

5/11/3

67

Mr Harding

PS/Mr Ridley

PS

cc  
PS/LPS  
PS/PUS  
Mr Day

*Handwritten signature*

*he seemed odd the point  
that he do not own the oil!*

*NR*

ALW 040/325/10		
RECEIVED IN REGISTRY NO. 18		
- 5 NOV 1980		
DESK OFFICER		REGISTRY
INDEX	PA	Action Taken

FALKLAND ISLANDS: OD MEETING: 7 NOVEMBER 1980

Flag A

Flag B

Flag C - (35)

Flag D - (42)

1. OD are to discuss the dispute on 7 November. The Secretary of State has circulated a memorandum to his colleagues. I now submit speaking notes.

2. For reference, I also attach copies of OD(80)46 of 27 June: and of the records of Mr Ridley's confidential meeting with Comodoro Cavandoli in September and of the Secretary of State's subsequent meeting with Sr Pastor in New York.

3. Since OD in July, good progress has been made in exploring the prospects for a settlement based on leaseback. But we will need to keep up the momentum. We should seek to take full advantage of our good relations with the present Argentine Foreign Ministry and President, so as to get the leaseback concept firmly accepted, as a basis for future negotiation, before they leave office next March. We know they wish to leave behind them a tidy situation: there is a good chance that we can take them with us and get them thereby to commit their successors.

4. However, the Junta (the three Commanders of the Armed Forces who appoint the President and who will continue effectively to rule Argentina) have not yet been consulted. We will need an indication of their support for the proposals, before we consult Islanders and thus bring the matter into the open.

*P. R. Fearn*

P R Fearn  
South America Dept.

4 November 1980



Done 66  
PA  
CEB  
4/11

Mr Fearn, SAmD

ALW 040/325/10		
RECEIVED IN REGISTRY NO. 18		
- 4 NOV 1980		
DESK OFFICER		REGISTRY
INDEX	PA	Action Taken

Falkland Islands

As you know, it was the intention of the Secretary of State and Mr Ridley that an oral report on the latest negotiations over the Falkland Islands would be given to OD on 7 November, to minimise the risk of leaks. The Secretary to the Cabinet has taken issue with our intention to proceed in this way, and has made a firm request for a paper to be circulated to members of the Committee two working days in advance in the usual way.

Lord Carrington has decided that we should meet Sir Robert Armstrong's request, but in a way which does not prejudice the security of the exercise. The Secretary of State would therefore be grateful if you could prepare a brief and relatively anodyne memorandum on the Falkland Islands, describing in very general terms the position reached so far in the talks with the Argentines. The paper presumably would refer to Lord Carrington's meeting with Brigadier Pastor in New York (though not in detail) but would not refer in terms to the specific proposals which emerged from Mr Ridley's separate talks. It might conclude by saying that there were certain matters of considerable sensitivity on which the Secretary of State proposed to brief the Committee orally.

The Secretary of State accepts that such a paper would tell OD members little that they do not already know. However, there would be some value in reminding them of the broad background.

/It



It would be helpful if a draft of the memorandum could reach me by close of play on Monday 3 November.

*R M J Lyne*

27 October 1980

(R M J Lyne)

copies to:

PS  
PS/LPS  
PS/Mr Ridley  
Mr Day  
Mr Harding



Mr. Feagin  
Mr. Wright  
M. Duggan  
5/11  
(65)

Mr. Heap  
Mr. Davies  
5/11  
5/11  
5/11

Mr. Day

cc: Mr Harding  
Mr Chamberlain, Legal Advisers

Thank you. I note  
that the o.d. para 3 Oct 1979  
mentioned a leaseback including  
the dependencies. But by all  
means lets keep the options  
open. 5/11  
⑭ ALW 040/325/5

ALW 040/325/10  
RECEIVED IN REGISTRY NO. 18  
-6 NOV 1980  
INDEX PA Action Taken

