

MR ROWLANDS' DISCUSSION WITH FALKLAND ISLANDS COUNCILLORS, RIO DE JANEIRO,  
SUNDAY, 7 JANUARY 1979 AT 10 AM

PRESENT

Mr Ted Rowlands MP

Mr G E Hall

Mr S Egerton

Mr K D Temple

Mr Parker (Governor)

Mr Goss

Mr Bowles

Mr Wallace

Mr Etheridge (Clerk of the  
Council)

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1. The Governor, opening the meeting, expressed to Mr Rowlands the good-wishes of the Islanders, and the thanks of the Delegation that he should have travelled so far to meet again. Mr Rowlands returned the thanks. He wanted as usual to report to the Councillors after meeting with the Argentines; and to discuss internal matters of the Islands. During the year he had tried to build on the principle of sending messages to the Islanders through the Governor and hoped that this was a satisfactory means of communication. In discussing the results of the Geneva meeting with the Argentines, he hoped that what was said could be kept confidential.

SOUTHERN THULE: DRAFT SCIENTIFIC AGREEMENT

2. Mr Rowlands explained that he had had two aims in Geneva. The first concerned the Southern Thule question. The setting up of the Argentine base there had made him very angry; this was not because of the scientific activities which the Argentines had conducted, but because he feared that they might in future use their presence on Southern Thule to assert sovereignty. Therefore, in Geneva, he had looked at ideas which had emerged in the 1950s in the Antarctic Treaty, to establish arrangements for co-operation which would defuse the possibility of

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sovereignty assertions by the Argentines. He also wanted to prevent the Argentines from setting up further scientific bases in the dependencies. Therefore, he had put forward a draft agreement to the Argentines. The important points were as follows:

- (a) the Argentines had agreed that all their scientific activities would be covered by the sovereignty umbrella; this represented an important concession by them;
- (b) Mr Rowlands had considered whether the agreement should be confined to Southern Thule; but he had concluded that this would not prevent the Argentines setting up further scientific bases;
- (c) he had obtained firm assurances from Captain Allara that the Argentines had no plans for new bases. Therefore, to conclude an agreement with the Argentines on these lines did not represent a weakening by us over South Georgia.

The alternative, of trying to eject the Argentines from Southern Thule would have been confrontational, and would have brought negotiations to a halt.

3. Mr Bowles interjected that the Islanders had reason to doubt the good faith of the Argentines. Mr Rowlands agreed that it was right to remain sceptical, but the agreement needed to be ratified by both sides, and, moreover, the nine-month notice for termination of the agreement, provided for in the draft, meant that the Argentines would not be able unilaterally to denounce the agreement at short notice. Mr Bowles accepted this.

4. Mr Rowlands, continuing, said that the Southern Thule incident had demonstrated very bad faith by the Argentines. He had himself written to the Councillors to say with hindsight he regretted how he and the British Government had handled it. In Geneva he had had strong words with Captain Allara over the bad atmosphere that the Argentine action had created. Mr Goss

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asked what would happen if tomorrow we found that the Argentines had set up another base. Mr Rowlands replied that in Geneva he had made it clear to Captain Allara that any further clandestine actions by the Argentines would be considered as very serious; we would take them as the key to the Argentine attitude to negotiations as a whole. The Southern Thule incident had led, with the problems caused by the absurd Argentine position on Maritime Zone at the meeting in Lima, to almost twelve months of stalemate in the negotiations. In Geneva, Captain Allara had accepted that the whole purpose of the agreement was to prevent future incidents like Southern Thule. Mr Wallace asked if we could do nothing physical to protect the dependencies, what action could we take if the Argentines set up another station? Mr Rowlands admitted that this was the key to the problem. The Argentines must always assume that we were able to take physical action. If there was a further incident, he was frankly not sure what we would or could do; but we were trying, now, to create pressure on the Argentines by means of the negotiation, by creating the possibility of international condemnation of Argentina if they breached an agreement. Mr Wallace, although he agreed that negotiation was the way forward, remarked that the Argentines had demonstrated contempt for agreement and negotiations: their actions over white cards was another example. The Islanders tended to see British Government actions merely as word play and floundering. Mr Rowlands demurred. He appreciated scepticism, but argued that except in Southern Thule, the Argentines had not created bad faith. In negotiations we had moved forward.

