

TOP SECRET

10 DOWNING STREET

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FILE TITLE:

*The future administration of
The Falkland Islands*

SERIES

*FALKLAND
ISLANDS*

PART:

1

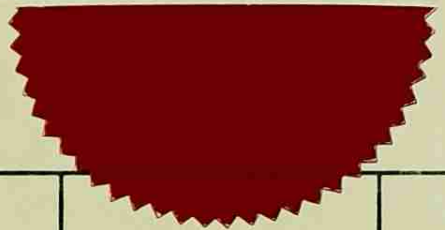
PART BEGINS:

1. NOVEMBER 83

PART ENDS:

31 JULY 1992

CAB ONE:



PREM 19/3756

TOP SECRET

PART

CLOSED

Published Papers

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


Statutory Instruments

South Atlantic Territories - The South Georgia and South Sandwich Islands Order 1985

Printed by HMSO

South Atlantic Territories - The Falkland Islands Constitution Order 1985

Printed by HMSO

Signed  Date 13/2/18

PREM Records Team



MINISTRY OF DEFENCE
WHITEHALL LONDON SW1A 2HB
Telephone 071-21 82111/2/3

cc 90
12

SECRETARY OF STATE

*1/c Army Office
1 Prince of Wales*

MO 3/15G

13th July 1992

[Handwritten signature]

Dear Stephen,

I am writing to let you know that the Trustees intend to announce the forthcoming closure of the South Atlantic Fund on 15th July; the Fund is due to close on 31st December 1992. I attach a copy of the press release. Mr Hamilton will announce the closure in parallel through a written PQ on Wednesday.

The money remaining in the Fund will be handed over to the single-Service Benevolent Funds, and it will continue to be used to benefit only those in need and whose problems are attributable to the Falklands crisis.

The Prince of Wales, Patron of the Fund, has been informed and entirely agrees with the decision to close the Fund. The Chairman of the Falklands Families Association has also been told about the announcement.

I am copying this letter to Christopher Prentice (FCO), Gina Wakeman (Dept of Health), Evelyn Arnold (Dept of Social Security) and to Sonia Phippard (Cabinet Office).

*Yours ever,
G A L*

(G A LESTER)
Private Secretary

J S Wall LVO CMG
10 Downing Street



Recycled Paper

CLOSURE OF THE SOUTH ATLANTIC FUND

The South Atlantic Fund, set up in 1982 to meet the needs of the armed forces, associated civilian personnel and respective dependants who suffered distress due to the Falklands conflict, will be closed on 31 December 1992.

Over the past ten years the fund has received £15.25 million, made up of more than 400,000 separate donations. Due to prudent investment it has managed to disburse £16.6 million and provide assistance to all personnel and dependent relatives with needs arising from the Falklands conflict. The residual sum of £3 million left in the fund will be handed over in appropriate shares to the single Service Benevolent Funds, who have given assurances that they will use the money to meet any future needs arising out of the Falklands Conflict for as long as it is necessary. This will assure continuity in the service and assistance provided to recipients of the fund.

In addition to providing financial relief, the fund has extended its provision to the award of education grants for children and the needs of dependent parents of single servicemen who died in the conflict. Assistance from the fund is also currently being given to some 20 unemployed ex-Servicemen who are undertaking further education or re-training in order to enhance their careers in civilian employment.



Foreign and Commonwealth Office
London SW1A 2AH

28 November 1990

Prime Minister.

This informs you of an agreement reached with the Argentines on fisheries round the Falklands. The terms were agreed by Ministers

Falkland Islands Fisheries

The latest round of talks with the Argentines resulted in a draft Joint Statement on Fisheries Conservation which was agreed in Madrid on 24 November by officials of both sides and referendum to Governments. Having negotiated yesterday some further improvements to the maritime boundaries and obtained oral confirmation from the Argentines that they will not seek to exercise coastal state jurisdiction in our waters, we have now reached final agreement on the text which I enclose. It is consistent with the terms approved by the former Prime Minister (your letter of 20 November). The Foreign Secretary has approved it. An announcement will be made today in London and Buenos Aires at 1900 hrs GMT. The Governor of the Falkland Islands will be making a proclamation in due course extending Falkland Island jurisdiction to 200 miles.

The advantages to the Falkland Islands and HMG are:

- the Argentines have agreed in effect to an extension of the Falkland Islands Conservation Zone (FICZ) to 200 miles;
- a de facto Western boundary will have been agreed with Argentina, which will make it more difficult in practice for them to claim sovereignty over the Falkland Islands and will strengthen our position on fisheries vis-à-vis third countries;
- the new Zone significantly enlarges the size of the present FICZ;
- these new arrangements mean that the Falkland Islands Government should benefit from better conservation, make more money from licences, have more control over fishing operations in the area, and remain independent of our Aid Programme;

/- whilst

010

pa ① cdc ①

? labels to Mr. Gately?
Thank you,
27.11

Dear Charles,

in advance.
C.D.P.
20/11
P.S. It is unlikely to attract much attention



- whilst the Joint Commission gives the Argentines a droit de regard over Falklands waters, we have a similar right in their Exclusive Economic Zone;
- we and the Argentines can work together to keep in check the growing pressures on the fishing grounds of the South West Atlantic from distant water, principally Oriental, fishing fleets;
- the Argentines will not patrol or enforce the ban on fishing in our area and have no right to issue licences for fishing in that area.

We see only one real advantage to the Argentines in this agreement, namely, that they can claim to have prevented a unilateral declaration extending the Falkland Islands Conservation Zone to 200 miles. In practice, however, this has happened with their agreement.

The Foreign Secretary believes that this Joint Statement and its Annex represent a step forward in Anglo-Argentine relations and will make a significant contribution to the economy of the Falkland Islands for the future. The Agreement will be reviewed annually and can be renounced at any time should we judge cooperation on conservation not to be working.

As I reported in my letter of 22 November, the Governor of the Falkland Islands has said that he believes the Agreement will be acceptable to the Islanders and he will brief Councillors in Port Stanley today.

I am sending copies of this letter to Simon Webb (MOD), Andrew Lebrecht (MAFF), John Neilson (Dept of Energy) and Colin Pipe (Attorney General's office).

(S L Gass)
Private Secretary

C D Powell Esq
10 Downing Street

JOINT STATEMENT ON THE CONSERVATION OF FISHERIES

1. The Government of the Argentine Republic and the Government of the United Kingdom of Great Britain and Northern Ireland agreed that the following formula on sovereignty, contained in the Joint Statement issued at Madrid on 19 October 1989, applies to this Statement and its results:

"(1) Nothing in the conduct or content of the present meeting or of any similar subsequent meetings shall 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, South Georgia and the South Sandwich 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, South Georgia and the South Sandwich Islands and the surrounding maritime areas;

(c) recognition of or support for the position of the United Kingdom or the Argentine Republic with regard to sovereignty or territorial and maritime jurisdiction over the Falkland Islands, South Georgia and the South Sandwich Islands and the surrounding maritime areas.

(2) No act ^{or} of activity carried out by the United Kingdom, the Argentine Republic or third parties as a consequence and in implementation of anything agreed to in the present meeting or in any similar subsequent meetings shall constitute a basis for affirming, supporting, or denying the position of the United Kingdom or Argentine Republic regarding the sovereignty or territorial and maritime jurisdiction over the Falkland Islands, South Georgia and the South Sandwich Islands and the surrounding maritime areas."

2. In order to contribute to the conservation of fish stocks, the two Governments agreed to open the way for cooperation in this field on an ad-hoc basis; this will be done:

LH1AAU

- a) by means of the establishment of the "South Atlantic Fisheries Commission", composed of delegations from both states, to assess the state of fish stocks in the South Atlantic in accordance with paragraph 7 of the Joint Statement issued at Madrid on 15 February 1990;
- b) by means of the temporary total prohibition of commercial fishing by vessels of any flag in the maritime area defined in the Annex to this Joint Statement, for conservation purposes.

The two Governments further agreed to review this Joint Statement annually, in particular the duration of the total prohibition.

3. The Commission will be composed of a delegation from each of the two states, and will meet at least twice a year, alternately in Buenos Aires and London. Recommendations shall be reached by mutual agreement. In accordance with paragraph 7 of the Madrid Joint Statement of 15 February 1990, the maritime area which the Commission will consider in relation to the conservation of the most significant off-shore species will be waters between latitude 45°S and latitude 60°S.

4. The Commission will have the following functions:

- a) In accordance with paragraph 7 of the Joint Statement issued at Madrid on 15 February 1990, to receive from both States the available information on the operations of the fishing fleets, appropriate catch and effort statistics and analyses of the status of the stocks of the most significant off-shore species. Both governments will provide such information in the form recommended by the Commission.
- b) To assess the information received and to submit to both Governments recommendations for the conservation of the most significant off-shore species in the area.
- c) To propose to both Governments joint scientific research work on the most significant off-shore species.
- d) In accordance with international law, to recommend to both Governments possible actions for the conservation in international waters of migratory and straddling stocks and species related to them.

e) To monitor the implementation of the prohibition and make recommendations in this regard to both Governments.

5. The prohibition in paragraph 2(b) will take effect on 26 December 1990; both Governments agreed to cooperate in order to implement it.

6. Each Government will take the appropriately related administrative measures in accordance with this Joint Statement.

LH1AAU

A N N E X

The area referred to in paragraph 2 (b) is the one encompassed by the lines of the type specified in the second column, joining points in the first column defined to the nearest minute of arc on WGS 72 Datum by coordinates of Latitude and Longitude in the order given.

Coordinates of Latitude
and Longitude

Line Type

-
- | | |
|---------------------|--|
| 1. 47°42'S, 60°41'W | 1-2 rhumb line along meridian. |
| 2. 49°00'S, 60°41'W | 2-3 parallel of latitude. |
| 3. 49°00'S, 60°55'W | 3-4 rhumb line along meridian. |
| 4. 49°20'S, 60°55'W | 4-5 arc of the circle which has a radius of 150 nautical miles and its centre at Latitude 51°40'S, Longitude 59°30'W, moving clockwise. |
| 5. 54°02'S, 58°13'W | 5-6 rhumb line. |

6. 54°38'S, 58°02'W

6-7 meridian.

7. 55°30'S, 58°02'W

7-8 rhumb line

8. 56°14'S, 58°31'W

8-9 a line drawn
anti-clockwise along
the maximum limit of
jurisdiction over
fisheries in
accordance with
international law.

9. 47°42'S, 60°41'W

The area mentioned above is described for the sole purpose of the total prohibition referred to in paragraph 2 (b) of this Joint Statement and, in particular, the formula on sovereignty in paragraph 1 of this Joint Statement applies to it.

CONFIDENTIAL

cc PC



MO 3/15D

PRIME MINISTER

EDP
26/xj
map

FALKLAND ISLANDS FISHERIES

I have seen the Foreign Secretary's minute of 19th November and agree that we should try for an agreement along the lines he suggests.

2. I am satisfied that the arrangements proposed, which would operate outside the existing FICZ, should not present difficulties for our security interests in the Falklands. As the Foreign Secretary says, Argentine fishing vessels and patrols already have access to the area concerned (as they do to the present FICZ). It would help fisheries conservation and political co-operation to agree that Argentine coastguard vessels should notify fishing vessels poaching in the banned area, but I agree we could not accept Argentine enforcement particularly against third countries. It will, however, be important to keep in mind the point made in my minute of 6th November about the need to avoid incidents involving Argentine vessels; arrangements for enforcement against Argentine trawlers would therefore need careful thought.

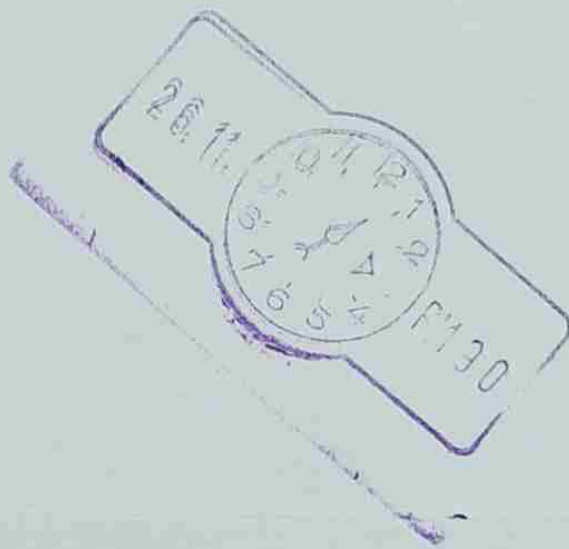
3. I am copying this minute to the Foreign Secretary, the Minister for Agriculture, Fisheries and Food and the Attorney-General.

Ministry of Defence
26th November 1990

(T K)

CONFIDENTIAL

FALKLAND ISLANDS: Admin Nov '83





Ministry of Agriculture, Fisheries and Food
Whitehall Place, London SW1A 2HH

From the Minister

CONFIDENTIAL

The Rt Hon Douglas Hurd CBE MP
Foreign Secretary
Foreign and Commonwealth Office
Downing Street
London
SW1A 2AL

23 November 1990

FALKLAND ISLAND FISHERIES

Thank you for sending me a copy of your minute of ~~19~~¹⁹ November to the Prime Minister. I have also seen a copy of her Private Secretary's reply of ~~20~~ November.

In my letter of 7 November I mentioned my concern about setting a precedent in allowing another country to patrol and enforce activities in our own exclusive waters. The preferred solution set out in your latest minute would appear to allow Argentinian enforcement on her vessels in the area of disputed jurisdiction and possibly allow Argentinian patrol vessels to challenge but not arrest third country vessels in that area.

This arrangement would have a parallel in that we have a 'grey' fisheries zone of disputed jurisdiction between the UK and the Irish Republic in relation to Rockall and the South Western approaches, where fisheries enforcement takes place on an informal and pragmatic basis.

Your preferred formula therefore largely gets over my concern and, given the wider considerations and exceptional circumstances, I am content.

I am sending copies of this letter to the Prime Minister, the Secretary of State for Defence and the Attorney General.

JOHN GUMMER



Foreign and Commonwealth Office

London SW1A 2AH

22 November 1990

Dear Charles,

Sept 2
John Austin

You sought

Falkland Islands Fisheries

Please refer to your letter of 20 November

at this stage
on this point

We have consulted the Governor about our proposals for the forthcoming round of talks with the Argentines on fisheries matters. The Governor has told us that he believes that these will be acceptable to the Islanders, although there will no doubt be grumbles from some.

CDH
nr

I am copying this letter to the Simon Webb (MOD), Andrew Lebrecht (MAFF) and Colin Pipe (Attorney General's Office).

Yours ever,
S. L. Gass

(S L Gass)
Private Secretary

C D Powell Esq
10 Downing Street

FALKLAND ISLANDS

John Adams

NOV 83





FILE
DA

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

20 November 1990

Dear Sir,

FALKLAND ISLANDS FISHERIES

The Prime Minister has seen the Foreign Secretary's minute of 19 November reporting the discussions with the Argentine Government on Falkland Island Fisheries and suggesting an alternative approach. She has commented that she hopes we are sure that the Falkland Islanders would be content with the new proposal. Provided that is confirmed, she would be ready for us to go ahead.

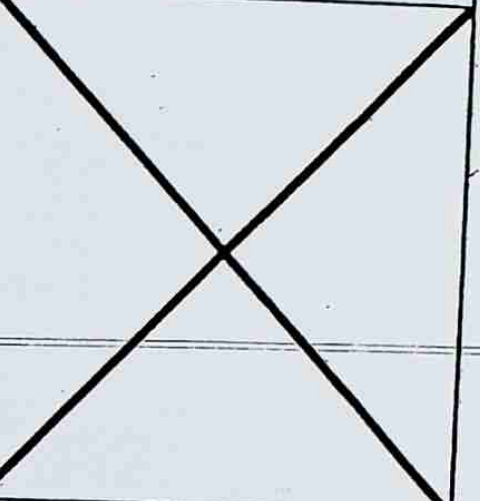
I am copying this letter to the Private Secretaries to the Secretary of State for Defence, the Minister for Agriculture and the Attorney General.

Yours sincerely,

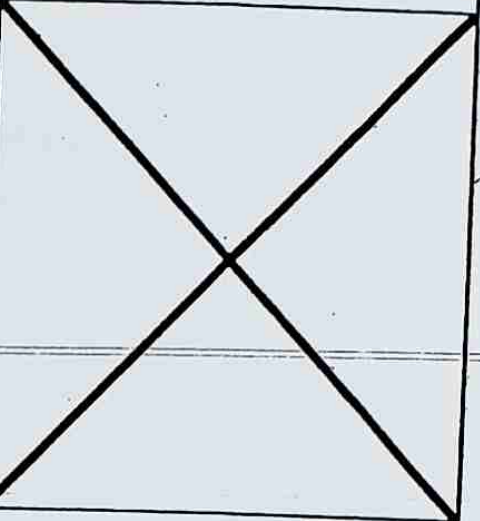
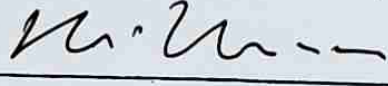
CHARLES POWELL

J.S. Wall, Esq., L.V.O.,
Foreign and Commonwealth Office.

A The National Archives

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| DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>3756</i> (one piece/item number) | Date and sign |
| Extract details: <i>minute (and duplicate copy) from Hurd to the Prime Minister dated 19 November 1990</i> |  |
| CLOSED UNDER FOI EXEMPTION | |
| RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958 | |
| TEMPORARILY RETAINED | <i>13/2/18</i> <i>M. Min</i> |
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| Extract details: Letter from Wilmshurst to Walk dated 7 November 1990 |  |
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Ministry of Agriculture, Fisheries and Food
Whitehall Place, London SW1A 2HH

copy

From the Minister

CONFIDENTIAL

The Rt Hon Douglas Hurd CBE MP
Foreign Secretary
Foreign and Commonwealth Office
Downing Street
LONDON SW1A 2AL

CDP
FLK

7 November 1990

Dear Foreign Secretary

Thank you for sending me a copy of your minute of 1 November 1990 to the Prime Minister. I have also seen a copy of her Private Secretary's response of 2 November.

Adap

I can well understand your desire to take measures to preserve the valuable Illex fishery in the South Atlantic. Clearly the success of such measures will hinge not only on any arrangement with the Argentine Government but also the extent to which countries with vessels fishing on the High Seas in that area will also co-operate.

I note that a concession which you propose might be given to the Argentines is to license some of their vessels and to allow their coastguards not only to navigate in FICZ waters but to patrol there too. Even in waters belonging to the EC Member States where fisheries policy is subject to common EC rules we have not yet made any arrangement whereby one Member State may police its own vessels in the waters of another Member State. While this might be contemplated we would certainly not want to see a Member State given sole jurisdiction of its own vessels within our waters. I am not clear from your letter as to whether the equivalent of such a radical change is contemplated but we would need to exercise extreme caution in exploring such an idea and be clear we were not setting unfortunate precedents for elsewhere.

I do think it important that any arrangements should have clear parallels elsewhere or we shall make a rod for our own backs.

I note that your officials will talk to the Argentines without commitment and can agree to that.

I am copying this letter to the Prime Minister, Tom King and Patrick Mayhew.

Yours sincerely
A. Gummer

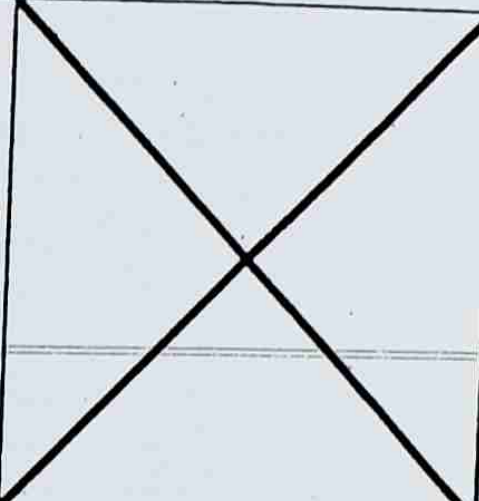
11 JOHN GUMMER

(Approved by the Minister
and signed in his absence)

FALLAND 15 : Future Admin, NOV 83



The National Archives

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CONFIDENTIAL



MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 9000

DIRECT DIALLING 01-218 2111/3

Con 4/ki

Stephen Wall Esq
Foreign and Commonwealth Office

4 November 1990

Dear Stephen,

FALKLAND ISLANDS : REINFORCEMENT EXERCISE

I am writing about a problem that has arisen over our plans to hold an exercise in the Falklands at the end of this month. Exercise 'Cape Petrel' is one of a series held each year to test the continuing validity of our defence concept. It exercises the ability of the in-place garrison to hold the airhead until the arrival of reinforcements and involves some 2,800 men in all (principally from the garrison itself, but some 400 would be flown out from the UK as the start of reinforcements). Since the exercise involves more than 1,000 men in total it would need to be notified to the Argentines under the terms of the IRICS agreement. We understand that your officials have been concerned about the exercise because of political sensitivities at a time when you are engaged in delicate negotiations over fisheries.

This exercise is a vital and normal part of our defence planning and preparations, both in ensuring operational readiness and demonstrating our ability and commitment to defend the Islands. The practical and logistic difficulties of mounting this sort of exercise in the South Atlantic are substantial, particularly in parallel with our Gulf commitments. This exercise was originally planned for August (and notified to the Argentines) but had to be postponed at the last moment because of the sudden need to respond to the invasion of Kuwait. If we are unable to go ahead at the end of this month we will be unable to mount this particular exercise at all. We would then be very concerned at the prospect of going for such a long time without exercising the reinforcement plan which is absolutely essential to our confidence that we can defend the Islands with a relatively small permanent garrison.

We are also concerned that normal defence activity in the South Atlantic should not become a hostage to Argentine sensitivities. From an Argentine point of view, British exercises will never be popular, but we are unwilling to set a precedent by cancelling a relatively small scale but nonetheless important exer-

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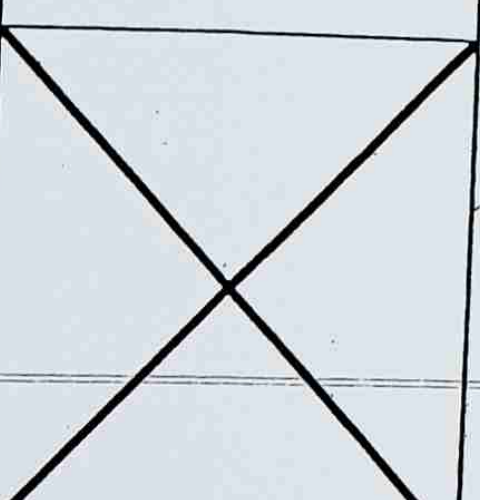
cise for that reason. Moreover, carefully presented, there is no reason why this exercise should give the Argentines difficulty. Indeed, there is no reason why we should not tell them that it is in fact simply a reinstatement of the exercise previously notified, which did not give rise to any difficulty, but which had to be postponed because of the Gulf crisis. We have in fact also been able to adjust the dates very slightly to avoid a direct clash with the visit of Mr Cavallo which was, I understand, a particular concern of your officials. There is, however, no prospect of delaying the start of the exercise beyond 30 November and we should therefore notify the Argentines no later than Monday, November 5. We should therefore be grateful if instructions could be sent to the post for this exercise to be notified formally to the Argentines.

If your Secretary of State wished to have a word with the Defence Secretary, there should (just) be an opportunity in the margins of OD(G) on Monday. I am sending a copy of this letter to Charles Powell, but do not suggest he troubles the Prime Minister unless you let him know there needs to be a discussion. A copy also goes to Sonia Phippard (Cabinet Office).

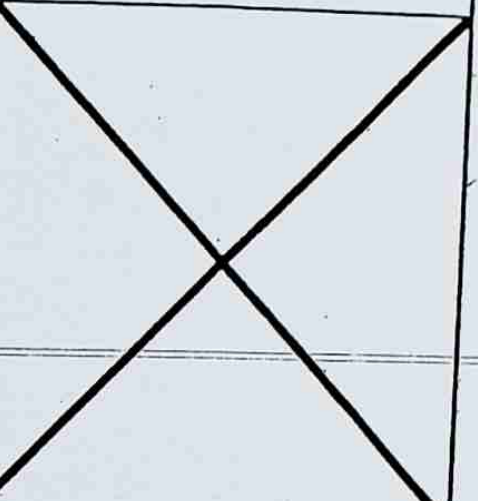
Yours ever

PP S WEBB
(Private Secretary)

A The National Archives

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| Extract details: <i>minute from Powell to Wall dated 2 November 1990</i> |  |
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| DEPARTMENT/SERIES | Date and sign |
| <i>PREM 19</i> | |
| PIECE/ITEM <i>3756</i> (one piece/item number) |  |
| Extract details: <i>minutes from Hord to the Prime Minister dated 1 November 1990</i> | |
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| TEMPORARILY RETAINED | <i>13/2/18</i> <i>Mr. [unclear]</i> |
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CPR/BF/385

22 June 1990

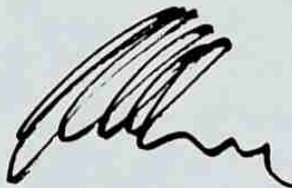
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| Sec/CNS | Head of Sec(NS) |
| PS/2nd PUS | DCPR |
| MA/DCDS(C) | DPR(N) |
| ACDS(O) | External: Cabinet Secretary |

Press Secretary No 10

CF. To file
A. Proulx
for inf
J 26/6

ADMIRAL SIR JOHN WOODWARD'S MEMOIRS

1. Admiral Sir John Woodward is writing his memoirs. He has completed the first eight chapters and proposes to start writing the second half of the book in September. He already has a publisher and is said to be negotiating serial rights with a Sunday newspaper.
2. Admiral Woodward has forwarded the first eight chapters to DPR(N) under a letter seeking "clearance by DN Sy for secrets, and secretariats for political taste".
3. It is clear from the reading so far undertaken by Head of Sec(NS) and DPR(N) that the book contains "revelations" in relation to the Falklands conflict - both in terms of policy matters and security - that would, if published, cause some difficulty.
4. I have accordingly asked DCPR to co-ordinate clearance arrangements, consulting all relevant interested parties and using DPR(N) as the point of contact with the Admiral. The timetable for clearance - he has requested a response by 16 July - is extremely tight and almost certainly impossible to meet given the nature of the content.
5. While our position on matters of security should be clear cut, I can envisage the need for fine judgements, in terms of the deletion/amendment requests we make, on matters of "political taste". DCPR will seek appropriate guidance on these points.



H COLVER
CPR
MB 6328 87900 MB

CONFIDENTIAL
CONFIDENTIAL



Mel
a2/PPS/Film
CBT

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

SIR ROBIN BUTLER

10TH ANNIVERSARY FILM OF THE FALKLANDS WAR

The Prime Minister has seen your minute of 1 February. She was content with the draft of the letter which you propose to send to former Ministers, subject to the deletion of the third sentence in the second paragraph. She commented that she has not yet decided.

The Prime Minister added the name of Lord Havers to the list of former Ministers who might be approached and to whom the letter should be sent.

ANDREW TURNBULL

5 February 1990

[Handwritten signature]

[Handwritten mark]

Ref. A090/283

MR TURNBULL

c Mr Ingham

*Prime Ministers
You have agreed - principle to be
interviewed for this. Contact for
FERB to write - base terms?*

*BT
2/2*

*The Ian Carter's script which
we have referred has (understand) been, or is being made
into a film*
10th Anniversary Film of the Falklands War

As Mr Ingham knows, Mr Hugh Scully and Admiral Sir John Woodward are proposing a 10th Anniversary television series on the Falklands War which would be transmitted in 1992. Channel 4 have now agreed to commission this programme.

2. In earlier discussions with Mr Ingham and others, we agreed that, since the makers of the series are likely to ask to interview former Ministers and officials, it would be as well if I were to write to them and indicate the Government's attitude towards their agreeing to give interviews for the programme. I --- attach a draft letter which, if the Prime Minister is content, I would propose to send to the former Ministers likely to be approached, who are as follows:

- Lord Whitelaw
- Lord Carrington
- Lord Pym
- Sir John Nott
- Mr Peter Blaker MP
- Mr Jerry Wiggin MP
- Sir Geoffrey Pattie MP
- Sir Humphrey Atkins
- Mr Cranley Onslow MP

and Lord Havers.

I propose also to write to retired officials in similar terms. Perhaps you would let me know whether the Prime Minister is content that I should write to her former colleagues on the lines attached.

R.R.B.

As amended

ROBIN BUTLER

1 February 1990

DRAFT LETTER FOR FORMER MINISTERS

I am writing to you, and others who were Ministers at the time, about an approach you may receive from Admiral Sir John Woodward or Mr Hugh Scully to contribute to a film on the Falklands War to mark the tenth anniversary of the conflict.

It is, of course, entirely up to you whether you wish to participate in this series. The series is being commissioned by Channel 4: the Government, though willing to co-operate with the producers, has no responsibility for, or control over, it. ~~The Prime Minister is likely to agree to be interviewed for it.~~ If you decide to participate, you should of course ensure that what you say in the interview falls within the guidance contained in the Radcliffe Report on Ministerial Memoirs. The most relevant paragraphs are 46-57. The main points are:

- (a) you should protect national security (paragraph 46);
- (b) you should not reveal anything which damages the United Kingdom's international relations (paragraph 48);
- (c) in dealing with the experience that you have acquired by virtue of your official position, you should not reveal the opinions or attitudes of individual colleagues as to the Government business with which you have been concerned (paragraph 51);
- (d) you should not reveal the advice given to you by individuals whose duty it has been to tender you advice or opinions in confidence (paragraph 53);
- (e) you should not make public assessments or criticisms, favourable or unfavourable, of those who have served under you or those whose competence or suitability for

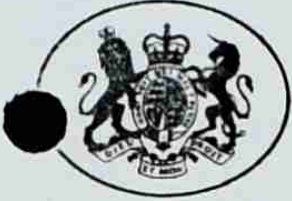
*Havent-
decided.*

particular posts you have had to measure as part of your official duties (paragraph 55).

On the question of national security, you should avoid dealing with any intelligence matters or special operations, although there is no objection to your quoting from what has already been set out in the 1983 Franks Report (Cmnd 8787) and the paper issued by the Ministry of Defence on the lessons of the Falklands campaign (Cmnd 8758).

Should you require guidance on what information might be covered by the categories set out above, Government Departments stand ready to provide it. Miss Pat Andrews, Head of the Historical Section, Cabinet Office (telephone number 01 217 6050) would be willing to act as the first point of contact.

CCPC



CONFIDENTIAL

FCS/89/212

CD
4/11

DEFENCE SECRETARY

South Georgia

at final

1. I have seen your minute of 10 November to the Prime Minister.
2. OD decided on 5 October not to withdraw the military garrison from South Georgia. We have only ever considered a civilian presence on the Island as a possibility in the event of the garrison being removed. Following the decision in OD I see no need to pursue it further, given the minimal strain which the few hours a week of civilian administration poses on the Officer commanding the Garrison.
3. We achieved only partial success in our attempts to continue to control the fishery around South Georgia through the Convention for the Conservation of Antarctic Marine Living Resources (CCAMLR) earlier this month; we secured a limit in the total allowable catch of the main target species, but could not get the Russians to agree to closure of the fisheries for a further year. We may therefore at some stage next year have to consider declaring a conservation zone around the Island (we are organising a further research cruise in January and it makes sense to wait at least until we have the results). But the management of any such a zone should not in

/itself

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itself require a permanent civilian presence on the Island. We believe that, at least for the first few years, this could be done from a vessel based at Grytviken during the fishing season.

4. Enforcement of any such conservation zone should not involve any additional activity by HM Forces which would affect their present defence commitments. If we have to declare a zone, it would be of course sensible for any RN ships (and Royal Fleet Auxiliaries) which might be in the vicinity of South Georgia while carrying out their defence duties, to continue to keep a lookout for and report on activities by foreign fishing vessels, which is what they do now. RAF Hercules aircraft regularly fly supplies to the garrison and occasionally patrol the South Sandwich Islands; they have provided the Commissioner with helpful photographs of Soviet poachers in the past. I hope they will be able to continue to assist whenever civilian enforcement may be arranged. I do not envisage any additional burdens.

5. I am copying this minute to the Prime Minister and other members of OD, to the Minister of Agriculture, Fisheries and Food and to Sir Robin Butler.

DH.

(DOUGLAS HURD)

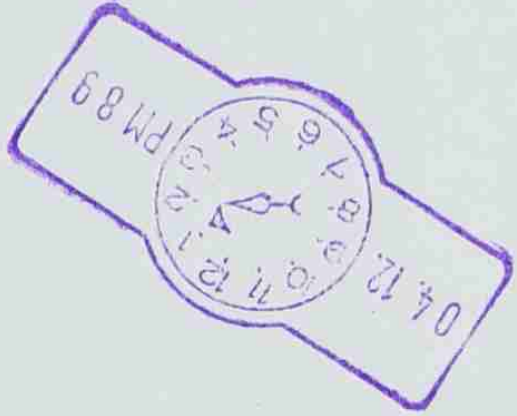
Foreign and Commonwealth Office
4 December 1989

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FALKLAND ISLANDS:

Future Admin

Nov 83





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PRIME MINISTER

SOUTH GEORGIA

frap

I have seen the Foreign Secretary's minute of 1st November.

2. I note the possibility that, if a consensus is not reached at CCAMLR, we may have to consider the institution of a conservation zone of 200 miles. There is no indication of how such a zone might be enforced but I should make clear now that it could not be undertaken by the Royal Navy without detriment to their commitment to the defence of the Falkland Islands.

3. I hope that after the meeting of the CCAMLR Commission we can make progress on establishing a civilian presence on South Georgia.

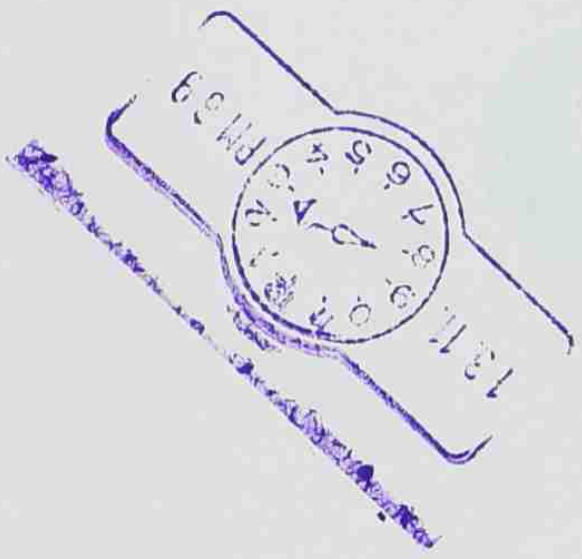
4. I am copying this minute to members of OD, the Minister of Agriculture and Sir Robin Butler.

TK

Ministry of Defence
10th November 1989

(T K)

FALCIANO IS FUTURE MANS





CCPL

Ministry of Agriculture, Fisheries and Food
Whitehall Place, London SW1A 2HH

From the Minister

The Rt Hon Douglas Hurd CBE MP
Secretary of State for Foreign and
Commonwealth Affairs
Downing Street
Whitehall
London SW1A 2AL

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9 November 1989

My Dear Douglas

SOUTH GEORGIA

Thank you for sending me a copy of your minute to the Prime Minister of 1 November with your proposed course of action to deal with conservation of fish stocks around South Georgia.

I would very much support the suggestions you make. It is most important that in all our fisheries policies, whether it is that which we conduct in the European Community or elsewhere, the conservation of fish stocks, is and is seen to be, a fundamental consideration. I therefore welcome the line you have recommended.

I am copying this letter to members of OD and to Sir Robin Butler.

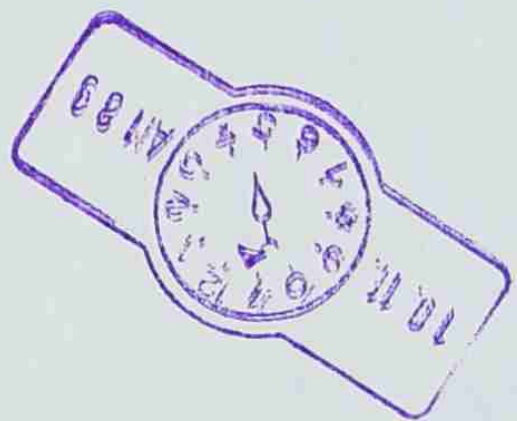
John Gummer

JOHN GUMMER

at final

FALKLANDS: FIVE 10M

NB 23



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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary


2 November 1989

Dear Stephen,

SOUTH GEORGIA

The Prime Minister has seen the Foreign Secretary's minute of 1 November about the precarious state of fish stocks around South Georgia and the action which we may need to take to conserve them. She accepts that we may have to declare a conservation zone and regime around South Georgia unilaterally in the near future.

I am copying this letter to the Private Secretaries to members of OD, to the Private Secretary to the Minister of Agriculture and to Sir Robin Butler.

Yours sincerely,

(CHARLES POWELL)

J.S. Wall, Esq.,
Foreign and Commonwealth Office.

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JA*

JA



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Prime Minister

PM/89/048

PRIME MINISTER

Agree that - if necessary - we should unilaterally declare a conservation zone round South Georgia?

South Georgia

CAP 4/xi

1. In his memorandum OD(FAF)(88)2 of 7 April 1988 on alternative civilian presence in South Georgia, Geoffrey Howe recommended that a scientific study be made of fish stocks around the Island to establish more clearly what the possibilities might be for a fisheries regime. We have now received the report and we are circulating copies to interested Departments.

2. The report concludes that the fish stocks around South Georgia are now in a precarious state. It recommends that fishing for the main species, mackerel ice fish, should be temporarily suspended for the next two years.

3. The fishery around South Georgia is regulated through the Convention for the Conservation of Antarctic Marine Living Resources (CCAMLR), to which we are a party and in which we play a leading role in terms of our contribution at both the scientific and political levels. CCAMLR decisions are taken by consensus.

/4.

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4. We have been unable to achieve adequate CCAMLR conservation measures in the past because we have not (until now) had our own data, based on our own surveys. We have had to rely on data from the Soviet Union, which has the largest fishing fleet in these waters. It is clear that this data has been manipulated by the Soviet Union to their advantage (and in a way which has excluded Polish and East German vessels from the fishery). No British vessels are active around South Georgia.

5. The next CCAMLR Commission's annual meeting will take place in Hobart from 6-17 November. I propose that our delegation at that meeting should press hard for an all out closure of the fishery for two years. The Russians are likely to object. If they do, we shall have to settle for the smallest scale of fishing activity around which we can negotiate a consensus. But our delegation should also make it clear to other member states, informally, that if we cannot achieve a consensus on closure we may, on the basis of the scientific evidence already to hand (which we will supplement with another research mission in the New Year) be left with no choice but to declare a conservation zone and regime around South Georgia unilaterally in the near future.

6. Our delegation will also aim at this meeting to conclude arrangements under CCAMLR for inspection of fishing vessels. These have largely been agreed already. Once they are concluded and in force we will be able to put our own inspectors on Soviet and other vessels around

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South Georgia whenever we like. If the fishery is not closed, we plan to take advantage of the research cruise referred to above to position experienced inspectors in the area for this purpose. Costs will be met by the Government of South Georgia.

7. If we do not secure a consensus on the necessary tough measures at the forthcoming CCAMLR meeting, we will have to consider instituting a conservation zone of 200 miles. We do not need to rush into this, but should aim to act in the first half of 1990. We shall need to take account of the effect of this on our improving relationship with the Argentines. I intend to lobby them, and the Americans too, to try to get their support at CCAMLR; both would prefer to see us work through CCAMLR rather than be forced to act unilaterally. We should also consider the effect of a unilateral move on the perception of our commitment to the Antarctic Treaty System, of which CCAMLR is a part. I will report to OD members in due course.

8. I am copying this minute to members of OD, the Minister of Agriculture and to Sir Robin Butler.

DH.

(DOUGLAS HURD)

Foreign and Commonwealth Office
1 November 1989

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CPC

Foreign and Commonwealth Office

London SW1A 2AH

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10 April 1989

John Charles

/ I enclose a copy of the new Governor's Annual Review from the Falkland Islands. As in previous years, the Prime Minister may wish to see this.

The Governor identifies a number of problems that form the agenda for our work in 1989. Many of them are side-effects of the very rapid growth of the fishery business. The Joint Venture system established when the FICZ was set up in 1986, and the current system of fishing licence allocation have proved inadequate, and need to be overhauled. The Governor also notes a growing "assertiveness" among Islanders as a result of their new wealth. This is fine in so far as they are ready to stick up for their own interests; but there is also a tendency towards selfish discrimination against non-Falkland interests, including British companies (particularly the Falkland Islands Company). This clearly needs watching. So too does the islanders' tendency to see their present wealth as something to be spent, rather than sensibly invested.

When he saw the Governor's despatch, the Foreign Secretary asked Mr Eggar and Mr David Harris MP (his Parliamentary Private Secretary, who visited the Falklands in February) to consider a programme of action. As a result the following work is in hand:

- (a) We are reviewing fishery licence allocation policy with the Falkland Islands government.
- (b) We are taking steps to impress on Councillors the need to maintain goodwill in the UK.
- (c) We are working out objectives for long term development in the Falklands, which we shall then take up with the Falkland Islands Government.
- (d) We shall continue to press the Falkland Islands Government to set up a Heritage Fund, to safeguard a share of the current fishery wealth for the future.

/(e)

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- (e) We are working with the Governor to strengthen his own role in the management of the territory's affairs.

The Governor's despatch refers to problems over establishing a shipping link with the mainland. The "Indiana" is now sailing to and from Chile. There have been problems with her attempts to call at ports in Uruguay and Brazil (which have been picked up in the press). We are working on both countries, but both clearly feel intimidated by Argentina and we may get nowhere with them at least until after the Argentine election.

Yours ever

A handwritten signature in blue ink, appearing to read 'R N Peirce'.

(R N Peirce)
Private Secretary

C D Powell Esq
10 Downing Street

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FALKLAND ISLANDS: FIRST IMPRESSIONS AND ANNUAL REVIEW 1988

SUMMARY

1. Governor only 2 months in the Falklands; the allocation of fishing licences; the Seamount Inquiry arranged; dismantling of SFL under way; Islander suspicion of expatriates (paras 1-4).
2. Fragility of fish stock as a resource; conservation argument in favour of FICZ extension to 200 miles; Islanders protest against Japanese whaling; FIG revenues for the year (paras 5-7).
3. Some potential for agricultural development; pause in the subdivision of large farms; Islander resentment against overseas land holders and FIC in particular; tourism important but subsidy still required and air fare a disincentive; some prospect of air and sea links to Chile and Uruguay (paras 8-12).
4. No change in the political situation between United Kingdom and Argentina; recent events and statements in Argentina not encouraging to Islanders; application to fish in FICZ from Uruguayan company (paras 13-14).

/5.

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5. Favourable reception of Prynne report; need for greater administrative strength for implementation; difficulties of decision taking in ExCo; greater assertiveness by Falklanders; need for legislative framework in many areas; plan to clean up Stanley; good relations with Mount Pleasant (paras 15-18).

6. Personal reflections on role of Governor; the place of expatriates in Island society (paras 19-20).

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Port Stanley

23 January 1989

The Rt Hon Sir Geoffrey Howe QC MP

LONDON

Sir

FALKLAND ISLANDS: FIRST IMPRESSIONS AND ANNUAL REVIEW 1988

1. As my predecessor, Gordon Jewkes, wrote a Valedictory Despatch in October 1988 and I have been here two months only this will inevitably be part First Impressions and part Annual Review.

2. My arrival coincided with one of the most important rituals of the Falkland Islands Government year, the allocation of fishing licences. This year there were over 570 applications for 175 squid licences with the usual balance to be struck between different nationalities, fishery associations, individual companies and Falkland joint ventures. Eleven nationalities were involved.

3. Inevitably with experience of only two years so far, FIG policy towards licence allocation needs clarification; this is being addressed. I was heartened that the Economist

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of 10 December commented that the Falklands had probably the best organised fishery in the world.

4. The Seamount Inquiry will begin in the New Year under Mr Stewart Boyd QC. The winding-up of Stanley Fisheries is proceeding under the auspices of Peat, Marwick McLintock. The complications are numerous; it may take many months; the cost will unfortunately be high. All this has further prejudiced many Falklanders against expatriates and British joint ventures and increased their suspicion of experts. The Falkland Islands Development Corporation is now held in low regard in the Islands despite much valuable work. At times we seem doomed continually to spend large sums on recovering ill-advised commercial ventures.

5. There is considerable support in the Islands for the extension of the FICZ to 200 miles. I have been struck by the fragility of the base of the Falklands' new wealth. Fish stocks can easily move elsewhere for reasons over which man has no control. Improvements to agriculture in the Camp and an increase in tourist receipts may help but there is no other source of income for the Falklands on the horizon, and these two will not provide amenities long foregone and of which Islanders are now very conscious. It seems justifiable therefore to take a less relaxed view of conservation measures in fishery. Added to this is the

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question of a zone round South Georgia; there is logic in the idea of the two fisheries being linked. But I appreciate the political difficulties extension, even if we avoid crossing any median line, might cause. At present we await, as a first step, the conclusions of a Renewable Resources Assessment Group study on this subject.

6. Finally in the context of fishery, there is the question of whaling to which there is a strong aversion here. A petition signed by 42% of the population proposed sanctions against Japanese fishing companies to bring pressure against the Japanese Government. This is not practicable on legal grounds which is a disappointment to the petitioners. They were however gratified that Falkland Islands Department took the matter up on the FIG's behalf with the Japanese Embassy in London. The subject will raise its head again in 1989.

7. FIG revenues for Financial Year 1987/88 were £28.1m of which £16.6m derived from fishing licences as against £19.6m and £12m respectively for FY 1986/87. Expenditure in 1988 was £24m. The balance of the Consolidated Fund at 30 June 1988 was £19.167m.

