

12 October 1979

COPY NO 42

CABINET  
DEFENCE AND OVERSEA POLICY COMMITTEE

## FALKLAND ISLANDS

Memorandum by the Secretary of State for Foreign and  
Commonwealth Affairs

1. The Problem The Falklands are a British colony 350 miles off the coast of Argentina (Map: Annex 1). The 1,850 Islanders - mostly sheep farmers - are of British descent and wish to remain British. Argentina has a long-standing and active claim to the Islands. The Labour Government reopened exchanges with Argentina about the future of the Islands, including sovereignty (terms of reference at Annex 2). Argentina has been pressing us hard to continue these negotiations; and we need to decide whether to do so, and if so with what intention.
2. Background On historical and legal grounds (Annex 3), we are confident that our sovereignty is soundly based. Nothing in the negotiations so far has eroded this. Equally, no progress has been made. Nicholas Ridley visited the Islands in July to form a first-hand impression and to reassure the Islanders that no solution of their problem would be brought before Parliament unless it had their backing; they are not averse to our continuing talks with Argentina; they are open for an acceptable settlement to be found. Meanwhile Argentina, under a militaristic regime, might at any time subject us to economic pressures (Annex 4) or political and military harassment (Annex 5); although the Argentine Foreign Minister spoke reasonably to me in New York last month (Annex 6).
3. Our objectives in the dispute include the following:
  - i) to defend the right of the British settlers to remain under British administration
  - ii) to end a dispute which is damaging to the economy of the Islands (Annex 4) and to our trade with Argentina (Annex 5), damaging to international relations (most of the UN vote against us) and which could provoke a bitter political controversy at home (eg over the action to be taken following an Argentine assault).
  - iii) to ensure that the UK derives advantage from the economic resources of the area: possibly oil and certainly fish (Annex 7).

4. Argentine objectives appear to include:

- i) achieving nominal sovereignty for reasons of national pride. The Argentines do not seem to want to "colonise" the Islands.
- ii) securing a share of the offshore economic resources
- iii) a possible non-national objective in providing a cause to further the ambitions of individual Argentine officers.

5. Three broad options appear open to the UK:

- a) we could refuse to talk to the Argentines and opt for a would-be "Fortress Falklands". This would almost certainly cause them to cut off vital supplies (eg fuel) and communications (air services) and possibly to harass British shipping. The Islands would be condemned to economic decline and would become a heavy burden on the British aid budget. There would be a serious threat of Argentine invasion, which would require the long-term commitment of substantial British forces (Annex 8).
- b) we could talk to the Argentines but refuse to make any concessions on sovereignty. This would lead to a break-down of the talks, probably sooner rather than later, and reversion to option (a) above.
- c) we could adopt a more constructive approach. The Argentines will demand sovereignty. We could explore with them various arrangements (Annex 9) as a way of keeping the negotiations going, while preserving our essential interests (paragraph 3). We would seek agreements on economic co-operation to the benefit of both sides, paving the way for profitable developments in the South West Atlantic and Antarctica. The lack of political settlement is preventing the exploitation of possible resources such as oil and fish.

6. Conclusion I therefore invite my colleagues to agree that the FCO should resume talks with the Argentines at Ministerial level. The purpose of the talks in the first instance would be to explore, without commitment, political and economic solutions. I would then propose to report back to the Committee and would consult on all matters of concern to other Departments. We would seek not to rush matters: so long as the Argentines believe we are negotiating seriously, they will desist from precipitate action. Publicly, we would merely announce that we were continuing a series of talks already in being.

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Foreign and Commonwealth Office  
12 October 1979