5. The Governor wondered how seriously the Argentines would regard a breaking off of the negotiations. Mr Rowlands said that if the Argentines had broken a recently reached agreement, we would receive international sympathy. Moreover, there were factions within Argentina which wanted to continue negotiations; Videla was a representative of one of these. Moreover, economic figures in Argentina like Martinez de Hoz realised that Argentina needed international economic help. Mr Rowlands believed that a majority of Argentine leaders wanted to continue negotiations; a foolish action-like invasion of the Islands would cause them all sorts of problems. In other words, there was a presumption within Argentina against adventurism.

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The Governor remarked that the question of Argentine good faith was at the heart of feeling in the Islands; the Southern Thule incident had been a shock. Mr Hall said that that incident had broken a verbal agreement; in Geneva we had worked for a binding written agreement with international validity. Mr Wallace added that it did not need a further incident like Southern Thule to weaken confidence by the Islanders in either the Falkland Islands Government or in HMG; it was therefore hard for the Councillors to commend negotiations when there was a basic lack of faith amongst the Islanders. Mr Rowlands agreed that the Councillors had a problem, but argued that from his point of view, operating from seven thousand miles away from the Island, with no naval fleet at his disposal, he had only certain cards to play. He believed that he had played them well, and that there were advantages in the negotiations in moving slowly. The key was to build up agreement and co-operation, for example on deep-sea fishing. Mr Hall added that we had made it clear that, in the light of incidents like Southern Thule and the boarding of the Polish trawlers, we could not continue negotiations. No progress was made from February till September; but it was now the Argentines who had showed that they wanted to negotiate. Mr Rowlands said he realised that negotiations were no panacea, and they were as hard to defend in the House of Commons as in the Islands. But as Councillors and Ministers, it was our duty to stress the facts of the case. Negotiations were the only way forward, unless there was a most serious infringement of good faith. To break off negotiations, strong grounds would be needed to provide international justification. It was the duty of both sides to explain this, although he was aware that this was cold comfort.

6. In further discussion of the policy options open to Britain and the Islanders, it was pointed out that integration of the Islands into Britain would not solve the problem: the NATO alliance would not extend to the Islands. Moreover to remove the term "colony" would be no solution, as the Portuguese experience in Africa had shown.

7. Mr Bowles asked if we applied the same principles in negotiating with the Guatemalans over Belize. Mr Rowlands stressed that at bottom they were the same; any solution reached must be acceptable to the population of the

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territory, and we did not negotiate with the Guatemalans behind the backs of the Belizeans. In each case, there was a need to look for compromises. This was uncomfortable since each party had to decide whether such and such a compromise was acceptable. In the case of the Falkland Islands we were not yet ready to gauge what uncomfortable compromise might be necessary. But we were trying to build up the potential damage which would be caused to Argentina by their doing anything silly. Nevertheless there was no chance of persuading the Argentines to withdraw their sovereignty claim to the Islands; at every meeting we had with them they reiterated it, for domestic consumption. Mr Bowles asked if the Islanders should take part in negotiations with the Argentine. Mr Rowlands believed that they had done best not to be associated with the negotiations so far. If they wanted to come, the door was open; but if they were not present while we talked to the Argentines, then the Islanders were in a position themselves to put pressure on us. If they were present in negotiating sessions, then the Argentines would attempt to split HMG and the Islanders. Mr Rowlands reminded the Councillors of their strong tactical position vis à vis HMG. For example, they could denounce the negotiations. But this would be a very serious action to take, since it would destroy our negotiating position, and would open the possibility of military action against the Islands by the Argentines.

