

*Prime Minister
Argentina*

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RR PORT STANLEY

GRS 930

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FM FCO 081014Z OCT 81

TO ROUTINE PORT STANLEY (PERSONAL FOR GOVERNOR)

TELEGRAM NUMBER 120 OF 8 OCTOBER.

INFO BUENOS AIRES

SAVING TO UKMIS NEW YORK

ANGLO-ARGENTINE DISCUSSIONS: CONSULTATIONS WITH NEW COUNCILLORS
AFTER ELECTIONS

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

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

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

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

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

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

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

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

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

CARRINGTON

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