PERSONAL THIS TELEGRAM HAS NOT BEEN DISTRIBUTED. PLEASE ADVISE ANY DISTRIBUTION REQUIRED TO TELEPHONE EXT: 3025. ZCZC LNUZAN 0259 OCMIAN 0351 SECRET Chiles DD 182330Z CHOGM FM FCOLN TO CHOGM 131930Z OCT The Long Sentary GRS 734 agrees with Mr King, SECRET FM FCO TO DESKBY 182330Z UKDEL KUALA LUMPUR An Sainsbury- The last TELNO 54 Sertene of this Telgar OF 131930Z OCTOBER 89 .. AND TO IMMEDIATE MADRID MODUK he finds permasne a good reason not to PERSONAL FOR PS/FOREIGN SECRETARY held back on one of MADRID PERSONAL FOR SIR C. TICKELL NOD FOR PS/SOFS DEFENCE the two Agentine ANGLO/ARGENTINE TALKS: DEFENCE ISSUES THE FOLLOWING IS A PERSONAL MESSGE FROM THE DEFENCE SECRETARY TO THE FOREIGN SECRETARY, (COPIES TO SIR C. TICKELL AT MOD REQUEST). 1. AS EXPECTED. THE MOST IMPORTANT ISSUE ON THE DEFENCE SIDE HAS BEEN THE FALKLAND ISLANDS PROTECTION ZONE (FIPZ). OUR NEGOTIATORS HAVE, OF COURSE, MADE IT ABSOLUTELY CLEAR THAT THERE CAN BE NO QUESTION OF LIFTING THE FIPZ AT PRESENT AND IT IS ENCOURAGING THAT THE ARGENTINES HAVE RECOGNISED THIS AND ARE NO LONGER REQUIRING SOMETHING IN THE WAY OF MODIFICATIONS TO THE OPERATION OF THE FIPZ AS A PRECONDITION TO ACCEPTANCE OF PROGRESS IN OTHER AREAS. NEVERTHELESS IT IS CLEAR THAT THE ARGENTINES ARE LOOKING FOR CONCESSIONS FROM US IN THIS AREA IN ORDER TO FACILITATE PRESENTATION OF THE AGREEMENT TO THEIR DOMESTIC AUDIENCE

2. SIR CRISPIN TICKELL HAS REPORTED THAT ALTHOUGH GARCIA DEL SOLAR DOES NOT EXPECT US TO AGREE TO CHANGES OF SUBSTANCE THE LATTER HAS PUT FORWARD TWO IDEAS WHICH THE ARGENTINES BELIEVE WOULD NOT INVOLVE SUBSTANTIAL CHANGE (OR ITS PROSPECT) BUT WHICH, IF PROPERLY PRESENTED, WOULD SOOTH ARGENTINE OPINION AND MAINTAIN POLITICAL MOMENTUM. THESE ARE THE REMOVAL OF ANY REQUIREMENT FOR NOTIFICATION BY CIVIL VESSELS AND A SMALL REDUCTION IN THE FIPZ SO THAT ITS BOUNDARY COINCIDES WITH THAT OF THE CONSERVATION ZONE (FICZ). YOU MAY FIND IT HELPFUL TO HAVE MY VIEWS ON THIS.

