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Relations / Internal	ARGENTINA
	PART: 41
PART BEGINS: July 1986	PART ENDS: July 1987
	CAB ONE:

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Printed in the UK for HMSO Dd 4589073 7/94 C15 59084

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Cabinet / Cabinet Committee Documents

Reference	Date
CC(86) 39th Meeting, item 2	27/11/1986
CC(86) 38th Meeting, item 3	20/11/1986
CC(86) 36th Meeting, item 3	06/11/1986
CC(86) 35th Meeting, item 3	30/10/1986

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 25/9/2015

PREM Records Team

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Secretary of State for Trade and Industry

CONFIDENTIAL

28 July 1987

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

FALKLAND ISLANDS/ARGENTINA

Thank you for sending me a copy of your minute of 24 July to the Prime Minister about a proposal from the Argentines that direct talks be held on fisheries. I have since seen the Prime Minister's reply.

You have reflected in your proposed response the doubts we all must feel about the Argentines' good faith. But as the proposal is along the lines of our own prescription for improving relations, we should explore further the chances of engaging in talks with the issue of sovereignty clearly set aside. I think we would need to be satisfied that if the Argentines went back on their word we could put the blame where it lies.

As to goodwill gestures prior to the meeting I would have thought that anything beyond a favourable reference to the Argentines should be discounted. A goodwill gesture after a successful meeting would be more to the point and the Argentines would be able to choose from a large field commercial restrictions which operate against our interests.

I am copying this minute to recipients of yours.

LORD YOUNG OF GRAFFHAM

JG1BHB

ARGENTINA: Relatorio PTH1

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bc: PC

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LONDON SW1A 2AA

From the Private Secretary

28 July 1987

EUROPEAN COMMUNITY AND THE FALKLAND ISLANDS:
EUROPEAN PARLIAMENT REPORT

Thank you for your letter of 28 July suggesting the line we should take in response to any inquiries about the report on the Falklands commissioned by the Political Affairs Committee of the European Parliament. The Prime Minister has noted this.

I am copying this letter to John Howe (Ministry of Defence) and Trevor Woolley (Cabinet Office).

Charles Powell

Robert Culshaw, Esq., M.V.O.,
Foreign and Commonwealth Office.

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Foreign and Commonwealth Office

London SW1A 2AH

28 July 1987

Dear Charles

European Community and the Falklands Islands: European Parliament Report

A French Liberal member of the Political Affairs Committee of the European Parliament has been asked by the Committee to draw up a report about the Falkland Islands in the context of the recent establishment of the Falkland Islands Conservation and Management Zone. We need to decide whether and how to influence the report.

The Falkland Islands have access to Community funds, notably the European Development Fund. The Falklands' access to these funds derives from their status as one of the overseas countries and territories (OCT) associated with the Community under the Treaty of Rome. The European Parliament is consulted on Council decisions about the overseas territories. The European Parliament is also consulted on fisheries agreements between the Community and third parties.

Although the interest of the European Parliament in the Falklands stems from the establishment of the Falklands Island Conservation and Management Zone, M Delorozoy's enquiry has no formal terms of reference. British Conservatives in the European Parliament who know him believe, however, that he will aim to produce a fair and balanced report concentating on the economic aspects of the Community's links with the Falklands.

If we are asked about the European Parliament's activities, the Foreign Secretary considers that we should make clear that the status of the Falkland Islands is a matter for the British Government and has nothing whatsoever to do with the European Parliament. If asked whether we would help M Delorozoy to visit the Islands we would say that the RAF regularly carry civilian passengers to the Islands, eg tourists from Britain and other EC member states, and that if M Delorozoy wishes to visit the Falkland Islands the RAF would no doubt consider his application on a similar basis. In other words, our attitude would be that, while the status of the Falkland Islands is our business and ours alone, we have no wish to stand in the way of a visit by an MEP if that would lead to a better understanding of the true facts

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of the situation. There would, of course, be no question of British officials on the Islands giving evidence to M Delorozoy. We would, however, make sure that M Delorozoy was briefed informally on issues where his report could be helpful to us eg on the value of the Community of the Falkland Islands fisheries zone..

I am copying this letter to John Howe (MOD) and Trevor Woolley (Cabinet Office).

Yours ever

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

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Spoken to Mr. Cubbon: agreed Mr Fenn, No: 10 CDP. 28/3 we spoke. I think this meets the presentational need

FALKLAND ISLANDS : REVISED FORMULA ON SOVEREIGNTY

Quote 28/3

1. We have amended the English text of the statement to read as follows:

Quote

1. Nothing in the conduct or content of the present meeting may be interpreted as:

A) A change in the position of the United Kingdom with regard to sovereignty or territorial and maritime jurisdiction over the Falkland Islands and the surrounding maritime areas:

B) A change in the position of the Argentine Republic with regard to sovereignty or territorial and maritime jurisdiction over the Falkland Islands and the surrounding maritime areas:

C) Recognition of or support for the position of the United Kingdom or the Argentine Republic regarding the sovereignty or territorial and maritime jurisdiction over the Falkland Islands and the surrounding maritime areas.

2. No act or activity carried out as a consequence and in implementation of anything dealt with and agreed to in the present meeting may constitute a basis for affirming, supporting, or denying the position of the United Kingdom or the Argentine Republic regarding the sovereignty or territorial and maritime jurisdiction over the Falkland Islands and the surrounding maritime area.

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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

27 July 1987

Dear Tony,

FALKLAND ISLANDS/ARGENTINA

The Prime Minister has considered the Foreign Secretary's minute of 24 July, setting out his views on how we should respond to the Argentine approach proposing direct talks on fisheries and related topics.

The Prime Minister believes that we must treat this with great scepticism. Particularly in the light of what happened in the Berne talks, she doubts whether, the Argentines will, in practice, refrain from attempting to discuss sovereignty. Moreover, the notion of shared fisheries jurisdiction over Falklands waters is totally unacceptable. It must be made clear in advance that this cannot be on the agenda. Nonetheless, she agrees that the Argentine approach comes, on the face of it, quite close to accepting our own terms for talks. We cannot reject it out of hand. We should therefore probe it further. A decision whether to move on to talks would be reserved for further consideration in the light of the Argentine response to our comments.

The Prime Minister has a number of comments on the details of our response:

- there is of course no question of our position on sovereignty being affected by the proposed talks. But beyond that it must be clear and accepted explicitly by the Argentinians in advance that there will be no discussion of sovereignty. This seems to be covered satisfactorily in paragraph 4 of the Foreign Secretary's minute;

- we talk about reserving respective "positions" on sovereignty, while the State Department non-paper used the word "claims". We must use the word "positions";

- the proposed formulation of the statement dealing with respective positions on sovereignty (paragraph 1(A)) is too negative. It should be rephrased on something like the following lines:

"Nothing in the conduct or content of the present meeting may be interpreted as:

(A) Any change in the position of the United Kingdom with regard to her right of sovereignty and territorial and maritime jurisdiction ...." There would then need to be a new point (B) setting out the Argentine position, and the present point (B) would become (C);

- the Prime Minister sees no virtue in the prior goodwill gestures proposed in the US State Department non-paper. They would only be justified in the light of Argentine performance, and should not be pursued at this stage.

I should be grateful if you would revise the instructions to take account of these points. The Prime Minister will wish to be consulted again in the light of the Argentine reaction, and before any decision to go beyond the stage of probing Argentine intentions and clarifying the conditions for talks is taken.

I am copying this letter to the Private Secretaries to members of OD and to Sir Robert Armstrong.

Yours sincerely,

Charles Powell

CHARLES POWELL

A. C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office.

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PRIME MINISTER

FALKLANDS

A few weeks ago the Foreign Secretary briefed you on the further and indirect approach which we had received from the Argentine government suggesting direct talks on fisheries and related subjects. They proposed that talks be prefaced by a joint statement reserving respective positions on sovereignty. On the fact of it, the Argentines are offering what we have always insisted upon: direct talks on practical matters, with no link to discussion of sovereignty.

I agree with word. The papers say "claims"

You agreed that we could hardly reject our own terms. At the same time, experience suggests the need for great caution. The Berne talks showed that you can never trust the Argentinians to do what they say when it comes to sovereignty. We therefore need to probe carefully and get the clearest possible written statement that sovereignty is not affected. We also need to get clear in advance that we are not prepared to discuss shared fisheries jurisdiction over Falkland waters. There are two separate fisheries zones or regimes - Falklands waters and Argentine waters - and all we are prepared to discuss is coordination between them. We would also need to take the Falkland Islanders fully into our confidence.

How will this be mechanised

The attached papers set out the background and give instructions for our response to the Argentines, as well as giving the text of the joint statement reserving positions on sovereignty. I think that they are sufficiently cautious. I recommend that you agree to them, but make plain that you do not regard us as committed to anything more than further probing of the Argentine position. A decision on whether to move to [redacted] can only be taken in the light of the Argentine response, and you wish to be consulted again in the light of that (and indeed at every stage).

Falks

CDP

Agree? Yes no

CHARLES POWELL

24 July 1987

VC2APD

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FCS/87/044

PRIME MINISTER

Falkland Islands/Argentina

1. We have received via the Americans a new Argentine approach. The Argentines are proposing direct talks with us on fisheries and related topics, aimed at reaching agreement on:

(i) a fisheries arrangement;
(ii) means to avoid fisheries incidents;
and
(iii) ways to reduce tension between Argentina and the UK.

They also propose that:

- talks be prefaced by a joint statement reserving respective positions on sovereignty;

- each side should make statements aimed at creating a favourable atmosphere.

/ Further details are attached at Annex A.

2. This is a clear departure from Argentina's earlier hard line. There are a number of possible explanations:

- Argentine recognition that the result of our elections means that there will be no change in British policy;

- pressure from the Americans;

- desire for a "successful foreign policy initiative" before Argentina's elections in September.

Whatever Alfonsin's motives for launching this move, we have no evidence that Argentine policy will prove more flexible than before or that his domestic room for manoeuvre on the sovereignty issue is any greater. Nevertheless, he now appears to be proposing what we have always insisted upon: direct talks on practical matters, unlinked to any discussion of sovereignty.

3. We must not give the impression to the Americans, or to anyone else, that we now want to reject our own terms. We should however respond with considerable caution. The substance is as intractable as ever. The Argentines remain attached to rhetoric, and will probably again exploit the annual UNGA debate. So we cannot by any means be sure that real progress will be made.

4. In our response we must above all ensure that there is to be no discussion of sovereignty, and that the Argentines understand and accept this. Subject to that, our objectives should be:

(a) to secure Argentine acceptance of our fisheries jurisdiction;

(b) if (a) is achieved, to make progress on other practical issues;

(c) to reassure the Islanders that such talks with the Argentines carry no risks on sovereignty or fisheries jurisdiction; and

(d) to make sure that the Argentines are seen as responsible, if this process comes to nothing.

(a) would be a major gain. We should however recognise that a consequence of any agreement would be to impose some constraint on our freedom of action, eg to extend the boundaries of the FICZ if we thought that necessary for conservation reasons, because of the pressure not to undermine the spirit of any understanding on fisheries. There could also be renewed Argentine pressure for lifting the FIPZ in exchange for a cessation of hostilities. These consequences are however inherent in any agreement on this subject, and we have always maintained that we want such an agreement: they do not therefore justify rejecting the offer of dialogue. In any negotiations we would make sure to preserve unimpaired our freedom to exercise our own sovereignty and jurisdiction. On cessation of hostilities, we can continue to take the line that a fisheries agreement would be only one of the factors in considering the future of the FIPZ.

5. Some features of this Argentine approach are unrealistic. For example, to propose optimistic statements before the substance is reached would invite a repetition of the Berne fiansco. If these ideas are pursued, we shall need firmly to resist them, as part of the process of educating the Argentines about reality. In replying we should therefore stress that we see the first priority as an agreement on fisheries, with discussion of other practical issues to follow. For that reason the essential basis of any negotiations would be a clear understanding of the waters to be patrolled by each side. We need to make our position clear in advance on this point, not least because the Argentines have had in mind the unacceptable notion of shared fisheries jurisdiction over Falklands waters.

6. The Argentine formula for reserving positions on sovereignty is acceptable, with one or two minor modifications. It is derived from the Antarctic Treaty and the Convention on the Conservation of Antarctic Marine Living Resources (CCAMLR) texts, which have effectively preserved our sovereignty position. The Attorney General is content that this would adequately protect our legal position.

7. I attach at Annex B three draft telegrams containing instructions to Sir Antony Acland on these lines. At the same time I would instruct the Acting Governor in Port Stanley to brief the Executive Council thoroughly and in confidence. If we obtain Argentine undertakings on the points in this non-paper, the way ahead would then be clear.

8. The risk of leaks from Buenos Aires, and the need to keep the Americans on our side, argue in favour of an early reply. This would avoid any criticism of us for dragging our feet, and would put the onus of decision back with the Argentines before the summer break. I should therefore be most grateful if colleagues could send their comments to me in the course of the next few days.

9. I am copying this minute and enclosures to OD colleagues and to Sir Robert Armstrong.

Robert Culshaw (Private Secretary)

(GEOFFREY HOWE)

Approved by the Foreign Secretary and signed in his absence

Foreign and Commonwealth Office

24 July 1987

ANNEX A

US STATE DEPARTMENT 'NON-PAPER' ON ARGENTINE PROPOSAL ON DIRECT UK/ARGENTINE FISHERIES TALKS

Agenda

Argentines propose direct talks on:

- fisheries arrangements covering the South West Atlantic;
- means to avoid fisheries incidents between the UK and Argentina and/or vessels of third countries in the area;
- lowering tensions in UK/Argentine relations, eg Argentine declaration of cessation of hostilities in return for lifting of FIPZ.

Modalities

Argentines suggest direct talks at any level of representation at mutually agreed site. Each side to make statement before talks reserving respective claims on sovereignty. No third party involvement.

Prior Goodwill Gestures

Argentines also propose mutual goodwill gestures to create better environment for talks, eg

- favourable public statements by each nation about the other;
- "small but significant concrete actions" (unspecified).
- supportive statements by third countries.

OUT TELEGRAM

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AND TO 8 AND TO PRIORITY UKMIS NEW YORK, PORT STANLEY, MONTEVIDEO
9
10
11 MONTEVIDEO FOR HUNT
12
13 MY TWO IPT'S: ARGENTINE PROPOSALS:
14
15 1. We have amended the English text of the statement
16 to read as follows:
17 Quote
18 1. Nothing in the conduct or content of the present
19 meeting may be interpreted as:
20 A) A renunciation by the United Kingdom or ~~the~~
21 ~~Argentine Republic~~ ~~of any~~ right of sovereignty ~~or~~ territorial
22 and maritime jurisdiction over the Falkland Islands and the
23 surrounding maritime areas:
24 B) Recognition of or support for the position of the
25 United Kingdom or the Argentine Republic regarding the
/// 26 sovereignty or territorial and maritime jurisdiction over the
// 27 Falkland Islands:
/ 28 2. No act or activity carried out as a consequence and in
29 implementation of anything dealt with and agreed to in the

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OUT TELEGRAM (CONT)

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present meeting may constitute a basis for affirming, supporting, or denying the position of the United Kingdom or the Argentine Republic regarding the sovereignty or territorial and maritime jurisdiction over the Falkland Islands and the surrounding maritime area.

Unquote.

2. The changes are set out below:

(i) Sub-paragraph (C) has been made a separate paragraph 2 (grammatical point).

(ii) We thought the phrase quote its implementation unquote in sub-paragraph (C) might not be fully clear. The word quote its unquote seemed to go back to quote anything agreed to in the present meeting unquote. The idea of quote implementation unquote was already contained in the phrase quote act or activity carried out as a consequence of (last four words underlined) unquote. We have re-worded the beginning of paragraph 2 so as to avoid any possible ambiguity.

(iii) The English version of the text now reads quote Falkland Islands unquote, not quote Malvinas unquote.

(iv) Quote rejecting unquote in new paragraph 2 now reads quote denying unquote.

(v) Where appropriate, references to the Argentine Republic and to the United Kingdom have been reversed in order in the English text in accordance with normal international practice.

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Falkland Islands - Argentine

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MONTEVIDEO FOR HUNT

YOUR TELNOS 1395-7 : ARGENTINE PROPOSALS

1. Ministers have considered the Argentine proposals. Please now ask the Americans to pass to the Argentines the non-paper in MIFT.

2. Although the Argentine proposals are the least unrealistic they have made so far, it would be premature to conclude that there is a basis for agreement. The last Argentine non-paper (your tels nos 932, 933 & 934) in effect proposed a condominium over FI waters. That is unacceptable. The reality is that there are two regimes. The need is for coordination between them. By the same token we cannot accept any arrangement that affects our right to exclusive sovereignty rights and jurisdiction out to two hundred miles around the FI, subject to a limit in the west with Argentina (ie the "doughnut"). Without clarity on these points beforehand, any talks would quickly come to grief; a re-run of Berne only worse, since international opinion would have little

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OUT TELEGRAM (CONT)

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sympathy for our rejection of the seemingly reasonable proposition of a condominium over Falklands waters, especially in the light of our publicly avoued preference for a multilaterial arrangement albeit for the SW Atlantic as a whole. Subject to this major reservation, we are prepared to explore what chance the Argentine proposals offer for progress. Our reply is designed to be encouraging but invites the Argentines to declare their hand.

3. In handing this text to the Americans you should say:

(a) We welcome the Argentine initiative:

(b) We are determined to do all we can to ensure it bears fruit:

(c) Neither they nor the Argentines should under-estimate the difficulties:

(d) Given the difficulties, we see a need for the greatest caution:

(e) Another failure would be likely at this stage to be even more damaging than Berne and to re-inforce the existing deadlock:

(f) The Argentine proposal for agreement on a limited agenda, preceded by an agreed statement to the effect that discussions are without prejudice to questions of sovereignty, seems to reflect a prudent concern to reduce the risk of failure. We welcome it:

(g) However, we believe a further prior step is necessary, namely to achieve absolute clarity on what the basis for an understanding on fish might be:

(h) Assuming agreement can be reached on that, we would look forward to carrying the process further through direct talks without discussion of sovereignty:

(i) We are grateful for the constructive role the Americans have played so far and hope that they will be ready to continue it until such time as direct talks with the

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Argentines can start.

4. See my two FTs.

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FALKLAND ISLANDS - ARGENTINE
PROPOSALS

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INFO IMMEDIATE UKMIS NEW YORK, MONTEVIDEO, PORT STANLEY

MONTEVIDEO FOR HUNT

MIPT: YOUR TELNOS 1395-7: ARGENTINE PROPOSALS

1. Following is non-paper.

2. The British Government welcome the interest shown by the Argentine Government in reaching agreement on fisheries and related issues in the South-West Atlantic. In the interests of conservation, avoiding incidents and easing tension between the two governments, the British Government believe that such agreement is highly desirable and would help to improve relations between the two countries. On these subjects the British Government are ready for dialogue and desire progress.

3. The British Government are not prepared to discuss sovereignty. They regard the proposal for an agreed statement, to the effect that discussions were without prejudice to questions of sovereignty, as a constructive and wise preliminary to talks. They find the text suggested by the Argentine Government acceptable, subject to some small changes, which they

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OUT TELEGRAM (CONT)

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would wish the Argentine Government also to accept. An annotated version of the Argentine text is attached.

4. The British Government also believe that it is essential to establish at the outset the basis on which they approach the central issue, fisheries, in order to avoid misunderstandings which might lead to intensification rather than resolution of the existing deadlock. Accordingly, they consider it appropriate at this stage to outline the considerations governing their approach to an understanding on fisheries.

5. a) The South-West Atlantic is a rich fishery and in recent years has been the object of a rapidly increasing fishing effort. Without adequate conservation arrangements this valuable and perishable resource would be exposed to an increasing threat, with negative consequences not only for the regional habitat but also for those concerned with the exploitation of the fishery. Conservation measures already in force have brought about a substantial reduction in fishing effort. But however effective particular measures may be, unless they are designed to take into account the needs of the region as a whole, they will not be fully adequate. This underlines the need for the coordination of British and Argentine conservation measures. Cooperation in this area would be in keeping with normal international practice.

b) The British Government therefore welcome the Argentine proposal for a coordinated approach and will be ready to consider measures to ensure that their conservation arrangements are complementary and thus supportive of the requirements of the region as a whole.

/// // / c) In the current fishing season, notwithstanding the concentration of fishing vessels representing various flag states, there have been no incidents. But the presence of a large number of fishing vessels from a variety of fleets and

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the existence of a substantial fishery in the adjacent waters of the high seas, together with the mobility of the stocks, means that the risk of misunderstandings is ever present, not least from opportunistic fishing by unlicensed fishermen in waters currently not subject to control. The best safeguard against such misunderstandings would be some agreement between the two governments on appropriate procedures.

d) The British Government's position is that fishing in Patagonian and Falklands waters is regulated by two separate regimes with separate jurisdictional rights and that an effective understanding on fisheries coordination and avoidance of incidents would need to take full account of their declaration of 29 October 1986.

6. The British Government confirm that they are ready to proceed on the above basis. They believe that this offers the best chance of success, to the benefit of both governments and of Anglo/Argentine relations, which it has long been the British Government's aim to improve by making progress on practical issues. They would be grateful to know if the Argentine Government are also ready to proceed on this basis.

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FALKLAND ISLANDS - ARGENTINE PROPOSALS

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PRIME MINISTERS

FALKLANDS

A few weeks ago the Foreign Secretary briefed you on the further and indirect approach which we had received from the Argentine government suggesting direct talks on fisheries and related subjects. They proposed that talks be prefaced by a joint statement reserving respective positions on sovereignty. On the fact of it, the Argentines are offering what we have always insisted upon: direct talks on practical matters, with no link to discussion of sovereignty.

You agreed that we could hardly reject our own terms. At the same time, experience suggests the need for great caution. The Berne talks showed that you can never trust the Argentinians to do what they say when it comes to sovereignty. We therefore need to probe carefully and get the clearest possible written statement that sovereignty is not affected. We also need to get clear in advance that we are not prepared to discuss shared fisheries jurisdiction over Falkland waters. There are two separate fisheries zones or regimes - Falklands waters and Argentine waters - and all we are prepared to discuss is coordination between them. We would also need to take the Falkland Islanders fully into our confidence.

The attached papers set out the background and give instructions for our response to the Argentines, as well as giving the text of the joint statement reserving positions on sovereignty. I think that they are sufficiently cautious. I recommend that you agree to them, but make plain that you do not regard us as committed to anything more than further probing of the Argentine position. A decision on whether to move to talks can only be taken in the light of the Argentine response, and you wish to be consulted again in the light of that (and indeed at every stage).

CHARLES POWELL

24 July 1987

VC2APD

Mr Powell

We spoke. May we have a word about this early this afternoon? I shall try & issue it & mark weekend boxes around Whitehall

LPS

IMMEDIATE

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FM COPENHAGEN
TO DESKBY 240900Z FCO
TELNO 192
OF 240715Z JULY 87

24/7

FOR PRIVATE OFFICE FROM PRIVATE SECRETARY.
YOUR TELNO 135: FALKLAND ISLANDS/ARGENTINA - OD MINUTE.

1. FOLLOWING IS TEXT OF MINUTE APPROVED BY SECREATRY OF STATE. M I N F T CONTAINS REVISED TEXT OF NON-PAPER.

TEXT STARTS.
QUOTE 1. WE HAVE RECEIVED VIA THE AMERICANS A NEW ARGENTINE APPROACH. THE ARGENTINES ARE PROPOSING DIRECT TALKS WITH US ON FISHERIES AND RELATED TOPICS, AIMED AT REACHING AGREEMENT ON:

(i) A FISHERIES ARRANGEMENT:
(ii) MEANS TO AVOID FISHERIES INCIDENTS: AND
(iii) WAYS TO REDUCE TENSION BETWEEN ARGENTINA AND THE UK.

THEY ALSO PROPOSE THAT:
- TALKS BE PREFACED BY A JOINT STATEMENT RESERVING RESPECTIVE POSITIONS ON SOVEREIGNTY:
- EACH SIDE SHOULD MAKE STATEMENTS AIMED AT CREATING A FAVOURABLE ATMOSPHERE.

FURTHER DETAILS ARE ATTACHED AT ANNEX A.

2. THIS IS A CLEAR DEPARTURE FROM ARGENTINA'S EARLIER HARD LINE. THERE ARE A NUMBER OF POSSIBLE EXPLANATIONS:

- ARGENTINE RECOGNITION THAT THE RESULT OF OUR ELECTIONS MEANS THAT THERE WILL BE NO CHANGE IN BRITISH POLICY:
- PRESSURE FROM THE AMERICANS:
- DESIRE FOR A QUOTE SUCCESSFUL FOREIGN POLICY INITIATIVE UNQUOTE BEFORE ARGENTINA'S ELECTIONS IN SEPTEMBER.

WHATEVER ALFONSIN'S MOTIVES FOR LAUNCHING THIS MOVE, WE HAVE NO EVIDENCE THAT ARGENTINE POLICY WILL PROVE MORE FLEXIBLE THAN BEFORE OR THAT HIS DOMESTIC ROOM FOR MANOEUVRE ON THE SOVEREIGNTY ISSUE IS ANY GREATER. NEVERTHELESS, HE NOW APPEARS TO BE PROPOSING WHAT WE HAVE ALWAYS INSISTED UPON, DIRECT TALKS ON PRACTICAL MATTERS, UNLINKED TO ANY DISCUSSION OF SOVEREIGNTY.

3. WE MUST NOT GIVE THE IMPRESSION TO THE AMERICANS, OR TO ANYONE ELSE, THAT WE NOW WANT TO REJECT OUR OWN TERMS. WE SHOULD HOWEVER RESPOND WITH CONSIDERABLE CAUTION. THE SUBSTANCE IS AS INTRACTABLE AS EVER. THE ARGENTINES REMAIN ATTACHED TO RHETORIC, AND WILL PROBABLY AGAIN EXPLOIT THE ANNUAL UNGA DEBATE. SO WE CANNOT BY ANY MEANS BE SURE THAT REAL PROGRESS WILL BE MADE.

4. IN OUR RESPONSE WE MUST ABOVE ALL ENSURE THAT THERE IS TO BE NO DISCUSSION OF SOVEREIGNTY, AND THAT THE ARGENTINES UNDERSTAND AND ACCEPT THIS. SUBJECT TO THAT, OUR OBJECTIVES SHOULD BE:

(A) TO SECURE ARGENTINE ACCEPTANCE OF OUR FISHERIES JURISDICTION:
(B) IF (A) IS ACHIEVED, TO MAKE PROGRESS ON OTHER PRACTICAL ISSUES:
(C) TO REASSURE THE ISLANDERS THAT SUCH TALKS WITH THE ARGENTINES CARRY NO RISKS ON SOVEREIGNTY OR FISHERIES JURISDICTION: AND
(D) TO MAKE SURE THAT THE ARGENTINES ARE SEEN AS RESPONSIBLE IF THIS PROCESS COMES TO NOTHING.

(A) WOULD BE A MAJOR GAIN. WE SHOULD HOWEVER RECOGNISE THAT A CONSEQUENCE OF ANY AGREEMENT WOULD BE TO IMPOSE SOME CONSTRAINT ON OUR FREEDON OF ACTION, EG TO EXTEND THE BOUNDARIES OF THE FICZ IF WE THOUGHT THAT NECESSARY FOR CONSERVATION REASONS, BECAUSE OF THE PRESSURE NOT TO UNDERMINE THE SPIRIT OF ANY UNDERSTANDING ON FISHERIES. THERE COULD ALSO BE RENEWED ARGENTINE PRESSURE FOR THE THE FIPZ IN EXCHANGE FOR A CESSATION OF HOSTILITIES. THESE CONSEQUENCES ARE HOWEVER INHERENT IN ANY AGREEMENT ON THIS SUBJECT, AND WE HAVE ALWAYS MAINTAINED THAT WE WANT SUCH A AGREEMENT: THEY DO NOT THEREFORE JUSTIFY REJECTING THE OFFER OF DIALOGUE. IN ANY NEGOTIOATIONS WE WOULD MAKE SURE FORMALLY TO PRESERVE UNIMPARIED OUR FREEDOM TO EXERCISE OUR OWN SOVEREIGNTY AND JURISDICTION. ON CESSATION OF HOSTILITIES, WE CAN CONTINUE TO TAKE THE LINE THAT A FISHERIES AGREEMENT WOULD BE ONLY ONE OF THE FACTORS IN CONSIDERING THE FUTURE OF THE FIPZ.

5. SOME FEATURES OF THIS ARGENTINE APPROACH ARE UNREALISTIC. FOR EXAMPLE, TO PROPOSE OPTIMISTIC STATEMENTS BEFORE THE SUBSTANCE IS REACHED WOULD INVITE A REPETITION OF THE BERNE FIASCO. IF THESE IDEAS ARE PURSUED, WE SHALL NEED FIRMLY TO RESIST THEM, AS PART OF THE PROCESS OF EDUCATING THE ARGENTINES ABOUT REALITY. IN REPLYING WE SHOULD THEREFORE STRESS THAT WE SEE THE FIRST PRIORITY AS AGREEMENT ON FISHERIES, WITH DISCUSSION OF OTHER PRACTICAL ISSUES TO FOLLOW. FOR THAT REASON THE ESSENTIAL BASIS OF ANY NEGOTIATIONS WOULD BE A CLEAR UNDERSTANDING OF THE WATERS TO BE PATROLLED BY EACH SIDE. WE NEED TO MAKE OUR POSITION CLEAR IN ADVANCE ON THIS POINT, NOT LEAST BECAUSE THE ARGENTINES HAVE HAD IN MIND THE UNACCEPTABLE NOTION OF SHARED FISHERIES JURISDICTION OVER FALKLANDS WATERS.

6. THE ARGNTINE FORMULA FOR RESERVING POSITIONS ON SOVEREIGNTY IS ACCEPTBALE, WITH ONE OR TWO MINOR MODIFICATIONS. IT IS DERIVED FROM THE ANTARCTIC TREATY AND THE CONVENTION ON THE CONSERVATION OF ANTTTARCTIC MARINE LIVING RESOURCES (CCAMLR) TEXTS, WHICH HAVE EFFECTIVELY PRESERVED OUR SOVEREIGNTY POSITION. THE ATTORNEY GENERAL IS CONTECT THAT THIS WOULD ADEQUATELY PROTECT OUR LEVAL POSITION.

7. I ATTACH DRAFT INSTRUCTIONS TO SIR ANTONY ACLAND ON THESE LINES. AT THE SAME TIME I WOULD INSTRUCT THE ACTING GOVERNOR IN PORT STANLEY TO BRIEF HIS EXECUTIVE COUNCIL THOROUGHLY AND IN CONFIDENCE. IF WE OBTAIN ARGENTINE UNDERTAKING ON THE POINTS IN THIS NON-PAPER, THE WAY AHEAD WOULD THEN BE CLEAR.

BOTH THE RISK OF LEAKS FROM BUENOS AIRES, AND THE NEED TO KEEP THE AMERICANS ON OUR SIDE, ARGUE IN FAVOUR OF AN EARLY REPLY. THIS WOULD AVOID ANY CRITICISM OF US FOR DRAGGING OUR FEET, AND WOULD PUT THE ONUS OF DECISION BACK WITH THE ARGENTINES BEFORE THE SUMMER BREAK. I SHOULD THEREFORE BE MOST GRATEFUL IF COLLEAGUES COULD SEND THEIR COMMENTS TO ME IN THE COURSE OF THE NEXT FEW DAYS.

UNQUOTE.

M

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OF 240715Z JULY 87

FOR PRIVATE OFFICE FROM PRIVATE SECRETARY.

M.I.P.T. : FALKLANDS ISLANDS/ARGENTINA.

1. FOLLOWING IS NON-PAPER.

TEXT STARTS.

1. THE BRITISH GOVERNMENT WELCOME THE INTEREST SHOWN BY THE ARGENTINE GOVERNMENT IN REACHING AGREEMENT ON FISHERIES AND RELATED ISSUES IN THE SOUTH-WEST ATLANTIC. IN THE INTERESTS OF CONSERVATION, AVOIDING INCIDENTS AND EASING TENSION BETWEEN THE TWO GOVERNMENTS, THE BRITISH GOVERNMENT BELIEVE THAT SUCH AGREEMENT IS HIGHLY DESIRABLE AND WOULD HELP TO IMPROVE RELATIONS BETWEEN THE TWO COUNTRIES. ON THESE SUBJECTS THE BRITISH GOVERNMENT ARE READY FOR DIALOGUE AND DESIRE PROGRESS.

2. THE BRITISH GOVERNMENT ARE NOTPREAPRED TO DISCUSS SOVEREIGNTY. THEY REGARD THE PROPOSAL FOR AN AGREED STATEMENT, TO THE EFFECT THAT DISCUSSION WERE WITHOUT PREJUDICE TO QUESTIONS OF SOVEREIGNTY, AS A CONSTRUCTIVE AND WISE PRELIMINARY TO TALKS. THEY FIND THE TEXT SUGGESTED BY THE ARGENTINE GOVERNMENT ACCEPTABLE, SUBJECT TO SOME SMALL CHANGES, WHICH THEY WOULD WISH THE ARGENTINE GOVERNMENT ALSO TO ACCEPT. AN ANNOTATED VERSION OF THE ARGENTINE TEXT IS ATTACHED.

3. THE BRITISH GOVERNMENT ALSO BELIEVE THAT IT IS ESSENTIAL TO MAKE CLEAR AT THE OUTSET THE BASIS ON WHICH THEY APPROACH THE CENTRAL ISSUE, FISHERIES, IN ORDER TO AVOID MISUNDERSTANDINGS WHICH MIGHT LEAD TO INTENSIFICATION RATHER THAN RESOLUTION OF THE EXISTING DEADLOCK. ACCORDINGLY, THEY CONSIDER IT APPROPRIATE AT THIS STAGE TO OUTLINE THE CONSIDERATIONS GOVERNING THEIR APPROACH TO AN UNDERSTANDING ON FISHERIES.

4. A) THE SOUTH-WEST ATLANTIC IS A RICH FISHERY AND IN RECENT YEARS HAS BEEN THE OBJECT OF A RAPIDLY INCREASING FISHING EFFORT. WITHOUT ADEQUATE CONSERVATION ARRANGEMENTS THIS VALUABLE AND PERISHABLE RESOURCE WOULD BE EXPOSED TO AN INCREASING THREAT, WITH NEGATIVE CONSEQUENCES NOT ONLY FOR THE REGIONAL HABITAT BUT ALSO FOR THOSE CONCERNED WITH THE EXPLOITATION OF THE FISHERY. CONSERVATION MEASURES ALREADY IN FORCE HAVE BROUGHT ABOUT A SUBSTANTIAL REDUCTION IN FISHING EFFORT. BUT HOWEVER EFFECTIVE PARTICULAR MEASURES MAY BE, UNLESS THEY ARE DESIGNED TO TAKE INTO ACCOUNT THE NEEDS OF THE REGION AS A WHOLE, THEY WILL NOT BE FULLY ADEQUATE. THIS UNDERLINES THE NEED FOR THE COORDINATION OF BRITISH AND ARGENTINE CONSERVATION MEASURES. COOPERATION IN THIS AREA WOULD BE IN KEEPING WITH NORMAL INTERNATIONAL PRACTICE.

B) THE BRITISH GOVERNMENT THEREFORE WELCOME THE ARGENTINE PROPOSAL FOR A COORDINATED APPROACH AND WILL BE READY TO CONSIDER MEASURES TO ENSURE THAT THEIR CONSERVATION ARRANGEMENTS ARE COMPLEMENTARY AND THUS SUPPORTIVE OF THE REQUIREMENTS OF THE REGION AS A WHOLE.

CONCENTRATION OF FISHING VESSELS REPRESENTING VARIOUS FLAG STATES, THERE HAVE BEEN NO INCIDENTS. BUT THE PRESENCE OF A LARGE NUMBER OF FISHING VESSELS FROM A VARIETY OF FLEETS AND THE EXISTENCE OF A SUBSTANTIAL FISHERY IN THE ADJACENT WATERS OF THE HIGH SEAS, TOGETHER WITH THE MOBILITY OF THE STOCKS MEANS THAT THE RISK OF MISUNDERSTANDINGS IS EVER PRESENT,- NOT LEAST FROM OPPORTUNISTIC FISHING BY UNLICENSED FISHERMEN IN WATERS CURRENTLY NOT SUBJECT TO CONTROL. THE BEST SAFEGUARD AGAINST SUCH MISUNDERSTANDINGS WOULD BE SOME AGREEMENT BETWEEN THE TWO GOVERNMENTS ON APPROPRIATE PROCEDURES.

D) THE BRITISH GOVERNMENT'S POSITION IS THAT FISHING IN PATAGONIAN AND FALKLANDS WATERS IS REGULATED BY TWO SEPARATE REGIMES WITH SEPARATE JURISDICTIONAL RIGHTS AND THAT AND EFFECTIVE UNDERSTANDING ON FISHERIES COORDINATION AND AVOIDANCE OF INCIDENTS WOULD NEED TO TAKE FULL ACCOUNT OF THEIR DECLARATION OF 29 OCTOBER 1986.

5. THE BRITISH GOVERNMENT CONFIRM THAT THEY ARE READY TO PROCEED ON THE ABOVE BASIS. THEY BELIEVE THAT THIS OFFERS THE BEST CHANCE OF SUCCESS TO THE BENEFIT OF BOTH GOVERNMENTS AND OF ANGLO/ARGENTINE RELATIONS, WHICH IT HAS LONG BEEN THE BRITISH GOVERNMENT'S AIM TO IMPROVE BY MAKING PROGRESS ON PRACTICAL ISSUES. THEY WOULD BE GRATEFUL TO KNOW IF THE ARGENTINE GOVERNMENT ARE ALSO READY TO PROCEED ON THIS BASIS. UNQUOTE.

UNWIN

YYYY

CSLNAN 3414

NNNN

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

MO 23/1E

Prime Minister
to see
N.L.W
13.7

10th July 1987

Dear Nigel.

LIEUTENANT SETHIA: PRODUCTION OF DIARY

The Defence Secretary thought it would be helpful before next week's OD(DIS) meeting to bring the Prime Minister and other colleagues up to date with developments in relation to Lieutenant Sethia's diary.

I reported in my letter of 18th June that Mr Younger had authorised the Treasury Solicitor to offer partial disclosure to the litigants on the basis of releasing all personal, as opposed to operational, passages from the diary. Such an offer was made at a 'without prejudice' meeting of legal representatives held on 24th June. This did not, however, satisfy the Observer's representative who claimed that they needed to have access also to operational material, and to copies of signals interleaved with the diary.

Before this meeting, the Observer's solicitors had issued a summons, returnable on 29th June, requiring the Defence Secretary to swear affidavits identifying the passages he was not prepared to disclose and giving his reasons in each case and to be available for cross examination. When our offer was rejected, and the summons was not withdrawn, we formalised our offer in writing, on the Treasury Solicitor's advice, in order to present out position in the best light at the hearing on 29th June. In the event, the Observer's case was judged to be 'misconceived and premature' and was dismissed with costs.

Revised Public Interest Immunity certificates, reflecting our position on partial disclosure, have now been signed by the Defence Secretary. Their validity will be tested in court next week (starting on 15th July) when the newspapers' applications for the production of the diary are to be heard.

Nigel Wicks Esq
10 Downing Street

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I am sending copies of this letter to the Private Secretaries to the Foreign and Commonwealth Secretary, the Home Secretary and the Attorney General and to Sir Robert Armstrong and Sir John Bailey.

Yours sincerely,

Julian Howe.

(J F HOWE)
Private Secretary

N. L. Wicks, Esq, CBE

Mr Wicks
Mr Addison

With

the Compliments of

Sir Clive Whitmore KCB CVO

Permanent Under-Secretary of State

to note
DP
10/7

MINISTRY OF DEFENCE
SW1A 2HB

cc PC

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1A 2HB
Telephone 01-218 2839 (Direct Dialling)
01-218 9000 (Switchboard)

PERMANENT UNDER-SECRETARY OF STATE

JSPB/V87/638
(9/31/F)

10th July, 1987.

Dear Trevor,

'THE ROYAL NAVY AND THE FALKLANDS WAR'

I wrote to Michael Stark on 5th August last year to say that we had finally completed the clearance of the manuscript of the book on the naval campaign in the Falklands (then known as "Down South") by David Brown, the Head of our Naval Historical Branch, and that our Secretary of State was content for it to proceed to publication. As you know, there had been some previous correspondence between this office and yours about the principle and timing of the book's publication.

2. This is to give you advance warning that the book, now bearing the name shown in the title of this letter, is due to be launched next Tuesday at a lunchtime party on board HMS BELFAST. We have obtained an advance copy, and I am happy to say that selective checks confirm that amendments agreed with the author in the course of the clearance process have been incorporated.

3. The preface contains a disclaimer which says:

> "Although what follows is published by permission of the Ministry of Defence, any opinions which may be expressed are my own and do not represent those of the Ministry, the Navy Department or the Naval Service as a whole."

This seems adequate, though as you know we have always recognised that the author's official position (to which, unfortunately, attention is specifically drawn on the front cover) was likely to detract, in the minds of readers, from the effect of any disclaimer. We are preparing a defensive press line on the circumstances of the book's preparation and on any particular points of interest.

4. I am copying this letter to Nigel Wicks and to Geoffrey Adams.

Yes

Trevor Woolley, Esq,
Private Secretary to
Sir Robert Armstrong, GCB, CVO,
Cabinet Office,
70 Whitehall,
London, SW1A 2AS.

JOHN S. PITT-BROOKE
Private Secretary

ARGENTINA – Relations
CAB 1

CONFIDENTIAL

10 DOWNING STREET

LONDON SW1A 2AA

2 July 1987

From the Private Secretary

ARGENTINA/FALKLANDS

The Foreign Secretary mentioned to the Prime Minister this evening the further approach which we have received from the Argentinians offering discussions on the subject of Falklands fisheries, on the basis that such discussions would not affect the position on either side on sovereignty. The Foreign Secretary said that he was treating the Argentine proposal very cautiously. But we could not reject it without exploration, since they were in effect offering us our own terms.

The Prime Minister agreed on the need for caution. There was a risk that the Argentinians would draw us into contacts and then after all broach the question of sovereignty. We must not fall into a trap or risk a repetition of the Berne discussions in 1984.

Charles Powell

A.C. Galsworthy, Esq., CMG.,
Foreign and Commonwealth Office.

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10 DOWNING STREET

From the Principal Private Secretary

22 June 1987

The Prime Minister has asked me to thank you for your letter of 20 May.

Mrs. Thatcher understands that the question of disclosure of extracts from your diary is under discussion between the legal representatives of those involved in your litigation.

N. L. WICKS

Mr. Narendra Sethia.

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AND TO IMMEDIATE BERNE
INFO IMMEDIATE BUENOS AIRES, PORT STANLEY
INFO PRIORITY ROME, PARIS, BONN,MADRID, BRASILIA, MONTEVIDEO,
INFO PRIORITY UKMIS NEW YORK.

RECENT ARGENTINE STATEMENTS ON UK/ARGENTINE RELATIONS

[If so, not yet received]

1. A REUTERS REPORT, DATELINED BUENOS AIRES 17 JUNE, CLAIMS THAT ALFONSIN SENT MRS THATCHER A NOTE ON FRIDAY 14 JUNE CONGRATULATING HER ON HER ELECTION VICTORY. CAPUTO IS QUOTED AS SAYING THAT THE NOTE WAS INTENDED TO OPEN 'A POLITICAL SPACE' WITH BRITAIN AND THAT 'ARGENTINA HAS REITERATED ITS WILL TO OPEN DIALOGUE' AND 'AWAITS THE BRITISH REACTION'. HE ADDED THAT ARGENTINE OFFICIALS HAD MADE EFFORTS TO CONTACT BRITISH OFFICIALS THROUGH DIPLOMATIC CHANNELS OFFERED BY THIRD COUNTRIES DURING ALFONSIN'S VISIT TO SWITZERLAND BUT THAT 'WHETHER WE HAVE MADE PROGRESS OR NOT, THE OTHER PARTY WILL HAVE TO SAY'. CAPUTO IS FURTHER QUOTED AS SAYING THAT 'FRIENDLY WESTERN NATIONS' HAD SHOWN A WILLINGNESS TO ACT AS INTERMEDIARIES BETWEEN BRITAIN AND ARGENTINA AND THAT 'THERE ARE COUNTRIES THAT HAVE TAKEN AN INTEREST AND HAVE SUGGESTED POSSIBILITIES AND MECHANISMS THAT COULD RESOLVE THIS ISSUE THAT IS ABSOLUTELY BLOCKED BY THE BRITISH POSITION.' HOWEVER, HE REITERATED ARGENTINA'S REFUSAL TO

ENTER INTO DIRECT TALKS WITH THE UK UNLESS THE BRITISH GOVERNMENT AGREED TO DISCUSS SOVEREIGNTY.

2. THIS REPORT ECHOES AN EARLIER ONE FROM BUENOS AIRES CARRIED IN THE TIMES OF 15 JUNE, IN WHICH ALFONSIN IS QUOTED AS SAYING THAT THE UK AND SWITZERLAND WERE PUSHING ACTIVELY FOR TALKS BETWEEN BUENOS AIRES AND LONDON ON THE FALKLANDS DISPUTE. HE CLAIMED THAT WASHINGTON WAS 'PERMANENTLY BOTHERED' BY THE DISPUTE AND WAS 'WORKING VERY STRONGLY' TO GET TALKS GOING, ALTHOUGH IT HAD MADE NO CONCRETE PROPOSALS. THE SWISS TOO WERE TRYING TO FOSTER TALKS AND WERE 'A BIT MORE OPTIMISTIC THAN BEFORE'.

3. WE HAVE SPOKEN TO BOTH THE SWISS EMBASSY (HOLD) AND THE AMERICAN EMBASSY (NEITZKE) AND BOTH HAVE DENIED THAT THEIR GOVERNMENTS ARE INVOLVED IN ANY NEW INITIATIVE. WE HAVE TOLD THEM AND THE ITALIANS, WHO HAD PICKED UP THE EARLIER REPORT, THAT THERE IS NO CHANGE IN THE BRITISH POSITION AND THAT WE DO NOT KNOW WHAT THE ARGENTINES ARE HOPING TO ACHIEVE. WE ARE AWARE THAT ALFONSIN OFFERED HIS CONGRATULATIONS TO MRS THATCHER DURING A PRESS CONFERENCE IN SWITZERLAND ON 12 JUNE (BERNE TELNO 128, NOT TO ALL) BUT WE HAVE AS YET SEEN NO SIGN OF A NOTE. GRATEFUL FOR ANY LIGHT THAT BERNE CAN SHED ON THIS AND CAPUTO'S CLAIM THAT ARGENTINE OFFICIALS HAD CONTACTED BRITISH OFFICIALS DURING ALFONSIN'S VISIT TO SWITZERLAND.

4. NEITZKE ALSO TOLD US THAT ALFONSIN ON HIS CURRENT VISIT TO THE US HAD ASKED TO SEE SHULTZ WITH THE CLEAR IMPLICATION THAT HE WANTED TO RAISE THE FALKLANDS. IT SEEMED SHULTZ HAS DECLINED ON THE GROUNDS THAT HE WOULD BE UNAVAILABLE. NEITZKE DID NOT KNOW WHETHER IN HIS ABSENCE ANY SUBSTANTIVE CONTACTS WOULD TAKE PLACE.

5. CAPUTO'S REITERATION OF THE TRADITIONAL ARGENTINE REJECTION OF DIRECT TALK EXCLUDING SOVEREIGNTY CONTRASTS WITH HIS MORE POSITIVE FORMULATION ON THE ALLEGED (AND AS FAR AS WE KNOW NON-EXISTENT) EFFORTS OF INTERMEDIARIES. HIS REMARKS MAY AMOUNT TO NO MORE THAN CUSTOMARY PLAYING TO THE GALLERY BUT THEY COULD ALSO REPRESENT AN ATTEMPT TO PRESENT EXCHANGES ON FISHERIES IN A FAVOURABLE LIGHT. YOU MAY CARE TO CONFIRM TO THE STATE DEPARTMENT (WE HAVE ALREADY TOLD NEITZKE) THAT NO MESSAGE OF CONGRATULATION HAS BEEN RECEIVED AND TO ASK IF THEY CAN ADD

ANYTHING TO WHAT NEITZKE HAD TO SAY ABOUT ALFONSIN'S APPARENT INTEREST IN RAISING THE FALKLANDS WITH SHULTZ.

HOWE

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10 DOWNING STREET

PRIME MINISTER

Lt. Sethia has written to you to complain about the MOD's legal moves to prevent the disclosure of his diary. The MOD letter immediately below describes the latest position, and in particular that they should agree to the partial disclosure of his diary so that personal, but not operational, extracts may be made available. If you agree, I will reply to Lt. ~~Sethia~~ in the terms of the draft attached to the MOD letter.

As planned

N.L.W.

N. L. WICKS

19 June 1987

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

MO 23/1L

18th June 1987

Dear Nigel,

LIEUTENANT SETHIA: PRODUCTION OF DIARY

You will recall that Lieutenant Sethia served aboard HMS CONQUEROR during the Falklands conflict. He kept a personal diary, principally covering the period of CONQUEROR's operational patrol but also extending into the period after he had left naval service, which - as well as personal reflections - contains highly classified operational and intelligence information. Extracts from the diary (including classified information) were subsequently published in the Press without Sethia's permission; and allegations were made that he had stolen CONQUEROR's missing log.

In my letter of 30th April 1986 I informed you that, subject to the Prime Minister's agreement, the Defence Secretary had decided that we should seek, at least in the first instance, to prevent the disclosure of the whole of Sethia's diary in the context of his litigation against the Observer for breach of copyright (and defamation). You notified me of the Prime Minister's agreement in your letter of 1st May 1986 and Mr Younger therefore signed a Public Interest Immunity (PII) Certificate in respect of the whole diary. Further Certificates were signed in the context of Sethia's litigation against Mail Newspapers and News Group Newspapers.

The validity of the PII Certificates is due to be considered in Court on 13th July when the newspapers' applications for production of the diary are to be heard. The Observer's solicitors have now approached the Treasury Solicitor pointing out that the diary is crucial to a proper determination of the issues in Sethia's proceedings against them and asserting that there can be no justification for withholding unclassified diary extracts. Sethia for his part has challenged the PII Certificates in an affidavit which refers to them as an unjustified interference with

Nigel Wicks Esq
10 Downing Street

his right to pursue legal proceedings; and has recently written to the Prime Minister seeking agreement that he may, as evidence in his litigation, produce unclassified extracts from his diary.

