

29/1/4



Mr Ure  
PS/Mr Ridley  
PS

*Minute f. 24/*

PQ Papers entered  
on Aw 040/325/6 (2)

cc: PS/LPS  
PS/PUS  
Mr Day

TO BE DESTROYED  
when weeding 1980 file.

FALKLAND ISLANDS: PQ

Problem

1. Mr Michael Brown MP has tabled a Question for Written Answer on 29 January to ask whether there have been talks with the Argentines on leaseback.

Recommendation

2. I recommend that the draft reply should be on the lines set out in the attached draft telegram to Buenos Aires.

Background and argument

FLAG A 3. The talks which Mr Ridley held with Comodoro Cavandoli in Geneva last September were secret. The fact that they even took place is known to very few people in Buenos Aires and London. When OD agreed in July 1980 that leaseback should be explored with the Argentines on a confidential basis, it was recognised that, if the talks ever became public knowledge, this would not only prejudice our hopes of making headway in the dispute, but also lay the Government open to severe criticism from public and parliamentary opinion. It was agreed with the Argentines at Geneva that the talks "should never become public knowledge".

FLAG A last sentence FLAG B 8 | So far as we know, there have been no leaks. Lord Trefgarne has already denied that there have been such talks in reply to Lord Avebury during the debate following the statement on Mr Ridley's visit to the Islands; Lord Trefgarne, however, was not aware that talks had taken place.

4. If we were now to reveal that leaseback had been discussed with the Argentines before Mr Ridley's visit to the Islands last November, the repercussions in Parliament and in the Islands would



be very damaging. Suspicions of a "sell-out" would appear to be confirmed: Islander confidence in our good faith, already tenuous, would be destroyed, and the prospects for continuing a formal dialogue with Argentina on the dispute with Islander concurrence would be removed at least for the medium term.

5. The consequences for our relations with Argentina would be equally serious. The Argentine Government have kept firmly to the line that leaseback has yet to be put to them by us. For us to admit to prior discussions would not only make them look silly but would expose them to much domestic criticism. They would greatly resent it: and the temperature on the dispute would be sharply raised.

6. Ministers will not however wish to answer Mr Brown's direct question untruthfully. Also, while it is unlikely that Mr Brown has any hard information on the Geneva talks, we cannot entirely rule this out.

7. In shaping the reply, we are unable to suggest that the leaseback idea has been floated informally in the margins of previous rounds of talks, since this is not the case. The draft reply therefore does no more than concede that the Argentines have shown interest in the substance of Mr Ridley's proposal following his visit to the Islands. While a pis aller, this is true so far as it goes. It may lead to further, more specific Questions: but we cannot avoid this risk.

8. If the draft reply is agreed, we should give the Argentines advance notice of its wording. It would only cause additional difficulties, if they were first to learn of it after the reply had been given.

*P. R. Fearn*

P R Fearn  
South America Department

28 January 1981

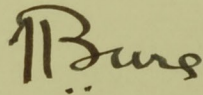
SECRET

/1. From

1. From every point of view I think it is important that Ministers should not make any incorrect statement to the House about this, not least because it would put them in a position where the Argentines (if our relations deteriorated) could leak information which might personally embarrass Ministers. I do not think that Lord Trefgarne's answer comes into the category of an incorrect statement because it is the fact that Mr Ridley had not negotiated anything: the most he had done was to hold private exploratory talks.

Flag B

2. I agree with the recommendation and the draft telegram to Buenos Aires except that I suggest the words 'since then' at the beginning of the second sentence of the proposed answer should be omitted. The fact is that the secret talks were before Mr Ridley's November visit, and to suggest that the only dialogue with the Argentines about leaseback was after November is deliberately - and I think unnecessarily - misleading.



J B Ure

29 January 1981

cc

PS/LPS

PS/PUS

Mr Day