

SECRET

c/c

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

OD(80) 17th Meeting

COPY NO 45

CABINET
DEFENCE AND OVERSEA POLICY COMMITTEE

MINUTES of a Meeting held at
10 Downing Street on
WEDNESDAY 2 JULY 1980 at 4.00 pm

PRESENT

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon William Whitelaw MP
Secretary of State for the
Home Department

The Rt Hon Lord Hailsham
Lord Chancellor

The Rt Hon Lord Carrington
Secretary of State for Foreign
and Commonwealth Affairs

The Rt Hon Francis Pym MP
Secretary of State for Defence

The Rt Hon Lord Soames
Lord President of the Council

The Rt Hon John Nott MP
Secretary of State for Trade

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon David Howell MP
Secretary of State for Energy

The Rt Hon Sir Michael Havers QC MP
Attorney General

The Rt Hon Michael Jopling MP
Parliamentary Secretary
Treasury
(Items 2 and 3)

The Hon Nicholas Ridley MP
Minister of State
Foreign and Commonwealth Office
(Item 2)

Mr Nigel Lawson MP
Financial Secretary to the
Treasury

The Hon Adam Butler MP
Minister of State
Department of Industry
(Item 1)

Mr Alick Buchanan-Smith MP
Minister of State, Ministry
of Agriculture, Fisheries and Food

SECRETARIAT

Mr R M Hastie-Smith
Mr W N Wenban-Smith

SECRET

- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- MEMOS.
- 1
- 2
- 3

SECRET

CONTENTS

| Item No | Subject | Page |
|---------|--|------|
| 1 | UNITED NATIONS LAW OF THE SEA CONFERENCE AND EXTENSION OF THE UNITED KINGDOM TERRITORIAL SEA | 1 |
| 2 | THE FALKLAND ISLANDS | 5 |
| 3 | CHARTER FLIGHTS FOR THE OLYMPIC GAMES | 8 |

SECRET

CONFIDENTIAL

CONFIDENTIAL

1. UNITED NATIONS LAW OF THE SEA CONFERENCE AND EXTENSION OF THE UNITED KINGDOM TERRITORIAL SEA

The Committee considered memoranda by the Secretary of State for Trade on the United Nations Law of the Sea Conference (OD(80) 48) and on the extension of the United Kingdom Territorial Sea (OD(80) 47).

THE SECRETARY OF STATE FOR TRADE said that negotiations in the United Nations Law of the Sea Conference (UNLOSC) had reached an advanced stage. The Ministerial Group on Maritime Affairs considered that the present draft text of an eventual United Nations Convention offered substantial advantages to the United Kingdom particularly for our navigational, fisheries and defence interests, and in its provisions on the territorial sea and 200 mile Exclusive Economic Zone. But the text also posed a number of substantial difficulties, including the requirement to remove abandoned offshore structures, the inadequate arrangements for seabed mining and, most serious of all, a potential threat to our claim to certain parts of the continental shelf which were expected to contain large hydrocarbon deposits. Subject to the strong reservations of Department of Energy Ministers, the Group had concluded that the balance of advantage lay in continuing to participate in the UNLOSC negotiations and working for as many improvements in the text as could be obtained. There was no certainty that a Convention would be agreed, but if one were, its provisions would influence eventual judgments of the International Court of Justice; we could not therefore expect to improve our position by not becoming party to the Convention.

In discussion the following points were made -

- a. Because the island of Rockall would not generate its own continental shelf the United Kingdom claims in that area would depend on showing that the United Kingdom continental shelf extended naturally beyond the Rockall trough. Legally the position was reasonably strong, but delimitation would be "on the basis of" the views of a Boundary Commission of international experts who might be influenced by adverse political pressure. It would be highly desirable that national delimitation should do no more than "take into account" the advice of the Boundary Commission. The

CONFIDENTIAL

18

19

20

21

22

23

24

25

26

27

MEMOS

1

2

3

matter was important because, although estimates of the amount of oil in the area affected were speculative, there seemed likely to be some 275 million tonnes, equivalent to the United Kingdom's total requirements for 3 years.

b. Mining of the seabed beyond the area of national continental shelves would be under the jurisdiction of an International Seabed Authority. The developing countries were largely opposed to those countries, like the United States and the Soviet Union, which favoured seabed mining, in which British companies expected to participate. To give companies the security which would justify the vast investment required, every possible effort should be made to obtain, in order of importance, first, satisfactory voting rights in the Council of the International Seabed Authority; second, a general statement in the Convention that seabed mining was desirable; and, third, a provision that licences to mine should be distributed solely on commercial and technical criteria.

c. Although the draft text on the removal of abandoned seabed installations reflected the strict wording of the 1958 Geneva Convention, to which the United Kingdom was party, the potential cost (and consequent loss of revenue) required that every effort be made to dilute the present wording.

