON
SW1H OET

5 March 1985

Dear Norman,

EMBARGO ON ARGENTINE IMPORTS

Thank you for sending me a copy of your letter of 25 February to Geoffrey Howe.

I am grateful to you for your proposals about admitting samples of goods of Argentine origin that come here for analysis, and I hope these can be agreed.

So far as Argentine maize is concerned, I of course accept that a special case cannot be made out. I simply wanted to stress that, when the Government's policy on the embargo as a whole is under consideration, its effects on the food industry should not be forgotten.

However, as I said in my letter of 7 February, the maize millers (Allied Mills Ltd) who are going to have to cease operations have written to ask whether any Government aid could be made available to enable them to mothball their plant until the embargo is lifted, rather than close it down completely. I shall need to reply to them and would be grateful for any comments you may have on this particular point.

I am copying this letter to the Prime Minister and to Geoffrey Howe.

Yours ever
Michael

MICHAEL JOPLING

Argentina Pt 39

Relating

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INFO PRIORITY BONN, PARIS WASHINGTON MODUK FOR D173 AND SEC(O)(C)

YRTELNOS 92, 97, AND 102 (NOT TO ALL): ITALIAN ARMS SALES TO ARGENTINA

1. DURING RUGGIERO'S LUNCH FOR BRAITHWAITE ON 27 FEBRUARY I WAS ABLE TO HAVE A SHORT DISCUSSION IN THE MARGINS WITH HIM AND THE ACTING ECONOMIC DIRECTOR, BRIGANTE COLONNA, ON THIS SUBJECT. I FOLLOWED UP YESTERDAY BY CALLING , WITH THE HEAD OF CHANCERY, ON BRIGANTE COLONNA AND TOFFANAO, THE MFA OFFICIAL RESPONSIBLE FOR ARMS EXPORT POLICY.

2. AT RUGGIERO'S LUNCH I BEGAN BY ASKING HIM ABOUT CRAXI'S REFERENCE, WHEN HE SAW THE PRIME MINISTER IN LONDON LAST WEEK, TO AN EXISTING CONTRACT WITH A US SUBSIDIARY OF FIAT FOR THE SUPPLY OF ITALIAN TORPEDOES TO ARGENTINA. IT TRANSPIRED THAT THE ITALIANS HAD BEEN REFERRING TO FIAT'7 SUBSIDIARY WHITEHEAD MOTO FIDES (AN ITALIAN COMPANY). THUS WE ARE TALKING ABOUT A SINGLE CONTRACT, AND NOT TWO: BUT THE STATUS OF THE CONTRACT, AND THE DATE WHEN IT WAS SIGNED, REMAIN TO BE CLARIFIED. WE HAVE ASKED TOFFANO TO PROVIDE US WITH DETAILS.

3. RUGGIERO THEN SAID THAT THE ITALIANS HAD CONTACTED BOTH THE GERMAN AND US GOVERNMENTS ON THIS QUESTION: AND BRIGANTE COLONNA ADDED YESTERDAY THAT THE ITALIANS WERE ALSO IN TOUCH WITH THE FRENCH AND SWEDES AS THE ONLY OTHER POSSIBLE SUPPLIERS OF TORPEDOES OF THE REQUIRED SOPHISTICATION. RUGGIERO SAID THAT BOTH THE AMERICANS AND GERMANS SHARED THE ITALIAN VIEW THAT IT WOULD BE IMPOSSIBLE FOR ANY OF THE THREE GOVERNMENTS CONCERNED TO REFUSE TO SUPPLY ARMS TO ARGENTINA, GIVEN ITS RETURN TO DEMOCRACY AND ALFONSIN'S NEED TO KEEP HIS MILITARY SATISFIED. RUGGIERO ACCEPTED THAT IT WOULD BE VERY UNDESIRABLE FOR WEAPONS LIKE TORPEDOES TO BE DELIVERED TO ARGENTINA AT PRESENT: AND THERE WOULD BE A PASSAGE IN THE BRIEFS FOR PERTINI'S STATE VISIT TO ARGENTINA LATER THIS MONTH (ON WHICH ANDREOTTI WILL ACCOMPANY HIM) THAT WOULD ENCOURAGE ITALIAN MINISTERS TO PERSUADE ARGENTINA NOT (NOT) TO SEEK TO OBTAIN SUCH WEAPONS. RUGGIERO ADDED THAT DURING CRAXI'S VISIT TO PARIS LAST WEEK HE AND MITTERRAND HAD BOTH AGREED THAT ARGENTINA SHOULD BE PERSUADED NOT TO SEEK DELIVERY OF TORPEDOES.

4. I SAID THAT ARGENTINA HAD NOT RESPONDED TO OUR INITIATIVES TO SECURE PRACTICAL IMPROVEMENTS IN OUR BILATERAL RELATIONS, AND THAT ARGENTINA HAD CONSISTENTLY REFUSED TO DECLARE A FORMAL

END

END TO HOSTILITIES. NO ONE IN BRITAIN WOULD UNDERSTAND AN ITALIAN DECISION TO SUPPLY THESE OFFENSIVE WEAPONS. RUGGIERO AND BRIGANTE COLONNA BOTH SAID THAT THEY FULLY UNDERSTOOD THE SENSITIVITY OF THIS MATTER FOR US. AT THE SAME TIME, THEY POINTED TO THE CONSTRAINTS ON THE ITALIAN FOREIGN POLICY RESULTING FROM THE CLOSE RELATIONS BETWEEN ALFONSIN AND CRAXI'S SOCIALISTS.

5. WHEN WE CALLED ON BRIGANTE COLONNA AND TOFFANO YESTERDAY, I LEFT A SPEAKING NOTE (TEXT TO PALMER, FID, IN YESTERDAY'S BAG) WHICH REHEARSED IN FULL OUR OBJECTIONS TO THE SUPPLY OF SENSITIVE ARMS TO ARGENTINA, REMINDED THE MFA OF BUCCI'S ASSURANCES TO ME IN 1983 (BUT SEE MIFT) AND CONCLUDED THAT WE DID NOT WISH ANY SENSITIVE ARMS TO BE SOLD TO ARGENTINA WHETHER OR NOT A CONTRACT HAD ALREADY BEEN SIGNED. I ASKED FOR CLARIFICATION OF THE STATUS OF THE HELICOPTER AND TORPEDO NEGOTIATIONS. I SAID THAT WE HAD ADDRESSED OUR OTHER MAJOR ARMS EXPORTING ALLIES IN SIMILAR TERMS.

6. BRIGANTE COLONNA SAID THAT IT WAS ITALIAN POLICY TO SUPPORT THE DEMOCRATIC ARGENTINE REGIME, AND IN THIS SPIRIT THE ITALIANS NOW PROPOSED TO UNBLOCK THEIR USD35 MILLION LOAN FOR THE DAM ON THE ARGENTINE/PARAGUAYAN BORDER. HE ACCEPTED THAT THERE WAS ALL THE DIFFERENCE IN THE WORLD BETWEEN STRENGTHENING THE ARGENTINE ECONOMY AND SPENDING MONEY ON MILITARY EQUIPMENT. I SAID THAT WE TOO HAD PLAYED OUR PART IN SEEKING TO RESTORE ARGENTINA'S ECONOMY, THROUGH OUR CONTRIBUTION TO THE RELEASE OF IMF SUPPORT, AND THROUGH COMMERCIAL BANKING CHANNELS. BUT THE SUPPLY OF MILITARY EQUIPMENT AND PARTICULARLY THESE OFFENSIVE WEAPONS WAS IN A QUITE DIFFERENT CATEGORY. BRIGANTE COLONNA REPEATED THAT THE AMRICANS AND ITALIANS WERE AGREED THAT NEITHER COULD ''IMPOSE A MILITARY EMBARGO'' ON ALFONSI. NEVERTHELESS BOTH WOULD EXERCISE ''EXTREME CAUTION'' A PHRASE HE REPEATED ON SEVERAL OCCASIONS. HE UNDERTOOK TO BRIEF ANREOTTI BEFORE HIS DEPARTURE, BUT ASSURED ME THAT PERTINI'S STATE VISIT WAS LARGELY A CEREMONIAL OCCASION AND NOT (NOT) ONE FOR DISCUSSION OF MAJOR BUSINESS CONTRACTS.

7. SEE MIFT

BRIDGES

Pr. No 10. D.S.

BT

LIMITED
FID
DEFENCE DEPT
PS
PS/LADY YOUNG
PS/MR RENTON
PS/MR RIFKIND
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MR WESTON

CONFIDENTIAL

DEPARTMENT OF TRADE AND INDUSTRY
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JF7637

Secretary of State for Trade and Industry

25 February 1985

The Rt Hon Sir Geoffrey Howe QC
Secretary of State for Foreign and
Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
LONDON
SW1A 2AL

NBPM
CDBop.

D Geoffrey,

EMBARGO ON ARGENTINE IMPORTS

Michael Jopling wrote to you on 7 February about maize imports. He also wrote to me on 5 February (copy attached) about the import of samples.

2 I appreciate the adverse impact on British mills of the ban on maize imports. I regret, however, that I can not make an exception for these. Such an exception would rapidly make the embargo as a whole indefensible because of the number of other exceptions which would then be sought. We must hold firm to the central principle of the embargo being applied to all commercial imports of Argentine goods.

3 As regards samples, however, I take Michael's point. As Paul Channon advised John MacGregor last November, the strength of the case for an exemption from the embargo of commercial samples imported for analysis is appreciated. The decision not to grant it was finely balanced. When the Prime Minister was consulted about books in September 1983, we pointed out that an exemption for these would lead to requests from other sectors such as samples. In deciding to exempt certain books she accordingly expressed the hope that the embargo could be defended in the other cases mentioned. We had already refused an exemption to the Federation of Oils, Seeds and Fats Association and have since refused others from organisations involved in wool, cotton, tea and pharmaceutical analysis. Nevertheless we have had a lot more experience since then in assessing the strength of these and other cases for exemption. I am now

inclined to think that we could justify a general exemption for samples for analysis (as being Argentine goods , but goods which are not purchased by UK importers) without having to concede to other, different claims.

4 However, there is a problem on timing. I understand your officials feel that an announcement of any exemptions at this stage might prejudice the success of the confidential Paris Club talks next month at which we shall try again to secure a reciprocal ending of sanctions. We could not change our policy without an announcement, as this would be unfair to prospective beneficiaries from the change. I therefore propose that Michael Jopling should play along the Grain and Feed Trade Association for the time being emphasising that we hope the situation will be rectified in due course by the reciprocal ending of all sanctions. In the event that next month's talks do not achieve this, I would like to announce an exemption for such samples.

5 I propose a similar approach for British exports to Argentina which are then imported back into Britain. In the past we have refused the import of such goods but I think the embargo should apply only to goods of Argentine origin. We should not continue to harm our own export performance unnecessarily. We have three current cases, two of film negatives having been exported so that prints could be struck in Argentina, the originals now coming back to the UK to be exported elsewhere; and one of exported bearings which have been returned by the buyer for repair. We would have to make an announcement about this and the same arguments on timing apply as in the case of samples.

6 I recognise that further exemptions will provoke other requests, on behalf of the book-trade, maize and no doubt other products. But I believe we can justify the policy I am recommending here.

7 You will want to consider the implications of an announcement of new exemptions which might follow a publicised breakdown in next month's talks. I suggest that we could say we had delayed these moves until after the talks in case they were misinterpreted by the Argentines; that there was no longer any reason not to promote our own self-interest in this way; and it remains our firm intention to maintain the embargo on commercially traded Argentine goods until we could achieve reciprocal agreement.

8 We would of course clear with you the form of any announcement, which would be as low-key as possible. I

trust these recommendations will be acceptable to you.

9 I am copying this letter to the Prime Minister and to Michael Jopling.

Yours ever
Norman

NORMAN TEBBIT

Encl

FROM: THE RT. HON. JULIAN AMERY, M.P.

112, EATON SQUARE,
SWIW 9AA

TEL: 01-235 1543
01-235 7409

Could I have some advice please - this would be a grave and fundamental statement. MT

Prime Minister
I have not passed this on to the F.C.O.
You will see him at the drinks for the Foreign Affairs Committee next week, & might like to reply orally then.
CDP 22/2.

Personal & Confidential

22nd February, 1985.

Dear Margaret,

Your New Year message to the Falklands was - if I may say so - magnificent; and I have been greatly encouraged by the firmness with which you have consistently maintained our commitment to the Islands and the Islanders.

The question is what do we do next and how do we deal with the carping of appeasers and critics?

I have recently seen something of Miguel Schweitzer who was Chilean Ambassador here at the time of the Falklands War (and very helpful then) and later Foreign Minister for a couple of years. I have also had a good talk with the new Chilean Ambassador, Orrego Vicuna, who is a recognised authority (so Eddie Shackleton tells me) on the Antarctic. Both asked me, though separately, how I saw the future of the South Atlantic. I answered on the lines of the attached note, making it clear that this was a purely personal view.

They both seemed genuinely enthusiastic about this line of approach and said it would be widely welcomed in Chile and Uruguay and by many thinking people in Argentina itself.

Not the least of Sir Winston Churchill's achievements was his speech at Zurich in 1946 in which he, as the architect of victory, called for a united Europe in which a defeated and devastated Germany could find its place.

Could you or one of the colleagues do something of the kind by calling for a South Atlantic Community in which a defeated and bankrupt Argentina (and other interested parties) could join us in developing the resources of the South Atlantic and Antarctica together?

The future of the Antarctic Pact is much under discussion and provides an international context. The opening of the new airport at Mount Pleasant on the Falklands which should be for civilian as well as military purposes (I hope we shall invite other suitable commercial airlines) could provide the occasion.

I am not suggesting that you should attend the opening - though your presence would certainly dramatise it -. But a speech from you at the time, as the victor, offering to take Argentina by the hand and lead her into a wider community should capture popular imagination and put the "Argies" in the wrong if they fail to respond.

When Churchill spoke at Zurich he was, of course, only leader of the Opposition and free to speak on a personal basis. You would be committing the Government. To that extent it would be an even more dynamic invitation. Should you take deeper soundings first? or launch a blockbuster which must start a wideranging debate?

Eddie Shackleton has a little group of Antarctic experts including Vivian Fuchs and Peter Scott. I tried these ideas out of them last week and though in no way committed their general respons was favourable.

I am not copying this "think piece" to anyone as you will want to turn it over in your mind before taking any action.

Yours ever,

Julian.

Julian Amery

The Rt.Hon. Mrs.Margaret Thatcher,MP

THE FALKLANDS

The opening of the new airport at Mount Pleasant for civilian as well as military purposes establishes a lifeline between the Falkland Islands and Britain. If it had been built earlier there would almost certainly have been no war. It should now encourage much closer communications between the Islands and Britain and much more investment and emigration from Britain into the Islands.

But its importance goes well beyond this. The Falkland Islands may be 8000 miles away from Britain. But we should never look at them as the end of the road. With the new airport and the improved harbour facilities they should serve, with the Falkland Island Dependancies, as a base and jumping off point for the further exploration and development of the resources of the South Atlantic and the Antarctic continent itself.

The South Atlantic has already become a major trade route since the two closings of the Suez Canal. It would be no less vital if the Panama Canal were ever to be closed.

But looking beyond these strategic considerations the South Atlantic and Antarctic Continent may well offer vast resources which could be developed for the benefit of the whole world.

To do this with due regard to conservation would call for multinational cooperation on a great scale. Britain with its long record of Antarctic exploration would naturally hope to be in the forefront of an enterprise less difficult no doubt than putting a man on the moon but still fraught with technical problems of penetrating the permafrost.

There is no reason why the other riparian States, Argentina, Chile, (who both have overlapping claims with Britain) South AFrica, Australia and New Zealand should not join us in this. The US, the European Community and other signatories of the Antarctic Treaty could well play an important part.

Given the prevailing political environment in the Southern Hemisphere, the Falkland Islands under the British flag, could provide a secure base - perhaps the most secure - from which such an enterprise could be launched. Instead of being a bone of contention the Falkland Islands and their dependancies could then become a focus of reconciliation and constructive endeavour.

Prime Minister
For OD(FAF) on
Tuesday.
CDP
21/2.

CONFIDENTIAL

B.06958

PRIME MINISTER

c Sir Robert Armstrong

FALKLAND ISLANDS: Possible Declaration of a 200-mile Exclusive Fisheries Limited

(OD(85)2) Attached.

BACKGROUND

At the meeting of OD on 31 January 1984 the Committee decided to consider the possibility of declaring a 200-mile Exclusive Fisheries Limit (EFL) at a later date, in the light of the way in which the normalisation talks with the Argentine Government developed, and asked for an appraisal of the costs involved. Since then there has been the deadlock in the Berne talks and the United Nations General Assembly debate. The prospects for bilateral co-operation with the Argentine Government on fisheries figuring as part of the normalisation process look bleak. The Islanders strongly favour the declaration of a 200-mile EFL because they want the revenue and because fish stocks are being seriously depleted; but the cost of a unilaterally declared EFL is considered to be prohibitive (Annex II) - £49 million in capital outlay (three vessels and an aircraft) plus £12 million per annum in running costs. The memorandum advises that the Garrison could not be used for this purpose. The Foreign Affairs Committee considered this issue and concluded that they were not convinced that the establishment of an EFL could be justified unless it could be done with the support of neighbouring countries. Parliamentary pressure for some form of EFL nevertheless remains strong.

2. There are no good options. The alternatives are:

- to declare a 200-mile EFL unilaterally;
- to continue to do nothing;
- to explore through the Food and Agriculture Organisation (FAO) the possibility of establishing a regional conservation and licensing scheme under multilateral auspices.

The Foreign and Commonwealth Secretary continues to regard the last of these as the 'least bad' option. The prospects would be uncertain, but it would stand a better chance of achieving the goal of fish conservation, without prejudicing sovereignty, and might be acceptable to the Argentines who are also concerned about stocks.

3. The Minister of State, Department of Trade and Industry (Mr Channon) will be representing the Secretary of State for Trade and Industry. The Attorney General, the Minister of State, Ministry of Agriculture, Fisheries and Food (Lord Belstead) and the Chief of Defence Staff have been invited to attend.

HANDLING

4. You should invite the Foreign and Commonwealth Secretary to introduce his memorandum; and the Secretary of State for Defence to comment on the cost of maintaining a credible defence of a unilateral EFL.

5. In discussion the following points should be addressed:

(a) The practicability of operating a 200-mile EFL

The annual income from licences issued under an EFL arrangement is estimated to be between £1.85 million and £3.1 million. The cost of naval policing under a unilaterally imposed EFL is estimated to be £49 million

in capital expenditure and £12 million in annual running costs, while under a multilaterally agreed system of the type which might result from an approach to the FAO, the Ministry of Agriculture, Fisheries and Food have advised that the most appropriate method of policing, run exclusively by the Falkland Islands Government, would cost about £3 million per annum plus fuel. Given the high cost of policing a unilateral EFL, should this option be ruled out on financial, if not political, grounds? Is it likely that we will be able to negotiate a share-out of income and policing costs under multilateral arrangements which might result from an approach to the FAO? If not, would even this scheme be economically viable for the long term? The Foreign and Commonwealth Secretary should be asked to comment, with the Defence Secretary and the Minister of State, Ministry of Agriculture, Fisheries and Food advising on costs of enforcement.

(b) Disadvantages of taking no action to impose an EFL

If the practicability of operating a 200-mile EFL is in doubt, how serious are the implications of taking no action for the time being? How serious is the fish stock situation? How great the impatience among Falkland Islanders, in Parliament and among United Kingdom conservation groups? Does it matter if Argentine approaches to FAO, based on their sovereignty claim, are left unchallenged? The Foreign and Commonwealth Secretary should advise.

(c) Use of the Garrison

The memorandum indicates that the Garrison cannot be used to assist the enforcement of an EFL. Is the Committee sure that some of the Garrison's tasks could not be cost-effectively combined with such policing operations? The Defence Secretary should be invited to comment.

(d) Procedure and Timing

Should this issue be decoupled from the rest of the normalisation procedures? Is the FAO the only possible forum in which to seek a multilateral solution? If so, when should we approach it? Should we inform any other interested Latin American governments, e.g. Brazil or Uruguay, first? The Foreign and Commonwealth Secretary should be asked for his views.

(e) Public Presentation, particularly in the Falkland Islands

It is recognised in the memorandum that the Falkland Islanders favour a unilaterally declared EFL. How realistic are their hopes of revenue from such a regime? What will be their reaction to the Foreign and Commonwealth Secretary's proposed approach and what steps can be taken to convince them of the sense of it? The Foreign and Commonwealth Secretary should advise.

CONCLUSIONS

6. Subject to the discussion you might guide the Committee to:

(a) endorse the Foreign and Commonwealth Secretary's proposal to approach the FAO with a view to establishing a regional conservation and licensing scheme under multilateral auspices;

(b) invite the Foreign and Commonwealth Secretary to act accordingly and to explain our intentions fully to the Falkland Islanders.

Brian Cartledge

B G Cartledge

22 February 1985

F.E.R. Butler, Esq

With

the Compliments of

Sir Clive Whitmore KCB CVO

Permanent Under-Secretary of State

MINISTRY OF DEFENCE
SW1A 2HB

CC

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1A 2HB
Telephone 01-218 2193 (Direct Dialling)
01-218 9000 (Switchboard)

PERMANENT UNDER-SECRETARY OF STATE
SIR CLIVE WHITMORE KCB CVO

21st February, 1985.

PUS/V85/182
(9/31/F)

CDP 26/2
Charles Powell - to see
I do not think we need clear with the PM. The text will need to be checked with more than usual care.

FERB
25.2.

A NAVAL HISTORY OF THE FALKLANDS CAMPAIGN

Pt 38 ott.

You wrote to me on 29th October 1984 about the proposal that Mr. David Brown, the Head of the Naval Historical Branch, should publish a history of the naval aspects of the Falklands campaign.

2. I had been about to reply to you as long ago as November when the episode of the Sethia diary and the missing logs from HMS CONQUEROR broke on us and added a new dimension to the Parliamentary and public interest in the Navy's part in the Falklands campaign which the Ponting case was already encouraging. I decided therefore that I should hold my hand until I was clearer about how these developments would progress. I think that now the Ponting case is out of the way and we have had Monday's Debate, it is right to return to the matter of Mr. Brown's history. Of course the BELGRANO issue is not going to disappear suddenly as though purged from the system by the recent climactic events: I should be very surprised if it does not continue to rumble on, fuelled by the Foreign Affairs Committee's inquiry which will no doubt take on a new lease of life when they see the Crown Jewels. If Mr. Brown's book was going to appear in the next couple of months, then I think that my answer to the question which you raised in your letter about the wisdom of going ahead with it would be that we would be well advised to stop it. But that is not the position. The earliest the book can now be published is the late Autumn of this year, and I understand that there would be no difficulty in delaying its appearance until just before Christmas.

3. There are two other points to have in mind. It is known publicly that Mr. Brown is writing his book, and there is a risk that if we hold up its publication any more than we have done already, there will be reports in the media that we are attempting to suppress it for fear of political embarrassment, and this might well revive allegations about the BELGRANO cover-up.

4. Another consideration is that the publisher has already incurred a certain amount of cost, and further delay might prompt him to protest publicly.

5. Taking all these points together, I think that we should let Mr. Brown continue with the history with a view to publication at the end of the year. The Defence Secretary agrees. But after the ups and downs of the BELGRANO/CONQUEROR story over the last year, I would be the first to acknowledge that even in nine or ten months' time the argument may still be going on and Mr. Brown's book may add a new element to the controversy, even though of course we here will have scrutinised it carefully from the point of view of both security and political sensitivity.

6. We fully take your point that Mr. Brown's work must be clearly distinguished from any official history forming part of the Cabinet Office series.

7. Finally, you raised the question of the financial arrangements between Mr. Brown and the publisher. As Mr. Brown knows, the normal rules will apply. These are basically that any payments for publications which are produced by a member of staff on official matters as part of his official duty have to be passed on to the Department. The rules do, however, provide for a proportion to be retained by the individual, depending on the extent to which the work was done in his own, rather than in official, time. We will be assessing this in due course.

8. I am sending copies of this letter to Antony Acland and Robin Butler.

Sir Robert Armstrong, GCB, CVO,
Cabinet Office,
70 Whitehall,
London, SW1A 2AS.

ARGENTINA: Relations: Pt 38

CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

19 February 1985

RELATIONS WITH ARGENTINA

Thank you for your letter of 18 February enclosing some draft instructions to Berne making clear that we have no interest in a "fortuitous" meeting in Montevideo between Lady Young and an Argentine representative.

The Prime Minister has approved the instructions which may be despatched.

(CHARLES POWELL)

P. F. Ricketts, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

18 February, 1985

Yes and

Prime Minister
Agree the
instructions?
CDP 18/2.

Dear Charles,

Relations with Argentina

You will have seen from Berne telegram numbers 48, 49 and 52 (copies enclosed) that the Argentines made, and then promptly withdrew, a proposal that a so-called fortuitous meeting should be contrived between Lady Young and an Argentine representative at the Presidential inauguration ceremonies in Montevideo on 1 March. Berne telegram number 49 also reported that the Argentines had taken exception to one sentence in our message of 25 January (which the Swiss had belatedly transmitted a few days before). The sentence in question was as follows:-

> "Moreover, the absence of normal economic and commercial relations with Britain must inevitably hamper the development of broader cooperation between Argentina and the European Community".

Sir Geoffrey Howe considers that it would be right to pass a message back to the Swiss, and through them to the Argentines, making our position plain that we do not want any meeting arranged between Lady Young and an Argentine representative in Montevideo. Even though the Argentines have withdrawn the suggestion, there will be a danger of ambiguity unless we spell out our position, given the Swiss offer to arrange an introduction if desired. For the same reason of wishing to avoid ambiguity, Lady Young would prefer to decline an offer by the Swiss Ambassador in Buenos Aires, Keusch, to brief her about the Argentine position while she is in Montevideo.

I enclose a telegram of instructions to HM Ambassador Berne. This also corrects the misunderstanding of the sentence quoted above from the 25 January message.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

OUT TELEGRAM

Classification and Caveats	Precedence/Deskby
CONFIDENTIAL	IMMEDIATE

ZCZC
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CLASS
CAVEATS
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TEL NO

ZCZC
GRS
CONFIDENTIAL

FM FCO FEBRUARY 85
TO IMMEDIATE BERNE
TELEGRAM NUMBER
YOUR TELNOS 48, 49 AND 52: RELATIONS WITH ARGENTINA

1. You have reported that the Argentines have made, and then withdrawn, the suggestion of an arranged meeting between Lady Young and an Argentine representative during the Presidential inauguration ceremonies in Montevideo. Brunner himself has added the thought (your telno 49) that the Swiss representative at the inauguration could if desired assist by making an introduction. The Swiss Ambassador in London has suggested that Keusch might brief Lady Young in Montevideo about Argentina's policy.

2. It is important to avoid any ambiguity on this point. I would therefore like you to go back to the Swiss, and ask them to go back to the Argentines, to make our position absolutely plain. This is also an opportunity to correct the Argentine misunderstanding of the sentence in our message of 25 January indicating that the absence of normal economic and commercial relations with Britain must inevitably hamper broader cooperation

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File number	Dept Private Office	Distribution FI General
Drafted by (Block capitals) PETER RICKETTS		
Telephone number		
Authorised for despatch		
Comcen reference	Time of despatch	

XY 48

Classification and Caveats		Page
CONFIDENTIAL	IMMEDIATE	2

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between Argentina and the Community.

3. Please seek an early meeting with Brunner, and say that I have asked you to set the record straight. I would be grateful if he could convey the following points to the Argentines.

(i) We have noted that the Argentines have now withdrawn their earlier suggestion for a meeting between Lady Young and an Argentine representative at the Presidential inauguration ceremonies in Montevideo. The British Government confirm that they would not (not) wish a meeting to be arranged between British and Argentine representatives in Montevideo.

(ii) The British Government's position was fully set out in our message of 25 January, to which we await a full response. Contrary to Sabato's comment in his discussion with Keusch, our message does contain a series of constructive and practical proposals for achieving more normal relations between Britain and Argentina. That remains our aim. We hope the Argentine Government will shortly respond in the same positive spirit.

(iii) The sentence in our message of 25 January quoted by Sabato was certainly not (not) intended as a quote threat unquote. As the preceding sentence makes clear, quote the restoration of trade between Britain and Argentina would be of clear and immediate benefit to both sides unquote. The sentence in question is no (no) more than a statement of fact. The British Government would be glad to see the development of broader cooperation between Argentina and the European Community. But as the then President of the European Commission made clear, we understand, to President Alfonsin in October 1984, this would be made easier if there was progress towards more normal commercial and economic relations between Britain and Argentina.

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4. We shall be briefing Lady Young in case there is a

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Classification and Caveats		Page
CONFIDENTIAL	IMMEDIATE	3

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genuinely fortuitous meeting with an ARgentine in Montevideo. Please make clear to Brunner that we look to the Swiss not (not) to play any part in arranging one. You should say that Lady Young has also considered the suggestion made by the Swiss Ambassador here on 15 February (para 1 above) for a meeting with Ambassador Keusch. She was grateful for this but regrets that her busy programme in Montevideo will unfortunately not (not) allow it.

5. Incidentally, it would be interesting to know why the Swiss were unable to deliver our message until shortly before Brunner saw the PUS on 12 February.

HOWE

NNNN

MG

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FM BERNE 151115Z FEB 85
TO IMMEDIATE FCO
TELNO 52 OF 15 FEBRUARY 1985

MY TELNO 49: RELATIONS WITH ARGENTINA

1. STATE SECRETARY TOLD ME YESTERDAY EVENING THAT DELPECHE HAD NOW CONFIRMED TO KEUSCH THAT SUGGESTION BY CAPUTO FOR A MEETING WITH LADY YOUNG REPORTED IN MY TELNO 48 SHOULD BE REGARDED AS HAVING BEEN OVERTAKEN BY THE ADVERSE ARGENTINE REACTION TO YOUR MESSAGE OF 25 JANUARY. BRUNNER ALSO MENTIONED THAT SWISS AMBASSADOR WOULD BE SEEING LADY YOUNG THAT EVENING AND WOULD GO OVER WITH HER THE GROUND COVERED IN MY RECENT TELEGRAMS.

POWELL-JONES

FALKLAND ISLANDS

LIMITED

FID	NEWS D	PS/MR RAISON
DEF D	INFO D	PS/MR RENTON
S AM D	PLANNING STAFF	PS/PUS
UND	ECON ADVISERS	SIR W HARDING
ERD	RESEARCH D	MR DEREK THOMAS
MAED	PUSD	MR GOODALL
WIAD	PARLY UNIT	MR DAVID THOMAS
MCAD	LEGAL ADVISERS	MR WESTON
ECD(E)	PS	SIR C TICKELL (ODA)
WED	PS/LADY YOUNG	MR BROWNING (ODA)
		MR VEREKER (ODA)

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FM BERNE 141130Z FEB 85
TO IMMEDIATE FCO DESKBY 141230Z
TELNO 49 OF 14 FEBRUARY 1985

MY TELNO 48: RELATIONS WITH ARGENTINA

1. STATE SECRETARY INFORMED ME THIS MORNING OF A REPORT FROM KEUSCH THAT IN CAPUTO'S ABSENCE HE HAD BEEN SUMMONED BY SABATO TO RECEIVE COMMENTS ON YOUR MESSAGE OF 25 JANUARY.

2. SABATO EXPRESSED DISAPPOINTMENT THAT YOUR MESSAGE SUGGESTED NO CONSTRUCTIVE ALTERNATIVE TO THE EARLIER ARGENTINE PROPOSALS. HIS MAIN CONCERN HOWEVER WAS WITH FOLLOWING SENTENCE: '' MOREOVER, THE ABSENCE OF NORMAL ECONOMIC AND COMMERCIAL RELATIONS WITH BRITAIN MUST INEVITABLY HAMPER THE DEVELOPMENT OF BROADER COOPERATION BETWEEN ARGENTINA AND THE EUROPEAN COMMUNITY''.

3. SABATO SAID THAT ARGENTINE GOVERNMENT TOOK SERIOUS EXCEPTION TO THIS SENTENCE. HE ASKED WHETHER IT WAS TO BE READ AS A THREAT AND WHETHER IT REPRESENTED THE CONCERTED POSITION OF THE EUROPEAN ECONOMIC COMMUNITY. WAS THE BRITISH GOVERNMENT AUTHORISED BY ITS PARTNERS TO REPRESENT THE VIEW OF THE COMMUNITY IN THIS WAY?

4. ACCORDING TO KEUSCH'S REPORT ARGENTINA HAS NOW EMBARKED ON A DIPLOMATIC OPERATION DESIGNED TO FIND OUT FROM OTHER MEMBER GOVERNMENTS OF THE EUROPEAN ECONOMIC COMMUNITY HOW FAR THE ABOVE SENTENCE CORRESPONDS TO THEIR VIEWS.

5. BRUNNER WENT ON TO SAY THAT IT WAS NOT CLEAR HOW FAR THIS DEVELOPMENT WOULD OVERTAKE THE SUGGESTION BY CAPUTO REPORTED IN MY TUR FOR A ''FORTUITOUS'' MEETING WITH LADY YOUNG IN MONTEVIDEO. IN THE NEW CIRCUMSTANCES HE THOUGHT IT MIGHT BE WISER NOT TO PURSUE THE IDEA. IT WOULD IN ANY CASE BE DIFFICULT TO FOLLOW IT UP WHILE CAPUTO WAS AWAY. ONE POSSIBILITY WOULD BE TO LET EVENTS TAKE THEIR COURSE AT MONTEVIDEO WITHOUT ATTEMPTING TO MAKE PRIOR ARRANGEMENTS. KEUSCH WOULD BE REPRESENTING THE SWISS GOVERNMENT AT THE INAUGURATION CEREMONY AND COULD IF DESIRED ASSIST BY MAKING AN INTRODUCTION.

POWELL-JONES

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LIMITED

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DEF D	INFO D	PS/MR RENTON
S AM D	PLANNING STAFF	PS/PUS
UND	ECON ADVISERS	SIR W HARDING
ERD	RESEARCH D	MR DEREK THOMAS
MAED	PUSD	MR GOODALL
WIAD	PARLY UNIT	MR DAVID THOMAS
MCAD	LEGAL ADVISERS	MR WESTON
ECD(E)	PS	SIR C TICKELL (ODA)
WED	PS/LADY YOUNG	MR BROWNING (ODA)
		MR VEREKER (ODA)

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FM BERNE 131630Z FEB 85
TO IMMEDIATE FCO
TELNO 48 OF 13 FEBRUARY 1985

MIPT: ANGLO -SWISS EXCHANGE OF VIEWS: RELATIONS WITH ARGENTINA

1. SIR ANTONY ACLAND MADE AN OPENING STATEMENT EMPHASISING THAT THE BRITISH GOVERNMENT COULD NOT CONTEMPLATE ENTERING INTO TALKS WITH BUENOS AIRES ABOUT SOVEREIGNTY WHATEVER DESCRIPTION IT MIGHT BE GIVEN. AT THE SAME TIME WE REMAINED DESIROUS TO EASE TENSIONS AND HAD NOT GIVEN UP HOPE OF DISCUSSING THE MEASURES OF NORMALISATION PROPOSED ON OUR SIDE AT THE BERNE TALKS. THE PARIS CLUB TALKS WOULD GIVE AN OPENING FOR US TO TAKE UP THE POSSIBLE RAISING OF COMMERCIAL RESTRICTIONS. WE WOULD BE HAPPY TO CONTEMPLATE A VISIT TO THE GRAVES IN THE ISLANDS BY THE ARGENTINE NEXT-OF-KIN AND WERE SEEKING THE GOOD OFFICES OF THE VATICAN IN ORDER TO MAKE CLEAR OUR GOOD WILL ON THIS MATTER. HE CONCLUDED THAT IF ANY PROGRESS WAS TO BE MADE TOWARDS NORMALISATION THE ARGENTINES MUST ACCEPT THAT THEIR CLAIM TO SOVEREIGNTY WHILE IT DID NOT HAVE TO BE RENOUNCED MUST BE LEFT ON ONE SIDE.

2. BRUNNER SAID THAT THE SWISS GOVERNMENT DID NOT SHARE THE VIEW EXPRESSED BY YOU TO AUBERT THE PREVIOUS WEEK ABOUT THE FRAGILITY OF THE ALFONSIN REGIME. IT WOULD BE MORE CORRECT TO REGARD ALFONSIN AS THE FATHER OF HIS NATION WHO HAS RESTORED DECENT CONDITIONS OF LIFE AND INTERNATIONAL RESPECT TO ARGENTINA. ALFONSIN'S WAS THE BEST GOVERNMENT WE COULD EXPECT TO SEE AND WE SHOULD HELP HIS REGIME AND NOT DISMISS IT AS WEAK.

3. BRUNNER THOUGHT THAT THE ALFONSIN REGIME WAS NOW UNDER LESS PRESSURE THAN IT HAD BEEN IN JULY 1984. THE RETURN OF DEMOCRACY IN BRAZIL AND URUGUAY WERE FAVOURABLE DEVELOPMENTS AND HE BELIEVED THAT IF THE BERNE MEETING WERE TO BE HELD TODAY, THE ARGENTINES WOULD BEHAVE DIFFERENTLY. ALFONSIN AND CAPUTO STILL DESIRED TO SIT AT A NEGOTIATING TABLE WITH THE UNITED KINGDOM AND TO SET OUT THEIR POSITION ABOUT SOVEREIGNTY BUT THEY DID NOT EXPECT TO SOLVE THE QUESTION AND IT MIGHT BE THAT THEY WOULD BE WILLING TO SPEAK ABOUT SELF-DETERMINATION AS WELL AS ABOUT SOVEREIGNTY. THEY MIGHT BE READY TO WAIT 10 OR 20 YEARS BUT THEY COULD NOT DISPENSE WITH THE REQUIREMENT TO RAISE THE SUBJECT.

4

CONFIDENTIAL

4. BRUNNER WENT ON THAT THE REPRESENTATION OF UK INTERESTS CAUSED CERTAIN PROBLEMS FOR SWITZERLAND. AMBASSADOR KEUSCH WHO HAD GAINED ARGENTINE CONFIDENCE HAD JUST RECENTLY REPORTED THAT CAPUTO STILL WISHED TO MAKE AN OPPORTUNITY TO SPEAK TO A UK REPRESENTATIVE AT A HIGH LEVEL. WHEN OUR MESSAGE OF 25 JANUARY HAD BEEN HANDED OVER WITHIN THE PAST TWO DAYS CAPUTO HAD EXPRESSED NO SURPRISE AND RESERVED COMMENTS. AT THIS MEETING CAPUTO HAD ALSO SAID THAT HE OR PERHAPS SABATO WOULD BE AT MONTEVIDEO EARLY IN MARCH FOR THE INAUGRATION OF NEW URUGUAYAN PRESIDENT. THIS WOULD OFFER AN OPPORTUNITY FOR A ''FORTUITOUS'' MEETING WITH LADY YOUNG WHEN IT WOULD BE POSSIBLE TO DISCUSS FOR A WHILE RELATIONS BETWEEN THE TWO COUNTRIES AND TO EXPLAIN THE ARGENTINE POSITION. BRUNNER CONTINUED THAT THIS SUGGESTION WAS AN EMBARRASSMENT TO THE SWISS WHO DID NOT WISH TO APPEAR TO BE GETTING INVOLVED IN AN ACT OF MEDIATION, PARTICULARLY AFTER YOUR WORDS LAST WEEK TO AUBERT, BUT AT THE SAME TIME THEY DID NOT WISH TO SUPPRESS ANY SERIOUS MESSAGE. SHORT OF INSTRUCTING KEUSCH NOT TO SPEAK TO CAPUTO, IT WAS NOT POSSIBLE TO PREVENT UNEXPECTED SUGGESTIONS OF THIS SORT FROM BEING PUT FORWARD. HE HOPED HOWEVER THERE WOULD BE NO MISUNDERSTANDING IN LONDON THAT THIS REPRESENTED ANY NEW SWISS EFFORT OF MEDIATION.

5. PUS EXPRESSED HIS AGREEMENT WITH STATE SECRETARY'S ANALYSIS OF THE ARGENTINE SITUATION. THE UNITED KINGDOM WISHED THE DEMOCRATIC REGIME TO SURVIVE AND AGREED THAT ALFONSIN'S GOVERNMENT WAS PREFERABLE TO ANY OTHER LIKELY PROSPECT. THE UK'S POSITION ON SOVEREIGNTY WAS NOT RELATED TO THE STRENGTH OR WEAKNESS OF THE ARGENTINE REGIME AND OUR UNWILLINGNESS TO DISCUSS THE SUBJECT WOULD NOT CHANGE.

6. SIR ANTONY ACLAND SAID THAT LADY YOUNG WOULD WISH TO CONSIDER WITH OTHER MINISTERS WHAT SHE SHOULD DO WHILE AT MONTEVIDEO REGARDING CAPUTO'S SUGGESTION. OBVIOUSLY NO FORMAL TALKS WOULD BE POSSIBLE BUT HE DID NOT EXCLUDE THE POSSIBILITY OF A ''FORTUITOUS'' EXCHANGE PENDING CONSIDERATION IN LONDON.

7

7. BRUNNER COMMENTED THAT IT WOULD BE BENEFICIAL TO ARGENTINE GOVERNMENT TO HEAR AT FIRST HAND FROM LADY YOUNG A STATEMENT ON THE LINES THAT THE PUS HAD JUST MADE (PARAGRAPH 5 ABOVE). BRUNNER ALSO REPEATED HIS REQUEST THAT WE SHOULD NOT INFORM THE BRAZILIANS OF CURRENT EXCHANGES SINCE THIS WOULD EMBARRASS THE ARGENTINES. IT WOULD BE BETTER THAT THE ARGENTINES SHOULD THEMSELVES BE THE FIRST TO INFORM THE BRAZILIANS OF ANY NEW DEVELOPMENT(SEE MY TELNO 27 OF 25 JANUARY, PARAGRAPH2). HE ALSO MENTIONED THE POSSIBILITY OF THE BRAZILIAN PRESIDENTIAL INAUGURATION AS AN ALTERNATIVE THOUGH LESS CONVENIENT OPPORTUNITY FOR SOME CONTACT AS SUGGESTED BY CAPUTO.

POWELL-JONES

FALKLAND ISLANDS

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MO 5/21

12th February 1985

Letter in type
CD 12/2.

Dear Charles

BELGRANO

In your letter of 1st February to Denis Brennan, you asked for a draft reply from the Prime Minister to Mr Kinnock's letter of 1st February. This is attached.

Paragraph 2 of the draft is based upon Admiral Fieldhouse's personal recollection.

Mr Dalyell subsequently made a related allegation that Mr Stanley was involved in this matter. The Defence Secretary believes that we should deal with this too in the reply to Mr Kinnock and paragraph 4 of the draft, which is self-explanatory, does so.

I am copying this letter and the enclosure to Len Appleyard (Foreign and Commonwealth Office)

Yours ever.
Richard Mottram

(R C MOTTRAM)

C D Powell Esq

Type for PM's signature
CDP

DRAFT LETTER FROM THE PRIME MINISTER TO MR NEIL KINNOCK MP

Thank you for your letter of 1st February about the suggestion, made during the trial of Mr Ponting, that Admiral Sir John Fieldhouse has claimed that the reference in his Official Despatch on the Falklands conflict to the date on which the Belgrano had first been sighted was altered by officials to make it consistent with earlier public statements. I am sure you will understand the reasons why I have delayed replying until the end of Mr Ponting's trial.

I understand from Admiral Fieldhouse that during the drafting of his despatch at Northwood, he queried the date in the sentence on the detection of the Belgrano but agreed that it should be left as 2nd May in order to protect sensitive operational and intelligence information. May 2nd was, therefore, the date in the despatch which Admiral Fieldhouse submitted to the Ministry of Defence. It was not altered by officials there.

As I have already explained in my letter to Dr Owen of 8th October 1984, in December 1982 the focus of Ministerial attention in preparing the White Paper on "The Falklands Campaign; the Lessons" was on the continuing defence of the Falkland Islands and the lessons to be learnt from the campaign, rather than on operational details from that campaign including those on the sinking of the Belgrano. With the benefit of hindsight, it may be that it would have helped to have said something more at that time in the White Paper, consistent with the need to avoid giving information of operational significance. But there was no attempt by Ministers or others to mislead.

It may be helpful if I also deal specifically with the allegation made by Mr Dalyell that the Official Despatch was altered on the instructions of Mr Stanley. When Sir John Fieldhouse's Official Despatch was published in The London Gazette on 14th December 1982, Mr Stanley was Minister for Housing and Construction at the Department of the Environment: he did not become Minister for the Armed Forces until after the General Election in June 1983. Mr Dalyell's allegation is therefore absurd.

RESTRICTED

file

CCPC

10 DOWNING STREET

From the Private Secretary

11 February 1985

Falkland Islands:
Government White Paper

Thank you for your letter of 8 February enclosing the Government's reply to the report of the Select Committee on Foreign Affairs on the Falkland Islands.

The Prime Minister has noted this.

(C.D. Powell)

Peter Ricketts, Esq.,
Foreign and Commonwealth Office

RESTRICTED

cc PC

(1)

Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister
I have been through this carefully and it seems very sound.
Content for it to issue?
CDP 8/2

8 February 1985

Yes mt.

Dear Charles,

Falkland Islands: Government White Paper

The Select Committee on Foreign Affairs published a report on the Falkland Islands in December (I enclose a copy for ease of reference). The Government's reply is, as you know, normally made within two months. On this occasion we have arranged with the Committee to publish our response on or about 18 February.

Sir Geoffrey Howe asked that our response should take the form of a considered and firm statement of the Government's policy on the Falklands/Argentina problem, making references where appropriate to the Select Committee's conclusions and recommendations. He has now approved a final draft and proposes to send this forward for printing early next week. He thought however that the Prime Minister would wish to be aware of the general lines of our proposed reply. I therefore enclose a copy. This has been cleared with other Whitehall Departments as appropriate.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

FOREIGN AFFAIRS COMMITTEE

FIFTH REPORT

SESSION 1983/84

FALKLAND ISLANDS

This paper contains the Government's observations on the Committee's Report (HC268-1 of 12 December 1984). The Government acknowledge the careful work on this subject undertaken by the Select Committee and their predecessors. The Government welcome the many Conclusions and Recommendations in the Report which recognise the impact of the events of 1982 and endorse a pragmatic and realistic approach to the question of the Falkland Islands and Britain's relations with Argentina. The Government continue to believe that the right course is to persevere with constructive and realistic policies comprising resolute fulfilment of our commitments to the Falkland Islanders coupled with patient efforts to promote better relations between Britain and Argentina. This paper sets out the details of our policy, commenting as appropriate on the relevant sections of the Select Committee's Report.