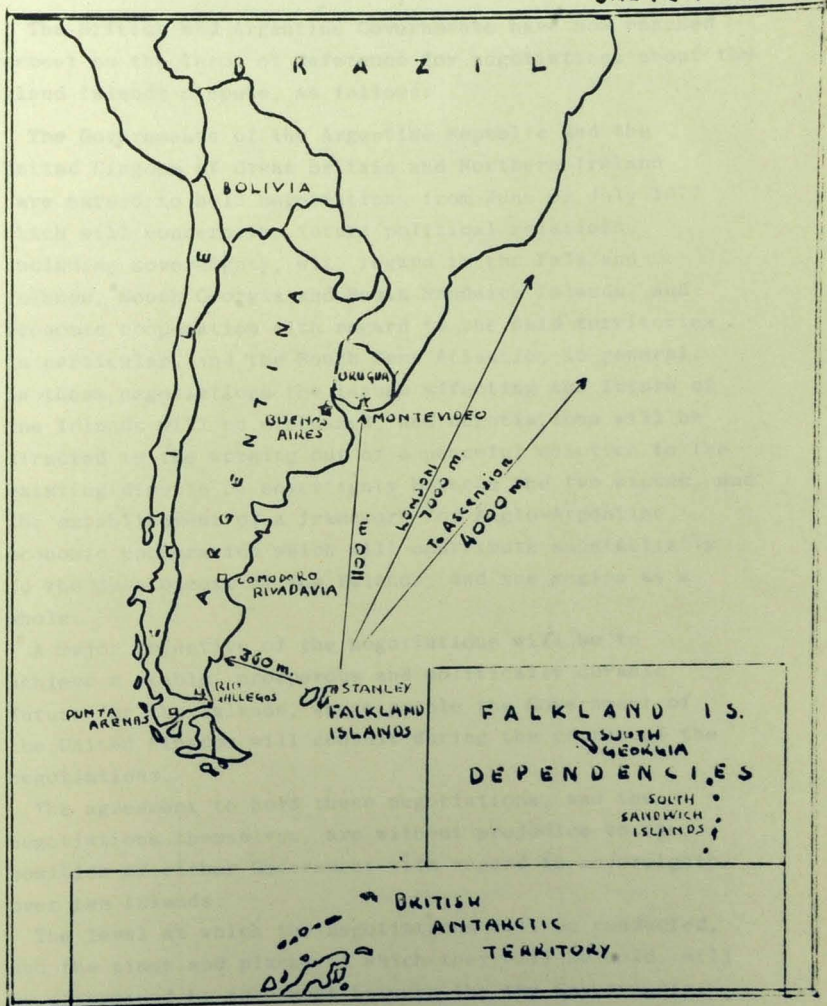
FALKLAND ISLANDS

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- 2 Falkland Islands: Terms of Reference for Negotiations (written Parliamentary answer by the then Foreign Secretary, 26 April 1977)
- 3 The British and Argentine Historical and Legal Claims to the Falkland Islands and Dependencies
- 4 Economic Hostages to Fortune
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- 7 Maritime Area: Economic Potential
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# FALKLAND ISLANDS AND THE SOUTH-WEST ATLANTIC

SKETCH MAP



FALKLAND ISLANDS: TERMS OF REFERENCE FOR NEGOTIATIONS (WRITTEN PARLIAMENTARY ANSWER BY THE SECRETARY OF STATE, 26 APRIL 1977)

The British and Argentine Governments have now reached agreement on the Terms of Reference for negotiations about the Falkland Islands dispute, as follows:


The Governments of the Argentine Republic and the United Kingdom of Great Britain and Northern Ireland have agreed to hold negotiations from June or July 1977 which will concern the future political relations, including sovereignty, with regard to the Falkland Islands, South Georgia and South Sandwich Islands, and economic cooperation with regard to the said territories, in particular, and the South West Atlantic, in general. In these negotiations the issues affecting the future of the Islands will be discussed, and negotiations will be directed to the working out of a peaceful solution to the existing dispute on sovereignty between the two states, and the establishment of a framework for Anglo-Argentine economic cooperation which will contribute substantially to the development of the Islands, and the region as a whole.

A major objective of the negotiations will be to achieve a stable, prosperous and politically durable future for the Islands, whose people the Government of the United Kingdom will consult during the course of the negotiations.

The agreement to hold these negotiations, and the negotiations themselves, are without prejudice to the position of either Government with regard to sovereignty over the Islands.

The level at which the negotiations will be conducted, and the times and places at which they will be held, will be determined by agreement between the two Governments. If necessary, special Working Groups will be established.



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ANNEX 5

THE ARGENTINE THREAT: POLITICAL AND MILITARY

Political

1. All Argentine regimes subscribe to the sovereignty claim over the Falkland Islands and Dependencies. The claim is not just a matter of law but of national honour and machismo. It fits in with military and nationalist pre-occupation with "sovereignty", inspired partly by fear (about national security) and partly by ambition (the historical rivalry with Brazil).
2. The Argentines ability to focus on the Falkland Islands issue is conditioned by internal and external factors. There are few current distractions. Internal subversion, the military's first target after the March 1976 coup, has been largely contained. Economic progress, though with problems about inflation, enabled the armed forces to undertake extensive arms purchases and orders in 1978 (estimated at \$2-4 billion)
3. Other foreign policy issues are less pressing. During 1978, Argentine attention was focused primarily on the dispute with Chile over the Beagle Channel. This came close to a shooting war, prevented at the last minute only by the intervention of the Vatican with its offer of mediation. The Vatican seems likely to play this process long and slow. Differences with Brazil and Paraguay over the exploitation of the hydro-electric potential of the Parana River, whose waters they share, are receding.
4. President Videla is moderate, given neither to gambling nor to flamboyant gestures. Although the Junta has the power to overrule him, he has in office been a force for moderation. He is due to retire in March 1981. His successor may be the Army Commander General Viola, also moderate, but he is also

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scheduled to retire at the end of 1979. The Army will appoint successors to both but there will be extensive inter-service and intra-army jockeying for position and power. The Junta will resist any return to meaningful democratic processes, even though pressures may build up, fuelled by economic unrest because of inflation and pursuit of higher wages. Foreign success may be sought to bolster its position.

