

Aw 040/325/12		
RECEIVED IN REGISTRY NO. 18		
23 DEC 1980		
DESK OFFICER		REGISTRY
INDEX	PA	Action Taken

S. Am D.

Books prepared by
but Stanley.

SUMMARY BRIEF OF CURRENT TOPICS IN THE FALKLAND ISLANDS FOR
THE MINISTER OF STATE'S VISIT 22 - 29 NOVEMBER 1980

S. Am D.

THE VISIT

1. There is widespread apprehension that the visit means that HMG have reached some understanding with the Argentine Government over the Falkland Islands and that you have come to put proposals to the Islanders and try to secure their acceptance before you leave. Islanders are apprehensive because they suspect that anything to which the Argentines have agreed will be inimical to Islander interests. They are also conservative and do not like to be rushed.
2. It is unfortunate that the visit comes immediately on the heels of a large Argentine party which came to look into the technical aspects of the YPF jetty. Islanders have difficulty in believing that this was a pure coincidence.

YPF JETTY

3. Executive Council agreed in principle on 14 October that the YPF jetty should go ahead subject to their agreement on the design and arrangements for joint user control. The Chief Secretary explained this to the Standing Finance Committee (i.e. all Legislative Councillors) on 15 October and SFC approved the necessary funds for FIG to pay the jetty hire fees for STN vessels using the Falkland Islands Company jetty from then until

/the new

the new YPF jetty was built. Since then, attitudes of some Councillors (notably Councillors Miller and Wallace) have hardened against the Argentine Government meeting the major part of the cost of the project. Mr Miller has proposed to hold a referendum on the issue and has asked for time on the Falkland Islands Broadcasting Service to explain his point of view to the people. I have told him that I have been waiting for Argentine proposals on the design and arrangements for joint user control of the jetty before calling a meeting of Joint Councils to discuss the matter, and I have suggested that this should be the next step. As the Argentine draft on joint user control arrived only this week, there has been no time to call a meeting of Joint Councils before your arrival, and I have told Mr Miller that he may have an opportunity of giving his point of view during the Joint Council meetings arranged for next week.

4. I ran through the draft with Colonel Balcarce on 20 November and said I thought that, as it stood, it would be unacceptable to Councillors. In particular, Councillors would not agree to Argentine vessels flying their own flag. While the Islanders have accepted that STN vessels need not fly courtesy flags, they will expect all merchant vessels using the jetty to fly them. We agreed that this item should be omitted from the Exchange of Notes on the jetty; but Colonel Balcarce was emphatic that the flag issue should be resolved before the jetty went ahead. Other detailed comments on the draft are at Annex 1.

5. Although FIG have made no public announcement about the YPF jetty, FIBS carried an announcement from LADE on 18 November that Commodore Remorino and other Air Force officers were coming to look at the jetty site and to discuss the technical aspects

of the project with FIG. Legislative Councillors were given the details at the SFC on 15 October and I have little doubt that the major financial contribution offered by the Argentines is now widely known. While Councillors' views are divided as to whether the jetty should go ahead, those both for and against are likely to be critical of HMG for making what they consider to be a firm promise to pay for the YPF jetty and reneging on it.

DOUGLAS STATION

6. On instructions from Executive Council, the Chief Secretary has been in correspondence with the present owner of this property, Mr Harland Greenshields, the prospective buyer's solicitors and the prospective buyer, Mr Mueller. He reported at the last meeting of Executive Council on 14 October that replies were still awaited. He received a letter from the solicitors (Mr Biddle and Co) soon after that meeting making a formal application to the Governor-in-Council for the grant of licence under the Aliens Ordinance for Mr Mueller to hold land as an alien. He prepared a paper for the next Executive Council meeting, which was due to be held on 11 November but which was postponed at Camp Councillors' request because of the Joint Councils' meetings to be held next week and their inability to spare the time to come into Stanley twice in a month during the shearing season.

7. I have no doubt that Executive Council will reject the application. Mr Mueller does not intend to take up residence in the Falkland Islands, he has two farms in the Argentine and, although his solicitors maintain that the operation of Douglas Station would be kept entirely separate, Councillors believe that he will in fact administer the farm through his Argentine agent in Buenos Aires.

8. I understand that Mr Greenshields has received another offer for Douglas Station from a group of Falkland Islanders led by Mr Alan Miller, who is the manager of an adjoining farm (Port San Carlos); but their offer is £30,000 less than Mr Mueller's. It is considered here, however, to be a more realistic price for the property.