Introduction

1. Prior to the invasion of the Falkland Islands by Argentina on 2 April 1982, successive British Governments had been engaged in an effort to find a negotiated solution to the long-standing differences between Britain and Argentina over the status of the Falkland Islands and their people. The British aim had been to try to

reconcile our own position on sovereignty, and the wishes and interests of the Falkland Islanders, with Argentina's deeply held belief in its own claim to the Islands. The attempts to reach a negotiated solution have been thoroughly documented in the Report of the Committee of Privy Councillors under the Chairmanship of Lord Franks published in 1983 (Cmnd 8787).

2. Argentina broke off this search for a negotiated solution by its resort to force in 1982, in breach of the fundamental principles of the UN Charter. That action created a new situation. Its impact on opinion in Britain and in the Islands will be long-lasting. The restoration of confidence will require realism and patience on both sides. The British Government took the initiative in seeking to improve our relations with the democratically elected Government of Argentina and will continue to pursue this objective. But we are not prepared to resume discussion of the future of the Islands with Argentina. The question of sovereignty must be set aside, and efforts made to restore the traditionally good relations which existed between the United Kingdom and Argentina without prejudice to our differing positions over the Islands.

Sovereignty and self-determination

3. The Government regret the Committee's reluctance to reach a categorical conclusion on the legal validity of Britain's title to the Islands (paragraph 22). The Government's position on sovereignty over the Falkland

Islands has been made clear on numerous occasions. The Islands are British territory. Britain's title is derived from early settlement, reinforced by formal claims in the name of the Crown and completed by open, continuous, effective and peaceful possession, occupation and administration of the Islands since 1833 (save for the 10 weeks of forcible Argentine occupation in 1982). The exercise of sovereignty by the United Kingdom over the Falkland Islands has, furthermore, consistently been shown to accord with the wishes of the Islanders, expressed through their democratically elected representatives.

4. The Government also find it surprising that the Report seeks to argue (paragraph 42) that our assertions of confidence in the strength of British title are belied by the fact of the negotiations with Argentina between 1967 and 1982, and by doubts expressed by officials during the first half of this century. That successive British Governments were prepared to seek a negotiated resolution of our differences with the Government of Argentina over the Islands should not be taken as a reflection of any doubts about British title. And it is hardly surprising that, with a subject as complicated as the history of the Falkland Islands, differing and in some cases conflicting views on the question of sovereignty should in the past have been expressed from time to time by officials. These comments were made when concepts of international law, such as prescription and self-determination, were less clearly established than

they are today. Successive British Governments have made it clear that they have no doubts about our sovereignty over the Falkland Islands.

5. The Argentines claim that the Falkland Islanders should be denied the right of self-determination. The people of the Falkland Islands are small in number. But this in no way detracts from the rights which international law, including provisions of the UN Charter and of the International Covenants on Human Rights, accords to them and requires States to respect. They are a peaceful and homogeneous community which has developed democratic institutions over a period of a century and more. Many Falkland Islands families have been established there far longer than many Argentines in Argentina. The Government have consistently defended the Islanders' right of self-determination and will continue to do so.

6. The Report refers (paragraphs 74-83) to proceedings at the UN General Assembly since 1982. The Resolutions adopted by the Assembly in 1982, 1983 and 1984 all reflected the unacceptable Argentine approach calling for negotiations which would pre-judge the outcome: they must, in the Argentine view, lead only to the transfer of sovereignty irrespective of the wishes of the people of the Falkland Islands. These Resolutions also deliberately failed to take account of the principle of self-determination. The outcome of the debate in the Assembly in 1984 (89 votes in favour of the Argentine

resolution, 9 against, and 54 abstentions) showed that the margin between those supporting Argentina and those not prepared to do so was exactly the same as in 1982 and differed by only 2 votes from that in 1983.

7. In this context, the Government have noted the suggestion in the Report (paragraph 104) that it should consider inviting the United Nations De-colonisation Committee to visit the Falklands. We would need to be persuaded, however, that such a visit would permit an impartial consideration of the situation in the Islands, especially the central question of self-determination. Since the conflict, the majority of the Committee of 24 have proved to be strong supporters of the Argentine position.

8. The Government are pleased to note the Committee's Conclusion (paragraph 23) that Argentina's claims to the Falkland Islands Dependencies are "without legal foundation".

Action following the restoration of British administration in the Islands

9. Following the restoration of British administration in June 1982, the British Government faced a completely new situation. So did the Islanders: as a consequence of their experience of invasion and occupation by Argentine forces their wishes and Argentine aspirations had inevitably become irreconcilable for the foreseeable future. There could be no question of resuming

negotiations with Argentina about the future of the Islands as if nothing had happened.

10. The Government took immediate steps on 15 June 1982 to confirm through the Protecting Powers that the surrender of Argentine forces on the Islands the previous day reflected a total cessation of hostilities between Britain and Argentina. The Government proposed that if such confirmation were received, the exclusion zones imposed by both countries would be removed and trade restrictions lifted. The Argentine response was that there was only a "de facto" cessation of hostilities and that this would be precarious as long as British forces remained in the Islands. While Argentine Government spokesmen have subsequently referred to their intention to pursue their claim to the Islands exclusively by peaceful means, they have never withdrawn this formal statement of the Argentine position. Paragraph 70 of the Report points out that the policy of improving Argentina's offensive capability against the Falklands appears to have continued under President Alfonsin. President Alfonsin has reduced defence expenditure from 6% of GDP in 1983 to 4% in 1984. Most of the weaponry delivered since the Falklands crisis has been supplied under contracts entered into before the conflict. But the continuing deliveries of sophisticated weapons underline the fact that the Argentines cannot be said to have demonstrated that they have renounced the future use of force.

11. The Government's first tasks in the Islands were to repair the damage caused by the invading Argentine forces and to ensure adequate defence against renewed attack. The Government launched an urgent re-habilitation programme and allocated £15 million to meet a variety of needs. In December 1982, in their response to the Economic Survey of the Falkland Islands undertaken by Lord Shackleton, the Government announced that they would make available up to £31 million for the future development of the Islands.

12. The Government also decided that the support of the garrison in the Falkland Islands and its re-inforcement in emergency required permanent and improved airfield facilities: the Secretary of State for Defence announced on 27 June 1983 the Government's decision to build at Mount Pleasant a new airfield able to operate wide-bodied aircraft, civil as well as military. He noted at the time that this would give a powerful boost to the economy and infrastructure of the Islands, as recommended by Lord Shackleton. The Airport's importance in connection with the economic development of the Islands is discussed more fully in paragraph 34 below.

Our Commitments to the Islanders

13. The Government welcome the emphasis the Report places on the impact of Argentina's resort to force on the Government's commitments to the Falkland Islanders (paragraph 46). We remain resolved to fulfil our commitments to promote their political, social and

economic development in a climate of peace and security under a government of their own choosing.

14. The position regarding the commitment to the Islanders entered into by the Government in 1982, and its relation to the rôle of Parliament with regard to any decision on the future of the Islands, is accurately reflected in the statements by Ministers recorded in the Report (paragraph 52) that it would be "inconceivable for Parliament to take a decision on sovereignty over the Falkland Islands against the wishes of the Islanders". As the Report recognises (paragraph 29) the notion of "paramountcy" of the Islanders' wishes had for many years before the conflict been of central importance in the history of UK/Argentine negotiations: in 1968 the then Foreign Secretary, Mr Michael Stewart, stressed that "... Her Majesty's Government have insisted on the paramountcy of the Islanders' wishes".

Normalisation of relations with Argentina

15. The Government do not consider fulfilment of this long-standing commitment to the Islanders as incompatible with efforts to restore more normal relations with Argentina, setting sovereignty aside. They welcome the fact that the Report in large measure endorses these two central themes of our policy (paragraphs 46, 55, 69, 86).

16. Argentina's failure to declare a definitive cessation of hostilities has been an important consideration in British policy. Such a declaration

would give a welcome impetus to the normalisation of relations. But we have not made it a pre-condition for the first steps in this process. Nor would it of itself commit Britain to any particular step in return, and certainly not to discuss sovereignty (paragraph 55). More relevant to consideration of the future of the Islands is the impact of the conflict itself, and the Argentines' continuing insistence that any discussions on the subject could only have one outcome, ie the transfer of sovereignty to Argentina irrespective of the wishes of the Falkland Islanders.

17. The Report endorses the Government's refusal to discuss sovereignty in the present situation (paragraphs 55 and 96). The Government believe that Argentine actions in 1982 have ruled this out. The Government also share the Committee's scepticism about the view that doing a "deal" would decisively reinforce the democratic regime in Buenos Aires (paragraph 59). We have welcomed the restoration of Argentine democracy, and would wish it to prosper. But it is essentially for the Argentine people themselves to decide their own political future. The British Government hope that they will come to recognise that the people of the Falkland Islands have the same right.

Proposals for normalising relations

18. The Report suggests that the Government could adopt a more positive tone in its proposals for means of normalising relations (paragraph 97). This fails to take

proper account of the repeated and consistent efforts by the British Government designed to build confidence and restore more normal relations between Britain and Argentina.

19. On 22 July 1982, the Government announced the lifting of the 200-mile Total Exclusion Zone and its replacement by a Protection Zone of 150 miles. Through the Protecting Powers, we asked the Argentine authorities to ensure that their warships and military aircraft did not enter the Zone. Argentine civilian ships and aircraft were also requested not to enter the Zone unless by prior agreement with the British Government. They have never applied for such permission. Bona fide applications to enter the Zone would be given serious consideration by the British authorities.

20. Agreement was reached between Britain and Argentina on 7 September 1982 on the reciprocal lifting of the financial restrictions imposed at the time of the conflict. Britain implemented this in full, and immediately, by revoking on 15 September 1982 the Control of Gold, Securities, Payments and Credits (Argentine Republic) (No 2) Directions 1982. Argentina has failed to implement its side of the agreement more than partially. This has not prevented Britain from adopting a constructive approach to discussion of Argentina's economic problems at the IMF, among Argentina's official creditors, and elsewhere.

21. Following the September 1982 agreement, approaches were made by successive Presidencies of the European Community to the Argentine authorities to suggest discussion of the full normalisation of economic and commercial relations between the Community and Argentina. Argentina refused to enter into such discussion unless Britain first agreed to negotiations on sovereignty over the Falkland Islands.

22. In May 1983, we proposed to the Argentines that the bilateral Air Services Agreement, which Argentina had denounced in June 1982, should be allowed to continue in force. The Argentine authorities did not respond.

23. Since July 1982, the Government have made clear on a number of occasions, including messages conveyed through the Swiss Protecting Power on 4 January and 19 August 1983, as well as at the talks in Berne on 19 July 1984, that we would be prepared to facilitate the return of the Argentine dead from the Islands. We have also said on the two latter occasions that we remain ready in principle to accept a suitably prepared visit by a bona fide group of close relatives under arrangements made and supervised by the International Committee of the Red Cross.

24. None of these moves has evoked any positive response from Argentina.

25. The British Government hoped that with the

restoration of a democratic government, headed by President Alfonsin who had been critical of the Argentine invasion of the Islands, there could be a better prospect of reducing tension and pursuing the adoption of measures which would promote confidence between our two countries. The Prime Minister's message to President Alfonsin on the occasion of his inauguration on 10 December 1983 referred to the pleasure we could all take in the restoration of democracy to Argentina, believing it would bring freedom and justice to all its people. The Government followed this up by initiating a series of confidential exchanges through the Protecting Powers, putting forward some specific ideas for the restoration of bilateral relations. At every stage, we made it clear that we did not intend to enter into negotiations about sovereignty over the Falklands.

26. The Report endorses, in paragraph 86, the wisdom of the Government's approach, in which we have sought to seek "practical and sensible arrangements" for improving bilateral relations. It was on this basis that the Government sought to establish an arrangement which would prevent the talks on normalisation, which we had proposed and which were convened in Berne in July 1984, from foundering on the issue of sovereignty: the Report accurately summarises in paragraph 89 the formula adopted, which derived from a proposal by the Argentine Government, for dealing with the "fundamental incompatibility" to which the Committee refer.

27. As the Secretary of State for Foreign and Commonwealth Affairs explained to the House of Commons on 20 July 1984, the specifically agreed arrangement on the question of sovereignty was that if the Argentine representatives raise the subject, as they clearly wished to do, the British representatives would make it quite clear in reply that we were not prepared to discuss it. Discussion would then move straight on to practical issues of concern to both sides and would continue on those subjects. This basis was plainly agreed and clearly understood by the Argentine Government. It was also confirmed by the Swiss Government.

28. The witness quoted in paragraph 91 of the Report is wholly wrong in alleging that British officials broke the agreement. On the contrary: the British representatives at the Berne talks complied scrupulously with it. It was the Argentine representatives who insisted, at the last moment, that discussion of any of the practical issues we had put forward would have to be linked to discussion of a mechanism to address the question of sovereignty. The Argentine Government knew very well, from numerous public statements by British Ministers as well as our confidential communications through the Protecting Powers over the months, that this new condition would be unacceptable to us: the whole purpose of the exchanges in the weeks preceding the talks had been to establish a basis which would ensure that the talks should not founder at the outset on the issue of sovereignty. It was the Argentines' introduction of a linkage between

discussion of sovereignty and discussion of normalisation that undermined the arrangements they had themselves proposed, and caused the deadlock at the talks in Berne.

29. The Secretary of State for Foreign and Commonwealth Affairs said to the House on 20 July: "Her Majesty's Government continue to take the view that it is in the interests of all concerned to seek the restoration of more normal relations between Britain and Argentina. I am sure that the House will share my sense of regret and frustration that, after many months of careful preparation, the Argentine Government brought the talks to an abrupt and premature end by failing to proceed upon the basis that had been clearly agreed." The Secretary of State added that we would need to assess carefully the implications of the attitude displayed by the Argentines. The Government agree with the Committee's view that the outcome was "very much to be regretted" (paragraph 109) in delaying progress on commercial and diplomatic matters.

30. Ministers have set out publicly on various occasions the subjects we told the Argentines we were ready to discuss at Berne. These included the restoration of normal commercial and financial relations; the restoration of the Air Services Agreement between Britain and Argentina; the development of scientific, cultural and sporting contacts; the possibility of a visit by Argentine next-of-kin to the Islands; and a gradual up-grading of official relations (though we

believe it would be difficult to restore diplomatic relations in the absence of a definitive cessation of hostilities). The Argentine Government are therefore already well aware of the non-sovereignty issues which we have been prepared to discuss (paragraph 99 of the Report).

The Government's attitude following the Berne talks

31. Following the deadlock which the Argentines brought about in Berne, Argentine Government spokesmen have reiterated their demand that agreement to discussion of sovereignty must be a precondition to discussion of measures to improve bilateral relations. As the Committee acknowledge in paragraphs 55 and 86, this is unacceptable, but despite the attitude taken by the Argentines the Government intend to persevere in our policy of seeking better relations by pursuing agreement on practical measures of interest to both sides. Ever since September 1982 the Government have taken a consistently constructive line in discussion of Argentina's economic problems at the IMF and among Argentina's official creditors. We have placed no obstacle in the way of British banks who have participated in international loans to help restore the Argentine economy. We believe that the removal of remaining commercial and financial restrictions would be a logical next step. Argentine spokesmen have emphasised the importance to their economic recovery of increasing Argentine exports: the reciprocal lifting of import restrictions, for which the British Government has

consistently argued, would bring Argentina immediate benefit in this regard.

32. We also stand by our readiness to facilitate the return of Argentine dead from the Falkland Islands or, failing that, to accept a suitably prepared visit by a bona fide group of close relatives of those Argentine servicemen who are buried in the Islands, under the supervision of the International Committee of the Red Cross.

33. The Government believe that it is through agreement on measures such as these that confidence between Britain and Argentina can gradually be restored. The Report argues (paragraph 94) that "some kind of accommodation with Argentina is not only inevitable, in view of the cost of the present policy to the United Kingdom but also desirable if the Falklands are to have any prospect of long term economic prosperity and political stability." The Report avoids, however, any firm endorsement of specific policies for the longer term. The Government believe this is prudent. Like the Committee (paragraph 109) the Government regret the failure of Argentina to respond to our initiatives for the discussion of subjects on which progress should be feasible in the short term.

Security issues

34. The Committee recognise (paragraph 47) the need to devote substantial military resources to the defence of

the Falklands until there is agreement with Argentina as to their future. At the same time the Committee, having explained why a settlement with Argentina is unlikely to be achieved for some time, then call on the Government to give, without delay, unilateral undertakings that it intends to lift the Falkland Islands Protection Zone (FIPZ) as soon as a formal declaration of the end of hostilities is communicated by the Argentine Government and that no further "fortification" of the Falkland Islands is being contemplated (paragraphs 97-98). As has been made clear on many occasions, the Government intend that our defensive dispositions in the Falkland Islands will be maintained at the level necessary to ensure that there is no repetition of the events of 1982. As things now stand, our immediate objective must be the completion of the work now in hand which is geared to enhancing our capability for the rapid reinforcement of the Islands; in the 1984 Statement on the Defence Estimates the Secretary of State for Defence has said that, once the new airfield at Mount Pleasant is fully operational (early in 1986), it should be possible to reduce the levels of permanently stationed forces on the Islands. Force levels will be kept under review in the light of our assessment of the Argentine threat and the garrison maintained at the minimum size required to ensure the security of the Islands. The Government have emphasised repeatedly that it has no wider purpose: one assurance which we give without hesitation is that it is nonsense to suggest that the Falklands garrison is part of any "NATO strategic plan" or is a strategic base, as has been alleged by

Argentine spokesmen.

35. We have from the first intended that Mount Pleasant Airport should have an important role in the economic development of the Islands. Both of Lord Shackleton's Economic Studies, in 1976 and 1982, called for better communications with the outside world. Mount Pleasant Airport will provide these (paragraph 149). We hope the importance of the Airport's contribution to the economic development of the Islands will progressively increase.

36. Equations involving the lifting of the Falkland Islands Protection Zone (FIPZ) (paragraph 97) or simultaneous declarations dependent on undertakings by the other side (paragraph 108) have at first sight more attraction than unilateral steps. But, as the Committee note in paragraph 112, mistrust of Argentina among the Islanders is understandable. Their confidence would be unlikely to be increased if Britain and Argentina were to make declarations about matters vital to the security of the Falklands without being able to agree on the most elementary ingredients of their bilateral relationship. We have made clear that we do not intend to keep the FIPZ indefinitely. The decision to lift it is one for the Government to take in the light of its assessment of all the relevant considerations. A formal declaration by Argentina of a definitive cessation of hostilities would have a positive impact on our relations, but could not be the sole trigger for action over the Protection Zone.

ECONOMIC AND POLITICAL DEVELOPMENT OF THE ISLANDS

Land Reform

37. In our statement on the Shackleton Report on 8 December 1982, the Government said we considered a gradual approach to land transfer was "more in keeping with the capacity of the Islands' existing agricultural population and more consistent with realistic immigration prospects" than a policy of "wholesale" land reform (paragraph 133). The Government believe that this remains the correct approach, and are satisfied that the process is keeping pace with demand.

38. Over the past two years, the Falkland Islands Government (FIG) have been involved with arrangements for the sub-division of two large farms, as well as completing formalities on earlier sub-divisions which were interrupted by the conflict in 1982. There are many practical and legal issues to be resolved. Lengthy negotiations may precede the sale, following which details such as boundaries, allocation of livestock and other assets, and legal documentation must be settled. The FIG are also concerned to ensure that small farmers are not overburdened with debt and that resources are available for re-investment. The Falkland Islands Development Corporation (FIDC) has prepared a package of measures to assist such farmers with agricultural and livestock improvement schemes; training, including a simple farm accounting course, will be available. As

well as sub-division of large farms, other approaches to land transfer are under consideration. The Falkland Islands Company, for example, is encouraging share farming; the possibility of turning one expatriate-owned farm into a cooperative venture is under discussion; and the FIDC is examining the scope for other cooperative ventures.

39. The Government have every confidence in the measures which the FIG have taken since 1982 on land transfer. We consider the Committee's implied criticism of the Chief Executive, Mr David Taylor, to be unwarranted (paragraph 139). The quotation from Mr Taylor's evidence is incomplete and appears to misconstrue his main point, which was to underline the administrative complexity of land sub-division. The Government reject the Committee's comments about the approach to the pace of land transfer (paragraph 139) and the suggestion that those responsible for administering the policy lack commitment and enthusiasm (paragraph 175).

Economic development and diversification

40. The economy of the Falkland Islands is small, undiversified, with a poor endowment of natural resources, a small and scattered population and remote from major markets. These constraints, as the Committee acknowledge, largely determine the scope for diversification of activities. Because of the small population and limited internal market, measures to meet

local needs will be relatively small-scale. A dairy, market gardening and service industries are examples of initiatives which have been taken. Export opportunities are largely confined to those based on the Islands' chief natural resources, sheep and fish. A wool mill and a pilot project to develop inshore fisheries have been established; and the Falkland Islands Government are considering various proposals for providing services for offshore fishing fleets.

41. The Government agree with the Committee's conclusion, therefore, (paragraph 142) that the greatest emphasis on diversifying activities should lie within the framework of the present agricultural economy, but do not share the Committee's view that these activities should be directed mainly at satisfying local demand (ibid): the internal market is small, so efforts to broaden the export base are also required.

42. The Government agree with the view of the Committee (paragraphs 143-5) that there are considerable political and practical problems to be overcome in relation to the regulation and licensing of fishing in the area of the Falklands and Dependencies, and we note the Committee's view (paragraph 145) that the establishment of an Exclusive Fishing Zone cannot be justified. The Government are considering actively what measures would be most appropriate in the circumstances of the Falklands, not least in view of the environmental and conservation issues involved.

43. The Committee recommend (paragraph 150) that the Falkland Islands Government should undertake a detailed study of internal transport needs. The Government's statement of 8 December 1982 made clear our reservations about Lord Shackleton's proposals for a major expansion of the road network. The capital costs would be high, and maintenance would impose a very heavy budgetary burden on the Falkland Islands Government. Resources have been earmarked for the improvement of selected Camp tracks; and construction of a road linking Stanley with the new airport at Mount Pleasant is well in progress.

44. The Falkland Islands Government is aware of the potential of wind turbines (paragraph 151), and other alternative forms of energy, and will keep their use under review. In the past, there have been justifiable reservations about the introduction of new and untried technology into a difficult and isolated environment; but the FIG recognise that technological improvements are being steadily introduced. The Falkland Islands Development Corporation is considering setting up a trial wind generating station to meet the needs of a small farm community.

Falkland Islands Development Corporation

45. The Falkland Islands Development Corporation (FIDC) (paragraphs 163-171) began operations in July 1984, only months after the Chief Executive had taken up his post in November 1983. The main aim of the FIDC is to identify

and support productive enterprises, especially in the natural resources sector. The FIDC's 1985 budget shows that the main areas of emphasis will be agriculture (both improved productivity and diversification), fisheries, small-scale industry and services, and tourism. The Corporation was designed to have a degree of autonomy and flexibility (it has delegated authority to approve projects up to £250,000 without reference to the Overseas Development Administration), but this does not amount to its being a "fourth centre of significant constitutional, economic and financial power" as the Committee contends (paragraph 171). The decision to combine the positions of Chief Executive of the Falkland Islands Government and Executive Vice-Chairman of the FIDC was designed to ensure that there would be someone with an overview of both FIDC and FIG to assist each to relate successfully to the other.

Constitutional Development

46. The Report comments (paragraphs 157 and 162) on proposals by Falkland Islands Councillors for the amendment of the Islands' present Constitution, which dates from 1948 and has been amended on numerous occasions since then. The Report welcomes the proposals and urges the Government to expedite them, recommending that the House of Commons should raise no objections to the appropriate Order in Council. The main changes which the Councillors recommended were as follows:

- the Legislative Council should have eight elected members, an increase of two;

- three of these should be elected to sit as members of the Executive Council, an increase of one;
- there should no longer be unofficial members on the Executive Council;
- the Legislative Council and the Executive Council would continue to have two ex officio members but they would not have a vote;
- the Islanders would be divided into two constituencies (Stanley and Camp) each of which would elect four members to the Legislative Council;
- certain public officers should be eligible to stand for election to the Legislative Council.

All these recommendations have been accepted by the Government.

47. The Government also propose that the new Constitution should contain for the first time a chapter on the protection of individual human rights. In response to Island Councillors' wish to have the Falkland Islanders' right of self-determination reflected in the Constitution, the Government proposed, and the Legislative Council agreed, that this should be done by the insertion in the introduction to the human rights chapter of language referring to Article 1 of the International Covenant on Civil and Political Rights. This Article states that "All peoples have the right of self-determination. By virtue of that right they freely

determine their political status and freely pursue their economic, social and cultural development." This formulation is consistent with a binding international instrument (the Covenant), which the then British Government ratified in 1976, and with the stand we have consistently taken at the United Nations on the Islanders' right of self-determination.

48. The new Constitution for the Falkland Islands contains the comprehensive provisions required in a constitution providing for representative government in a dependent territory. It would not be a suitable basis for the administration of the Dependencies, which have no indigenous or permanent population and therefore have no need for any form of representative government. A separate Constitution has therefore been prepared for the Falkland Islands Dependencies. They are a separate dependent territory with their own laws and revenues but since 1908, for reasons of convenience, have been administered from Port Stanley. In order to be able to maintain the administrative link between these two territories, the Constitution for South Georgia and the South Sandwich Islands will provide that the Civil Commissioner of the Falkland Islands shall be Commissioner for South Georgia and the South Sandwich Islands; and that he shall consult the Executive Council of the Falkland Islands before exercising any function which in his opinion might affect the Falkland Islands, and shall take due account of such views as the Council may then express.

49. The Government intend that the Order in Council containing the new Constitution for the Falkland Islands shall be laid before Parliament in the Spring, and that the Constitution shall come into force when elections are held there this Autumn.

Conclusions

50. The Government believe it is right to avoid conjecture about the long term. The need is to give firm support to the Islanders and to establish a climate of confidence between the Governments of Britain and Argentina. The Government will continue to pursue better relations with Argentina: we hope the Government of Argentina will respond constructively.

51. At the same time, we stand firmly by our commitments to the people of the Falkland Islands. We shall vigorously defend their democratic right to develop their political institutions and pursue economic and social advancement in a climate of confidence, under a system of government chosen by them, and to do so in peace and security.

52. The following summarises the main points of the Government's position set out in the same order as the Committee's Main Conclusions and Recommendations (paragraph 179 of the Report):

(a) United Kingdom and Argentine claims to sovereignty over the Falkland Islands (Conclusions and Recommendations (i)-(iv))

i) The Government have no doubts about Britain's title to the Falkland Islands. The readiness of successive British Governments to seek a negotiated solution should not be taken to suggest that there have been any such doubts (paragraphs 3 and 4 of this Reply).

ii) The Government agree that the invasion and conflict strongly reinforced the moral and political force of the Government's commitments to the Falkland Islands (paragraphs 13 and 15).

iii) The Government welcome the Committee's conclusion that Argentine claims to the Falkland Islands Dependencies are without legal foundation (paragraph 8).

(b) United Kingdom Policy towards the Falklands, and Argentine attitudes towards negotiations (Conclusions and Recommendations (v)-(vii))

iv) The Government remain firmly committed to respect the wishes and interests of the Falkland Islanders. At the same time, we seek more normal relations between Britain and

Argentina. We welcome the Report's support for our refusal to discuss the question of sovereignty. Argentine actions in 1982 have ruled out discussion of this subject (paragraphs 15-17).

(c) Prospects for Progress towards a settlement (Conclusions and Recommendations (ix)-(xxii))

v) The Government welcome the Committee's agreement that the right approach is to work for practical arrangements for improving relations between Britain and Argentina (paragraph 26).

vi) The Government have taken a series of initiatives since the end of the conflict to improve bilateral relations, most recently the Berne talks in July 1984. These talks failed because Argentina insisted on linking discussions about normalising relations with discussion of sovereignty (paragraphs 26-33).

vii) The Government intend to maintain our defensive dispositions in the Islands at the minimum level required to ensure their security. Force levels will be kept under review. A decision to lift the Falkland Islands Protection Zone would be taken in the light of all relevant considerations. A

declaration of cessation of hostilities by Argentina would be a positive step, but could not be the sole trigger for action on the FIPZ or in other areas (paragraphs 34-36).

(d) The Economic and Political Development of the Islands (Conclusions and Recommendations (xxiii)-(xxxviii)

viii) The Government are pursuing vigorously their commitments to promote the economic and social advancement of the Falkland Islands, as well as their internal political development (paragraphs 37-49).

ix) The Government welcome the Committee's acceptance that a gradual approach to land reform is both correct and inevitable. We do not accept the Committee's implied criticism of the Chief Executive (paragraphs 37-39).

x) The Government agree that economic diversification in the Islands should lie within the framework of the present agricultural economy. But we do not share the Committee's view that these activities should be directed mainly at satisfying local demand (paragraphs 40 and 41).

xi) The Government agree that there are

political and practical problems to be overcome in relation to the regulation and licensing of fishing and note the Committee's view that the establishment of an Exclusive Fisheries Zone cannot be justified (paragraph 42).

xii) The Government have reservations about a major expansion of the road network. But construction of a road linking Stanley with Mount Pleasant is in progress and resources have been earmarked for the improvement of Camp tracks (paragraph 43).

xiii) The Government do not accept the Committee's criticisms of the pace with which the FIDC was established (paragraph 45).

xiv) The Government welcome the Committee's recommendation that the House should raise no objection to proposals for internal constitutional reform when the appropriate Order in Council is laid (paragraphs 46-49).

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

Deadline extended by PS/SoS to 19.2.85 in light of PS/MFT's minute of 8.2.85

From the Minister

The Rt Hon Norman Tebbit MP
Secretary of State for Trade & Industry
Department of Trade & Industry
1 Victoria Street
LONDON SW1H OET

5 February 1985

TO Mr Hall/ITP	COPIES TO
FOR ADVICE (AND DRAFT REPLY IF APPROPRIATE)	PS/MFT PS/LL PS/Sir AR Mr Roberts
PLEASE BY: 12/2/85	Mr Williams
IF DEADLINE CANNOT BE MET PLEASE PHONE 215 5422	Mr Fitchener Mr Lane Mr Pryor Mr Owen

Dear Norman

EFFECTS OF EMBARGO ON IMPORTS FROM ARGENTINA Miss Bowe/Inf.

I am sorry to have to write to you on this subject, but I would be grateful if you could consider the matter raised in the --- attached correspondence between John MacGregor and Paul Channon. As you will see, it concerns the question whether our embargo on trade with Argentina should be construed as including samples brought in for analysis under the terms of international contracts.

After John MacGregor had replied to John Carlisle's letter, the Grain and Feed Trade Association wrote a further letter to me asking that the issue should be reconsidered. Its importance to them is set out in detail in John's letter. By preventing these samples entering the UK we risk doing lasting damage to London's position as a centre for world trade, with all the benefits to our invisible earnings which that brings. There are plenty of other associations overseas which are keen to take over GAFTA's role as an international contract-making body. The Royal Dutch Grain Trade Association, for example, is investing in a very modern laboratory. If samples which would otherwise come to London have to be contracted out to Holland, it is highly likely that international traders will tend to stop using GAFTA contracts and use those of the Dutch Association instead.

I must say that the points made in Paul's letter of 5 November simply do not give me any logical or plausible material with which to construct a reply. Taking them in order:

1. The purpose of the embargo is said to be to persuade Argentina to resume normal commercial and economic relations. Of course I accept this aim, and the argument has force in relation to imports for commercial use or processing in the UK, the loss of which could be regarded as a reduction in

/Argentina's ....

Argentina's export opportunities. But we are not here dealing with imports of this sort, but with trade between Argentina and other countries. This trade will go on quite happily, irrespective of where any samples relating to it are analysed.

2. Paul says that commercial imports cannot be admitted. Commercial imports, I suppose, are those which change hands for a consideration. But the consideration paid here is a payment not for the goods themselves but for a service, ie the carrying out of an analysis on behalf of the parties to an international contract. The samples cannot possibly be described as "commercial imports" in any normal sense of that term.

3. It is argued that, if samples are admitted, it would be "very difficult to resist making exemptions for other imports, for example wool tops, for which a net gain for the UK economy has also been argued". I understand that the representation received by your Department about wool tops is from the Confederation of British Wool Textiles who argue that they are a useful raw material for UK woollen manufacturers which are then re-exported at a higher price, this higher price constituting the net gain to the UK economy. Obviously that falls squarely into the definition of imports for commercial use or processing, to which I have referred at point 1 above. I see no parallel at all with the import of samples. I have received and rejected a number of representations relating to imports for commercial use, and am quite prepared to go on doing so until the embargo is brought to an end.

4. Paul mentions that the only exemption made to the embargo, ie books and other publications, is subject to the condition that they are not for resale. But this is precisely the condition offered by GAFTA. They are entirely prepared to undertake that the whole residue of the sample not consumed by the analysis itself should be destroyed or sent out of the country again in such a way that it cannot constitute a commercial import.

I cannot accept that the mere fact that the admission of samples was considered and rejected in 1983 is an adequate reason for not reconsidering it now. I do not imagine that the full consequences of not admitting them were clear then, or that the embargo was then expected to last as long as has proved to be the case. I would be grateful if you could look at the question in the light of the points which John and I have made.

Yours ever
Michael

MICHAEL JOPLING

ARGENTINA: Rels

w/ Non-T barriers?

SECRET

Copy; Subject: on PM's mtg with Kohl: SDR. pt 5.
cc Master. ops.

13

10 DOWNING STREET

THE PRIME MINISTER

PRIME MINISTER'S PERSONAL MESSAGE SERIAL No. T 16/85

1 February, 1985

Dear Helmut

During our meeting in Bonn on 18 January, I said that I would write to you about certain indications we had received that a German company are hoping to sell advanced torpedoes to Argentina.

I have been very grateful for the repeated assurances we have received from you that German Surface and Underwater Target (SUT) torpedoes will not be supplied to Argentina. I am sure you understand our concern at the threat these weapons would represent to our ships and submarines in the South Atlantic. I raised the subject with you again because we had received indications from the international arms market that AEG Telefunken were hoping to receive authorisation, even if not immediately, to export SUT torpedoes to Argentina.

Our Ambassador in Bonn raised the matter with Herr Genscher shortly before we met. Herr Genscher told him that your Government was still considering whether to give permission for the manufacture of these torpedoes, but added that if this permission were granted it would be accompanied by a warning that it did not constitute permission to export them. The Embassy were separately informed by your Foreign Ministry that the Federal Government intended to authorise manufacture of the torpedoes.

/ I am

SECRET

I am most grateful for the firm personal assurance which you gave at our meeting that we can continue to rely on the Federal Republic of Germany not to permit the supply of these weapons to Argentina. I am sure you will appreciate that the Argentine Government's unwillingness to declare a formal cessation of hostilities makes it imperative that we continue to seek the co-operation of all our friends and allies in preventing the sale to Argentina of advanced torpedoes and other sophisticated weapon systems which could constitute a threat to our forces.

With best wishes. Warm regards

Yours sincerely

Margaret

His Excellency Herr Dr. Helmut Kohl

file

10 DOWNING STREET

From the Private Secretary

1 February 1985

Dear Denis,

BELGRANO

I enclose a letter to the Prime Minister from Mr. Kinnock, received this afternoon.

It would be helpful to have a very early draft reply.

I am copying this letter and enclosure to Len Appleyard (Foreign and Commonwealth Office).

Yours sincerely

Charles Powell

CHARLES POWELL

Denis Brennan, Esq.,
Ministry of Defence.

PRIVATE AND CONFIDENTIAL

Top Copy in Box 1/2/85 ic MA

HOUSE OF COMMONS
LONDON SW1A 0AA

The Office of the Leader of
the Opposition

1 February 1985

Dear Prime Minister,

I am sure that your attention will have been drawn to a report in The Guardian today which suggests that "Admiral Sir John Fieldhouse, Chief of Naval Staff during the Falklands conflict, told a top-level meeting in Whitehall last year that Ministry of Defence officials had changed his account of when the Argentine cruiser, the General Belgrano, was first sighted in order to make it consistent with earlier public statements".

The Guardian adds that "Although officials denied the claim, Mr. Richard Mottram, Private Secretary to the Defence Secretary, Mr. Michael Heseltine, acknowledged that Sir John had made the assertion, and that there was an argument about it".

You will, I am sure, recognise the importance of clearing this matter up. I would be grateful for your observations. Because of the potential sensitivity of the issues raised by an alleged alteration to a Commander-in-Chief's report I am not making this letter public knowledge.

Yours sincerely

Neil Kinnock

Rt. Hon. Margaret Thatcher MP

12

FCS/85/21

NOTT
COPY 1/2

SECRETARY OF STATE FOR DEFENCE

Rules of Engagement in the South Atlantic

1. Thank you for your minute of 21 January, taking up the points in the third paragraph of my minute of 15 January to the Prime Minister.

2. I am grateful to you for explaining so clearly how our forces would respond in the event of an incursion by Argentine combat units through the warning zone into the Central Zone. I am satisfied that the approach described in your third paragraph - that British forces will not automatically engage an Argentine unit in the Central Zone which has not been warned, but must retain discretion to do so - adequately meets my concern without putting our forces and the Islands at unacceptably high risk. I therefore agree that the Rules of Engagement within the Central Zone should not be further modified to require of necessity that a prior warning must have been given before an Argentine combat unit can be engaged.

3. I am copying this minute to the Prime Minister, other OD(EM) colleagues and Sir Robert Armstrong.

GEOFFREY HOWE

Foreign and Commonwealth Office
1 February 1985

Argentina: Relations Pt 39.

CONFIDENTIAL

bc. Mr. Ingham

10 DOWNING STREET

From the Principal Private Secretary

29 January, 1985.

Thank you for your letter of 28 January. We have no objection to making public in the second half of February the date of the service in St. Paul's at which the South Atlantic Campaign Memorial will be unveiled. No doubt you will make the Palace aware of the intended date of the announcement.

In the interests of avoiding too much information about this event coming out in the same announcement, I should be grateful if you would try to avoid revealing for the time being that the Prime Minister will be attending this occasion.

B.P. Neale, Esq.,
Ministry of Defence.

CONFIDENTIAL

CDPC.

(2)

Prime Minister
The position is that the Israelis are pressing the Americans for permission to sell A-4 Skyhawk to Argentina, but the Americans remain firm in refusing.
I will tell David Wolfson.
CDP
29/1

Foreign and Commonwealth Office

London SW1A 2AH

29 January 1985

Dear Charles,

Israeli Military Equipment for Argentina

You asked in your letter of 16 January if the Embassy in Washington could confirm that the US Government is continuing to apply a ban on the onward sale to Argentina of any of the A4 Skyhawk aircraft held by Israel.

The Americans have on a number of separate occasions recently reaffirmed that they stand by their commitment to consult us about potential sales to Argentina of sensitive military equipment. They have also told us that they have received from the Israelis a denial of press reports that they had sold Skyhawks to the Argentine navy.

In response to your letter, we instructed the Embassy to seek specific confirmation that the US Government is indeed continuing to refuse to authorise delivery of any of the Skyhawks from Israel to Argentina. I enclose copies of Washington telegrams nos 238 and 255 of 25 January. In short, American policy remains unchanged, and we have been specifically assured that we will be consulted if any change is contemplated in US policy on the Skyhawks. But the Israelis have evidently not given up hope, and we shall keep a very close eye on developments, as well as continuing to remind the Americans as appropriate of the strength of our views on this subject.

I am copying this letter to Sir Anthony Duff in the Cabinet Office.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

GRS 100
CONFIDENTIAL
DESKBY 251830Z
FM WASHINGTON 251804Z JAN 85
TO IMMEDIATE FCO
TELEGRAM NUMBER 238 OF 25 JANUARY

YOUR TELNO 134: SKYHAWKS FOR ARGENTINA.

1. OUR STATE DEPARTMENT (SOUTHERN CONE) AND DOD CONTACTS CONFIRM THAT:
(A) THERE HAS BEEN NO CHANGE TO THE POLICY OF REFUSING PERMISSION FOR ON-SALE OF SKYHAWKS BY ISRAEL TO ARGENTINA. WHEN PERMISSION WAS SOUGHT, IT WAS REFUSED: AND
(B) THERE IS NO CURRENT ISRAELI REQUEST FOR SUCH PERMISSION.

2. FERGUSSON MENTIONED OUR CONCERN ON THIS TO MURPHY (ASSISTANT SECRETARY, NEAR EAST) ON 24 JANUARY. WE SHALL LATER TODAY CONFIRM WITH WILCOX (DIRECTOR OF ISRAEL), AND WITH THE POLITICO-MILITARY BUREAU AT STATE, THAT THE POSITION IS INDEED AS DESCRIBED ABOVE.

WRIGHT

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FM WASHINGTON 252337Z JAN 85
TO IMMEDIATE F C O
TELEGRAM NUMBER 255 OF 25 JANUARY.

MY TELEGRAM NUMBER 238: SKYHAWKS TO ARGENTINA.

1. WILCOX (DIRECTOR FOR ISRAEL) AND BLAKEMORE (POLITICO-MILITARY BUREAU) HAVE CONFIRMED THAT THERE HAS BEEN NO CHANGE OF U S POLICY. BLAKEMORE ADDED THAT, AS PROVIDED FOR IN OUR UNDERSTANDING OVER ARMS FOR ARGENTINA, WE WOULD BE CONSULTED IF ANY CHANGE WERE CONTEMPLATED.

2. STATE DEPARTMENT BELIEVE THAT THE ARGENTINIANS MAY HAVE MADE A DOWN PAYMENT FOR THE A4 AIRCRAFT, AND MAY BE INCREASING PRESSURE ON THE ISRAELIS TO DELIVER THE GOODS OR RETURN THE MONEY. BUT WILCOX SAID THAT THE U S AMBASSADOR IN ISRAEL HAD ON 17 DECEMBER OBTAINED RENEWED ASSURANCES, IN WHICH STATE DEPARTMENT HAVE CONFIDENCE, FROM THE ISRAELI DEFENCE MINISTRY THAT THE ISRAELIS WOULD NOT SELL THEIR SKYHAWKS WITHOUT U S PERMISSION.

3. BUT THE ISRAELIS HAVE NOT GIVEN UP. BLAKEMORE SAID THAT THE DIRECTOR GENERAL OF THE ISRAELI DEFENCE MINISTRY, WHO IS IN WASHINGTON WITH A LONG SHOPPING-LIST, HAD ASKED IN PASSING ABOUT THE ON-SALE OF THE SKYHAWKS. HE HAD BEEN GIVEN NO SATISFACTION.

WRIGHT

MINIMAL
FID

CONFIDENTIAL

ARGENTINA: Defence of
Falklands: Pt 14.

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~930 7822~~

MO 27/5/1

28th January 1985

FCRB
Is this all right?
CDP
29/1

Dear Robin,

You will recall that when we discussed before Christmas the announcement of the unveiling ceremony for the South Atlantic Campaign Memorial, you requested that the date should be kept Confidential for security reasons.

My Secretary of State's written answer (Hansard extract for 21st December 1984 attached) therefore referred only to a ceremony next summer. You may be aware that the Guardian (extract for 19th December 1984 also attached) had previously pointed to the third anniversary of the Argentine surrender, albeit without specifically mentioning 14th June. So far as we are aware, no other press comment has mentioned the date.

However, this confidentiality is already posing some problems to those responsible for organising the ceremony, since final arrangements cannot be made with various agencies outside government without revealing the date. Most importantly, we are unable to contact to any purpose the next of kin of those who are commemorated on the memorial, who will naturally want to know as soon as possible when the ceremony will be, particularly as they will need to tailor holiday arrangements accordingly.

In our view it will become very difficult to progress the work if we have to maintain confidentiality beyond the middle of next month. I should therefore be grateful if you could agree to the date being made public in the second half of February.

Yours sincerely,
Barry Neale

(B P NEALE)

Robin Butler Esq
No 10 Downing Street

Turkey (British Naval Ships)

Mr. O'Neill asked the Secretary of State for Defence how many British naval ships paid visits to Turkish ports in 1979, 1980, 1981, 1982, 1983 and 1984, respectively.

Mr. Stanley: The number of Her Majesty's ships and royal fleet auxiliaries visiting Turkish ports each year since 1979 was:

	Number
1979	8
1980	11
1981	3
1982	4
1983	3
1984	1

Royal Auxiliary Air Force

Lord James Douglas-Hamilton asked the Secretary of State for Defence whether Her Majesty's Government are currently giving consideration to giving back a flying role to the Royal Auxiliary Air Force.

Mr. Stanley: The reintroduction of a flying role for the Royal Auxiliary Air Force is still under consideration. Account will have to be taken of its relative priority against other demands on defence resources.

Exercise Brave Defender 1985

Mr. D. E. Thomas asked the Secretary of State for Defence if he will give information on the United Kingdom's contribution to Exercise Brave Defender 1985; and if he will make a statement.

Mr. Stanley: Brave Defender is a national military home defence exercise to test plans for the ground defence of vital installations in the United Kingdom in conventional war.

General Belgrano

Mr. Foulkes asked the Secretary of State for Defence, pursuant to his reply of 11 December, *Official Report*, column *432-3*, on how many occasions Northwood received reports from HMS Conqueror on the course and position of the General Belgrano; at what time these reports were received; and if all these reports have been retained and are available to him.

Mr. Stanley: I have nothing to add to the reply given to the hon. Gentleman by my right hon. Friend the Secretary of State on 18 December at column *101*.

Falkland Islands

Mr. Pym asked the Secretary of State for Defence whether it is his intention to commemorate in the United Kingdom those who died in the Falklands conflict.

Mr. Heseltine: A South Atlantic campaign memorial, bearing the names of all those who lost their lives, is to be erected, with the agreement of the Dean and Chapter of St. Paul's, in the crypt of the cathedral, in a suitable place close to other military memorials there. Work will commence shortly and the memorial will be unveiled next summer.

Her Majesty the Queen has graciously accepted an invitation to unveil the memorial during a commemorative service in the cathedral, to which the next of kin of those who died will be invited.

Royal Ordnance plc

Mr. Eggar asked the Secretary of State for Defence if he is now in a position to announce the timing of vesting day for Royal Ordnance plc.

Mr. Butler: Vesting day will be 2 January 1985. On that day, a scheme will come into effect pursuant to section 1 of the Ordnance Factories and Military Services Act 1984 which will transfer assets and liabilities of the ROF trading fund and certain other establishments to the Royal Ordnance plc. The existing shares in the company have all been transferred to the ownership of my right hon. Friend the Secretary of State for Defence. A copy of the scheme will be laid before Parliament as soon as the House re-convenes after the recess.

Trident

Mr. Deakins asked the Secretary of State for Defence how many jobs will be provided by the United Kingdom purchase of Trident missiles; and how many of these will be in the United Kingdom.