8. Copies of the draft agreement on scientific activities were handed to the Delegation. Mr Rowlands made the following comments on the text:

- (a) in paragraphs i. and ii., military personnel had been included, because we used HMS Endurance. The inclusion was less serious than it seemed, since scientific activities in the areas concerned required military and naval logistic support;
- (b) the language in the draft was generally modelled on the Antarctic Treaty;
- (c) he drew attention to the clause concerning observers in paragraph iv.3;

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- (d) paragraph v. was the sovereignty umbrella;
- (e) paragraph v.3 did not give anything away; the Argentines had wanted this clause for their own domestic purposes. This was not in the Antarctic Treaty;
- (f) concerning paragraph vi., the nine-month period for denunciation of the agreement was a straight compromise between our proposed twelve months and their preference for six months.

9. The Governor asked whether paragraph iii. precluded commercial activities. Mr Rowlands said that the agreement was limited to scientific activities; it did not open up the possibility of Argentine commercial or military activities. Mr Hall stressed that the agreement was concerned only with scientific research. It would not be possible with the Argentines, to reach an agreement which precluded them from other activities. Other activities would not be a breach of this agreement, but they would be a breach of our general relationship.

10. The Governor suggested that it would be better presentationally if paragraph v.2 preceded v.1. Mr Hall explained that the Argentines had been unhappy about this section as a whole, and we were therefore reluctant to open it up again. The Delegation accepted this.

11. Mr Bowles asked if the Argentines would accept the agreement. Mr Rowlands said that he did not believe the Argentines would reject it. Two or three newspapers had favourably reported on it. He therefore commended it to the Islanders, hoping that at least they would let it go forward, although of course he hoped that they would endorse it. The Governor said that they would take the draft back to the Islands to consider with their colleagues on the Council. He reported that two other Councillors had reserved their position on the agreements, as far as they understood them.

#### MARITIME CO-OPERATION

12. Mr Rowlands turned the discussion to maritime co-operation with the

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Argentines. He said that this was an area where we could build up mutual interests with them, in curbing some of the uncontrolled exploitation of fish resources in waters around the Dependencies. We wanted to work out a framework for co-operation for three reasons:

- (a) the incidents by the Argentines against third-party vessels in the waters concerned were growing;
- (b) there was a common concern to conserve fish stocks;

and

- (c) we wanted to create a framework which would encourage British fishing in the area without a possibility of confrontation with the Argentines. We therefore wanted to establish co-operation, and if necessary, co-administration, in the area. It was clear that the Argentines would try and defend the fish resources there, whatever we did.

13. In Geneva, we had not made progress on this question. The Argentines had agreed the mechanics of co-operation and had even discussed the question of policing the waters, but they had insisted that any agreement should be outside the sovereignty umbrella. Moreover they had argued that an agreement could not be confined to maritime areas only and wanted to extend it to the lands of the Dependencies. We had firmly disagreed, saying that the problem was one concerning fishing, and that no activities on land caused anxiety. We had said that we would need to declare a 200 mile zone before such co-operation was possible. The discussion had floundered. But the exchange of views had been useful.

14. Mr Rowlands said that he wanted to put forward some personal views on the question. Clearly we should be worried about exploitation in the area. The Argentines were going to take action to defend the waters, and there would be more boarding of vessels and so on. Also, without an agreement, we would not be able to encourage any greater British presence in the area. We could not expect British fishing vessels to visit the

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Dependencies in an environment of hostility. Perhaps we would be able to establish some framework on the lines of certain provisions of the Antarctic Treaty; or perhaps we should move jointly with the Argentines, each side infringing its position on sovereignty. The important point was that co-operation in this area would prove to both the Islanders and the Argentines that the principle of co-operation was worth-while.

15. Some discussion followed on a British fishing presence. Mr Rowlands remarked that the Falkland Islands Committee in London believed that British trawlers wished to fish in the area. He thought that there was more optimism than realism in that opinion, but there clearly was interest, for example by Captain Fornalski. He thought that we could get some sort of British fishing presence, and we would also gain some revenue from fishing by others. Summing up the position on maritime co-operation, he stressed that no agreement had been reached in Geneva, but in the next few months, we would need to think carefully what possibilities there were.

