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FM FCO 121240Z DEC 80  
TO PRIORITY BUENOS AIRES  
TELEGRAM NUMBER 249 OF 12 DECEMBER 1980

MY TELNO. 246: FALKLAND ISLANDS.

1. ARGENTINE AMBASSADOR CALLED ON MR RIDLEY AGAIN ON 11 DECEMBER, HAVING DISCUSSED THE SITUATION WITH CAVANDOLI IN PARIS THE PREVIOUS DAY. ORTIZ CONFIRMED THE ARGENTINE GOVERNMENT'S NEED TO MAKE SOME SORT OF STATEMENT ABOUT THE FALKLANDS SOON, ALTHOUGH THE TIMING HAD NOT YET BEEN DECIDED (PRESS ATTENTION IN THE ARGENTINE WAS LIKELY TO BE DISTRACTED BY BEAGLE DEVELOPMENTS). THE LINES OF A STATEMENT HAD NOW BEEN AGREED WITH CAVANDOLI. WITH MINOR VARIATIONS THIS WOULD BE AS IN PARA. 3 OF MY TUR. IT WOULD HOWEVER ALSO STATE THAT THE ARGENTINE GOVERNMENT EXPECTED TO BE INFORMED BY HMG OF THE RESULT OF ISLANDER CONSULTATIONS AT THE NEXT ROUND OF TALKS: WHILE NO DATES HAD BEEN FIXED, IT WAS HOPED THAT THESE WOULD BE AS EARLY AS POSSIBLE AND MIGHT LEAD TO A BREAK IN THE EXISTING DEADLOCK.

2. ORTIZ SAID THAT BOTH CAVANDOLI AND PASTOR WANTED TO SEE THE NEXT ROUND OF TALKS TAKE PLACE BY 15 JANUARY. MR RIDLEY MADE CLEAR THAT SUCH A DATE WAS QUITE IMPRACTICABLE AS WELL AS TACTICALLY INADVISABLE SINCE IT WOULD ONLY FEED SUSPICIONS OF COLLUSION. IF THE ISLANDERS AGREED TO EXPLORING THE LEASEBACK CONCEPT, HE WOULD IN ANY CASE NEED TO CONSULT HIS COLLEAGUES BEFORE AGREEING TO NEGOTIATIONS. THE SECOND HALF OF FEBRUARY WOULD SEEM TO BE THE EARLIEST POSSIBILITY. IF THE ISLANDERS REJECTED THE PROPOSALS OR GAVE NO CLEAR DECISION, IT MIGHT BE BEST TO PLAY THE MATTER LONG AND TO LOOK FOR A NEXT ROUND AFTER THE ARGENTINE CHANGE OF

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GOVERNMENT. HE UNDERSTOOD THE ARGENTINE REQUIREMENT TO DEMONSTRATE THAT PROGRESS WAS BEING MADE. BUT AT MOST IT MIGHT BE POSSIBLE TO CONSIDER ANNOUNCING IN JANUARY WHEN A NEXT ROUND OF TALKS MIGHT BE HELD.

3. ORTIZ IS REPORTING BACK TO CAVANDOLI AND PASTOR, WHOM HE IS SEEING IN ROME TODAY. HE THOUGHT THAT WHAT CAVANDOLI HAD IN MIND WAS SOMETHING LESS THAN A FULL-BLOWN NEGOTIATING ROUND. BUT HE SEEMED UNCLEAR ON WHY HIS GOVERNMENT WAS SEEKING TO FORCE THE PACE IN THIS WAY. HE COMMENTED THAT THE CHANGE OF ARGENTINE GOVERNMENT SHOULD NOT SIGNIFICANTLY EFFECT THE UNDERSTANDING THAT EXISTED. CAVANDOLI ACCEPTED THAT ANY NEGOTIATIONS ON LEASEBACK WOULD TAKE A LONG TIME. HIS LIMITED OBJECTIVE WAS TO GET THE PRINCIPLE ENDORSED BEFORE MARCH.

CARRINGTON

LIMITED  
HD/S AM D  
PS  
PS/LPS  
PS/MR RIDLEY  
PS/PUS  
MR DAY  
MR HARDING