In the light of advice from Counsel about the prospects of success in persuading the Court to uphold the PII Certificates, officials in OD(DIS)(O) have reached the clear conclusion that we should agree to partial disclosure on a basis which minimises the risk to national security: not to do so risks a more damaging outcome in Court. They recommend that the Treasury Solicitor should be authorised as soon as possible to hold a 'without prejudice' conference with the litigants' legal advisers to elicit their aspirations for disclosure more clearly and to seek to establish an agreed basis for partial disclosure which would make the planned Court hearing unnecessary. The Defence Secretary has accepted this recommendation and has authorised the Treasury Solicitor to offer partial disclosure on the basis of releasing all personal as opposed to operational extracts from the diary. He has been assured by his naval advisers that this would not disclose information that is classified or could in any way be prejudicial to submarine operations. This approach is thought to have a reasonable chance of acceptance by the litigants: if not, however, HMG will have an entirely reasonable position to defend.

I understand that Lieutenant Sethia's letter to the Prime Minister requires a further response. I am advised that it would be inappropriate to refer in any reply to the substance of the issues he raises and this is reflected in the enclosed draft response.

I am copying this letter to the Private Secretaries to the Foreign and Commonwealth Secretary, the Home Secretary and the Attorney General and to Sir Robert Armstrong and Sir John Bailey.

Yours sincerely,

John Howe.

(J F HOWE)
Private Secretary

DRAFT LETTER TO MR. SETHIA FROM PS/PRIME MINISTER

The Prime Minister has asked me to thank you for your letter of 20th May.

Mrs. Thatcher understands that the question of disclosure of extracts from your diary is under discussion between the legal representatives of those involved in your litigation.

ARGENTINA: Relations.

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

28 May 1987

I attach a copy of a letter the Prime Minister has received from Narendra Sethia of Trade Wind Yacht Charters Ltd.

I should be grateful if you could provide a draft reply for Private Secretary signature, to reach me by Thursday 11 June.

(P. A. BEARPARK)

David Ball, Esq.,
Ministry of Defence.

TradeWind
YACHT CHARTERS LTD
RODNEY BAY MARINA PO BOX 372, RODNEY BAY ST. LUCIA, WEST INDIES
Telephone St.Lucia 28424

The Prime Minister
The Rt. Hon. Mrs Margaret Thatcher
10 Downing Street
London SW1
England U.K.

20th May 1987

Dear Prime Minister

I am forced to write to you as a result of what I believe to be wholly unwarranted interference by your Government in a series of litigations commenced by myself against various newspapers between December 1984 and February 1985. I am writing to appeal to your sense of justice and in the hope that you will recognise that such interference, apart from being unjustified and possibly illegal, completely perverts the democratic process enjoyed by the British legal system for so long. I should perhaps explain from the beginning, although you are probably aware of much of the background to my own predicament.

In August 1982, I resigned from the Royal Navy after returning from the Falklands conflict aboard the nuclear submarine HMS CONQUEROR, where I served as Supply Officer for more than 2 years. During the conflict, I had kept a diary as a record of my experiences, thinking that it might one day be useful to have a personal memento of my participation in such historic events. This diary was written up daily in full view of other Officers aboard and, although by the very nature of our circumstances aboard there were indeed items which may have been construed as classified information, no classified documents were used in writing up the diary and nor were any such documents ever taken by me or copied. Any classified parts of the diary formed only a fraction of the entire volume as the bulk of the diary dealt with routine, day-to-day life aboard.

Whilst aware that, on signing the Official Secrets Act declaration on my release from the Service, I should have handed in the diary as it had been compiled during my period of service aboard HMS CONQUEROR, I genuinely felt that as the diary was a personal record of private feelings I was not in breach of security by retaining it. After all, we are all aware that the all-embracing Official Secrets Act can turn a sneeze into a piece of restricted information.

Sometime during 1983, I gave the diary to a friend of mine who had served aboard HMS CONQUEROR during the Falklands conflict and who was, therefore, privy to the general information that it had contained regarding performance of the submarine, capabilities, tactical procedures etc. I asked him to read

the diary to consider whether it might be possible to publish parts of it one day - his father being a publisher. I made it very clear to him that should there be any classified passages, these would not be included in any such publication and I asked him to keep the diary confidential and to return it directly to me. Unfortunately, in my naivety, the diary was handed to Mr Tam Dalyell who is well known to you, copies were made and various newspapers were able to secure portions of it.

I had been quite straightforward about my intention to publish portions of the diary, by writing to the Ministry of Defence to seek guidance on what I could and could not publish. My solicitors hold copies of this correspondence which showed clearly that I had no intention of using classified portions of the diary for nefarious purposes. My intention was to be perfectly "above-board" and, having seen that other Servicemen who had served in the Falklands conflict had published books, I saw no reason why I too should not be able to publish a book.

Then, during 1984, the question of the mysterious "missing logbooks" from HMS CONQUEROR came to light. The newspapers who had had access to my diary put two and two together and got three - assuming at first that my diary was the logbook itself and then realising that it was not.

Mrs Thatcher - I believe that you know perfectly well that I have not divulged any classified information or been disloyal in any way towards the Royal Navy or the British Government. I have always known why the "log books went missing" but I have had sufficient sense of loyalty and responsibility to say nothing, even when your Government found it convenient to allow the newspapers and general public to believe that it was I who had stolen the logbooks. You may remember that I was aboard HMS CONQUEROR for more than 2 years prior to the Falklands conflict and that combined with the knowledge of the submarine's activities after her return from the Falklands makes it very clear to me why these log books 'disappeared'. I have said nothing and I would not say anything - because, unlike many people, I happen to have some loyalty. Kindly consider the possibility, however, that other persons with less sense of duty may already have discussed the matter of CONQUEROR's activities during the summer months of 1982 with journalists.

When the issue of Mr Clive Ponting raised its ugly head towards the end of 1984, the matter of the 'missing logbooks' suddenly became one of major concern, understandably. To satisfy public demand - and that of somewhat persistent Labour M.P.'s, a great show had to be made of interviewing members of CONQUEROR's crew and, as you know, I was myself interviewed by Rear Admiral Lang of the Directorate of Naval Security in November 1984. It therefore seemed very strange to myself and others when the Director of Public Prosecutions sent Chief Superintendent Hardy to St Lucia in February 1985 to interview me yet again about the logbooks and my diary. That is to say it was strange until I realised how convenient it would be for your Government if, at the very time that the jury in the Ponting trial was considering its verdict, the Serious Crimes Squad was in the Caribbean 'investigating missing log books' and interviewing a former Naval Officer. The effect on the general public of these combined events was not to be under-estimated - for, on the one hand, the disloyal Mr Ponting was at trial in London whilst on the other side of the world the disloyal former Naval Officer was helping police in their enquiries regarding

the supposedly missing logbooks. You knew, however, that the logbooks were not 'stolen' or 'missing' because, like me, you were aware of the events of August 1982 when HMS CONQUEROR had returned from the Falklands conflict.

I still said nothing, and simply continued to protest my innocence. You knew that I was innocent of any log book theft - though probably the police did not, although Mr Hardy did say that he found the entire matter rather odd and 'never believed for one minute' that I had taken any logbook.

Quite understandably, I believe, I commenced libel actions against the newspapers who had accused me of taking classified information from CONQUEROR: the Observer, the Mail on Sunday and the Sun. Very conveniently, the Mail on Sunday even printed a headline stating "CONQUEROR LOGS SEIZED" - on the very day that the Ponting jury was to have reached its verdict. This, as you know, was more than a coincidence. Had Ponting been found guilty, the effect on the general public of simultaneously discovering yet another 'disloyal' Government servant on the other side of the world would have been considerable. It would have added credence to a guilty verdict. Unfortunately, the one thing in the Ponting case which could not be manipulated was an honest jury - and the jury, of course, went and acquitted him.

Over the past 2½ years I have been hounded by journalists, my family has been hounded by journalists, my status in St Lucia has been questioned with the ensuing, adverse effects on my job, former colleagues in the Navy (believing that I may have taken CONQUEROR's logbooks) have stopped all communication with me, I have been embarassed in public and in private, I have spent every penny of my money on fighting newspapers who wrongfully accused me of theft of classified documents, and I am now struggling to find £ 40,000 as security for the defendant newspapers' legal costs. The last straw is now apparent in the form of various certificates issued by the Rt. Hon George Younger in which objections are raised regarding use of parts of my diary in these litigations.

The defendant newspapers wish to refer, in their defence, to extracts in my diary in which I have admitted to petty pilfering of minor items such as unclassified charts of the Bay of Biscay, blank stationery books and the like. They wish to refer to these extracts to demonstrate that, on my own admission, I am a thief. I, in turn, wish them to be able to refer to such extracts for I believe that they can hardly be construed in the same vein as theft of classified log books or documents. I also believe that there is probably no Serviceman alive, of whatever rank, who has not at some time or other taken for his personal use a minor item of Service property, be it a blank stationery book or a pencil.

I have no wish to refer at any stage during these litigations to classified extracts from the diary, to nuclear submarine operating capabilities, aspects of communications, performance of the nuclear reactor, equipment and weapon performance or tactical procedures as referred to by Mr Younger in his statements. I have no wish to produce the entire diary, to refer to intelligence available to British forces during the Falklands conflict or to any other material which could prejudice national security. I do believe, however, that reference

ARGENTINA: Relations PT41

to innocuous passages referring to my personal activites can hardly be interpreted as resulting in 'unquantifiable damage' as suggested by Mr Younger and his certificates objecting to the use of any part of my diary in my litigations is nothing short of an attempt to pervert the course of justice.

Mrs Thatcher - I can only summarise by stating that you must know, by the very nature of what I have never spoken about, that I have remained loyal and observed my obligations under the Official Secrets Act to the Royal Navy. In my naivete I may have made errors, as you have in your life. I ask you, therefore, to re-consider the "blanket" restrictions that have been placed on reference to my diary and to allow certain, unclassified passages to be used in my litigations so that I can find justice through the British Courts and clear my name of something for which I have been wrongfully accused, as you well know.

I should be grateful if you would give this matter your consideration at the earliest opportunity, remembering that having spent the past 2½ years fighting for what I believe to be just and right, I am not willing to allow these litigations to be struck out without more of a fight.

It may be that you will refer this letter to the Treasury Solicitor's Department or to Mr Younger's own department, from whom I might expect to receive an impersonal reply veiled by jargon, legalese and references to national security. I am not interested in such a reply. I should simply like to know from you that I may be allowed to continue with my litigations, referring if need be to unclassified extracts from my diary (which extracts could be first submitted to Mr Younger's department for approval) and to do so without immoral interference from your Government.

I know that this is a busy time for you and I wish you luck in the forthcoming elections - but I also hope that you are able to give me an early reply as there are vitally important court hearings taking place in July at which my solicitors should like to refer to your decision.

Yours Sincerely

Narendra Sethia

cc. Neale Turk Solicitors

PERSONAL

file: JA2AQA

10 DOWNING STREET

LONDON SW1A 2AA

17 May 1987

From the Private Secretary

At dinner on Saturday night, I found myself talking to Juan Eduardo Fleming, the Head of the Argentine Interest Section in London. I had not known that he was going to be at the dinner, given by Carol Price's brother, and indeed did not discover who he was until we had been talking for some minutes.

Fleming was almost pathetically anxious to convey some thoughts about relations between Britain and Argentina. It was a great pity that we had not adjusted our policy to take account of the democratic nature of the present Argentine government. He hoped that, after the elections, the Prime Minister would feel able to make some dramatic gesture such as meeting President Alfonsin. He drew a parallel between this idea and President Sadat's meeting at Camp David with Mr. Begin. The present Argentine government fully understood that there was no question of making progress in the near term on the question of sovereignty over the Falklands. They wanted to talk to us about broader issues of our relations, on the basis that both sides maintained their positions on the question of sovereignty.

I said that most of what he proposed was impractical and failed to take account of the history of Argentine aggression against the Falklands and the impact of this both on the islanders and on public opinion here. It remained a very emotional issue. As he knew, we remained ready to talk about practical improvements in relations, provided it was clear that sovereignty was not for discussion. The indirect contacts taking place on fisheries conservation were an example of how progress might be made.

Fleming said that he was very anxious to have a further informal talk. I said that obviously there was no question of seeing him in the office or indeed having any contact during an Election campaign in this country. I did not rule out the possibility of talking informally in the margins of a social occasion once the election was over. I would think about that.

JA

PERSONAL

I only trouble you with this because there must be a risk that he will give it a rather different gloss in his own reporting.

(CHARLES POWELL)

A. C. Galsworthy, Esq., CMG,
Foreign and Commonwealth Office.

NBPM.

GK

CF

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

argentine file

PERMANENT UNDER-SECRETARY OF STATE
SIR CLIVE WHITMORE K C B C V O

PUS/J87/431
9/31/F

5 May 1987

Dear Nigel,

THE SOUTH ATLANTIC FUND(SAF)

1. In order to keep you abreast of developments concerning the ... SAF I thought you might like to have a copy of its report for 1984-86.

2. The report is a straightforward record of the SAF's operation over that period, whilst paragraphs 8-10 cover recent decisions as to its future of which you are already aware from my earlier letters.

3. Copies of the report are being distributed to all beneficiaries, the Press, charities and welfare organisations associated with the fund, Service Commands and the Parliamentary libraries.

Yours ever,

Clive Whitmore.

N L Wicks Esq CBE
PPS/Prime Minister
10 Downing Street
London SW1

SOUTH ATLANTIC FUND

ANNUAL REPORT 1984–86

THE SOUTH ATLANTIC FUND

(Registered under the Charities Act 1960, Registered No 285161
and governed by a Deed of Trust dated 15 July 1982)

Office

Room 8325 Main Building, Ministry of Defence
Whitehall, London SW1A 2HB

PATRON

His Royal Highness The Prince of Wales KG, KT, GCB, AK, QSO, ADC

TRUSTEES

(as at 1 March 1987)

Admiral Sir Richard Fitch KCB (Chairman)
General Sir David Mostyn KCB, CBE
Mr J N H Blelloch CB
Air Marshal Sir Anthony Skingsley KCB
Mr J M Stewart
Rear Admiral A M Norman
Major General J D G Pank
Air Vice Marshal D W Hann
Mr R L L Facer

Secretary

Commander K M Steven OBE RN (Retd)

Custodian Trustee

The United Services Trustee

Auditors

Ernst and Whinney CA

Investment Adviser

Mercury Rowan Mullens Ltd

THE SOUTH ATLANTIC FUND

(Report covering period 1 November 1983 – 1 March 1987)

Origin and Trust Deed

1. The Fund was constituted in 1982, in response to spontaneous donations received from the general public, for the benefit of those who suffered as a result of the Falklands Conflict, and for the welfare of those who continued to work in the arduous conditions of the South Atlantic.

2. The Trust Deed (extracts of which are attached) governs the activities of the Fund. This specifies that grants should be paid to Service and other charities to enable them to relieve the needs of members of the Armed Forces, associated personnel and their dependants insofar as such needs arose or may arise, by virtue of the operations and work relating to the administration of the Falkland Islands.

3. Although Argentine forces surrendered at Stanley on 14 June 1982, no diplomatic settlement or peace treaty has yet been achieved. British Forces therefore remain in and around the islands at a high degree of operational readiness. As much public money has been allocated for works services and improvement of garrison life following the re-capture of the Falkland Islands, no grants have been made in connection with those who continue to serve in the South Atlantic since October 1983. Although legally entitled to make grants to relieve the needs of those who suffered in post surrender work relating to the administration of the Islands, the Trustees decided that monies should only be paid where there was a clear Argentinian operational action resulting in the casualty.

4. In the absence of special reasons the Trust Deed stipulated that the Fund was to be wound up within five years, residual assets being transferred for the long term care of cases to the three main Service Benevolent Funds, (King George's Fund for Sailors, Army Benevolent Fund and Royal Air Force Benevolent Fund).

The Assessment of Need

5. 255 men lost their lives in the conflict. More than half were married. Over 800 were wounded, the great majority being in their twenties. New cases, particularly associated with deafness and psychological damage, still arise. Similarly, with previous cases, a wound or resultant disability may worsen or not respond to treatment as expected. It is therefore anticipated that long term calls upon the fund may slowly rise as disability of the wounded increases and new charitable needs of ageing beneficiaries become clear. If these are attributable in origin to the Conflict grants will be paid.

6. The basis for assessment and reassessment is twofold, that is medical evidence of wounds and their aftermath, together with the charitable relief of need. In this context the Trustees are bound by the requirements of Charity Law. A team of legal, medical and Ministry of Defence personnel officers working in conjunction with welfare organisations consider the needs of those who have suffered and recommend to the Trustees the size of grants to be paid. The involvement of representatives of the Service Benevolent Funds in this assessment process provides a measure of continuity for the future when they will take on the residual long term work of the fund.

7. Those eligible under the terms of the Trust Deed, including existing Beneficiaries, have a lifelong eligibility to seek assessment or reassessment for a grant, both from the Fund and under any successor arrangements. Any individuals who believe themselves eligible for assistance, or whose circumstances have worsened since last receiving, or being considered for SAF aid, may apply for help under the terms of the Trust Deed. This should preferably be through the appropriate Service authority or Ex-service Association (see Annex). Alternatively applications can be made direct to the Secretary of the South Atlantic Fund whose address is given at the front of this report.

The Future of the Fund

8. As was explained in paragraph 4, the Deed of Trust required that in the absence of special reasons, the fund be closed by July 1987, and residual assets transferred to Service Benevolent Funds. In 1986 the Trustees sought and obtained confirmation from these Funds that, on eventual transfer of assets, they would maintain SAF monies in separate accounts, and were confident that they could meet all due claims from our beneficiaries in perpetuity. This was a very welcome assurance.

9. However, in November 1986 the Trustees decided that for a number of reasons it would be premature to wind up the fund by July 1987. They therefore agreed to extend its life until July 1988; this decision will be reconsidered at the end of 1987. The Trustees also studied a number of possible options whereby grants might be paid for wider purposes but after lengthy discussions decided not to pursue them. Some of these options would have been outside the requirements of Charity Law, while others would have been of greater benefit to only a limited number of beneficiaries.

10. Thus, the scope of the fund remains unchanged, as do the two existing bases for making grants, that is medical evidence and the relief of charitable need.

Donations

11. The Trustees would like to thank all those who have contributed to the Fund. To 31 October 1986 £15,168,652 in donations have been received from all sections of the community both at home and abroad. The fund remains open.

Grants

12. To 31 October 1986, a total of £13,816,618 has been distributed so far in grants. In the three years ended 31 October 1986 £1,023,923 has been paid to beneficiaries as a result of both assessment of new and reassessment of earlier cases. As stressed in para 7 the Trustees invite all who have received grants to seek reassessment when needs arise.

Accounts

13. Details of Receipts and Expenditure are given at the end of this report. It will be seen that the overwhelmingly large proportion of grant making was completed by the end of October 1984 and that in the subsequent two years the balance in hand has risen from £3,021,540 to £3,498,012. This reflects the Trustees' policy in aiming for high capital growth rather than high income stocks at a time when basic grants had been paid.

SOUTH ATLANTIC FUND

Receipts and expenditure since opening the fund on 27 May 1982 to 31 October 1986

	£
RECEIPTS	
Donations	15,168,652
Interest and Dividends	1,837,006
Profit on sale of Investments	370,141
	17,375,799
EXPENDITURE	
Grants to Beneficiaries and Charities	13,816,618
Administrative expenses	61,169
	13,877,787
BALANCE IN HAND	3,498,012
REPRESENTED BY:	
Investments at cost	3,267,203
Cash at bank on deposit	127,000
Cash held by United Services Trustee	2,792
Amounts receivable from sale of Investments	101,017
	£3,498,012

SOUTH ATLANTIC FUND

Receipts and Payments Accounts

	Year ended 31 October 1986	Year ended 31 October 1985	Year ended 31 October 1984	Year ended 31 October 1983
	1 November 1985	1 November 1984	1 November 1983	1 November 1982
	£	£	£	£
Balance in hand at start of year	3,298,455	3,021,540	3,418,621	10,266,440
RECEIPTS				
Donations	20,065	48,185	106,570	1,535,585
Interest and Dividends	246,812	258,614	208,434	894,904
Profit on realisation of Investments	89,167	70,532	90,986	119,457
Further donation brought to account in 1983	—	—	—	144
	356,044	377,331	405,990	2,550,090
PAYMENTS				
Administrative expenses	7,808	9,516	3,727	3,993
Fee to the United Services Trustee	5,000	5,000	5,000	8,000
Other grants to charities and beneficiaries	143,679	85,900	794,344	9,385,916
	156,487	100,416	803,071	9,397,909
Balance in hand at end of year – 31 October	£3,498,012	£3,298,455	£3,021,540	£3,418,621
REPRESENTED BY ASSETS				
Investment at cost (and market value for 1986 £4,372,066 and for 1985 £3,661,408)	3,267,203	2,982,608	2,763,980	2,594,039
Cash at Bank – deposit account	127,000	66,816	56,000	126
Bank deposit at seven days notice	—	—	—	650,000
Cash held by the United Services Trustee	2,792	12,586	17,019	32,521
Amounts receivable for sale of Investments	101,017	236,445	184,541	141,935
	£3,498,012	£3,298,455	£3,021,540	£3,418,621

RICHARD FITCH *Chairman of Trustees*

G A GREAVES *Custodian Trustee*

EXTRACTS FROM THE DEED OF TRUST OF THE SOUTH ATLANTIC FUND

Dated 15 July 1982

WHEREAS:–

(A) Appeals have been made for contributions to a fund to be called the South Atlantic Fund for the purpose of facilitating the provision of charitable payments to meet needs arising out of engagement of the Armed Forces and civilian personnel attached to or accompanying the Armed Forces (hereinafter called "associated personnel") in operations relating to the recent dispute over the Falkland Islands or hereafter in work relating to the due administration of the Falkland Islands.

(B) Funds have been received by way of contribution to the South Atlantic Fund and further contributions are anticipated and if and in so far as no special purposes have been expressly imposed on any such contribution by the donor the same falls due to be held upon the trusts hereinafter set forth concerning the funds hereinfter called "the unallocated funds" for the primary purpose of distribution as between The King George's Fund for Sailors the Army Benevolent Fund and the Royal Air Force Benevolent Fund (hereinafter called "the service benevolent funds") and for such other charitable purposes as are herein set forth.

NOW THIS DEED WITNESSETH as follows:–

1. THE Charity hereby established shall be known as the "South Atlantic Fund".

2. THE Custodian Trustee of the Charity shall be the United Services Trustee.

3. THE object of the Charity shall be to hold those unallocated funds which have been or may be received by or on behalf of the Secretary of State upon trust to apply the same by payment to the service benevolent funds or to such other charity or charities the purposes whereof are in the opinion of the Trustees appropriate to enable them to relieve the needs of members of the Armed Forces associated personnel and their respective dependants or any of them in so far as such needs have arisen or may hereafter arise by virtue of the operations and work referred to in the recitals to this deed in such shares if more than one and subject to such conditions and in such manner generally as the Trustees shall think fit.

4. THE trustees of the Charity shall be the persons for the time being holding the offices of Vice Chief of Defence Staff (Personnel and Logistics) and of the Chief of Naval Personnel and Second Sea Lord and of the Adjutant General and of the Air Member for Personnel and of the Second Permanent Under Secretary of State in the Ministry of Defence (hereinafter referred to as "ex officio trustees") and such other persons not exceeding four in number (hereinafter referred to as "nominated trustees") as may be appointed by the ex officio trustees.

5. UPON the abolition or alteration of the description of any office by virtue of which the holder is an ex officio trustee under this deed the Secretary of State for Defence may designate in writing some other office within the Ministry of Defence in the place thereof.

Paragraphs 6 – 12 refer to administrative aspects of the Fund, duties of Trustees and the keeping of accounts.

13. IN the absence of special reason to the contrary the Charity shall be wound up within five years of the date of this deed by distribution of the balance of the unallocated funds not therefore applied under Clause 3 hereof amongst the service benevolent funds in such shares as the Trustees shall think fit.

14. NOTHING herein contained shall permit any part of the South Atlantic Fund to be used for any purpose not exclusively charitable at law.

LIST OF ADDRESSEES FOR APPLICATIONS ON THE SOUTH ATLANTIC FUND BY DEPENDANTS AND EX-SERVICEMEN

ROYAL NAVY
The Commander-in-Chief
Naval Home Command
HM Naval Base
Portsmouth
PO1 3LR

ROYAL MARINES
Headquarters Commando Forces
Hamoaze House
Mountwise
Plymouth
PL1 4LZ

or

Headquarters Training Reserve and Special Forces
Royal Marines Eastney
Southsea
Hants
PO4 9PX

ARMY
Relevant Regimental or Corps Headquarters

ROYAL AIR FORCE
The Director General Personal Services (RAF)
Room 306
Adastral House
Theobalds Road
London
WC1X 8RU

ROYAL FLEET AUXILIARY AND RNSTS
DGST(N)
Room 620
Empress State Building
Lillie Road
London
SW6 1TR

MERCHANT NAVY
King George's Fund for Sailors
1 Chesham Street
London
SW1X 8NP

10 DOWNING STREET

From the Principal Private Secretary 16 February 1987

Thank you for your letter of 13 February about the South Atlantic Fund.

The Prime Minister has seen and noted your report. She is grateful to be kept in touch with developments in this way.

N.L. WICKS

Sir Clive Whitmore, KCB, CVO.

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 K C B C V O

PUS/V87/138
9/31/F)

13th February, 1987.

Prime Minister
to note.
N.L.W.
13.2

Dear Nigel,

THE SOUTH ATLANTIC FUND

You may have seen the article in the Daily Express of 9th February which suggested that the Prince of Wales had intervened to force "Whitehall chiefs" to "drop plans to axe [the South Atlantic Fund]". This is a distorted and misleading report, and as I have written to you before about the Fund, I thought it would be helpful to set out the facts.

2. In my letter of 8th December about the future of the Fund I explained that the Trustees had decided to recommend that the Fund be extended at least until July 1988 (that is a year beyond the date of July 1987 which is when the original Trust Deed said the Fund should be wound up) and that there was to be a further review of the date of closure in a year's time. These proposals were to be submitted by the Trustees to the Fund's Patron, The Prince of Wales.

3. The meeting with the Patron took place on 5th February, and he agreed the Trustees' proposals. The extension to July 1988 has therefore been publicly announced. I am afraid that off-the-record briefing provided to the Daily Express by the Fund's Secretary gave rise to the article. There is absolutely no disagreement between the Patron and the Trustees: all that happened is that the original date of closure set out in the 1982 Trust Deed has been extended, to reflect experience during the five years of the Fund's operation. Should the Trustees wish at some future date to close the Fund, we will of course see that Ministers are consulted before a final decision is taken.

Yours ever,

Clive Whitmore.

N. L. Wicks, Esq, CBE,
PPS/Prime Minister,
10 Downing Street,
London, SW1.

EXTERNAL 2 of 10 16

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
Telephone (Direct dialling) 01-215 5422
GTN 215) .....
(Switchboard) 01-215 7877

Secretary of State for Trade and Industry

SECRET

2 February 1987

A C Galsworthy Esq CMG
Private Secretary to the
Secretary of State for Foreign and
Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
LONDON
SW1

CDS 3/2

Dear Tony,

at last.

FALKLAND ISLAND FISHERIES : ARGENTINE PROPOSALS

My Secretary of State has seen a copy of the Foreign Secretary's minute of 26 January, recommending that FCO officials be instructed to explore further the informal proposals on Falklands fisheries which the Argentines have submitted through the Americans.

Mr Channon welcomes the absence of any link between these proposals and the sovereignty question, and hopes that the Argentines may show similar realism in the field of trade. He believes we should explore this initiative further, subject to the safeguards proposed.

We cannot exclude the possibility that, as at Berne in July 1984, the Argentines will go back on arrangements they have agreed. If this does happen, it is important that the Americans are left in no doubt as to who is to blame.

A copy of this minute goes to Charles Powell (No 10), Joan MacNaughton (Lord President's Office), Richard Stoate (Lord Chancellor's Office), Alex Allan (HM Treasury), John Howe (Ministry of Defence), Steven Wood (Lord Privy Seal's Office), Andrew Lansley (Chancellor of the Duchy of Lancaster's Office) and Trevor Woolley (Cabinet Office).

Yours ever

Paul Steeples

PAUL STEEPLES
Private Secretary

DW5BFZ

999-1

ARGENTINA: Relations pt 41.

CONFIDENTIAL
Covering SECRET

Foreign and Commonwealth Office

London SW1A 2AH

2 February 1987

Dear Charles

We need to know when the briefing has been given. CDP 3/2

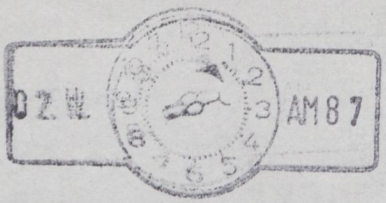
Falklands Fisheries: Argentine Proposals

In your letter of 27 January, you mentioned the Prime Minister's wish to be assured that the Falkland Islanders had been made fully aware of the nature of our contacts with the Argentines. I enclose a copy of our telegram of 29 January to Port Stanley containing instructions for briefing Fakland Islands Councillors.

Yours ever

(R N Culshaw)
Private Secretary

C D Powell Esq
10 Downing Street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291030Z JAN
GRS 533

SECRET
FM FCO
TO IMMEDIATE PORT STANLEY
TELNO 39
OF 291030Z JANUARY 87

ARGENTINE PROPOSALS

1. PLEASE SEE WASHINGTON TELNOS 3212 AND 3213 OF DECEMBER 1986 AND 38 AND 39 OF JANUARY 1987 AS WELL AS FCO TELNO 2241 TO WASHINGTON ALL NOW REPEATED TO YOU.

2. MY TELNOS 132 AND 133 TO WASHINGTON SET OUT OUR RESPONSE TO THIS ARGENTINE OVERTURE. AS YOU WILL SEE, IN PURSUIT OF OUR OBJECTIVE FOR THE INCIDENT FREE OPERATION OF THE FICZ WE ARE PREPARED TO EXPLORE THE POSSIBILITY OF REACHING AN UNDERSTANDING WITH THE ARGENTINES FOR COORDINATING FISHERIES MANAGEMENT ARRANGEMENTS TO ENSURE THAT INCIDENTS DO NOT ARISE AND TO PROMOTE CONSERVATION OBJECTIVES. AN UNDERSTANDING WITH THE ARGENTINES ON FISHERIES WOULD BE A STEP IN THE NORMALISATION PROCESS WHICH COULD LEAD TO FURTHER PROGRESS.

3. EXPERIENCE SUGGESTS HOWEVER THAT PROGRESS WILL NEITHER BE EASY NOR RAPID AND THAT ONCE CONTACT WITH THE ARGENTINES IS MADE IT WILL NOT BE LONG BEFORE IT IS REFLECTED IN THE MEDIA. THERE HAS BEEN A GOOD DEAL OF SPECULATION ALREADY. IT IS IMPORTANT THAT LEADING OPINION IN THE ISLANDS IS PREPARED.

4. AGAINST THIS BACKGROUND GRATEFUL IF YOU WOULD PUT THE FOLLOWING POINTS TO COUNCILLORS INITIALLY IN STRICTEST CONFIDENCE.

I) FOLLOWING THE ESTABLISHMENT OF THE FICZ THE ARGENTINES, EVIDENTLY RESPONDING TO THE FOREIGN SECRETARY'S INVITATION OF 28 OCTOBER, HAVE PROPOSED TALKS ON FISHERIES AIMED AT REACHING AN UNDERSTANDING THAT WOULD AVOID INCIDENTS AND WOULD COORDINATE CONSERVATION ARRANGEMENTS.

II) NOTWITHSTANDING HMG'S CONTINUING PREFERENCE FOR A MULTILATERAL ARRANGEMENT, MINISTERS HAVE DECIDED THAT THIS ARGENTINE APPROACH SHOULD BE FOLLOWED UP (OUR POSITION HAS ALWAYS BEEN THAT WE ARE PREPARED TO DISCUSS PRACTICALITIES WITH THEM). THE GROUND IS, ACCORDINGLY, BEING FURTHER EXPLORED AT OFFICIAL LEVEL VIA THE AMERICANS.

III) THE SCOPE OF THESE EXPLORATORY MOVES IS LIMITED STRICTLY TO FISHERIES. THERE IS NO REPEAT NO QUESTION OF ANY DISCUSSION OF SOVEREIGNTY. NOR WOULD THE FICZ OR ARRANGEMENTS FOR RAISING REVENUE BE IN ANY WAY AFFECTED. THE OBJECTIVE WOULD BE THE COORDINATION OF FALKLAND ISLANDS AND ARGENTINE ARRANGEMENTS.

IV) AN UNDERSTANDING ON FISHERIES WOULD NOT ONLY CONTRIBUTE TO THE SUCCESS OF THE FICZ BUT ALSO BE A STEP IN THE NORMALISATION PROCESS. IT WOULD, IN EFFECT, AMOUNT TO A DEPARTURE BY THE ARGENTINES FROM THEIR POLICY HITHERTO OF INSISTING THAT NOTHING COULD BE DISCUSSED WITHOUT A LINK TO SOVEREIGNTY.

V) THERE WOULD, HOWEVER, BE LITTLE TO BE GAINED BY RUBBING IN THIS FACT IN PUBLIC. COUNCILLORS SHOULD THEREFORE WHEN THE STORY BREAKS EXERCISE THE ADMIRABLE MODERATION THEY DISPLAYED IN DECEMBER FOLLOWING THE BRIEFING BASED ON OUR TELNO 460 TO PORT STANLEY.

6. THE OBVIOUS OPPORTUNITY FOR BRIEFING COUNCILLORS WOULD BE THE EXCO SESSION ON 4 FEBRUARY BUT SUBJECT TO DEVELOPMENTS THERE COULD BE A NEED BEFORE THEN. YOU MAY THINK THAT IN SUCH CIRCUMSTANCES THERE WOULD BE ADVANTAGE, RATHER THAN SUMMONING ALL OF THE COUNCILLORS TO A SPECIAL MEETING, TO BRIEF THEM EITHER BY POST, OR PENDING EXCO, LIMIT BRIEFING TO STANLEY COUNCILLORS. THE STORY MUST NOT REPEAT NOT BREAK IN STANLEY.

Howe
OCMIAN 3817

FALKLAND ISLANDS- ARGENTINE PROPOSALS

LIMITED

COPIES TO:

MR ANDERSON LEGAL ADVISERS
CAPT FINNIGAN CABINET OFFICE

FID
NEWS D
SAMD

PS
PS/LADY YOUNG
PS/MR EGGAR
PS/PUS
MR GILLMORE
MR FEARN

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

30 January 1987

Dear Charles,

Falkland Islands: Annual Review, 1986

The Prime Minister may wish to see the enclosed advance copy of the Governor of the Falkland Islands' Annual Review for 1986.

The Review concludes that on balance 1986 was a good year for the Falklands. The Islanders' sense of security was reinforced by the near completion of Mt Pleasant, by return visits to the Islands by Lady Young, Mr Raison and Mr Stanley and by the decision announced in October to declare fishery limits around the Falklands. Mr Younger's visit earlier this month further underlined HMG's commitment to defend the Islanders.

But satisfactory though this recital is, uncertainties, especially on the economic side, remain. Wool prices are depressed, the drift from the Camp to Stanley continues and although overall, according to the November census, the population has increased by 100 since 1980, the increase is accounted for by technical cooperation officers posted to the Islands and their families. The indigenous population has declined slightly. Moreoever, although the prospect of tourism making a modest contribution to the Island economy exists, some of the other experimental projects to diversify the economy look less certain. Indeed, without the prospect of revenue from the fishery the outlook would be questionable.

All in all, however, Mr Jewkes' positive assessment is justified and, while the Islanders remain allergic to contacts with Argentina, their outlook generally is less anxious. Mr Jewkes' wise and sensitive handling of the Council and the contacts he has established with Islanders have contributed much to this.

Yours ever

(R N Culshaw)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

FALKLAND ISLANDS: ANNUAL REVIEW FOR 1986

Summary

1. A good year for the Falkland Islanders, especially because of the announcement about the Falkland Islands Interim Conservation and Management Zone (FICZ) (para 1).

2. The shortage of people and skills still a serious problem. Financial position of colony in reasonable shape. Mixed fortunes in sheep industry leading to shedding of labour by large farms. Progress in the subdivision of farms (paras 2 - 5).

3. £31 million development grant largely spent or committed by end of 1986. Falkland Islands Development Corporation enjoyed some success in diversifying the economy along the lines of Lord Shackleton's recommendations but some projects have faced difficulties. Progress in the provision of new housing (paras 6 - 8).

4. Cautious optimism that financial outlook for colony could be transformed by establishment of FICZ. Severe burden to FIG of setting up fisheries regime (paras 9 and 10).

5. Revised constitution worked satisfactorily but Councillors' performance generally disappointing. Gimenez funeral demonstrated only limited progress on the attitude of Islanders towards Argentina (paras 11 and 12).

6. Falklands a continued topic of interest to UK media (para 13).

7. Civil-military relationships generally good, but anxiety about transfer of the remainder of the garrison to Mount Pleasant, and about the new joint civil/military hospital (paras 14 and 15).

8. Ministerial visits (para 16).

9. Need to consider the return of South Georgia to civilian administration (para 17).

10. Efforts to tidy up the administration of the British Antarctic Territory (para 18).

8

PORT STANLEY

14 January 1987

The Right Honourable Sir Geoffrey Howe QC MP
Her Majesty's Principal Secretary of State
for Foreign and Commonwealth Affairs
Foreign and Commonwealth Office
LONDON SW1

Sir

FALKLAND ISLANDS: ANNUAL REVIEW FOR 1986

1. The past year was on balance a good one for the Falkland Islanders. Their collective wish to remain British, overwhelmingly reaffirmed in an unofficial opinion survey conducted on behalf of the United Kingdom Falkland Islands Committee, was upheld strongly by Her Majesty's Government. Their physical security was ensured by a garrison the size of which it has been possible to reduce with the near-completion of the impressive Mount Pleasant complex. Development of the colony was stimulated by further injections of British capital aid and supported by technical assistance. All of this was crowned for the delighted Islanders by your announcement on 29 October of the intention to establish from 1 February 1987 the Falkland Islands Interim Conservation and Management Zone (FICZ). This long-sought decision erased for most Islanders the major difference of opinion existing between them and Her Majesty's Government.

2. One major problem was not resolved. This was the very serious shortage of people and skills. The provisional results of a census held on 16 November revealed that the usually resident population had risen from 1,813 in 1980 to 1,919 in 1986. (At the time of my predecessor's departure in October 1985, it was estimated to be 1,922.) Much of the increase was accounted for by OSAS and technical

/cooperation

cooperation officers and their families. There was also a significant increase in the population of Stanley, much of it at the expense of the Camp. Despite development and steps that are being taken by the Falkland Islands Government and Development Corporation to stimulate a modest level of immigration, including priority consideration of key immigrants for housing, I see little prospect of any significant, sustainable increase in the permanent population within the foreseeable future. The frustrating consequence of this is that the colony seems likely to remain unable to sustain itself as a free-standing community, if present standards are to be maintained or improved, without the continuous recruitment overseas of administrative, professional and technical staff on limited term contracts. It is disappointing to note that the Islanders, who tend to dislike the OSAS system of recruitment, do little to encourage their children to pursue further education with a view to their filling eventually at least some of the posts now occupied by expatriates.

3. By contrast to the labour situation, the overall financial condition of the colony seemed to be in reasonable shape insofar as this could be judged in the absence of up to date statistics. Tax revenues and the number of tax payers have been rising in recent years. It is expected that the final accounts for financial year 1985-86 will reveal the fourth annual budgetary surplus in succession. The introduction in April of fees for the trans-shipment of fish in Falklands' harbours should add about £1 million to ordinary revenues in a full year.

4. The year was one of mixed fortunes in the only established industry, sheep farming. Although wool production was the best for several years, prices on the Bradford market for the 1985-86 season were down by some 20 to 30 per cent on those of the preceding year owing mainly to the strength of sterling in relation to the Australian

/dollar.

dollar. There had to be much belt-tightening among the newer, independent farmers who, unlike many of their international competitors, enjoy no price support programmes. In order to reduce fixed costs, larger farms continued to shed labour from their permanent staffs and to rely more upon itinerant gangs for sheep shearing. Wool prices at the end of 1986 were showing signs of modest improvement, although a very cool and wet Spring led to high mortality among both adult sheep and lambs.

5. The total number of farms (31 in 1980) reached 66 with the sale by the Falkland Islands Company of its Fox Bay West farm and its subsequent division into six units each carrying 5,000 sheep. Port Howard, with 42,000 sheep, is about to be purchased by the Falkland Islands Government from its overseas owners and sold on to a company in which the majority of the equity will be held by the farm's existing local management and workers. Owners of other large, increasingly unprofitable farms, including Hill Cove and Port San Carlos, have let it be known that they too wish to sell. Financial and administrative constraints will determine the rate at which further purchases can be completed. Local opinion is broadly in favour of some slowing down of the purchase and subdivision programme because of mounting concern about the social effects of the break up of settled communities.

6. The £31 million development grant announced by your predecessor in December 1982 was largely spent or committed by the end of the year. Much of it was or is to pay for the renewal of infrastructure, mainly in Stanley. Electricity generating and distribution works were largely completed in 1986. Work commenced on a water treatment plant. Proposals for a desperately needed new internal telecommunication system were under consideration with the ODA for much of the year.

/Work

Work was resumed on the Estancia Track, a prototype Camp road. Sadly, if the speed of construction so far is a reliable indicator, it could take many years to complete even a rudimentary all weather track system in East and West Falkland if the task is left solely to local labour.

7. Under imaginative and energetic managers, the Falkland Islands Development Corporation (FIDC) continued to be the spearhead of attempts to diversify the economy broadly in line with Lord Shackleton's recommendations. The Corporation assisted the emergence of a variety of small businesses in Stanley through grants and loans. Their agricultural infrastructure grant scheme was much welcomed by new farmers. An infant tourist industry, created at amazing speed and based mainly in three lodges situated in areas rich in wild life, showed promise, but the absence of access to the Islands through South America and the cost of travel from Britain could hold back its growth. The recently stocked Stanley dairy resumed commercial milk production. Other larger projects had mixed fortunes. The woollen mill has not been as successful as had been hoped and is to be put under new management. The hydroponic market garden, plagued by technical problems, has yet to go into production. The long-term commercial viability of in-shore crab fishing is still in question after two years' research. The work of the FIDC during its first two years of existence was endorsed broadly following a joint ODA/ Falkland Islands Government Review, and its funding has been assured until mid-1989.

8. Success can be claimed for the provision of new housing in Stanley. During the year, six houses were being built under private construction, more in a single year than anyone can recall. More than 20 sites have been prepared or are being prepared by the Public Works Department for semi-permanent or mobile homes. At the new

hospital, to be mentioned again in Paragraph 15, 11 units of sheltered accommodation and eight houses are under construction. Several older houses will be released for civilian use when military officers accompanied by their wives leave Stanley early this year. The Jersey housing estate is at the early planning stage. This could provide 20 or more plots for family and single housing.

9. I am cautiously optimistic that the financial outlook for the colony could be transformed and the need for further capital aid reduced substantially, perhaps even eliminated, as a result of the introduction of the interim conservation and management regime for the rich fishing grounds around the Falkland Islands. It is expected that management costs of about £4 million will be covered comfortably from licence fees. How much net benefit will actually accrue to the Islands' exchequer remains to be seen. It could be considerable, especially if Falkland-based joint ventures and ancillary services such as bunkering can be developed.

10. The slender senior staffing resources available to the Falkland Islands Government were stretched to the limit in the latter weeks of the year when the work needed to establish the FICZ had to be given precedence over everything else. Great credit is due to my own Chief Executive and Attorney General, the staff of Falkland Islands Department, Mr Peter Derham, Chief Inspector of Fisheries, MAFF, and Dr John Beddington of the Marine Resources Assessment Group without whose combined labours in both London and Stanley the FICZ would have stood no chance of being established on time. The most careful thought needs to be given very soon to the managerial aspects of any successor regime if available staff are not to be seriously overstretched to the detriment of fisheries management and other essential work.

11. The revised Constitution promulgated late in 1985 worked

satisfactorily in practice. At this stage there seems to be no case for significant further amendment although the census figures indicate that, arithmetically, the Camp is over and Stanley under-represented in the Legislative Council. I regret that, with rare exceptions, Councillors' own performances did not live up to the promise which I identified in my Annual Review for 1985. The fault is not entirely theirs. They are drawn from a very small pool of talent. Communications between Stanley and the Camp, and within the Camp itself, are so poor that representatives of the Camp constituency find it difficult to maintain contact with Government House, with those whom they represent or with each other. This is compounded by the narrowness of Councillors' experience of the world at large and a failure to appreciate the time and effort which responsible and effective involvement in public affairs requires. Such factors led to a disappointingly poor quality of debate within the Councils and and related committees especially where domestic issues were involved. Members' contributions on the only external issue of concern to the Islanders - the wish to avoid any change in their constitutional status or, indeed, any form of relationship with an Argentina which continues to claim sovereignty over the Falklands - were of a somewhat higher order perhaps because patriotic feelings were involved. Moreover, the Islanders' arguments have become well honed over many years.

12. A majority of Councillors are to be commended for agreeing to a visit on humanitarian grounds by Sr. Gimenez for the funeral of his son, Lieutenant Gimenez, of the Argentine Air Force, whose remains were found more than four years after the 1982 Conflict. Such agreement represented progress of a kind. Its effect was reduced almost immediately, however, when Councillor Lewis Clifton, who attended the funeral in a personal capacity, was not re-elected to the Executive Council by his colleagues who clearly felt that he had gone further in demonstrating his respect for a former enemy than

/they

they would have wished.

13. The Gimenez visit provided just one example of the extent to which the Falklands remains a topic of interest to the British media. The Islanders themselves have long ceased to regard journalists as glamorous.

14. Civilian/military relationships, still a most important factor in the life of the colony, remained on an even keel. Cooperation at senior levels was good. At lower levels, the picture was clouded occasionally in ways that reflected a number of factors, including the short postings of military personnel who had little time to familiarise themselves with local problems and conditions. Extra effort will need to be made if the present quality of relationships is to be maintained after the completion within the next few weeks of the transfer of remaining military units from Stanley to the Mount Pleasant Complex.

15. The occupation of the new joint civilian/military hospital in Stanley, now expected to take place about June 1987, will call for imaginative and sympathetic partnership at all levels if the interests of patients are not to suffer. A watchful eye will need to be kept on both joint operating and cost sharing arrangements if the more weakly represented Falkland Islands' interests are not to be overwhelmed by the weighty military administration.

16. It was an especial pleasure that Lady Young, Mr Raison and Mr Stanley were able to return to the Islands during the year. I believe their visits were of mutual benefit to Ministers and Islanders alike. Several visits by groups of Parliamentarians enabled them to become better acquainted with the Islanders and their problems, hopes and fears. A delegation from the British Council of Churches, suspected in advance by the local people of being too

/pro-Argentine,

[redacted]ro-Argentine, quickly learned that the Islanders were not in favour [redacted] the Council's thinking on the need for reconciliation with Argentina at the cost of their own self-determination.

South Georgia and the South Sandwich Islands

17. As I am also Commissioner for South Georgia and High Commissioner for the British Antarctic Territory, I have thought it right to include a reference to them in this despatch even though they are no longer dependencies of the Falkland Islands. South Georgia is in a form of limbo. I doubt whether we can count upon the MOD being willing indefinitely to maintain an isolated, relatively expensive and largely defenceless garrison, for which they see no military need. It would be wise to make contingency plans for an alternative means of providing a British presence. The most realistic option would seem to be to invite the British Antarctic Survey to return to Grytviken and to contribute something towards the costs of civilian administration undertaken by the Survey from South Georgia revenues. However, our readiness to defend the islands should be clearly demonstrated, and precautions taken against illegal Argentine landings, by restoring regular visits by the re-fitted HMS Endurance supplemented by regular visits by other RN vessels based in Falkland waters, and by reconnaissance by Hercules aircraft based at Mount Pleasant. I believe the return of the islands to civilian administration would be useful to the British cause internationally although we should need to make it clear to the Argentines that this did not mean any weakening of our sovereignty claim but merely a return to pre-Conflict arrangements.

British Antarctic Territory (BAT)

18. The chief development in relation to the BAT has been our attempt in Stanley, in collaboration with the FCO, to sort out the

/muddle

muddle into which the administration had fallen since the Conflict. Although sovereignty claims in the Antarctic have been frozen by the Antarctic Treaty, it is clearly important to ensure that administrative arrangements for the land mass constituting over 90 per cent of the area of Her Majesty's overseas domains are carried out correctly and punctually, especially in the run-up to the probable review of the Antarctic Treaty from 1991.

19. I am sending copies of this despatch to HM Representatives at Montevideo, Santiago, UKMIS New York and the British Interests Section, Buenos Aires.

I am, Sir,

Yours faithfully,

G W Jewkes

SECRET

CCPC.

CABINET OFFICE,
WHITEHALL, LONDON SW1A 2AS

Chancellor of the Duchy of Lancaster

Tel No: 270 0020
270 0296

14

29 January 1987

The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign and
Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
LONDON
SW1

CDP 29/1

Dear Geoffrey

FALKLANDS FISHERIES: ARGENTINE PROPOSALS

Thank you for the copy of your minute of 26 January to the Prime Minister. I have also seen Mr Powell's letter of 27 January to your private secretary.

I should add that I share the Prime Minister's view that we should not reject the possibility of progress in the direction which, at the time of announcing the FICZ, we advocated. It will of course be best if we do not cause discussions to founder. But I also share the Prime Minister's reservations. In particular, the mechanism of a third party, particularly the United Nations, must present obstacles for us.

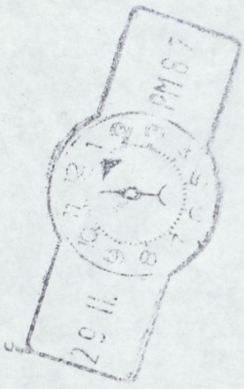
On a point of detail, the precise terminology of the proposed "line for use" seems not fully consistent with the terms of the Argentine "non-paper" in a way that could lead to difficulty. If we refer at each point to "a coordinated arrangement for managing fisheries" we might, for the moment, skirt around the apparent Argentine sensitivities concerning a multilateral regime.