8. I referred to agriculture as the second most important source of income to the Falklands. There is much talk about improvement in Camp productivity by the development of better grasses, the better breeding of stock, and the

/improvement

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improvement of communications. Nothing remarkable has emerged on the scientific front. Telephone communications are being greatly improved but the question of Camp tracks and the East/West ferry has not been fully addressed partly because of the shortage of staff in Government. Subdivision of large farms has continued but may now have gone as far as possible for the near future once arrangements for Port San Carlos are completed. There is anxiety that if large farms disappear employment for those wishing to work in Camp but not own properties might disappear too. Against this there is a residual distrust and dislike of the large farm principally because of the hold the FIC had on the Islands in the past. A decision, against FIG policy, by LegCo in December to exclude farms with less than 50% Falkland ownership from agricultural grants provided by the FIG was an unwelcome symptom of this.

Falkland
Islands
Company

9. Tourism is developing modestly but requires subsidy. The numbers are miniscule by world standards; the principal obstacle is the hefty charge by the MOD for the return air fare to the Falklands. But the Falklands do have the allure of originality and unspoiled wildlife. Cruise ships on their way to and from the Antarctic and South Georgia - and this must be a growth industry - visit sites in the Islands. But that brings little income. The limits to which tourism can

/expand

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expand must be finite otherwise the unspoilt nature of the fishing and the wildlife will be destroyed by numbers; happily there is some way to go before this state is reached.

10. The value of having Europeans or Americans, usually well to do and of an opinion moulding genre, coming here and learning the reality of the Falkland situation is considerable.

11. An air link to Uruguay or Chile, would of course help tourism greatly; on this front there continues to be hope of progress with further discussions in Chile possible in March. Perhaps too charter flights from Chile or Uruguay may come here to tranship cruise liner passengers.

12. On the sea, the Indiana I, a vessel acquired by a number of companies with fishing interests in the Falklands began an ad hoc service to both countries in the latter part of January. It is hoped that if this goes forward under a low and irregular profile with no FIG involvement, Chile and Uruguay will resist Argentine pressure. Even now patrol ships operated by the FIG and the coaster Monsunen by FIC, regularly call for maintenance in Punta Arenas as do British and other trawlers operating in the FICZ. This all works well.

/13.

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13. No change has occurred during the year in the position between the UK and Argentina over the Falklands, though fishery non papers have been exchanged and Senor Caputo, the Argentine Foreign Minister, met Sir Crispin Tickell on 14 December. The Falklands remain keen on the idea of improved links with South America but not on the idea of political rapprochement with Argentina. Continuing army revolutions there have not provided encouragement as to the reliability of Argentine democracy nor have the utterances of the Peronist candidate Senor Menem and his threats against Crown property. The state of the Argentinian economy is unimpressive. A particularly lasting memory here is the contemptible way in which Argentine officers treated their soldiers during the occupation. Reassurance of British guarantees is regularly sought by the Islanders.

14. In the context of relations with South America a recent development has been an application by a Uruguayan fishing company, Fripur, for licences in the Zone - they having abruptly been refused traditional access to Argentinian waters. The FIG has exceptionally offered three licences in spite of somewhat adverse conservation recommendations and the risk of displeasure from older established customers. It is hoped that this attitude by FIG will assist in the case of the Indiana I and in links with Uruguay generally.

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15. We have during the year received the Prynne and Storey reports, both of which make useful recommendations. The former is more comprehensive and has been well received. Its principal proposal, a balanced way forward with not too much emphasis on fishery related projects but steady development of the Camp and tourism and a regular deposit of funds to the reserves seems sensible. Improvement in the structure of Government itself, also recommended, is indeed desirable; in this context FIG are considering how they may strengthen their planning machinery to turn those parts of Prynne which are particularly relevant into reality. Inevitably the size of the indigenous population means a lack of local expertise; a heavy load is admirably borne now by the top hamper in the Secretariat, particularly the Chief Executive, Attorney General and Government Secretary. Much of Prynne will require yet more consultants and even further reports, neither a popular concept here.

16. We find ourselves in the Executive Council deciding on a common sense basis commercial issues which in the United Kingdom would require close consultation with numerous City disciplines. Equally, in this small community unused to much involvement in Government, a Councillor in ExCo, and therefore himself part of Government, may support a measure in Council and then faced with criticism in the infamous Globe later in the day criticise it. But Falklanders do very much govern themselves nowadays in local terms. Voting in ExCo is between Falkland

[pnb]
/Councillors

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Councillors only unless exceptional circumstances arise.

In LegCo officials do not have a vote. There is a steadily developing assertiveness in certain Falkland circles which is fair enough, though has led to one or two emotive decisions not necessarily in Island interests. It is fed in part by resentment at the colonial situation coupled with an appreciation that the Islands do now have funds of their own. Some of these incipient nationalists will need to give more serious thought to the effect on public opinion in the United Kingdom of legislation in favour of Falklands companies which results in discrimination against foreign and United Kingdom interests.

17. The legislative framework is still lacking for many of the measures which Government hope to achieve. We are working on this. A case in point is town planning. A draft town plan has been drawn up and is being considered by the public. A plan is badly needed; the conflict and developments subsequently have left Port Stanley in a mess. Containers, mobile homes, broken down Land Rovers in gardens and scrap of all descriptions, form a feature of the place. The Islanders are great ones for hoarding against the day of possible need, not a surprising trait in view of their isolation. But many are depressed at the state of the town. I plan with due caution to launch a clean-up operation in January.

/18.

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18. Relations between the Service community at Mount Pleasant and the FIG and the Islanders themselves remain good. Attempts are being made to encourage more Service personnel to take advantage of opportunities for tourism in the Falklands.

19. This is my first and I imagine last job as a Colonial Governor, a very different role of course from that of Ambassador. There is plenty of diplomacy to be practised in both but otherwise little similarity. The job is certainly fascinating, its wide variety, and hands on administrative content being particularly attractive. In one day I might find myself having to decide on a petition for clemency for a prisoner, presiding over Executive Council where issues involving very large sums and difficult matters of policy may be at stake, telegraphing HM Embassy Montevideo about some aspect of relations with Uruguay, and considering a paper from my Attorney General as to whether sheep should have right of way on the highway (not one of his more weighty papers admittedly!). I have been surprised at the high rate of visitors who seem to come to such an out of the way place.

20. There is much exposure to the public gaze in this highly personalised society. Taking part in Islander activities and "saying a few words" on almost any occasion, particularly those on which one has no warning is, of

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course, rightly expected. Travelling around the parish also is essential and highly enjoyable but not always easy to arrange; we really do only have one road in these Islands.

21. The level of expatriates to Islanders results in a situation familiar to many of my colleagues who have served in the third world. Just as there the Diplomat longs to find local people outside the Diplomatic Corps and international community with whom to associate, so here local people are at a premium. Among prominent positions held by expatriates are those of Chief Executive, Attorney General, Financial Secretary (a step back here in that both the previous incumbents were Falklanders), Chief of Police, Senior Magistrate, Director of Public Works, Chief Medical Officer and many more. The Chief Education Officer and Director of Fisheries are now Islanders. In 1989 the General Manager of the FIDC will also be a Falklander. The problem is exacerbated by the fact that many of the more genuine Falklanders are in the Camp and often not available. A further aggravation is that numerous forms of colonial protocol are still expected, by Islanders as much as anybody; thus many expatriates receive precedence over Islanders on the more official occasions. It will take time for this to change.

/22.

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22. I am copying this despatch to HM Representatives at Montevideo and Santiago, UK Mission New York, the British Interests Section, Buenos Aires and the Governor of St Helena.

I am, Sir,

Yours faithfully

William Fullerton

W H Fullerton

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FOREIGN AND COMMONWEALTH OFFICE
FALKLAND ISLANDS DEPARTMENT
AFF 014/1

DD 1989/141
DESPATCH
SELECTIVE DISTRIBUTION
FALKLAND ISLANDS
23 JANUARY 1989

FALKLAND ISLANDS: FIRST IMPRESSIONS AND ANNUAL REVIEW FOR 1988

HER MAJESTY'S GOVERNOR AT PORT STANLEY TO THE SECRETARY OF STATE FOR
FOREIGN AND COMMONWEALTH AFFAIRS

SUMMARY

1. Governor only 2 months in the Falklands; the allocation of fishing licences; the Seamount Inquiry arranged; dismantling of SFL under way; Islander suspicion of expatriates (Paras 1-4).
2. Fragility of fish stock as a resource; conservation argument in favour of FICZ extension to 200 miles; Islander protest against Japanese whaling; FIG revenues for the year (paras 5-7).
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Port Stanley

23 January 1989

The Rt Hon Sir Geoffrey Howe QC MP

LONDON

Sir

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(i)
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this is being addressed. I was heartened that the Economist

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(i) DD 1988/421

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/question

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/improvement

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improvement of communications. Nothing remarkable has emerged on the scientific front. Telephone communications are being greatly improved but the question of Camp tracks and the East/West ferry has not been fully addressed partly because of the shortage of staff in Government. Subdivision of large farms has continued but may now have gone as far as possible for the near future once arrangements for Port San Carlos are completed. There is anxiety that if large farms disappear employment for those wishing to work in Camp but not own properties might disappear too. Against this there is a residual distrust and dislike of the large farm principally because of the hold the FIC had on the Islands in the past. A decision, against FIG policy, by LegCo in December to exclude farms with less than 50% Falkland ownership from agricultural grants provided by the FIG was an unwelcome symptom of this.

9. Tourism is developing modestly but requires subsidy. The numbers are miniscule by world standards; the principal obstacle is the hefty charge by the MOD for the return air fare to the Falklands. But the Falklands do have the allure of originality and unspoiled wildlife. Cruise ships on their way to and from the Antarctic and South Georgia - and this must be a growth industry - visit sites in the Islands. But that brings little income. The limits to which tourism can

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expand must be finite otherwise the unspoilt nature of the fishing and the wildlife will be destroyed by numbers; happily there is some way to go before this state is reached.

10. The value of having Europeans or Americans, usually well to do and of an opinion moulding genre, coming here and learning the reality of the Falkland situation is considerable.

11. An air link to Uruguay or Chile, would of course help tourism greatly; on this front there continues to be hope of progress with further discussions in Chile possible in March. Perhaps too charter flights from Chile or Uruguay may come here to tranship cruise liner passengers.

12. On the sea, the Indiana I, a vessel acquired by a number of companies with fishing interests in the Falklands began an ad hoc service to both countries in the latter part of January. It is hoped that if this goes forward under a low and irregular profile with no FIG involvement, Chile and Uruguay will resist Argentine pressure. Even now patrol ships operated by the FIG and the coaster Monsunen by FIC, regularly call for maintenance in Punta Arenas as do British and other trawlers operating in the FICZ. This all works well.

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13. No change has occurred during the year in the position between the UK and Argentina over the Falklands, though fishery non papers have been exchanged and Senor Caputo, the Argentine Foreign Minister, met Sir Crispin Tickell on 14 December. The Falklands remain keen on the idea of improved links with South America but not on the idea of political rapprochement with Argentina. Continuing army revolutions there have not provided encouragement as to the reliability of Argentine democracy nor have the utterances of the Peronist candidate Senor Menem and his threats against Crown property. The state of the Argentinian economy is unimpressive. A particularly lasting memory here is the contemptible way in which Argentine officers treated their soldiers during the occupation. Reassurance of British guarantees is regularly sought by the Islanders.

14. In the context of relations with South America a recent development has been an application by a Uruguayan fishing company, Fripur, for licences in the Zone - they having abruptly been refused traditional access to Argentinian waters. The FIG has exceptionally offered three licences in spite of somewhat adverse conservation recommendations and the risk of displeasure from older established customers. It is hoped that this attitude by FIG will assist in the case of the Indiana I and in links with Uruguay generally.

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15. We have during the year received the Prynne and Storey reports, both of which make useful recommendations. The former is more comprehensive and has been well received. Its principal proposal, a balanced way forward with not too much emphasis on fishery related projects but steady development of the Camp and tourism and a regular deposit of funds to the reserves seems sensible. Improvement in the structure of Government itself, also recommended, is indeed desirable; in this context FIG are considering how they may strengthen their planning machinery to turn those parts of Prynne which are particularly relevant into reality. Inevitably the size of the indigenous population means a lack of local expertise; a heavy load is admirably borne now by the top hamper in the Secretariat, particularly the Chief Executive, Attorney General and Government Secretary. Much of Prynne will require yet more consultants and even further reports, neither a popular concept here.

16. We find ourselves in the Executive Council deciding on a common sense basis commercial issues which in the United Kingdom would require close consultation with numerous City disciplines. Equally, in this small community unused to much involvement in Government, a Councillor in ExCo, and therefore himself part of Government, may support a measure in Council and then faced with criticism in the infamous Globe later in the day criticise it. But Falklanders do very much govern themselves nowadays in local terms. Voting in ExCo is between Falkland

/Councillors

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Councillors only unless exceptional circumstances arise. In LegCo officials do not have a vote. There is a steadily developing assertiveness in certain Falkland circles which is fair enough, though has led to one or two emotive decisions not necessarily in Island interests. It is fed in part by resentment at the colonial situation coupled with an appreciation that the Islands do now have funds of their own. Some of these incipient nationalists will need to give more serious thought to the effect on public opinion in the United Kingdom of legislation in favour of Falklands companies which results in discrimination against foreign and United Kingdom interests.

17. The legislative framework is still lacking for many of the measures which Government hope to achieve. We are working on this. A case in point is town planning. A draft town plan has been drawn up and is being considered by the public. A plan is badly needed; the conflict and developments subsequently have left Port Stanley in a mess. Containers, mobile homes, broken down Land Rovers in gardens and scrap of all descriptions, form a feature of the place. The Islanders are great ones for hoarding against the day of possible need, not a surprising trait in view of their isolation. But many are depressed at the state of the town. I plan with due caution to launch a clean-up operation in January.

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18. Relations between the Service community at Mount Pleasant and the FIG and the Islanders themselves remain good. Attempts are being made to encourage more Service personnel to take advantage of opportunities for tourism in the Falklands.

19. This is my first and I imagine last job as a Colonial Governor, a very different role of course from that of Ambassador. There is plenty of diplomacy to be practised in both but otherwise little similarity. The job is certainly fascinating, its wide variety, and hands on administrative content being particularly attractive. In one day I might find myself having to decide on a petition for clemency for a prisoner, presiding over Executive Council where issues involving very large sums and difficult matters of policy may be at stake, telegraphing HM Embassy Montevideo about some aspect of relations with Uruguay, and considering a paper from my Attorney General as to whether sheep should have right of way on the highway (not one of his more weighty papers admittedly!). I have been surprised at the high rate of visitors who seem to come to such an out of the way place.

20. There is much exposure to the public gaze in this highly personalised society. Taking part in Islander activities and "saying a few words" on almost any occasion, particularly those on which one has no warning is, of

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course, rightly expected. Travelling around the parish also is essential and highly enjoyable but not always easy to arrange; we really do only have one road in these Islands.

21. The level of expatriates to Islanders results in a situation familiar to many of my colleagues who have served in the third world. Just as there the Diplomat longs to find local people outside the Diplomatic Corps and international community with whom to associate, so here local people are at a premium. Among prominent positions held by expatriates are those of Chief Executive, Attorney General, Financial Secretary (a step back here in that both the previous incumbents were Falklanders), Chief of Police, Senior Magistrate, Director of Public Works, Chief Medical Officer and many more. The Chief Education Officer and Director of Fisheries are now Islanders. In 1989 the General Manager of the FIDC will also be a Falklander. The problem is exacerbated by the fact that many of the more genuine Falklanders are in the Camp and often not available. A further aggravation is that numerous forms of colonial protocol are still expected, by Islanders as much as anybody; thus many expatriates receive precedence over Islanders on the more official occasions. It will take time for this to change.

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22. I am copying this despatch to HM Representatives at Montevideo and Santiago, UK Mission New York, the British Interests Section, Buenos Aires and the Governor of St Helena.

I am, Sir,

Yours faithfully

William Fullerton

W H Fullerton

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Foreign and Commonwealth Office

London SW1A 2AH

24 November 1988

Handwritten signature: In Charles

Handwritten notes: R. A. Smith, CDP, 24/11

Falkland Islands: Governor's Valedictory

The Foreign Secretary believes the Prime Minister will be interested to see the enclosed despatch from Mr Gordon Jewkes, whose period as Governor of the Falklands has just ended.

The despatch sets out clearly the nature of the rapid expansion of the Falklands economy since 1982, and more particularly since the fishery zone came into operation in 1987. Mr Jewkes argues that a calmer period is now required to allow the Islanders themselves to plan their own future, at a more considered pace.

They are still adjusting to dramatic changes, and beginning to take the more enterprising and independent attitude to their affairs that their new situation demands. The fishery has meant that they no longer need financial aid from HMG for their development, but they will still need plenty of skilled advice and manpower, though increasingly from the private sector. Opportunities for the future development of the Islands are, as Mr Jewkes points out, limited by the lack of local expertise both in the Secretariat and among local Councillors and businessmen (very few of the latter have any significant experience). This problem is linked to understandable Islander concern at the influx of expatriate "experts" and worries about the impact of immigration on their traditional way of life. These concerns may fade as they grow in self-confidence, and learn to use outside advice with increasing discrimination. Over time improvements in education should expand the number of qualified Islanders, and partnership with British and foreign businesses should (after a learning curve) increase the spirit of enterprise. Mr Jewkes stresses that this will inevitably take time. There have already been some costly mistakes, but the Islanders seem determined to learn from these.

As Islander self-reliance increases we may find that their interests will at times diverge from those of the UK - for example over procurement, or fishing licence allocation. Nor will they ever be able to pay for their own defence, although as Mr Jewkes notes, their readiness to contribute to defence related projects is heartening. It is scarcely surprising that Mr Jewkes sees no prospect



of any change in Islander attitudes to Argentina. If as seems likely the Peronists come to power in Argentina next year we can expect a hardening of approach in Buenos Aires. For all these reasons the Foreign Secretary is sure that we shall have to continue to devote considerable attention to all aspects of the Falklands.

I am copying this letter and the despatch to the Private Secretaries of members of OD(FAF).

Yours ever

(R N Peirce)
Private Secretary

C D Powell Esq
PS/No 10 Downing Street

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FOREIGN AND COMMONWEALTH OFFICE
FALKLAND ISLANDS DEPARTMENT
AFF 014/4

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DESPATCH
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FALKLAND ISLANDS
14 OCTOBER

FAREWELL TO THE FALKLANDS

THE EX-GOVERNOR AT PORT STANLEY TO THE SECRETARY OF STATE FOR
FOREIGN AND COMMONWEALTH AFFAIRS

SUMMARY

1. I have served in the Islands at a time of unprecedented economic growth. Too much to expect break-neck rate of change to be maintained. A period of consolidation and slower growth in long-term interests of Islanders. What they will make of their opportunities remains to be seen. (Paras. 1 and 2).

2. Of steps taken since conflict, granting of 1985 Constitution among the most significant, but not yet fully appreciated. Councillors could do more, but the pool of talent is small. This also has serious implications for both the public service and the private sector. (Paras 3-5).

3. Fishery zone (FICZ) a great success. Astonishing growth in Islands' wealth. But problems on the commercial side of the fishery owing to lack of preparation and inexperience. Agriculture also revived by land transfer. Development strategy again under review. (Paras. 6-11).

4. Military/civilian relationships excellent, although joint hospital administration may cause problems. (Para. 12).

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5. No early improvement foreseen in Anglo-Argentine relations. Islanders are not going to renounce their right to remain British. No alternative for Britain but to take a long view. (Paras 13 and 14).

6. Final thanks. Governorship provides considerable job satisfaction. (Para. 15).

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Port Stanley

14 October 1988

The Rt Hon Sir Geoffrey Howe QC MP

LONDON

Sir

FAREWELL TO THE FALKLAND ISLANDS

1. It has been my good fortune to serve in the Falkland Islands during a period of unprecedented economic growth and diversification. It would be too much to expect, and probably dangerous, for the break-neck rate of change of the last few years to be maintained. A period of consolidation and slower, more orderly, economic and social development would be in the long-term interests of the Islanders themselves and, I believe, in harmony with their own wishes.

2. What the 1,900 or so Islanders (of whom barely 1,300 were actually born here) will ultimately make of their new opportunities remains to be seen. Frustrating though I have found them to deal with in many respects, I sympathise with their various predicaments. They cannot change, for example, such hard facts of life as their geographical isolation. Nor

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is to be expected that they can shrug off easily the habits and modes of thought of 150 years of dependency. If, however, they are to progress economically, socially and politically, it will be necessary for the Islanders to accept with more grace than they do at present the absolute necessity of partnership with others - not only expatriate experts on contract but also new permanent immigrants who might well overtake them not only numerically but in terms of political influence. This, though a distant prospect, is a daunting one for the Kelpers, which makes their innate suspicion of "in-comers" perfectly understandable.

3. Of all the steps which Britain has taken since the recovery of the Falklands in 1982 to boost the confidence of the Islanders, I believe that the granting of the 1985 Constitution has been one of the most significant. It is not simply that this document embodies the Islanders' right to political self-determination. It is that it provides for real influence over the direction of internal developments to pass from appointed officers and Councillors to the elected representatives of the people. Yet this shift in balance is not fully understood or appreciated, and has led in some quarters to calls for yet more, though ill-defined, constitutional change. For example, movement towards a higher level of autonomy in association with Britain - the sort of status perceived to be enjoyed by the Isle of Man or the Channel Islands - has been suggested.

4. I arrived here shortly after the promulgation of the new constitution. Given my subsequent experience, I would argue that it is premature to be thinking of further change in its provisions. However, there is plenty of room for improvement within its existing terms. In particular, elected Councillors need to make more effort to meet and discuss issues with their constituents and, indeed, to meet each other for the same purpose. I recognise that representatives of the Camp constituency are hampered in their work by poor internal communications, but I do not accept that Councillors in general are seriously over-stretched or that they are deprived by the administration of relevant information. A more serious problem is the very small, inexperienced and relatively poorly educated pool from which Councillors can be drawn. For the foreseeable future, this hard fact alone calls into question the wisdom of demands for a higher level of internal political development. A further drawback is that elected Councillors on the Executive Council have yet to develop the confidence to identify themselves openly as members of the Government rather than as members of a permanent opposition to the administration.

5. Some very promising younger civil servants are now moving into posts above the middle range. Here again, however, the lack of local talent on which to draw has serious implications for both the short and long term future of the public service and also for the development of an increasingly sophisticated private sector. Only since 1982 has the local school prepared

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candidates for 'O' Level GCE (now GCSE) courses. For many years past the few candidates for higher courses have had to complete their education in Britain. Some have never returned. It is hoped that, with greater opportunities, more than the present three to five young people a year will embark on 'A' Level and other higher courses in Britain and return subsequently to play their part in the Islands' development. For the foreseeable future, however, the majority of higher technical, administrative and professional posts in both the public and private sectors will have to be recruited from overseas on contract. This will not be popular, but the closing of the existing gap between salaries paid to qualified locally-recruited staff and those from overseas should be helpful - if expensive.

6. I realise that what I have had to say so far may have struck a rather sombre note. This, however, is but a cautious prelude to a sunnier exposition of where the Falklands stand today economically.

7. The great success of the past three years has been the introduction of the Falkland Islands Interim Conservation and Management Zone (FICZ). Few would deny that the resultant financial return to the Falkland Islands has been remarkable. Government revenues for the financial year in which I arrived, 1985-86, were about £6 million. For FY 1988/89, they are projected to reach over £35 million and, I believe, are likely to do so in view of the fishing licence fees which the Government

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have been advised to levy for the first six months season in 1989 and of the expected high demand for licences. One respected consultant has estimated that this represents a growth in GNP per capita terms, in constant 1987 prices, of from £3,800 in 1980 to an astonishing £16,000 in 1986-87. This has enabled the Falkland Islands Government to assume from the British Government the substantial burden of funding its own development programme as well as adding to its own reserves, raising local wages and salaries in real terms and cutting taxes. On the other hand, it has not relieved the British taxpayer of the still-substantial costs of defending the Islands. In view of this, it is heartening to note that elected Councillors have recently shown a welcome willingness to make a generous annual contribution towards a specific defence-related project and to forego income by continuing to exempt from taxation the salaries of civilians directly employed on behalf of the Ministry of Defence.

8. The administration of the FICZ, set up at almost unbelievable speed from a standing start between late October 1986 and 1 February 1987, has been generally effective and, in my view, calls for little if anything in the way of major alteration. In due course, decisions will need to be taken on such matters as the replacement of the existing, chartered, patrol vessels and on the issue of multi-year licences. As I write this despatch, another licence allocation exercise is under way with more local residents than ever before hoping to be

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selected as the channels through which foreign fishing interests will secure licences. Not all Falkland Islander applicants will be successful, and there will undoubtedly be plenty of scope for some to accuse the vulnerable Fisheries Department of favouritism and insensitivity. It may take a few more seasons, however, for local companies to confirm their credentials as reliable working partners for overseas fishing companies and much longer to establish a genuine locally-based fishing industry.

9. I make this last point in the light of the disappointing and occasionally bitter history of Stanley Fisheries Ltd (SFL), a subsidiary of the Falkland Islands Development Corporation (FIDC) which was established, among other reasons, to provide a vehicle for fishery-related development within the Islands. The over-ambitious pursuit of growth by the inexperienced and incautious management of SFL created a number of problems during the company's first 18 months of existence of which one, the Seamount Ltd joint venture, could well prove costly to the Falkland Islands Government. This matter is about to be the subject of an official inquiry. Furthermore, general dissatisfaction with the structure and management of SFL has led to a far reaching review of the company's shape and purpose. I would not wish to underestimate the seriousness of the various problems experienced on the commercial side of the fishery, but they need to be kept in perspective. With hindsight, one sees that they might have been avoided if there had been more time

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to consider all the implications before establishing SFL. That, however, was a luxury that neither the FIG nor FIDC could afford at the time.

10. In the euphoric atmosphere generated by the establishment of the FICZ, HMG's own substantial contribution of some £31 million towards the post-conflict implementation of many of Lord Shackleton's earlier proposals must not be overlooked. Port Stanley in particular is benefitting from the long-overdue renewal of the town's utilities. In the Camp, the most striking development has been, and continues to be, the transfer from overseas to local ownership of many of the vast sheep farms. Today, there are 85 separate units (with more to come) compared to 36 in 1974. But for the stimulation afforded by the land transfer and subdivision programme, my belief is that Falklands farming would by now be in irreversible decline. Even today, there are considerable strains on the few remaining large farms where profits have almost been squeezed into oblivion as a consequence of cost increases which exceed those in total farm incomes. The sense of buoyant optimism which is characteristic of the vast majority of independent farmers contrasts markedly with the pessimistic outlook of the Falkland Islands Company in respect of its few remaining estates.

11. My own departure happens to coincide with the start of what I expect will be a further lengthy and multi-faceted review of development strategy and its implementation. This

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will be conducted against the background of the recently published "Falkland Islands Development Strategy" by Peter Pryn and Hilary Sunman, which I regard as a worthy successor to Lord Shackleton's distinguished economic studies of 1976 and 1982. The performance of the Falkland Islands Development Corporation (FIDC) is about to be the subject of scrutiny by a joint ODA/FIG team. Within these processes, high priority should be accorded to the future organisation and staffing of both the FIG and FIDC as politically sensitive instruments of change, to housing policy (a special review is planned), to education and training policy, to internal communications - especially the development of all-weather Camp tracks and their relationship to inter-island shipping services, to future conditions of employment in the public sector, and, not least, to future immigration policy. (In this last case, the experiment of supplementing the local work force with St Helenian contract workers will need to be appraised.)

12. A separate but sensitive question which I bequeath to my successor is the joint staffing of the King Edward VII Memorial Hospital and the related cost-sharing arrangement. As was to be expected, the primary use of the hospital has been by civilian patients and, after the first year's experience, the Ministry of Defence wish their contribution to costs to reflect the actual proportions of civilian and military bed occupancy. This logic is understandable, but the implications for the FIG cannot be dismissed lightly. I believe that there

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will have to be a negotiated settlement in due course. Meanwhile, the FIG has commissioned a review of its own hospital requirements and costs. Otherwise, I believe that military/civilian relationships are in excellent order. It is a reflection of their quality that for some time now, most problems have both been discussed and settled informally between successive Commanders of the British Forces and myself, or opposite numbers at lower levels, with minimal recourse to the machinery of the Joint Liaison Committee.

13. Internal progress is one thing; the lack of progress in respect of external matters is quite another. On the eve of my departure, I regret that I can see no more clearly than on the day of my arrival any realistic means of ending the dilemma in which the British Government and the Islanders find themselves as a consequence of Argentina's unrelenting claim to sovereignty over the Islands. If, as appears from here to have been the case, the moderate President Alfonsin has lacked both the confidence and authority to enter into constructive discussions over the numerous practical issues which you, Sir, have set before him, what hope for better things can there be if he is succeeded by a less moderate Peronist? The Islanders, for their part, are not going to renounce their right to live under the British flag, nor is their innate distrust of their unstable neighbour likely to wane for generations.

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14. In all the circumstances, I believe that Britain has no honourable alternative but to take the very long view, striving step by step for the restoration of bilateral cooperation with Argentina (talks on fisheries could be especially helpful), maintaining a garrison in sufficient strength to deter aggression, and promoting both at home and abroad the Islanders' right to self-determination. Recent events relating to the MV Indiana suggest that considerable diplomatic efforts may need to be devoted to improving the climate for the establishment of reliable transport links with Uruguay and Chile if the Islands are ever to reduce their virtually total dependence upon the 8,000 mile long air and shipping links with Britain.

15. It seems customary to reserve final expressions of thanks for the support that one has received until one's pre-retirement despatch. However, as I am about to leave my sole Governorship, I feel justified in making an exception. Today, Port Stanley ranks low in the Diplomatic Service's scale of difficult posts, and that I believe is appropriate. Yet isolation and the sheer complexity and sensitivity of the issues to be faced in this under-populated but demanding community generate their own unique problems. These are magnified by the nature of much of the interest which continues unabated in the British press. My own survival, more or less intact, has been due in no small measure to the unfailing encouragement and support of my wife, my returned Chief Executive, Mr David Taylor, a handful of other close colleagues within Government House and the Falkland

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Islands Government (especially those bringing to the Falklands the inestimable benefit of previous experience in other dependent territories) and, by no means least, to the understanding cooperation of your own Department. Such Governorships as the one I leave are not, perhaps, jobs for which many of my colleagues would volunteer. On the basis of my own experience, however, I would say that few tasks within the gift of the Diplomatic Service offer greater satisfaction.

16. I am sending copies of this despatch to HM Representatives at Montevideo, Santiago, UKMis New York and the British Interests Section, Buenos Aires, to the Governor of St Helena and to the Commander British Forces, Falkland Islands.

I am, Sir,

Yours faithfully



G W Jewkes

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FOREIGN AND COMMONWEALTH OFFICE
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FALKLAND ISLANDS: ANNUAL REVIEW FOR 1987

HER MAJESTY'S GOVERNOR AT PORT STANLEY TO THE SECRETARY OF STATE
 FOR FOREIGN AND COMMONWEALTH AFFAIRS

SUMMARY

1. Introduction of fisheries zone transformed financial outlook of territory. Expectations of improved standard of living and job prospects, but concern among Islanders that more expatriates will be needed. Government's income trebled. Pensions increased. Taxes to be cut. Substantial wage claims made. (Paras 1-3)
2. Policing of fishery zone worked well. No untoward incidents. Other aspects of administration worked less well. Officials under great strain leading to errors of judgment. Fierce competition for fishing licences. Some British firms tactics resented. (Paras 4 and 5)
3. Growth in incomes accelerated. Improved wool prices benefitted new farms. Land transfer continued. Encouraging progress in other developments. With rundown of British aid, problem of producing locally-financed development plans has to be faced. (Paras 6-9)
4. Government airline being overhauled after accident. (Para 10)
5. Civil/military relations good. Overseas interest in Islands high. Islanders' interest in external affairs muted but Britain's renewed commitment to respect their wishes brings relief. (Paras 11-13)

6. New political party formed. May bring pressure on Councillors to act more as a team. A greater appreciation by Councillors of their own powers and responsibilities would be beneficial in the long run. (Paras 14 and 15)

7. Future of South Georgia causes concern. Efforts to improve BAT administration continue. (Paras 16 and 17)

Port Stanley

11 February 1988

The Rt Hon Sir Geoffrey Howe QC MP
Her Majesty's Principal Secretary of State
for Foreign and Commonwealth Affairs
London
SW1

Sir

FALKLAND ISLANDS: ANNUAL REVIEW FOR 1987

1. The establishment of the Falkland Islands Interim Conservation and Management Zone (FICZ) on 1 February overshadowed all other events in the Islands during 1987. Additional income of some £14 million, received by the Falkland Islands Government (FIG) in payment for licences permitting some 220 vessels to fish within a 150-mile radius of the centre of the archipelago, transformed at a stroke the financial outlook of the territory.

2. Most of the Islanders could scarcely believe their good fortune after a century or more of frugal living and several years of pleading for the establishment of a protection zone. Inevitably there were some who, resenting change, yearned to return to the slower pace of life which prevailed before the Conflict. Welcome expectations of marked improvements in the standard of living and variety of job prospects were tinged with concern and regret at the realisation that more expatriates would be needed to man an expanding economy. Indeed, fears were widely

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expressed that the Islanders could lose all control of their close-knit society to "incomers". Given the historic inability of the small indigenous population to cater adequately for manning in both the public and private sectors, there was good reason for such misgivings.

3. The financial outturn for FY 1986-87, which included the first five months' operation of the FICZ, far exceeded my own deliberately cautious estimates. The original budget contained forecast revenues of £7.3 million and expenditure of £6.8 million. Direct governmental revenues in the event were £19.6 million with expenditure (including the costs of policing the FICZ) of £8.7 million, leaving a surplus of £10.9 million. Of this sum, £3.5 million was transferred to a development fund and £7.4 million to reserves. Of the latter, £1 million was subsequently transferred to the Old Age Pension Fund, allowing pensions to be increased. This was to be the first instance of some of the new wealth finding its way into Islanders' pockets. In advance of a major review of the tax structure, Councillors made substantial cuts in personal and company tax rates effective in 1988. As was to be expected, a substantial wage claim (28%) was lodged by the manual workers' union on behalf of hourly-paid workers in Stanley. Although the granting of such an increase in full was inconceivable, wages in the public sector will have to be raised substantially if staff are to be recruited and retained in the face of growing competition from the private sector.

4. Although the administrative infrastructure of the FICZ announced by you on 29 October 1986 had to be created with exceptional speed, the actual policing of the zone worked well in practice. There were no serious incidents involving either licenced or unlicenced fishing vessels and, of greater importance, no untoward incursions by either civilian or military vessels from Argentine-controlled waters. Co-operation between civilian protection officers and RN and RAF units was satisfactory. No call had to be made on military resources for protection purposes. Whilst the annual cost of controlling the fishery was high (in excess of £4 million) relative to licence revenue, I believe we are fully justified in retaining for the time being the services of two fishery patrol boats and the Dornier surveillance aircraft.

5. Fishing in the FICZ, as elsewhere, presented a high degree of physical risk, as evidenced by a number of deaths and serious injuries to crewmen. The industry placed increasing demands upon the military and civilian medical services but in doing so produced useful additional revenues. Other aspects of the administration of the FICZ and of preparations for the 1988 season were less satisfactory. The handful of officials involved in directing an unfamiliar and swiftly growing industry were put under considerable strain. This led to several rather serious errors of judgment, especially in relation to the handling of potential conflicts of interest, and in the management of Stanley Fisheries Ltd, the Government's commercial offshoot, and that company's related joint ventures. On the other hand, in the fierce competition for

/licences

licences, some impatient overseas applicants failed to allow for the new burdens carried by local officials or to understand the extent of constitutional autonomy invested in the Falklands Government and Councils. The aggressive tactics adopted by certain British firms caused particular resentment and damaged their cause. In the event, the final licence allocations represented a tolerable balance between local, British and foreign fishing interests.

6. For all but the handful of Islanders directly employed in the fishing industry, day-to-day activity in 1987 was not much different from that in any other year since the 1982 Conflict. However, growth in incomes tended to accelerate and a general air of prosperity prevailed (Prynn estimated independently that GDP per head in constant prices rose from £3,400 in 1980 and £4,140 in 1986 to £8,350 in 1987). In the still-important farming sector, improved wool prices eased the lot of the newer owner-occupiers of sheep farms. Even so, the long term financial viability of some of the new farms continued to give cause for concern in view of the high level of borrowings and the variability of world wool prices. In continuation of existing land-transfer policy, two more large farms in West Falklands - Port Howard and Hill Cove - were transferred to local ownership, the latter being sub-divided. A sensitive problem was resolved unexpectedly when the part Argentine-owned island farms constituting the Hamilton Estates were sold to their local sitting tenants after some years of fruitless negotiations.

7. The diversion to fisheries-related work of most of the slender staff resources of the Falkland Islands Development Corporation (FIDC) led to the temporary curtailment of new developments. Even so, some encouraging progress was made. The new Stanley dairy went into commercial production. After disappointing delays, the hydroponic market garden began producing fresh vegetables for the commercial market. Three tourist lodges did modest but promising business although, in the absence of direct air links with South America, the number of overseas visitors seems destined to remain small. There was a welcome increase in brief calls by small cruise liners mostly on passage between Chilean ports and the Antarctic.

8. Work proceeded satisfactorily on the aid-financed renewal of the Stanley water-treatment and distribution system. By the end of the year, some £3.2 million of Britain's £31 million capital aid provision remained to be committed to technical assistance and/or capital projects in the years to 1991.

9. Against the background of the new wealth from fisheries and the rundown of British capital aid, Councillors and officials began to wrestle with the problem of drawing up a locally-financed development plan. As a basis for this, a long-term economic development study was commissioned from Peter Pryn. However, decisions to go ahead with a number of major capital projects could not await the completion of this process. Commitments had to be made to finance a new telecommunications network, two new housing estates providing nearly 60 new homes, and the purchase from the MOD of the Falkland Islands Port and Storage System (FIPASS).

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The eventual cost to the FIG of such projects will amount to some £10 million.

10. The fragility of internal communications and Islanders' inherent sense of isolation were demonstrated graphically by an accident (mercifully injury-free) to one of the government airline's Islander aircraft. A searching investigation by Department of Transport accident inspectors confirmed criticism previously expressed by the Civil Aviation Authority as to the airline's operating standards. Passenger carrying operations, other than on expensive helicopter flights, had to be suspended for several weeks pending investigation and work leading to the preparation of a new operations manual and the grant of an Air Operators' Certificate - the first in the airline's 40-year history. The necessary reorganisation of the airline and the improvement of Stanley Airport and Camp airstrips will take much longer to achieve. The prolonged hold-up in Punta Arenas of a replacement Islander aircraft en route from Britain to the Falklands, apparently at the behest of intransigent Argentine authorities, underlined the political difficulties which continue to impede the establishment of much-needed air links with South America.

11. Except for a few isolated incidents, civilian/military relationships were good at all levels. The process of commissioning the new joint hospital in Stanley, opened by Mr Eggar on 8 December, provided an especially searching test which was passed with flying colours. However, some doubts began to

/surface

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surface as to the long-term commitment of the military to the use of the hospital. Given the completion of the garrison's move to the Mount Pleasant Complex (where a well-equipped medical reception centre exists) and the seemingly inexorable rise in recurrent medical costs, any reduction in military use, staffing and financial support could have serious consequences even for the FIG's larger budget.

12. Overseas interest in the Islands continued at a high level judging by the number of visits by British and foreign journalists, most of the latter being sponsored by your Department. Such visits were I believe most valuable even if they did no more than reveal to influential outsiders the evident "Britishness" of the Islanders. Conversely, the general level of interest of the Islanders themselves in external affairs, even those of internally-troubled Argentina, was at a comparatively low level throughout most of the year. The prospect of renewed commercial links with South America, based on favourable receptions accorded to the FIG's MV Forrest in Punta Arenas and the Fishery Patrol Vessel Falklands Desire in Montevideo, was viewed locally with a mixture of optimism and scepticism.

13. It need hardly be said that the British Government's continuing commitment to uphold the wishes of the Islanders, reiterated not least by Mr Younger and Mr Eggar during their very welcome visits, was received with satisfaction and relief as, indeed, was the outcome of Britain's general election. One issue which surfaced during Mr Eggar's visit could disturb the present even tenor of

relations between HMG and the Islanders, namely, the latter's growing insistence on the extension of the fisheries zone to 200 miles from base lines (subject to delimitation). The case on conservation grounds alone seems strong but, given the success of the FICZ to date, Islanders tend to ignore or make light of wider political and security implications. This will require careful handling, but I suggest there is no need for undue haste in reaching final decisions.

14. Internal politics received a mild injection of interest on the establishment of the "Desire the Right Party". In the absence of any early prospect of a general election, the immediate aim of this apparently conservative grouping will probably be to try to persuade elected Legislative and Executive Councillors to act more as a team than as individuals.

15. Members of the new party have a point. Elected Councillors continued to pull less than their full collective weight in the governance of the Islands and, in the case of some Executive Councillors, distanced themselves from executive decisions to which they had given their support within the confines of Council meetings. It will take yet more time and patience to convince them that they are not, as one of their number put it, permanent members of the loyal opposition, but full partners with senior officials in the leadership of the country. New Executive Council members elected towards the end of the year gave some indication of appreciating their own powers and responsibility, especially

/in

in determining the final allocation of fishing licences for 1988. Such a development, if it continues, may prove more troublesome for officials, but it can only be good for the Islands in the long run as the Councillors, officials and development corporation members try together, in the light of Islanders' own wishes, to find solutions to what Mr Eggar described as the problems of success arising from the declaration of the fisheries zone.

South Georgia and the South Sandwich Islands (SGSSI)

16. In my Annual Review for 1986, I described South Georgia as being in a sort of limbo and referred to my concerns about the willingness of the MOD to carry indefinitely the burden of maintaining there an expensive and largely defensive garrison. Little changed in practice during 1987. My anxiety about the vulnerability, administration and financial state of SGSSI has not waned with the passage of time, although I am aware of thought being given in Whitehall to the future of the territory. I welcomed the return to station of the refitted HMS Endurance in the austral summer, though this in itself, whilst important symbolically, will do little to solve the problem of how best the islands can be made financially viable and returned to civilian administration as soon as possible. I believe increasingly that the key to success may lie in the establishment of some form of fishery control regime based on Grytviken. I recognise, however, that further scientific work and exploratory fishing could be necessary in order to establish the viability of a zone. Such work should not be put off for too long.

/British

British Antarctic Territory (BAT)

17. The 75th Anniversary of Raold Amundsen's and Robert Falcon Scott's epic treks to the South Pole, 1987 saw the retirement of Dr Richard Laws following 14 years' service as Director of the British Antarctic Survey. He was succeeded by Dr David Drewry. Some progress was made in Port Stanley to put the Territory's administrative arrangements on a proper footing, with a number of judicial and official appointments made. Preliminary consideration was given to ways and means of consolidating the Ordinances in force in the Territory and to bring the law up-to-date.

18. 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

A handwritten signature in cursive script, appearing to read 'G W Jewkes', written in dark ink.

