

AWW 060/225/1

EXTRACT FROM MINUTE ~~FOUNDED~~ BY SIR A. PARSONS :
MEETING WITH ARGENTINE MINISTER OF THE ECONOMY

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5. The Falkland Islands. We had a longish discussion most of which I need not record. I made clear to Dr Martinez that no Argentine Government could expect any change in our position on sovereignty. He of all people would understand that the claims of small, distant and loyal communities of British descent were extremely emotive in the British political context. With obvious differences, the same was true over Gibraltar. We must try to make progress around the periphery of the dispute as we had tried to do in recent years.
6. Dr Martinez did not contest what I said. He speculated about the possibility that the islanders might eventually change their views and regretted the fact that the practical contacts ie visits by islanders to Argentina seemed to have died down.
7. Dr Martinez went on to say that he was in favour of making progress through economic co-operation and had asked for studies. There were two areas in which it might be possible to proceed, perhaps on the basis of joint ventures between British and Argentine companies. These two areas were oil and fishing. What did I think?
8. I said that we were in favour of economic co-operation although I could never exclude the possibility that individual projects would run into difficulties with the islanders. Of the two areas which he had suggested I favoured making a start on fishing. The problem with oil exploration was that it was so politically emotive. If there was any move towards exploring oil off-shore, there would be a great

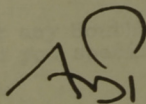
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deal of controversial publicity and political considerations would immediately be brought into play. The same was not true of fishing. Dr Martinez agreed.

A handwritten signature in black ink, consisting of a large, stylized 'A' and 'D' followed by a vertical line and a small 'P'.

A D Parsons

2 May 1979

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FALKLANDS

Line to take

1. The Falklands issue has bedevilled British-Argentine relations for years. It is a difficult problem requiring patience and understanding on both sides. It is right that we should continue to seek some solution through negotiations. There are possibilities for economic co-operation which could be of benefit to all. But we cannot accept the Argentine claim to sovereignty and our major concern must be for the inhabitants of the Islands. No proposals for a settlement can go forward unless they are acceptable to the Islanders themselves. Both the Islanders and the British Parliament have been given clear assurances on this.
2. We continue to feel that the best way forward is to examine closely the possibilities for agreement on specific issues such as fishing co-operation. There are still basic differences of approach but there appears to be sufficient common ground to encourage us to believe that with goodwill progress in the negotiations can prove possible.

BACKGROUND

State of the negotiations

1. Negotiations have been going on for two years. We have made some progress in elucidating each other's position and concerns but we are a long way from any solutions. Argentine patience is beginning to wear thin. They have been prepared to accept that the impending general election has made it difficult for us in the past few months. But they will be looking for an early Ministerial meeting when the new Government is installed. As long as the negotiations continue and move in a direction they consider positive, they are unlikely to force the pace too much. But if relations were to turn sour, the Argentines could easily make difficulties for us and the Islanders, e.g. by cutting off the air services ^{or} to fuel supplies, intercepting fishing vessels in waters we claim, by discriminating against British trade or other interests in Argentina and by returning the whole question to the United Nations.

The negotiating rounds

2. The terms of the negotiations were announced in the House of Commons on 21 April 1977 (copy attached). There have been four rounds, two at Ministerial level (the latest in Geneva in December 1978), the most recent being at official level in New York in March.

3. The atmosphere of the talks has generally been good. But the failure to make any progress in March has led the Argentines to wonder about their usefulness. They were disappointed in particular about our inability to sign a Scientific Co-operation Agreement: the Island Councillors would not accept the text agreed because of their deep suspicion of Argentine motives and actions.

/The Issues ...

The Issues

4. Argentina claims sovereignty over the Falkland Islands, the (uninhabited) Dependencies and the waters and continental shelf of both. They have continued to insist in the negotiations on sovereignty but have indicated a willingness to provide safeguards for the Islanders' way of life. We have insisted that sovereign rights over the Islanders must continue to rest with Britain as long as the Islanders so wish. We have, however, suggested possible new sovereignty arrangements in the Dependencies in favour of Argentina if the Islanders are given such absolute safeguards. The Islanders have consistently declared their wish to remain British.

5. Both sides agree that if the sovereignty issue can be resolved there could be co-administration of economic resources. The most recent negotiating rounds have included detailed exchanges about joint regulation of fishing in the area but practical progress has not been possible as the Argentines have insisted that any co-administration of a maritime zone must begin with a transfer of sovereignty.

6. Exchanges on scientific co-operation in the Dependencies, following the establishment by the Argentines of a scientific presence in Southern Thule, resulted in informal agreement on a draft scientific co-operation agreement. Under this, the Argentine activities were to be put under the "sovereignty umbrella", i.e. to be held to have no implications for either Government's sovereignty position. The Island Councillors, when it came to agreeing the text with them, refused to let it go forward. With some difficulty, during the New York talks, we were able to persuade the Argentines to leave the agreement lying on the table; they undertook also to conduct any future activities of a similar nature in the spirit of the draft.

17. ...

7. There has also been mention of possible co-operation in the exploitation of any hydro-carbons in the area. None have yet been identified but seismic surveys are currently being evaluated.

Further Talks

8. No commitment has been made about the timing or level of any further talks.