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Mr Fearn (SAMd)Falkland Islands: Draft OD Minute

The Secretary of State has seen the draft minute to OD which you submitted on 3 June. OD is due to discuss the Falklands on 24 June.

Lord Carrington thought that the draft minute dealt rather too starkly with the possibility of negotiating revised sovereignty arrangements for the Falklands, and that any proposals on this subject would need to be explained very carefully to his OD colleagues. He noted, for example, that the first paragraph of the minute concluded that the Argentinians would not be prepared to make progress towards practical economic co-operation in the area 'without a commitment from us to revise the sovereignty position'.

The Secretary of State would like the Department to submit a revised version of the draft minute. In rewriting the draft, you may wish inter alia to make it clear from the outset that we would regard the consent of the Falkland Islanders as essential when putting forward any proposals affecting sovereignty; that neither the British nor the Argentine Governments are expecting to achieve an instant solution to the Falklands problem and that it may take a considerable period of time to produce agreement between the two governments on sovereignty; and that there are strong arguments, in terms not only of securing the future of the Falkland Islanders, but also of developing Anglo/Argentine relations and trade, for continuing to make progress even if we cannot achieve an early final settlement.

RM/Lyne

16 June 1980

(R M J Lyne)

cc: PS/LPS
 PS/Mr Ridley
 PS/PUS
 PS/Sir D Maitland
 Mr Harding
 ESSD
 MAED
 Mr Chamberlain, Legal Counsellor

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R.	
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23/6/84

SECRET

195

Secretary of State

Draft to issue as amended

Mr Harding
PS/PUS
PS/Mr Ridley
PS

Mr Ridley has approved the draft (as amended).
24/6

PA
CCB
27/6

FALKLAND ISLANDS: OD MINUTE

FLAG A (181). I attach a revise of the draft minute to OD, as requested
FLAG B (194) in the Private Secretary's minute of 16 June, to present less
starkly the possibility of negotiating on sovereignty. OD is now
expected to discuss the Falkland Islands on 2 July.

2. The Argentines are already beginning to press us, albeit
gently, for some indication of our thinking following the New York
talks. While the Argentine Economic Minister, Martinez de Hoz,
appeared to be relaxed about this issue during his recent visit,
the Argentine Ambassador has let us know that the Argentine Deputy
Foreign Minister, Comodoro Cavandoli, is keen to be able to show

FLAG C (192) that momentum is being maintained. The Ambassador has twice been
(193) in touch in recent days to say that Comodoro Cavandoli would be
willing to come to the UK in the next few weeks for an informal
meeting with Mr Ridley - even though Mr Ridley's suggestion was
essentially a conversational politeness and even after we had tried
to make this clear to the Ambassador.

G A Duggan

G A Duggan
South America Department

19 June 1980

cc:
PS/LPS
PS/Sir D Maitland
ESSD
MAED
Mr Chamberlain, Legal Counsellor
SED

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G A Duggan

19 June
2 hour study, re-con for para 6

Michael Point

SECRET

29/6

[OK by me, after one or two small amendments]

Secretary of State

4/6/5

Mr Harding
PS/Mr Ridley
PS

H. Liddell has awarded.
Receipt attached.
w/ J. Puffe

cc
PS/LPS
PS/PUS
PS/Sir D Maitland
Mr Chamberlain, Legal Counsellor
ESSD
MAED

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FALKLAND ISLANDS: DISCUSSION IN OD

Flag A (173)

1. Mr Ridley minuted the Secretary of State on 21 May on policy towards the Falklands dispute. I now submit a draft memorandum for the Secretary of State to circulate to his colleagues in OD. Legal Advisers concur.
2. No date has yet been set for discussion of the Falklands in OD, but we have asked for a date in the second half of June.

P. R. Fearn

P R Fearn
South America Dept.

3 June 1980

H. Liddell
3 June.

* Now provisionally marked for discussion in OD
on 24 June.

w/ J. Puffe

OD(80)

DRAFT

June 1980

CABINET

DEFENCE AND OVERSEA POLICY COMMITTEE

FALKLAND ISLANDS

Memorandum by the Secretary of State for Foreign and Commonwealth Affairs

1. As agreed in OD on 29 January, Nicholas Ridley held exploratory talks with the Argentines in late April. These went well enough. But the Argentines made it plain that next time they will expect to discuss sovereignty: and that no progress towards practical economic cooperation in the area can be made without a commitment to revise the sovereignty position.
2. We must now decide our policy. We cannot just continue to stall. The Islands are in decline: the economy is stagnant, morale is low and people are leaving. The dispute prevents the exploitation of the Islands' potentially valuable offshore resources (fish and oil). It distorts our political relations with Argentina (and Latin America more widely) and hinders the development of our commercial relations. Without a solution, we have to accept an increasingly costly commitment to maintain the economy and the defence of the Islands.
3. We could of course simply pull up the drawbridge: and tell the Argentines that sovereignty is not negotiable. But that would solve none of the problems. At best it would cost us a great deal of money (in support of the Islands' economy); and damage severely our relations with Argentina. We could expect retaliatory Argentine action. At worst we might have to defend the Islands militarily against Argentine attack, which would be difficult to do.
4. The alternative is to work for a solution sufficient to satisfy Argentine aspirations, (which I believe to be more the acquisition of titular sovereignty than absorbing the Islanders or settling in the Islands): meet the Islanders' wish to remain British: and ensure the development of the Islands' economy. On this basis a package might be to offer the Argentines titular sovereignty over the Islands, the Dependencies, the Continental Shelf and the

maritime zones on the following conditions:

- (a) the simultaneous lease-back of all these areas, ideally for an indefinite period, but at least for long enough so as not to inhibit the economic development of the Islands;
- (b) for the duration of the lease, continued British administration of the Islands and the Islanders;
- (c) Anglo-Argentine cooperation to control fishing within a 200 mile fishery zone
- (d) Anglo-Argentine cooperation in the exploration for and development of any oil deposits in the Continental Shelf;
- (e) Argentine financial assistance to develop the economy of the Islands.

5. This would not be easy to sell either to the Argentines or to the Islanders (whose concurrence would, as always, be an essential condition). Any arrangement involving a transfer of sovereignty (which would require an Act of Parliament), however advantageous overall, will cause great anxiety in the Islands and dismay, both in Parliament and among public opinion, in the United Kingdom. Many people here would view with distaste the prospect of British people being required to live, if only technically, under a military Junta with a deservedly bad reputation.

6. But I believe that we must make the effort. If it succeeds, it will give the Islanders a good prospect of an assured future. Our political and commercial relations with Argentina will improve; and we can start exploiting the resources of the South West Atlantic. We will remove one of the last colonial problems from the agenda of the United Nations, where we are in a minority of one. If we do not look positively for a negotiated settlement, the dispute could develop into a confrontation which we would find very difficult to handle.