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FALKLAND ISLANDS: MINISTER OF STATE'S MEETING, 16 MAY

Present:

Mr Ridley MP
PS/Mr Ridley
APS/Mr Ridley
Sir A Parsons
Mr Hall
Mr Ure SAmD
Mr Duggan SAmD
Mr Cowling SAmD
Mr Osborne SAmD

Visit to Falkland Islands and Argentina

1. Mr Ridley said that early discussion of the important Falklands issue seemed necessary from his reading of the department's submissions. It would be a mistake for the new Government to hedge or prevaricate further with the Argentines who knew we had been doing so in the past. To continue would make them think that the new Government was not in earnest and might make them more inclined to act foolishly. He thought there was a possibility of getting them to accept a continuation of UK sovereignty if we acted in a friendlier fashion and tried to help them in other areas, for example the Antarctic. He therefore felt it was right to visit the Islands soon to reassure them of our wish to help and to obtain their authority to continue the negotiations. He could at the same time make a courtesy call on the Argentine authorities. On his return, we could work out a more detailed strategy for a resumption of negotiations in the autumn.

2. Sir A Parsons thought that it would be difficult to go through Buenos Aires and restrict contact with the Argentines to a mere courtesy call: some broad decisions of principle should be

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- 2 -

taken in advance of the visit. The Argentines would be likely to seek confirmation that the new Government would continue the negotiations and from the point reached at the last round.

3. Sir A Parsons said that the Minister might be pressed to confirm that the "lease back option" still remained a possibility. Mr Hall thought a direct reference to lease back unlikely; it had never been mentioned in so many words in the negotiations. From the Argentine stand-point, negotiations had to include sovereignty; they had to see some possibility of progress and of obtaining sovereignty over both the Dependencies and the Falklands, or there would be an unpredictable but strong reaction. On the basis of his experience in the negotiations to-date, he thought there was a narrow path between the two positions; to avoid a breakdown in the negotiations and to give the moderates on the Argentine side some support, it was important that this chink should be left open. Mr Ridley said he felt that it would be premature to mention lease back to the Argentines which would be interpreted as capitulation by the Islanders and in Argentina. We should continue talking to them about a general condominium of economic interests (e.g. in the Antarctic) and try to get a package together which would divert attention from the sovereignty issue. Everything could be included, except sovereignty over which it was difficult to compromise given Parliamentary and public opinion. Mr Hall suggested that it was important to tell the Argentines that the new Government was prepared to negotiate within the existing terms of reference as announced in April 1977. So long as the Argentines clearly understood our insistence on sovereignty over the Islanders, then progress in the negotiations might be possible.

4. Mr Hall suggested that the department should put forward a draft minute for the Secretary of State to send to his OD colleagues explaining that it was necessary to enter fairly quickly into further negotiations with the Argentines and that it

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- 3 -

was important to get the support of the Falkland Islanders for this. This meant a Ministerial visit to both Argentina and the Falklands. Mr Hall said that the new Argentine Ambassador might arrive before the end of June and would probably bring instructions to raise the Falklands issue: this underlined the need for an early visit. Mr Duggan recalled that the Argentine Foreign Minister was hoping to talk to the Secretary of State in the margins of the UN General Assembly in New York in late September. Mr Ridley looked at two possible schedules for a visit. He thought that if he was going to go to the trouble of visiting the Falklands it should be done properly and he should spend some time there. He said he would like to leave on 11 July after the visit of the Colombian President. This would give ample time for briefing the Secretary of State before any meeting with the Argentine Foreign Minister in New York. Mr Hall thought that the Argentines would be unlikely to press for a further full negotiating round until probably December. Mr Ridley felt that his visit to Buenos Aires and the Falklands would buy time and that in the meantime we should show friendliness wherever possible.

Exchange of Ambassadors with Argentina and Chile

5. Sir A Parsons believed that Ambassadors should be exchanged before the Ministerial visit. Mr Ridley agreed; he felt that we should also consider restoration of Ambassadors with Chile soon. There was much to be said for getting Ambassadors back into Chile and Argentina at the same time.

6. Mr Hall mentioned that we had already gone some way down the road with the Argentines who had a nominee ready. The restoration of Ambassadors with Chile posed a rather different problem. It had been HMG who had withdrawn her Ambassador from Chile whereas in the case of Argentina our Ambassador had been withdrawn at the

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- 4 -

Argentine's request. It had to be a political decision for Ministers. Mr Hall saw no great advantage to our interests in moving quickly or in doing it concurrently with the Argentines. Mr Ridley felt that, if we were able simultaneously to restore relations with Argentina and Chile at Ambassadorial level, it would have the advantage of avoiding criticism that any one country had been treated preferentially; we should whip Chile through. Sir A Parsons agreed; he mentioned however, that there were implications for Nicaragua which would need to be considered. Mr Ure said that the department would be submitting also on another aspect of our relations with Chile, the resumption of medium term ECGD cover; he proposed covering both in one paper before the weekend. Mr Ridley welcomed this.

Visits to Other Countries

7. Mr Ridley said that if Brazil, Venezuela and possibly Mexico were to be included in the same trip, as the department was suggesting, this could mean a total absence of perhaps three weeks, returning to London in early August. Sir A Parsons felt this should be acceptable. August was a quiet month and he could see no difficulty in leaving serious consideration on the future of our negotiations with the Argentines until September.

Action

8. It was agreed that:

- a) approval should be sought for a Ministerial visit to the Falklands and Argentina leaving London on 11 July. The department would prepare a draft minute for the Secretary of State to send to OD colleagues explaining the basis for the visit;

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- 5 -

- b) once this had been agreed, arrangements would be made to include Brazil, Venezuela (and possibly Mexico) in the same trip, entailing a total absence of about three weeks;
- c) the possibility of resuming Ambassadorial relations simultaneously with both Chile and Argentina should be examined: and
- d) the Department would submit on policy towards Chile as it affected ECGD medium-term cover and the restoration of Ambassadors.

Distribution

PS/Mr Ridley

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