Mr. Butler: Fifty five per cent. of the estimated cost of Trident at £8,729 million is expected to be spent in Britain. As my hon. Friend the Minister of State for Defence Procurement told the hon. Member for Colchester, North (Sir A. Buck) on 24 July at column *602*, the Trident programme is expected to create an extra 18,000 job opportunities directly and 14,000 indirectly in the United Kingdom during the peak years of the project. No information is available on job opportunities created by the dollar expenditure, including that on the missiles. However, a number of United Kingdom companies are competing for work on the American Trident II programme, with the potential for further jobs being created in the United Kingdom.

Military Equipment (Tempest Testing)

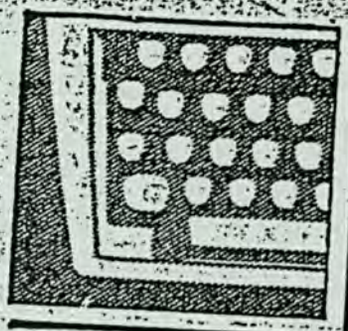
Mr. Ashdown asked the Secretary of State for Defence if he will give, for each of the last five years *(a)* the total numbers of separate pieces of equipment tested by his Department for compliance with the Tempest North Atlantic Treaty Organisation standard specification for military terminals, *(b)* the total number of pieces of equipment found acceptable as being up to the Tempest standard, and *(c)* the average length of time taken between submission of equipment for Tempest testing and the issuing of a Tempest certificate.

Mr. Butler: The Ministry of Defence is not responsible for testing equipments for compliance with the NATO standard and specification for Tempest protection of military terminals.

RAF (New Basic Trainer)

Mr. Best asked the Secretary of State for Defence whether he has received any firm offers or orders for British-made equipment from any potential suppliers of the Royal Air Force's new basic trainer.

Guardian 19/12/84



DIARY

NO, we have not yet finished with cathedral services commemorating the Falklands War. There is now another one planned for St Paul's next June to coincide with the third anniversary of victory. Yes, Mrs Thatcher will be there.

Arrangements are quite well advanced to erect a plaque recording the names of the Falklands dead in the crypt of St Pauls. The approach initially came from the MoD, together with the idea that it should be unveiled on the third anniversary of the Argentine surrender.

The event, which was to have been announced next February, is being organised by Canon Graham Routledge, cathedral treasurer. "We act corporately as a chapter in such matters and people ask us to put up memorial tablets all the time," he says. "It shouldn't be considered any differently than if it were a deceased dean or other distinguished cleric."

The decision to go ahead with the plaque and service is said to have been firmly resisted by certain members of the chapter, though not necessarily the Dean, the Very Rev. Alan Webster.

A STRANGE hand-written note arrives, addressed "to all concerned" warning that all stores around the world have until the end of 1984 to stop selling food and other products made in India. This is not a warning or a threat but a promise. If this isn't done then all food products made in India shall be poisoned." The letter is signed the "Khalistan Defence Forces (KDF)." We may yet have to get by on Mars Bars.

IF YOUR postman has a bulge in his pocket this Christmas the chances are he's got dog biscuits in there. He will have been studying the Post Office's guidelines on How To Avoid Dog Bites. One of the main points to remember reads: "Remember dogs can tell if you like them and a dog biscuit in your pocket is a bet-

You're fighting for your and, I hope to God, for a p

Peter Jenkins

Hickleton at £123 a tonne which, if so, makes it a champion uneconomic pit. Bill disputes this. Like nearly all miners he is a great expert on his own pit. "This dispute hasn't happened over night," he says. His economic history of Hickleton goes back over eight years, a story of investment starvation and manpower reduction. Management has made the pit uneconomic in order to close it.

There is not much point in trying to check the facts and figures. All the miners say much the same thing. They say it not because

ing for your kids' future. fighting. I ho a police force out of hand to have a pol you're fightin union movemen union has obl to us by my gr Then, as an a added. "It's closer as a co strike. It's don on us. We move o don't like tra work they'll do a pint." At a

Foreign and Commonwealth Office

London SW1A 2AH

24 January 1985

Dear Charles,

Falklands Fisheries

Thank you for your letter of 11 January.

As the Foreign Secretary explained in his OD memorandum of 11 January, he regards the multilateral approach as very much the least bad of an unpromising set of options.

In response to the Prime Minister's specific questions, there are a number of precedents of bodies established under FAO auspices for collaboration in fisheries conservation. These bodies have been established at various times for the Indian Ocean, an Indo-Pacific area, and the Mediterranean, as well as for the East and Central and Western Central areas of the Atlantic. The Indian Ocean scheme, for example, was set up to 'promote a programme for fishery development and conservation; to promote research and development activities; to examine management problems with particular reference to offshore resources'. In none of these cases, however, is there a territorial dispute involved.

The FAO World Conference on Fisheries Management and Development of 1984 adopted an action programme on planning, management and development of fisheries which was intended to be operated primarily through the framework of regional fisheries bodies. It may be possible for the FAO to convene an ad hoc group of interested countries to consult on the establishment of an international regime of the kind we envisage.

There are also precedents for regimes combining licensing of catches in the territorial seas and management of wider sea areas. One precedent for a regime covering 200-mile waters of several states, developed since the 200-mile limits became the norm, is the South Pacific Forum Fisheries Agency (SPFFA). This was not formed under FAO auspices but under the South Pacific Forum - a regional grouping which consists of independent and dependent countries of the Pacific. SPFFA has negotiated regional fisheries issues, including access and licence arrangements, for member countries. There are also the North East Atlantic Fisheries Commission and the North Atlantic Fisheries Commission (for the North West Atlantic). These were established by negotiations outside FAO but might offer precedents, if we get to the stage of negotiating arrangements.

/ ...

As to who 'runs' FAO, the membership is broadly the same as the United Nations, except that the USSR is by choice not a member. There is of course a large majority of Third World countries. Latin American countries are influential, both through membership and the ability of their representatives. The Lebanese Director-General is powerful and independent minded, but his influence depends on his acceptability to Third World countries. He is, however, susceptible to the views of the paymasters, both those, like the United States and other western countries including the United Kingdom, whose collective contribution is large and those, such as the Arab countries, which make voluntary contributions.

The FAO is fairly free from a tendency to introduce into its activities political matters unrelated to its areas of competence. It tries to protect its position as a major and acceptable technical forum. This may to some extent help efforts by us to sustain the initiative. We would be able to criticise the Argentines if they were disrupting, for political reasons, the search for a solution to a problem which we shall present as a technical one of fisheries conservation. But we recognise that the Argentines may simply obstruct our initiative from the start.

If a regime were to be established with the agreement of the regional countries and the long distance fishing countries involved, it would not be likely to fail to be approved by the general membership. If however the Argentines were not prepared to go along with the idea, the proposal would fall long before the stage of approval by the general membership was reached.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

ARGENTINA: Relations: Pt 39.

6

10 DOWNING STREET

Prime Minister

You ask whether the DPP has reached a decision on prosecution over the Sethia diaries.

The answer is that the DPP has asked the police to make further enquiries. A decision on prosecution is unlikely before mid/late-February.

CDP
23/1

MT

11

MO 5/21

NBPM
CDP
22/1

FOREIGN AND COMMONWEALTH SECRETARY

RULES OF ENGAGEMENT IN THE SOUTH ATLANTIC

I have seen your letter of 15th January 1985 to the Prime Minister on Rules of Engagement in the South Atlantic, and I am grateful for your agreement to my proposals to institute a warning zone within the Falkland Islands Protection Zone. New Rules of Engagement (ROE) have been issued accordingly.

2. I should like to take up the points in your third paragraph. We did consider options along the lines you have suggested during the formulation of our proposals for ROE. Since the end of hostilities it has always been our intention to reduce the possibility of incidents between our own forces and those of Argentina but at the same time the principal consideration must be the safety of our own units and men in the South Atlantic. I agree that the principle of a warning is desirable whenever possible, and the Commander, British Forces Falkland Islands (CBFFI) and his subordinate commanders are given discretion within the rules of engagement to temper their actions accordingly if it appears that there is any possibility of an incursion being genuinely accidental. But penetration of the Central Zone by a combat unit is unlikely to be by mistake. Navigational errors of more than 30 nautical miles in an area of extreme sensitivity are really very improbable and we must allow CBFFI to treat an encounter with a combat unit which is first detected inside the Central Zone with extreme caution and suspicion. To do otherwise would undermine the security of our forces and the islands to an unacceptable degree.

3. Therefore I am afraid that I cannot agree to the further modification of the ROE proposed in the third paragraph of your minute. British Forces will not invariably open fire if they encounter an Argentine combat unit inside the Central Zone without first having had the opportunity to warn it; however, they must retain the discretion to fire without warning, otherwise the risk of a successful attack on some of our outlying ships or installations, particularly on West Falkland, becomes unacceptably high.

4. I hope therefore that you can agree that the Rules of Engagement within the Central Zone do not of necessity require a prior warning to have been given before an engagement can begin.

5. I am sending copies of this minute to the Prime Minister, other colleagues on OD(EM) and to Sir Robert Armstrong.

Ministry of Defence
21st January 1985

ARGENTINA: Relations: PA 39.

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~930 7022~~ 218 2111/3

MO 5/21

18th January 1985

What conclusion about prosecution not under D.P.P. review? pm

Prime Minister
CDP 18/1

Dear Charles,

You are aware that the Ministry of Defence referred the case of a diary written by the former Lieutenant N Sethia RN, who served on HMS Conqueror during the Falklands conflict, to the Director of Public Prosecutions. This diary contains a considerable amount of classified military and intelligence information. Extracts have been published in the British media on several occasions, including long extracts in "The Observer" of 25th November.

Further extracts have now appeared in two long articles about the diary published by the "Washington Post" on 23rd and 24th December; the newspaper claimed to have acquired a copy of the diary early in November. The articles include many extracts which have not previously been published, covering sensitive areas such as intelligence and submarine operations and equipment. The articles also draw attention to passages in the diary discussing assistance provided to us by Chile and various equipment failures experienced by HMS Conqueror.

The timing of the articles, just before the Christmas holiday may have led to their being overlooked for the time being. Nevertheless there is a risk that these articles will now be picked up by the British press, who may feel free to use the extracts quoted in the articles on the grounds that the information in them is already in the public domain. In addition, it will have drawn American attention to the diary and the sensitive information it contains, which may be damaging to our relations with the USA.

As to action which might be taken, as you know at the direction of the DPP the Metropolitan Police are investigating whether there has been a breach of the Official Secrets Acts in respect of the Sethia diary. The Defence Secretary is advised that there is not any action that we can take to prevent publication

Charles Powell Esq
No 10 Downing Street

in this country of these new extracts from the diary. To intervene informally with editors here might draw their attention to the Washington Post's articles, and they would in any case be most unlikely to heed any request to desist from further publication given that the material had already been published in the US.

I am sending copies of this letter to Len Appleyard (FCO), Henry Steel (Law Officers' Department) and Richard Hatfield (Cabinet Office).

Yours ever,
Denis

(D BRENNAN)

CONFIDENTIAL

FILE SH2 ACF

OD: LCO ✓ DTI
FCO ✓ CDLO
HMT
LPO
MoD
LPSD

10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

Falkland Islands: Possible Declaration of a 200-mile Exclusive Fisheries Limit

The Prime Minister has seen the Foreign and Commonwealth Secretary's memorandum (OD (85) 2) of 11 January on this subject. She feels that an OD discussion of the memorandum would be useful. I should be grateful if arrangements could be made for a meeting to be held.

I am copying this minute to the Private Secretaries of members of OD.

C. D. POWELL

16 January 1985

CONFIDENTIAL

The National Archives

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10 DOWNING STREET

PRIME MINISTER

FALKLANDS FISHERIES

You saw the Foreign Secretary's draft OD paper and were sceptical.

He hopes to clear it out of Committee.

Agree to this, if other colleagues are content?

Or prefer to have a discussion? ✓ MT

(This seems more sensible: the issue could get a lot of publicity).

C.D.P.

15 January, 1985

file 9

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~930 7022~~ 218 7899

PQs 0914, 0915, 0916

15th January 1985

Dear Nicky,

As requested I attach 3 replies to George Foulkes MP's questions to the Prime Minister for Priority Written answer on Wednesday 16th December.

These questions have been cleared by The Rt Hon John Stanley MP, Minister of State for the Armed Forces, and John Lee MP, the Parliamentary Under Secretary of State for Defence Procurement.

I would like to draw your attention specifically to para 4 of the background note on weapons manufactured in UK, which refers to Exocet missiles, and the fact that the last line of the draft answer is intended to cover the Exocet situation without drawing undue attention to it.

Yours ever
Navin

(NAVIN PATEL)
Secretary of State's Office

Miss Nicola Roche
10 Downing Street

File

BACKGROUND

1. Mr Foulkes' question stems from the publication on Monday 14 January of a report by the School of Peace Studies at Bradford University - 'An Assessment of Argentine Rearmament', which has received extensive publicity in the national press. This background is based on the press accounts only as we have not been able to obtain a copy of the report as yet.

2. In sum, the report exaggerates Argentina's success in rearming since the Falklands crisis. This is entirely consistent with previous inaccuracies in assessments produced by the author of the report, Dr Paul Rogers. Most notably, the report makes no distinction between weapons systems contracted for by the military regime which are now being delivered and purchases initiated under President Alfonsin. We judge that the civilian government tried to cancel many of the old contracts but discovered that the cancellation charges were prohibitive. Nevertheless, no major arms deals have been signed since Alfonsin came to power, the services projected equipment programmes have been cut or extended and strenuous efforts are underway to sell many of the newly delivered naval units and some 'front-line' combat aircraft.

3. Dr Rogers is reported to conclude that although the present Argentine regime has no plans to reopen hostilities, the return to power of an aggressive military regime could cause problems requiring: 'a massive increase in the United Kingdom commitment to the defence of the islands'.

4. Any change of this kind in Argentina would clearly require a complete reappraisal of the threat by the JIC. At present the JIC assess that the threat is very low. There is nothing in Dr Rogers account of 'Argentine Rearmament' to suggest that this assessment should be reviewed.

5. The reference in the draft answer to maintaining the Falklands garrison "at the minimum size necessary" to defend the Islands is taken from para 448 of the Statement on the Defence Estimates 1984 - extract attached.

THE RESERVES

440. Perhaps the single most cost-effective way in which the front-line capability of our regular forces can be augmented is by making the fullest possible use of our volunteer reserves. These reserve forces are an invaluable national asset upon which we are determined to capitalise (as explained in the essay on page 34).

441. We announced in Cmnd 8288 our plans to expand the Territorial Army (TA). This programme is well under way, and a number of important measures which will improve its operational efficiency, equipment and accommodation have already been implemented. Last year, a new infantry company for 5th (Volunteer) Battalion The Royal Irish Rangers and two Royal Engineer airfield damage repair (ADR) squadrons were formed. We plan to form another two infantry companies for 3rd (Volunteer) Battalion The Royal Regiment of Wales and 3rd Battalion, 51st Highland Volunteers and a further two ADR squadrons by 1 April 1985. The TA has also continued to receive new equipment. The initial issue of the Milan anti-tank guided weapon system has been completed.

442. Plans have also been agreed for a second phase of expansion from a planned strength of 79,000 in 1986 to a strength of 86,000 by the end of the decade. This second phase of the TA's expansion will include the formation of six new infantry battalions, one air defence regiment, a new Yeomanry squadron with a NATO role and an Army Air Corps squadron, as well as a number of logistic and support units. In devising these plans we have also taken the opportunity to undertake some re-organisation and restructuring of the TA to improve command and control and operational capabilities. Further details of the TA expansion programme are contained in Defence Open Government Document 84/02.

443. To augment the forces available for home defence we have been running a pilot scheme to assess the feasibility of raising a Home Service Force to provide static guard forces for lower priority key points in time of tension or war. The two-year project which began in September 1982 was based on four trial companies. The pilot scheme has been successful and we have announced our intention to increase progressively the strength of the Home Service Force to around 5,000 in the first instance.

444. The Royal Auxiliary Air Force (R Aux AF) has also been expanded considerably in recent years. Six field squadrons have now formed and we are considering forming several further units over the rest of the decade. In addition an air movements squadron and an aeromedical evacuation squadron have been formed. Consideration is being given to using the R Aux AF for manning support helicopters and Rapier units.

445. Work is similarly in hand to ensure that we are able to make the fullest and most immediate use of our Royal Naval and Royal Marine reserves, both regular and volunteer, in time of need. The Royal Naval Reserve is to be equipped with new build ships; the River class minesweepers and new patrol craft are now coming into service. We are planning to increase the Royal Marines Reserve by 400 men. We are also introducing measures to enhance the speed and efficiency of mobilisation, of both regular and volunteer reserves, by the greater use of computer-based technology.

BEYOND THE NATO AREA

446. The performance of our four key roles within the Alliance remains the first priority for our defence effort. But, as discussed in Chapter One, we cannot ignore the significance of threats to Western interests posed in other parts of the world, as NATO itself has recognised. Moreover, the United Kingdom still retains a variety of defence commitments, in some cases backed by permanent garrisons, beyond the NATO area. The world-wide disposition of our forces in early 1984 is illustrated in Figure 7 (on the following page). Apart from permanently-stationed forces, our defence effort beyond the NATO area operates at the three levels identified in Cmnd 8758 (The Falklands Campaign: The Lessons). These are the provision of military assistance and training to countries of importance to Western interests which request our help; periodic deployments of British forces, including the deployment of Naval task groups and exercises (details of which are in Annex B); and maintenance of a capability to intervene either to protect our national interests or, with our allies and in response to a request for help, those of the West as a whole. In addition, we make an important contribution to international peace-keeping operations (which are discussed in Chapter One).

Garrisons

447. Two of our most important overseas garrisons, those in Cyprus and Gibraltar, are within the NATO area. Gibraltar's position at the Western entry to the Mediterranean is of particular strategic significance for NATO. The Sovereign Base Areas (SBAs) in Cyprus are currently important for the support of peace-keeping operations in the Eastern Mediterranean: we provide logistic support through them for the United Nations forces in Cyprus and Lebanon. We also maintain garrisons overseas in the Dependent Territories of the Falkland Islands and Hong Kong, and in Belize and Brunei.

448. The Falklands garrison of ships, aircraft and land forces provides the means to defend the Islands and Dependencies. It is maintained at the minimum size necessary for this purpose, taking into account our capability to reinforce the Islands rapidly in an emergency. This capability will be greatly improved once the new airfield at Mount Pleasant, designed to take wide-bodied jets, is operational. Construction began on schedule on 2 January 1984 and is progressing well. Once the airfield is complete it should be possible to reduce the levels of permanently-stationed forces on the Islands. The airfield will also contribute significantly to the future economic development of the Falklands, as proposed in Lord Shackleton's Economic Studies in 1976 and 1982. Meanwhile, the garrison forces continue to liaise closely with the civil administration and undertake a wide variety of tasks to help the civil community. Relations between the garrison and the Islanders have remained excellent.

Military Assistance and Training

449. We continue to devote considerable effort to helping friendly nations to help themselves, through the provision of training assistance to their armed forces. During the financial year 1982/83 nearly 3,200 students from more than 65 countries and territories outside the NATO area attended courses in the United Kingdom. We also continue to lend personnel to friendly governments to assist with the training and development of their armed forces. In early 1984 over 700 British servicemen were on loan in 29

file

Ref

cc: NGD
CA

10 DOWNING STREET

From the Private Secretary

15 January, 1985

The Prime Minister wrote to you on 14 January following your latest letters to her of 13 and 21 December.

This is just to let you know that in the sixteenth line on the second page the word "for" has crept in. This sentence should in fact read "As to the timing at which Lord Lewin was informed, it has not been possible some two years after the event to establish with certainty why he was not told sooner." I am sorry about this.

(Timothy Flesher)

George Foulkes, Esq, MP

Await Def. Sec's reaction (pl. remind by 22 Jan) CDP

BF

PM/85/4

PRIME MINISTER

Rules of Engagement in the South Atlantic

1. I agree to the change in our Rules of Engagement in the South Atlantic proposed in the Defence Secretary's minute of 27 December 1984. It is important that we should take all reasonable steps - without compromising the security of our forces - to reduce the possibility of incidents which Argentina could portray as 'provocation' or 'aggression'. That is fully in line with our wish to achieve more normal relations with Argentina.

2. I also agree that CBFFI should be given the additional discretion to identify contacts close to, but outside, the FIPZ boundary. But we shall need to keep a close watch on the number of such deployments, as well as on the international reaction to this necessary change of policy. We want to minimise the scope for our critics to play it up as "provocative" despite the fact that its only purpose is to avoid incidents involving our forces.

3. It is, I suppose, possible that, given the large area to be covered, an Argentine unit could enter the Central Zone and find itself engaged by our forces without having been detected and warned in the warning zone? One way to minimise the risk of this kind of accidental engagement (paragraph 5 of Michael Heseltine's minute) might be to permit engagement of an intruder in the Central Zone only if it had previously been warned, either there or in the warning zone - unless of course it demonstrated hostile intent by eg activating weapons systems.

/4.

4. I am copying this minute to our OD(EM) colleagues, the Attorney General, and to Sir Robert Armstrong.

GEOFFREY HOWE

Foreign and Commonwealth Office

15 January 1985

Argentina · Relations: Pt 39

CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

15 January 1985

Falkland Islands: Oil Exploration

Thank you for your letter of 24 January about the Argentine Statement circulated at the United Nations about oil exploration round the Falklands.

The Prime Minister has noted this and agrees that we must rebut the Argentine allegations.

(C.D. POWELL)

P.F. Ricketts, Esq.,
Foreign and Commonwealth Office.

CC PC

(3)

Foreign and Commonwealth Office

London SW1A 2AH

14 January, 1985

Prime Minister

CDP

14/1

Dear Charles,

Falkland Islands: Oil Exploration Att. Flag A.

In paragraph 4 of the draft OD paper attached to his minute to the Prime Minister of 10 January about Falklands fisheries, and in paragraph 9 of the Annex, the Foreign Secretary referred to an official Argentine press statement of 2 January 1985 which reiterated Argentina's refusal to recognise any measure we might take in the Falklands or the disputed sea area. The background was set out in my letter of 8 January.

The Prime Minister will wish to be aware that this statement has now been circulated in New York as a UN document. I attach a copy. In my letter of 8 January I said that we did not consider that a response to the original Argentine statement was necessary. But we clearly cannot let this latest manoeuvre go unchallenged. Sir John Thomson in New York will be circulating shortly a letter for all members of the UN rebutting the Argentine allegations.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

UNITED NATIONS

A

General Assembly

Distr.
GENERAL

A/40/72
8 January 1985
ENGLISH
ORIGINAL: SPANISH

Fortieth session

QUESTION OF THE FALKLAND ISLANDS (MALVINAS)

Letter dated 8 January 1985 from the Chargé d'Affaires a.i. of the Permanent Mission of Argentina to the United Nations addressed to the Secretary-General

On instructions from my Government, I have the honour to transmit to you the text of the press release (see annex) issued by the Ministry of Foreign Affairs and Worship of the Argentine Republic, on 2 January 1985, in connection with the question of the Malvinas Islands.

I should be grateful if you would arrange for the text of this letter and the annex thereto to be distributed as a document of the General Assembly, in connection with the question of the Malvinas Islands, and for it to be brought to the attention of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples.

(Signed) Víctor E. BEAUGÉ
Minister Plenipotentiary
Chargé d'Affaires a.i.

ANNEX

Press release

According to news reports in the international press, the Government of the United Kingdom has authorized an oil company to explore and prospect for oil in the Malvinas Islands.

As it has already stated, the Argentine Government affirms that, since the Malvinas Islands are an integral part of Argentine national territory, it does not and will not recognize any claim or the exercise of any right with regard to the exploration for or exploitation of minerals or hydrocarbons in the Islands. Accordingly, as it has also stated previously, it does not recognize and will consider irremediably invalid any activity, measure or agreement which the Government of the United Kingdom might engage in, take or adopt in connection with the island or sea territory whose sovereignty is in dispute.

Furthermore, the Argentine Government will regard the performance of acts of the type referred to above as contravening the resolutions on the question of the Malvinas Islands adopted by the United Nations, the clear aim of which is the peaceful solution of the dispute between the two countries.

The Argentine Government thus reaffirms once more its unrenounceable rights of sovereignty over the Islands and declares that positions such as the one under consideration seriously prejudice the possibility of resuming negotiations and hinder the exercise of good offices by the Secretary-General of the United Nations in implementation of the resolutions of the General Assembly.

Buenos Aires, 2 January 1985

Put this note on file.

Letter to Mr. Jenkins, Jan '88.

In signing this, I am assuming that every detail has been carefully checked

MT.

FILE RM

cc: MOD
CO

10 DOWNING STREET

THE PRIME MINISTER

14 January, 1985

Dear Mr. Foulkes.

Thank you for your letters of 13 and 21 December.

The 'three specific points' which you raise in your first letter in fact cover two groups of questions: those which relate directly to the decision on 2 May 1982 to change the rules of engagement to permit attacks on Argentine warships outside the Total Exclusion Zone, and those which concern the more general issue of the exercise of political control both in the Falklands conflict and in any future crisis.

As far as the 2 May decision is concerned, the annex to my letter to you of 19 September provided a full account, consistent with national security, of the circumstances leading to the change in the rules of engagement. Your first letter appears to be making two points about this decision: that Ministers should have been informed of the changes in the position and course of the General Belgrano reported by HMS Conqueror; and that the decision was taken on the basis of inadequate information and consideration. The question in your second letter, about when Lord Lewin was informed about the sighting of the Belgrano, is linked to the former point.

I have explained many times that the decision to change the rules of engagement was taken because of the clear and unequivocal indications of the threat to the Task Force. As

RM.

this decision did not rest on the precise course and position of the Belgrano, changes in these details during 2 May were not relevant to the decision. This is not, as you suggest, a matter of hindsight. As Lord Lewin has made clear to the Foreign Affairs Committee, he was informed early on the morning of 2 May that Conqueror had sighted the Belgrano on the afternoon of 1 May. Although HMS Conqueror's signal was received in Northwood and the Ministry of Defence on the afternoon of 1 May and both the Task Force Commander and senior staff in the Ministry of Defence were aware of the report at that time, Lord Lewin himself had no knowledge of this and his belief that it was received around midnight was mistaken. He made it clear to the Foreign Affairs Committee that he was speaking from memory on this point. As to the timing at which Lord Lewin was informed, it has not been possible for some two years after the event to establish with certainty why he was not told sooner. However the key development, which led to the subsequent consideration of a change in rules of engagement, was the clear and unequivocal indications of the threat posed by Argentine warships on 2 May.

On your second point, the implication is that the decision to change the rules of engagement on 2 May was reached in isolation. The so-called "Mandarins Committee", to which Lord Lewin referred when he gave evidence to the Foreign Affairs Committee, was not a formal committee but a highly informal group of senior officials which met as and when necessary to make sure that the process of taking and communicating decisions worked as effectively and as quickly as possible. The fact that it did not meet on the afternoon of 1 May or the morning of 2 May has no significance. The significant point is that the "War Cabinet" was meeting very frequently to discuss developments in the crisis and take the necessary decisions, and had already considered thoroughly and at length the diplomatic, military and legal implications of possible courses of action.

You also asked whether all changes in rules of

engagement were approved by the "War Cabinet". In most cases changes were approved by this body, but in a few instances a detailed change was approved by the Secretary of State for Defence within the broad principles already agreed by the "War Cabinet".

On the separate, more general issue of the implications of the handling of the Falklands conflict for future crises, I have already explained the background against which Ministers exercised political control over the Task Force in my letter of 8 October to David Owen, a copy of which was attached to my letter to you of the same date. As I said then:

> "The overriding responsibility of Ministers during the Falklands conflict was to address the strategy, both diplomatic and military, which would meet the wishes of Parliament in relation to the recovery of the Falkland Islands with the minimum of risk to those serving in the Task Force. Ministers could not discharge this responsibility on the basis of minute by minute involvement in events happening 8000 miles away."

We have of course learnt many lessons from the experience of the Falklands conflict, but because these have implications for the details of our crisis management arrangements you would not expect me to reveal them. I can say however that the conflict emphatically underlined the fundamental principle that, in any such crisis, Ministers must be responsible for the overall political and military strategy on the basis of the information and advice provided by their professional advisers but that they cannot and should not attempt to be involved in the conduct of operations on a minute by minute basis. There are good practical reasons for this; in the case of the Falklands it would have been neither realistic nor sensible for Ministers to see copies of all operational signals exchanged between Northwood and the Task Force. As in all previous conflicts, Ministers were

necessarily reliant on their senior advisers to bring together all the relevant operational information to provide the basis for strategic decision making; in this context I am happy to reiterate the conclusion of the Falklands White Paper (Cmnd 8759): "In every important respect the Government and military machines worked extremely well during the crisis".

Yours sincerely

Margaret Thatcher

George Foulkes, Esq., M.P.

TF has seen + noted

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1A 2HB

Telephone 01-218 2216 (Direct Dialling)
01-218 9000 (Switchboard)

Private Secretary to:
MINISTER OF STATE FOR
THE ARMED FORCES

D/MIN(AF)/JS/5/1/5

11 January 1985

Dear Richard,

with DRS

Mr Stanley has asked me to thank Sir Robert Armstrong for his letter of 9 January. My Minister is content that the draft letter for the Prime Minister should incorporate the slightly expanded paragraph 6 attached to Sir Robert's letter rather than the paragraph 6 in my letter of 8 January to David Barclay.

I hope you will forgive me for pointing out a small amendment which Mr Stanley has asked me to bring to your attention. He assumes that in line 13 of the new paragraph 6 "of" should read "or".

I am copying this letter to Sir Clive Whitmore and David Barclay.

Yours

JRC

J R C OUGHTON

Richard Hatfield Esq
Private Secretary to
Sir Robert Armstrong GCB CVO

FCO.

10 DOWNING STREET

THE PRIME MINISTER

11 January, 1985.

Dear Mr. Needham.

Thank you for your letter of 12 December about fishing around the Falkland Islands.

I well understand your impatience at the time it has taken to obtain an answer on your draft agreement. I have looked carefully into the reasons for this before replying to you.

I see the advantages of Taiyo's offer to take British observers on board their ships. But this is of course not the only provision of the agreement, and we must be sure that the agreement as a whole is consistent with the Government's longer term approach to fisheries in the South Atlantic. This approach is based on the need to devise arrangements for conservation and management of fishing round the Falklands which will permit a proper control to be exercised over the depletion of fishing stocks. Such control is to the advantage both of the Falkland Islanders and of commercial fishing ventures like yours. But if the arrangements which we introduce are to be effective they must have the widest possible measure of international support.

It is against the background of these general considerations that we have examined your draft agreement. The upshot is that we have identified a number of points on which we have to ask you to make amendments to the draft so as to ensure that it does not cut across future arrangements of the sort which I have described. There is also an

important technical point about the definition of the Westward limit of the fishing area defined in the First Schedule of the agreement.

I am arranging for you to receive separately details of the changes which would be required. It is only fair to point out that some of these might make the commercial prospects appear less attractive to you and your partners. But provided you can accept these changes, I can confirm that the Government would be able to approve the draft agreement.

Yours sincerely

Margaret Thatcher

C.E. Needham, Esq.

AKE

RM

cc: PC

10 DOWNING STREET 11 January, 1985

From the Private Secretary

FALKLANDS FISHERIES

The Foreign Secretary minuted the Prime Minister on 10 January about our policy on an Exclusive Fisheries Limit (EFL) around the Falkland Islands.

The Prime Minister agrees that the draft OD paper attached to the Foreign Secretry's minute should be circulated. She has commented, however, that she is very sceptical about the FAO scheme and has asked whether there are any precedents. She has also asked who 'runs' the FAO i.e. to what extent is it dominated by third world countries likely to be sympathetic to Argentina. I should be grateful for answers to these two points.

The Prime Minister has signed a somewhat revised letter to Mr. Needham about the Coalite/Taiyo Joint Venture Agreement. I have sent you a copy under separate cover and should be grateful if Mr. Needham could now be sent the detailed amendments which we require to the Joint Agreement. The Prime Minister finds the delay in giving Mr. Needham a straight answer lamentable.

(C.D. Powell)

P.F. Ricketts, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

CST

CONFIDENTIAL

CyK.

NBPM
CDP
14/1

PRIME MINISTER

I have seen Geoffrey Howe's minute of 4 January to you on further contacts with the Argentines. I agree with his proposals.

2 I feel I should draw attention to one aspect of our own embargo against Argentine imports which gives me cause for concern. The embargo is, of course, our major bargaining counter in seeking a reciprocal deal on commercial and financial relations. It is justified under Articles 36 and 224 of the Treaty of Rome. The view has been generally held that Article 224, which permits such action in the event of serious international tension constituting a threat of war, affords the stronger grounds.

3 In the past we have been confident of being able to parry a challenge to our embargo in the courts on the grounds that continued Argentine incursions into the Falkland Islands Protection Zone constituted serious international tension. But in view of the present Argentine Government's professed commitment to a peaceful solution we are not confident that this defence would hold water now. Should any company take us to court over our refusal to issue an import licence we might lose the case and with it the legal grounds for continuing the embargo.

4 In view of this potential weakness in our position our aim should be, one way or another, to get a deal on

JH4APX

commercial and financial relations as soon as possible.

5 I am copying this to Geoffrey Howe, other colleagues in OD and Sir Robert Armstrong.

NT

N T
11 January 1985

Department of Trade and Industry

ARGENTINA: Relations: Pt 39.

CDP.

PRIME MINISTER

FALKLAND FISHERIES

I attach a minute from the Foreign Secretary together with a draft OD paper on the subject of Falklands Fisheries,
A which the Foreign Secretary seeks your agreement to his circulating. The paper concludes that to declare an Exclusive Fisheries Limit (EFL) unilaterally would be intolerably expensive in terms of enforcing the zone as well as provocative internationally. It therefore recommends that we should try to find a multilateral basis on which to establish an EFL, and suggests that the FAO is probably the most appropriate organisation to use. This will not be welcome to the islanders. And you will want to be assured that sovereignty is not affected. But these are points to be explored in OD. Agree that FCS may circulate the paper? Yes MT

There is a more urgent aspect of the problem.
B Mr. Needham (Chief Executive of Coalite) has written to you to complain of the delays in getting Government approval for the proposed Joint Venture Agreement on Fisheries between Coalite and Taiyo. Investigation shows that decisions on this have been continually postponed within the Foreign Office because Ministers could not decide on a policy and Mr. Needham has been repeatedly fobbed off. The issues are difficult, for instance the Agreement as drafted could be held to commit HMG firmly to declare a unilateral EFL, and its terms would be incompatible with a multilateral regime. But Mr. Needham is understandly irritated at the delay in getting an answer.

I attach an answer to Mr. Needham. It does not commit us, in advance of OD discussion, to a multilaterally-based scheme. But it offers Government approval of the Joint Venture Agreement - which will be welcome to Mr. Needham - provided certain changes to the text are made to ensure that the Agreement itself does not prejudice HMG's eventual policy.

This will be much less welcome to Mr. Needham, but at least it is a straight answer.

Agree to sign attached letter?

C.D.P.

Yes mt

10 January 1985

CRC

2 pp's.

PM/85/3

PRIME MINISTER

Agree paper be circulated but am very sceptical about UNFAO scheme. Are there any precedents. Who may UNFAO?

Falklands Fisheries

1. We need to reach a view soon on the draft Agreement between the Coalite/Taiyo Joint Venture (CTC) and the Falkland Islands Government, about which Mr Needham wrote to you on 12 December. This raises difficult issues of timing and substance in relation to our policy on an Exclusive Fisheries Limit (EFL) around the Falkland Islands.

2. I recommended to OD a year ago that a multilateral approach to the establishment of an EFL was the least bad of the options available to us. We agreed in OD that my proposal should be considered again in the light of the progress towards the normalisation of bilateral relations with Argentina. Since then the effort to establish discussions with the Argentines in Berne and the annual UN General Assembly debate have intervened. The need for action on fisheries is now urgent. We can pursue this in parallelwith the other steps I recommend in my minute of 4 January.

3. We have three options:-

(a) to declare an EFL unilaterally. This would be prohibitively expensive, and damaging internationally

(b) continue to do nothing. But there is now growing pressure for action in Parliament and in the Islands themselves.

(c) try to find a multilateral basis on which to establish an EFL, by approaching the FAO. There is still considerable uncertainty about the economic

/viability

viability of a multilaterally-based scheme, but I believe an approach through the FAO is worth exploring. I attach at Annex A a draft paper on this subject which, provided you agree, I would like to circulate to OD colleagues.

4. If colleagues agree that we should approach the FAO, the proposed Joint Venture Agreement, in the form in which it has beenprovisionally agreed between CTC and the FIG, would be a complicating factor. It could be held to imply a legal commitment by the FIG (and therefore HMG) to declare a unilateral EFL at some point. It also provides that, once an EFL is declared, the FIG shall grant CTC a fishing licence on concessionary terms as to fees and with the right to catch up to 50% of the maximum sustainable yield of the fishing area. If an agreement on these lines were to be approved and (inevitably) made public just when we were about to open discussions with the FAO about a multilateral fisheries regime for the South West Atlantic we would have to expect the FAO and all concerned to react unfavourably to our approach. Moreover the terms of the agreement would be likely to be incompatible with whatever licensing or quota arrangements might be negotiated under FAO auspices: these would almost certainly have to be non-discriminatory. We could thus face the prospect either of a breach of our obligations to the other parties in a multilateral regime, or a breach of the Joint Venture Agreement for which compensation would have to be paid - or perhaps both.

5. The Joint Venture Agreement does however have potential advantages. It would provide for two years' exploratory fishing, with FIG observers on board, which would give the Falkland Islands Government and ourselves valuable data about fish species and stocks in the area, at much lower cost than anticipated in the Shackleton Report. Indeed the results of the exploratory phase would be helpful precisely as a base for the licensing regime we wish to establish under an EFL, balancing revenue against conservation.

6. We have consulted the Civil Commissioner about this. Apart from the research point, he agrees that it is hard to argue that the Joint Venture Agreement would have other obvious immediate and tangible economic benefits, eg processing facilities on the Islands. If forced to make a choice Rex Hunt would prefer not to jeopardise the chances of an EFL by pushing ahead with the CTC/FIG Agreement as it now stands. But he is reluctant for us to withdraw support from a promising approach for engaging the Falkland Islands Government directly in non-agricultural economic activity.

7. I see three possible options for dealing with this problem:-

(a) to tell the Falkland Islands Government, Coalite and Taiyo that we cannot allow the Agreement to go ahead at all.

(b) to tell them that we are working to establish a multilaterally-agreed regime around the Falklands, and that it would not therefore be appropriate or timely for them to conclude the proposed Agreement, as it might have to be changed very substantially in the light of the terms of the eventual EFL.

(c) to explain our policy of seeking a multilaterally-based EFL as in (b) above and to indicate changes in the Joint Venture Agreement that would be necessary to safeguard HMG's position in the negotiations, and in the event of the declaration of an EFL. The changes we would propose have been seen by the Solicitor General. To minimise the risks that Coalite and Taiyo could claim to have been misled, we would make it clear to them that the changes could make the commercial prospects considerably less attractive, depending on the terms eventually negotiated for the EFL. But CTC

might make the commercial judgement that it would be worthwhile in the meantime to get ahead with exploratory fishing which they say they need to conduct for two years to determine the commercial viability of subsequent full scale fishing operations in the area.

8. I see clear advantage in course (c). To abandon the Agreement now would be taken in Parliament and in the Islands as gratuitous obstruction of a project that is seen in the Falklands as effective and important. To put the Agreement on ice would also be seen as a retrograde step. Provided that we leave CTC in no doubt as to the implications of the changes we should require to be made to the Joint Venture Agreement, their decision whether to go ahead or to withdrawn would be (as it always has been) a matter for their commercial judgement. I enclose as Annex B a draft reply to Mr Needham. The detailed amendments we wish to make to the Agreement could most appropriately be put to Mr Needham by my officials.

9. I should be grateful to know if this is acceptable to you.

GEOFFREY HOWE

(Approved by Sir Geoffrey Howe and signed in his absence)

Foreign and Commonwealth Office

10 January, 1985

ANNEX A

DSR 11C

OD PAPER

FALKLAND ISLANDS: POSSIBLE DECLARATION OF A 200-MILE EXCLUSIVE FISHERIES LIMIT (EFL)

1. We considered on 31 January 1984 my Memoranda of 29 December 1983 and 30 January 1984 about the possibility of declaring a 200-mile Exclusive Fisheries Limit around the Falklands. I suggested that the least disadvantageous course would be to seek a multilateral solution. We agreed to look at this again in the light of progress towards more normal bilateral relations with Argentina. Since then, the effort to establish discussions with the Argentines in Berne and the annual UN General Assembly debate have intervened. The Argentines have recently put forward proposals for renewing the dialogue between us. These are unacceptable, as they reiterate the linkage with sovereignty that caused deadlock in Berne. But as I have recommended separately, this need not prevent us from pursuing, through the Protecting Powers or in international bodies, and without any linkage to the question of sovereignty, single subjects on which we should like to see progress for other reasons.

2. We need to take decisions soon on fisheries. It may be necessary to de-couple the question from the normalization process as such. There is strong pressure for a 200-mile EFL. It is the only major recommendation in the Shackleton Report that has not been implemented;

and the Islanders very much want it. Fishing interests and conservationists are concerned at the rapid depletion of stocks. These anxieties have led to repeated calls in Parliament for early declaration of an EFL, though the Report of the Select Committee on Foreign Affairs argues that the practical and political difficulties are too great to justify this, at least unless it were done in consultation with neighbouring countries.

3. The FAC also call on the Islanders to contribute actively to fishing in the area. The Falkland Islands Government has negotiated a draft Agreement with a Joint Venture between Coalite and the Japanese company Taiyo. The parties are pressing for our go-ahead to sign the Agreement. It would provide for two years' exploratory fishing, but the problem is that, as it stands, it would cut across our pursuit of a multilaterally-based EFL. [Depending on policy decisions] Action is in hand to secure suitable amendments.

4. The Islanders favour a unilateral declaration of an EFL. But the international and financial penalties of this would be very severe. We would in practice have to arrest the vessels of other nations refusing to accept our regime. The Argentine Government has recently reiterated that it will not recognise any measure we might take in the Falklands or in the disputed sea area. The Soviet Union, Poland and Spain provide the largest fishing fleets in the area and support Argentina's sovereignty claim, so we would risk creating disputes

with them. Enforcement costs would be prohibitive. It would not be possible to draw on garrison resources for this task. (Financial aspects are discussed further in the Annex, which also addresses the other questions I was asked to follow up after our last meeting on this subject).

5. If we are not to pursue the unilateral route, we have two options. The first, to continue to do nothing, is not proving advantageous to anyone except the foreign fishing fleets, and arouses considerable criticism here and in the Falklands, for the reasons given in paragraph 2.

6. The second option is to explore through an appropriate international organization the possibility of establishing a regional conservation and licensing scheme under multilateral auspices. The projections in the Annex suggest that a multilateral regime would be likely to yield little if any net revenue to the Falkland Islands Government, at least in the early years. But the cost of doing nothing also needs to be borne in mind, in particular the uncontrolled depletion of fish stocks.

7. On balance therefore I believe that the least bad option open to us is to explore a multilateral approach. The Food and Agricultural Organization (FAO) seems the appropriate forum. I recognize that there are many difficulties which will need to be surmounted. But the general subject will not be new to them; the Argentines

themselves have recently approached the FAO for help in developing their fishing industry and the FAO have responded by sending a technical mission to Buenos Aires. It is also important that the Argentine presentation should not be left to stand unchallenged.

8. The FAO are wary of politically sensitive subjects, but they ought,on grounds of rational management and conservation, to favour involvement in a joint approach. The World Fisheries Conference in Rome in June called for closer international co-operation in fisheries management, and an FAO Working Group recommended in August a mechanism for the management of the fishery resources of the Patagonian Shelf.

9. The FAO would probably need to be convinced that the scheme was justified from a technical and economic point of view. We also wish to emphasise this aspect rather than the political factors. They might also want to be satisfied that discussion of a multilateral scheme would not be rejected out of hand by the governments concerned. We could accordingly ask the FAO to set up a meeting of interested parties (which would have to include Argentina as well as the UK). The scheme would stand a better chance of general acceptance if regional governments such as Brazil and Uruguay, and other nations fishing in the area, could be involved; we should aim to achieve that.

10. A collaborative approach through the FAO would be strictly without prejudice to our position on

sovereignty. We have made it plain to the Argentines on many occasions that we are not prepared to negotiate on this in any forum. But a multilateral arrangement might interest the Argentine Government. Falklands waters are not, as they claim, one of their traditional fishing grounds, but their fishing industry is in serious difficulties and is looking for fresh fishing grounds to the south; they will therefore share the concern about stocks there.

11. A multilateral licensing arrangement would produce less licence revenue for the Islanders than they anticipate from a unilateral EFL, but their expectations are based on the highly questionable assumption that a unilateral EFL would be respected by the main fishing states. The overall cost of enforcement is discussed in the Annex.

12. The prospects for a successful multilateral approach are uncertain. But a determined effort to establish a multilateral regime will show to all concerned that we are serious about finding a solution to the fisheries problem, and we should be better placed if we have to consider alternative courses later on.

RECOMMENDATIONS

13. I seek colleagues' agreement to the following action:-

(a) We should approach the FAO urgently, at senior

official level, to explore their willingness to provide a framework within which a multilateral fisheries regime could be discussed and if possible established; and to arrange consultations on the subject between interested states (which would have to include Argentina).

(b) This approach should be made public, but in a low key.

(c) We should ensure that the Falkland Islands Government understand our objectives and tactics.

DSR 11C

ANNEX: QUESTIONS TO BE FOLLOWED UP AFTER OD MEETING OF 31 JANUARY 1984

I. FINANCIAL APPRAISAL OF THE COSTS OF ESTABLISHING A 200-MILE EFL AROUND THE FALKLAND ISLANDS

INCOME FROM AN EFL

1. Full co-operation of Argentina and the other fishing nations would be needed to provide substantial profit.

2. Revenue from licence fees will be determined by the value of the fish taken from a 200-mile zone. Pending the results of oceanographic research, the most authoritative survey available to us of resources and likely income suggests that the maximum sustainable yield in any Falklands 200-mile zone would be some 210,000 tonnes (plus or minus 20%), and that at mid-1984 prices this size of catch would be worth £37 million at first-hand sale (or £60 million on European markets). If licences were priced at 5% of the first-hand value of the catch (a normal rate) this would yield £1.85 million a year. It is also possible that significantly larger quantities of squid than estimated are being taken from Falklands waters, which would generate a higher licence fee income.