5. It was in similar circumstances of internal uncertainty in the months before the 1976 coup that Argentina came closest to military action against the Falkland Islands. Ambassadors were withdrawn. The Argentine Navy, under the hawkish Admiral Massera, sought to improve its internal standing by open threats, leading to the firing on the unarmed Royal Research Ship Shackleton. The establishment of a base on Southern Thule in the Dependencies took place in November 1976, after diplomatic exchanges which led to negotiations, had begun. The Argentine Navy has regularly sought to assert Argentine maritime sovereignty in the South West Atlantic, either by licensing mechanisms or by naval and air patrolling, including the use of force against East European trawlers. Admiral Massera retired in September 1978 but retains political ambitions. Since then, the Air Force has had control of the Foreign Ministry but faces increasing criticism for lack of progress on the Falklands issue.

6. The heat was only taken out of the Falklands dispute in 1976 when we showed a willingness to negotiate. The four rounds of negotiations which followed between 1977 and 1979 (Rome July 1977, officials; New York, December 1977, Ministers; Geneva, December 1978, Ministers; New York, March 1979, Officials) were based on the prospect of some deal on sovereignty being possible. We kept the Argentines in play only with difficulty and there was continuing suspicion among the Argentine officials about the genuineness of our intentions. The Argentines became increasingly impatient about British delaying tactics, although they were willing to accept that the imminence of a general election caused us difficulties.

/They

They have since accepted that the new Government needs time to study the situation. But there is a limit to the time they will wait on us. They have already indicated this in the Aide Memoire given to Mr Ridley as he left Buenos Aires in July, in which the March 1979 round was described as "a regrettable step backwards" and in which they stated "negotiations should be at a more dynamic pace".

#### Military

7. If the Argentines conclude that there is no prospect of real progress towards a negotiated transfer of sovereignty, there will be a high risk of their resorting to more forceful measures, including direct military action. Argentina has the capability to capture the Islands. In 1977, the Chiefs of Staff considered that Argentina could mount any of the following operations:

- a) A Seaborne landing at up to Brigade strength (using Marines alone) in Naval Transports and Landing Ships supported by up to six Destroyer/Frigates, one Cruiser, two Submarines and one Aircraft Carrier (operating helicopters and A/S aircraft).
- b) An air landed operation at up to Brigade strength supported by ground attack aircraft (about one hundred of various types are available).
- c) Harassment of British shipping with Naval surface and submarine units and/or aircraft. The Argentine Navy has a long range maritime air surveillance capability.

8. The Argentines could also without great difficulty occupy the uninhabited Dependencies (they retain the scientific station on Southern Thule, which we regard as illegal) and/or arrest the British Antarctic Survey Team based in South Georgia.



TEXT OF UKMIS NEW YORK TEL NO 1132 OF 26 SEPTEMBER: FALKLAND ISLANDS

1. The Argentine Foreign Minister called on you here this morning. He brought with him Carlos Ortiz de Rosas whom he introduced as his nominee for the post of Ambassador in London.
2. Brigadier Carlos Washington Pastor referred with satisfaction to the recent visits of Mr Ridley and of Argentinian officials to London. He mentioned his own memories of Britain and of British aircraft which he had flown. He described the expansion of the Argentine economy and said that this opened many possibilities for British industry, which had enjoyed a high reputation in Argentina since the British initiative on the railway in 1854.
3. Turning to what he described throughout as the Malvinas Islands, Brigadier Pastor said that there were two basic facts to be remembered. First, the Islands were a long way down in British priorities but at the top of the list for Argentina. Second, the British view that the wishes of the Islanders must be considered was not shared by Argentina, which did however acknowledge that these must be taken into account. The task was to find a formula for a government to government solution having regard to this. Argentina approached this task with the best possible intentions and was sure there would now be progress, starting at once.
4. Brigadier Pastor proposed what he called a programme of work at three levels:
  - a) our respective Foreign Ministries should keep in touch through Ambassadors: this contact should be at least weekly. It followed that Ambassadors should be nominated as soon as possible.

/b)

b) Mr Ridley and his Argentinian opposite number should meet twice a year very informally with an open agenda, switching to official meetings when there was something agreed to be formalised.

c) The two Foreign Ministers should meet once a year at the UN General Assembly, but also perhaps elsewhere: he invited you to visit Argentina at any time.

