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Argentina-UK: Status of the Falklands Dispute

President Alfonsin's recent statements on the Falklands represent a slight softening of his tough campaign rhetoric but do not substantively change Argentina's negotiating position.

—In a press interview Sunday,² he repeated the formula of his military predecessors: If the British reduce the protection zone around the islands and halt expansion of the airbase there, he will consider a formal cessation of hostilities.

—A "leaseback" arrangement that he also proposed—Buenos Aires would gain sovereignty but the UK retain control—has been part of the Argentine position since the mid-1970s. It was put forward in the weeks following last year's invasion as a way to resolve the dispute.

Alfonsin has no latitude at this point to make significant concessions and probably has no wish to do so. He nevertheless is likely to see advantages in appearing flexible. Internationally he sets a moderate tone for his foreign policy that could put the UK on the diplomatic defensive. Domestically, his quick moves to address the issue and reduce tensions probably will be used to justify cuts in military expenditures, a vital part of his economic program.

The British have rejected an immediate discussion of sovereignty—and therefore the leaseback proposal—and are continuing airfield improvements. Foreign Secretary Howe, in a radio interview Sunday, left the door open for some reduction of the exclusive zone, however, and the British are likely to be flexible on this point if they conclude that Alfonsin is willing to foster a return to normal economic, commercial, and diplomatic ties. The British will not require a formal declaration of an end to hostilities in order to discuss bilateral relations.

¹ Source: Central Intelligence Agency, Office of Russian and European Analysis, Job 01T02211R: Intelligence Publication File—Record Copy of Finished Intelligence Pubs., Box 1, Folder 3: Talking Points Argentina-UK: Status of the Falklands Dispute. Confidential; [handling restriction not declassified]. A notation in an unknown hand at the top of the paper reads: "For Secretary of Defense at his request."

² December 11.