G W Jewkes

PORT STANLEY

CALENDAR OF EVENTS 1987

January

- 5-9 Visit of Sir Crispin Tickell, PUS, ODA
- 11-16 Visit of The Rt Hon George Younger MP, Secretary of State for Defence
- 16 Peter Derham and MAFF inspectors arrive to establish new Department of Fisheries
- 17-18 HQBFFI move from Stanley to Mount Pleasant Complex (MPC)
- 22 Arrival of Dornier 228 fishery patrol aircraft
- 25 Arrival of fisheries patrol vessel "Falklands Desire"
- 30 Arrival of fisheries patrol vessel "Falklands Right"

February

- 1 Falkland Islands Interim Conservation and Management Zone (FICZ) comes into force
- 1-6 Visit by 15 foreign journalists
- 17-26 Category I sponsored visit by Jan Krauze "Le Monde" and Hildegard Stausberg "Frankfurter Allgemeine"
- Visit of Messrs Horikawa, Takai and Shiga of "NHK Japan Broadcasting"
- 27 RAF Chinook helicopter crashes near MPA in good weather with loss of 7 lives

March

- 1-6 Visit of M H Todd and M F Sargeant, Engineering Advisers
- 4-25 MV Forrest visits Punta Arenas for maintenance
- 7 Civic reception on departure of 25 Engr Regt
- 11 Memorial Service for the dead of the Chinook helicopter
- 13-15 Visit by the Bishop of Lambeth, The Rt Revd A R M Gordon MA. Induction of Canon Murphy to Christ Church Cathedral

/March (cont)

March (cont)

- 19-20 By-election for the Legislative Council won by Mr Terry Betts
- 24-31 Category I sponsored visit of Philippa Chatenay of "Le Point" together with Hiroaki Idaka "Kyodo News Agency" and Hans Hietscher "Der Spiegel"

April

- 11 Arrival of Mr B R Cummings, Chief Executive-designate
- 17 Departure of Mr D G P Taylor, Chief Executive
- 21 Queen's Birthday Parade
- 24-30 Tour of West Falkland by HE The Governor and Mrs Jewkes
- 25 Arrival of Mr D G Lang, Attorney General-designate
- 28-8 May Visit of COI film crew for preparation of a film on FICZ
- 30 Stanley-Mount Pleasant road handed over to Public Works Department

May

- 12 Budget session, Executive Council
- 15 Medical evacuation of "blue baby" Simon Reid to Montevideo by RAF Hercules
- 20 Contractors hand over King Edward VII Memorial Hospital (KEMH) to FIG and MOD
- 21 Monty's Restaurant opens in Stanley
- 26-30 Budget session, Legislative Council

June

- 6 Departure of Mr M C Ll Gaiger, Attorney General
- 14 Liberation Day. Civic Reception
- 24 FIGAS Islander crash at Brookfield Farm, East Falkland

/July

July

- 1 Tristar diverts to Rio de Janeiro
15-21 Annual Farmers' Week

August

- 4 Arrival of Major General A N Carlier OBE, CBF-designate
5 Departure of Rear Admiral C H Layman DSO LVO, CBF
14 Occupation of new King Edward VII Memorial Hospital
18 Signing of Fuel Contract between FIG and Hogg Robinson

September

- 18 First Secretary and Mrs R G Baylis LVO arrive
25 FIGAS awarded Air Operator's Certificate
27 Memorial service and unveiling of the HMS Sheffield Memorial plaque, Sea Lion Island

October

- 2 Disappearance of Giovanni Brignone from trawler Maria C in Berkeley Sound
7 Argentine trawler Mataco enters the FICZ
Legco elects Councillors John Cheek, Tony Blake and Terry Betts to seats on Executive Council for 1987-88
14-17 Visit of Mr Christopher P Raleigh, Head of South Atlantic and Gibraltar Department, ODA
16 Announcement that Mr Simon Armstrong, General Manager, FIDC, wishes to leave the Falkland Islands before the end of his contract with ODA
20-28 Category I sponsored visit of Andrez Ortega, Flavio Gomes and Nikos Theotokis
30 Fire on Polish refrigerator ship Pomorze with loss of 4 lives

/November

November

- 3-11 Category I sponsored visit by Daniel Branaa and Eduardo Ruiz (Channel 12, Montevideo)
- 4 Visit of 180 retired Ontario schoolteachers on Worldways Airline of Canada DC8 via Rio de Janeiro
- 17-21 Visit of Parliamentarians, sponsored by the MOD
- 19 Arrival of Islander aircraft from Britain via Punta Arenas
- 23-27 Fisheries patrol vessel Falklands Desire visits Montevideo
- 24-28 Visit of Mr B H I H Stewart RD MP, Minister of State for the Armed Forces
- 24-2 December Category I sponsored visit of Walter Martinez and Blas Rodriguez
- 30 By-election to Legislative Council for the Stanley Division. The Hon Wendy Teggart elected in succession to Lewis Clifton

December

- 2-3 Visit by representatives of US National Prayer Breakfast Group
- 4-9 Visit of Mr Tim Eggar MP, Parliamentary Under Secretary of State for Foreign and Commonwealth Affairs, accompanied by Mr Robin Fearn, AUSS
- 7 KEMH cost-sharing arrangement signed
- 8 Battle Day and official opening of KEMH by Mr Tim Eggar MP
- 12 Stanley School Sports Day
- 19 RAF VC10 records fastest flight from UK to the Falkland Islands (15 hours, 45 minutes, 40 seconds)
- 26-30 75th Anniversary meeting of the Stanley Sports Association



Foreign and Commonwealth Office

London SW1A 2AH

RESTRICTED

8 February 1988

Dear Charles

Visit by Falkland Islands Councillor

Your letter of 28 January said that the Prime Minister looked forward to a full account of Mr Betts' meeting with Mr Eggar. This took place on 1 February and lasted over an hour. Mr Betts went over much of the ground which Mr Eggar discussed with him and other Councillors when he visited the islands in December. There are no major current points of controversy.

Mr Betts pressed the case for extension of the FICZ to 200 miles and of the territorial sea to 12 miles. Mr Eggar explained that we have open minds on both points, but that it would be right to see whether the fisheries exchanges with the Argentines make any headway before taking a firm view on extension of the FICZ. He also noted, and Mr Betts agreed, that extension of the territorial sea would bring no obvious benefit to the islands at this time.

There was also a useful exchange about Islander views on development and the future organisation of the fishery. There was a good deal of common ground on the need to opt for steady, carefully planned and broadly based development and to ensure maximum Islander participation in, and benefit from, the fishery. The FIG would also be well advised to build up some reserves against bad fishing seasons. There was also a growing view in the islands, shared by the Governor, that some organisational changes were desirable to ensure the efficient running of the fishery and the sensible use of resources. We are working on this.

Mr Eggar told Mr Betts that he would be reporting the conversation to the Prime Minister and Mr Betts said that he understood why she had not been able to fit him into such a busy schedule.

Yours ever

(R N Culshaw)
Private Secretary

C D Powell Esq
10 Downing Street

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Alc

ecu

bc PC

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

28 January 1988

VISIT BY FALKLAND ISLANDS COUNCILLOR

Thank you for your letter of 26 January about the visit by Mr. Betts. The Prime Minister would have liked to see him, but cannot manage the dates. I should be grateful if you would convey her personal regrets and say that she looks forward to a full account from Mr. Eggar of what he has to say about developments in the Islands.

(Charles Powell)

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

RESTRICTED



10 DOWNING STREET

Prime Minister

I am afraid
that this won't
work. He is
only here at
a time which you
cannot manage.

If you agree, we
will send a message
expressing your regrets,
and arranging for him to
see a

copy
①

Foreign and Commonwealth Office

London SW1A 2AH

26 January 1988

Prime Minister
 Agreed that he
 should see Tim Eggar?
 (You are quite simply
 too busy).
 I must
 see him.
 or 26/1

Visit by Falkland Islands Councillor

A Falkland Islands Councillor, Mr Terry Betts, has requested a meeting with the Prime Minister. He is on his way to a meeting of the National Leadership Breakfast Group in Washington at which President Reagan will be present (though Mr Betts is unlikely to do more than shake his hand).

Mr Betts wishes to discuss informally the extension of the Fisheries Conservation Zone to 200 miles, the extension of the territorial sea to 12 miles, economic development in the Islands and relationships with Argentina. These are all sensible topics but none is of sufficient urgency or weight to warrant a call on the Prime Minister.

Councillor Betts had not discussed his request with the Acting Governor or other Councillors. He believes that there is a standing invitation from the Prime Minister to all Falkland Island Councillors to call - we cannot trace this nor are we aware of recent visits to Number 10 by Councillors.

Unless the Prime Minister particularly wishes to see Mr Betts, the Foreign Secretary believes a meeting with Mr Eggar (who has met Mr Betts) would be more appropriate.

Yours ever

(R N Culshaw)
Private Secretary

C D Powell Esq
 10 Downing Street



Foreign and Commonwealth Office

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London SW1A 2AH

27 February 1986

Prime Minister

CDP
27/2

mo

Dear Charles,

Falkland Islands : Annual Review
for 1985 and First Impressions

The Prime Minister may wish to see the enclosed advance copy of a despatch from the Governor of the Falkland Islands, blending first impressions and a review of events in 1985. We found it an admirably clear and balanced account of recent developments and the future prospects for the Islands.

←
i.e. unlike
his predecessors
he agrees
with the FCO!

Yours ever,

(Signature)

(R N Culshaw)
Private Secretary

C D Powell Esq
No.10 Downing Street

FALKLAND ISLANDS: ANNUAL REVIEW FOR 1985 AND SOME FIRST IMPRESSIONSSummary

1. Annual Review blended with some first impressions (para 1).
2. The Islanders began to put the Argentine invasion into perspective and to look forward. But their underlying mood remains somewhat nervous (para 2).
3. Mount Pleasant Airport a bolster to Islanders' confidence. Tribute to construction team. Hopes that airport will be used as much for civilian as for military purposes (para 3).
4. New Constitution pleased most Islanders. Balanced and pragmatic Legislative Council returned at General Election (para 4).
5. Impressions of Stanley and the Camp. Sub-divisions working well but too early to draw conclusions about success of sub-division policy (paras 5-7).
6. Whilst wool production continues to dominate economy, some useful diversification proceeded. Not all Islanders are enthusiastic about development (paras 8 and 9).
7. Islanders' desire for a fishing zone goes beyond revenue and conservation concerns. Failure to introduce a zone could lead to reduction in Colony's present income. However, dominant external issue continues to be relationship with Argentina. Prospect of Minister of State's visit is welcome (paras 10-13).
8. Fewer military/civilian problems than one might have expected. Islanders find contrast between military and civilian resources puzzling. High level of cooperation between senior military and civilian staff. New problems may arise with transfer to Mount Pleasant Airport (paras 14 and 15).

PORT STANLEY

14 January 1986

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

Sir

FALKLAND ISLANDS: ANNUAL REVIEW FOR 1985 AND SOME FIRST IMPRESSIONS

"An island thrown aside from human use where a garrison must be kept in a state that contemplates with envy the exiles of Siberia" (Dr Samuel Johnson, 1771)

1. Having arrived three-quarters of the way through 1985, I am indebted to my First Secretary, Richard Fletcher-Cooke, for his assistance in the preparation of this Review. I trust that it will not be inconvenient if I blend into it some of my own first impressions of these remote but fascinating Islands. Let me say at once that, so far at any rate, I do not think Dr Johnson got it quite right.

2. Someone remarked recently that during the first year after the conflict of 1982, the Islanders refused to talk about the events of that year. For the next couple of years, they could talk about little else. But in 1985, they began to put the Argentine invasion into some sort of perspective; they entered a period of "normalisation" and began to look forward. I believe there is much truth in this statement. Yet the underlying mood of the people last year remained somewhat nervous and they continued to look for reassurance about their future wherever they could find it.

3. Nothing could have been better designed to bolster the confidence of the Islanders than the building of Mount Pleasant Airport which, although it will not be finished until next April, was opened to air traffic by His Royal Highness The Prince Andrew on 12 May. I do not wish to repeat material contained in my predecessor's despatch on this event. But I would add my own tribute to the skill and dedication of the Property Services Agency and the companies responsible for the design and construction of the airport and, no less, to the fortitude of the expatriate British work force. As one of those whose first journey to the Falklands was on a re-fuelled RAF Hercules flight from Ascension Island - a remarkable flight in its own way - I can testify to the striking and reassuring contrast and comfort of the same journey when made, as is now a regular occurrence, in a wide-bodied jet airliner. One can but hope that this impressive new airport will come to be used as much for civilian as for military purposes. That, however, seems to remain a distant prospect despite some enquiries from overseas interests.

4. The other event worthy of specific note in 1985 was the introduction of the new Constitution on the basis of which a general election was held on 3 October. The granting of a new Constitution appeared to please most of the Islanders, as well it might. Although the separation of the Falkland Islands from South Georgia and the South Sandwich Islands was unwelcome, the finally-agreed Constitution gave them most of what they had asked for in terms of guarantees of their right to self-determination and elected majorities on both the Executive and Legislative Councils. The electorate (at least in Stanley, for the four seats in the Camp constituency were unfortunately not contested) rose to the challenge and returned a Legislative Council in which youth and experience are well balanced. In its early days, the Council appears to be

/forward

forward looking and pragmatic on local questions, but just as firm as their predecessors ever were in wishing to have nothing whatsoever to do with Argentina. They seem prepared to respond to my encouragement to participate as partners in government rather than as members of a perpetual opposition, but there are practical impediments to the extent to which such partnership can be developed in practice. For example, secure communication with the Camp Councillors is hindered by the total absence of telephone links between Stanley and West Falkland, where all four happen to live.

5. The energy displayed so far by the Stanley Councillors is not typical of the place they represent, for life in the capital went on in 1985 much as it must have done for generations. Although over half the estimated Falkland Islands population of just over 1,900 (1,813 in 1980) lives in Stanley, the town is not altogether characteristic of the Islands. For one thing, it occupies such a tiny proportion of their total area (over eight times that of the Shetland Islands) and thus lacks the feeling of space and freedom so evident elsewhere. It also contains a relatively large proportion of the Colony's old people. Most of the physical scars of 1982 have healed or been disguised. After allowing, however, for the mess inevitably created by infrastructural works and building construction such as the new hospital, on which work commenced early in November, the town remains generally untidy and unkempt. The few shops scattered randomly throughout its streets, especially food stores, were afflicted in the latter months of the year by shortages of even the most basic items. Whatever the cause of this, be it poor provisioning or hoarding, the Islanders themselves did not complain, accustomed as they are to the production of their own vegetables and to receiving supplies of other foods from relatives in Camp. Little progress was made during the year to alleviate the acute

/housing

housing shortage but many plans were made and the prospects for 1986 are somewhat brighter. We will not be able to satisfy all the housing aspirations that exist in the Islands. The Colony is not wealthy enough to be able to afford Brewster or Clanwood houses for everyone. But we must do what we can with the money available. Meanwhile, no one in Stanley is actually homeless.

6. In the Camp, there was no further acquisition of large company-owned sheep farms in 1985, but I am very hopeful that one or two more will be acquired and subdivided in 1986. I sense that demand for subdivisions runs somewhat ahead of supply. It should not be forgotten, however, that there are still many managers and employees, especially those over 45, who would prefer to continue working for companies.

7. Whilst it is too early to start drawing conclusions about the economic success or otherwise of subdivision policy, the year was one of progress for the majority of subdivision owners in terms of improved lambing figures and wool production and the fencing of property. The current season could, however, be the most testing one for years if the price of wool from the Falkland Islands falls seriously in the face of competition from cheaper sources such as Australia and New Zealand. Some of the smaller farmers here could find the going especially hard in the short-term but they should survive given their rugged, hard-working temperament and remarkable degree of self-sufficiency.

8. Sheep ranching and wool production have dominated and will continue to dominate the Islands' economy both as an employer of labour and as the main source of public and private income. However, 1985 was a year in which some modest but useful diversification of the economy proceeded under the hard-working leadership of the Falkland Islands Development Corporation.

/Commercial

Commercial meat production, dairying and market gardening made progress, though success does not come quickly in the harsh climate and difficult terrain. Subject to our receiving approval in time from the ODA, new hotel facilities for high-paying tourists should be in position in some of the areas attractive for their wildlife by the start of the 1986-87 summer season. The Fox Bay Woollen Mill could be on the threshold of a welcome commercial breakthrough if only more labour for knitting were available.

9. Do the Islanders really want development? I think the answer to this is "Yes, up to a point". Councillor Tim Blake spoke perhaps for the older generation when he said that Falkland Islanders were a people unto themselves who did not want to be part of a "general civilisation". Younger people might put it another way. Many of them have First World aspirations and want development provided it implies no restriction of their free-wheeling way of life. In practice, more rapid and varied change, if both HMG and the people of the Falkland Islands consider it desirable, will come about only as a result of a significant increase in population. Both numbers and skills are required. That in turn poses questions about the desirability of doing more in both Britain and the Falkland Islands to stimulate immigration. At this stage and for the foreseeable future, the Colony is nowhere near to being viable without the services of expatriate administrators and professional and technical personnel.

10. Externally, two issues mattered to the Islanders above all others. One, which concerns both conservationists and those with an understanding of the Falklands' slender financial resources, is the need for the establishment of a fishing zone. The arguments in favour of such a zone and the difficulties to be faced in establishing one are too well known to your Department to need

/repetition

repetition by me. I would offer only two comments at this juncture. First, fishing is a topic on which Councillors and other opinion-forming Islanders are leading rather than reflecting Islander opinion. A typical Camp farmer rarely mentions the subject; for Councillors, it is an issue aired frequently. Their concern goes beyond revenue and conservation. They see it as a choice for HMG between Islander interests and wider political interests eg relations with South America. The fear is that too many concessions to the international lobby on fishing could presage similar concessions on sovereignty in the future. Thus, they see fishing as the litmus paper test of HMG's long-term commitment to the Islands. My second point is that, putting on one side the prospects of future income for this colony from the sale of licences, even present income could be drastically reduced owing to the loss of valuable harbour dues if foreign ships were driven away for lack of fish. This could happen as early as 1987 if the 1986 season results in over-fishing. In the absence of substantial income derived directly or indirectly from foreign fishing fleets, the colony will probably continue to be dependent in the years ahead for a substantial measure of capital aid and technical assistance to say nothing, if wool income collapsed, of budgetary assistance.

11. The second and dominant external issue continues to be the question of relationships with Argentina. By and large, the people greeted November's adverse vote in the United Nations General Assembly with little surprise and a sense of resignation. If anything, they seemed to be more upset by the reports of talks between President Alfonsin and Mr Kinnock and Mr Steel, which were the subject of lively discussions between Islanders and a group of Parliamentarians who visited from 10 to 17 December.

12. I have noted in my own introductory encounters with Islanders that their underlying fear and suspicion of Argentina is often mixed with contempt for a country perceived to be prone to political and economic backsliding. In the view of many, President Alfonsin's civilian government is just as likely to be swept aside in a military coup as most other elected governments during the past 50 years or so. At the same time, there is an acceptance by some (perhaps by a larger number than has so far shown its colours) that Britain should talk to Argentina about their own bilateral relations. I do not expect this "liberal" group to gain many open recruits unless and until Argentina formally renounces the present state of hostilities and grasps without pre-conditions the several olive branches which Britain has proffered in recent years.

13. In the context of reassuring the Islanders yet again about their future, I welcome very much the prospect of the Minister of State's visit in late February.

14. In conclusion, I turn to military/civilian relationships and their prospects for 1986. One event which will certainly have a major impact on Islanders' lives is the move by the British Forces Falkland Islands (BFFI) from Stanley to Mount Pleasant. The presence of large numbers of servicemen in Stanley has led to fewer problems than anyone would have dared to expect in 1982. Most Islanders will be sorry to see the military move. Indeed, some will feel that they are being abandoned, forgetting that the relocation was designed to allow them to preserve their traditional lifestyle.

15. Once the communities are separated, there will be a different set of military/civilian problems. At present, relatively few arise from the close proximity of the two communities (damage to Camp tracks and fences is perhaps the most significant). Most have emanated from the need, dictated by the Ministry of Defence, to

/"normalise"

"normalise" military operations here and in particular to place them on a peacetime financial accounting basis. Islanders have seen much of the assistance that they received after the conflict dry up. When they contemplate the enormous resources at the disposal of the military and the many cases of what they see as waste, they find the process of normalisation very puzzling. They suspect that an invisible line is being marked out between "us" and "them". I simply do not accept that this is the case. Indeed, I am confident that my opposite number in the military, the Commander British Forces, places as much importance as I do on good military/civil relations. I was pleased to find on arrival evidence of a high level of cooperation between the military headquarters, Government House and the Secretariat. As the military move to Mount Pleasant gets under way, we must continue to work closely together so as to identify and seek to remove any new causes of friction between the civilian and military communities. I believe that 1986 will be a testing time for both groups.

16. 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



10 DOWNING STREET

QDP Yes on

Your letter at Rap.

FCO say no

developments so far

but they'll let us

know when & if

there are any.

Are you content for
us to stop chasing?

JB

20.2.86

CONFIDENTIAL



file 426
cc for Powell

10 DOWNING STREET

From the Private Secretary

21 January 1986

FALKLAND ISLANDS: VALEDICTORY

Thank you for your letter of 20 January replying - in spirited fashion not to say indignantly - to some of the criticisms levelled by Sir Rex Hunt in his farewell despatch.

The Prime Minister was grateful for these explanations. She would like to be kept informed of developments on all three of the issues mentioned.

CHARLES POWELL

Robert Culshaw, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

JB



CONFIDENTIAL

~~CCPC~~
(2)

Foreign and Commonwealth Office

London SW1A 2AH

W

20 January 1986

Prime Minister

Dear Charles,

It sounds as though Sir Rex rather went over the top in some of his criticisms. But the fact that he has strong opinions on this response

FALKLAND ISLANDS: VALEDICTORY

Thank you for your letter of 3 January about Sir Rex Hunt's Valedictory Despatch from the Falklands. I should explain that although it was dated 11 October 1985 (Sir Rex's last day as Governor) it was in fact drafted on his voyage back to this country and further revised after his arrival here.

is probably helpful. CDP 20/1

The Prime Minister drew particular attention to three points raised by Sir Rex. All three, as well as many of the other issues covered in the Despatch, had been discussed at length with Sir Rex, both face to face and in correspondence. It is regrettable that Sir Rex failed to take into account the explanations given to him in the course of those discussions. The following paragraphs of comment, on which we would propose to draw in reply to the new Governor, reflect consultation with the Ministry of Defence, the Department of Energy and the ODA.

Policing of an Exclusive Fisheries Limit

The cost of policing an Exclusive Fisheries Limit (EFL) around the Falklands has been considered in great detail by officials in the Departments concerned. Their work was part of the contingency planning for the unilateral imposition of a fisheries regime, which the Foreign and Commonwealth Secretary described in his minute of 17 December to the Prime Minister. Paragraphs 8 to 9 of that minute set out some of the issues involved. The considered collective view of the Departments concerned is that enforcement along the lines proposed by Sir Rex Hunt would be neither feasible nor cost-effective.

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It is self-evident that if a fisheries regime is to provide direct financial benefit to the Falkland Islands the cost of policing the fisheries zone will have to be kept within the likely long-term licence revenue. Our best estimate of potential annual licence revenue (net of revenue foregone in the first years as a result of contractual arrangements between the Falkland Islands Government and the Coalite/Taiyo joint fishing venture) is £1.7 to £3.5m. The most cost-effective enforcement arrangements that we can devise would involve the charter of one civilian surveillance aircraft and one civilian vessel, at an estimated annual cost of £3m. On the optimistic assumption that there is no significant challenge to the regime, the likely financial outturn for the Falkland Islands Government thus varies from a moderate surplus to a significant deficit.

A unilateral imposition of an EFL, in waters subject to a sovereignty dispute would almost certainly be contested by Argentina and/or by the fishing nations, thus entailing an intensified enforcement effort that would be correspondingly more expensive. Use of military assets, either from the outset as Sir Rex suggests or to provide the back-up which would be essential in the event of challenge, would be charged by the Ministry of Defence to the FIG on a repayment basis in accordance with established policy. The whole operation would almost certainly be rapidly and substantially tipped into deficit. The sums involved would be far beyond the resources of the FIG, whose total budget amounts to some £5.5m per annum. In addition, unless additional assets were deployed, fisheries enforcement duties could not be sustained by units currently assigned to the Falkland Islands garrison without detriment to its main task, the defence of the Islands.

Instead of following this course, as the Prime Minister is aware, we are supporting the FAO's technical study of the fishery as a necessary step towards multilateral fisheries conservation and management arrangements. We are convinced that these offer the best prospect that the cost of enforcement can be kept within the means of the Falkland Islands Government.

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Seismic surveys in Falklands waters

Last year the Department of Energy and the FCO agreed to establish an interdepartmental working group to assess the advantages and disadvantages of allowing seismic work to take place offshore the Falklands. The remit of the group was to prepare a paper to enable Ministers to decide whether or not to introduce a licensing regime for such work. The stimulus for the working group had been a number of inquiries from oil companies, including Firstland Oil and Gas plc (the company to which Sir Rex Hunt is referring in his despatch), about the possibility of working in the area. The working group will shortly submit its recommendations to Department of Energy and FCO Ministers.

Firstland Oil and Gas is a small company (share capital £1m), with an insignificant share in one UK offshore field and onshore interests in Texas and Oklahoma. The company's interest in the Falklands apparently stemmed from the personal links of one of its directors. In 1984 the Falkland Islands Government granted Firstland a licence to explore for oil onshore using powers available under local mineral mining legislation. When this exploration proved fruitless, Firstland sought a further licence to explore offshore and were invited to approach HMG. It was explained to Firstland that Ministers were examining the question of offshore seismic work and that they would have to await that decision.

In the meantime Firstland submitted proposals for work offshore south and south east of the Islands, presented in the sparsest and most unsatisfactory terms. Subsequently FCO and Department of Energy officials met Firstland to discuss their proposals in greater detail. It became clear that Firstland had assembled neither the technical nor financial resources to carry out the kind of survey proposed. Pace Sir Rex Hunt they had not done this homework, much less amassed all available information. They did not demonstrate to us that they had acquired much knowledge about the prospects for hydrocarbon deposits in Falklands waters: technically, their application was seriously defective. The Department of Energy took the view that they would not meet the standards required on the UK continental shelf. Accordingly Firstland were advised to reconsider their proposal, but they have not made any further contact with officials.

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Both the Department of Energy and the FCO take the view that, in the event of Ministers deciding to introduce a licensing regime (and the delicacy of our present efforts to establish multilateral fisheries arrangements involving Argentina poses a serious problem), Firstland would have to demonstrate substantially greater competence than hitherto, before they could be considered a credible licensee.

The performance of the ODA

The ODA was disappointed to read Sir Rex's sweeping criticism of their performance (paragraph 22 of the despatch). This is simply not justified. Quite apart from implementing the sizeable rehabilitation programme, a new school hostel has been adapted from an existing building and brought into use; Port Stanley's power supply has been improved by the addition of new generating capacity; temporary improvements have been made to the water supply pending implementation of a major project scheduled to start later this year and the ODA has provided a considerable amount of skilled manpower since the conflict - there are 57 expatriates in post at the moment. The Falkland Islands Development Corporation (FIDC) became operational in July 1984, only months after the Chief Executive had taken up post, during which time the financial and operational guidelines were jointly agreed. Since then some 70 odd projects have been approved, mainly under £25,000 and without reference to the ODA. It is true that the ODA does have some difficulties with the sizeable proposal for a Housing Development Company. The FIG itself has difficult decisions to make on this. The ODA is considering the proposal carefully; but the Brewster Housing saga showed us all the dangers of cutting corners. Overall we think that the ODA's record has been good under difficult circumstances.

Sir Rex's criticisms of delay over the hospital (paragraph 23) are misplaced. Contract details were agreed after competitive tender, just 6 months from the time consultants were engaged to begin the detailed design work: a notable achievement. Work has now started on the ground and is progressing well, although the ODA is still waiting for local decisions to be taken on part of the project. The alleged views of the local PSA representatives are not shared by the ODA.

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Sir Rex's parting comment on Camp Tracks (paragraph 24) would have been best left unsaid. His preferred choice of route for the track in question was not supported by his own Director of Public Works, let alone by advice from London. The decision to start work on that route without the agreement of the ODA was particularly unfortunate, as it will result either in a road costing 50% more than it need have, or in the writing off of the nearly £50,000 that has so far been spent by the Falkland Islands Government.

Yours ever,

A handwritten signature in blue ink, appearing to read 'R N Culshaw', with a stylized flourish at the end.

(R N Culshaw)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

Falkland Islands. Future Nov 83.

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MSDBE

cup



10 DOWNING STREET

From the Private Secretary

3 January 1986

FALKLAND ISLANDS: VALEDICTORY

The Prime Minister has recently read Sir Rex Hunt's Valedictory Despatch from the Falklands. Although dated 11 October, this reached us only on 2 January and in the printed version (DD 1985/417). Given that it raises a number of important policy issues, the Prime Minister would have wished to have seen it earlier.

The Prime Minister has noted in particular points made by Sir Rex Hunt on the cost of policing the Exclusive Fisheries Limit; on the refusal to grant permission to a small British oil company to carry out a seismic survey over an area of sea to the South and South East of the Falkland Islands; and on the delays incurred in getting development projects underway, particularly the new hospital. The Prime Minister would be grateful to learn what consideration is being given to Sir Rex's arguments and claims on these three points. She would want to be consulted before any reply dealing with them is despatched to the Governor.

I should be grateful if you could let me have a letter covering these points, cleared as necessary with the Ministry of Defence, the Department of Energy and the ODA.

I am copying this letter to Richard Mottram (Ministry of Defence), Geoff Dart (Department of Energy) and Martin Dinham (Overseas Development Administration).

Charles Powell

Len Appleyard Esq CMG
Foreign and Commonwealth Office.



Yes

me

10 DOWNING STREET

Prime Minister

A characteristically trenchant
farewell report by Sir

Rex Hunt.

The FCO have been
remiss if not evasive
in failing to send a
copy to No. 10 earlier.

Agree that I should
ask for full explanations
of all problems which
Rex Hunt identifies on
fisheries, oil exploration and
development?

CSP 2/1

DD 1985/417

FOREIGN AND COMMONWEALTH OFFICE

DESPATCH

Falkland Islands Department

General Distribution

AFF 014/3

Falkland Islands

11 October 1985

THE FALKLAND ISLANDS: VALEDICTORY

*Her Majesty's Civil Commissioner at Port Stanley to the
Secretary of State for Foreign and Commonwealth Affairs*

SUMMARY

Some significant statistics: the number of farms has doubled over the past 5 years. The resident population has increased from 1813 to 1922 (paragraph 1).

2. I paid farewell visits to all 50 inhabited settlements. All except one family said that they would leave if a future British Government decided to hand over the Islands to the Argentines. I got the same response from the vast majority of Islanders in Stanley (paragraphs 2 and 3).

3. Galtieri's folly put the final seal on any "friendly persuasion", whether from Argentina or Britain. If we cannot afford to keep the Islands, we shall have to impose a solution against the Islanders' wishes. The Argentines draw a false distinction between "interests" and "wishes" (paragraphs 4 and 5).

4. The choice is simple; either the Falkland Islands belong to Argentina or they belong to Britain. There is no halfway house (paragraph 6).

5. Britain has much the stronger claim under all the normal grounds for claiming sovereignty (paragraph 7); but there are those who believe that we should rid ourselves of the Islands in the interests of a logical foreign policy. I disagree (paragraphs 8 and 9).

6. We are stuck with the Islands; but we can make better use of them and reduce the cost to the British taxpayer. The natural resources in and under the seas around the Islands offer the best chance. Our multilateral approach to a fisheries régime is probably a dead end. By the time we find out, it may be too late. The immediate declaration of a 12 mile territorial limit would help. We could police an Exclusive Fisheries Limit for far less cost than has been quoted, and make a profit from licence fees. Occasional patrols, concentrating on the 100 fathom line, would suffice. We need not embarrass the Russians or the Poles. As long as we have the FIPZ, we have probably the best-observed waters in the world (paragraphs 10-13).

7. A small British oil company has applied to carry out a seismic survey at its own expense for the next two years over an area of sea to the south and south-east of the Falkland Islands. We should let them get on with it (paragraph 14). I have long advocated taking the initiative with the big oil companies by advertising off-shore blocks, as the Argentines have done. Shell and BP would not care to be left out (paragraph 15).

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8. As long as the Falkland Islands economy depends upon wool, the Falkland Islands Government can contribute little to the cost of defence. Some suggestions for whittling away at this cost (paragraph 16). The major reductions, however, will flow from Ministers' decisions on force levels (paragraph 17).

9. The Falkland Islands are worth keeping in our own self-interest. The future of the Antarctic. We shall never get the British Antarctic Territory back. King George Island (paragraphs 18 and 19).

10. It was a mistake to separate the remaining Dependencies from the Falkland Islands (paragraph 20).

11. The Falkland Islands are also worth keeping and developing as real estate (paragraph 21). The main constraint on development is the shortage of people. Without houses, we cannot get more people. Before 1982, it was the dead hand of the sovereignty dispute that impeded development. Now, it is the dead hand of the ODA (paragraphs 22-24). The opportunities and the machinery for development exist; but we must build homes first. And we must make all-weather tracks (paragraph 25).

12. Some valedictory comments. The difference between foreign and colonial posts (paragraph 26). The concept of public service. There is still a tendency to look down on the local British community (paragraph 27). A tribute to my Diplomatic Service colleagues (paragraph 28).

Port Stanley
11 October 1985

Sir

When I arrived in the Falkland Islands early in 1980, there were 31 farms. There are now 62. The total population of the Colony (excluding the Dependencies) was 1813. It is now an estimated 1922. The figure of 1813 included one Royal Marine having a household in Stanley and not living at Moody Brook Barracks. It did not include the other 42 Royal Marines living at the Barracks. The figure of 1922 includes one Royal Marine officer married to a Falkland Islander and currently serving in Stanley. It does not include any of the other 4,000 or so members of the Armed Forces currently serving in and around the Islands, or any of the 2,000 or more overseas construction workers on short-term contracts. I consider these figures as significant for the future of the Falkland Islands as the 8,000 foot runway at Mount Pleasant.

2. I did not pay a farewell visit to all 62 farms because several of the new sub-division holders are still working their farms from the old settlements; but I did visit all 50 inhabited settlements. I met everybody present in the settlements and asked them the same question: "If a future British Government decided to hand over the Islands to the Argentines, would you go or stay?" Only one family hesitated and said that they might be prepared to give the Argentines a try. All the rest replied spontaneously and emphatically that they would go. Much as they loved their farms, they said, they would not stay "under an Argie flag". This applied to old and young farmers alike. Osmond Smith is 64. His farm at Johnson's Harbour has been in the family since 1895. He has never been out of the Falkland Islands. He runs an excellent farm and commands top prices for his wool. It is his whole life and livelihood. But he would not stay under the Argentines. He might have been prepared to "give it a go" before 1982, he said; but not now. Asked whether he would leave without compensation or resettlement, he said that, if necessary, he would leave "like the Vietnamese boat people". Peter Goss is one of the bright new farmers. He and his wife have put

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every penny they have and every ounce of their energy into the farm. In five years (and despite the war) they have built up their flock from 3,000 to over 7,000 planted 1,100 trees and constructed over seven miles of fencing. They know that they will never be wealthy in their lifetimes; but they are building up the farm for their children and their children's children. Yet they would leave, if necessary as penniless refugees, if the Argentines came back. "I could always rejoin a shearing gang", said Peter, "in New Zealand or the UK". His wife, Margaret, who was brought up on the farm when it belonged to the Falkland Islands Company, was equally determined. "This is a marvellous life", she said, "and it would break my heart to leave. But I could not bring up my children under Argie rule."

3. I did not speak to every single person in Stanley; but I did put the question to the vast majority. The response was the same, and delivered with equal alacrity and emphasis: if the Argies came back, they would go. Our esteemed Financial Secretary's reply was more dramatic. "If you let the Argentines back", he said, "I'll commit suicide". And he meant it.

4. Any British Government that decides that it cannot afford to keep the Falkland Islands is therefore going to have an impossible task to persuade Islanders that their future lies with Argentina. Although we gave the Argentines themselves every opportunity between 1971 and 1982, they failed abysmally to win the Islanders' hearts and minds. Galtieri's folly put the final seal on any "friendly persuasion", whether from Argentina or Britain.

5. If we cannot afford to keep the Falkland Islands, we must therefore impose a solution on the Islanders against their wishes. Argentine diplomats have long realised this; hence their insistence on the distinction between "wishes" and "interests". I consider it arrogant in the extreme for Argentine diplomats (or British, for that matter) to say that they know best what is in the Islanders' interests, irrespective of their wishes. We are dealing with a mature, law-abiding community, not a bunch of children or drug addicts. Falkland Islanders wish to stay British and we are not going to convince them that it is in their best interests to become Argentine. If we decide that we cannot afford to keep the Falkland Islands, we must be honest and say that we are getting rid of them in our best interests, not in the Islanders'. And, God forbid, if we do so, I trust that we shall offer generous compensation or resettlement.

6. The choice is simple: either the Falkland Islands belong to Argentina or they belong to Britain. There is no halfway house. Academics, politicians and diplomats far cleverer than I have wracked their brains for years to find some middle-of-the-road solution that would satisfy both sides; but they have failed. Shared sovereignty; condominium; sovereignty freeze; UN trusteeship; tripartite administration; lease-back: they have all been considered and found unacceptable to either Islanders or Argentines, or both. Even during the occupation, when we were negotiating under extreme duress and willing to concede far more than the Islanders would have accepted, had they been able to be consulted, nobody could devise a satisfactory formula. The Argentines were – and remain – adamant on sovereignty: the Islands belong to them. Any interim arrangement acceptable to them must therefore be merely a stepping-stone towards their regaining full sovereignty.

7. I apologise for stating the obvious; but there are those, both inside your Office and outside, who still believe that our claim to the Falkland Islands is somewhat tenuous, and whose judgement is coloured as a result. They start from this wrong, basic assumption and conclude that it is inevitable that, sooner or later, we shall have to hand the Islands "back" to Argentina. Others, brought up in the post-colonial world and with little regard for history, take one look at the map and say that, of course the Islands must belong to Argentina. The Argentines themselves, by constantly reiterating their claim, have actually succeeded in convincing most of the rest of the world that they are right. Having studied everything I can about the sovereignty dispute over the last six years, I am firmly of the opinion that the British claim to the Islands is stronger than the

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Argentine in every respect other than geographical proximity. If we still had an impartial International Court of Justice, I am confident that our claim would be upheld. Without going into detail, and despite the learned opinions of some of our most eminent lawyers, I consider that we score points on all the normal grounds for claiming sovereignty under international law: first discovery; occupation; annexation; effective possession and use of the Islands, and, finally, the wishes of the inhabitants. As for the Argentine claim to geographical proximity, that has no meaning in international law. If it had, the boundaries of most of the countries in the world would have to be redrawn.

8. I thus have no doubt about our sovereignty over the Falkland Islands – and, *a fortiori*, the seas and sea-bed around them; but I shall come to that later. I have the impression, however, that many of your advisers, while accepting the strength of our sovereignty claim, believe nevertheless that, in the interests of a logical foreign policy, we should rid ourselves of this colonial anachronism, which is the only obstacle to our enjoying good relations with Latin America and causes embarrassment in our dealings with North America, the European Community and the Third World. We have always had critics of the Colonies: military critics like Admiral Sir John Fisher, who believed that we should concentrate our defences nearer home (but who, with Churchill, nevertheless saved the Falkland Islands in 1914); economists like J A Hobson, who believed that the Colonies cost far more than they were worth, and people like Wilfrid Blunt (one-time diplomat), who believed that colonialism was downright immoral. More recently, we have people like Kissinger, who believe in what I call the chess-board view of foreign policy: you can sacrifice a pawn to safeguard the Queen. That is all very well, unless the pawn happens to be 1,900 good friends, staunch and true and loyal to the Crown.

9. There is another aspect. I believe that, no matter how we wrapped up the gift, if we were to make a present of the Falkland Islands to Argentina, it would be apparent that we were doing so against the wishes of the inhabitants (most of them would leave). The result would not be the panacea to our problems in Latin America, as some of my colleagues would have us believe, but a signal to the rest of the world that aggression and intransigence pay. As your illustrious predecessor said in the House of Commons in 1982: "The issue here is one of international order. We are dealing with the basic Charter of the United Nations, of which self-determination forms a part. It is a wide issue which has associations and connotations for many countries and peoples not just, as in this case, the wishes of the Islanders."

10. We are, then, stuck with the Falkland Islands, whether we like it or not. But is this such a gloomy prospect, and need it be so costly? I shall deal with cost first. As you may recall, Sir, in my despatch on the opening of Mount Pleasant Airport, I suggested that the natural resources in and under the seas around the Islands offered the best chance of the Islands themselves contributing to their defence. I maintain that we were wrong not to declare a 200 mile Exclusive Economic Zone (EEZ) when we lifted the Total Exclusion Zone in 1982 (I say this not with the benefit of hindsight, because I advocated it at the time). The EEZ would not, of course, run 200 miles to the west, but only as far as the putative median line. The arguments for declaring it, which I have rehearsed many times, remain as strong as ever. If we have no doubt about our sovereignty over the Islands, we can have no doubt about our sovereignty over the seas around them. President Alfonsín has shown no softening of the Argentine position. They claim a 200 mile territorial limit – almost the only country in the world to do so. They have recently advertised more blocks for oil exploration and arrested two trawlers fishing within their 200 mile limit. We have a 3 mile territorial limit and a dramatic increase in the number of foreign fishing vessels hovering up our fish and squid not five miles off-shore. All the countries whose fishing vessels are now operating in our waters have a 12 mile territorial limit. I am advised that we cannot have a 12 mile territorial limit because of the ramifications over Gibraltar and other places in which we have an interest and that, in any event, territorial limits have nothing to do with fishing limits. Be that as it may, a 12 mile

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territorial limit (which we could declare immediately) would go some way to protect the feeding grounds on which the Islands' unique wildlife depend during their breeding season. But I agree that it would be better to declare an exclusive fisheries limit (EFL) of 150 miles – the same as the Falkland Islands Protection Zone (FIPZ) – or, better still, 200 miles (except, of course, to the west, where it would again run to the putative median line).

11. I understand the reasoning behind the multilateral approach, and I sincerely hope that I shall be proved wrong, but I believe that we have started up a cul-de-sac and that, by the time we have reached the dead end, our most valuable species of fish and squid will have followed the blue and the sperm whales to virtual extinction from our waters, with disastrous results to the wildlife. Despite expert advice to the contrary, I cannot believe that any fishery is able to withstand an increase from 30 to 300 fishing vessels a day without seriously upsetting the natural environment. And there is worse to come. Our multilateral approach has been interpreted by the world's fishing fleets as an open invitation to make hay while the sun shines (if you will pardon the agricultural metaphor). We shall have many more fishing vessels in our waters next season. One Japanese operator told me that he was increasing his squid jiggers from 22 last season to 100 this. Other operators are similarly increasing their fleets; and we have been warned of more newcomers to the area.

12. When we have discussed this question previously, Sir, you have always said that there is no point in declaring an EFL that we cannot enforce. I have always (respectfully, I hope) disagreed. A simple declaration might well have served to put off the Johnny-come-lately; for example, the Korean and some at least of the Japanese. As for enforcement, I believe that you were misled by unrealistic figures from the Ministry of Defence regarding the cost. We could mount an effective fisheries protection service for a fraction of the costs quoted to you. And I am confident that we could recover more than those costs from licence fees. Disregarding for the moment the existence of the FIPZ (which I acknowledge may not last forever), we could carry out adequate aerial surveillance with the addition of two Islander aircraft to the fleet of three currently owned by the Falkland Islands Government Air Service. A variation of the role of the Falkland Islands Patrol Vessels, with occasional help from the tugs already in theatre, would provide an adequate sea-borne presence. I know that the Ministry of Defence will not agree with me, but personal experience on board all three patrol vessels and visits to the tugs had led me to the conclusion that they are under-utilised in their present roles and could usefully take on fisheries protection in addition to their other duties. The crews would welcome the change and, although the patrol vessels are on the slow side, their approach would cause a trawler skipper to haul in his nets or cut them and run. MOD would rightly expect to be paid for providing this extra service; the funds would come from licence fees and should help to off-set the cost of keeping the vessels in Falklands waters.

13. As the Argentines have demonstrated, to be effective our fisheries protection service would not need to make regular patrols throughout the length and breadth of the EFL. Occasional patrols would suffice, and the arrest of one or two poachers would quickly have the desired effect. We now know the pattern of fishing in the area and we would concentrate on the 100 fathom line. To avoid any possibly embarrassing incidents with the Eastern Bloc countries, we could be generous with licences to the Russians and the Poles, who are after all the traditional fishermen in the region. Finally, as long as we have the FIPZ to keep out unauthorised Argentine vessels, we have probably the best-observed waters in the world. Poachers are unlikely to dally in our EFL once they have been "buzzed" by a Hercules. They would not know that the pilot's purpose was simply to confirm that they were not Argentine.

14. I am sorry to have laboured this fisheries point yet again; but it is the most pressing issue in the Falkland Islands as I leave. I shall deal more briefly with oil. A small, little-known British-registered oil company has applied to carry out a seismic survey at its own expense for the next

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two years over an area of sea to the south and south-east of the Falkland Islands. It may be small; but is directors have done their homework. They have amassed all available information from previous surveys. They have engaged expert advisers from the big oil companies. They probably now know more about the prospects for hydrocarbon deposits in the waters around the Falkland Islands than any other existing organisation. Their application has been rejected by your Office, acting, I understand, on advice from the Department of Energy. This raises several important issues. First, we have no power to prevent them from surveying in international waters. Secondly, it is at least arguable that we have no power to prevent them from taking seismic shots over our continental shelf (though we could undoubtedly prevent them from drilling in it). Thirdly, it is questionable whether a decision taken by the Governor-in-Council under powers granted by Ordinance could be over-ruled. If Councillors advised the Governor that a licence should be issued under those powers, and you directed that it should not, there could be a serious confrontation. But what have we got to lose by giving them a licence and letting them get on with their seismic survey? We could do so without commitment on future exploration, and the information gained would undoubtedly be useful, even if negative. We have a Japanese firm co-operating (in theory) with us on a fisheries survey of our waters, in which we have invested money and manpower. We are now being offered a seismic survey by a British firm for nothing. We are in a position to impose such conditions as we see fit – conditions which the company may find unacceptable. But, if we reject the application out-of-hand, we are storing up trouble.

15. As you know, Sir, I have long advocated taking the initiative with the big oil companies. Your advisers say that, because of the troubled political situation, no reputable oil company is interested in investing in Falklands waters. Having seen Shell and Mobil drilling off the mouth of the Mekong not three weeks before the collapse of South Viet Nam, and visited rigs in other parts of the troubled South China Sea, I have never been convinced by that argument. The international oil companies consider that they can handle political situations, no matter how troubled. Shell and BP may have their own reasons for not wanting to drill in Falklands waters at the present time; but I venture to suggest that, if we were to advertise blocks as the Argentines have done (except that, unlike them, we would stick to our side of the putative median line), we would get takers from the international oil companies – and Shell and BP would not care to be left out. At least, there is nothing to be lost by trying; unless, of course, people are concerned about upsetting the Argentines.

