

DRAFT

BRIEF NO 1

FALKLAND ISLANDS: ANGLO-ARGENTINE TALKS (NEW YORK, 23/24 FEBRUARY 1981)

## STEERING BRIEF

Introduction

1. Following the exploratory talks with the Argentines in New York in April 1980, Ministers considered what should be the next steps towards a solution of the dispute. Mr Ridley visited the Islands in November to outline our thinking and to discuss the various possibilities with the Islanders. The Island Councils subsequently agreed that further talks should be held, but stipulated that the British delegation should seek to negotiate a freeze of the dispute for a specified period. It is on this basis that the present talks are being held.

2. The Argentine Government meanwhile have continued to press hard for substantive negotiations on the sovereignty issue; and have come under increasing domestic pressure to show some action and progress on the dispute. The timing of the present talks reflects the Argentine anxiety to have a round before the change of Argentine President and Government at the end of March 1981.

Objectives

3. Our objectives are:

(i) to reaffirm to the Argentines that we genuinely wish to work towards an overall solution;

(ii) to demonstrate to the Island Councillors our concern for the interests of the Islanders and our readiness to seek a solution in accordance with their wishes; and to ensure that a situation does not arise where Councillors feel constrained to walk out;

(iii) to ensure that the Island Councillors are exposed to the full range of Argentine thinking on the various issues;

(iv) to set out our views on what a freeze might mean in

/practice

practice, stressing that this is the Island Councillors' chosen option and that for us Islanders' wishes are paramount;

- (v) While being ready to listen to Argentine ideas, to avoid being drawn into detailed discussion of what form other solutions to the dispute might take (eg leaseback);
- (vi) to argue the need to break the deadlock so as to allow the exploitation of the Islands' maritime resources;
- (vii) to avoid the talks breaking down or ending in a climate prejudicial to further exchanges or to our wider relations with Argentina.

4. Argentine objectives can be expected to be:

- (i) to be seen to be engaged in substantive negotiations: and to make demonstrable progress towards their goal of securing sovereignty over the Islands for reasons of foreign policy and domestic prestige.
- (ii) to convince us (and the Islanders) that the freeze option has no chance of being accepted and that it is necessary to look for other ways forward;
- (iii) to refuse to discuss piecemeal solutions, and to insist that the sovereignty problem must be solved if there is to be progress on other fronts.

Tactics

5. Mr Ridley's opening statement (Brief no 2) will provide an opportunity to inform the Argentines officially about development since the April talks. In particular he should report on his visit to the islands, the Islanders reaction to the ideas discussed with them and the Councillors' motion agreeing to further talks. Mr Ridley should seek the Argentines' formal agreement that the talks (negotiations) will be held without prejudice to either side.

position on sovereignty.

6. The Argentines must be told from the outset that we have no mandate to discuss any solution other than a freeze (Brief no 3) although we are naturally prepared to listen to what they might have to say on other possible sovereignty options (Brief no 4). We must be seen to be arguing seriously on the merits of freeze; and must avoid any suspicion on the part of the Island Councillors that we are acting beyond the strict limits of what they have asked us to do. On the other hand, they must accept that we cannot refuse to listen to the Argentine view.

7. We should seek to impress upon the Argentines our determination to end this dispute, but leave them in no doubt that any solution must be acceptable to both the Islanders and the UK. We should then try to persuade the Argentines of the advantages of solving problems such as the development of resources and economic cooperation quite separately from a resolution of the sovereignty dispute, on the grounds that:

(i) there are direct benefits to be had for all concerned from a fish and oil regime;

(ii) it is necessary to demonstrate to the Islanders that the Argentines are concerned about their future and willing to help them overcome their problems.

#### Development/cooperation

8. We should try to repeat the pattern of the April talks and discuss seriatim the major issues where Anglo-Argentine cooperation could benefit the Islanders. We know the Argentine position on all these issues; but we should explain our own again and seek the agreement to make progress however limited.

(i) Oil (Brief no 5)

We have protested about the intrusion of the Magallanes Este block over the median line. Unilateral action of this sort is counter-productive: it only antagonizes public opinion in the UK and the Islands. We need to get together to work out a regime, under which commercial companies can at last find out whether any oil is present.

(ii) Fish (Brief no 6)

We have protested about the Argentine interception of trawlers in Falklands waters. We share their concern about unlicensed fishing: would it not be sensible to work out a regime to control the fishing and to allow the Islanders to benefit from the licensing revenue?

(iii) Southern Thule (Brief No 7)

We have to raise this issue to protect our sovereignty position and to meet possible subsequent parliamentary interest. But there is no point in dwelling on it: by refusing to agree to the draft Scientific Cooperation Agreement, the Islanders weakened our hand.

(iv) YPF Agreement (Brief no 8)

We should thank the Argentines for their offer to build the jetty largely at their own expense and express the hope that the way will soon be clear for construction to begin. This is the sort of practical cooperation which can pay dividends.

(v) 1971 Communications Agreement (Brief No 9)

The Islanders will expect Mr Ridley to raise the question of the awkward rescheduling of the LADE flights. In general, we should acknowledge the usefulness of this service.