16. The Governor asked whether discussing this question with the Argentines over the next few months would inhibit them from taking action against vessels of third parties. Mr Rowlands thought it probably would not. But in a few months we hoped we would be able to send a technical team to discuss the question in general with the Argentines, perhaps at the end of March.

17. Mr Wallace believed that there would be some opposition in the Islands to distinguishing between the waters of the Islands themselves and the waters of the Dependencies. Mr Rowlands understood why this should cause anxiety, but stressed that there was a real distinction. This was part of what we called the "mixed approach". The Governor said that the idea was often expressed that since in 1966 the Argentines had declared maritime zones around the Dependencies and the Islands, why should the British Government not do the same, and therefore have the same basis as the Argentines on this question. Mr Rowlands replied that if we did so, we would alter the status quo within the framework of negotiations, and this would be a provocation to the Argentines. We therefore needed a framework for an agreed declaration. Mr Wallace believed there would be a fear in the Islands that in reality it would be Argentines only who were policing the area. Mr Rowlands said that this was a problem



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for the British Government; he believed that we would need a presence, but asked the Councillors to treat this as a confidential matter. He believed that we could get an extended role by HMS Endurance, and then could also work for the further periodic presence of Royal Navy ships. Mr Wallace remarked further that all the advantage would all accrue to the Argentines. Mr Rowlands said that we hoped that a British fishing presence would fish the area, and we would gain thereby; but this would not happen unless an agreement was reached. But Mr Wallace believed that the result of an agreement would merely be that we would compromise our position on sovereignty, the Argentines would police the area, and the Argentines would get the fish. Mr Hall disagreed. In our experience, once fishing zones were declared, they were respected. It was not therefore necessary for there to be a large-scale policing; the legal position provided its own protection. Moreover we would benefit not only from fishing ourselves, but by means of British companies investing in joint venture fishing companies, which would result in a British financial interest. Mr Rowlands endorsed this. Many people were coming to us to consult us on fishing in the area. The Argentines were forced to police it much more intensively than would be the case under an agreement, because we said that the waters around the Dependencies were high-seas.

18. Mr Rowlands said that the Islanders should start to think seriously about the way forward in this question. He believed that we could minimize the effect on our sovereignty position, but perhaps an uncomfortable compromise was called for as the best solution. Nevertheless, he stressed that he had painted the darkest picture. Moreover large parts of this conversation should be kept to ourselves, and he suggested that the Delegation should report to the other Island Councillors that no agreement had been reached on this question at Geneva. But the Delegation should start to publicise the figures for fishing exploitation in the area. Mr Wallace thought that there might be pressure for the Islanders to be present at talks with the Argentines on this question, because the issue was important. Mr Rowlands thought that they would be welcome. The Working Parties would probably be too technical, but it might be useful to have the Islanders with us at the next Ministerial meetings.

19. Mr Wallace stressed that Mr Rowlands should not think that the Islanders have yet endorsed such an agreement. Mr Rowlands readily agreed, saying

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that he himself was only thinking aloud on the question. The Governor suggested that a delegation might be sent from the Islanders to London to discuss the technicalities. In conclusion, Mr Rowlands stressed that we had made no decision ourselves on this subject; he had his own personal view which he had been expressing, but it was not necessarily the view of the Government. Moreover he had put forward the worst picture on, for example, the sovereignty implications of such co-operation with the Argentines.

20. Turning to other matters, Mr Rowlands told the Delegation that HMS Ashanti would be deployed to the Falkland Islands in April, but since this had not yet been made public, he asked the Delegation to regard it as a confidence.

