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FM FCO 231610Z APRIL 82
TO FLASH WASHINGTON
TELEGRAM NUMBER 820 OF 23 APRIL
FOLLOWING FOR PRIVATE SECRETARY FROM HOLMES
FALKLAND ISLANDS DEPENDENCIES

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1. A REPLY TO COLES'S LETTER OF 21 APRIL IS IN DRAFT AND SHOULD REACH NO 10 THIS EVENING.
2. THE PRIME MINISTER SAID IN PARLIAMENT YESTERDAY THAT SOUTH GEORGIA WAS IMPORTANT. OUR ASSESSMENT AFTER CONSULTING MOD AND OTHERS IS THAT OUR FISHERIES, MINERALS AND HYDRO-CARBON INTERESTS IN SOUTH GEORGIA ARE NOT GREAT. THE WORK OF BAS IN SOUTH GEORGIA IS QUITE IMPORTANT. SOUTH GEORGIA IS USEFUL TO BAS OPERATIONS IN ANTARTICA AND COULD BECOME RATHER MORE SO. THE MILITARY IMPORTANCE OF SOUTH GEORGIA IS THREE-FOLD:
 - A) USE FOR ACCLIMATISATION, REPLENISHMENT ETC IN ANY OPERATIONS NOW OR IN THE FUTURE. TO RE-TAKE THE FALKLAND ISLANDS. THIS POINT WOULD APPLY PARTICULARLY IF THERE WAS NO US SECURITY GUARANTEE AFTER THE INTERIM PERIOD.
 - B) TO DENY HARBOURS AT SOUTH GEORGIA TO THE RUSSIANS, SHOULD THEY DEVELOP A SIGNIFICANT NAVAL PRESENCE IN THE SOUTH ATLANTIC.
 - C) TO KEEP THE HARBOURS AVAILABLE TO THE US. SHOULD THE HORN ROUTE BECOME IMPORTANT BECAUSE OF CLOSURE FOR ANY REASON OF THE PANAMA CANAL.
3. WE SEE NO SIGNIFICANT BRITISH INTERESTS IN THE SOUTH SANDWICH ISLANDS.
4. THE DRAFTERS OF THE DRAFT AGREEMENT OF 19 APRIL SEEM TO HAVE INTENDED IT TO APPLY TO THE DEPENDENCIES AS WELL AS THE FALKLAND ISLANDS. THE EFFECT ON ADMINISTRATION OF THE DEPENDENCIES WOULD PROBABLY BE THAT THE BAS WOULD CONTINUE TO EXERCISE ADMINISTRATIVE RESPONSIBILITIES IN

SOUTH GEORGIA, ON BEHALF NOT OF THE GOVERNOR BUT OF THE SPECIAL INTERIM AUTHORITY. THE LATTER WOULD BE REQUIRED TO CONSULT THE EXECUTIVE COUNCIL, INCLUDING ITS NEW ARGENTINE MEMBERS, ON ALL ITS WORK REGARDING THE DEPENDENCIES. THE LEGISLATIVE COUNCIL AT PRESENT HAS NO ROLE REGARDING THE DEPENDENCIES. THE DEMISE OF THE OFFICE OF GOVERNOR WOULD CREATE A GAP ON THE LEGISLATIVE SIDE. THE DRAFT DOES NOT STATE HOW THIS SHOULD BE FILLED BUT ARGENTINA WOULD NO DOUBT ARGUE THAT THE SPECIAL INTERIM AUTHORITY SHOULD FILL IT.

5. WE COULD TRY TO ARGUE THAT THE DEPENDENCIES SHOULD BE EXCLUDED FROM THE AMBIT OF THE AGREEMENT, BUT ARGENTINA WOULD BE LIKELY TO RESIST STRONGLY. OR WE COULD ARGUE THAT THE NEW ARGENTINE MEMBERS OF THE EXECUTIVE COUNCIL, AND ALSO THE SPECIAL INTERIM AUTHORITY, SHOULD HAVE NO ROLE (EXCEPT PERHAPS VERIFYING WITHDRAWAL AND DEMILITARISATION) WITH REGARD TO THE DEPENDENCIES. THE QUESTION ON WHICH WE HAD PLANNED TO CONSULT THE SECRETARY OF STATE ON HIS RETURN IS WHETHER THE DEPENDENCIES ARE SUFFICIENTLY IMPORTANT FOR US TO MAKE SUCH AMENDMENTS A FIRST AIM IN THE NEGOTIATIONS : OR WHETHER WE SHOULD CONTINUE TO GIVE PRIORITY TO WITHDRAWAL, INTERIM ADMINISTRATIVE ARRANGEMENTS IN THE FALKLAND ISLANDS AND THE SCOPE OF NEGOTIATIONS ABOUT THE FUTURE. THE VIEW OF FCO AND MOD OFFICIALS WOULD BE THAT AMENDMENTS CONCERNING THE DEPENDENCIES MATTER LESS THAN THE AMENDMENTS WHICH WE SENT TO THE AMERICANS BEFORE MR PYM'S VISIT: BUT MINISTERS OF COURSE HAVE NOT YET CONSIDERED THE QUESTION.

PYM

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HEAD/PLANNING STAFF ✓

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MR GLIFFARD