

#### 4. Telegram From the Embassy in the United Kingdom to the Department of State<sup>1</sup>

London, March 12, 1981, 1235Z

4663. Subject: Britain Searches for Solution to Falkland Island Dispute. Ref: State 53712.<sup>2</sup>

1. (C-Entire text) Summary: Although last month's talks in New York<sup>3</sup> produced no progress toward a settlement of Britain's dispute with Argentina over the Falkland Islands, they may have served a useful purpose. Island negotiators may finally realize that the current arrangement cannot be maintained indefinitely. The Islanders are considering new proposals as a basis for further discussions with the Argentines. Another round of talks, however, is unlikely before the end of the year. While the search for a settlement continues, the status quo serves as a useful reminder to Britain of its continuing responsibilities in the Western Hemisphere. End summary.

2. Stalemate in New York: On March 10, Ron Deare, Head of the Foreign Office's West Indian and Atlantic Department, reviewed the status of discussions with Argentina on the future of the Falkland Islands. The ministerial level talks in New York at the end of February produced a stalemate. Argentina still insisted on its sovereignty, and the Islanders were determined to remain British. Minister of State Nicholas Ridley had carried a mandate from London to support the Islanders.

3. Reviewing the options: During the runup to the New York talks, Ridley, in an effort to get things off dead center, had proposed several options to the Islanders including a lease-back arrangement which would have conceded Argentina sovereignty over the Islands on the understanding that they would immediately be leased back to the

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<sup>1</sup> Source: Department of State, Central Foreign Policy File, D810117-1025. Confidential. Sent for information to Buenos Aires.

<sup>2</sup> See Document 3.

<sup>3</sup> British and Argentine representatives, led by Ridley and Cavandoli respectively, convened in New York February 23-24 for a new round of discussions on the status of the Falklands/Malvinas. During these talks, the first between the two sides since April 1980, the two sides agreed to pursue the "question" of the Islands "in further negotiations at an early date." On March 23, the two sides confirmed the outcome of the talks in separate but identical letters to Waldheim from Beltramno and Whyte, which were circulated as General Assembly documents on April 1. The text of these letters was transmitted to the Department in telegram 1050 from USUN on April 3. (Department of State, Central Foreign Policy File, D810160-0579) During a meeting with a USUN official, April 3, a UKUN officer described the February session as "more an opportunity to give Argentines and Falkland Islanders exposure to each other" than "a substantive meeting." (Ibid.)

British for a specified period. The Islanders wanted to make no concessions. They proposed a freezing of the status quo for as long as fifty years, in the hopes that the problem would somehow disappear in the interim. The ensuing discussions predictably made little progress.

4. A poor start: The Argentines were in a belligerent mood even before the talks began. They were incensed by a proposal being considered by the Islanders to encourage the immigration of laborers from the British dependency of St. Helena. The Falklands have a labor shortage and St. Helena has a labor surplus. What the Islanders viewed as a mutually beneficial economic arrangement sent the Argentines straight up the wall. They regarded it either as a scheme to ensure long-term British domination or as an insidious plot "to dilute Argentina's racial stock." Not the best way to start negotiations, Deare observed.

5. The bright side: There was, however, a positive aspect. The inclusion of two Islanders on the British side of the table was a useful educational device. They were "shocked" to learn first hand of the depth of the Argentine feeling on the sovereignty issue. They went home in a sober mood. Through them, Deare opined, the Islanders may finally realize that the status quo cannot be maintained indefinitely.

6. Next steps: The Falklanders are now reassessing their position and in due course will come back to the British with new proposals as a basis for further discussions with the Argentines. Fortunately the upcoming elections are likely to occupy center stage in Buenos Aires over the summer. Nothing therefore is likely to occur much before the end of the year when another effort will be made.

7. The U.S. perspective: Against this background, the best the British are likely to achieve in the near-term is to neutralize the issue in the hopes that, with time, the realities of interdependence will eventually compel the parties themselves to come to terms. From the U.S. standpoint, a settlement would remove another contentious Latin American perennial. But while the search for a settlement continues, the status quo serves as a useful reminder to Britain of its continuing responsibilities in the Western Hemisphere.

**Streator**