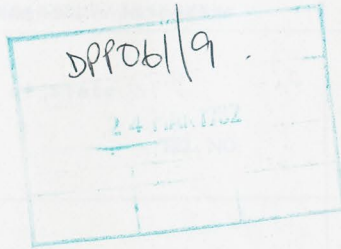


Mr Ure

PS/Mr Luce

PS



This paper was
seen with Folio (19)
HSS.

FALKLAND ISLANDS: HMS ENDURANCE

- 12 A
1. In my submission of 18 March, I said that I would be recommending that the Secretary of State should minute the Defence Secretary seeking his agreement on a contingency basis to maintaining HMS Endurance on station in the area of the Falkland Islands for the time being. The Secretary of State's intention to do so is also reflected in the draft minute, which I have separately recommended he should send to the Prime Minister on contingency planning. I submit a draft.
 - B
 2. Present plans are for HMS Endurance to leave the area for the UK in mid-April, having rotated the Marine garrison in the last week of March and having made two official calls to Argentine ports in the first half of April.
 3. The draft minute to Mr Nott reminds him of the Secretary of State's intention to raise in OD the broader question of HMS Endurance's future.

P R Fearn
South America Dept

19 March 1982

cc PS/LPS
PS/PUS
Mr Giffard
Head of Defence Dept
Finance Dept
SED

R 11 (Revised)

DRAFT: minute/~~XXXXXXXXXXXX~~

TYPE: Draft/Final 1+

FROM: Secretary of State

Reference

DEPARTMENT: TEL. NO:

TO: The Rt Hon John Nott MP Secretary of State for Defence

Your Reference

Copies to:

SUBJECT: FALKLAND ISLANDS: HMS ENDURANCE

SECURITY CLASSIFICATION

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

PRIVACY MARKING

.....In Confidence

CAVEAT.....

Enclosures—flag(s).....

1. As you know, we may be at a critical stage on the Falklands dispute. I am minuting separately to the Prime Minister and OD colleagues, setting out the present position and seeking political and financial authority to carry our civil contingency planning forward.
2. While we may still hope that a continuation of negotiations with Argentina will be possible, we must, I think, accept that this is unlikely. Reliable information from secret sources indicates that the Argentines may be prepared to take early action to withdraw Argentine services to the Islands. If they do, there will be two main problems: how to replace them; and how to demonstrate to public opinion here and to the Islanders our commitment to support them. Detailed arrangements for a replacement of Argentine services will inevitably take some time. We must recognise that we could face criticism if we appear unable to step into the breach quickly.
3. There is one action we could take which would be an immediate demonstration of our support for the Islands: that is to maintain HMS Endurance on station in Falklands waters for the time being. This would serve as a visible sign of our commitment, would be an appropriate signal to the Argentines and could allow us to provide practical

/assistance

assistance if necessary. I appreciate that this could cause difficulties, not least for the captain and crew of the ship at the end of their long season, and that such a solution could only be temporary. But I think it would be of the greatest assistance if contingency plans could now be made for HMS Endurance to remain on station in the area of the Islands after the rotation of the Marine Garrison is completed at the end of this month. We may hope that the situation will be clearer by then.

4. This of course leaves on one side the broader question of HMS Endurance's future, which, as you know, I shall wish to discuss with you and colleagues in OD.

5. I am copying this minute to the Prime Minister and to the Chancellor of the Exchequer.

*N. G. H. G. A.
m 28/3*

*Mr. Holt
The military Annex
is now agreed by
Mr. Holt, and that
OD will probably
not meet before
1 April.
Br 23/2*

Mr Ure

PS/Mr Luce

PS

DR 061/9

SECRET

24 MAR 1982

FALKLAND ISLANDS: CONTINGENCY PLANNING

Problem

- A 1. The Secretary of State is sending a message to the Argentine Foreign Minister seeking agreement to a basis for continuing negotiations on the dispute. If the Argentines reject this, they may move quickly to cut off communications and other services to the Islands. Contingency planning on a replacement of services therefore needs to be carried forward urgently.

Recommendation

2. I recommend that the Secretary of State should minute the Prime Minister and members of OD as in the attached draft; covering a paper by officials.

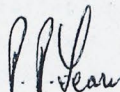
Background and Argument

- B 3. The background is set out in my submission of 18 March. While we cannot be certain that the Argentine response to the Secretary of State's message will be negative or, if so, that a withdrawal of services will immediately follow, it is important, for both political and practical reasons, that we should be as well prepared as possible.
4. The paper by officials (attached as Annex B to the draft minute and cleared with relevant FCO and Whitehall departments) sets out the range of services at present provided to the Islands by Argentina, outlines ways of replacing them and makes an estimate of the relative costs. It is necessarily only an outline. It is not possible to go further without making direct approaches to the market and consulting other Governments (in particular the Chileans and the Uruguayans): or without bringing into the open our recognition that the negotiating process is effectively at an end. For this officials will need political and financial authority.
5. It had originally been intended that this paper would form an annex to a memorandum from the Secretary of State for discussion with his OD colleagues, together with an MOD paper on defence contingencies. However, no date for an OD meeting has yet been agreed and one may not be possible until after

Easter. [REDACTED]

[REDACTED] the Argentines may be prepared to cut off the services they currently provide before the end of this month, means that earlier Ministerial consideration of civil contingencies is required. In accordance with the agreements between HMG and the Argentine Government, under which the Argentines provide the Islands' air service and fuel, either side is required to give six months' notice of termination. We cannot, however, assume that the Argentines will be ready to respect this. If they do not, we shall be faced with the immediate problem of how to provide the Islands with communications to the outside world and how to ensure they have enough fuel.

