

CLB

Secretary of State

S. AM Dept

PS/Mr Ridley *Copy taken for Mr Ridley's weekend box. July 25/1.*  
PS

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cc  
PS/LPS  
PS/PUS  
Sir D Maitland  
Mr Harding o.r.

ALW OAO/325/2		
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*hope Mr Ridley has been asked to*  
OD

FALKLAND ISLANDS: OD MEETING, 29 JANUARY 1980

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1. OD is to consider policy on the Falkland Islands dispute on 29 January, on the basis of the Secretary of State's memorandum (OD(79)31) of 12 October 1979. In preparation for the discussion, the Secretary of State minuted the Prime Minister, copied to other members of OD.

2. I now submit a speaking note for the Secretary of State's use at OD.

*P. R. Fearn*

P R Fearn  
South America Dept.

25 January 1980

*Mr. Rippon*

*CLB*  
8/2

*[Signature]*

FALKLAND ISLANDS

SPEAKING NOTE

1. The last Government was involved in a series of talks with the Argentines about the future of the Falklands. By agreeing now to resume these talks in our own time and on our own terms, we would be able to keep the initiative rather than be forced to react to Argentine pressures.

2. We should not be rushed on this, but ultimately we need to reach some settlement with Argentina if:

- (i) the Falklands are to achieve sufficient stability to attract investment and release us from the need to give substantial and permanent aid;
- (ii) we are to avoid Argentine military action which could involve us in substantial defence expenditure;
- (iii) we are to ensure for ourselves and the Islanders a share of the region's resources (including any oil) which no-one can exploit while the dispute persists; and
- (iv) we are to maximise profitable trading relations with Argentina.

To this end I would now intend to ask Nicholas Ridley to meet his Argentine opposite number for a first exploratory exchange in March or April.

3. It is too early to say what any final settlement might comprise. We will need to take the Islanders with us on any proposal. A possible formula could be some sort of lease-back arrangement,

/under

under which the Argentines received nominal sovereignty (which would satisfy the essence of their historical claim, for which they have the backing of other Latin American states) while the Islanders continued for the foreseeable future to live under British rule (which is what matters to them).

4. When we are clearer on the possibilities, I will need to consult the Committee again on matters of concern to it.

5. Our decision to exchange Ambassadors and the arrival of the Argentine Ambassador in London attracted little attention (and have helped to improve the climate). In our public statements about the talks (perhaps in a Written Answer) we would merely explain that we were resuming these with the consent of the Islanders, adding if necessary that no dramatic developments were expected.