



*Agreed - subject to
colleagues views.
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FICO*

PM/82/27

PRIME MINISTER

Falkland Islands: Air Services between UK and Argentina

1. I wish to recommend that as part of our package of economic measures against Argentina we should now suspend the operating rights of Argentina Airlines (Aerolineas Argentinas) to London.
2. Argentine Airlines have operating rights into London and British Caledonian have operating rights into Buenos Aires. Argentine Airlines earn £7 million pa, British Caledonian £9 million.
3. Neither airline has used these rights since the crisis began and British Caledonian have no intention of doing so while the present situation continues, but it is just possible that the Argentines might seek to embarrass us by sending a flight to London which we could legally not refuse while the operating licence remains in force.
4. We had previously been reluctant to suspend the licence since it was possible that we might have needed to use British Caledonian flights to Buenos Aires for evacuation purposes. This will now be done through Montevideo. We should therefore now suspend the licence as part of our general package of economic measures against Argentina. To do so later, and in isolation, might draw more attention to this use of air service agreements as a political weapon. This could set a damaging precedent for us in our relations with other countries.
5. Our legal right to act in this fashion is covered in international law by the general principle of retaliation.



6. If colleagues see no objection, it would be for the Secretary of State for Trade to take the necessary action. I recommend that this be done as soon as possible, and at the latest by 9 April.

7. I am copying this minute to other members of ODSA and Lord Cockfield.

A handwritten signature in dark ink, appearing to be 'FP', written in a cursive style.

(FRANCIS PYM)

Foreign and Commonwealth Office, SW1
8 April 1982



18 APR 1962

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10 DOWNING STREET

From the Private Secretary

8 April, 1982.

Falkland Islands: Air Services between UK and
Argentina

The Prime Minister has seen the minute of 8 April from the Foreign and Commonwealth Secretary on this subject, and agrees, subject to the views of colleagues, that we should now suspend the operating rights of Argentina Airlines to London.

I am sending copies of this letter to John Halliday (Home Office), David Omand (Ministry of Defence), John Rhodes (Department of Trade), and David Wright (Cabinet Office).

John Holmes, Esq.,
Foreign and Commonwealth Office.

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