

SAM

Private Secretary
Having expanded para 8 of the
draft, Mr Ridley agrees.

Mr Hall
P.S. Mr Ridley
With copies for PS/Lord Privy Seal
PS/PUS

ALW 040/325/1
1455 1977
INDEX

my copy
24/8.

FALKLAND ISLANDS

Problem

1. Following Mr Ridley's visit to the Falkland Islands and Argentina, in July, we need to clear our lines with Cabinet on the next moves in our dispute with Argentina on sovereignty over the Falkland Islands.

Recommendation

2. I recommend that the Secretary of State write to the Prime Minister and to his OD colleagues seeking their agreement to resume negotiations with Argentina in the autumn, to see whether an overall solution involving a leaseback, or some other special status, is possible. I submit a draft.

Background

3. Since the terms of the negotiations were announced in April 1977, there have been 4 rounds, two at ministerial and two at official level, none of which got very far largely because of the fundamental differences on the sovereignty question. (A Research Department Memorandum traces the recent history of negotiations.) In his letter to the Argentine Foreign Minister 14 June, the Secretary of State indicated his willingness to continue this dialogue. The Argentine Foreign Minister welcomed this in his reply and spoke in similar terms to Mr Ridley in Buenos Aires.

Argument

4. There is no real alternative to continuing talks. But the talks will not be easy: the Argentines have already given an indication of the tough attitude they are likely to adopt in the Aide Memoire which they sent without warning to Mr Ridley at the airport as he was about to leave Buenos Aires.

Flag A
Flag B
Flag C
Flag D
Flag E

5. The failure to make any progress at the last round of negotiations in New York in March disappointed the Argentines but they were willing to accept the political difficulty for us inherent in the then impending election. They are now looking to the new government to give a positive and early indication of its willingness to conduct meaningful negotiations; they have been encouraged by the Government's willingness to meet their proposal for the restoration of Ambassadors, announced during Mr Ridley's visit. It is important to keep up the momentum. We need now to report on Mr Ridley's visit and to put policy options to the OD Committee of the Cabinet. (Records of his meetings are attached.

6. Mr Ridley is convinced that dragging our feet will do no-one any good, and that we should seek an overall solution to the dispute which would help unlock the potential of the Islands and the area. Mr Ridley thinks that there is a reasonable chance that the Argentines will respond positively; Mr Carless in his despatch of 8 August takes a similar view. The solution which has most to commend it is that of a lease-back; there are other sovereignty options, touched on by Mr Carless in his despatch, which might usefully be examined with the Argentines as the talks develop.

7. No solution stands any chance of success if we do not take the Islanders with us. Mr Ridley spoke frankly while in the Islands about the need for negotiations and the sort of realistic possibilities open. He agreed that the Islanders might send a representative to any talk; it will be important to keep the Councillors informed through the Governor of our intentions. Meanwhile, the Governor considers that Islander morale, following Mr Ridley's visit, is much higher than it has been for some time.

J B Ure

J B Ure
South America Department

17 August, 1979

CONFIDENTIAL

MAU 20/VIII