I am sending a copy of this letter to the Prime Minister, Willie Whitelaw, Quintin Hailsham, Nigel Lawson, George Younger, John Biffen, Paul Channon, and to Sir Robert Armstrong.

Yours Norman

NORMAN TEBBIT

Argentina: Relations PT41



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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

27 January 1987

Dear Tony,

FALKLANDS FISHERIES: ARGENTINE PROPOSALS

The Prime Minister has considered the Foreign Secretary's minute of 26 January about the informal proposals on fisheries which have been put to the United States Administration by the Argentine delegation.

Since we have always pressed the Argentines to negotiate on practical issues while putting aside the question of sovereignty, the Prime Minister agrees that we cannot back off now if they prove themselves seriously ready for such negotiations. She is therefore content that we should continue the exchange via the Americans at official level, to find out how serious the Argentines really are. Past experience suggests that under they may well retreat under pressure, especially on the link with sovereignty.

At the same time, the Prime Minister notes a serious flaw in the Argentine proposal, namely the proposed involvement of a third party. It would have to be clear that there would be no question of mediation and that the third party would act only as a channel of communication between the United Kingdom and Argentina and as witness to any agreement reached by them.

The Foreign Secretary suggests that there should be some form of public acknowledgement that informal ideas on fisheries are being looked at by both sides. The Prime Minister would wish to be assured that the Falkland Islanders have first been brought fully into the picture and our very limited aims in these contacts carefully explained to them. I should be grateful if you could let me know that this is the case.

I am copying this letter to Joan MacNaughton (Lord President's Office), Richard Stoate (Lord Chancellor's Office), Alex Allan (H M Treasury), John Howe (Ministry of

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JB

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-2-

Defence), Steven Wood (Lord Privy Seal's Office), Andrew Lansley (Chancellor of the Duchy of Lancaster's Office), Tim Walker (Department of Trade and Industry) and Trevor Woolley (Cabinet Office).

yours sincerely,

Charles Powell

C. D. POWELL

A. C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office.

SECRET

12

PRIME MINISTER

FALKLANDS FISHERIES: ARGENTINE PROPOSALS

The attached note deals with some proposals put forward by the Argentines, through the Americans, for handling fisheries in the South Atlantic.

In essence, the proposals envisage coordinated management of our respective fisheries zones, so as to avoid confrontation. There would not be an agreement as such. But both parties would consult with a third party (e.g. the UN Secretary-General), and agree through him to implement certain regulations. No attempt is made to establish a link with sovereignty.

It is a success for our fisheries policy that the Argentines have felt compelled to make a proposal; and that they are trying to find a way to deal with a practical issue without dragging in sovereignty.

Our own fisheries regime looks set to operate perfectly satisfactorily. So we have no particular need for an agreement with the Argentines, and certainly no need to pay a price for one. On the other hand, we have always pressed the Argentinians to negotiate on practical issues while putting sovereignty aside. We should not back off if they are now seriously ready to do so.

It's quite possible that the Argentines are simply playing games, and will funk it when confronted with decisions. The Foreign Secretary's recommendation that we should continue cautious exploratory discussions through the Americans must be right. But we must do it with our eyes open: and recognise from the beginning that the Argentine proposals have at least one serious flaw, the involvement of a third party.

The Foreign Secretary also wants to agree an announcement with the Argentines which makes clear that indirect discussions are

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going on. This is more difficult, not least because we must first consider what to say to the Falkland Islanders (who are not mentioned in the Foreign Secretary's minute). They must be brought aboard and our limited aims carefully explained to them before there is any public announcement.

Agree the Foreign Secretary's cautious approach, subject to the conditions above?

The UN Sec-General could mediate - he acts as a channel of communication between U.K. & Argentina - and as a witness to an agreement. not reached by the 2 parties.

C.D.P.

(C. D. POWELL)
27 January 1987

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CC/FC 11

PM/87/003

PRIME MINISTER

Falklands Fisheries: Argentine Proposals

1. At the end of December, the Americans told us of informal proposals on fisheries put to them by an Argentine delegation led by the Director General of the Argentine Foreign Ministry. The Argentines told the Americans that any understanding would cover their own waters, the FICZ and waters adjacent to both; that they would operate their bilateral agreements (ie with the Russians and the Bulgarians) in such a way as to avoid confrontation with us; and that they hoped we would manage the FICZ in a low profile way. For the first time since 1982 they sought to establish no linkage with sovereignty.

2. We put some questions to the Americans at official level to probe this Argentine approach. The enclosed text, described as an Argentine non-paper (and therefore deniable in Buenos Aires at this stage), is a further refinement. Colleagues will wish to be aware of this, although at this stage I am proposing only that we should explore these Argentine ideas further. Meanwhile it is important that we should respect the confidentiality of the Argentine approach.

/3.

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3. We cannot be sure whether the Argentine offer is genuine, although the decision to use the Americans as intermediaries may suggest that it is. But it is a welcome response to our invitation (made when announcing the FICZ) to coordinate arrangements for the management of the fishery so as to avoid misunderstandings. The Argentines are now clearly the demandeurs, and they know it. And if we can break the linkage with sovereignty for good, that will be real progress.

4. In responding through the Americans to the Argentine approach, we need to establish certain conditions:

i) our freedom to take action in Falkland waters must not be inhibited;

ii) discussions are strictly limited to fish;

iii) any third party would have to be acceptable to us; and

iv) in the event of breakdown, we need to be able to put the blame squarely on Argentina.

5. I recommend that we should cautiously continue this exchange via Washington, at official level. In this way we can test the ground step by step, and seek to extract from the Argentines greater clarity and greater commitment. The first move would be to welcome the Argentine concern to manage differences at sea, to reciprocate the undertaking to avoid incidents and to express a readiness to explore their ideas further to see if a broader agreement on fisheries might be envisaged. It would then be clear whether sufficient of our conditions had been met to provide a sound basis for managing the dispute over maritime jurisdiction and coordinating

/fisheries

fisheries conservation measures. Only then would we need to consider the possible involvement of a third party (the area of greatest potential difficulty for us).

6. It will do much to help ensure the smooth operation of the FICZ if we can respond before 1 February at least to the Argentine offer to avoid incidents. Given the inaccurate press speculation here, I am also keen to put the present exchanges in context and not to have to evade direct questions in Parliament about them. (There may also be advantage for the Argentines in being seen to have begun an international dialogue on the fisheries question before the FICZ comes into force.) I hope you will agree that we should respond soon, along the cautious lines envisaged above, and should also try to agree with the Argentines the terms of a public acknowledgement that some informal ideas on fisheries are being looked at by both sides.

7. I am copying this minute to the Lord President, Lord Chancellor, Chancellor of the Exchequer, Secretary of State for Defence, Lord Privy Seal, Chancellor of the Duchy of Lancaster and to the Secretary of State for Trade and Industry.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
26 January 1987

TEXT OF ARGENTINE NON-PAPER

Some clarifications should be made concerning the context in which the ideas about which we are being asked have developed.

1. The Argentine Government has not made any formal proposals. It has simply limited itself to offering some ideas based on the Department of State's initiative. These ideas may be further developed thrugh a process of consultations until they constitute an acceptable basis for Argentina and the United Kingdom.

2. Our ideas rest on acknowledging the existence of one limitation and two major problems. The limitation is that no formula that might represent an improvement for the position of one party to the dispute would be acceptable to the other, and vice versa. The two major problems are:

   (a) avoid creating incidents,

   (b) prevent the depredation of resources as a consequence of the coexistence of unrelated administrative regimes regulating the same ecological area.

3. Consequently, a regime must be found that is viable (ie. that avoids the limitation) and useful (ie. that solves the problem).

4. Just as humanitarian law is applied in conflicts in order to limit their negative effects, a regime can be found to limit the negative effects of the dispute, undesirable for both parties. In this case, incidents and depredation of resources. Such a regime would apply as long as the dispute lasts, except, as mentioned above, for the limitations of either party. Note that the mechanism differs with respect to possible multilateral arrangements. In our view, the parties, advised by a third party, for example the Secretary-General of the United Nations, would agree before that third party to certain regulations, not as contracting parties to an agreement but rather as parties that are engaged in a dispute and with the sole purpose of limiting its negative effects.

/Consequently

Consequently, and with respect to the questions raised:

(i) the FAO study can serve as background for the Group of Experts, who can use it for their recommendations;

(ii) the third party agreed upon the basis for the recommendations by the Group of Experts would submit a package of proposals to the parties which, if they accept them, would undertake to apply them. This would bring about a coordinated regime that would be applicable to third flags.

3. The ideas advanced in Washington do not include any type of multilateral regime. The coordinated regime would be a consequence of the third party's proposal and the commitment of the two parties to the dispute to apply it to third flags. Finally, we should like to make it clear that the path as we have outlined is the one we consider to be appropriate for the limitation and the problems. Nevertheless, any other mechanism that does not violate that limitation and might help to solve the problems can be explored.

LINE FOR USE

Given our interest in more normal relations with Argentina, we have in the course of our contacts with the Americans and other friendly countries, frequent exchanges about many aspects of our relationship with Argentina, including fisheries. However, contrary to recent reports there are no talks with Argentina. Argentine Government spokesmen have now been quoted as expressing an interest in a multilateral arrangement for managing fisheries . This has always been our preference and our concern remains to achieve conservation goals and relieve tension; indeed, when we announced the establishment of the FICZ we once again made clear our desire for a multilateral arrangement for coordinating management of the fisheries, if need be on a regional basis.

26. II.
PM 3 7

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

16 January 1987

Dear Charles

CDP 16/1

Relations with Argentina: Falklands Fisheries

You asked to see some details of the proposals for cooperation on fisheries recently made by the Argentines.

The background is that a delegation led by the Director-General of the Argentine Foreign Ministry, Garcia del Solar, went to Washington in late December to give the Argentine response to an American suggestion that the Convention for the Conservation of Antarctic Marine Living Resources (CCAMLR) should be adapted to cover waters in the South West Atlantic. That American idea of adapting CCAMLR was a non-starter - although Article IV / (copy enclosed) does show how a sovereignty dispute need not preclude a multilateral cooperation agreement.

The Argentines then put forward via the Americans some ideas of their own. We have explored these in contacts / with US officials. I enclose Washington telnos 3212, 3213, 38 and 39 and FCO telno 2241, which give the details.

FCO Ministers are giving careful thought to how we should respond to these new developments.

Yours ever

Robin Culshaw

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

CONFIDENTIAL

EXTRACT FROM THE CONVENTION ON THE CONSERVATION OF ANTARCTIC MARINE LIVING RESOURCES.

ARTICLE IV

1. With respect to the Antarctic Treaty area, all Contracting Parties, whether or not they are Parties to the Antarctic Treaty, are bound by Articles IV and VI of the Antarctic Treaty in their relations with each other.

2. Nothing in this Convention and no acts or activities taking place while the present Convention is in force shall:

(*a*) constitute a basis for asserting, supporting or denying a claim to territorial sovereignty in the Antarctic Treaty area or create any rights of sovereignty in the Antarctic Treaty area;

(*b*) be interpreted as a renunciation or diminution by any Contracting Party of, or as prejudicing, any right or claim or basis of claim to exercise coastal state jurisdiction under international law within the area to which this Convention applies;

(*c*) be interpreted as prejudicing the position of any Contracting Party as regards its recognition or non-recognition of any such right, claim or basis of claim;

(*d*) affect the provision of Article IV, paragraph 2, of the Antarctic Treaty that no new claim, or enlargement of an existing claim, to territorial sovereignty in Antarctica shall be asserted while the Antarctic Treaty is in force.

ARTICLE V

1. The Contracting Parties which are not Parties to the Antarctic Treaty acknowledge the special obligations and responsibilities of the Antarctic Treaty Consultative Parties for the protection and preservation of the environment of the Antarctic Treaty area.

2. The Contracting Parties which are not Parties to the Antarctic Treaty agree that, in their activities in the Antarctic Treaty area, they will observe as and when appropriate the Agreed Measures for the Conservation of Antarctic Fauna and Flora and such other measures as have been recommended by the Antarctic Treaty Consultative Parties in fulfilment of their responsibility for the protection of the Antarctic environment from all forms of harmful human interference.

3. For the purposes of this Convention, " Antarctic Treaty Consultative Parties " means the Contracting Parties to the Antarctic Treaty whose Representatives participate in meetings under Article IX of the Antarctic Treaty.

ARTICLE VI

Nothing in this Convention shall derogate from the rights and obligations of Contracting Parties under the International Convention for the Regulation of Whaling(3) and the Convention for the Conservation of Antarctic Seals.

ARTICLE VII

1. The Contracting Parties hereby establish and agree to maintain the Commission for the Conservation of Antarctic Marine Living Resources (hereinafter referred to as " the Commission ").

(3) Treaty Series No. 5 (1949), Cmd. 7604 as amended by Treaty Series No. 68 (1959), Cmnd. 849.

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FM WASHINGTON
TO IMMEDIATE FCO
TELNO 3213
OF 241848Z DECEMBER 86

MIPT: FALKLANDS FISHERIES
TEXT OF NON-PAPER
GROUP OF EXPERTS

1. THE GROUP OF EXPERTS WILL BE COMPOSED OF THREE EXPERTS IN CONSERVATION AND MANAGEMENT OF FISHERIES. THEY WILL BE INDIVIDUALS OF DIFFERENT NATIONALITIES, CHOSEN AFTER THEIR PERSONAL COMPETENCE AND WILL PERFORM THEIR DUTIES IN AN INDEPENDENT MANNER.

2. THE EXPERTS WILL BE APPOINTED BY THE SECRETARY GENERAL OF THE UNITED NATIONS AND THEIR NAMES WILL BE PREVIOUSLY APPROVED BY THE TWO PARTIES CONCERNED, ARGENTINA AND THE UNITED KINGDOM.

3. THE GROUP OF EXPERTS WILL HAVE THE MANDATE TO STUDY THE STOCKS OF FISHES AND THEIR EVENTUAL EVOLUTION, IN RELATION WITH FISHING ACTIVITIES, WITH THE VIEW TO THE CONSERVATION OF THE SPECIES AND THEIR RATIONAL EXPLOITATION AND THE PRESERVATION OF THE MARINE ENVIRONMENT.
THE GROUP WILL PROPOSE A SYSTEM OF CONSERVATION AND MANAGEMENT, INCLUDING AN INSTITUTIONAL STRUCTURE FOR TAKING MANAGEMENT DECISIONS AND THEIR ENFORCEMENT.

4. THE MANDATE OF THE GROUP OF EXPERTS WILL BE SUBMITTED TO THE TWO PARTIES CONCERNED, FOR THEIR APPROVAL, BY THE SECRETARY GENERAL OF THE UNITED NATIONS.

5. THE GROUP OF EXPERTS WILL SUPPORT ITS STUDIES ON STATISTICAL AND SCIENTIFIC DATA AND OTHER INFORMATION PROVIDED BY THE PARTIES CONCERNED, BY THE FISHERMEN AND BY FAO.

6. THE SECRETARY GENERAL OF THE UNITED NATIONS WILL SUBMIT TO THE TWO PARTIES CONCERNED, FOR THEIR ADOPTION, THE SYSTEM OF CONSERVATION AND MANAGEMENT PROPOSED BY THE GROUP OF EXPERTS IN ACCORDANCE WITH 3. ABOVE.

7. IT IS HIGHLY DESIRABLE THAT ONCE THE CONSTITUTION OF THE GROUP OF EXPERTS IS AGREED UPON BY THE TWO PARTIES CONCERNED, IT WILL BE READILY APPOINTED AND WILL START ITS WORK AS SOON AS POSSIBLE.

8. FROM THE MOMENT THAT THE GROUP OF EXPERTS STARTS ITS WORK, THE TWO PARTIES CONCERNED WILL EXERT RESTRAINT IN THE AREA IN ORDER TO PREVENT UNDUE TENSIONS TO DEVELOP.

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FALKLAND ISLANDS -FISHERIES

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YR TELNOS 3212 AND 3213: FALKLANDS FISHERIES

1. WE ARE GLAD THE ARGENTINES HAVE EFFECTIVELY RULED OUT CCAMLR AS A SUITABLE VEHICLE FOR A MULTILATERAL SOLUTION TO THE FISHERIES PROBLEM IN THE SOUTH WEST ATLANTIC. THE AMERICANS ARE AWARE THAT WE TOO HAD DOUBTS BUT IT IS USEFUL FOR OUR RELATIONS WITH THE US ON FALKLANDS - RELATED MATTERS THAT THE ARGENTINES SHOULD PLAY THE LEAD ROLE IN SCUPPERING AN AMERICAN-INSPIRED PROPOSAL.

2. ON THE OTHER HAND, THE ARGENTINE COUNTER-PROPOSAL, WHICH APPEARS TO HAVE THE TACIT SUPPORT OF NEGROPONTE AND GELBARD, IS SCARCELY MORE TO OUR LIKING. WE SEE NO REASON WHY A GROUP OF EXPERTS SHOULD BE SET UP IN LARGE PART TO DUPLICATE THE WORK ALREADY DONE BY THE FAO, ITSELF A UN AGENCY AND ONE WITH THE DIRECT TECHNICAL COMPETENCE TO TACKLE FISHERY ISSUES. NOR WOULD WE SEE IT AS THE DUTY OF FISHERIES EXPERTS TO DRAW UP ARRANGEMENTS FOR A CONSERVATION AND MANAGEMENT REGIME THAT WOULD NEED TO TAKE ACCOUNT OF THE COMPETING AND SOMETIMES CONFLICTING CLAIMS OF THE UK, ARGENTINA, THE OTHER COASTAL STATES WITH AN INTEREST IN THE FISHERIES, AND THE FISHING

NATIONS. IF, AS APPEARS TO BE THE CASE, THE EXPERTS ARE OBLIGED ONLY TO CONSULT THE GOVERNMENTS OF THE UK AND ARGENTINA, THE PROPOSAL OFFERS NEITHER A MULTILATERAL SOLUTION NOR IS IT LIKELY TO BE GENERALLY ACCEPTED. EVEN ASSUMING THESE HURDLES CAN BE OVERCOME, WE MIGHT ULTIMATELY FIND OURSELVES IN A POSITION WHERE WE HAD TO REFUSE ARRANGEMENTS ENDORSED BY THE UN SECRETARY-GENERAL.

3. THESE ARE ONLY A FEW OF THE PROBLEMS WE HAVE WITH THE ARGENTINE PROPOSAL. WE CONSIDER THE ARGENTINES THEMSELVES WOULD FACE SIMILAR IF NOT GREATER DIFFICULTIES IN ALLOWING AN INDEPENDENT INTERNATIONAL BODY TO PRESCRIBE ON MATTERS AFFECTING WATERS WHICH THEY CLAIM AS THEIRS. IT IS THIS WHICH LEADS US TO QUESTION WHETHER THE ARGENTINE INITIATIVE IS SOUND. EVEN IF NOT INTENDED AS A PROPAGANDA PLOY, THE PROPOSAL READS LIKE A HASTILY-DRAFTED RESPONSE TO OUR CRITICISMS OF ARGENTINA'S FAILURE TO SUPPORT A MULTILATERAL SOLUTION. ALTHOUGH THE ARGENTINES HAVE APPARENTLY RECOGNISED THAT THEY CANNOT NOW PREVENT THE INTRODUCTION OF THE FICZ, THEY MAY STILL HOPE THAT THIS INITIATIVE WILL LEAD TO THE EARLY DISMANTLING OF OUR ZONE WITHOUT TOO MUCH COST TO ARGENTINA'S PRESENT POLICY ON FISHERIES OR THE FALKLANDS.

4. THAT SAID, WE DO NOT WANT TO ALLOW THE ARGENTINES FREE CREDIT WITH THE AMERICANS BY REJECTING THE PROPOSAL OUT OF HAND. MOREOVER, EVEN THOUGH THERE MAY BE LITTLE PROSPECT OF AN AGREEMENT ON FISHERIES, IT WOULD BE USEFUL TO DRAW THEM OUT ON THEIR PROPOSAL IN OTHER AREAS. ALTHOUGH THE EXCHANGE IN YOUR FIRST TUR PARA 5(III) HAS BEEN SUGGESTED BY THE ARGENTINES BEFORE, IT HAS ALWAYS BEEN CONDITIONAL ON NEGOTIATIONS ON SOVEREIGNTY. THERE IS NO MENTION OF SOVEREIGNTY IN THE PRESENT PROPOSAL. IT WOULD INDEED BE WELCOME IF WE COULD BREAK THIS LINKAGE.

5. AGAINST THIS BACKGROUND, WE WOULD WISH YOU TO TAKE THE FOLLOWING LINE IN REPLYING TO THE AMERICANS.

(I) IN VIEW OF ARGENTINE OBJECTIONS, WE ASSUME THE AMERICANS HAVE ABANDONED THEIR PROPOSAL FOR A MULTILATERAL SOLUTION ON CCAMLR LINES.

(II) IT IS ENCOURAGING THAT THE ARGENTINES HAVE AT LAST RESPONDED TO THE SEVERAL PROPOSALS WE AND OTHERS HAVE MADE IN TRYING TO ESTABLISH A FRAMEWORK FOR MULTILATERAL ARRANGEMENTS. WE REMAIN READY TO WORK FOR A FAIR AND PRACTICABLE MULTILATERAL REGIME.

(III) UNFORTUNATELY, THE ARGENTINE PROPOSAL APPEARS TO BE DEFECTIVE IN A NUMBER OF IMPORTANT RESPECTS EG.

(A) WHY IS THERE A NEED FOR A STUDY BY A GROUP OF UN- APPOINTED EXPERTS WHEN AN EXISTING UN AGENCY, THE FAO, IS DUE TO COMPLETE ITS REPORT ON THE FISHERIES IN THE NEXT FEW MONTHS AFTER CLOSE ON TWO YEARS RESEARCH?

(B) THE PROPOSAL APPEARS ONLY TO CALL FOR THE GOVERNMENTS OF THE UK AND ARGENTINA TO APPROVE THE CONSERVATION AND MANAGEMENT ARRANGEMENTS. SURELY THIS WILL PROVE UNACCEPTABLE TO OTHER INTERESTED PARTIES?

(C) THE PROPOSAL GIVES NO INDICATION OF THE SORT OF MULTILATERAL ARRANGEMENTS THAT WOULD BE ACCEPTABLE TO THE ARGENTINE GOVERNMENT. THERE IS NO POINT IN GOING DOWN THIS ROAD IF ARGENTINA, WHICH HAS SHUNNED PREVIOUS PROPOSALS, ULTIMATELY FINDS ITSELF UNWILLING TO AGREE TO THE RECOMMENDATIONS.

WE WOULD BE GRATEFUL FOR ANSWERS TO THESE POINTS AND FOR ANY FURTHER CLARIFICATION THE ARGENTINES ARE PREPARED TO OFFER.

(IV) WE WELCOME THE INDICATIONS THAT ARGENTINA IS KEEN TO REDUCE TENSION. IN THE PAST THE ARGENTINE GOVERNMENT HAVE ALWAYS MADE PROGRESS TOWARDS MORE NORMAL RELATIONS CONDITIONAL ON NEGOTIATIONS ON SOVEREIGNTY. ARE THEY NOW READY TO RESPOND TO OUR INITIATIVES EG. ON TRADE, AIR SERVICES AGREEMENTS AND NEXT OF KIN VISITS?

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TELNO 38
OF 190105Z JANUARY 87
INFO ROUTINE UKMIS NEW YORK, MONTEVIDEO

FCO TELNO 19 (NOT TO ALL): FALKLANDS FISHERIES

SUMMARY

1. NEW ARGENTINE NON-PAPER ON FALKLANDS FISHERIES. AMERICANS SEE ARGENTINE THINKING EVOLVING IN A HELPFUL WAY AND HOPE THAT WE WILL BE ABLE TO ENCOURAGE IT FURTHER.

DETAIL

2. GILLMORE DISCUSSED FALKLANDS FISHERIES WITH GELBARD AND SCULLY ON 9 JANUARY. THE AMERICANS HANDED OVER AN ARGENTINE RESPONSE (TEXT IN MIFT) TO THE QUESTIONS THEY HAD PUT ON OUR BEHALF (FCO TELNO 2241). THEY ATTRIBUTED THIS NON-PAPER TO SABATO.

3. COMMENTING ON THE ARGENTINE TEXT, GELBARD ARGUED THAT ARGENTINE THINKING WAS EVOLVING POSITIVELY. THERE WERE NOW NO PRE-CONDITIONS, NO REFERENCES TO SOVEREIGNTY AND NO OVERT LINKAGE OF THE FISHERIES ISSUE WITH WIDER PROBLEMS (ALTHOUGH THE ARGENTINES HAD CLEARLY NOT LOST SIGHT OF THE FIPZ/CESSATION OF HOSTILITIES EQUATION). THE ARGENTINES ALSO STILL APPEARED RESIGNED TO THE INTRODUCTION OF THE FICZ FROM 1 FEBRUARY, AND WERE INSTEAD KEEN TO SEE THAT ITS IMPLEMENTATION POSED AS FEW TENSIONS AS POSSIBLE. IN SHORT, THE ARGENTINES SEEMED INTERESTED IN FINDING A PRAGMATIC WAY OF MANAGING A DIFFICULT PROBLEM.

4. GILLMORE SAID THAT WE WOULD STUDY THE NEW ARGENTINE PAPER VERY CAREFULLY. BUT IN THE LIGHT OF THE BERNE EXPERIENCE, WE WOULD BE BOUND TO PROCEED WITH CAUTION. THE WORST OUTCOME WOULD SURELY BE TO PROCEED SOME WAY DOWN THIS PATH ONLY TO FIND THAT UK AND ARGENTINE OBJECTIVES WERE IN FACT IRRECONCILABLE.

5. GELBARD SAID THAT THE US AMBASSADOR IN BUENOS AIRES HAD JUST REPORTED A DISCUSSION WITH A SENIOR ARGENTINE (UNIDENTIFIED), WHO HAD HIMSELF REGRETTED THE BERNE FIASCO AND HAD GONE ON TO INDICATE THAT ALFONSIN WAS READY TO TRY TO DETACH THE FISHERIES QUESTION FROM THE SOVEREIGNTY ISSUE. GELBARD SUGGESTED THAT THE APPROACH NOW ADVOCATED BY THE ARGENTINES SEEMED IMPLICITLY TO ACCEPT THE UK AS A COASTAL STATE, TO OFFER THE PROSPECT OF SOME MOVEMENT TOWARDS THE NORMALISATION OF BILATERAL RELATIONS, AND TO ADDRESS THE QUESTION OF FISHERIES CONSERVATION. THERE THEREFORE SEEMED TO BE A STRONG CASE FOR NOT REJECTING IT OUT OF HAND.

6. GILLMORE REPEATED THAT THE PAPER WOULD RECEIVE CLOSE CONSIDERATION. ONE ASPECT WHICH MIGHT GIVE US PAUSE WAS THE ROLE OF THE UN SECRETARY-GENERAL: WHY WERE THE ARGENTINES SO ATTRACTED BY THIS? GELBARD IMAGINED THAT THE SECRETARY-GENERAL'S INVOLVEMENT COULD OFFER ALFONSIN SOME VALUABLE POLITICAL COVER.

BUT THE PROPOSED GROUP OF EXPERTS WOULD OF COURSE DO THE REAL WORK - AND THE ARGENTINES WERE PROBABLY NOT WEDDED TO THE SECRETARY-GENERAL IF ANOTHER CHANNEL COULD BE FOUND. GILLMORE ADDED THAT THE ARGENTINE PAPER STILL DID NOT SEEM TO ANSWER THE CENTRAL QUESTION ABOUT EVENTUAL MULTILATERAL ARRANGEMENTS. SCULLY AGREED THAT ARGENTINE THINKING ON THIS WAS NOT CLEAR. THEY HAD EVIDENTLY FEARED THAT THE FAO OR CCAMLR APPROACHES WOULD HAVE DILUTED THE RIGHTS OF COASTAL STATES. THEY PRESUMABLY SAW THEIR APPROACH AS REDRESSING THE BALANCE. COULD THIS BE RECONCILED WITH THE UK'S COMMITMENT TO A MULTI-LATERAL MECHANISM?

7. IT WAS AGREED THAT, BEFORE PROCEEDING TOO MUCH FURTHER, IT WOULD BE IMPORTANT TO ESTABLISH WITH MORE CLARITY WHAT PRACTICAL OUTCOMES BOTH PARTIES WERE SEEKING. GILBARD WARNED AGAINST PRESSING THE ARGENTINES TOO HARD AT THIS FORMATIVE STAGE IN THEIR THINKING TO COME UP WITH DEFINITIVE ANSWERS. GILLMORE AGREED THAT IT WOULD BE HELPFUL IF THE UK COULD AT LEAST EXPLORE MORE CLOSELY WHAT WOULD HAVE BEEN AN ACCEPTABLE OUTCOME UNDER THE FAO APPROACH: IT WOULD THEN BE EASIER TO SEE WHETHER THE CURRENT TRACK OFFERED ANY PROSPECT OF SATISFYING ORIGINAL UK OBJECTIVES. GILLMORE ALSO AGREED THAT IT WOULD BE HELPFUL IF SCULLY WAS TO DISCUSS DETAILED FISHERIES ISSUES WITH THE APPROPRIATE UK EXPERTS.

8. GILBARD ADDED THAT THE LONDON CORRESPONDENCE OF CLARIN HAD CLAIMED THAT ACCORDING TO BRITISH SOURCES THE AMERICANS WERE MEDIATING ON THIS ISSUE. THAT WAS NOT THE US INTENTION, AS THE AMERICANS WOULD BE MAKING CLEAR IN PUBLIC.

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TELNO 3212
OF 241844Z DECEMBER 86

FALKLANDS FISHERIES
SUMMARY
1 NEW ARGENTINE IDEAS FOR MANAGEMENT OF THE SW ATLANTIC FISHERY PUT TO THE US FOR TRANSMISSION TO THE UK. TO BE BASED ON PROPOSALS FROM A GROUP OF EXPERTS REPORTING TO THE SECRETARY GENERAL OF THE UN, THE LATTER ACTING IN A PERSONAL CAPACITY.
DETAIL
2 NEGROPONTE (ASSISTANT SECRETARY FOR OCEANS AND THE ENVIRONMENT IN THE STATE DEPARTMENT) ASKED MINISTER TO CALL TODAY TO CONVEY TO HIM SOME NEW IDEAS FOR THE MANAGEMENT OF THE SW ATLANTIC FISHERY WHICH HAD BEEN PUT TO THE US BY A TEAM OF ARGENTINE OFFICIALS THAT HAD VISITED WASHINGTON THIS WEEK FOR THIS PURPOSE. THE TEAM HAD BEEN LED BY GARCIA DEL SOLAR, THE DIRECTOR GENERAL OF THE ARGENTINE FOREIGN MINISTRY.
3... NEGROPONTE SAID THAT THE ARGENTINIANS HAD FIRST MADE CLEAR THEIR STRONG RESERVATIONS ABOUT USING CCAMLR AS A VEHICLE FOR A MULTILATERAL SOLUTION. THEY MENTIONED THE LACK OF CCAMLR MANAGEMENT COMPETENCE FOR THE AREAS CONCERNED, MEMBERSHIP OF CCAMLR BY COUNTRIES NOT INVOLVED IN FISHERIES IN THE AREA, AND THE JURIDICAL IMPLICATIONS OF THE CCAMLR MODEL. THEIR CONCLUSION WAS THAT THE APPROACH WAS QUOTE POLITICALLY UNACCEPTABLE UNQUOTE.
4 THE ARGENTINIANS THEN PUT FORWARD AN ALTERNATIVE APPROACH WHICH WOULD INVOLVE THE USE OF THE GOOD OFFICES OF THE UN SECRETARY GENERAL. THE SECRETARY GENERAL WOULD BE INVITED TO APPOINT A GROUP OF EXPERTS TO ACT UNDER HIS AUSPICES TO MAKE RECOMMENDATIONS TO HIM ON A SYSTEM TO REGULATE FISHING ACTIVITIES IN THE AREA. THE SECRETARY GENERAL WOULD CONVEY THE RECOMMENDATIONS TO ARGENTINA AND THE UK FOR IMPLEMENTATION. FURTHER DETAILS OF THE SCHEME WERE ELICITED FROM THE ARGENTINIANS AS A RESULT OF QUESTIONING BY THE US, AND ARE CONTAINED IN THE TEXT OF MIFT, WHICH WAS HANDED TO MINISTER AS A NON-PAPER.
5 IN RESPONSE TO QUESTIONS BY JENKINS, NEGROPONTE ADDED THE FOLLOWING POINTS:
(I) THE ARGENTINIANS HAD MADE CLEAR THAT THE AREA TO BE CONSIDERED WAS NOT JUST THE FICZ BUT THEIR OWN WATERS AND WATERS ADJACENT TO THOSE CLAIMED BY EACH SIDE
(II) THE ARGENTINIANS WERE NOT CALLING FOR THE SUSPENSION OF THE FICZ AND PRIVATELY ACCEPTED THAT THE UK MEASURES WOULD COME INTO OPERATION AS FROM 1 FEBRUARY. THEY HOPED HOWEVER THAT THE UK WOULD MANAGE THE FICZ IN A LOW PROFILE WAY IN ORDER TO AVOID PROVOKING UNDUE TENSION WITHIN ARGENTINA. WHEN PRESSED, THEY WERE NOT SPECIFIC AS TO WHAT THEY MEANT BY THIS

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BUT VOLUNTEERED THAT THEY WOULD OPERATE THEIR OWN BILATERAL AGREEMENTS IN A WAY WHICH AVOIDED ANY CONFRONTATION WITH THE UK OVER THE FICZ

(III) THE ARGENTINIANS EXPRESSED AN INTEREST IN FINDING OTHER WAYS IN PARALLEL TO REDUCE TENSION BETWEEN THE UK AND ARGENTINA. THEY MENTIONED THE POSSIBILITY OF AN ARGENTINE DECLARATION OF A CESSATION OF HOSTILITIES IN EXCHANGE FOR THE ABOLITION OF THE EXCLUSION ZONE OR FOR SOME VARIANT OF THIS IF ABOLITION WAS UNACCEPTABLE. THEY EMPHASISED HOWEVER THAT SUCH IDEAS DID NOT CONSTITUTE A PRE-CONDITION FOR THE PROPOSALS THEY WERE NOW MAKING.

(IV) THE ARGENTINIANS HAD NOT CLARIFIED THEIR THINKING FURTHER ABOUT WHO WOULD MANAGE THE SYSTEM OF CONSERVATION. THEY HAD NOT GONE BEYOND SAYING THAT THIS WOULD BE FOR THE EXPERTS TO RECOMMEND.

6 GELBARD (DEPUTY TO ABRAMS), WHO WAS ALSO PRESENT, EMPHASISED THAT CAPUTO WAS CLOSELY INVOLVED IN THE IDEAS PUT FORWARD BY THE ARGENTINIANS. CAPUTO HAD PRESSED FOR A VISIT TO BUENOS AIRES BY US OFFICIALS THIS WEEK. WHEN THIS HAD NOT PROVED POSSIBLE FOR THE US SIDE HE HAD RESPONDED BY SENDING GARCIA. THE ARGENTINE TEAM HAD CONSTANTLY CONSULTED CAPUTO BY TELEPHONE DURING THEIR TALKS IN WASHINGTON. GELBARD ADDED THAT THE ARGENTINIANS STRESSED THEIR WISH TO KEEP BOTH THE FACT OF THEIR CURRENT APPROACH AND ITS CONTENT STRICTLY CONFIDENTIAL TO THE US AND OURSELVES AT THIS STAGE.

7 NEGROPONTE RECOGNISED THAT WE MIGHT NOT BE IN A POSITION TO MAKE A VERY EARLY REACTION TO THE ARGENTINE IDEAS. BOTH HE AND GELBARD HOPED THAT WE WOULD STUDY THEM CAREFULLY. THEY BELIEVED THAT THE ARGENTINE APPROACH WAS SERIOUS AND NOT PROPAGANDISTIC. NEGROPONTE RECOGNISED THAT WE MIGHT FIRST WISH TO RAISE SOME FURTHER QUESTIONS ABOUT THE SUBSTANCE OF WHAT WAS BEING SUGGESTED. HE AND HIS DEPARTMENT WOULD BE HAPPY TO RESPOND TO THIS. HE WOULD BE GRATEFUL TO KNOW BY THE END OF NEXT WEEK HOW WE WOULD WISH TO PROCEED.

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MIPT: FALKLANDS FISHERIES

1. FOLLOWING IS TEXT OF ARGENTINE NON-PAPER:

QUOTE SOME CLARIFICATIONS SHOULD BE MADE CONCERNING THE CONTEXT IN WHICH THE IDEAS ABOUT WHICH WE ARE BEING ASKED HAVE DEVELOPED.

1. THE ARGENTINE GOVERNMENT HAS NOT MADE ANY FORMAL PROPOSALS. IT HAS SIMPLY LIMITED ITSELF TO OFFERING SOME IDEAS BASED ON THE DEPARTMENT OF STATE'S INITIATIVE. THESE IDEAS MAY BE FURTHER DEVELOPED THROUGH A PROCESS OF CONSULTATIONS UNTIL THEY CONSTITUTE AN ACCEPTABLE BASIS FOR ARGENTINA AND THE UNITED KINGDOM.

2. OUR IDEAS REST ON ACKNOWLEDGING THE EXISTENCE OF ONE LIMITATION AND TWO MAJOR PROBLEMS.

THE LIMITATION IS THAT NO FORMULA THAT MIGHT REPRESENT AN IMPROVEMENT FOR THE POSITION OF ONE PARTY TO THE DISPUTE WOULD BE ACCEPTABLE TO THE OTHER, AND VICE VERSA.

THE TWO MAJOR PROBLEMS ARE TO:

(A) AVOID CREATING INCIDENTS,

(B) PREVENT THE DEPREDATION OF RESOURCES AS A CONSEQUENCE OF THE COEXISTENCE OF UNRELATED ADMINISTRATIVE REGIMES REGULATING THE SAME ECOLOGICAL AREA.

3. CONSEQUENTLY, A REGIME MUST BE FOUND THAT IS VIABLE (IE. THAT AVOIDS THE LIMITATION) AND USEFUL (IE. THAT SOLVES THE PROBLEM).

4. JUST AS HUMANITARIAN LAW IS APPLIED IN CONFLICTS IN ORDER TO LIMIT THEIR NEGATIVE EFFECTS, A REGIME AAN BE FOUND TO LIMIT THE NEGATIVE EFFECTS OF THE DISPUTE, UNDESIRABLE FOR BOTH PARTIES. IN THIS CASE, INCIDENTS AND DEPREDATION OF RESOURCES.

SUCH A REGIME WOULD APPLY AS LONG AS THE DISPUTE LASTS, EXCEPT, AS MENTIONED ABOVE, FOR THE LIMITATIONS OF EITHER PARTY.

NOTE THAT THE MECHANISM DIFFERS WITH RESPECT TO POSSIBLE MULTILATERAL ARRANGEMENTS. IN OUR VIEW, THE PARTIES, ADVISED BY A THIRD PARTY, FOR EXAMPLE THE SECRETARY GENERAL OF THE UNITED NATIONS, WOULD AGREE BEFORE THAT THIRD PARTY TO CERTAIN REGULATIONS, NOT AS CONTRACTING PARTIES TO AN AGREEMENT BUT RATHER AS PARTIES THAT ARE ENGAGED IN A DISPUTE AND WITH THE SOLE PURPOSE OF LIMITING ITS NEGATIVE EFFECTS.

CONSEQUENTLY, AND WITH RESPECT TO THE QUESTIONS RAISED:

1. THE FAO STUDY CAN SERVE AS BACKGROUND FOR THE GROUP OF EXPERTS, WHO CAN USE IT FOR THEIR RECOMMENDATIONS.

2. THE THIRD PARTY AGREED UPON THE BASIS OF THE RECOMMENDATIONS BY THE GROUP OF EXPERTS WOULD SUBMIT A PACKAGE OF PROPOSALS TO /THE

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THE PARTIES WHICH, IF THEY ACCEPT THEM, WOULD UNDERTAKE TO APPLY THEM. THIS WOULD BRING ABOUT A COORDINATED REGIME THAT WOULD BE APPLICABLE TO THIRD FLAGS.

3. THE IDEAS ADVANCED IN WASHINGTON DO NOT INCLUDE ANY TYPE OF MULTILATERAL REGIME.

THE COORDINATED REGIME WOULD BE A CONSEQUENCE OF THE THIRD PARTY'S PROPOSAL AND THE COMMITMENT OF THE TWO PARTIES TO THE DISPUTE TO APPLY IT TO THIRD FLAGS.

FINALLY, WE SHOULD LIKE TO MAKE IT CLEAR THAT THE PATH WE HAVE OUTLINED IS THE ONE WE CONSIDER TO BE APPROPRIATE FOR THE LIMITATION AND THE PROBLEMS. NEVERTHELESS, ANY OTHER MECHANISM THAT DOES NOT VIOLATE THAT LIMITATION AND MIGHT HELP TO SOLVE THE PROBLEMS CAN BE EXPLORED.

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MR GREGG MAFF
CAPT. FINNIGAN, CABINET OFFICE

Rick Rhoton (4)
You may like to glance at the summary CDP 12/3

FOREIGN AND COMMONWEALTH OFFICE
FALKLAND ISLANDS DEPARTMENT
AFA 014/4

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14 JANUARY 1987

ARGENTINA: ANNUAL REVIEW FOR 1986

THE HEAD OF BRITISH INTERESTS SECTION AT BUENOS AIRES TO THE SECRETARY OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS

SUMMARY

1. Present government has lasted longer than any other democratic administration since 1961. However, Parliament remains weak. Elections in 1987 (paragraphs 1-3).

2. Military morale is low and a coup d'etat is unlikely. FICZ resented and offers some risks. Multilateral control remains best solution (paras 4, 5).

3. Economy suffers from stagflation and Austral Plan controls will continue. Foreign debt increasing (paragraphs 6-8).

4. UK exports still banned. Visa traffic more than doubles to 35,000 (paras 9, 10).

5. Fishing controls worsen relations. We should abolish our other restrictions and put blame for present impasse more publicly on Argentina. Talks on sovereignty still sought but discussion of other subjects now more likely (paragraphs 11-14).

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1425 BUENOS AIRES.
Dr. Luis Agote 2412
~~Casilla de Correo 2050~~
Tel. ~~824 - 7071/79 -~~ 803 7070

14 January 1987

Ref.:

The Rt Hon Sir Geoffrey Howe QC MP
Foreign and Commonwealth Office
London

Sir

ANNUAL REVIEW FOR 1986

By the end of 1986 the Argentine government had reached the half way point in its 6 year term of office. This is longer than any democratically elected government of Argentina since 1961. It is due both to the President's continuing popularity and to the electorate's rejection of extremist alternatives, military or civilian.

2. During 1986 there were many changes in President Alfonsin's Cabinet as he replaced old Radical Party cronies with young and able, if politically colourless, technocrats. However, the government's legislative programme proved ineffective due to indifference and indiscipline in the House of Representatives and the Peronist majority in the Senate. Parliament in Argentina remains a weak and ineffective instrument of democracy. Real power lies with the President, but it is manifested more through decree than debate.

3. The President's proposal to move the Federal Capital 400 miles south to Viedma, to stimulate decentralisation and the economic

/development

development of Patagonia, came as a surprise. However, the plan is controversial and seems unlikely to be implemented for many years. Proposals for constitutional reform in 1987, which would create the post of Prime Minister and allow Presidents to serve two continuous terms of office, face an uphill battle in Parliament. If successful they could allow President Alfonsin to continue in power until well into the next decade, thus promoting a safe and popular consolidation of democracy in Argentina. However, much will depend on the result of the November 1987 elections to appoint governors, provincial legislators and half of the House of Representatives. These will either demonstrate continuing Radical Party support or signal the possibility of a Peronist victory in 1989. Inevitably they will dominate political activity in the second half of 1987, to the detriment of effective legislation and government. They will also limit the government's room for manoeuvre on problems such as the Falklands.

4. The government's relationship with the armed forces has improved under the new Defence Minister Jaunarena, who is a moderate and pragmatic Radical. However, the services continue to suffer from poor morale due to low pay, reduced budgets and inadequate equipment. Their dissatisfaction about the threat of human rights trials finally persuaded the government to pass legislation which placed a 60 day time limit on future charges against military personnel. Nevertheless, some hundreds of cases remain to be decided and the judiciary has so far shown a healthy independence on the subject. The relationship between

/the

the government and the military is gradually improving. Present conditions do not favour a coup d'etat. However, one should never underestimate the virulence of Argentine nationalism, particularly among the armed forces. It has long been a threat to weak governments and a temptation to Presidents seeking to divert attention from economic problems or declining popularity.

5. The British declaration of a 200 mile fishing limit around the Falklands containing a 150 mile conservation zone (FICZ) was unexpected. It provoked an angry reaction. Nevertheless, Argentine coastguard vessels seem unlikely to penetrate the FICZ. Their "rules of engagement" are being redefined but will be cautiously applied following their sinking of a Taiwanese trawler in May. However, incidents could take place at the edge of the FICZ if Argentina decides to either arrest trawlers as they leave it or detain unlicenced vessels fishing between the 150 and 200 mile limits.

6. It remains to be seen if a multilateral solution to this problem can be agreed. If not, British attempts to introduce licencing on a government to government basis will be strongly resisted by Argentina, while undisciplined fishing by Far Eastern vessels will make it difficult to avoid incidents. It may be tempting for us to retain unilateral control of fishing. However, we should continue to seek a multilateral system. It offers the best solution to the conservation problem, is less dangerous and could make a contribution to the wider aspects of the Falklands dispute.

/7.

7. The government's economic policy continues to be contained within the broad framework of the Austral Plan. Short term control of the economy has been more or less maintained, but investment remains low, public sector expenditure continues to rise and there has been little real economic growth. In 1986 inflation was the lowest for 12 years. However, at 82% it was still three times the official estimate. In July the government signed a series of economic integration agreements with Brazil and announced plans to reform the public sector. There is high level political commitment to both these projects but even if effective their impact will be long term. On the whole, economic policy during the first half of 1987 is likely to provide more of the same. However, if the Radicals do badly in the run up to the November elections, price and income controls will be eased and the official inflation estimate of 42% could double.

8. Argentina's foreign debt is $50 billion and increasing. The government agrees that it should be paid but argues for softer loans claiming that this is a political issue. In practice it seems unlikely that they will ever be able to repay such a large sum. Nevertheless, negotiations with the IMF, creditor banks and the IBRD are likely to be successful. Basically, the creditors have loaned too much money to foreclose, while the debtor knows that he can obtain fresh funding only by paying his dues to the international credit system.

9. Trade with the United Kingdom received a boost in 1986 when the Argentine government lifted its administrative ban on British

/goods.

goods. By September imports from the United Kingdom had reached $7 million while Argentine exports to the United Kingdom had risen to $25 million. Unfortunately, following the UK declaration of a 200 mile limit the ban was re-established. Hopefully this will be temporary.

10. Despite political differences, the number of Argentines visiting Britain continues to rise. In 1986 we issued 35,000 visas to them - an increase of 140% on 1985. The visa fees of £557,000 usefully funded all our local costs, while the tourist income of at least £20 million made a useful contribution to our invisible earnings. Travel agents assure us that more tourists would visit Britain if visas were abolished.

11. During most of 1986 UK/Argentina relations improved. Restrictions on visas and trade with Britain were relaxed and relations with local parliamentarians became easier. However, although there was little they could do about it, the FICZ produced an angry reaction. This was well managed by the President but Foreign Minister Caputo was criticised for provoking the British decision. Increased support for Argentina in the United Nations and the personal backing of the President has helped him to recover his standing. However, in future his foreign policy will receive closer Cabinet scrutiny.

12. The Argentine government will continue to seek talks with Britain to include, or at least not ultimately exclude, the future relationship between the Islands and Argentina. At present we

/are

are seen as unwilling to discuss the sovereignty problem simply because we see no acceptable solution to it. The fact that there is none at present is Argentina's fault, more than ours. However, by refusing to discuss our differences we are seen, and not only by Argentina, to be at least partly responsible. Our policy in 1987 should therefore be to place responsibility for the present impasse more directly and more publicly on Argentina.

13. We should end the remaining restrictions which we imposed following the conflict in 1982 - visas, export licences (for other than arms) and the Falkland Islands Protection Zone. These are no longer necessary and enhance the bargaining value of the reciprocal Argentine controls. We should offer publicly to abolish them in exchange for reciprocity and a guaranteed cessation of hostilities. If this can be linked to a multilateral solution to the fishing problem, so much the better. Let Argentina be forced publicly to justify a refusal to cooperate, or finally begin the process of normalisation.

14. Our ultimate goal should be, not to devise some magical constitutional formula to meet Argentine hopes, but to act in a way which will encourage Argentina to join us in creating a climate in which future governments can seek an appropriate reconciliation, in whatever form that may take. Failing this, let Argentina be seen to share responsibility for the present situation. In my view the Argentine government would be willing, during the first half of 1987, to break their previous "linkage" of sovereignty to other parts of the problem, provided they can achieve an end to

/our

our unilateral control of fishing and the Protection Zone, particularly if they can involve the United States or the UN Secretary General in negotiations. Otherwise they will leave it to 1988, after the elections in both countries. We may be tempted to do likewise. However, this would be a potentially dangerous attitude in a situation which is no longer static. With time, it festers rather than heals.

15. I am copying this Despatch to HM Ambassadors in Montevideo, Santiago, Asuncion, Brasilia, Washington, Berne, to UKMIS New York and UKREP Brussels and to the Governor of the Falkland Islands.

I am, Sir,

Yours faithfully

C J Sharkey

C J Sharkey

file

DSG

cc PCO

10 DOWNING STREET

THE PRIME MINISTER

2 January 1987

Dear Mr. Dalyell.

Thank you for your letter of 11 December with an enclosed copy of an article in the December 1986 Business Magazine.

It is not our practice to comment on press reports of this kind.

Yours sincerely

Margaret Thatcher

Tam Dalyell, Esq., M.P.

BM

10

Foreign and Commonwealth Office

London SW1A 2AH

29 December 1986

GR.
Per typ.

Dear Charles

In your letter of 11 December, you requested advice on the letter to the Prime Minister of the same date from Mr Tam Dalyell MP.

