

Prime Minister 2

WH
25/3

RESTRICTED



Foreign and Commonwealth Office

London SW1A 2AH

25 March 1982

Dear John,

mt

p.a.
MR 2/8

South Georgia

You asked for a note for the Prime Minister's box tonight on the contract held by the Argentine, Mr Davidoff, for disused equipment at whaling stations in South Georgia. This is enclosed.

Yours ever

John Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

RESTRICTED



SOUTH GEORGIA: MR DAVIDOFF'S CONTRACT

1. Christian Salvesen Limited of Edinburgh is the lessee under Crown leases of disused whaling stations at Leith Harbour, Stromness and Husvik on South Georgia and owns all the equipment on these stations.
2. In 1978 they were approached by a Mr Constantino Davidoff, a scrap metal merchant from Buenos Aires, who offered to purchase the equipment from Salvesen and remove it for his own purposes. The then Governor of the Falkland Islands opposed any Argentine involvement in the dismantling of the stations, but eventually agreed not to stand in the way of the signing of a contract. Mr Davidoff was given in 1979 an option to purchase the equipment and dispose of it. The option was exercised in 1980 and Salvesen received £105,000 from Mr Davidoff. The equipment was to be removed by March 1983; any remaining after that date would revert to Salvesen's ownership.
3. Mr Davidoff maintained sporadic contact with our Embassy in Buenos Aires in 1980 and 1981. It was clear that he had no real idea of what he had purchased and did not even know how he would get to South Georgia to find out. However he appeared amenable, offering to take with him any supplies the BAS base might require; and he assured the Embassy that he was well aware of the need to observe the proper formalities before landing on South Georgia.
4. In December 1981, Mr Davidoff wrote to the Embassy in Buenos Aires, informing them that he was planning to make an exploratory visit to South Georgia. He did not specify how he was going to travel, but he had already left by the time that the Embassy received his letter. The Commander of the

/BAS base



BAS base at Grytviken subsequently reported that an Argentine Navy ice-breaker had been sighted in Stromness Bay and that there was evidence of a landing at Leith Harbour. His authority had not been sought. The Embassy formally lodged a protest with the Argentine Ministry of Foreign Affairs, who rejected it.

5. In February, Mr Davidoff called at our Embassy. He claimed to be unaware that his exploratory visit to South Georgia in December had caused any trouble and gave notice that he would be returning in March to salvage the equipment. It was made clear to him that it was essential for the necessary formalities to be complied with before he began operations and Mr Davidoff said he was anxious not to create any difficulties. On 9 March he wrote to the Embassy to inform them of his intention to leave for South Georgia on 11 March. He had hired the Argentine naval transport vessel, the Bahia Buen Suceso, specially for the task. Again, he left before the Embassy could contact him and no more was heard until the BAS base commander reported sighting the Bahia Buen Suceso at Leith on 19 March.