FALKLAND ISLANDS DEPENDENCIES

1. I attach a short factual memorandum on the Dependencies. The answers to the queries in your minute of 24 October are:

- (i) in our recent contacts, the Argentines have surprised us by showing (and saying specifically that) there was little Argentine interest in the Dependencies;
- (ii) in any settlement, however, it is likely that the Dependencies, their territorial waters and the seabed would form part of a sovereignty transfer and leaseback;
- (iii) the Dependencies are not entirely worthless: South Georgia is an important expression of our legal claims in the area; there are fish, which, if not of interest immediately to the UK industry, could generate licensing revenue; our all-year-round British Antarctic Survey scientific base at Grytviken in South Georgia is an influential part of our scientific effort in Antarctica and of political significance for our voice in Antarctic councils;
- (iv) there is (curiously) something of a South Georgia lobby in the House of Lords: Lord Shackleton's father is buried in South Georgia.

2. In sum, therefore, the Dependencies represent if not an asset at least a bargaining chip which may prove of some value in reaching an eventual settlement. It is clearly not in our interest to give them away in advance and ~~it~~<sup>they</sup> may be of some presentational use to us either with the Argentines or with the Islanders and the lobby in dressing up any settlement.

*G A Duggan*

G A Duggan  
South America Department

3 November 1980

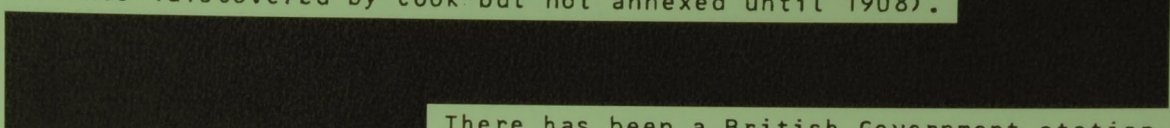
THIS IS A COPY  
THE ORIGINAL HAS BEEN  
CLOSED UNTIL  
..... UNDER  
EXEMPTION No 27(d).....

*Entered  
an ALW 040/328/5  
of CTS*

FALKLAND ISLANDS: DEPENDENCIES

Legal Position

1. The Dependencies comprise South Georgia (annexed by Captain Cook in 1775), together with some very small archipelagos (notably the Shag Rocks and the Clerke Rocks) and the South Sandwich Islands (discovered by Cook but not annexed until 1908).



There has been a British Government station on South Georgia since 1909; an all year round British presence is now provided by the scientifically important British Antarctic Survey station.

Flag B

Administration

2. For convenience, the Governor of the Falkland Islands administers the Dependencies. Legally and constitutionally, the Islands and Dependencies could be separated; politically this would be difficult to achieve (see Mr Fearn's minute of 1 October with Legal Adviser's comments).

Flag C

Resources

3. The land of the Dependencies is not thought to offer any exploitable minerals, although centuries of occupation by penguins have covered some of the smaller islands in huge quantities of guano. The Continental Shelf around the Dependencies is not thought to contain hydrocarbons; the waters are too deep for present-day technology. There are, however, considerable quantities of fish, particularly round South Georgia, which Japanese, German, Russian and Polish vessels regularly exploit in the absence of any fishing regime (South Georgia was for many years a whaling base). The South Sandwich Islands are particularly inhospitable, virtually inaccessible and uninhabited.

The Argentine Position

4. The Argentines claim both (South Georgia since 1927 and South Sandwich Islands since 1948). They maintain what we regard as

Flag D

an illegal scientific station on Southern Thule (one of the South Sandwich Islands). They are unhappy about third country fishing around the Dependencies but rejected a scheme put to them by Mr Rowlands in December 1978 for cooperation and co-administration of the Dependencies' maritime zones because it did not involve acceptance of Argentine sovereignty over the land area of the Dependencies.

South America Dept.  
3 November 1980

SECRET

SECRET