5. You said it was sad for Britain that there was disagreement with a country with which Britain enjoyed a long tradition of friendship. The Minister had pin-pointed the difficulty for Britain. As with the similar case of Gibraltar, British opinion would not countenance any solution which ignored the inhabitants of the territories concerned. The problem was thus difficult, but you hoped it was not insoluble provided that each understood the other's position. You had to confess that the overriding problems of European Community affairs and Southern Africa had made it difficult for you to think deeply about the Falkland Islands. You had no solution at present. But you were considering the matter. You agreed that the two Ambassadors, once appointed, should be invited to deploy their imagination and experience on the problem.

6. I asked how Argentina planned to handle this matter at the General Assembly. Brigadier Pastor said that he would refer to it in his speech, but in a friendly manner. He did not plan any action going beyond this, e.g. in the Fourth Committee. I explained that if I were obliged at any stage to exercise my right of reply, it would be for technical reasons.

7. Brigadier Pastor asked what we and you should say to the press about the meeting. A form of words was agreed and telexed to News Department. This was to the effect that the Falkland Islands/Malvinas had been among the questions discussed, and that the intention of both sides was to proceed in the near future to the appointment of Ambassadors.



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ANNEX 8

IMPLICATIONS OF DEFENDING THE FALKLAND ISLANDS

1. The Islands are some 7,500 miles from the UK and under 400 miles from the Argentine mainland. They are militarily indefensible against a full scale attack except by major diversion of our current military resources. This would cause considerable difficulties in fulfilling our other commitments (NATO, Northern Ireland and elsewhere.) Extra defence expenditure would also be involved.

Current Defence Measures

2. The Falklands are currently defended by a permanent detachment of 40 Royal Marines based in Port Stanley. They are supported in this during the Antarctic summer (roughly December to March) by HMS ENDURANCE, an ice patrol vessel with limited armament which provides a Royal Naval presence in the area as well as carrying out scientific work on behalf of the British Antarctic Survey. These measures cost the MOD some 3.5 million pounds per annum. They provide only a symbolic deterrent and would be effective only against small scale, adventurist incursions.

Measures to Counter Argentine Invasion Threat

3. To counter a sudden and serious maritime threat to the Falklands, the Dependencies or to British shipping in the area, the MOD has assessed that it would be necessary to deploy in the area a balanced Naval Force of the order of one guided missile destroyer, three frigates and supporting RFAs and, possibly, one nuclear powered submarine.

4. To provide a credible deterrent, in the face of an increased threat of military invasion, would require timely reinforcement of the current garrison by at least a force of an RM Commando Group and a Blowpipe Air Defence Troop.

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5. Should the Argentines invade before a deterrent force is deployed, or if the deterrent force failed, recovery of the Islands would require a force of at least Field Force (formerly called a Brigade Group) strength. Such a force would require protection similar to or greater than the force mentioned in paragraph 3. At the very best such an expedition could not reach the Islands in under a month. The remoteness of the Islands, their limited airfield facilities and the fact that the only alternative airfields which could be used in cases of emergency are in Argentina would make reinforcement by air impossible and make re-supply extremely difficult.

#### Effects of Increased Defence Commitments

6. Such a diversion of our military resources would have far-reaching effects. The commitment could be open-ended. Reinforcement and re-supply of a garrison in a hostile environment some 7,500 miles distant from home would present major problems. The deployment of HM ships to the area would have a progressively adverse effect on the availability of RN resources for the Alliance. The deployment of a Field Force would have significant implications for BAOR and for our planned roulement of troops in Northern Ireland. It would further exacerbate the problem of over-stretch in the Army. These problems would get progressively worse the longer the force was required to remain in the area. There could also be implications for our national commitments in Hong Kong and Belize. Any long term deployment could require additional manpower and equipment not currently available to MOD.

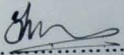
#### Costs

7. Broad estimates of the financial costs are set out below. They have been calculated both on an operating cost basis to show the costs which equipment and forces in any event incur on existing duties; and on an extra cost basis to show the additional expense of a specific Falklands deployment.

	Operating costs annually	Extra costs annually
Balanced Naval Force (para 3)	£35m	£3.6m
RM Commando Group/Blowpipe Air Defence Troop (para 4)	£7.8m	£0.6m
Field Force (para 5)	£23m	£3m

These costs do not take account of the following (which cannot be assessed without detailed study):

- a) to sustain the Balanced Naval Force in the area over a period could take at least three ships to maintain one ship on station
- b) capital losses and expendable war stocks
- c) any additional naval or air support necessary for the deployed forces
- d) deployment, long term accommodation and supply costs.

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