21. Mr Wallace then asked what plans the British Government had in the event of war between Argentina and Chile over the Beagle Channel. Mr Hall said that this was a speculative question. Nothing was likely to happen at all. Mr Rowlands stressed that he had refused to have anything to do with the dispute, and the Argentine Government was well aware of this. The Governor said that there had been no effect from the dispute on the LADE service to the Islands, but of course the Islanders were worried that service might be interrupted. He had made contingency plans, but might need to ask for British help.

22. The meeting then adjourned for lunch at 1 pm.

#### INTERNAL QUESTIONS

##### Fisheries

23. Mr Rowlands understood that the ODM fishing expert, Dr Hall, would recommend two studies on salmon and on in-shore and crustacean fish. He appreciated the Islanders' concern at their over-dependence on sheep. The Governor agreed that fishing had a high priority for the Islands. Mr Rowlands told the Delegation that the MAFF would do a study on fisheries development on the high seas, financed by the FCO, and that they could announce this to the Islanders.

##### Oil

24. Mr Rowlands explained that the seismic surveys needed evaluation. This

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was being undertaken by BNOC, and would take about three months. BNOC would pay for this evaluation, which would cost between £ $\frac{1}{4}$  million and £ $\frac{1}{2}$  million. We had done well.

#### Manpower problems

25. The Governor explained that the development of the Islands was straining their manpower resources. The population was about the same as in January 1978, around 1800, and the sheep farmers complained that they were losing labour to the roads. For example, some 80 people went to work on the airfield and had not returned to working on the farms. The Sheep Owners Association were considering importing 80 Chileans to take their place. Mr Wallace wondered whether people could come from St Helena. Mr Rowlands promised to send a note to the Governor of St Helena for his assessment.

#### Land acquisition

26. Mr Wallace believed that the Islands now had an atmosphere of progress, but the fact that the Falkland Islands Company owned 46% of the land was a severe constraint. Mr Rowlands agreed, remarking that the Company itself had changed hands four times in as many years. Some discussion followed on the possibility of British Government acquisition of the Falkland Islands Company which, Mr Wallace argued, would result in the Islanders being able to use the profits generated in the Islands themselves. But it was agreed that it would be important not to weaken the entrepreneurial ability provided by the Company; if the Company generated surplus capital, then there would be pressure on the Falkland Islands Government and on HMG to use such capital on profitable schemes. Mr Hall also pointed out that any rumour that governmental acquisition of the Company was under discussion would cause the prices of the shares to rise quickly; moreover, the money required to purchase the Company would itself require a heavy annual interest payment. Mr Rowlands noted that it was the Islanders themselves who had raised the question, although he agreed that he found it nauseating that the future of the Islands (i.e. the Company) had changed hands so often. The discussion ended inconclusively.

#### Housing

27. The Governor drew attention to the shortage of houses in Port Stanley.

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He hoped that it would be possible to obtain pre-fabricated units, so that labour would not be diverted. Some 30 were needed. The ODM had turned down a request for provision of such houses, on the grounds that it was not an aid-worthy scheme, but was trying to divert some loan money for it. But he noted that there were vacant houses in Camp and Goose Green.

#### Tourism

28. Mr Rowlands told the Delegation that he had met Mr Fitter, who had been to the Commonwealth Development Corporation; they had not been forthcoming. But if Mr Fitter was able to raise a much bigger proportion of the capital required for his scheme, perhaps the British Government would make up the shortfall. Mr Wallace noted that the ball was in Mr Fitter's court. The Governor, in response to an ODM suggestion had passed on to Mr Fitter the idea that he should contact the European Investment Bank for a loan on soft terms.

#### Jetty

29. Mr Rowlands made two points: the figures showed that consumption of kerosene on the Island had rocketed. Concerning the Jetty itself the Argentines had now realised that they could not possibly build it to the costs, or in the time, they had envisaged. They were clearly embarrassed by this. In Geneva Mr Rowlands had been faced with the choice whether to tell the Argentines to scrap the project, or to leave them on the hook. He had decided in favour of the latter, and had told them that they needed to come up with a constructive alternative proposal. The Islanders could not construct the Jetty themselves on grounds of expense and of labour. Mr Wallace believed the best solution would be for a multi-purpose jetty to be constructed. Mr Rowlands said that it was necessary to wait for the Argentine response. Mr Hall thought the best result would be to have IYPF responsibility, with some British management and consultancy, and to get a 50% Argentine contribution to the extra costs.