16. As long as the Falkland Islands economy depends upon wool, the Falkland Islands Government can contribute little to the cost of defence. They do what they can be meeting the running costs of the Falkland Islands Defence Force and giving tax exemptions to the Airport construction workers; but that is about all. How else can we reduce the burden on the British taxpayer? I know that force levels are constantly under review by the MOD, and I offer the following comments in a constructive, not critical, spirit. First, I consider that, as soon as the majority of the garrison moves to Mount Pleasant and more comfortable accommodation, the tour length should go up to six months at least. As well as saving money, this would provide a little more continuity, the lack of which is the biggest drawback in fostering civil/military relations. Secondly, it is interesting to observe how the administrative tail has built up as the fighting forces have run down. Headquarters British Forces Falkland Islands (HQ BFFI) is now more than twice the size it was in General Thorne's day. Thirdly, I am sure that more use could be made by the military of our civilian aircraft and coastal shipping. Our two vessels are under-utilised carrying civilian cargo and the Government Air Service could carry more military traffic (particularly after next January, when the third Islander should be in service). The Falkland Islands Company's charter vessel could carry more military cargo from Britain on three of the four trips a year that she makes, together with a return cargo on the fourth. Fourthly, I believe that, as long as President Alfonsin remains in power, we could probably reduce the Naval presence to one frigate. I am not competent to judge the support ships required, but perhaps the LSL could go. I realise that this would raise problems over the South Georgia garrison – which brings me to my fifth point. Before the war, we had

43 Royal Marines in Stanley on a one-year unaccompanied tour. Most of them were volunteers. I am not suggesting that they should do the same in South Georgia; but it should be possible to find Royal Marines to do six months down there. It would be a natural complement to their Norwegian experience, and HMS Endurance could be used to take them down from Stanley, as they used to bring them to Stanley from Montevideo. I believe that there is room for economies here, without removing our garrison from South Georgia (which I think would be politically undesirable). Sixthly, I think that most people are struck by the contrast between the thrifty Islander society and the wasteful habits imported by the military. Nowhere is this more vividly illustrated than at the Stanley rubbish dump, which is now known by the locals as the Stanley Supermarket. I know that waste is endemic in our modern society; but there must be something wrong with a system that, to quote one example, disowns a brand-new generator found still in its packing case on the rubbish dump. Perhaps the Command Secretariat could spend its time more constructively looking into this sort of abuse of public funds than quibbling over legitimate claims submitted by the Falkland Islands Government for damage to roads, water pipes, telephone lines and electric cables. Finally, I hope that there will be sufficient flexibility in the MOD procurement procedures to allow for local purchases as more local produce becomes available. An encouraging start has been made with the purchase of mutton; but it will take time and patience to build up a regular and reliable supply of home-grown produce in an economy which up till now has been largely do-it-yourself and grow-it-yourself. The Falkland Islands Development Corporation are investing a lot of money (in Falkland Islands terms) in a market-gardening project, with the military very much in mind. As long as the price is right, and the quality up to standard, I hope that the military will be able to buy.

17. I believe that, by following up the above suggestions, we can whittle away at the cost of the garrison. The major reductions, however, will have to flow from Ministers' decisions on force levels. If the bottom choice is taken and the garrison reduced to care and maintenance only, Islanders would be sorry to see the Phantoms and the infantry go and the radar stations moth-balled; but I think that they would be prepared to accept the situation as long as they were reassured on the security of the airport and Her Majesty's Government's ability (and will) to make rapid reinforcements in the event of an impending crisis. (They would also like to be reassured that we had good enough intelligence in Argentina to recognise and give warning of an impending crisis; but that is another matter.)

18. Given substantial savings in defence costs, and a promising potential for exploiting the marine resources, I believe that we can persuade the critics that the Falkland Islands are worth keeping. Apart from the clearly expressed wishes of the Falkland Islanders to stay British, I maintain that it is in our own self-interest to keep them that way. One has only to imagine how the Russians (or French) would hang on to a piece of real estate like this in the South Atlantic, to realise that it is worth keeping. The French have a 200 mile fisheries limit around Kerguelen, in the Indian Ocean, and I understand that the money they derive therefrom (mainly from the Russians) helps to support their scientific work in the Antarctic. With Mount Pleasant Airport and an ice-free sea-port in South Georgia, we could become the main gateway to the Antarctic, and this is bound to become more and more significant over the next fifty years. I have no idea how Antarctica will develop politically; but there is bound to be growing pressure to exploit its natural resources as these become scarce in other regions. Whether or not the Antarctic Treaty continues in its present form (and I presume that this depends primarily upon the two superpowers), more people will want access to that bleak continent, and we are well poised to be able to capitalise on the growing demand.

19. As a dyed-in-the-wool colonialist, I have never been a great supporter of the Antarctic Treaty: it seems to me that it was a convenient way of getting rid of British territory that we decided we could not afford to defend. We shall never get it back. Anyone who has visited King George Island in the South Shetlands (which, until the Antarctic Treaty, were part of the Falkland

CONFIDENTIAL

Islands Dependencies) will bear witness to the manifest absurdity of the pretence that the Treaty has "frozen" territorial claims in the interests of international scientific co-operation. The British Antarctic Survey closed their scientific base on King George Island in 1960/61. Today, there are seven "scientific" bases there: Russian, Chilean, Polish, Argentine, Uruguayan, Brazilian and – the latest arrival – Chinese, all vying with each other to find somewhere to dump their rubbish. And all supposedly contributing scientific data to what Sir Vivian Fuchs nobly called the "international laboratory" created by the Antarctic Treaty. The Chileans even have an hotel there: run, of course, by the Chilean Air Force. Most of the other bases are manned by military personnel, though this is expressly forbidden under the Treaty. King George Island is a very small island, the scientific data from which was extracted long ago. But it happens to be the nearest island opposite Cape Horn.

20. I know I am treading on controversial ground; but I also believe that it was a mistake to separate the remaining Dependencies from the Falkland Islands in the new Constitution. Those who would like to see us extricated from the South Atlantic altogether will now find it easier to hand over the Falkland Islands to Argentina and to extend the Antarctic Treaty to include South Georgia and the South Sandwich Islands. I hope that your advisers will not disregard the clause in the new Constitution requiring consultation with the Executive Council on any matter dealing with South Georgia and the South Sandwich Islands that affects the Falkland Islands. In truth, anything to do with South Georgia and the South Sandwich Islands affects the Falklands Islands. I feel it necessary to state this because, even when the old Constitution was in force, South Georgia and the South Sandwich Islands were included in the Antarctic Treaty's Convention for the Conservation of Antarctic Marine Living Resources without any consultation with the legitimate government of the Falkland Islands Dependencies at the time. It is high-handed action such as this that causes mistrust and suspicion among Islanders.

21. I have left until last the development of the Falkland Islands themselves. I have argued that the Islands are worth keeping for the sake of the inhabitants; for the potential of the seas around them and for the future development of the Antarctic. I consider that they are also worth keeping and developing as real estate. The sub-division of large farms and research carried out by the Agricultural Research Centre have already proved beyond doubt that the stocking rate for sheep can be dramatically improved. With proper pasture management (basically, fencing and rotational grazing), the rate can be transformed from 4 or 5 acres to 2 acres to the sheep. With reseedling and rotovating, the rate could go up to 2 sheep to the acre. The Agricultural Research Centre is adequately funded by the Overseas Development Administration (ODA). The Falkland Islands Development Corporation (FIDC) helps farmers with fencing grants (up to half of the total cost); but more money is needed for the purchase of further large farms for sub-division.

22. An even bigger constraint than money is manpower. Without more people, we cannot develop. Without houses, we cannot get more people. In this respect, the Commonwealth Development Corporation's response to our recent approach has been disappointing. So has ODA's to an FIDC proposal to form a housing development company. It is a sad fact that many of our development proposals seem to have been impeded, not assisted, by the ODA. I know that they are very conscious of their public accountability; but far too often I get the impression that they find it easier to be negative than positive. Before the 1982 conflict, Mr Nicholas Ridley spoke of "the dead hand" of the sovereignty dispute impeding the development of the Falkland Islands. Now, I am sorry to say, it is "the dead hand" of the ODA. The delay in bringing the FIDC into being is now water under the bridge; but it is still not being allowed the freedom to get on with the job. We have engaged highly experienced men to run it. We should trust them to make the right decisions, intervening only when absolutely necessary to prevent an embarrassing failure.

23. The delay in starting the new hospital is most worrying. As I write, I still do not know whether the contract has been signed. The tragic fire occurred on the 10th of April, 1984. As you

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know, Sir, it was not until that October (and the Prime Minister's personal intervention) that agreement was reached on cost-sharing between the MOD and the ODA. Now, over 12 months later, the first sod has yet to be turned. I realise that ODA procedures are geared to the Third World and so-called "arm's length" contracts; but I question why our most urgent requirement for a hospital was not made the responsibility of the Property Services Agency (PSA), which already had a presence in the Falkland Islands and could have supervised the contract with little extra effort. According to PSA representatives, they would have had the hospital at least half-built by now, and at less cost. I do not know how true this is; but Islanders believe that PSA got Mount Pleasant Airport under way in less time than it has taken ODA to start the hospital, and are quick to compare the two.

24. Another example is ODA's treatment of the Falkland Islands Government's proposal for the improvement of tracks. It is now almost three years since Councillors earmarked £2 million out of the £31 million development grant for the improvement of tracks. To date, only two or three hundred yards of track have been improved. I am the first to admit that all the blame for this delay cannot be laid at ODA's door. Shortage of manpower and plant within the Falkland Islands Government meant postponement of a start on tracks for the last two seasons; but we were ready to start at the beginning of the current season. Councillors gave as their top priority the Estancia track from Stanley. As the traditional route had been badly mauled by military tracked vehicles, and was in any event notoriously bad in wet weather, Councillors chose a new route, utilising as much as possible of the Mount Pleasant road. It was this that apparently caused difficulties in ODA, who saw it as a new road that we wanted to build, and not a track improvement. Their philosophy appeared to be: "You can't maintain the roads you've got, so you cannot have any more", whereas the Falkland Islands Government's purpose was (and is) to improve tracks to an all-weather standard that would enable a Land Rover to travel at 20 mph and be reasonably certain of reaching its destination rather than the average 5 mph as at present and with no certainty of getting anywhere at all. (It took me recently 6½ hours to drive along the main track from Darwin to Fitzroy, a distance of 35 miles, and part of that on the Mount Pleasant highway.)

25. To return to my development theme: with more people, we can have more business, we can attract the service professions. We already have a bank (originally opened "for political reasons") that now makes more profit than any other branch of its size in the company. We need insurance, accountants, solicitor and building society. With improved tracks, tradesmen from town could help the small farmers, who cannot afford to employ full-time handymen or mechanics. The FIDC has plans for inshore fisheries, tourism and market-gardening, among others. The opportunities and the machinery for development exist. There are people in the United Kingdom (and St Helena) who still want to come out; but we must build houses first. And we must make all-weather tracks.

26. This despatch is already too long; the only consolation is that it is my last. I notice that it is the custom for retiring heads of mission to indulge in some general comments on the organisation in which they have been fortunate to serve; so, if you have persevered thus far, I hope that you will allow me a similar indulgence. I came into the Diplomatic Service as a colonial retread. I finish, as I started, by choice in a colonial post; but I have spent roughly half of my career in independent countries. There is a basic difference, which is not always perceived by colleagues who have never served in a dependent territory. The role is so different, in fact, that I often think that it was a mistake to have absorbed the old Colonial Office into the Foreign Office (via, of course, the Commonwealth Relations Office). The difference is between participation and involvement. As head of a colonial government, one has to be involved whereas, as head of mission in an independent country, one participates but must not get involved. One is executive, the other advisory. This makes the selection of suitable staff to serve in a dependent territory doubly important. Colonial posts cannot be equated to normal Diplomatic Service posts.

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27. There is, however, one thing in common, and that is the concept of public service. In a dependent territory, public service means serving the people of the country one is in, as well as the people of the country one represents. In an independent country, it means only the latter; but this includes the local British community, too. Thank heavens the old adage "Leave commerce to the commercials" has gone for good from the Diplomatic Service; but there is still a tendency to look down on the local British community instead of serving (and, incidentally, learning from) them. And this applies as much to Ambassadors as it does to vice-Consuls.

28. I have been lucky with my postings and have enjoyed them all. I have had the pleasure of serving under, with and over some of the finest men and women it has been my privilege to know; and none more so than my present team in Stanley. I am most grateful to them for their unfailing support and for their cheerful willingness to tackle anything I cared to throw at them.

29. 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,

SIR REX HUNT

CPC
(2)

Foreign and Commonwealth Office

London SW1A 2AH

29 April, 1985

Prime Minister

CDP

Dear Charles,

Falklands: Mr Gordon Jewkes' Familiarisation Visit

In your letter of 16 January about Mr Gordon Jewkes' call on the Prime Minister that day, you asked us to put in hand arrangements for him to visit the Falkland Islands at an appropriate moment before taking up his appointment in September.

Mr Jewkes duly visited the Islands from 9-19 April. He called in on his way back to Chicago (where he will remain until June) and reported enthusiastically on what he had seen. He had been struck by the need for the most careful liaison at all levels on Civil/Military relations, which he found generally good, with the rapport between Sir Rex Hunt and General de la Billiere outstanding. Sir Rex arranged for his successor to see a wide range of farms, both large estates and sub-divided holdings: Gordon Jewkes showed a good grasp of the factors involved in the future of land tenure in the Falklands. He had been highly impressed by the achievements of the Mount Pleasant work force, but had noted the Islanders' concern about the costs of civilian travel once the new airport is opened (we and the MOD are working on this problem).

As a result of his visit, Mr Jewkes now has a clear idea of the problems that he will need to address, not least the chronic shortages of labour and housing. He has expressed some concern to us that some of the new Councillors who will be elected in September may not have the calibre or experience of the existing Council. But he was encouraged by the spirit of enterprise he saw among the Islanders. This confirms the heartening report we received recently from Major Spafford of the Falkland Islands Association, about which I wrote to you on 2 April.

In all, this was a thoroughly useful visit. Mr Jewkes is much looking forward to taking over as Governor in September. He will start his detailed

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briefing in July.

Yours we,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

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30 APR 1983

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cc:PC

10 DOWNING STREET

From the Private Secretary

26 March, 1985

FALKLANDS:CONSULTATIONS WITH THE CIVIL COMMISSIONER

Thank you for your letter of 25 March about the Civil Commissioner's recent consultations in London.

The Prime Minister agrees that Mr. Renton should be added to the delegation attending the opening of the new airport at Mount Pleasant.

I am sending a copy of this letter to David Woodhead (Ministry of Defence), John Ballard (Department of the Environment) and to Richard Hatfield (Cabinet Office).

(C D Powell)

SMH

P F Ricketts Esq
Foreign and Commonwealth office



Prime Minister

Agree that Mr.

Renton can attend

new airport opening ceremony, as well as

Defence Secretary & Mr. Gow?

(You earlier said one

Dear Charles, Cabinet Minister & one junior Minister only).

Foreign and Commonwealth Office

London SW1A 2AH

25 March 1985

Yes no
CDP 25/3

Falklands: Consultations with the Civil Commissioner

Sir Rex Hunt has just completed his latest round of consultations in London. We agreed that on this occasion there was no need for him to call on the Prime Minister. The Foreign Secretary therefore believes that you might find it useful to have a brief account of the main points from discussions with Ministers here.

Sir Rex Hunt made plain that he is content with the new Constitution, approved by the Privy Council on 20 March. He was fully briefed on the decision taken by OD to explore the possibility of a multilaterally-based fisheries conservation and management regime around the Falklands. He now clearly understands that his task is to explain the case for a multilateral approach both in his confidential dealings with the Councillors and, in more general terms, with the other Islanders. Sir Rex pointed out that this was bound to be a live issue in this autumn's election campaign in the Falklands, and that no candidate would risk unpopularity by advocating anything other than the unilateral declaration of an Exclusive Fisheries Zone. Continuing controversy in the Islands will not, of course, make any easier the establishment of a regime which might command a broader measure of international support.

There were detailed discussions with Sir Rex about the opening and operation of the new airport at Mount Pleasant. Sir Rex stressed the importance which the Islanders attach to the civilian aspects of the airport's function, and was assured that this would be fully taken into account in the operating agreements to be drawn up.

Where the opening of the airport is concerned, Sir Rex said that the Islanders would be both surprised and dismayed if the FCO, as the Department with overall responsibility for the Islands' administration and development, was not represented at ministerial level. Sir Geoffrey Howe sees the force of this point. The Prime Minister's view (recorded in your letter to me of 11 February) was that the Secretary of State for Defence and one junior Minister should participate. The Secretary of State for the Environment has suggested that

/Mr Gow

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Mr Gow should take part in the ceremony which will mark a considerable achievement by ^{the} British construction industry under PSA management. Sir Geoffrey would not want to oppose that. Sir Geoffrey shares the Prime Minister's view that attendance by more than one senior Minister would look like a "junket". But in the light of Sir Rex's strong advice, he is now persuaded that it would be right to ask Mr Renton who speaks on Latin America and the Falklands in the House of Commons, to go in addition. Mr Renton has not visited the Falklands before. He could usefully combine participation in the opening ceremony with a working visit: Sir Rex has suggested that he might stay on for a few days and undertake a programme of visits and discussions in the Islands. Sir Geoffrey Howe would be grateful to know if the Prime Minister would be content with this.

I am copying this letter to the Private Secretaries to the Secretary of State for Defence and the Environment, and of Sir Robert Armstrong.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

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CPE



Foreign and Commonwealth Office

London SW1A 2AH

18 March 1985

Dear Charles,

Falklands

You wrote to me on 25 February asking for advice about a letter to the Prime Minister from the Rt Hon Julian Amery MP suggesting the creation of a South Atlantic Community.

We do not wish to pour too much cold water on Mr Amery's proposal: he was helpful in coming in for briefing before his Parliamentary delegation's visit to the Falklands in November 1984 under MOD sponsorship, and in debriefing after it. But, for the reasons set out in the enclosed draft letter from the Prime Minister to Mr Amery, we do not think that his present proposal can offer a practical way forward for the time being.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

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DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM: Prime Minister

Reference

DEPARTMENT: TEL. NO:

DOT AGC

SECURITY CLASSIFICATION

TO: The Rt Hon Julian Amery MP
House of Commons
LONDON SW1A 0AA

Your Reference

513acs

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

Copies to:

To issue

PRIVACY MARKING

SUBJECT:

very much

.....In Confidence

Thank you for your letter of 22 February, and the paper you enclosed, about policy in the South Atlantic.

CAVEAT.....

I have ~~studied both with interest.~~ ^{been reflecting on them,} your ideas.

I am sorry not to have replied before; but

While I see some analogy with

~~I think it is misleading to try to draw too close a parallel between Germany in 1946 and the South Atlantic today. There has been no unconditional surrender by Argentina; the Argentine Government have not even made a formal declaration that hostilities with Britain have ceased. This alone would make it very difficult for me to make the sort of statement you suggest at the time of the opening of the Mount Pleasant Airport.~~

such elementary matters as the lifting of commercial restrictions. None of this creeds the right

~~First on the question of timing~~

You ask what we should do next. In view of the continuing impact of the events of 1982, and with the Argentines refusing to discuss such elementary matters as the lifting of commercial restrictions, ^{I think that} it is still premature to speculate in detail about policies for the longer term. But this does not mean that our minds are

Enclosures—flag(s).....

background for convincing public opinion here that some greater gesture towards Argentina is needed. We have made every effort to convince them but some relations should be restored by Argentina at Argentina's raising sovereignty.

But every effort has been countered by Argentina at Argentina's raising sovereignty.

~~closed to imaginative ideas of the sort you now put forward. I am grateful to you for taking this trouble.~~

~~At first sight there are some clear attractions in~~

~~The boldness of your concept of a South Atlantic Community has some attractions at first sight. I agree that~~

~~the exploitation of the resources in the area will be of~~

~~fundamental importance, and we must certainly remain in the vanguard of any exploratory work.~~

~~The British Antarctic Survey is already playing a leading role in advancing~~

~~knowledge of the region. Mount Pleasant will indeed have~~

~~a major role in this context, although Chile and Argentina~~

~~also have well-equipped airports nearer than the~~

~~Falklands to the Antarctic, while the Americans have an~~

~~arrangement for facilities in New Zealand, (South Georgia~~

~~is of course nearer than the Falklands to Antarctica, but~~

~~it would be impossible to construct a large airport~~

~~there.)~~

You suggest that the Antarctic Treaty might provide

"an international context". I am not entirely clear

about the precise relationship you envisage between your

plan and the Treaty, which, as you note, may be reviewed

from 1991. If you see a direct relationship, there would

be difficulties. The Antarctic Treaty is a unique

instrument developed to meet unique circumstances in a

part of the world with no permanent inhabitants. An

attempt based on the existing terms of the Treaty to

apply a comparable arrangement to the South Atlantic

would allow all Treaty parties - including the Soviet

Union, Poland and Czechoslovakia and some third world

for exploring & identifying the mineral resources of Antarctica with the Falklands as its main logistic base

is characteristically bold & imaginative
These will certainly
and we must certainly be
As you will
important work. I certainly
knowingly
playing an
important
though it is not the only candidate.

countries - to station military personnel (albeit unarmed) wherever they wished in the area and to travel freely in it. This could have serious consequences from the outset - and even more in the event of disruption of passage through the Panama Canal.

But I assume that you had in mind a more limited arrangement with following the model of other ^{limited} territories ^{actually} held by us.

I am therefore not convinced that an initiative such as you propose would really advance our interests. I see no prospect of the Argentines in their present mood allowing such a proposal to divert their attention from their claim to the Falklands. They would also be likely to object to anything giving the Chileans an Atlantic presence.

We must also be careful not to disrupt the delicate negotiations currently in progress with the other Antarctic Treaty States to establish an appropriate regime to govern the exploitation of mineral resources in Antarctica. If successful, these negotiations may in time help create conditions favourable to the sort of venture you have in mind. ~~We remain ready to examine carefully all possibilities consistent with our commitments to the Falkland Islanders, and I am most grateful to you for your thoughtful contribution.~~

The Antarctic Treaty. I shall ask for more work to be done this to be examined

be bound to fail perhaps ruin the chances for a worthwhile initiative later on.

But my main concern ~~is~~ ^{is} remains that the Argentines have still not come to terms with the real world & ~~desired~~ accepted that they are not going to discuss sovereignty over the Falklands. Until they do, any proposed close problem with. ~~aim~~ ^{aim} is to prevent the

FRANCELANDS
Future No. 83

18 MAR 1985

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Foreign and Commonwealth Office

London SW1A 2AH

18 March 1985

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Dear Charles,

Falkland Islands: Hamilton Estates

In your letter of 6 December 1984, you asked for a further report on developments concerning the Hamilton Estates and related problems of policy.

Hamilton Estates

The Trustees of the Hamilton Estates have now complied with a request from the Falkland Islands Government to supply their accounts. These reveal consistent trading losses over the period 1980-3 (the latest figures available). At their meeting on 15 January the Executive Council agreed that the FIG's Agricultural Officer should make an early reappraisal recommending how subdivision might best be done and giving an indication of the likely expenditure necessary to make the subdivisions viable. The Trustees' Representative has been informed of this. In the view of the Civil Commissioner agreement with the Trustees on price may well be a problem, since Hamilton's appear likely to propose an unrealistically high price for the purchase of livestock and assets and an annual rental which their recent trading figures could not justify.

There have recently been renewed calls from Opposition politicians in Argentina for the expropriation of property and companies belonging to British citizens resident in the country, and we have reminded the Civil Commissioner of the potential political sensitivity of compulsory acquisition of the Estates both domestically and in relation to British property holdings in Argentina. Sir Rex Hunt has been asked to consult us well in advance if there is any question of this.

The problem over the acquisition of land from Hamilton Estates was recently brought to the attention of the Falkland Islands Inter-Departmental Group on Administration. The Group agreed that the next steps lay with the Falkland Islands Government but will continue to monitor the position closely.

.../Use of



Use of legislation to enforce better management of Absentee-Owned Estates

The Civil Commissioner and Attorney General have carefully considered the Prime Minister's suggestion about using local legislation to enforce better management of absentee-owned estates. The Civil Commissioner's view is that although such legislation could be passed, it would be impossible to enforce in practice because the Falkland Islands Government lacks the necessary resources to do so. He has also commented that, with the exception of the Hamilton Estates, the absentee-owned estates are not badly managed.

Land Subdivision

The Falkland Islands Government are in agreement with a gradual approach to land subdivision as long as land is coming on to the market in sufficient quantities to meet local demand; if it does not they have reserved the right to revert to the question of compulsory purchase. The Falkland Islands Development Corporation are meanwhile setting in train a better administered and more rational land transfer policy and have prepared a package of assistance for small farmers including training. ODA advisers who recently returned from the Islands have reported that subdivision is now beginning to show encouraging results. Wool production has increased on average by 15% on the subdivided holdings.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
No 10 Downing Street

McKenna IS
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[Mr. Buchanan-Smith]

The debate has been extremely useful in two senses. First, it has rightly given us the opportunity to debate an important report from the Select Committee on Energy. Secondly, it has given us a wider opportunity than the statement gave us yesterday to consider the reasons for the change that we propose. As several hon. Members said this afternoon, there is a direct link between the two. The recommendation of the Select Committee that BNOC should move towards a market-related price system is sensible and understandable. I believe—I hope that this point is on the 100 per cent. tick list mentioned by my hon. Friend the Member for Rochford (Dr. Clark)—that we have achieved that. Although we are going beyond what the Select Committee recommended, we are facing reality. In the changed market circumstances, we do not need a body of the nature or size of BNOC to carry out the limited functions recommended by the Select Committee. In that sense, I am grateful to the Select Committee for recommending that, in the short term, the Supplementary Estimate should be agreed by the House.

Question deferred, pursuant to Standing Order No. 19(2)(c) (Consideration of Estimates).

Falkland Islands (Foreign Affairs Committee Report)

Motion made, and Question proposed, That this House do now adjourn.—[Mr. Neubert.]

7.18 pm

The Secretary of State for Foreign and Commonwealth Affairs (Sir Geoffrey Howe): I am glad that the House has the opportunity this evening to discuss the Government's policy towards the Falkland Islands. I am grateful to the Select Committee on Foreign Affairs, under the chairmanship of my hon. Friend the Member for Stroud (Sir A. Kershaw), for the important contribution which its report will make to the debate. Its wide-ranging review of the many questions arising was published in December last year. The Government's observations on that report were made available to the House in February. These are the two principal documents for our debate tonight. In the limited time available this evening, I shall not be able to cover the many subjects dealt with in those documents. My hon. Friend the Member for Mid-Sussex (Mr. Renton) will be ready to respond at the end of the debate to points that hon. Members may wish to pursue.

I hope that the House will forgive me if I am not able to remain for the whole of the debate. I have to attend an engagement with President Mubarak of Egypt which it would not be possible for me to escape. I apologise to the House.

I wish at the outset of this debate to remind the House of the twin themes that guide our policy towards the Falkland Islands and Argentina. The first is our determination to fulfil our commitments to the Falkland Islanders. The second is our efforts to promote better relations with Argentina.

Britain's responsibilities towards the islanders are clear. They are to enable them to live in a climate of peace and security, under a Government of their own choosing, and in that setting to promote their political social and economic development.

Our concern for the political development of the islanders has been reflected on the way in which we have considered with them the proposals for a new constitution. The islanders consider—and we agree—that the Falklands should have a modern constitution which matches their aspirations in the circumstances of today.

A Select Committee of the island's Legislative Council had begun work on that subject before the Argentine invasion in 1982. Its report on July 1983 recommended first, that the number of the elected members on the Legislative Council should be increased from six to eight, to be elected four each from two constituencies within the islands; secondly, that the number of elected members in the Executive Council should be increased from two to three; thirdly, that the islands' Government should no longer be able to appoint two members to the Executive Council; and, fourthly, that in each council the two ex-officio members would no longer have a vote. Her Majesty's Government have accepted these recommendations.

Some concerns were expressed in the islands about the Government's decision to promulgate separate constitutions for the Falkland Islands and for the dependencies on the ground that this might imply an intention to relinquish sovereignty over the Falkland Islands while

BNOC has lost its contract sales and it has increasingly had to operate on the spot market. When operating in that market, without the means of contract sales, BNOC's ability to influence the market in the short term has been diminished because its previous influence was related to its contract sales. As I say, it has lost those contracts.

Mr. Rowlands: The Minister must be fair. BNOC lost many of its contracts because the Government did not allow it to adjust prices downwards to keep its contract sales.

Mr. Buchanan-Smith: That is flying in the face of the facts. As I pointed out, what is happening is not a United Kingdom phenomenon. Were the hon. Gentleman's remarks correct, the situation would have tended to confine itself to the United Kingdom market, whereas it is a worldwide movement which has been commented on by many journalists and others. It was shown in evidence to the Select Committee to have arisen as a direct consequence of the surplus of oil in the market. With that surplus, contracts are less attractive because customers for oil no longer require the security that contracts gives. At times of shortage of supply, contracts are built up. When we move into periods of surplus, there is a move away from contract prices.

That view was put to the Select Committee not only by me and by other Government representatives but by witnesses from outside Government. When the market moves from contracts to spot, we find ourselves in a totally different situation. That change in the market is directly reflected in BNOC's activities.

I have pointed out that BNOC had a limited ability to influence prices in the short term, and I have given credit to the corporation for the way in which those who have been responsible have worked successfully, efficiently and professionally when they have been able to have some influence. That occurred as recently as last summer, although the market was rapidly changing.

I agree with my hon. Friend the Member for Erewash (Mr. Rost) that we have accepted and reacted to the reality of the market, knowing that BNOC has outlived its ability to have any influence on the market.

It is important to remember that BNOC has many other functions. Indeed, the latter part of the speech by the hon. Member for Merthyr Tydfil and Rhymney emphasised its function in relation to the security of supply.

Mr. Wallace: The Minister said on 18 December, and again today, that the Government's policy on prices is to avoid destabilisation in the short term. He explained to the House why, having regard to the change towards more dealing on the spot market, he does not believe that BNOC is capable of fulfilling that role. If we assume that it is still the Government's policy to ensure stable markets in the short term, how does he see the Government implementing that policy?

Mr. Buchanan-Smith: That opportunity is no longer available, because the market has changed. Unlike the hon. Member for Merthyr Tydfil and Rhymney, I live in the present and look to the future, not to the past when different factors obtained. That is why I said that we are facing reality and making sure that we have the correct machinery to deal with the future position.

I believe strongly that the security of supply should be the responsibility of the new agency. The retention of our

participation agreements means that we can underpin all the other measures that are already in place for security of supply. However, it must be remembered that participation agreements are not the only factor in ensuring security of supply. Our main line of defence will be our agreements with the oil-refining and marketing companies. The Select Committee examined that matter earlier. Our ability to have access to participation oil and to royalty in kind underpins our immediate security measures. The hon. Gentleman was right to say that participation agreements can be exercised only at six months' notice. I did not claim that we would have immediate access to participation oil. However, if the Government believe that they will need such oil on the medium term, they can activate the participation agreements. That is why we have retained that function and given it to the new agency.

The hon. Member for Merthyr Tydfil and Rhymney also asked me about royalty in kind. As one of my hon. Friends said, that provision will remain in effect for all fields that came on stream before April 1982. The provision will give us a substantial amount of oil. Between now and the end of the decade, it will average 10 million tonnes a year. The agency will sell that oil on the Government's behalf.

Mr. Rowlands: At what price?

Mr. Buchanan-Smith: In accordance with the market. It will have to sell the oil in accordance with market prices. The retention of the power to participate and the provision for royalty in kind, together with our other measures, will ensure the security of supply.

Dr. Michael Clark: Will my right hon. Friend assure the House that when the agency sells the oil that it gathers from royalties, it will sell at such a price that we shall not need Supplementary Estimates for the agency in the future?

Mr. Buchanan-Smith: The agency will handle royalty in kind simply as a marketing agency on behalf of the Government in order to obtain the best price that the market can offer at the time. The reason why we propose legislation on this matter—this answers a point raised by the hon. Member for Orkney and Shetland—is that it is a convention of the House that, where the character of an existing body is changed considerably, it is proper to proceed by way of legislation. Since the character of the new body, as its title shows, will be very different, we believe that it should be seen as an agency, not as something more.

Mr. Rowlands: The Minister has made an important point about how royalty in kind will be treated. It means that the new agency will be trading in 300,000 barrels of oil a day. What percentage of the existing BNOC staff will be transferred to the agency to carry out that function?

Mr. Buchanan-Smith: It is too early to say precisely how many staff will be needed to carry out that function. Because of the sensitive nature of the announcement that I made yesterday, discussions with the chairman of BNOC started only yesterday. The facilities and staff needed for the new agency will be discussed urgently and quickly with the chairman and those responsible. At this stage, 24 hours after the announcement, neither the hon. Gentleman nor the House would expect me to be able to answer that question.

retaining the dependencies. I can assure the House that there are absolutely no grounds for that anxiety. We have no such intention. Our position on sovereignty is firm.

That is one of the few points on which we take a different view from the Committee. I have to say that we were disappointed that its report did not reach a categorical conclusion on the legal validity of Britain's title to the Falkland Islands. Successive British Governments have had no such doubts. In their view—and in our view—the islands are British territory.

Even so, there is good reason to make separate constitutional provision for the two territories. Although the dependencies have for convenience been administered from Port Stanley, they are a separate dependent territory with their own requirements. Unlike the Falkland Islands, they have no permanent population and, therefore, no need for representative government.

Mr. Tam Dalyell (Linlithgow): How can the right hon. and learned Gentleman say that successive British Governments have had no doubts? The Government in which Sir Edward Grey of Fallodon was the Foreign Secretary had the Gaston de Bernhardt report. In the 1930s, Campbell and other senior members of the Foreign Office noted that our case had certain weaknesses. In the 1940s, the Marquis of Willingdon went to Latin America. As a result of that visit, there is a file to be opened in 1991 in the Foreign Office called "Proposals to Reunite the Falklands with Argentina". Those who talk about reunification must at least have some doubts. Come off it.

Sir Geoffrey Howe: The hon. Gentleman is entitled to the view to which he has clung so tenaciously, but in fact and in practice the attitude of successive British Governments has been founded on the proposition that I have explained.

I come now to the close relationship between the two constitutions about which I was speaking. The close relationship that has long existed between the two territories will be reflected in the new arrangements that we propose. The Governor of the Falkland Islands will also be commissioner for South Georgia and the South Sandwich Islands. In this capacity, he will consult the Executive Council of the Falkland Islands on matters relating to the dependencies which might affect the Falkland Islands.

The new constitution for the Falkland Islands contains one important new element. The island councillors expressed the view that the constitution should include a reference to their right of self-determination. We agree with them. Accordingly, the preamble to the human rights chapter of the constitution now recalls the provisions on self-determination from article 1 of the International Covenant on Civil and Political Rights. This was adopted by the United Nations General Assembly in 1966. The United Kingdom ratified it in 1976.

Argentina has not subscribed to that covenant. On the contrary, the Argentine Government seek to deny the Falkland Islanders the right of self-determination. In our view, the Falkland Islanders, like any other people, have that right. They make up a peaceful and homogeneous community which has developed democratic institutions over more than a century. Their right to self-determination will now be reflected in their constitution, and we shall uphold it.

It has been suggested that these provisions might derogate from the sovereignty of Parliament. That is not so. The ultimate authority in matters affecting any dependent territory is of course this Parliament.

The constitutions are being promulgated in accordance with the normal procedures. They were approved by the islands' Legislative Council on 16 January. They are embodied in Orders in Council which will be made under the provisions of the British Settlement Acts 1887 and 1945. Drafts of the two orders were placed in the Library of the House on 24 January. A revised text, taking account of further consultations with the islands' councillors, was placed in the Library on 11 March.

There is one new point in the revised text that I should mention to the House. We have accepted the wish of the islanders to revert to the title of Governor rather than Civil Commissioner. The latter title was introduced, at the same time as that of Military Commissioner, immediately after the liberation of the islands in June 1982. We have taken the view that the introduction of the new constitution is the right time to return to the more familiar titles of Governor and Commander British Forces. The title of Governor is, of course, the customary one for a dependent territory of this kind.

The Foreign Affairs Committee, in its report, recommended that the House should raise no objections when those orders come to be laid. The Government, of course, warmly welcome that recommendation.

Let me now tell the House something of our efforts to repair and develop the islands' economy. The tasks immediately after the conflict were daunting. Much of the infrastructure was damaged or destroyed. Local resources were overstrained. Today, however, I am glad to be able to tell the House that, although—inevitably—some constraints remain, and will continue to hamper the pace of future development, the position has greatly improved.

The longer-term needs of the islands were analysed by Lord Shackleton in his 1982 economic study. The Government responded to this within only three months by making an allocation of £31 million for spending over a five or six-year period. We have not been able to accept every one of the recommendations in that report, but Lord Shackleton himself observed in the other place that he doubted

"whether any author of a report has had so much of that report actually implemented by a Government."—[*Official Report, House of Lords*, 6 December 1983; Vol. 445, c. 1020.]

We are making progress too in areas not covered in the Select Committee report. Following the terrible fire which destroyed the Stanley hospital in April 1984, the Government promptly agreed to finance the construction of a replacement. This will be a hospital on the same site shared between the civil and military authorities. Detailed planning and design work is well advanced. Meanwhile, Port Stanley's electricity and water supplies are being improved.

The Government welcome the Foreign Affairs Committee's acceptance that a gradual approach to land reform is right. Four farms have now been sub-divided under arrangements made by the Falkland Islands Government. Of the 27 owner-occupied farms now on this land, 12 were in existence before the conflict and 15 have been created subsequently.

The Falkland Islands Development Corporation will have an important part to play in promoting a programme of land redistribution in keeping with demand.

[*Sir Geoffrey Howe*]

That brings me to another of the few points on which the Government take a different view from the Select Committee. I have to say that we do not accept the criticisms in its report of the Chief Executive, Mr. David Taylor. I do not believe that the Committee has given sufficient weight to the practical difficulties that face the small administration in the islands. Development needs to be a gradual process, keeping in step with the needs and resources of the islands.

Another of Lord Shackleton's recommendations was the proposed declaration of a 200-mile exclusive fisheries limit around the Falklands. The Government are of course well aware of the activity of foreign fishing fleets in Falklands waters and the consequent danger of over-exploitation of fish stocks. Under normal conditions, the unilateral declaration of a 200-mile limit could well have been an appropriate response because it would offer a means of ensuring conservation and management of this valuable resource. In considering that possibility in the circumstances of the Falklands, however, the Government have had to give full weight to the serious difficulties that could arise in that context. The Select Committee, quite rightly, drew attention to the political and practical problems of enforcing and policing a unilaterally imposed fisheries zone in an area where British sovereignty was in dispute. For that reason, the Committee was not convinced that the establishment of such a zone could be justified.

The Government take the same view. For the same reason, we have decided instead to explore possible ways in which to establish a multilaterally based conservation and management regime. We are therefore taking steps to develop that approach.

Mr. Austin Mitchell (Great Grimsby): A 200-mile limit seems crucial to the development of the Falklands to me and others who have been there. If we do not set such a fishing limit and enforce it with our present naval presence, is that not tantamount to saying that we do not have confidence in our claims?

Sir Geoffrey Howe: No. It is a realistic recognition, such as commended itself to the Select Committee, of the fact that there is a dispute about sovereignty in the area. It would not be right to conclude in the face of that that existing naval forces would be appropriate or sufficient to enforce a claim, nor would that be the most secure foundation for the protection of fisheries. That is why we have taken the view that we should explore the possibility of establishing a multilaterally based conservation and management regime.

Mr. George Foulkes (Carrick, Cumnock and Doon Valley): It would be helpful to the House if the Foreign Secretary could say which countries he envisages being involved in such a multilateral regime and confirm that Argentina will be one of them.

Sir Geoffrey Howe: At this stage, I do not think that I can say more about how these matters are being explored. It will be complicated, but we are taking steps to develop the proposal. It would not be helpful to go into detail now. The hon. Gentleman's point must be borne in mind, but I cannot say more about it now.

It is clear that political and economic development on the lines that I have described can be achieved only if the

islanders are sure that they can live in peace, free from the threat of a further attack. I emphasise that it is for that reason and for no other that we maintain in the islands the minimum level of forces necessary to ensure that there is no repetition of the tragic events of 1982.

As we have said many times, our military dispositions have no wider purpose. Allegations, for example, about a "NATO base" are manifest nonsense.

Mr. Robin Maxwell-Hyslop (Tiverton): Does my right hon. and learned Friend agree that there is no realistic exploitation of the waters that he has mentioned by British fishermen? Once there is an all-weather airport at Mount Pleasant, which would mean that fishery crews could be rotated, would it not be a more positive approach for British fishery firms to participate fully in the exploitation of those resources?

Sir Geoffrey Howe: That is one of the possibilities that might flow from the establishment of air communications, but we must still consider the framework within which such participation could take place. That is why we have reached the conclusion that I have suggested.

There is a related matter on which we take a rather different view from the Committee. It suggested that the time was now ripe for us to give unilateral undertakings in security—for example, on lifting the Falkland Islands protection zone. A declaration of cessation of hostilities by Argentina would, of course, be a positive step, but that could not, in the Government's view, be the sole trigger for action to lift the zone.

I should now like to say something about the role of the new airport at Mount Pleasant, 30 miles from Port Stanley. That airport has always been intended to play a dual role—first, of course, to promote the security of the islands, and, secondly, and by no means less important, to make a major contribution to their economic development. The main airport runway will open in May. For all-weather facilities, a second runway is needed, and it will be completed by February next year.

The construction of a full modern airport in such a short time, and on such a remote site, has been a remarkable achievement. British engineering, management skills and the efforts of the work force have made this feat possible. I am sure that the whole House will wish to pay tribute to that success.

The airport will have the important function of providing a rapid reinforcement capability. As my right hon. Friend the Secretary of State for Defence has explained, once the airport is fully operational it should be possible to reduce the numbers of permanently stationed forces on the islands.

The Government have from the first intended the airport to have a major and growing civil role as well. Lord Shackleton recommended the provision of better communications with the outside world and stressed the importance of air services. Mount Pleasant airport will meet those needs. Its main runway will be capable of handling the largest long-range aircraft. The completion of the airport will make possible the establishment of commercial air services linking the Falklands with the outside world.

I come, finally, to the future of this country's relationship with Argentina. Once again, I assure the House that we attach great importance to the improvement of our relations with Argentina. Even before the

establishment of a democratic Government in Argentina, which we warmly welcomed, we were taking steps to that end. As long ago as September 1982—within months of the end of the conflict—I took steps as Chancellor of the Exchequer, at the International Monetary Fund meeting in Toronto, to promote and reach agreement with the Argentine Government for the withdrawal on both sides of the financial restrictions that were imposed at the start of the conflict. Britain implemented that agreement in full, and immediately. Argentina has still not done so.

Mr. Dalyell: Will the Foreign Secretary allow me one question as he has to leave the Chamber? Can he assure us that all relevant papers, which were relevant to the considerations of Lord Franks and his colleagues, were made available to them? Have any relevant papers somehow become available since the Franks committee conducted its deliberations?

Sir Geoffrey Howe: I have no reason to doubt that the answer is yes, but would not swear so without having had much more notice of the question. If the hon. Gentleman wishes to press such matters, he is familiar with the custom of tabling written questions. I hesitate to encourage him further in that.

Since September 1982, we have continued to make genuine and sustained efforts to find a basis for direct talks with the new Argentine Government. With the wholehearted support of all my colleagues, I took the greatest possible interest and the greatest possible care in arranging the scene for the talks in Berne which took place last July. They broke down because the Argentine representatives took a position that ran directly counter to the basis for the negotiations that had been explicitly agreed by them in advance. That was a sadly missed opportunity.

The Argentine representatives knew then, and the House knows now, that we are not prepared to discuss with Argentina sovereignty over the Falkland Islands. The Government believe that Argentine actions in 1982 have ruled that out. And yet the Argentine representatives insisted at Berne, in the face of the clear prior agreement to the contrary, that no progress could be made towards normalisation without the certainty that a mechanism would be established that would in practice lead to a transfer of sovereignty.

Dr. David Owen (Plymouth, Devonport): The Foreign Secretary said that the Government are not prepared to discuss sovereignty. I understood that they were not prepared to discuss the transfer of sovereignty from the United Kingdom to Argentina. There is a difference, and there is another option, which is to discuss shared sovereignty. Is the right hon. and learned Gentleman ruling out discussions on any possible sharing of sovereignty?

Sir. Geoffrey Howe: The point which we have made throughout, and which was understood by the Argentines at the time, is that we are not prepared to discuss sovereignty. There are many ways in which sovereignty can be discussed. We do not think that it is right to do so. We think that it is right to begin addressing ourselves to the many practical questions—

Dr. Owen: With respect, the right hon. and learned Gentleman has not answered the question, which was specific. The White Paper—the answer to the Select

Committee—refers to not being prepared to discuss the transfer of sovereignty from the United Kingdom to Argentina. But there is another option—shared sovereignty, which is part of the United Nations charter, to which we are a signatory. We need to remind ourselves that we went to war in the south Atlantic invoking the United Nations charter and our right to self-defence.

Sir Geoffrey Howe: With great respect to the right hon. Gentleman, I did answer the question. I said that there were many ways of discussing sovereignty, and many arrangements that could be suggested for it, but we are not prepared to discuss sovereignty. As we have made clear, we are anxious to begin discussing the range of practical questions which could sensibly be addressed and which we thought would be sensibly addressed at that talk in Berne.

Mr. Maxwell-Hyslop: Will my right hon. and learned Friend give way?

Sir Geoffrey Howe: If my hon. Friend will forgive me, I do not want to give way too often, and I must make headway on this point.

Mr. Maxwell-Hyslop: It is an important point.

Sir Geoffrey Howe: I shall give way after I have made this point.

The reaction of the Argentine representatives at Berne was repeated explicitly by President Alfonsín when he spoke at the General Assembly of the United Nations on 24 September last year. His Foreign Minister said publicly in December that negotiation must be about an indivisible package, which must include sovereignty, and the Argentine Government have since maintained that position. The Select Committee deals with the matter in its report, saying:

“It is clear that when referring to negotiations on sovereignty, the new Argentine Government is pursuing a policy essentially no different from that of its predecessors: that such negotiations, once begun, must lead eventually and inevitably to the relinquishment of the United Kingdom’s claim to and administration of the Falklands.”

It is the indivisibility of that link, as set out in all the approaches made to the subject by the Argentine Government, that is so totally contrary to any sensible foundation for discussion of other matters. It is for that reason that we have been trying to find a way of discussing those other matters. We agree with the assessment that was made by the Select Committee.