The call on the Prime Minister by Sr Rossell de la Lama and Mr Edward du Cann MP on 26 April 1982, at which Mexico was offered as a venue for talks, was followed on 6 May by a message from President Portillo of Mexico reporting Galtieri's alleged readiness for a face to face meeting with the Prime Minister in Cancun (Mexico City telno 366 of 1982). The Prime Minister's reply of 12 May (FCO telno 374 to Mexico City) referred to the need, acknowledged by the Mexicans, not to cut across efforts towards a solution then under way in New York, and suggested that no publicity should be given to their exchanges or to President Portillo's initiative with Galtieri. President Portillo agreed that these matters should remain strictly confidential (Mexico City telno 391). Copies of references are attached.

A reply on the lines of the first option put forward in the third paragraph of your letter appears to run the risk of afterwards seeming disingenuous if, perhaps in response to further publicity generated by Mr Dalyell, information about the subsequent course of the Portillo initiative were to leak from Lonrho (our files show that Mr du Cann and Mr Rowland were aware in general terms of what took place). And the Mexicans might hold the Government responsible for any embarrassment.

/Your

Your alternative suggestion avoids these potential difficulties. I accordingly attach a draft reply to Mr Dalyell. If there are further leaks, the Government could consider a statement in response to them, perhaps in consultation with the Mexican Government, that it was setting aside the rule of confidentiality in order to set the record straight. Any Mexican embarrassment would be attributable to the source of the leaks rather than the Government.

The only press report we have seen so far on this issue was in the "Morning Star" on 13 December.

Yours ever

(R N Culshaw)
Private Secretary

C D Powell Esq
No 10 Downing St

DSR 11 (Revised Sept 85)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1 +

FROM:

PRIME MINISTER

DEPARTMENT

TEL. NO:

BUILDING:

ROOM NO:

Reference

ASIAKP

Your Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

PRIVACY MARKING

..... In Confidence

CAVEAT .....

Enclosures flag(s) .....

TO:

Mr Tam Dalyell MP

House of Commons

LONDON SW1A OAA

Copies to:

SUBJECT:

Thank you for your letter of 11 December with an enclosed copy of an article in the December 1986 Business Magazine.

I am sure you will understand that it is not our practice to comment on private and confidential meetings.

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INDEX | PA

52

CONFIDENTIAL

IOP COPY

GRS 130

CONFIDENTIAL
FM MEXICO CITY 070325Z MAY 82
TO F L A S H FCO
TELEGRAM NUMBER 366 OF 6 MAY
INFO F L A S H WASHINGTON, F L A S H UKMIS NEW YORK

(47) (48)

MY TELSNOS 337 AND 338: FALKLANDS

1. PRESIDENT LOPEZ PORTILLO RANG ME THIS EVENING. HE SAID THAT HE HAD JUST SPOKEN BY TELEPHONE WITH PRESIDENT GALTIERI ABOUT THE FALKLANDS DISPUTE. GALTIERI WOULD BE READY TO HAVE A FACE TO FACE MEETING WITH THE PRIME MINISTER IN CANCUN TO DISCUSS WAYS OF RESOLVING THE CRISIS. THE MEETING COULD TAKE PLACE IN CIRCUMSTANCES OF COMPLETE SECRECY AND AS SOON AS THE PARTIES SO WISHED.

2. LOPEZ PORTILLO ASKED ME TO TRANSMIT THIS MESSAGE IMMEDIATELY. HE WAS MOST ANXIOUS TO HELP AND SAID HE WOULD BE AT MY DISPOSAL AT ANY TIME OF DAY OR NIGHT TO RECEIVE A RESPONSE.

TICKELL

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PS/SIR M PALLISER
MR WADE-GERY)
MR FULLER) CABINET OFFICE
DIO)

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(64)

COPY

See (67)

SECRET

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INDEX	PA	Action Taken

FM 366

SECRET
FM FCO 121451Z MAY 82
TO IMMEDIATE MEXICO CITY
TELEGRAM NUMBER 375 OF 12 MAY
INFO IMMEDIATE WASHINGTON, UKMIS NEW YORK.

(56) MY TELNOS 363 AND 364: FALKLANDS

1. PLEASE PASS AS SOON AS POSSIBLE FOLLOWING MESSAGE TO PRESIDENT LOPEZ PORTILLO. BEGINS.
DEAR MR PRESIDENT: I WAS MOST GRATEFUL FOR YOUR RECENT MESSAGE ABOUT PRESIDENT GALTIERI'S WILLINGNESS TO MEET ME ON MEXICAN SOIL TO DISCUSS OUR DIFFERENCES. I AM GRATEFUL FOR THE EVIDENT CONCERN WHICH LAY BEHIND YOUR INITIATIVE. WE MUST NEGLECT NO POSSIBILITY IN THE URGENT SEARCH FOR A SOLUTION TO A DISPUTE WHICH HAS ALREADY HAD SUCH TRAGIC CONSEQUENCES, BUT, AS YOU KNOW, WE ARE AT THIS PRESENT MOMENT MAKING INTENSE EFFORTS THROUGH THE UN SECRETARY GENERAL IN NEW YORK TO WORK OUT A BASIS FOR AN EARLY CEASEFIRE AND A SUBSEQUENT NEGOTIATED SETTLEMENT. I AND MY COLLEAGUES ARE NOW GIVING THESE MATTERS OUR UNDIVIDED ATTENTION AND WILL CONTINUE TO DO SO DURING THE COMING DAYS UNTIL IT IS CLEAR THAT THE SECRETARY GENERAL'S INTERVENTION HAS EITHER SUCCEEDED OR FAILED. I AM SURE YOU WOULD AGREE THAT OUR FIRST PRIORITY MUST BE TO DO ALL WE CAN TO ENSURE THAT SR PEREZ DE CUELLAR'S EFFORTS COME TO A SATISFACTORY CONCLUSION.
IN THESE CIRCUMSTANCES, I DO NOT BELIEVE THAT IT WOULD BE RIGHT TO CUT ACROSS WHAT IS HAPPENING IN NEW YORK. I SHALL NOT

/HESITATE

HESITATE TO CONTACT YOU AGAIN IF SOME NEW APPROACH SEEMS DESIRABLE. IN THE MEANTIME I SHOULD BE GRATEFUL FOR ANYTHING YOU CAN DO TO IMPRESS UPON PRESIDENT GALTIERI THE CRUCIAL IMPORTANCE OF REACHING EARLY AGREEMENT IN NEW YORK SO THAT HOSTILITIES CAN CEASE. THESE EFFORTS WILL ONLY SUCCEED IF ARGENTINA CAN BE PERSUADED TO WITHDRAW HER FORCES AND REFRAIN FROM PREVIOUS INSISTENCE ON PREDETERMINED ARGENTINE SOVEREIGNTY OVER THE FALKLAND ISLANDS. FOR OUR PART, WE ARE READY TO RETURN TO THE NEGOTIATING TABLE IN GOOD FAITH ONCE ARGENTINE FORCES HAVE BEEN WITHDRAWN.

IN VIEW OF INTENSE WORLDWIDE SPECULATION WHICH HAS ALREADY PLACED THE UN SECRETARY GENERAL UNDER GREAT PRESSURE, I AM SURE YOU WOULD AGREE WITH ME THAT IT WOULD BE BEST TO MAKE NO PUBLIC REFERENCE TO OUR OWN EXCHANGES AND TO YOUR INITIATIVE WITH PRESIDENT GALTIERI.

I SEND TO YOU MY WARMEST GOOD WISHES AND PERSONAL THANKS FOR YOUR ACTIVE INTEREST AND HELP. ENDS.

PYM

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FALKLANDS SELECTIVE
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HD/DEF D
HD/PLANNING STAFF
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HD/ERD
HD/PUSD
DEP HD/PUSD
PS
PS/MR HURD
PS/MR ONSLOW
PS/PUS
MR BULLARD
SIR I SINCLAIR
MR GIFFARD
MR WRIGHT
MR GILLMORE
MR URE
MR BARRETT

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MR WADE-GERY
MR FULLER
MR O'NEILL HD/ASSESSMENTS STAFF
DIO
} CABINET OFFICE

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

(67)

TOP COPY

ALQ 50/315/1		
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INDEX	PA	Action Taken

PS 210 SECRET

SECRET

FM MEXICO CITY 131839Z MAY 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 391 OF 13 MAY

INFO PRIORITY WASHINGTON AND UKMIS NEW YORK

(64) YOUR TELNO 375: FALKLANDS

1. I DELIVERED THE PRIME MINISTER'S MESSAGE TO PRESIDENT LOPEZ PORTILLO THIS MORNING.

2. THE PRESIDENT EXPRESSED HIS WARM THANKS FOR SUCH A LOGICAL AND REASONABLE SATEMENT. HE DID NOT WANT TO INTERFERE IN ANY WAY WITH THE UN SECRETARY GENERAL'S CURRENT EFFORTS, WHICH HE DEVOUTLY HOPED WOULD SUCCEED. HIS OWN SUGGESTION HAD PRECEDED THE PRESENT ROUND OF NEGOTIATION: IT MIGHT BE CONSIDERED AGAIN IF AND WHEN PEREZ DE CUELLAR'S INTERVENTION FAILED.

3. THE PRESIDENT ASKED WHERE THE MAIN POINT OF DIFFICULTY NOW LAY. I REPLIED I UNDERSTOOD IT TO BE ARGENTINE INSISTENCE ON PREDETERMINATION OF THE ISSUE OF SOVEREIGNTY. ALTHOUGH WE WERE READY IN FUTURE NEGOTIATIONS TO DISCUSS SOVEREIGNTY AMONG OTHER MATTERS, WE COULD OBVIOUSLY GIVE NO ADVANCE UNDERTAKINGS. IN PARTICULAR WE HAD TO ENSURE THAT THE WISHES OF THE ISLANDERS, WHO FORMED A DEMOCRATIC COMMUNITY WITH STRONG VIEWS OF ITS OWN, SHOULD BE TAKEN INTO ACCOUNT.

4. THE PRESIDENT AGREED THAT HIS INITIATIVE AND EXCHANGES WITH THE PRIME MINISTER AND PRESIDENT GALTIERI SHOULD REMAIN STRICTLY CONFIDENTIAL. AS I LEFT HE UNDERLINED HIS DESIRE TO DO ANYTHING WHICH COULD HELP TO RESOLVE THE CRISIS.

TICKELL

[COPIES SENT TO NO 10 DOWNING ST]

FALKLANDS SELECTIVE
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SIR P MOORE BUCKINGHAM PALACE
DIRECTOR G.C.H.Q.

SECRET

Relations : ARGENTINA
Pt 41.

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

19 December 1986

Prime Minister

CDP
19/xii

Dear Charles

Progress Report on the FICZ

Political

The Argentines have not taken steps, other than diplomatic, to counter the FICZ. Our action is seen in Buenos Aires as a reverse for Argentine policy. Caputo's conduct of the Falklands issue has been criticised both in the press and within the Government. His influence may have been weakened. But it is too soon to say whether this will lead to any change in the Argentine approach.

Argentina received a lot of vocal support from her neighbours, at the OAS, and did well in the UNGA debate: but no country apart from Argentina has contested our right to act.

FICZ Licences

Around 500 applications have been received from Japan, South Korea, Taiwan, Poland, Greece, Italy, Spain, Portugal, France, FRG and Netherlands, as well as the UK. About 250 licences will be issued for the first half of 1987 (cf over 600 vessels fishing in the first half of 1986). All applicant nations will be represented in the fishery. The Russians, Bulgarians and East Germans have not applied. The increased participation from the Community could (if we handle the Spaniards right) lead to a proposal for a fisheries agreement between the Community and the UK in respect of the Falklands. There is interest in the Commission, which we are discreetly encouraging. Further details on licences are at Annex A.

/British Interests

British Interests

Only two genuinely British-registered boats applied for licences. Messrs Marr of Hull are trying to arrange for three Taiwanese boats to be transferred to the British Register. To enable British firms, few of which seem to have appropriate fishing vessels available, to participate in the fishery, we and the FIG agreed that applications from foreign fleets associated with British or Falklands firms would get preference. The two British firms most active in exploiting this assistance are Messrs Marr and Messrs Boyd, who will have an interest in over 70 Japanese and Taiwanese boats in the fishery (their original bid was 132).

Order

Nearly 200 applications from Far Eastern vessels failed. Some may be tempted to fish illegally. To guard against this we are proposing to the Far Eastern fleets a limited degree of rotation, whereby some licences would be shared between two vessels in exchange for undertaking to exercise restraint on conservation grounds in the "doughnut", the area of water lying between the FICZ and the Falklands 200-mile limit.

Revenue

In the last few months, the price of squid illex has increased substantially: as a result revenue may be higher than estimated.

Conclusions

Unless the Argentines try to disrupt fishing or deliberately provoke incidents on the periphery of the FICZ, or unless there is widespread illegal fishing, the prospects for the FICZ look moderately promising. Until the squid season is over in July we shall not be in a position to determine whether the FICZ is a success or to make precise calculations of revenue/costs.

The more the FICZ is perceived as a success for Britain, the more pressure there will be on the Argentines (and indirectly on the Spaniards) to react. The Spaniards or others could try to block any attempt to achieve a fisheries agreement between the Community and the UK on behalf of the Falklands.

/Presentation

Presentation

Successful applicants for licences and their Governments are now being informed of their allocations. The Island Councillors will also be informed (and about the revenue implications). So the news will soon start to appear. Sir Geoffrey Howe and the Governor believe however that we should avoid going into detail now about allocations of licences and in particular the prospects for revenue, so as not to prejudice the chances for the ultimate success of the FICZ.

I am sending a copy of this letter to Martin Dinham.

Yours ever

(R N Culshaw)
Private Secretary

C D Powell Esq
No 10 Downing St

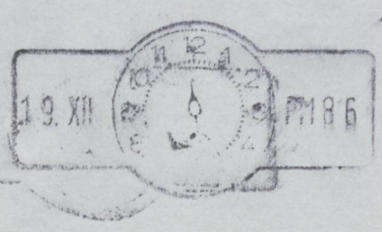
ANNEX

FICZ Licences

1. For licensing purposes, the year is divided into two seasons - February to June, July to December. Within each season the fishery is divided into two areas. Thus there are four areas overall (A, B, C and D). Greatest interest focusses on area A where the high value illex squid is found.

2. About 500 applications for areas A and B were received. Most were for area A : in accordance with conservation needs, a quota of 150 vessels was set for it. Most applications came from the Far Eastern fleets but, in addition to Spain, there was an unexpectedly strong show of interest from other Community fleets. In most cases the initial applications have had to be drastically scaled back, which was inevitable given the great excess demand. The applications came in all cases from fishing industries. No government has indicated willingness to negotiate a fisheries agreement with us in respect of the Falklands.

3. As far as area B is concerned, neither the demand nor the conservation risk compares with area A. About 110 vessels will be licensed to fish there, mostly from Community countries and Poland but there will be some Japanese. In areas C and D, covering the second part of the year, demand is likely to be limited in the main to Spain and Poland: applications have not yet been called for. In total, between 200 and 300 vessels may be licensed in 1987 (cf nearly 700 fishing in the area in 1986).


19. XII
PM 8 6

CDP

CoPC (2)

Foreign and Commonwealth Office

London SW1A 2AH

15 December 1986

I still retain the impression that it was not more than that a presence of military personnel was allowed at the time of the Falklands.

Prime Minister CDP 15/XII

Dear Charles,

Falklands Fisheries: Multilateral Solution: Antarctic Treaty Framework

You will recall that the idea of using the Antarctic Treaty as a framework for a multilateral solution to the Falklands fisheries problem surfaced briefly during the Prime Minister's Camp David lunch with President Reagan last month. The Prime Minister's initial reaction was that it would be important, before considering using the Antarctic Treaty, to establish whether the Argentines had in the past respected it. She thought they might have breached the non-military provisions by having personnel in uniform if not armed.

I now enclose a copy of UKDEL NATO telegram 380 of 12 November, containing the text of a message to the Prime Minister from President Reagan which Mr Shultz passed to the Foreign Secretary in Brussels. President Reagan reports that US inspection teams have not revealed any Argentine violations of the Antarctic Treaty; and he draws attention to the Treaty's provision (in Article 1.2) which permits the presence of military personnel in support of scientific activities.

The President's message is in line with our own understanding of the position. It does not appear to call for any reply. You should know, however, that the US idea related not so much to the Antarctic Treaty

/itself

itself as to the Convention for the Conservation of Antarctic Marine Living Resources (which is a part of what has come to be known as the "Antarctic Treaty System" of international agreements dealing with Antarctic affairs).

Yours ever

(R N Culshaw)
Private Secretary

C D Powell Esq
NO 10 Downing St

GRS 140

CONFIDENTIAL

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FM UKDEL NATO

TO PRIORITY FCO

TELNO 380

OF 121404Z DECEMBER 86

INFO PRIORITY WASHINGTON

FOLLOWING FROM PRIVATE SECRETARY

FALKLAND FISHERIES

1. YESTERDAY EVENING SHULTZ PASSED THE SECRETARY OF STATE A PIECE OF PAPER DESIGNED TO REPLY TO THE PRIME MINISTER'S POINT MADE AT CAMP DAVID ON ARGENTINE COMPLIANCE WITH THE ANTARCTIC TREATY. TEXT IS AS FOLLOWS:

BEGINS

ON MARGINS OF NOVEMBER CAMP DAVID MEETING, MRS THATCHER RAISED WITH PPESIDENT POSSIBILITY THAT PRESENCE OF ARGENTINE MILITARY PERSONNEL IN ANTARCTICA WAS VIOLATION OF ANTARCTICA TREATY.

PRESIDENT HAS LOOKED INTO THE SITUATION. WISHES MRS THATCHER TO BE ADVISED THAT ANTARCTICA TREATY EXPLICITLY PERMITS PRESENCE OF MILITARY PERSONNEL IN SUPPORT OF SCIENTIFIC ACTIVITIES.

US INSPECTIONS IN ANTARCTICA, PROVIDED BY TREATY, HAVE NOT REVEALED ANY ARGENTINE VIOLATIONS OF THE TREATY.

ENDS.

ALEXANDER

YYYY

UBLNAN 1287

FALKLAND ISLANDS -FISHERIES

LIMITED

FID	PS
MAED	PS/LADY YOUNG
NEWS D	PS/MR EGGAR
S AM D	PS/PUS
FED	MR GILLMORE
PRU	MR FEARN
SED	MR WILSON
ECD(E)	MR SAMUEL ODA
	MR AINSCOW ODA

COPIES TO:-

MR DARWIN	LEGAL ADVISERS
MR AUST	LEGAL ADVISERS
MR ANDERSON	LEGAL ADVISERS
MRS JAY	ODA
MR STONEMAN	ODA
MISS ALDRED	SEC(O/C) MOD
MR DERHAM	MAFF
MR GREGG	MAFF

CAPT. FINNIGAN, CABINET OFFICE

THIS TELEGRAM WAS NOT ADVANCED

CONFIDENTIAL

CONFIDENTIAL

Lite SH

SLHADM
cc PC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

11 December 1986

I should be grateful for advice on the attached letter to the Prime Minister from Mr. Tam Dalyell, MP, and a draft reply.

You will want to look at Mexico City telegram No. 316 of 23 April 1982 and John Coles' letter of 26 April 1982 to John Holmes (copies enclosed). These show important discrepancies with the account in Business magazine: eg., Mr. Rowland was not present at the meeting, there appears to have been no Mexican proposal other than the offer of Mexico as a venue for any talks.

Subject to what your papers show, the possible lines of a reply might be that the Prime Minister did meet Mr. Rosell de la Lama and Sir Edward du Cann in 1982 (but not Mr. Rowland) but that no Mexican proposals for a settlement were conveyed at that meeting. Alternatively, we could simply say that it is not the practice to comment on private and confidential meetings.

C D POWELL

R. N. Culshaw, Esq., M.V.O.,
Foreign and Commonwealth Office

CONFIDENTIAL

HOUSE OF COMMONS
LONDON SW1A 0AA

CCMA

11/12/86

Dear Prime Minister,

Is there any truth in the Business Magazine account of the Lourdes - Mexican-Falklands initiative?

Yours sincerely,

Tam Dalyell

from: BUSINESS. December 1986.

The boss of Lonrho, Tiny Rowland, is bidding to take over £1 billion worth of US oil assets in Libya. In an exclusive interview, the maverick businessman tells of a possible deal with Gaddafi.

LONRHO'S LIBYAN LINK

CHRIS BLACKHURST

Even in the devastation of a bombed Tripoli the visitor looks immaculate. He is tall, silver haired with frighteningly clear blue eyes. He is Roland "Tiny" Rowland. He has flown to Libya in his private Gulfstream III jet to negotiate the biggest deal of his life. With him is Colonel Moammar Gaddafi.

Rowland, the chief executive of Britain's Lonrho group, is secretly negotiating with Gaddafi to take over US oil interests in Libya. "The most striking thing I saw was the bed where his daughter was killed," Rowland says.

In June, two months after his F1-11s pounded Tripoli in retaliation for alleged Gaddafi-directed terrorist attacks, President Ronald Reagan ordered US oil companies out of Libya. Since then, their rigs and pipelines, worth £1 billion, have remained idle. Gaddafi cannot afford to buy them. He desperately needs someone to continue pumping 500,000 barrels a day – 45 per cent of his country's oil output. Rowland is determined to be that man.

The deal that Rowland hopes to announce shortly will once again thrust him into the headlines as the UK's most controversial businessman. He knows he will be portrayed as a friend of Gaddafi, the man whose diplomats were flung out of Britain after the murder of PC Yvonne Fletcher outside the Libyan embassy in London's St James's Square in April 1984.

That anyone should even contemplate doing such a deal will be seen as astonishing, outrageous, perhaps even treacherous. But Rowland is not anyone. He is the only man capable of doing such a deal. Rowland runs Lonrho, a £2.6 billion-a-year multinational conglomerate. He has no peers in Britain. And no titles. He is an outsider, the only chief executive of a multinational conglomerate to have a City of London headquarters. Yet he has been shunned by Britain's leading financial institutions.

He has always been capable of doing the most breathtaking deals abroad. In Britain, however, he is more famous for failing in his eight-year fight for House of Fraser (HOF) and Harrods than for his successes. He feels persecuted by Prime Minister Margaret Thatcher but is feted as a friend by Third World leaders.

In an exclusive interview with BUSINESS, Rowland talked of his battles with the Establishment, his shattered dreams, and how, after the disappointment of House of Fraser, he now believes Lonrho is on the march again.

Any conversation with Rowland inevitably turns to House of Fraser and, he claims, government persecution of Lonrho. He has a point. Lonrho has been investigated on no less than six times by the Department of Trade and Industry and the Monopolies and Mergers Commission. Three of those inquiries centred on his plans for House of Fraser. For eight years, from 1977 to 1985, Rowland stalked the department store giant. He turned what should have been a straightforward acquisition into a personal feud. His 29.9 per cent stake gave him a seat on the HOF board. Once there he fought the then chairman, Professor Roland Smith, at every turn. HOF shareholders were bombarded with Lonrho circulars, many of them extremely critical of Smith. The Rowland/Smith battle was never far from the headlines.

Nobody has ever really understood why Rowland should be quite so obsessed with House of Fraser. For the first time, Rowland has revealed what his motives were. He claims that HOF was to be the springboard for a retail and publishing empire.

"I conceived in 1975 a global plan for Lonrho," he says. "I was really thinking five years ahead when I went after House of Fraser." He claims that he had agreed with Alex Jarratt, the then chairman of Reed International, and his successor, Leslie Carpenter, to purchase Reed's newspaper, the *Daily Mirror*. He says: "We had a deal to buy the *Mirror* for £50 million." But Lonrho already owned *The Observer*, and would almost certainly have been the subject of another Monopolies and Mergers Commission investigation. Rowland says: "We fully expected the House of Fraser bid to go through, and we would have concluded that deal (for the *Daily Mirror*) afterwards".

However, the government found against Lonrho on HOF. Rowland's fellow Lonrho director, Terry Robinson, says: "We knew that we had no chance at that stage of pushing through another Monopolies inquiry, when we were just on the rebound from House of Fraser." The *Daily Mirror* and House of Fraser were just part of Lonrho's expansion plans. "We had first option to buy 51 per cent of Woolworths in England," Rowland says. "We could not do it while we were still talking to the Monopolies Commission on HOF."

An even bigger step would have seen a bid for the 850 US stores – including America's equivalent of Harrods, Neiman-Marcus – owned by Carter Hawley Hale. The US retailing group had been sounded out about an approach from Lonrho. "We had others lined up and were close to making an offer," says Rowland.

In the end, Rowland's Grand Plan came to nothing. He holds Margaret Thatcher responsible. He believes that the purchase by Al-Fayed Investments of House of Fraser,

Rebel roused: Rowland's planned Libya deal and Falklands revelations will upset the PM.

RIC GEMMELL

and with it, Harrods, should have been prevented as being contrary to the national interest. Lonrho lost the chance to acquire House of Fraser after the government found there was a danger of reduced competition. Lonrho textiles has 2 to 3 per cent of the household bed linen market, and, HOF controls 2 per cent of the UK textile market. Rowland says: "We lost House of Fraser on a competition issue involving only 4 per cent of the market."

Even now, Rowland has not given up hope of acquiring House of Fraser. He is still waging war against its new owners. No less than eight legal actions – seven in the UK and one in the US – are being brought by Lonrho against the Egyptian Al-Fayed brothers – Ali, Mohammed and Salah. When asked about the Al-Fayeds, Rowland is, to put it mildly, unflattering. But his real venom is reserved for the government, for not investigating the Al-Fayeds. He now says that the government actively encouraged the £615 million foreign cash purchase to relieve pressure on the pound.

Further proof, if it were needed, for Rowland of the government's alleged persecution of Lonrho came earlier this year. The government put Land Rover up for sale – and then suddenly changed its mind. The City acknowledged that Lonrho was the best company to take over Land Rover. "We could sell 30,000 to 40,000 Land Rovers in Africa alone," Rowland says. Lonrho already distributes the vehicle in Africa. Lonrho's chairman, Sir Edward du Cann – himself a senior Tory MP – says: "I am hugely embarrassed that Lonrho has been so badly treated by this government."

Now Rowland has a Grand Plan Mk II that he believes will relaunch Lonrho as a world force. He is turning to oil, to Japan and to China. In October, Lonrho announced its first move into oil and, significantly, its first major move into the US. Rowland is convinced that the oil price has bottomed out, and can now only rise. It has formed a $180 million joint venture with US oil baron Robert Anderson – the ex-chairman of Atlantic Richfield Corporation – to exploit oil and gas deposits in the mid-West and Rocky Mountains. Rowland and Anderson know each other. Anderson sold *The Observer* to Rowland in 1981.

Central to Rowland's plans is a partnership with the Japanese trading house Nissho Iwai. With extensive interests throughout Asia, Nissho gives Rowland his window into China. This is believed to be the first time a UK company has forged such close ties with a Japanese house. Both companies have agreed to work together on joint ventures worldwide. The Japanese connection will provide financial support to

Portillo said that Galtieri would be willing to discuss pulling out of the Falklands if he (Portillo) could get Mrs Thatcher to a meeting in Cancun.

Lonrho. Already, it has raised £100 million in Eurobond issues by the Japanese house, Nomura. Rowland has introduced the Japanese to many of his contacts in Africa. Lonrho will also be applying shortly for a listing on the Tokyo stock exchange. Rowland is so boastful as to the muscle of the new grouping, that he reckons he could take over any major competitor.

For Rowland, the timing of the Libya deal could not be better. According to Rowland, the probable vehicle for the US oil takeover will be a joint venture with the Libyan government. The deal is bound to cause controversy in Britain. But Rowland says he is aware of the risks: "It is a very sensitive subject and distasteful for a lot of people living in the UK."

Although Rowland knows Gaddafi, this time he contacted him through Ahmed Gaddafadam, a cousin of Gaddafi who works for Libyan security and intelligence. Rowland visited Gaddafi shortly after the US bombing raids. Du Cann explains: "He who gives when someone is in need gives twice."

The attractions of the US oil interests in Libya are obvious. Libya produces 1.1 million barrels of oil a day, of which 25 per cent belongs to the US companies. Libya has proven oil reserves for the next 54 years. Rowland says: "We take a long-term view. There are commercial opportunities which are not only going to be valuable to this company but also to this country."

Ironically for Rowland, the wheel has turned full circle. Fifteen years ago, he says, he came within 24 hours of preventing Colonel Gaddafi nationalising BP's interests in Libya. In 1971, Gaddafi claimed that Libya was owed £40 million by the UK government. With his strong Middle Eastern contacts, Rowland became a self-appointed mediator between Libya and the UK. Rowland suggested to the Foreign Office that if the UK met Gaddafi's demands, it would become Libya's number one trading partner. A Whitehall source says: "Rowland said that if we paid, he would give his word that the 'treasure houses' of Libya would open up to us." While Rowland was talking in terms of desert projects and trading links, the only Libyan asset that the FO could see was oil. The government denied it owed Gaddafi anything. More important, Gaddafi had just been accused of funding the IRA. The source says: "Our view was that Gaddafi's foreign policy was too dodgy." And he emphasises: "Tiny Rowland has no time for the finer points of foreign policy. To him diplomacy is a tremendous game." Gaddafi recovered the money he claimed by nationalising BP's Libyan operations, worth £38 million in 1971.

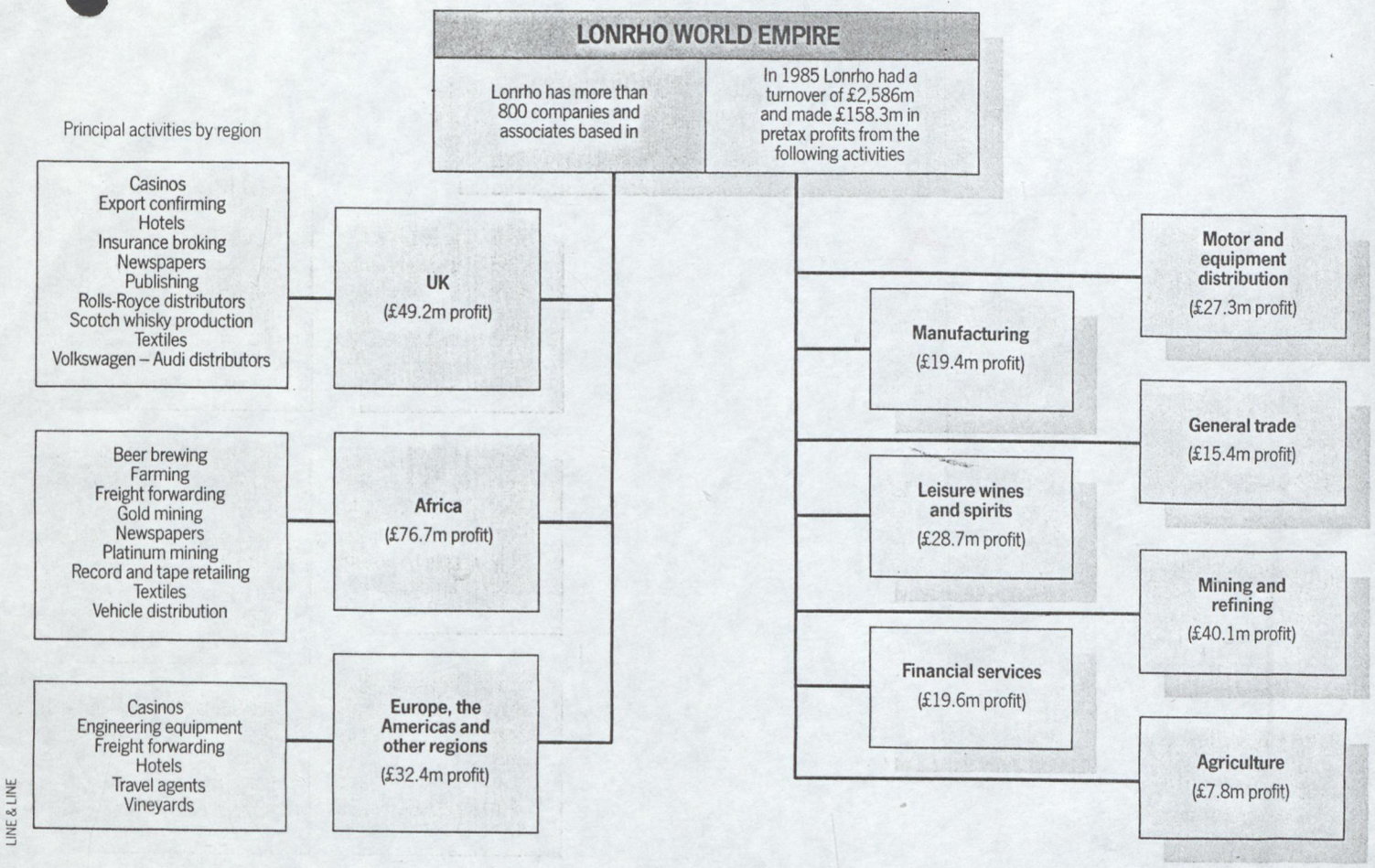
There is not another businessman in Britain who would attempt the Libya deal. Rowland has long since lost faith in the government and he has never toed the party line. Those seeking Thatcher's attention and favours are feted by the government. Rowland receives more dubious honours. Lonhro holds the distinction of being the most investigated company in Britain. The Libyan deal is Rowland's revenge. It has all the elements of a classic Tiny Rowland move – negotiating with a head of state in the continent he loves, stealing a march on competitors, a potential bonanza for Lonrho, and above all, cocking a snook at the British government.

If Rowland had been an American, his business success would have made him a folk-hero and possible US presidential candidate. At 69, he would stand alongside Armand Hammer as a self-made multi-millionaire who loves to roam the globe talking to world leaders. Rowland even had a hand in laying the groundwork for the negotiations which led to the Camp David agreement between Egypt and Israel. His friendship with the then secretary to Sadat, Ashraf Marwan, enabled Rowland to be used as an unofficial go-between, away from the media glare. He says: "I am just as happy dealing with Israelis as I am dealing with the Egyptians."

Rowland also says that Thatcher did not take up a secret offer of talks with the Argentinians which, he believes, might have prevented the Falklands war. He says he was in Israel on business when he received an urgent request from José Portillo, the then Mexican president, asking him to fly immediately to Mexico City. "It was just before the Falklands conflict, when Alexander Haig (US defence secretary) was flying back and forth trying to achieve a diplomatic settlement," Rowland says.

Rowland says he flew to Mexico City the same day in the Lonrho jet. He claims that Portillo said that he had spoken directly to General Leopoldo Galtieri, the head of the Argentinian junta. Rowland says that Portillo said to him that Galtieri would be willing to negotiate terms of a pullout if he (Portillo) could get Mrs Thatcher to a meeting in Cancun, a Mexican resort on the country's Caribbean coast.

Portillo asked Rowland to accompany Senator Rosell de la Lama, Mexico's then tourism minister and present governor of the state of Hidalgo, to London with the offer of mediation. Late last month, Rosell de la Lama confirmed that his peace mission did take place. He says: "It was a personal visit on behalf of José Portillo. I was the mail-man from him to Mrs Thatcher." Rowland was chosen for his influence in the UK and because, in Rosell de la Lama's words,



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he is also "a good friend of Mexico".

Rowland and Rosell de la Lama arrived in London at 2:30 am and a meeting with Mrs Thatcher was arranged by Edward du Cann. Rowland says: "Du Cann took us to see Margaret Thatcher at Downing Street." At the meeting it was made plain that Portillo was offering his services as negotiator and intermediary for Anglo-Argentinian talks to take place at Cancun. Rosell de la Lama says: "Mrs Thatcher was charming. She was splendid."

When asked about her reaction to Portillo's proposals, Rosell de la Lama says: "She said that she would think about our offer." For his part, Rowland has no doubts as to the seriousness of Portillo's offer. "My conclusion is that the Argentinians were ready to talk," says Rowland. And, he says: "Mrs Thatcher thanked me, but we heard no more." While Thatcher may not have replied to Rosell de la Lama and Rowland – the messenger boys – it is inconceivable that she did not respond to Portillo's offer through diplomatic channels.

Rowland is no stranger to seemingly lost causes. When he joined the London and Rhodesian Mining and Land Company in 1961, as joint managing director, it was a lacklustre throwback to Britain's imperial past. With a few mines and farms in Rhodesia, and some property in Salisbury, the company was going nowhere. According to former director, Angus Ogilvy: "It was just a ranching company with a couple of tinpot mines. My feeling then was that we should either sell out or find a good man to run it." It employed 350 people, had a turnover of £4 million on which it produced profits of just £160,000.

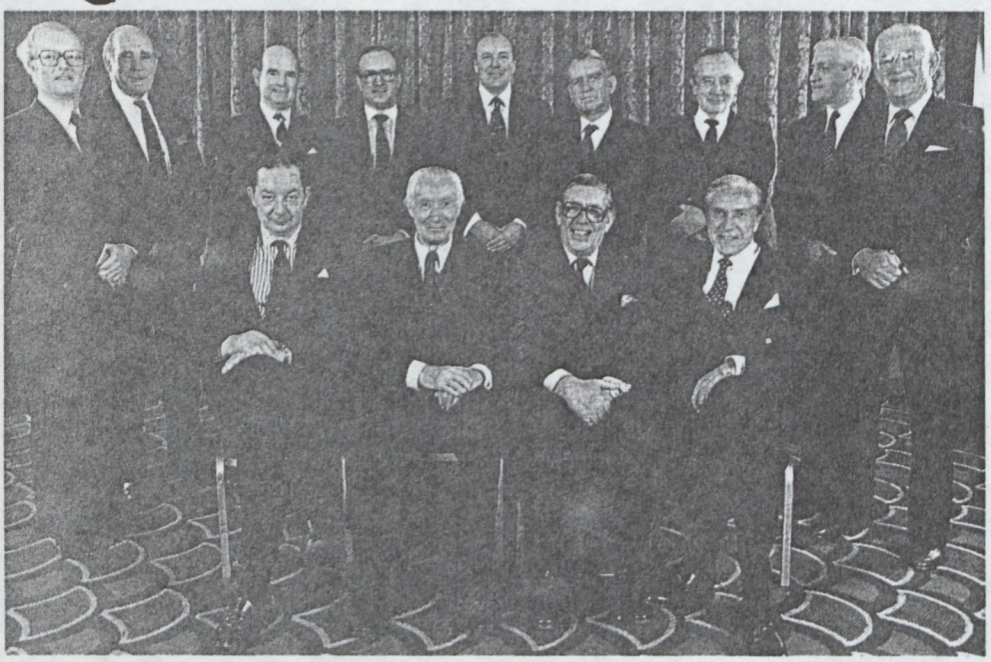
Lonrho has grown through a relentless policy of acquisition and diversification. Inevitably, Rowland has made many enemies along the way. This year alone, he has added the recently-launched *Today* newspaper, and 10 brands of Scotch whisky to the group. (Lonrho now claims 16 per cent of the UK Scotch whisky market.)

Rowland now sits at the head of an empire of more than 800 companies, with 118,000 employees in 40 countries. He runs the world's largest car distributor – it owns the VAG franchise in the UK – and the third largest platinum producer. Lonrho is also Africa's largest commercial food producer. "I have done more for Africa than Bob Geldof," Rowland boasts. Last year, Lonrho reported pre-tax profits of £158.3 million on turnover of £2.58 billion. Analysts are predicting profits of £170 million for the recently-ended financial year. Lonrho's results are to be announced next month.

Rowland is much more than a mere chief executive. He is the group's major shareholder. He owns 52 million Lonrho shares, representing 18 per cent of the equity, worth about £150 million. Among chief executives of Britain's top 50 companies, no one comes close, except in family-run firms, to matching Rowland's holding. Lord Hanson has the next highest, with 9 per cent of Hanson Trust. Last year, Rowland earned almost £7 million from Lonrho – £392,285 in salary and benefits, and £6.2 million in dividends. He says: "I have more money than I can spend." For a multi-millionaire, he jealously guards his possessions. He never throws anything away and has amassed huge collections of clothes and cars – Rolls-Royce and Mercedes are his favourites.

For all his success in Britain, Rowland is an outcast. He is the maverick of British business. The Establishment does not understand him – and it is partly his own doing. He does not share its values. He says: "I have no friends and I do not belong to any club," adding "why do I need to cultivate in clubs? I am entirely independent, both financially and socially." He is not in *Who's Who* although, significantly, he does have a short entry in the international edition. Lonrho's reception area does not stock *The Times*. Only *The Guardian* is available. When pressed, Rowland claims that if Lonrho was to donate funds to a political party, he would choose the Social Democratic Party, most definitely not the Conservatives. But, he says, "my support would probably do David Owen (Social Democratic Party leader) more harm than good."

Rowland does not smoke and drinks only moderately. He does not attend parties and avoids public appearances, preferring instead to be at home with his family, away from London, in Buckinghamshire. Associ-



Tiny's team: Front row, from left: A.H. Ball, deputy chairman, Lord Duncan-Sandys, president, Sir Edward Du Cann, chairman, and Tiny Rowland, managing director and chief executive.

ate and multi-millionaire, "Union" Jack Hayward – so called because he reportedly fell in love with Thatcher over her handling of the Falklands war – says: "Tiny lives, sleeps and dreams Lonrho. He has no hobbies. I have never heard him say he is going off golfing, for example."

Tiny Rowland is a paradox. He signs himself "Tiny". He is six feet two inches tall, a commanding figure. In his perfectly pressed suits and crisp, white, laundered shirts he looks the classic Establishment man. Yet, he is also Rowland the Rebel, so he often wears a blue cardigan under his suit. He has a phenomenal memory and head for figures. Rowland does not keep a diary. He just does whatever is most important at the time. Long-time associate, stockbroker Robin D'Abo, says: "He has mesmerising charm. His great forte is to get people to work for him in the most loyal and dedicated way." Rowland likes to talk frankly and he cannot abide pomposity. The charm quickly gives way to anger if he does not get his own way.

He runs the company on a decentralised system from modest, slightly shabby offices in Cheapside House, in the City of London. A small management team monitors Lonrho's 125 worldwide operations. It is in constant touch by telephone with all its outposts. Each of the company's 26 profit centres send detailed monthly reports to head office. The centre's record is checked against its own three-year budget plan. Each subsidiary is allowed to spend up to 2 per cent of its net worth. Rowland says: "Our financial controls are very good, better than most British companies."

Having an office in the heart of the City is a typically defiant gesture. Rowland despises the conservatism and caution of the City. For its part, the City has not forgiven Rowland for, in its view, giving capitalism a bad name. Such is Rowland's dominance of Lonrho today, that it is impossible to conceive that just 13 years ago, he very nearly lost his seat on the Lonrho board. Liquidity problems in Africa and criticism of Lonrho's accounting methods prompted a group of directors, led by Sir Basil Smallpeice, to demand Rowland's resignation. It was one of the nastiest boardroom battles the City has ever seen. For weeks the popular press was full of the details of the lifestyles of Lonrho directors. Revelations of off-shore payments and rent-free company-owned houses prompted the then prime minister, Edward Heath, to describe that side of Lonrho as "the unpleasant and unacceptable face of capitalism".

Rowland has never forgotten the lessons of 1973. He emphasises that the company is run by a team of directors and that his door is always open. And, he stresses: "I am a fully paid up member of the Inland Revenue." He vowed never again to allow non-executive directors to sit on his board. He once described non-executive directors as being "like decorations on a Christmas tree". Smallpeice was a non-executive director. As a former chairman of Cunard, he was a member of the Establishment. Rowland did not want him on his board but the Bank of England insisted he should join.

It is impossible to assess the damage inflicted upon Lonrho by Heath's remark. The phrase stuck, and 13 years on, it is still remembered, endlessly repeated and misinterpreted. But what Lonrho was doing was not exceptional for other British companies at that time. Lonrho's mistake was to be caught. Because Rowland and Lonrho are synonymous, his every move since then has been dogged with the "unacceptable" tag. He is also seen as the arch-capitalist. But, he claims: "I am not a basic capitalist and I am not a basic communist."

For years, most British institutional investors refused to hold Lonrho stock. Officially, they blamed the company's concentration in Africa, and the poor quality of its earnings, as the reason, but they also did not want to be seen to be investing in a company that had been branded "unacceptable" by a Conservative prime minister. Before the 1980s, Lonrho had hardly any institutional shareholders. Today, it proudly points to the 35-plus institutions, each holding a million or more of its shares, as evidence of its new acceptability.

But Lonrho and Rowland are still out in the cold. The reasons for Rowland's and the Establishment's mutual distrust for each other go back far longer than 1973. Rowland is not English. His real name is Roland Walter Fuhrhop. He was born to a German father and English mother in India in 1917. The family moved to Germany and his father's trading business prospered. In 1934, Roland was sent to England, to public school in Hampshire. The rest of his family joined him in 1936, to escape the Nazis, even though they were not Jewish. Immediately after the outbreak of war, Roland changed his surname to Rowland. As German aliens, Roland and his parents were interned on the Isle of Man. Rowland's mother never left the internment camp – she died there in 1945. In 1948, an embittered Tiny Rowland left Britain. He settled in Rhodesia.

Rowland admits that, but for Rhodesian Prime Minister Ian Smith's illegal declaration of independence in 1965, which isolated Rhodesia from the rest of the world, he and Lonrho would still be based there. Africa still accounts for 48 per cent of Lonrho's profits and much more than 50 per cent of Rowland's time. He spends more than 1,000 hours a year in the company's Gulfstream III jet – the equivalent of three hours a day – usually over Africa. Rowland thinks nothing of flying to Africa for a one-hour meeting. Often, he will extend a one-day visit into a week-long continental tour. Rowland is never far from Lonrho – the plane has its own telephone. It even has beds on board. His pilot says that Rowland has visited at least 127 African airports.

Lonrho operates in 16 African countries. As well as being the continent's largest food producer, it brews beer in Malawi and Zambia; distributes foreign cars in South Africa, Kenya, Zambia and Zimbabwe; bottles Coca-Cola in Zambia; distributes pharmaceuticals in Nigeria; and operates the Ashanti gold mine in Ghana and the Western Platinum mine in South Africa. Even a short list of Lonrho's major activities in the region does not reflect the true extent of its interest there. Says Jack Hayward: "Tiny is the old-fashioned merchant prince of Africa." Rowland acknowledges that: "Africa

has bee[illegible]ry generous to us."

When Rowland arrives in Africa, he is "home". He can deal on his own terms, without worrying about the reaction of a class-ridden Establishment. But it is Rowland's contacts with African leaders, both black and white, that makes him unique. SDP leader David Owen says: "Tiny Rowland loves Africa and has a unique range of friendships with African leaders". And, he adds: "Through Lonrho many Africans have had the chance to make money for themselves and to build up the economy of their countries." Last month Lonrho announced its latest African deal. In a package negotiated with Uganda's President Yoweri Museveni, Lonrho will market his country's coffee, help finance its cotton industry and build a pipeline from Kenya to Kampala.

Rowland courts the support of the African leaders. He thinks nothing of flying from Nairobi to Lusaka, and on to Pretoria before stopping off in Lagos on the way back to London. Rowland supported Joshua Nkomo for the leadership of the newly-independent Zimbabwe. When Robert Mugabe won the post-independence election, his first visitor, ahead of the press and diplomatic representatives, was Tiny Rowland. And Lonrho's head in Zaire, Thomas Kanza – himself an ex-London diplomat who opened Zaire's embassy in London 20 years ago – says: "You cannot begin to see Lonrho from within Europe. You have to judge Lonrho from within Africa. I sit in the middle of nine countries which do not even talk to each other, yet only Lonrho can set up horizontal and vertical communications."

Rowland claims that leaders like Kenneth Kaunda, Hastings Banda, Arap Moi and P.W. Botha listen to him because they know that he is apolitical. He is just as active in South Africa as anywhere else. Privately he would like to see the removal of apartheid. But, he says: "I cannot foresee any reason to pull out of South Africa. My pulling out will not change South Africa." He may be apolitical but Rowland likes to play politics.

Mervyn Greenway, of the stockbrokers Capel-Cure Myers, describes Rowland as, "the best foreign secretary Britain never had. There are no doors he cannot open at the prime minister level." However, for all his straight talking and diplomatic skills, the door of 10 Downing Street remains firmly closed to him. Rowland says: "We have had a comprehensively bad deal from this government." When asked why he should be *persona non grata* in Whitehall, Rowland says: "There is a huge element of jealousy, particularly in the Foreign Office". He explains: "I know more about Africa than any British ambassador." Rowland won himself no favours with the Foreign Office when, in 1976, he brought legal actions against BP and Shell, alleging they had broken government-imposed sanctions against Rhodesia. The present UK government does not like Rowland's meddling in African affairs.

Lonrho has just 2 per cent of the bed linen market. House of Fraser had 2 per cent of the UK textiles market, yet Lonrho lost HOF on a 'competition issue'.

Rowland has had his grand plans for Lonrho before, and they have come to nothing. So far there is only the Lonrho/Anderson US oil deal to indicate that this time he means business. A lot must depend on the Libya deal. Rowland once put Lonrho forward as possible oil consultants to the Organisation of African Unity, with all the opportunities for the company that would entail. And, Lonrho still jointly owns the patent for the Wankel Rotary Engine which was never the moneyspinner it was meant to be. Rowland has talked about buying Rolls-Royce and *The Times*. Analyst Bob Carpenter of stockbrokers Kitcat & Aitken says: "Tiny Rowland is the man who wanted to buy Rolls-Royce and ended up with Jack Barclay, the Rolls-Royce distributor. He is the man who wanted to own Harrods but could only get 30 per cent of House of Fraser. And, he is the man who wanted to own *The Times* but had to make do with *The Observer*." Rowland shrugs, spreads his palms, and says: "I haven't done too badly".

The fact remains that Rowland has never translated his grand designs into grand profits. Lonrho is Rowland's third career. He was already wealthy, thanks to a successful refrigeration business, when he left the UK in 1948. Before joining Lonrho, he was more than "a smart farmer". He had the franchise to distribute Mercedes cars in Rhodesia, as well as gold and copper mining interests, plus a lucrative consultancy arrangement with Rio-Tinto Zinc.

