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25 JUN 1979

GROUPS 879  
PERSONAL AND CONFIDENTIAL

TELE-LETTER  
FROM G E HALL

DATED 19 JUNE 1979

FOLLOWING FOR H M CARLESS ESQ, BUENOS AIRES

UK-ARGENTINE RELATIONS

1. YOU SHOULD KNOW THAT FOLLOWING MY TELELETTER TO YOU OF 22 MAY, WE PRODUCED A PAPER FOR THE SECRETARY OF STATE WHICH WAS AGREED BY MR RIDLEY IN WHICH WE RECOMMENDED PUTTING A MINUTE TO THE PRIME MINISTER AND THE RELEVANT CABINET COMMITTEE ASKING FOR GENERAL AGREEMENT TO THE OUTLINES OF FALKLAND ISLANDS POLICY IN ORDER TO GIVE MR RIDLEY A GENERAL CONTEXT IN WHICH TO OPERATE DURING HIS VISITS TO THE FALKLAND ISLANDS AND BUENOS AIRES. THE PROPOSAL WAS THAT WE SHOULD AGREE TO CONTINUE NEGOTIATIONS ON THE PREVIOUS BASIS, INCLUDING NEGOTIATIONS ON SOVEREIGNTY, AND THAT, AS PART OF AN OVERALL SOLUTION, WE SHOULD BE PREPARED TO CONSIDER FRESH ARRANGEMENTS ON SOVEREIGNTY IN FAVOUR OF ARGENTINA WHICH WOULD NOT AFFECT THE EXERCISE OF SOVEREIGN RIGHTS OVER THE FALKLAND ISLANDERS BY HMG, PROVIDED THAT SUCH ARRANGEMENTS WERE ACCEPTABLE TO THE FALKLAND ISLANDERS.
2. THE SECRETARY OF STATE'S REACTION WAS THAT HE DID NOT WANT TO HAVE TO DEAL WITH THIS PROBLEM FOR THE FORESEEABLE FUTURE AND THAT WE SHOULD TRY TO KEEP IT QUIET FOR AS LONG AS POSSIBLE. I ARGUED FOR THE LINE WHICH WE HAD PROPOSED, BUT COULD GET NO DECISION TO TAKE THIS FURTHER.
3. NEVERTHELESS, AS YOU WILL HAVE SEEN FROM THE LETTER TO WASHINGTON PASTOR, 'WE SHALL CONTINUE THIS DIALOGUE IN A CONSTRUCTIVE SPIRIT, ETC'. I THINK YOU WILL FIND, HOWEVER, THAT WE WILL GO ON FROM WHERE MATTERS WERE LEFT IN MARCH, BUT THERE IS NO ENTHUSIASM FOR TAKING BOLD DECISIONS. IN THE TALK AND LUNCH WITH CAVANDOLI MR RIDLEY MADE IT CLEAR THAT WE WANTED TO CO-OPERATE WITH ARGENTINA CLOSELY IN ANTARCTIC MATTERS, IN FISHERY AND OIL EXPLOITATION IN THE SOUTH ATLANTIC, OVER SUPPLIES FOR THEIR NUCLEAR POWER PROGRAMME, IN THEIR AIR FORCE AND NAVY AND IN TRADE AND ECONOMIC MATTERS GENERALLY. CAVANDOLI REPLIED THAT THE ARGENTINE SIDE EQUALLY WANTED THIS BUT THAT PART OF THE PACKAGE WOULD NEED TO BE BRITISH WILLINGNESS TO CONTINUE NEGOTIATIONS OVER THE FALKLAND ISLANDS, INCLUDING SOVEREIGNTY, AND THAT THESE NEGOTIATIONS NEEDED REVIVING FROM THE LOW POINT THEY HAD REACHED AT THE END OF MARCH. MR RIDLEY SAID WE WERE PREPARED TO CONTINUE THESE NEGOTIATIONS BUT THAT THE GOVERNMENT WOULD NEED TIME TO LOOK CAREFULLY AT THIS PROBLEM BEFORE UNDERTAKING FORMAL NEGOTIATIONS, PREOCCUPIED AS THEY WERE WITH MANY OTHER IMMEDIATE PROBLEMS AND WITH HAVING TO BRIEF THEMSELVES AS MINISTERS COMING FRESH TO MANY OF THE QUESTIONS REACHING THEM FOR DECISION. CAVANDOLI SEEMED VERY HAPPY WITH THIS AND IN GENERAL WITH THE RECEPTION HE HAD RECEIVED. I TOLD HIM THAT THE SORT