

Mr Harding 18

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Action Taken	

has discussed. Not included in brief. Steering brief as revised.

I have had a quick look at the attached steering brief and have pencilled in a few suggested amendments.

2. I cannot believe that the fact that we have put a leaseback arrangement to the Islanders will not leak at a fairly early stage. Should we not have some general press line that we should follow here in the Islands and in Argentina? We might perhaps include a final paragraph on the following lines:

(A) The fact that negotiations with Argentina on a leaseback arrangement have been put to the Islanders is likely to leak during Mr Ridley's visit, or shortly thereafter. When it does (and we know the nature and extent of the leak) our general line should be that Mr Ridley has been reviewing with the Councillors the way in which progress might be made towards a settlement of the dispute with Argentina, and that one idea that is being considered is a leaseback arrangement which would secure British administration on the Islands for a significant period. We should of course reaffirm that HMG would continue to be guided in these matters by the wishes of the Islanders as a whole.

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SUBJECT: VISIT BY MR RIDLEY TO THE FALKLAND ISLANDS: 22-29 NOVEMBER 1980

.....In Confidence

Steering Brief

CAVEAT.....

Presentation of the Visit

1. The visit (undertaken at short notice to fit in with the Minister's parliamentary obligations) will be presented to Islanders as a logical step in a series of developments which followed Mr Ridley's first visit in July 1979. After the exploratory exchanges with the Argentines in New York in April (attended by Councillor Monk), the British Government have been considering what might be the next steps towards a solution. Lord Carrington discussed matters generally with Foreign Minister Pastor in New York in September. We have since been looking at the position. Mr Ridley now wishes to inform himself of Islander views. When passing through Buenos Aires, he paid a brief courtesy call at the Argentine Foreign Ministry.

Objectives

2. Our objectives are:

(i) to persuade Councillors (and through them Islanders) that the prolongation of the dispute is not in their interests or those of HMG: and that we must work towards a negotiated settlement with the Argentines;

(ii) therefore to obtain their agreement that we should enter into negotiations with Argentina to explore the scope for a settlement based on leaseback;

Enclosures—flag(s).....

(iii) to impress upon them our respect for their wishes to remain British, our interest in their welfare and our concern for their future;

The Islanders' aims

3. We can expect these to be:
- (i) to preserve the status quo, with a continuing and, if possible, increased British commitment to the defence and economy of the Islands;
 - (ii) to argue that the Islands' offshore resources should be developed without the need for a political solution; *tion on the merits of leaseback.*
 - (iii) to drag their feet on the need to negotiate on sovereignty with the Argentines: and to avoid taking any firm position on the merits of leaseback.

Tactics for talks

4. Mr Ridley will first have to convince Councillors that it is necessary to talk about sovereignty at all. Islanders have frequently demonstrated that where there is choice between stagnation and increased involvement with Argentina, they prefer the former. They were quick to spot that the 1977 Terms of Reference (which governed the 1977/79 talks and specifically mentioned sovereignty) did not apply to the April 1980 talks in New York. The relative quiet on the Argentine front may have lulled the Islanders into a false belief that nothing need be done and all is well.

5. Councillors must be made to recognise that:
- (i) the Argentine claim has not gone away, nor will it ever do so;
 - (ii) the Argentines will soon become impatient at the lack of progress, with potentially difficult consequences for the Islands (eg communications, fuel and other harassment);
 - (iii) only by working out through negotiation a solution acceptable to all parties can the Islands be assured of a viable and secure economic and political future.

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It may be necessary to paint a grim picture of the alternatives. (~~sovereignty options. Brief no 2~~). The British Government have had to cut aid across the board and it will be increasingly difficult for the Islands to maintain the generous per capita allocation of previous years. Neither Islands nor Dependencies could be defended against Argentine intrusion; at the very least the Argentine stranglehold will tighten to the Islanders' increasing discomfort. It makes sense to work with the Argentines to use their wealth for the Islands' benefit. Otherwise the prospect must be one of continued population drift and economic stagnation. It is also best to look for a negotiated solution now: rather than under duress at the mercy of any future political changes in Argentina.