While he has transformed Lonrho, it is not the world force he suggests. He is not a Murdoch, for example, and he is virtually unknown in the US. At 69 he may have left his plans too late. There is another threat to Rowland apart from his age. Earlier this year takeover rumours swirled around Lonrho. Rowland says: "I will match anyone share for share who bids for this company." He and his colleagues were concerned at heavy buying of Lonrho stock in the US. They discovered the buyers to be Heine Securities in New York. Heine invests on behalf of mutual funds. With nearly 9 per cent, it is now the second largest shareholder in Lonrho. At the a recent meeting, the Lonrho board asked Heine to explain its reasons for its interest in Lonrho. The Lonrho board was relieved to hear that Heine has strict limits on its investments. It can only buy up to 30 per cent of any company.

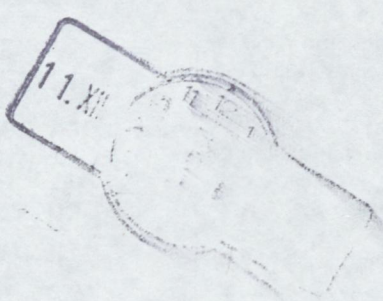
Heine's chief operating officer, Michael Price, says: "We specialise in investing in under-valued companies." Lonrho has never enjoyed a high stockmarket rating. Its share price is currently £2.40 but analysts claim its break up value is £7 a share. Price says: "I am a big believer in a company selling off its assets. The share price in Lonrho would rise if the company sold some of its assets." He adds: "The price would rise if there was change in you know who."

Tiny Rowland is Lonrho's biggest asset – but also one of its biggest liabilities. Kitcat's Carpenter says: "Lonrho's brush with the Establishment has done the company great harm. All the things that Hanson Trust has done Lonrho could have done as well. Every time Lonrho does anything the question of Tiny's personality arises."

Rowland shows no sign of stepping down. He is now working harder than ever. He dominates his fellow directors, some of whom were plucked from relative obscurity by Rowland. He says: "We have been through the flame and the fire together." With an average age of 55 there is little young talent on the board. Lonrho watchers are always looking for any sign that Tiny Rowland has chosen a successor. But he remains impassive. Tom Ferguson of Kuwait's Gulf Fisheries, formerly the second largest shareholder in Lonrho, after Rowland, says: "My biggest regret was that Tiny conducted his affairs with the De Gaulle complex. He never groomed a successor. There is no obvious candidate, because the management structure has prevented anyone coming to the fore."

Carpenter says: "While Rowland is there, the other directors would not dare to jockey for position. The key to a Lonrho without Rowland is his wife." In 1968, the 51-year-old Rowland married Josie, the 24-year-old daughter of his Rhodesian farm manager. Rowland says: "Lonrho has been her life for 25 years." He claims to have made Josie promise that she will not sell his shares for 10 years after his death.

Observers point to Terry Robinson, 42, as the man most likely to succeed Rowland. Robinson is ambitious and oversees Lonrho's vastly successful UK operations. Some point to Robert Dunlop as the man to succeed Rowland in Africa. Rowland himself claims that one person will not take his place. He says that Lonrho will follow Shell where, after the death of its founder, Deterding, a committee of managing directors took over. Without Rowland, Lonrho will change. None of his directors share his obsession with Africa. None of them have his negotiating flair or experience. Says an observer: "Lonrho will go back to being a very ordinary company." But, perhaps, a very ordinary company running an oil industry for Colonel Moammar Gaddafi. E



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24 APR 1982

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CONFIDENTIAL
DESKBY 240830Z
FROM MEXICO CITY 232315Z APRIL 82
TO IMMEDIATE FCO
TELEGRAM NUMBER 316 OF 23 APRIL 82

MY TELNO 310: FALKLAND ISLANDS

1. ROWLAND (LONRHO) SPOKE BY TELEPHONE THIS AFTERNOON TO MY MINISTER/COUNSELLOR. HE SAID THAT HE HAD SENT HIS PRIVATE JET TO MEXICO TO BRING HIS FRIEND GOVERNOR ROSSELL DE LA LAMA TO LONDON FOR A PRIVATE VISIT DURING WHICH ROSSELL HAD INTENDED TO DELIVER A PERSONAL MESSAGE FROM PRESIDENT LOPEZ PORTILLO TO THE PRIME MINISTER. HOWEVER OUR ENQUIRIES ABOUT THE VISIT THROUGH THE FOREIGN MINISTRY HAD LED ROSSELL TO POSTPONE HIS JOURNEY.

2. HE HAD JUST SPOKEN ON THE TELEPHONE TO ROSSELL WHO HAD SEEN THE PRESIDENT TODAY. ROSSELL WOULD NOW TRAVEL TO LONDON ON AN OFFICIAL VISIT AS THE PERSONAL REPRESENTATIVE OF THE PRESIDENT TAKING A PERSONAL MESSAGE FOR THE PRIME MINISTER. AS SOON AS ROSSELL HAD SPOKEN TO THE PRIME MINSITER HE WAS TO CONTACT THE PRESIDENT BY TELEPHONE. ROWLAND SAID THAT HE ASSUMED THAT PRESIDENT LOPEZ PORTILLO SAW SOME SOLUTION TO THE CRISIS, PROBABLY FOLLOWING A MESSAGE FROM PRESIDENT GALTIERI, AND WISHED TO HAVE IT BROUGHT URGENTLY TO THE PRIME MINISTER'S ATTENTION.

3. ROWLAND ASKED MORRIS TO CONFIRM TO YOU IMMEDIATELY THAT THE VISIT WAS NOW OFFICIAL. BUT HE ASKED THAT WE SHOULD NOT CONTACT THE FOREIGN MINISTRY AGAIN AS THEY WERE NOT INVOLVED AND IT WOULD ONLY COMPLICATE MATTERS. THE PRESIDENCY COULD OF COURSE CONFIRM ROSSELL'S ROLE.

4. ROWLAND SAID THAT HIS JET WAS IN SAVANNAH, GEORGIA AND WOULD BE TAKING OFF FOR MEXICO CITY WITHIN HALF AN HOUR (232300Z) TO PICK UP ROSSELL AND FLY HIM TO LONDON.

5. MINISTER/COUNSELLOR SPOKE TO THE PRESIDENT'S PRIVATE SECRETARY WHO SAID HE KEW NOTHING OF SUCH A VISIT.

6. CASILLAS IS VERY CLOSE TO THE PRESIDENT AND IT SEEMS

IMPROBABLE THAT THE PRESIDENT WOULD SEND ROSSELL AS AN OFFICIAL EMISSARY TO LONDON WITHOUT THE KNOWLEDGE OF HIS PRIVATE SECRETARY OR THE FOREIGN MINISTRY. BUT IT IS POSSIBLE THAT ROSSELL, WHO IS A PERSONAL FRIEND OF THE PRESIDENT MAY HAVE MENTIONED TO THE PRESIDENT THAT HE PLANNED TO VISIT LONDON AND HAVE OFFERED TO CONVEY AN INFORMAL MESSAGE TO THE PRIME MINISTER. THE PRESIDENT MAY HAVE AGREED TO THIS.

TCKELL

NNNN

cc Mr Ds Sec

10 DOWNING STREET

From the Private Secretary

26 April, 1982.

Falkland Islands: Call on the Prime Minister by Senor Rossell de la Lama

Thank you for your letter of 23 April. Mr. Edward Du Cann broug Senor Rossell de la Lama (the Governor of Hidalgo Province in Mexico) to call on the Prime Minister this morning.

After a short discussion on the Cancun Conference, Mr. Du Cann explained that the Governor, whose English was not perfect, had asked him to speak on his behalf. They wished to regard the meeting as an informal one between friends, though, said Mr. Du Cann, Senor de la Lama was in London with the knowledge and full approval of the President. The President of Mexico wanted to offer his help in the Falklands dispute. But he did not wish to cut across Mr. Haig's efforts, nor was he offering himself as a mediator. His purpose was rather to offer a venue in Mexico for discussion if this seemed appropriate at any time. Mexico understood Argentina's emotional commitment to the Falkland Islands, but they had more understanding for the UK's legal case on the islands and the positon we had adopted at the UN.

The Prime Minister said that she was glad to know that a venue for discussion could be provided in Mexico if this were needed. The fact was that if Argentina withdrew its forces in conformity with UN Security Council Resolution 502 and then, following British withdrawal, there was a demilitarised zone, perhaps guaranteed by the United States, we could consider negotiations.

Senor de la Lama undertook to report the Prime Minister's comments to the President of Mexico.

Although there was some discussion of other aspects of the situation, the above records the only substantial part of the conversation.

I should be grateful if the contents of this letter could be carefully protected because Senor de la Lama was most anxious that knowledge of his visit here should be restricted.

CONFIDENTIAL / I am

I am sending copies of this letter to David Omand (Ministry of Defence), John Halliday (Home Office), Keith Long (Office of the Chancellor of the Duchy of Lancaster), and David Wright (Cabinet Office).

A. J. COLES

John Holmes, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

CONFIDENTIAL AND PERSONAL

FCO SA2AIM

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

11 December 1986

ARGENTINA/FALKLANDS

The Foreign Secretary will want to be aware that a friend of the Prime Minister's has reported a feeler from President Alfonsin about negotiations over the Falklands. I enclose a note summarising the approach. On the Prime Minister's instructions, I have declined the idea of a meeting with Mr. Bronfman, making clear that the proposals as reported are unacceptable since they envisage discussion of sovereignty. I added that we were nonetheless grateful for this indication of President Alfonsin's views.

(CHARLES POWELL)

A. C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office.

CONFIDENTIAL AND PERSONAL

CONFIDENTIAL AND PERSONAL

(1)

Spoken to Lord Sieff, as indicated CDP 11/12

PRIME MINISTER

ARGENTINA/FALKLANDS

You will recall that Lord Sieff asked to see you about a message from President Alfonsin. I went to see him today, on your behalf, to hear what he had to say.

Lord Sieff said that Edgar Bronfman, President of the World Jewish Congress had been in touch with him to report a discussion which he had had over dinner with President Alfonsin. Bronfman had reported that the President was very anxious to settle the problem of the Falkland Islands in a way satisfactory to both parties. He had told Bronfman that there was scope for very considerable flexibility, perhaps based on a very long leasing, followed by some form of autonomy for the Falkland Islanders in their internal affairs if they wanted it. Alfonsin had said that he would 'swim the ocean' to get a deal. Alfonsin had authorised Bronfman to talk to you unofficially if you were interested.

Alfonsin had made clear that he wanted a settlement agreeable to both sides before his elections. He was coming to the end of the military trials and hoped that another election would result in a victory for democracy and not a return to some form of military dictatorship.

I said that I was sure you would be grateful to Lord Sieff for passing on the message, which I would transmit to you. It seemed to me at first sight that the offer had very little to commend it because, once again, it envisaged discussion of sovereignty. You were absolutely determined that the Argentines should not try to achieve through negotiations what they had failed to achieve by war. Moreover the Falklanders had already rejected the concept of a lease. Nonetheless, the message was of interest as a reflection of Alfonsin's state of mind and desire to achieve a solution.

CONFIDENTIAL AND PERSONAL

I continued that I doubted whether you want to discuss this with Mr. Bronfman, since to do so would make it appear to the Argentinians that you were prepared to contemplate some discussion of sovereignty. But I would establish your views and let Lord Sieff know what reply he should give.

I imagine that you will not wish to follow up this suggestion, which does not look very promising. I suggest that I should confirm to Lord Sieff that your views are as I predicted, although you are grateful to both Lord Sieff and Mr. Bronfman for drawing this approach to your attention.

Agree that I should reply orally to Lord Sieff on these lines?

Agree that I should inform the Foreign Office of this exchange when it is complete?

Will not discuss sovereignty.

CDP

Islands are British and will stay British.

C D POWELL

10 December 1986

SLHADJ

EDGAR BRONFMAN

(O) SEAGRAM CO. LTD.
375 PARK AVENUE
NEW YORK, N.Y. 10152
U.S.A. 0101 212 572 7191/
7000

(H) 960 5TH AVENUE AT 77TH STREET
NEW YORK
0101 212 744 0116

(O) SEAGRAM EUROPE
SEAGRAM DISTILLERS HOUSE
DACRE STREET
LONDON SW1 222 4343

(H) 5 WILTON CRESCENT
LONDON SW1 235 4635

CONFIDENTIAL

Edgar Bronfman, President of the World Jewish Congress, had dinner with President Alfonsin.

The President is very anxious to settle the problem of the Falkland Islands and find a way satisfactory to both parties. He told Edgar Bronfman there is scope for very considerable flexibility, perhaps based on a very long leasing, followed by some form of autonomy for the Falklanders in internal affairs, if they want it.

He said he would "swim the ocean" to get a deal.

If the PM is interested Edgar Bronfman is authorised to talk to her unofficially.

President Alfonsin needs some settlement agreeable to both sides before the election. He is coming to the end of his trials of the military and hopes that another election will result in a victory for democracy and not a return to some form of military dictatorship.

9th December 1986

IN CONFIDENCE

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 K C B C V O

Prime Minister
to note
NW
9.12

PUS/L86/1119
9/31/F

8 December 1986

Dear Nigel, at flag PTUO

On 8 January 1986 I wrote to you to outline the position on the South Atlantic Fund following concern expressed by the Prime Minister that it might be wound up prematurely. You replied on 10 January asking to be kept informed of future developments.

2. I understand that the Trustees have now decided that the life of the Fund should be extended by twelve months until July 1988, with a further review of this decision in a year's time.

3. This decision will not be made public until the Patron, HRH The Price of Wales, has been informed and his views obtained, probably early in the New Year. I should be grateful if you could treat this information in confidence until such time as my office lets you know otherwise.

Yours ever,

Clive Whitmore.

Nigel Wicks Esq
PPS/Prime Minister
10 Downing Street
SW1

IN CONFIDENCE

ARGENTINA Relations PTLI

SUBJECT cc MASTER
OPS

fe DSG
CFO

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

28 November 1986

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T228/86

Dear Helmut,

I should like to record my warm appreciation for the position taken by the Federal Government in the vote on the Falklands issue at the United Nations. The resolution which was adopted will not contribute in any way to improving the prospects for Anglo/Argentine relations or the solution of the difficulties between us: on the contrary.

Looking to the future, I hope that we shall continue to benefit from your support in our determination to work for a normal relationship with Argentina and to uphold the principle of self-determination in the case of the Falkland Islands.

With all good wishes,

Yours sincerely,

Margaret

His Excellency Dr. Helmut Kohl

Foreign and Commonwealth Office

London SW1A 2AH

27 November 1986

Dear Charles

Falklands: UNGA Vote: FRG

All the indications were that there was very little disposition in the Auswartiges Amt to maintain the German abstention in the vote. Without the Prime Minister's appeal to Chancellor Kohl we would probably have lost the Germans. As Genscher told us, the Germans have less and less stomach for staying with us and next year will probably be even more resistant.

Against this background it would be both prudent and gracious to send Chancellor Kohl a note of appreciation. I attach a draft that the Prime Minister might like to send him.

Yours ever

(R N Culshaw)
Private Secretary

C D Powell Esq
No 10 Downing St

DSR 11 (Revised Sept 85)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1 +

FROM:
Prime Minister

DEPARTMENT:

TEL. NO:

BUILDING:

ROOM NO:

Reference
AB1ACF

Your Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

PRIVACY MARKING

..... In Confidence

CAVEAT .....

Enclosures flag(s) .....

TO:

Chancellor Kohl

DG 2BJO (Back-up)

Copies to:

SUBJECT:

We were disappointed with the result of this week's General Assembly debate on the Falklands. Neither the debate nor the resolution contribute anything to a resolution of the Falklands issue or to improving the prospects for Anglo/Argentine relations; on the contrary. But, given the dynamics of group psychology, we were not surprised. In such circumstances the staunchness of the Federal Government's position is all the more valuable. I wanted to record our warm appreciation for that.

Looking to the future, I hope that we shall continue to benefit from your support in our determination to work for a normal relationship with Argentina and to uphold the principle of self-determination in the case of the Falkland Islands.

With all good wishes.

I would like to record my warm appreciation for the position taken by the Federal Govt in the vote in the Falklands issue at the United Nations. The resolution which was adopted will not contribute in any way to improving the prospects for Anglo/Argentine relations or the solution of the difficulties between us: on the contrary.

RESTRICTED

(2)

Prime Minister
CDP
25/XI

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

25 November 1986

Dear Tony,

FALKLANDS: UN VOTE

M. Bujon, from M. Chirac's office, telephoned me late this morning about the French vote on the Falklands resolution at the UN.

As he had promised the Prime Minister, M. Chirac had looked into the possibility of changing the French vote to an abstention. He had reluctantly concluded that he could not do so. The reason was that President Mitterrand had publicly, at the press conference following the Anglo-French Summit, committed France to support the Argentine resolution. While it would have been possible to change the decision while it remained confidential, to do so after a public announcement would amount to a humiliation of President Mitterrand. M. Chirac had been careful to avoid this on other issues. He was sorry not to be able to help the Prime Minister this time, but remained willing to consider a change in the French position next year, particularly if the matter was raised with him in good time.

I said that naturally we would be disappointed with this reply. I recalled that M. Chirac had told the Prime Minister that the fact that President Mitterrand wanted to vote for the Argentine resolution was not a good enough reason to do so. But I noted the undertaking to reconsider the French position next year. We would certainly follow this up.

A point which the Prime Minister is likely to ask: did we in fact approach M. Chirac's office direct about the French vote in advance of the Anglo-French Summit?

yours sincerely,

Charles Powell

Charles Powell

A. C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office.

RESTRICTED

CONFIDENTIAL FILE CAS

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

13 November 1986

Dear Robert,

FALKLANDS AT THE UN

Thank you for your letter of 13 November enclosing a draft message from the Prime Minister to Chancellor Kohl about the United Nations General Assembly vote on the Falklands.

The Prime Minister has signed the message and I should be grateful if you would telegraph the text urgently to Bonn.

Yours sincerely

C. D. POWELL

CONFIDENTIAL

R. N. Culshaw, Esq.,
Foreign and Commonwealth Office

[Apparently the
Germans are wobbling.
e ma more to a
vot favour].
Der Helmut

FILE VC

SUBJECT cc FCO

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T206/86

cc Master
Ops

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

13 November 1986

Dear Helmut -

Although the draft resolution on the Argentina/Falklands issue is identical in substance to last year's, there is a new factor to which I want to draw your attention before the debate in the General Assembly.

During the course of this year Argentina, in pursuing her sovereignty claim, has acted with increasing irresponsibility; undermining the attempt to secure a multilateral solution to the fisheries problem in the South West Atlantic by concluding bilateral fisheries agreements with the Soviet Union and Bulgaria that purport to cover Falklands waters; and seeking to justify on sovereignty ground the use of force at sea more than 200 miles from Argentina and within 200 miles of the Falklands. This, as you know, resulted in loss of life.

This development of Argentine policy followed the increased vote at last year's General Assembly for the resolution on the Falklands, from which the Argentine Government has evidently drawn encouragement. Renewed endorsement for Argentina in the General Assembly may well stimulate further the irresponsible tendencies that we have seen this year and reinforce Argentina's apparent determination to refuse any kind of cooperation. That would be a negative development.

Since President Alfonsin was elected in 1983, your government, like mine, has supported Argentine democracy and has been able to distinguish between this necessary task and supporting Argentine policy on the Falklands which has become worringly unrealistic. In the light of the way Argentine policy has developed this year, maintaining that distinction has become all the more important.

Against this background, I very much hope that your government will continue to abstain on the resolution.

For our part we shall vote against the resolution, without tabling any amendments.

Yours ever

Margaret

His Excellency Dr. Helmut Kohl

(2)

Prime Minister

The manner of publicising this makes clear that it is a propaganda effort.

CDP

17/xi

MR POWELL

ARGENTINE OFFER TO DECLARE CESSATION OF HOSTILITIES

Attached are the latest Reuters and BBC monitoring reports of an offer by Argentina to declare a cessation of hostilities. A note has apparently been sent to the Prime Minister through the Swiss.

P HALL

17 November 1986

NNNN
UKS366
171626 :AM-FALKLANDS =2 BUENOS AIRES

Argentina's refusal until now to declare a formal cessation of hostilities has been a major stumbling block to talks for a settlement to the conflict.

The statement said Argentina would be willing to declare the cessation of hostilies, "in spite of being juridically unnecessary, ... as part of process of elimination of the conflict's consequences."

Argentina has maintained until now that a declaration of cessation of hostilities was legally unnecessary to begin talks.

The statement also said Argentina was willing to "begin overall negotiations with the United Kingdom" according to the terms of Resolution 40/21 of the United Nations General Assemoly, which calls for talks on all aspects of the dispute without specifically mentioning the question of sovereignty.

Before such negotiations could begin, both countries would have to begin an "open dialogue ... to create the conditions of confidence necessary to carry out the negotiations successfully and establish timetables for them," said the statement.

It said the success of the proposal "depends on the will" of Britain to negotiate.

REUTER

NNNN
KS383
171708 :AM-FALKLANDS =3 BUENOS AIRES (REOPENS)

The statement reads in part: 'The Argentine government expresses its willingness to facilitate the opening of negotiations by means of a declaration that at the right moment, despite of being juridically unnecessary, establishes the formal cessation of hostilities...that should put an end to the so-called military protection zone of 150 miles."

Britain imposed the exclusion zone immeditately after the war ended in June, 1982.

The statement was issued only hours before President Raul Alfonsin was due to meet U.S. President Reagan in Washington. The two were expected to discuss Argentina's protest over Britain's newly-claimed fishing conservation area around the islands.

Alfonsin, who arrived last night for a five-day, unofficial visit to the United States, today gave the proposal to U.S. Secretary of State George Shultz.

Reagan met on Saturday with British Prime Minister Margaret Thatcher, who, on her arrival in Washington, renewed Britain's refusal to discuss the sovereignty of the islands in any talks with Argentina.

The Argentine statement implied Britain and Argentina could open contacts at the United Nations later this month, when the General Assembly debates the Falklands question.

"Both parties could demonstrate to the world that reason, imagination and will can construct peace," the statement said.

After distributing the statement, Secretary of State for Foreign Affairs Jorge Sabato stressed to reporters that the formal cessation of hostilities would come only "at the right moment," without elaborating.

Sabato said the statement makes "concrete proposals that could serve to establish dialogue, if there is will and imagination, to solve this conflict."

He said Argentina's offer to end hostilites was issued to "the nations of the world" but was sent to the British government this morning through diplomatic channels.

The two countries have had no diplomatic relations since the 74-day war, which cost nearly 1,000 lives on both sides.

The statement said Argentina would be willing to discuss "all problems ... in addition to the sovereignty dispute," including the dispute over rights to the plentiful fishing resources around the islands.

Argentina has previoulsy refused to discuss fishing rights in the Falklands with Britain because, says Argentina, doing so would imply British sovereignty over the islands and confirm Britain's status as a South Atlantic power.

British Foreign Secretary Sir Geoffrey Howe offered to enter into talks with Argentina over fishing resources when he announced Britain's fisheries limit around the islands on October 29.

Howe said the fisheries zone was needed to counter over-fishing in the area by fleets from various countries and "aggressive patrolling" by Argentina.

Argentina has called the British decision an affront to Argentine sovereignty and a provocation that would heighten tensions in the South Atlantic.

The statement repeated Argentine claims that no aspect of the conflict could be resolved if talks ignored "the deep problem that separates the two countries, ... (which) is, precisely, the sovereignty over the Malvinas islands," using the Argentine name for the islands.

REUTER

ZCZC
ZC
BBC B B69/1 ARGENTINA OFFERS TO DECLARE CESSATION OF HOSTILITIES OVER FALKLANDS=:

(ARGENTINE NEWS AGENCY NOTICIAS ARGENTINAS) BUENOS AIRES: THE ARGENTINE GOVERNMENT TODAY OFFERED ITS BRITISH COUNTERPART +TO BEGIN AN INTRODUCTORY AND PREPARATORY STEP+ TOWARDS A POSSIBLE RESUMPTION OF NEGOTIATIONS REGARDING THE MALVINAS (ED: FALKLANDS) ISLANDS, +AN OPEN DIALOGUE AIMED AT ESTABLISHING THE CONDITIONS OF TRUST NECESSARY FOR SUCCESSFULLY ENGAGING IN THESE NEGOTIATIONS, AND TO SET UP THE AGENDA FOR THEM.+

THE ARGENTINE GOVERNMENT TODAY SENT A NOTE TO MARGARET THATCHER'S ADMINISTRATION THROUGH THE SWISS EMBASSY. THE NOTE OFFERED +THE ESTABLISHMENT OF A FORMAL CESSATION OF HOSTILITIES AIMED AT CLEARING AWAY THE CONSEQUENCES OF THE CONFLICT, A PROCESS WHICH SHOULD DO AWAY WITH THE SO-CALLED MILITARY PROTECTION ZONE OF 150 MILES+.

MORE FOLLOWING BBC MON 17:11 1711 MD

1722171186
NNNN

ZCZC
ZC
BBC B B69/2 ARGENTINA (FALKLANDS) - 2 - WANTS OPEN DIALOGUE=:

THE DECLARATION, WHICH WAS ISSUED IN RESPONSE TO GREAT BRITAIN'S UNILATERAL DECISION TO EXTEND THE ECONOMIC EXCLUSION ZONE TO 150 MILES AROUND THE MALVINAS ISLANDS, PROPOSES:

1. TO BEGIN OVERALL NEGOTIATIONS WITH THE UNTIED KINGDOM IN KEEPING WITH U.N. RESOLUTION 40/21.

2. TO BEGIN, AS AN INTRODUCTORY AND PREPARATORY STEP FOR THESE NEGOTIATIONS, AN OPEN DIALOGUE WITH THE UNITED KINGDOM AIMED AT ESTABLISHING THE CONDITIONS OF TRUST NECESSARY FOR SUCCESSFULLY ENGAGING IN THESE NEGOTIATIONS, AND FOR SETTING UP THEIR AGENDA.

3. TO PAVE THE WAY FOR THE BEGINNING OF NEGOTIATIONS THROUGH A DECLARATION WHICH - DESPITE BEING JURIDICALLY UNNECESSARY - WOULD ESTABLISH IN DUE TIME A FORMAL CESSATION OF HOSTILITIES, AS PART OF A PROCESS AIMED AT CLEARING AWAY WITH THE SO-CALLED MILITARY PROTECTION ZONE OF 150 MILES.

4. TO RESOLVE, AS ALWAYS ADVOCATED, BY NEGOTIATIONS, AND IN KEEPING WITH U.N. RESOLUTION 40/21, ALL THE PROBLEMS BETWEEN THE TWO PARTIES, IN ADDITION TO THE SOVEREIGNTY DISPUTE, NAMELY:

REMOVING THE CONSEQUENCES OF THE CONFLICT, IN THE AREAS OF TRADE, CONSULAR AND DIPLOMATIC RELATIONS, TRANSPORT AND COMMUNICATIONS, AND WHEN APPROPRIATE, THE PROTECTION OF FISHING RESOURCES. ALL THIS SHOULD BE ACCOMPLISHED WITH THE HELP OF THE U.N. SECRETARY GENERAL.

MF BBC MON 17:10 1711 MW (WA)

1737171186
NNNN

ZCZC
ZC
BBC B B69/3E ARGENTINA (FALKLANDS) -3- SOVEREIGNTY MAIN ISSUE=:

5. TO ANALYSE WITHIN THE FRAMEWORK OF TALKS AND SUBSEQUENT NEGOTIATIONS, ALL POSSIBLE APPROACHES FOR A SOLUTION TO THE DISPUTE THAT WOULD GIVE SPECIAL ATTENTION TO MEASURES CAPABLE OF PROMOTING TRUST AMONG THE INHABITANTS OF THE ISLANDS WITH THE HELP OF THE U.N. SECRETARY GENERAL.

IN ITS PREAMBLE THE ARGENTINE NOTE STATES THAT +THE ARGENTINE GOVERNMENT FIRMLY BELIEVES THAT ON 24TH NOVEMBER WHEN THE U.N. GENERAL ASSEMBLY BEGINS DISCUSSING THE MALVINAS ISSUE, THE TWO PARTIES WILL BE ABLE TO SHOW TO THE WORLD AT LARGE THAT REASON, IMAGINATION AND WILL CAN BUILD PEACE.

THE NOTE ALSO RATIFIED THE +PEACEFUL INTENTIONS+ OF THE ARGENTINE GOVERNMENT AND +ITS FIRM WILLINGNESS TO ACTIVELY CONTRIBUTE TO THE PROTECTION OF NATURAL RESOURCES AND OF THE MARITIME ENVIRONMENT+.

THE NOTE CONCLUDED BY STRESSING THAT IN THIS REGARD +THE DECLARATION ISSUED BY THE UNITED KINGDOM GOVERNMENT ON 29TH OCTOBER THIS YEAR, REVEALS BY BRITAIN'S SEEKING TO EXERCISE SOVEREIGN RIGHTS OVER MARITIME AREAS, THAT THE MAIN ISSUE IN THE CONTROVERSY IS SOVEREIGNTY OVER THE MALVINAS ISLANDS.+

END BBC MON 17:22 1711 VY.

1747171186
NNNN

NNNN

SUBJECT
cc MASTER
OPS

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. 209A/86

CONFIDENTIAL

77015 - 1

OCMIAN 7015
CONFIDENTIAL
DD 141730Z BONNN
FM FCOLN TO BONNN
141450Z NOV
GRS 352

CONFIDENTIAL
FM FCO
TO DESKBY 141730Z BONN
TELNO 573
OF 141450Z NOVEMBER 86
INFO PRIORITY UKMIS NEW YORK

FALKLANDS AT UNGA

1. PLEASE PASS THE FOLLOWING MESSAGE FROM THE PRIME MINISTER TO CHANCELLOR KOHL:

QUOTE

DEAR HELMUT

ALTHOUGH THE DRAFT RESOLUTION ON THE ARGENTINA/FALKLANDS ISSIS IDENTICAL IN SUBSTANCE TO LAST YEAR'S, THERE IS A NEW FACTOR TO WHICH I WANT TO DRAW YOUR ATTENTION BEFORE THE DEBATE IN THE GENERAL ASSEMBLY.

DURING THE COURSE OF THIS YEAR ARGENTINA, IN PURSUING HER SOVEREIGNTY CLAIM, HAS ACTED WITH INCREASING IRRESPONSIBILITY: UNDERMINING THE ATTEMPT TO SECURE A MULTILATERAL SOLUTION TO THE FISHERIES PROBLEM IN THE SOUTH WEST ATLANTIC BY CONCLUDING BILATERAL FISHERIES AGREEMENTS WITH THE SOVIET UNION AND BULGARIA THAT PURPORT TO COVER FALKLANDS WATERS: AND SEEKING TO JUSTIFY ON SOVEREIGNTY GROUNDS THE USE OF FORCE AT SEA MORE THAN 200 MILES FROM ARGENTINA AND WITHIN 200 MILES OF THE FALKLANDS. THIS, AS YOU KNOW, RESULTED IN LOSS OF LIFE.

THIS DEVELOPMENT OF ARGENTINE POLICY FOLLOWED THE INCREASED VOTE AT LAST YEAR'S GENERAL ASSEMBLY FOR THE RESOLUTION ON THE

/FALKLANDS

FALKLANDS, FROM WHICH THE ARGENTINE GOVERNMENT HAS EVIDENTLY DRAWN ENCOURAGEMENT. RENEWED ENDORSEMENT FOR ARGENTINA IN THE GENERAL ASSEMBLY MAY WELL STIMULATE FURTHER THE IRRESPONSIBLE TENDENCIES THAT WE HAVE SEEN THIS YEAR AND REINFORCE ARGENTINA'S APPARENT DETERMINATION TO REFUSE ANY KIND OF CO-OPERATION. THAT WOULD BE A NEGATIVE DEVELOPMENT.

SINCE PRESIDENT ALFONSIN WAS ELECTED IN 1983, YOUR GOVERNMENT, LIKE MINE, HAS SUPPORTED ARGENTINE DEMOCRACY AND HAS BEEN ABLE TO DISTINGUISH BETWEEN THIS NECESSARY TASK AND SUPPORTING ARGENTINE POLICY ON THE FALKLANDS WHICH HAS BECOME WORRYINGLY UNREALISTIC. IN THE LIGHT OF THE WAY ARGENTINE POLICY HAS DEVELOPED THIS YEAR, MAINTAINING THAT DISTINCTION HAS BECOME ALL THE MORE IMPORTANT.

AGAINST THIS BACKGROUND, I VERY MUCH HOPE THAT YOUR GOVERNMENT WILL CONTINUE TO ABSTAIN ON THE RESOLUTION.

FOR OUR PART WE SHALL VOTE AGAINST THE RESOLUTION, WITHOUT TABLING ANY AMENDMENTS.

YOURS EVER

MARGARET

UNQUOTE

HOWE

OCMIAN 7015

FALKLAND ISLANDS

LIMITED

FID
DEF D
S AM D
UND
ERD
MAED
WIAD
MCAD
ECD(E)
WED
NEWS D

INFO D
PLANNING STAFF
ECONOMIC ADVISERS
R D
PUSD
PRU
LEGAL ADVISERS
PS
PS/LADY YOUNG
PS/MR PATTEN ODA
PS/MR EGGAR

PS/PUS
MR GILLMORE
MR DEREK THOMAS
MR GOODALL
MR FEARN
MR FALL
MR BARRINGTON
SIR C TICKELL (ODA)
MR AINSCOW (ODA)
MR SAMUEL (ODA)
MR RATFORD

ADDITIONAL DISTRIBUTIC

FALKLAND ISLANDS

Confidential

Foreign and Commonwealth Office

London SW1A 2AH

14 November 1986

Dear Charles

Falklands Fisheries: OAS Resolution

I enclose a copy of the resolution adopted on the Falkland Islands at the OAS special session at Guatemala City on 11 November.

According to the Americans the final text represents a substantial dilution of the original draft, and this was largely due to the efforts of Mr Shultz and his team. But the resolution, particularly the first operative paragraph referring to a new element of tension and potential conflict, is still critical of us. (The Americans had had their own interest in seeking a consensus resolution.)

The Argentines have, predictably, presented the resolution in the Press as a diplomatic victory.

In such a predominantly Latin American forum, the text is probably as good as we could have expected and it contains no awkward calls for action, apart from the ritual invocation of the need for negotiations on the dispute as a whole. One of the preambular paragraphs is helpful to us in recognising that fishery conservation is a matter of international concern, the achievement of which should not be frustrated by the sovereignty dispute.

Yours ever

Robin Culshaw

(R N Culshaw)
Private Secretary

C D Powell Esq
No 10 Downing St

TEXT OF THE RESOLUTION ADOPTED BY CONSENSUS AT THE SPECIAL SESSION OF THE OAS PERMANENT COUNCIL NOVEMBER 11 1986

Having seen:

The presentation made by the Minister of Foreign Affairs and Worship of Argentina to the Permanent Council on November 11, 1986, denouncing the situation arising from the "Declaration on Fisheries in the South Western Atlantic" issued by the Government of the United Kingdom of Great Britain and Northern Ireland on October 29, 1986.

Resolutions 595/XII of 1982; 669/XIII of 1983; 700/XIV of 1984; and 765/XV of 1985 adopted by the Organization of American States; and Resolutions 37/9 of 1982; 58/12 of 1983; 39/6 of 1984; and 40/21 of 1985 adopted by the United Nations General Assembly and;

Considering:

That the aforesaid declaration on the part of the United Kingdom of Great Britain and Northern Ireland adds another element to the existing situation of tension and potential conflict into the continuous dispute over the Malvinas Islands; including the question of sovereignty.

That the conservation of fisheries resources in the area is a matter of international concern whose achievement should not be frustrated by the sovereignty dispute; and which should not be used or invoked, directly or indirectly, as an argument in the mentioned dispute; and

That the international community has repeatedly urged the parties to refrain from altering the de facto situation and to engage in negotiations to resolve their disputes.

Resolves:

1. To express its strong concern over the new element of tension and potential conflict introduced by the declaration of October 29th.

2. To support the efforts of the international community in favor of the peaceful negotiation of all aspects of the dispute over the Malvinas Islands, including the question of sovereignty in conformity with the resolutions of this Organization and of the United Nations.

/3.

3. To ask both parties to exhaust all possible opportunities for negotiations and not take actions that introduce changes in the already delicate existing situation.

4. To request the OAS, and to ask the international community, to redouble its efforts to gain a negotiated settlement.

5. To support the decision of the constitutional Government of Argentina, a member of this Organization, to resolve the dispute by diplomatic negotiations, in accordance with our previous resolutions.

6. To transmit this resolution to the President of the General Assembly of the United Nations, to the President of the Security Council and to the Secretary-General of the United Nations, so that note may be taken of the opinion of the American States regarding this situation.

Model
action
no rights.

DD

Conservation
the Conservation
of Marine
Resources

0112/14

ADVANCE COPY

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OF 132310Z NOVEMBER 86
INFO PRIORITY BUENOS AIRES, BRASILIA, MONTEVIDEO

Prime Minister
If he means
taking an Antarctic
Treaty Convention
as a model,
there might
be something
in this. But
I bet the
Argentines
will put
conditions.
CDP.

OUR TELNO 2842: FALKLANDS FISHERIES: MULTILATERAL SOLUTION

SUMMARY

1. SHULTZ LIKELY TO SEEK THE PRIME MINISTER'S VIEWS ON A US PROPOSAL FOR A MULTILATERAL SOLUTION MODELLED ON THE ANTARCTIC TREATY.

DETAIL

2. SHULTZ MADE A BRIEF APPEARANCE AT ARMACOST'S MEETING WITH THE PUS ON 13 NOVEMBER. SHULTZ (WHO HAD JUST RETURNED FROM THE OAS MEETING IN GUATEMALA) HAD THE FALKLANDS ISSUE AT THE TOP OF HIS MIND. HE SAID THAT HE HAD PUT TO CAPUTO THE US IDEA FOR A MULTILATERAL APPROACH LEAVING ASIDE THE SOVEREIGNTY ISSUE FOLLOWING THE PRECEDENT OF THE ANTARCTIC TREATY (PARA 2 OF TUR AND PARA 4 OF GUATEMALA CITY TELNO 309). CAPUTO HAD BEEN INTRIGUED BY THIS PROPOSAL, AND HAD AGREED TO LET SHULTZ HAVE A CONSIDERED REACTION. SHULTZ HAD TOLD CAPUTO THAT IF THE ARGENTINE RESPONSE WAS POSITIVE, H
E
WOULD COMMEND THE IDEA TO THE PRIME MINISTER.

3. THE PUS ASKED SHULTZ WHETHER THE ARGENTINES SERIOUSLY REGARDED OUR CONSERVATION MEASURES AS A WAY OF ASSERTING OUR SOVEREIGNTY, DESPITE THE CLEAR BRIEFING WE HAD GIVEN ON THE REASONS FOR OUR ACTION. SHULTZ SAID THAT THE ARGENTINES HAD SEEN THEIR BILATERAL FISHING AGREEMENTS WITH THE SOVIET UNION AND BULGARIA AS A WAY OF CHALLENGING OUR POSITION ON SOVEREIGNTY. THEY ACCORDINGLY SAW OUR ACTION AS A RE-ASSERTION OF OUR CLAIM TO SOVEREIGNTY. THE US HOPED THAT BY USING THE ANTARCTIC TREATY APPROACH, IT MIGHT BE POSSIBLE TO GET THE FOCUS BACK ON TO THE CONSERVATION ISSUE.

4. THE PUS AND I EMPHASISED THAT OUR ACTION WAS THE RESULT OF GENUINE CONCERN ABOUT FISHING STOCKS: THAT OUR PREFERENCE HAD LONG BEEN FOR A MULTILATERAL APPROACH THROUGH THE FAO: AND THAT WE HAD

4. THE PUS AND I EMPHASISED THAT OUR ACTION WAS THE RESULT OF GENUINE CONCERN ABOUT FISHING STOCKS: THAT OUR PREFERENCE HAD LONG BEEN FOR A MULTILATERAL APPROACH THROUGH THE FAO: AND THAT WE HAD THROUGHOUT TRIED TO AVOID THE SOVEREIGNTY ISSUE BECOMING AN OBSTACLE. SHULTZ SAID THAT THE US DELEGATION IN GUATEMALA HAD KEPT BRITISH VIEWS VERY MUCH IN MIND. HE THOUGHT THAT THE US HAD MADE CLEAR TO THE ARGENTINES THAT THEY WOULD VOTE FOR A RESOLUTION WHICH WAS CONSISTENT WITH TEXTS THEY HAD ACCEPTED BEFORE. BUT THEY WOULD NOT GO ANY FURTHER.

COMMENT

5. SHULTZ WAS CLEARLY EXPECTING TO HEAR FURTHER FROM CAPUTO SHORTLY ABOUT HIS ANTARCTIC TREATY APPROACH. WHETHER OR NOT HE DOES, I WOULD EXPECT HIM TO MENTION THE SUBJECT TO THE PRIME MINISTER ON 14 NOVEMBER.

6. OUR IMPRESSION IS THAT STATE ARE THINKING NOT OF ESTABLISHING SOME NEW MULTILATERAL REGIME FOR THE SOUTHWEST ATLANTIC BUT OF EXPLOITING TO THE FULLEST THE PROVISIONS OF THE EXISTING CONVENTION ON THE CONSERVATION OF ANTARCTIC MARINE LIVING RESOURCES (CCAMLR). FOR EXAMPLE, IT HAS BEEN SUGGESTED INFORMALLY TO US THAT THE CONVENTION COULD PROVIDE A BASIS FOR DISCUSSIONS AMONG ANTARCTIC TREATY SIGNATORIES OF FISH STOCKS IN ADJACENT AS WELL AS ANTARCTIC WATERS.

7. FCO PLEASE ADVANCE TO GILLMORE, FEARN AND BEAMISH (FCO) AND POWELL (NUMBER 10).

ACLAND

YYYY

ORWBAN 7759

NNNN

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

13 November 1986

Prime Minister
(To be warned)

CDP
13/XI

Dear Charles

Falklands Fisheries

The Prime Minister will wish to be aware before leaving for Washington of the following report which we have received late this afternoon from our Embassy. Mr Shultz told Sir Patrick Wright today that he had been putting some ideas to the Argentine Foreign Minister for resolving the fisheries problem on a formula similar to that used in the Antarctic Treaty (ie that any arrangements would be without prejudice to sovereignty positions). Mr Shultz said that if he had a response tomorrow from Sr Caputo he would wish to speak about his ideas to the Prime Minister when he saw her.

Yours ever

Robin

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

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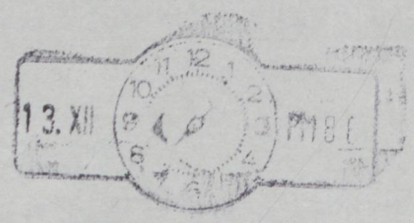
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PM

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CCC

Foreign and Commonwealth Office

London SW1A 2AH

13 November 1986

Dear Charles

Falklands at the UN

The Germans are showing signs of changing their UNGA vote this year from abstention to a vote in favour of the Argentine draft resolution. Genscher told Sir Geoffrey Howe on 10 November that the Germans would not continue to abstain forever.

The only avenue left to us to influence the German vote is for the Prime Minister to send a message to Chancellor Kohl. Unless Teltschik, Chancellor Kohl's Political Adviser, has been able to confirm later today to Sir Julian Bullard that the Germans will abstain, Sir Geoffrey Howe thinks a message should be sent without further delay.

In view of the Prime Minister's imminent departure for Washington, I now enclose a draft message. If she is content in principle, this would be despatched tomorrow to arrive before the weekend - unless of course the German position changes in the meanwhile.

Yours ever

Robin Culshaw

(R N Culshaw)
Private Secretary

C D Powell Esq
No 10 Downing St

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MESSAGE

DSR 11 (Revised Sept 85)

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

TYPE: Draft/Final 1 +

FROM:
PRIME MINISTER

DEPARTMENT: TEL. NO:

BUILDING: ROOM NO:

Reference

Your Reference

SECURITY CLASSIFICATION

Top Secret
Secret
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Restricted
Unclassified

PRIVACY MARKING

..... In Confidence

CAVEAT .....

Enclosures flag(s) .....

TO:

His Excellency Chancellor Dr Helmut Kohl

Copies to:

Please type for PM's signature

SUBJECT:

VC3fa0K

ARGENTINA/FALKLANDS

Although the draft resolution on this issue is identical in substance to last year's, there is a new factor to which I want to draw your attention before the debate in the General Assembly.

During the course of this year Argentina, in pursuing her sovereignty claim, has acted with increasing irresponsibility; undermining the attempt to secure a multilateral solution to the fisheries problem in the South West Atlantic by concluding bilateral fisheries agreements with the Soviet Union and Bulgaria that purport to cover Falklands waters; and seeking to justify on sovereignty ground the use of force at sea more than 200 miles from Argentina and within 200 miles of the Falklands. This, as you know, resulted in loss of life.

This development of Argentine policy followed the increased vote at last year's General Assembly for the

resolution on the Falklands, from which the Argentine Government has evidently drawn encouragement. Renewed endorsement for Argentina in the General Assembly may well stimulate further the irresponsible tendencies that we have seen this year and reinforce Argentina'a apparent determination to refuse any kind of cooperation. That would be a negative development.

Since President Alfonsin was elected in 1983, your government, like mine, has supported Argentine democracy and has been able to distinguish between this necessary task and supporting Argentine policy on the Falklands which has become worryingly unrealistic. In the light of the way Argentine policy has developed this year, maintaining that distinction has become all the more important.

Against this background, I very much hope that your government will continue to abstain on the resolution.

For our part we shall vote against the resolution, without ~~and do not propose to~~ tabling any amendments.

CONFIDENTIAL

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

MR. NICHOLLS
CABINET OFFICE

FALKLAND ISLANDS FISHERIES

The Prime Minister has considered the note attached to your minute of 7 November spelling out in greater detail the possible courses of action should it be impossible to persuade an Argentine commercial or coastguard vessel to leave the Falkland Islands Interim Conservation and Management Zone. She believes that it has been a useful exercise and notes in particular the further legal advice about the circumstances in which use of limited force could be justified.

I am sending copies of this minute to the Private Secretaries to the Lord President, the Foreign and Commonwealth and Defence Secretaries and the Minister of Agriculture, Fisheries and Food, to the Legal Secretary to the Law Officers and to Mr. Woolley.

C.D.P.

(Charles Powell)

9 November 1986

CONFIDENTIAL

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MR POWELL

Falkland Islands Fisheries

In your letter of 27 October, you invited Mr Mallaby to coordinate further work by officials on possible options for consideration by Ministers, should it be impossible to persuade an Argentine commercial or coastguard vessel to leave the Falkland Islands Interim Conservation and Management Zone.

2. Mr Mallaby has asked me to forward the attached note, which reports the outcome of this work. The note assesses in detail the likely reaction of an Argentine vessel to the various measures specified and reflects, in particular, further legal advice on the permissibility of the use of limited force as a last resort.

3. I am sending copies of this minute to the Private Secretaries to the Lord President, the Foreign and Commonwealth and Defence Secretaries and the Minister of Agriculture, Fisheries and Food, to the Legal Secretary to the Law Officers and to Mr Woolley.

N H NICHOLLS

7 November 1986
Att.

CONFIDENTIAL

Note by Officials
OPTIONS FOR DEALING WITH INCURSIONS INTO THE FALKLAND ISLANDS INTERIM CONSERVATION AND MANAGEMENT ZONE (FICZ) BY ARGENTINE COMMERCIAL VESSELS AND NAVAL AUXILIARIES

Officials have reviewed the list of options set out in the attachment to Mr Howe's letter to Mr Powell of 24 October, and have the following further comments.

2. The possibility of reference to Ministers in the event of failure by an Argentine commercial vessel to comply with an order to leave Falklands waters has existed since hostilities ended in 1982. The rules of engagement for our forces patrolling the Falkland Islands Protection Zone (FIPZ) have until now prescribed that instructions should be sought if a commercial vessel fails to respond after a round has been fired across her bows. In future, warning rounds will not be authorised in advance of reference to Ministers (OD(86)16).

3. On the few occasions when Argentine fishing vessels have entered the FIPZ between 1982 and 1986, they have vacated it once they were aware of having been detected. It is reasonable to expect Argentine (and other) vessels having the purpose of fishing to continue to leave the area without significant difficulty. However, Argentina may choose to regard the declaration of the FICZ as provocative and might

conceivably seek to challenge our jurisdiction by means of incursions by fishing vessels. The vessels' instructions might well be to leave the FICZ if our enforcement assets make serious efforts to persuade them to do so. It is thus possible that even Argentine fishing vessels engaged in deliberate violation would quit the Zone before the stage was reached when reference to Ministers became necessary.

4. The sequence of actions by our enforcement forces before reference to Ministers would be as follows:-

a. Identification by Patrol Aircraft

The offending vessel would be aware that she had been identified, since she would see our aircraft and, in the case of the civil aircraft, radio contact would normally be established. She would expect the overflight to be followed by the arrival of a fisheries enforcement vessel. Unless she were deliberately testing British jurisdiction, she would probably leave the Zone at that point. This would accord with past experience.

b. Instruction to Quit the Zone by Civil Enforcement Vessel

Unless she had set out deliberately to challenge British jurisdiction, it is most unlikely that the offending vessel would not

quit the Zone when instructed to do so; and even a vessel making a challenge would see the arrival of the enforcement vessel as confirmation of determination to enforce the FICZ and might well vacate the FICZ at that point.

c. Low Pass by Military Aircraft

The use of military assets would intensify the pressure on the offending vessel and would be construed as an indication of preparedness to use force.

d. Deployment of Warship (if available)

The arrival of a warship would be seen as even clearer indication that in the last resort force might be employed.

5. The chances of an offending vessel staying put in order to carry out a more determined challenge to British jurisdiction are small but cannot be ruled out. OD(86)16 concluded that, while the risk of the enforcement vessel being shown to be impotent could not be discounted, such a situation was likely to occur extremely rarely. It is conceivable that, in such a situation, the Argentine coastguard could be called in, although this would by definition entail breaching the FIPZ, which the coastguard have hitherto observed.

6. The options for consideration after reference to Ministers should be assessed against this background. They are:-

a. Harassment

i. **Manoevres by civil enforcement vessels or RN warships designed to cause inconvenience or alarm.**
In theory this option is attractive, being designed to intimidate without entailing resort to force. In practice, there is a risk of damaging our vessels, whether civil or naval. And the experience in fisheries enforcement elsewhere is that an offending vessel which had failed to respond to the earlier measures might well be antagonised rather than persuaded to leave.

ii. **Action to prevent vessel fishing (eg cutting fishing gear).**
Detailed re-examination confirms that there is no effective means of preventing a vessel from fishing which would not endanger our vessel. Cutting of gear or fouling of the fishing vessel's propeller would require a more manoevrable vessel than will be available. In addition, such action would be of doubtful legality, as we argued during the Icelandic dispute.

b. Threat of Force

Oral threat backed up by action such as training gun, followed, after warnings, by firing a blank shot and, for fishing vessels only, firing a shotted round across bows.

