

GRS 575

CONFIDENTIAL

TO IMMEDIATE FCO

CONFIBENTIAL

HUW 040 RECEIVED IN R TELEGRAM NUMBER 205 OF 24 DECEMBER

INDEX MEETING ON 6 JANUARY.

YOUR TELNO 137: RUN-UP TO COUNCILS'

FM PORT STANLEY 241118Z DEC 80 .

INFO IMMEDIATE BUENOS AIRES

1. I AGREE THAT IT IS UNLIKELY THAT COUNCILLORS WILL COME OUT IN FAVOUR OF LEASEBACK ON 6 JANUARY. MY GUESS IS THAT THE MAJORITY WILL FAVOUR FURTHER TALKS WITH THE ARGENTINES AND THAT THEY WILL BE PREPARED TO AGREE TO SOVEREIGNTY BEING DISCUSSED. BUT ONLY IN THE CONTEXT OF A FREEZE, NOT A LEASEBACK. ALTHOUGH MOST OF THEM REALISE THAT THIS WILL NOT BE ACCEPTABLE TO THE ARGENTINES, THEY WILL NOT WISH AT THIS STAGE TO GIVE THE IMPRESSION THAT THEY ARE PREPARED TO CONTEMPLATE LEASEBACK. AS THIS WOULD UNDERMINE WHAT LITTLE CHANCE THEY THINK THEY MIGHT OTHERWISE HAVE OF GETTING A FREEZE. THEY WOULD EXPECT THEIR REPRES-ENTATIVES AT THE NEXT ROUND OF TALKS TO COME BACK AND REPORT FAILURE TO REACH AGREEMENT ON A FREEZE BEFORE THEY COULD AGREE TO FURTHER NEGOTIATIONS ON THE BASIS OF LEASEBACK. BY THAT TIME THEY WOULD EXPECT ISLANDERS TO HAVE BECOME MORE ACCUSTOMED TO THE IDEA AND LESS OPPOSED TO IT.

2. WHILE IT IS A PITY THAT COUNCILLORS WILL PROBABLY FEEL UNABLE TO TAKE A MORE POSITIVE STEP FORWARD ON 6 JANUARY, I THINK THAT THIS MONTH HAS SEEN SUBSTANTIAL PROGRESS. MOST PEOPLE NOW SEEM TO WANT SOME COMPROMISE-WITH THE ARGENTINES AND THIS IS SOMETHING THAT THEY HAVE NEVER BEFORE BEEN PREPARED TO CONTEMPLATE. BUT THEY CANNOT YET BRING THEMSELVES TO ACCEPT A SURRENDER OF SOVEREIGNTY, NO MATTER HOW TITULAR, AND THEY ARE CLUTCHING AT ANY POSSIBLE STRAW. TWO IDEAS RECENTLY PROPOUNDED ARE A BUY-BACK, AS OPPOSED TO A LEASEBACK AND, IN VIEW OF THE HISTORICAL BACKGROUND, A LEASEBACK OF EAST FALKLAND IN RETURN FOR ARGENTINE RENUNCIATION OF THEIR CLAIM TO WEST FALKLAND. INTERESTING BUT UNPRACTICAL IDEAS.

3. DESPITE THE APPARENT ILLOGICALITY, I AM SURE THAT IT WOULD HELP TO SELL THE IDEA OF LEASEBACK IF THE BRITISH GOVERNMENT WOULD GUARANTEE TO TAKE IN ISLANDERSIF ANYTHING WENT WRONG. I THINK PEOPLE WHO HAVE THEIR MONEY TIED UP HERE IN LAND, HOUSES, LANDROVERS AND FREEZERS WOULD BE PREPARED TO GIVE LEASEBACK A TRY IF WE COULD GIVE THEM A GUARANTEE THAT THEY COULD GO TO UK IF LIFE UNDER LEASEBACK BECAME INTOLERABLE FOR THEM HERE. THIS STEMS FROM A BASIC SUSPICION THAT THE ARGENTINES WOULD NOT STICK TO THE TERMS OF ANY AGREEMENT. AS WE ARE TALKING OF NO MORE THAN 1500 PEOPLE, THEY DO NOT UNDERSTAND WHY THE BRITISH GOVERNMENT COULD NOT GIVE THIS GUARANTEE AS THEIR CONTRIBUTION TOWARDS A SETTLEMENT. / 4. THE CONFIDENTIAL

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4. THE PROGRAMME NOW AGREED WITH COUNCILLORS IS THAT JOINT COUNCILS MEET ON 5 JANUARY AND LEGISLATIVE COUNCIL 6 JANUARY. SUBJECT TO AGREEMENT AT THE FIRST MEETING, ONE OF THE ELECTED COUNCILLORS WILL PROBABLY PROPOSE A LATE MOTION FOR DEBATE AT THE SECOND. IF WE ARE TO MEET THE OBJECTIVES IN YOUR TUR, CAREFUL WORDING OF ANY SUCH MOTION WILL BE NECESSARY AND I SHOULD BE GRATEFUL FOR GUIDANCE.

5. AT COUNCILLORS REQUEST, MR WILLIAMS WILL MEET THEM ON 30 DECEMBER TO DISCUSS THEIR AND ARGENTINE ATTITUDES. AS A RESULT, THEY MAY DECIDE TO CHANGE THEIR TACTICS. COUNCILLOR MONK WILL NOT BE PRESENT BUT, WEATHER PERMITTING, I HAVE ARRANGED FOR MR WILLIAMS TO SEE HIM ON HIS FARM ON 31 DECEMBER.

6. MEANWHILE, THE PUBLIC DEBATE CONTINUES, WITH THE ''NO APPEASE-MENT'' LOBBY MORE VOCAL THAN THE PRO-LEASEBACK. THE 2
CANDIDATES FOR THE WEST FALKLAND SEAT ARE NOW CAMPAIGNING.
BOTH MADE GOOD RADIO SPEECHES, WITH ROBERTSON AS PREDICTED
SPEAKING OUT STRONGLY IN FAVOUR OF LEASEBACK AND BLAKE,
MORE POLISHED AND MORE GUARDED, ADVOCATING TALKS WITH THE
ARGENTINES AND NOT EXCLUDING LEASEBACK AS A POSSIBLE OPTION.

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