



CONFIDENTIAL

Argentina

Ref. A01229

PRIME MINISTER

Falkland Islands

(OD(79) 31)

BACKGROUND

When the Foreign and Commonwealth Secretary reported to Cabinet on 4th October last year on his visit to the United Nations General Assembly in New York, he mentioned that he had had discussions with the Argentine Foreign Minister, Brigadier Pastor, on the Falkland Islands. He told him that it was the United Kingdom wish to make progress on this subject, provided that the wishes of the local inhabitants were respected. Subsequently the Foreign and Commonwealth Secretary circulated this OD paper on 12th October. You decided at that stage to postpone its consideration until the Rhodesia Conference was finished. There is now growing urgency to consider the issue, because next month Argentine Ministers will return from their summer holidays and are likely to raise the issue with the United Kingdom at Ministerial level.

2. The Foreign and Commonwealth Secretary has now minuted you. You will note the reference at the end of paragraph 2 to further meetings with the Argentines awaiting policy decisions on our side.

3. The aim of the Foreign and Commonwealth Secretary is to gain OD agreement that the Foreign and Commonwealth Office should resume talks on the Falkland Islands with the Argentines at Ministerial level. Such talks would be without commitment, and OD would consider the matter further before any decisions were reached. As Annex 2 to his paper shows, this proposal does not even go as far as that taken up by the previous Administration, who announced on 26th April 1977 that negotiations would be held on future political relations including sovereignty. Nevertheless OD may feel that any decision to open talks with the Argentine at Ministerial level must imply a willingness to contemplate some surrender of sovereignty at some point in the future. The Lord Chancellor reacted sharply on this point in Cabinet last October.



CONFIDENTIAL

Nevertheless, the Foreign and Commonwealth Secretary is likely to argue that the course of action proposed in his paper is the only realistic one that is open to us. He has asked that Mr. Ridley should be present for this item.

HANDLING

4. You will wish to ask the Foreign and Commonwealth Secretary to introduce his paper. The points to establish in subsequent discussion are:-

- (a) What is the legal and practical strength of the Argentine claim to sovereignty over the Falklands?

Their legal claim will be a matter for argument between international lawyers, and will raise a number of difficult points of precedent particularly in relation to the status of the Greek Islands in the Aegean off the coast of Turkey. The practical strength of the Argentine claim lies primarily in the fact that normal communications between the United Kingdom and the Falkland Islands pass through the Argentine. Internationally the Argentine may enjoy a fair degree of support, despite the reputation of her present Administration as a repressive militarist regime with a bad record on human rights. She has a solid trading partnership with the Soviet Union and is showing a marked disinclination to follow the American lead in relation to Afghanistan and refuse its food exports to the USSR.

- (b) What are the wider British interests in relation to the Falkland Islands dispute?

These are complex; but the present position is certainly damaging both to the economy of the Islands themselves and to our trade with Argentina. On the other hand concessions on the sovereignty over either the Islands themselves or the surrounding seabed could have serious long term effects in relation to fish, and oil in the seabed, which might also weaken our position in negotiations with the Irish and within the European Community.

- (c) What would be the domestic political reaction to any suggestion that the Government was prepared to surrender sovereignty at some point in the future?

The Islanders number less than 2000, but they have a strong lobby of supporters.



CONFIDENTIAL

- (d) What is the likelihood of Argentina making a military assault on the Islands? What are the prospects of repelling them?

The nearest potential British base is at Ascension Island, over 3,000 miles away. Warships would take nearly three weeks to reach Port Stanley, and any force having the capability to put up serious resistance to an Argentine attack would have to be larger in total size than the present population of the Islands. You will wish to ask the Secretary of State for Defence to speak about the possibility of providing a naval presence and air cover.

CONCLUSION

5. The Foreign and Commonwealth Secretary hopes to get the agreement of his colleagues that talks should be resumed, in the expectation that wider aspects of the problem will be examined only when the attitude of Argentine Ministers is known. In the light of points made in discussion, however, you may feel that before deciding to reopen negotiations Ministers need to know more on three aspects of the matter:

- (i) The type and size of deterrent military force which might be needed, the logistic problems involved and the effect on our NATO and other commitments;
- (ii) The possible oil and fishery benefits at stake;
- (iii) The implications for our oil and fishery interests elsewhere of the possible cession of United Kingdom sovereignty over the Falkland Islands continental shelf.

The first of these is for the Secretary of State for Defence; the second could be considered by the CPRS; the third is for the Law Officers. The Foreign and Commonwealth Office would no doubt want to be involved in the preparation of all three. The Secretary of the Cabinet could be invited to arrange for advice from these three sources to be co-ordinated into a report to be circulated as a basis for further consideration as soon as possible.

REA

(Robert Armstrong)

25th January, 1980