

1) Mr Fearns
2) Mr Cole etc
13/2 cert
Minister (4)

I think the risks outlined
in para 3 below are very
real. RBuss 13/2

Mr Ure
PS/Mr Ridley

So do I

cc: Research Dept
Captain Tod, Cabinet Office

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DESK OFFICER		REGISTRY
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THE BEAGLE CHANNEL DISPUTE

RHS
13/2

LAG A — (3) 1. I submit a report from our Embassy in Buenos Aires about the dilemma faced by the Argentine Government over the Pope's proposals for a permanent settlement of the Beagle Channel dispute. A background note on the history of the dispute is attached.

2. Assuming that the version of the proposals leaked in the Argentine press is correct, (ie Chile to have sovereignty over the three islands involved and a measure of sovereignty over the seas to the east), Argentina is being asked to make what she will regard as major concessions as the price of peace. The Argentines do not accept that the Chileans have any rights in the Atlantic. To agree to the proposals would inevitably involve loss of face and public criticism of the Government. But rejection of proposals put forward by the Pope would be highly embarrassing, and could cause a return to the situation in 1978 when Argentina came close to military action to assert her sovereignty over the disputed area. It is understandable that the Argentine Government are dragging their feet over giving a public response to the proposals and are seeking clarification from the Vatican in the hope of improving their position.

3. If the settlement were to be agreed, there could be serious implications for the UK. It is quite possible that a new Argentine administration might seek to divert attention from what their press and public are likely to term a failure for Argentine diplomacy by demanding early action over the Falklands dispute. General Viola, who begins his term as President in April, is known to favour greater government response to popular opinion. He will be urged to make progress over the Falklands far beyond what is at present acceptable to the Islanders. Argentine public opinion is already restive. If the Argentines get nothing out of the New York talks, we may soon find the new Argentine government attempting to step up the pressure both on us and on the Islanders.

R.H. Smith

R H Smith
South America Department

11 February 1981

BEAGLE CHANNEL DISPUTE

Background note

Essential Facts

1. Argentina and Chile have long been at odds over the application of their nineteenth century boundary treaties to the geographically complex area of small islands and narrow straits off the mainland at the southern tip of South America.
2. In 1971 both parties to the dispute asked the British Government, as the arbiter agreed under a General Treaty of Arbitration signed by both Argentina and Chile in 1902, to act in that capacity. (This 1902 Agreement superseded an earlier treaty of 1896 which had conferred a similar function on the Government of Queen Victoria). The British Government accepted and, in agreement with the two parties, appointed an independent International Court of Arbitration, consisting of five Judges of the International Court of Justice, to decide on the dispute.
3. In 1977, the International Court of Arbitration awarded to Chile the three islands claimed by both sides at the north-eastern end of the Beagle Channel, south of Tierra del Fuego. The Award was denounced by Argentina as null and void. A series of bilateral talks in 1978 failed to establish a basis for agreement. Argentina came close to military action to assert her sovereignty in the disputed area. The danger of hostilities was averted by an initiative by the Vatican, just before Christmas 1978, in sending an envoy, Cardinal Samore, to Chile and Argentina. His mission led to a détente and a formal request from both countries to the Holy See to mediate and help them to find a peaceful solution.

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