ROY COVE

9. The Board of Directors of Bertrand and Felton Ltd have decided to offer for sale the farm of Roy Cove complete with livestock, machinery, fixed equipment and housing for the sum of £200,000. The offer has been made solely to the Falkland Islands Government as the Board are keen to see the farm subdivided into smaller units for sale or lease to suitable persons and the Falkland Islands Government seemed to the Board to be the only organisation capable of undertaking this. Subject to contract, the Board would like to hand over the farm on 1 May 1981. The Board have informed their manager, Mr J Newell, and other employees of their decision and have given a pledge to safeguard their interests as far as possible including passage rights, leave entitlement etc. The Board have asked that, if the FIG offer sections of the farm for lease or sale to suitable persons, any application from Mr Newell should be given serious consideration.

10. In anticipation of the offer, Executive Council have already agreed that FIG should accept it. The main questions remaining are how the FIG can raise the £200,000 needed to buy the property and whether any of the sub-divisions should be offered to potential owner/occupiers in the UK.

SAN CARLOS

11. San Carlos Sheep Farming Company Ltd is managed by Councillor Monk, who is also one of the Directors. The main share is owned by David Smith and Company (Sheepfarming) Ltd, whose parent company, David Smith and Co Ltd (wool brokers) have been in serious financial difficulties and were unable to pay for their wool purchases without financial help from Coalite, who now have a majority share of 62½%. Mr Needham is now Chairman of David Smith and Co Ltd. The Managing Director, Colin Smith, has recently written to Councillor Monk to say that they are not yet out of their financial difficulties and may have to sell San Carlos.

FIGAS

12. FIGAS is now operating smoothly with the help of a seconded Islander pilot from Aurigny Airlines (Jersey). The Islander will continue to expand its passenger services as airstrips are brought up to standard and licenced. Our two FIGAS pilots are being trained on the Islander and a third is expected within three months. The Acting Director of Civil Aviation, Mr Gerald Cheek (a Falkland Islander), has done an excellent job but is unqualified and, with the help of the CAA, we are trying to get him on a training course in the UK. We shall need a temporary Technical Co-operation appointment from ODA to fill the gap once we have identified a suitable training course for him.

LABOUR FROM ST HELENA

13. We have now overcome all local opposition to recruiting four married couples from St Helena to work for the FIG. Executive Council agreed to guarantee return passages but the situation has now been complicated by a proposal from St Helena to underwrite return passages for a volunteer settler scheme. If the Sheep Owners Association and other private employers here are to recruit St Helenians and pay outward passages only, Executive Council will wish to reconsider their decision to guarantee return passages.

14. Whatever arrangements we finally agree, our local restrictions in the absence of a building development grant from ODA mean that we could do very little to alleviate the anticipated labour surplus in St Helena.

FALKLAND ISLANDS COMPANY

15. Mr Needham and Mr Camm are due in the Falkland Islands from 10 to 17 December, mainly to check progress on the school hostel. Mr Needham has told me that he has appointed Mr Britten (a Coalite subsidiary Director) as the new Managing Director of FICO and that Mr Mitchell has been redesignated Executive Director. The Falkland Islands General Manager, Mr Brook Hardcastle, has told me in confidence that he is most unhappy with Coalite's direction of FICO and he would be interested in the FIG post of Development Officer if it were offered to him. (the Acting Chief

/Secretary

Secretary and Financial Secretary have commented that under no circumstances would they contemplate an ex-FICo General Manager as an FIG employee).

16. Mr Needham has assured me that we can keep Stanley House until the new date for handing over the hostel.

IMPROVED CONTACTS BETWEEN THE ISLANDERS AND THE ARGENTINES

17. Since April we have seen improved informal contacts in the scientific, commercial, tourist and political fields. Dr John Ferguson, Leader of the Grasslands Trials Unit, visited INTA stations in Argentina in June and has maintained contacts since. He saw Colonel Balcarce last week and requested the assistance of an Argentine soil scientist to advise on the stabilisation of soils, particularly at the site of the old temporary airstrip. The GTU provided laboratory facilities for three young Argentine marine biologists who visited in October.

18. On the commercial side, sheep buyers from Argentina have visited the Falkland Islands to negotiate with the Sheep Owners Association over the purchase of sheep and cattle for Argentine meat freezing plants. A group from Tierra del Fuego visited last week and the Sheep Owners Association are hopeful that a commercially viable project will emerge. Captain Gaffoglio of STN has paid regular visits to deal with the difficulties of importing goods on STN vessels. Various Argentine tourist agents have visited the Falkland Islands to arrange tours and improve facilities. More Argentine tourists are expected this year than ever before.

