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Mr Ure ..

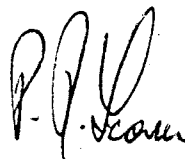
PS/Mr Luce *minutes*

ARGENTINA/CHILE: THE BEAGLE CHANNEL DISPUTE

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- The Argentine decision to abrogate the 1972 Treaty of Buenos Aires has introduced a new stage in Argentine/Chilean relations and in the Beagle Channel dispute. I attach the texts of the Argentine Government's declaration and of the Chilean response (both of which have recently been handed to us by their Embassies in London), together with a background note on the history of the Beagle Channel dispute.
 - The 'General Treaty for the Judicial Solution of Controversies' signed in Buenos Aires in 1972 was essentially an agreement by Argentina and Chile to submit all disputes between them to the International Court of Justice. Its provisions have never been implemented. Following Argentina's abrogation, the Treaty will now expire on 27 December 1982; otherwise it would have been automatically renewed for another ten-year period.
 - Argentina's abrogation has been expected and is consistent with its long delay in responding to the December 1980 proposals of the Papal mediator in the Beagle Channel dispute (which Chile accepted almost immediately). Argentina clearly fears that the outcome of any reference to the ICJ would be as unacceptable as the Papal proposals themselves and the earlier award of the International Court of Arbitration appointed by the British Government. Its tactics are to play the dispute long, by proposing that the scope of the Papal mediation should be extended to cover all territorial disputes between the two countries and the negotiation of a new agreement to replace the Buenos Aires Treaty. The Argentine tactics are known to have annoyed the Pope in the past and this latest move can be expected to put further strain on the Vatican's patience.
 - Chile's sharp reaction to the abrogation is also predictable. According to the Chilean Embassy, Chile intends to submit the dispute unilaterally to the ICJ at the end of the year if the Argentines have not accepted the Papal mediator's proposals by then. The Argentines could regard such an act as a casus belli.
 - The Argentine statement also includes a fairly transparent proposal that both countries should suspend all arms purchases from abroad for a specific period. The Chileans have not accepted this, pointing out that, if applied, it would put the Argentines, with their more highly developed domestic arms industry, at an unfair advantage.
 - Our principal concern in all this is to avoid attempts by either side to involve us further in the Beagle Channel dispute.

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But there are also implications for the Falklands. The Argentine action removes one of the safety-nets from beneath the Papal mediation. It could thus revive the prospect of serious confrontation between Argentina and Chile (as in 1978), which would distract Argentine attention from the Falklands issue. It is however more likely that, under the Vatican's continuing restraining influence, the Beagle dispute will now enter a period of prolonged impasse, leaving Argentine/Chilean relations frigid but not dangerous. In that case we can expect the Argentines to view the Falklands as the main objective, with domestic and military pressures for a foreign policy success increased on account of the Beagle frustrations. With the Argentine Government under President Galtieri's more aggressive leadership already flexing its muscles on the Falklands, the omens are not encouraging.



P R Fearn
South America Dept

5 February 1982

cc Mr Day
Research Dept