Mr. Maxwell-Hyslop: I am most grateful to my right hon. and learned Friend for giving way. I wanted to refer to the point that the right hon. Member for Plymouth, Devonport (Dr. Owen) made in his intervention. Will my right hon. and learned Friend remind the House that the right to self-defence does not depend on the United Nations charter, and antedates by centuries beyond mind the United Nations charter?

Sir Geoffrey Howe: I am sure that my hon. Friend is right about that. In so far as his intervention fortifies my position, I am grateful for it.

Those who call on us to negotiate on the sovereignty of the Falkland Islands should consider what exactly it is that they are asking us to do. For Argentina, such negotiations are intended to have only one outcome: the transfer of sovereignty, irrespective of the wishes of the islanders. It is for precisely that reason that we have devoted so much effort to finding a basis for direct talks

[Sir Geoffrey Howe]

with Argentina on a range of practical issues, where progress is possible to the benefit of both sides. Quite frankly, that is the only realistic policy, and we shall persevere with it.

Earlier this year we transmitted the latest in the series of messages that we have been exchanging with the Argentines through the protecting powers. The details must remain confidential. But that message once again put forward practical steps that would enable confidence to be re-established between our two peoples. We look to the Argentines for a constructive reply.

The improvement of commercial and economic relations is a natural starting point. Both sides have a clear interest in improved trade. The Argentine Government have publicly stressed the need to increase their exports as a contribution to tackling their daunting economic problems. They could take a major step forward by agreeing to the reciprocal lifting of the trade embargo that has been in place since the conflict. Both Her Majesty's Government and the European Community have several times proposed that course.

As I have already explained to the House, we have been continuously helpful in our approach to the international arrangements for the rescheduling of Argentina's official debt in the Paris Club. When we come to follow that up bilaterally, our approach will be similarly positive.

We have made plain too, and on a number of occasions, that we would be ready to see a visit to the Falklands by the next-of-kin of Argentine servicemen who lost their lives there in 1982. We have recently reiterated to the Argentine Government our readiness to accept a genuinely humanitarian visit by next-of-kin.

The House will, I am sure, be glad to acknowledge that on almost all of those subjects we are working on lines that have been specifically endorsed by the Select Committee.

It is encouraging that the Select Committee has taken the same view as the Government on so many of the subjects about which I have been speaking. The Committee's support fortifies us in our resolve both to fulfil our commitments to the islanders and to persevere in the search for better relations with Argentina. I am confident that those twin objectives will commend themselves very widely to the House.

Mr. Dalyell: On a point of order, Mr. Deputy Speaker. I do not want to be gratuitously rude either to the House or to the Foreign Secretary, but after his speech he really should listen to the replies, not from myself—

Mr. Deputy Speaker (Mr. Ernest Armstrong): Order. I think that in a sense the hon. Gentleman is raising a point of debate rather than a point of order.

Mr. Dalyell: No.

Mr. Deputy Speaker: The hon. Gentleman must come quickly to his point of order for me.

Mr. Dalyell: I should like to say this in the presence of the Foreign Secretary. Bluntly—I am putting this as politely as I can—the right hon. and learned Gentleman has got his priorities wrong. There are other people who will dine with President Mubarak and wear a white tie and tails, but it is important from the point of view of the House of Commons that the right hon. and learned Gentleman should hear, if not what I say, what his colleagues say.

Mr. Deputy Speaker: The hon. Gentleman knows that that is not a point of order for the Chair.

7.46 pm

Mr. George Foulkes (Carrick, Cumnock and Doon Valley): The Opposition welcome this opportunity to discuss the future of the Falkland Islands, notwithstanding the slight hiccup at the start of the debate, for which I must apologise to you, Mr. Deputy Speaker, and to the whole House. The official Opposition accept that the Foreign Secretary has other prior engagements, and we are grateful to him for informing us in advance.

I also wish to put on record our thanks to the members of the Committee for their work, particularly the Chairman, the hon. Member for Stroud (Sir A. Kershaw), an old friend and sparring partner of mine, although I do not think he will be surprised to hear that we do not agree with all his conclusions. In fact, one of the remarkable things about the report is that the Committee seems to have provided some conclusions which are likely to be acceptable to us and others which are more likely to be acceptable to the Government. It is interesting to note that it is only the latter that are referred to in detail in the Government's response to the Committee's report.

Without diminishing the importance of the issues surrounding the sinking of the General Belgrano—I have been involved with them, too, along with my hon. Friend the Member for Linlithgow (Mr. Dalyell)—we consider that this matter—the achievement of a stable, acceptable solution to the future of the Falklands—is of even greater importance.

It is our view that fortress Falklands is untenable. It is not in the islanders' real interest. It is enormously expensive in money, in international relations and in its distortion of our defence commitment. Fortress Falklands has been regularly rejected by previous Governments. The Franks report summed it up well when it said:

"On every occasion that a new government—or new Ministers—came into office a full range of policy options was put before them. In every case Ministers made a decision of policy and chose to seek a negotiated settlement that would be acceptable to Argentina and to the Islanders. Without exception they rejected the alternative of 'Fortress Falklands', which would have involved the isolation of the Islands from Argentina and probably from the rest of Latin America."

On the distortion of our defence commitment, in its third report, in Session 1982-83, the Select Committee on Defence expressed the hope that the commitment in the South Atlantic would not

"indefinitely absorb an unduly large part of scarce defence resources."

It also expressed concern that

"if continued at present levels"

it

"would represent a substantial burden on the defence budget and the economy."

The reduction in recurrent expenditure which the Foreign Secretary and the Defence Secretary have predicted when the airport is completed will not be substantial.

Fortress Falklands in its present form represents over 3 per cent. of the defence budget. With the escalating cost of Trident, the difficulties within the alliance over the amount of British expenditure on NATO's conventional forces and the difficulty which the Government know only too well is involved in sustaining any real growth in the defence budget, 3 per cent. is a significant sum.

On the wider front, with prescription charges now having been raised to £2 to bring in only £17 million, with

the trauma of Conservative Members up in arms over saving a mere £10 million on student grants and with the prospect of the Chancellor of the Exchequer levying value added tax on almost anything that moves, just to raise revenue, options which could avoid continuing expenditure of this kind in the South Atlantic must be given serious consideration by the Government. Conservative Members who tend to be more impressed by public opinion than by finance may find the results of the Gallup poll carried out last autumn to be more convincing. The British people, in a ratio of three to one, considered that the cost of fortress Falklands was both too great and undesirable.

The Government's policy on the Falklands is peculiarly intransigent. They are willing to discuss and have already transferred sovereignty over, albeit, a small part of Hong Kong to the Communist Government of China. What is even more relevant, they are also discussing with the Spanish Government the possible transfer of the sovereignty of Gibraltar. Although the Select Committee on Foreign Affairs is not sure "how far the word of Senor Alfonsin's Government can be regarded as an Argentine bond", in the case of Spain—also a relatively recent democracy—no such question has, rightly, been raised. It is difficult to see why such a question is raised in the case of Argentina.

Recent military appointments in Argentina ought to demonstrate to the Government that President Alfonsin is in charge of events in his country. In January 1983 the right hon. Member for Cambridgeshire, South-East (Mr. Pym), the then Foreign Secretary, said that if Argentina returned to democracy that would be a "big change" and "an advance". He continued:

"Equally, or more important, is if there was a Government there which paid due respect to human rights." On both criteria Argentina has advanced. I am sure that the right hon. Member for Cambridgeshire, South-East would be the first to agree about that. Both Houses of Argentina's legislature are elected. Argentina's head of state is also democratically elected. Amnesty International has commended the vast improvement in its human rights record. Why are the Government not prepared to acknowledge this? Do they not see that by turning our back on such a democracy and by failing to recognise such advances we are in danger of undermining Argentina?

It is nonsense for the Foreign Secretary and the Government to repeat, parrot fashion, that they are willing to discuss bilateral normalisation of relations between Britain and Argentina, when the Foreign Secretary and the Government know—it is so obviously central—that a prerequisite for any such discussions is some agreement to discuss also the future of the islands. I choose that phrase carefully. Argentina is not saying that it must be top of the agenda, or even that the detailed nature of such discussions must be agreed in advance, but that there should be an open agenda which would allow the future of the islands to be discussed eventually. Why is that unreasonable?

Even our former ambassador to the United States, Sir Nicholas Henderson, who was brought out of retirement by the Government to undertake that important task, said in evidence to the Select Committee:

"Let us sit down together with an open agenda so that we can define what we are going to discuss later on . . . I think that is a good basis upon which to approach this subject."

We recognise that both Governments made a genuine attempt at Berne to try to get talks under way. There are

differing accounts of why the talks were interrupted. But just because the formula at Berne did not succeed, that should not be an excuse for not looking at other formulae which can deal with the sticking point of sovereignty. Indeed, it would be considered very strange if, having been willing to try once, the Government continued to reject any other ways of trying to resolve the dispute.

From my visit to Buenos Aires, and from conversations that I have had with Falklanders and Argentines, I believe that it would be possible to move towards a solution which was acceptable to both Britain and Argentina and which would protect the interests of the islanders, which we consider to be important. The Foreign Secretary will, I hope, have received a copy of the communiqué from the Maryland conference which was attended by one of his hon. Friends and me. Parliamentarians from Britain and Argentina and an observer from the Falkland's Government met one another at that conference. I hope that the Foreign Secretary will respond soon, if not today, to the positive suggestions contained in the agreement arising from the Maryland conference.

At Maryland we said that progress towards an agreement between Britain and Argentina was not incompatible with respect for the wishes of the islanders. The Argentines put their names to that. They said that they would respect the wishes of the islanders. It emerged that when the Argentines talk about sovereignty they mean something very different from what we think they mean. They are more concerned with titular sovereignty. My hon. Friend the Member for Walsall, South (Mr. George) was at that conference. He will confirm that the Argentines are more concerned with titular sovereignty—with the flag, the colour on the map and with their pride, which we ought to understand. They believe that the transfer of sovereignty need not mean a change of life for the islanders.

Dante Caputo, the Argentine Foreign Minister, confirmed this in the "Brass Tacks" programme on 12 December 1984, when he said:

"I believe that it is entirely acceptable that the inhabitants of the islands should decide forms of administration, of education, and forms of social organisations best suited to their interests."

More recently, in an interview in *The Times* he spoke about the possibility of a dialogue rather than negotiations. That is not the hostile, intransigent picture of the Argentines that the Foreign Secretary has painted. Why, the Opposition ask, are the Government unwilling even to discuss options which might satisfy Argentine claims and continue to preserve the way of life of the islanders, without the need for an expensive fortress on the islands? Are we wise—there can be changes in this country as well as in Argentina—to let the islanders believe that the enormous costs, in every sense, of fortress Falklands can be or will be maintained for ever? Is this not, in reality, a cruel deception of the islanders?

Sir John Biggs-Davison (Epping Forest): The hon. Gentleman said that there could be a change of Government in this country as well as in Argentina. Yes, indeed, and that is what worries me. There has been democratic government in Argentina and there has been dictatorship in Argentina. How can the hon. Gentleman or anybody else guarantee that there will not again be a relapse from a peace-loving democracy to an aggressive dictatorship?

Mr. Foulkes: I cannot guarantee that in Argentina. I cannot guarantee it in Spain either where we are discussing the future of Gibraltar. The faint possibility of Senor Alfonsin's Government being undermined increases if we are not seen to be having discussions with a democratically elected Government in Argentina.

The islanders, closer as they are to the situation than any of us, are more aware of the reality than are the Government, and they recognise that other options may need to be considered by them.

The United Kingdom Falkland Islands committee, in evidence to the Select Committee on Foreign Affairs, said that its "favoured solution" was a

"variant of the constitutional position of Andorra".

So it is looking at other options. In the "Brass Tacks" programme, Alastair Cameron, the Falkland Islands Government representative in the United Kingdom who was with us in Maryland, said:

"it was up to the British Government to provide a policy and to give it then to the islanders to discuss".

That is also what the right hon. Member for Cirencester and Tewkesbury (Mr. Ridley) said as Under-Secretary of State at the time.

Incidentally, in the same programme representatives of the associations of parents of the Falklands dead confirmed that they would not consider it a betrayal of their sons if we were to talk to Argentina about the future of the islands.

However, instead of embarking on such a positive approach, certain actions of the Government have been interpreted as moving backwards rather than forwards—the Prime Minister's quasi-regal Christmas message to the islanders, the sudden granting of oil prospecting rights to Firstland Oil and Gas, and particularly the publicity surrounding the publication of the new draft constitution.

On that last matter, will the Under-Secretary of State confirm when he replies what the Prime Minister has already said in her letter to the leader of the Social Democratic party, that that constitution gives no veto to the islanders over any future change in the status of the islands, and, in that matter, respecting the wishes and the interests of the islanders, this Parliament is and will remain sovereign?

To pretend that the new constitution is a great advance for democracy—a democracy which we fought to protect—on the islands is nonsense. Under the new constitution the islands remain firmly under colonial administration. I suppose that we must accept that it is appropriate to acknowledge that by restoring the title of governor.

Let us imagine that we are talking about another country, even a South American country. The president of that country would have power to preside over meetings of the Parliament; prorogue or dissolve the Parliament at any time under his own discretion; control the public service; approve the Parliament's standing orders; give assent to laws; declare a Bill to have been passed whether or not the Parliament approves; be the executive authority; summon the Cabinet, have sole control over the Cabinet's agenda; by-pass the obligation to consult the Cabinet; act against the Cabinet's advice; dispose of land; appoint judges; and be totally exempt from judicial review of his actions. That power would be relished by any dictator of any country. That is the power given under the new

constitution, which is supposed to be an advance in democracy, to the governor of the islands. To pretend that that is any real advance in democracy is nonsense.

The pretence at any real interest in the future of the individual islanders is shown up by the Government's approach to the economic development of the islands. It is not the rosy picture that the Foreign Secretary painted earlier. First, there are serious doubts, whatever the Foreign Secretary may say, about the extent to which the airport will be available for civilian use. Will the Minister give us an assurance when he replies that the use of the airport for civilian purposes will not be impeded unnecessarily either by military use or by excessively high costs? In particular, why have the Government, as was revealed in a written reply to me, refused the subsidy for civilian use which the Select Committee on Foreign Affairs said would be necessary? Will that encourage the economic development of the islands?

Secondly, will the Minister confirm his answer to me of 30 January that there are no proposals for civilian flights, whatever the Foreign Secretary may have said in his introduction? The 1982 Shackleton report considered that to be of the highest priority. Will he explain why there are none?

Finally, will the Minister reply to the Select Committee's criticisms—not mine—that the Falkland Islands Development Corporation, which ought to be an "urgent response" to a "critical situation", is instead proceeding at what is described as a "funereal pace"? Why is that the case? Does that show concern for the development of the islands?

It is the Opposition's view that the intransigence of the Government, particularly the Prime Minister, on this issue is expensive, damaging to our international relations, against public opinion in the United Kingdom, distorts our defence commitment, and, above all, is against the long-term interest of the islanders.

We specifically call for a simultaneous declaration by Argentina of the formal ending of hostilities and a lifting by Britain of the protection zone—simultaneous, agreed in advance—which was accepted by the Prime Minister in January last year. We regret that the White Paper seems to have backtracked on that.

We urge the Government to seek a resumption of the talks interrupted at Berne and the restoration of diplomatic relations between Britain and Argentina.

I ask the Foreign Secretary, back hotfoot—or perhaps coldfoot—from the Soviet Union, why, since he is able, rightly, to discuss major issues, as he has done, with leaders of a country with a system very different from our own, he is so unable even to meet and discuss with a sister Western democracy which we now know Argentina is.

Above all, we remind the government that the true interests of the islanders will not be served if they are forever isolated from their nearest neighbours on mainland South America.

8.6 pm

Sir Anthony Kershaw (Stroud): I shall deal with some of the points that the hon. Member for Carrick, Cumnock and Doon Valley (Mr. Foulkes) has deployed with his usual eloquence. However, I fear that I may not be in entire agreement with all of them.

I have no doubt that the British claim to sovereignty over the Falklands, is sound in law. It must be granted that

the various claims made before 1833 and the landings that took place present a somewhat confusing picture. The British occupation in 1833 was a legitimate and legally respectable action, which, having been followed by continuous occupation and administration, enthusiastically supported by the population, makes undeniably good our legal claim to sovereignty. The fact that the Argentines believe the opposite is irrelevant.

Mr. Foulkes: Why, therefore, is the first conclusion of the report that the Committee could not come to a decision on the respective claims of sovereignty? Is the hon. Gentleman distancing himself from the first and main conclusion of the report?

Sir Anthony Kershaw: The hon. Gentleman knows from his experience on the committee that we are a democratic assembly. The Chairman does not necessarily endorse everything that goes on in that Committee. Nor does the Chairman have a vote, unless there is a tie, which there was not.

The Argentine invasion in no way alters the validity of their claim, but it did alter the feelings of the inhabitants, who were even more determined, especially after having seen the way in which the Argentine officers treated their troops, never to submit themselves to that kind of treatment. It would be intolerable for Britain to hand the islanders back to such a Government.

It is said that the new Argentine Government is so much better and more democratic than the old one that we should bolster their prestige and hand back the islanders to them. I see no reason whatever why we should do such a thing.

In the first place, I am not confident—any more than my hon. Friend the Member for Epping Forest (Sir J. Biggs-Davison)—that the democratic Government in the Argentine will survive for long. Inflation is running at 1,000 per cent per annum, resentful and revengeful armed forces are waiting in the wings, there is continued administrative incompetence, and a vast foreign debt has been recklessly incurred in a country that has a history of revolutions and coup d'états that is remarkable even by South American standards. None of those things leads me to suppose that a long period of benign and peaceful domestic bliss lies ahead in the Argentine, whether or not we hand over our fellow citizens. Who knows what sort of regime will succeed it?

Secondly, the conduct of this democratic Government of the Argentine has been so unfriendly towards us that it is hard to see them behaving properly to our people in the Falklands. For example, they refuse to say that the war is over. They maintain trade and other barriers against us. They have rearmed, and still are rearming, with sophisticated weapons of aggression. They also maintain, with a vigour no less strident than that of the junta that they displaced, that they alone have the right to sovereignty over not only the Falklands but the dependencies as well—the last claim being historically and legally preposterous.

Finally, when, in Berne, we offered talks—having arranged in advance how we should deal with the sovereignty issue—the Argentines went back on the agreement as soon as they got to the table, proving yet again what unreliable interlocutors they continue to be. When the Argentines say that they want to negotiate sovereignty, they mean that they want to fix a date for the handover. Until they realise that that is not on offer, it is

pointless talking about lease-back or other modifications. If we talk about lease-back, we shall at once give away the sovereignty position. As the Argentine position is as I have described it, there is no point in holding other negotiations on other matters.

There is, of course, the problem that we have every year with the United Nations. There will be a resolution inviting us to negotiate face to face with the Argentines. The Argentines—in my opinion deceitfully—say that they are anxious to do that. But despite the misgivings voiced by my right hon. and learned Friend the Foreign Secretary this evening, I believe that there are some unilateral steps that could be valuable and would show the world that we are peaceful and co-operative in our intentions.

Mr. Maxwell-Hyslop: Before my hon. Friend leaves that point on sovereignty, will he share with us his thoughts on the following point? If even titular sovereignty were transferred and the Argentine then broke every other agreement and moved in its armed forces, we could not move our armed forces in without invading Argentine territory.

Sir Anthony Kershaw: My hon. Friend is perfectly right. The basis of negotiations for the future must lie in a certain trust, and I confess that I have not got that trust in the present Argentine Government or in any Government likely to succeed them.

There are individual things that we could give away without danger to ourselves or to the Falkland islanders. I believe that there is room to negotiate about the protection zone and that we can co-operate over natural resources. Indeed, I was glad to hear my right hon. and learned Friend the Foreign Secretary suggest that something is being done in that regard, albeit cautiously. We can, and obviously will, reduce the garrison once the airport is in operation. Those things would certainly help our position vis-a-vis other South American countries.

I should like to add my congratulations about the airport. It is a remarkable feat of construction, and the work has been done far quicker and at less expense than at one time seemed possible. The Government do not differ fundamentally from the Select Committee about the direction in which we think that developments should go. Of course, we ask for more speed. It is always up to the Legislature to urge the Executive along that path, but we realise that the distance is great and that development opportunities are comparatively scant. The only really big new investment available is, I suppose, deep sea fishing but at present neither the Government nor the Committee can quite see how that can be exploited. However, it should be done not only for political but for technical reasons, as soon as we have a little more information about it.

My hon. Friend the Member for Ryedale (Mr. Spence) has publicly suggested recently that some of the difficulties about enlargement of the EC in relation to Spain might be overcome by an accord with Spain about fishing. Perhaps that could be investigated.

A Select Committee should, and must, range far wider in discussion than a Government should or can do. In our paper we discuss several possibilities, of which I understand the Government do not approve. In the end, the Select Committee and everyone else must allow the facts to speak for themselves. The fact is that this country would

[Sir Anthony Kershaw]

find it totally unacceptable to hand over its fellow citizens on the Falklands to any alien power, let alone the Argentine. The hon. Member for Carrick, Cumnock and Doon Valley suggested that this country wanted to do that, but he is absolutely wrong. All experience teaches us that that is quite impossible. Of course, one would not expect the Falklanders to agree to being handed over. But every time a Minister—whether Labour or Conservative—has even suggested that we might do that, he has been to coin a phrase, happy to escape in his underwear. It was terrible that my right hon. Friend the Member for Cirencester and Tewkesbury (Mr. Ridley) should have been put up to make such suggestions. It was perfectly clear that neither this House nor the other House would agree to such a handover. The Falklands are, and will remain, very expensive, but there is a price to pay for liberty. It is, I trust, a price that this country will always be prepared to pay.

8.16 pm

Dr. David Owen (Plymouth, Devonport): In many ways the House is holding one of its more important debates and, in a sense, I regret the time and the way in which we are discussing the subject.

My first comments relate to the Select Committee's report. I do not believe that in 1977 the Government entered into negotiations with Argentina over the Falkland Islands because we doubted the British claim to sovereignty over those islands. I certainly challenge that assumption in the Select Committee's report. I know that there is a detailed and difficult legal tangle, but, having been deeply involved in those negotiations, I can say that I did not at any time feel that we did not have an honourable claim in international law to sovereignty over the Falkland Islands. It is still my belief that we have such a claim. With that point of agreement with the Government under my belt, I turn to a fundamental area of disagreement.

Both the House and the country will come to regret that in the aftermath of the successful retaking of the Falklands we did not use that opportunity of maximum international diplomatic strength to lay down the direction in which we felt it reasonable for the Falklands to go. I believe that as the months and years pass we will once again find ourselves in an untenable position in maintaining an absolutist affirmation that the Falkland Islands are a dependent territory of the United Kingdom. Thus, it is not just a question of legal interpretation and of what we believe. It is noteworthy that no Government have yet been prepared to test this issue in the international courts.

It is worth remembering that President Alfonsín has not only proved his democratic credentials in opposition and in government, but has solved the Beagle channel dispute with Chile, over which both countries nearly went to war in 1979. He held a national referendum on his solution, and 97 per cent. of the electorate voted for it. Only this morning, the Argentine Senate ratified the treaty. President Alfonsín is going to Washington tomorrow to persuade the Americans to have a better understanding of the Falklands problem. There is a grave danger, therefore, that over the succeeding years it will become at first an irritant and then a major cause of division between Britain and the United States, and Britain and our European allies,

about how we handled the Falklands. They simply do not understand why we will not grapple with the issue of sovereignty.

I make no secret of the fact that I would not transfer sovereignty to Argentina. I believe that there are penalties for armed aggression. Where one might have been prepared to contemplate such a solution before, it is not possible now. I must make it clear that when in office I was never prepared to contemplate it. I never accepted lease-back, and have great difficulty with it. The furthest that I was prepared to go was a sharing of sovereignty.

In those days, one of the options that I thought was most hopeful was that sovereignty over the uninhabited islands would be transferred to Argentina, and the inhabited islands—the greater space, I admit—would remain with Britain, with a shared economic unit covering all the islands, inhabited and uninhabited, and the territorial waters. That may not be possible to negotiate, although I still think that no Government should rule out a shared sovereignty solution. It has great potential. The Foreign Secretary stuck to a form of words which made it impossible to discover what he meant. He said that we were not prepared to discuss sovereignty, and then said that there were many other ways of solving the problem. It is fair enough to say that we will not discuss the transfer of sovereignty.

I do not favour the open agenda. That is a source of misunderstanding. There might not be a problem for the first year or two, but down the track are all the problems, anxieties and misapprehensions such as those which led to the invasion of the Falkland Islands. It would be clearer for the Government to say that transfer of sovereignty is out, but that they are prepared to discuss all the different options of shared sovereignty and of vesting sovereignty of the Falkland Islands in an international body.

The United Nations charter was invoked constantly in the House, by both sides, as the justification for our sending the task force and then for using it, and rightly so, but in the aftermath of victory the Government have not shown the same commitment to the UN charter. That charter instructs all member states to resolve their problems by peaceful negotiation. To refuse to use the charter in its entirety—to use it when it suits, but not to use it when it is not satisfactory—is an absolute recipe for international cynicism and despair. Having used the UN charter to our advantage, we must live with it in areas which we may find somewhat difficult.

Chapter 13 of the charter gives power for trusteeship. In particular, the charter sets out an alternative system for strategic trust territories. This was included because the United States Government and especially the defence department, were unwilling to subject the Japanese occupied islands to a normal system of trusteeship, on the ground that those islands could be essential to US defence, and the United States therefore wanted an ultimate safeguard about what happened to them. Micronesia thus became the only strategic trust territory.

The main difference from the normal system was that it was laid down under article 82(3) that the functions of the United Nations in supervising such territories would in that case be exercised by the Security Council. That is vital, because it means that Britain, which would never be able to command an automatic majority in the General Assembly, would be able to use its veto in the Security Council. If we were to use article 82 for a strategic trust territory, we would be able to safeguard it.

The administration might well be vested in the Organisation of American States. I do not need to remind the right hon. and learned Gentleman that the OAS contains the United States and a number of Commonwealth countries. Within the United Nations system, regional organisations are often used. Of course, the problem that we face in any vesting of sovereignty in an international body is whether Argentina, under a different regime, would tear up all its obligations and simply invade. We must face the fact that that could happen again. I believe that Argentina will remain a democracy, but I cannot guarantee it. That is why I want a strategic trust territory if we are to vest sovereignty in an international body. Perhaps we need not use the charter, but could make an agreement with the Secretary General. I would still want the safeguard of the Security Council. Furthermore, I would want a peacekeeping safeguard so that Argentina could not under a different regime tear up its obligations.

We would need a purely token peacekeeping presence. It need not be a great size. We would not need a greater number of marines than were there before the invasion—perhaps fewer would suffice. The crucial point—this might satisfy the right hon. and learned Gentleman—is that no British Government will take seriously a peacekeeping force, even a token force, for preserving sovereignty vested in an international body unless there is a credible country associated with it. For us the absolute touchstone is that it should involve the United States—even if only a couple of marines are included—and a few Commonwealth countries: Argentina could be satisfied by the inclusion of other countries. Hon. Members may decide that they do not want that, but it is only one option. It would save face all round. No country would retain sovereignty. If the Government object to shared sovereignty, it is a solution.

Why do I believe that it is necessary to grapple with the issue of sovereignty? We must remember Antarctica. The real problem behind all this is the Antarctic treaty, involving the vast continent of Antarctica and its economic, commercial, strategic and social implications. This is one of the most precious treaties. I do not believe that it would be possible to negotiate it now. It has 31 signatories, but there are many anomalies. For example, Chile, Argentina and Britain are claiming the same territories. Let the House not forget the military force that went down to Southern Thule in 1976. Let us not forget the potential of Argentina to operate in areas where we would find it immensely difficult to do anything about it. Then let us consider the relationship between the Falklands and Antarctica.

I come to the documents which we are being asked to consider. The Government are making a great mistake in not keeping separate the constitutions of the Falkland Islands and South Georgia and the Sandwich Islands. They are constitutionally different. It is vital that we assert in the House that they are separate elements. The Government have made a great mistake in listening to the Falkland Islanders on this. Let them listen to the islanders on all aspects affecting security and negotiations with Argentina. I do not believe that we should make a move without consulting them as fully as possible. I think that I can fairly claim about the period when I was Foreign Secretary that neither I nor the hon. Member for Merthyr Tydfil and Rhymey (Mr. Rowlands) ever made a move in negotiation without Kelpers knowing full well what we

were doing. But they have no right to tell us how we should handle the constitution of Sandwich and South Georgia.

The Government and the House will rue this. I hope that the Minister will tell us that the Government will think again about this. I, too, apologise for the fact that I may not be here for the reply to the debate. The Government are making a mistake. It is necessary to point out to Alfonsín and others in Argentina that there is a separation. As recently as June 1984 President Alfonsín said that his claim was not just to the Falklands, but to the South Georgia, the Antarctic peninsular and to the Scotia sea. Successive Governments have long wanted a constitutional separation. I know what the Foreign Office legal advice to Ministers would have been—to separate the constitutions.

The Government have bent to pressure from the Falkland Islanders on the issue. Let them have a named governor. The office of commissioner was never an attractive idea. Let them have some other things, but not this. Let us go back and separate the constitutions. I believe that that is the will of the House. By doing so the Government would be making it clear that we will not give any ground on our claim to Antarctica and that we are prepared to see the whole series of problems in the wider context of Antarctica. The treaty will come up for review in 1991. It is fragile, and major concessions will have to be made. There will have to be adjustments to the treaty over the next few years to ensure greater clarity. We cannot achieve that if we are in a state of war with Argentina.

A fortress Falklands would be economical and political nonsense. Nobody denies what must happen now. We have to spend money on an airfield, but to go on planning, in perpetuity, to keep a squadron of Phantoms on the Falkland Islands is nonsense. But that will have to happen if we continue armed hostilities with Argentina. The Argentines have only to scramble their aircraft every six months for us not to dare to take away our Phantoms. This is an extraordinary diversion of scarce and expensive resources. It means that we do not live in the real world. That is why our allies wonder what we are up to.

We understand the Prime Minister's problem. She was the first British Prime Minister to offer to give away the sovereignty of the Falkland Islands. She allowed her junior Ministers to give the impression to the Falkland Islanders and to the Argentine negotiators that she was prepared to contemplate lease-backing. The Government crossed the threshold of sovereignty.

I refuse to listen to lectures from the Prime Minister about the sovereignty of the Falkland Islands. I held the position against the transfer of the Falklands' sovereignty through difficult and different circumstances and through the military threat that we faced in 1977. The Prime Minister must now be got off the hook. I urge the Minister gradually to move her off the hook. I hope that he will say to her "By all means be categorical. You will not transfer sovereignty to the Argentine, but hold open your options on either vesting sovereignty in an international body, or ensuring an arrangement for shared sovereignty." Anything else is frankly dangerous and ludicrous, and would create considerable international tension.

8.31 pm

Sir Peter Blaker (Blackpool, South): The right hon. Member for Plymouth, Devonport (Dr. Owen) is wrong in

[Sir Peter Blaker]

saying that the Prime Minister was the first British Prime Minister to be prepared to cede sovereignty over the Falkland Islands to Argentina. I refer him to paragraph 29 of the Select Committee report which refers to the statement by Mr. Michael Stewart in 1967. The report states:

"for the first time he stated formally to Argentina that they"—that is, the then British Government—

"would be prepared to cede sovereignty over the Islands under certain conditions, provided that the wishes of the Islanders were respected."

I mention that only to put the record straight.

I was pleased at the robust line taken by my hon. Friend the Member for Stroud (Sir A. Kershaw). It was notably more robust than the line taken by the Select Committee. I regret, and I am surprised, that the Select Committee was unable to reach any categorical conclusion about sovereignty over the Falkland Islands. The reasons for this seem to have been twofold: first, their doubt whether in 1833 Captain Onslow succeeded in persuading the Argentines, who were then on the islands, to leave peacefully or by force. And, secondly, the fact that in the 19th century and, to some extent, in this century, the Argentines have protested about the British presence on the islands.

Mr. Ivan Lawrence (Burton): That was not the reason. The Select Committee did not consider itself to be an appropriate court of international law and was therefore not prepared to inquire as if it were.

Sir Peter Blaker: It is a pity that the Select Committee did not say that. I am concerned about the impression that the Select Committee report made in Buenos Aires. I am sure that it will have made an even stronger impression there than it did here, after reports in the newspapers, that the Select Committee was in doubt about the question of sovereignty. If my hon. and learned Friend the Member for Burton (Mr. Lawrence) is right, the Committee should have made that clear in its report.

Mr. Foulkes: The Foreign Affairs Committee might not consider itself to be an international court or a body capable of making such judgments. Might the International Commission of Jurists be such a body? It came to the same conclusion as the Select Committee that valid claims about sovereignty can be made by both Britain and Argentina.

Sir Peter Blaker: With respect to that body, I am not as persuaded by its remarks, which I have not read, as by the remarks of the Government in their White Paper in response to the Select Committee report. Paragraph 3 of the White Paper states:

"Britain's title is derived from early settlement, reinforced by formal claims in the name of the Crown and completed by open, continuous, effective and peaceful possession, occupation and administration of the Islands since 1833 . . . The exercise of sovereignty by the United Kingdom over the Falkland Islands has, furthermore, consistently been shown to accord with the wishes of the Islanders, expressed through their democratically elected representatives."

I am not an expert in international law, but over 30 years I have had some acquaintance with diplomatic matters. Those words certainly strike me as being consistent with the general line adopted by successive British Governments on questions of sovereignty when sovereignty is in dispute.

Did the Committee consider the effect of its report on Argentina? I cannot imagine that it has been helpful. Did it consider the wider implications of that remark about sovereignty?

I recall a conference that I attended in 1964 with my right hon. and learned Friend the Member for Hendon, South (Mr. Thomas) when he was Minister of State, Foreign and Commonwealth Office and I was his private secretary. The conference was with the Somalis, and with the Kenyans who were about to become independent. With us were Tom Mboya, Mr. Gichuru, Mr. Murumbi and other Kenyan Ministers. The question at issue was the future of the northern frontier district of Kenya which was claimed by Somalia on grounds of race and history.

My right hon. and learned Friend, who led our delegation, wisely asked the Kenyan Ministers to speak and to take a large part of the burden of putting the British case. They said that if one started to reopen borders and questions of sovereignty on the ground that the territory concerned had been acquired by force or because people had been making claims to that territory over past decades and centuries there would be no limit to what we would have to do to the international map. The Kenyan Ministers said "Look at the map of Africa. Every country has a territorial dispute with its neighbour. If you concede the Somali claim on the ground of history you will have to concede all sorts of claims in Africa's 50 or so countries because practically every country in Africa has a territorial claim."

The same can be said of South America. Argentina has a territorial dispute with almost all of its neighbours. Round the world territorial disputes are based upon history. I think of Vietnam and China, Vietnam and Cambodia, Thailand and Cambodia, Venezuela and Guyana. I mention a few disputes which occurred to me in five minutes' thought before I came into the Chamber. I think of the Soviet Union and Japan, Rumania and Hungary, Germany and Poland, India and China. Where do we stop?

The implication of the Select Committee report is that if there is doubt about our sovereignty over the Falkland Islands because of the factors to which it refers there must be doubt in many countries. I cannot believe that it wishes that implication to be drawn.

Mr. Peter Thomas (Hendon, South): I well remember the meeting that we had in Rome 20 years ago. My right hon. Friend the Member for Blackpool, South (Sir P. Blaker) is right. We had to consider whether the Somali Government had any right to part of the northern frontier district of Kenya. It is quite true that a very strong line was taken by the Kenyan members of our delegation about how impossible it would be if one were to alter those lines which were drawn quite firmly by the colonial rulers in the past on the map of Africa. It is quite true that there are many similar barriers between countries which were drawn in that way.

This, surely, is different. The historical quality of the claims which are put forward by both Argentina and Britain are based on 1833, and the argument which has gone on and which was put before our predecessor Committee was so conflicting and so complicated that we as a Committee were unable to reach what we considered to be a categorical conclusion. It did not mean that we did not think that we had a case; it just meant that, having taken on the task—which we probably should not have

done—of trying to look into the historical background we were unable to reach a categorical conclusion. But we made it perfectly clear that by reason of the invasion in 1982 the whole situation had changed; that whatever the strength of the Argentine claim its invasion had changed the situation and its position had been damaged.

Sir Peter Blaker: I am very much obliged to my right hon. and learned Friend for that explanation, which elaborates on the point made by my hon. and learned Friend the Member for Burton (Mr. Lawrence). It is useful that that point, which relates to the role which the Committee took upon itself, has been made. It is important, bearing that in mind, that we make it clear in this debate that what we really believe, because the record of this debate will no doubt be read in Buenos Aires. I believe that we should assert the fact that, since we have had, in the words of paragraph 3 of the Government's reply,

"open, continuous effective and peaceful possession, occupation and administration . . . since 1983",

We have a valid claim to sovereignty. It is certainly a very much longer claim than that made by the Kenyan Ministers at the conference to which we were referring. We were talking then about a much shorter period than 150 years.

Referring to the question whether we should be prepared to discuss sovereignty with Argentina, I welcome the fact that the Committee said in paragraph 96 that what it had reported in the previous paragraph

"does not mean that the United Kingdom Government should now agree to the inclusion of the 'sovereignty issue', as at present defined by Argentina, on the agenda for talks in the immediate future".

I would have wished the Committee to go further, because there are certain passages in the Committee's report which are in danger of misleading Argentina. I do not believe that we can possibly discuss sovereignty with Argentina in the foreseeable future because I do not think that the public of this country would tolerate it. I believe that if we started to discuss sovereignty with Argentina there would be uproar. There certainly would be in my constituency and, I suspect, in many other constituencies.

Mr. Foulkes: How does the right hon. Member explain the results of the two Gallup polls held at the end of last year which showed that the vast majority of the British people would be prepared for the Government to enter into discussions about sovereignty? Those polls represented the views of the people. I think that the right hon. Member is completely out of touch.

Sir Peter Blaker: We are not governed, fortunately, by Gallup poll. I think that the Gallup poll is wrong about what the reaction of the public would be if we started to discuss sovereignty with Argentina in any meaningful way.

The right hon. Member for Plymouth, Devonport (Dr. Owen) suggested that we should be prepared to contemplate shared sovereignty. I have some experience of shared sovereignty because I was responsible a few years ago for the New Hebrides. I have been concerned with some difficult diplomatic problems in the past 30 years, but that was worse than anything I have ever experienced. That involved only two countries sharing sovereignty. The right hon. Gentleman is suggesting, apparently, that the administration of the Falklands should be shared by the countries of the OAS. The mind boggles at the confusion that would result.

Dr. Owen: Eleven trustee states.

Mr. Blaker: The right hon. Gentleman is reinforcing my point.

One of the various points considered in the report is that since we were prepared to discuss sovereignty before 1982 we should be prepared to discuss it now. It is clear from what has been said already in the House that the war of 1982 changed all that. One of the things that it did—and I do not think that this has been sufficiently brought out—was to give the Falkland Islanders experience of Argentine rule. If they were reluctant to have sovereignty discussed before—and they were—they are triply reluctant now in view of that experience.

I support the point that my hon. Friend the Member for Stroud made about the relevance or otherwise of the fact that Argentina is now a democracy. Of course, we welcome that fact and hope that it will remain a democracy, but the record shows that in this century no democratically elected Government in Argentina has completed its term. I am not sure that that is absolutely correct—there may be exceptions—but the general rule has been that democracy has been of short duration.

The Argentine Foreign Minister was reported in *The Times* on 11 March to have made the point that the militarisation of the islands has made the Falklands a strategic target. I think that he has scored an own goal by that remark. One of the things that we have to bear in mind is that the Falklands are potentially of strategic importance in the context of Antarctica—a point to which the right hon. Member for Devonport referred. If Antarctica is important, I cannot understand why that should be an argument for our giving up sovereignty or sharing sovereignty or, indeed, for reducing our forces in the Falklands. If the Panama canal were to be closed everybody would suddenly realise that the Falklands were of strategic importance and wonder why they had not thought of it before.

The tone of the report is more apologetic and pessimistic than I would have wished. It is a pity that in paragraph 94 the Committee says:

"the present situation, although understandable in the short term, can only offer an uncertain future for the Islands in the long term and . . . some kind of accommodation with Argentina is not only inevitable, in view of the cost of the present policy to the United Kingdom, but also desirable".

It goes on to elaborate on that point.

Again, one has to ask what the effect is on the Argentines if they read that sort of remark. They will read that and other remarks in paragraphs 96 and 98 of the report as showing that our resolve to retain sovereignty over the Falkland Islands is less than firm. People in Argentina will be reading into the general tone of this report an assumption on the part of the Committee that, even though we may not be prepared to discuss sovereignty now, we will be prepared to do so before long.

Is it not possible, if that is the conclusion that is drawn in Argentina, that it will make the Argentines less willing to discuss practical matters such as trade, shipping, flights, visits, financial services and perhaps joint exploitation of the fish and oil resources of the south Atlantic? They will be pushing us towards the point at which they believe we shall discuss sovereignty. It is possible that the more we appear to be apologetic and anxious about the future of the Falkland Islands, the less likely we are to get the Argentines to the table to discuss the practical matters.

[Mr. Blaker]

Indeed, the report itself condemns that approach. Referring to the statement by Mr. Michael Stewart, paragraph 29 states:

"There is little doubt that this early indication of the United Kingdom's willingness to consider the transfer of sovereignty both coloured subsequent discussions between the two governments and provided fertile soil in which Argentina's subsequent sense of grievance could grow."

I fear that that might be the immediate or long-term consequence if we continue to appear apologetic and doubtful about our position.

I believe that the British public are prepared to bear the cost of defending the Falklands—that cost will fall when the airfield is completed—and are prepared to continue to demonstrate the will to protect our position in the Falklands. That is in the interests of the Falkland Islanders. It corresponds to the will of the British public and is less likely to mislead Argentina.

8.51 pm

Mr. Tom Clarke (Monklands, West): The right hon. Member for Blackpool, South (Sir P. Blaker) spoke with the clarity that the House has come to expect, but his judgment was at fault. His finger is less on the pulse of the true feelings of the British people than, for example, my hon. Friend the Member for Carrick, Cumnock and Doon Valley (Mr. Foulkes) and, to be fair, the right hon. Member for Plymouth, Devonport (Dr. Owen). I do not believe that the British people will encourage the Government to continue with the type of intransigence that we have seen during industrial disputes and that runs contrary to some of the Government's own achievements abroad. The Government are entitled to claim achievements over settlements in Zimbabwe and Hong Kong. I regret that this evening we have not heard that kind of language.

Lord Carrington had considerable influence on the Prime Minister over the settlement in Zimbabwe. The Foreign and Commonwealth Secretary had the same influence over the Hong Kong agreement. That type of realistic and reasonable thinking is required in these circumstances but, so far, it has not been reflected in contributions by Conservative Members.

The Foreign Secretary referred in passing to the views and role of the United Nations. I believe that Parliament would wish to take on board much more firmly the genuine dedication to a peaceful solution that is in the minds of the United Nations and especially of Mr. Perez de Cuellar. We owe it to international diplomacy to stop talking in terms of the type of chauvinistic approach we have heard during this debate and to think reasonably of the type of settlement that can be achieved.

It was to be expected that a great deal would be said about sovereignty. We must consider another aspect in the context of these problems—our word, and the views of British Governments past and present. If we have a major change of mind, we are entitled, and expected, to offer a better explanation than has been given so far. The Franks report referred clearly to this matter. Under "The Memorandum of Understanding," paragraph 22 states: "in March 1967 the British Government for the first time stated formally to Argentina that they would be prepared to cede sovereignty over the Islands under certain conditions, provided that the wishes of the Islanders were respected."

There is no reason to depart from that commitment—a commitment that was repeated by successive

Governments. The onus lies on the present Government to tell us why they appear to be going back from that commitment.

It is true that dramatic events took place in 1982, but we are entitled to ask why the forces went to the Falklands. They went not simply to fly the flag—to do so would be to take away seriously from the objectives that the House set at that time—but to provide long-term security, and that is the overriding influence that we should be considering during this debate.

How can we consider long-term security if we refuse to accept that there has been a genuine change by the Argentines, especially their present Government? That change should be met by a more sensitive response by the United Kingdom. It would be damaging to the Argentines, to the British and to the Islanders themselves if the present intransigence prevailed and if we did not attempt to seek a secure relationship with our South Atlantic neighbours.

During the debate there has been a great deal of criticism of the present Government of the Argentine, but it must be said bluntly that things have changed. Galtieri is no longer in control; many of the generals have gone on trial; and the new President and Parliament are dealing with some challenging problems. The House should understand the way in which they are attempting to solve those problems so soon after the traumatic events of 1982. The new rulers of the Argentine have a distinguished record in fighting the previous regime to which we have rightly taken so much exception. The present rulers of the Argentine were bravely fighting that regime in a way that can stand comparison with many hon. Members. That point should be seriously considered.

There is a danger that our approach to these matters could offer succour to the hard-liners in the Argentine. That would be a great mistake. They would welcome intransigence as a springboard from which to mount their own chauvinistic ambitions, which have not disappeared and which should not be encouraged by the attitude and role that we adopt.

My hon. Friend the Member for Carrick, Cumnock and Doon valley referred to the cost of fortress Falklands. I believe that the right hon. Member for Blackpool, South and the hon. Member for Stroud (Sir. A. Kershaw) seriously underestimated the deep feelings of the British people on this matter.

I do not believe, given our domestic problems and the demands made upon us, for example, in Northern Ireland—I do not attribute blame but the present unhappy conflict is a drain on our resources—that the British people will say that it is right to pay about £2 million a day to support 1,800 people.

Mr. Dalyell: £3 million.

