



Handwritten initials: AS, Seth, a PC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

27 January 1987

Dear Tony,

FALKLANDS FISHERIES: ARGENTINE PROPOSALS

The Prime Minister has considered the Foreign Secretary's minute of 26 January about the informal proposals on fisheries which have been put to the United States Administration by the Argentine delegation.

Since we have always pressed the Argentines to negotiate on practical issues while putting aside the question of sovereignty, the Prime Minister agrees that we cannot back off now if they prove themselves seriously ready for such negotiations. She is therefore content that we should continue the exchange via the Americans at official level, to find out how serious the Argentines really are. Past experience suggests that under they may well retreat under pressure, especially on the link with sovereignty.

At the same time, the Prime Minister notes a serious flaw in the Argentine proposal, namely the proposed involvement of a third party. It would have to be clear that there would be no question of mediation and that the third party would act only as a channel of communication between the United Kingdom and Argentina and as witness to any agreement reached by them.

The Foreign Secretary suggests that there should be some form of public acknowledgement that informal ideas on fisheries are being looked at by both sides. The Prime Minister would wish to be assured that the Falkland Islanders have first been brought fully into the picture and our very limited aims in these contacts carefully explained to them. I should be grateful if you could let me know that this is the case.

I am copying this letter to Joan MacNaughton (Lord President's Office), Richard Stoate (Lord Chancellor's Office), Alex Allan (H M Treasury), John Howe (Ministry of

Defence), Steven Wood (Lord Privy Seal's Office), Andrew
Lansley (Chancellor of the Duchy of Lancaster's Office), Tim
Walker (Department of Trade and Industry) and Trevor Woolley
(Cabinet Office).

Yours sincerely,

Charles Powell

C. D. POWELL

A. C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office.

PRIME MINISTER

FALKLANDS FISHERIES: ARGENTINE PROPOSALS

The attached note deals with some proposals put forward by the Argentines, through the Americans, for handling fisheries in the South Atlantic.

In essence, the proposals envisage coordinated management of our respective fisheries zones, so as to avoid confrontation. There would not be an agreement as such. But both parties would consult with a third party (e.g. the UN Secretary-General), and agree through him to implement certain regulations. No attempt is made to establish a link with sovereignty.

It is a success for our fisheries policy that the Argentines have felt compelled to make a proposal; and that they are trying to find a way to deal with a practical issue without dragging in sovereignty.

Our own fisheries regime looks set to operate perfectly satisfactorily. So we have no particular need for an agreement with the Argentines, and certainly no need to pay a price for one. On the other hand, we have always pressed the Argentinians to negotiate on practical issues while putting sovereignty aside. We should not back off if they are now seriously ready to do so.

It's quite possible that the Argentines are simply playing games, and will funk it when confronted with decisions. The Foreign Secretary's recommendation that we should continue cautious exploratory discussions through the Americans must be right. But we must do it with our eyes open: and recognise from the beginning that the Argentine proposals have at least one serious flaw, the involvement of a third party.

The Foreign Secretary also wants to agree an announcement with the Argentines which makes clear that indirect discussions are

going on. This is more difficult, not least because we must first consider what to say to the Falkland Islanders (who are not mentioned in the Foreign Secretary's minute). They must be brought aboard and our limited aims carefully explained to them before there is any public announcement.

Agree the Foreign Secretary's cautious approach, subject to the conditions above?

C.D.P?

The UN Sec-General
Carli. mediator -
then - he acts
as a channel of
communication between
U.K. & Argentina - and as a
witness to an agreement,
reached by the 2 parties.

(C. D. POWELL)
27 January 1987



PM/87/003

PRIME MINISTER

Falklands Fisheries: Argentine Proposals

1. At the end of December, the Americans told us of informal proposals on fisheries put to them by an Argentine delegation led by the Director General of the Argentine Foreign Ministry. The Argentines told the Americans that any understanding would cover their own waters, the FICZ and waters adjacent to both; that they would operate their bilateral agreements (ie with the Russians and the Bulgarians) in such a way as to avoid confrontation with us; and that they hoped we would manage the FICZ in a low profile way. For the first time since 1982 they sought to establish no linkage with sovereignty.

2. We put some questions to the Americans at official level to probe this Argentine approach. The enclosed text, described as an Argentine non-paper (and therefore deniable in Buenos Aires at this stage), is a further refinement. Colleagues will wish to be aware of this, although at this stage I am proposing only that we should explore these Argentine ideas further. Meanwhile it is important that we should respect the confidentiality of the Argentine approach.