The range of actions, up to and including the firing of a shotted round across the bows, would be likely to be perceived by the vessel's skipper as a clear warning that failure to comply would precipitate the use of force. He could be expected to be concerned for the safety of his crew. Experience in UK waters suggests that the firing of a shotted round should persuade a vessel to quit the Zone. There are no legal objections to the use of reasonable force to police infringements of a fisheries regime. This option thus offers a reasonable prospect of success.

It would not be open to warships under international law to fire a round across the bows of an Argentine coastguard vessel, which as a public vessel enjoys sovereign immunity and so cannot be charged with a fishery offence, unless she were to do so first. Any action by way of self defence would have to be proportionate to that taken by the Argentine vessel.

c. Use of Force

i. **Non-disabling fire (ie shot into bows)** Further legal advice shows that, provided that our commanding officer is sure that that it would not cause the offending vessel to sink or lives aboard her to be endangered, use of non-disabling fire against a fishing vessel would be legally defensible:

a. as an act of last resort;

b. after a warning;

c. if ammunition of the smallest available calibre were used.

It is unlikely that a fishing vessel would stay in the FICZ after being harmed by fire from our enforcement assets.

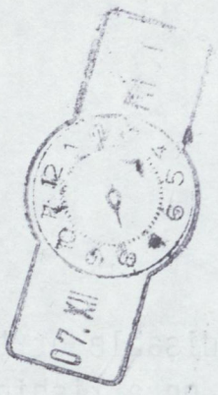
The disadvantages of this measure are that it would be likely to provoke some international criticism, and that Argentina might send a coastguard vessel or even a warship into the FICZ to assist the fishing vessel. Our forces would order an Argentine coastguard or warship to leave the Zone; they would be legally entitled to fire on either type of vessel in self-defence.

ii. Disabling fire.
iii. Sinking.
Opening fire with intent to disable or to sink a fishing vessel wanted on a fishing charge would be illegal under international law.

CONCLUSION

7. Officials continue to believe that it is improbable that any fishing vessel penetrating the FICZ would choose to stay when challenged by a civil enforcement vessel and/or a warship; and that it is therefore unlikely that Ministers would be required to consider possible military options for persuading her to quit the Zone. If nevertheless that point were reached, the threatened use of force, up to and including firing a shotted round across the bows of the fishing vessel, could be expected to be an effective as well as legal means of persuading the vessel to leave; as a last resort, the use of non-disabling fire into the bow of the vessel should be compelling. If, nevertheless, Argentina was willing to put a vessel at risk in order to mount a determined challenge to British jurisdiction and the vessel ultimately refused to leave, our bluff would be seen to have been called. This would have damaging consequences for the credibility of the enforcement regime and for that of the FIPZ. But the chances of this situation being reached must be judged as extremely low.

Argentina; Relations PT 41



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INFO IMMEDIATE MOSCOW, TOKYO, SEOUL, WASHINGTON
INFO PRIORITY HAVANA, LIMA, QUITO.

YOUR TELNO. 186: SOUTH WEST ATLANTIC FISHERIES

1. THE FOREIGN MINISTER SAW ME THIS EVENING AT VERY SHORT NOTICE.

2. I TOLD FERNANDEZ ORDONEZ I WAS ANXIOUS THERE SHOULD BE NO MISUNDERSTANDING ON THE SPANISH SIDE ABOUT THE MEASURES WE HAD TAKEN. I THEN TOOK HIM THROUGH PARAGRAPH 2 OF YOUR TELNO 198 TO BERNE, AND GAVE HIM A PIECE OF PAPER BASED ON THIS. I EMPHASISED THE DISTINCTION BETWEEN OUR DECLARATION OF ENTITLEMENT TO A 200 MILE FISHERY LIMIT, AND THE 150 MILE FICZ. IT WAS IMPORTANT TO REALISE THAT SINCE THE LATTER WAS PRACTICALLY CO-TERMINOUS WITH THE TOTAL EXCLUSION ZONE, THERE WAS NO INCREASED DANGER OF TENSION OR INCIDENTS. OUR INTENTIONS WERE WHOLLY PACIFIC. WE HAD BENT OVER BACKWARDS TO TRY TO SEEK A MULTILATERAL AGREEMENT WITH THE ARGENTINES AND OTHERS AND I REFERRED AGAIN TO YOUR OWN APPROACHES TO CAPUTO. WE STILL REMAINED VERY MUCH IN FAVOUR OF A MULTILATERAL AGREEMENT, AND I EMPHASISED THAT WE REGARDED OUR MEASURES AS INTERIM ONES.

3. FERNANDEZ ORDONEZ TOLD ME HE UNDERSTOOD ALL THIS. HE WAS QUITE AWARE OF THE DISTINCTION BETWEEN VARIOUS ZONES I HAD DESCRIBED AND HE DREW A LITTLE MAP TO PROVE IT. HE OBSERVED THAT ONE OF THE PROBLEMS WAS THAT THE ARGENTINES DID NOT BELIEVE THAT OUR MEASURES WERE INTERIM ONES.

4. HE WENT ON TO SAY THAT OUR ACTION NEVERTHELESS POSED GRAVE DIFFICULTIES FOR SPAIN. HE REFERRED TO THE 38 SPANISH VESSELS FISHING IN SOUTH ATLANTIC WATERS, WHICH WERE NOW FACED WITH THE PROSPECT OF GETTING A LICENCE. I SAID THAT WHEN WE HAD MADE EARLIER REPRESENTATIONS ABOUT FISHERY RESTRAINT TO THE SPANISH MFA AND MINISTRY OF AGRICULTURE, WE HAD BEEN TOLD THAT THE GOVERNMENT HAD NO CONTROL OVER WHAT THEIR FISHERMEN DID. IF THE FISHERMEN NOW WANTED TO APPLY FOR LICENCES SURELY THIS WOULD HAVE NOTHING TO DO WITH GOVERNMENT EITHER, AND THE FORMAL SPANISH POSITION ON SOVEREIGNTY WOULD NOT BE PREJUDICED.

5. FERNANDEZ ORDONEZ DID NOT CONTEST THIS SPEAKING IN STRICT CONFIDENCE, HE IMPLIED THAT IF THE FISHERMEN WERE TO APPLY FOR LICENCES TO WHOEVER THE LICENCING AUTHORITY WAS, THAT WAS THEIR BUSINESS. AS HE SAW IT THE REAL PROBLEM FOR SPAIN, AND HE EMPHASISED ITS SERIOUSNESS, LAY FURTHER AHEAD. HE UNDERSTOOD THAT THE EC COMMISSION HAD BEEN KEPT FULLY INFORMED OF OUR MEASURES. IF THE

/COMMISSION

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COMMISSION WERE NOW TO OPEN A PROCESS OF NEGOTIATION LEADING TO AN AGREEMENT WITH US, HE DID NOT SEE HOW SPAIN COULD SUBSCRIBE TO THIS. SPAIN DID NOT WANT AN AGREEMENT WITH ARGENTINA EITHER. THE ARGENTINES HAD PRESSED THEM VERY HARD, BUT THE SPANIARDS HAD ALL ALONG REFUSED TO GIVE THEM WHAT THEY WANTED. BUT HE WAS DISTURBED AT THE POSSIBILITY OF ACTION BY THE COMMISSION WHICH WOULD INVOLVE THE SPANIARDS IN A SERIOUS QUANDRY. HE FRANKLY DID NOT SEE A WAY AROUND THIS AT THE MOMENT, AND IT PERPLEXED HIM GREATLY.

6. FERNANDEZ ORDONEZ REFFERED TO THE VISIT WHICH SABATO, THE ARGENTINE MINISTER OF STATE, HAD PAID TO MADRID TODAY. HE HAD RECEIVED THE IMPRESSION FROM SABATO THAT WHILE THE ARGENTINES WOULD NO DOUBT CONTINUE TO MAKE A VERBAL FUSS, THEY WOULD NOT DO MUCH IN THE WAY OF SPECIFIC ACTION. SABATO HAD TOLD HIM THAT A SENIOR MILITARY COMMITTEE HAD BEEN ESTABLISHED IN ARGENTINA TO CONSIDER THE IMPLICATIONS OF OUR MEASURES, AND HAD INSTRUCTED ARGENTINE VESSELS NOT TO ENTER THE 150 MILE ZONE. HE ALSO SAID THAT SABATO HAD NOT ASKED THE SPANIARDS TO RAISE THE MATTER IN THE EC.

7. LAIGLESIA, THE DIRECTOR GENERAL FOR LATIN AMERICA, WAS WITH FERNANDEZ ORDONEZ. ON THE WAY OUT, HE CONFIRMED TO ME, AGAIN IN CONFIDENCE, THAT IF SPANISH VESSELS WISHED TO APPLY FOR LICENCES THE BEST THING MIGHT BE TO REGARD THIS AS THEIR BUSINESS. THE SPANIARDS WOULD OF COURSE CONTINUE TO STATE THEIR LEGAL POSITION FIRMLY WHEN OBLIGED TO DO SO, AS FELIPE GONZALEZ HAD DONE (SEE MY TUR) WHEN HE SAW THE LATIN AMERICAN JOURNALISTS YESTERDAY. ON THIS LAIGLESIA CONFIRMED THAT THERE WAS STILL NO DEFINATE VERSION OF WHAT FELIPE GONZALEZ HAD ACTUALLY SAID. IN GENERAL THE PRIME MINISTER HAD BEEN CONCERNED TO STATE PRINCIPLES WITHOUT GOING INTO SPECIFICS. I SAID THAT, ACCORDING TO A PRESS AGENCY REPORT THIS EVENING, SABATO HAD QUOTED FELIPE GONZALEZ AS SAYING THAT SPAIN WOULD ''NOT ASK FOR LICENCES TO FISH WITHIN OUR 150 MILE ZONE''. LAIGLESIA HAD SAID THAT FELIPE GONZALEZ HAD NOT SAID THIS. IT WAS A PIECE OF JOURNALISTIC EMBROIDERY.

GORDON LENNOX

YYYY
FCO PASS ALL

MCLNAN 4551

(Repetition to Buenos Aires
referred [illegible] on,
repeated as requested to other posts.)

FALKLAND ISLANDS

LIMITED

FID	INFO D	PS/PUS	ADDITIONAL DISTRIBUTION
DEF D	PLANNING STAFF	MR GILLMORE	FALKLAND ISLANDS
S AM D	ECONOMIC ADVISERS	MR DEREK THOMAS	
UND SED	R D	MR GOODALL	
ERD	PUSD	MR FEARN	
MAED	PRU	MR FALL	
WIAD	LEGAL ADVISERS	MR BARRINGTON	
MCAD	PS	SIR C TICKELL (ODA)	
ECD(E)	PS/LADY YOUNG	MR AINSCOW (ODA)	
WED	PS/MR PATTEN ODA	MR SAMUEL (ODA)	
NEWS D	PS/MR EGGAR	MR RATFORD	

Confidential

South Atlantic Fisheries

4.26 p.m.

The Minister of State, Foreign and Commonwealth Office (Baroness Young): My Lords, with the leave of the House I shall now repeat a Statement on South Atlantic fisheries which is being made in another place by my right honourable and learned friend the Secretary of State for Foreign and Commonwealth Affairs, Sir Geoffrey Howe. The Statement is as follows:

"The Government are today taking steps to establish a Falkland Islands interim conservation and management zone (FICZ). It will be generally of 150 miles radius from the Falkland Islands. At the same time we are declaring the entitlement of the Falklands, under international law, to a fisheries limit of 200 miles, subject to delimitation with Argentina. We are also confirming our rights to jurisdiction over the continental shelf up to the limits prescribed by the rules of international law.

"The necessary legislative measures will be introduced shortly in the Falkland Islands. Our action is taken in agreement with the Governor and his executive council. We are informing the fishing nations, the Food and Agriculture Organisation, our allies and partners, the European Commission, the United Nations and other governments concerned, including Argentina. Copies of the declaration have been placed in the Library of the House.

"The House will know that the rapid increase in fishing in the south-west Atlantic, with its serious impact on fish stocks there, has aroused widespread concern. The Government share that concern and have been active in trying to meet it.

"From the outset, the Government took the view that the problem would best be solved on a collaborative basis. Accordingly, as a result of a British initiative in March 1985, a study was launched last November at the Food and Agriculture Organisation. We gave it every support. We saw this as the first step to agreeing multilateral conservation and management arrangements under FAO auspices. In public, and directly to the Argentine Government, I made clear our view that a solution without prejudice to our respective positions on sovereignty could and should be found.

"However some fishing nations have not co-operated fully with the FAO study, and its preparation has been delayed.

"Pending completion of the study, we took steps to reduce by voluntary means the impact of the fishing effort in the 1986 season. We had hoped to extend these voluntary arrangements into 1987.

"Argentina has pursued a different course, and her actions have undermined the multilateral approach. In particular, Argentina has embarked on aggressive patrolling more than 200 miles from Patagonia and within 200 miles of the Falklands. Unlawful use of force by Argentina led in one case to loss of life and the sinking of a vessel. Argentina has concluded bilateral fisheries agreements with the Soviet Union and Bulgaria. Through these agreements Argentina purports to exercise jurisdiction that is as matter of international law the entitlement of Falkland Islands. These agreements are incompatible with the multilateral initiative.

"In sum, the Argentine Government's recent actions show an indifference to conservation needs and a preference for obstruction rather than co-operation.

"The Government are determined that there should be adequate protection for the fishery. In view of the failure of Argentina to co-operate in a multilateral approach, we have therefore decided to establish unilaterally a conservation and managment regime. We remain, however, ready to work for a multilateral arrangement which would still be our preference, just as soon as that can be achieved. I have made this clear to the Argentine Foreign Minister and suggested to him that we should review how Britain and Argentina can co-operate to support conservation on a regional basis.

"The legislation to be introduced by the Falkland Islands Government will take effect from 1st February 1987. Its aim will be to preserve the viability of the fishery. Fishing within the conservation zone will be licensed by the Falkland Islands Government. Licensing will reflect conservation needs. The Falkland Islands Government will use its own civilian fisheries protection vessels and a surveillance aircraft. Revenue and costs will be for the Falkland Islands Government. The conservation zone for most of its circumference will be co-extensive with the protection zone. Our forces stationed at the Falklands will continue to deter Argentine aggression and maintain the integrity of the protection zone."

My Lords, that concludes the Statement.

Lord Cledwyn of Penrhos: My Lords, we are grateful to the noble Baroness for repeating the Statement. We fully recognise the need to organise fishing in these waters with a view to proper conservation and we have noted with concern the evidence of over-fishing to which the Statement refers. As the House is aware, we have had several exchanges here on this subject over the last few months and we are also conscious that we still await the FAO report.

The establishment of the new zone—the FICZ referred to in the Statement—is an important departure, although we do not necessarily dissent from it. The noble Baroness has often reiterated the Government's adherence to a multilaterial agreement based upon the FAO report. Indeed, in March she said that she was convinced that a multilateral arrangement offers the best prospect of meeting all needs. On 2nd April in this House she said that she thought that the FAO report was an essential preliminary to the imposition of a multilaterial regime. I must therefore ask the noble Baroness why the Government have decided to change direction now. Why have the Government decided to act unilaterally at this point before the publication of the FAO report? Furthermore, is the noble Baroness able to say when the report is likely to be published? When it is available will the Government then propose to move towards consultations with a view to a multilateral agreement?

4.18 p.m.

On Question, Whether the said amendment (No. 6A), as an amendment to Commons Amendment No. 6, shall be agreed to?

Their Lordships divided: Contents, 144: Not-Contents, 99.

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Resolved in the affirmative, and amendment agreed to accordingly.

On Question, Commons Amendment No. 6, as amended, agreed to.

The Earl of Perth moved Amendments Nos. 6B to 6D:

LORDS AMENDMENTS

[*As consequential amendments to the Bill*]

6B Page 22, line 6, at beginning insert—

("Where such exemption has not been claimed and granted in respect of all periods from the said date of registration.").

6C Page 22, line 8, leave out from ("at") to ("were") in line 10 and insert ("that date;").

6D Page 22, line 12, leave out ("the said date of registration") and insert ("that date").

The noble Earl said: My Lords, these amendments are consequential. I beg to move.

On Question, amendments agreed to.

Does the noble Baroness think that this unilateral action could create difficulties with the USSR and the Eastern European fishing nations whose fishing fleets are operating in these waters? We note that the Falkland Islands Government will use their own vessels and aircraft in these waters. Does the noble Baroness think that that is adequate, or is there a possibility of confrontation and some danger to the ships and the aircraft? I understand—and perhaps the noble Baroness will confirm this—that two ships are involved and of course those ships (as again I am sure the noble Baroness will confirm) are quite unarmed.

Given what the Statement says about the aggressive patrolling which is now going on, I assume that the Government will be prepared to defend the ships and the aircraft if that becomes necessary. Finally, will the noble Baroness tell the House how it is proposed to use the licence fee money? Is she able to give some estimate of what it might amount to? Will it be used to establish a company in the Falkland Islands to supply the full needs of the foreign fleets operating in the area?

Lord Grimond: My Lords, I, too, should like to thank the noble Baroness for repeating the Statement. I congratulate the Government on their efforts to obtain some multilateral agreement and regret that that has not been possible. I should like to ask further questions about the new fisheries zone. Has it been drawn up largely for reasons of international law or are the actual fishing conditions in the South Atlantic taken into account? It seems to me to be very much the same kind of zone as we have heard a good deal about in the North Sea. I should like to be assured that such matters as the migration of fish in the South Atlantic and the type of fishing—whether it is industrial fishing or whether we hope to establish some kind of in-shore shipping there—have also been taken into account.

It is a very large area indeed and it presumably runs from the heads of the land and will be extremely difficult to patrol. I therefore ask the noble Baroness, in addition to what has already been asked, what ships and aircraft the Falkland Islanders have at their disposal for this purpose. It is not enough to have aircraft, because some of the ships—clearly the Argentine ships—will not obey orders and may have to be boarded. It would be interesting to know what vessels the Falklanders have at their disposal other than those of the Navy for carrying out this task.

I remind your Lordships that the total population of the Falklands is about the size of a large village. Even by Orkney standards it is very small indeed. If Orkney had to enforce a 200-mile limit it would be hard put to do so.

First, are there courts in the Falkland Islands to try those who have been carrying out illegal fishing and are they empowered to enforce the very heavy penalties which are the only effective ones? The value of fishing catches is now enormous and unless the courts are empowered to levy very heavy fines or imprison skippers they will simply take no notice.

Finally, as regards licensing, are foreign nations to be allowed to apply for licences? I take the view that licensing is the ultimate solution to most fishing difficulties and that zones are very difficult to enforce. However, may I take it that other South American nations—and, indeed, other world nations—will be entitled to apply for licences? If so, to whom do they apply and on what conditions?

Baroness Young: My Lords, I should like to thank both the noble Lord, Lord Cledwyn, and the noble Lord, Lord Grimond, for their response to this Statement. I confirm again to both noble Lords that we have been very concerned about the conservation of fish stocks. I have been conscious that this point has been raised on many occasions by noble Lords from all parts of the House.

The noble Lord, Lord Cledwyn, asked me a number of quite specific points on the Statement. First, he quoted what I had said about the Government's hope that we would achieve a multilateral regime—a point, which the Statement itself makes. As again the Statement makes clear, the unilateral option was always available to us. We hope that we may move towards a multilateral regime, but in the meantime we have, as the Statement makes clear, proposed the arrangement of an interim zone.

The noble Lord asked me when we thought the FAO report would be published. So far as we know, it should be published by the end of the year. It is a technical study of the state of the fish stocks. We had hoped to receive it this summer and it is unfortunate that it has been delayed. Our latest information is that it is expected by the end of the year. The noble Lord then asked me whether we would be having consultations about this matter. Of course we would have to discuss the report, but the fact is that the fishing fleets would now be preparing to go to the South Atlantic because the fishing season starts early in the year, January–February, and therefore it is necessary to have something in place before the next season.

The noble Lord asked me specifically whether we thought there might be any difficulties either with the USSR or with the Eastern European fishing nations. Again, if I may repeat this point, we believe that it is in the interests of all fishing nations to ensure that the fishery remains viable both ecologically and commercially. We therefore look to all the nations that fish there to comply with the licensing regime which will enable that to take place.

The noble Lord then asked me whether we thought there might be some confrontation and possible danger to our ships. I do not think that this would be the case if the other fishing nations behaved lawfully. It is important in this connection to note that only two days ago there was a Brazilian proposal at the United Nations to establish a South Atlantic zone of peace. It was co-sponsored by Argentina with Brazil, and we supported it at the United Nations. I think that this indicates that Britain and Argentina can vote in the same way when we have a common interest, and we hope that all the fishing nations will recognise that there is a common interest in the preservation of the stocks.

Finally, the noble Lord asked me about defending our ships and aircraft. The fact is that we hope there will be two civilian ships and a civilian aircraft. We hope that this will not be something that we are called upon to do; and certainly not if the fishing nations behave lawfully. But of course the fact of the matter is

[BARONESS YOUNG.]
that it is open to us to use armed forces should this be appropriate. However, it is our hope, for the reasons I have given, that this will not be necessary, and it is going to be patrolled by a civilian force.

The noble Lord, Lord Grimond, asked me about the ships and aircraft, and I hope he will accept that I have answered that question. He then went on to ask me whether there would be courts in the Falkland Islands able to try those fishing illegally. The answer is yes, there would be. There would be a magistrates' court. An ordinance is to be passed in the Falkland Islands early in November laying down the penalties.

Lord Campbell of Croy: My Lords, is my noble friend aware that many of us will warmly welcome her Statement today, because the previous policy of the Government, although well-intentioned, was taking much too long? In the meantime, the long-distance fleets from far away, such as Japan and the Soviet Union, were making serious inroads into the stocks of fish in that area.

As regards the question from the noble Lord, Lord Cledwyn, will my noble friend accept the congratulations of at least one Member of this House on having taken this decision now, because it was I who pressed in a Question and supplementaries at the end of July, just before the Recess, that the Government should make such a change? I am sure that many people will welcome the Statement today.

Baroness Young: My Lords, I should like to thank my noble friend Lord Campbell of Croy for his warm reception of this Statement.

4.45 p.m.

Lord Shackleton: My Lords, perhaps I may congratulate the noble Baroness and tell her that there is another Member of your Lordships' House who is pleased. The recommendation that I made four years and two months ago is finally being implemented. This has been a subject of continuous pressure on the Government, since those of us who knew about what was going on at the FAO had no belief that the Government would succeed in their multilateral approach, desirable though it was.

I believe that the Government were right to play it slowly and make every effort to get an agreement, notwithstanding the great pressure from the conservation world, which will greatly welcome this step to implement protective measures at this stage. I think that the reaction of the Argentine to the Government's efforts is very depressing indeed. I do not know whether the noble Baroness would agree, but there is still the danger of a cod war with unfortunate international implications in view of the attitude of the Soviet Union and the establishment of a fishing base in the Argentine, and the Soviet Union's indifference to our complaints about the agreement they had entered into, in our opinion illegally, with regard to fisheries in that area.

Would the noble Baroness also accept—and I speak as somebody who was until recently chairman of the East European Trade Council—that I have no doubt that East European countries, and particularly the Poles, are only too eager to have a sensible regime, which this envisages? I also congratulate the noble Baroness on the fact that the Government have achieved this, so far as I can tell, with no cost at all to the British taxpayer. I just hope that the Falkland Islands will get some benefit financially from this.

Finally, may I ask the noble Baroness—and again I say this in the warmest and most congratulatory way—whether we shall have to wait another four years before we put fishing limits around South Georgia? This is also an area that we recommend should be protected in this way. South of the Antarctic convergence in particular is in danger of very heavy fishing.

Baroness Young: My Lords, I should like to thank the noble Lord, Lord Shackleton, for his warm welcome of the Statement, It is even more welcome because, as we know, he recommended such a zone in his report published in 1982, and no one has been a stronger advocate of it. I am glad too that he believes that it has been the right policy to play it slowly. We have tried hard to achieve a multilateral regime. I am particularly pleased to hear from him that conservationists will welcome this, because it is such an important part of the argument.

The noble Lord asked me about the reaction of the Argentine Government. Of course, one does not know. They have been informed of this decision, and we hope that they too will see the argument about conservation. As I indicated in my reply to the noble Lord. Lord Cledwyn, we believe that the fact of the Brazilian proposal at the United Nations on a zone of peace should make people think carefully about settling any differences other than peacefully, and we are pleased that we were able to support this proposal as well as Argentina.

I was interested in what the noble Lord said about Eastern Europe. We hope that if the Polish ships wish to continue to fish there they will apply for licences. So far as concerns the cost of the scheme, of course it will be run by the Falkland Islands government, who will issue the licences and will therefore collect the revenue. That will depend on the number of licences issued and how the cost works out. They clearly will need to look at this carefully, and I would not in any way want to overestimate the amount of revenue that might be achieved for the Falkland Islands government. What is most important is that the fishery should survive in the conservation area.

So far as concerns the water around South Georgia, the fishery is subject to existing international agreement—that is, the Convention on the Conservation of Antarctic Marine Living Resources. We continue to regard this agreement as having the potential to develop into a truly effective conservation regime. We shall continue to work with other like-minded commission members at next year's meeting, which takes place in October 1987. So far, the CCAMLR has introduced a ban on all commercial fishing within 12 nautical miles of South Georgia.

Lord Shackleton: My Lords, before the noble Baroness leaves that point, the agreement to which she referred is still not a very successful one. I hope therefore that she will agree that at the next meeting of

the Antarctic treaty powers (or the SCAR meeting) they will press strongly for more action; but there will still be the problem of enforceability.

Baroness Young: My Lords, I shall certainly note the important point that the noble Lord has made.

Viscount Mersey: My Lords, I wonder whether my noble friend could clear up a small point which is bothering me. She said the conservation zone was to be of the same radius as the protection zone. When I was last in the Falklands, in July, the protection zone was only about 150 miles, whereas the conservation zone is to be 200 miles. Therefore, will the protection zone—or FIPZ, which I think is its exact name, have to be extended?

Baroness Young: No, my Lords. The interim conservation zone is co-terminous with the Falkland Islands Protection Zone. We have claimed up to 200 miles but the actual area that will be licensed and will be patrolled will be of 150 miles radius. This is because most of the fishing is done within 150 miles radius and because it is coterminous with the Falkland Islands Protection Zone.

Public Order Bill

4.53 p.m.

Read a third time.

Clause 11 [*Advance notice of public processions*]:

Lord Silkin of Dulwich moved Amendment No. 1:

Page 7, line 14, leave out subsection (4) and insert—

(" (4) Notice must be delivered to a police station—

(*a*) in the police area in which it is proposed the procession will start, or

(*b*) where it is proposed the procession will start in Scotland and cross into England, in the first police area in England on the proposed route.")

The noble and learned Lord said: My Lords, I beg to move Amendment No. 1 which stands in my name and in those of my noble friends. This is the third amendment in what I might call a procession of amendments. We discussed the matter at the earlier stages. It concerns the notice of a procession which is required to be given under Clause 11 by the organisers of it. If one assumes that there is to be a march from, let us say, Caithness to Dulwich, possibly to visit the Prime Minister, under the clause as it stands it would be necessary for the organisers to give notice in every police area through which that march would travel.

We thought that that was an unnecessary burden upon the organisers and, moreover, one which might very well bring them into conflict with the criminal law simply through ignorance, because failure to comply with the clause is a criminal offence. We pressed this very hard and I am extremely glad to have received from the noble Earl the amendment which is now on the Marshalled List—one very much better than its predecessors in the procession, having come from the source from which it has come; and it is one that I am very pleased to accept. I assume and hope that the Government will accept the amendment as it now stands, catering, as it will, both for the situation in England and also for the situation which I posited a moment ago of a procession which begins in Scotland and ends in England.

The Earl of Caithness: My Lords, as the noble and learned Lord, Lord Silkin of Dulwich, rightly says, we have had a couple of bites at this cherry already. But we are persuaded by the noble and learned Lord's arguments and are very happy to accept this amendment.

On Question, amendment agreed to.

Clause 20 [*Public performance of play*]:

Lord Hutchinson of Lullington moved Amendment No. 2:

Page 13, line 31, after ("circumstances") insert ("(and, in particular, taking the performance as a whole)").

The noble Lord said: My Lords, your Lordships will remember that an amendment very similar to this one was moved by me at the Committee stage. The reason for wishing these words to be in the Bill was very straightforward. It was that they appeared in the equivalent section of the Theatres Act which was repealed by this Bill. In this clause of the Bill they had been replaced simply by the words,

"having regard to all the circumstances".

It seemed perfectly clear to all those who had anything to do with the theatre that the vital words,

"taking the performance as a whole"

were crucial when considering matters of racial hatred in a performance of a play.

Your Lordships will remember that much was said about "Othello" and "The Merchant of Venice". The noble Earl was kind enough to say that he would take the matter away and give it further consideration. There has been further consideration; there have been consultations and I gather that now the Government are prepared to accept the words of this amendment which differs in the addition of the words "in particular", so that it reads now,

"and, in particular, taking the performance as a whole".

With reference to the "Merchant of Venice", I ventured to say at the Report stage that I hoped that I would obtain my pound of flesh. I understand now that the happy position is going to be that I have obtained my pound of flesh without one jot of Christian blood being spilt.

The Earl of Caithness: My Lords, we must congratulate the noble Lord, Lord Hutchinson of Lullington, for his dogged pursuit of this particular point. I am glad to say that in all the circumstances and taking the amendment as a whole, I am pleased to commend it to your Lordships.

On Question, amendment agreed to.

Clause 39 [*Power to direct trespassers to leave land*]:

Lord Montagu of Beaulieu moved Amendment No. 3:

Page 25, line 36, after ("than") insert ("—(i)").

[LORD MONTAGU OF BEAULIEU.]

The noble Lord said: My Lords, with the leave of the House, I should like to move this amendment and to speak to Amendment No. 4. At the Second Reading and also at Committee stage I expressed deep concern at the lack of protection against aggravated trespass on our ancient monuments. May I first thank the noble Earl for the constructive discussions which his department had with English Heritage and for the undertaking he gave during the Report stage to consider further the question of the desirability of bringing buildings which are scheduled monuments into the ambit of Clause 39, thereby enabling action to be taken by the police to direct trespassers to leave such buildings.

The amendment I am moving is intended to achieve that objective. I think the House will agree that it is an amendment totally within the spirit of the clause. Indeed, I would say that it is a serious omission that it is not already included, particularly as the provision was taken as a result of the abuses in recent years at or in the area surrounding one of our greatest scheduled monuments, Stonehenge. I am confident that there will be unanimity in the desire of this House (and, I think, in the country as well) to protect the most important of our treasury of ancient monuments; that is, those that are scheduled by virtue of being of national importance.

There are about 13,000 such monuments. They are scheduled by the Secretary of State for the Environment and we at English Heritage are charged by Parliament to protect them. Some of them are of such importance that the Government have already accepted them into ownership or guardianship—places like Whitby Abbey, Launceston Castle and Kenilworth. Those are just a few examples.

Since 1882 Governments have recognised the need to identify them and to protect them by scheduling, since they are part of the fabric of our history. It would seem odd, if having done so, we did not grasp the opportunity, when it arises, to carry that recognition to its sensible conclusion and give the additional protection provided under this clause—protection we feel they need. In practice, many of the monuments would already fall totally within the abmit of Clause 39. They are scheduled monuments on which no buildings stand and they include ancient hill forts such as Maiden Castle and many other earthworks and standing stones, such as Stonehenge itself.

However, it seems to me to be a serious weakness that some scheduled monuments may be outside this provision simply because they are buildings. A great many scheduled monuments have buildings with floors and roofs, and could certainly be used for the purpose of residing, even if in a pretty rough and ready way; but they are still very vulnerable to damage. That applies to many ruined castles and abbey ruins: yet all such buildings are excluded from the provision. In my view, this is a serious weakness and provides an easy loophole in a provision which otherwise I fully support.

The abuse which this clause remedies has so far affected land to a greater extent than buildings but I do not think we should confine our thinking to past abuses. We should think ahead to those which may occur in the future and we must remember the determination and ingenuity of certain groups to find loopholes. By accepting this amendment the Government would help to provide further protection for an essential part of our heritage and would, I think, earn the nation's gratitude. They have already shown themselves sympathetic to, and supportive of, the preservation of the heritage. I hope that the way is now clear for them to demonstrate once again their goodwill for the sake of future generations. I beg to move.

5 p.m.

Baroness Birk: My Lords, while we on these Benches have made it quite clear throughout the passage of the Bill that we do not like criminal trespass to be included in it, it now appears beyond doubt at this stage that it will remain in the Bill. In this case it would be quite wrong if, while agricultural buildings are to be given protection, scheduled monuments are left to take their chance against vandalism and all the other things which can occur to this very fragile part of our heritage.

The noble Lord, Lord Montagu of Beaulieu, has put the case so well and extensively that there is no need for me to repeat it. I certainly got a very strong impression when I spoke on Report that the noble Earl was very favourably disposed to this amendment and that we are now probably pushing at an open door. I hope he will be able to confirm this.

Lord Boyd-Carpenter: My Lords, I hope that my noble friend, having accepted two amendments, is now going to achieve his hat-trick!

The Earl of Radnor: My Lords, may I briefly support this amendment? It seemed completely illogical, having got so far in the Bill, to leave these buildings without protection. I would go so far as to say that without it they might become more of a prime target than they have been previously, if they were so left out. Perhaps I might add my thanks to the Government for their help over this very vexed Clause 39, and to my own thanks I would add those of my noble friend Lord Stanley of Alderley, who is unfortunately not able to be here today. I would strongly support this amendment.

The Earl of Caithness: My Lords, the Government are indeed sympathetic to, and very supportive of, our heritage. We realise its very considerable importance and I am particularly grateful that the noble Baroness, with her vast experience in these matters, was able to take part in our debate this afternoon. I can confirm to my noble friend Lord Boyd-Carpenter, that I am very happy to accept this amendment on behalf of the Government and I am very grateful to my noble friend Lord Montagu of Beaulieu for passing this particular point. As the noble Baroness said, this was in any case a fairly open door, and it was logical that this should be in the Bill. As I have been able to accept the hat-trick I would note that the noble Lord, Lord Hutchinson of Lullington, is a cricketing supporter and that his average has come down from 1 for 20 to 2 for 22!

On Question, amendment agreed to.

South Atlantic Fisheries

3.34 pm

The Secretary of State for Foreign and Commonwealth Affairs (Sir Geoffrey Howe): With permission, I should like to make a statement on South Atlantic fisheries.

The Government are today taking steps to establish a Falkland Islands interim conservation and management zone. It will be generally of 150 miles radius from the Falkland Islands. At the same time we are declaring the entitlement of the Falklands, under international law, to a fisheries limit of 200 miles, subject to delimitation with Argentina. We are also confirming our rights to jurisdiction over the continental shelf up to the limits prescribed by the rules of international law.

The necessary legislative measures will be introduced shortly in the Falkland Islands. Our action is taken in agreement with the Governor and his Executive Council. We are informing the fishing nations, the Food and Agriculture Organisation, our allies and partners, the European Commission, the United Nations and other Governments concerned, including Argentina. Copies of the declaration have been placed in the Library of the House.

The House will know that the rapid increase in fishing in the south-west Atlantic, with its serious impact on fish stocks there, has aroused widespread concern. The Government share that concern and have been active in trying to meet it.

From the outset, the Government took the view that the problem would best be solved on a collaborative basis. Accordingly, as a result of a British initiative in March 1985, a study was launched last November at the Food and Agriculture Organisation. We gave it every support. We saw this as the first step to agreeing multilateral conservation and management arrangements under FAO auspices. In public, and directly to the Argentine Government, I made clear our view that a solution without prejudice to our respective positions on sovereignty could and should be found. However, fome fishing nations have not co-operated fully with the FAO study, and its preparation has been delayed.

Pending completion of the study, we took steps to reduce by voluntary means the impact of the fishing effort in the 1986 season. We had hoped to extend these voluntary arrangements into 1987.

Argentina has pursued a different course, and her actions have undermined the multilateral approach. In particular, Argentina has embarkd on aggressive patrolling more than 200 miles from Patagonia and within 200 miles of the Falklands. Unlawful use of force by Argentina led in one case to loss of life and the sinking of a vessel. Argentina has concluded bilateral fisheries agreements with the Soviet Union and Bulgaria. Through these agreements Argentina purports to exercise jurisdiction that is a matter of international law the entitlement of the Falkland Islands. These agreements are incompatible with the multilateral initiative.

In sum, the Argentine Government's recent actions show an indifference to conservation needs and a preference for obstruction rather then co-operation. The Government are determined that there should be adequate protection for the fishery. In view of the failure of Argentina to co-operate in a multilateral approach, we have therefore decided to establish unilaterally a conservation and management regime. We remain, however, ready to work for a multilateral arrangement, which would still be our preference, just as soon as that can be achieved. I have made this clear to the Argentine Foreign Minister and suggested to him that we should review how Britain and Argentina can co-operate to support conservation on a regional basis.

The legislation to be introduced by the Falkland Islands Government will take effect from 1 February 1987. Its aim will be to preserve the viability of the fishery. Fishing within the conservation zone will be licensed by the Falkland Islands Government. Licensing will reflect conservation needs. The Falkland Islands Government will use its own civilian fisheries protection vessels and a surveillance aircraft.

Revenue and costs will be for the Falkland Islands Government. The conservation zone for most of its circumference will be co-extensive with the protection zone. Our forces stationed at the Falklands will continue to deter Argentine aggression and maintain the integrity of the protection zone.

Mr. Denis Healey (Leeds, East): The Foreign Secretary will be aware that he has made a very serious statement which embeds Her Majesty's Government still deeper in the quagmire of the Falklands commitment. He knows that his announcement is bound to make negotiations with Argentina more difficult and to reduce still further the minuscule minority of Governments in the United Nations who support the British position on this issue. The right hon. and learned Gentleman has just announced the unilateral imposition of a fishing zone around the Falklands, which is something that he told the House last year was not justified. In his statement to the House on 14 March 1985 he explicitly supported the Select Commitee for drawing attention to the "political and practical problems" of policing such a zone when it comprises some 70,000 square miles of ocean, in part overlapping a zone already established by Argentina. He has dumped the responsibility for policing such a zone on the population of the Falklands, which is half that of the average parish in the United Kingdom. Does the right hon. and learned Gentleman regard the Falklands Government as being free to use force in imposing this unilateral decision against any fishing vessel which may, without agreement, fish in the zone?

Sir Geoffrey Howe: The right hon. Gentleman is entirely right to draw attention to the fact that 18 months ago it was still our view that we should strive to achieve a multilateral agreement on this matter. It is for that reason that we have striven so hard to do so and why it was only after the lapse of that time and in face of the actions of the Government of Argentina, that I have listed, that we reached the conclusion that a unilateral regime has to be imposed at this time. As I said in the statement, we remain ready and willing to achieve a multilateral regime as soon as possible. It must be the Government of Argentina who take the steps to make that possible. They have failed to do so thus far.

There is no question of Her Majesty's Government embedding themselves deeper in a quagmire, which was the graphic phrase chosen by the right hon. Gentleman. We are asserting, as is necessary, the maintenance of our sovereignty, the preservation of fish stocks in the south Atlantic and the jurisdiction we are entitled and obliged

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to exercise. The policing of the fisheries conservation zone will be undertaken by civilian surveillance aircraft and fisheries protection vessels of the Falklands Government. That will be comparable to the division made in United Kingdom waters. It is open to Her Majesty's Government to use armed forces in appropriate circumstances in the waters around the Falkland Islands, as well as in waters elsewhere within our jurisdiction.

Sir Peter Blaker (Blackpool, South): Is my right hon. and learned Friend aware that he will receive the wholehearted support of the Conservative Benches for the decisive action that he has taken and that we, at any rate, will reject the surly and weak-kneed reaction of the right hon. Member for Leeds, East (Mr. Healey)? Is it not perfectly clear that, if the Government had not been prepared to take such decisive action now, there would have been lasting and serious damage to the fishery stocks of the South Atlantic, with harm not only to the Falkland Islanders but to a much wider range of countries as well?

Sir Geoffrey Howe: I am grateful for the support of my right hon. Friend. He is precisely right in his diagnosis of what would have happened had we not taken the action which he commends.

Dr. David Owen (Plymouth, Devonport): On the grounds of, fishing and fish stock conservation alone, I believe that the statement was fully justified. However, was it naval grounds which made the Foreign Secretary limit it to 150 miles, which seems prudent? Will the Foreign Secretary now say to the Government of Argentina that, although he is not ready to consider a transfer of sovereignty to Argentina, he is ready to discuss other alternatives such as pooling sovereignty and a possible transfer of sovereignty to the Security Council of the United Nations?

Sir Geoffrey Howe: I am grateful for the right hon. Gentleman's first comment. The decision on the precise extent of the zone depends, among other things, on what is practical and sensible to set out in the circumstances within the maximum 200 miles that we could have claimed. Sovereignty remains a matter which is not for negotiation. It is not possible to contemplate moving in that direction when one realises the total reluctance of the Government of Argentina to take even the most elementary steps towards normalising relations along the lines we have so often described.

Sir Anthony Kershaw (Stroud): The long delay in coming to a decision has been harmful to fish stocks. Is it not yet another illustration of the impossibility of coming to an agreement about anything with the present Government of Argentina? Will my right hon. and learned Friend ensure that the Falklands Government have enough resources to police the area?

Sir Geoffrey Howe: That is the basis of the decision on which the Falkland Islands Government will be provided with the resources that I have mentioned, with the availability of Her Majesty's forces at the Falklands to maintain the security and integrity of the protection zone.

Mr. Stuart Randall (Kingston upon Hull, West): Is the Foreign Secretary aware that, if his statement is to be in any way meaningful to the British fishing industry, the owners of the much depleted distant-water fleets will have to convince their bankers that the new regime that he has announced will be secure and will stop the depletion of stocks? Is he further aware of the desperate financial plight of the distant-water sector of the fishing industry? Finally, does he believe that what he has said today will provide sufficient confidence to create the level of bank lending necessary?

Sir Geoffrey Howe: I am grateful to the hon. Gentleman for raising those practical questions. He will recollect that some companies already have joint ventures with some of the far eastern fishing fleets and that other joint ventures are under discussion. The number of British vessels among those already fishing around the Falklands is a small proportion of the total. We hope that the establishment of this conservation zone will offer scope for the expansion of British fishing efforts in those waters because within the framework of the conservation regime, first priority will be given to vessels connected with the Falklands. We hope that the British element will grow rapidly. We believe that the arrangements that we have made will be adequate for the protection of the zone with the support of Her Majesty's forces in appropriate circumstances.

Mr. Michael Shersby (Uxbridge): Is my right hon. and learned Friend aware that his statement will be warmly welcomed by our fellow citizens in the Falkland Islands and every member of the Commonwealth Palrliamentary Association Falkland Islands group in this House? What estimate has been made of the additional revenue to the Falkland Islands from the licensing arrangements? Are additional facilities expected in Port Stanley for the revictualling or refuelling of ships which will use the port as a result of the agreement?

Sir Geoffrey Howe: The revenue will depend on the number of licences applied for and issued. We expect the revenue to make a useful addition to that of the Falkland Islands Government, taking account of their present financial circumstances. The facilities on the islands will be considered in the light of the scale of demand that develops.

Mr. Dick Douglas (Dunfermline, West): Will the Foreign Secretary concede that much of the difficulty could have been obviated if the Government had shown more enthusiasm for the third United Nations convention on the law of the sea? How does this particular proposal stand in relation to that convention? The Foreign Secretary mentioned the division of the continental shelf. How does he propose to have the Falkland Islands Government negotiate median lines with neighbouring states, including Argentina?

Sir Geoffrey Howe: On the law of the sea, the 200-mile zone, within which the fishery conservation zone is being established, does not depend on the convention. That has been accepted by the International Court of Justice. On the continental shelf and the question of delimitation on the south-western side, facing Argentina, we have taken account of the need for delimitation in the precise border of the zone that we have established. Beyond that it would be a matter for negotiation, which we hope can take place.

Sir Anthony Buck (Colchester, North): Is my right hon. and learned Friend aware that his statement will be welcomed by most of us—at least by those of us who have had the privilege of visiting the Falkland Islands?

Will he say a little more about the enforcement of the arrangements? It seems hard that the burden should fall in the way in which he describes. Might it not be necessary for there to be further Royal Navy or Royal Air Force deployment there to assist with the enforcement of these arrangements?

Sir Geoffrey Howe: No, Sir. The position is the same as in every other area where fishery rights are being protected. The function of fisheries protection is undertaken by the fisheries protection resources, which will consist of civilian Falkland Islands Government fisheries officers with a surveillance aircraft and two fisheries protection vessels. That is comparable to provision in United Kingdom waters and should be adequate for the purposes. If there were a need for further support, as everywhere else, it is open to the Government to use armed forces in appropriate circumstances. The tasks of the existing garrison will continue to be to deter Argentine aggression and to maintain the integrity of the Falkland Islands protection zone.

Mr. Mark Hughes (City of Durham): I should like to follow precisely that point. Are the resources for the Falkland Islands Government in manpower and ships other than utterly inadequate to deal with the size of Russian, Japanese and other machinery there? Is it not completely erroneous to believe that they can cope without bringing the British military presence into direct confrontation?

Sir Geoffrey Howe: No, if the matter is handled normally, as it is in other parts of the world. The scale of the fishery protection resources available is believed to be adequate, and comparable to provisions made in United Kingdom waters. Beyond that, the resources of the garrison remain available to deter Argentine aggression and to maintain the integrity of the protection zone.

Mr. David Crouch (Canterbury): The Government have shown great patience in trying to get a multilateral agreement on this important matter. I cannot agree with the right hon. Member for Leeds, East (Mr. Healey) that it will exacerbate relations between our two Governments. The Argentine government, I might remind my right hon. and learned Friend, had already made separate fishing agreements with the Soviet Union and Bulgaria. I believe that they feel that it is strange that we have not done anything to conserve fish, but now we are doing something.

Sir Geoffrey Howe: I am grateful to my hon. Friend. One factor that we took into account was the fact that Argentina had been making agreements of this kind with the Soviet Union and Bulgaria, purporting to exercise jurisdiction—as a matter of international law, however, it is the entitlement of the Falkland Islands — and making agreements that were incompatible with the multilateral initiative. Because of that, we felt obliged to take this measure unilaterally. We remain anxious to secure a multilateral conclusion if that is possible.

Mr. A. J. Beith (Berwick-upon-Tweed): Was it not impossible to secure agreement with Argentina on this issue as long as the British Government refused even to discuss sovereignty with them? That being so, would it not have been better to listen to the pleas of the fishing industry much earlier, to take temporary action of this kind before the East European trawlers came in to scoop the pool, and to get on with the job of improving Britain's diplomatic relations with Argentina?

Sir Geoffrey Howe: I fancy that I detect a certain difference of emphasis on this between the hon. Gentleman and his right hon. partner on the Front bench, the Member for Plymouth, Devonport (Dr. Owen). We have been trying, since we took our initiative at the beginning of last year, to establish a multilateral fishery conservation regime, but that has proved impossible. Argentina has taken the actions that I have mentioned, which make it even more difficult to achieve. In those circumstances, to suggest that it would be easier to negotiate about sovereignty than about this single practical thing seems absurd.

Mr. John Townend (Bridlington): May I congratulate my right hon. and learned Friend on this decision and observe that it is better late than never? To what extent will there be increased opportunities for the British deep-sea fishing industry in that the Government could negotiate rights for foreign vessels to fish in Falklands waters in return for increased opportunities for British vessels to fish in other countries' waters?

Sir Geoffrey Howe: That question extends national ambitions in a sensible fashion, which should be taken account of. The key is that we have created a framework which existing joint ventures between British fishing vessels and others in Falklands waters can begin to expand. That may create other opportunities.

Dr. Norman A. Godman (Greenock and Port Glasgow): In the interests of conserving these valuable stocks, a decision was certainly needed. I argued some two years ago in an article in the *Glasgow Herald* that we needed a bilateral fisheries agreement between Britain and Argentina in the hope that it would diminish hostility between the two. Anyone with a knowledge of the fishing industry and of the fisheries protection service knows that a fisheries protection service cannot be introduced in circumstances such as these overnight. It is a complicated business.

Bearing in mind the difficulties associated with policing fishing activities, do the Government intend to transfer one or two unarmed fisheries protection vessels from the United Kingdom fleet to help the Falklanders manage the stocks?

Sir Geoffrey Howe: I am grateful that the decision to establish a conservation regime is in line with the advice offered by the hon. Gentleman at an earlier stage, and I am glad that he endorses——

Mr. George Foulkes (Carrick, Cumnock and Doon Valley): My hon. Friend wanted a bilateral agreement with Agrentina.

Sir Geoffrey Howe: Let me answer the hon. Gentleman's question. The hon. Member for Carrick, Cumnock and Doon Valley (Mr. Foulkes) must contain himself.

I am also glad to respond to the advice of the hon. Member for Greenock and Port Glasgow (Dr. Godman) about the desirability of achieving, if possible, a bilateral-multilateral regime. It is for that reason that we have striven for so long to do it. It is for that reason, as I have said, that we remain ready to work for a multilateral arrangement, which would still be our preference. I have

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made that clear to the Argentine Government. In the absence of that, we have to take this action, as I think the hon. Gentleman recognises. Fisheries protection vessels will be in place by the time the zone comes into effect on 1 February 1987. That is why I gave that as the date of commencement. The necessary support from armed forces, if it became necessary, would come from the present garrison at the Falklands.

Mr. Keith Speed (Ashford): Although I welcome my right hon. and learned Friend's statement, I must point out to him that two small civilian craft and a light aircraft are unlikely to be able to provide proper enforcement. Is he aware that earlier this year the Argentines carried out an armed attack upon a Taiwanese trawler, resulting in loss of life, and that it is hopeless to try to compare the threat in United Kingdom waters with a threat in the south Atlantic? Will my right hon. and learned Friend look at enforcement again? We need to have the Royal Navy in visible back-up to the civilian craft.