Mr. Clarke: I accept the figure suggested by my hon. Friend, who is much better informed on these matters than I am. In a global sense, the British people will not accept that amount of expenditure without a more reasonable explanation about discussions on sovereignty and the future role of the Falkland Islands—*islands 8,000 miles away.*

The Foreign Secretary referred to strategic implications. He said that the suggestion that the Falkland Islands would become a NATO base were manifest nonsense, but so long as we have such a clear military commitment people will see it as a possibility and some even as a

danger. I do not believe that that is the kind of contribution to peace in the south Atlantic that most right hon. and hon. Members would wish to see.

I refer, as did other hon. Members, to Hong Kong. I accept that there is no positive and clear parallel, but there are matters of mutual interest and anxiety. The most important aspect of Hong Kong before the negotiations began was perhaps that the Prime Minister took a belligerent and hostile approach to a settlement. She was in due course persuaded. In addition, to her credit, she did still more. She prepared the people of Hong Kong for a reasonable settlement. Had she not done so, acceptance of those negotiations would have been much more difficult.

There is an opportunity for the Prime Minister and her colleagues to embark upon discussions with the people of the Falkland Islands. I am not certain that the Prime Minister's Christmas message was the kind of approach that would be helpful in reaching a constructive solution to the problem.

I have not had the opportunity to visit the Falklands as many hon. Members have been able to do. However, last year, I visited Belize and had the opportunity—I should say privilege—to speak to some of our officers and men who were involved in the Falklands exercise. My admiration for them is, I know, shared by other hon. Members. They attempted to relate to me their experiences and views on the loss of life on our side and on the Argentine side.

I took the view then, as I do strongly now in the debate, that it would be one of the greatest tragedies in our history if we had a repetition of that kind of exercise, which many people believe—my hon. Friend the Member for Linlithgow (Mr. Dalyell) is not alone in this view—could have been avoided by a diplomatic settlement. I hope that there will be no repetition of that exercise and that loss of life.

The United Nations will take an increasing role in our discussions on these matters. It will say to us that it is not beyond the wit of modern diplomacy to reach a sensible, reasonable solution to the problem. It is that solution which I commend to the House for acceptance.

9.3 pm

Mr. Robert Harvey (Clwyd, South-West): There is much in the Government's response to the Select Committee's report on the Falklands that is sound common sense. The White Paper makes the point that, following the return of British administration in June 1982, the Government faced a completely new situation—a war had been fought and negotiations could not revert directly to where they left off before the war. That point has been made again by my hon. Friends this evening. It has been far too little understood by the Argentines, even though we recognise that the constitutionally elected Government of President Alfonsín bears no responsibility for the acts of their unconstitutional predecessor.

The Government's underlining of the Falklanders' right to determine their own future is also welcome. The Government's reply is correct in drawing attention to the Argentine's continuing refusal to announce a cessation of hostilities which would open the way to the ending of the trade embargo and of the protection zone around the islands.

All the same, hon. Members must feel a sense of disappointment at the absolute deadlock that seems to have persisted since the end of the Falklands war.

There are two sources of concern on the British side. The first, and least, although it was mentioned by the right hon. Member for Plymouth, Devonport (Dr. Owen), is the danger that Britain's allies in the world may lose sympathy with our position. Secondly, and more important, Britain has a duty to the people of the Falklands to provide them with a stable and foreseeable future.

In the absence of any negotiations, or even speaking terms between the two countries, the Falklanders have only our present profound sense of commitment to them on which to rely. That commitment goes deep, but no British Government can bind the hands of their successors. No Government can promise that, irrespective of the costs, we shall continue to provide necessary military protection of the islands *ad infinitum*. The Falklanders are realists and do not believe that the present commitment is for ever. It will endure for as long as we can afford it, no other way forward can be discerned and Argentina continues to be unreasonable.

However, should Argentina become more reasonable, it will be the historic duty of the British Government to seize the opportunity and not let it slip in case one day, heaven forbid, a less responsible Government should come to power and negotiate a much less favourable deal to make savings, for example, on their defence budget.

That begs the question of how unreasonable the Argentines are being at present. As I said, their refusal to call a formal end to hostilities is unreasonable, but perhaps the problem could be resolved by a simultaneous ending of the exclusion zone at the same time. This who-goes-first argument should not stand in the way of talks.

The central problem to the whole issue is what should or should not be on the agenda, which scuppered the last talks in Berne. It was agreed there that the Argentines could mention the word "sovereignty" provided that we said at once that we were not prepared to discuss it. The talks were then turned to other matters, and the Argentines withdrew in a huff when we stood by that agreement. Clearly, they were being unreasonable then.

In discussions that hon. Members on both sides of the House have had with Argentine parliamentarians, it seemed that we could detect an attitude of greater reasonableness, although whether that extended to their Government, one could not say. They seemed prepared to consider a suggestion by which official negotiations would deal with the return to peaceful relations, while unofficial talks, for example, between retired but respected diplomats on both sides, would simultaneously consider not the issue of sovereignty but that of the future of the islands.

From the British point of view, that would give away nothing, even less than the Berne formula did. Obviously, these views of parliamentarians are not official views, but I am sure that the Government are considering all suggestions carefully as a way of getting talks started and creating a friendlier climate without prejudice on either side.

It would be churlish of us not to recognise that the democratic successes of the dictator Galtieri cannot be expected to have absolutely nothing to show in return for the normalisation of relations with Britain. No Argentine Government could go back to their people and say, "We shall mend fences with Britain, but we have agreed not even to raise the issue of the future of the islands".

Britain has won a war. Let us not detract from that victory by appearing to be at all insensitive. Our

[Mr. Robert Harvey]

courageous fighting men fought and died to defend the principle that territorial disputes must not be resolved through the use of force and that the Falklanders remain British for as long as the majority of their inhabitants so wish.

They did not fight and die to defend the principle that we are unwilling ever to talk about the future of the Falklands. Their sacrifice will be debased if we absolutely rule out the chance of getting a secure and permanent settlement for the Falklanders now. We would give nothing away by saying that we were prepared to discuss the future of the Falklands, just as over Gibraltar we have given nothing away by saying explicitly that we are prepared to discuss sovereignty with Spain. We need not accept a single proposal that they make, but it is just conceivable that we might discover in such talks an arrangement that might be acceptable as a long-term solution to the people of the Falklands, as of Gibraltar.

I have a hunch that, in the Falklands at least, Argentina might be prepared to offer the sort of guarantee that would ensure the continuation of British administration and the preservation of the Falklanders' way of life. Of course, that would have to be acceptable to the people of the Falklands. Of course, trust and perhaps third-party guarantees would have to underwrite such a deal—the sort of trust that allowed reconciliation between Germany and its neighbours after the second world war, and the sort of trust that allowed Israel to reach peace with Egypt after not one, but three wars had been launched upon it by that country.

To fight in defence of principle requires courage and statesmanship of the highest order, and the Government have shown it. To achieve a secure and binding peace that will permanently guarantee the Falklanders way of life will require no less of both, but I am confident that a government who have achieved the historic settlement in Hong Kong and the opening of the gates of Gibraltar can and will rise to the occasion.

9.11 pm

Mr. Bruce George (Walsall, South): I am delighted to be called to speak in the debate, although I hope that it will not affect my chances of being called to speak in tomorrow's important debate on the west midlands. It is a pleasure to follow the hon. Member for Clwyd, South-West (Mr. Harvey), who spoke courageously. One suspects that in the massed ranks of Conservative Members his voice, although not a lone one, does not necessarily reflect the ethos of his party in the light of what we have heard this evening. Remembering the famous saying about the Hapsburgs, may I say that five, 10 or 15 years from now, I do not wish Britain to be forced down the path down which it was forced three years ago, fortunately successfully. We may not be as fortunate in the future.

This debate is important not simply because of the topic that we are discussing. I hope that people will not regard the vast empty spaces in the Chamber this evening as representing indifference. The debate contrasts sharply with the excitement and enthusiasm during that Saturday morning a few years ago, which has left an indelible mark on my mind. Never again do I wish to go through what we experienced on that occasion. Our lot was an easy one compared with that of the British troops, who were forced

to accept the consequences of the failure of Government policy and the failure of Parliament to create an environment in which discussions with Argentina could have led somewhere and could have precluded the fact that more than 250 British citizens and many more Argentine citizens paid the price for that failure on both sides.

This is an important debate from the standpoint of the House of Commons. Select Committees, which I support totally — I am an active member of the Select Committee on Defence — are not debating clubs that spend months producing reports which end up in pigeon holes. There must be a bridge between what happens in Select Committees and what happens in the Chamber. Far too few Select Committee reports make it as far as the Chamber. I do not suggest that they are not read or debated in one form or another, but only a handful of reports have been debated on the Floor of the House. It is important that the link is maintained to show that the work done by Select Committees has a significance greater than simply a means of whiling away the time, after which their reports are conveniently forgotten. This report does not deserve to be forgotten.

The right hon. Member for Blackpool, South (Sir P. Blaker) has the mistaken view that the Foreign Affairs Committee is a branch of the Foreign Office, perhaps its public relations arm. He thinks that the principal task of the Foreign Affairs Committee is to advance the negotiating position of the Foreign Office. The Committee should not be expected to perform that task. It has not done so in the past. It has produced many challenging reports, reports that have almost invariably been a finger in the eye of the Foreign Office and the Government, but that is no reason why the Foreign Affairs Committee should be deprecated. It produced excellent reports on Canada, Central America and the Caribbean, Gibraltar and the aftermath of what happened in Afghanistan. Many of its reports ignored the prevailing view in the Foreign Office and have been vital because they have done that. It has stimulated thought and has shown that it does not have to be a mirror image of the Government's view. I commend the Foreign Affairs Committee and its Chairman for what has been done.

However, when I listened to the Chairman of the Foreign Affairs Committee, I thought that it was the Chairman of the Select Committee on Transport who was making the speech, such was the gulf between his speech and what was contained in the report. To advance the view that he as the Chairman has no vote is to show that his Committee may be unique among Select Committees. In our Committee, the Chairman not only participates in the debates but votes.

In the Foreign Affairs Select Committee report, I see that no vote was cast against paragraph 22. I am not arguing the case for Argentina, but it has a solid claim. Its claim is more spurious than ours. Ours may have some validity, but we have not put it to the test of international jurisdiction. Surely the answer to the rival sovereignty claims is what is suggested in paragraph 22, that neither side has an unchallenged claim to sovereignty of the Falkland Islands. I commend the courage of the Foreign Affairs Committee in advancing that view.

I have visited the Falklands. I just wish that more Argentine politicians had visited the Falkland Islands, which in the past I have called the diplomatic equivalent to a cold shower, as their enthusiasm might have abated somewhat if they had. However, although we may dismiss

the validity of their claim, we have failed to understand that, in psychological terms, the Falklands or the Malvinos, as they would call it, have an importance way in excess of the economic, diplomatic or political value. Argentina is a country with enormous potential, but unfortunately it has failed dismally both economically and politically, and in almost every respect. To an Argentine, the reason for this failure is their failure to have re-acquired the islands off their coast.

One shudders to think what would happen if ever the Argentines had control of the islands and nothing changed. What then would they blame for their miserable failure as a nation? We must always remember that if we pursue our "Fortress Falklands" policy in perpetuity, perhaps not under this Government or the next, but at some time there will be another attempt to secure control of the Falkland islands.

I am certain that the democratic Government of President Alfonsín has no desire to retake the islands. However, having read the report of Dr. Paul Rogers and magazines such as *Jane's Defence Review* I am aware that there is a growing capability in Argentina. If the capability were matched by the will, the situation would be frightening.

Argentines argue, with some validity, that the impressive acquisition of weaponry is merely the receipt of equipment that was ordered by the military Government. The civilian Government is seeking buyers for some of the equipment and the size of the armed forces has been reduced. There has been a reorganisation and some units and regiments have been disbanded, but it is still a capable force. Smaller forces can be more capable than their larger predecessors.

Maintaining the islands as British for ever will be a heavy drain on our resources. I am a member of the Defence Select Committee, but it is clear from published evidence that there is no way in which the Government will be able to meet their military commitments on presently available resources. There are whispers in the press and people are using Kremlinology, and I suspect that our amphibious capability will be on the list for the chop. The fact that we are considering that capability is a clear sign of the problems that the Government have got into on defence spending. The military, political and diplomatic costs of fortress Falklands are high. A series of pressures should make us consider some form of settlement some time in the future.

The pressures on Argentina are also great. Argentines must realise that they failed to achieve their objectives militarily and that they will not get in peacetime what they failed to secure by military means unless they are prepared to compromise. It is all very well to point the finger at the Prime Minister—rightly—for her obduracy, but the Argentine Government does not have much flexibility either. The Argentine President has more problems with his public opinion that does a British Prime Minister.

Neither side has an interest in developing an arms race in the south Atlantic. Both of us should be diverting resources to things other than maintaining a fruitless and possibly disastrous arms race. It is in the interests of the islanders, both Governments, both peoples and the world community that we get away from the conflict and down to the negotiating table. Neither side will get everything that it wants, but that is the essence of diplomacy. Both sides give but both gain.

I am not arguing for a leaseback arrangement. I have examined 20 possible constitutional solutions. Many might not advance any cause, but somewhere lies a possibility of a settlement. I hope that the report, today's debate and negotiations between politicians, publicly and privately, will somehow help to resolve the crisis. We avoided a crisis three years ago, but if we are not prepared to be diplomatic, we shall be in far greater difficulty. The House must try to avoid that.

9.24 pm

Mr. Bowen Wells (Hertford and Stortford): In my experience, it is quite often at the end of a debate that we have some of the wisest and most thoughtful words in hon. Members' speeches. The speech by the hon. Member for Walsall, South (Mr. George) was one of those, and, indeed, that of my hon. Friend the Member for Clwyd, South-West (Mr. Harvey) was another.

The sense of the report of the Select Committee on Foreign Affairs and, indeed, the sense of the debate as it concludes is that we need to seek a way forward that will require compromise. I was pleased to note the advice that the hon. Member for Walsall, South gave to the Argentine Government. Compromise on their part will be needed.

It is wrong to assume that negotiations by President Alfonsín's Government with our country are seen by him to be likely to produce a result that will benefit him within Argentine political circles. It is a false argument to say that not to negotiate with him is to undermine him. If President Alfonsín, the first democratically elected president in Argentina for some time, and certainly the first non-military president for some time, returns with anything other than full sovereignty over the Falkland Islands or the Malvinas, as the Argentines call them, the political support that he enjoys in Argentina will be undermined. That is something that informs us about Argentina's actions towards Britain on negotiations. It explains why the Argentines have refused to concede that hostilities are at an end, which would facilitate the possibility of the British Government speaking to them about the whole issue of the Falkland Islands. Indeed, I believe that it explains their conduct in Berne, in Switzerland.

The Select Committee on Foreign Affairs, taking evidence for its report in pursuit of the facts, visited the United Nations and went around the ambassadors there, including the ambassador for Argentina. That was three months before the Berne talks in Switzerland. The ambassador gave us to understand that an open agenda, which included sovereignty, but which the Argentines would not expect to discuss, would be the way in which other issues could be discussed. Thus the two countries could begin to re-establish that essential trust which could bring about the opening of discussions on issues on which we could agree, and then we could move on to more difficult subjects. That is what the ambassador gave the Select Committee to understand, and that is what was reported to Ministers in the Government. Why did Ministers abort that opportunity to bring about negotiations? We can only speculate, but I suggest that it is because the president of Argentina is sufficiently insecure that he cannot bring back anything other than a total handover of sovereignty to Argentina. I believe, as Opposition Members have said, that Argentine public opinion would not tolerate anything else.

If that is the background, we are faced with an extremely difficult position because the Argentine cannot

[Mr. Bowen Wells]

make any compromise. The compromise that the Argentines must make is that they must realise that, by invading the Falkland Islands, they have forgone the opportunity ever in our lifetime or in the foreseeable future of being able to take over the sovereignty of those islands. That action offended against the United Nations charter in every way and, as my right hon. Friend the Member for Blackpool, South (Sir P. Blaker) said, was carried out in pursuit of the principle that a country may try to settle its arguments on territorial and boundary disputes by taking the law into its own hands and making a military attack. For a member of the Security Council such as Britain to agree to that would be to unleash on the whole world a variety of territorial disputes that would lead to untold deaths and terrible disputes continuing throughout our lives. It would undermine the principle of the United Nations charter. That is what Britain did to resecure its territory in the Falkland Islands. That is the principle we supported, that our men died for and that the United Nations, almost unanimously, agreed to support.

May I remind the House that the hon. Member for Carrick, Cumnock and Doon Valley (Mr. Foulkes) throughout the whole of the Falklands Islands crisis—we have to consider this point in the light of his remarks today—consistently opposed in the House the despatch of the task force in defence of that principle.

Mr. Foulkes: Will the hon. Gentleman give way?

Mr. Wells: I shall give way in a minute. If the hon. Gentleman would not have despatched the task force to defend that principle, he is saying that he agreed with the claims of Argentina and would have handed over the islands to Argentina in any event. Therefore, his arguments must be set in that context.

Mr. Foulkes: I would ask the hon. Gentleman to accept—he knows me well—that I did not concede Argentina's claim. I thought that we should try to achieve a settlement by other than military means. May I also point out that on all those occasions I was speaking as a Back Bencher? Today I have spoken on behalf of the Opposition. That is a clear and important difference.

Mr. Wells: Of course I accept that difference, but the hon. Gentleman is a very persuasive member of his own Front Bench. I do not believe that we can absolve him from his own views on these matters by reason of his assumption of his great position, upon which I compliment and congratulate him. I am glad to see him in it. However, on this matter he and I must disagree, as we have always disagreed. Fortunately, hon. Members can disagree but retain great respect and friendship for those with whom they disagree.

I must record my disagreement, and also that of my colleagues on the Select Committee on Foreign Affairs, with the Foreign Office in permitting the Argentines to put round the Falkland Islands a fishery protection zone. Permission ought to be given only to those who are licensed to fish in that zone not only to conserve the stocks of fish so that they do not become totally exhausted but also because it is the most obvious source of income for the Falkland Islanders other than the traditional sheepmeat and wool. Without this additional prop to the economy, I do not believe that it will be possible to ensure that the

Falkland Islanders can look forward to an economically stable and long term future. It is their long term future that we have to consider.

As the hon. Members for Walsall, South (Mr. George) and for Clwyd, South-West (Mr. Harvey) said, the future of the Falkland Islanders and therefore their interests, which are not necessarily the same as their wishes, must lie in the conclusion of an agreement between themselves and this country and the South American mainland, namely, Argentina. Without such an agreement they will not attract the economic investment that is necessary to ensure that they have a long term future. A means has to be found of ensuring that long term solution.

Argentina will have to make compromises. They cannot expect sovereignty. We should not give the impression to Argentina that they ought to have sovereignty. It will be recalled that time and again the Government were accused in the House that because they explored lease-back before the invasion they gave the impression to Argentina that Britain would hand over to Argentina sovereignty of the islands and of the people. That mistake must not be made again. I appeal for a compromise and for an approach by Argentina to this country that shows that they are willing to try to re-establish the trust that is necessary in order to bring about the compromise solution that this country has shown that it is willing to make in other very difficult circumstances—in Zimbabwe, in Hong Kong, in Gibraltar and, indeed, at Fontainebleau in relation to the European Community. There is the will to compromise in Britain, provided that it can be done in the interests of the Falkland Islanders and in pursuit of the vital principle that no nation should pursue its territorial ambitions by military force.

9.34 pm

Mr. Tam Dalyell (Linlithgow): The Minister should have time to answer the debate. Therefore, in three minutes I shall ask three questions.

The first is of the past. Is it true that the distinguished Conservative historian, Lord Blake, the Provost of Queen's college, Oxford has any grounds for referring in his most recent book to a Cabinet discussion in which it was decided that up to 1,000 British deaths would be acceptable during the conflict?

Mr. Robert Rhodes James (Cambridge) *rose*—

Mr. Dalyell: No, not for a three-minute speech.

Secondly, in the light of discussion on the airport, has account been taken of the fact that Argentina now has possession from MATRA in France of the DURANDEL anti-runway bombs which can create havoc from low altitudes, making holes 2 m deep and 5 m in diameter, which could put out of action temporarily the Mount Pleasant runway and, therefore, the Phantom cover? What assessment has been made of the whole range of Argentine arms—the Nesher Israeli adapted Mirage 3s or the Mirage 5s, and the many armaments to which I have previously referred in the House?

Thirdly, I am dismayed at the attitude of many Conservative Members. All right, the Falkland Islanders have rights, but they do not have the right to keep a sizeable portion of the British Navy down there for the lifetime of the youngest among us. If they want, they have the right to be British, and that means coming to Britain.

Will the Government look at how the Scots and Welsh communities get on in Southern Patagonia? After all, in

the words of Sir Richard Evans, our excellent ambassador in Peking, the legacies of history should be resolved by peaceful means. The Scots communities and Mr. Tuan McCafferty and the Welsh communities and Mr. Pablo Llewelyn get on very nicely. Not a finger was laid on them during the conflict. The whole Anglo-Argentine community must be considered in future. The truth of the matter is that although Alfonsín will not start a conflict, he is pretty vulnerable. It is an embryo democracy, and surely it is in the British national interest to help him.

Mr. Austin Mitchell *rose*—

Mr. Robin Maxwell-Hyslop *rose*—

Mr. Dalyell: I give way to my hon. Friend.

Mr. Speaker: Mr. Maxwell-Hyslop.

Mr. Dalyell: My God.

9.38 pm

Mr. Robin Maxwell-Hyslop (Tiverton): The white coat can go away if he wants to. There are questions which will not go away. One is about sovereignty. Britain could not realistically use armed forces today merely because Argentina was in breach of a treaty. If sovereignty were ever conceded to Argentina as part of a general settlement and an Argentine Government in the future then tore up that settlement but were in possession of sovereignty, we could not move armed forces into the Falklands without invading Argentine territory. That is a fact which will not go away.

Secondly, among the events which have happened since 1982, whether the hon. Gentleman in the white coat likes it or not, is that people throughout the British Commonwealth, including in the Falklands, have seen what happens when leased territory comes to the end of its lease. The leased territories in Hong Kong are coming to the end of their lease, and that is a fact which is discussed in the Falklands. The significance of that is not lost on the Falkland Islanders.

Then again, the right to be protected by the state of which one is a citizen is the most elemental right. It is not attenuated by distance. The inhabitants of the Shetland Islands are not less entitled to defence by the forces of the Crown than the inhabitants of Luton because they are further from London. Similarly, the inhabitants of the Falkland Islands are not less entitled to defence by the forces of the Crown because they are further from London than the inhabitants of the Shetland Islands. I have been to the Falklands since the conflict and I know that the Falkland Islanders will say that themselves.

Those who wish to make their own assessment of opinion on the Falkland Islands should bear in mind that Stanley is no more the Falklands than London is Britain. The history of Argentina is a history of chaos interrupted by very occasional and brief periods of elected government. The standard picture of Argentine history is one of conflict—sometimes between the military Government and their citizens, and very often between the citizens themselves.

The present elected Government of Argentina may, or may not, last longer than the Government of Dr. Illía, following the military deposition of Perón, but morally we cannot assume for our own convenience and for the saving of defence Estimates that the present manifestation of politics in Argentina is even probably going to last. Judging by the history of Argentina to date, we have no reason to make such an assumption.

Mr. Foulkes: Governments here can change too.

Mr. Maxwell-Hyslop: I am not sure whether the hon. Member for Carrick, Cumnock and Doon Valley (Mr. Foulkes), who is sitting on the Opposition Front Bench, is speaking as a Front Bench spokesman, but I remind him that our established pattern is that we have a democratic government, even if Governments change after elections. That is not the established pattern in Argentina. Argentina has had 36 presidents in the past 100 years. It is no good the hon. Gentleman shaking his head. Does he disagree with that statement of demonstrable fact? How many of those presidents have been elected? Argentina has had fewer than Bolivia, but that is not a very great achievement.

Anyone who talks about the transfer of sovereignty or titular sovereignty is condemning the Falklands Islands to that. Once Argentina has titular sovereignty over the Falkland Islands, the fate of the Falkland Islanders will be left to happenstance. If we want to get away from the arguments about sovereignty, we must look to mutual interest. There are immense resources of minerals in Antarctica. At present prices they may be uneconomic to mine, but that will not always be so. As Arab supplies of oil and European supplies of coal are worked out—as one day they will be—the economic viability of harvesting Antarctica will become more real. —*[Interruption.]*—If the white coat would be quiet, he would extend the same courtesy to other hon. Members as they extended to him.

In the historic carve up of Antarctica, Britain, Chile and Argentina participated in overlapping claims from which much of the rest of South America, including Brazil, was excluded. I should have thought that the way forward in terms of mutual interest would be to have new negotiations, not on the sovereignty of the Falklands, but on the sovereignty of Antarctica as a whole. In those negotiations we should offer to put into the pool our claim to Antarctica so long as Brazil and other South American countries had a share, divorced from historic claims. That might put an end to the hostility between Argentina and Chile and the feeling of Brazil that she was excluded. That is the way that we should follow to change the focus from sovereignty of the Falkland Islands, which is, and must remain, ours as a safeguard to the British population in those British islands.

9.46 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Tim Renton):

I should like to thank all those on both sides of the House who have made such constructive and thoughtful contributions to this important debate. I should particularly like to thank my hon. Friend the Member for Stroud (Sir A. Kershaw) and the members of his Select Committee, whose sound and thorough work has offered such a good basis for our discussions. My hon. Friend himself made a useful speech. In the words of my right hon. Friend the Member for Blackpool, South (Sir P. Blaker) it was a robust speech. My hon. Friend the Member for Stroud has sent me his apologies because he could not be here for the reply to the debate.

I assure the hon. Member for Walsall, South (Mr. George), who is not in his place at the moment, that none of us at the Foreign and Commonwealth Office ever thinks of the Foreign Affairs Committee as an arm of the FCO

[Mr. Tim Renton]

—quite the opposite. I am sure that my right hon. Friend the Member for Blackpool, South, as a former Minister at the Foreign and Commonwealth Office, would himself never think of the Select Committee in those terms.

Without further preamble, and not having much time, I should like to answer some of the points that have been raised in the debate. In his opening remarks my right hon. and learned Friend made it abundantly plain that we wish to normalise our commercial relations with Argentina, but that we are not prepared to discuss the issue of sovereignty. Many hon. Members referred to this issue, including the hon. Member for Carrick, Cumnock and Doon Valley (Mr. Foulkes), the right hon. Member for Plymouth, Devonport (Dr. Owen) and my right hon. Friend the Member for Blackpool, South.

The hon. Member for Carrick, Cumnock and Doon Valley never made any mention of the right of the Falkland Islanders to self-determination, although he said that we should put the matter on the table. I remind him of these words:

"However, I hope that the whole House supports the right of the Falkland Islanders to self-determination and to live in peace under a Government of their own choosing, as they have been able to do for the past 150 years."—[*Official Report*, 7 April 1982; Vol. 21, c. 965.]

Those were not the words of the Prime Minister or of the Foreign Secretary. They were the words of the right hon. Member for Leeds, East (Mr. Healey) in the House on 7 April 1982, not three years ago. What has changed that makes the hon. Member for Carrick, Cumnock and Doon Valley now feel so strongly that without considering the right of the islanders to self-determination we should put the issue of sovereignty on the table to be discussed?

That is particularly important because we all know that when the Argentines talk about sovereignty they mean the transfer of sovereignty. President Alfonsín made that abundantly plain in his speeches at the United Nations Assembly. When he talked about lease-back, he made it clear that he was talking in terms of three to five years before the ownership of the islands reverted to Argentina.

As my hon. Friend the Member for Hertford and Stortford (Mr. Wells) and my right hon. and learned Friend the Member for Hendon, South (Mr. Thomas) said, it is as if the Opposition believed that the events of 1982 can be totally forgotten. They cannot be forgotten. Least of all can they be forgotten by the islanders themselves.

The hon. Member for Carrick, Cumnock and Doon Valley suggested that at the Maryland conference islanders gave the impression that they were willing to discuss the future ownership of the islands. In all the discussions that we regularly have with the islanders' elected councillors, we see no sign of that whatsoever.

Mr. J. Cheek, a Falkland Islands councillor, in the fourth committee of the United Nations General Assembly in October last year, said:

"Members may question what is the percentage of islanders who wish the Falklands to remain a dependent territory of Britain. I can assure members that islanders are almost unanimous in this belief."

The right hon. Member for Plymouth, Devonport talked about the Beagle channel and the approval by the Argentine Senate today. He said that it showed that President Alfonsín is now more flexible. We welcome any reduction in tension in the South-West Atlantic. Of course we are pleased about the agreement between Chile and

Argentina. However, no invasion was required by Argentina or Chile to obtain that agreement. Instead, a referendum was held. President Alfonsín held a referendum of his own people and there was an 80 per cent. vote in favour. Why does he not show any sensitivity about the rights and wishes of the islanders?

We have been privileged tonight to hear speeches by all three of the hon. Members who were present at the Maryland conference—the hon. Member for Carrick, Cumnock and Doon Valley, my hon. Friend the Member for Clwyd, South-West (Mr. Harvey) and the hon. Member for Walsall, South. All hon. Members will be grateful to them for their reports of the proceedings at Maryland. We shall study the reports carefully.

Such contacts between parliamentarians can usefully complement official exchanges through the protecting powers, but some of the references to the Maryland communiqué are starry eyed. It would be wrong for the House to go away with the idea that the communiqué represents a breakthrough. The reference to respecting the wishes of the Falkland Islanders comes at the end of a paragraph listing various means of transferring sovereignty.

The document reiterates the Argentine insistence of a linkage between the normalisation of bilateral relations—which we want—and discussion about sovereignty. Indeed, Argentine participants at the conference have subsequently emphasised that they insisted at all times on Argentine sovereignty.

The hon. Member for Carrick, Cumnock and Doon Valley, the right hon. Member for Devonport the hon. Member for Walsall, South and the hon. Member for Monklands, West (Mr. Clarke) referred to the cost of the Falklands. The overwhelming cost has been that of recovering the islands, of reconstruction and of the construction of Mount Pleasant airport. Once the airport is completed expenditure will come down sharply, and when it is fully operational it should be possible to reduce the size of the forces permanently stationed on the island.

In any event, it is surely wrong, however tempting, to put a cash value on the principles that are at stake. The price of liberty and self-determination comes dear, and when hon. Members of the Opposition speak, as they do constantly, of fortress Falklands, I must put it to them that this is a misnomer. It is no more a fortress Falklands policy than it is a fortress Britain policy. It is the right of the Falkland Islanders to be defended from the threat of attack, and it is our duty to defend them. We are keeping there the minimum force that is necessary for the purpose of defence. Obviously, the policy of defending the Falkland Islands was not specifically of our choice. It was forced upon us by the 1982 invasion.

I hope that the hon. Member for Carrick, Cumnock and Doon Valley will allow me to write and give him the answers to the various questions that he asked me about the airport, since they are somewhat detailed and time is short.

To the hon. Member for Linlithgow (Mr. Dalyell), who asked me three questions, I would say, first, that I do not think that Lord Blake has written a new book for a long time. Secondly, it really is not appropriate for us to go publicly into our assessment of the military strength of Argentina. However, we note, as he will have noted, that Argentina, from spending 6 per cent. of its gross domestic

product on defence military purposes in 1983, has reduced this to 4 per cent. in 1984 and an estimated 3.2 per cent. in 1985.

I should like to come back to the twin themes of our Falkland's policy as described by my right hon. and learned Friend in his opening remarks. Of course, I agree with the comments made by, for example, my hon. Friend the Member for Clwyd, South-West on the need now to search for solutions. In this respect I agree with the hon. member for Linlithgow, who talked about our long-standing friendship with Argentina. That is of course true. Our relations and friendship with Argentina went back a long way, and throughout the 19th century we had an honourable financial connection with that country. We never wanted it otherwise, and it is unnatural that it should be otherwise. Sadly, it was Argentina which so rudely destroyed that friendship in April 1982.

How do we start rebuilding that friendship? I must put it to the House that it is we who have been making the patient efforts to promote normality and rebuild confidence in our relations. It is we who from the first have made the running in seeking better bilateral relations. It is we who have looked to the democratically elected Argentine Government to show a greater spirit of realism and flexibility in their response than their predecessors did. It is we who have been trying constantly to open the window and it is the Argentines who so far have always slammed it shut again.

We regret that they are not yet ready to accept that, while the issue of sovereignty must be set aside, discussion of other outstanding problems would help promote a climate of greater trust, to our mutual benefit. So far Argentina has not been prepared to share this reasonable approach, but we shall persevere in our attempts and we must hope that Argentina will respond to the steps that we have proposed.

This strand of our policy is matched by the other strand — our commitment to the Falkland Islanders. We are giving them in the new constitution the means to exercise a measure of control over their own future. The new airport will enable us to make some reductions in the size of the garrison but to reinforce it swiftly should the need arise. It will play an increasingly important part in enhancing the economic and social development of the islands.

We want to improve relations with Argentina. We stand by our commitments to the Falkland Islands. There is nothing incompatible in those two aims. We are confident that this is the right approach, and that no sensible alternative to it exists. We shall, therefore, continue to implement it with determination and energy. I have no doubt that the House will endorse that approach.

It being Ten o'clock, the motion for the Adjournment of the House lapsed, without Question put.

It being Ten o'clock MR. SPEAKER proceeded to put forthwith the deferred Question necessary to dispose of the proceedings on Supplementary Estimates 1984-85, Class IV, Vote 5.

Question,

That a supplementary sum not exceeding £20,000,000 be granted to Her Majesty out of the Consolidated fund to defray the charges which will come in the course of payment during the year ending on 31st March 1985 for expenditure by the Department of Energy in connection with the energy industries including related research and development, selective assistance to industry, energy conservation, oil storage, and certain other services including grants in aid and an international subscription.

put and agreed to.

ESTIMATES, 1985-86 (NAVY), VOTE A

Question,

That during the year ending on 31st March 1986 a number not exceeding 73,500 all ranks be maintained for Naval Service.

put and agreed to.

ESTIMATES, 1985-86 (ARMY), VOTE A

Question,

That during the year ending on 31st March 1986 a number not exceeding 190,300 all ranks be maintained for Army Service, a number not exceeding 5,000 for the Home Service Force, a number not exceeding 125,000 for the Individual Reserves, a number not exceeding 86,000 for the Territorial Army and a number not exceeding 12,600 for the Ulster Defence Regiment.

put and agreed to.

ESTIMATES 1985-86, (AIR), VOTE A

Question,

That during the year ending on 31st March 1986 a number not exceeding 96,600 all ranks to be maintained for Air Force Service, a number not exceeding 4,850 for the Royal Air Force Reserve and a number not exceeding 2,300 for the Royal Auxiliary Air Force.

put and agreed to.

SUPPLEMENTARY ESTIMATES 1984-85

Question,

That a further supplementary sum, not exceeding £1,214,334,000, be granted to Her Majesty out of the Consolidated Fund to defray charges for Defence and Civil Services which will come in the course of payment during the year ending on 31st March 1985, as set out in House of Commons Papers Nos. 182, 183 and 227.

put and agreed to.

ESTIMATES, EXCESSES, 1983-84

Question,

That a sum, not exceeding £4,260,259.70, be granted to Her Majesty out of the Consolidated Fund to make good excesses on certain grants for Defence and Civil Services for the year ended 31st March 1984, as set out in House of Commons Paper No. 184.

put and agreed to.

Bill ordered to be brought in upon the Resolutions this day relating to Supplementary Estimates and to Excesses, by the Chairman of Ways and Means, the Chancellor of the Exchequer, Mr. Peter Rees, Mr. John Moore, Mr. Barney Hayhoe and Mr. Ian Stewart.

CONSOLIDATED FUND (No. 3)

Mr. John Moore accordingly presented a Bill to apply certain sums out of the Consolidated Fund to the service of the years ending on 31 March 1984 and 1985: And the same was read the First time; and ordered to be read a Second time tomorrow and to be printed. [Bill 101.]

BUSINESS OF THE HOUSE

Ordered,

That, at this day's sitting, the Cinemas Bill [Lords] may be proceeded with, though opposed, until any hour. — [Mr. Garel-Jones.]

Orders of the Day

CINEMAS BILL [Lords]

Read a Second time.

Bill committed to a Committee of the whole House
—[Mr. Garel-Jones.]

*Bill immediately considered in Committee; reported,
without amendment.*

*Bill read the Third time, and passed, without
amendment.*

Middle East (Peace Initiatives)

*Motion made, and Question proposed, That this House
do now adjourn.—[Mr. Garel-Jones.]*

10.5 pm

Mr. Dennis Walters (Westbury): I consider that this is an opportune time to be debating a peace initiative in the middle east. It is also timely, because we have as an honoured guest in this country President Mubarak of Egypt who, I believe, would agree with the proposition that a major effort to achieve a comprehensive settlement in the middle east should take place as soon as possible.

I have long advocated the convening of an international conference with the participation of the Soviet Union, but if that is not possible because of a point blank American refusal to consider it we should examine what other courses are open. A number of unusually favourable circumstances have combined to give a peace initiative launched now a slightly better chance of success than at any time since 1973 when the United States refused to seize the opportunity offered by the October war.

President Reagan has been returned for a second term, having won a massive electoral victory. During the campaign, he made fewer damaging promises to the Zionist lobby than is usual on such occasions—many fewer than his heavily defeated Democratic opponent whose electoral bribes to the Zionists were unedifying and apparently inexhaustible. The mid-term elections are some way off.

The Israeli economy is in an appalling mess which should make its Government more responsive than usual to American persuasion if firmly enough applied, and in Shimon Peres Israel has a Prime Minister who might even be inclined to respond positively. Also withdrawal of the Israeli armed forces from Lebanon has acquired an aspect similar to a rout although defeat has in no way blunted the brutality of the punitive attacks that they launch indiscriminately against both the Lebanese Shia fighters and the ordinary villagers of south Lebanon.

That the Security Council resolution should have been vetoed by the United States was not altogether surprising, but I find it surprising that Her Majesty's Government abstained. I shall be interested to hear the reason for that when my hon. Friend the Minister replies. It is ironic to recall, as the invading army pulls back towards the national frontier, that at no time were Israel's settlements in northern Galilee safer and more peaceable than during the 18 months truce with the Palestinians which preceded Israel's bloody and unprovoked invasion.

In any event, one way or another it is not unreasonable to assume that the Israeli armed forces will be out of Lebanon before long.

Lastly, the accord reached between Mr. Arafat and King Hussein marked a substantial step towards meeting American requirements. The agreement refers specifically to a joint Jordanian-Palestinian delegation, to the principle of land for peace and to the idea of a Jordan-Palestine confederation. Although the agreement has come under attack from certain elements in the PLO, and under sharp attack from Syria, Arafat has confirmed that, in principle, the agreement stands.

Statesmanship and expediency call for a major initiative. It would, therefore, be sad indeed if the reports



Foreign and Commonwealth Office

London SW1A 2AH

14 March 1985

Prime Minister

[Handwritten initials]

CDP
14/3

Dear Charles,

Falkland Islands and Dependencies: Constitutional Orders in Council

The future administration of the Falkland Islands was last discussed in OD on 16 November 1983. As you know, we have now reached agreement with the Falkland Islands Councillors on future constitutional arrangements for the Islands and for the Dependencies. These will be embodied in Orders in Council, due to be made at the meeting of the Privy Council on 20 March. The Foreign Secretary has already consulted the Prime Minister over a number of aspects of the Constitutions: but he thought that colleagues on OD might wish to see the complete texts of the draft Constitutional Orders before they go to the Privy Council.

The main changes since the subject was discussed in OD are as follows:

- (i) OD favoured the proposal of officials that there should be a single elected Council in the Falkland Islands. However the Falkland Islands Councillors argued strongly, with the expressed support of a majority of the Islanders, for retention of the present bicameral system. An essential element of our position on self-determination for the Falkland Islanders is that their wishes, as well as their interests, should be respected. The Foreign Secretary accordingly decided that this point should be conceded to them. Under the new Falkland Islands Constitution there will, as now, be an Executive Council and a Legislative Council.
- (ii) The Falkland Islands Councillors expressed concern at our decision to provide separate Constitutions for the Falkland Islands and for the Falkland Islands Dependencies (South Georgia and the South Sandwich Islands). They argued that this might be taken to imply readiness on the part of a future British Government to surrender sovereignty over the Falkland Islands, while retaining the Dependencies.

/HMG



HMG have reassured them that the separation of the Constitutions carries no such implication; and we have taken their wishes into account by retaining a link between the two Constitutions. The South Georgia and the South Sandwich Islands Order provides that the officer for the time being administering the Government of the Falkland Islands will be Commissioner for these territories and that as Commissioner he will, whenever practicable, consult the Executive Council of the Falkland Islands before exercising any function which, in his opinion, might affect the Falkland Islands.

- (iii) The Councillors also expressed a view that the Falkland Islands Constitution should include a reference to their right of self-determination. Accordingly the preamble to the Human Rights chapter of the Constitution recites the provisions on self-determination in Article 1 of the International Covenant on Civil and Political Rights, which was adopted by the United Nations in 1966 and ratified by the United Kingdom in 1976. This does not impose on HMG any legal obligation vis a vis the Islanders, nor does it give them a veto. Any significant proposal by this or any future Government regarding the future of the Islands would of course be a matter for Parliament to decide.
- (iv) The Councillors were opposed to the retention in the new Constitution of the offices of Civil Commissioner and Military Commission, which had been established by the Falkland Islands and Dependencies (Interim Administration) Order of 18 June 1982. Ministers have agreed that in the new Constitution we should revert to the normal titles of "Governor" and "Commander British Forces". This will in no way affect the powers and duties which they have at present under the Interim Administration Order. The Commander British Forces will continue to have responsibility for defence and internal security (except for the police), and the Governor is required to follow his advice on such matters.

The Foreign Secretary will be covering most of the above points in his speech in the Falklands debate this evening.

I am copying this letter to the Private Secretaries of members of OD, the Private Secretary to the Home Secretary and Richard Hatfield.

Yours ever,
 P F Ricketts

C D Powell Esq
 10 Downing Street

SPEECH BY THE RT HON SIR GEOFFREY HOWE QC MP

TO THE HOUSE OF COMMONS ON 14 MARCH 1985

THE FALKLAND ISLANDS

I am very glad that the House has the opportunity this evening to discuss the Government's policy towards the Falkland Islands. And I am grateful to the Select Committee on Foreign Affairs, under the Chairmanship of my hon Friend the Member for Stroud, for the important contribution which their Report will make to the debate.

Their wide-ranging review of the many questions arising was published in December last year. The Government's observations on that Report were made available to the House in February. These are the two principal documents for our debate tonight.

They cover many subjects. In the limited time available this evening, I shall not be able to deal with them all. My hon Friend the Member for Mid Sussex will be ready to respond at the end of the debate to points which hon Members wish to pursue.

I wish at the outset of this debate to remind the House of the twin themes which guide our policy towards the Falkland Islands and Argentina;

- first, our determination to fulfil our commitments to the Falkland Islanders; and
- second, our efforts to promote better relations with Argentina.

Britain's responsibilities towards the Islanders are clear. They are to enable them to live in a climate of peace and security, under a Government of their own choosing, and in that setting to promote their political, social and economic development.

Our concern for the political development of the Islanders has been reflected in the way in which we have considered with them the proposals for a new Constitution. The Islanders consider - and we agree - that the Falklands should have a modern Constitution which matches their aspirations in the circumstances of today.

A Select Committee of the Islands' Legislative Council had begun work even before the Argentine invasion in 1982. Its Report in July 1983 recommended:

- that the number of the elected members on the Legislative Council should be increased from six to eight, to be elected four each from two constituencies within the Islands;
- that the number of elected members in the Executive Council should be increased from two to three;
- that the Islands' Government should no longer be able to appoint two members to the Executive Council;
- and that in each Council the two ex-officio members would no longer have a vote.

Her Majesty's Government have accepted these recommendations.

Some concerns were expressed in the Islands about the Government's decision to promulgate separate Constitutions for the Falkland Islands and for the Dependencies, on the grounds that this might imply an intention to relinquish sovereignty over the Falkland Islands while retaining the Dependencies.

I can assure the House that there are absolutely no grounds for that anxiety. We have no such intention. Our position on sovereignty is firm.

That is one of the few points on which we take a different view from the Committee. I have to say that we were disappointed that their Report did not reach a categorical conclusion on the legal validity of Britain's title to the Falkland Islands. Successive British Governments have had no such doubts. In their view - and in our view - the Islands are British territory.

There is however good reason to make separate constitutional provision for the two territories. Although the Dependencies have for convenience been administered from Port Stanley, they are a separate Dependent Territory with their own requirements. Unlike the Falkland Islands, they have no permanent population and, therefore, no need for representative government.

The close relationship that has long existed between the two territories will however be reflected in the new arrangements. The Governor of the Falkland Islands will also be Commissioner for South Georgia and the South Sandwich Islands. In this capacity he will consult the Executive Council of the Falkland Islands on matters relating to the Dependencies which might affect the Falkland Islands.

The new Constitution for the Falkland Islands contains one important new element. The Island Councillors expressed the view that the Constitution should include a reference to their right of self-determination. We agree with them. Accordingly, the preamble to the human rights chapter of the Constitution now recalls the provisions on self-determination from Article 1 of the International Covenant on Civil and Political Rights. This was adopted by the United Nations General Assembly in 1966. The United Kingdom ratified it in 1976.

Argentina has not subscribed to that Covenant. On the contrary, the Argentine Government seeks to deny the Falkland Islanders the right of self-determination. In our view, the Falkland Islanders, like any other people, have that right. They are a peaceful and homogeneous community who have developed democratic institutions over a period of more than a century. Their right to self-determination will now be reflected in their Constitution, and we shall uphold it.

It has been suggested that these provisions might derogate from the sovereignty of Parliament. That is not so. The ultimate authority in matters affecting any Dependent Territory is of course this Parliament.

These Constitutions are being promulgated in accordance with the normal procedures. They were approved by the Islands' Legislative Council on 16 January. They are embodied in Orders in Council which will be made under the provisions of the British Settlement Acts 1887 and 1945.

