

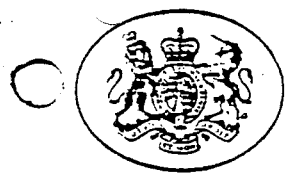
CONFIDENTIAL

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13/13 P3
P3 Mr Rowlands
P3 PUS
Sir A Parsons
Mr Hall
Legal Advisers
Mr Stephen



PM/79/28

PRIME MINISTER

Handwritten notes and signatures:
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Falkland Islands: Anglo/Argentine Negotiations

1. In my minute (PM/78/139) of 13 December I set out our tactics for the talks last December with the Argentines. My colleagues will wish to know how matters now stand.
2. Geneva Talks. On Southern Thule Ted Rowlands tabled a paper on scientific co-operation in the Dependencies, along the lines of the scheme described in Annex A of my minute of 13 December. The Argentines also tabled a paper on similar lines. As a result, we reached agreement in principle on a scheme under which the Argentines accepted that their station on Thule would have no implications for sovereignty. But, as I anticipated, the Argentines objected to the clause we wanted specifically preventing their setting up other stations. Ted Rowlands left them in no doubt that the whole negotiating process would be seriously prejudiced if they set up another station. The Argentines maintained they could not give up their right in principle to have other stations but said they were not planning any for the time being and would talk to us beforehand. On the strength of this assurance Ted Rowlands dropped the restrictive clause judging that, otherwise, we would not have got an agreement at all.
3. Both we and the Argentines also tabled outline papers on co-administration of the Dependencies' maritime zones. The Argentines saw no problems in our ideas over the mechanics as far as fishing was concerned and agreed on the need for urgent action to deal with third parties. The Argentines agreed that action would be required to declare a 200 mile fishing zone. They suggested this should be done jointly but did not explain how they would reconcile this with their own sovereignty claim and existing zone. But they rejected the idea of a co-administration scheme being under the sovereignty umbrella. Instead, they wanted a transfer of sovereignty over the Dependencies to Argentina as the price for co-administration of a fishery zone; and they wanted to exclude the continental shelf. We told them firmly that none of this was on. We left it that all these ideas would be looked at at later meetings.



4. There was no substantive discussion on sovereignty. The Argentines repeated their position of principle on familiar lines and tried to draw us out on the sovereignty changes we had in mind in the Working Paper Ted Rowlands gave Captain Allara in the New York talks in December 1977. We rejected the idea that the aim of the negotiations was simply to transfer sovereignty to Argentina and stressed that there could be no consideration of fresh sovereignty arrangements in favour of Argentina in the Dependencies without Argentine acceptance that sovereignty rights in respect of the Falkland Islanders should continue to rest with Britain.

5. Consultation with Island Councillors. Here there has been a set-back. Ted Rowlands met a delegation of Island Councillors in Rio on 7 January, and briefed them fully on the Geneva talks. The meeting went well and the delegation raised no objections to the Southern Thule scheme. But when they reported back to their colleagues in Port Stanley the Falkland Councils as a whole decided they could not accept the scheme at all. Their objections are, firstly, that unless the scheme applies only to Thule we are in effect giving the Argentines some sort of status in the rest of the Dependencies and, secondly, that it represents the beginning of a process of concession to the Argentines, which will lead to the loss of sovereignty over the Falklands. We have tried to put it to Councillors that on both counts their fears are misplaced; in particular we have pointed out that if the agreement only applied to Thule, it would be an invitation to the Argentines to set up stations with sovereignty implications - elsewhere in the Dependencies. But they have dug their heels in. We have re-assured them that we will not now sign the agreement, although we will not tear it up. Councillors have agreed to maintain confidentiality over their objections, and that they and we should take the line in public that the scheme has been left on the table for further consideration. So we have, so far, prevented this disagreement coming into the open.

6. Future tactics. The Islanders' position is a problem. I am satisfied however, that, even though we cannot sign an agreement, our own sovereignty position over Thule is still not seriously eroded. I have considered whether Ted Rowlands should go out to the Islands in a further attempt to win Councillors over. But such a Ministerial visit would inevitably attract publicity and speculation and would focus attention on the Falklands when we want to avoid this. We have therefore told Councillors that we shall need to meet the Argentines again soon;



and that we will discuss their reservations about the scheme and report back to them. We have also said we shall try to pursue other issues, notably fishing, with the Argentines in the hope of producing a wider package with economic benefits for them. Councillors have accepted that we should have a further exploratory meeting with the Argentines on this basis.

7. Meanwhile, the Argentines have proposed that the next negotiating round should be at official level in New York from 21-23 March. I concluded we should agree and we have therefore accepted their proposal. To have tried to stall them over the timing of a meeting would only have made more difficulties over issues of substance when a meeting eventually took place. There is no question of any decisions being taken in New York this month; our intention is to pre-empt trouble and continue talking. I therefore propose that we should take the line that, whilst we maintain the agreement we reached in principle in Geneva on the scientific cooperation scheme, we cannot sign it because of Islander opposition; but we will want to go back to the Argentines later on this. Meanwhile we seek assurances from the Argentines that the de facto understanding we reached in Geneva will continue - in particular the understanding that the Argentines will not set up any new stations. We should then urge progress on fishing arrangements on the grounds that this could improve the prospects for the arrangements we both seek over scientific cooperation. We would thus be conducting a holding operation with the Argentines as we are with the Islanders. In neither case is there any guarantee of success but this seems the least hazardous course.

8. Level of diplomatic relations with Argentina. The Argentines withdrew their Ambassador from London in late 1975 and asked, in early 1976, that our Ambassador should leave Buenos Aires. This Argentine action has meant that our relations have been at Charge level ever since. We have taken no steps ourselves to restore Ambassadors. The Argentines have now shifted their ground and have indicated informally that they would like to re-appoint an Ambassador in London and sought our reaction. There are conflicting reports about the human rights situation in Argentina but the Argentines have at least now agreed to receive the Inter-American Human Rights Commission. In these



circumstances, and given the delicacy of the problem we face over the Falklands, we have told the Argentines we would not object.

9. I ask my colleagues to note the way we intend to handle the further round of talks with the Argentines as outlined above.

10. I am copying this minute to other members of DOP, the Secretary of State for Energy, the Attorney-General and Sir John Hunt.

A handwritten signature in black ink, appearing to read 'D. Owen', with a long, sweeping underline.

(DAVID OWEN)

Foreign and Commonwealth Office

13 March 1979