

AW 04-325/1	
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Mr Hall ✓
 PS/Mr Ridley

FALKLAND ISLANDS

1. I submit a note about the Falkland Islands dispute for the background information of the Minister of State.

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J B Ure
 South America Department

10 May, 1979

Copy to:
 Sir A Parsons

1. I believe the Minister of State will find this useful. It goes further than a previous paper on the Falklands in particular in outlining options for future policy. The Minister of State will wish to consider these and perhaps to have the arguments expanded on paper and in discussion.

2. As the official principally concerned during the past 18 months in the negotiations with the Argentines, I believe that if Ministers were to decide to proceed along the general lines of Mr Ure's paragraph 11(d) there would be some possibility of achieving a solution, or at least of continuing more or less amicable negotiations with the Argentines for some time to come. For this to be possible I believe that the negotiations would have to be seen in the context of our overall relations with Argentina,

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including in particular our relations with them over Antarctica (which is covered in a separate submission). A possible solution could, I believe, be along the following lines:

(a) The United Kingdom would surrender formal sovereignty to Argentina over the Falkland Islands and the Falkland Islands Dependencies.

(b) The Argentine Government would simultaneously grant the United Kingdom a perpetual lease over the Falkland Islands and South Georgia. (This might be reduced in negotiation to a 100 year lease).

(c) The United Kingdom and Argentina would agree to equal co-administration of the economic resources of the maritime areas (continental shelves and super adjacent waters) of the Dependencies and the Falkland Islands outside territorial waters.

(d) The Argentine Government would bind itself to provide all the necessary facilities for the Falkland Islanders for transit through and services (education, medical, etc) within Argentina.

(e) The United Kingdom, Argentina and, if possible, Chile would agree to a condominium over the area of their overlapping claims in Antarctica.

3. The chances of achieving all of these may not be too great but they exist. A major problem would be how to reach such a final solution without a breakdown coming from either the Argentine or

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the Falkland Islander side and how, while such a solution was worked out, to deal with the question of maritime resources around the Falkland Islands and the Dependencies.

4. As far as the Islanders are concerned they will be deeply suspicious of any partial agreements with the Argentines. They would be likely to see these as stages towards their coming under Argentine sovereignty, as they did with the draft agreement on scientific activities in the Dependencies. Only a total solution including 2(c) above would make them feel safe. The Argentines on the other hand would find it very difficult to swallow the idea of this major element in an overall solution ie a purely nominal sovereignty for them over the Falkland Islands and South Georgia, and they would wish to bite off those portions of an overall agreement which would represent progress from their point of view without making this sacrifice.

5. My personal view is that there would be two ways of making progress along these lines. The first would be to continue on the course which has been adopted for the past two years of coming to an overall solution very tentatively and by implication rather than directly. The second would be to face the Argentines openly with an overall solution of the kind I have outlined, making it clear that this is the best that they could get and that all negotiations about detail would have to be within this framework. The first course would continue to try the patience of the Argentines but might still be feasible for some time to come.

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It would make the conclusion of partial agreements very much dependent on volatile Islander goodwill. The second would have the danger that the Argentines would reject the concept outright in which case negotiations would cease and we would have to decide on pursuing either the policy of "Fortress Falklands" or that of "selling out". My own view is that boldest would be best and that we should try an overall solution on the Argentines. But we would have to weigh very carefully the question of timing and try to sound out the Argentines at top level before making our bid. I should add that my Argentine colleague in the negotiations has, I am quite sure, seen that the implication of the position which we have so far maintained in the negotiations is the sort of solution I have outlined as possible.


S E Hall

11 May 1979

cc Mr Ure