7. (Brief No 2) We should highlight the narrow range of negotiating options and the potential benefits of a leaseback solution to the Islands. ~~These are described in detail in~~ (Brief no. 3.) But essentially the ending of the dispute would remove international politics from the future economic development of the Islands, open up the Islands to investment, enable the resources (fish and any oil - Briefs nos. 4 and 5) of the area to be exploited for the benefit of the Islanders, lead to the Islands internal economy being put on a more substantial footing; and most importantly, remove the shadow of the dispute from Islanders' everyday lives, and ensure continued British administration for a substantial period.

8. Councillors will want to know the likely terms (especially the length) of any leaseback and what it will mean in particular for Argentine involvement in their everyday affairs. We should resist going into details: they would in any case be guesswork as they remain to be negotiated. Our proposal at this stage is simply that we should talk to the Argentines about the concept and implications of leaseback of all the territories, continental shelves and maritime zones. We would look for the longest term possible. The Islanders would throughout remain under British administration, they would still own their land and would be able to run their affairs in the way they do now as they want.

Meetings with Councillors

9. Three sessions of talks with the Councillors are planned (Monday 24, Tuesday 25 and Saturday 29 November). Councillors nevertheless may attempt either to delay a response until Mr Ridley has left, when

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it will be easier for them to say no, or to claim that they cannot speak for their constituents, who must be consulted. It will be important to get them to give the Minister some reply before his departure; any consulting they need to do will have to be done by then. They are the elected representatives of the Islanders and enfranchised to speak on their behalf. We are not asking Councillors to sanction at short notice a fully-fledged proposal for a settlement; we are merely seeking their endorsement for the opening of negotiations based on leaseback. Councillors will be invited to be represented at all talks with the Argentines and if and when a proposal is finally worked out it will have to be put to all the Islanders (and to the British Parliament) before it can be accepted. Councillors should be made to realise quite clearly that they are not being asked to commit themselves to a cession of sovereignty, only to sanction our efforts to find with them a workable solution to the problem.

Other Argentine matters

10. Mr Ridley will want to speak as reassuringly as possible on other subjects to avoid any red herrings. ~~Mr Ridley~~^{He} will wish to remind Islanders of his hope that contacts with the Argentines on everyday matters can be increased (Brief no. 6) and that minor problems like the house for the LADE representative (Brief no. 7), should not be blown up out of all proportion. Islanders will also want to be reassured that we are opposed to Argentine policing of waters near the Falklands (Brief no. 4), their presence on Southern Thule (Brief no. 8) and that the Argentine-financed oil jetty (Brief no. 9) will not mean an increased level of Argentine involvement in their lives.

Bilateral questions

11. Islanders may raise the perennial problem of extending the airfield (Brief no. 10) and the more recent one of the school hostel (Brief no. 11) and will certainly wish to vent their feelings about the Falkland Islands Government Air Service (Brief no. 12), which has had many problems of late. Other possible subjects are UK aid (Brief no. 13) and the Royal Marine Detachment (Brief no 14). Depending on the climate of his discussions, the Minister may wish to discuss with Councillors their unfulfilled promise to accept some Vietnamese refugees (Brief no. 15), and the difficulties in the way of imported labour from St Helena (Brief no. 16). Islanders are concerned about the effect of the proposed new nationality legislation (Brief no. 17) on

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their status and will need to be convinced that no material change is involved.

Exchanges with Islander General Public

12. Mr Ridley's discussions with Councillors will be in confidence. But Councillors will want to consult their families, friends and constituents and in the narrow Falklands community it is likely that the general context of the exchanges will become fairly widely known before Mr Ridley's departure. He may well therefore begin to receive questions about leaseback and its details. These can best be played by ear at the time depending on the circumstances. But, broadly, Mr Ridley will want to maintain that his exchange of ideas with Councillors was in confidence and general, and that no-one is committed to anything other than further negotiations with the Argentines.

Press line if leaseback proposals leak

13. The fact that negotiations with Argentina on a leaseback arrangement have been put to the Islanders is likely to leak during Mr Ridley's visit, or shortly thereafter. When it does (and we know the nature and extent of the leak) our general line should be that Mr Ridley has been reviewing with the Councillors the way in which progress might be made towards a settlement of the dispute with Argentina, and that one idea that is being considered is a leaseback arrangement which would secure British administration on the Islands for a significant period. We should, of course, reaffirm that HMG would continue to be guided in these matters by the wishes of the Islanders as a whole.