

Foreign and Commonwealth Office

London SW1A 2AH



23 July 1980

R M Hunt Esq CMG
PORT STANLEY

Dear Rex

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THE DISPUTE

- When I visited you, I mentioned that Ministers were shortly to consider the next moves over the dispute.
- This is to tell you that Mr Ridley has now been authorised to investigate with the Argentines whether there is any scope for a solution based on lease-back. Accordingly, we are hoping that he will meet Comodoro Cavandoli in September. The meeting will be in strict secrecy: each will be accompanied by one adviser only.
- Whatever the outcome of that meeting, Ministers have said that they will wish to review the situation before taking it any further and, specifically, before we reveal our thoughts to the Islanders and before any formal negotiations might be initiated. The meeting with Cavandoli is being planned in secret and the fact that they are meeting in this way is and will, we hope, remain known to very few people in the FCO and Buenos Aires; it would render the whole exercise impossible and be very damaging politically to the Government if the Islanders and/or the lobby were to get any wind of it.
- I should, therefore, be grateful if you would destroy this letter after reading and continue to maintain the line with all your contacts that the Government are still considering the implications of the April talks. I shall keep you informed of developments.

*Yours ever
Peter*

P R Fearn
South America Dept.