OF PROGRAMME WE HAD IN MIND WAS FURTHER GENERAL EXPLORATORY DISCUSSION BETWEEN MR RIDLEY AND HIMSELF IN MID-JULY, COVERING ANGLO-ARGENTINE RELATIONS IN GENERAL, A FIRST CONTACT BETWEEN THE SECRETARY OF STATE AND WASHINGTON PASTOR IN NEW YORK IN THE AUTUMN AND PERHAPS A FORMAL ROUND OF NEGOTIATIONS BETWEEN MR RIDLEY AND HIMSELF BEFORE THE END OF THE YEAR. MR CAVANDOLI TOLD ME THAT HE THOUGHT THIS PROGRAMME WOULD SUIT THE ARGENTINE GOVERNMENT ADMIRABLY. CAVANDOLI ASKED MR RIDLEY PARTICULARLY TO TRY IF HE COULD TO AVOID MAKING ANY STATEMENT IN THE ISLANDS OR IN ARGENTINA BEFORE HE HAD TALKED TO THE ARGENTINE GOVERNMENT, UNDER THE PRESSURE THERE WOULD UNDOUBTEDLY BE FROM THE PRESS, WHICH MIGHT BE TAKEN UP AND MISUSED BY CERTAIN ELEMENTS IN ARGENTINA TO ATTACK OUR IMPROVED RELATIONS OR THE NEGOTIATIONS OVER THE FALKLAND ISLANDS. MR RIDLEY SAID THAT WHILST, OF COURSE, HE MUST REMAIN FREE TO SAY WHAT HE THOUGHT BEST, HE UNDERSTOOD CAVANDOLI'S POINT, AGREED WITH IT, AND HOPED THE ARGENTINES WOULD DO THE SAME.
4. AS YOU SEE WE ARE IN FOR A CONTINUATION OF THE 'BACK BURNER' AND MR RIDLEY WOULD RATHER DISCUSS ALL ITEMS OF RELATIONS WITH ARGENTINA OTHER THAN SOVEREIGNTY OVER THE FALKLAND ISLANDS BUT WILL BE PREPARED TO DISCUSS THIS ALSO, WITHOUT GOING FURTHER THAN WE HAVE DONE BEFORE. EVEN TO GO AS FAR WILL PROBABLY REQUIRE US TO MAKE A FURTHER ATTEMPT WITH THE SECRETARY OF STATE BEFORE MR RIDLEY GOES TO BUENOS AIRES.
5. YOU SHOULD KNOW THAT THE LUNCH FOR CAVANDOLI WAS ALSO ATTENDED BY SIR RONALD ELLIS, JAMES JOHNSON MP, DAVID MONTGOMERY AND HUNTER CHRISTIE. THERE WAS A GOOD DEAL OF CONVERSATION ABOUT FISHERIES IN THE SOUTH ATLANTIC AND MR RIDLEY AND RON ELLIS TALKED ABOUT ARGENTINE AIR FORCE REQUIREMENTS. ON FISHERIES I REPEATED STRONGLY WHAT I HAD SAID TO GUEVARA, THAT THE FIRST ESSENTIAL WAS TO CONTROL THE ACTIVITIES OF THIRD PARTIES FISHING IN THE AREA, PARTICULARLY TO CONSERVE AND RENEW FISH STOCKS AND THAT THE BRITISH WIDE WOULD BE PERFECTLY WILLING TO BEGIN SUCH CO-OPERATION IMMEDIATELY, WHILST THE ARGENTINES WERE BLOCKING THIS BY DEMANDING CONCESSIONS ON SOVEREIGNTY FIRST. THIS WAS SUPPORTED BY ALL THOSE ON THE BRITISH SIDE, INCLUDING HUNTER CHRISTIE WHO IN GENERAL MADE NO QUALIFICATIONS ABOUT SUPPORT FOR ANGLO-ARGENTINE CO-OPERATION.
6. I HOPE THIS WILL BE USEFUL IN THE RUN UP TO MR RIDLEY'S VISIT. WE ARE PRODUCING TALKING POINTS FOR HIM ON ALL ASPECTS OF ANGLO-ARGENTINE RELATIONS AND CO OPERATION. THE EMPHASIS FROM HIS SIDE WILL BE TO PLAY DOWN POLITICS, AND PARTICULARLY SOVEREIGNTY, AND TO HIGHLIGHT TRADE AND ECONOMICS. YOU WILL UNDOUBTEDLY BE UNDER PRESSURE FROM THE ARGENTINES TO DO EXACTLY THE REVERSE.

SIGNED G E HALL

MNNN

SENT AT 212413Z JGV JUST ONE MORE SMALLIE ONE THEN ITS ALL YOURS