3. A more optimistic projection would be to take the upper end of the estimated annual yield (252,000 tonnes), and to assume licences priced at 7%, provided this were acceptable in market terms. This would yield an income of £3.1m pa.

4. If the licence fee concessions envisaged in the draft Coalite/Taiyo/FIG Agreement were permitted under the terms of a multilateral régime, they would reduce the income to the Falkland Islands Government by £2.8m over the 7½ years of the commercial fishing Agreement.

5. Under a unilateral EFL both the income and the costs of policing would fall to the FIG. Under a multilateral arrangement the position could be the same (with the benefit for the Argentines and others being access to fishing); alternatively, a share-out of income and costs might have to be negotiated in setting up an EFL.

COSTS OF RUNNING AN EFL

6. Military policing of a unilaterally-declared EFL would be prohibitively expensive: the Ministry of Defence estimate that it would cost a minimum of £49 million in capital outlay (three vessels at £13 million each and an aircraft at £10 million), plus £12 million per annum in running costs (£5 million for the vessels and £7 million for the aircraft). There would be no scope for deploying warships or aircraft of the Falklands garrison on the task.

7. A system of self-policing is advocated by the Islanders; but an effective one is virtually inconceivable in present circumstances. A system of monitoring, surveillance and enforcement of an EFL that has been established as part of a multilaterally-agreed system is the only realistic option. MAFF have advised

that the most cost-effective method would be an arrangement for a multi-role surveillance system. Such a system run exclusively by the FIG would cost around £3 million p.a. plus fuel. The scheme would involve chartering an oceanographic research and survey vessel, with a crew of 35-50, which would draw on the support of an Island-based aircraft to patrol the fisheries zone. Again, it would not be possible to draw on the resources of the Falklands Garrison.

NET FINANCIAL POSITION

8. This looks precarious, unless it becomes possible to institute a multilateral surveillance and control system based on the co-operation of foreign fishing nations, including Argentina. But any net income from licences would be of significant benefit to the Falkland Islands budget, which runs at about £5 million p.a., and has recently for the first time been close to deficit.

II. POSSIBLE BRITISH RESPONSES TO ANY NEW UNILATERAL DECLARATIONS BY ARGENTINA CLAIMING FISHING OR OTHER EXPLOITATION RIGHTS OVER AREAS OVERLAPPING WITH OR SURROUNDING THE FALKLAND ISLANDS

9. Argentina has already declared its sovereignty over an area extending 200 miles from its territory, in a law of December 1946. This was succeeded by a Decree of 1967 and has been reinforced by later legislation. Although the legislation does not specifically mention the Falkland Islands, Argentina has made quite clear on numerous occasions (most recently in an official

statement on 2 January 1985) that it regards them as part of its national territory and also that the limits extend over an area 200 miles around the Falkland Islands. Argentine naval vessels have arrested foreign fishing vessels in waters within 200 miles of the Falklands on a number of occasions in the past. We have reserved our position on each occasion that such arrests were made and when new legislation has been passed. Should Argentina now declare a new 200-mile zone we could easily issue another statement reserving our position.

10. In short, existing Argentine claims are so extensive that additional claims could be readily countered along the lines of dispositions already made.

III. HOW BEST TO PRESENT THE ISSUES INVOLVED IN THE POSSIBLE DECLARATION OF A 200-MILE EFL TO THE FALKLAND ISLANDERS

11. It will not be easy to move the Falkland Islanders away from their strong preference for a unilateral declaration of a 200-mile EFL and persuade them to accept a regional solution. The Falkland Islands Government, collectively and individually, have been warned in general terms of the political and financial hazards of a unilaterally-based system. We have also explained the desirability of a non-confrontational approach. In further consultations with the Islanders, it might be necessary to point out that a very expensive unilaterally-based scheme would have dire effects on the FIG budget. We should also emphasise that a declared

zone which cannot be effectively maintained would be of little practical use either in economic or conservation terms. It is worth bearing in mind that we should be able to draw upon the support of conservationists in persuading the Islanders that a multilateral approach is the only feasible solution for conserving stocks.

12. We would also need to make it very plain that there is no question of a direct bilateral arrangement with the Argentines. We would need to rebut charges that our unwillingness to declare an EFL unilaterally was an indication of any weakening in our stand on the sovereignty issue. In emphasising the political as well as the financial advantages of an internationally-based scheme, we would point out that this too involved no loss of resolve over sovereignty.

CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

10 January 1985

Falklands/Argentina:
Message from Chancellor Kohl

Thank you for your letter of 10 January. I agree that it makes sense to delay a reply to Chancellor Kohl's message until after the Anglo/German Summit.

Charles Powell

Peter Ricketts Esq
Foreign and Commonwealth Office.

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

10 January, 1985

Dear Charles,

Falklands/Argentina: Message from Chancellor Kohl

In his letter of 28 December, Tim Flesher asked for a draft reply to the message from Chancellor Kohl, dated 5 December in response to a message from the Prime Minister.

The Prime Minister has agreed with the Foreign Secretary's recommendations in his minute of 4 January about policy towards Argentina, including the point that we should not reveal until after the multilateral session of the Paris Club on 15-16 January our intention to pursue in the bilateral Paris Club negotiations the lifting of commercial and financial restrictions: only if the multilateral proceedings pass off satisfactorily can we be sure that the subsequent bilateral exchanges could provide an opportunity to speak to the Argentines about commercial and economic restrictions. This should be clear by the time of the Anglo/German Summit on 18 January.

Given that any reply at this stage would not be able to refer to the substantive steps we have in mind, we recommend it would be better not to take a decision on whether to send Chancellor Kohl a written reply until after the Summit. The Prime Minister might take an opportunity, during the Summit, to explain how we see the way ahead in our bilateral relations with Argentina. We shall provide a brief for the Prime Minister meeting on the points raised in Chancellor Kohl's message.

Once the outlook for our Paris Club tactics is clear we shall brief other Allies and Partners, as well as the Germans, about how we aim to pursue our policy of seeking to develop relations with Argentina on a realistic basis.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

ARGENTINA
Rels
PR39

70 WHITEHALL, LONDON SW1A 2AS

01-233 8319

From the Secretary of the Cabinet and Head of the Home Civil Service

Sir Robert Armstrong GCB CVO

Ref. A085/80

9 January 1985

Dear John,

You sent Richard Hatfield yesterday a copy of your letter to David Barclay, enclosing a draft for the Prime Minister to send to Mr George Foulkes letters of 13 and 21 December.

When I saw Mr Stanley in 10 Downing Street yesterday, he said that he would like me to clear the reference in paragraph 6 of the draft of the so called " Mandarins Committee".

I can understand why the Minister of State thinks that the reply should contain some reference to that group, given the prominence Mr Foulkes gives to it in his letters. I think that the trouble about the reference in the draft enclosed with your letter is that it refers to the group without really attempting any explanation to why the fact that it had not made it on 1 or 2 May as unimportant in this context. I should like to suggest an expansion of the reference designed to meet this point and I attach a revised version of paragraph 6 of the draft accordingly.

I am sending copies of this letter and of the revised draft paragraph to Sir Clive Whitmore and David Barclay.

Yours

R

(Approved by Sir Robert Armstrong and signed in his absence).

J R C Oughton Esq

DRAFT

6. On your second point, the implication is that the decision to change the ROE on 2 May was reached in isolation. The so-called "Mandarins Committee", to which Lord Lewin referred when he gave evidence to the Foreign Affairs Committee, was not a formal committee but a highly informal group of senior officials which met as and when necessary to make sure that the process of taking and communicating decisions worked as effectively and as quickly as possible. The fact that it did not meet on the afternoon of 1 May of the morning of 2 May has no significance. The significant point is that the "War Cabinet" was meeting very frequently to discuss developments in the crisis and take the necessary decisions, and had already considered thoroughly and at length the diplomatic, military and legal implications of possible courses of action.

(2)

Foreign and Commonwealth Office

London SW1A 2AH

8 January, 1985

Prime Minister
You enquired about this.
CDP 8/1

Dear Charles,

Falklands: Oil Exploration

attached

You asked in your letter of 7 January for the background to the Argentine complaints reported in Bisba telegram number 1 over the licence granted to Firstland Oil and Gas to conduct exploratory drilling for oil in the Falklands.

Firstland Oil and Gas plc is a British based and owned company. They approached the Falkland Islands Government in June 1984 for permission to carry out on-shore prospecting for oil and gas at Douglas Station, a 136,000 acre farm in East Falkland.

A prospecting licence was issued to Firstland by the Falkland Islands Government, who had consulted us through the Civil Commissioner, on 19 July 1984. The licence is initially for four years duration. Should oil be discovered, a new licence for the commercial extraction of oil would need to be negotiated. A Firstland geologist has been carrying out preliminary tests in the Islands and on the basis of this it is possible that the first exploratory well will be sunk sometime in April or March.

Parliament was informed of the project in written Parliamentary Answers on 23 July and 25 October by Mr Whitney and Mr Renton respectively. These attracted little interest at the time.

The suggestion that Firstland Oil and Gas is an American firm may be based on the fact that it has hitherto been most active in the United States, as has its associated oil production company, Petronol. This is the first licence to be issued by the Falkland Islands Government for oil exploration. The only detailed geological survey into the mineral potential of the Falkland Islands was published in 1924, although individual members of the British Antarctic Survey have from time to time conducted research into the potential on the Falkland Islands of specific minerals (but not oil). Nothing in the Shackleton Report or in our recent discussions with the oil industry generally suggests that a major find is likely.

/The

Foreign

The Argentine Ministry of/Affairs issued a statement on 2 January reaffirming the Argentine Government's "unyielding rights to sovereignty over the Falkland Islands" and asserting that it did not regard this or any other similar agreement as valid. The Foreign Minister initially threatened to take the matter to the United Nations but our latest information is that he has withdrawn from this exposed position. It is not clear why the Argentine Government have raised this matter at this time (since we understand that they have known about the Firstland licence ever since it was made public in this country). Our Interests Section in Buenos Aires consider that it may be related to the Argentine Government's domestic political need to adopt a tough nationalist posture whilst they are seeking ratification of the Beagle Channel treaty with Chile.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1A 2HB

Telephone 01-218 2216 (Direct Dialling)
01-218 9000 (Switchboard)

From:
Private Secretary to
MINISTER OF STATE FOR
THE ARMED FORCES

8 January 1985

GR RAMBACH

pse type attached draft but substitute ~~para~~ RTA para 6 for original draft.

T.

Dear David,

... I attach a draft reply for the Prime Minister to send to Mr George Foulkes' letters of 13 and 21 December 1984. This has been cleared by Mr Stanley after detailed discussions with Lord Lewin, and with Sir John Fieldhouse, Sir Clive Whitmore, and other MOD officials.

I am sending a copy of this letter to Richard Hatfield (Cabinet Office).

Yours,

John Oughton

J R C OUGHTON

David Barclay Esq
10 Downing Street.

DRAFT LETTER FROM THE PRIME MINSTER TO MR GEORGE FOULKES MP

Thank you for your letters of 13 and 21 December.

2. The "three specific points" which you raise in your first letter in fact cover two groups of questions: those which relate directly to the decision on 2 May 1982 to change the rules of engagement (ROE) to permit attacks on Argentine warships outside the Total Exclusion Zone, and those which concern the more general issue of the exercise of political control both in the Falklands conflict and in any future crisis.

3. As far as the 2 May decision is concerned, the annex to my letter to you of 19 September provided a full account, consistent with national security, of the circumstances leading to the change in the ROE. Your first letter appears to be making two points about this decision: that Ministers should have been informed of the changes in the position and course of the General Belgrano reported by HMS Conqueror; and that the decision was taken on the basis of inadequate information and consideration. The question in your second letter, about when Lord Lewin was informed about the sighting of the Belgrano, is linked to the former point.

4. I have explained many times that the decision to change the ROE was taken because of the clear and unequivocal indications of the threat to the Task Force. As this decision did not rest on the precise course and position of the Belgrano, changes in these details during 2 May were not relevant to the decision. This is not, as you suggest, a matter of hindsight.

5. As Lord Lewin has made clear to the Foreign Affairs Committee, he was informed early on the morning of 2 May that Conqueror had sighted the Belgrano on the afternoon of 1 May. Although HMG Conqueror's signal was received in Northwood and the Ministry of Defence on the afternoon of 1 May and both the Task Force Commander and senior staff in the MOD were aware of the report at that time, Lord Lewin himself had no knowledge of this and his belief that it was received around midnight was mistaken. He made it clear to the Foreign Affairs Committee that he was speaking from memory on this point. As to the timing at which Lord Lewin was informed, it has not been possible some two years after the event to establish with certainty why he was not told sooner. However the key development, which led to the subsequent consideration of a change in rules of engagement, was the clear and unequivocal indications of the threat posed by Argentine warships on 2 May.

6. On your second point, the implication is that the decision to change the ROE on 2 May was reached in isolation. The so-called "Mandarins Committee" to which Lord Lewin referred at the Foreign Affairs Committee was simply an informal group of senior officials concerned with the Falklands campaign. The important fact which your letter ignores is that the "War Cabinet" was meeting very frequently to discuss the latest developments in the crisis and had already considered the diplomatic, military and legal implications of possible courses of action at considerable length.

7. You also asked whether all changes in ROE were approved by the "War Cabinet". In most cases changes were approved by this body, but in a few instances a detailed change was approved by the Secretary of State for Defence within the broad principles already agreed by the "War Cabinet".

8. On the separate, more general issue of the implications of the handling of the Falklands conflict for future crises, I have already explained the background against which Ministers exercised political control over the Task Force in my letter of 8 October to David Owen, a copy of which was attached to my letter to you of the same date. As I said then:

> "The overriding responsibility of Ministers during the Falklands conflict was to address the strategy, both diplomatic and military, which would meet the wishes of Parliament in relation to the recovery of the Falkland Islands with the minimum of risk to those serving in the Task Force. Ministers could not discharge this responsibility on the basis of minute by minute involvement in events happening 8000 miles away."

We have of course learnt many lessons from the experience of the Falklands conflict, but because these have implications for the details of our crisis management arrangements you would not expect me to reveal them. I can say however that the conflict emphatically underlined the fundamental principle that, in any such crisis, Ministers must be responsible for the overall political and military strategy on the basis of the information and advice provided by their professional advisers but that they

cannot and should not attempt to be involved in the conduct of operations on a minute by minute basis. There are good practical reasons for this; in the case of the Falklands it would have been neither realistic nor sensible for Ministers to see copies of all operational signals exchanged between Northwood and the Task Force. As in all previous conflicts, Ministers were necessarily reliant on their senior advisers to bring together all the relevant operational information to provide the basis for strategic decision-making; in this context I am happy to reiterate the conclusion of the Falklands White Paper (Cmnd 8759): "In every important respect the Government and military machines worked extremely well during the crisis".

File DSG
DG2AA4

10 DOWNING STREET

From the Private Secretary

7 January 1985

FALKLANDS: OIL EXPLORATION

The Prime Minister has noted from BISBA telegram no.1 that the Argentine press are claiming that Britain has granted oil exploration rights in the Falklands to the American firm Firstland Oil and Gas. She would be grateful to know whether this is the case and, if so, to have details.

Charles Powell

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

FILE DSS
cc: SPC
OD: LCO CO
HMT DTI
LPO CDLO
MOD
LPSO

10 DOWNING STREET

From the Private Secretary

7 January 1985

FALKLANDS/ARGENTINA: NEXT STEPS

The Prime Minister has considered the Foreign Secretary's minute of 4 January dealing with aspects of our policy over the Falklands. She is in general content with the recommendations.

The Prime Minister agrees that the Argentine Foreign Minister's proposal set out in Berne telegram no. 379 of 1984 is unacceptable and must be rejected. This must be made clear to the Argentine Government and also to the protecting powers. The Prime Minister also agrees that we should pursue the lifting of commercial and financial restrictions in the context of the bilateral Paris Club negotiations, though should delay suggesting this until after the multilateral session of the Paris Club on 15/16 January.

As regards the idea of an Argentine next of kin visit to the Falklands, the Prime Minister agrees that we should restate our position while making absolutely clear that any visit would have to be under the auspices of, and supervised by, the International Red Cross.

The Prime Minister notes that further proposals will be forthcoming about fisheries. There is a pressing need for these, particularly in the light of the insistent approaches from Mr. Needham.

I am copying this letter to the Private Secretaries of members of OD and to Richard Hatfield (Cabinet Office).

Charles Powell

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

564

ARGENTINA
Press Summary

PS
PS/LADY YOUNG
PS/MR KENTON
PS/MR RIFKIND
PS/PUS
MR DEREK THOMAS
MR J FREELAND
SIR W HARDING
MR GOODALL
MR O'NEILL
~~SIR C MAXWELL~~
MR D C THOMAS
MR WESTON
MR BRINGTON
ED/PUSD (2)
ED/SAMD
ED/FID
ED/NEWS DEPT
~~ED/PSD~~
ED/ECD (E)
ED/UND

PS/NO 10 DOWNING ST
PS/S OF S FOR DEFENCE
MR ~~R~~ NICHOLLS, AUSD STAFF, MOD
NH

PS/CHANCELLOR)
MISS M E CUND) TREASURY
MR LITTLER)

SIR R ARMSTRONG)
MR ~~A D S GOODALL~~) CABINET
DIO Cartledge) OFFICE

MR POWER, SAD, ODA

MR A FORTNAM IAT/D. TRANSPORT

RESIDENT CLERK

GRS 900

UNCLASSIFIED

IMMEDIATE

(FM BERNE 081330Z)

FM BISBA

ADVANCE COPY

TO IMMEDIATE FCO

Please see over. CM.

TELNO 11 OF 7 JANUARY 1985

INFO PRIORITY MOD (SIC A3A), CBFFI BANK OF ENGLAND BRASILIA MONTEVIDEO SANTIAGO UKMIS NEW YORK WASHINGTON PORT STANLEY

PRESS SUMMARY

1. SUMMARY

HEADLINES OVER THE WEEKEND CONCENTRATE ON THE FORTHCOMING US/USSR NEGOTIATIONS IN GENEVA, THE ARGENTINE GOVERNMENT'S ECONOMIC PLAN AND EFFORTS TO PROMOTE CONSULTATIONS BETWEEN BUSINESS, LABOUR AND GOVERNMENT OFFICIALS TO DISCUSS THE ECONOMY IN 1985.

2. POLITICAL INTERNAL

ELECTIONS TO ELECT HALF OF THE NATIONAL CONGRESS WLL BE HELD ON 3 NOVEMBER BY DECISION OF THE GOVERNMENT. IF PROVINCIAL LEGISLATURES WISH TO COMBINE THEIR LOCAL ELECTIONS WITH THE NATIONAL ELECTION THEY MAY DO SO (LA NACION SUNDAY P1).

AGREEMENT WAS REACHED BETWEEN REPRESENTATIVES OF THE FEDERAL GOVERNMENT AND THOSE FROM NON-RADICAL PARTY RULED PROVINCES ON THE SHARE OF TAX REVENUE TO BE RECEIVED BY THE LATTER DURING 1985. HOWEVER THERE WAS NO AGREEMENT ON THE BASIC BUDGET FIGURE

1985. HOWEVER THERE WAS NO AGREEMENT ON THE BASIC BUDGET FIGURE TO WHICH THE CALCULATION SHOULD BE APPLIED. PROVINCIAL MINISTERS WANTED THIS TO BE 193 BILLION PESOS - FIGURE INCLUDED IN LAST YEAR'S BUDGET. THE FEDERAL GOVERNMENT DOES NOT WISH TO EXCEED LAST YEAR'S REFUND OF 145 BILLION PESOS.

3. FALKLANDS

ARGENTINE MFA SOURCES SUGGESTED THAT THEY WERE CONSIDERING SENDING A NOTE TO THE UN AND TO THE SWISS EMBASSY IN BUENOS AIRES PROTESTING ABOUT THE GRANTING OF LICENCES FOR OIL EXPLORATION IN THE FALKLANDS (CLARIN SUNDAY P10).

CONGRESSMAN AGOSTO CONTE (CHRISTIAN DEMOCRATS) RECOMMENDED THE EXPROPRIATION OF BRITISH PROPERTY IN ARGENTINA TO THE VALUE OF ANY PETROLEUM EXTRACTED FROM THE FALKLANDS FOLLOWING THE LICENCING OF FIRSTLAND OIL AND GAS COMPANY TO EXPLORE AND EXPLOIT HYDROCARBON IN THE AREA. SENATOR LUIS LEON ALSO RECOMMENDED THE EXPROPRIATION OF KNOWN OR HIDDEN BRITISH PROPERTY IN ARGENTINA (CLARIN SATURDAY P10-11).

THE BA HERALD IN AN EXTENSIVE ARTICLE REPORTED IN GREATER DETAIL THAN OTHER PAPERS THE TERMS OF THE LICENCE AND SUGGESTED THAT THE ARGENTINE MFA WAS MAKING DELIBERATELY A FUSS ABOUT NOTHING. THE NATIONALISTIC PAPER LA NACION REPRODUCED MUCH OF THE HERALD COMMENT (HERALD P3, NACION P7 - SUNDAY).

OIL EXPLORATION CONCESSIONS BY GREAT BRITAIN IN THE FALKLANDS ARE SEEN BY LATIN AMERICAN DIPLOMATIC OBSERVERS IN BUENOS AIRES AS EVIDENCE OF A HARDER BRITISH LINE IN ITS DIFFERENCES WITH ARGENTINA (TIEMPO MONDAY P6).

4. NEGOTIATIONS

THE SERIOS AND RESPECTED FINANCIL PAPER AMBITO FINANCIERO PUBLISHED THE TEXT OF A PROPOSAL FOR AN ARGENTINE STRATEGY TO RECOVER PEACEFULLY THE FALKLAND ISLANDS. THE DOCUMENT, STATED TO HAVE BEEN PREPARED BY A SENIOR ARGENTINE DIPLOMAT NOW SERVING ABROAD, IS SAID TO HAVE HAD A STRONG IMPACT IN OFFICIAL CIRCLES. THE PROPOSAL POINTS OUT ACTION IN THE UN IS INSUFFICIENT TO PRESSURE BRITAIN AND THAT IN TIME UN SUPPORT FOR ARGENTINA COULD WEAKEN. THE PROPOSED ALTERNATIVE STRATEGY SHOULD BE PRESENTED TO THE UN SECRETARY GENERAL AND MEMBER COUNTRIES WITH PARTICULAR ATTENTION TO SPECIFIC BLOCKS SUCH AS THE EUROPEAN COMMUNITY, THE BRITISH COMMONWEALTH AND NON-ALIGNED NATIONS. BASICALLY THE PROPOSAL SUGGESTS A FOUR-STAGE STRATEGY, WITH FAILURE IN THE NEGOTIATION FREEING BOTH PARTIES FROM ANY AGREEMENT REACHED UP TO THAT STAGE. THERE IS NO MENTION OF 'LINKAGE'

THE FOUR STAGES PROPOSED ARE:

A. THE CREATION OF FAVOURABLE CONDITIONS THROUGH THE REMOVAL BY BOTH PARTIES OF FACTORS WHICH MIGHT IMPEDE SUBSEQUENT STAGES IN THE NEGOTIATIONS.

B. EXPLORATION OF THE VARIOUS PROBLEMS TO BE NEGOTIATED, THE PERIOD OF NEGOTIATION AND THE WILLINGNESS OF BOTH SIDES TO NEGOTIATE. THE AIM WOULD BE TO FACILITATE A FINAL AND FRIENDLY AGREEMENT BY BOTH SIDES ON SOVEREIGNTY. THE PERIOD ENVISAGED FOR THIS STAGE IS SIX MONTHS TO ONE YEAR AND DIPLOMATIC RELATIONS WOULD BE RESTORED AS AN INTEGRAL PART OF IT. THIS EXPLORATION WOULD BE CARRIED OUT WITH THE COOPERATION OF THE UN SECRETARY GENERAL AND TWO COUNTRIES EXERCISING THEIR GOOD OFFICES, ONE FOR EACH SIDE.

C. FORMAL NEGOTIATIONS WHICH WOULD TAKE AN ENVISAGED 2-5 YEARS

C. FORMAL NEGOTIATIONS WHICH WOULD TAKE AN ENVISAGED 2-5 YEARS DURING WHICH THE POINTS SUGGESTED IN B, ABOVE WOULD BE NEGOTIATED. THE END OF THIS STAGE WOULD INVOLVE RECOGNITION OF ARGENTINE SOVEREIGNTY AND THE TRANSFER OF THE ADMINISTRATION OF THE ISLANDS TO THE UN AND THE QUOTE GOOD OFFICES UNQUOTE COUNTRIES.

D. A PERIOD OF 10 YEARS DURING WHICH THE INTERNAL ADMINISTRATION OF THE ISLANDS WOULD BE CARRIED OUT AS ABOVE WITH THE CREATION OF CONFIDENCE BUILDING BETWEEN THE ISLANDS AND MAINLAND AND THE ELECTION OF A LOCAL ASSEMBLY, GUARANTEED BY THE UN.

THE CONCLUSION OF THE PAPER IS THAT WHETHER SUCCESSFUL OR NOT, THIS PLAN WOULD HAVE A POSITIVE EFFECT IN CHANGING THE IMAGE OF ARGENTINA OVERSEAS, IMPROVING ITS INTERNATIONAL SUPPORT AND FURTHER ISOLATING THE UK IF IT REFUSED SUCH NEGOTIATIONS(AMBITO FINANCIERO MONDAY P9 - SEPARATE TELEGRAM AND TRANSLATION OF ARTICLE TO FOLLOW).

5. BELGRANO

SEVERAL PAPERS CARY AN ANSA REPORT THAT ARGENTINE NAVY MESSAGES DECYPHERED BY GCHQ REVEALED THAT THE CRUISER BELGRANO WAS NOT PART OF THE 'PINCER' MOVEMENT IN WHICH THE AIRCRAFT CARRIER 25 DE MAYO PARTICIPATED.

6. ECONOMY

INTRANSIGENT PARTY LEADER OSCAR ALENDE YESTERDAY SAID THAT TOO MUCH MONEY WAS GOING INTO PAYING OFF ARGENTINA'S FOREIGN DEBT, POINTING OUT THAT 60 PER CENT OF EXPORTS AND 40 PER CENT OF GDP WERE USED FOR THIS PURPOSE (HERALD MONDAY P5).

7. PARLIAMENTARIANS

JULIO AMOEDO, PRESIDENT OF THE SENATE COMMISSION FOR INTER-PARLIAMENTARY RELATIONS, WILL PARTICIPATE IN A SEMINAR ON THE FALKLANDS FROM 17-21 JANUARY AT THE UNIVERSITY OF MARYLAND. BRITISH PARLIAMENTARIANS WILL BE PRESENT. THIS WILL BE THE FOURTH SUCH MEETING, PREVIOUS ONES TAKING PLACE IN GENEVA (MARCH 1984), BUENOS AIRES (JUNE 1984 WITH TOWNSEND AND KENNET) AND BUENOS AIRES (SEPTEMBER 1984 WITH ANDERSON) (LA RAZON SUNDAY P9).

8. VISITORS

VICE PRESIDENT VICTOR MARTINEZ WILL HEAD THE OFFICIAL ARGENTINE DELEGATION TO THE INAUGURATION OF NICARAGUA'S PRESIDENT DANIEL ORTEGA. HE WILL BE ACCOMPANIED BY THE MFA'S SECRETARY FOR INTERNATIONAL RELATIONS, MRS ELSA KELLY (CLARIN USNDAY P11)..

SHARKEY

POWELL-JONES

NNNN

SENT/RECD AT 081400Z KR//GCD

Prime Minister
This seems a sensible approach.
Agree:
i) to reject Argentine proposals for renewal of the dialogue?
ii) to pursue lifting of commercial & financial restrictions in the context of Paris Club bilaterals?
iii) re-state our offer on next-of-kin visits?
CDP 4/1

PM/85/2

PRIME MINISTER

Falklands/Argentina: Next Steps

1. You asked me to consult you closely in the preparation of our reply to the Argentine proposals communicated to us through the Swiss on 4 December. I have also been looking at other aspects of our policy. The two central themes remain to stand by our commitments to the Islanders, and to be ready to explore practical means of restoring more normal bilateral relations with Argentina. The purpose of this minute is to put forward proposals on how we should handle the various issues in a coherent and coordinated way.

The Argentine Message

2. The Argentine Foreign Minister's proposal (set out in the enclosed telegram) is unacceptable. It reaffirms the linkage which brought the Berne talks to deadlock by stipulating that, before any discussion of normalisation could start, we would have to accept the Argentines' three-phase package as a whole, including discussion of "the political status of the Islands and their inhabitants". That is simply a euphemism for discussion of sovereignty. Moreover, one of the lessons of Berne was that the more elaborate the framework, the greater the scope for Argentine ambiguity and back-tracking.

3. Nevertheless, I am sure that it is right to maintain our policy of seeking more normal relations with Argentina. I propose that our approach should be to identify single subjects, including individual components of the Berne package, in which we could seek to make progress when conditions are ripe. We should continue to make it absolutely clear to the Argentines at every stage that we cannot agree to any arrangement in which

/discussion

discussion of sovereignty forms any part.

4. Our efforts to establish more normal relations with Argentina at the Berne talks contributed significantly to the satisfactory vote in the UN General Assembly, and has eased pressure on us from our friends to discuss sovereignty. The Report of the Foreign Affairs Committee has acknowledged the wisdom of our policy of seeking progress through practical arrangements for improving bilateral relations, with sovereignty left aside. Many people at home and overseas will expect us to show that we remain ready to approach our relations with Argentina sensibly and constructively. You will have seen Kohl's message about this. Meeting these expectations will help to keep our European partners and others on board at the United Nations in future. At home there is pressure from British companies (eg importers of Argentine wool and maize, and those who complain about restrictions on the imports of books) for the lifting of our ban on Argentine goods.

5. I therefore propose that we should tell the Argentines in unequivocal terms that we cannot enter into any exchanges on the basis they have put forward: we remain committed to normalising relations through confidence-building measures, but there must be no linkage between this and discussion of sovereignty. This must be understood equally clearly by the Protecting Powers: I see them as acting strictly as our agents, as a channel of communication, and not seeking to convoke new talks, still less to mediate between us and Argentina.

Economic and Commercial Restrictions

6. Like you, I agree with Paul Channon's suggestion that, in the context of the Paris Club proceedings on the rescheduling of the Argentine debt, it should be put to the Argentines - without recourse to formal bilateral negotiations - that the two sides should lift the commercial and financial restrictions now in place.

/Timing

Timing and Tactics in the Paris Club

7. Officials in the FCO, DTI and Treasury agree that it would be wiser not to try to engage the Argentines on commercial restrictions at the multilateral session of the Paris Club on 15-16 January. I am sure this is right. To do so could assume an undesirably high profile, and could politicise and complicate the debt re-scheduling exercise. In their current mood, the Argentines could well protest that we were introducing extraneous conditions and reject our ideas out of hand. We would then end up gaining nothing from the Argentines (and irritating our partners) rather than encouraging them to consider seriously the mutual benefits of the pragmatic approach we are advocating.

8. The subsequent bilateral Paris Club negotiations would have the advantage of informality and more flexible timing. They are likely to start in March; ECGD aim to complete them by June. As Paul Channon has suggested, we could justifiably present proposals for the reciprocal lifting of commercial restrictions as being in the long-term interests of the Argentine economy. It would not be appropriate for our negotiating position to be such that it could be construed as an attempt to trade off debt rescheduling for restoration of commercial relations, since we should already have committed ourselves at the multilateral meeting to going along with the rescheduling. But it would be reasonable for our representatives to build on the logical connection between the two.

9. We shall need to choose the occasion with a view to ensuring as far as we can that the Argentine Representative is of the right calibre and appropriately briefed. To achieve this without triggering their sovereignty linkage will not be easy. I therefore favour delaying our reply to their message of 4 December until after the multilateral Paris Club meeting. If this goes satisfactorily, our message rejecting Caputo's

/latest

latest proposal could add that we had welcomed the opportunity to play a constructive part in the Paris Club on a practical matter of the sort which in our view should form the substance of efforts to improve relations. We would go on to say that we intended to approach the Paris Club bilaterals in an equally positive spirit; and - perhaps - specify that we would wish to see progress in other economic areas.

Possible Next-of-Kin Visit

10. There has been a revival of interest among churchmen in Argentina, and here, in the idea of an Argentine next-of-kin visit to the Falklands. I believe that there would be advantage in an early restatement of our position that, while the return to Argentina of their dead buried in the Falklands would be the best course, we remain ready to accept a suitably-prepared party of next-of-kin. This could be included in our draft reply to the Argentine message on the assumption that this is delivered promptly after the Paris Club meeting. One of the Falkland Islands Councillors confirmed in New York in October that the Falkland Islands Government remains ready to see a next-of-kin visit. This would be a positive humanitarian gesture. If, as seems possible, our own offer were supported by parallel action through the Catholic Church, it could be more difficult for the Argentines to muddy the waters by introducing extraneous sovereignty issues.

Under the auspices of the Int. Red Cross? Otherwise we could relate difficult problems. We would also need to be reassured by them

Fisheries

11. I shall be sending you a separate minute about this.

12. Provided that you are content, and that I do not hear to the contrary from colleagues on OD and Sir Robert Armstrong, to whom I am copying this minute, I propose to proceed accordingly.

GEOFFREY HOWE

Foreign & Commonwealth Office

4 January 1985

GRS 350

CONFIDENTIAL
FM BERNE 041500Z DEC 84
TO IMMEDIATE FCO DESKBY 041615Z
TELNO 379 OF 4 DECEMBER 1984

INFO ROUTINE: UKMIS NEW YORK, WASHINGTON, BRASILIA, EC POSTS.

YOUR TELNO 183: RELATIONS WITH ARGENTINA

SUMMARY

1. ARGENTINE PROPOSALS FOR RENEWAL OF DIALOGUE NOW COMMUNICATED THROUGH SWISS CHANNEL.

DETAIL

2. SWISS STATE SECRETARY INVITED ME TO CALL ON 4 DECEMBER IN ORDER TO RECEIVE AN ORAL COMMUNICATION WHICH ARGENTINE FOREIGN MINISTER HAD ASKED AMBASSADOR KEUSCH TO CONVEY. COUNSELLOR WAS PRESENT. BRUNNER SAID THAT THE USE OF THE SWISS INSTEAD OF THE BRAZILIAN CHANNEL WAS AN INDICATION OF THE INFORMAL CHARACTER OF THE ARGENTINE MESSAGE.

3. BRUNNER SAID THAT THERE WERE THREE POINTS WHICH THE SWISS HAD BEEN ASKED TO CONVEY:-

(A) CAPUTO WISHED TO CONFIRM THE DESIRE OF THE ARGENTINE SIDE TO RENEW A DIALOGUE WITH THE UNITED KINGDOM. CAPUTO WISHED TO DEVELOP SOME IDEAS WHICH HE IS READY TO DISCUSS AND POSSIBLY TO AMEND IN THE LIGHT OF YOUR REACTION.

(B) CAPUTO'S CONCRETE PROPOSAL ABOUT A RENEWED DIALOGUE IS IN SUBSTANCE THAT IT SHOULD BE IN THREE PHASES AND SHOULD BE KNOWN BY THE NAME ''ORIGIN AND CONSEQUENCES OF THE CONFLICT''.

(C) THE FIRST PHASE COULD BE ENTIRELY DEVOTED TO IDEAS PROPOSED BY THE BRITISH SIDE IN BERNE IE OUR SIX POINTS WHICH CAPUTO REGARDS AS CONFIDENCE-BUILDING MEASURES IN THE WIDEST SENSE. IT WOULD ALSO BE OPEN TO US TO PROPOSE THE INCLUSION IN PHASE ONE OF ADDITIONAL SUBJECTS. PHASE TWO WOULD BE DEVOTED TO THE THREE ARGENTINE CONFIDENCE-BUILDING MEASURES PROPOSED EARLIER IN THE YEAR. THE THIRD PHASE WOULD BE ENTITLED ''POLITICAL STATUS OF THE ISLANDS AND THEIR INHABITANTS''. THIS PHASE WOULD NOT START UNTIL AFTER THE FIRST TWO HAD BEEN COMPLETED AND IN THE SAME WAY PHASE ONE WOULD BE COMPLETED BEFORE THE COMMENCEMENT OF PHASE TWO.

4. BRUNNER WENT ON TO SAY THAT IN ADDITION TO THE ABOVE PRESENTATION CAPUTO HAD MADE SOME INFORMAL COMMENTS TO KEUSCH:-

(A) THE TIMING AND DURATION OF EACH PHASE WOULD BE A MATTER FOR THE NEGOTIATORS AND COULD IF NECESSARY EXTEND OVER SEVERAL MONTHS OR EVEN YEARS.

/(6)

(B) THE WHOLE CONCEPT OF THE THREE PHASES WOULD HAVE TO BE ACCEPTED BY BOTH SIDES BEFORE THE FIRST PHASE COULD START. THERE COULD BE NO QUESTION OF STOPPING THE PROCESS AFTER THE COMPLETION OF THE FIRST OR SECOND PHASES. THE THREE PHASES TOGETHER WOULD CONSTITUTE ONE PACKAGE.

(C) CAPUTO HAS SOME PROCEDURAL IDEAS WHICH HE DOES NOT WISH TO ENTER INTO AT THIS STAGE SINCE HE BELIEVES WE SHOULD FIRST TRY TO AGREE ON THE WHOLE CONCEPT. CAPUTO WOULD THEN OFFER SOME IDEAS ON PROCEDURE, WHICH HE CONSIDERS SHOULD BE LESS FORMAL AND LESS PUBLICISED THAN THE BERNE TALKS, THOUGH ON THE SAME LINES.

5. FINALLY BRUNNER SAID THAT CAPUTO UNDERSTOOD THAT TIME WOULD BE NEEDED FOR CONSIDERATION OF THESE IDEAS IN LONDON. CAPUTO WOULD WELCOME YOUR COMMENTS IN DUE COURSE AND FELT HIMSELF TO HAVE SHOWN SOME FLEXIBILITY, FOR INSTANCE IN NOT PUTTING SOVEREIGNTY FIRST. BRUNNER ALSO SAID THAT CONFIDENTIALITY WAS CONSIDERED OF GREAT IMPORTANCE BY THE ARGENTINE SIDE AND AS AN ILLUSTRATION OF THIS POINT MENTIONED THAT THE ARGENTINE AMBASSADOR IN BERNE WAS NOT INFORMED OF THIS NEW DEVELOPMENT.

6. IN RESPONSE I SAID THAT I WAS GRATEFUL TO THE SWISS AUTHORITIES FOR HAVING CONVEYED CAPUTO'S MESSAGE WHICH I WOULD TRANSMIT IN FULL. I COULD NOT AT PRESENT MAKE ANY SUBSTANTIVE COMMENT. THE MATTER WOULD CLEARLY HAVE TO BE CONSIDERED CAREFULLY IN LONDON AND I COULD NOT ANTICIPATE YOUR JUDGEMENT ON IT.

POWELL-JONES

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LAW OFFICERS' DEPARTMENT
ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

H. STEEL, CMG OBE
LEGAL SECRETARY

NBPM
ODP
4/i

3 January, 1985

Dear Richard,

RULES OF ENGAGEMENT IN THE SOUTH ATLANTIC

The Attorney General has seen your Secretary of State's minute to the Prime Minister of 27 December and attached David Barclay's letter to you of 31 December conveying the Prime Minister's reaction. He welcomes your Secretary of State's proposals as reducing the risk of our forces opening fire on Argentine vessels in circumstances where we might find it difficult to establish that this was indeed an unavoidable and minimum use of force in self-defence.

I am copying this letter to David Barclay and the other Private Secretaries to members of OD(EM) and to Richard Hatfield (Cabinet Office).

Yours ever,

H STEEL

R Mottram Esq
Private Secretary to the
Secretary of State for Defence
Ministry of Defence
Main Building
Whitehall, London SW1

SECRET UK EYES B

JVRAQS

10 DOWNING STREET

From the Private Secretary

3 January 1985

FALKLANDS: FISHERIES

Your letter of 31 December enclosed a draft Private Secretary reply to Mr. Ted Needham's letter of 12 December to the Prime Minister on this subject.

Mr. Needham's letter to the Prime Minister and its enclosures amount to a rather detailed charge of unnecessary delay by the FCO and an appeal to the Prime Minister to sort it out. It seems to me that, however unjustifiably, Mr. Needham might be able to cause the Government no little embarrassment over the delays he has experienced.

Against this background I am not convinced that the draft reply enclosed with your letter is adequate. It amounts in effect to saying, "sorry old boy, it's all jolly difficult and may take an age to sort out still". I have no doubt that there are good reasons why approval of the draft Agreement has to be held up. But I think that they should be explained explicitly to Mr. Needham in a letter from the Prime Minister, which enables her to say that she has looked into the problem and satisfied herself that the reasons for the delay are genuine.

I shall be grateful for a fuller and more factual draft reply from the Prime Minister, to whom I should like to be able to show these papers no later than 8 January.

(C.D. POWELL)

C.K. Budd, Esq.,
Foreign and Commonwealth Office.

FALKLAND ISLANDS SITUATION

IMMEDIATE

PS
PS/LADY YOUNG
~~PS/MR KEMPSON~~
PS/MR RIFKIND
PS/PUS
MR DEREK THOMAS | MR JENKINS
MR J FREELAND
~~SIR W HARDING~~
MR GOODALL
MR O'NEILL
~~SIR C MAXWELL~~
MR D C THOMAS
~~MR WESTON~~
MR BURRINGTON
ED/PUSD (2)
ED/SAMD
ED/FID
ED/NEWS DEPT
ED/EED
ED/ECD (E)
ED/UND

PS/NO 10 DOWNING ST
PS/S OF S FOR DEFENCE
MR ~~R~~ NICHOLLS, AUSD STAFF, MOD
NH

PS/CHANCELLOR)
MISS M E CUND) TREASURY
MR LITTLER)

SIR R ARMSTRONG)
MR ~~D S GOODALL~~) CABINET
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MR POWER, SAD, ODA

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RESIDENT CLERK

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(FM BERNE 040800Z)

FM BISBA

TO IMMEDIATE FCO

TELNO 001 OF 2 JANUARY 1985

INFO PRIORITY MOD (SMC A3), CBFFIN BANK OF ENGLAND BRASILIA MONTEVIDEO SANTIAGO UKMIS NEW YORK WASHINGTON PORT STANLEY

PRESS SUMMARY

1. SUMMARY

TODAY'S VARIED HEADLINES INCLUDE FALKLANDS OIL EXPLOITATION RIGHTS, THE OFFICIAL RELEASE IN THE UK OF 30 YEAR-OLD SECRET DOCUMENTS AND LOCAL SALARY INCREASES.

2. FALKLANDS

ACCORDING TO THE NOTICIAS ARGENTINAS PRESS AGENCY, BRITAIN HAS GRANTED OIL EXPLOITATION RIGHTS IN THE FALKLANDS TO THE AMERICAN FIRM FIRSTLAND OIL AND GAS. THE CONTRACT WILL ALLEGEDLY ALSO ALLOW THE COMPANY TO EXPLOIT OTHER NATURAL RESOURCES. ''AMBITO FINANCIERO'' SUGGESTS THAT IT COULD BE A PRECEDENT FOR FUTURE CONCESSIONS ON NATURAL GAS AND FISHING RIGHTS. ALL REPORTS NOTE THAT IF THE CONTRACT IS CONFIRMED, IT WILL ''BREAK THE ECONOMIC MONOPOLY'' EXERCISED BY THE FALKLAND ISLAND COMPANY. ''TIEMPO ARGENTINO'' HEADLINES THE SUPPOSED AGREEMENT AS GREAT BRITAIN'S ASSERTION OF HER POWER IN THE FALKLANDS AND, IN A SIGNED ARTICLE, CLAIMS THAT IT DEMONSTRATES THE FIRM DECISION BY MRS THATCHER TO CONTINUE WITH A HARD LINE POLICY IN THE SOUTH ATLANTIC.

THE ARRANGEMENT WAS REPUTEDLY ENVISAGED BY THE CONSERVATIVE GOVERNMENT AS A MEANS OF JUSTIFYING ITS COLONIAL RULE OVER THE ISLANDS. ''CLARIN'' CONTENDS THAT THE ARGENTINE FOREIGN MINISTRY HAS KNOWN FOR TWO MONTHS THAT HMG WAS STUDYING SUCH CONTRACTS,

GOVERNMENT AS A MEANS OF JUSTIFYING ITS COLONIAL RULE OVER THE ISLANDS. ''CLARIN'' CONTENDS THAT THE ARGENTINE FOREIGN MINISTRY HAS KNOWN FOR TWO MONTHS THAT HMG WAS STUDYING SUCH CONTRACTS, WHICH IT WILL NOT RECOGNISE AS VALID. (HERALD P 7, TIEMPO P 1, AND 7, CLARIN P 6, AMBITO P 1).

IN RECORDING THE RELEASE OF OFFICIAL DOCUMENTS IN THE UK, ''LA NACION'' HEADLINES CHURCHILL'S DISTRUST OF THE PERON GOVERNMENT'S INTENTIONS IN THE SOUTH ATLANTIC. THE REPORT REFERS TO CABINET DOUBTS AND DISCUSSION OVER ARMS SALES TO ARGENTINA WHICH, THOUGH APPROVED, WERE FOLLOWED SHORTLY BY AN ARGENTINE INCURSION INTO BRITISH ANTARCTIC TERRITORY. (NACION P 1, CLARIN P 9, LA VOZ P 4).

SEVERAL PAPERS NOTE THAT TAM DALYELL HAS TABLED A PARLIAMENTARY QUESTION CONCERNING THE ALLEGED INVOLVEMENT OF THE FBI IN THE MURDER OF HILDA MURRELL. (HERALD P 3, NACION P 3, TIEMPO P 7, RAZON P 13).

''LA RAZON'' CARRIES AN ARTICLE ON THE RECENT VISIT OF A DELEGATION OF ARGENTINE PROTESTANT CLERGYMEN TO THE UK. THEY ARE SAID TO HAVE DESCRIBED THEIR DISCUSSIONS AS ''FRANK AND CORDIAL''. THE ARTICLE FURTHER CLAIMS THAT SOME LEADING BRITISH POLITICIANS AND CHURCHMEN RECOGNISE THAT THE UK HAS NOT ACTED IN GOOD FAITH IN THE FALKLANDS NEGOTIATIONS AND THAT THERE IS A SLOW SWING IN BRITISH PUBLIC OPINION TOWARDS SUPPORT FOR TALKS ON SOVEREIGNTY. THE WISHES OF THE BRITISH PEOPLE ARE APPARENTLY WINNING PRECEDENCE OVER THOSE OF THE ISLANDERS. (RAZON P 13).

