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Falklands box

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RECORD OF CONVERSATION BETWEEN THE MINISTER OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS AND THE ARGENTINE MINISTER OF THE ECONOMY, HELD AT THE FCO ON THURSDAY 5 JUNE AT 4.15 PM

Present

The Hon Nicholas Ridley MP
Mr P R Fearn, SAmD
Mr K D Temple, PS/Mr Ridley
Mr C C Bright, SAmD

Dr Martinez de Hoz, Argentine Minister
of the Economy
H E Dr Ortiz de Rozas, Argentine
Ambassador

FALKLAND ISLANDS

1. Both Ministers congratulated their respective Ambassadors on what they were doing to improve bilateral relations. Dr Martinez de Hoz said it was now vital to do everything possible to remove obstacles in the way of progress.
2. Mr Ridley said that visits each way were on the increase and that our two countries were now talking to each other on a wide range of subjects. He had had a round of talks on the Falkland Islands dispute with Comodoro Cavandoli in New York. He felt that they had come close to agreeing to try joint cooperation in the economic field, in particular to exploit the fish and oil resources around the Islands. He understood that the Argentines' main problem remained the question of sovereignty over the Islands, but he had stressed to Comodoro Cavandoli that the dispute was a major political issue both in the UK and in the Islands and that it would be very difficult for HMG to make concessions on sovereignty. He wondered, however, whether the Argentines might not be more interested in sovereignty over the land than over the people. Dr Martinez de Hoz agreed that it was important to open as many avenues as possible and find ways to discuss problems and work out solutions. He realised that the UK wanted to discuss economic matters while the Argentines were principally interested in sovereignty, but he saw no reason why both could not be discussed at the same time, with a different time scale for implementing any decisions taken. For example, providing both economic matters and sovereignty were under discussion, an agreement on fisheries might be achieved quite soon, while an agreement on oil and sovereignty could be delayed for the medium term.
3. Mr Ridley stressed that the setting of any deadline for a handover of sovereignty was a major impediment. The Islanders would regard it as a threat hanging

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over their heads, no matter how long the interim period was. Dr Martinez de Hoz saw both sides of the problem. No Argentine Government could put the sovereignty issue aside. But the two sides of the problem could be approached simultaneously; economic cooperation could progress in advance of sovereignty. In fact, he thought that economic cooperation could help solve the political problem.

4. Mr Ridley said that the perpetual uncertainty was very disturbing for the Islanders. They were bound to resent the Argentines who created this uncertainty for them. Perhaps it would be in everybody's best interests to agree a quick settlement of the problem. Dr Ortiz de Rozas said that the Argentine Government did not pose a threat to the Islanders and did not wish to force the Islanders to be Argentines. Some sectors of Argentine public opinion thought that the British were using their refusal to act against the Islanders' wishes as a pretext to drag their feet. There were those who thought that the British were not so much interested in the well-being of the Islanders, as in the profits to be made from fish and oil. The Ambassador did not agree that these were the UK's motives, but thought that it made it even more important to sell both the UK's and Argentina's policy to the Islanders. The agreements already signed in 1971 and 1974 had been designed to link the Islanders more closely with Argentina. But the Argentines were now finding that they were up against a brick wall. They could not buy land on the Islands, they could not even set up a bank branch, although the Islanders themselves admitted they needed one badly. Mr Ridley pointed out that while the Argentines saw these initiatives as a positive policy of rapprochement, the Islanders saw them as a web which was being constructed around them and which would eventually drag them in. Every development was one step into the trap; the only solution was to make it clear that there was no trap. Dr Ortiz de Rozas wondered how much of the problem was the attitude of the Islanders and how much was a result of the influence of the Falkland Islands Company. The company had far more influence in the Islands than the British Government. Mr Ridley said he would smash the Company tomorrow if he had a political solution which all could accept. But it would not be easy to find a solution. He would have to sell it to his Government, the Argentines would have to sell it to theirs. Any solution would require concessions on both sides.

5. Dr Martinez de Hoz said that Britain had great expertise in de-colonization matters. One of the first British achievements in this field had been a 99 year

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lease. A solution was possible but concessions were necessary. But it was important for the principles of both sides to be preserved. The Argentine principle was sovereignty; the British was the protection of the Islanders. It should be possible to work out an imaginative mechanism which would preserve both principles. At present, nobody was benefitting from the situation. Each side would have to accept the other's principle. Mr Ridley reminded the Minister that we did not accept the Argentine claim to sovereignty and that the UK did not wish to lose its position in that part of the world.

6. Dr Ortiz de Rozas thought that it was wrong to think of Argentine sovereignty being incompatible with the wishes of the Islanders. That might be true now, but who could say what the Islanders would want in years to come. Mr Ridley stressed that if a date was set for a transfer of sovereignty, the Islanders would never change their minds and would never feel other than threatened by the Argentines. Change would not come about through threats and deadlines.

7. Dr Martinez de Hoz thought that if a final solution could not be reached quickly, there must be an interim answer to the problem, which could be acceptable in international law. He emphasised that it was his personal view, but might it not be possible to govern the Islands for 20, 30 or 50 years as an Anglo-Argentine condominium. Some Argentine opinion would inevitably be against such a proposal, as would many of the Islanders, but there had to be a lessening of the gap and an interim solution of this nature might help. Mr Ridley repeated that by limiting the period of an interim solution the Argentines would be guaranteeing that the Islanders would not come round to their way of thinking. Dr Martinez de Hoz recalled that in earlier Anglo-Argentine discussions there had been mention of a freeze in the dispute for a fixed period. Dr Ortiz de Rozas reminded the Minister that the Argentines had rejected that proposal. Dr Martinez de Hoz agreed, but thought that any solution was worth looking at which preserved both sides' principles. Both sides would have to make concessions and it was inevitable that both sides would be accused of selling out. It should be the aim of both Governments to work for a solution which would limit their exposure to negative public opinion.

8. Mr Ridley said again that there should be no deadlines. If an ultimate solution was at all possible then we should find it now. Setting a deadline would

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be to build in resistance to all proposals, however constructive. But he was grateful to the Minister for his interesting ideas.

9. Dr Martinez de Hoz thought it was important to have meetings in between formal talks. There should be informal discussions without commitment and without publicity, each side throwing out ideas as they occurred. Mr Ridley agreed. He wanted to talk to Comodoro Cevandoli on more informal terms. The Ministers discussed the merits of discussing the dispute over a fishing line in Scotland.

10. Mr Ridley asked whether economic relations between the two countries could be improved. Dr Martinez de Hoz said that he hoped so and that this had been the main purpose of his talks in London. He stressed that improvement was not conditional on a settlement of the dispute over the Islands. But an improvement of economic relations would inevitably assist our relations in general. Mr Ridley asked whether it would be possible to bring the Islanders into the equation somewhere, perhaps by helping them with their meat exports. Dr Martinez de Hoz said that there were Argentine meat freezers and packers in Tierra del Fuego who would be only too happy to cooperate with the Islanders and replace the arrangements the Islanders were in danger of making with the Chileans. Politics did not enter into it; there was no government involvement in these plants. The livestock breeders should talk to each other as one farmer to another and forget politics. An agreement with the Chileans would damage relations. Mr Ridley emphasised the need for speed; delay would only damage the Islands.

11. The meeting ended at 5 pm.

South America Department
Foreign and Commonwealth Office
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