6. The Islanders and their lobby in the UK will certainly press for an air service, but for the reasons set out in the contingency paper this is unlikely to be practicable. Even if it were, it would certainly be very costly and we cannot expect to be given Treasury authority to institute such a service when the much cheaper, but less convenient, alternative of a sea service is available. A sea service would also be more versatile, as it could carry freight; but fuel would remain a problem. These are aspects which will need to be considered by officials in detail. But the priority is to obtain agreement from OD that we shall do everything necessary to support the Islands.



P R Fearn
South America Dept

19 March 1982

cc PS/LPS
PS/PUS
Mr Giffard
Heads of Defence Dept
Finance Dept
UND
SED

THIS IS A COPY
THE ORIGINAL HAS BEEN RETAINED
IN THE DEPARTMENT UNDER
SECTION 3 (4) OF THE
PUBLIC RECORDS ACT 1958

DSR 11 (Revised)

DRAFT: minute/letter/teletype/letter/despatch/note
XXXXXXXXXXXXXXXXXXXX

TYPE: Draft/Final 1+

FROM:
Secretary of State

Reference

DEPARTMENT: TEL. NO:

SECURITY CLASSIFICATION

TO:
Prime Minister

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

Copies to:

PRIVACY MARKING

SUBJECT: FALKLAND ISLANDS

.....In Confidence

CAVEAT.....

1. My minute of 15 February (PM/82/11) outlined the position prior to the Anglo-Argentine talks held in New York on 26 and 27 February. Since then the situation on the dispute has developed to a point where we may now face the prospect of an early confrontation with Argentina.

2. At New York the Argentines put forward difficult and demanding proposals for accelerating negotiations on the sovereignty issue. We, and the Island Councillors on our delegation, were nonetheless hopeful that, with careful handling on all sides, an acceptable basis for continuing the dialogue could be worked out. The relatively positive atmosphere at the talks was however subsequently soured by the issue of an official Argentine statement hinting at the use of other means if HMG failed to come rapidly to heel. This was accompanied by bellicose press comment threatening diplomatic and economic reprisals and military action to secure the Argentine aim. This changed the position. We want to continue negotiations, if only to avoid the consequences of their breakdown. But it is politically impossible for us or the Islanders to do so against a background of threats and pressures. I have therefore sent, with Island Councillors' agreement, a message to the Argentine Foreign Minister setting out clearly the minimum terms on which we could continue

Enclosures—flag(s).....

/negotiations

negotiations and seeking Argentine confirmation (Annex A).

3. The Argentines have yet to reply to this. But I cannot be confident that it will be acceptable to them. They have built up a dangerous head of steam on this issue and Argentine public opinion has been led to expect rapid progress on Argentine terms and with the sole objective of arranging an early transfer of sovereignty. For our part I do not see that we could publicly justify, either here or in the Islands, a continuation of negotiations on anything less than the basis of my message to the Argentine Foreign Minister. We have therefore to recognise that negotiations may now be at an end and that the Argentines will turn to other forms of pressure.

4. The Argentine options remain as set out in the Annex to JIC(81)(N)34, which was circulated last year. They are wide-ranging and cover international action at the United Nations (where they have had strong support in the past), diplomatic and commercial reprisals against us, and in the final analysis military action against the Islands. We shall need an early OD meeting to consider the full implications and the action we might need to take in response.

5. There is one aspect however which is particularly urgent. There is evidence that, if negotiations break down, the Argentines may move quickly to cut off some or all of the essential services which they now provide to the Islands. If that happens, Islanders and public opinion in this country will look to us to replace these services as best we can and to fulfil our pledge to support the Islands in any eventuality. We have to be ready for this.

6. I attach a paper prepared by officials (Annex B) which describes these services and outlines ways of replacing them and the approximate costs. The main and most immediate problem would be to provide an alternative means of communications between the Islands and the outside world. An air service to Chile (or possibly to Uruguay) would be the most convenient for Islanders. But it would be costly and politically uncertain. Air links to elsewhere would require an extension of the Port Stanley runway and are not a practicable proposition. I believe therefore, that while we should examine all the options, it is likely that the most sensible and cost-effective solution would be ~~for~~ a sea service, preferably linking the Islands with a suitable point on the South American mainland, if political circumstances allow: but if necessary with the UK.

7. I propose therefore that officials should be authorised to carry forward contingency planning on an urgent basis with a view to making early recommendations. We shall need to accept that such planning will require approaches to commercial companies and to other Governments and cannot remain confidential. To permit this work to go ahead, I also seek colleagues' agreement in principle that the funds required to meet our commitment to the Islanders should be made available.

8. I am minuting separately to the Secretary of State for Defence seeking his agreement, on a contingency basis, to HMS Endurance remaining on station in the area of the Islands for the time being, so that it might provide any practical assistance and also a visible reassurance of our support for the Islands.

9. I am copying this minute to other members of OD, to the Secretary of State for Energy, to the Attorney-General and to Sir Robert Armstrong.