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3. We cannot be sure whether the Argentine offer is genuine, although the decision to use the Americans as intermediaries may suggest that it is. But it is a welcome response to our invitation (made when announcing the FICZ) to coordinate arrangements for the management of the fishery so as to avoid misunderstandings. The Argentines are now clearly the demandeurs, and they know it. And if we can break the linkage with sovereignty for good, that will be real progress.

4. In responding through the Americans to the Argentine approach, we need to establish certain conditions:

- i) our freedom to take action in Falkland waters must not be inhibited;
- ii) discussions are strictly limited to fish;
- iii) any third party would have to be acceptable to us; and
- iv) in the event of breakdown, we need to be able to put the blame squarely on Argentina.

5. I recommend that we should cautiously continue this exchange via Washington, at official level. In this way we can test the ground step by step, and seek to extract from the Argentines greater clarity and greater commitment. The first move would be to welcome the Argentine concern to manage differences at sea, to reciprocate the undertaking to avoid incidents and to express a readiness to explore their ideas further to see if a broader agreement on fisheries might be envisaged. It would then be clear whether sufficient of our conditions had been met to provide a sound basis for managing the dispute over maritime jurisdiction and coordinating

/fisheries

S E C R E T



fisheries conservation measures. Only then would we need to consider the possible involvement of a third party (the area of greatest potential difficulty for us).

6. It will do much to help ensure the smooth operation of the FICZ if we can respond before 1 February at least to the Argentine offer to avoid incidents. Given the inaccurate press speculation here, I am also keen to put the present exchanges in context and not to have to evade direct questions in Parliament about them. (There may also be advantage for the Argentines in being seen to have begun an international dialogue on the fisheries question before the FICZ comes into force.) I hope you will agree that we should respond soon, along the cautious lines envisaged above, and should also try to agree with the Argentines the terms of a public acknowledgement that some informal ideas on fisheries are being looked at by both sides.

7. I am copying this minute to the Lord President, Lord Chancellor, Chancellor of the Exchequer, Secretary of State for Defence, Lord Privy Seal, Chancellor of the Duchy of Lancaster and to the Secretary of State for Trade and Industry.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
26 January 1987

S E C R E T



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TEXT OF ARGENTINE NON-PAPER

Some clarifications should be made concerning the context in which the ideas about which we are being asked have developed.

1. The Argentine Government has not made any formal proposals. It has simply limited itself to offering some ideas based on the Department of State's initiative. These ideas may be further developed through a process of consultations until they constitute an acceptable basis for Argentina and the United Kingdom.

2. Our ideas rest on acknowledging the existence of one limitation and two major problems. The limitation is that no formula that might represent an improvement for the position of one party to the dispute would be acceptable to the other, and vice versa. The two major problems are:

- (a) avoid creating incidents,
- (b) prevent the depredation of resources as a consequence of / the coexistence of unrelated administrative regimes .
regulating the same ecological area.

3. Consequently, a regime must be found that is viable (ie. that avoids the limitation) and useful (ie. that solves the problem).

4. Just as humanitarian law is applied in conflicts in order to limit their negative effects, a regime can be found to limit the negative effects of the dispute, undesirable for both parties. In this case, incidents and depredation of resources. Such a regime would apply as long as the dispute lasts, except, as mentioned above, for the limitations of either party. Note that the mechanism differs with respect to possible multilateral arrangements. In our view, the parties, advised by a third party, for example the Secretary-General of the United Nations, would agree before that third party to certain regulations, not as contracting parties to an agreement but rather as parties that are engaged in a dispute and with the sole purpose of limiting its negative effects.

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Consequently, and with respect to the questions raised:

- (i) the FAO study can serve as background for the Group of Experts, who can use it for their recommendations;
- (ii) the third party agreed upon the basis for the recommendations by the Group of Experts would submit a package of proposals to the parties which, if they accept them, would undertake to apply them. This would bring about a coordinated regime that would be applicable to third flags.

3. The ideas advanced in Washington do not include any type of multilateral regime. The coordinated regime would be a consequence of the third party's proposal and the commitment of the two parties to the dispute to apply it to third flags. Finally, we should like to make it clear that the path as we have outlined is the one we consider to be appropriate for the limitation and the problems. Nevertheless, any other mechanism that does not violate that limitation and might help to solve the problems can be explored.



LINE FOR USE

Given our interest in more normal relations with Argentina, we have in the course of our contacts with the Americans and other friendly countries, frequent exchanges about many aspects of our relationship with Argentina, including fisheries. However, contrary to recent reports there are no talks with Argentina. Argentine Government spokesmen have ^{now} been quoted as expressing an interest in a multilateral arrangement for managing fisheries. This has always been our preference and our concern remains to achieve conservation goals and relieve tension; indeed, when we announced the establishment of the FICZ we once again made clear our desire for a multilateral arrangement for coordinating management of the fisheries, if need be on a regional basis.

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