



Foreign and Commonwealth Office

London SW1A 2AH

Dear John,

The Falkland Islands and Dependencies

Attached —

Thank you for your letter of 21 April about the three telegrams sent to Washington in preparation for Mr Pym's current visit there.

A paper will be distributed today about possible military and other roles for the UN in the Falkland Islands, in accordance with your second paragraph. The FCO Legal Advisers have discussed the texts of the draft agreement with the Attorney General, in accordance with your penultimate paragraph. The Attorney General concluded that there was no point which it was necessary for him to raise on the texts at this stage. He would, however, like to be kept in touch with developments on them and to have the opportunity to comment, if necessary, at subsequent stages. We shall arrange this.

You asked, in relation to the third telegram to Washington, whether the proposed Special Interim Authority in the Falklands would take decisions by unanimity or by majority. It is probable that the United States representative would, on most matters, take a view closer to Britain's than to Argentina's. It follows that decision by majority should usually produce results that would accord with our interests. To proceed by unanimity on the other hand would give Argentina a veto. We therefore prefer decision by majority. And, as you may have seen in Washington telno 1377, Mr Haig is quite clear that this should be the arrangement.

S.I.A.  
by majority

Attached —

Most of the second page of your letter was about the Dependencies and their position under the draft agreement. I enclose a short paper prepared by FCO officials in consultation with the MOD and Cabinet Office about British interests in the Dependencies. This draws partly on an earlier paper about hydro-carbon, mineral and fisheries resources in the South Atlantic - ODO(SA)(82)25 of 16 April.

/You will see

SECRET



You will see that the enclosed paper concludes that Britain has certain interests in South Georgia and no concrete interests in the South Sandwich Islands. We think that this shows that the Falkland Islands themselves are what matter most in current and future negotiations.

*Executive Council* ←

You asked in particular about the method of administration of the Dependencies. The present situation is that the Governor is the only legislative authority for the Dependencies but on the executive side is required to consult the Executive Council. In the absence of the Governor, but so long as his office continues to exist, his functions are exercised either by a person designated by the Queen or by the next senior member of the Executive Council. The latter would normally be the Chief Secretary or the Financial Secretary, but if they were absent it would be the senior of the appointed members of the Council. The British Antarctic Survey Station in South Georgia exercises administrative responsibilities there on behalf of the Governor, who appoint one of the station's staff as Magistrate.

*Apply to all dependencies* ←

*Abolition of office of Governor?* ←

*Exclude Argentine members.* ←

The withdrawal and demilitarisation provisions of the draft agreement brought back by Mr Haig from Buenos Aires, and provisionally agreed with him in London, would apply in their present form to the three areas designated in paragraph 2. Although the draft is not absolutely clear on this, the Argentines certainly and the Americans probably intend that the other provisions too should cover the Dependencies as well as the Falkland Islands. If that were so, and since the draft strongly implies the abolition of the office of Governor, the effect on the administrative arrangements regarding the Dependencies would probably be that the British Antarctic Survey would continue to exercise administrative responsibilities in South Georgia, on behalf not of the Governor, but of the Special Interim Authority. The latter would be required to consult the Executive Council including its new Argentine members on all its work regarding the Dependencies. As regards legislative authority for the Dependencies, there would be a gap caused by the demise of the office of Governor. The draft does not state how this gap should be filled. But Argentina would no doubt argue that the Special Interim Authority should fill it.

It would be open to us to try to exclude the Dependencies from the ambit of the proposed agreement. But Argentina would be most unlikely to agree to this, since she has long claimed the Dependencies as well as the Falklands themselves. Alternatively, we could propose that the new Argentine members of the Executive Council should not participate in that work of the Council which concerns the Dependencies and that the Special Interim Authority likewise should have

/no responsibilities



*amendments*

no responsibilities regarding the Dependencies. In the latter case, we would need to propose alternative arrangements for carrying out the functions formerly exercised by the Governor. One factor in considering these alternative courses will be whether the Dependencies are sufficiently important to the UK to justify our giving high priority in the negotiations through Mr Haig to amendments concerning the Dependencies. A judgement will have to be made in comparison with amendments in such fields as Argentine withdrawal, interim administration in the Falklands and the terms of reference for negotiations about the future. The Foreign and Commonwealth Secretary, who has not seen these papers, will no doubt wish to make recommendations on these matters after his return from Washington.

I am sending copies of this letter to the Private Secretaries to the members of OD(SA) and the Attorney General and to David Wright (Cabinet Office).

*Yours ever*

*J E Holmes*

(J E Holmes)  
Private Secretary

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## BRITISH INTERESTS IN THE FALKLAND ISLAND DEPENDENCIES

Geography

1. South Georgia is a mountainous island 125 miles long and 30 miles wide. Because of the sub-antarctic climate, it cannot sustain human habitation without total support from outside. There are large, sheltered deep-water harbours and a large continental shelf.
2. The South Sandwich Islands are each less than 10 miles across. There are no harbours and most of the Islands are inaccessible from the sea.