Sir Geoffrey Howe: I am fully aware of the facts pointed out by my hon. Friend. The attack to which he refers was a matter that I identified as one of the reasons why it was necessary to take the action. What I am saying—it is perfectly plain — is that, for fisheries protection purposes, the resources that I have described should be adequate and are comparable to those that are normally necessary. But, of course, it will be the task of the garrison to continue to deter Argentine aggression and to continue to maintain the integrity of the protection zone, which is substantially co-extensive with the conservation zone.

Mr. Austin Mitchell (Great Grimsby): I think that the decision will be welcomed by both the fishing industry and the Falkland Islands because the waters were being overfished, and without the certainty of limits and help in investment, it is unlikely that the British fishing industry would participate in developing the stocks there. But at the same time is not the Foreign Secretary wrong to place the entire burden of enforcing the regime on the pathetic resources available to the Falkland Islands? Up to now, his argument has been that we should not impose fishing limits because of the certainty that they would be defied and the difficulty of enforcing them. In placing that burden on the Falkland Islands now, is he not really showing the courage of his own lack of convictions?

Sir Geoffrey Howe: The hon. Gentleman must understand precisely what the position is. We refrained from taking the action until now because we believed, as I think the whole House would wish us to, that it was better to try to achieve a multilateral regime if possible. We initiated that through the Food and Agricultural Organisation and have been working to that end. Unfortunately, for the reasons that I have given, that has not proved possible, so we are taking this decision to put the unilateral regime in place. I repeat: the regime depends on two components—first, upon the establishment of the normal fisheries protection resources that I have described, and in addition upon the availability around the Falkland Islands, as would be necessary anywhere else, of Her Majesty's armed forces, with the customary task of protecting the integrity of the protection zone and deterring Argentine aggression. It is for those reasons that the forces are on the islands, and for no other purpose.

Mr. Patrick McLoughlin (Derbyshire, West): Does my right hon. and learned Friend agree that, if the Argentine Government had negotiated on that point as on other points that he mentioned at Question Time, there would have been no need for us to take the action, and that the only reason why we have had to do so is the refusal by the Argentine Government to negotiate and come to an agreement? In that case, it happens to be the Argentine Government's fault that the Government have had to take the action: their hand has been forced.

Sir Geoffrey Howe: I am entirely grateful to my hon. Friend. He made precisely the point that I made in my statement. It was for the reason that he gave that we have taken the decision to establish the unilateral regime. I repeat: we should have preferred to achieve a multilateral regime. That remains our long-term preference.

Several Hon. Members *rose*——

Mr. Speaker: Order. There is to be an important debate and a ten-minute Bill after this. I shall allow questions to continue for a further five minutes, and then we must move on.

Mr. Dennis Skinner (Bolsover): Is the Foreign Secretary aware that we all understand why he has come to the Dispatch Box today—for a bit of electioneering and flag-waving, trying to give the British people the impression that the Government will take on the Argies again without any fishing protection vessels 8,000 miles away? It will not go unnoticed in the coastal and fishery areas of Britain that, while the Tory Government can suggest a 150-mile exclusion zone around the Falklands to protect fish stocks, they cannot do so for British fishermen around here. That will be the response of British fishermen. They will see the measure for what it is worth —a load of hypocrisy.

Sir Geoffrey Howe: The hon. Gentleman speaks for a large number of constituencies, but I have not heard him speak with great credibility on behalf of the fishermen of England. Within the framework of the common fisheries policy, we have established a perfectly effective regime for the protection of British fishing interests in the waters around Britain and around the European Community.

Mr. Cyril D. Townsend (Bexleyheath): After waiting so long, would it not have been prudent to wait for a chance to read and study the FAO report? Is not the reality that the Royal Navy has been given an unwelcome burden in the north Atlantic when it is over-stretched? Does my right hon. and learned Friend appreciate that many serious commentators will see that what we have gained in fish stocks we have lost in attempting a realistic long-term policy on the problems of the south Atlantic?

Sir Geoffrey Howe: I wish the matter was as simple and benign as my hon. Friend suggest. It is necessary, for the reasons I have outlined and in response to the performance of the Argentine Government, to take action to establish a unilateral regime after a long and patient attempt to establish a multilateral alternative. It would not have been possible to go on waiting for that to emerge from the work of the FAO because the appearance of the first draft of the report is not expected until at least the end of this year. It is important to take action from the beginning of the next fishery season at the beginning of February.

Mr. Tony Banks (Newham, North-West): Is the Foreign Secretary aware of the questions that I asked his

Department in July this year about the high mortality rate of rock hopper penguins in the Falkland Islands? One of the reasons advanced for the high mortality rate was over fishing around the Falkland Islands. Was concern for rock hopper penguins considered by the Foreign Secretary when he made his announcement? Can he tell the House what has been discovered by the Government about the cause of death among rock hoppers in the Falklands? Is he not aware that rock hoppers will be grateful to him for his statement today—the live ones, of course?

Sir Geoffrey Howe: I am sorry to have to disappoint the hon. Gentleman, but I must tell him that among the many factors leading us to take the decision, those that were not the most important were his own interests and the impact of puffinosis on penguins in the south Atlantic. Several thousand penguins, out of a population of about 4 million birds, are thought to have died from the effects of a seabird disease known as puffinosis. It is no doubt because of the hon. Gentleman's passionate interest in the subject that I am able to give him the additional information that tests at the Ministry of Agriculture, Fisheries and Food veterinary centre in Norwich showed unusually high concentrations of lead in the birds' tissues. Further research will be undertaken next year. But that interesting information had nothing to do with the motivation of today's decision.

Mr. Bowen Wells (Hertford and Stortford): As my right hon. and learned Friend knows, I was the only member of the Foreign Affairs Select Committee to vote in favour of the establishment of the fisheries zone, so I welcome his action. Can he really tell me that he has made no estimate, as he said to my hon. Friend the Member for Uxbridge (Mr. Shersby), as to the revenue and the costs to the Falkland Islands? I trust that the revenue exceeds the costs.

Sir Geoffrey Howe: That is the broad basis on which the matter has been undertaken. Obviously, it is not possible to identify precisely, in advance, what the revenue will be. That depends on the number of licences that are issued. There is an expectation that the costs should be kept as low as possible. The costs should not exceed the licence revenue. It is no doubt on that same prudent premise that my hon. Friend voted so long ago for the measure that we have been wise enough to take today.

Mr. Tom Clarke (Monklands, West): Will the Foreign Secretary accept that what he has said so far about the costs of this exercise has been vague in the extreme? What consultations have taken place with the Falkland Islands Government? Has the Foreign Secretary given the Falkland Islands Government a blank cheque that, whatever happens, British conventional troops are at hand?

Sir Geoffrey Howe: The decision to proceed to the unilateral regime has been discussed with the Falkland Islands Government, including the cost of implementation and policing, revenue as well as costs, and has led to the expectation that I have identified. The fisheries protection vessels will be the responsibility of the Falkland Islands Government. The defence of the integrity of the Falkland Islands protection zone will remain the responsibility of the forces in place in the Falklands at present.

Mr. Michael Marshall (Arundel): Does my right hon. and learned Friend accept that many of us who talked to Argentine parliamentarians recently in Buenos Aires made the point that the Government's action on Argentina is asserting sovereignty in the matter of Bulgaria and Russian agreements was bound to bring a response? Will he take this opportunity of responding to those Argentine parliamentarians who argue that the exclusion zone and some agreements in future on ending the state of hostilities should be treated as separate matters?

Sir Geoffrey Howe: It is probably prudent to treat all the various sources of conflict and argument separately from one another, with a view to seeing whether we can resolve any or other of them. I am quite glad to acknowledge that some people in Argentina realise the extent to which the actions of their Government made today's decision inevitable.

Mr. Eric Deakins (Walthamstow): How can we avoid an escalation of this dispute into another cod war?

Sir Geoffrey Howe: By a sensible response on the part of the Argentine Government. If they were willing to respond to the moves that we have been pressing ahead with for some months and agreed to the establishment of a multilateral zone, which we regard as far preferable, there would be no question of such a risk arising.

Mr. John Gorst (Hendon, North): Will my right hon. and learned Friend give an assurance that, when the fishing licences for far eastern fishing nations are considered, there will be no unfair discrimination against the Taiwanese squid fishermen who have been more diligent in respecting the conservation requirements of the area than many other fishermen from the same part of the world?

Sir Geoffrey Howe: I do not think that I can begin, at this stage, to draw up policy guidelines in that much detail. I should like to take account of the way in which such behaviour has taken place in the past.

Mr. D. N. Campbell-Savours (Workington): Is the Foreign Secretary aware that the Government's policy will be seen as an act of aggression by the Soviet Union? Is he aware that the Falkland Islanders will not be able to police those waters; that the Soviet Union, which took out nearly 400,000 tonnes of fish down there last year, will not accept that Britain has the right to impose such restrictions; and that it will drive a coach and horses through the policies that the Government have set on course for a whiting war in the south Atlantic within 12 months? Is that what the Government want?

Sir Geoffrey Howe: I am aware that this exchange would not have been complete without the addition of the hon. Gentleman's uniquely misguided insight.

Mr. Neil Thorne (Ilford, South): In view of the enormous resources that have been removed from the area over recent years by Eastern bloc, Japanese and Taiwanese fishermen, can my right hon. and learned Friend say whether, because we have the wherewithal to provide the necessary policing that clearly will be required, it will be of any benefit to the British taxpayer?

Sir Geoffrey Howe: As to the position of the British taxpayer, as I have said, the responsibility for fisheries protection will be that of the Falkland Islands Government. It is hoped and expected that the cost will not exceed the licence revenue that is forthcoming. The cost of Her Majesty's forces in the neighbourhood remains

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unchanged. They remain available as heretofore to maintain the integrity of the protection zone alongside which the borders of the conservation zone largely will march.

Sir Eldon Griffiths (Bury St. Edmunds): Since the Falklands remains a colony, is parliamentary sanction needed for the changes in Falklands law that this statement implies? Will the Foreign Secretary place in the Library a list of the intrusions into the fishing zone so that we may know exactly what will happen? Does my right hon. and learned Friend recognise how warmly one can welcome the evidence that in this case, as in the case of his response to the Hindawi verdict, the smack of firm government is back in fashion in the Foreign Office?

Sir Geoffrey Howe: I am more than content to acknowledge the tribute paid by my hon. Friend in the spirit in which it was intended. The necessary legislative measures will be introduced in the Falkland islands. Copies of the declaration which underlie this statement have been placed in the Library. I shall consider whether it is possible to provide the additional information my hon. Friend has requested.

Mr. Foulkes: With respect, will the Foreign Secretary now answer the important question asked by my hon. Friend the Member for Workington (Mr. Campbell-Savours)? Specifically, what discussions took place with representatives of the Soviet Union before this announcement was made? Since the Soviet Union does not accept British sovereignty over the Falkland Islands and has concluded a bilateral fishing agreement with Argentina, what does the Foreign Secretary expect will happen if a Soviet Union fishing fleet were to move into the 150-mile zone?

Sir Geoffrey Howe: This matter has been raised several times with the Soviet Union. Representatives of the Soviet Union have stated their intention to conduct themselves in a fashion that is not inconsistent with British claims in the area. Doubt about the interpretation and significance of the agreements entered into between the Soviet Union and Argentina and the likely intention of Argentina in that respect have led us to conclude that we need to act unilaterally to achieve the objective on which the whole House is agreed.

Availability for Work (Minister's Statement)

4.12 pm

Mr. John Prescott (Kingston upon Hull, East): On a point of order, Mr. Speaker. It arises from the statement yesterday by the Paymaster General about the availability for work test. In reply to a question by the hon. Member for Stamford and Spalding (Sir K. Lewis), he informed the House:

> "The questionnaire will be used for only new claimants who apply for benefit."—[*Official Report*, 28 October 1986; Vol. 103, c. 183.]

That statement is not correct, as it has become clear that the questionnaire is being applied to a selected group of disabled unemployed claimants and others over 50 years of age who have been unemployed for more than 12 months and are required to report to the Department every three months. More than 100 of those claimants have already been suspended from benefit after application of the questionnaire.

This morning, I contacted the Department of Employment about this matter and was referred to a number of answers to questions which, it was said, informed the House of this policy. Those answers do not inform the House of that policy. Therefore, the House has been misled by the statement. I request the Paymaster General to make a statement to the House to correct it.

The Paymaster General and Minister for Employment (Mr. Kenneth Clarke): Further to the point of order, Mr. Speaker. I checked what I said to the House yesterday and what my right hon. Friend the Secretary of State said in the other place. I am satisfied that we gave a wholly accurate description of the nationwide scheme we are introducing to improve the tests for availability for work. In a limited number of locations—about six towns—experiments involving quarterly attendance of which we notified the Members of Parliament representing those towns and about which we have answered questions in the House, have been taking place. Those experiments are about to end. They have included the use of this form. We will evaluate those tests. These are part of a number of pilot tests that we run from time to time. If, in the light of our evaluation, we decide that we want to introduce any further changes to the system, we will come back to the House with them. If the hon. Gentleman looks at the questions asked by my hon. Friends the Members for Rutland and Melton (Mr. Latham) and for Stamford and Spalding (Sir K. Lewis), by himself and others yesterday and at the answers, I am satisfied he will find that we gave a wholly accurate description.

I had it in mind yesterday that we were taking on 1,400 people at a cost of £14 million. It is actually 1,400 people at a cost of £16 million. I have already written to the hon. Gentleman this morning to correct that. I shall be answering questions on that. Other than that, he is wrong to suggest that I misled the House. Yesterday, I gave a totally full description of the changes that we are making.

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

27 October 1986

Dear Christopher,

Prime Minister
To note the
intention to announce
this on Wednesday.

Falklands Fisheries: Enforcement Implications

Ministers agreed on 2 October that the FIG should be consulted on the proposal to announce at the end of this month the introduction of a Falkland Islands Interim Conservation and Management Zone (FICZ). The Foreign Secretary therefore instructed the Governor of the Falkland Islands to summon his Executive Council. At their meeting in Port Stanley on 22 October the Executive Council unanimously agreed to the proposal.

The Note of the Secretaries asks the Foreign Secretary to confirm that no problem is foreseen in having the necessary enforcement assets required for the FICZ in place by 1 February 1987. I attach a note confirming that, after re-examination by officials of the arrangements for getting the two control vessels and the surveillance aircraft to the Falkland Islands by 1 February, the Foreign Secretary is confident that the target date can be met.

Sir Geoffrey Howe now therefore intends to announce the decision in a statement to the House of Commons on Wednesday 29 October at 3.30 pm. He will give a little advance notice to EC colleagues, the US Secretary of State, the UN Secretary-General, the EC Commission, the Brazilians, and the Argentine Foreign Minister - the last named just before the announcement. The following will be informed later in the day of the announcement: the Director-General of the FAO, the Foreign Ministers of the major South West Atlantic fishing nations (USSR, Japan, South Korea and Poland), the governments of other fishing nations, Latin American governments and the governments of those countries that have not supported the Argentine position at the UN. FCO officials will brief the UK press.

I am copying this letter to the Private Secretaries to the Prime Minister, the Lord President, the Chancellor of the Exchequer, the Secretaries of State for Defence, Energy and Trade and Industry, the Attorney General and the Minister of Agriculture, Fisheries and Food.

Yours ever

Robert Culshaw

(R N Culshaw)
Private Secretary

C L G Mallaby Esq
Cabinet Office

CONFIDENTIAL

FALKLANDS FISHERIES: ARRANGEMENTS FOR POSITIONING ENFORCEMENT ASSETS: Note by Officials

1. Ministers have agreed (paragraph 2(c) of OD(86)(16) that the enforcement assets to police the FICZ should comprise two fishery control vessels and a surveillance aircraft. FCO, MOD and MAFF officials have re-examined arrangements for positioning these assets by 1 February 1987. They are confident that the target date can be met.

Control vessels

2. J Marr & Son of Hull have confirmed that they have two former stern freezer trawlers available for immediate charter for the 1987 fishing season and beyond. Allowing up to a month for technical re-fitting and a month's steaming-time to the Falklands, they could be in Port Stanley as from 1 January 1987. Alternative vessels are available on the charter-market if negotiations for Marrs' vessels break down. The FIG's rules do not require the contract to be put out to tender.

Surveillance aircraft

3. MAFF recommend a Dornier 228-100 for this task. They already use it in UK waters and anything smaller eg a modified Britten-Norman Islander,, would not have the range or safety margin to operate effectively in Falklands weather. The MOD would also prefer a Dornier: a smaller aircraft would be a less effective and visible instrument for managing the fishery.

4. One is available at the Dornier factory for immediate leasing, and after minor modifications could be ready to travel to the Islands within a month. It would be operated and crewed by a British company. It does not have the range to fly down in via Ascension. We have therefore consulted Latin American posts on their host governments' likely reaction to a request for over-flying and landing rights. The aircraft would travel after we had declared our fisheries zone. The posts involved (Quito, Lima, Santiago: we have not asked Montevideo and Brasilia where we would not wish to prejudice airbridge diversion arrangements) believe a request would be an embarrassment to their host governments. Argentina would be likely to view their assistance as an unfriendly act. They might prefer to prevaricate to giving us a flat refusal. We have therefore investigated having it freighted. This could be done by sea either on one of MOD's charter ships which leave every 21 days or on one of the control vessels. Dornier engineers would require a week to put the aircraft together again. It is also possible that it could be air-freighted in a "Guppy" transport aircraft flying via Casablanca and Ascension. If this turns out to be technically feasible it might be a more attractive option to the FIG.

Conclusion

5. On the basis of these investigations, officials are confident that the two control vessels, the surveillance aircraft and their crews can be in place in the Falklands on 1 February 1987.

CONFIDENTIAL

10 DOWNING STREET

LONDON SW1A 2AA

27 October 1986

From the Private Secretary

FALKLAND ISLAND FISHERIES

Thank you for your letter of 24 October covering a list of options available to Ministers if an Argentine commercial or coastguard vessel could not be persuaded to leave the Falkland Island interim Conservation and Management Zone (FICZ).

The Prime Minister does not find the options as presented at all satisfactory since they amount to saying that we would not actually be able to do anything in the circumstances envisaged. If that were really the case, we have no business trying to establish a FICZ. She would therefore like the note to be studied further by officials inter-departmentally together with defence experts to try to work out a more credible account of the options which would be available to us. I should be grateful if Mr. Mallaby in the Cabinet Office could coordinate this.

I am copying this letter to Joan MacNaughton (Lord President's Office), Tony Galsworthy (Foreign and Commonwealth Office), Ivor Llewelyn (MAFF), Michael Saunders (Law Officers' Department) and Trevor Woolley (Cabinet Office).

CHARLES POWELL

John Howe, Esq.,
Ministry of Defence.

CONFIDENTIAL

ccpc (1)

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~930 7822~~ 218 2111/3

MO 5/21V

24th October 1986

Dear Charles, at flap

FALKLAND ISLANDS FISHERIES

In your minute of 15th October to Christopher Mallaby, you conveyed the Prime Minister's wish that the Ministry of Defence should draw up and circulate a list of the options available to Ministers if an Argentine commercial or coastguard vessel could not be persuaded to leave the Falkland Island interim Conservation and Management Zone (FICZ).

The Defence Secretary has asked me to circulate the attached list of options. This addresses the two contingencies in which Ministerial guidance could be requested: (1) failure by a fishing vessel to comply with a request by a civil enforcement vessel to proceed to Port Stanley (having already refused to leave the zone); and (2) failure of a fishing or coastguard vessel to comply with a request from a warship to leave the zone.

As OD(86)16 recognised, it will be important to reduce, as far as possible, the risk of military confrontation in the South Atlantic arising from the declaration of a fisheries regime. The aim must be to treat Argentine challenges in a low key manner for as long as possible by employing a range of firm but not unnecessarily escalatory measures. A process of deliberate steps has, therefore, been identified leading up to the point at which, in the face of continuing Argentine refusal to comply with their requests, our people on the spot have to report to Ministers for instructions. To place the military options then available for consideration by Ministers in their proper context, these earlier steps are briefly outlined first in the attachment.

It is important that our actions should be seen by international opinion to be lawful. But it is clear from the attached list of options for Ministers to consider that the effective use of military assets is severely constrained by international law which regards the use of force to effect an arrest for suspected fishing violations as unjustifiable. In addition, it is not legitimate to endanger human life without

Charles Powell Esq
No 10 Downing Street

proven necessity. Thus even the firing of shots at a vessel without intention to disable her would be highly inadvisable as it would be impossible to be sure that life would not be endangered. Against the Argentine Coastguard (as distinct from fishing vessels), fire could only be used in self-defence (or if the vessel entered the 120 nautical mile central zone around the Falklands in company with a warship); and the legal view is that we would not be justified in firing warning shots in a attempt to persuade a coastguard vessel to leave the FICZ. This underlines the risk, identified in paragraph 14 of OD(86)16, of HMG appearing impotent in certain circumstances, which however are judged likely to occur only rarely.

[Surely they will occur a lot more often if we are shown to be impotent]

The case of incursions by Argentine aircraft is covered by the existing ROE. Limited endurance for aircraft would not in any event make reference to London for decision a relevant option.

Finally, on the detailed changes to the ROE proposed in OD(86)16, the Defence Secretary believes that these should come into effect simultaneously with the announcement of the UK's intention to impose a fisheries regime as the risk of challenge from Argentina will increase then rather than when the regime comes into effect.

I am copying this letter to Joan MacNaughton (Lord President's Office), Tony Galsworthy (FCO), Ivor Llewelyn (MAFF), Mike Saunders (Law Officers Department) and Trevor Woolley (Cabinet Office).

Yours sincerely,

John Howe.

(J F HOWE)
Private Secretary

Measure	Effect on Argentine vessels	Consequences
2. Threat of Force		
Oral threat backed up by actions such as training gun, followed, after warnings, by firing a blank shot and, for fishing vessels only, firing a shotted round across bows.	Effective if it is believed that force will be used.	Risk of bluff being called with total failure of credibility. Risk of Argentine exploitation by further incursions or conceivably escalatory response from armed Argentine vessels.
3. Use of Force		
a. Non-disabling fire eg shot in bows.	Effective in dealing with immediate violation. No certainty that attempt	Escalatory leading to much heightened risk of military conflict. Severe international political consequences. Illegal.
b. Disabling fire.	at a. would not result in b. or c.	
c. Sinking.		

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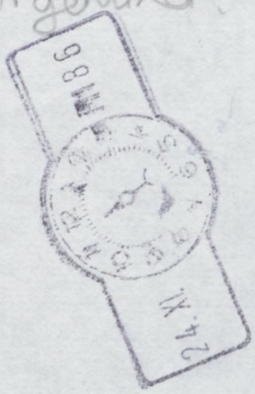

This is ridiculous.

(1)

The matter had not been thought through at

10 DOWNING STREET

Prime Minister

I don't think you will find these options very satisfactory. They amount to saying that we wouldn't actually be able to do anything. If that were really the case, we have no business trying to establish an Exclusive Fisheries Zone.

Agree to throw this under-size fish back in the water?

Yes sir CDP 24/4

OPTIONS FOR DEALING WITH INCURSIONS INTO THE FICZ BY ARGENTINE COMMERCIAL VESSELS AND NAVAL AUXILARIES

1. Argentine vessels fishing in the FICZ will probably first be identified by aircraft. Where practicable they will be approached in the first instance by a civil enforcement vessel which would order them to leave the zone. Refusal to comply would set in train urgent diplomatic action via the Swiss Government. While such action would act as a warning the process would be slow to implement or to take effect. It need not hold up the next stage, in which a RAF aircraft (a Hercules in the first instance followed by a Phantom if operational considerations permitted) would make a low pass over the Argentine vessel in a further attempt to persuade it to leave. If this fails the civil enforcement vessel would order the Argentine vessel to Port Stanley.

2. If no civil enforcement vessel is available, a RN warship (if available) would attempt to persuade the Argentine vessel to leave the FICZ but to avoid a provocative appearance of "arrest" would not ask the latter to proceed to Port Stanley. It will always be preferable for the intervention of a RN warship to be reserved until the latest possible stage. The RN would similarly order a naval auxiliary to clear the zone. The RN vessel may be successful in persuading Argentine vessels to leave the FICZ (probably with consequent political reaction) but there is also a risk of our bluff being called.

3. In the event of refusal by an Argentine vessel to comply with instructions by a civil vessel to proceed to Port Stanley, or by a warship to quit the zone, reference for further instructions would be made to Ministers.

4. The possible military options that might be considered by Ministers are set out below:

Measure	Effect on Argentine Vessels	Consequences
1. Harassment		
a. Manoeuvre by RN warships designed to inconvenience or alarm.	Limited prospect of success. Scope for action limited by need to observe International Convention on Safety of Life at Sea.	Provocative and dangerous. Risk of collision.
b. Action to prevent vessel fishing eg cutting fishing gear.	Little prospect of success.	Doubtful legality, provocative and liable to endanger RN vessel.

CCPC

Treasury Chambers, Parliament Street, SW1P 3AG

C L G Mallaby Esq CMG
Cabinet Office
Whitehall
London
SW1

CDI
21/X.

20 October 1986

Dear Mr. Mallaby,

FALKLANDS FISH

The Chief Secretary has seen OD(86)16 and Mr Culshaw's letter of 15 October.

The Chief Secretary is entirely content with the proposals in the officials' report so far as they relate to resource implications. However, he was disappointed to see the reservation expressed by the FCO.

The Chief Secretary starts from the proposition that the military assets in the Falklands (the additional costs of which are currently met as an addition to the defence budget) are and will be at levels judged to be the minimum to deter effectively the military threat to the Islands. Force levels were reviewed and determined earlier this year by OD(FAF) on this understanding. He notes also that it was a firm decision of OD on 2 October that any shortfall between the revenue and costs of enforcement of the fisheries regime should be made good, in the first instance, by the Falklands Islands budget and thereafter from the overseas aid budget. Lastly, he notes that the officials' report rightly upheld the well established principle that where one department undertakes activities on behalf of another, costs are recouped on the basis of the full cost of the activity in question.

In the light of this, he is puzzled by the FCO suggestion that there remains any possibility of "flexibility over the charges levied". It is quite clear that the cost of any special patrols by our military forces for the purposes of fishery enforcement, at the explicit request of the Falklands Islands government, will be recouped by the MOD on a full cost basis and that the full cost of fisheries

ARGENTINA
RELATIONS
PT41

enforcement, including any such costs recouped by MOD will be charged to the Falklands Islands government in the first instance and thereafter charged to the overseas aid budget.

I am copying this letter to Private Secretaries at No 10, Lord President of the Council, Foreign Secretary, Secretaries of State for Defence, Energy, Trade and Industry, the Attorney General, Minister of Agriculture, Fisheries and Food and ODA.

Yours sincerely,

Jill Rutter

JILL RUTTER
Private Secretary

22 APR 1986

CCPC

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
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GTN 215) .....
(Switchboard) 01-215 7877

PS/ *Secretary of State for Trade and Industry*

CONFIDENTIAL

17 October 1986

C L Mallaby Esq CMG
Cabinet Office
70 Whitehall
LONDON
SW1 2AS

CDP
20/X.

Dear Mr Mallaby,

My Secretary of State has seen Robert Culshaw's letter of 15 October, proposing that we should consult the Falkland Islands Government as soon as possible on our proposal to introduce the Falkland Islands Interim Conservation and Management Zone (FICZ) with effect from 1 February 1987. He has also seen the paper OD(86)16 analyzing the resources and costs involved in establishing such a zone.

Mr Channon agrees that work should start now on implementing the regime and supports the Foreign Secretary's view that we should consult the Falkland Islands Government as soon as possible on the proposed arrangements. It is clearly important that there should be no slippage from the intended start-date of 1 February next year.

Mr Channon is of the view that the deterrent force, which must at all times be adequate to police the Zone effectively, should be provided from civilian resources, the Royal Navy being brought in only as a last resort.

I am copying this letter to the Private Secretaries to the Prime Minister, Lord President of the Council, Chancellor of the Exchequer, Secretaries of State for Defence, Energy, Foreign and Commonwealth Affairs, the Attorney General, Minister of Agriculture Fisheries and Food, and the Minister for Overseas Development.

Yours ever,

Michael Gilbertson

JF4AHI

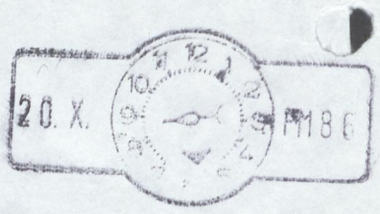
MICHAEL GILBERTSON
Private Secretary

1786 BOARD OF TRADE BICENTENARY

ARGENTINA

RELATIONS

PT 41



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MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone ~~01-930-7922~~ 218 2111/3

MO 5/21E

17th October 1986

CDP
25/X.

Dear Christopher,

FALKLAND ISLANDS FISHERIES: ENFORCEMENT IMPLICATIONS

The Defence Secretary has seen the Note by the Secretaries (OD(86)16) of 10th October with the report by officials in response to OD's request of 2nd October. He has also seen the views of the Prime Minister and the Foreign Secretary recorded in the Private Office letters of 15th October. attached

Mr Younger is content with the suggestion that the Falkland Islands Government (FIG) should be consulted as soon as possible about the proposal to introduce a FICZ based on the arrangements outlined in the report, and with the plan to make a public announcement before the end of October provided that civilian assets can be in position for 1st February 1987 and a solution identified to the problem with the civil aircraft. In accordance with the Prime Minister's wish, action is now in hand urgently to identify the options available to HMG if an Argentine vessel fails to comply with an order to leave the FIPZ, and this will be discussed by a small group of officials early next week.

Mr Younger is, however, concerned by the implications of the Foreign Secretary's suggestion that, if the FIG is unwilling to accept the financial implications of the scheme proposed, military assets should be used to enforce the FICZ. He sees no basis for this proposal, nor its financial implications for the Defence budget given that OD agreed on 2nd October that fisheries enforcement was a civil task and, if the costs of enforcement could not be covered by income from the fisheries regime, they should be met by FIG or the aid budget. Any change to this agreement would need further consideration by Ministers.

I am copying this minute to the Private Secretaries to the Prime Minister, the Lord President, the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretaries of State for Energy and Trade and Industry, the Attorney General and tthe Minister of Agriculture, Fisheries and Food.

Yours sincerely,

(J F HOWE)
Private Secretary

C L G Mallaby Esq CMG
Cabinet Office

(1)

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

15 October 1986

Prime Minister
I have commissioned from MOD the further work you want on Rules of Engagement.
Agree that meanwhile we can go ahead with consulting the Falkland Islands govenet?
CD P16/X

Dear Christopher,

Falklands Fish

Lady Young has consulted the Foreign Secretary in China about the report prepared by officials in response to OD's request of 2 October. Both believe that we must now go forward to implement the fisheries regime which officials have drawn up.

The postponement of the start-up date by one month gives time to consult the Falkland Islands Government and make an announcement before the end of this month. But unless an announcement can be made by then, the deadline of 1 February cannot be met. Sir Geoffrey Howe therefore believes that we must lose no further time in putting our proposal to the Falkland Islands Government. He proposes that this should be done on 17 October, and hopes to hear by then that all colleagues are content to go forward on this basis.

Sir Geoffrey recognises that there are risks for the Falkland Islands budget in the course of action now proposed. The presence of our garrison on the Islands will of course do a great deal to enhance the credibility of the civilian assets that will implement the fisheries regime. But we are asking the Falkland Islands Government to implement the extension of HMG's jurisdiction. What is proposed is nicely judged, but Sir Geoffrey thinks colleagues should be aware that the Falkland Islands Government may be reluctant to accept the financial implications; and that circumstances could arise in the future in which there would be a choice between (a) the Falkland Islands Government incurring disproportionate extra expense or (b) HMG extracting added value from the capacity of our military assets on station, through some flexibility over the charges levied.

Sir Geoffrey will inform colleagues before an announcement is made on the feasibility of positioning civilian assets on time. Securing diplomatic clearance for an aircraft to transit Latin America en route for

/the

CONFIDENTIAL

the Falkland Islands presents particular problems, to which an urgent solution is being sought. No problem is foreseen over seaborne assets and personnel.

I am copying this letter to Private Secretaries at No 10, Lord President of the Council, Chancellor of the Exchequer, Secretaries of State for Defence, Energy, Trade & Industry, the Attorney General, Minister of Agriculture Fisheries & Food, and ODA.

Yours ever

Robin Culshaw

(R N Culshaw)
Private Secretary

C L G Mallaby Esq CMG
Cabinet Office

CONFIDENTIAL

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

MR. MALLABY
Cabinet Office

FALKLAND ISLANDS FISHERIES

The Prime Minister has considered the report by officials on the enforcement implications of the proposed Falkland Islands Interim Conservation and Protection Zone (OD(86)16). She is generally content with the various steps proposed but continues to feel that the amendments proposed to the Rules of Engagement for the South Atlantic in Annex B to the note by officials are not fully adequate. She accepts that if an Argentine vessel failed to comply with an order to clear the FICZ, the Royal Naval vessel trying to enforce the order would need to report to London for instructions. But she feels that we must have worked out in advance a list of options on the action that would be available to us in this situation with an assessment of the likely consequences of each of them. She does not think that we can just wait until an incident occurs before clearing our minds on possible action. She has therefore asked that the Ministry of Defence should draw up and circulate now a list of the options. I should be grateful if this could be put in hand urgently.

I am copying this minute to the Private Secretaries to the Lord President, the Foreign and Commonwealth Secretary, the Secretary of State for Defence, the Minister for Agriculture, Fisheries and Food and the Attorney-General.

CDP

CHARLES POWELL

15 October 1986

CONFIDENTIAL

(1)

PRIME MINISTER

FALKLAND ISLANDS FISHERIES

You commented that the Rules of Engagement attached as Annex B to the paper on Falkland Islands fisheries were not very adequate; and asked in particular to whom the Navy would report if an Argentine vessel failed to comply with an order to clear the FICZ and what would happen then.

The Rules of Engagement do not of course apply to the Civil Fisheries Enforcement Force but to the Royal Navy. In the circumstances you envisage, the Royal Navy vessel would report to London for instructions while continuing to shadow the offender. This would of course involve a delay of several hours before any action was taken, which might make us look impotent. But as explained in paragraph 15 of the paper it is thought important to give Ministers the opportunity to consider what action should be taken against vessels which refuse to comply, rather than leave the judgment - which might lead to a major incident with the Argentinians - to the captain of the vessel on the spot. This was acceptable to and indeed desired by the Chiefs of Staff.

Agree to take the steps necessary to introduce a FICZ, as set out in my note and the paper?

CDP

Charles Powell

14 October 1986

(But ask MJ) to make out an option paper on what action we could stipulate. We can't just leave it like this. We must have some thought about it now. MT

(1)

PRIME MINISTER

FALKLAND ISLANDS FISHERIES

OD on 2 October commissioned officials to deal with a number of detailed issues on implementation of the proposed new Falklands fisheries regime. Their report is attached.

The main points are:

(i) there is a detailed timetable leading up to implementation on 1 February next year. This gives adequate time to get the implementation machinery into place.

(ii) working backwards, this means an announcement by the end of October.

(iii) meanwhile there should be consultations with the Falkland Islands government: although they have been keen so far, their enthusiasm may wane when they discover that they might have to bear some financial costs (if revenue does not match expenditure).

(iv) the single vessel and aircraft proposed for surveillance will be adequate generally. But there should be a second vessel in the early stages to cope with any problems.

(v) existing military forces will enhance the deterrent effect of the civil force, and provide back-up if required.

(vi) changes are proposed to Rules of Engagement, principally to remove discretion to fire warning shots at Argentine civilian vessels and to give Ministers a chance to consider what action should be taken against fishing vessels which refuse to

It seems to me that the Rules are working adequately

Reported previously to the Defence Council? What happened? Does the Falkland vessel continue to shadow the others?

withdraw from the FIPZ.

(vii) there is sufficient accommodation for the extra personnel.

The Chiefs of Staff have been consulted and are content.

Agree to set in hand action to introduce a FICZ on this basis?

CDP

CHARLES POWELL
13 October 1986

EL3BKZ

SRWAJQ

CONFIDENTIAL

1/1/86

PRIME MINISTER

FALKLAND ISLAND FISHERIES

Ag. 1

You read the Foreign Secretary's paper over the weekend, and have also seen the JIC's paper on the implications of the Argentine/Soviet fisheries agreement. The latter underlines the urgency of reaching a decision.

The Cabinet Office brief lists the issues which need to be resolved.

The Defence Secretary has put in a minute saying that he sees risks in declaring a fishing zone now. He would prefer to wait at least until the FAO report has been circulated. He is also concerned that the scale of the effort needed to enforce the regime could be greater than foreseen by the paper.

You will want to watch carefully the formulas used in discussion and recorded in OD's minutes about discussion with Argentina. We should make clear in advance that our offer of discussions is limited to practical matters; that sovereignty would not be on the agenda and would not be for discussion; and that attempts by Argentina to introduce the issue of sovereignty would be rejected and would imperil the exercise.

CDP

(C. D. POWELL)
1 October 1986

CONFIDENTIAL

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MO 5/21V

PRIME MINISTER

FALKLAND ISLAND FISHERIES

1. I have seen the paper by the Foreign and Commonwealth Secretary which we are to discuss in OD tomorrow. I have sympathy with the Foreign and Commonwealth Secretary's starting point but I have considerable unease about the course recommended. It seems to me, and to the Chiefs of Staff who have examined the paper, that there are considerable risks which will need very careful examination before we commit ourselves to the declaration of a fishing zone on the basis proposed; and I am not persuaded that the timing for such a declaration is yet right. It has not been established that the Soviet agreement with Argentina constitutes a challenge to our sovereignty, nor am I persuaded that we should act now before the FAO report has been circulated.

2. If, however, we do decide to go ahead, then we will have to take careful account of the resource implications. I am glad to see that the Foreign and Commonwealth Secretary's paper acknowledges that the enforcement of a fisheries regime is a civil task but I do believe that there is a considerable risk that the sale of effort required will be much greater than that described. There is also a clear risk of a long drawn out military confrontation developing which could have very serious implications for the forces we require in the area.

3. I thought it right to state my unease at the outset. I will expand on these points tomorrow.

4. I am coping this to members of OD, the Secretaries of State for Energy and Northern Ireland, the Minister of Agriculture, Fisheries and Food, the Attorney General and to Sir Robert Armstrong.

GH.

Ministry of Defence

1st October 1986

B.07534

PRIME MINISTER

cc Sir Robert Armstrong

Falkland Islands Fisheries: Relations with Argentina

OD Meeting at 3.00pm on Thursday 2 October

CONCLUSION

Subject to discussion, the Committee might be guided:

a. to endorse the Foreign and Commonwealth Secretary's proposal to the extent of announcing by mid-October:

i. our entitlement to jurisdiction over the waters and continental shelf surrounding the Falkland Islands and the establishment of an Falkland Islands Interim Conservation and Management Zone (FICZ) from January 1987;

ii. our willingness to discuss the practical implications with Argentina;

b. to decide how a fisheries regime is to be policed and at which Departments' expense.

BACKGROUND

2. On 26 February 1985, OD agreed that,in the interests of arresting the depletion of fish stocks around the Falklands, we should explore through the UN Food and Agriculture Organisation (FAO) the scope for establishing a multilateral conservation and licensing scheme in the South Atlantic. This was thought preferable to declaring a unilateral fishing zone, with the risk of confrontation and the potential implications for force levels in the South Atlantic. Although the FAO is due to report in mid-October, the multilateral approach is not likely, because of Argentina's attitude, to lead to anything. Meanwhile, fishing (particularly by Spanish, East European and Far Eastern fleets) has increased and there is mounting concern about stocks, despite our conclusion of Voluntary Restraint Agreements (VRAs) with Far Eastern governments. Recently, Argentina has negotiated fishing agreements with the USSR and Bulgaria which embrace the waters around the Falklands.

ATTENDANCE

3. The Lord President, Lord Chancellor, Foreign and Commonwealth Secretary, Defence Secretary and Lord Privy Seal will be present. The Chancellor of the Exchequer will be represented by the Chief Secretary and the Secretary of State for Trade and Industry by the Minister for Trade. The Secretary of State for Energy, Minister of Agriculture, Fisheries and Food and the Attorney General are attending, as is the Deputy Chief of the Defence Staff (Commitments) (Admiral Woodward).

HANDLING

4. After the Foreign and Commonwealth Secretary has introduced his memorandum, discussion should address the following points:

A. Alternative Policies

Unilateral action will be controversial; physical challenge could conceivably require force levels to be reinforced. The Foreign and Commonwealth Secretary should be asked about the alternatives.

i. FAO Initiative

The memorandum is pessimistic about the prospects. The FAO report is expected to do little more than analyse the over-fishing problem. The Foreign and Commonwealth Secretary should say how he sees developments following its publication. Should we not defer unilateral action until the report has been digested?

ii. VRAs

The VRAs with Japan, South Korea and Taiwan seem to have succeeded to some extent in stemming fishing effort. Should we not seek to conclude more? Might this not contain the conservation problem at least until the FAO approach had been seen by all to have failed?

B. **Likely Reactions to Unilateral Action**

The Foreign and Commonwealth Secretary should comment on the expected international reaction and the likely effect on future UN votes on the Falklands. JIC(86)(N)109 of 29 September suggests that the Soviet Union would probably either disregard a unilateral regime or withdraw from the disputed area. The Defence Secretary will also have views, especially on the Argentine reaction. The Foreign and Commonwealth Secretary might also comment on the risk that the US will be less cooperative over arms sales to Argentina.

C. **UK Interest in Falklands Fisheries**

The memorandum cites increasing British fishing interest in the area. The Minister of Agriculture, Fisheries and Food should comment. Is this interest expected to grow? Or are the long distances likely to prove a major deterrent?

D. **Discussions with Argentina**

The Foreign and Commonwealth Secretary suggests that, in order to improve the presentation of a unilateral move and to wrong-foot Argentina, we should offer the latter discussions on fisheries and other practical matters. He recognises that, if Argentina unexpectedly agreed to such talks, she would raise sovereignty. Might that not get us into another operation like the talks that failed in Berne in 1984? Should we not insist in advance that any talks must be only on the practical matters and refuse to discuss sovereignty if Argentina nevertheless raised it?

E. Delineation of the FICZ

The FICZ (Annex D, paragraph 5b of the memorandum) would match the FIPZ save for a segment to the South West which falls short of its edge and of the median line with Argentina. The Attorney General should be invited to comment and, in particular, to confirm that the proposed delineation is justifiable under international law, and that no UK legislation is needed. Ministry of Defence officials do not believe that the difference between the FIPZ and the proposed FICZ would cause difficulties to the Navy but the Defence Secretary or Admiral Woodward should confirm.

F. Continental Shelf

The case for extending our jurisdiction over the continental shelf is not argued in the memorandum. The Foreign and Commonwealth Secretary and the Attorney General should comment. Will this increase the chances of an adverse reaction from Argentina and internationally? The Secretary of State for Energy should comment on the hydrocarbon potential and whether British companies will be interested in surveying the area's resources in the near future. Would they require military protection? (Defence Secretary) Is UK legislation needed? (Annex D, paragraph 9 says that legislation would be necessary either in the Islands or here).

G. Enforcement

The memorandum proposes that the resource issue be remitted for subsequent resolution by interested Ministers. The Chief Secretary and the Defence Secretary will resist this. Discussion should cover the following:

i. Civil Force

The memorandum states that a force of 1 vessel and 1 aircraft should suffice for enforcement; the Ministry of Agriculture, Fisheries and Food would supply three inspectors on a temporary basis until permanent staff can be recruited. The Minister of Agriculture, Fisheries and Food should advise on the adequacy of the proposed force and confirm that inspectors can be provided by 1 January.

ii. Funding the Civil Force

Depending on the number of licences and the catch achieved, there could be as much as a £1.3M shortfall between revenue and the costs of the proposed force. The Foreign and Commonwealth Secretary should advise whether the licence fee should not be pitched higher. (He proposes 5% of the catch value; Argentina levies 15%.) Could the fee be raised sharply in the second year, once the scheme is operating? Presumably any shortfall will be made good elsewhere within the Falkland Islands Government's budget or the overseas aid budget? For instance, paragaph 3 of Annex F says that the Falklands Islands Government can hope to increase its revenue from the fishery by increasing the rates for trans-shipping and export licences and harbour dues; and that, I understand, might bring in an additional £0.5M. a year. The Chief Secretary should also comment.

iii. Service Resources

The Defence Secretary may be concerned about military involvement in enforcement. The memorandum proposes that, if the necessary civil assets cannot be assembled before 1 January, the existing forces that are suitable (1 destroyer/frigate, 1 offshore patrol vessel and Hercules aircraft) should police the zone until their arrival. This could show that the Government means business, but might also appear provocative. If the Defence Secretary is reluctant to see military involvement initially, the Foreign and Commonwealth Secretary might be asked to agree to postpone the introduction of the scheme until civil assets are in place; alternatively, could not these assets be obtained in under the three months which he has estimated? The Defence Secretary should also comment on whether, if the civil force got into occasional difficulty, the Navy could support it without unacceptable hindrance to its regular tasks of patrolling the FIPZ.

iv. Reimbursement of Service costs

Fisheries protection around the United Kingdom is undertaken by the Navy on repayment by interested Departments. The Foreign and Commonwealth Secretary argues in paragraph 7 of Annex F that in the FICZ it would be defence of sovereignty and therefore different. The case for reimbursement of Navy support would arguably be stronger if the Navy held the ring initially, interrupting other duties, than

if they gave support on an occasional basis, when this might be fitted into their regular patrols. The Defence Secretary and the Chief Secretary should comment.

v. Reinforcement

If the enforcement task gets out of hand and Argentina challenges the FICZ, the major question of military reinforcement could arise. The Foreign and Commonwealth Secretary should estimate the risk of this, given that Argentina at present is not violating the FIPZ but might be provoked by introduction of the FICZ. The Defence Secretary should comment on the acceptability of the risk and the likely financial and opportunity cost. If it is argued that the risk is not great, you might conclude that it would have to be addressed as and when it arose.

H. **Announcement**

If there is general agreement that the scheme should proceed, you will wish to ask the Foreign and Commonwealth Secretary to suggest how it should be promulgated. Will there be a public statement in mid-October and another when the House resumes on 21 October? The Foreign and Commonwealth Secretary should be invited to produce a contingency statement against a possible leak while the Falkland Islands Government is being consulted.

C L G MALLABY

30 September 1986

PRIME MINISTER

FALKLAND ISLANDS FISHERIES: RELATIONS WITH ARGENTINA

I attach the Foreign Secretary's paper on the Falkland Island Fisheries which is to be taken in OD next week.

The paper recommends that we should declare a unilateral fisheries zone around the Falkland Islands. The area would be identical to the FIPZ less a small segment in the south-west (see below). We would announce our intention in mid October and apply the regime from 1 January. We would have to reckon with the possibility of Argentinian efforts to undermine the fisheries zone, probably only political but just possibily military. There is a reasonable chance that most other countries will acquiesce in practice while critising us strongly for asserting our rights. We would make clear that we have been ready to discuss a multilateral fisheries regime, but Argentinian intransigence has so far made this impossible to achieve. We would also say that we remained ready to talk, both about fisheries and about other practical matters, with the Argentinians.

The main points which you will want to look into closely are:

(i) the extent of the zone. The reasons for omitting a small segment in the south-west quadrant of the FIPZ are explained in annex D. There appears to be a strong legal case for this, but no examination of the possible practical difficulties which could arise from treating one part of the FIPZ differently. You will want the views of the Chiefs of Staff.

(ii) the nature of the proposed contacts with the Argentinians. These are described in paragraphs 8 and 9 of the paper. You will want to satisfy yourself that they are not an attempt to introduce

the concept of negotiations with Argentina, on the lines of the Berne exercise, through the back door. It must be clear in advance that talks are limited to specific practical points.

C D P.

CHARLES POWELL
25 September 1986

CAJAIH

The Rt. Hon. Lord Shackleton, KG, PC, OBE,
Enserch House,
8 St. James's Square,
London, SW1Y 4JU.
01-930 1752
01-930 8697

HOUSE OF LORDS

C.C. FCO DES CDO 29/9

CF

PS

23rd September, 1986.

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

C29/9

Dear Prime Minister

Thank you very much for your letter of ~~19th~~ 22nd September. I am really delighted to receive this and to be able to note your personal concern and understanding of these complex issues.

I also noted with interest the thinking on the future role of the Falklands and Mount Pleasant in relation to the South West Atlantic and Antarctica particularly through civilian use of the new airport.

With warm regards

Yours sincerely

Eddie Shackleton

SHACKLETON

I hope very much that the discussions on funding turns out well!

ARGENTINA Relations P1141

Pile

SR

CEFCO

10 DOWNING STREET

LONDON SW1A 2AA

THE PRIME MINISTER

19 September 1986

Dear Lord Shackleton.

Thank you for your letter of 2 September about the Antarctic situation and the work and funding of the British Antarctic Survey.

I readily endorse your remarks about the major contribution which Britain in the shape of the British Antarctic Survey makes to scientific research in the Antarctic. The 'ozone hole' discovery is an excellent and topical example of work of worldwide significance in terms both of major advances in human knowledge, and of wider potential relevance to future living conditions. Advances of this kind contribute greatly to our international prestige.

I entirely take your point about the relationship between the three British territories in the South Atlantic, and the need for coherence and consistency in our policy towards them. It is certainly important that we give no signal of a reduced commitment to the British Antarctic Territory, to the Falkland Islands, or to South Georgia and the South Sandwich Islands. We consequently recognise the need to maintain British visibility in the Antarctic, of which the British Antarctic Survey's activities are a fundamental component. Their funding is under discussion at the moment.

SR

I too regard the Mount Pleasant Airport development as potentially significant for Antarctic activities. As I said in a recent letter to Aubrey Buxton, we are at present thinking in terms of a future role for the Falklands in facilitating access to economic resources in the South-West Atlantic and Antarctica, particularly through civilian use of the new airport.

Kind regards

Yours sincerely

Margaret Thatcher

The Right Honourable Lord Shackleton, K.G., O.B.E.

RESTRICTED

Foreign and Commonwealth Office

London SW1A 2AH

18 September 1986

Dear Charles

The Antarctic: Letter from Lord Shackleton

In your letter of 3 September to Tony Galsworthy you asked for a draft reply to Lord Shackleton's letter of 2 September to the Prime Minister about Antarctica. I now enclose a draft, which has been agreed with the Department of Education and Science (DES).