THE PRIME MINISTER, summing up this part of the discussion said that the Committee agreed that, subject to further consideration of the final text, it was likely to be in the United Kingdom interest to adhere to a Law of the Sea Convention commanding general international acceptance. However the problems to which the Ministerial Group on Maritime Affairs had drawn attention were of major importance. In continuing to participate in the negotiations for a satisfactory Convention, the United Kingdom delegation should take full account of the concerns which had been expressed in the Committee's discussion.

The Committee -

1. Invited the Foreign and Commonwealth Secretary to be guided by the Prime Minister's summing up in his instructions to the United Kingdom delegation to the United Nations Law of the Sea Conference.
2. Invited the Secretary of State for Trade to ensure that under his chairmanship the Ministerial Group on Maritime Affairs considered and sought the Committee's approval of the text of the Law of the Sea Convention as finally negotiated.

THE SECRETARY OF STATE FOR TRADE said that, in connection with the United Nations Law of the Sea Convention, which was likely to permit states to extend their territorial seas to 12 nautical miles, the Government would need to decide whether to extend the United Kingdom's own limits. The Ministerial Group on Maritime Affairs were in general agreement that, it would be desirable to do so, mainly because we should then be better placed to reduce the hazard of accidents causing major pollution or loss of life; we should also have the powers necessary to enforce navigational and safety regulations, especially in the narrow and congested waters of the English Channel. For these reasons there was every advantage in extending as soon as possible, and the Government would face severe public criticism if an accident occurred whose consequences could have been prevented or mitigated by exercise of the increased powers which extension would give. A majority of countries already claimed territorial waters well beyond the traditional 3 mile limit. However it was clear that extension by the United Kingdom would meet the strong disapproval of the United States, whose goodwill was important to us in the UNLOSC negotiations; and there was also some risk that unilateral action by an important maritime power such as the United Kingdom would precipitate other countries to act in a way which lead to the unravelling of carefully negotiated compromises in the draft United Nations Convention. The Ministerial Group considered that on balance these considerations justified delaying any announcement of a decision to extend at least until the Committee had had an opportunity to consider the outcome of the forthcoming negotiations.

18

19

20

21

22

23

24

25

26

27

MEMOS
1

2

3

THE PRIME MINISTER, summing up a brief discussion, said that in a situation where the majority of states had territorial waters going beyond 3 miles, there were clear advantages in the extension of United Kingdom waters to 12 miles, particularly in the Channel where France had already claimed a 12 mile limit. The advantage of early extension had to be weighed against the possible adverse consequences to the United Kingdom's negotiating position in the UNLOSC. On balance the Committee agreed that it would be preferable to delay any announcement of their decision in principle to extend United Kingdom territorial waters to 12 miles; they would however wish to consider the matter again in 6 months, if the UNLOSC had not completed its work by that time.

The Committee -

- 5. Took note, with approval, of the Prime Minister's summing up of their discussion.
- 4. Decided in principle to extend United Kingdom territorial waters to 12 nautical miles.
- 5. Agreed that this decision should remain confidential for the time being.
- 6. Invited the Secretary of State for Trade to submit the issue for their further consideration in 6 months' time, if the United Nations Law of the Sea Conference had not reached a decision by then.

2. THE FALKLAND ISLANDS

Previous Reference: OD(80) 3rd Meeting, Item 4

The Committee considered a memorandum by the Secretary of State for Foreign and Commonwealth Affairs (OD(80) 46) which made policy proposals following the exploratory talks held with the Argentines in April.

THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE (MR NICHOLAS RIDLEY) said that although we had so far managed to string the Argentines along successfully a point had now been reached when they could not be strung along much further. The exploratory talks with them in April had made little or no progress. The Argentines were unwilling to discuss practical economic co-operation in the area unless Britain was prepared to move on the question of sovereignty. The Argentines would certainly expect this matter to be discussed at any further talks. If we were not prepared to do this, it would probably be better to tell them so outright rather than wait until Argentine patience became exhausted. The third option was to continue talking, working with the agreement of the Islanders towards a solution which would give them an assured and more prosperous future, and remove a major impediment to our relations with Argentina. It would not be easy to achieve a solution which would simultaneously satisfy the Islanders, ensure that they continued to be administered by Britain, allow economic development to go forward and the natural resources of the area to be opened up, and to satisfy Argentine aspirations in regard to sovereignty. But a transfer of titular sovereignty over the Islands, the Dependencies and the continental shelf and the maritime zones to Argentina, coupled with a simultaneous long lease back to Britain might be negotiable, with British administration to continue for the duration of the lease.