3. ECONOMY/COMMERCE

''CLARIN'' SPECULATES THAT THE GOVERNMENT WILL ANNOUNCE NON-ACCUMULATIVE SALARY INCREASES OF 11 PER CENT PER MONTH FOR THE FIRST QUARTER OF 1985. SALARY ADJUSTMENTS DATING FROM 1984 COULD BE PAID IN TWO QUOTAS, AND THE AUTHORITIES ARE CONSIDERING FURTHER POSTPONEMENTS IN THE PAYMENT OF DECEMBER PUBLIC SECTOR WAGES . (CLARIN P 2).

4. FOREIGN DEBT

CITIBANK'S WILLIAM RHODES HAS APPARENTLY CONFIRMED THE PAYMENT OF BY ARGENTINA OF 850 MILLION DOLLARS IN OVERDUE INTEREST. PART OF A FRESH 4.2 BILLION DOLLAR CREDIT FROM THE COMMERCIAL BANKS WILL BE USED TO REPAY 750 MILLION DOLLARS OUTSTANDING FROM A 1.1 BILLION DOLLAR BRIDGING LOAN SIGNED IN DECEMBER 1982. (HERALD P 7, RAZON P 16).

5. VISITS

''LA NACION'' DETAILS FORTHCOMING VISITS TO BE MADE BY PRESIDENT ALFONSIN AS FOLLOWS: 23-29 JANUARY INDIA, 31 JANUARY GREECE, 1 MARCH MONTEVIDEO, 15 MARCH BRASILIA, 18 MARCH WASHINGTON. A VISIT TO MEXICO IS REPORTEDLY POSSIBLE AFTER ALFONSIN'S TRIP TO THE US

JACKSON-HOULSTON

POWELL-JONES

NNNN

E.R.

MR POWELL (o.r.)

Falklands: Fisheries

Mr. Ted Needham has chased us several times for a reply to his letter of 12 December to the Prime Minister about Falklands fisheries.

I have tinkered with the Foreign Office draft reply. But it still seems to me particularly wet, and I wonder whether we ought:-

(a) to press for something a little less complacent; and

(b) ~~perhaps~~ suggest that the Prime Minister should reply herself?

Brian

2 January 1985

George FOULKES, MP

"Belgrano"

Ate 16/1

10 DOWNING STREET

From the Private Secretary

2 January 1985

I attach a copy of a letter the Prime Minister has received from George Foulkes MP.

I should be grateful if you could provide a draft reply for the Prime Minister's signature, to reach me by 16 January.

David Barclay

Barry Neale, Esq.,
Ministry of Defence

SECRET UK EYES B

6 File

10 DOWNING STREET

From the Private Secretary

31 December, 1984.

Dear Richard,

Rules of Engagement in the South Atlantic

The Prime Minister has considered your Secretary of State's minute of 27 December about rules of engagement in the South Atlantic.

Subject to the views of OD(EM) colleagues, and the other recipients of your Secretary of State's minute, the Prime Minister is content with the proposals summarised in paragraph 8.

I am sending copies of this letter to the Private Secretaries to members of OD(EM) and to Henry Steel (Attorney General's Office) and Richard Hatfield (Cabinet Office).

Yours ever,

David

David Barclay

Richard Mottram, Esq.,
Ministry of Defence.

SECRET UK EYES B

10 DOWNING STREET

From the Private Secretary

31 December, 1984

The Prime Minister has asked me to thank you for your letter of 12 December about fishing around the Falkland Islands.

Mrs. Thatcher can understand your frustration at the time it is taking to obtain a definitive answer about your draft Agreement. But this does entail real difficulties which require the most careful handling. As John Coles said in his letter to you of 4 May, we must be careful not to take steps which might, in the longer term, give rise to repercussions that would outweigh short-term benefits. Nothing has happened since then to make the outlook any easier. It is not possible simply to de-couple your draft Agreement or any single phase of it from wider aspects which include some highly delicate questions. As Ministers have explained in Parliament, the Government is indeed considering the possibility of establishing an Exclusive Fisheries Limit around the Falklands, but no decisions have yet been taken.

Against this background, the Prime Minister hopes that you will feel able to show further patience, and to ask your Japanese partners to do the same. We shall let you have a full and substantive answer about your draft Agreement as soon as possible. But it may I am afraid be some weeks before we are in a position to do so.

(David Barclay)

C.E. Needham, Esq.

010

Foreign and Commonwealth Office

London SW1A 2AH

CDP

Pre typo.

31/12

31 December 1984

Dear Charles,

Falklands: Fisheries

Thank you for your letter of 17 December enclosing a copy of Mr Ted Needham's letter of 12 December to the Prime Minister.

In his letter of 4 May John Coles has already drawn Mr Needham's attention to the series of complicating factors and warned that we must avoid the risks of damaging repercussions in the longer term. The Foreign Secretary is giving urgent consideration to the draft Agreement between the Joint Venture and the Falkland Islands Government and its implications for the establishment of a multilateral fisheries regime. He will be making recommendations in the New Year. Meanwhile he does not believe that the draft Agreement can be decoupled from consideration of the wider policy issues. The reply to Mr Needham is therefore purely a holding one.

Mr Needham has mentioned various deadlines, the most recent being 10 January. We have asked him to persuade his Japanese partners to show maximum flexibility.

The draft refers to recent Parliamentary statements. I enclose a copy of Mr Renton's Written Answer on 17 December.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

DSR 11 (Revised)

DRAFT: ~~minute~~/letter/~~telelettcr/despatch/note~~

TYPE: Draft/Final 1+

FROM:

Private Secretary, No 10 Downing Street

DEPARTMENT: **TEL. NO:**

Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO:

C E Needham Esq
Chairman
The Falkland Islands Company
PO Box 21
Chesterfield
Derbyshire
S44 6AB

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

The Prime Minister has asked me to thank you for your letter of 12 December about fishing around the Falkland Islands.

Mrs T. ~~I~~ can understand your frustration at the time it is taking to obtain a definitive answer about your draft Agreement. But this does entail real difficulties which require the most careful handling. As John Coles said in his letter to you of 4 May, we must be careful not to take steps which might, in the longer term, give rise to repercussions that would outweigh short-term benefits. Nothing has happened since then to make the outlook any easier. It is not possible simply to de-couple your draft Agreement or any single phase of it from wider aspects which include some highly delicate questions. As Ministers have explained in Parliament, ~~we are actively~~ the Govt is indeed considering the possibility of establishing an Exclusive Fisheries Limit around the Falklands, but ~~this raises a number of complex issues and~~ no decisions have yet been taken.

/Against

Enclosures—flag(s).....

Against this background, ~~I~~ the PM hopes ~~it will be possible for you~~ that you will feel able to show further patience, and to ask your Japanese partners to do the same. ~~I shall~~ We shall let you have a full and substantive answer about your draft Agreement as soon as possible. But ~~I must warn you that~~ it may I am afraid be some weeks before we are in a position to do so, ~~and that it would~~ Meanwhile be ~~prudent not to make any assumptions about the content of the Government's decision.~~

House of Commons
Official Report

Falkland Islands

Mr. John David Taylor asked the Secretary of State for Foreign and Commonwealth Affairs what fishing controls exist around the Falkland Islands.

Mr. Renton: Beyond the three-mile limit there are no special fishing controls. We are actively considering the possibility of establishing an exclusive fisheries limit (EFL) around the Falkland Islands. As the Select Committee on Foreign Affairs recognise in its report, this raises a number of complex issues. No decisions have yet been taken.

DATE 17 Dec 1984
COL 31W
VOL 70

pa

Dans
31/12

PRIME MINISTER

Giles Shaw has replied to Tam Dalyell today, rebutting his allegations of British intelligence involvement in the murder of Mrs Hilda Murrell. The letter will probably get some publicity in tomorrow's paper.

MT

TIM FLESHER

28 December 1984

Ate 881

10 DOWNING STREET

From the Private Secretary

28 December 1984

The Prime Minister has received the attached letter about the Falklands from Chancellor Kohl. I should be grateful if you could arrange for a draft reply to forward as soon as possible.

Tim Flesher

Peter Ricketts Esq
Foreign and Commonwealth Office

file

10 DOWNING STREET

From the Private Secretary

28 December 1984

I am writing on behalf of the Prime Minister to thank you for your letter of 28 December in which you enclose one from Chancellor Kohl.

This is receiving attention and a reply will be sent as soon as possible.

Tim Flesher

His Excellency Baron Rudiger von Wechmar

Subject

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 212/84

DER BOTSCHAFTER
DER BUNDESREPUBLIK DEUTSCHLAND

Baron Rüdiger von Wechmar

London, 28th December 1984

cc Master + ors

Arrg. Relats with DB.

Dear Prime Minister,

I have the honour to transmit to you enclosed a letter from Herr Helmut Kohl, Chancellor of the Federal Republic of Germany.

A courtesy translation is also attached.

I am, Dear Prime Minister,

Yours sincerely

Her Excellency
The Rt.Hon. Margaret Thatcher, MP
Her Majesty's Prime Minister and
First Lord of the Treasury

London

BUNDESREPUBLIK DEUTSCHLAND
DER BUNDESKANZLER

Bonn, den 5. Dezember 1984

Ihrer Exzellenz
Frau Margaret Thatcher
Premierminister des Vereinigten
Königreichs Großbritannien und
Nordirland
London

Sehr verehrte Frau Premierminister,

für Ihre Botschaft vom 29. Oktober 1984, in der Sie noch einmal den britischen Standpunkt zur Falkland-Frage dargelegt haben, danke ich Ihnen.

Die Bundesrepublik Deutschland ist Ihrer Bitte gefolgt und hat sich gemeinsam mit den europäischen Partnern auch dieses Jahr bei der Abstimmung über die lateinamerikanische Falkland/Malwinen-Resolution in der VN-Generalversammlung der Stimme enthalten. Das ist uns angesichts der erheblich milderen Fassung der diesjährigen Resolution nicht leicht gefallen.

Es würde mich sehr freuen, wenn es gelänge, in Verhandlungen die bestehenden Probleme zu überwinden und das traditionell freundschaftliche Verhältnis zwischen Großbritannien und Argentinien wiederherzustellen.

Sie legen in Ihrer Botschaft dar, daß Großbritannien es nicht für möglich hält, die Souveränitätsfrage als Gesprächsgegenstand zu akzeptieren. Aus argentinischen Äußerungen wissen wir, daß die argentinische Regierung größte Schwierigkeiten haben würde, diese Frage bei den Gesprächen nicht ansprechen zu können.

Ich würde es begrüßen, wenn im allseitigen Interesse der britisch-argentinische Dialog wieder aufgenommen werden könnte. Dies würde der uns allen am Herzen liegenden Konsolidierung der jungen argentinischen Demokratie förderlich sein.

Mit freundlichen Grüßen

Ihr
Li Jon

Translation

FEDERAL REPUBLIC OF GERMANY
THE FEDERAL CHANCELLOR

Bonn, 5 December 1984

Dear Prime Minister,

Thank you for your letter of 29 October 1984 in which you once more set out the British position on the Falkland issue.

The Federal Republic of Germany has complied with your request and, together with the other members of the European Community, again abstained in the General Assembly vote on the Falkland|Malvinas resolution sponsored by the Latin American countries. This was not an easy decision to take in view of the far more moderate tone of this year's resolution.

It would be most gratifying if the existing problems could be resolved by negotiation and the traditional friendly relationship between the United Kingdom and Argentina restored.

You explained that the United Kingdom does not see any possibility of accepting the sovereignty question as a subject of negotiation. We know from comments from Argentina that the Argentine Government would find itself in extreme difficulty not to be able to raise this matter.

The Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister of the
United Kingdom of Great Britain
and Northern Ireland
London

In everybody's interest, I would very much like to see the British-Argentine dialogue resumed. This would be conducive to the consolidation of the young democracy in Argentina, which we all desire.

Yours sincerely,
(sgd.) Helmut Kohl

ARGENTINA : Relations : Pt 3 ~~0~~1.

5

MO 5/21

Prime Minister

Content, subject to colleagues, with the change summarised in para 8?

PRIME MINISTER

Agreed ntn.

DMB 28/12

RULES OF ENGAGEMENT IN THE SOUTH ATLANTIC

The framework of our Rules of Engagement (ROE) in the South Atlantic is based on the existence of the 150 nautical mile (nm) radius Falkland Island Protection Zone (FIPZ) which was notified to Argentina on 21st July 1982. Outside the FIPZ, the ROE for British Forces permit engagement of Argentine units only in self defence. Within the FIPZ, the rules relating to Argentine combat units, which have remained largely unchanged since July 1982, permit British Forces to attack all such units if they enter the FIPZ: the act of crossing the boundary line is deemed to be an act of hostile intent against British Forces or territory.

2. Following an intelligence report earlier in the month predicting the deployment of an Argentine submarine much further south than usual, I authorised a temporary change in the ROE to minimise the risk of the submarine being sunk should it have strayed into the FIPZ accidentally (in the event the deployment passed off without incident). A "warning zone" 30nm in from the edge of the FIPZ was established in which unidentified submarines could be harassed but not attacked unless they unmistakably demonstrated hostile intent. Once a submarine penetrated further than 30nm inside the FIPZ it could then be attacked, since such a significant incursion was unlikely to be accidental and could, in itself, reasonably be deemed to indicate hostile intent. This change in the ROE remains in force but applies only to submarines. Stemming from this, I asked the Chiefs of Staff to re-examine the current ROE to ensure that they meet the current threat from Argentina in a way which minimises the risk of an "accidental" engagement which could be internationally damaging with democratic Argentina appealing for support over the Falklands issue.

3. The Chiefs of Staff have now recommended, and I agree, that the warning zone concept provisionally introduced for Argentine submarines should be extended to include Argentine surface combatants and combat aircraft, both of which can be unmistakably warned-off by visual means. As is the case for submarines, once they had penetrated beyond the warning zone into what we have termed the Central Zone surface and air combat units would be deemed to be demonstrating hostile intent and could therefore be attacked. I propose that this warning zone should be 30nm deep. This would still leave Commander British Forces with adequate room and time to engage Argentine combat units which had aggressive intent and keep the risks of a successful attack on British forces at a low level.

4. The use of a warning zone of this kind provides a solution which addresses both military and political concerns. It:

a. would provide a realistic de-escalation from the present somewhat inflexible ROE. While still meeting the need to react to the perceived threat, it would avoid precipitate action against Argentine combat units without putting British forces at undue risk.

b. provides an opportunity for harassment of Argentine forces and establishment of their intent, which in turn should minimize the chances of our over-reacting to a genuine mistake on their part.

c. provides a zone of uniform depth for ships, submarines and aircraft, thereby making our Commander's task of applying the ROE more straightforward and leaving no risk of confusion in the minds of our combat forces.

5. The warning zone approach does not, of course, entirely eliminate the risk of an accidental engagement. To do so we should need to consider approaches which delayed an engagement either until hostile intent was clearly demonstrated by Argentine units or until Argentina had been given time to respond to a warning message. But these approaches must be ruled out from a defence point of view since they could put

British forces in a vulnerable position: it could, for example, be very difficult to determine hostile intent in the case of submarine intruders. These options, which in essence amount to the lifting of the FIPZ, would in any case need to be addressed also in terms of the Argentine position on declaring that hostilities were at an end.

6. As part of the revised approach, I propose to give the Commander British Forces Falkland Islands (CBFFI) additional discretion to identify potential targets close to, but outside, the FIPZ boundary. This has the added advantage of further extending the range of response to a potential FIPZ incursion, as we can first identify potential intruders outside the FIPZ, then harass within the warning zone, and finally attack in the central zone.

7. As ROE are classified there is no reason to suppose that the Argentines will detect any change. Publicly our position would remain unchanged and the 1982 warnings to Argentina giving notification of the FIPZ would remain in force. The proposals which I have outlined above are consistent with them.

8. I should therefore be grateful for your agreement and that of colleagues to amend our ROE by establishing a warning zone of 30nm depth within the FIPZ boundary, to apply to all Argentine combat units. ROE within this zone would allow the harassment of Argentine units, but would not allow their engagement until either they had demonstrated hostile intent or subsequently penetrated the 120nm central zone which would be deemed to be an act of hostile intent (as previously for the 150nm zone). I propose as part of this more flexible approach to give CBFFI additional discretion to identify targets close to, but outside the FIPZ boundary.

9. I am copying this minute to our OD(EM) colleagues, the Attorney General, and to Sir Robert Armstrong.

Ministry of Defence
27th December 1984

From: George Foulkes, M.P.

HOUSE OF COMMONS
LONDON SWIA OAA

GR
ack'd 2/1
cc MA ✓
BI ✓

RQH
pps.

21st December 1984

Rt Hon Margaret Thatcher MP,
Prime Minister,
10 Downing St.,
London S.W.1

Dear Prime Minister,

While you are considering your reply to my letter of 13th December could I ask another question?

Lord Lewin has stated inhis evidence to the Select Committee that Northwood was not aware of Conqueror's sighting of the Belgrano until midnight on 1st May. Much of his subsequent evidence was based on this assertion.

It now appears from parliamentary answers this week that Northwood was informed on the afternoon of 1st May.

Either Lord Lewin was misleading the Committee (whether deliberately or as a result of a faulty memory), or Northwood did not bother telling him that the Belgrano had been sighted.

If the latter is true and if indeed the Belgrano posed a threat to the Task Force, do you not consider it scandalous that Lord Lewin was not told of the threat until at least 15 hours later?

Since the information reached Northwood in the afternoon and not the middle of the night, as Lord Lewin had claimed, there was clearly enough time and opportunity to brief the mandarins committee and assemble the War Cabinet.

Have you been aware of these discrepancies? Do you still maintain full political control? And can you still claim that "in every important respect the Government and military machines worked extremely well during the crisis."

I look forward to you reply.

Yours Sincerely,

Eric Salama
pp George Foulkes MP

(Dictated by Mr Foulkes and signed in his absence)

George Foulkes MP

3/1

10 DOWNING STREET

From the Private Secretary

17 December 1984

I attach a copy of a letter the Prime Minister has received from Mr. George Foulkes, MP.

I should be grateful if you could provide a draft reply for the Prime Minister's signature, to reach me by Thursday 3 January.

(TIM FLESHER)

Barry Neale, Esq.,
Ministry of Defence.

CW

File SH

Ack'd (17/12)

10 DOWNING STREET

From the Private Secretary

17 December, 1984

Falklands Fishing

I enclose a copy of a letter to the Prime Minister from Mr. C. E. Needham of the Coalite Group. I should be grateful for an early draft reply.

C. D. POWELL

letter filed @ 12/12/84

P. F. Ricketts, Esq.,
Foreign and Commonwealth Office

SH

ACKO n/k
CMA
BI.

From: George Foulkes, M.P.

HOUSE OF COMMONS
LONDON SWIA OAA

13th December 1984 R15

Rt. Hon. Margaret Thatcher MP,
Prime Minister,
10 Downing St,
London SW1

Dear Prime Minister,

I am writing to you in connection with the degree of political control excercised by your Government during the Falklands conflict. Recent statements by the Secretary of State and by former members of the War Cabinet have cast serious doubt on your claim on 4th May 1982, and much repeated, that "the task force is and was under full political control." In the present nuclear age, the dangers of an absence of control are obvious.

Could I ask for you reaction to three specific points.

1) It is clear from a parliamentary answer to me on 11th December, that the course and position of the Belgrano was regularly reported to Northwood. It is possible for you to claim in hindsight that these reports from Conqueror were irrelevant, but for political control to be excercised, the War Cabinet must have known about them at the time. Yet from the PQ "there is no evidence that these reports... were made known to Ministers at the time". How can something be irrelevant if you do not know what it is? Why were these reports not passed on by Northwood?
Do you not accept that as a result, the War Cabinet was taking decisions crucial to the war on the basis of information which was 24 hours out of date? Is this "the" short and clear chain of command (which) made possible quick reaction to events", mentioned in your White Paper in December 1982?

2) The 'Mandarins' committee under the chairmanship of Robert Armstrong was clearly an essential part of the mechanism of political control. It enabled the relevant Ministers to be briefed in advance of any decision they would be asked to take.
Yet the Mandarins committee did <u>not</u> meet on the afternoon of 1st May, nor on the morning of 2nd May. And so, without any prior briefing, the War Cabinet came to a decision <u>within 20 minutes</u> (to enable the Belgrano to be sunk.
In your letter to me of 8th October you stated that "the changes that were made in

the Rules of Engagement took full account of diplomatic, military and legal considerations". Is this really believable in 20 minutes without prior briefing?

3) There seems to be some confusion as to whether all changes in the Rules of Engagement were approved by the War Cabinet. Sir John Nott stated that all alterations were submitted to the War Cabinet, but Mr Heseltine in his evidence to the Select Committee stated that "there might have been changes authorised by the Secretary of State which did not get referred to the War Cabinet". Could you please elaborate on who is right?

Much has been made of the 20 month gap before you were informed of the Belgrano's change of course. The points I have raised in this letter are different. They suggest an absence of political control during the conflict, an absence which has disturbing consequences for the conduct of present defence policy.
Were any changes made in the Governmental and military mechanisms for crisis management as a result of the Falklands experience, or do you still believe that "in every important respect the Government and military machines worked extremely well during the crisis."

I look forward to an early reply.

Yours Sincerely,

George Foulkes

George Foulkes MP

PS
PS/LADY YOUNG
PS/MR KENTON
PS/MR RIFKIND
PS/PUS
MR DEREK THOMAS
SIR J FREELAND
SIR W HARDING
MR GOODALL
MR O'NEILL
~~SIR O MAYNELL~~
MR D C THOMAS
MR WESTON
MR BRIMMINGTON
ED/PUSD
ED/SAMD
ED/FID
ED/NEWS DEPT
ED/PED
ED/ECD (E)
ED/UND

PS/NO 10 DOWNING ST
PS/S OF S FOR DEFENCE
MR NICHOLLS, AUSD STAFF, MOD

PS/CHANCELLOR
MISS M E CUND
MR LITTLER
} TREASURY

SIR R ARMSTRONG
MR ~~D S COOPAM~~
DIO (Cambridge)
} CABINET OFFICE

MR POWER, SAD, ODA

MR A FORTNAM IAT/D. TRANSPORT

RESIDENT CLERK

SENT 14 DEC 1984 (2)

UNCLASSIFIED

(FM BERNE 141300Z)

FM BISBA

TO IMMEDIATE FCO

TELNO 844 OF 13 DECEMBER 1984

Prime Minister
Please see over
CDP

INFO PRIORITY MOD (SIC A3A), CBFFI BANK OF ENGLAND ASUNCION BRASILIA MONTEVIDEO SANTIAGO UKMIS NEW YORK WASHINGTON PORT STANLEY

PRESS SUMMARY

1. SUMMARY

TODAY'S MAIN ITEM CONTINUES TO BE THE ASTIZ AFFAIR WITH THE REPORT BY THE HOUSE OF COMMONS FOREIGN AFFAIRS COMMITTEE ON THE FALKLANDS RECEIVING LENGTHY AND PROMINENT COVERAGE IN ALL LEADING PAPERS EXCEPT CLARIN.

2. HUMAN RIGHTS

PRESIDENT ALFONSIN YESTERDAY TOLD A DELEGATION FROM THE ARGENTINE PERMANENT ASSEMBLY FOR HUMAN RIGHTS (APDH) THAT HIS GOVERNMENT WOULD NOT BOW TO PRESSURE OVER THE DETENTION OF NAVY LT ALFREDO ASTIZ. THE COURTS WOULD CONTINUE TO INVESTIAGE THE DISAPPEARANCE OF SWEDISH YOUTH DAGMAR HAGELIN WITH WHICH ASTIZ IS CHARGED. LA NACION CLAIMS THAT ALFONSIN MET WITH DEFENCE MINISTER BORRAS YESTERDAY TO DISCUSS WAYS OF AVOIDING AN 'INSTITUTIONAL CRISIS' THAT COULD BE PROVOKED BY ASTIZ' ARREST. ONE OF THESE MEASURES MAY BE TO TRANSFER ASTIZ FROM THE BUENOS AIRES NAVAL BASE WHERE IS IS NOW BEING HELD TO A UNIT IN THE INTERIOR OF THE COUNTRY, AS WAS ALLEGEDLY REQUESTED BY THE COUNCIL OF ADMIRALS , ON SECURITY GROUNDS. THE PAPER SUGGESTS THAT THIS REQUEST WAS MADE IN ORDER TO PACIFY JUNIOR OFFICERS WHO CONSIDER THAT ASTIZ HAS NOT BEEN ADEQUATELY DEFENDED BY THE NAVY. (HERALD P1, CLARIN P2, NACION P7).

IN THEIR MEETING WITH ALFONSIN THE APDH EXPRESSED THEIR CONCERN OVER TERRORIST ACTIVITY IN RECENT MONTHS AND OVER THE SLOWNESS WITH WHICH THE JUDICIARY IS DEALING WITH HUMAN RIGHTS ABUSES (NACION P16).

3. INTERIOR

THERE IS CONTINUING CONFUSION OVER FUNDS WHICH ALFONSIN PROMISED PROVINCIAL GOVERNORS TO ENABLE THEM TO PAY THE DECEMBER PUBLIC SECTOR WAGES AND END OF YEAR BONUSES. THE GOVERNORS WERE YESTERDAY TOLD BY INTERIOR MINISTER TROCCOLI THAT THEY WOULD RECEIVE AN 18 BILLION PESO SUBSIDY BY NEXT TUESDAY, THOUGH FINANCE SECRETARY NOBERTO BERTAINA LATER REAFFIRMED THAT THE FUNDS WOULD

SECRETARY NOBERTO BERTAINA LATER REAFFIRMED THAT THE FUNDS WOULD NOT BE AVAILABLE UNTIL EARLY JANUARY 1985 (PRENSA P1, HERALD P1, NACION P1).

TWO POLICEMEN WERE INJURED YESTERDAY IN A BOMB EXPLOSION AT A SAN MARTIN COURT HOUSE WHERE FORMER MONTONERO GUERILLA MARIO FIRMENICH IS TO BE TRIED (HERALD P1).

4. FALKLANDS

IN REPORTING THE FOREIGN AFFAIRS COMMITTEE'S FALKLANDS REPORT, MOST PAPERS GIVE EMPHASIS TO THEIR UNCERTAINTY OVER THE SOVEREIGNTY OF THE ISLANDS, THOUGH IT IS NOTED THAT ARGENTINA HAD PREJUDICED ITS CLAIM BY THE 1982 INVASION. LA PRENSA HEADLINES THE REPORT AS URGING MRS THATCHER TO SEEK RAPPROCHEMENT WITH ARGENTINA. ACCORDING TO QUOTE UKPOLITICAL SOURCES UNQUOTE THE REPORT WAS CERTAIN TO EMBARASS THE GOVERNMENT. A SIGNED ARTICLE IN TIEMPO ARGENTINO CONTRASTS THE COMMITTEE'S SOVEREIGNTY DOUBTS WITH THE CERTAINTY OF PEOPLE HERE THAT THE ISLANDS ARE ARGENTINE (HERALD P20, NACIO P4, PRENSA P1, TIEMPO P10).

IN REPORTING THE TELEVISED DEBATE BETWEEN FOREIGN MINISTER CAPUTO AND SIR NICHOLAS HENDERSON, CLARIN ALLEGES THAT THE LATTER'S PARTICIPATION WAS AN ATTEMPT BY THE GOVERNMENT TO PREPARE BRITISH PUBLIC OPINION FOR NEGOTIATIONS WHICH WILL INCLUDE SOVEREIGNTY. THE ARTICLE IS THEN MOSTLY DEVOTED TO CAPUTO'S ARGUMENTS AGAINST THE NEED FOR A DECLARATION OF A CESSATION OF HOSTILITIES. LA NACION AND LA PRENSA BOTH EMPHASISE CAPUTO'S STATEMENT THAT 'WHERE THERE'S A WILL THERE'S A WAY' (CLARIN P19, NACION P4, PRENSA P1, LA RAZON P-O, AMBITO P2).

AGENCY REPORTS NOTE THAT PRINCE ANDREW WILL BE RETURNING TO THE FALKLANDS IN THE FRIGATE HMS BRAZEN WHICH HAS BEEN ASSIGNED TO PATROL THE PROTECTION ZONE.

5. EXTERNAL

AT THE END OF HIS VISIT TO TOKYO, CAPUTO IS SAID TO HAVE TOLD REPORTERS THAT JAPAN IS FAVOURABLY DISPOSED TOWARDS PARTICIPATING WITH THE US AND EUROPEAN COUNTRIES IN A ONE BILLION DOLLAR CREDIT FOR ARGENTINA. HE THANKED HIS HOSTS FOR THEIR SUPPORT IN THE LAST UNGA FALKLANDS DEBATE AND MAINTAINED THAT THE JAPANESE GOVERNMENT HAD INFORMED HIM THAT THEIR POSITION WILL NOT BE ALTERED. CAPUTOGALSO ANNOUNCED THAT ALFONSIN WOULD PAY AN OFFICIAL VISIT TO JAPAN NEXT YEAR (CLARIN P17, TIEMPO P9).

6. ARMED FORCES

TIEMPO ARGENTINO CARRIES A FULL PAGE 'SPECIAL REPORT' ON THE ARRIVAL HERE TOMORROW OF THE FIRST OF ARGENTINA'S TWO GERMAN-BUILT TR1700 SUBMARINES, THE SANTA CRUZ. THE CRAFT IS POWERED BY DIESEL ELECTRIC ENGINES AND IS SAID TO HAVE A RANGE OF 6,000 NAUTIAL MILIES INCREASING TO 18,000 WHEN THE CRUISING SPEED IS REDUCED TO FIVE KNOTS. IT IS INTENDED THAT THE SUB-MARINE WILL BE ARMED WITH GERMAN-MADE WIRE GUIDED TORPEDOES BUT IT COULD BE MODIFIED FOR THE AMERICAN MK49 OR FOR UNDER WATER MISSILES SUCH AS THE HARPOON OR THE SM39 EXOCET.

SHARKEY

POWELL-JONES

NNNN

PO Box No 21, Chesterfield, Derbyshire S44 6AB
Telephone: 0246 822281 (10 lines)
Telegrams: 'Coalite, Bolsover, Telex'. Telex: 54250

CF papers

Coalite Group PLC

PERSONAL

12th December, 1984

CEN/BS

Replied 11 Jan. CDP 4/1

The Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister,
10, Downing Street,
London S.W.1.

Dear Prime Minister

FALKLANDS FISHING

PT 36

You may recall that I wrote to you on this subject at some length on March 30th, 1984. For convenience, I am attaching copy - but without all the supporting documentation.

For a few months, progress appeared to have been resumed and at the end of July, I arranged once more for Taiyo management to come to London to meet with the F.I.D.A. Chief Executive, David Taylor, and F.I.G. and O.D.A. representatives. Another draft Agreement was finalised and David Taylor notified me that EXCO had accepted this Agreement on August 15th and O.D.A. were organising observers to board the two Taiyo ships. Although this would be more than a year later than had originally been agreed and Taiyo had therefore done their first year of exploratory fishing without British observers, we appeared to have progress at last. I should have known better.

Nothing happened and after a number of enquiries, I received a telex from the Islands at the end of September to say that "one small point had to be cleared with the F.C.O.". Since then, I have been in regular telephone contact with the Foreign Office to try to find out what is holding things up. The response has always been very friendly but generally indicating that this subject of exploratory fishing appeared to have somehow become regarded as inextricable from the "wider picture". All the negotiations hitherto had been based on a general understanding that the exploratory fishing was a necessary preparation for any eventual Exclusive Fishing Limits but in no way conditional on them. At this late stage, however, it appears that FCO lawyers are not prepared to go along with that, which appears to have been the reason for the hold-up over the past three months or more.

Attached is copy of a letter to the F.C.O. dated 9th November, emphasizing my embarrassing position relative to Taiyo and asking what the problem is. I have so far received no written reply and understand that the subject is now being dealt with at the highest levels. I hope you will not mind too much that I ask again for your help.

/I will not

I will not waste your time by repeating all the background but there really is so far no real progress at all to show after two years of determined efforts along a path to which we were introduced and encouraged by the Foreign Office, including the Minister. The Japanese proposals for exploratory fishing were generally regarded as too good to miss and, as far as I can see, still are.

The essential point is that the Taiyo offer to take British observers on board their ships to provide the required information on fishing resources around the Islands never was - and is not now - conditional upon the declaration of Exclusive Fishing Limits. I therefore find it difficult to understand why this Agreement reached with the F.I.G. cannot proceed, quite apart from the "wider considerations". The observers are due on the Taiyo ships when they return to the Falklands early in January. Everybody appears to agree we need the information which that exploratory exercise will provide.

The patience and co-operation of the Japanese throughout all these false-starts has been extraordinary and admirable, as also their integrity. I would greatly appreciate being put in a position to demonstrate to them that good-faith has been maintained in these unduly protracted negotiations also on the British side. There is now very little time for them to make the necessary arrangements for the observers to board. If we fail again, we must surely lose their confidence. May I please be enabled to tell them, before Christmas, that they can confidently go ahead with their preparations?

Best Wishes

Yours Sincerely

Fred Needham

C. E. Needham

CEN/BS

9th November, 1984
(Dict. 8.11.84)

A. Palmer, Esq.,
Falkland Islands Department,
Foreign and Commonwealth Office,
London SW1A 2AH.

Dear Andrew,

FISHING

When we spoke over the telephone last Friday, I mentioned that Taiyo were expressing some impatience regarding the lack of progress in finalising the Agreement with F.I.G. I was surprised to learn at that time that the problem with legal niceties is in fact in the U.K. Bearing in mind that the draft Agreement was agreed in London in July and copies posted on 27th July, I think that we were all expecting to see it finalised in a matter of weeks.

It is now November and not surprising that I have received another letter today from Taiyo asking when the Agreement is to be signed, so that they can make the necessary arrangements for the collection and accommodation of observers in early January. Whilst I can understand that wider considerations and consultations are involved as far as any eventual decisions on an EFZ are concerned, I find it difficult to see what the problems are in wording for the purpose of this Agreement. I have so far received no indication as to what the wording problems may be, which is rather disconcerting bearing in mind that more than three months have elapsed. It would be appreciated if you can indicate which wording is causing problems and what amendments if any might be suitable.

There must be a great risk now that, unless we can give Taiyo a sensible answer within a week or two at the outside, tt will again be too late to get observers on the ships and Taiyo will lose interest. Bearing in mind the time and effort that has been put into this venture, I sincerely hope that is not to be the outcome.

An early reply would be appreicated.

Yours sincerely,

C. E. Needham

P.O. BOX No 21, CHESTERFIELD, DERBYSHIRE S44 6AB
TELEPHONE: 0246 822281 (10 LINES)
TELEGRAMS: 'COALITE, BOLSOVER, TELEX' TELEX 54250

FROM THE CHAIRMAN

Coalite Group PLC

PERSONAL

30th March, 1984

The Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister,
10, Downing Street,
London S.W.1.

Dear Prime Minister

SOUTH ATLANTIC FISHING RESOURCES

I am pleased to take up the opportunity offered in your Private Secretary's reply of 15th March to give an account of my experiences in matters such as immigration to the Falklands and fishing surveys around the Islands and South Georgia, regarding which I expressed some exasperation in my letter of 9th March. If I may, I will confine this letter to fishing and write later on immigration.

In order to keep my comments reasonably brief, I am attaching copies of some of the relevant correspondence to support what I say and provide detail and flavour. It is extracted from two very thick files which have accumulated on the subject over only one and a half years.

Since we had no fishing experience at all, I had regarded any such developments around the Islands as an involvement more suited to the British fishing industry and had steered clear. In mid-October 1982, however, I was informed by the F.C.O. that a Japanese fishing Company (Taiyo) had been trying unsuccessfully with others to get something moving on exploration of fishing resources along the lines suggested in the Shackleton Report and that they would be approaching me, which they did (see letter from Taiyo Chief Exec. 1.12.82, which sets out what they had in mind).

Their enthusiasm was clear from the fact that Messrs. Amatatsu and Yamashita came from Tokyo one week later for a meeting in Chesterfield. They also visited the F.C.O. the following day. (Amatatsu letters 25.12.82).

As the only pro-Western Country with the required vessel capability to have shown any real interest in deep-sea fishing development around the Islands and since they were offering to carry out the exploratory fishing proposed by Shackleton (estimated cost £20M) without any direct payment and without any prior condition of declaration of fishing limits, the F.C.O. and O.D.A. showed some enthusiasm and it appeared that our support would be

/vital.

vital. Taiyo are apparently the biggest fishing concern in Japan, selling £1M worth of fish per day in Tokyo alone. I was greatly impressed by their candour and capabilities at this first meeting and agreed principles on which we would go along with a joint venture. They proposed 50/50 Taiyo/ Coalite, which I was prepared to accept but suggested that we should involve also the participation of the F.I. Government and a British fishing Company. Taiyo had no objections but, not surprisingly, wished to retain 50%. I therefore indicated that half of our stake could be available for other British interests.

My views and the position of Coalite at this stage are well set out in a letter to the F.C.O. dated 7th January, 1983, in which I would draw particular attention to the final paragraph. (See also F.C.O. reply, 18.1.83).

January 10th - 12th, 1983, Messrs. Amatatsu and Yamashita came to London again from Tokyo. Joint Proposal finalised and submitted to F.C.O. and Civil Commissioner on 14th January, 1983. (See copy of Proposal and two covering letters, all dated 14th January, 1983). All this had been done within six weeks, with the aim of reaching agreement with F.I.G. in February so as to have the two Taiyo vessels operating with British observers on board by May/June 1983.

In February 1983, I visited the Falklands (Tim Raison also there) and discussed the fishing proposals at length with Sir Rex Hunt. He said that he and Development Officer would be recommending acceptance to a meeting of EXCO on February 28th, 1983. On that date, EXCO "agreed in principle to the fishing proposal", the only reservation expressed being that "details of F.I.G. participation will have to await the establishment of a Falkland Islands Development Corporation". (Sir Rex Hunt telex 4.3.83. and letter of 14.3.83.).

This was encouraging, appearing to clear the way for exploratory fishing with British observers on Board by May/ June 1983. Nearly one year later, however, whilst the two Taiyo vessels have been operating since August 1st, 1983 we still have no British observers on board.

The following is a precis of events from mid-March 1983, with references to the attached correspondence:

15.3.83: Taiyo telex welcomes EXCO decision, says preparing trawlers and raises questions regarding fishing areas and median line with Argentina.

18.3.83: F.C.O. reply on fishing limits, median line and F.I.G. intention of participation in the Joint Venture Company.

24.3.83: Taiyo reply regarding formalisation of J.V.C. and fishing schedules.

23.3.83: My reply to Sir Rex Hunt, welcoming EXCO "agreement in principle" and asking whether that implies any reservations, when a decision on F.I.G. participation might be expected and whether proposals accepted firmly enough to enable a practical start to be made.

23.3.83: My letter to F.C.O., trying to ascertain firmness of commitment of F.I.G.

29.3.83: F.C.O. reply, agreeing "some confusion" and promising clarification.

29.3.83: Letter to Taiyo regarding discussions to involve a Hull fishing Company.

6.4.83: Letter to F.C.O., seeking information on progress. Taiyo appear to be a little discouraged.

13.4.83: Taiyo telex proposes meeting London May 2nd and 3rd, with a view to exploratory fishing commencement in August.

18.4.83: My reply to Taiyo, expressing anxieties whether sufficient progress will have been made for meeting early May.

19.4.83: Taiyo reply agrees to defer leaving Tokyo pending clear commitment of F.I.G. Agree proposed partner in Hull. Progressing clearance with Japanese Government.

18.4.83: F.C.O. confirms F.I.G. participation in J.V.C. and approval for investment of £7,500 initial share capital. Meantime "Memorandum of Understanding" from F.I.G., (which never materialised). Also refers to potential partner in Hull.

22.4.83: Telex to Taiyo, notifying F.I.G. agreement to 15% participation. Still awaiting firm indication of licence concessions to be granted in return for exploratory fishing, if and when fishing limits declared. Not surprisingly, since that is the only 'quid pro quo' for exploration and taking observers on board, a concession on eventual licence fees is a pre-condition for Taiyo. Specific reference to that subject has been avoided in all replies from F.I.G. so far - although "agreement in principle" might (or might not) be taken as their agreement to the requested concessions.

22.4.83: Letter to F.C.O., setting out agreed J.V.C. participants and percentages, begging for a firm letter of intent for assurance of Taiyo, warning of their possible loss of enthusiasm and consequent loss of a unique opportunity to collect the information on fishing required by O.D.A. for licencing considerations.

28.4.83: Reply from Sir Rex Hunt, agreeing it would be a pity to lose excellent opportunity but disclaiming responsibility for any delays. Refers to "certain amendments communicated to you via F.C.O." (Not received but came later in letter from F.C.O. dated May 6th, 83). These were relatively minor points, easily met. The important question left unanswered was whether the reference to "broad agreement with the proposals set out in the enclosure to your letter of January 14th" did or did not mean acceptance of the licencing concessions requested in return for exploration and observers. Later in the

/letter,

28.4.83: (Cont'd).

letter, the comment that "F.I.G. agrees to give the company preferential consideration in any future 200 mile economic zone" appeared deliberately unspecific and raised very real doubts of intentions. Nevertheless, this was taken as sufficient assurance to persuade Taiyo to come to London again May 11th-13th for meetings with F.C.O., O.D.A., fishery experts, lawyers, Sir Rex Hunt, Marr Fisheries of Hull and ourselves. Draft agreements, numbers of observers and their recruitment, licence concessions, fishing schedules, all discussed at length and good progress thought to have been made. Agreed aim to sign agreement in June and start exploratory fishing in August.

17.5.83: Taiyo telex regarding London meetings and questions from Japanese Government.

18.5.83: Letter to F.C.O. agreeing suggested numbers of observers and their appointment.

15.6.83: Letter to F.C.O. notifying delivery of copies of draft Agreement, Memorandum and Articles for J.V.C., prepared following meetings held in May.

12.7.83: Telex to Taiyo regarding F.I.G. delays due to legal and political considerations.

21/22.7.83: Telex from Taiyo. Two trawlers fully prepared and coming to Islands end July to start exploratory fishing, hoping agreement can be signed soon and observers picked up in Port Stanley. Collected information on fishing will be made available when Agreement signed.

29.7.83: Letter from F.C.O., from which it appears we are right back at the beginning as far as F.I.G. are concerned. Requesting Taiyo to make a presentation on proposals in Port Stanley.

29.7.83: Taiyo express hopes on progress.

1.8.83: Letter to F.C.O. regarding proposed presentation by Taiyo.

1.8.83: Two Taiyo vessels started fishing off the Falklands, awaiting agreement.

2.8.83: Taiyo suggest presentation in London, not Port Stanley.

10.8.83: Mr. Yamashita in London from Tokyo to discuss proposed presentation and progress if any towards Agreements. Also met F.C.O.. During these discussions it was concluded that the well-intended offer of participation of other parties had served only to prevent progress. Whilst the door for such participation would be kept open, I would travel to Tokyo in October to finalise and sign an agreement with Taiyo, whether or not other parties decided to join. This reassured Taiyo and retained their enthusiasm.

17.8.83: Taiyo telex confirms their agreement to that course and agrees to make presentation in London when three F.I. Councillors here, provided F.C.O. and we assist.

25.8.83: My telex to Taiyo confirming presentation arrangement with F.C.O. for September 2nd, to be attended by 3 or 4 Councillors, F.C.O., O.D.A., Adrian Monk, Taiyo and Coalite.

26.8.83: Taiyo telex their schedule for presentation.

26.8.83: My further reply on presentation arrangements.

26.8.83: My letter to F.C.O. expressing despair at lack of response to draft agreements submitted in June, reiterating importance of having British observers on the exploration vessels to avoid losing invaluable information, need to agree licence concessions available if and when fishing limits declared, and urging progress.

2.9.83: Taiyo here for presentation in London. Copy enclosed of brief but concise speech made by Mr. Yamashita on exploratory fishing proposals. (Little could be added to what had already been proposed in writing). Followed by constructive discussion with Councillors and O.D.A. fishing experts. Councillors promised to urge progress on their return to Stanley.

29.9.83: Signs of exasperation from Taiyo, suggesting consultancy in place of J.V.C.

29.9.83: My reply to Taiyo, expressing dismay at their proposed change of course.

5/12.10.83: I went to Japan for final negotiations on 50/50 J.V.C. with Taiyo, leaving door open for F.I.G. equity participation if and when they so decide. Details agreed and Agreement signed fifteen minutes after I was due to depart for Tokyo airport.

31.10.83: My telex to Civil Commissioner deals with several items of interest and Item 3 specifically with exploratory fishing, urging comment on our proposals or their counter proposals in order to get British observers on the Taiyo vessels (which have already been operating for three months).

1.11.83: Sir Rex Hunt telex reply, which stopped short half-way through. Says Councillors regard paying costs of observers before declaration of 200 miles limits is "putting the cart before the horse". This view had never been raised before and is completely opposite to o.d.a. fishery experts views expressed on what is desirable and what has happened elsewhere. Seems rather odd to be raising this point eight months after F.I.G. had "agreed in principle to the fishing proposals" and in view of all that has been said and done meantime.

10.11.83: My telex reply to Sir Rex Hunt, asking for rest of message, but commenting as above on that part of message so far received.

16.11.83: Received remainder of telex started on 1.11.83 from Sir Rex Hunt, saying Councillors now agree that observers should be put on board.

16.11.83: Telex from Sir Rex Hunt, saying that Councillors' reservation on fishing licence concessions (which we proposed in January 1983) and their counter-proposals had been passed to F.C.O. 28.9.83.). We enquired of F.C.O. and received them 28.11.83. First indication of any counter proposals to our proposals submitted in January 1983. Council "prepared to agree to concessionary licences for 12 trawlers at the rate of 25% (licence fees) for the first two years, 50% for the next two, 75% for the next two and 100% for subsequent years". (January proposal was for 5 years free of licence fees and 5 years at 50%).

Further discusses differences between O.D.A. and F.I.G. on appointment of observers/experts and consequent delays.

25.11.83: My reply to Sir Rex Hunt, advising no previous knowledge of counter-proposals and will now contact Taiyo. Also welcome Councillors' acceptance of exploratory fishing and observers as best avenue towards progress.

28.11.83: Letter from F.C.O. setting out counter-proposals and agreeing we deal direct with Sir Rex Hunt.

9.12.83: Telex from Taiyo, agreeing to agree a very substantial movement from their original stand on licence concessions towards F.I.G. counter proposals, i.e. 25% fees for three years, 50% for three years and 75% for three years, as opposed to original Nil% for five years and 50% for next five years.

I thought this was a great achievement, reflecting the confidence established with Taiyo and felt sure F.I.G. would be pleased. Not so.

9.12.83: Above transmitted same day to Sir Rex Hunt by telex.