19. Councillor Bowles called on Colonel Balcarce in Buenos Aires on his way to the Commonwealth Parliamentary Association meeting in Lusaka and said on his return that he had had useful talks about the possible purchase of goods from Argentina. I understand that several Islanders have taken up Mr Gozney's offer to help them to locate new suppliers in Argentina.

THE NEW BRITISH NATIONALITY LAW

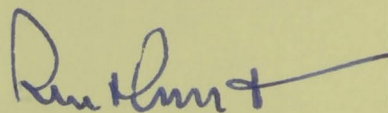
20. Islanders consider that they should have freedom to settle in the UK for the following reasons:

- (a) almost all the population have their family origins in the UK;
- (b) they have very close personal and cultural ties with the UK, which they still regard as 'home';
- (c) the total population of the Falklands would have a negligible effect on the UK in the unlikely event of their going there to settle;
- (d) they look to the UK for educational, medical and higher level employment opportunities;
- (e) there is no other acceptable country to offer these advantages: South American countries are socially and politically alien;
- (f) they should be treated as a special case due to the unique political situation in which they find themselves, through no fault of their own; and
- (g) there are no other countries to which they could emigrate - the UK is their only hope.

THE LADE HOUSE

21. This is a dying, though not yet a dead, duck. There are rumours that the Argentines plan to build a representational palace. The plans are with the Director of Public Works now and show a simple prefabricated bungalow with one large living room 30ft by 25ft, no dining room, 5 bedrooms and 4 bathrooms. Total length is about 60ft, which is the same as the standard Doren house here; but the width is about 6ft more. There is provision for a double garage.

22. Subject to our legal adviser's comments, the Director of Public Works intends to approve the plans.



R M Hunt

22 November 1980

COMMENTS ON THE YPF JETTY PROJECT IN PORT STANLEY

1. At a meeting with Colonel Balcarce in Stanley on 20 November, I said that the Argentine proposal for the appointment of a jetty manager as an Argentine Government employee would be unacceptable to Councillors. I wondered whether we could not simply omit paragraphs 6 (ii) and (iii) of the Argentine draft. There would be no need for a full-time jetty manager or a full-time jetty gang. The Director of Public Works would be responsible for the maintenance of the causeway and jetty head and YPF would be responsible for the maintenance of the pipelines. Responsibility for the operation and working of the jetty would come under the FIG Collector of Customs and Harbourmaster, who was responsible for the movement of all shipping in and out of Port Stanley. In operating the YPF jetty, he would come under the supervision of the Chief Secretary and the Vice-Comodoro as the Stanley representatives of the Special Consultative Committee. Colonel Balcarce seemed to take this point but thought that there might be difficulties in getting his colleagues to agree.

2. I said I thought it would be difficult for me to get the FIG to agree to bear the costs of the use of electricity and water for the construction of the jetty and the handling charges at the FICo jetty.

3. I also thought that the British Government would wish to see the Director of Public Works nominated as Inspecting Engineer to monitor progress on the construction of the jetty. Colonel

/Balcarce

Balcarce saw difficulties in accepting the precise terminology but thought that a form of words could be devised that would meet our wishes in this respect.

4. We agreed that a better system of priorities than that proposed in the draft would be:

- (i) YPF tankers and STN vessels;
- (ii) Vessels of Great Britain, the Falkland Islands and Argentina;
- (iii) Vessels of third party states

5. I also met Commodore Gutierrez, Commodore Remorino and their technical party and expressed my personal view and that of the Director of Public Works that the jetty design seemed satisfactory to us. As it was suitable for both general cargo and bulk fuel, I saw no difficulty in getting Councillors' agreement.

6. On accommodation, the Director of Public Works suggested that the wooden building constructed originally as the jetty office might be used as a dwelling house for the officer in charge of the construction and that a nearby Nissen hut could be used for the working office. He thought that the ESRO building could easily accommodate a construction gang of 25 without moving out the existing 10 occupants. Suitable partitions could be erected and there were sufficient cooking and toilet facilities for a practical division to be made. He also had proposals for quarry sites.



7. DPW and Commodore Remorino subsequently looked at all the possibilities on the ground. Commodore Remorino expressed himself satisfied with the proposed accommodation for the O-i-C construction and the office, but hoped that we could move out the ten present occupants of the ESRO building, otherwise he anticipated friction. The question of responsibility for the access roads to the proposed quarry sites would also have to be resolved.

22/11/80