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From: Sir Kenneth Berrill KCB

Qa 04274

27 September 1979

Dear Secretary of State.  
Falkland Islands

You sent me a copy of your minute to the Prime Minister on Lord Carrington's proposals for renewed negotiations with Argentina on sovereignty over the Falkland Islands. Lord Carrington's objective would be to try to exchange formal sovereignty in return for a long period (conceivably 99 years) of guaranteed economic and political security for the Islanders under British rule and for Argentina co-operation with the United Kingdom in the economic development of the South West Atlantic and Antarctica.

There are potentially big economic issues at stake here and I agree with you that they need to be considered carefully. On Antarctica there is a possibility - no one can put it any higher at the moment - that significant volumes of oil will be found and extracted from the British Antarctic territory about the turn of the century - when North Sea oil production is forecast to be declining fast.

But all the pressures internationally are to stop the United Kingdom from getting full benefits from such discoveries. If we are to resist such pressures, we need to adopt a single-minded and robust stance in international negotiations over the years ahead and such a policy would be more likely to succeed if we worked closely with Argentina (and Chile) whose interests are similar to our own.

When it comes to the Continental Shelf of the Falkland Islands, however, the position is rather different. Here our interests are opposed to those of the Argentine rather than complementary. They would like to see the benefits of any oil discoveries going to the Argentine rather than to the Falkland Islands and United Kingdom companies.

This means that the terms of any negotiations would need looking at carefully from this point of view. If oil were discovered during the 99 years lease the Argentinians would naturally want to get a share of the benefits and if some form of 'co-administration' had been agreed for this

The Rt Hon David Howell MP  
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period they would be likely to use every effort to try to divert benefits in their direction.

I am sending copies of this letter to the Prime Minister, other members of OD, the Attorney General, and to Sir John Hunt.

Yours sincerely.

*Kenneth Berrill*

KENNETH BERRILL

28 SEP 1979