13.1.84: A lengthy reply to Cranley Onslow, setting out the case for exploratory fishing and fishing limits as I see it, referring to the extent of fishing by Russians and Poles around the Islands, delays in making progress, etc.

16.1.84: Letter to O.D.A. replying to questions raised regarding facilities for observers on Taiyo vessels - and asking for confirmation of the preferential licencing terms to be granted to the J.V.C. No reply received.

20.1.84: Telex reply from Sir Rex Hunt, apologising for long delay and saying it was extremely unlikely EXCO would budge from the new negotiating position stated in November correspondence.

6.2.84: Telex reply to Sir Rex Hunt, re-iterating the factors involved, the dangers of trying to push Taiyo too far and the value of the fishing information to be set against the cost of obtaining it any other way. Urged re-consideration.

7.2.84: Telex reply from Sir Rex Hunt, standing fast and discounting any risks in going back to Taiyo again to ask for more.

In view of the suggestion in Sir Rex Hunt's telex of 8.2.84. of discussion with David Taylor (newly appointed Chief Executive of F.I.D.C.) when in U.K. from Stanley on 14th March, 1984, I decided to wait until then.

9.3.84: In spite of so much effort over fifteen months to try to help towards collecting the information required for the declaration of extended fishing limits and revenue from licencing, and encourage some pro-Western as opposed to Iron Curtain fishing activity, we seemed no nearer to recruiting British observers and appeared to be moving backwards rather than forwards. I therefore wrote to you personally, expressing exasperation on this and other potential developments on the Islands.

I appreciate the delicacy of this subject in the context of Anglo/argentine discussions and that the declaration of extended fishing limits may well be more difficult now than it would have been a year ago. But whatever happens, the economy of the Islands really cries out for revenue from off-shore fishing and the thought is obviously prompted that it might at the appropriate stage be possible to substitute fishing limits for the Protection Zone.

What is needed is a firm decision on whether exploratory fishing is required along the lines proposed. If not, then I think we should so inform Taiyo, who must really be just as disconsolate as I am and losing some enthusiasm in view of the fact that their two vessels have been around the Falklands for eight months and the latest indication is that O.D.A. could not have observers on board before July, whereas the intention was to achieve that a year ago.

Since putting all the above information together, I did in fact meet David Taylor (F.I.D.C. Chief Executive), the F.I.G. Attorney General and the O.D.A. Fisheries Consultant in London on Tuesday of this week, March 27th.

Mr. Taylor gives a very good impression but is obviously in a very difficult position. As far as this fishing project is concerned, for example, he had not previously had sight of the proposals we submitted in January 1983 or a good deal of the subsequent paperwork. He apologised profusely on behalf of the F.I.G. and gave a sincere impression of wishing to make progress. We were back again, however, to talking about further discussions with Taiyo, in Tokyo if necessary, but I had to say that we were not prepared to go through all that again.

The most astonishing point coming out of this discussion was that, whereas the written Taiyo/Coalite proposals have always specifically referred to exploratory fishing and fishing limits around the Falkland Islands and South Georgia, we were told for

/the first time

the first time that South Georgia had not even figured in Government considerations on fishing and that there had been no question of fishing limits around South Georgia. I will make no point about that other than to say that, if it is so, we should have been told before now. In all the proposals, it was made perfectly clear that the fishing licence concessions requested in return for the two years exploratory fishing were based on the waters around South Georgia and the Falkland Islands. At this very late stage, it completely changes the picture and it could be, for example, that Taiyo might accept what F.I.G. has proposed as concessions if they relate to the Falkland Islands waters alone - as also the exploratory fishing. Quite amazing.

David Taylor has undertaken to make a rapid appraisal of the position in the U.K. and discuss it urgently on his return to Port Stanley. Meanwhile I can do nothing further.

I do apologise for the length of this but felt that I could not do the subject justice otherwise. If you can help in any way towards positive decision making on this project, which was considered to be such a major initiative at the time but has been floundering ever since, I shall be immensely grateful.

Yours sincerely

Cecil E Needham

C. E. Needham

Argentina : Relats Pt 39.

PS
PS/LADY YOUNG
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PS/MR RIFKIND
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MR J FREELAND
SIR W HARDING
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PS/CHANCELLOR)
MISS M E CUND) TREASURY
MR LITTLER)

SIR R ARMSTRONG)
MR ~~A D S GOODALL~~) CABINET
DIO (Cambridge)) OFFICE

MR POWER, SAD, ODA

MR A FORTNAM IAT/D. TRANSPORT

RESIDENT CLERK

Prime Minister
Please see para 7
AD

(FM BERNE 131300Z)

FM BISBA

TO IMMEDIATE FCO

TELNO 839 OF 12 DECEMBER 1984

INFO PRIORITY MOD (SIC A3A), CBFFI BANK OF ENGLAND ASUNCION BRASILIA MEXICO CITY MONTEVIDEO SANTIAGO UKMIS NEW YORK WASHINGTON PORT STANLEY

MT

PRESS SUMMARY

1. SUMMARY

TODAY'S HEADLINES INCLUDE A MEETING BETWEEN PRESIDENT ALFONSIN AND PROVINCIAL GOVERNORS, THE FOREIGN DEBT AND THE DISCOVERY OF FIVE CORPSES IN BUENOS AIRES PROVINCE THOUGHT TO BE THE RESULT OF A GANGLAND CLASH.

2. INTERNAL

PROVINCIAL GOVERNORS WERE SAID TO BE CONFUSED AND INDIGNANT LAST NIGHT FOLLOWING A MEETING WITH TREASURY MINISTER NOBERTO BERTAINA WHO TOLD THEM THAT A 10 BILLION PESO SUBSIDY PROMISED TO THEM BY ALFONSIN IN AN EARLIER MEETING WAS 'NOT AVALABLE'. THE PAYMENT IS REQUIRED TO MEET PUBLIC SECTOR WAGES AND END OF YEAR BONUSES. THE GOVERNORS WILL REPORTEDLY MEET WITH INTERIOR MINISTER TROCCOLI TODAY TO CLARIFY MATTERS (TIEMPO P2, NACION P1, HERALD P11).

THE PRESIDENT OF THE CHAMBER OF DEPUTIES, JUAN CARLOS PUGLIESE, HAS ANNOUNCED HIS SUPPORT FOR A PROPOSAL PRESENTED BY TWO RADICAL SENATORS THAT THE PRESIDENTIAL TERM OF OFFICE SHOULD BE REDUCED FROM SIX TO FOUR YEARS AND THAT THE PRESIDENT MAY SERVE TWO CONSECUTIVE PERIODS, WHICH IS NOT PERMITTED AT

BY TWO RADICAL SENATORS THAT THE PRESIDENTIAL TERM OF OFFICE SHOULD BE REDUCED FROM SIX TO FOUR YEARS AND THAT THE PRESIDENT MAY SERVE TWO CONSECUTIVE PERIODS, WHICH IS NOT PERMITTED AT PRESENT(LA NACION P1).

LORENZO MIGUEL WAS RE-ELECTED AS HEAD OF THE METAL WORKERS UNION YESTERDAY AND LATER ANNOUNCED THAT HE WILL RESIGN AS VICE PRESIDENT OF THE JUSTICIALIST PARTY. SOME SOURCES ALLEGE THAT MIGUEL'S RE-ELECTIE N WAS A 'PREARRANGED DEAL' WITH RIVAL LUIS GUERRERO (CLARIN P8, HERALD P11).

3. HUMAN RIGHTS

THE NAVY HAVE REPUTEDLY SENT A NOTE TO THE MINISTRY OF DEFENCE REQUESTING THAT LT ALFREDO ASTIZ BE TRANSFERRED FROM THE BUENOS AIRES NAVAL BASE, WHERE HE IS BEING DETAINED ON THE ORDERS OF A FEDERAL JUDGE INVESTIGATING THE MURDER OF DAGMAR HAGELIN. THE REASONS FOR THE REQUEST ARE NOT KNOWN BUT INCREASED SECURITY IS THOUGHT TO BE A FACTOR. CLARIN CLAIMS THAT THE LACK OF DEVELOPMENTS YESTERDAY IN THE INVESTIGATION INTO ASTIZ' ACTIVITIES IS A SIGN THAT THE GOVERNMENT AND ARMED FORCES WISH TO DEFUSE THE ISSUE (CLARIN P2, PRENSA P6).

4. FOREIGN DEBT

IN A TELEVISION MESSAGE BROADCAST YESTERDAY, CENTRAL BANK PRESIDENT GARCIA VAZQUEZ FORECAST THAT ARGENTINA'S INFLATION WOULD CONTINUE TO DECREASE WITHOUT RECESSION. HE MAINTAINED THAT THE IMF HAD SOFTENED ITS USUALLY HARSH APPROACH TOWARDS COMBATING INFLATION TO DEAL WITH ARGENTINA'S PROBLEMS. THE AGREEMENT WITH CREDITOR BANKS WOULD SAVE ARGENTINA 1.5 BILLION DOLLARS A YEAR AND REPAYMENT OF THE REFINANCING LOANS WILL BE OVER 12 YEARS, WHICH WAS DOUBLE WHAT HAD EVER BEEN ACHIEVED BEFORE (CLARIN P22, HERALD P1).

PRIOR TO HIS DEPARTURE FOR EUROPE AND THE MIDDLE EAST TO DISCUSS DEBT REFINANCING WITH FOREIGN BANKERS, ECONOMY MINISTER GRINSPUN REAFFIRMED THA AN AGREEMENT WITH THE IMF FOR A STANDBY CREDIT WILL BE SIGNED ON 28 DECEMBER. HE CLAIMED THAT THE TECHNICAL PART OF THE NEGOTIATIONS WITH THE PARIS CLUB WERE PRACTICALLY FINISHED AND THAT A MEETING WOULD BE HELD ON 16 JANUARY IN PARIS TO SIGN THE FINAL PROTOCOLS (CLARIN P22-23, HERALD P1).

5. BEAGLE

CLARIN CARRIES A SIGNED ARTICLE FORECASTING THAT THE TRANSFER OF THE ADELAIDE ANTARCTIC BASE FROM BRITAIN TO CHILE WILL BECOME ONE OF THE PRINCIPAL ARGUMENTS WHEN CONGRESS DEBATES ARGENTINA'S PROPOSED BEAGLE AGREEMENT WITH CHILE. THE TRANSFER HAD REVIVED SUSPICIONS AMONGST CONGRESSMEN ABOUT CHILE'S GEOGRAPHICAL EXPANSION (CLARIN P16).

THE TREATY WILL BE SUBMITTED TO CONGRESS TODAY FOR APPROVAL DURING THE PRESENT SESSION. VICE PRESIDENT MARTINEZ SAID EARLIER THIS MONTH IT WAS UNLIKELY IT COULD BE DEBATED AND APPROVED BY BOTH HOUSES BEFORE 21 DECEMBER WHEN CONGRESS GOES INTO RECESS UNTIL THE END OF JANUARY.

6. FALKLANDS

TIEMPO ARGENTINO NOTES THAT THE HOUSE OF COMMONS WILL TODAY DEBATE THE FOREIGN AFFAIRS COMMITTEE'S FALKLANDS REPORT WHICH IT SUGGESTS INCLUDES A PROPOSAL 'TOWARDS INITIATING NEGOTIATIONS

TIEMPO ARGENTINO NOTES THAT THE HOUSE OF COMMONS WILL TODAY DEBATE THE FOREIGN AFFAIRS COMMITTEE'S FALKLANDS REPORT WHICH IT SUGGESTS INCLUDES A PROPOSAL 'TOWARDS INITIATING NEGOTIATIONS WITH ARGENTINA'. THE SAME ARTICLE REFERS TO STATEMENTS IN JANES WEEKLY THAT THE CONSTRUCTION COSTS OF NEW PIERS AND WAREHOUSES ON THE FALKLANDS COSTING SOME 24 MILLION POUNDS WILL BE RECOUPED DURING COMING YEARS AS SHIPS OF LARGER TONNAGE WILL BE ABLE TO DOCK IN THE ISLANDS.

AFP NOTES THAT THE FOREIGN AFFAIRS COMMITTEE REPORT TERMS AN AGREEMENT WITH ARGENTINA AS 'NOT ONLY INEVITABLE BUT DESIRABLE'.

7. ARMED FORCES

ACCORDING TO 'NAVY SOURCES' THE DELIVERY OF 12 SKYHAWKS A4O FIGHTER BOMBERS PURCHASED FROM ISRAEL FOR THE NAVY IN 1982 COULD SPARK A CONFLICT WITH THE AIR FORCE WHICH WANTS THE PLANES TO REPLACE THOSE LOST DURING THE FALKLANDS WAR. THE DISPUTE HOWEVER MIGHT BE SETTLED IF THE DEFENCE MINISTRY RESELLS THE AIRCRAFT TO OFFSET ECONOMIC DIFFICULTIES. THE US-MANUFACTURED AIRCRAFT ARE SAID TO HAVE BEEN SECRETLY PURCHASED FROM ISRAEL DURING THE LAST MILITARY REGIME, BUT DELIVERY WAS WITHHELD BECAUSE OF THE US BAN ON ARMS SALES TO ARGENTINA. FOLLOWING THE LIFTING OF THE BAN, ISRAEL ANNOUNCED IT WAS READY TO DELIVER THE PLANES WHICH ARE EXPECTED TO ARRIVE WITHIN THE NEXT FEW DAYS (HERALD P1).

AMBITO FINANCERO CARRIES AN ARTICLE ON THE PURCHASE AND POSSIBLE SALE OF ARGENTINE WARSHIPS WHICH REFERS TO THE DIFFICULTIES ARGENTINA ENCOUNTERED TRYING TO RESELL THE ENGLISH FRIGATES HERCULES AND SANTISIMA TRINIDAD, ALLEGEDLY DUE TO BRITAIN'S RELUCTANCE TO SUPPLY SPARE PARTS. THE ARTICLE ALSO CLAIMS THAT THE SIX CLASS TR1700 SUBMARINES, TWO OF WHICH ARE BEING CONSTRUCTED IN GERMANY AND FOUR IN ARGENTINA, WILL NOT BE RESOLD (AMBITO P14).

ADDRESSING A MEETING OF THE SERVICE CHIEFS OF STAFF PRESIDED BY THE MINISTER OF DEFENCE, THE CHIEF OF THE COMBINED CHIEFS OF STAFF, LT GEN J F TORRES, EXPRESSED CONCERN ATHTHE INCREASING DETERIORATION OF ARGENTINA'S DEFENSIVE CAPACITY BOTH MORALLY AND MATERIALLY. HE DREW PARTICULAR ATTENTION TO THE THREAT OF INTERNAL SUBVERSION WHICH HE DESCRIBED AS INCREASING ITS PSYCHOLOGICAL, INFORMATION GATHERING AND RESOURCE CAPACITY (NACION P5)..

SHARKEY

POWELL-JONES

NNNN

SENT/RECD AT 131435Z KR//RHK

GRS 430
CONFIDENTIAL

CONFIDENTIAL

FROM PORT STANLEY 111305Z DEC 84
TO IMMEDIATE FCO
TELEGRAM NUMBER 478 OF 11 DECEMBER

DOWNING ST.

Falkland Island Councillors continue to object to proposals for separate constitution for the dependencies.

THE CONSTITUTION

1. JARROLD'S LETTER OF 23 NOVEMBER TO SMITH.

2. I HAVE FAILED TO PERSUADE ROWLANDS TO CHANGE THE LINE THAT HE TOOK WITH LADY YOUNG ON 19 NOVEMBER: NAMELY, THAT HE WOULD PREFER TO DEFER PROMULGATION OF THE NEW FALKLAND ISLANDS CONSTITUTION THAN TO ACCEPT A SEPARATE CONSTITUTION FOR THE DEPENDENCIES. I REHEARSED THE ARGUMENTS IN SIR WILLIAM HARDING'S LETTER TO ME OF 16 NOVEMBER BUT HE REMAINED UNCONVINCED. UNLESS THOMAS CAN BRING MORE CONVINCING ARGUMENT WITH HIM FOR THE JOINT COUNCILS MEETING ON 18 DECEMBER, I FEAR THAT ROWLANDS WILL NOT BE MOVED.

3. COUNCILLORS GOSS AND BENNETT HAVE EXPRESSED TO ME THE SAME VIEW. COUNCILLOR CHEEK IS PRESENTLY INDECISIVE. I HAVE NOT HAD THE CHANCE OF DISCUSSING THIS ISSUE WITH CAMP COUNCILLORS BUT I SHALL NOT BE SURPRISED IF COUNCILLORS BINNIE AND LUXTON TAKE THE SAME VIEW. COUNCILLOR TIM BLAKE IS ON RECORD AS SAYING THAT HE WOULD NOT WISH AGREEMENT ON THE NEW FALKLAND ISLANDS CONSTITUTION TO FLOUNDER OVER THE ISSUE OF A SEPARATE CONSTITUTION FOR THE DEPENDENCIES. COUNCILLOR TONY BLAKE MAY SUPPORT HIM IN THIS VIEW.

4. WE CAN EXPECT THEREFORE A MAJORITY OF COUNCILLORS VOTING AGAINST THE NEW CONSTITUTION UNLESS WE CAN PROVIDE THEM WITH CONVINCING REASONS FOR BREAKING THE PRESENT CONSTITUTIONAL LINKS BETWEEN THE FALKLAND ISLANDS AND THE DEPENDENCIES. AT PRESENT, IT LOOKS AS THOUGH EVEN A CATEGORICAL ASSURANCE THAT, UNDER SEPARATE CONSTITUTIONS, THE DEPENDENCIES WOULD CONTINUE TO BE ADMINISTERED BY THE CIVIL COMMISSIONER IN COUNCIL WOULD FAIL TO SWAY THEM OVER.

5. I SHOULD EMPHASISE THAT ROWLANDS' VIEW IS NOT BASED ON ANY FINANCIAL CONSIDERATIONS. HE HAS CONSISTENTLY HELD TO THE ARGUMENT THAT IT WOULD BE MORE DIFFICULT FOR ANY BRITISH GOVERNMENT TO SELL A NEGOTIATED SETTLEMENT TO THE PEOPLE OF THESE ISLANDS, TO PARLIAMENT AND THE BRITISH PUBLIC IF THE DEPENDENCIES REMAIN LINKED WITH THE FALKLAND ISLANDS. HE HAS NO DOUBT ABOUT THE MAGNITUDE OF THE PRESENT BRITISH GOVERNMENT'S EFFORTS ON BEHALF OF FALKLAND ISLANDERS, BUT HE REMAINS CONCERNED ABOUT FUTURE BRITISH GOVERNMENTS AND WOULD NOT LIKE TO SEE THIS GOVERNMENT MAKE IT EASIER FOR ANY FUTURE GOVERNMENT TO GET RID OF THE FALKLAND ISLANDS. IN HIS VIEW, PROMULGATION OF SEPARATE CONSTITUTIONS NOW WOULD UNDERMINE THE CONFIDENCE THAT HMG HAS BEEN BUILDING UP IN THE ISLANDS SINCE 1982.

CONFIDENTIAL

/6

6. AS YOU KNOW, I HAVE PUT THIS VIEW AS FORCIBLY AS I CAN IN THE PAST AND I HAVE WARNED THAT IT WOULD BE THE INEVITABLE CONSEQUENCE OF SEPARATING THE TWO CONSTITUTIONS. I HOPE THAT THOMAS WILL BE PREPARED FOR A TOUGH SESSION OF JOINT COUNCILS ON 18 DECEMBER.

HUNT

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FALKLAND ISLANDS

cc PC

MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 9000
DIRECT DIALLING 01-218 6169

MO 5/21

6 December 1984

NBPM
CDP 10/12

Dear John

Thank you for your letter of 8th November reporting on your recent visit to the Falkland Islands. I am pleased that you enjoyed it, and that you found both the Falkland Islanders and the garrison in good heart. I am sure that visits of this nature contribute towards a better understanding of our role in the South Atlantic, and also boost civilian and military morale down there by showing them that they are not forgotten.

Your news on relations between the civilian and military communities was welcome, but I must say not surprising. Relations have remained remarkably good considering all the strains and stresses since 1982, and we continue to place the highest emphasis on maintaining them.

You raised a number of points in your letter on which I would like to comment. First the new airfield at Mount Pleasant. We expect to be opening the main runway for air trooping in May 1985. Thereafter all passengers and up to two thirds of military freight will be carried on wide bodied jets. There will of course be provision for civilians to use these flights. However, I am afraid that it will not be possible to justify mounting the flights from London Heathrow, or indeed any other civil airfield, because Servicemen will form a

The Rt Hon Julian Amery MP

majority of the passengers on these flights. It is operationally important that we use the military airfield at RAF Brize Norton, where we have our own accommodation, catering and other movements facilities.

The movement of all personnel by air will on its own save a great deal of money (we estimate around £25 million per year). The opening of the airfield will also mean that our rapid reinforcement capability is much improved. As you noted this will in due course allow us to make some substantial savings in the size of the garrison, although it is far too early to quantify these. The state of our diplomatic relations with Argentina will also have to be taken into account. I agree with you that intelligence coverage is important, and I can assure you that the Government are doing whatever is necessary - naturally you would not expect me to go into any detail.

Although my Department provided a large part of the funding for the road between Stanley and the airport, responsibility for letting and supervising the contract rested with ODA. The state of the Port Stanley airport road has been regularly monitored by engineering advisers, and there have also been investigations by the Royal Engineers and the Property Services Agency. This has shown that the Falklands climate and the nature of the usage of the road have led to unusually rapid deterioration, but I am advised that it is unlikely that contractual liability for the damage could be shown. Immediate repair work has been effected by the Royal Engineers and we have now agreed with the ODA a basis for funding a permanent restoration of the road. PSA will shortly be given instructions to arrange for the work to be done.

You mentioned the discontent over removal of Local Overseas Allowance, and Falkland Islands pay. Local Overseas Allowance is a tax-free compensatory allowance which is paid to offset the additional costs of serving and living in an overseas station. Until April 1982

the Falkland Islands were zero rated for LOA, since life imposed no extra costs on the small garrison stationed there. However, with the assembly of the Task Force there was a need to equalise a variety of LOA entitlements which were being paid to certain members of the Task Force, and a flat rate of £1 per day was created for all ranks to be paid until a review took place. Such a review was carried out in January 1984 and established that no LOA was justified for single and married unaccompanied personnel. For married accompanied personnel a small allowance was shown to be warranted. Implementation of the LOA review was deferred until the Armed Forces Pay Review Body (AFPRB) had reached its conclusion on a recommendation submitted by my Department for a form of Falkland Islands pay which recognised the hardship involved in repeated and frequent tours of duty. The Government's acceptance of the AFPRB's recommendation to introduce Falkland Islands Pay has meant that, with effect from 1st April 1984, a taxable daily sum of £2.15 is payable to personnel for the duration of a repeat tour in the Falkland Islands area which is undertaken within 18 months of a previous tour. The AFPRB are keeping the arrangements for the new Falkland Islands Pay under close review and will be receiving evidence from the Ministry of Defence during the current pay round.

You also raised a number of points which are properly the concern of Geoffrey Howe, but for the sake of convenience I have agreed with him that I will include responses to them in this letter. We know of the strong interest both in the Falkland Islands and among conservationists here, in the declaration of a 200-mile Exclusive Fisheries Limit (EFL) around the Islands. We are well aware of the arguments in favour of an EFL and are giving it serious consideration, but it is important to take full account of all the factors involved in this complex issue, and seek to avoid the risks of long term repercussions which could outweigh the short term benefits of declaring a regulatory system.

On land reform, Francis Pym announced in his statement on 8th December 1982, on the Government's response to the Shackleton Report, a gradual approach to land redistribution as being more likely to be in keeping with the capacity of the Islands' existing population to take up land so divided, and also more consistent with realistic immigration prospects. Since 1979 the Falkland Islands Government have been associated with the purchase and sub-division of four farms into 27 smaller ones (12 before and 15 after the conflict). In June 1983 they purchased the Packe Brothers farm which was sub-divided into eight sections. Recently they have approved mortgages totalling £210,160 for the purchases of five sections at San Carlos farm out of a total of eight offered for sale. The Falkland Islands Development Corporation, established earlier this year, as well as making mortgages available are assisting farmers with loans for machinery and seeds. We expect steady and continued progress to be made on land redistribution.

So far as local industries are concerned, the Falkland Islands Development Corporation (FIDC), one of the central recommendations in Lord Shackleton's 1982 Economic Study, has been established. The main emphasis of the FIDC will be on promoting commercial enterprises. They are assuming responsibility for various fisheries projects such as the establishment of salmon ranching and the commercial exploitation of shellfish. Projects approved so far include a woollen mill at Fox Bay East, equipment for a bakery in Stanley, and the provision of workshop and small factory premises in Stanley to encourage the growth of service industries. Proposals are under consideration for the establishment of a dairy.

Immigration into the Falkland Islands is a matter for the Falkland Islands Government. The severe shortage of surplus accommodation in the Islands remains one of the greatest constraints

on the acceptance of prospective immigrants. In selecting applicants, the FIG give priority to those who are able to offer badly needed skills. Successful candidates are in principle eligible for an FIG passage loan on a fixed repayment basis depending on likely income and security offered.

You conclude by emphasising the very strong wish of the Falkland Islanders to remain British, and their resistance to the idea of negotiations with the Argentines over sovereignty. The Islanders know very well from the position we took at the Berne talks in July that we are not prepared to discuss sovereignty. We have since reiterated this in Parliament, and during the Falklands Debate at the UN General Assembly, in which two Island Councillors played a helpful part. What we have sought to do, on the other hand, is to set sovereignty to one side and to find practical means of improving our bilateral relations with Argentina, eg in the commercial and financial fields. Their President himself reiterated in New York in September the insistence on linking sovereignty and normalisation which brought the Berne talks to deadlock: we look to Argentina to realise that this approach is wholly unrealistic. We shall continue to reassure the Islanders that we are not prepared to discuss sovereignty as if the events of 1982 had never occurred.

In sum, I can assure you that the Government share your hope for a stable and prosperous future for the Falkland Islands and their people. In support of this end we have made clear the right of the people to live under the Government of their choosing, and we remain committed to their defence for so long as that is necessary.

I am copying this reply to the Prime Minister, Geoffrey Howe, Keith Joseph, and the other members of your delegation.

Yours ever

Michael Heseltine

Argentina PT 39
Relations

CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

6 December, 1984.

Relations with Argentina

The Prime Minister has seen Berne Telegram No. 379. She would like to be closely consulted in the preparation of any reply to the Argentine Government's oral communication.

Charles Powell

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

PS 350

CONFIDENTIAL
FM BERNE 041500Z DEC 84
TO IMMEDIATE FCO DESKBY 041615Z
TELNO 379 OF 4 DECEMBER 1984

INFO ROUTINE: UKMIS NEW YORK, WASHINGTON, BRASILIA, EC POSTS.

YOUR TELNO 183: RELATIONS WITH ARGENTINA

SUMMARY

1. ARGENTINE PROPOSALS FOR RENEWAL OF DIALOGUE NOW COMMUNICATED THROUGH SWISS CHANNEL.

DETAIL

2. SWISS STATE SECRETARY INVITED ME TO CALL ON 4 DECEMBER IN ORDER TO RECEIVE AN ORAL COMMUNICATION WHICH ARGENTINE FOREIGN MINISTER HAD ASKED AMBASSADOR KEUSCH TO CONVEY. COUNSELLOR WAS PRESENT. BRUNNER SAID THAT THE USE OF THE SWISS INSTEAD OF THE BRAZILIAN CHANNEL WAS AN INDICATION OF THE INFORMAL CHARACTER OF THE ARGENTINE MESSAGE.

3. BRUNNER SAID THAT THERE WERE THREE POINTS WHICH THE SWISS HAD BEEN ASKED TO CONVEY:-

(A) CAPUTO WISHED TO CONFIRM THE DESIRE OF THE ARGENTINE SIDE TO RENEW A DIALOGUE WITH THE UNITED KINGDOM. CAPUTO WISHED TO DEVELOP SOME IDEAS WHICH HE IS READY TO DISCUSS AND POSSIBLY TO AMEND IN THE LIGHT OF YOUR REACTION.

(B) CAPUTO'S CONCRETE PROPOSAL ABOUT A RENEWED DIALOGUE IS IN SUBSTANCE THAT IT SHOULD BE IN THREE PHASES AND SHOULD BE KNOWN BY THE NAME ''ORIGIN AND CONSEQUENCES OF THE CONFLICT''.

(C) THE FIRST PHASE COULD BE ENTIRELY DEVOTED TO IDEAS PROPOSED BY THE BRITISH SIDE IN BERNE IE OUR SIX POINTS WHICH CAPUTO REGARDS AS CONFIDENCE-BUILDING MEASURES IN THE WIDEST SENSE. IT WOULD ALSO BE OPEN TO US TO PROPOSE THE INCLUSION IN PHASE ONE OF ADDITIONAL SUBJECTS. PHASE TWO WOULD BE DEVOTED TO THE THREE ARGENTINE CONFIDENCE-BUILDING MEASURES PROPOSED EARLIER IN THE YEAR. THE THIRD PHASE WOULD BE ENTITLED ''POLITICAL STATUS OF THE ISLANDS AND THEIR INHABITANTS''. THIS PHASE WOULD NOT START UNTIL AFTER THE FIRST TWO HAD BEEN COMPLETED AND IN THE SAME WAY PHASE ONE WOULD BE COMPLETED BEFORE THE COMMENCEMENT OF PHASE TWO.

4. BRUNNER WENT ON TO SAY THAT IN ADDITION TO THE ABOVE PRESENTATION CAPUTO HAD MADE SOME INFORMAL COMMENTS TO KEUSCH:-

(A) THE TIMING AND DURATION OF EACH PHASE WOULD BE A MATTER FOR THE NEGOTIATORS AND COULD IF NECESSARY EXTEND OVER SEVERAL MONTHS OR EVEN YEARS.

/(6)

(B) THE WHOLE CONCEPT OF THE THREE PHASES WOULD HAVE TO BE ACCEPTED BY BOTH SIDES BEFORE THE FIRST PHASE COULD START. THERE COULD BE NO QUESTION OF STOPPING THE PROCESS AFTER THE COMPLETION OF THE FIRST OR SECOND PHASES. THE THREE PHASES TOGETHER WOULD CONSTITUTE ONE PACKAGE.

(C) CAPUTO HAS SOME PROCEDURAL IDEAS WHICH HE DOES NOT WISH TO ENTER INTO AT THIS STAGE SINCE HE BELIEVES WE SHOULD FIRST TRY TO AGREE ON THE WHOLE CONCEPT. CAPUTO WOULD THEN OFFER SOME IDEAS ON PROCEDURE, WHICH HE CONSIDERS SHOULD BE LESS FORMAL AND LESS PUBLICISED THAN THE BERNE TALKS, THOUGH ON THE SAME LINES.

5. FINALLY BRUNNER SAID THAT CAPUTO UNDERSTOOD THAT TIME WOULD BE NEEDED FOR CONSIDERATION OF THESE IDEAS IN LONDON. CAPUTO WOULD WELCOME YOUR COMMENTS IN DUE COURSE AND FELT HIMSELF TO HAVE SHOWN SOME FLEXIBILITY, FOR INSTANCE IN NOT PUTTING SOVEREIGNTY FIRST. BRUNNER ALSO SAID THAT CONFIDENTIALITY WAS CONSIDERED OF GREAT IMPORTANCE BY THE ARGENTINE SIDE AND AS AN ILLUSTRATION OF THIS POINT MENTIONED THAT THE ARGENTINE AMBASSADOR IN BERNE WAS NOT INFORMED OF THIS NEW DEVELOPMENT.

6. IN RESPONSE I SAID THAT I WAS GRATEFUL TO THE SWISS AUTHORITIES FOR HAVING CONVEYED CAPUTO'S MESSAGE WHICH I WOULD TRANSMIT IN FULL. I COULD NOT AT PRESENT MAKE ANY SUBSTANTIVE COMMENT. THE MATTER WOULD CLEARLY HAVE TO BE CONSIDERED CAREFULLY IN LONDON AND I COULD NOT ANTICIPATE YOUR JUDGEMENT ON IT.

POWELL-JONES

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file.

FRIDAY 30TH NOVEMBER 1984

SIR RAYMOND GOWER (CONSERVATIVE) (VALE OF GLAMORGAN)

Sir Raymond Gower - To ask the Secretary of State for Defence if he has yet received the Report of the Board of Inquiry into the loss of the Control Room Log of HMS CONQUEROR; and whether he will make a statement.

A N S W E R

(Mr Michael Heseltine)

In my answer to the hon Member for Carrick, Cumnock and Doon Valley on 13th November, I undertook to consider making a statement to the House when the report of the Board of Inquiry, convened by the Commander-in-Chief Fleet on 25th October, to inquire into the apparent disappearance of HMS CONQUEROR's control room logs for the period April to September 1982, was available and had been considered by the Commander-in-Chief and the Ministry of Defence.

I have already made it clear that it is not our normal practice to publish reports of Boards of Inquiry which

are not courts of law. Nevertheless, I believe that the House would wish to have as much information on this matter as is possible.

I regret to announce that our inquiries so far have failed to locate the missing logs or to identify a proven explanation for their disappearance. It is clear that the logs were compiled and probably remained on board the submarine until October or November 1982. The submarine returned to Devonport on 5th November 1982 to prepare for a refit which started on 17th January 1983. It has not been possible to establish with certainty that the logs were not transferred to the submarine refit complex at Devonport when the submarine started her refit. However, this is considered unlikely.

There are several possible causes for the loss. Loss in transit between the submarine and the Ministry of Defence records office at Hayes, mishandling at Hayes and despatch to an incorrect address are all considered to be unlikely. Indeed there is no proof that the logs ever left HMS CONQUEROR. Before the ship's company moved out of the submarine for the refit, a considerable amount of material, which was no longer required, was placed in bags and incinerated in Devonport Dockyard. The possibility that the logs were inadvertently destroyed at this time cannot be ruled out. They could also have been mishandled and put in an unmarked or incorrectly addressed envelope or left in a locker which has since been disposed of; deliberately and

unlawfully destroyed although there is no evidence to suggest this; or removed as souvenirs or for their assumed political or financial value.

I have referred the matter to the Director of Public Prosecutions and I understand that he has asked the Metropolitan Police to conduct an investigation.

A specially constituted team will be carrying out further searches for the logs; and in the future the Records Office at Hayes will maintain a record of all control room logs received. It is clear from the Board of Inquiry's report that the proper procedures for the custody and disposal of Confidential Control Room Logs had not been followed in HMS CONQUEROR for many months, including the period between March and October 1982 covered by the missing logs. Although the logs for the immediately preceding and following periods have been located, this failure no doubt contributed to the loss of the documents for the intervening six months, as well as to the failure to discover the loss earlier. Disciplinary action against those responsible for breaches of the regulations will be considered when the further investigations to which I have referred have been completed. Meanwhile, action is being taken to clarify the regulations.

In view of the investigations which are still proceeding I cannot give any more information at this stage. A further statement will be made to the House when the investigations have been concluded.

Ministry of Defence
30th November 1984

In my answer to the hon Member for Carrick, Cumnock and Doon Valley on 13 November, I undertook to consider making a statement to the House when the report of the Board of Inquiry, convened by the Commander-in-Chief Fleet on 25 October, to enquire into the apparent disapperance of HMS Conqueror's control room log for the period April-September 1982, was available and had been considered by the Commander-in-Chief and the Ministry of Defence.

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/including

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In view of the investigations which are still proceeding, I cannot give any more information at this stage. A further statement will be made to the House when the investigations have been concluded.

SECRET

File DA

4

10 DOWNING STREET

cc MASTER SET

From the Principal Private Secretary

29 November 1984

Dear Richard,

THE OBSERVER AND THE SETHIA DIARY

Your Secretary of State had a further word with the Prime Minister after Cabinet this morning about progress in relation to Lieutenant Sethia's diary. The Lord President, Solicitor General and Sir Robert Armstrong were present.

It had been reported from your office that the Editor of The Observer had now responded to Sir Clive Whitmore. He had said that The Observer did not have a copy of the diary, either in whole or in part. Mr. Andrew Wilson of The Observer had been loaned it by a source, whom Mr. Trelford would not name, just long enough to copy out the extracts printed last Sunday. He had then had to return it. Mr. Trelford could not confirm that the source was Mr. Dalyell but the inference was that it was not. Mr. Trelford offered to pass a message to The Observer's source about the Government's concern, although he understood that the Government might not wish to take up this offer without knowing who the source was. It was also reported that no Belgrano story was being carried in The New Statesman this week.

Your Secretary of State said that he was due to see Mr. Foulkes at 1230 today. It had not yet been possible to make contact with Mr. Dalyell. He proposed to say to Mr. Foulkes that the diary was covered by the Official Secrets Act and should be returned: he would not go into detail about the sensitivity of the information in it, beyond perhaps saying that it contained sensitive information about the tactical handling of submarine operations. He would wait until he could speak directly to Mr. Dalyell before delivering the same message to him but would make it clear to Mr. Foulkes that there would be no objection to Mr. Foulkes telling Mr. Dalyell what your Secretary of State had said.

CST.

SECRET

Summing up a brief discussion, the Prime Minister said that there was no point in taking an injunction against The Observer. It would also be wrong to pass a message to The Observer's source without knowing the identity of the person concerned. Your Secretary of State should speak to Mr. Foulkes and, if possible, Mr. Dalyell, on the lines proposed and Ministers would then consider the next step thereafter.

I am copying this letter to Janet Lewis-Jones (Lord President's Office), Len Appleyard (Foreign and Commonwealth Office), Hugh Taylor (Home Office), Henry Steel (Law Officers' Department), Sir Robert Armstrong and Sir Clive Whitmore.

Yours ever,

Robin Butler

Richard Mottram, Esq.,
Ministry of Defence.

SECRET

PRIME MINISTER

MT.

HMS CONQUEROR: DIARY

Mr. Trelford (Observer) has been back in touch with Sir Clive Whitmore. He says that the Observer do not have a copy of the diary, either in whole or in part. Andrew Wilson of the Observer was lent it by a source, who Mr. Trelford will not name, just long enough to copy out the extracts printed last Sunday. He then had to return it. Mr. Trelford could not confirm that the source was Tam Dalyell but the inference is that it was not. Mr. Trelford offered to pass a message to the Observer's source informing them of the Government's concern, while understanding that we might not wish to take up this offer without knowing who the source was.

In the light of this, officials in the MOD see little point in an injunction against the Observer.

No Belgrano story is being carried in the New Statesman this week.

The Defence Secretary is seeing Mr. Foulkes at 1230.

29 November 1984

FILE

3 VSC

cc MASTER SET

10 DOWNING STREET

From the Principal Private Secretary

28 November 1984

Dear Richard,

THE OBSERVER AND THE SETHIA DIARY

The Prime Minister discussed with your Secretary of State and others this afternoon the problem set out in your letter of 27 November and the attachment. The others present were the Foreign and Commonwealth Secretary (for part of the time), the Home Secretary, the Attorney General, Sir Robert Armstrong, Sir Clive Whitmore, Mr. Henry Steel, Mr. Ingham, Mr. Powell and myself.

Your Secretary of State rehearsed the background. When the Belgrano issue was first raised during his term as Secretary of State, he had a full report prepared by Mr. Ponting. In the light of that report, he formed the view that detailed answers on the circumstances surrounding the sinking of the Belgrano should not be given to Mr. Dalyell and other questioners because these would inevitably lead at some point to questions which could not be answered on security grounds. In his view the issue would have become a dead one if it had not been for the leak of which Mr. Ponting was accused, and the most difficult aspect of the Ponting case was that it would be difficult to conduct it efficiently without getting into similar security areas. The circumstances of the diary of Lieutenant Sethia had to be seen against that background. When alleged extracts from a diary of a member of the crew of HMS CONQUEROR were published in the Panorama programme and in The Guardian in April 1984, he had not wished to be drawn into questions about it. In any case, it was not evident at that stage how delicate the information to be gleaned from the diary was. Enquiries by the Director of Naval Security had established that Lieutenant Sethia had kept a diary but Sethia had denied that the extracts on Panorama and in The Guardian were his and had claimed that the diary was still in his possession. This was accepted and it was concluded that without further evidence efforts to establish the sources of Panorama and The Guardian would be unsuccessful.

Your Secretary of State continued that information which had come to light since the beginning of October had changed the picture. It had become apparent that Lieutenant Sethia had lent the diary to L.S.E.M. O'Keefe who had made it available for a period to Mr. Dalyell. O'Keefe had returned the top copy to Lieutenant Sethia but had kept a

photocopy which had been passed to the Ministry of Defence. This showed that the diary contained information of great sensitivity falling into three categories:

(i) reference to intercepts including some of the utmost secrecy;

(ii) a wide range of information which would be of value to a hostile government about British nuclear submarines and their capabilities;

(iii) material bearing on the positive vetting of naval personnel.

The Observer had made it clear the weekend before last that they held a copy of the diary, which had been supplied to them by Mr. Dalyell; and this weekend they had begun to publish extracts from the diary, from which they had omitted some material, possibly because they themselves judged it to be sensitive on security grounds. There could be no guarantee that copies of the diary were not in the possession of other newspapers such as The New Statesman or The Guardian, or would not be made available if action was taken to prevent The Observer from publishing it. Finally, although the missing log from HMS CONQUEROR covered a period of three months after Lieutenant Sethia left the Navy as well as three months before, there were reasons for thinking that the disappearance of the log was likely to be connected with the circumstances surrounding Lieutenant Sethia's diary.

The Attorney General said that he would propose to have a letter from the Treasury Solicitor delivered to The Observer requiring them not to publish any more of the diary and to return their copy. If they did not comply, he proposed to seek an injunction to the same effect. This injunction would have to be sought not later than Friday morning.

In discussion, it was recognised that if either The Observer returned the diary in response to a request or if an injunction was taken out, this would not by itself prevent other newspapers like The Guardian and The New Statesman from publishing the material. Action would then have also to be considered against those publications, and even this would not prevent Mr. Dalyell or Mr. Foulkes (who had claimed in the House of Commons on the previous day that he had a copy of the diary) from disclosing the material, possibly under cover of Parliamentary privilege. If therefore the Government started down the road of legal action, it might end in embarrassing failure and simply serve to draw attention to the sensitivity of the material. It would also be impossible to accede to a suggestion from The Observer that they should cooperate by omitting sensitive passages from their publication, since this would involve identifying what those passages were. These considerations suggested that it might be better to let The Observer go ahead, or at any rate not to take a decision on legal action until it had been seen what results an appeal

to The Observer would have. On the other hand, it was argued that the Government's first duty must be to protect the security of the operations of its nuclear submarines and its intelligence services. Moreover, it would be hard to justify proceeding against Mr. Ponting on the grounds that his action endangered such information if the Government were unwilling to use all the means in its power to prevent publication of the Sethia diary.

Summing up the discussion, the Prime Minister said that although the Government's efforts to prevent publication might not be successful, they could not responsibly refrain from seeking to prevent the publication of material which was so damaging to national security. The first step should be that Sir Clive Whitmore, accompanied by another member of the Ministry of Defence, should seek an interview with the acting editor of The Observer and ask for the return of the diary together with an undertaking that no further material from it should be published or made available to anyone else. If The Observer asked for time to consider this request a time limit should be set for their reply and they should be asked not to take any such action in the meantime. The Secretary of State for Defence would try to see Mr. Dalyell and Mr. Foulkes and make a similar request to them: he would also ask whether they knew of any other newspapers which had a copy of the diary apart from The Observer. If the replies suggested that The Guardian and/or The New Statesman had copies, Sir Clive Whitmore should make a similar approach to them. In the light of the response to these steps, Ministers would need to decide on the next day what further steps should be taken. If an injunction against The Observer were to be effective, the Attorney General would need to apply for it not later than Friday morning. An attempt should also be made to establish that The New Statesman, which was believed to be printed on Wednesdays, was not carrying material from the diary in this week's edition. It was not for the present meeting to consider whether there should be prosecutions against Lieutenant Sethia, L.S.E.M. O'Keefe or any other persons.

I am copying this letter to Janet Lewis-Jones (Lord President's Office), Len Appleyard (Foreign and Commonwealth Office), Hugh Taylor (Home Office), Henry Steel (Law Officers' Department) and Richard Hatfield (Cabinet Office). I am also sending a separate copy to Sir Clive Whitmore.

Yours ever,

Robin Butler

Richard Mottram, Esq.,
Ministry of Defence.

CONFIDENTIAL AND PERSONAL

1. Mr. Powell CDP 27/11
2. Prime Minister
It looks as if we may have to arrange a discussion of the possible courses of action tomorrow.
FERB
27.11

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~930 7022~~ 218 2111/3

MO 5/21

27th November 1984

Dear Robin,

THE OBSERVER AND THE SETHIA DIARY

As you will have seen, the Observer published last Sunday extracts from the diary kept by an officer who served on HMS CONQUEROR during the Falklands campaign and claimed that they had his complete diary. As we know that the diary contains highly classified information, the question arises whether we should seek its return from the Observer and, possibly, from others who may also have it.

I attach a note which sets out the various steps open to us and what the consequences might be. If we were to follow steps a. and b. as set out in the attachment in time to prevent the publication of further extracts by the Observer next Sunday, we should need to initiate this process tomorrow (Wednesday) evening.

We have been in touch with the Treasury Solicitor about this problem who, I understand, has in turn raised it in a preliminary way with the Attorney General who may wish to comment. The Defence Secretary believes that, before we go down the road identified in the attachment, Ministers might with advantage discuss the issues involved.

I am copying this letter and the attachment to Len Appleyard (FCO), Hugh Taylor (Home Office), Henry Steel (Attorney General's Chambers) and Richard Hatfield (Cabinet Office). A copy also goes to Janet Lewis-Jones, together with a copy of the aide-memoire I circulated on 22nd November setting out the background to the case of the CONQUEROR diarist. You and copy addressees will, I know, appreciate the sensitivity of the attachment.

Yours ever,

Richard Mottram

(R C MOTTRAM)

F E R Butler Esq

CONFIDENTIAL AND PERSONAL

THE OBSERVER AND THE SETHIA DIARY

Background

The Observer claims to have the complete diary kept by Lieutenant Sethia. Other newspapers - the Guardian, the Times and the New Statesman - and a television programme - Panorama - have published excerpts in the past. We do not know whether they have more of the diary than they have used hitherto.
The Observer has said that the extracts which it had had earlier were provided by Mr. Tam Dalyell MP. LMEM O'Keefe has alleged that he left the diary with Mr. Dalyell for a short period of time (but long enough for him to take a copy). Mr. Dalyell has said nothing in public about having a copy of the diary.

The extracts which have appeared hitherto - some as long ago as the Spring of 1984 - have included highly classified material. The Government has not taken any action so far against those newspapers who have published this information or against the BBC.