As a result of the recent correspondence between Sir Geoffrey Howe and the Secretary of State for Education and Science about British Antarctic Survey (BAS) funding, the Prime Minister indicated that she is strongly of the view that the higher level of activity by BAS, on which Ministers agreed in 1982, should be maintained; she also requested the Cabinet Office to chair an ad hoc group of officials from DES, FCO and Treasury to consider the funding problem and report as soon as possible (your letter of 9 September to Rob Smith refers). In these circumstances, the draft reply, while endorsing Lord Shackleton's points about Britain's scientific contribution in Antarctica, seeks to reassure him of the Government's resolve to maintain Britain's visibility in Antarctica; and it recognises the fundamental contribution which the British Antarctic Survey makes to the latter via its expanded programme of activity.

I am copying this letter to Rob Smith and to Jill Rutter.

Yours ever

(R N Culshaw)
Private Secretary

C D Powell Esq
10 Downing Street

RESTRICTED

DSR 11 (Revised)

PR6ABY

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:
Prime Minister

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO:
The Rt Hon Lord Shackleton KG, PC,
OBE

Your Reference

Copies to:

s/hab3

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

Thank you for your letter of 2 September about the Antarctic situation and the work and funding of the British Antarctic Survey.

I readily endorse your remarks about the major contribution which Britain in the shape of the British Antarctic Survey makes to scientific research in the Antarctic. The "ozone hole" discovery is an excellent and topical example of work of worldwide significance in terms both of major advances in human knowledge, and of wider potential relevance to future living conditions. Advances of this kind contribute greatly to our international prestige.

I entirely take your point about the relationship between the three British territories in the South Atlantic, and the need for coherence and consistency in our policy towards them. It is certainly important that we give no signal of a reduced commitment to the British

/Antarctic

Enclosures—flag(s).....

Antarctic Territory, to the Falkland Islands, or to South Georgia and the South Sandwich Islands. We consequently recognise the need to maintain British visibility in the Antarctic, of which the ~~expanded programme of the~~ British Antarctic Survey~~s is of course~~, activities are a fundamental component. ~~Its funding is a matter of continuing review.~~ their funding is under discussion at present.

[C] I too regard the Mount Pleasant Airport development as potentially significant for Antarctic activities. As I said in a recent letter to Aubrey Buxton, we are at present thinking in terms of a future role for the Falklands in facilitating access to economic resources in the South-West Atlantic and Antarctica, particularly through civilian use of the new airport.

CU.

ARGENTINA Relations PTEU

Lord SHACKLETON file

17/9

OA

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

3 September 1986

Ack

BF

I enclose a copy of a letter to the Prime Minister from Lord Shackleton about the Antarctic. I should be grateful for a draft reply.

I am copying this letter to Rob Smith (Department of Education and Science) and to Jill Rutter (Chief Secretary's Office).

(Charles Powell)

A. C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office.

DSG

The Rt. Hon. Lord Shackleton, KG, PC, OBE,
Enserch House,
8 St. James's Square,
London, SW1Y 4JU.
01-930 1752
01-930 8697

House of Lords

2nd September, 1986.

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

Dear Prime Minister

May I thank you very much for your letter regarding fishery zones in the vicinity of the Falklands. I would only say, if I may, that I am doubtful as to whether the FAO study will yield significant information which could lead to a meaningful agreement. Meanwhile I am very glad that we have taken a firm line with the Soviet Union and other countries.

May I however take this opportunity to say something about the Antarctic situation? I think you are aware that I have always seen the Falklands as a very significant element in regard to the future peace of the Antarctic and indeed vice versa. When Aubrey Buxton and I met you to talk about the Falklands we had some brief discussion on the Antarctic dimension and this I think may have influenced you in seeing representatives from British Antarctic Surveys and the subsequent grant of extra funds which enabled British Antarctic survey to develop their programmes.

How important this work is has recently been shown by the discovery of the "ozone hole" which forms over the Antarctic in early Spring. Analysis of ground-based measurements showed ozone amounts over the UK base at Halley to have diminished by 40% over a decade. The BAS findings stimulated a search through NASA satellite records by US workers, who confirmed the seasonal drop. This may be the first real evidence that atmospheric pollution is damaging the ozone layer. BAS is contributing to a major programme now being mounted by the US to examine the effect and its causes in more detail.

I could, of course, go at considerable length into the significance of the British Antarctic Survey research efforts. It is widely agreed that Britain is well up among the leaders, if not the leader, of the Antarctic scientific community.

However, I gather that there could be a change in the funding situation which could mean we would lose our eminently visible position. I would like to stress, as the recent Natural Environment Research Council visiting group made clear, that the scientific work of BAS contributes very much to British prestige - not I hasten to add that I am concerned with this point alone. It is important that our stance in all three of

House of Lords

the British territories in the South Atlantic should be coherent. We cannot risk being seen to be weak in one without possible effects on the others. The decline in the British Antarctic position could weaken our role in the South West Atlantic and although the Falklands is not of much significance at this stage as a base for Antarctic operations, the development of the new air field shows signs of altering this. I for one regard it as imperative that the Antarctic in this particular sector is not left to be battled over by Chile and Argentina, both of whom are actively committed, notwithstanding the Antarctic Treaty, to strengthening their territorial claims. I hope you will not think I am romancing when I say had it not been for your personal decision and authority in the re-taking of the Falkland Islands, President Galtieri might now have been pressing Antarctic claims which could indeed lead to conflict under a different regime than the present Argentine Government.

Perhaps I might conclude by observing that for over sixty years the Government has been involved in the Antarctic, and that during that time it has been understood that British interests are best pursued through scientifically productive activity in order to achieve broader political purposes.

Yours sincerely

Eddie Shackleton

SHACKLETON

file

CF

VC
cc FCO
PC

10 DOWNING STREET

LONDON SW1A 2AA

THE PRIME MINISTER

22 August 1986

My dear Lord Shackleton,

Thank you for your letter of 31 July expressing concern at the prospect of Argentina signing a bilateral fisheries agreement with the Soviet Union and other fishing nations.

We will certainly have to look very carefully at the implications of the Soviet/Argentine agreement, as regards both the chances of achieving a multilateral conservation and management regime and our jurisdiction over Falklands waters. As I said in my letter of 9 July, we had been aware for some time of these negotiations, and made our position clear to the Soviet Government on a number of occasions; indeed Geoffrey Howe took the matter up with Mr. Shevardnadze in July. When the signature of an agreement was reported in the press, our Embassy in Moscow asked for a copy of the text and for an assurance that the agreement did not infringe our rights under international law. The Russians have still not responded adequately, and the Foreign and Commonwealth Office put out a statement on 13 August reserving our position (I enclose a copy). Our Embassies in those countries with an interest in the South West Atlantic fishery are also bringing our statement to the attention of their host governments.

I understand the arguments which you make for our declaring our own unilateral fishing zone. As Janet Young said in reply to your question in the House of Lords on 29 July, we retain our right to do this. But if we can achieve it, a multilateral management regime under FAO auspices makes good sense in seeking conservation

OA

arrangements for migratory fish stocks in waters where sovereignty is disputed. The FAO technical study of the fishery should be ready in September. This will offer an authoritative guide to the state of the fish stocks and indicate whether special protection measures are required. We will need to give the FAO study careful consideration.

I think it would be wrong to contemplate a major change in our approach until we have all the facts. But you need have no doubt that we are monitoring the situation very closely.

Yours sincerely

Margaret Thatcher

The Rt. Hon. Lord Shackleton, K.G., O.B.E.

STATEMENT BY NEWS DEPARTMENT: SOVIET/ARGENTINE FISHERIES AGREEMENT

On 29 July the Soviet and Argentine Press reported that the Soviet Union and Argentina had signed a bilateral fisheries agreement in Buenos Aires on 28 July.

We do not yet know the precise scope of the agreement. HM Embassy in Moscow have asked the Soviet Government for a copy of the text. But HMG wish to make it clear that if this agreement purports to regulate fishing activity in the waters surrounding the Falkland Islands, it would have no basis in international law. British sovereignty over, and administration of, the Falklands confers on the British Government and the Falklands authorities the right to exercise fisheries jurisdiction over these waters. This right remains unaffected by the Soviet/Argentine fisheries agreement or any other bilateral fisheries agreement.

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T155/86

CONFIDENTIAL

JS CAJ
FCO

Subject: Ccops
master

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

21 August 1986

My dear Helmut,

Many thanks for your letter of 24 July. I am most grateful for your renewed assurance that the Federal Government will not authorise the export to Argentina of Surface and Underwater Target (SUT) torpedoes so long as conditions in the South Atlantic remain unsettled.

It is also good of you to agree that we may convey the contents of your letter to the Italian authorities. As I explained in my letter of 28 May, I believe it is important to reassure the Italians about your position on this matter. We will now do this.

I do hope you are enjoying your holiday, and look forward greatly to our meeting in Bonn and with the Forces in September.

With best wishes,

Yours ever

Margaret

His Excellency Dr. Helmut Kohl

CONFIDENTIAL

CONFIDENTIAL

10 DOWNING STREET

LONDON SW1A 2AA

THE PRIME MINISTER

My dear Hel

Many thanks for your letter of 24 July. I am most grateful for your renewed assurance that the Federal Government will not authorise the export to Argentina of Surface and Underwater Target (SUT) torpedoes so long as conditions in the South Atlantic remain unsettled.

It is also good of you to agree that we may convey the contents of your letter to the Italian authorities. As I explained in my letter of 28 May, I believe it is important to reassure the Italians about your position on this matter. We will now do this.

I do hope you are enjoying your holiday, and look forward greatly to our meeting in Bonn and with the Forces in September.

With best wishes,

His Excellency Dr. Helmut Kohl

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

19 August 1986

Dear Tim,

I enclose a draft reply to Lord Shackleton's letter of 31 July to the Prime Minister (Charles Powell's letter of 3 August to Robert Culshaw). This takes account of the FCO News Department's statement of 13 August on the Soviet/ Argentine Fishing Agreement.

I am copying this letter to John Howe (Ministry of Defence).

Yours Sincerely,

Colin Budd

(C R Budd)
Private Secretary

Tim Flesher Esq
10 Downing Street

DSR 1 (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.....

TO:

Your Reference

The Rt Hon Lord Shackleton KG PC OBE

Enserch House

8 St James's Square

London SW1Y 4JU

Copies to:

JC3FN1

SUBJECT:

Thank you for your letter of 31 July expressing concern at the prospect of Argentina signing a bilateral fisheries agreement with the Soviet Union and other fishing nations.

We will ~~clearly~~ actively have to look very carefully at the implications of the Soviet/Argentine agreement, as regards ~~both for~~ the chances of achieving a multilateral conservation and management regime and ~~for~~ our jurisdiction over Falklands waters. As I said in my letter of 9 July, we had been aware for some time of these negotiations, and made our position clear to the Soviet Government on a number of occasions; indeed Geoffrey Howe took the matter up with Mr Shevardnadze in July. When the signature of an agreement was reported in the press, our Embassy in Moscow asked for a copy of the text and for an assurance that

/the

Enclosures—flag(s).....

the agreement did not infringe our rights under international law. The Russians have still not responded adequately, and the Foreign and Commonwealth Office put out a statement on 13 August reserving our position (I enclose a copy). Our Embassies in those countries with an interest in the South West Atlantic fishery are also bringing our statement to the attention of their host governments.

I understand the arguments which you make for our declaring our own unilateral fishing zone. As Janet Young said in reply to your question in the House of Lords on 29 July, we retain our right to do this. But if we can achieve it, a multilateral management regime under FAO auspices makes good sense in seeking conservation arrangements for migratory fish stocks in waters where sovereignty is disputed. The FAO technical study of the fishery should be ready in September. This will offer an authoritative guide to the state fo the fish stocks and indicate whether special protection measures are required. We will need to give the FAO study careful consideration.

I think it would be wrong to contemplate a major change in our approach until we have all the facts. But you need have no doubt that we are monitoring the situation very closely.

CCR

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. A086/2373

15 August 1986

Dear John.

Down South: A Naval History of the Falkland Campaign

I have shown your letter of 5 August (ISPB/L86/643: 9/31/F) to Sir Robert Armstrong.

It was agreed by the Prime Minister and other Ministers in October 1984 that David Brown's book should proceed to publication, subject to clearance of the text for both security and political sensitivities.

Sir Robert notes that, following discussions between David Brown and the Minister of Defence and agreement between them on the amendments to be made, the Defence Secretary has agreed that clearance should be given to proceed to publication. Sir Robert trusts that the agreed amendments will have met security and political sensitivities, but as he has seen neither the text nor the amendments he can offer no comment as to that.

I am sending copies of this letter to Nigel Wicks and Sherard Cowper-Coles.

Carl Bowdery

(C A Bowdery)
Assistant Private Secretary

J S Pitt-Brooke Esq
Ministry of Defence

Relations : ARGENTINA P41.

13/8/86.

STATEMENT BY NEWS DEPARTMENT: SOVIET/ARGENTINE FISHERIES AGREEMENT

On 29 July the Soviet and Argentine Press reported that the Soviet Union and Argentina had signed a bilateral fisheries agreement in Buenos Aires on 28 July.

We do not yet know the precise scope of the agreement. HM Embassy in Moscow have asked the Soviet Government for a copy of the text. But HMG wish to make it clear that if this agreement purports to regulate fishing activity in the waters surrounding the Falkland Islands, it would have no basis in international law. British sovereignty over, and administration of, the Falklands confers on the British Government and the Falklands authorities the right to exercise fisheries jurisdiction over these waters. This right remains unaffected by the Soviet/Argentine fisheries agreement or any other bilateral fisheries agreement.

ARGENTINA: Relations, PL 461

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

12 August 1986

GR pse type + insert good wishes omitted from the Hess letter dr

Dear Tim,

POSSIBLE SUPPLY OF GERMAN TORPEDOES TO ARGENTINA

Charles Powell wrote to Tony Galsworthy on 31 July about Chancellor Kohl's letter of 24 July to the Prime Minister about the possible supply of German torpedoes to Argentina. I enclose a draft reply.

Yours Sincerely

David Reddaway

David Reddaway
Private Secretary to
Baroness Young

T Flesher Esq
10 Downing Street

DSR 11 (Revised)

CONFIDENTIAL

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:
Prime Minister

DEPARTMENT: TEL. NO:

Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO:
His Excellency Herr Dr Helmut Kohl

Your Reference

Copies to:

CAJAHI

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

Many thanks for your letter of 24 July. I am most grateful for your renewed assurance that the Federal Government will not authorise the export to Argentina of Surface and Underwater Target (SUT) torpedoes so long as conditions in the South Atlantic remain unsettled.

It is also good of you to agree that we may convey the contents of your letter to the Italian authorities. As I explained in my letter of 28 May, I believe it important to reassure the Italians about your position on this matter. We will now do this.

Enclosures—flag(s).....

ARGENTINA Relations PT41

FILE CAJ

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

11 August 1986

Robert Culshaw wrote last week about the handling of the Falkland Islands debate at this year's United Nations General Assembly. The Prime Minister was content with the strategy set out in that minute but has stressed that our statement in the debate should itself be as robust and unequivocal as in previous years, and as envisaged in Robert Culshaw's letter.

TIMOTHY FLESHER

David Reddaway, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

7 August 1986

Dear Tim

Falklands at UNGA

In the light of last year's experience, the Foreign Secretary proposes to modify our tactics for the Falkland Islands debate at this year's United Nations General Assembly.

Last year the Argentine-inspired resolution on the Falklands was milder in tone than those of previous years. We undertook an energetic and sustained lobbying campaign, pointing out that the resolution's call for negotiations "on all aspects of the future of the Falkland Islands" included sovereignty and that the Argentine position was therefore unchanged. When it became clear that the resolution was nonetheless attracting support, we tabled two amendments stressing the Islanders' right to self-determination. In the event, our amendments were voted down and the resolution was adopted without amendment. The 107 votes in favour, with 4 against and 41 abstentions, marked a significant increase over previous years and was widely interpreted as a victory for Argentina.

The Argentines will no doubt seek to press home their advantage at this year's UNGA; there are already indications that they plan a lobbying campaign aimed at winning over last year's abstainees. Faced with another "soft" resolution, we are likely to find ourselves further isolated. The EC is already split (in 1985, 3 EC nations - France, Italy and Greece - voted for the resolution) and we may face further defections. The drift in Argentina's favour by the Commonwealth, which last year included Australia and Canada, will continue.

Our aim must be to make clear our firm rejection of the Argentine position, and to retain our support wherever possible. We should seek at the same time to down-grade the significance of the UNGA vote. To this end, we intend to switch from our previous policy of

/intensive

CONFIDENTIAL

intensive, across-the-board lobbying which focussed international and media attention on the issue. This was helpful when the Argentines produced a hardline resolution; but counter productive when they opted for a "soft" one in 1985 which attracted wide support. Instead, we propose a policy of carefully targetted lobbying which would be aimed at those nations which joined us last year in voting against the resolution; at other possible supporters; and at those among the 41 abstainees which show any sign of wavering. With the remainder we would make a firm and formal statement of our position in capitals, and would respond to any enquiries. But we should not persist in a high-profile lobbying campaign which might subsequently be labelled a conspicious failure if the Argentines won more UN votes.

Our overall objective would be thus to reduce the profile of the Falklands issue at UNGA and to keep the debate short. Sir John Thomson's statement would, of course, be as robust and unequivocal as in previous years. And the Falkland Islanders too will put their case at the Fourth Committee, which precedes the plenary session.

This policy of constructive lobbying combined with a reduced profile at UNGA assumes that Argentina will persist with a "soft" resolution. However, we will keep a close eye on Argentine tactics and be ready to adjust our own very swiftly if they look like reverting to a more hardline resolution.

Yours ever

Adam Culshaw

(R N Culshaw)
Private Secretary

Tim Flesher Esq
PS/10 Downing Street

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1A 2HB
Telephone 01-218 2839 (Direct Dialling)
01-218 9000 (Switchboard)

PERMANENT UNDER SECRETARY OF STATE

CDP
YR.

JSPB/L86/643
9/31/F

5 August 1986

Dear Michael,

DOWN SOUTH: A NAVAL HISTORY OF THE FALKLAND CAMPAIGN

It is some time now since, following Ministerial agreement allowing publication of David Brown's naval history of the Falklands Campaign, Sir Robert Armstrong wrote to Sir Clive Whitmore on 3 April 1985. It was agreed then that before publication could go ahead, careful scrutiny of the manuscript, for both security and political sensitivities, would be particularly important, especially to avoid adding to the Belgrano controversy.

2. Clearance of the manuscript has taken some time, but it is now completed and the Ministry of Defence has reached agreement with Mr Brown over the amendments to be made prior to publication. We are satisfied that manuscript now represents an acceptable compromise between Mr Brown's natural desire to give as full an account of the Campaign as possible and to record his own views, and the need to avoid sensitive areas. The Defence Secretary has, therefore, agreed that clearance should be given to Mr Brown to proceed with publication. A disclaimer to the effect that there has been no official sponsorship or involvement and that the views expressed do not represent those of the Ministry of Defence will accompany the work.

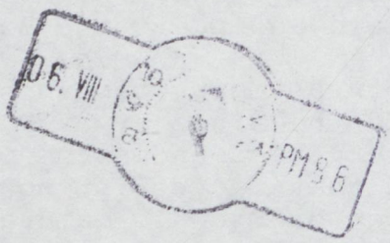
3. I am sending copies of this letter to Nigel Wicks and Sherard Cowper-Coles.

Yours

J S PITT-BROOKE
PS/Sir Clive Whitmore

Michael Stark Esq
PS/Sir Robert Armstrong GCB CVO
Cabinet Office
70 Whitehall
London SW1

ARGENTINA Relaciones PTUI



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

3 August 1986

I enclose a copy of a letter to the Prime Minister from Lord Shackleton about Falkland Island fisheries. I should be grateful for a draft reply.

I am copying this letter and enclosure to John Howe (Ministry of Defence).

CHARLES POWELL

R. N. Culshaw, Esq.,
Foreign and Commonwealth Office.

KB

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

3 August 1986

I am writing on behalf of the Prime Minister to thank you for your letter of 31 July.

This is receiving attention and you will be sent a reply as soon as possible.

CHARLES POWELL

The Rt. Hon. Lord Shackleton, K.G., O.B.E.

The Rt. Hon. Lord Shackleton, KG., PC., OBE.,
Enserch House, 8 St. James's Square,
London SW1Y 4JU
01.930.1752
01.930.8697

House of Lords

cc Sir P C 3/8

31st July, 1986

C2/8

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

Dear Prime Minister ffs.

I believe that Aubrey Buxton has written to you on a different aspect of the South Atlantic, and so I am writing in response to your letter of 9th July following exchanges in the House of Lords this week on fishery rights.

We are so concerned by recent developments that we feel bound to express our deep anxiety now that it looks, as we predicted, that the Argentines and Soviets are already far down the road towards reaching a fishing agreement. A similar situation applies to Japan. If this is really true we have to ask, can we seriously afford not to react as a matter of urgency before the issue is finally settled? Quite apart from renewed pressure on the Soviet Union, what obstacles are there to declaring fishing limits, at least up to the boundary of the protection zone?

In reply to questions in the House of Lords on Tuesday (H of L Hansard - 29th July - Col. 716-719) it was made clear that the Government are still relying on achieving a multi-lateral solution. But, however desirable that may be, larger events are unquestionably now taking over. Indeed, the nature of the agreement with the Soviet Union would seem, unless they can be persuaded to think again, to threaten the whole stability of the region.

Argentina is also seeking energetically to persuade other countries such as South Korea to sign an agreement, and any such agreement between those countries would imply that they had recognised the Argentine claim to the 200 miles around the Falklands, where we have not yet even declared fishing limits ourselves.

Perhaps worse than that, an agreement on fishing would inevitably lead to the prospect of the Soviets having maritime bases and facilities on the Argentine mainland.

/.....

House of Lords

31st July, 1986

The Rt. Hon. Margaret Thatcher, M.P.

We feel bound to draw your personal attention to these deeply worrying, even threatening developments affecting the Falkland Islands and indeed the whole south-west Atlantic region. We fear that we may be heading for a very critical situation and must ask, therefore, should not urgent action be taken without delay?

Yours sincerely

Edward Shackleton

SHACKLETON

cc: The Lord Buxton of Alsa, M.C., D.L.,
Brook House,
113 Park Lane,
London W1Y 4DX

Relations: ARGENTINA

R41

CONFIDENTIAL

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

31 July 1986

I enclose a copy of a letter to the Prime Minister from Chancellor Kohl about our concern over the possible supply of torpedoes to Argentina. It appears to provide exactly the assurances that we want.

I should be grateful for a draft reply expressing appreciation.

(CHARLES POWELL)

A.C. Galsworthy, Esq., CMG,
Foreign and Commonwealth Office.

CONFIDENTIAL

CAPC

Chargé d´Affaires a.i.
~~DER BOTSCHAFTER~~
DER BUNDESREPUBLIK DEUTSCHLAND
Baron Hans von Stein

31 July 1986

CDP 31/7.

Dear Prime Minister,

I have the honour to transmit to you the enclosed two letters from Herr Helmut Kohl, Chancellor of the Federal Republic of Germany.

A courtesy translation is attached.

Yours, dear Prime Minister,

yours sincerely

Hans v. Stein

Her Excellency
The Rt. Hon. Margaret Thatcher, MP
Her Majesty´s Prime Minister and
First Lord of the Treasury
L o n d o n

L o n d o n

First Lord of the Treasury

Her Majesty's Prime Ministe and

The Rt. Hon. Margaret Thatcher, MP

Her Excellency

A confidential translation is attached.

Herr Helmut Kohl, Chancellor of the Federal Republic of Germany,

I have the honour to transmit to you the enclosed two letters from

Baron Hans von Stein 31 July 1986

Chargé d'Affaires a.i.

SUBJECT

VS-Vertraulich

cc Master
OPS

PRIME MINISTER'S PERSONAL MESSAGE SERIAL No. T140A/86

Translation

Federal Republic of Germany
The Federal Chancellor

Bonn, 24 July 1986

Prime Minister

A very helpful message from Chancellor Kohl on torpedoes for Argentina.

CDP
21/7.

The Rt. Hon. Mrs Margaret Thatcher, MP
Prime Minister of the United Kingdom
of Great Britain and Northern Ireland
London

Dear Prime Minister, dear Margaret,

Thank you for your message which was transmitted to me by the British Ambassador on 28 May.

I appreciate your concern about the supply of modern-technology torpedoes to Argentina. The statement contained in my letter of 25 March 1985 that the Federal Government has not authorized nor will authorize the export of such weapons as long as the situation in the southern Atlantic is unsettled continues to be valid. Under the present circumstances no export licence will be considered.

You may make the contents of this letter available to the Italian Government if you think this would be helpful.

Yours sincerely,

(sgd.) Helmut Kohl

VS-Vertraulich

BUNDESREPUBLIK DEUTSCHLAND
DER BUNDESKANZLER

Bonn, den 24. Juli 1986

Ihrer Exzellenz
Frau Margaret Thatcher, MP
Premierminister des
Vereinigten Königreichs
Großbritannien und Nordirland

L o n d o n

Sehr verehrte Frau Premierminister, liebe Margaret,

für Ihre Botschaft, die Sie mir mit Schreiben des Britischen Botschafters vom 28. Mai 1986 übermittelt haben, danke ich Ihnen.

Ich habe Verständnis für Ihre Sorgen über die Lieferung von Torpedos neuerer Technologie nach Argentinien.

Die Erklärung in meinem Brief vom 25. März 1985, wonach die Bundesregierung die Ausfuhr dieser Waffen nicht genehmigt hat und nicht genehmigen wird, solange sich die Verhältnisse im Südatlantik nicht konsolidiert haben, gilt unverändert weiter. Eine Ausfuhrgenehmigung kommt unter den derzeitigen Umständen nicht in Betracht.

Sie können den Inhalt dieses Briefes, soweit Sie dies für nützlich erachten, der italienischen Regierung zugänglich machen.

Mit freundlichen Grüßen

Ihr
Helmut Kohl

ARGENTINA Relations PTCH

Confidential

GR6 180

CONFIDENTIAL
FM WASHINGTON
TO IMMEDIATE FCO
TELNO 1911
OF 182346Z JULY 86

SECRETARY OF STATE'S DISCUSSION WITH SHULTZ: ARMS FOR ARGENTINA

1. AT THE END OF HIS DISCUSSION TODAY WITH THE SECRETARY OF STATE ON EAST/WEST, SHULTZ GAVE THE SECRETARY OF STATE A WRITTEN MESSAGE ON ARGENTINA (TEXT WITH THE PRIVATE SECRETARY) AND ADDED THE FOLLOWING COMMENTS. THE US REMAINED INTERESTED IN ENCOURAGING GREATER CIVILIAN CONTROL OVER THE MILITARY. THAT SHOULD HAVE THE EFFECT OF REDUCING ANY THREAT TO THE FALKLANDS. THEY CONTINUED TO REGARD ALFONSIN AS A GOOD MAN. THEY REALISED THAT WE HAD A PARTICULAR CONCERN ABOUT THE ARGENTINE WISH TO ACQUIRE MORE A4 AIRCRAFT. THE AMERICANS FOR THEIR PART WERE WORRIED ABOUT THE GROWING RELATIONSHIP BETWEEN ARGENTINA AND THE SOVIET UNION. AMONG OTHER THINGS THE RUSSIANS WERE KEEN TO PROVIDE AIRCRAFT. SHULTZ HOPED THAT WE COULD TAKE THIS POINT INTO ACCOUNT IN OUR THINKING ABOUT THIS PROBLEM.

2. THE SECRETARY OF STATE SAID THAT WE REMAINED WORRIED ABOUT THE WAY IN WHICH ARGENTINA WAS APPROACHING THE FALKLANDS PROBLEM. SHULTZ AGREED THAT ON FISHERIES THE ARGENTINES WERE CHALLENGING OUR SOVEREIGNTY. BUT HE ADDED THAT THE AMERICANS WERE DISTURBED BY WHAT THEY SAW AS INCREASING SOVIET ACTIVITY IN THE REGION.

WRIGHT

LIMITED
FID
NAD
DEF D
PUSD
SOV D
PS/LADY YOUNG
PS/MR EGGAR
PS/PUS
MR DEREK THOMAS

SIR W. HARDING
MR DAVID THOMAS.

Confidential

Confidential

GR6 180

CONFIDENTIAL
FM WASHINGTON
TO IMMEDIATE FCO
TELNO 1911
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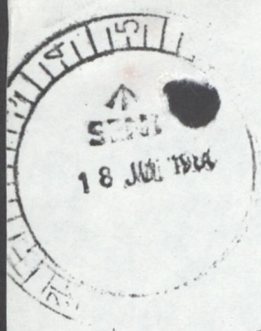
MR DEREK THOMAS

SIR W. HARDING
MR DAVID THOMAS.

CONFIDENTIAL



PS - Any future

Confidential

GRS 100

CONFIDENTIAL
FM BONN
TO PRIORITY FCO
TELNO 625
OF 181300Z JULY 86
INFO ROUTINE ROME

YOUR TELNO 359 AND MY TELNO 623: ARGENTINA

1. THERE WAS NO TIME TO GO INTO DETAIL TODAY WITH CHANCELLOR KOHL, BUT WE SHALL BE BRIEFING HIS STAFF AND GENSCHER'S BEFORE THE ARGENTINE FOREIGN MINISTER ARRIVES. THE CHANCELLOR'S OFFICE SAY THAT A VISIT TO BERLIN IS NOT ON CAPUTO'S PROGRAMME.

2. ON TORPEDOES, TELTSCHIK SAYS THAT A WRITTEN REPLY TO THE PRIME MINISTER'S MESSAGE IS BEING PREPARED AND THAT IT WILL BE CONSISTENT WITH THE ORAL ANSWER WHICH KOHL GAVE ME AT THE TIME (MY TELNO 443).

BULLARD

LIMITED
WED
SAFD
PUSD
DEF D
ECD (E)
ECD (I)
ECD (P)
FID
SAMD
PLANNING STAFF
PS
PS/LADY YOUNG
PS/PUS
MR DEREK THOMAS
MR HOLGATE
MR A FERGUSSON
MR RATFORD

Confidential

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

M.L. SAUNDERS
LEGAL SECRETARY

NBPR

J F Howe Esq.
Private Secretary to the Secretary of
State for Defence
Ministry of Defence
Main Building
Whitehall
London SW1

16 July 1986

Dear John.

LIEUTENANT SETHIA - DIARY

The Attorney General has seen a copy of your letter* of 8 July to Nigel Wicks.

*about possible legal action to recover a copy of Lieutenant Sethia's diary which has got into the hands of the Mail on Sunday

On hearing of the developments set out in your letter, the Attorney expressed his concern on two points. First, he was not wholly certain that Section 2(1)(b) of the Official Secrets Act itself conferred the power to make a direction to return the copy of the diary. As to this, he is reassured by the advice that has been given by Treasury Counsel in relation to similar circumstances, but warns that the interpretation of Section 2(1)(b) in this respect is not free from doubt and that the use of the power to require by direction the disposal of property which is not that of the Crown is likely to be particularly controversial.

The Attorney's second doubt was as to whether the Crown would be justified in seeking the return of the copy of the diary from the Mail on Sunday, when similar action had not been taken in respect of other copies of the diary in the possession of Lt. Sethia and others. Given that we would not be on completely firm ground in directing the disposal of the copy of the diary, however, the Attorney agrees that we should proceed initially in relation only to the Mail on Sunday who show no signs of publishing and

volunteered the fact that they were in possession of the document. In the light of the reaction of the Mail on Sunday we should then consider what action should be taken in relation to other copies of the diary.

The Attorney has seen a copy of the draft letter the Treasury Solicitor proposes to send to the Solicitors to the Mail on Sunday and has proposed minor amendments with a view to softening its tone. I have passed on these suggestions to John Bailey.

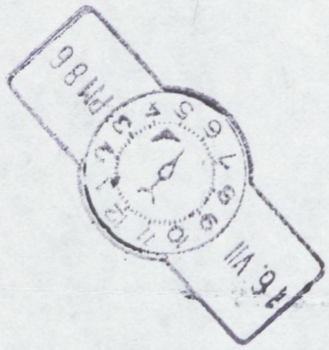
I am copying this letter to Nigel Wicks, Tony Galsworthy, Michael Stark and John Bailey.

Yours sincerely.

Michael Saunders.

M L SAUNDERS

ARGENTINA
RELATIONS
PT 41



10 DOWNING STREET

CDP, Yes OK

See your note to Tony Galsworthy 9.4.86. (Cat Hap, Part 40).

I understand you have a draft OD paper on this. Does that, together with the attached paper, FCS to Shultz (u/d) kill this BF?

C.U
10/7.

DSG

& FCO

10 DOWNING STREET

THE PRIME MINISTER

9 July 1986

Dear Lord Bruce,

I am writing to thank you and Lord Shackleton for your letter of 26 June in which you expressed concern about the implications for our interests of a fisheries agreement between the Soviet Union and Argentina.

I understand that Lord Shackleton and Sir Geoffrey Howe have already had a word about this. He will, no doubt, have confirmed to you that we have been aware of these negotiations for some time and have more than once left the Russians in no doubt about the risks for Anglo/Soviet relations that an agreement with the Argentines which did not take full account of our rights would pose.
Mr. Shevardnadze's visit later this month will give us another opportunity of getting our views across to the Russians at the highest level.

As you say, agreement between the Russians and the Argentines could have destabilising effects, not the least of which could be to place obstacles in the way of reaching agreement on a multilateral basis. The Argentine attack, resulting in loss of life, on a Taiwanese vessel at the end of May, underlines both the delicate nature of the present situation and the need for agreed arrangements to deal with the fishery. We hope that this incident will help to convince all the nations involved of the logic of proceeding on a co-operative basis to establish a multilateral conservation and management regime while underlining at the same time the perils of the confrontational approach.

Yours sincerely,

MT

I have read the note enclosed with your letter and am sending it to Sir Geoffrey Howe who will, I am sure, read it with interest.

Yours sincerely

Margaret Thatcher

The Lord Buxton of Alsa, M.C., D.L.

9 July 1986

The Prime Minister has asked me to thank you for your letter of 3 July supporting the one sent by Lords Buxton and Shackleton about Falkland Islands fisheries. The Prime Minister has now written to Lord Buxton in reply to that letter, and you might like to see the attached copy.

(TIM FLESHER)

The Rt. Hon. Julian Amery, M.P.

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

MO 23/1V

8th July 1986

Prime Minister

to note

N.L.W

10.7

Dear Nigel.

LIEUTENANT SETHIA - DIARY

The Prime Minister may wish to be aware that we have received a letter from Solicitors acting for Associated Newspapers, the publishers of 'The Mail on Sunday' and Mr Chester Stern, a journalist, saying that a copy of Lieutenant Sethia's diary has recently come into their possession in connection with a libel action brought against their clients by Sethia.

The Treasury Solicitor advises that we would be entitled to recover a copy of the diary under Section 2 of the Official Secrets Act. Although this could possibly attract some adverse publicity, not to take action to recover the document would be inconsistent with the line we have previously taken, and could indeed prejudice our efforts to prevent disclosure of the diary in Sethia's case against the Observer. Given this, Mr Younger has agreed that the Treasury Solicitor should write to the Solicitors, on his behalf, asking them to relinquish the document if it is, as suggested, a copy of Sethia's diary. If this fails, then it would be open to us to seek a legal direction for the recovery of the document.

I am sending a copy of this letter to Tony Galsworthy (FCO), Henry Steel (Law Officers' Department), Michael Stark (Cabinet Office) and John Bailey (Treasury Solicitor).

Yours sincerely,

(J F HOWE)

Nigel Wicks Esq
10 Downing Street

EDP,
I told you re this prior to your Friday night departure

Mary
4/7

With the compliments of

THE PRIVATE SECRETARY

Apologies for earlier omission from Falklands OD Paper

John

FOREIGN AND COMMONWEALTH OFFICE
SW1A 2AH

3

Foreign and Commonwealth Office

London SW1A 2AH

From the Secretary of State

CDP
7/7.

I should like to share some thoughts with you about Argentina.

1985 brought some indications of a more constructive approach from the Argentine Government in their dealings with us. These, together with internal developments in Argentina - in particular the determined attempt by the civil authority to exert effective control over the military - were very welcome. It was at this time too that you outlined your hopes of developing a new strategic relationship with Argentina, aimed at reinforcing the trends then emerging.

Developments so far in 1986 are less encouraging. As you know, we had hoped that the Argentines would not only give public support for the FAO study on the fisheries problem in the South West Atlantic but would also join in efforts to work out a multilateral solution, without prejudice to the conflicting sovereignty claims in the region. That, as you know, is our approach. Unfortunately there is no sign that the Argentines share it. On the contrary, they have been actively trying to negotiate bilateral fisheries agreements with some of the fishing nations, including the Soviet Union. Such agreements would purport to regulate fishing in waters around the Falkland Islands. These activities clearly indicate that the Argentines aim to circumvent the multilateral approach. In addition, they have recently shown a new determination to assert sovereignty over

The Hon George P Shultz

waters in the South West Atlantic, including waters over which we are entitled to claim jurisdiction by virtue of our sovereignty over the Falklands. They have gone so far as to use force in pursuit of this policy, with resultant loss of life, and have sought to justify their action by explicitly challenging our rights. I am therefore coming - with real sadness - to the conclusion that the Argentines prefer the confrontational to the co-operative approach in the South West Atlantic.

Juanarena is Alfonsin's fourth Defence Minister. His appointment and the way his predecessor, German Lopez, relinquished the post, may indicate that the Government's efforts to exercise full civilian control over the military are progressing less smoothly than earlier hoped; they may also be an indication that the military themselves are recovering some of their lost confidence. German Lopez expressed clearly his frustration at the difficulties of controlling the military.

Taken together, these developments leave me uneasy. It is against this background that the recently concluded Memorandum of Understanding between McDonnell Douglas and the Argentine Fabrica Militar de Aviones gives us real cause for concern. Your people will have seen the text: it makes provision for, inter alia, the eventual construction of A4 Skyhawks.

You know how much we have valued the care with which you have taken account of our concerns about the supply of military equipment to Argentina. What you have done and the assurances you have given to us speak for themselves. But the question remains one of very great sensitivity for us. This

is why I am now drawing your personal attention to it once again. I understand that the Memorandum of Understanding between McDonnell Douglas and the Argentine firm is predicated upon the approval of both Governments. I trust that we can be confident that your Government will not approve the co-production of A4 Skyhawks. It is in our view vital that Argentina should not be distracted from the imperative task of re-establishing healthy democratic institutions and restoring her economy. And while I can appreciate your concern to promote a healthy balance between the civil and military powers in Argentina, I feel bound to reiterate the familiar point that any action on your part which had the effect of enhancing Argentina's capacity to threaten the security of the Falkland Islands and our forces there would create great difficulties for us.

GEOFFREY HOWE

2

Foreign and Commonwealth Office

London SW1A 2AH

7 July 1986

Dear Charles,

Falkland Islands Fisheries

Please refer to your letter of 27 June with which you enclosed a letter from the Lords Buxton and Shackleton to the Prime Minister on this subject. I enclose a draft reply.

Following the despatch of the letter to the Prime Minister, Lord Shackleton had an opportunity to discuss Falklands fisheries over lunch with Sir Geoffrey Howe, who was able to tell him that we had been aware of the Argentine/Soviet negotiations for some time and had more than once intervened with the Russians.

Lords Buxton and Shackleton have used the news about the Argentine/Soviet negotiations as a peg on which to present their policy recommendations on fish. These are not new. Both peers have had the opportunity of discussing them with members of the Government more than once. The point about the Argentine/Soviet negotiations having been dealt with, Sir Geoffrey Howe sees no need to enter into the substance of the detailed proposals on fisheries policy.

Since first hearing last November about the possibility of an Argentine/Soviet fisheries agreement, we have spoken several times both at official and ministerial level to the Russians, in London and Moscow. The last word from Mr Zamyatin to Sir Geoffrey Howe was that our interests would be taken into account in the negotiations with the Argentines. This is the furthest the Russians have come in our direction. Mr Shevardnadze's visit later this month will present a further opportunity of registering our concern with the Russians.

Following

/the

THIS IS A COPY. THE ORIGINAL IS RETAINED UNDER SECTION 3 (4) OF THE PUBLIC RECORDS ACT

the visit last month of a Russian fisheries Minister to Buenos Aires, Press reports there claim that a fisheries Agreement will be concluded during Alfonsin's visit to Moscow in October but the latest (3 July) Press reports from Buenos Aires are that the Russians and the Argentines have initialled a fisheries agreement. We are making urgent enquiries in Moscow about the truth of these reports.

Yours ever

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

DSR 1[illegible]evised Sept 85)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1 +

FROM:
PRIME MINISTER
DEPARTMENT: TEL. NO:
BUILDING: ROOM NO:

Reference

Your Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

PRIVACY MARKING

..... In Confidence

CAVEAT .....

Enclosures flag(s) .....

TO:

The Lord Buxton of Alsa MC DL
House of Lords

Copies to:

TO ibsm

SUBJECT:

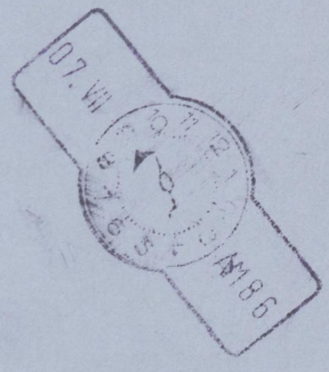
The Rt Hon Lord Shackleton
KG OBE
House of Lords

I am writing to thank you and ~~Eddie~~ Lord Shackleton for your letter of 26 June in which you expressed concern about the implications for our interests of a fisheries agreement between the Soviet Union and Argentina.

I understand that ~~Eddie~~ Lord Shackleton and Sir Geoffrey Howe have already had a word about this. He will, no doubt, have confirmed to you that we have been aware of these negotiations for some time and have more than once left the Russians in no doubt about the risks for Anglo/Soviet relations that an agreement with the Argentines ~~that~~ which did not take full account of our rights would pose. Mr Shevardnadze's visit later this month will give us another opportunity of getting our views across to the Russians at a ~~senior~~ the highest level.

As you say, agreement between the Russians and the Argentines could have destabilising effects, not the least of which could be to place obstacles in the way of reaching agreement on a multilateral basis. The Argentine attack, resulting in loss of life, on a Taiwanese vessel at the end of May, underlines both the delicate nature of the present situation and the need for agreed arrangements to deal with the fishery. We hope that this incident will help to convince all the nations involved of the logic of proceeding on a cooperative basis to establish a multilateral conservation and management regime while underlining at the same time the perils of the confrontational approach.

I have read the note enclosed with your letter and am sending it to Sir Geoffrey Howe who will, I am sure, read it with interest.


07. VII
1986

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

R417 pps.

112, EATON SQUARE,
SWIW 9AA

TEL: 01-235 1543
01-235 7409

3rd July, 1986

Dear Mrs. Thatcher,

Note when draft answ

Eddie Shackleton and Aubrey Buxton have sent me a copy of their letter to you of 26th June about the consequences of the recent sinking of the Taiwanese vessel by the Argentine navy.

As I am associated with both Buxton and Shackleton in the South West Atlantic group I thought I should let you know that I strongly support the line they have taken in their letter to you.

yrs sincly,

RJ Fay p.p. (in absence of)

Julian Amery

The Rt. Hon. Mrs. Margaret Thatcher, MP

Lord BUXTON

11/7

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

27 June 1986

I enclose a copy of a letter which the Prime Minister has received from Lord Buxton and Lord Shackleton.

I should be grateful if you would provide a draft reply for the Prime Minister's signature, to reach this office by 11 July.

(Timothy Flesher)

R.N. Culshaw, Esq.,
Foreign and Commonwealth Office.

House of Lords

26th June, 1986

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

R27

Dear Prime Minister

We much reget having to bother you at such a busy and difficult time but we feel bound to raise a matter that seems to us to be of great urgency concerning the Falklands.

Following the recent sinking of the Taiwanese vessel by the Argentine navy (not specifically disowned by the government in Buenos Aires) we are very concerned to hear of moves to sign a fishing agreement between the Argentine and the Soviet Union, including the possibility of establishing landing rights and possibly a base at Puerto Madryn within the Gulfo Nuevo. This action, especially if followed by other countries, could bid fair to destabilise the already uncertain regime in these waters and lead to a 'cod war' with, of course, much more serious implications.

We feel that this threat, if true, could warrant a direct approach to the Soviet Union, and perhaps other fishing countries concerned, to make clear that any such agreement would be regarded as an unfriendly act - not least because it could involve recognition of Argentine rights over Falklands waters, and would put paid to our own efforts to establish a multinational fishing regime. This latter course has already been rejected by Argentine Senator Gass (F.T. June 11th).

A consequence of these developments is continued erosion of our standing in the South Atlantic, with serious implications both with regard to the Antarctic and even in the long term our security and that of the Free World, if ever the Panama Canal was closed.

Attached is a note on fisheries and a possible course of action. We thought we should draw this to your attention. Warm regards

Yours very sincerely

Anthony Buxton — Eddie Shackleton

BUXTON

SHACKLETON

House of Lords

Note on fisheries - a possible further course of action

Our failure to clarify the position offshore is in danger of weakening our position in regard to Falkland Islands sovereignty, since the latter generates our rights offshore.

There is growing evidence of major fish stocks around the Islands of great interest to our own markets, quite apart from squid, so popular in Japan and the Latin countries. All are in jeopardy if the present free-for-all is allowed to continue. Landings are certainly much higher than were indicated in last year's Beddington report; so are their value.

The stocks need management, but equally desirable is the generation of revenue for the Falkland Islands Government from licence and royalty fees. However the argument raised against this is that the costs of surveillance and enforcement would be too high, much higher than any likely revenue from fees. This is now the subject of investigation by the Commons Defence Committee in relation to future force levels in the South Atlantic.

Our understanding is that much more economical solutions are available using minimal civil assets and a regime based on experience in such regions as the South West Pacific, where less than perfect control is accepted due to the necesssity for economy. The North Sea system is wholly inappropriate for the Falklands.

We would suggest the immediate establishment of a regime which at this stage should be limited to the 150 n. miles Falkland Islands Protection Zone (FIPZ), since this would hopefully avoid immediate confrontation with the Argentine over median lines. At the same time, however, reserving our right to the now universally recognised distances offshore - 200 n. miles, or median lines measured from coastal base lines. Some action may in any case be unavoidable since we are informed that fishing activities within the FIPZ are so high that there is a serious risk of squabbles. A clear regime will also encourage the establishment of onshore infrastructure in support of the fisheries both around the Falklands and around South Georgia, all beneficial to the Islands economy and long-term future.

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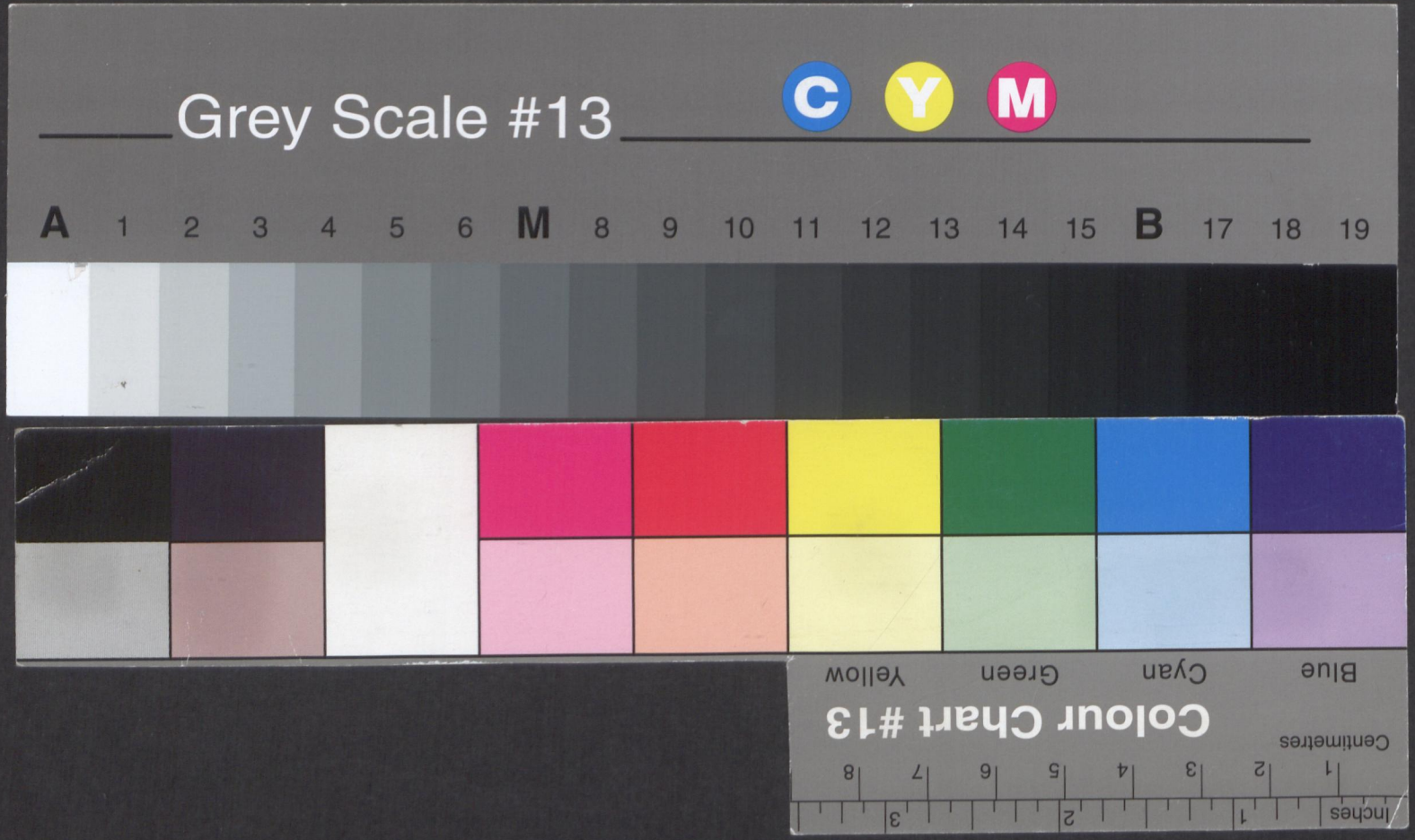
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Colour Chart #13
Blue
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Centimeters
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