



PM/81/58

PRIME MINISTER

Aw 040/325/2

RECEIVED IN REGISTRY NO. 18		
- 4 DEC 1981		
DESK OFFICER		REGISTRY
INDEX	PA	Action Taken
		Mr

RHS P11 SAMD
 3/12 3/12
 Mr Luce
 Mr. Luce
 PS/HR Luce
 PS/PUS
 Mr. Day
 Mr. URE
 Defence.

(304)

A Smith
 3/12
 CCB
 XII

Falkland Islands

(237)

1. In my minute PM/81/42 of 14 September I explained the position on the Falkland Islands dispute before my meeting with the Argentine Foreign Minister on 23 September.
2. That meeting went as well as we could have expected. I made it clear that, while we would continue to do our best to persuade the Islanders of the benefits of an accommodation with Argentina, we could not negotiate over their heads nor seek to coerce them. We could act only in accordance with the wishes of the Islanders, who were then just beginning the election process for a new Legislative Council and could not be consulted until later. The Argentines pressed for further talks at an early stage but recognised that we needed to consult the new Islands Councillors before taking any decisions.
3. The Islands elections were completed on 14 October and, at an early meeting, the new Council by four votes to one supported a proposal to send representatives to further talks with the Argentines. These talks are due to be held on 17 and 18 December in Geneva; Richard Luce will head our delegation, which will include two Island Councillors.
4. Islander opinion is even more strongly opposed to any 'deal' with the Argentines over sovereignty. We have reiterated that the wishes of the Islanders are paramount. We therefore have little room for manoeuvre, but it is in our interests to keep the dialogue going in order to avoid the economic consequences of a breakdown. The Argentines have requested this meeting, so we can allow them to make the running. We are waiting to see whether they have any proposals which would make progress possible. Councillors have made it plain that if the Argentines wish to discuss sovereignty (as they inevitably will), the Islands representatives should do no more than take note. This places restrictions on the tactics of the British

/delegation



delegation as a whole: Richard Luce will need to avoid giving any appearance of seeking to stimulate discussion on sovereignty against the wishes of the Councillors.

5. While therefore we cannot be optimistic on the outcome of the talks, there is some hope that they will not end in complete stalemate. The Argentines have given us some indications that they would like at this next round to address all the various aspects of the dispute, ie not just sovereignty, but also the scope for economic cooperation. It will be our intention to lay emphasis on this latter aspect and propose that these Ministerial talks should be followed up in due course by working group discussions between officials on the intricacies of eg regimes for oil exploration and for fishing in Falkland waters. The Argentines are unlikely to accept such a proposal unless there is at least a parallel working group on sovereignty: if they made this demand, our delegation would seek to persuade the Councillors that by agreeing to the establishment of such a group they would not be surrendering any of their rights.

6. Without knowing more of the Argentines' plans it is difficult to be more specific about tactics. But we are all clear about the dangers of failing to keep the negotiating process going. There is no risk of our 'stumbling into accepting new financial commitments inadvertently', against which Leon Brittan warned in his minute of September. Islanders are already aware of the difficult potential consequences if the Argentines came to believe that we were no longer serious about negotiations. They know that HMG could not simply step in and replace the services that Argentina currently provides. But we should be clear that if the day comes when the Islands are cut off as the result of Argentine action, we should come under intense public and parliamentary pressure to do everything possible to provide alternative services. We have also put firmly on record our commitment to support the Islanders in times of difficulty.

7. Preliminary studies suggest that the initial cost of providing alternative services (based on sea rather than air

/communications



communications) for the Islands would be in the region of £6 m. per annum. While this would obviously be a very large sum when compared with the Islands' population of 1800, I do not think we should find it easy to sustain the case that we simply could not afford it. We should not underestimate the strength of feeling of the Islanders and Parliament.

8. I am copying this minute to other members of OD, the Secretary of State for Energy, to the Attorney-General and to Sir Robert Armstrong.

C

(CARRINGTON)

Foreign and Commonwealth Office, SW1

2 December 1981

SECRET