Now that we have seen the whole diary it is clear that its overall security classification should be SECRET US/UK Eyes only. It may be necessary to upgrade the classification to TOP SECRET UMBRA.

The problem

Should the Government now seek to recover the diary which the Observer admits is in its possession?

The steps open to the Government

The following courses appear to be open to the Government:-

a. Ask the Observer privately to hand over the diary. This would involve the Treasury Solicitor writing to the Editor saying that we had now seen the whole diary, that it was very highly classified and should therefore be returned to the Government. The case would have to rest on the simple proposition that the

official information in the diary was the property of the Crown and that because of its security classification it should be handed over to the Government (clearly in this case, unlike the Tisdall case, it is not a matter of recovering a document not only to ensure its proper custody but also to try to identify its source).

We have to reckon on the Observer replying to the effect that they were already aware of the diary's security sensitivity, that they would safeguard it themselves and not hand it over and that they would judge what more of it, if any, to publish. If that was their response they would probably reveal our approach and their reply.

b. Seek an interim injunction ordering the Observer to hand over the diary.

We must expect the Observer to contest the grant of an injunction and to be ready to go all the way to the House of Lords, if necessary. We might then find ourselves having to take similar action against the other newspapers which have part, perhaps all, of the diary. Are we prepared to fight on so wide a front? Following the Tisdall case we must expect the Courts to examine very closely our grounds for seeking the return of the diary. We should be pressed particularly to explain why we did not take action as soon as the extracts first appeared.

If the police inquiry into the possibility that offences have been committed against the Official Secrets Acts confirms that LMEM O'Keefe handed the diary to Mr. Dalyell, will we then have to seek an injunction against him to return his copy?

c. A combination of a. and b. above. The advantage of doing first a. and then if it fails, b., is that it might put us in a somewhat better posture with the Courts to have been seen to try first to deal with the matter informally. The disadvantage is that by doing a. first, it puts the Observer (and other newspapers) on notice that an injunction is probably going to be sought, and this might give them time to dispose of the diary or to publish more of it before the injunction came into force.

d. Do nothing. This course avoids the difficulties described above, but against the background of the police inquiry into a possible breach of the Official Secrets Acts and the Observer's own claim to have the complete diary (which we know to contain SECRET information), Ministers are bound to be asked publicly before long whether they are content to leave the diary in the possession of a newspaper without making any attempt to recover it.

HMS Conqueror (Officer's Diary)

Mr. George Foulkes (Carrick, Cumnock and Doon Valley): On a point of order, Mr. Speaker. I seek your help in relation to the somewhat surprising referral to the Director of Public Prosecutions of the publication in *The Observer* of the diary of a naval officer of HMS Conqueror. As I have here a copy of that same diary, which I have used in relation to questions in the House and public statements, can you advise me whether I am also liable to be referred to the DPP, or whether I am immune as a Member of the House?

Mr. Speaker: The hon. Member knows that it has never been the practice of the Chair to give advice to hon. Members from the Chair. If the hon. Member will write to me about the matter, I shall look into it and see what I can do to help him.

Mr. Foulkes: Further to the point of order, Mr. Speaker. My question relates to the responsibility, which you take very seriously, of protecting the interests of Members. As the diary was published some months ago in *The Guardian* and elsewhere, there is a suspicion that the action has been taken now deliberately to gag Members of this House. Can you help us in relation to that?

Mr. Speaker: This is the first that I have heard about the hon. Member having a copy of the diary. As I have just said to him, if he will write to me and let me have a look at this, I shall gladly do so and see what I can do to help him.

SUPPLY

[4TH ALLOTTED DAY]—*considered*

Natural Environment and National Heritage

3.47 pm

Dr. John Cunningham (Copeland): I beg to move,

That this House recognises the widespread concern about th alarming deterioration of the natural environment; supports th conclusions of the Royal Commission on Environment Pollution, the Nature Conservancy Council, the Countrysid Commission, and the National Heritage Memorial Fun together with numerous voluntary organisations, which call f urgent legislation, greater government involvement and fundi in order to protect the natural environment and national heritag and calls upon Her Majesty's Government to respo immediately with action and legislation.

The motion is based not simply on the views a conclusions of the Labour party but on a wide-rangi collection of views and conclusions of statutory bodie Select Committees of this House and of another plac non-governmental organisations and interest groups whi reflect and represent the views of millions of people Britain. Their conclusions, like ours, are based on massive burden of well-documented evidence which h been accumulated in some cases in spite of offic commercial and industrial attempts to prevent disclosure.

We have provided time for the debate because of seriousness of the many threats to our environment a heritage and because of the continued feet-dragg reluctance of the Government to respond adequately to scale and nature of those threats.

The Government are failing at national and international level to match up to the challenge. While i clear and agreed that only co-ordinated international act can succeed in tackling, for example, questions of wo poverty, acid rain and the law of the sea, the Conservat Government display mean-minded narrowness of visio the face of mounting criticism and pressure for action

In 1983 alone, 15 million children died in developing world as a consequence of hunger malnutrition. It was as if the combined under- populations of Britain, France, Italy, Spain and Federal Republic of Germany had been wiped out i single year. Yet, faced with a crisis in Ethiopia, likel be repeated in Chad and elsewhere, the Government overseas aid.

After years of negotiation, discussion and debate on law of the sea at the United Nations, Britain display dog-in-the-manger attitude to overwhelming internati opinion, and hangs on the coat-tails of President Rea and American industrial lobbies. Will the Minister tel House of the Government's intentions with respect to convention? We believe that Britain should sign f variety of well documented and very important reas The closing date is 9 December 1984, and the Hous entitled to know what the Governmen intend to do.

Mr. T. H. H. Skeet (Bedfordshire, North): Wha this to do with the motion?

Dr. Cunningham: We in the labour party want ac on national and international levels: that is what it h do with the motion, if the hon. Gentleman is intere

CONFIDENTIAL

Le vc
cPC

10 DOWNING STREET

From the Private Secretary

27 November 1984

Visit by Argentine Church Leaders

Thank you for your letter of 26 November about the proposed meeting between officials and members of a delegation from the Consultative Council of Churches in Argentina.

The Prime Minister has no objection to this meeting.

(C.D. POWELL)

P.F. Ricketts, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Michael Hesletine MP
Secretary of State for Defence
Ministry of Defence
Main Building
Whitehall
LONDON SW1A 2HB

27 November 1984

Dear Secretary of State

FREE AEROGRAMME CONCESSION: FALKLAND ISLANDS

Thank you for your letter of 26 ~~have requested~~ November requesting that this concession should be allowed to continue, and confirming your willingness for its modest cost to be carried by the Defence Budget without any addition.

In view of the understandable importance which you attach to the continuation of this concession in the present circumstances, I am content that it should be extended. I will ask my officials to agree with yours suitable arrangements for its future review.

I must refute, however, the suggestion in your letter that my officials had already taken the view that the concession should now be withdrawn. In correspondence in September they gave no decision but asked proper questions about its special merits, how long it should last and how your officials intended to counter similar demands from elsewhere. MOD officials replied that the matter was being referred to Ministers and I received your letter yesterday.

I agree that the concession should also extend to the contingent in South Georgia. There appears to be no case for it in Ascension.

In view of the unfortuate and inaccurate press stories on this matter over the weekend, it seems possible that it may be raised during Prime Minister's Questions this afternoon. I am therefore copying this letter and your own to the Prime Minister.

Yours sincerely

PETER REES

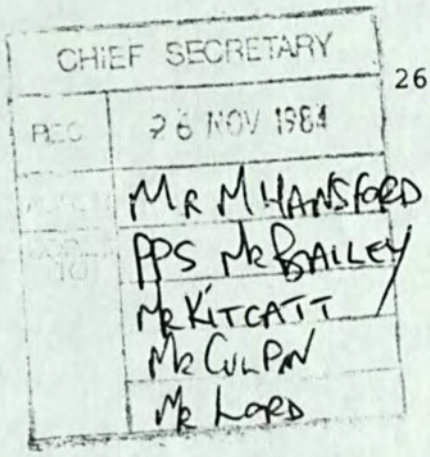
[Approved by the Chief Secretary]

NBPM
CDP
29/xi

MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 9000
DIRECT DIALLING 01-218 2111/3

MO 5/21



26th November 1984

Dear Chief Secretary,

You will remember that during the Falklands hostilities the Post Office allowed Servicemen serving in the area and their families in the UK to exchange aerogrammes free of charge. This concession was terminated by the Post Office at the end of hostilities and subsequently, with the agreement of the Treasury, the concession has been maintained with the cost being met from the Defence Budget. The agreement with the Treasury was that the concession should run until the outcome of the 1984 review of Local Overseas Allowance in the Falklands.

The result of the LOA exercise was extremely difficult from the Services' point of view since it produced a nil rate for the single and unaccompanied personnel who form 99% of the garrison. Nevertheless, the Treasury view at official level has been that since the LOA calculation allowed for postage costs, the aerogramme concession ought now to be withdrawn.

Frankly, I believe that this ignores the human aspect.

The Rt Hon Peter Rees QC MP

I have been to the Falklands myself, and I am in no doubt whatsoever about the paramount importance which the Servicemen there and their families attach to regular and frequent mail and hence of the enormous significance which they attach to the free postage facility. Withdrawal of the concession would be seen as a petty act which showed no understanding, sympathy or support for the people serving there. The cost (roughly £250,000 a year) is trivial compared with the overall cost of maintaining our position down there and we are perfectly prepared to carry this cost on the Defence Budget without seeking any addition. I am sure that you will appreciate as readily as I do the very damaging publicity which withdrawal of this concession would be bound to attract in the media; indeed the possibility of removal has already drawn very hostile comment in today's popular press. In addition, MPs on our own side who visited the Falklands recently have made it quite clear to us that they will campaign against the removal of the "Bluey", as the blue free aerogramme is known.

I very much hope, therefore, that you can agree with me that in the circumstances the concession should continue, as equally should the free "Familygramme" service provided for our contingent in still more remote South Georgia.

Yours sincerely,

Denis Brennan
(Private Secretary)
[Approved by the Secretary of State & signed in his absence]

Michael Heseltine

CONFIDENTIAL

(1) CC PC
CC BT

Foreign and Commonwealth Office

London SW1A 2AH

26 November 1984

Prime Minister
Content for this to happen?
CDP 26/xi

Yes

Dear Charles,

Visit by Argentine Church Leaders

The British Council of Churches (BCC) have told us that they have invited a delegation of about 10 from the Consultative Council of Churches in Argentina to the BCC Assembly in late November. The BCC have suggested that some of the Argentine delegation should call on officials here, preferably on 27 November.

Although there is no direct precedent, it would not be the first meeting of broadly the same kind since the events of 1982. Mr Onslow met a delegation of Argentine next-of-kin in April 1983. Private Argentine citizens, mainly businessmen, have called a number of times on officials in the FCO since the conflict. And British businessmen and parliamentary visitors to Argentina have been received in the same way. The Foreign Secretary has agreed that the meeting should take place, on the basis that it would not be inconsistent with our approach of seeking more normal relations with Argentina.

None of the earlier calls on officials have given rise to controversy. We would not expect the call by Argentine Churchmen to do so either. It would be a useful opportunity to discuss the situation in Argentina, eg on human rights including the fate of the three people with a British connection who were among the thousands of "disappeared" in Argentina. It would also enable us to emphasise to influential Argentines the realistic basis on which we are prepared to work for improved relations with Argentina, at the same time explaining our determination to stand by our commitments to the Falklands: and it is in these terms that the meeting would be presented in the Falklands.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

STAFF IN CONFIDENCE

FILE

R07

10 DOWNING STREET

From the Principal Private Secretary

23 November, 1984

DIARY OF AN EX-OFFICER FROM HMS CONQUEROR

Thank you for your letter of 22 November letting the Prime Minister know the present position in relation to the diary kept by Lieutenant N. Sethia on HMS Conqueror. The Prime Minister has read and noted your letter and the attachment to it.

RB

R.C. Mottram, Esq.,
Ministry of Defence.

CONFIDENTIAL

STAFF IN CONFIDENCE

10 DOWNING STREET

Prime Minister

This actually just records what (or a bit less) Tom Mr. Heseltine told you yesterday. No need to read, but you will want to note FERB's comment.

CDP

22/xi

CONFIDENTIAL
STAFF IN CONFIDENCE

1. Mr Powell - to see
2 Prime Minister

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~930 7022~~ 218 2111/3

MO 5/21

22nd November 1984

It looks to me as if the long delay of the MoD in considering Sethia's request (para. 4 of the note) helped this rabbit to escape. — Agreed MT

It is questionable whether Messrs O'Keefe or Dalyell realised that the diary included classified material: this is a matter which no doubt the DPP and the law officers will be considering. FERB 22.11.

Dear Robin,

DIARY OF AN EX-OFFICER FROM HMS CONQUEROR

Over the last few months a number of newspapers and a television programme have made public what appeared to be extracts from a diary kept by someone serving in HMS CONQUEROR during the Falklands Campaign. Some of these excerpts contained classified information.

It has now been established that there was indeed a diary and that it was kept by a Lieutenant N Sethia, who has now retired from the Royal Navy and is living in St Lucia in the West Indies. The probable route by which parts of his diary reached the pages of newspapers and were broadcast by BBC TV has also been identified. The attached aide memoire describes the relevant events as far as MOD inquiries have at present established.

In view of the prima facie evidence of one or more breaches of the Official Secrets Acts, Sir Clive Whitmore has referred the matter to the Director of Public Prosecutions who I understand will be consulting the Law Officers. The Defence Secretary thought the Prime Minister would wish to know where matters stand.

I am copying this letter and the attachment to Len Appleyard (FCO), Hugh Taylor (Home Office), Henry Steel (Attorney General's Chambers) and Richard Hatfield (Cabinet Office).

Yours ever,

Richard Mottram

(R C MOTTRAM)

Robin Butler Esq

STAFF IN CONFIDENCE
CONFIDENTIAL

DIARY OF AN EX-OFFICER FROM HMS CONQUEROR

The MOD first became aware that a member of the crew of the submarine HMS CONQUEROR during the Falklands Campaign might have kept a diary of events, when the Panorama programme on 16th April 1984 broadcast extracts from what they claimed to be such a diary. This was followed on 17th April by an article in the Guardian which published extracts from "a first hand account from a diarist aboard HMS CONQUEROR".

2. Publication of these extracts raised the possibility that material in the book "The Sinking of the Belgrano" by Desmond Rice and Arthur Gavshon (published on 5th March 1984) could also have come from a diary. It had previously been assumed that this material had been extracted during conversations with crew members of CONQUEROR.

3. Because of the security sensitivity of some of the diary extracts, in particular the references to the signals intelligence, the Director of Naval Security (DNSy) was asked on 22nd May to investigate the possibility of a diarist and his identity. Immediate suspicion fell on an officer in HMS CONQUEROR, Lieutenant N SETHIA RN (Rtd), who it was known had kept a diary and who had left the Royal Navy in August 1982 and gone to live in St Lucia where he is still resident. But on 14th June DNSy reported to the Vice Chief of the Naval Staff (VCNS) that investigations had demonstrated that SETHIA was unlikely to have been the unknown diarist quoted in the Guardian article. SETHIA had recently telephoned his late Commanding Officer who had ascertained that SETHIA had kept a diary but had not published it and it was still in his possession. Both the late Commanding Officer and another officer who had known SETHIA had concluded that the extracts from the diary quoted were not in SETHIA's style. DNSy advised that without further evidence it was unlikely that the diarist could be identified; and the VCNS concluded that no further action should be taken.

4. As was known to DNSy, SETHIA had separately written to the MOD on 15th February 1984 seeking advice on whether he would be allowed to write a book described as a factual account of CONQUEROR's experience between 4th April and 3rd July 1982. After extensive deliberation within the Ministry, he was advised on 3rd September (by the Director of Public Relations (Navy)) that he would need to seek clearance prior to publication (in accordance with his obligations under the Official Secrets Acts), and that two copies of the manuscript should be sent to the Chief of Public Relations.

5. On 24th August, the New Statesman published further extracts from the diary, as did The Times on 15th September.

6. On 3rd October, SETHIA wrote again to the Director of Public Relations (Navy) replying to his letter, and, as he put it, to make it perfectly clear that recent publicity given to CONQUEROR's role was neither instigated nor sanctioned by him. He said that on publication of his book it would become evident that certain passages in it bore a resemblance to articles printed in the media. It was known that he had kept a diary and he had never made a secret of this because it was certainly not his intention ever to reveal items of a sensitive nature. SETHIA claimed that having received no reply to his request to submit his book to a publisher (in his letter of 15th February 1984 referred to above), he had handed the original text of the diary he had kept on board CONQUEROR to a personal acquaintance, whose family was involved in the publishing. The diary did not to his knowledge contain any sensitive material. The person to whom he gave it was serving in CONQUEROR at the time in question and was still in the RN and he (SETHIA) did not feel there would be any breach in responsibility to allow him to read it.

7. SETHIA went on to allege that, while on a visit to the UK, he saw extracts from the diary printed in The Times on 15 September. He therefore approached the person to whom he had given the diary who, at a meeting with SETHIA on 20 September 1984, admitted that he had taken the diary to Mr Tam Dalyell MP at the House of Commons who had taken it to his office in the House for a period of three hours. It was not known whether all the contents had been copied, but SETHIA now knew, having seen an extract from The Guardian newspaper, that at least part of it was photocopied.

8. SETHIA alleged that the person who had committed the breach of trust felt that the crew of CONQUEROR had been used and felt bitter and that the correct thing to do was to bring the matter to the attention of Mr Dalyell.

9. SETHIA ended his letter by saying that he had destroyed his diary in the last week of September but retained the draft of his book. The name of the man to whom he had handed his diary and who had publicised the material was Mr S O'KEEFE.

10. SETHIA's letter was brought to the attention of senior officials in the MOD on 31st October and on 5th November it was established that a rating, LMEM S J O'KEEFE had served in CONQUEROR during the Falklands Campaign and was currently serving in HMS DOLPHIN. He was interviewed by his Commanding Officer, in the presence of two other officers, on 6th November. O'KEEFE claimed that he had visited SETHIA in St Lucia when on holiday in the West Indies between April-May 1983. He had brought the diary back to the UK to show it to his father, a publisher, to see whether it was publishable. O'KEEFE's father had kept the diary for months but had said that he "couldn't afford" to publish it. O'KEEFE said that he had also shown the diary to Mr Tam Dalyell MP who had had the diary for one hour in the Library of the House of Commons while O'KEEFE waited for him on the verandah. O'KEEFE had subsequently sent the diary back to SETHIA, by hand in a sealed envelope.

11. O'KEEFE considered that the information in the diary would "not now" cause embarrassment. O'KEEFE was not asked about his motives in giving the document to Mr Dalyell or about discrepancies between his version of events and SETHIA's. O'KEEFE admitted that he had kept a photocopy of the diary which he handed over to his Commanding Officer on 7th November and which was forwarded to the MOD.

12. Comparison of the diary with the extracts broadcast by Panorama and published in Gavshon and Rice's book, The Guardian, Times and New Statesman shows that the diary was the document from which the extracts had been taken. Recent articles in the Observer (of 18th November) and Daily Mirror (of 15th November) also claim that Mr Dalyell had said he had part of the crewman's diary which was shown to an Observer reporter.

13. The diary has been examined by a submarine expert in the MOD who considers that it contains material which gives an insight into how a nuclear submarine operates and aspects of its capabilities which could be of value to an enemy and which would merit a classification of SECRET - UK/US EYES ONLY. It is also being examined by intelligence experts: it is clear that it contains highly classified material in this area (much of which has already been published in the extracts in the newspapers).

14. The Board of Inquiry into the separate loss of six control room logs from HMS CONQUEROR for the period April-September 1982 assesses that it cannot be ruled out that these are now in the possession of SETHIA: separate investigations are proceeding on this and other aspects of the missing logs.

GRS 520

PS TO PM. NO.10.DOWNING ST.

UNCLASSIFIED

(FM BERNE 21/1047Z)

PTO.

FM BISBA

TO IMMEDIATE FCO

TELEGRAM NUMBER 763 OF 20 NOVEMBER 1984

INFO PRIORITY MOD (SIC A3A), CBFFI BANK OF ENGLAND ASUNCION BRASILIA CARACAS MEXICO CITY MONTEVIDEO SANTIAGO UKMIS NEW YORK WASHINGTON PORT STANLEY

PRESS SUMMARY

1. MOST PAPERS TODAY HEADLINE PRESIDENT ALFONSIN'S CALL FOR A YES-VOTE IN THE BEAGLE PLEBISCITE AND HIS STERN WARNING THAT ABSTENTION WILL PLEASE QUOTE ONLY THE PARTIES OF VIOLENCE AND DICTATORSHIP IN ARGENTINA UNQUOTE.

2. SOME 200 RIGHT-WINGERS CLAIMING TO BE MEMBERS OF THE NATIONALIST RESTORATION MOVEMENT AND OF THE VETERANS OF THE MALVINAS ORGANISATION MARCHED ON THE FOREIGN MINISTRY LAST SATURDAY NIGHT, LEAVING BEHIND GRAFFITI CONDEMNING THE PROPOSED BEAGLE SETTLEMENT.

3. THE CENTRAL BANK YESTERDAY DEVALUED THE PESO AGAINST THE DOLLAR BY 2.8 PER CENT, COMPARED WITH THE NORMAL DAILY DEVALUATION OF 0.79 PER CENT. INTEREST RATES IN THE FREE MARKET HAVE RISEN FROM A MONTHLY 22 TO 25 PER CENT. IN THE FIRST 16 DAYS OF NOVEMBER, THE MONEY SUPPLY INCREASED BY ONLY 1.4 PER CENT.

4. THE ECONOMY MINISTRY HAS APPARENTLY ORDERED A SEVERE REDUCTION IN EXPENDITURE ON BOTH STAFF AND INVESTMENT BY STATE COMPANIES. THE COMMERCE SECRETARIAT HAS AGREED TO A GRADUAL RELAXATION OF PRICE CONTROLS ON THE STEEL INDUSTRY.

5. RAILWAY SIGNALMEN AND COURT EMPLOYEES HAVE ANNOUNCED FRESH STRIKE ACTION, WHILE A STOPPAGE BY PERSONNEL OF THE NATIONAL ANIMAL HEALTH SERVICE THREATENS TO BLOCK THE TRANSFER OF LIVE CATTLE TO AUCTION YARDS AND MEAT PROCESSING PLANTS. THE CGT HAVE DESCRIBED THE CURRENT WAVE OF STRIKES AS A QUOTE FORMIDABLE EXPRESSION OF DISCONTENT TOWARDS THE SOCIO-ECONOMIC POLICY IMPOSED BY THE GOVERNMENT UNQUOTE.

6. PROMINENT COVERAGE IS GIVEN TO THE INTERNATIONAL CONTROVERSY CAUSED BY THE CONFERMENT OF AN HONORARY DEGREE UPON UNIFICATION CHURCH LEADER SUN MYUNG MOON BY THE CATHOLIC UNIVERSITY OF LA PLATA.

7. IN DISCUSSIONS YESTERDAY WITH HER ARGENTINE COUNTERPART, ELSA KELLY, THE ITALIAN STATE SECRETARY FOR FOREIGN AFFAIRS, SUSANA AGNELLI, DECLARED HER COUNTRY'S WILLINGNESS TO SUPPLY TECHNICAL AID AND ASSIST IN IMPROVING CONDITIONS IN IMPOVERISHED AREAS HERE.

8. AN ALGERIAN MISSION HAS ARRIVED IN BUENOS AIRES FOR TALKS ON CO-OPERATION IN THE NUCLEAR ENERGY FIELD.

/9.

9. THE POPULAR DAILY ''DIARIO POPULAR'' CITES SUPPOSEDLY RELIABLE SOURCES AS SAYING THAT ARGENTINA MAY SEEL SUBMARINES AND SOME OF HER SIX MISSILE CORVETTES BECAUSE OF A BUDGETARY CRISIS IN THE NAVY. THE ARTICLE ALLEGES THAT TWO SUBMARINES ARE CURRENTLY BEING CONSTRUCTED HERE UNDER A WEST GERMAN LICENSE, ONE OF WHICH IS REPUTEDLY WELL-ADVANCED AND COULD BE PURCHASED BY TAIWAN.

10. FORMER MEMBERS OF THE JUNTA HAVE APPEALED AGAINST THEIR TRIAL BY CIVILIAN COURTS RATHER THAN BY THE ARMED FORCES SUPREME COUNCIL ON CHARGES OF HUMAN RIGHTS VIOLATIONS. THIS MOVE COULD DELAY THE TRIALS. WHICH HAD BEEN EXPECTED TO BEGIN THIS MONTH, UNTIL FEBRUARY 1985 AND THE DEFENDANTS HAVE MEANWHILE BEEN RETURNED FROM A FEDERAL PRISON TO A MILITARY DETENTION CENTRE.

11. ANGLO-ARGENTINE JOURNALIST ANDREW GRAHAM YOOLL YESTERDAY TESTIFIED IN THE CASE AGAINST MONTONERO LEADER MARIO FIRMENICH CONCERNING THE 1974 KIDNAPPING OF THE INDUSTRIALISTS JUAN AND JORGE BONN.

12. ''AMBITO FINANCIERO'' PUBLISHES A LENGTHY REPORT PREDICTING A HARD WINTER AHEAD FOR THE PRIME MINISTER.

13. SEVERAL PAPERS NOTE THE LANDING YESTERDAY OF A POLAIR DC-3 AIRCRAFT AT RIO GALLEGOS. THE PLANE HAD APPARENTLY DIVERTED FOR EMERGENCY REPAIRS AND ITS CREW HAD INCLUDED TWO BRITISH PILOTS, JOHN EDWARD GILES KERSHAW AND RICHARD FRANCIS AIREY, NEITHER OF WHOM HAD ARGENTINE VISAS. (MIFT TO FCO ONLY REFERS).

JACKSON-HOULSTON

POWELL-JONES

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JR

cc MOD
FCO
LOD
CO

10 DOWNING STREET

THE PRIME MINISTER

19 November 1984

Dear Mr. Dalyell.

Thank you for your letter of 30 October.

The answers to your questions are covered by the detailed Annex to my letter of 19 September to Mr. George Foulkes. On 2 May 1982, there were clear and unequivocal indications available to the Government that the Argentine Navy, including General Belgrano, provided a real and direct threat to the Task Force. In the light of that threat, the precise position and course of Belgrano at that time were irrelevant. That was why the report that Belgrano had reversed course was not made known to Ministers at the time. No evidence has at any time become available to the Government which would make Ministers change the judgement they reached on 2 May that the Belgrano posed a threat to the Task Force.

Yours sincerely

Margaret Thatcher

Tam Dalyell, Esq., MP.

Bor

FILE

JR

BELGRANO

cc MOD
FCO
LOD
CO

10 DOWNING STREET

THE PRIME MINISTER

16 November 1984

Dear Dr. Owen

Thank you for your letter of 31 October.

As I told you in my letter of 8 October, information about the precise course of the Belgrano when she was attacked did not come to the attention of Ministers until the end of November 1982. The fact that this information was contained in HMS CONQUEROR's signal making the initial report of the attack does not affect that statement. Although information in the signal was used in drafting the statements on the attack on 4 May, Ministers did not see the signal itself.

After the passage of two-and-a-half years, it is impossible to be certain of the exact circumstances surrounding the drafting of one statement made during a period of fast-moving military and diplomatic events. I had tried to make this clear to you in my letter of 8 October. None the less, the accuracy of the facts given in my letter, and in other recent statements on this subject, have been carefully checked against documentary records and the memories of those involved.

Yours sincerely

Margaret Thatcher

The Rt. Hon. Dr. David Owen, MP.

The National Archives

DEPARTMENT/SERIES PREM 19 PIECE/ITEM 1420 (one piece/item number)	Date and sign
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MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~930 7822~~ 218 6169

MO 5/21

14th November 1984

Dear Tim,

In your letters of 31st October and 1st November respectively, addressed to Richard Mottram, you asked for advice and draft replies to letters sent to the Prime Minister by Mr Tam Dalyell and Dr David Owen.

I attach draft replies which are short and reasonably straightforward. Mr Dalyell suggests that information about Belgrano's course was relevant to any change in the Rules of Engagement and alleges that we knew of Belgrano's intentions from intercepted signals. The draft reply simply refers to the Prime Minister's letter to Mr Foulkes of 19th September; and uses the same form of words as her letter of 8th October to Mr Foulkes on the judgement reached by Ministers on 2nd May 1982.

Dr Owen's letter is attempting to show that there is a discrepancy between the Prime Minister's letter to him of 8th October and her answer to a PQ from Mr Dalyell on 24th October. The draft reply points out that there is no such discrepancy.

I am copying this letter and draft to Peter Ricketts (FCO), Henry Steel (Attorney General's office) and Richard Hatfield (Cabinet Office).

Yours sincerely,

(B P NEALE)

Timothy Flesher Esq

DRAFT LETTER FROM PRIME MINISTER TO TAM DALYELL MP

AM 11

1. Thank you for your letter of 30 October.

2. The answers to your questions are covered by the detailed Annex to my letter of 19 September to Mr George Foulkes. On 2 May 1982, there were clear and unequivocal indications available to the Government that the Argentine Navy, including General Belgrano, proved a real and direct threat to the Task Force. In the light of that threat, the precise position and course of Belgrano at that time were irrelevant. That was why the report that Belgrano had reversed course was not made known to Ministers at the time. No evidence has at any time become available to the Government which would make Ministers change the judgement they reached on 2 May that the Belgrano posed a threat to the Task Force.

LGD

DRAFT LETTER FROM PRIME MINISTER TO DR DAVID OWEN MP

Ann 1

1. Thank you for your letter of 31 October.

2. As I told you in my letter of 8 October, information about the precise course of the Belgrano when she was attacked did not come to the attention of Ministers until the end of November 1982. The fact that this information was contained in HMS CONQUEROR's signal making the initial report of the attack does not affect that statement. Although information in the signal was used in drafting the statments on the attack on 4 May, Ministers did not see the signal itself.

3. After the passage of two and one half years, it is impossible to be certain of the exact circumstances surrounding the drafting of one statement made during a period of fast-moving military and diplomatic events. I had tried to make this clear to you in my letter of 8 October. Nonetheless, the accuracy of the facts given in my letter, and in other recent statements on this subject, have been carefully checked against documentary records and the memories of those involved.

lgd

Argentina : Relations A 39

32

PS
PS/LADY YOUNG
PS/MR KENTON
PS/MR RIFKIND
PS/PUS
MR DEREK THOMAS
MR J FREELAND
SIR W HARDING
MR GOODALL
MR O'NEILL
~~SIR C MAXWELL~~
MR D C THOMAS
MR WESTON
MR BARRINGTON
ED/PUSD
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MR ~~RE~~ NICHOLLS, AUSD STAFF, MOD
NH

PS/CHANCELLOR)
MISS M E CUND) TREASURY
MR LITTLER)

SIR R ARMSTRONG)
MR ~~A D S GOODALL~~) CABINET
DIO Cambridge) OFFICE

MR POWER, SAD, ODA

MR A FORTNAM IAT/D. TRANSPORT

RESIDENT CLERK

MS

CONFIDENTIAL

IMMEDIATE

(FM BERNE 121315Z)
FM BISBA
TO IMMEDIATE FCO
TELNO 737 OF 9 NOVEMBER 1984

ADVANCE COPY

VISIT OF MR GEORGE ROBERTSON MP AND MRS SHIRLEY WILLIAMS

1. MR ROBERTSON AND MRS WILLIAMS' BUSY PROGRAMME BETWEEN 7 AND 8 NOVEMBER INCLUDED MEETINGS WITH MEMBERS OF THE FOREIGN RELATIONS COMMITTEES OF BOTH CONGRESSIONAL CHAMBERS, GOVERNMENT ECONOMIC ADVISERS AND, IN A LARGER GATHERING, WITH MFA ADVISER ARTURO O'CONNELL. THE VISITORS NOTED CERTAIN RECURRING THEMES:

A. THE INSISTENCE THAT FALKLANDS SOVERIGNTY IN SOME GUISE MUST BE INCLUDED IN FUTURE BILATERAL TALKS, EVEN IF IT WERE NOT FIRST ITEM ON THE AGENDA.

B. A CONSISTENT RELUCTANCE TO CONSIDER PROPERLY THE NEED FOR CONSULTATION WITH THE ISLANDERS ABOUT THEIR FUTURE. MRS WILLIAMS AND MR ROBERTSON SUPPORT THE PRINCIPLE OF BREAKING THE LOG-JAM AND APPEAR TO HAVE EXPLORED WAYS IN WHICH THE SOVEREIGNTY QUESTION COULD BE HANDLED TO THE SATISFACION OF BOTH SIDES, BUT THEY MADE CLEAR TO THEIR INTERLOCUTORS THAT NO UK GOVERNMENT COULD OR WOULD RIDE ROUGH-SHOD OVER THE ISLANDERS.

C. A FAILURE TO GRASP THE SIGNIFICANCE OF THE WAR AND ITS LONG TERM CONSEQUENCES. THIS WAS PARTICULARLY EVIDENT IN THE PARALLELS DRAWN BY THE ARGENTINES BETWEEN THE HONG KONG AND FALKLANDS WHICH OMITTED TO ACCOUNT FOR THE FACT OF AN INVASION IN THE SECOND CASE.

D. A CONTINUING STERILE INTEREST IN THE BELGRANO CONTROVERSY WHICH WAS NOW PRIMARILY A DOMESTIC BRITISH POLITICAL ISSUED AND UNLIKELY TO CONTRIBUTE TO A SOLUTION OF THE FALKLANDS PROBLEM.

D. A CONTINUING STERILE INTEREST IN THE BELGRANO CONTROVERSY WHICH WAS NOW PRIMARILY A DOMESTIC BRITISH POLITICAL ISSUED AND UNLIKELY TO CONTRIBUTE TO A SOLUTION OF THE FALKLANDS PROBLEM.
E. TOO MUCH EMPHASIS ON THE STATEMENTS BY MR GEORGES FOULKES IN JUNE WHICH HAD PERHAPS BEEN OVERGENEROUS TO THE ARGENTINE POSITION.

3. THE EXCHANGES WERE GENERALLY CONDUCTED IN A VERY CORDIAL ATMOSPHERE, AND OFFICIAL MFA INTEREST WAS ATTESTED BY THE PRESENCE AT A MEETING ORGANISED BY DR MUSICH, OF NOT ONLY ARTURO O'CONNELL BUT ALSO OF FEDERICO MIRRE AND ON OF MY COLLEAGUES FROM THE MINISTRY, WHO REMAINED PASSIVE OBSERVERS AND WHOSE ATTENDANCE DOES NOT SEEM TO HAVE BEEN FORMALLY REVEALED TO EITHER MRS WILLIAMS OR MR. ROBERTSON.

4. THE VISIT PASSED OFF SMOOTHLY AND MAY HAVE BEEN USEFUL IN CLARIFYING SOME PERSISTENT ARGENTINE MISCONCEPTIONS. IT HAS HOWEVER SO FAR RECEIVED NO LOCAL PRESS COVERAGE, DESPITE THE FACT THAT GUILLERMO MAKIN EARLIER RECOREDED SEPARATE, STILL UNPUBLISHED, INTERVIEWS WITH THE BRITISH POLITICIANS FOR ''CLARIN''. I UNDERSTAND THAT MRS WILLIAMS AND MR ROBERTSON WILL DISCUSS WITH FID UPON THEIR RETURN TO THE UK. FURTHER DETAILS OF OUR CONVERSATIONS HERE FOLLOW BY BAG.
JACKSON-HOULSTON
UNQUOTE

POWELL-JONES

NNNN

SENT/RECD AT 121615Z KR//WRB

Prime Minister (4)
CDP 12/xi

FROM: THE RT. HON. JULIAN AMERY, M.P.

112, EATON SQUARE,
SW1W 9AA

TEL: 01-235 1543
01-235 7409

8th November, 1984.

Dear Michael,

As you may know, I led an All Party delegation of MPs to the Falklands, leaving on 28th October and returning on 4th November. We went under the auspices of your Department and, accordingly, I think I should make my report to you.

I attach a list of the delegation and a copy of our programme.

As you will see from the programme we had the chance to see something of all three services both where they were stationed in relative comfort and in the outlying areas - Rapier and Radar stations - where they are living pretty rough. We also saw a good cross section of the civil population both collectively at receptions given for us by Sir Rex Hunt, General de la Billiere, the Town Council in Port Stanley, the Council at Darwin and individually in their homes at CArlos and Fox Bay.

There have been a number of visits by ministers and service chiefs to the islands and I don't know that we have any very original suggestions to offer. I would, however, make the following points:

1. I cannot speak too highly of the friendly reception we were given by the armed services from the GOC down to the most junior ranks. The same is true of the Falkland Islands Government from Sir Rex Hunt down to the most junior level and of the civil population which gave us a very warm welcome.

2. In spite of considerable probing by myself and my colleagues I could detect no evidence of tension between the military and civil communities.

3. We were much impressed by the progress being made on the construction of the airfield at Mount Pleasant. All those concerned seem convinced that it would be opened officially next April though of course it will be several months later before all the ancilliary installations are completed.

4. The road between Stanley airfield and Stanley itself is a major scandal and must be costing a great deal in terms of broken vehicles and in some cases bruised or broken limbs. I am not clear who was responsible for the contract and the building of the road but there has clearly been a major waste of public money there.

Looking ahead I would make the following points:

a) I very much doubt whether the Argentine Government would be likely to risk another offensive against the Islands unless convinced of success, though some maverick raid cannot be excluded. Once the new airfield is completed therefore (though not before) it should be possible to run down the garrison (on the army and airforce side) by somewhere between one third and a half its present strength. Exactly how far it could be run down would largely depend on the effort we are prepared to make to secure adequate intelligence coverage over the Argentine. £100,000 extra spent on intelligence in the Argentine might well save £1,000,000 or more on military expenditure on the islands.

b) The Civil Commissioner and his advisers seem keen to establish a 200 mile exclusive fishing zone around the Falklands as most other countries now do. The existing 150 mile exclusion zone already gives us the necessary air and sea machinery for seeing who is sailing within these waters. The Island Government and Falkland opinion generally seem to believe that Poles and others who fish there would be quite prepared to pay for a licence to fish and would be quick to denounce those who fished without a licence. If they are right the zone would be to a considerable extent self-policing, though some policing would be necessary. They estimate that the licence

fees would bring in between £1½ million and £2 million annually to the Falkland Islands Government and would also enable them to lay down conservation quotas.

I am personally inclined to believe that we should consider very seriously establishing a fishing exclusion zone - up to say the meridian line - even if we cannot enforce it totally. The Argentines would, of course object. But President Alfonsin's recent speeches have not been exactly helpful and it might be as well to put on the pressure and deal ourselves as many bargaining cards as we can against any future negotiations. There is also the possibility that once the fishing zome is established British or other European interests might care to take advantage of it.

c) There is a good deal of grousing among the troops about the local overseas allowance which they appear to enjoy in Germany, Belize and to some extent in Ulster. I am not sure they have a case in purely Treasury terms though some are certainly living very rough. On the other hand I gather there is a Falklands allowance which suffers from a number of anomalies. If these could be corrected and if there could be some increase in recreational funds I believe the grumbling would die down.

d) On the civil side the main issue remains the difference of opinion between the landowning companies and those farm managers and others who would like to own their own farms. The Falkland Islands company are experimenting with a system of share ownership but are still reluctant to sell off land. I am seeking a meeting with Eric Varley and Eddie Shackleton before presuming to express a view on this complicated matter.

e) Again on the civil side, the civilians very much hope that the British Airways flights to the Mount Pleasant airport, once it is open, should start from Heathrow rather than Brize Norton. They believe this would be much more encouraging to the

promotion of tourism. But of course this may be less convenient for the forces who will comprise most of the passengers in the forseeable future.

f. I think it important from the point of view of the future developments in the Antarctic, to encourage as many officers as possible to visit South Georgia and in due course the other dependencies. This could be valuable politically in relation to Argentinian and Chilean claims and good for morale.

How?

I would only add that the Islanders are not 100% British but 150%. When I say '150%' there is a reason for this. As they have no television, indifferent reception for broadcasting, and virtually no newspapers they are much less subject than we are to cosmopolitan influences. They are like the British pre World War I or II. I see absolutely no likelihood, therefore, that they would go along with any negotiation over sovereignty with the Argentines. On the contrary some of the younger ones are keen to develop local industries such as fishing and yarn spinning to make themselves more self supporting and less of a burden on the U.K. In particular they would like to see an increase in the number of British settlers particularly from those who have served in the armed forces. They also seem strongly attracted to the idea that the Falkland Islands could serve as the British base for the development of our interests in the Falkland Island dependancies and the Antarctic generally.

I am copying this letter and its annexes to each member of our delegation and asking them to let you know whether they have anything to add or subtract from what I have written.

I am also copying this to Margaret Thatcher, Geoffrey Howe and to Keith Joseph who is responsible for the British Antarctic survey.