Drafts of those two Constitutional orders were placed in the Library of the House on 24 January. And a revised text, taking account of further consultations with the Islands' Councillors, was placed in the Library on 11 March.

There is one new point in the revised text which I should mention to the House. We have accepted the wish of the Islanders to revert to the title of Governor rather than Civil Commissioner. The latter title was introduced, at the same time as that of Military Commissioner, immediately after the liberation of the Islands in June 1982. We have taken the view that the introduction of the new Constitution is the right time to return to the more familiar titles of Governor and Commander British Forces. The title of Governor is, of course, the customary one for a dependent territory of this kind.

The Foreign Affairs Committee in their Report recommended that the House should raise no objections when those Orders come to be laid. The Government, of course, warmly welcome that recommendation.

Let me now tell the House something of our efforts to repair and develop the Islands' economy. The tasks immediately after the conflict were daunting. Much of the infrastructure was damaged or destroyed. Local resources were overstrained. Today, however, I am glad to be able to tell the House that although - inevitably - some constraints remain, and will continue to hamper the pace of future development, the position has greatly improved.

The longer-term needs of the Islands were analysed by Lord Shackleton in his 1982 Economic Study. The Government responded to this within a space of only three months, by making an allocation of £31 million for spending over a five or six year period. We have not been able to accept every one of the recommendations in that Report. But Lord Shackleton himself observed in Another Place that he doubted "whether any author of a report has had so much of that report actually implemented by a Government".

Decline in costs:

Costs to date are £2.1 billion. Greatest part made up of:

- cost of liberation (£780m)
- replacement of lost equipment (£550m)
- Airport (£220m)

We are making progress too in areas not covered in the Select Committee Report. Following the terrible fire which destroyed the Stanley hospital in April 1984, the Government promptly agreed to finance the construction of a replacement. This will be a hospital on the same site shared between the civil and military authorities. Detailed planning and design work is well advanced.

Meanwhile, Port Stanley's electricity and water supply are being improved.

The Government welcome the Foreign Affairs Committee's acceptance that a gradual approach to land reform is right. Four farms have now been sub-divided under arrangements made by the Falkland Islands Government; of the 27 owner-occupied farms now on this land 12 were in existence before the conflict and 15 have been created subsequently.

The Falkland Islands Development Corporation will have an important part to play in promoting a programme of land re-distribution in keeping with demand.

This brings me to another of the few points on which the Government take a different view from the Select Committee. I have to say that we do not accept the criticisms in their Report of the Chief Executive, Mr David Taylor. I do not believe that the Committee have here given sufficient weight to the practical difficulties that face the small administration in the Islands. Development needs to be a gradual process, keeping in step with the needs and resources of the Islands.

I come now to another of Lord Shackleton's recommendations, the proposed declaration of a 200 mile Exclusive Fisheries Limit around the Falklands. The Government are of course well aware of the activity of foreign fishing fleets in Falklands waters and consequent danger of over-exploitation of fish stocks. Under normal conditions, the unilateral declaration of a 200-mile limit could well have been an appropriate response. It would offer a way of ensuring conservation and management of this valuable resource.

But in considering this possibility in the particular circumstances of the Falklands, the Government have had to give full weight to the very serious difficulties which could arise in that context. The Select Committee quite rightly drew attention to the political and practical problems of enforcing and policing a unilaterally-imposed fisheries zone in an area where British sovereignty was in dispute. For this reason the Committee were not convinced that the establishment of such a Zone could be justified.

The Government take the same view. For the same reason we have decided instead to explore possible ways of establishing a multilaterally-based conservation and management regime. We are therefore taking steps to develop this approach.

I am sure the House will understand that I cannot say more while these are under way. Members will appreciate that this is a complex and difficult matter.

It is of course clear that political and economic development on these lines can only be achieved if the Islanders are sure that they can live in peace, free from the threat of a further attack. It is for that reason and for no other that we maintain in the Islands the minimum level of forces necessary to ensure that there is no repetition of the tragic events of 1982.

As we have said many times, our military dispositions have no wider purpose. Allegations about a "NATO base" are manifest nonsense: I was disappointed to see that similar points were made by the Argentine Foreign Minister in an interview in The Times on 11 March.

There is one related matter on which I must tell the House that we take a rather different view from the Committee. They suggested that the time was now ripe for us to give unilateral undertakings in the security area, for example on lifting the Falkland Islands Protection Zone. A declaration of cessation of hostilities by Argentina would, of course, be a positive step. But that could not, in the Government's view, be the sole trigger for action to lift the Zone.

This is the point at which I can say something about the role of the new airport at Mount Pleasant, 30 miles from Port Stanley. That airport has always been intended to play a dual role: first, of course, to promote the security of the Islands; and second, and by no means less important, to make a major contribution to their economic development.

The main airport runway will open in May. For all-weather facilities, a second runway is needed. That will be completed by February 1986.

The construction of a full modern airport in such a short time, and on such a remote site, has been a remarkable achievement. It is British engineering and management skills, as well as the efforts of the workforce, that have made this feat possible. The whole House will wish to pay tribute to that success.

The airport will have the important function of providing a rapid reinforcement capability. As my rt hon Friend the Secretary of State for Defence has explained, once the airport is fully operational it should be possible to reduce the numbers of permanently-stationed forces on the Islands.

But as I have explained, the Government has from the first intended the airport to have a major and growing civil role as well. Lord Shackleton recommended the provision of better communications with the outside world, and stressed the importance of air services. Mount Pleasant Airport will meet these needs. Its main runway will be capable of handling the largest long-range aircraft.

The completion of the airport will make possible the establishment of commercial air services linking the Falklands with the outside world.

I come finally to the future of this country's relationship with Argentina. Let me assure the House once again that we attach great importance to the improvement of our relations with Argentina. Even before the establishment of a democratic Government in Argentina, which we warmly welcomed, we were taking steps to that end. As long ago as September 1982, I took steps as Chancellor of the Exchequer at the IMF meeting in Toronto to promote and reach agreement with the Argentine Government for the withdrawal on both sides of the financial restrictions that were imposed at the start of the conflict. Britain implemented that agreement in full, and immediately. Argentina has still not done so.

We have continued to make genuine and sustained efforts to find a basis for direct talks with the new Argentine Government. With the whole-hearted support of all my colleagues, I took the greatest possible interest and the greatest possible care in arranging the scene for the talks in Berne which took place last July. These broke down because the Argentine representatives took a position which ran directly counter to the basis for the negotiations which had been explicitly agreed by them in advance. That was a sadly missed opportunity.

The Argentine representatives knew then, and the House knows now, that we are not prepared to discuss with Argentina sovereignty over the Falkland Islands. The Government believe that Argentine actions in 1982 have ruled this out. And yet, the Argentine representatives insisted at Berne, in face of the clear prior agreement to the contrary, that no progress could be made towards normalisation without the certainty that a mechanism would be established that would in practice lead to a transfer of sovereignty.

President Alfonsin repeated that position explicitly when he addressed the General Assembly of the United Nations on 24 September last year. His Foreign Minister said publicly in December that negotiation must be about an indivisible package which must include sovereignty; and the Argentine Government have since maintained that position.

As the Select Committee point out in their Report, "It is clear that, when referring to negotiations on sovereignty, the new Argentine Government is pursuing a policy essentially no different from that of its predecessors: that such negotiations, once begun, must lead eventually and inevitably to the relinquishment of the United Kingdom's claim to, and administration of, the Falkalnds".

Parallel with:

Gib - Historically, legally geographically different;

- Spain a member of NATO
- shortly to join EC
- Spaniards committed to peaceful pursuit of claim
- Spain recognises validity of title under Tty of Utrecht.

HK - lease on 92% of land area due to expire in 97

- both sides share aim of stability and prosperity
- any arrangements negotiated with China had to be acceptable to people of Hong Kong.

Her Majesty's Government agree with that assessment. Those who call on us to negotiate on the sovereignty of the Falkland Islands should consider what exactly it is that they are asking us to do. For Argentina, such negotiations are intended to have only one outcome: the transfer of sovereignty, irrespective of the wishes of the Islanders.

That is why we have devoted so much effort to finding a basis for direct talks with Argentina on a range of practical issues, where progress is possible to the benefit of both sides. That is the only realistic policy. We shall persevere with it.

Earlier this year we transmitted the latest in the series of messages which we have been exchanging with the Argentines through the Protecting Powers. The details must remain confidential. But that message once again put forward practical steps which would enable confidence to be re-established between our two peoples. We look to the Argentines for a constructive reply.

The improvement of commercial and economic relations is a natural starting point. Both sides have a clear interest in improved trade. The Argentine Government have publicly stressed the need to increase their exports as a contribution to tackling their daunting economic problems. They could take a major step forward by agreeing to the reciprocal lifting of the trade embargo that has been in place since the conflict. Both Her Majesty's Government and the European Community have several times proposed this course.

As I have already explained to the House, we have been continuously helpful in our approach to the international arrangements for the rescheduling of Argentina's official debt in the Paris Club. When we come to follow this up bilaterally, our approach will be similarly positive.

We have made plain too, and on a number of occasions, that we would be ready to see a visit to the Falkland Islands by the next-of-kin of Argentine Servicemen who lost their lives there in 1982. We have recently reiterated to the Argentine Government our readiness to accept a genuinely humanitarian visit by next-of-kin.

The House will I am sure be glad to acknowledge that on almost all of these subjects, we are working on lines that have been specifically endorsed by the Select Committee.

It is encouraging that the Select Committee have indeed taken the same view as the Government on so many of the subjects to which I have referred. The Committee's support fortifies us in our resolve both to fulfil our commitments to the Islanders, and to persevere in the search for better relations with Argentina. I am confident that these twin objectives will commend themselves very widely to the House.

GRS 800

Falklands

UNCLASSIFIED

(FM BERNE 121300Z)

FM BISBA

TO IMMEDIATE FCO

TELNO 167 OF 11 MARCH 1985

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MONTEVIDEO SANTIAGO UKMIS NEW YORK WASHINGTON PORT STANLEY
ROME JEDDA TEGUCIGALPA

PRESS SUMMARY

(LINES HEADLINE)

THE WEEKEND'S MAIN THEME WAS THE ARRIVAL HERE ON SATURDAY OF ITALIAN PRESIDENT SANDRO PERTINI FOR A 5 DAY OFFICIAL VISIT. OTHER HEADLINES INCLUDE THE INAUGURATION OF THE NEW HEAD OF THE JOINT CHIEFS-OF-STAFF BRIG GEN WALDNER AND UNREST IN THE AGRICULTURAL SECTOR.

2. VISITS

AT AN OFFICIAL DINNER ON SATURDAY IN HONOUR OF PERTINI, PRESIDENT ALFONSIN MADE A SPEECH IN WHICH HE REPORTEDLY CALLED FOR THE ITALIAN PRESIDENT'S PERSONAL INTERVENTION WITH OTHER EC COUNTRIES IN ORDER TO ACHIEVE A POLITICAL DIALOGUE WITH THE CARTAGENA GROUP OF COUNTRIES ON THE LATIN AMERICAN FOREIGN DEBT. HE ALSO CALLED FOR CLOSER COMMERCIAL LINKS BETWEEN ITALY AND ARGENTINA. IN REPLY PERTINI PRAISED ARGENTINE DEMOCRACY AS WELL AS THE TRADITIONAL LINKS BETWEEN THE TWO COUNTRIES. PERTINI YESTERDAY MET WITH MEMBERS OF THE ITALIAN COMMUNITY AND WITH HUMAN RIGHTS GROUPS, INCLUDING THE MOTHERS OF THE PLAZA DE MAYO. ACCORDING TO LA PRENSA, PERTINI TOLD REPORTERS THAT ITALY WILL BE A SPOKESMAN FOR LATIN AMERICA WITHIN THE EC. HE WILL HOLD HIS FIRST 'WORKING MEETING' TODAY WITH ALFONSIN AND WILL LATER ADDRESS CONGRESS (PRENSA SAT AND SUN P1 AND 4, HERALD SUN P1).

THE ARGENTINE AMBASSADOR TO THE US IS SAID TO HAVE ANNOUNCED THAT ALFONSIN WILL ADDRESS A JOINT SESSION OF CONGRESS DURING HIS VISIT TO WASHINGTON THIS MONTH. ACCORDING TO DIPLOMATIC SOURCES, AMONG THE ISSUES THAT ALFONSIN WILL DISCUSS WITH PRESIDENT REAGAN ARE THE FALKLANDS, CENTRAL AMERICA AND THE FOREIGN DEBT. THE SAME SOURCES CLAIM THAT ALFONSIN WILL ASK REAGAN TO USE HIS INFLUENCE IN PERSUADING GREAT BRITAIN TO NEGOTIATE A SOLUTION TO THE FALKLANDS CONFLICT. TIEMPO ARGENTINO QUOTES A GOVERNMENT SOURCE AS SAYING THAT ARGENTINA DOES NOT CONSIDER AMERICAN MEDIATION OVER THE FALKLANDS AS 'CRUCIAL' (TIEMPO SUN P6, CLARIN SUN P6)

VISITING US DEFENCE UNDER SECRETARY NESTOR SANCHEZ MET WITH FOREIGN MINISTER CAPUTO ON FRIDAY AND REPORTEDLY DISCUSSED /ALFONSIN'S

ALFONSIN'S US VISIT AND CENTRAL AMERICA. SANCHEZ TOLD REPORTERS LATER THAT HIS TALKS HAD NOT COVERED MILITARY COOPERATION BETWEEN ARGENTINA AND THE US (CLARIN SAT P6).

3. ARMED FORCES

IN A SPEECH AT HIS SWEARING IN CEREMONY ON FRIDAY, THE HEAD OF THE JOINT CHIEFS OF STAFF, BRIG GEN WALDNER CALLED FOR UNITY AMONG THE ARMED FORCES IN ORDER TO CONTRIBUTE TOWARDS ARGENTINA'S 'INSTITUTIONALISATION'. ALLUDING TO BUDGET CUTBACKS, HE SAID THAT 'ASIGNED' RESOURCES DO NOT FULLY SATISFY THE MILITARY'S NEED BUT THAT THIS SHOULD 'PROVIDE INCENTIVE FOR SOLUTIONS'. IN AN EARLIER CEREMONY BRIG GEN ERNESTO CRESPO WAS SWORN IN AS AIR FORCE CHIEF-OF-STAFF REPLACING WALDNER (CLARIN SAT P2).

LA PRENSA COLUMNIST IGLESIAS ROUCO CLAIMS THAT THE APPOINTMENT OF 'ULTRA NATIONALISTS' WALDNER AND CRESPO REFLECTS THE DIRECTION WHICH THE GOVERNMENT WISHES TO GIVE TO ARGENTINA'S GEOPOLITICAL ALIGNMENT. THIS WAS NOT, AS SOME MAINTAINED, TOWARDS THE EXTREME RIGHT, BUT TOWARDS 'ULTRA EXTERNAL CONFLICT' OR A DEEPENING OF THE SOUTH ATLANTIC DISPUTE. WALDNER, TOGETHER WITH CRESPO AND OTHER AIR FORCE HAWKS, REPRESENTS THE MORE INTRANSIGENT MILITARY SECTORS AND MAINTAINS AN OPENLY ANTI-BRITISH AND ANTI-AMERICAN LINE OVER THE FALKLANDS. THIS COINCIDES WITH OPINIONS HELD BY THE 'ALFONSINISTA LEFT' AND BY OTHER LEFT WING GROUPS. IT IS BELIEVED THAT THE COMBINATION OF THESE VIEWS WILL NOT PERMIT SOUTH ATLANTIC 'TENSIONS' TO BE OVERCOME THROUGH BILATERAL NEGOTIATIONS AS IS DESIRED BY WASHINGTON (TEXT AND TRANSLATION BY BAG TO FCO) (PRENSA SAT P1).

4. ECONOMY' COMMERCE

AGRICULTURE SECRETARY LUCIO RECA HAS ANNOUNCED A SERIES OF MEASURES SAID TO REFLECT GOVERNMENT CONCERN OVER THE REDUCTION IN THE FARMING INDUSTRY. THEY INCLUDE THE ELIMINATION OF THE PRESENT TWO DAY A WEEK BAN ON THE SALE OF BEEF IN RESTAURANTS, THE LOWERING OF RETENTIONS ON CERTAIN CUTS OF MEAT, A SPECIAL PRICE FOR MAIZE, 'AGRO-INDUSTRIAL' CREDITS OF SEVEN BILLION PESOS AND THE REMOVAL OF DUTIES ON MEAT EXPORTS WHICH AT PRESENT EARN THE TREASURY SOME 30 MILLION DOLLARS A YEAR (NACION SAT P1) (CCN- LINE 3, FOR 'ELIMINATION' READ SITUATION)

SEVERAL THOUSAND FARMERS BLOCKED ROADS IN SANTA FE PROVINCE ON SATURDAY IN PROTEST AGAINST THE GOVERNMENT'S AGRICULTURAL POLICY. A FURTHER DEMONSTRATION IN BUENOS AIRES IS SCHEDULED (HERALD SAT P9, SUN P13).

AN IMF TEAM HEADED BY ECONO IST JOAQUIN FERRAN HAS ARRIVED IN ARGENTIHA FOR FURTHER NEGOTIATIONS ON THE FOREIGN DEBT (HERALD SAT P9).

PUBLIC ADMINISTRATION SECRETARY JORGE ROULET HAS ANNOUNCED THAT THE SOCIO-ECONOMIC CABINET WILL THIS WEEK CONSIDER A RESTRUCTURING OF THE PUBLIC SECTOR WHICH WILL INCLUDE 70,000 REDUNDENCIES THIS YEAR, 50,000 OF WHICH WILL COME FROM NATURAL WASTAGE. IN NOTING THAT THE NUMBER OF PUBLIC EMPLOYEES ~~HAD~~

HAD INCREASED BY 2.6 PER CENT DURING THE PAST 13 MONTHS AGAINST A POPULATION INCREASE OF 1.7 PER CENT, ROULET CLAIMED THAT THE INCREASE OF 'LESS THAN 1 PER CENT IN REAL TERMS' WAS A RESULT OF THE NEED TO FIND JOBS FOR RADICAL SUPPORTERS WHO HAD BEEN 'LEFT OUT IN THE COLD FOR NEARLY 20 YEARS) (TIEMPO SAT P4).

5. FALKLANDS

AN AGENCY REPORT REFERS TO AN INTERVIEW GIVEN TO ITALIAN MAGAZINE 'OGGI' BY ALFONSIN IN WHICH HE EXPRESSED HIS HOPE THAT ITALY WOULD URGE BRITAIN TO BEGIN A 'COHERENT, LASTING AND SERIOUS DIALOGUE OVER THE FUTURE OF THE FALKLAND ISLANDS (CLARIN SAT P5).

NATIONALISTS RICARDO PAZ AND WALTER BEVERAGGI ALLENDE HAVE DENOUNCED A SECRET PACT BETWEEN AMERICA, ISRAEL, CHILE AND GREAT BRITAIN THAT 'PERMITTED THE RECONQUEST OF THE FALKLAND ISLANDS'. THE ALLEGED PACT WAS JUST REVEALED IN AN ARTICLE IN THE AMERICAN WEEKLY 'IN SPOTLIGHT' A TRANSLATED VERSION OF WHICH WAS SENT TO REPORTERS BY ALLENDE (TIEMPO SAT P1).

THE FOREIGN MINISTER OF HONDURAS, EDGARDO PAZ BARNICA, IS SAID TO HAVE RESTATED HONDURAN SUPPORT FOR ARGENTINE CLAIMS OVER THE FALKLANDS DURING A MEETING HERE WITH ALFONSIN(HERALD SAT P9).

6. BEAGLE TREATY

THE SAUDI ARABIAN EMBASSY HAVE ISSUED A COMMUNIQUE ANNOUNCING THAT THEIR GOVERNMENT HAD NO INTENTION OF RECALLING AMBASSADOR FAUD AJMED NAZIR AND STATING THE ACCUSATIONS LINKING HIM TO EFFORTS TO PREVENT THE APPROVAL OF THE BEAGLE TREATY BY THE SENATE WERE PART OF A 'DELIBERATE CAMPAIGN TO UPSET THE GOOD RELATIONS BETWEEN ARGENTINA AND SAUDI ARABIA AND THE ARAB WORLD IN GENERAL (CLARIN SAT P8, HERALD MON P7).

MOST OF TODAY'S PAPERS CONTAIN LENGTHY SPECULATION OVER TOMORROW'S SENATE DEBATE ON THE TREATY, INCLUDING A STATEMENT BY RADICAL SENATOR GASS THAT IT WILL BE APPROVED BY A COMFORTABLE MAJORITY (HERALD P7, CLARIN P 8- MON).

SKI
UNQUOTE

POWELL-JONES

FALKLAND ISLANDS
LIMITED

FID NEWS D
DEF D INFO D
S AM D PLANNING STAFF
UND ECON ADVISERS
ERD RESEARCH D
MAED FUSD
WIAD PARLY UNIT
MCAD LEGAL ADVISERS
ECD(E) PS
WED PS/LADY YOUNG

PS/MR RAISON
PS/MR RENTON
PS/PUS
SIR W HARDING
MR DEREK THOMAS
MR GOODALL
MR DAVID THOMAS
MR WESTON
SIR C TICKELL (ODA)
MR BROWNING (ODA)
MR VEREKER (ODA)

ADDITIONAL DISTRIBUTION
FALKLAND ISLANDS

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Foreign and Commonwealth Office

London SW1A 2AH

8 March 1985

Dear Charles,

Falkland Islands Constitution:
Title of Governor

Thank you for your letter of 18 February, letting us know of the Prime Minister's inclination that we should reinstate the title of Governor when the new Constitution comes into effect.

This is to confirm that the Foreign Secretary has put in hand amendments to the draft Order-in-Council, substituting 'Governor' for 'Civil Commissioner' throughout. MPs are likely to notice this change when they see the revised text of the draft Constitutions which we plan to place in the Library of the House on 11 March. If we are asked about this, our spokesmen will take the line that the title of Civil Commissioner was an interim measure, appropriate for the period immediately following our re-possession of the Falklands in June 1982. We have taken the opportunity of the introduction of the new Constitution in September to restore the title of Governor, which is normal for a dependent territory. Moreover, the Commander British Forces in the Falkland Islands will no longer hold the title of Military Commissioner (but will retain his existing powers with regard to defence and internal security): the distinction between the 'Civil' and 'Military' Commissioners thus becomes redundant.

Sir Geoffrey Howe is asking Sir Rex Hunt to brief Island Councillors about this decision early next week.

I am sending a copy of this letter to Richard Mottram in the Ministry of Defence.

Yours ever,
Len Appleyard
(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

MILLARD'S
Future Admin
11/83

Don't know

Don't know
Don't know

file

EC



10 DOWNING STREET

From the Private Secretary

25 February 1985

FALKLANDS

I enclose a copy of a letter to the Prime Minister from the Rt Hon Julian Amery MP suggesting the creation of a South Atlantic Community.

BF

I should be grateful for early advice.

(Charles Powell)

Len Appleyard Esq
Foreign and Commonwealth Office

✓

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VK/35

10 DOWNING STREET

From the Private Secretary

18 February 1985

FALKLAND ISLANDS CONSTITUTION

Thank you for your letter of 14 February about the Falkland Islands Legislative Council's comments on the new draft Constitution.

The Prime Minister disagrees with the account given in your letter of the reasons why it was originally decided to change the title of Governor to Civil Commissioner. In her view, it had nothing to do with making the administration of the colony look less like a traditional colonial administration. It was because we needed a military commissioner who would have considerable authority. To her mind, therefore, the considerations in your letter are no more valid today than they were in 1982. She believes that whatever the title we decide to give The Queen's representative he will be called the Governor. She is inclined therefore to accept the Legislative Council's request to reinstate the title of Governor.

(CHARLES POWELL)

mg

L.V. Appleyard, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL



He will be called 'Governor' ①

10 DOWNING STREET

where

Prime Minister

decide to
five min.

I will of course

tell the Foreign Secretary what is wrong with

Secretary let you with me

to revert to a

Governor in the

Falklands.

But isn't it:

(a) going to look a bit vacillating and frog; and if we switch to

(b) lead to possible problems between the civil & military arms?

CAD 15/2

① APC



Prime Minister
Agree to
stick to "Civil
Commissioner"?

Foreign and Commonwealth Office

London SW1A 2AH

14 February 1985

CDP
14/2.

NO

ms

Dear Charles,

Falkland Islands Constitution

As you know, the Falkland Islands Legislative Council approved on 15/16 January the draft Constitutions for the Falkland Islands and Dependencies, copies of which have since been placed in the Libraries of both Houses of Parliament. The Legislative Council suggested a few possible amendments for consideration in London. Most are minor; work is currently in hand and we shall be able to reply shortly. We should be able to meet most of the Councillors' concerns.

The only major point is the Councillors' contention that the title 'Governor' should be restored in place of 'Civil Commissioner'. Councillors argue that the restoration of 'Governor' would signify a return to normality. The Foreign Secretary believes that there are good reasons for retaining the title of Civil Commissioner.

Ministers decided to change the title of Governor to Civil Commissioner, and to appoint a Military Commissioner, shortly after the Argentine surrender on 14 June 1982. The purpose of the changes was twofold:

No - it was because we needed a military commander who had to have considerable authority

And no more valid - reasons

(a) so that the administration of the Colony and the Dependencies should look less like the traditional colonial administration; and

(b) in view of the importance (and size) of the military presence in the Islands, to ensure that the Commander of the Forces there was able to get his decisions implemented easily.

The considerations are no less valid today than they were in 1982. Under the new Constitution (as under the 1982 Order which introduced the post) the Civil Commissioner will not exercise the traditional colonial powers of a Governor and Commander-in-Chief in relation to defence and internal security. Although there is no legal reason why a Governor should not hold his title without exercising those powers, such an arrangement would introduce the possibility of confusion, both by reference

/ to ...



to the wider powers of other Governors and Commanders-in-Chief (for example in Hong Kong or Gibraltar), and in terms of the relative functions of civil and military authority in the Islands. To restore the title of Governor, while at the same time abolishing the title of Military Commissioner, could lead to misunderstanding of the status and necessarily broad powers of the Commander of the British Forces in the Islands. This point is of concern to the Ministry of Defence.

In addition a reversion to 'Governor' now would not help us internationally. It would be unlikely to have a decisive influence on voting in the UN, but there is no doubt that it would make our task of persuasion there and in other international fora more difficult, and give Argentina an opening to argue that we were taking gratuitous steps to entrench a colonial situation in the islands. It could also distract attention from our efforts to devise a new Constitution that is designed to prepare for greater self-government in the islands, and contains up-to-date provisions on, for example, human rights and, by reference to the International Covenant on Civil and Political Rights, self-determination.

If the Prime Minister is content, the Foreign Secretary proposes to inform Sir Rex Hunt accordingly. It would be tidiest, and preferable presentationally for the Councillors to be informed of this decision along with those on the other queries that they have raised on the draft Constitutions.

Yours ever,

Len Appleyard
(L V Appleyard)

C D Powell Esq
10 Downing Street



Foreign and Commonwealth Office

London SW1A 2AH

24 January 1985

T Flesher Esq
10 Downing Street
LONDON
SW1

TOLD FCO
OK 28/1

Nicky
Rovers

Dear Tim

WHITE PAPER : RESPONSE TO REPORT BY FAC ON THE FALKLANDS ISLANDS

We propose to publish as a White Paper in mid-February the response to the FAC's report on the Falkland Islands. The draft has not yet received the final approval of the Secretary of State.

I should be grateful if you, and those to whom I am copying this letter, would confirm that there is no objection to publication.

Yours sincerely
Philip

P H Johnson
Parliamentary Clerk

cc: D R Morris Esq
Office of the Lord Privy Seal
and Leader of the House
70 Whitehall
LONDON
SW1

C Roberts
Chief Whip's Office
12 Downing Street
LONDON
SW1

SUBJECT

cc Master.

FILE

5142 ACE



10 DOWNING STREET

From the Private Secretary

16 January 1985

Civil Commissioner-Designate for the Falklands

The Prime Minister met Mr. Jewkes this morning. In the course of their talk, the Prime Minister asked whether arrangements were being made for him to visit the Falklands before taking up his appointment in September. She thought it very important that he should spend several days there, both in order to meet people and to be able to see the Civil Commissioner's Residence. Mr. Jewkes said that, so far as he was aware, no such arrangements were planned.

The Prime Minister subsequently instructed me to write to you to say that she wishes arrangements to be made for Mr. Jewkes to pay such a visit at a suitable moment before taking up his appointment. I should be grateful if you could put this in hand.

C. D. POWELL

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

6



Foreign and Commonwealth Office

London SW1A 2AH

15 January 1985

Dear Charles,

Falklands: Civil Commissioner-designate

Mr Gordon Jewkes is to call on the Prime Minister at 0900 on Wednesday 16 January. I enclose a copy of his curriculum vitae: he is at present Consul-General in Chicago, and is due to succeed Sir Rex Hunt in September as Civil Commissioner in the Falklands. We propose to announce the appointment on Monday 21 January, letting Rex Hunt know a few days beforehand - he has known for some time that he will be retiring in September.

Gordon Jewkes has had meetings here with the Foreign Secretary and other Ministers and officials. Sir Geoffrey Howe and Lady Young have emphasised to him the importance of the Civil Commissioner exercising the dual functions of faithfully carrying out HMG's policies and no less faithfully putting the Islanders' point of view to us; and of being conscientious in striking the right balance between these responsibilities. The special circumstances and exposure of the Falklands make this a particularly difficult task for the Civil Commissioner. Mr Jewkes will have to pay particular attention to the need to bring the Islands' Council along on issues of major importance to us.

We have also given Gordon Jewkes a thorough account of our policy of standing firmly by our commitments to the Islanders, and seeking more normal relations with Argentina. In this connection the importance of keeping up the Islanders' somewhat fragile morale has been explained. The Elections due to be held under the new Constitution are likely to take place shortly before his arrival in the Islands. The draft Constitutions for the Falklands and for South Georgia and the South Sandwich Islands, and future administrative arrangements for the latter, are to be discussed in the Legislative Council on 15 January: I shall let you know of any last-minute news from Port Stanley about this. We have told Gordon Jewkes that he will need to respect the Islanders' strong feelings that the administration of the Dependencies should continue to be carried out by the Civil Commissioner in Port Stanley, in consultation with the Executive Council as appropriate.

/Other

Prime Minister
You are seeing

Mr. Jewkes

tomorrow
morning.

CDP
16/1

MF



Other subjects covered have included the Argentine threat and our dispositions for dealing with it: reports in the press on 14 January that the Argentines have the capability to mount hit-and-run raids are broadly true, though a lot of the detail in them is inaccurate. We have discussed Mount Pleasant airport, looking both at its military importance in enhancing our rapid reinforcement capability and at its civilian and developmental role; this will require adroit management and presentation by Gordon Jewkes. The new Civil Commissioner will also need to deal carefully with any tendency for Mount Pleasant, where the garrison will be concentrated from early 1987, to displace Port Stanley as the main centre of activity in the Islands.

Sir Geoffrey Howe has also explained the tricky question of management of the fisheries in waters around the Falkland Islands. Mr Jewkes may need to reiterate to the Islanders the financial and political penalties associated with unilateral declaration of an Exclusive Fisheries Limit for which some of them are still pressing.

Gordon Jewkes has left us in no doubt that he and his wife are greatly looking forward to the many challenges and opportunities which they would encounter in the Falklands.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

MR GORDON (WESLEY) JEWKES CMG

Born: 18 November 1931

Educated: Barrow Grammar School, Magnus Grammar School,
Newark-on-Trent

At present: Chicago (HM Consul-General) since April 1982

Entered Diplomatic Service on transfer under Head-for-Head Exchange
as a Grade 5A officer in 1968

Career:

| | |
|---------|--|
| 1948 | Inland Revenue |
| 1948-50 | Colonial Office |
| 1950-52 | HM Forces (Army) |
| 1950-63 | General Register Office |
| 1963-64 | Civil Service Pay Research Unit on secondment |
| 1965-68 | General Register Office (Principal) |
| 1968 | Transferred to Diplomatic Service |
| 1968 | Commonwealth Office (Western Economic Department/ Commodities Department [on merger]) |
| 1969 | Chicago (Consul, Commercial) |
| 1972 | Port of Spain (Head of Chancery) |
| 1975 | FCO (DS Finance Officer) on promotion to Counsellor |
| 1979 | Cleveland (HM Consul-General) |

Married: 1954 - Joyce (Ethel) Lyons

Children: Two sons (1957 and 1959)

NSPT
COA 4/11

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

H. STEEL, CMG OBE
LEGAL SECRETARY

3 January, 1985

Dear Colin,

FALKLAND ISLANDS AND DEPENDENCIES:
NEW CONSTITUTION

The Attorney General has seen Peter Ricketts's letter of 27 December to Charles Powell and David Barclay's letter to you of 31 December. He is content with both the proposals which the Foreign and Commonwealth Secretary has made and has no further comments of his own to offer.

I am copying this letter to David Barclay in No.10 and to Richard Hatfield in the Cabinet Office.

*Yours ever,
Henry Steel*

H STEEL

C Budd Esq
Assistant Private Secretary to the
Foreign and Commonwealth Secretary
Foreign and Commonwealth Office
Downing Street
London SW1

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FALCAND (s: Futuro Admin

Nov 83

24 JAN 1985

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4 5 6 7 8 9



10 DOWNING STREET

31 December, 1984

From the Private Secretary

Dear Colin,

FALKLAND ISLANDS AND DEPENDENCIES: NEW CONSTITUTION

The Prime Minister has seen Peter Ricketts' letter of 27 December to Charles Powell about the New Constitution of the Falkland Islands and Dependencies.

The Prime Minister agrees with Sir Geoffrey Howe's proposal to include a paragraph in the New Constitution based on Article I.1 of the International Covenant on Civil and Political Rights. The Prime Minister also agrees with the Foreign Secretary that the Constitution should provide for obligatory consultation with the Falkland Islands Executive Council whenever matters arise in relation to the administration of the Dependencies which could affect the Islands.

The Prime Minister has commented that, whilst noting the concern expressed by the Islanders, the reverse argument is also important - i.e., that with no self-determination right applying to South Georgia and South Sandwich (because they have no population), we may weaken our practical claim to them, notwithstanding the strength of our claim to the land.

I am sending a copy of this letter to Henry Steel (Attorney General's Office) and to Richard Hatfield (Cabinet Office).

*Yours ever,
David*

(David Barclay)

C. Budd, Esq.,
Foreign and Commonwealth Office.

h



Foreign and Commonwealth Office

London SW1A 2AH

27 December 1984

Prime Minister

Do you agree that Sir Geoffrey Howe may proceed with his proposals on i) maintaining the Islanders' right to self-determination ii) links with the Dependencies in the new Constitution?

Falkland Islands and Dependencies: New Constitution

Your letter of 12 November (replying to Peter Ricketts' letter of the same date) recorded that the Prime Minister agreed that the decision that there should be separate constitutions for the Falkland Islands and for the Dependencies should be confirmed but that, bearing in mind the feelings of the Falkland Islanders, the future role of the Civil Commissioner in the administration of the Dependencies should be considered further.

The draft Constitution for the Falkland Islands was given a first reading at an informal joint meeting of the Falklands Islands Executive and Legislative Councils on 18 December. Sir Rex Hunt has reported (Port Stanley telegram No 486 - copy attached) that Councillors would wish to debate both Constitutions in the Legislative Council in January and that they could probably be brought to acquiesce in separate Constitutions provided that:

- a) some form of preambular statement guaranteeing the Islanders' right to self-determination were included in the Falkland Islands Constitution; and
- b) that the administration of the Dependencies continued to be carried out from Stanley by the Civil Commissioner, preferably in Council.

Sir Rex Hunt's judgement is endorsed by the responsible Assistant Under-Secretary in the FCO, who visited the Falklands Islands from 11 to 18 December and was present at the meeting of Joint Councils on 18 December.

/Mr David Thomas

C D Powell Esq
10 Downing Street

N.B. My fear is the reverse of that of the Falkland Islanders - namely with no self-determination, right to population on South Sandwich, may have worked on previous terms to them

although the land is owned by us

Yes

no

Yes

no

Dr

28/12



Mr David Thomas reports that in all his conversations with Falkland Islanders he was made aware that the Islanders were deeply uneasy about the decision to promulgate separate Constitutions, if this also meant cutting the existing administrative link between the Falklands and the Dependencies. In the years since 1908 when the arrangements for administration of the Dependencies by the Governor of the Falklands were first established, the Islanders - understandably, if erroneously - have come to feel themselves linked more closely and organically with the Dependencies than the constitutional facts warrant. They fear that what they regard as a separation of the Dependencies from the Falkland Islands would weaken the British claim to sovereignty over the Falkland Islands, would open the way for a future British Government to do a deal with Argentina at the expense of the Falklands while retaining the Dependencies under the British Crown, and would be seen in Argentina as a signal to that effect. As such, it would severely undermine confidence in the Islands.

These feelings, which were strongly reflected in the discussion in the Joint Councils, are emotive and, to some extent, irrational. But it is clear that they are deeply and genuinely held and Sir Geoffrey Howe considers that it would be a great mistake to ignore them. He therefore proposes that we should go as far as we can to meet the conditions set out in Sir Rex Hunt's telegram, since to do otherwise would involve us in a needless and damaging row with the Islanders and would be at odds with our commitment to respect their wishes.

Sir Geoffrey Howe considers that the most appropriate way of enshrining the Islanders' right of self-determination in the Constitution would be to add to the existing section guaranteeing protection of fundamental rights and freedoms of the individual a preambular paragraph based on Article I.1 of the International Covenant on Civil and Political Rights adopted by the United Nations in 1966. This reads:-

'All peoples have the right of self-determination. By virtue of that right they freely determine their political status and freely pursue their economic, social and cultural development.'

The United Kingdom is a party to the Covenant and our Instrument of Ratification of 1976 specifically applies to the Falkland Islands as well as to other Dependent Territories. By inserting language based on the Covenant in the Falklands Islands Constitution, we

/should



should be meeting the concern expressed by Falklands Islands Councillors without assuming any new obligations.

With respect to the maintenance of an administrative link between the Falklands Islands and the Dependencies, Sir Geoffrey Howe proposes that the Constitution should provide that the Commissioner for the Dependencies (who would be the same person as the Civil Commissioner for the Falkland Islands) would be obliged to consult the Falkland Islands Executive Council and to take account of its views whenever, in his opinion, matters arose in relation to the administration of the Dependencies which affected or might affect the Falkland Islands.

If the Prime Minister agrees with these suggestions, Sir Geoffrey Howe proposes to proceed accordingly.

I am sending copies of this letter to Henry Steel (Attorney General's Office) and Richard Hatfield (Cabinet Office).

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

FI Internal
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CONFIDENTIAL

GRS 80
CONFIDENTIAL
FROM PORT STANLEY 1330/19 DEC 84
TO IMMEDIATE FCO
TELEGRAM NUMBER 486 OF 19 DECEMBER

JOINT COUNCILS MEETING, 18 DECEMBER : THE CONSTITUTION

1. COUNCILLORS WERE RELUCTANT TO ACCEPT THE FALKLAND ISLANDS CONSTITUTION WITHOUT SIGHT OF THE PROPOSED CONSTITUTION FOR THE DEPENDENCIES. THOMAS WILL GIVE FULL EXPLANATION.

2. IF THE DRAFT CAN BE SENT IN TIME, COUNCILLORS WOULD LIKE A DEBATE ON BOTH CONSTITUTIONS IN LEGCO IN MID-JANUARY. IT IS CONCEIVABLE THAT COUNCILLORS MIGHT, RELUCTANTLY, ACQUIESCE IN HMG'S DECISION TO PROMULGATE TWO CONSTITUTIONS, PROVIDED THAT

(A) SOME FORM OF PREAMBULAR STATEMENT GUARANTEEING THE ISLANDERS' RIGHT TO SELF-DETERMINATION IS INCLUDED IN THE FALKLAND ISLANDS' CONSTITUTION SEMI-COLON

(B) THAT THE ADMINISTRATION OF THE DEPENDENCIES CONTINUES TO BE CARRIED OUT FROM STANLEY BY THE CIVIL COMMISSIONER, PREFERABLY IN COUNCIL.

3. FULL RECORD OF THE MEETING FOLLOWS BY BAG.

HUNT

[COPIES SENT TO NO 10 DOWNING STREET]

FALKLAND ISLANDS GENERAL
FCO (PALACE)
FID
CABINET OFFICE

ADDITIONAL DISTRIBUTION
FALKLAND ISLANDS

CONFIDENTIAL

CAB 1.

FALKLAND ISLANDS: Future Administration
Nov. 1983



10 DOWNING STREET

From the Private Secretary

6 December, 1984.

Falklands: Sir Rex Hunt's call on the
Prime Minister on 15 October

Thank you for your letter of 3 December about the Hamilton Estates.

The Prime Minister was grateful to be kept informed of the efforts being made to purchase these estates, and in the meantime to enforce better management of absentee-owned estates.

I should be grateful if you would let me have a further report in due course.

Charles Powell

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



Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister (2)

You asked to be kept in touch with progress on this front.

3 December 1984

Dear Charles

and
3/12

Falklands: Sir Rex Hunt's Call on the Prime Minister on 15 October

In your letter of 15 October recording Sir Rex Hunt's call on the Prime Minister, you asked us to keep you informed on how we intended to pursue the question of conditions on the Hamilton Estates, on islands off West Falkland.

As the Civil Commissioner mentioned during his call, the Falkland Islands Government (FIG) have been finding it difficult to purchase these estates for sub-division. The main beneficiaries of the Jersey-based Trust owning the Estates are Argentine nationals, descendants of the last resident owner of the estate, John Hamilton. They live in Argentina, and have refused to sell. As compulsory purchase would risk provoking retaliatory measures by the Argentine Government against British interests in Argentina, the FIG are instead pursuing the possibility of renting the land from the Trust on a 99 year lease. Since his return to the Islands last month, Sir Rex Hunt has reported that negotiations with the Trustees of the Estates are still in progress. The FIG have asked the Trustees to quote a purchase price for the livestock on the estates, in addition to a rental for a 99 year lease. The Trustees have also been asked to provide details of their accounts over the past five years. A response is awaited; but Sir Rex Hunt has not at the moment given up hope of reaching an amicable agreement.

The Civil Commissioner and his Attorney General are meanwhile following up the Prime Minister's suggestion of using local legislation to enforce better management of absentee-owned estates. A potential complication is that the FIG may have difficulty in enforcing legislation providing for such things as more investment in fencing, as they lack the resources to run the Estates should the owners default.

/The



The Falklands Attorney General is also preparing a simple Minimum Wages Bill which will enable the FIG to fine employers who fail to pay the minimum wage. We shall keep you informed.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

23 DEC 1984

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Falkland Islands

Nov 83

future Admin



Foreign and Commonwealth Office

London SW1A 2AH

28 November 1984

From the Secretary of State

NDM

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25/11

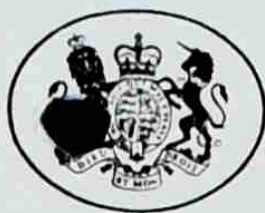
Dear Julian

Thank you for your letter of 8 November about the future administration of the Falkland Islands and the Falkland Islands Dependencies, and for sending me a copy of your letter to Michael Heseltine about other aspects of your recent visit to the Islands. Rex Hunt has reported that this went very well: I am glad that you were able to lead the Parliamentary group on what was clearly a very worthwhile mission.

We are indeed proposing to promulgate separate Constitutions for the Falkland Islands and the Dependencies. The precise role of the Civil Commissioner in this is still under consideration. Let me explain the background. The Dependencies are in law a separate dependent territory to the Falklands. This is already a matter of public record (your para 2): the Prime Minister made this clear in Parliament on 22 April 1982, also pointing out that South Georgia has been administered from Port Stanley as a matter of convenience (copy of the Prime Minister's Answer enclosed). We are now in the process of introducing a new Constitution for the Islands in order to improve the arrangements for their internal government, to which they and we attach great importance. The provisions of this Constitution are relatively detailed, and far in excess of what will be required for the Dependencies, where there is no permanent population and therefore no need for any form of representative government.

/I am

The Rt Hon Julian Amery MP



I am sure you will agree that these Constitutions must reflect reality, and need to be tailored to the requirements of each territory.

I quite understand your concern that the Argentines and others might draw the wrong conclusions from this decision. But they would have absolutely no grounds for interpreting it as a signal that we might ultimately be prepared to give up the Falklands, but retain the Dependencies. Nor would the Islanders. All around them, the Islanders can see a wealth of tangible evidence to show our firm commitment to the Falklands, especially our defence dispositions and the building of the new airport. Our firm stand at the Berne talks, and the considerable effort that went into the United Nations General Assembly debate last month, will I hope also have reassured them.

I was interested by what you said about the enthusiasm in the Falklands for the Islands becoming a base for the development of the Antarctic. The construction of Mount Pleasant airfield will be important in this respect. It will make the Falklands in many ways more attractive than the Dependencies as a "stepping-stone to Antarctica". We recognise, of course, the strong emotional pull which colours the Islanders' attitudes towards the Dependencies, deriving largely from the days when South Georgia was an important whaling centre with a population of up to 3,000. Several influential Falkland Islanders were brought up there. But the feeling among the Islanders that they are in some way responsible for the Dependencies is erroneous: even now, the role of the Islands' Executive Council vis a vis the Dependencies is no more than advisory.

As I have said, no final decisions have been taken on future arrangements for the administration of the Dependencies. But, whatever they are, the Falkland Islanders will be free to communicate to us their views on aspects of the administration of the Dependencies which bear directly on the

/Falklands



Falklands themselves. We shall, then as now, certainly take full account of the Islanders' feelings. I am grateful to you for raising these points with me: I can assure you that we have thought carefully about them in developing our policy.

