

1820

CHIEF OF DEFENSE STAFF	
DATE	27/5/82
TO	ACDS
FROM	PSO
SUBJECT	LOOSE MINUTE
FILE	2038/1

ACDS(Pol)132/82

File No.

37

Loose MinutePSO/CDSFALKLANDS - THE LONG TERM POLITICAL AND ECONOMIC FUTURE

Reference:

A. PSO/CDS 2038/1 dated 26 May 82.

1. You asked me to analyse three Falkland Islands OD(SA) papers. I have attached the analyses at the Annexes. Each paper has a line to take.

2. My overall line to take on this subject is:

"After a suitable period of time, negotiations on the sovereignty of the Falkland Islands must be progressed either through the United Nations or some other third party. Agreement must be reached with Argentina in the medium term if HMG is not to be involved in a long term major commitment in the South Atlantic otherwise the cost and overstretch of maintaining a garrison in the Falkland Islands must have a major effect on our commitment to NATO, particularly for the Royal Navy."

27 May 82

Annexes:

- Longer Term Settlement.
- Independence Option.
- Development of the Economy.

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Draft agreed by ACDS(Pol)
and signed in his absence

BRITISH OBJECTIVES IN RELATION TO A LONGER TERM SETTLEMENTGeneral

1. Britain's strategic and economic interests in the Falklands are broadly similar to those we have in South Georgia. Our legal claim to South Georgia is better founded so we must seek to exclude this island from any eventual negotiation.
2. The dilemma facing HMG is trying honourably to reconcile the probable contradiction between the economic, political and strategic interests of Britain itself and the likely wishes of 1800 Islanders. Is the Government prepared to allow the paramountcy of the Islanders' wishes to override the interests of Britain as a whole, including those we share with our friends and allies?

British Strategic and Economic Interests in the Falklands

3. Little or no strategic interests have been shown previously in the Falklands or their dependencies. The Soviets could establish a naval presence and SACLANT is concerned about the formation of a Fifth Fleet in the area but it is more likely to be based on African ports adjacent to the Cape Route. If it is strategically important to keep a base in the area then South Georgia is very suitable.
4. There is some economic potential in the Islands but it is mainly based on the possibility of oil and the abundance of fish; successful exploitation of minerals or fish generally presupposes cooperation with Argentina.

Argentine Interests

5. Argentine interests are not strategic or economic but primarily emotional and psychological. The claim to sovereignty is a matter of deeply engrained national pride. When Britain recaptures the Islands, the Argentine Government of whatever complexion will not drop its claim. The nation will be embittered and dedicated to further military action.

The Consequences of Imposing a Settlement

6. A settlement of the issue on terms acceptable to Argentina would be desirable in terms of British and western interests in the area. When the islands are re-captured, links with Argentina will be severed and therefore facilities will need to be restored at great expense, not forgetting the need for adequate military protection. The scale and cost of military presence will depend on the state of Argentinian forces but will clearly be substantial as are the implications for our commitment to NATO.

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7.

SOLUTIONSNot Acceptable to Argentina

These involve permanent retention of sovereignty by Britain. There would be UN opposition and would present problems to our friends and allies as well as a military commitment.

A. Status Quo Ante. Islanders likely instinctive preference.

B. Associated Statehood. Similar to Caribbean states, (self government with Britain responsible for Defence).

C. Incorporation into UK. No advantages of this French type solution.

D. Independence. With only 1800 people; not economically or politically viable. Not admitted to UN and Argentina maintain claim.

E. Independence under Commonwealth Protection. Unlikely to succeed due to attitude of new Commonwealth.

Possibly
Acceptable to Argentina

A. Extension of Antarctic Treaty. Sovereignty issues are frozen but must be on a bilateral basis with Argentina.

B. Condominium. Experience in New Hebrides with French was unhappy, but 'Andorra precedent' could be workable.

C. UN Trusteeship. A complex and untidy arrangement but could have certain advantages.

D. Leaseback. Immediate transfer of sovereignty but continue British administration for a specific period.

E. Transfer of Sovereignty in toto. Unacceptable to British public opinion and Islanders.

F. International Court of Justice. Argentina unlikely to accept jurisdiction and Britain may in any event lose. To lose may have advantage of ceding sovereignty as a result of legal judgement and not aggression.

Conclusion

8. There is a dilemma between what we believe in principle to be right and what we are practically prepared to commit to support that principle. The only acceptable answer may be for the Government itself to decide on the best solution from Britain's point of view, taking into account the Islanders' wishes, its commitment to Parliament and to the country. This can then be presented to the Islanders as a firm recommendation. The difficulty will be if the answer is 'NO' but in the last analysis the Government must face the question of whether it is possible to guarantee indefinitely the requirements of 1800 Islanders, regardless of the implications for 55 million British people as a whole.

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Line to Take

9. The dilemma which has faced successive governments is only too apparent. In the final analysis, some formula on sovereignty must be found with the Argentines. My own preference is for UN Trusteeship which is the only practicable course in the shorter term but leaseback could be a longer term option.