#### Finance

30. The Governor said that the Islands would be subject of deficit financing, on present forecasts, after 1981. This was because of the costs left over from each project.

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White cards

31. Mr Hall explained that Mr Sindall had a conversation in Geneva with Senior Balcarce, explaining that we were unhappy with the effect in principle of the white card decision, since it was based on a sovereignty claim to the Islands. Mr Hall had said that we had asked for Argentine agreement that they should be under the sovereignty umbrella. Mr Rowlands hoped the Delegation could agree with that, since the practical effect of the white card system was quite good. He was angry, however, that the Argentines had not discussed the question with us first.

Boat

32. The Governor explained that a replacement was needed for the Falkland Islands Company boat. It would be useful if the new one could have a ferrying capacity. Mr Rowlands agreed that if the Company were replacing the boat, we should involve ourselves in the discussion of what type it should be.

General

33. In summing up this discussion, Mr Rowlands said he was encouraged that some of the problems which had been discussed were the result of the strains of development, not of the lack of development. Mr Wallace agreed; there had been great improvements over the past year, and there was now feeling of community within the Islands.

Closing Session

34. After an adjournment in which the Governor and the Councillors had a separate meeting, the discussion resumed at 6.15 pm. Concerning the draft agreement on scientific activities, the Governor asked whether paragraph three of the draft would over-ride legislation at present enforced in the Islands whereby the Governor had to licence such activities as the killing of specimens. Mr Hall said that he had given the Argentine side in Geneva a draft annex on procedures under the agreement, drawn straight from the Antarctic Treaty. This was one of the points which we would have to look at. Mr Wallace said again that it seemed that the Islanders and the British were precluded from commercial activities in the Dependencies. Mr Rowlands stressed again that the agreement precluded no other activities by us, but any Argentine commercial activity would be a breach of the broader understanding underlined the negotiations between the Argentines and the British Government.

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35. The Governor also remarked that it was regrettable that the agreement contained no provision for prior consultation before instituting scientific activities. Mr Hall said that agreement to consult would have had to be reciprocal, and would therefore have a constraint on us. Mr Rowlands repeated that Captain Allara had said that the Argentines had no plans to set up further bases. Mr Rowlands added that the British had no plans for more bases either, but we wanted to raise the level of our activities. As to what activities would immediately fall under the agreement, Mr Rowlands said that we would probably wish to notify the Argentines of HMS Endurance's hydro-graphic activity, and Mr Hall added that we would wish to send observers to the Argentine base of Southern Thule very soon.

36. Mr Wallace asked when the agreement would be made public. Mr Rowlands explained that he wanted to put a minute to the Cabinet within a month, and hoped to have the Councillors' agreement before doing so. Until then, he would say, for example in the House of Commons, that he had reported to the Councillors on the outcome of the Geneva talks, and that they were reporting to their colleagues. He would add that he had no reason to believe that the Councillors would object to the draft agreement. As for the contact between the Delegation and their colleagues, he had prepared briefing notes which they could use in Port Stanley, but these should not be made public (copy of notes attached).

37. The Governor, rounding off the discussion, remarked that they were the most useful since Mr Rowlands had visited the Islands. Mr Rowlands agreed, commenting that the discussion during the morning of the broader issues behind the negotiations had been particularly worthwhile. In conclusion, Mr Bowles asked whether the Delegation could inform the Islanders that Mr Rowlands would be present when the new road was opened. Mr Rowlands said that he had considered the possibility of visiting the Islands to discuss the Geneva talks with the Islanders there instead of in Rio, but he believed that the Islanders would have expected the announcement of major decisions, and the Argentines would have heightened such speculation.

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