I am copying this letter to the Prime Minister, Michael Heseltine and Keith Joseph.

GEOFFREY HOWE

A handwritten signature in dark ink, appearing to read 'Geoffrey Howe', with a long horizontal line extending to the right and a shorter one below it.

House of Commons.

'Oral Answers' 22nd April 1982.

Dr. Owen: Will the Prime Minister confirm that South Georgia is a direct dependency and is only administered by the Falkland Islands governor and that no Government have ever been prepared to countenance any change in that position in discussions with the Argentine? Will she confirm, further, that there are major British interests in relation to the Antarctic and South Georgia?

The Prime Minister: I confirm what the right hon. Gentleman has said. South Georgia was administered as a matter of convenience through the governorship of the Falkland Islands. Our title to it is different from that to the Falkland Islands. It is a separate dependency. It is extremely important—for the reasons that the right hon. Gentleman gave, among others.

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10 DOWNING STREET

From the Private Secretary

12 November 1984

FALKLAND ISLANDS AND THE DEPENDENCIES:
NEW CONSTITUTIONS

Thank you for your letter of 12 November about the question of a separate constitution for the Falkland Islands Dependencies and the view of the Civil Commissioner that he should continue to administer the dependencies acting in Council.

The Prime Minister has commented that we have to understand the feelings of the Falkland Islanders. It must be a comfort to them that South Georgia is British and that they have some part in its administration. The Falklands are already isolated enough and we should not add to their feeling of isolation. So although the Dependencies may have separate constitutions we should still administer them either through the Civil and Military Commissioners or at least in consultation with them.

This has implications for the instructions which the Foreign Secretary proposes to send, the draft of which was enclosed with your letter. The decision that there should be separate constitutions for the Falklands and for the Dependencies can be confirmed. But, in view of the Prime Minister's comments and in advance of further OD discussion, it would not be right to be categorical about the future role of the Civil Commissioner and the degree to which he might administer the Dependencies in consultation with or taking account of the views of the Falkland Islands Council. It might be best to say simply that this aspect is still under consideration by Ministers.

C.D. POWELL

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

PRIME MINISTER

Falkland Islands and the Dependencies: New Constitutions

The Foreign Secretary proposes to promulgate a separate constitution for the Falkland Islands Dependencies at the same time as the new Falklands constitution. This was agreed by OD in 1982.

Sir Rex Hunt opposes the decision, on the grounds that it may give a wrong signal to the Argentines that we are prepared one day to give up the Falklands while hanging on to the Dependencies. He thinks that at the least the Civil Commissioner in Council (i.e. with involvement of the Falkland Islands Council) should continue to govern the Dependencies. He has some support from Julian Amery who has written to the Foreign Secretary (B).

The matter will have to come to OD in due course. But meantime there is a further round of consultation with the islanders, for which instructions for Sir Rex Hunt are required. The Foreign Secretary wants to stick to his guns.

Agree instructions at A?

I think we have to understand the feelings of the Falkland Islanders. That South Georgia is British needs a comfort to them as much as the fact that they have some part in its administration. The Falklands are isolated - we must not add to that feeling of isolation. So although the dependencies may have separate constitutions - we must still either write a constitution through the Civil/Political Commission or Falklands etc

12 November 1984

GFC



Foreign and Commonwealth Office

London SW1A 2AH

12 November 1984

Dear Charles,

Falkland Islands and the Dependencies: New Constitutions

John Coles wrote to me on 17 May conveying the Prime Minister's agreement to the Foreign Secretary's proposals for a new draft Constitution for the Falkland Islands.

After further discussions with Sir Rex Hunt, only one substantive point remains outstanding. The Foreign Secretary will be recommending that a separate Constitution for the Falkland Islands Dependencies should be promulgated at the same time as the Falklands Constitution. The proposal for separate Constitutions was approved by OD in November 1982 and is designed to bring the Constitutional arrangements in the South Atlantic fully into line with the position explained by the Prime Minister in the House of Commons on 22 April 1982 that the Dependencies are legally distinct from and not dependent upon the Falkland Islands. We also wish the new arrangements to reflect the fact that the Dependencies, having no permanent (or civil) population, do not need anything like as elaborate a Constitution as the Falkland Islands.

Sir Rex Hunt did not raise the matter when he called on the Prime Minister on 15 October (your letter of that date to me). But he considers that the Falkland Islanders and perhaps the Argentines may misinterpret the decision as a signal that, ultimately, a British Government might be prepared to surrender sovereignty over the Falkland Islands while retaining the Dependencies as a 'stepping-stone' to Antarctica. We do not believe that it should be difficult to scotch this entirely unfounded speculation. Two influential Falkland Islands Councillors with whom we discussed the matter in London last week both acknowledged that the separate status of the Dependencies was a fact of life. They felt that, although there would inevitably be some grumbling in the Islands, the separation of the Dependencies would be acceptable provided that the two Constitutions were promulgated at the

/same time



same time. They also said that it would help considerably if the Civil Commissioner could continue to exercise that function for the Dependencies. We are considering adopting this idea, at least in the early years. Sir Rex, however, remains opposed to separation and feels that at the very least the Civil Commissioner in Council should continue to exercise that role in perpetuity for the Dependencies.

In view of the separation of the Dependencies, there can clearly be no continuing role for the Falkland Islands Executive Council in the running of the Dependencies. The Foreign Secretary intends to give Sir Rex Hunt precise instructions on the question of separation. I enclose a copy of these.

The matter has been given added prominence by an article in The Guardian on Saturday 3 November ventilating Islanders' concern along the lines Sir Rex Hunt anticipates. Predictably this was picked up by the Argentine media, and their Foreign Minister has said that he is opposed to the separation.

The Foreign Secretary will be consulting OD about the package as a whole, including the future role in the Dependencies of the Civil Commissioner. But he would be grateful to know at this stage that the Prime Minister is content with the line we propose to take in the next phase of consultation of the Islanders.

Y *over,*

P F Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

FALKLAND ISLANDS: NEW CONSTITUTION, AND THE DEPENDENCIES
Instructions to Sir Rex Hunt

You should:

- (a) Remind Councillors that, legally, the Dependencies are a quite separate dependent territory. The Prime Minister specified this in Parliament in April 1982. The Dependencies have shared some of the governmental institutions of the Falkland Islands for reasons of administrative convenience, but not all of them: for example, the Legislative Council has no power to make laws for the Dependencies.
- (b) Point out that constitutions need to be tailored to the needs of each territory. The provisions in the draft Constitution for the Falkland Islands are relatively detailed. They are far in excess of what will be required for the Falkland Islands Dependencies where, as there is no permanent, indigenous or civil population at all, there is no need for any form of elected or representative government (just as there is none for the British Antarctic Territory).
- (c) Point out that the separation of the Dependencies is a collective decision of HMG - not just FCO Ministers.

/(d)

- (d) State firmly that it is far-fetched to argue that separate Constitutions will send the Argentines a signal that we shall ultimately be prepared to give up the Falklands, but retain the Dependencies. You should cite the wealth of tangible evidence around them demonstrating our firm commitments to the Falkland Islanders typified by the defence commitment, the building of the new airport, our firm stand at the Berne talks and the considerable effort that went into the UNGA debate last month. You could also point out that, with the completion of Mount Pleasant airfield, the Falklands will be a better prospect than the Dependencies as a "stepping-stone to Antarctica".
- (e) Make it plain that our position is not negotiable, either over the separate Constitutions or regarding the Falkland Islands Executive Council losing its present right to have a formal advisory role on Dependency affairs.
- (f) Reinforce this last point by emphasising that any role for EXCO in the administration of the Dependencies would run counter to Ministers' decision that the Falkland Islands and the Falkland Island Dependencies should have separate Constitutions, and that the distinction between the two colonies should be made clearer. There would be no objection to you at the same time assuring Councillors that separate Constitutions would not preclude the

Islanders'

Islanders' elected representatives from putting
their views to HMG through the Commissioner on
matters to do with the Dependencies which might have
an effect on the Falkland Islands, thus retaining an
informal advisory role.

Falkland Islands: Future Admin Nov 83

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10 DOWNING STREET

From the Private Secretary

9 November 1984

FALKLAND ISLANDS COMPANY

Xref /
Thank you for your letter of 7 November giving the Foreign Secretary's views on the possibility of the Government taking a "golden share" in the Falkland Islands Company if that Company is put up for sale.

The Prime Minister has noted the Foreign Secretary's advice.

(C.D. POWELL)

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

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

112, EATON SQUARE,
SW1W 9AA
TEL: 01-235 1843
01-235 7409

8th November, 1984.

Confidential

Dear Secretary,

*NBM
009 12/12*

I gather there is some talk of a formal separation of our jurisdiction over the Falkland Island dependencies from our jurisdiction over the Falkland Islands proper, though leaving the Civil Commissioner responsible for both.

I can understand that in so far as the Falkland Islands constitution is to become more democratic i.e. giving more power to the locally elected council - that we would wish to keep direct control over the virtually uninhabited dependancies. I wonder, however, whether it would be wise to do this in any way that could become public or whether this is necessary. I ask this for the following reasons.

1. When Duncan Sandys excluded Perim and I think Socotra from the Aden federation it was widely interpreted in the Middle East as a sign that we were about to withdraw from Aden altogether. I cannot help feeling that the Argentine and other Latin American countries would draw the same conclusion from any constitutional separation between our jurisdiction over the Falkland Islands and that over their dependancies.
2. In individual conversations with Falklanders and in the response to two speeches I made, one in the City Hall at Stanley and one at Government House both to quite substantial audiences, I detected a good deal of enthusiasm for the idea that the Falklands should become a sovereign British base for the development of the Antarctic whether alone or in cooperation with others. The Falklanders have always regarded themselves as responsible for the dependancies. To separate the islands now from the dependancies would be to limit their horizon instead of, as I would hope, broadening it.

2.

3. The Falkland Islanders are so very British that I cannot believe that they would ever want to weaken or interfere with our interests in the dependencies or the Antarctic. I don't think, therefore, that they would misuse their influence in the Governor's Council. In any case I don't see why their views in respect of the dependencies should be more than advisory.

May I urge you to take these points into account before ~~taking~~ a decision on the future constitution.

I am copying this letter to Margaret Thatcher, Michael Heseltine and Keith Joseph.

A handwritten signature in cursive script, reading "Julian Amery". The signature is written in dark ink and is positioned above the printed name.

Julian Amery

The Rt.Hon. Sir Geoffrey Howe, MP

CONFIDENTIAL

cc/c (2)



Foreign and Commonwealth Office

London SW1A 2AH

7 November 1984

Prime Minister

CDP

mf

F/Ki

Dear Charles,

Falkland Islands Company

Thank you for your letter of 16 October asking for the Foreign Secretary's view of the possibility of the Government's taking a "golden share" in the Falkland Islands Company (FIC) if the Company is put up for sale.

Sir Geoffrey Howe sees attractions in this proposal. The dominant position of the FIC in the life of the Falklands makes it important that, if the Company were to change hands, the aims of the new owner(s) should accord as fully as possible with our own: this is certainly an area in which we wish to protect our interests. If questioned as to our motives, we would simply say we did not want control of the Company to fall into new but wrong hands. This would not identify us with the Falkland Islands Company in any other way (the share need only be one out of the many in issue: albeit with special rights).

The likelihood of the Company being sold is difficult to judge at present. So long as there is a prospect of the Coalite/Taiyo joint fisheries venture being profitable, we do not think that Coalite, under their new Chairman, Mr Eric Varley, or the FIC itself, where Mr Ted Needham has remained Chairman, will be in a hurry to sell. It is more a question of Mr Jack Hayward making an offer which Coalite cannot refuse; and it is Mr Hayward's contacts with the Argentines and naive political ideas about the future of the Falkland Islands which give us cause for concern. We shall continue to keep as close an eye as possible on dealings between Mr Hayward and Coalite.

But there are serious practical problems in pursuing the idea of a "golden share" at this stage. Unless the Board of the FCI were to agree to change the present share structure in order to give HMG a "golden share" - and we think this highly unlikely - primary legislation would be

/required.

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required. This would inevitably attract considerable publicity and speculation about our motives. The FIC is already the target of criticism in the Islands, in Parliament and abroad on account of its monopolistic position, e.g. in land ownership, the transport of the annual wool clip and the import of supplies: the attack on the FIC's "share-farming" scheme in the Sunday Times on 28 October (copy enclosed) is a typical example of this.

We would obviously want to avoid primary legislation. We do not believe that negotiation would work, since the establishment of a "golden share" would diminish the value of the rest of the FIC's equity. We would therefore have to offer Coalite some inducement to give us the "golden share" (perhaps by offering them oil rights in the Falklands) or buy the Falkland Islands Company ourselves and then sell it off with a "golden share" attached.

Sir Geoffrey Howe considers that none of these alternatives is particularly attractive or feasible. His conclusion is therefore that the "golden share" idea is not one that we should pursue now. But we shall keep the proposal in mind, and reconsider it should circumstances change.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

Sunday Times 28/10/84

Falkland company's leases attacked as 'act of slavery'

by Brian Wilson

THE company which owns half the Falkland Islands, employs most of the population and dominates the colony's economy has been accused of exploiting farmers to maintain its grip on the islands.

Critics of the Falkland Islands Company, owned by the Derbyshire-based Coalite group, are led by Lord Shackleton, who chaired a government committee appointed to plan the economic development of the islands after the war with Argentina in 1982.

The Committee identified land reforms as a crucial aim to rejuvenate an ailing economy based almost solely on sheep farming. It called for the Falkland Islands Company to share its vast farms - 1.5m acres in all - with independent farmers, expressing the hope that such action would give islanders better prospects, boost their flagging morale and attract pioneers from Britain.

But the company, while providing farmhouses and some items of capital equipment, has been accused of an "act of slavery" in offering leases to would-be tenants which lay down that:

● The company will manage the sale and transport of wool, decide the selling price and take 25% of the profits.

● The tenant must obtain materials for the farm through the company and accept all company decisions on farming policy.

● The lease would be terminated if the tenant suffered long-term illness or incapacity.

● Written permission would be required from the company if the tenant wished to take on other work for more than a month at a time, or to buy or sell livestock.

The lease even demanded that, although the company took a quarter of the profits, it was the tenant who must bear the full cost of providing a motor vehicle, a boat and a radio, essential for both communication and safety on the remote Falkland farms.

One islander who signed the lease and took over Swan Islands farm, spread over 25 islets between the two main Falkland land masses, says he was given just 24 hours to read, accept and sign the lease.

"It was another turn of the clamp around our necks," said Robin Goodwin, who is now terminating his lease with the company. "Share-farming is only good for one party, the owners".

Goodwin cites an example of the company's monopoly over the Swan Islands farm. "I located a cheap form of electric fencing, costing £500 a mile. But

the company insisted I purchase conventional fencing, costing four times as much."

Four other farmers have signed the leases. But now, a Bradford-based representative of the independent Falkland farmers is petitioning both the Foreign Office and the Overseas Development Agency to intervene and prevent further agreements being signed.

"The leases are an act of slavery," says Colin Smith, who acts as the independent farmers' agent, selling their wool in Yorkshire. "I doubt very much if those leases would even be legal in this country. There are people out here living in an archaic system."

Shackleton says he is "angered" by the leases. The company, he alleged is "taking exploitative advantage of its dominant position in the islands". He added: "You could call it a classic case of capitalist colonialism."

Shackleton invited the chief legal adviser to the Country Landowners Association to comment on a copy of the lease. "It is not a share-farming agreement but a contract of service," the lawyer concluded.

A spokesman for the Coalite group said that only its chairman, Eric Varley, the former Labour MP, could comment on the charges. He was unavailable, despite repeated attempts to contact him.

Start
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Falklands Islands - Future Admin 11/83

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10 DOWNING STREET

From the Private Secretary

16 October 1984

Falkland Islands Company

In commenting on the various papers that were sent across for her meeting with Sir Rex Hunt, the Prime Minister has asked whether the Government should not take a 'golden share' (i.e. a share which gives the Government reserved rights over matters such as disposal) if the Falkland Islands Company is indeed put up for sale.

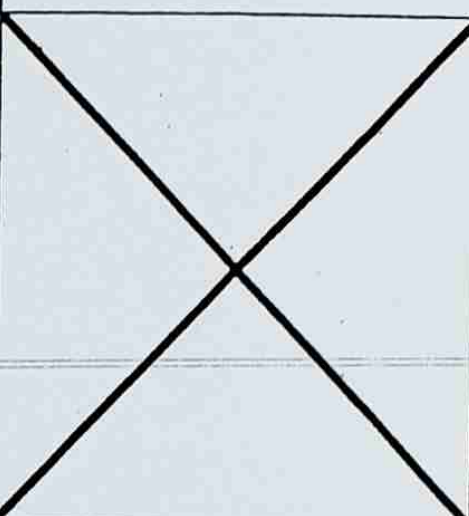
The Prime Minister would be grateful to have the Foreign Secretary's view on this.

Charles Powell

Peter Ricketts Esq
Foreign and Commonwealth Office.

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A The National Archives

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| DEPARTMENT/SERIES <p style="text-align: center;">..... <i>PREM 19</i></p> PIECE/ITEM <i>3756</i> (one piece/item number) | Date and sign |
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10 DOWNING STREET

From the Private Secretary

15 October 1984

cc MAJOR SET

FALKLANDS: NEW HOSPITAL

The Civil Commissioner for the Falklands, Sir Rex Hunt, called on the Prime Minister this morning, and the subject of the new hospital was discussed. In the light of this, the Prime Minister has issued an instruction that the question of the financing of a single joint hospital in Port Stanley is to be resolved before the Civil Commissioner's departure this evening, and he is to have in his hand upon return to the Falklands a letter from the Foreign and Commonwealth Secretary recording a decision on the matter.

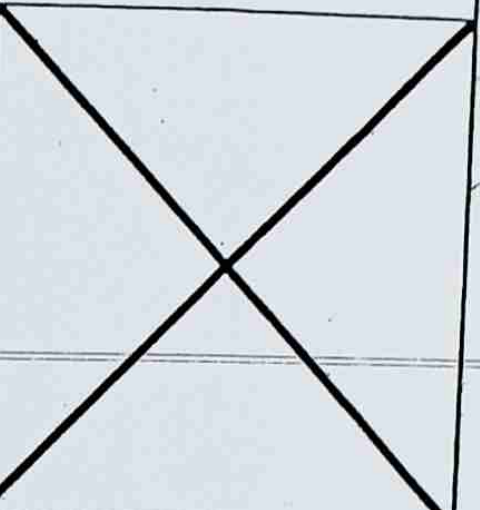
I should be grateful if the necessary steps could be taken immediately to fulfil the Prime Minister's instructions.

I am sending a copy of this letter to Len Appleyard (Foreign and Commonwealth Office).

Charles Powell

Richard Mottram, Esq.,
Ministry of Defence.

A The National Archives

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| Extract details: <i>Letter from Powell to Ricketts dated 15 October 1984</i> | |
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Foreign and Commonwealth Office

London SW1A 2AH

12 October 1984

Prime Minister

C.D.P. 12/1

Dear Charles,

[Monday morning]

Falklands: Sir Rex Hunt's Call on the Prime Minister

Sir Rex Hunt is calling on the Prime Minister at 1115 on Monday, 15 October. He is returning to Port Stanley later that day, having been on leave since mid-August. Sir Rex has also had meetings here with the Foreign Secretary, and other Ministers and officials.

Falklands at the UNGA

Sir Geoffrey Howe has already explained the situation to Sir Rex but the Prime Minister might wish to know the present position. The Argentines have put forward a tough resolution apparently in order to withdraw it later and substitute a softer text. They hope thereby to encourage some who had previously supported us or abstained (especially our EC Partners) to change their votes. We are lobbying hard, pointing out the Argentines' true intentions, as set out in President Alfonsin's speech and press conference in New York on 24 September. They amount to continuing insistence on negotiations with a pre-determined outcome, ie the transfer of sovereignty to Argentina. We are pointing out to our EC Partners and others that the Argentines' aim is wholly unrealistic and cannot be productive; and that they should not therefore give it any support or encouragement.

Relations with Argentina

Sir Rex has told us that the firm position we took in the Berne talks had greatly reassured the Falkland Islanders. There have been some further indications recently through the Swiss that the Argentines may want to resume some dialogue with us, perhaps in November. We shall be making clear to the Swiss that our clear position remains unchanged.

Fisheries and Energy

No opportunity arose at Berne to sound out the Argentines about a multilateral approach to fisheries conservation around

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the Falklands. The Foreign Secretary will be circulating a paper on this subject to OD. Sir Rex Hunt fully takes the point that a unilaterally-declared EFL could cause serious problems, not least with the Soviet Union and Poland (whose fishing fleets around the Falklands are the most numerous).

Sir Rex has suggested that exploration of the energy resources around the Falklands would not pose comparable problems. He believes if we were to invite bids now for concessions around the Falklands, there would be no shortage of applicants, including major oil companies. Our latest soundings of Bp, Shell and Britoil suggest that they take a different view: that it would be premature to invite such bids. We are following up Sir Rex's points with the Department of Energy.

New Hospital

Sir Rex may well raise the delay in rebuilding the hospital. The ODA arranged for a hospital architect to visit the Islands and submit a design: this latter was agreed before the recess. But agreement has not yet been reached by the Departments concerned on sharing the costs of the new hospital. Ministers here take the view that there should be very early progress towards a single, joint new hospital, on the site of the former one in Port Stanley, serving both the civilian and military communities. The Ministry of Defence have agreed in principle that a joint hospital in Port Stanley is the right answer so long as it is not significantly more expensive than a separate military hospital at Mount Pleasant. On the basis of shared facilities, officials worked out a cost-sharing formula whereby the ODA would find £4 million, and the MOD £2.4 million, to construct this. The Ministry of Defence are still considering the question of costs.

We wish to see early resolution of this question. Ministers have assured the islanders (most recently when the Minister of State for the Armed Forces spoke to the Joint Councils on 29 July) that HMG favour a single, joint hospital, based in Stanley. Departments are continuing urgently to search for a compromise formula that will satisfy military as well as civilian requirements. Sir Rex Hunt is most concerned that separate hospitals at Mount Pleasant and Stanley would be bad for the community in the Islands. We agree. Meanwhile the continuing delay in starting work on the new hospital is, understandably, causing mounting concern in the Islands.

New Constitution

Sir Rex may also raise the constitution, which is due to be promulgated in the Spring of 1985.

/We



We are recommending that a separate constitution for the Falkland Islands Dependencies, which may be renamed the "British South Atlantic Territories" should be promulgated at the same time as the Falklands' constitution. This would bring the constitutional arrangements fully into line with the position explained by the Prime Minister in the House of Commons on 22 April 1982. Referring to South Georgia, she said then that it was administered as a matter of convenience through the Governorship of the Falkland Islands; and that it was a separate Dependency. The same applies to the South Sandwich Islands: they, together with South Georgia, constitute a separate dependent territory, legally distinct from and not dependent upon the Falkland Islands. We also wish the new instruments to reflect the fact that the Dependencies, having no permanent (or civil) population, do not need anything like the relatively elaborate constitution which the Falkland Islands will have.

Sir Rex considers that the Falkland Islanders, and perhaps the Argentines also, will misinterpret a separate constitution for the Dependencies as a signal that, ultimately, a British Government might be prepared to surrender sovereignty over the Falkland Islands, retaining the Dependencies as stepping stones to the Antarctic. We do not believe that this should be a serious problem: there is a wealth of evidence for our firm commitment to the Falkland Islands.

Sir Rex Hunt has undertaken to do his best to dispel Islanders' misgivings and present our decisions in a positive light. But he also has anxieties of his own that the new constitutional arrangements will remove from the Islands' Executive Council its present direct involvement in the running of the Dependencies. This has still to be considered by OD, but for the moment Ministers have gone no further than to tell Sir Rex that it might be possible for the Civil Commissioner in Port Stanley to exercise the functions of Commissioner of the Dependencies. We do not at present envisage the Falkland Islands Executive Council continuing to advise him on the affairs of the Dependencies, any more than Sir Rex is advised by, or answerable to, the Executive Council in his capacity as Commissioner for the British Antarctic Territory (BAT). With the demise of the whaling industry in South Georgia, and the absence now of any civilian presence, the situation of the Dependencies is now much more akin to that of the BAT or the British Indian Ocean Territories, neither of which have - or need - any form of representative government.

*Yr ever,
Peter Ricketts*

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

The National Archives

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|--|-------------------------|
| DEPARTMENT/SERIES <p style="text-align: center;">PREM 19</p> PIECE/ITEM (one piece/item number) | Date and sign |
| Extract details: letter from Ricketts to Lowell dated 12 October 1984 | |
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Levee
cpc

10 DOWNING STREET

5 October 1984

From the Private Secretary

Governor of the Falklands

You asked whether the Prime Minister would wish to see the Governor while he is in the United Kingdom. The Prime Minister would be happy to do so. Could he please come at 1115 on 15 October.

(C.D. POWELL)

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



10 DOWNING STREET

11.15
on 15

From the Private Secretary

Prime Minister

The Governor of the

Falklands is back in the

UK until 16 October.

Would you like to

see him?

Yes
ms

CDD

4/x.

CP

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MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1A 2HB
Telephone 01-218 2111/3 (Direct Dialling)
01-218 9000 (Switchboard)

MO 5/21

1st June 1984

Dear Peter,

*ASL 1/6
h.c.*

FALKLAND ISLANDS FUTURE ADMINISTRATION

My Secretary of State has seen the Foreign and Commonwealth Secretary's minute of 14th May 1984 to the Prime Minister and is content that the draft of the new constitution should be sent to the Civil Commissioner for consideration in the Islands without any further discussion in OD.

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

*Yours ever
Nick Evans*

(N H R EVANS)

P F Ricketts Esq

CONFIDENTIAL

Falkland Islands

November 83

Admus

bcc: SPC



cc: LCO
HMT
MOD
LPO
COLO
CO
DTI

10 DOWNING STREET

From the Private Secretary

17 May, 1984

Dear Sir,

Falkland Islands Future Administration

The Prime Minister has seen the Foreign and Commonwealth Secretary's minute of 14 May.

Subject to the views of other members of OD, the Prime Minister agrees that:

- a) the present judicial system in the Falkland Islands should be continued in the new Constitution;
- b) the draft Constitution should be sent to the Civil Commissioner for discussion with officials and, later, elected Councillors.

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

*Yours ever
P. F. Ricketts*

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



Prime Minister.

Subject to OD colleague, agree that :-

Yes
not (a) the present judicial system in the Falkland Islands should be retained.

PM/84/78

(b) the draft new Constitution should be sent to the Civil Commission for discussion with officials and, later, elected Councilors.

PRIME MINISTER

Yes not

A. S. Cole $\frac{16}{5}$

Falkland Islands Future Administration

1. When we discussed the future administration of the Falkland Islands in OD on 16 November 1983, I was invited, in consultation with the Lord Chancellor and the Attorney-General, to give further consideration to the possibility of simplifying the arrangements for the judicature. I was also invited to reply to the Report on the Constitution drawn up by the Falkland Islands Select Committee on the lines of the objectives agreed in OD for a new constitution but without disclosing the Government's intention to move eventually towards full internal self-government.

2. I have discussed with the Lord Chancellor and the Attorney-General the case for retaining the status quo of the judicature. The present arrangements provide for a Supreme Court consisting of one Judge, the Chief Justice; and a Court of Appeal consisting of a President and two Justices of Appeal who normally sit in London. There is an appeal from the Court of Appeal to the Judicial Committee of the Privy Council. The proposals in OD(83)16 were that this structure should be retained in the new Constitution.

3. I agree that in principle a simplified structure might be preferable, but the following arguments point to retaining the status quo:

(i) the Supreme Court consists of a single, non-resident judge. It would not be satisfactory if the only right of appeal were direct from him to the Judicial Committee of the Privy Council. Appeals to the Judicial Committee are costly

/and



and the procedure is complex and slow. There is a need for an intermediate court which can dispose of most appeals, in addition to the Judicial Committee which may ultimately be called upon to decide on a question of law of general importance;

(ii) the need for an intermediate court has been recognised in our other small dependent territories such as the British Virgin Islands, Cayman Islands, Turks and Caicos, Montserrat and St Helena;

(iii) the present judicial structure has not been criticised by the Islanders, and the Select Committee on the Constitution did not recommend any changes;

(iv) in practice the number of appeals is negligible. Since 1970, when a notice of appeal was lodged with the Court of Appeal but not proceeded with, there has been only one appeal to the Court of Appeal. In June 1982 the Court heard an appeal against a conviction for the murder which it reduced to one of manslaughter. There have been no appeals so far to the Judicial Committee.

4. I therefore conclude that despite its complexity the existing judicial system for the Falkland Islands should be continued in the new Constitution. The Lord Chancellor and the Attorney-General agree.

5. HMG's views on a new Constitution were conveyed to the Civil Commissioner in a letter dated 6 December 1983 and the Minister of State followed this up during her visit to the Islands in January with detailed discussion with the Falkland Islands Government and the elected members of the Legislative Council.



6. The case for a unicameral system of Government was fully discussed with the Councillors but they were not persuaded. They pointed out that there was a three-to-two majority in the Islands in favour of retaining two Councils and said it would be wrong of HMG to underestimate the strength of feeling in favour of a two-Council system.

7. This is not the time to press hard for a single Council system. The Falkland Islanders are watching carefully our efforts to normalise relations with Argentina for any sign of a weakening of our position. Since an essential element of our position on self-determination for the Islanders is their wishes, as well as their interests, must be respected, we should avoid giving any impression that we are going against their wishes in this matter.

8. Councillors were, however, not averse to the idea that the Executive Council should be re-constituted as a committee of the Legislative Council. This idea has been incorporated in the draft of the new Constitution and thus lays the foundations for the adoption of a single council system at a later stage, since the only significant differences between the Legislative Council and the Executive Committee will be that the Committee has only three of the eight elected members of the Council and would normally sit in private.

9. The new Constitution will be for the next stage of constitutional development. It therefore differs in many respects from the draft full internal self-government constitution previously considered by OD. A summary of the more important provisions of the new Constitution is appended.



10. The main changes from the existing Constitution are as follows:

(a) the recommendations of the Select Committee have been incorporated except in so far as they will be implemented by local Ordinance;

(b) A human rights chapter has been added;

(c) The Executive Council is replaced by an Executive Committee of the Legislative Council;

(d) The present constitutional instruments (Order in Councils, Letters Patent and Royal Instructions) with their several amendments have been replaced by a single Order in Council.

(e) The Order in Council is drafted in contemporary terms;

(f) The Constitution does not make provision for the administration of the Falkland Islands Dependencies, for which a separate Order will be made.

11. Section 7(1) of the draft Constitution would confirm the right of the territory, by local legislation, to acquire property compulsorily for "public purposes". Section 7(6) provides that:

' "purposes" are "public" if they are intended to result or result in a benefit or advantage to the community and, without prejudice to their generality, include the development, utilisation or disposal of property for the promotion of the physical, economic, social or aesthetic well-being of the community.'

There is some doubt whether the powers of compulsory purchase of the Falkland Islands Government under existing local

/legislation



legislation are wide enough to permit compulsory acquisition of land for the purpose of disposing of it to private owners (e.g. under a farmland redistribution scheme); Section 7 would thus not prevent local legislation being amended to make it clear that land could be acquired compulsorily for this purpose, In a sense Section 7 reflects the status quo since, in the absence of the existing constitution of provisions protecting property rights, there is at present no constitutional barrier to existing local legislation being amended in this way.

12. The Falkland Islands Government have no present intention of making such an amendment. We, for our part, although not opposed to compulsory purchase per se, would not in the present circumstances agree to the Civil Commissioner exercising compulsory purchase powers for such a purpose, and would withhold the necessary money. Nevertheless, I consider it desirable that, if in future the local legislation needs to be amended for this purpose, it can be done without the need to amend the constitution itself. Hence the wording of Section 7.

13. I invite my colleagues on OD to agree that we should send the draft of the new Constitution to the Civil Commissioner for discussion with officials, and later with elected Councillors, As we have already had a full discussion in OD, I hope that it will be possible to agree this without a further meeting.

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

(GEOFFREY HOWE)

Foreign and Commonwealth Office

14 May 1984

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FALKLAND ISLANDS: SUMMARY OF DRAFT CONSTITUTION

HUMAN RIGHTS

There is a chapter of 17 articles providing for the protection of fundamental rights and freedoms of the individual. It is on familiar lines to those found in the constitutions of our other Dependent Territories. The definition in Article 7(6) of "public purposes" would, however, enable the territory to amend existing legislation so that land could be compulsorily acquired for the purpose of redistributing it.

CIVIL AND MILITARY COMMISSIONERS

Sections 18 and 20 repeat the substance of the Interim Administration Order by providing for the offices of Civil Commissioner and Military Commissioner and, in particular, provide for the Civil Commissioner to act on the advice of the Military Commissioner in matters relating to defence or internal security (with the exception of the police).

LEGISLATIVE COUNCIL

Section 21 establishes a Legislative Council (thereafter in the draft referred to simply as "the Council") consisting of 8 elected members and 2 ex officio members: the Chief Executive and the Financial Secretary.

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Section 22 provides for the territory to be divided into 2 constituencies, Camp and Stanley, each of which would return 4 elected members. Section 23 provides that Commonwealth citizens aged 21 are qualified for election. Section 24(1)(c) debars public officers from standing for election except as specified by Ordinance.

Section 27(1) provides that Commonwealth citizens aged 18 who have been resident in the colony during a period to be prescribed by Ordinance are entitled to be registered as electors. Section 27(4) provides (as recommended by the Select Committee) that a different qualifying period may be prescribed in respect of persons not born in the territory.

Members of the regular armed forces are not entitled to vote or stand for election.

The detailed recommendations for changes in electoral procedure recommended by the Select Committee will be implemented by amendments to the elections ordinance.

Section 33 provides for the Civil Commissioner to preside at any sitting of the Council. Under section 35(1) the Military Commissioner has a right to take part in its proceedings, but not to vote. Under section 35(2) the Attorney General may, with the consent of the person presiding, have the same right. (This latter provision accords with the specific wishes of the Councillors.)

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Section 37(2) provides that a quorum consists of 5 members (including at least 4 elected members and excluding the person presiding), provided that there is present at least 1 elected member representing Camp and 1 representing Stanley.

Under section 38 decisions of the Council are taken by a majority of the elected members present and voting. The person presiding may not vote unless the votes are equally divided. If he is not an elected member, he does not have a casting vote and thus if the votes are equally divided the motion is lost.

Section 46 provides for bills passed by the Council to be presented to the Civil Commissioner for assent and Section 48 enables Her Majesty through a Secretary of State to disallow any Ordinance. Section 49 gives the Civil Commissioner a reserved power to legislate.

THE EXECUTIVE

Section 50 provides for executive functions to be exercised by the Civil Commissioner either directly or through officers subordinate to him. Section 51 establishes a committee of the Council to be styled the "Executive Committee" consisting of 3 of the elected members of the Council and the 2 ex officio members of the Council. Section 52 provides for the elected members of the Committee to be selected by the elected members of the Council every 12 months.

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Section 55(1) provides for the Military Commissioner and the Attorney General to have the right to attend all meetings of the Committee and take part in its proceedings, but not to vote. Section 55(2) would enable the Committee to invite to a meeting other persons including the other elected members of the Council, so continuing the practice of "joint meetings" of the two Councils, as desired by the Councillors.

Section 57 provides for the Civil Commissioner to preside at meetings of the Committee and section 59 provides that 3 members constitute a quorum.

Section 62 requires the Civil Commissioner to consult with the Committee except:

- (a) when acting under instructions given through a Secretary of State;
- (b) when the matter is one where he is required to consult or act on the advice of the Military Commissioner;
- (c) when exercising a function which he is empowered to exercise in his discretion or in accordance with the advice of or after consultation with any other person;
- (d) if the service of Her Majesty would sustain

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material prejudice thereby;

(e) the matter is too unimportant;

(f) the matter is too urgent.

All but (a) and (c) are in the existing constitution.

(a) and (c) are, however, normally found in constitutional instruments for a colony at this stage of development. It should be noted that even when the Civil Commissioner is not obliged to consult the Committee, he can nevertheless do so unless, of course, he has been instructed not to.

Section 63 provides that the Civil Commissioner may act against the advice of the Committee if he thinks it right to do so. This is the same provision as in the existing constitution.

Section 64A provides that the standing orders of the Council shall not apply to the proceedings of the Committee (although it would formally speaking be a Committee of the Council), since its real role is the one currently exercised by the Executive Council, which is not of course a Committee of the Legislative Council.

Section 65 empowers the Committee, with the consent of the Civil Commissioner, to hold its proceedings, or part of them, in public.

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POWER OF PARDON

Sections 66 and 67 provide for Her Majesty's power to grant a pardon (including the power to substitute a less severe form of punishment or to remit the whole or part of any punishment) to be exercised by the Civil Commissioner acting after consultation with an Advisory Committee on the Prerogative of Mercy. The Committee would consist of 2 elected members of the Council appointed by the Civil Commissioner after consultation with the elected members, the Chief Executive, the Attorney General and the Principal Medical Officer.

ATTORNEY GENERAL

Section 68 empowers the Attorney General to institute and undertake any criminal proceedings, to take over and continue any such proceedings begun by another person or authority and to discontinue any criminal proceedings. In exercising such powers he is not subject to the direction or control of any person or authority, apart from the courts.

FINANCE

Chapter VII provides for a consolidated fund and the conditions under which money can be withdrawn from it; for the authorisation of expenditure in advance of appropriation; for a contingencies fund; for the public debt and, possibly, for audit.

THE PUBLIC SERVICE

Section 77 empowers the Civil Commissioner to

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constitute offices and in particular the offices of Chief Executive, Financial Secretary and Attorney General. Section 78 gives the Civil Commissioner discretionary power to appoint and dismiss public officers and to exercise disciplinary control. (This does not represent any change from the existing constitution and is normal for a constitution at this stage of development).

THE JUDICATURE

Chapter IX provides for a Supreme Court consisting of one judge (the Chief Justice) and a Court of Appeal consisting of a President and two Justices of Appeal. They would all be appointed by the Civil Commissioner acting on instructions given through a Secretary of State. Acting judges could also be appointed. The Court of Appeal could sit either in the colony or elsewhere. In practice it would normally sit in London. An appeal from the Court of Appeal would lie to Her Majesty in Council.

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FALKLAND IS. : Future Admin

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CCP



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01-~~920~~7622

MO 5/21

18th April 1984

APR 19 1984
Dms
19/4

Dear Gen,

ADMINISTRATION OF THE FALKLAND ISLANDS

Mr Heseltine has seen the Foreign and Commonwealth Secretary's minute to him of 13th April about our policy in relation to the administration of the Falkland Islands. He wishes to nominate for your new group of officials Air Vice Marshal John Sutton and Mr Jolyon Dromgoole.

I am copying this letter to the offices of the other recipients of the Foreign Secretary's minute.

Yours sincerely,

Richard Mottram

(R C MOTTRAM)

L Appleyard Esq

CONFIDENTIAL

Govt Machinery Admin of the ZI's APR 1984

18 APR 1984





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

nbpm
sub
18/4

FOREIGN AND COMMONWEALTH SECRETARY

THE FALKLANDS: INTERDEPARTMENTAL GROUP

Thank you for sending me a copy of your minute of 13 April to Michael Heseltine.

2. I am grateful for your suggestion that there should be a Treasury representative on the Group, and would like to nominate Mr John Beastall, Head of AEF1 Division. He may not need to attend all the meetings, but I should be grateful if he could see all the papers.

3. I am assuming that the group's activities will be strictly limited by present expenditure ceilings.

4. Copies of this minute go to the recipients of yours.

A handwritten signature in black ink, appearing to be 'N.L.'.

(N.L.)

18 April 1984

Govt Mach. Admin of Falklands Islands April 84.

18 APR 1984



CONFIDENTIAL



FILE

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cc: Pc

10 DOWNING STREET

From the Private Secretary

16 April, 1984

THE FALKLANDS

The Prime Minister has seen the Foreign and Commonwealth Secretary's minute of 13 April in which he proposes the establishment of new machinery within Whitehall to handle issues relating to the administration of the Falklands.

The Prime Minister has commented that we must be careful not to take over the government of the Falkland Islands.

I am copying this letter to Richard Mottram (Ministry of Defence) and David Peretz (HM Treasury)

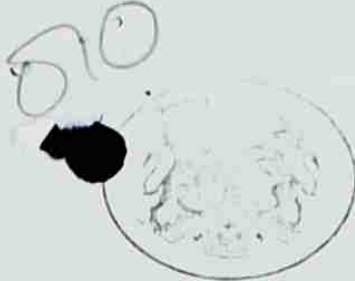
A. J. COLES

R. Bone, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL

NR

cc/c
B1



We must be careful
not to take over the job.
of the Falkland Islands -
what we

Prime Minister.

FCS/84/121

SECRETARY OF STATE FOR DEFENCE

really need is a dynamic
Civil Commission -
The Falklands - as we know!

A.S.C. 13/4

1. I have come to the conclusion that we need to coordinate more effectively and more rapidly, and in a thoroughly practical way, our policy in relation to the administration of the Falkland Islands. The recent fire at the King Edward VII Hospital has highlighted this. We were able to have a word about it and I was glad to know that you agree. I take your point of course that the first priority is to ensure that the Falkland Islands Government functions with maximum effectiveness.

2. I propose that we should set up now a group of officials, who will work as a team with Sir William Harding (FCO Deputy Under-Secretary) in the Chair. Their main tasks would be to satisfy themselves that the various issues relating to the administration of the Islands are being tackled with the right sense of priority and with the necessary despatch; that funds are available; and that issues are not being neglected. They would be responsible for recommending to me (and I would in turn consult you and, as necessary, other colleagues) the despatch of instructions to the Civil and Military Commissioners, who, in their turn, must of course, work very closely together, bringing in the Chief Executive and the Islands' Council too. I would wish the officials to be of Deputy Secretary or at least Under-Secretary rank. For the ODA I am proposing Mr Rex Browning (with Tim Raison's agreement). I should be grateful if you could nominate the appropriate staff as necessary from the civil and military sides of the Ministry of Defence, and if the Chancellor would consider whether someone from the Treasury should join the group on a regular basis, or perhaps ad hoc when there is an agenda item of particular relevance to the Treasury.

3. I should like this machinery to be in place urgently, and, as a first task, to list the issues which need monitoring. Where they identify delays or hold-ups for whatever reason, the official group



should make recommendations to get things moving. Officials would, of course, consult Ministers in their respective Departments in the normal way; they should therefore ensure that Ministers concerned are kept fully informed of their work.

4. I am sending a copy of this minute to the Prime Minister, the Chancellor of the Exchequer, to Janet Young and Tim Raison.

GEOFFREY HOWE

Foreign and Commonwealth Office

13 April, 1984

Ref: B06902

PRIME MINISTER

c Sir Robert Armstrong

Falklands: Future Administration
(OD(83) 16)

BACKGROUND

The last occasion on which Ministers addressed the question of the future constitutional arrangements for the Falkland Islands was in July 1982, in the immediate aftermath of the conflict. The preliminary view taken then was that any future constitution should be as democratic as possible in order to give substance to the islanders' desire for self-determination, and to help to make clear to international opinion that the islands no longer had colonial status. It was recognised that it would be necessary to proceed slowly and cautiously; and that, given the very small size of the population, the aim should be to devise the simplest constitutional arrangements possible. It was thought that in due course a change from a dual to a single council system of government would probably be the right direction in which to move; and officials were instructed to elaborate the arrangements which would be required. The present report, with its annex, summarises the results of that work, with which Sir Rex Hunt, the Civil Commissioner, has been closely associated. It invites Ministers to endorse the broad policy objectives suggested and to agree in principle that constitutional change along the lines proposed should be implemented by stages, as and when each stage is judged appropriate.

2. The Home Secretary and the Attorney General have been invited to attend.

HANDLING

3. You might ask the Foreign and Commonwealth Secretary to open the discussion; to report on the extent of the pressure from the islanders themselves for constitutional change and the views they have expressed (through their Select Committee on the Constitution) about the form it should take; and to explain how far he thinks constitutional change in the direction indicated in the report would be helpful in retaining international support for the British position in the islands. He might also be invited to advise

on the pace at which the changes might be introduced and how much of our thinking should be publicly disclosed to the islanders by way of response to the proposals which have been put forward by their Select Committee on the Constitution.

4. The Defence Secretary might then be asked to comment on the military aspects: in particular to say whether he is satisfied that the interests of the Commander British Forces will be sufficiently protected at each of the proposed stages of constitutional development.

5. The Home Secretary might have views on the elements of the eventual self-government constitution set out in the annex to the report by comparison with the constitutions in force in the Isle of Man and the Channel Islands (where the historical and political background is of course quite different). The Attorney General (whose Legal Secretary has been fully consulted in the drafting of the annex to the report) might also be asked to comment on the constitutional aspects.

6. The main issues for decision are whether to move from a dual to a single council system; whether to continue the process of phasing out nominated members so that the Council or Councils become wholly elected; how soon it would be appropriate to think of taking the first steps along the road identified in paragraph 8 of the report; and how much of our thinking should at this stage be disclosed to the Islands' Councillors in response to their Select Committee proposals.

CONCLUSION

7. Subject to the points made in discussion, you might guide the Committee to agree that the report and its annexed constitutional guidelines provide a satisfactory private blue print on which to plan the future of the Falkland Islands; and that it will be for the Foreign and Commonwealth Secretary to judge the right moment at which to take each of the steps towards full self-government envisaged in the report and to make recommendations to his colleagues accordingly. Meanwhile it would seem wise for the response to the islanders to be given in fairly general terms, covering the Government's intention in due course to combine the Executive and Legislative Councils into a single elected Council, presided over by the Civil Commissioner, but not disclosing the Government's intention to move eventually towards full internal self-government under an elected Chairman of the Council.

David Goodall