History

3. South Georgia, the South Sandwich Islands and what is now the British Antarctic Territory were formally annexed in 1908. There was British administration in South Georgia from 1909 to 1969, when the British Antarctic Survey station took over administrative responsibilities. There has never been any British settlement in the South Sandwich Islands. Since 1976 there has been an illegal Argentine station on Southern Thule, the southernmost of the Islands.

British Legal Title

4. The UK has clear title to South Georgia. But our title to the South Sandwich Islands is not so clear, since there have been no British settlements; the islands might be regarded either as British or as not belonging to any state.

British Interests: South Georgia

5. (a) Fisheries. Although there is a potential annual catch of 50,000 tons of fin fish, stocks need time to recover from Soviet, Polish and

Japanese/



Japanese over-fishing in recent years. A 200 mile fishery zone, a restrictive licensing system and considerable fishery protection resources would be needed. The British fishery industry has shown no interest. Krill is abundant but the market for it, and therefore the prospects for developing an industry, are doubtful.

(b) Minerals. There are probably no metal or hydro-carbon resources onshore. Hydro-carbon potential offshore cannot be ruled out, but academic geophysical surveys/<sup>so far</sup> indicate that the prospects are poor.

(c) Strategic. Britain's potential military need for South Georgia relates to a situation, like the present one, where we wish to retake the Falklands from Argentina. Such a need could well present itself if the US would not provide a security guarantee of the Falklands under a long term settlement. The harbours at South Georgia could then be useful for acclimatisation, maintenance work, casualty clearing and replenishment. In addition the harbours could conceivably be useful to the US if the Cape Horn route became important because of closure for any reason of the Panama Canal or if the Soviet Union were to establish a significant naval presence in the South Atlantic. Denial of the harbours to the Soviet Union is a general Western interest. While access to the harbours, or the establishment of naval facilities in South Georgia, are not likely to be a major Soviet aim, they would be a welcome target of opportunity for strategic reasons and also for access to fisheries.

(d)/



(d) Scientific. The British Antarctic Survey station is engaged in important long-term research on the marine living resources of the area.

British Interests: South Sandwich Islands

6. There are virtually no fin fish. Krill would be available if a 200 mile fishing zone was established. There are no known minerals and the volcanic nature of the islands suggests that no deposits of economic value are present. The Islands are of no strategic value to the West or the Soviet Union. The Islands are very low in the priorities of the British Antarctic Survey.

British Interests: British Antarctic Territory

7. The BAS operations in Antarctica use South Georgia only for supplies of water. But South Georgia could become rather more useful to the BAS operations in the future. Our claim to sovereignty over the British Antarctic Territory does not depend on maintaining sovereignty over the Falkland Islands or Dependencies. But Argentina might allege the contrary. This point could be dealt with in any negotiations by a British statement that any agreement about sovereignty in the Falklands or the dependencies would not affect the situation regarding sovereignty in the Antarctic. Such a statement should be emphatic and firm, so as also to counter any impression that any change over the Dependencies might signify a diminishing interest in the Antarctic.

CONCLUSIONS

8. British national interests in South Georgia are not very great. For Britain as part of the Western Alliance it is desirable to keep the harbours potentially available to the US and definitely unavailable to the Soviet Union. Britain has no concrete interests in the South Sandwich Islands.



9. This suggests that the future of the Dependencies should not be a first consideration in our policy in the present dispute. But we have an interest in ensuring that the British Antarctic Survey can continue their research without threat of military interference during any interim agreement and in the longer term. BAS could operate without HMS Endurance. An interim agreement which demilitarised the Dependencies would thus be satisfactory for the operations of BAS provided that Argentina could be expected not to infringe the demilitarisation provision. It would be desirable in any long term agreement to have a provision that would allow BAS to continue to operate.

10. As regards the harbours in South Georgia, demilitarisation under any interim agreement should deter the Soviet Union from a move to occupy them. The United States has favoured demilitarisation in the current negotiations for an interim agreement. If negotiations were to take place on the longer term future of the Falkland Islands or the Dependencies, we would need to ask the Americans how much importance they attached to having South Georgia's harbours potentially available to them in future, and to take account of their reply in the negotiations. It would be highly desirable that any new status which might be negotiated for South Georgia should exclude the possibility of Soviet use of the harbours. The Soviet Union would be unlikely, if the US had a stake in any agreement about the future of South Georgia, to occupy the harbours illegally. If South Georgia passed under the sovereignty and administration of Argentina, and the Islands were not demilitarised, the US might wish to have a side agreement with Argentina excluding all but a few of the world's navies from access to the harbours.