In discussion there was general agreement with the practical advantages of the course of action proposed although considerable misgivings were expressed about its domestic political implications. The following points were made -

- a. Argentina had a very weak legal claim to the Falkland Islands. Unfortunately the United Nations ignored this fact and sided with her over this issue.

18

19

20

21

22

23

24

25

26

27

MEMOS.
1

2

3

b. Although the Islanders might be prepared to accept a surrender of sovereignty and lease back arrangement, it would be difficult to convince their lobby in this country that this course of action reflected the wishes of the Islanders. There would probably be difficulties in the House of Commons.

c. The problem would be aggravated if there was any suggestion that Britain would pay anything to Argentina beyond a peppercorn rent for the Islands.

d. The alternative to negotiating with the Argentines could be very expensive to this country if Argentina stopped supplies to the Islands.

e. Although the agricultural potential of the Islands was considerable, Argentina represented the only real market for their produce. The surrounding fisheries did not appear to be of great value. No real oil exploration had been carried out in the area because of the dispute over sovereignty.

f. Any further exploratory discussions with the Argentines that involved any consideration of sovereignty would need to be carried out on an entirely confidential basis. Otherwise they would get nowhere. But there had been no leaks from the talks with the Argentines which had taken place so far.

THE PRIME MINISTER, summing up the discussion, said that although the decision had difficult political implications, the balance of advantage lay in the Minister of State, Foreign and Commonwealth Office being authorised to go ahead on a confidential basis to hold exploratory talks to establish the possibilities for a solution to the dispute with Argentina, including a surrender of sovereignty and simultaneous lease back arrangements. He should

report the outcome of these exploratory talks to the Committee who would then decide whether the prospects were sufficiently promising to seek the views of the Islanders themselves and then enter into more formal negotiations.

The Committee -

Invited the Foreign and Commonwealth Secretary to arrange for exploratory talks to go ahead with the Argentines on the basis described by the Prime Minister in her summing up.

... invited the Secretary of State for Trade to grant the Aeroflot application to operate special charter services for the Moscow Olympics on the grounds that there was no legal justification for refusing it.

THE PRIME MINISTER, summing up a brief discussion said that their conclusion turned on the legal position. It was clear that there was a substantial risk that successful legal action might be taken against the Government if the Aeroflot charters were refused on political rather than civil aviation grounds. They should therefore be granted and the decision thereafter defended on the legal grounds.

The Committee -

Invited the Secretary of State for Trade to grant the Aeroflot application to operate special charter services for the Moscow Olympics on the grounds that there was no legal justification for refusing it.

18

19

20

21

22

23

24

25

26

27

MEMOS
1

2

3

- 3. CHARTER FLIGHTS FOR THE OLYMPIC GAMES
Previous Reference: OD(80) 5th Meeting, Item 2

THE SECRETARY OF STATE FOR TRADE said that Aeroflot were seeking approval to operate 16 special charter services between London and Moscow and Leningrad to carry visitors to the Olympic Games. Their passengers would be spectators. British Airways had decided not to operate any charter services to the Olympics and since no other British airline operated regular charters to the Soviet Union in the summer, the tour operator, David Dryer Sports Travel was most unlikely at short notice to find another airline to carry his clients. It could be argued that it would be consistent with the policy to boycott the Moscow Olympics to refuse the Aeroflot charters. But particularly from the point of view of domestic politics, such action might be regarded as petty interference with the freedom of individuals. In any case it was doubtful whether legal powers to refuse the flights actually existed.

THE PRIME MINISTER, summing up a brief discussion said that their conclusion turned on the legal position. It was clear that there was a substantial risk that successful legal action might be taken against the Government if the Aeroflot charters were refused on political rather than civil aviation grounds. They should therefore be granted and the decision thereafter defended on the legal grounds.

The Committee -

Invited the Secretary of State for Trade to grant the Aeroflot application to operate special charter services for the Moscow Olympics on the grounds that there was no legal justification for refusing it.

Cabinet Office

3 July 1980



MEMOS.
1