Yours,

Julian Amery

The Rt.Hon. Michael Heseltine, MP

ANNEX C TO
J3/395/207A/A
DATED 25 OCT 84

PARLIAMENTARY VISIT TO
THE FALKLAND ISLANDS
MONDAY 29 OCTOBER - SATURDAY 3 NOVEMBER

Parliamentarian party is as follows:

The Right Honourable Julian Amery (Con) (Group Leader)
Brighton Pavilion

The Earl of Onslow (Con)

Mr Matthew Parris MP (Con)
Derbyshire and West

Mr Anthony Beaumont-Dark MP (Con)
Selly Oak

Mrs Anna McCurley MP (Con)
Renfrew West and Inverclyde

Mr Robin Maxwell-Hyslop MP (Con)
Tiverton

Mr Geriant Howells MP (Lib)
Ceredigion and Pembroke North

Mr David Young MP (Lab)
Bolton East

Mr Austin Mitchell MP (Lab)
Great Grimsby

Escort Officers are:

Major Stewart Law MBE ROYAL SIGNALS
SO2 J5 Civilian/Military Liaison

Flight Lieutenant Sandi Singleton WRAF
SO3 J4 Quartering

ALL PARTY PARLIAMENTARY VISIT TO
BRITISH FORCES FALKLAND ISLANDS
MONDAY 29 OCTOBER - SATURDAY 3 NOVEMBER 1984

J3/395/20/A/A
DATED 25 OCT 84

Serial	Date/Time	Action	Responsibility	Transport	Remarks
(a)	(b)	(c)	(d)	(e)	(f)
	MON 29 OCT				
1.	1600	Arrive on airbridge at RAF Stanley. Met by Hon DGP Taylor (David) Chief of Staff: Col RJS Corbett (late IG)(Robert) Station Commander: Gp Capt RD Lightfoot AFC RAF (Bob) Escort officers: Maj S Law MBE R SIGNALS (Stewart) Flt Lt SL Singleton WRAF (Sandi)		2 x LWB vehicles 12 x Pax	Maj Law and Flt Lt Singleton to take vehicles to RAF Stanley. 1 x vehicle for luggage.
2.	1615-1630	Press interview in Stn Comd's Office.	PIO		
3.	1630-1715	Move to Government House		2 x LWB	Via Upland Goose to leave luggage.
4.	1715-1800	Tea with Civil Commissioner Sir Rex Hunt			CBF present.
5.	1800-1805	Move to HQ BFFI		2 x LWB	
6.	1805-1820	Initial Call on CBF Maj Gen P de la C de la Billiere CBE DSO MC (Late LI)	ADC		
7.	1820-1900	Discussions with Command Group: COS: Col RJS Corbett (late IG) (Robert) SNOFI: Capt TR Lee RN (Tim) AIR CDR: Gp Capt RD Arnott RAF (Bob) DCOS: Col JK Pitt OBE (late RCT) (John) COMD SEC: Mr DB Neilson (Prin) (David)	COS ADC		
8.	1900-1920	Move to Upland Goose		2 x LWB	

RESTRICTED

Serial	Date/Time	Action	Responsibility	Transport	Remarks
(a)	(b)	(c)	(d)	(e)	(f)
9.	1920-1930	Move to Lookout Camp Officers Mess. Met by: Lt Col WSD Burke R IRISH (Willy) President of the Mess Committee Maj IME Lloyd QUEENS (Ian)		2 x LWB	
10.	1930-1950	Drinks in Anteroom.	Lt Col Burke		
11.	2000	Supper in Officers Mess Dining Room.			
12.	2200	Visitors depart Lookout Officers Mess for the Upland Goose.		2 x LWB	
	TUE 30 OCT				
13.	0810-0830	Move to RAF Stanley. Met by Stn Comd - Gp Capt RD Lightfoot AFC RAF (Bob)		2 x LWB	Escort Officers to be collected from HQ BFFI at 0800.
14.	0830-1100	Visit RAF Stanley		2 x LWB	BFFI MT vehicles to remain throughout visit to RAF Stanley.
15.	1100-1700	Civil Programme. To include: Briefing by Falkland Island Government Officials Council Meeting Lunch Civil tour		2 x LWB	See Annex B
16.	1700	Return to Upland Goose.		2 x LWB	
17.	1915-1930	Move to Britannia House.		2 x LWB	
18.	1930	Fork Supper party with: Maj Gen and Mrs de la Billiere at Britannia House.			
19.	later	Return to Upland Goose.		2 x LWB	

Serial	Date/Time	Action	Responsibility	Transport	Remarks
(a)	(b)	(c)	(d)	(e)	(f)
	WED 31 OCT				
20.	0815-0830	Move from Upland Goose to Red 10		2 x LWB	Escort Officers to be collected from HQ BFFI at 0800
21.	0830-0900	Fly to Mount Pleasant Complex. Met by PSA Regional Director - Mr M Chammings (Maurice)		Bristows	
22.	0900-1500	Visit Mount Pleasant Complex and Mare Harbour.	PSA		Visit to include lunch.
23.	1500-1520	Fly to Mt Kent. Met by Sqn Ldr I Wetherall RAF (Ian)		RAF SK	OC FIADGE to move to Mt Kent separate to main party.
24.	1520-1645	Visit Mt Kent	OC FIADGE		
25.	1645-1710	Fly to Bombilla. Met by OC 266 Sig Sqn. Maj A Hutt R SIGNALS (Alan)		RAF SK	Maj Hutt to move to Mt Kent separate to main party.
26.	1710-1745	Visit Bombilla.	OC 266 Sig Sqn		
27.	1745-1800	Fly to Kelly's Garden. Met by BC - Maj JAC Deakin RA (John) OC 1310 Flt - Sqn Ldr BG Freeman RAF (Brian)		RAF SK	
28.	1800	Parliamentarian Visit party divides.			
29.	1800	Party A fly from B18 to HMS BROADSWORD for overnight stay.		RAF SK	RAF SK to drop party on RFA DILIGENCE at 1810. 1815 - 826 Flt SK move party from RFA DILIGENCE to HMS BROADSWORD
30.	1800	Party B remain at Kelly's Garden for military and civil evening in the Officers Mess			

Serial	Date/time	Action	Responsibility	Transport	Remarks
(a)	(b)	(c)	(d)	(e)	(f)
31.	THU 1 NOV				
31.	0800	Party A fly to B18 from HMS BROADSWORD		826 SK RAF SK	826 Flt SK to drop party on RFA DILIGENCE at 0820. RAF SK to collect party at 0825 and move to B18.
32.	0830-1130	Combined parties visit Blue Beach Cemetery and Rapier Sites.	14 AD Bty		
33.	1130-1215	Fly to Chartres Settlement G05. Met by Local Settlement Manager: The Hon WR Luxton (Bill).		RAF SK	
34.	1215-1500	Visit Settlement Farms and watch R MARINE exercises from HMS PROTECTOR	SNOFI SRMO		Lunch in Ratings Mess on FIPV.
35.	1500-1540	Fly to Goose Green to visit 1 COLDM GDS. Met by CO - Lt Col Sir Brian Barttelot Bt OBE 2IC - Maj NE Emson MC BA (Nick) Ops Offr - Maj SM Alabaster (Shane) RSM - WO1 (RSM) Mason		RAF SK	
36.	1540-1800	Visit 1 COLDM GDS			Visit to include Battlefield Tour
37.	1800	Parliamentarian Visit party divides.			
38.	1800	Party A remain at Goose Green for military and civil social evening in local hall.			
39.	1800	Party B fly to HMS BROADSWORD for overnight stay.		RAF SK 826 SK	RAF SK to drop party on RFA DILIGENCE at 0815. 826 Flt SK to collect party at 0820 for onward movement to HMS BROADSWORD

Serial (a)	Date/time (b)	Action (c)	Responsibility (d)	Transport (e)	Remarks (f)
	FRI 2 NOV				
40.	0830-0900	Party B rejoin main party at Goose Green.		826 SK RAF SK	826 Flt SK to drop party on RFA DILIGENCE at 0845. RAF SK to move party to Goose Green.
41.	0900-1000	Fly to Fox Bay East. Met by Mr SG Armstrong (Simon) from the Falkland Island Development Committee and Mr Richard Cockwell.		RAF SK	RAF SK to land at Carcass Bay for approx 20 mins.
42.	1000-1145	Visit Home Industry trial at Fox Bay East.			
43.	1145 -	Fly by FIGAS from Fox Bay to RAF Stanley.		FIGAS	
44.	1245-1300	Move to Navy Point from RAF Stanley.		RAF SK KIWI	RAF SK to move Parliamentarian party from RAF Stanley to Navy Point. KIWI to move civil guests from Public Jetty at 1245.
45.	1300-1415	Lunch with Civil and Military Communities at Navy Point.	DSNOFI		
46.	1415-1430	Move to Public Jetty.	DQHM	KIWI	If harbour closed all personnel will be flown to Navy Point.
47.	1430-1700	Tour Stanley. To include: Visit to Falkland Islands Company (Met by Mr Terry Spruce) FIBS Interview Shopping		2 x LWB	
48.	1700-1745	Return to Upland Goose.			
49.	1745-1800	Move to Town Hall.		2 x LWB	
50.	1800	Public Meeting in Town Hall			
51.	1900	Move to Government House.		2 x LWB	

Serial	Date/Time	Action	Responsibility	Transport	Remarks
(a)	(b)	(c)	(d)	(e)	(f)
52.	1930	Dinner with Sir Rex and Lady Hunt in Government House.			
53.	later	Return to the Upland Goose.			
	SAT 3 NOV				
54.	0745-0800	Move to Canache.		2 x LWB	
55.	8000-0830	Visit British Military Hospital. Met by CO - Lt Col RAF Garnett RAMC (Robin) Visit Medical Centre. Met by Matron - Maj EE Marsh QARANC (Eileen)			
56.	0830-0845	Visit Force Base Pay Office. Met by Paymaster - Maj P Goddard RAPC (Peter)			
57.	0845-0900	Visit Postal and Courier Troop RE. Met by OC - Capt PJ O'Rourke RE (Peter)			
58.	0900-0915	Visit Education Centre. Met by Maj CJ Theobald RAEC (Charles)			
59.	0915-0930	Visit Canache Church. Met by Force Chaplain - The Rev ARN Appleby AKC CF (Tony)			
60.	0930-0935	Move to RHQ 37 Engr Regt. Met by CO - Lt Col BJ Sanderson OBE RE (Barry) 2IC - Maj DFL Bonney MBE RE (Danny) RSM - WO1 (RSM) JW Scott RE	37 Engr Regt	2 x LWB	
61.	0935-0950	Briefing of 37 Engr Regt role.			
62.	0950-1000	Minefield briefing by Capt PC Bowen RE (Paddy)			

Serial	Date/Time	Action	Responsibility	Transport	Remarks
(a)	(b)	(c)	(d)	(e)	(f)
63.	1000-1030	Visit Stanley Petroleum Depot. Met by OC STRE (Wks) - Maj RN Smitheram RE (Robin) OC 1 Fd Sqn - Maj RH Whittington MBE RE (Dick)			
64.	1030-1055	Tour Coastel 3.			To include coffee.
65.	1055-1140	Move to and visit FILOG Bn. Met by CO - Lt Col ACD Welch RAOC (Tony) 2IC - Maj P Fraser RCT (Paul) Adjt - Capt DH Egan REME (David) RSM - WO1 (RSM) MR Searchfield	CO FILOG Bn	2 x LWB	
66.	1140-1145	Move to FIPASS.		2 x LWB	
67.	1145-1235	Visit FIPASS. Meet OC 73 (FI) Port Sqn RCT: Maj G Hopwood RCT (Geoff) DQHM: Lt Cdr N McMillan RN (Neil) Port Engr: Mr John Bull - ITM OC 77 (FI) Stores Coy RAOC: Maj H Bradshaw RAOC (Henry) Rats Pl Comd: Capt WA Martin RAOC (Bill) EFI Bulk Issue Store: Maj RW Fisher RAOC/EFI (Roger)			
68.	1235-1245	Drive to Coastel 2.		2 x LWB	
69.	1245-1315	Officers Mess. Met by PMC - Maj RK Hacon-Williams RAOC (Robert)			
70.	1315-1400	Lunch.			
71.	1400-1430	Move to Government House.		2 x LWB	

Serial	Date/Time	Action	Responsibility	Transport	Remarks
(a)	(b)	(c)	(d)	(e)	(f)
72.	1430-1730	Joint discussions with Military and Civilian representatives at Government House. Individual discussions if required.			
73.	1730-1750	Return to Upland Goose to collect luggage		2 x LWB	
74.	1750-1815	Move to RAF Stanley.		2 x LWB	
75.	1815	Press Interview	PIO		
76.	1900	Depart for ASI			

House of Commons

Wednesday 7 November 1984

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

LOCHABER WATER POWER ORDER CONFIRMATION

Mr. Secretary Younger presented a Bill to confirm a Provisional Order under section 7 of the Private Legislation Procedure (Scotland) Act 1936, relating to Lochaber Water Power: and the same was read the First time; and ordered to be considered upon Tuesday next and to be printed.

HMS Conqueror (Log-book)

2.35 pm

Mr. Denzil Davies (Llanelli) *(by private notice)* asked the Secretary of State for Defence what has happened to the log book of HMS Conqueror.

The Secretary of State for Defence (Mr. Michael Heseltine): During the Falklands campaign, HMS Conqueror kept an account containing detailed operational information which was used to compile the submarine's formal report of proceedings. This is a classified document and is in the possession of the Ministry of Defence.

The submarine's navigating officer also kept a "control room log" which records the latitude and longitude, distance run, course, speed and depth of the submarine at hourly intervals together with other routine readings. This document contains no tactical information. It has been mislaid and as it, too, is classified, a board of inquiry is being held.

Mr. Davies: I am grateful to the Secretary of State for answering the question. His astonishing admission that he, his Department and the Navy, apparently, have lost—some unkind souls might say conveniently lost — the navigation log book not of some cross-channel ferry but of HMS Conqueror, is another extraordinary episode in the Government's pathetic attempts to explain away all the circumstances surrounding the sinking of the General Belgrano.

Will the Secretary of State agree that there are only two explanations of what has happened to the log book? The first is that it has been lost through gross incompetence on the part of the Navy, but very few people believe that the Navy loses log books of that kind. The second is that it has been stolen — and may have been destroyed — by someone who thinks that details contained in the log book are embarrassing not only to Her Majesty's Government but to the Prime Minister personally.

Is it not a fact that this highly classified document would contain all the details of the movements not only of Conqueror but possibly of the Belgrano as well, on 30 April, when the rules of engagement were changed; on 1 May, when, we are now told—although we were not told originally—Conqueror spotted the Belgrano; and on 2 May, when the Belgrano was sunk. Would not the log book — the Secretary of State tries to downgrade its importance — have contained all the details of the movements of those two ships, certainly for those three days?

Will the Secretary of State and the Government at last come clean, treat this House with some respect, and give us a full clear, honest and truthful account of all the circumstances leading up to and surrounding the sinking of the Belgrano?

Mr. Heseltine: The right hon. Member will realise that, once an inquiry is set up within the Ministry of Defence, it is incumbent on us to find out what the inquiry reveals before reaching judgments about it in advance.

The right hon. Member makes a more serious allegation in which he invites me to come clean about the sinking of the Belgrano. Unhesitatingly I do it. The decision was taken in order to protect British lives. *[Interruption.]* The House and the country are sick and tired of the way—

[Mr. Heseltine]

[Interruption.]—that Opposition Members, for narrow and inexplicable reasons, pursue a campaign against British national interests.

Mr. John Wilkinson (Ruislip-Northwood): I agree that the loss of any classified document is a serious matter and worthy of an inquiry, but does not my right hon. Friend agree that the sinking of the Belgrano by HMS Conqueror in effect put the Argentine navy out of the war, and so protected British lives and ensured the success of the Falkland Islands operation?

Mr. Heseltine: There were undoubted consequences, although the House will be aware that we suffered serious losses after the sinking of the Belgrano, particularly the sinking of HMS Sheffield. Therefore, I very much accept the linkage made by my hon. Friend. The important point is that the Government took military advice in connection with the sinking of the Belgrano expeditiously and, in my view, unavoidably. What Opposition Members must ensure that the House understands is that, if they had rejected that military advice, they would have put our lives at risk.

Dr. David Owen (Plymouth, Devonport): Does the Secretary of State accept that many right hon. and hon. Members have never sought and do not intend to seek to attack the decision taken by the war cabinet on 30 April to sink the aircraft carrier, which was the first and major military decision on the advice of the Chiefs of Staff? Secondly, does the right hon. Gentleman accept that many of us do not believe that by sinking the Belgrano on 2 April, there was any intention to sink any peace initiative that may or may not have been under way with the Peruvians? What we are not sick and tired of, and what the country will never be sick and tired of, is insisting that the truth be told to the House of Commons. We now find ourselves in a situation in which the Prime Minister, a Secretary of State and several junior Ministers in the Government are on record in *Hansard* as making statements in the House of Commons that we now know not to be true. We have the right and, indeed, the duty to demand that the Government correct the record of *Hansard* in any way that they see fit, preferably through a White Paper that can then be debated—and the sooner the better.

Mr. Heseltine: The right hon. Gentleman is quite right to draw the attention of the House to the fact that there are differing views about the sinking of the Belgrano, and I would in no way seek to associate him with the views of the right hon. Member for Llanelli (Mr. Davies), but he will have heard, as I did, the right hon. Gentleman clearly suggest that the log book to which I referred had been "conveniently" lost. There is only one clear implication in that statement. It was to that statement that I was addressing my reply.

I should like to deal now with what was said by the right hon. Member for Plymouth, Devonport (Dr. Owen), who, I totally accept, adopts a very different approach to the matter. As the Minister now responsible for advising the Prime Minister on these matters, I have been meticulously through the records, and wherever I felt that it was possible to advise the Prime Minister, having regard to all national interests, that the record could be changed, it has been changed to correct it. The Prime Minister, in letters that are well known, well documented and well publicised, has always accepted the advice that she has been given that, if inaccuracies have been found, they should be put right. She has been meticulous in adjusting the record immediately to come to the facts of the matter.

Sir John Biggs-Davison (Epping Forest): Is it not a sign of the death wish in the Labour party that Labour Members should be so anxious to exculpate Argentina, the aggressor against our British fellow subjects in the Falkland Islands, and to damage the reputation of the Royal Navy and the British nation, which unitedly repelled that aggression from those British islands?

Mr. Heseltine: I totally accept my hon. Friend's views. It is extraordinary that so many Members of the House are apparently more interested in the views provided for them by Argentine sources than those provided by their own Government. But when my hon. Friend refers to a death wish on the part of the Opposition, I find one curious contradiction. It is difficult for corpses to die twice.

Mr. George Foulkes (Carrick, Cumnock and Doon Valley): I should like to return to the log, which I understand is the subject of this private notice question —*[Interruption.]* I shall deal with that later. Is the Secretary of State aware that when I asked the Prime Minister two parliamentary questions on 22 and 29 October this year, she apparently referred to and consulted the log before replying to them? Is the Secretary of State also aware that someone has been called to the board of inquiry from Orkney who has had no connection with the Conqueror for at least a year? Can the Secretary of State tell us exactly when he, or officers of his Department, last saw the log?

Mr. Heseltine: The Prime Minister, in replying to the hon. Gentleman, relied upon general classification rules which would apply to all such log books.

On the second point, I very much doubt whether Ministers have seen the log.

Mr. Foulkes: Or officials of the Department?

Mr. Heseltine: I would have to inquire into that. *[Interruption.]* I believe—I will verify this—that the log would be in the hands of the Navy and that it would not have come into the hands of officials of my Department. I will check on the situation. As I made plain in my first reply, the log is a routine document such as is carried by all submarines and ships, and I believe that as such it would not normally come to officials in the Ministry of Defence.

Mrs. Elaine Kellett-Bowman (Lancaster): Will my right hon. Friend emphasise that, as he told the Select Committee in his evidence this morning, there is a vast difference between the navigator's log and the captain's log? Is it not quite extraordinary that Opposition Members seem to pay more attention to information planted or leaked by the Argentines than to our own officials, or our own Royal Navy?

Mr. Heseltine: My hon. Friend is perfectly right about the fact that Opposition Members seem more inclined to listen to information provided by former enemies of this country than that provided by their own Government.

She is also perfectly right to draw our attention to the distinction between the records that the captain would keep

and the record in the log that we are considering, which would not include any tactical information or any references to the position of Argentine ships. The record in the commander's log would be very different, and that document is in the secure keeping of the Ministry of Defence.

Mr. Donald Stewart (Western Isles): Is the Secretary of State aware that, as Argentina had engaged in unprovoked aggression, anything that happened to the Argentine armed forces, including war vessels, was brought on themselves? The course of the Belgrano is totally irrelevant. However, is the right hon. Gentleman also aware that certain questions remain to be answered and that, in those circumstances, the fact that the log is missing is more serious and may have sinister connotations? It is essential that the log should be traced as quickly as possible.

Mr. Heseltine: I very much support what the right hon. Gentleman has said. This is a serious matter, and that is why a board of inquiry is looking into the circumstances surrounding the loss. As soon as I can reach a conclusion which is based on what I am told by the inquiry, I shall be very pleased.

Sir John Farr (Harborough): In my view, the sinking of the Belgrano was absolutely necessary and HMS Conqueror did a very good job. Nevertheless, the loss of a log book is a serious matter. Can my right hon. Friend tell me whether, with the modern electronic methods of communication with vessels under water anywhere in the world, it would not have been possible to track HMS Conqueror's passage under water at that time? If that is so, would a copy of such a record not be available in the Ministry of Defence?

Mr. Heseltime: I very much agree with my hon. Friend's first point. However, I doubt whether there would be sufficient certainty about electronic communications to enable them to replace the manual log records which we are discussing. To the best of my knowledge, manual methods are indispensible to the keeping of a routine record.

Mr. Merlyn Rees (Morley and Leeds, South): Those of us who have been in war know what happens in war. However, statements were made to this House in good faith and then withdrawn, and that created the impression outside the House that something untoward was happening. The loss of the log book has added to that feeling. Would it not therefore be a good idea to publish a White Paper giving all the facts?

Mr. Heseltine: I have great respect for the role played by the right hon. Gentleman in the investigation of the surroundings of the Falklands war. I take seriously the point that he has made, which has also been made by other hon. Members. However, my conclusion reluctantly has to be that, having meticulously checked the information and in the light of the widest interests of national security, the Government have corrected—wherever possible and appropriate—the record of things said to the House with the best of intentions but without all the information which is often difficult quickly to obtain in wartime. Despite the fact that the record has been corrected and that the Prime Minister has set out the scene in the widest possible context, the same persistent inquiries continue to try and obtain information that the Prime Minister has rightly made it clear no responsible Government would consider publishing. It is in complete contrast with the way in which intelligence sources from Argentina are used by various parties in this country to try to illicit from the Government comments on such matters which could only be against the national interest, and no Government will do that.

Mr. Robert Adley (Christchurch): Unless my constituents are wholly different from those of the other 649 constituencies, they are——

Mr. Nicholas Baker (Dorset, North): They are very lucky.

Mr. Adley: My hon. Friend, from whom I have acquired many of them, will confirm that that is not so. My constituents are not only disinterested in the matter, as a matter of current events, but they are appalled to think that Her Majesty's loyal Opposition, who are supposed to go under that name, spend their time doing nothing but denigrate the Government of the day who were doing what they were supposed to do, were they not, in pursuing a war started by our enemies? Does my right hon. Friend not believe that the biblical phrase "love thine enemy" has now reached ridiculous proportions in the way in which the Opposition appear to swallow everything in favour of Argentina, and do everything that they can to denigrate Her Majesty's Government and the Royal Navy?

Mr. Heseltine: Many of us have always had the most profound admiration for the judgment of my hon. Friend's constituents for sending him back here with one of the largest Conservative majorities in the country. I share his judgment that the overwhelming majority of people in this country believe that the Prime Minister acted correctly and would have had only one criticism—if she had taken any decision other than the one that she did.

Mr. Russel Johnston (Inverness, Nairn and Lochaber): Does the Secretary of State agree that we are not dealing with the Prime Minister's judgment today; we are dealing with the loss of a log book? Does he further agree that, if he were on the Opposition Benches, he would not be describing it as a routine document; he would be lashing the Government of the day for the loss of a valuable document which he has described as classified? First, will he tell us what the classification was, and, secondly, will he confirm that he does not know when it was lost?

Mr. Heseltine: I can confirm that I do not yet have the full facts about the loss of this document. That is one of the matters to which the board of inquiry is appropriately addressing itself. I cannot be expected to define the document in the Ministry of Defence as though I were on the Opposition Benches, particularly as I happen to have the definition of the log books given to me by those people who know what log books are. It seems appropriate that, as Secretary of State for Defence, I should rely upon the Royal Navy rather than Her Majesty's loyal Opposition.

Mr. Jonathan Sayeed (Bristol, East): Will my right hon. Friend confirm that we are talking about the navigator's notebook, which is a jottings pad used by a navigator for fixes and other relevant navigational information? We are not talking about the ship's log. The ship's log of HMS Conqueror has all the information as to what that ship was doing, where it was, where it was going and the exercises or undertakings that it was on.

Mr. Heseltine: My hon. Friend is correct. I tried to make that distinction in the reply that I first gave to the House. I have already seen a pro forma copy of one of these documents. Indeed, I have one in front of me. It is a technical record kept by the ship's navigator and duty officers. It gives technical information and it is not a record from the Captain or commanding officer dealing with the wider issues. [HON. MEMBERS: "Is it important?"] I am asked whether the document is important. Certainly it is important, and that is why it is classified. It is not important in the context of trying to see the tactical judgment reached by the commanding officer but it is important to our enemies in trying to see the way in which the Royal Navy disposes of its ships at sea. If the Opposition's suggestion is that the Royal Navy should publish technical details of its military tactics, that would be a major breach of the national interest.

Mr. Dick Douglas (Dunfermline, West): Will the Secretary of State make it clear that a helmsman's log of this type would be of vital significance in determining the position and manoeuvring characteristics of the ship when going into action? Does he agree that in any inquiry into the sinking of a foreign vessel such a document would be of the utmost importance to the Admiralty and to the Ministry of Defence in examining the conduct of the commander of the vessel? What instructions has the right hon. Gentleman now given to secure all logs of all the vessels in that campaign to ensure that there is no repetition of such vital documents being lost or misplaced?

Mr. Heseltine: The standing orders of the Department would be appropriate to secure the records of the Department. The fact that there has been a breach is a matter of concern and the subject of an inquiry. The hon. Gentleman's first question makes my point for me. A revelation of the way in which our ships negotiate pending an attack would convey nothing to the Admiralty, which would have designed the tactics, but it would tell enemies or potential enemies how we pursue that kind of activity.

Several Hon. Members *rose*——

Mr. Speaker: Order. I remind the House that this is a private notice question. We have spent 20 minutes on it. As there is important business before us, I think that we should now move on.

Mr. Max Madden (Bradford, West): On a point of order, Mr. Speaker. Will you confirm that Select Committees of the House have a right to call for persons and papers appropriate to their inquiries? Will you give the House guidance as to the right of the Excutive to withhold papers from Select Committees? On what classification can that be done? On behalf of the House and members of Select Committees, will you make inquiries of the Ministry of Defence as to the terms of reference of its inquiry and when it intends to make available all the papers requested by Select Committees?

Mr. Speaker: I think that the House is well aware of the rules governing Select Committees. If a Select Committee is not satisfied with the information provided or believes that information has been withheld, it is up to the Select Committee to make a report to the House. I have had no such report on this matter.

BILLS PRESENTED

NEW TOWNS AND URBAN DEVELOPMENT CORPORATIONS

Mr. Secretary Jenkin, supported by Mr. Secretary Younger, Mr. Secretary Edwards, Mr. John Moore, Mr. Ian Gow, and Sir George Young, presented a Bill to make provision with respect to certain matters connected with new towns; to amend paragraph 8(1) of Schedule 31 to the Local Government, Planning and Land Act 1980; and for connected purposes: And the same was read the First time; and ordered to be read a Second time tomorrow and to be printed. [Bill 4].

MINERAL WORKINGS

Mr. Secretary Jenkin, supported by Mr. Secretary Younger, Mr. Secretary Edwards, Mr. Secretary King, Mr. Michael Jopling, Mr. John Moore, and Mr. Neil Macfarlane, presented a Bill to repeal certain provisions of the Mineral Workings Acts 1951 and 1971, to transfer the assets of the Ironstone Restoration Fund to the British Steel Corporation, to make further provision about agricultural ironstone land and forestry on ironstone land, to confer powers in connection with the reclamation, improvement or bringing into use of certain land, and for connected purposes: And the same was read the First time; and ordered to be read a Second time tomorrow and to be printed. [Bill 2].

ELECTIONS (NORTHERN IRELAND)

Mr. Secretary Hurd, supported by the Prime Minister, Mr. Secretary Brittan, Mr. John Biffen, Mr. Peter Rees, the Attorney-General, Dr. Rhodes Boyson, Mr. Nicholas Scott, and Mr. Chris Patten presented a Bill to make further provision for preventing personation at elections in Northern Ireland: And the same was read the First time; and ordered to be read a Second time tomorrow and to be printed. [Bill 1].

PRIME MINISTER

MT

THE CONQUEROR'S LOG BOOK

You have heard the reports that Conqueror's log book is missing.

It is important to distinguish between two sets of documents kept by Conqueror:

(i) Captain's Report of Proceedings.
This is a detailed report of all aspects of the ship's activities, including the sinking of the Belgrano. It has full details of Conqueror's speed, course and so on. That document is not missing.

(ii) The Control Room Log.
Every submarine carries one of these. It is a sort of glorified service manual. Various details are filled in by all members of the Control Room concerning such things as water consumption, fuel consumption, etc., as well as the movements of the submarine. It is really a basic engineering manual. This log is collected up at the end of a voyage and sent off to archives. It is this which is missing.

The loss was discovered about two weeks ago. There are many hundreds of these documents around and it is not excluded that this one could be mislaid or lost. But it seems more likely that someone has taken it, either as a souvenir or in the hope of making mischief. But the essential point is that all information relevant to the Conqueror's engagement with the Belgrano is in the Captain's Report of Proceedings.

You were concerned by the report on television of Conqueror's subsequent activities. MOD are writing to us about that.

CDP

7 November 1984

E R

PRIME MINISTER

2

Conqueror Log

The PNQ on the Conqueror Log this afternoon was a fairly rowdy affair. Mr Heseltine took the line that:

i) The document which was lost was not the formal log of the Conqueror, the Captain's Log with all the relevant information was in the hands of the Ministry of Defence.

ii) Nevertheless the loss of the navigation log was a serious matter and was therefore under investigation by a MOD Board of Inquiry.

iii) In any event, all this was irrelevant to the fact that the decision to sink the Belgrano was entirely justified.

The Opposition was divided between those, who like David Owen and Merlyn Rees did not argue overtly over the decision to sink but were concerned that the 'full facts' were available, and those like Denzil Davies and George Foulkes who prefer some kind of conspiracy theory ie that the document ~~did not~~ was deliberately mis~~lead~~aid in order to suppress information that it contained. Mr Heseltine dealt with this pretty robustly and was given strong support from Conservative backbenchers. It was clear from the reaction of Government benches that the best line on future Belgrano questions must be a robust one ie vigorously asserting the rightness of the decision and questioning the motives of those who seek to snipe it. There cannot be many countries in which so much breast-beating would go on about a successful action in a victorious war.

7 November 1984

CONFIDENTIAL

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CCPC

10 DOWNING STREET

From the Private Secretary

5 November 1984

Foreign Affairs Committee Belgrano Inquiry: Mr Charles Wallace

Thank you for your letter of 2 November about Mr Wallace's appearance before the Foreign Affairs Committee.

The Prime Minister has noted this.

I am copying this letter to Richard Mottram (Ministry of Defence) and Richard Hatfield (Cabinet Office).

C D Powell

Len Appleyard Esq
Foreign and Commonwealth Office

CONFIDENTIAL

IMMEDIATE

ADVANCE COPY

PS (2)
PS/LADY YOUNG
PS/ KENTON
PS/ RIFKIND
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MR DEREK THOMAS
~~MR FREELAND~~ MR DARWIN.
SIR W HARDING
MR GOODALL
MR O'NEILL
~~SIR C TIDNELL~~
MR D C THOMAS
MR WESTON
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MR NICHOLLS, AUSD STAFF, MOD
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PS/CHANCELLOR)
MISS M E CUND) TREASURY
MR LITTLER)

SIR R ARMSTRONG)
MR ~~A D S GOODALL~~) CABINET
DIO (a Hedge)) OFFICE

MR POWER, SAD, ODA

MR A FORTNAM IAT/D. TRANSPORT

~~RESIDENT CLERK~~

CO UKREP BRUSSELS

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CONFIDENTIAL

(FM BERNE 051300Z)
FM BISBA
TO IMMEDIATE FCO
TELNO 717 OF 2 NOVEMBER 1984
AND TO IMMEDIATE WASHINGTON, UKMIS NEW YORK, EC POSTS

COUP RUMOURS

1. I WAS YESTERDAY VISITED BY JUAN SEBASTIAN SOLER, AN ARGENTINE LAWYERJS D BUSINESS ACQUAINTANCE, WELL-CONNECTED WITH MILITARY AND RIGHT-WING CIRCLES HERE, WHO HAS IN THE PAST TAKEN AN ACTIVE INTEREST IN ENCOURAGING THE NORMALISATION OF ARGENTINE REPATIONS WITH THE UK.
2. SOLER ANNOUNCED THAT A COUP WAS BEING CONTAMPLATED BY MIDDLE-RANKING OFFICERS AT ABOUT THE LEVEL OF LIEUTENANT COLONEL. THE CURRENT BATCH OF SERVING GENERALS WOULD BE EXCLUDED FROM THE OPERATION WHICH WOULD PROBABLY BE ORGANISED AROUND THE FIGURE OF RETIRED GENERAL LUCIANO BENJAMIN MENENDEZ, THE HARD-LINE RIGHT-WINGER WHO WAS FORMERLY COMMANDER OF THE ARMY'S CORDOZA-BASED III CORPS AND WHO HAS RECDNTLY BEEN AN OUT-SPOKEN APOLOGIST FOR THE MILITARY'S PERFORMANCE DURING THE DIRTY WAR.
3. SOLER SAID THE COUP WOULD HAVE THREE PRINCIPAL OBJECTIVES:
A. THE REINTEGRATIMN OF ARGEYTINA INTO THE ''FIRST WORLD'' WHERE-BY THE LEFT WING MARXIST IDEOLOGY THAT CHARACTERISED THE PRESENT ADMINISTRATION WOULD BE SWEPT AWAY AND THIRD-WORDERLY WOULD BE SHUNNED.
B. THE REDUCTION OF THE GOVERNMENT APPARATUS TO A FEW ESSENTIAL

ADMINISTRATION WOULD BE SWEPT AWAY AND THIRD-WORDERLY WOULD BE SHUNNED.

B. THE REDUCTION OF THE GOVERNMENT APPARATUS TO A FEW ESSENTIAL MINISTRIES SUCH AS DEFENCE AND INTERIOR, ETC:,

C. THE ELIMINATION OF MANY OF THE NOTORIOUSLY INEFFICIENT STATE ENTERPRICES.

4. SOLER CLAIMED THAT HE HAD BEEN DEPUTED TO SOUND OUT CERTAIN FOREIGN GOVERNMENTS ABOUT SCHEME BY APPROACHING THEIR REPRESENTATIVES IN BUENOS AIRES. THE BELGIAN AND US EMBASSIES WERE ON THIS LIST AND HE EXPECTED A POSITIVE-REACTION FROM THE AMERICANS UNDER REAGAN'S LEADERSHIP (SIC). HE DID NOT KNOW EXACTLY WHEN THE COUP WOULD TAKE PLACE OR HOW IT WOULD BE LAUNCHED, BUT BELIEVED IT MIGHT BELZIN WITH A SERIES OF INCIDENTS STAGED BY SMALL GROUPS. IN ANSWER TO MY QUESTION, HE ASSERTED THAT THERE WAS NOBODY IN THE ARMED FORCES, WHO WOULD BE PREPARED TO DEFEND PRESIDENT ALFONSIN. THE NAVY WERE APPARENTLY IN FAVOUR OF THE PLAN, AS WAS THE AIR FORCE WHOSE MEMBERS WERE HOWEVER TOO FASCIST FOR COMFORT (SIC).

COMMENT

5. I HAVE SO FAR DISCUSSED THIS NEWS WITH THE DANISH AMBASSADOR WHO WAS PROFOUNDLY SCEPTICAL OF THE ARMY'S INCLINATION TO MOUNT A COUP, AND WITH THE US DCM, JOHN BUSHNELL, WHO WAS ALSO DISMISSIVE EXPLAIBHING THAT HIS EMBASSY WAS CONSTANTLY RECEIVING THIS KIND OF REPORT.

6. OUR OWN UNDERSTANDING IST THAT A DIVIDE IS OPENING UP BETWEEN THE ARMY'S GENERALS WHO ARE , ALBEIT SOMETIMES GRUDGINGLY, RECONCILED TO DEMOCRACY, AND THE REMAINING RANKS WHERE DISCONTENT IS FUELLED BY POOR PAY AND THE THREAT OF HUMAN RIGHTS INVESTIGATIONS. THERE IS SOME INCREASING EVIDENCE OF INSUBORDINATION, BUT WHILE ALFONSIN'S GOVERNMENT HAS FAILED TO ESTABLISH FIRM CONTROL OVER ALL SECTORS OF THE MILITARY, WE DOUBT THE FEASIBILITY OF A COUP IN THE FORESEEABLEFUTURE. IN TOPPLING DEMOCRATIC ADMINISTRATIONS THE ARMED FORCES HAVE TRADITIONALLY RESPONDED TO STRONG POPULAR DEMAND AN AT THE MOMENT THERE IS NO INDICATION THAT THEY ARE WIDELY REGARDED AS A VIABLE OR DESIRABLE ALTERNATIVE. THIS DOES NOT OF COURSE EXCLUDE THE POSSIBILITY OF RIGHT-WING TERRORIST ACTIVITY WHICH WOULD PROBABLY BE RECIPROCATED BY THE LEFT AND COULD IN A LONGER TERM HAVE A SERIOUS DESTABILISING EFFECT.

JOY

U N Q U O T E
POWELL-JONES

NNNN

SECRETIZ

Foreign and Commonwealth Office

London SW1A 2AH

2 November, 1984

Prime Minister (2)

Dear Charles,

Foreign Affairs Committee: Belgrano Inquiry: Mr Charles Wallace

The Foreign Affairs Committee have requested the attendance before them of Charles Wallace, now the Ambassador at Montevideo, who was Ambassador in Lima in April-May 1982.

The Foreign Secretary has agreed that Mr Wallace should appear before the FAC. We have several times made it clear, in correspondence with Mr Tam Dalyell and in Parliament, that reports from Lima of the "Peruvian proposals" did not reach London until the early hours of 3 May - ie 6 hours after the attack on the Belgrano - and that Mr Wallace himself was not told of them until 1830 local time (2330 GMT) on 2 May, ie 4½ hours after the Belgrano had been sunk. But Mr Dalyell has not been put off by this. The journalist Arthur Gavshon has recorded an interview with Mr Alexander Haig, in which the former US Secretary of State maintains that the British Ambassador in Lima ".... was right in with the President" when Mr Haig spoke to President Belaunde by telephone over the weekend of 1-2 May. You may have noticed that The Times Diary of 26 October appears to take this "revelation" as accurate (I enclose a copy of the article).

The latest round of speculation makes it all the more desirable that Mr Wallace should set the record straight personally, emphasising that the stories about him being with President Belaunde are completely untrue, and that the first information he received about the Peruvian proposals was when the then Foreign Minister of Peru, Dr Arias Stella, asked him to call at 1830 (2330 GMT) on 2 May. Mr Wallace will be able to point out that, when he saw Dr Arias Stella on other Falklands business on 1 May, the Peruvian Foreign Minister gave no indication that any initiative was being contemplated. Mr Wallace's reporting on 2 May was prompt: he despatched his telegram only 90 minutes after the beginning of his conversation with the Peruvian Foreign Minister.

The most probable date for Charles Wallace's appearance is Wednesday 14 November; otherwise, he will

/appear

appear on some subsequent Wednesday.

I am copying this to Richard Mottram (MOD) and to Richard Hatfield (Cabinet Office).

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

CM

THE TIMES

26 OCT 1984

cutting dated.....19

FALKLANDS
I AM D
DETAILS
PJ
PJJ

Send for Maggie

After the disclosure that Michael Heseltine, the Defence Secretary, is to give evidence in public when he appears before the Commons Select Committee on Foreign Affairs next month, I can reveal that the committee has also elected to exercise its right to call Mrs Thatcher. When the suggestion was mooted, I am told that Norman St John Stevas, a committee member, flinched, and said "Don't you think we're getting into too much hot water?" – to which Labour MP Denis Canavan asked if St John Stevas had lost his bottle. The committee has also summonsed before it on Nov 14 Arthur Gavshon and Desmond Rice, co-authors of the controversial *The Sinking of the Belgrano*. Gavshon's evidence is likely to prove crucial: not only does he possess a six-hour interview on the subject with Lord Lewin, but he also has the tapes of an exclusive interview he had with Alexander Haig. These reveal that while President Belaunde Terry and Haig were negotiating the terms of the Peruvian peace proposals in the presidential palace, the British ambassador to Peru, Charles Wallace, was in the room.

de RM

cMOD
FCO
AG
CO.

10 DOWNING STREET

2 November, 1984

THE PRIME MINISTER

Dear Mr. Foulkes

Thank you for your further letter of 17 October, and also for expressing sympathy for those who suffered as a result of the recent bomb outrage in Brighton.

You quote my reply to a supplementary question from Mr. Dalyell on 21 February. As my reply to Mr. Dalyell's original question made clear, I was referring to the reasons for the attack on the Belgrano. These were given on 4 May, 1982 and explained more fully to the House of Commons on 29 November 1982; and reiterated many times since then. The question of the date on which Belgrano was detected was dealt with fully in my letter to Mr. Denzil Davies, MP which was published in Hansard on 13 April. The MOD's reasons for declining Mr. Gavshon's request for an interview with Admiral Woodward are, as you point out, recorded in Hansard.

I explained to you in my letter of 19 September that the decision to change the rules of engagement on 2 May to permit attacks on Argentine warships outside the Total Exclusion Zone was taken on the basis of the clear and unequivocal indications that the Argentine Navy posed a real or direct threat to the Task Force and those sailing with it. If Belgrano had not been sunk on 2 May she might have posed a threat in the future, but that is a hypothetical question. The decision to change the rules of engagement was based not on a potential future threat, but on a real and immediate threat.

My letter of 19 September also explained, once again, that the precise course and position of the Belgrano when she was attacked was irrelevant to the threat that she posed. At the time of the sinking, Belgrano's course was slightly north of west, while the Falkland Islands lay just east of north. She could have changed course at any time.

Yours sincerely

Margaret Thatcher

George Foulkes, Esq., M.P.

10 DOWNING STREET

From the Private Secretary

Prime Minister

Falklands at the UN

The figures for the vote were:

FOR 89 (87)

AGAINST 9 (9)

ABSTENTIONS 54 (54)

All members of the Community abstained.

Not a bad result: Argentina has failed to make further inroads into our support.

CDP 1/xi

CF Yours - see 'X'

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~930 7022~~ 218 3012

D/S of S/PS/10

1st November 1984

NBTF

Dear Mr Flesher,

Earlier this week we received a telephone call from Mrs Ailes in the Garden Room regarding the current state of play of the South Atlantic Fund.

The Fund remains open, and a steady trickle of contributions, mainly in the form of covenanted donations, continue to be received. Donations amount to some £15.1 million, and grants totalling some £13.5 million have been paid.

The terms of the Fund's Trust Deed allow the Fund to remain in existence until 1987. It is expected at present that the Fund will complete its full term; however, the Trustees will review the situation at six-monthly intervals.

It there is any further information required, do not hesitate to contact me. Otherwise, the situation remains as described in Barry Neale's letter to you of the above reference dated 2nd July 1984.

X

Yours sincerely,

Berendina Norton

(BERENDINA NORTON)

Timothy Flesher Esq

FALKLANDS DEPARTMENT

PS
PS/LADY YOUNG
PS/MR KENTON
PS/MR RIFKIND
PS/PUS
MR DEREK THOMAS
MR J FREELAND
SIR W HARDING
MR GOODALL
MR O'NEILL
~~SIR C MAXWELL~~
MR D C THOMAS
MR WESTON
MR BARRINGTON
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ED/ECD (E)
ED/UND

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MR ~~R~~ NICHOLLS, AUSD STAFF, MOD
NH

PS/CHANCELLOR)
MISS M E CUND) TREASURY
MR LITTLER)

SIR R ARMSTRONG)
MR ~~A D S GOODALL~~) CABINET
DIO Coleridge) OFFICE

MR POWER, SAD, ODA

MR A FORTNAM IAT/D. TRANSPORT

RESIDENT CLERK

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TELEGRAM NUMBER 1267 OF 1 NOVEMBER
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PRIORITY EC POSTS, BERNE, BRASILIA, WASHINGTON

MY TELNO 1258: FALKLANDS

SUMMARY

1. THE RESULT OF THE VOTE ON THE LATIN AMERICAN DRAFT RESOLUTION WAS 89-9-54 (AS AGAINST 87-9-54 LAST YEAR).
A REMARKABLE BUT FRAGILE RESULT.

DETAIL

2. THE DEBATE ON THE FALKLANDS ITEM RESUMED THIS MORNING, 1 NOVEMBER, WITH STANDARD PRO-ARGENTINE SPEECHES FROM HONDURAS, EL SALVADOR AND ALBANIA AND EXPLANATIONS OF VOTE BEFORE THE VOTE FROM INDIA, BOTSWANA, FRANCE, GREECE, YUGOSLAVIA, MALAWI, NETHERLANDS, GHANA, AUSTRALIA, BELIZE, MONGOLIA, NORWAY, ST LUCIA, BELGIUM, VIETNAM, CENTRAL AFRICAN REPUBLIC, AUSTRIA, CHAD AND UK (TEXT OF MY EOV IN MIFT, SAVING TO EC POSTS AND WASHINGTON). EOVS AFTER THE VOTE WERE MADE BY FRG, JAPAN, SWEDEN, TURKEY, NEW ZEALAND, MALAYSIA, ALBANIA, MALDIVES AND EGYPT (EOVS SUMMARISED IN MY SECOND IFT, SAVING TO INFO ADDRESSEES).

3. A DETAILED BREAKDOWN OF THE VOTE IS CONTAINED IN MY THIRD IFT (NOT REPEATED). THE FIGURES, WHICH ARE VIRTUALLY IDENTICAL TO LAST YEAR, CONCEAL A NUMBER OF CHANGES OF POSITION, THE MAIN ONES BEING SWITCHES BY BARBADOS, CYPRUS, DJIBOUTI, SOMALIA AND ZAIRE TO VOTES IN FAVOUR AND EGYPT, PAPUA NEW GUINEA AND CAMEROON FROM VOTES IN FAVOUR TO ABSTENTION. GRENADA VOTED NO. GAMBIA WOULD HAVE DONE SO AGAIN BUT MISSED THE VOTE HAVING BEEN DELAYED SIGNING THE INDIAN BOOK.

4. THE FACT THAT ARGENTINA SHOULD ONLY HAVE RECORDED A NET GAIN OF TWO VOTES IS A REMARKABLE TRIBUTE TO THE EFFICIENCY OF LOBBYING BOTH HERE AND IN POSTS. IT IS ALSO A REFLECTION OF THE UNEASE FELT IN MANY QUARTERS ABOUT THE WILFUL OMISSION OF A REFERENCE TO SELF-DETERMINATION FOR THE ISLANDERS. AS AGAINST THIS THE ARGENTINES GAINED SYMPATHY FOR THEIR RELATIVELY CONCILIATORY ATTITUDE AND THEIR STRESS ON PEACEFUL MEANS OF SETTLEMENT.
THE FACT OF THE BERNE TALKS WAS DISTINCTLY HELPFUL TO US. THE VOTING RESULT DEPENDED CRUCIALLY ON COMMUNITY SOLIDARITY ON ABSTENTION WHICH ONCE AGAIN WORKED IN OUR FAVOUR THIS YEAR.

5. SEE MIFT.

THOMSON

MKTRWNPLNQHKJTLNYF0007/02 /0101 XX

DD 020930Z FCO

OO PORT STANLEY

OO BISBA

PP ATHENS

FILE 69

Ack 1/11

10 DOWNING STREET

From the Private Secretary 1 November, 1984

I enclose a letter the Prime Minister has had from Dr. David Owen, M.P., concerning the "Belgrano".

I should be grateful if you could provide a draft reply for the Prime Minister's signature by Tuesday, 13 November.

(Timothy Flesher)

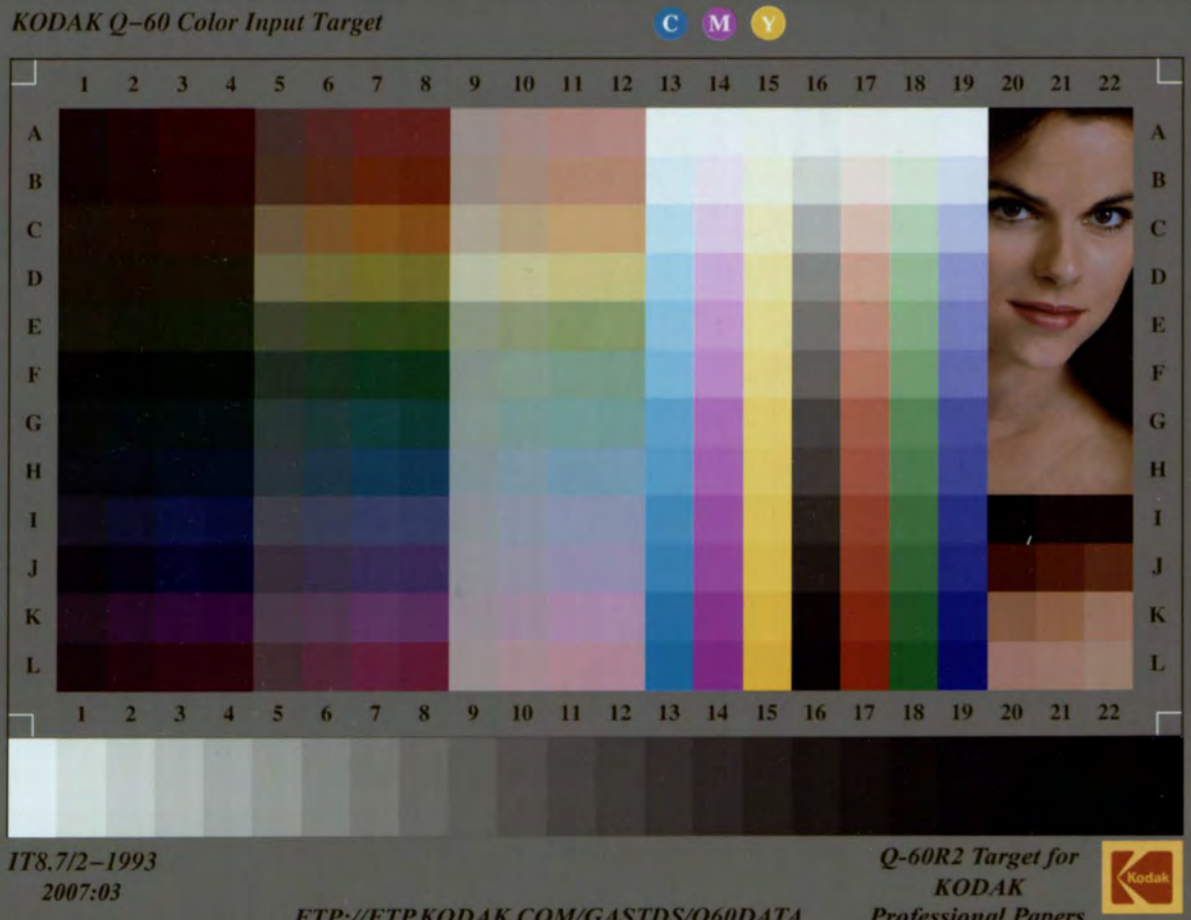
R. Mottram, Esq.,
Ministry of Defence

PART 38 ends:-

CDP to FCO 31.10.84.

PART 39 begins:-

TF to MOD 1.11.84.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