3. SO FAR AS THE FIRST POINT IS CONCERNED OD HAD AGREED THAT OUR NEGOTIATORS SHOULD OFFER TO REPLACE THE CURRENT REQUIREMENT FOR PRIOR AUTHORISATION FOR CIVIL VESSELS WITH ONLY A REQUIREMENT FOR NOTIFICATION WHICH WOULD IN TURN BE DROPPED AFTER A PERIOD OF TWELVE (OR POSSIBLY SIX) MONTHS PROVIDED THAT THERE HAD BEEN NO ABUSE. IT WAS, HOWEVER, TO BE MADE CLEAR TO THE ARGENTINES THAT EVENTUAL REMOVAL OF THE NOTIFICATION REQUIREMENT WOULD ALSO BE LINKED TO THE EXTENSION OF THE FALKLANDS TERRITORIAL SEA TO 12 MILES. IT APPEARS THAT GARCIA DEL SOLAR HAS ACCEPTED THE LINKAGE WITH AN EXTENSION OF OUR TERRITORIAL SEA BUT IS PRESSING FOR NOTIFICATION TO BE DROPPED WITHOUT A TRIAL PERIOD. WHILE IT WOULD HAVE BEEEN PREFERABLE TO HAVE HAD SUCH A PERIOD TO TEST ARGENTINE INTENTIONS I HAVE NOTED GARCIA DEL SOLAR'S COMMENT THAT IT WOULD BE CONTRARY TO ARGENTINA'S INTERESTS TO ALLOW THE LEAST INCIDENT IN THE FIPZ AND IT WOULD CLEARLY BE TO OUR ADVANTAGE TO EXTEND THE TERRITORIAL SEA AS SOON AS POSSIBLE | BELIEVE THEREFORE THAT WE COULD ACCEPT THE ARGENTINE PROPOSAL TO DISPENSE WITH A TRIAL PERIOD OF NOTIFICATION PROVIDED THAT THIS WAS COUPLED WITH A SIMULTANEOUS EXTENSION OF TERRITORIAL LIMITS AND ON THE CLEAR UNDERSTANDING THAT WE WOULD RE\_IMPOSE RESTRICTIONS IF THERE WAS ABUSE IT WOULD ALSO BE IMPORTANT TO EMPHASISE TO THE ARGENTINES THAT WARSHIPS AND NAVAL AUXILIARIES WOULD CONTINUE TO BE EXCLUDED

4. THE EFFECT OF THE PROPOSED ALIGNMENT OF THE FIPZ WITH THE FICZ WOULD BE TO REMOVE A SMALL SEGMENT AT THE SOUTH-WEST OF THE FIPZ THE MAXIMUM REDUCTION WOULD BE ABOUT 22 NAUTICAL MILES. SO FAR AS MARITIME SECURITY IS CONCERNED. THIS REDUCTION WOULD BE INSIGNIFICANT, SO FAR, AS AIRCRAFT ARE CONCERNED, WARNING TIME IS ALL IMPORTANT BUT, EVEN IF WE WERE TO ACCEPT THIS PROPOSAL, WE WOULD CONTINUE TO SCRAMBLE OUR AIRCRAFT AS SOON AS WE IDENTIFIED A POSSIBLE THREAT AND THE ONLY CHANGE WOULD THEREFORE BE THAT IN THIS PARTICULAR SECTOR THERE WOULD BE A SMALL REDUCTION IN THE MAXIMUM DISTANCE AT WHICH AN ACTUAL INTERCEPTION COULD TAKE PLACE. THIS WOULD NOT INVOLVE ANY REAL REDUCTION IN OUR AIR DEFENCE CAPABILITY. 5. IN SUM BOTH THESE ARGENTINE PROPOSALS ARE ESSENTIALLY COSMETIC AND, AFTER CONSULTING CDS AND CBFFI, I AM CONFIDENT THAT WE COULD ACCEPT THEM (SUBJECT TO THE CAVEATS EXPRESSED ABOVE ABOUT DISPENSING WITH NOTIFICATION TO WHICH CBFFI ATTACHES PARTICULAR IMPORTANCE) WITHOUT DETRIMENT TO OUR ABILITY TO DEFEND THE FALKLANDS WITH ITS PRESENT GARRISON STRENGTH, IF THIS IS JUDGED TO BE HELPFUL IN THE CONTEXT OF THE NEGOTIATIONS AS A WHOLE. IF WE DID ACCEPT THESE PROPOSALS. I HOPE IT MIGHT BE POSSIBLE TO GET THE ARGENTINES TO RECOGNISE THAT THERE WAS NO EARLY PROSPECT OF THEIR SECURING FURTHER CHANGES IN THE FIPZ. BY CONTRAST, THERE COULD BE A RISK THAT, IF WE REJECTED THE WOULD BE FACED WITH PRESSURE FOR MORE SUBSTANTIVE CHANGE AT T NEXT ROUND OF TALKS MAJOR CMIAN 0351 NNNN