(vi) Direct contacts with Argentina (Brief No 10)

Mr Ridley should express his continued support for this proposal which arose from the New York Talks and ask Island representatives to discuss progress since.

Issues of interest to the Argentines

9. The Argentines are likely to raise the question of immigration to the Falklands, in particular from St Helena (Brief no 11)

and it is possible that they may consider the Chilean commercial proposals (Brief no 12) still to be a live issue, although we have heard nothing lately. They may also raise again their feeling that the attitude of the Falkland Islands Company (Brief No 13) is one of the major stumbling blocks in their attempts to win over the Islanders.

### Islander Participation

10. Mr Monk and Mr Wallace are members of the British delegation. It should be made clear before the talks begin that it is for Mr Ridley to direct the course the British delegation takes (naturally within the bounds of the Island Councillors' stated mandate) and to invite members of his delegation to speak on certain topics. It should be made clear to Mr Monk in particular that since a freeze is the Islanders' preferred solution, we shall be pursuing it with all vigour. The Councillors should, however, recognise that subjects will be raised by the Argentines that they might prefer not to discuss; they must understand that we have to listen to what the Argentines have to say.

11. It will be necessary to stress that HMG's interest in and concern for the future and welfare of the Islands is undiminished. We recognise and accept the Islanders' wish to remain British. We shall make clear to the Argentines that we have no doubt about our sovereignty and that any solution to the dispute must be acceptable to both Islanders and the UK. But if we are to guarantee the Islands a secure future we have to break the present deadlock. When the British delegation meets in advance of the main talks, the Councillors should be invited to give their views on what a freeze means to them and be given an outline of what we envisage. We should then run through the list of topics we intend to raise and ask for the Councillors' views.

12. Our objective during the talks will be to convince the Councillors of HMG's continued support for the Islands, but also to ensure that they are exposed to the Argentines' thinking on the sovereignty dispute. Their immediate objective will be

to achieve a freeze to the dispute, but we must hope that, for the longer-term, they will use the talks to gauge the strength of Argentine feelings, the possibility of carrying on as at present and the sort of concessions that will need to be made if a peaceful solution is to be found. Above all, they should be clear that if the talks end in stalemate, that will not be the end of the story: the Argentines will continue to push their claim hard and we can only guess at the lengths they may go to if they do not achieve progress soon.

#### Publicity

13. We shall have to agree a communiqué and the terms of the customary report to the UN (Brief no 14).

#### Future arrangements

14. It will be of importance for the Argentines to secure our agreement to a more accelerated tempo of negotiation henceforward. We cannot however commit ourselves to future talks until Ministers (and the Islanders) have considered what direction we should take next. We should say we hope to hold further talks but not allow ourselves to be tied down even to approximate dates.

#### Reporting

15. In addition to reports to the FCO, it will be necessary to send a report to Washington, to arrive by 25 February, so that the Prime Minister may, if she chooses, give an account of the talks to President Reagan.

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FROM:

Reference

DEPARTMENT:

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SECURITY CLASSIFICATION

TO:

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BRIEF NO 2

VACUUM MARKING

SUBJECT: FALKLAND ISLANDS: ANGLO-ARGENTINE TALKS (NEW YORK, 23/24 FEBRUARY 1981)

.....In Confidence

OPENING STATEMENT

TREAT.....

1. Islander presence

Introduce Councillors. It is their future we are discussing and it is right that they should take part. Their wishes are paramount to HMG. No solution unacceptable to them could ever be agreed.

2. General

Have no doubt about British sovereignty over Falklands. But want to break deadlock preventing development of economy and thus to guarantee Islanders a secure future. ~~at~~

3. April talks

That is why we met last April to establish where each side stands, as a basis for further consideration and future discussions. Useful exchange of views.

4. Developments since last round

(i) In UK

Following the April talks my colleagues and I gave considerable thought to what the next steps might be. We thought of several possible ways to make progress; and resolved to consult the Islanders themselves to see which, if any, of our ideas they would wish to

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see pursued.

(ii) My visit to the Islands

Accordingly I visited the Falklands last November and discussed the matter with a large number of Islanders. As you will have seen in the press, we considered three principal ways to solve the dispute:

- (i) a sovereignty freeze
- (ii) joint Anglo/Argentine administration
- (iii) a leaseback arrangement, whereby the Falklands would be leased from Argentina for a long period.

Islanders asked for time to reflect.

(iii) In the Islands

Island-Councillors eventually agreed that further talks should be held between our two sides and asked me as leader of the British delegation to try to negotiate a freeze of, or moratorium to, the dispute for a specific period.

5. Freeze

This therefore is the main issue which I on my part would wish to discuss with you. It is important to find a way of resolving present tensions and to establish a climate for joint cooperation in developing the resources of this area of the South West Atlantic.

6. Other Issues

You may also have developments to report or ideas to put forward. I hope, in any case, that we can use this meeting to discuss together any other matters arising from the dispute on which there are present difficulties or on which we might make progress.