

*Argentine*

Ref. A07980

PRIME MINISTER

Falkland Islands

(OD(82) 17)

## BACKGROUND

Since OD first discussed this issue in 1980, it has been on the basis that the effective defence and provisioning of the Falkland Islands in the face of a hostile Argentine Government would pose military, logistic and financial problems which are close to insuperable. The wishes of the Falkland Islanders in relation to any change in British sovereignty over the territory remain paramount. British policy has nevertheless been directed towards finding a suitable accommodation with the Argentine Government. Fundamental realities have not changed, as the recent discussion in Cabinet on 25 March and the correspondence prior to this meeting make clear.

2. The meeting will also have before it a joint FCO/MOD report on the latest position. OD's task is therefore to deal with the operational decisions which now need to be taken, and to determine who should carry them out and on what financial basis. It should also turn its mind to the situation which could arise if the Argentine Government seek to escalate the conflict faster than at present seems likely.

## MAIN ISSUES

3. First, the civil contingency issues, above all if the Argentines withdraw the services they currently provide (Annex B to the Foreign and Commonwealth Secretary's minute of 24 March). The most urgent need here would be an alternative means of communication between the Islands and the outside world. An air link would be expensive and operationally difficult. The most sensible and cost effective solution appears to be a sea service which would probably need to operate to the United Kingdom. Officials will need to be authorised to make urgent contingency plans (involving approaches to commercial companies which might leak) with a view to early recommendations.

4. Second, the role of HMS Endurance. Since detailed arrangements to replace Argentine services will take time, the Foreign and Commonwealth Secretary argues strongly that HMS Endurance should not be withdrawn, as planned, at the end of March but remain on station. This would involve operational problems of one kind or another but seems the minimum necessary to demonstrate our commitment to the Islanders and determination not to abandon them. The longer-term future of HMS Endurance is a separate and less urgent issue which need not be decided now.

5. Third, the financial implications. The FCO and MOD are seeking authority to find the extra costs from the Contingency Reserve and the Chief Secretary, Treasury, in his minute of 29 March, is resisting.

6. In the absence of the Foreign and Commonwealth Secretary in Israel, the Lord Privy Seal and the Minister of State for Foreign and Commonwealth Affairs, Mr Luce, will represent the FCO.

HANDLING

7. Foreign and Commonwealth Office Ministers should report on the civil contingency planning currently in hand and explain why HMS Endurance should remain on station in the Falklands area beyond the planned departure date. The Secretary of State for Defence should be invited to comment, and also explain what military contingency planning is in hand in response to reports of Argentinian naval deployments.

8. The main questions which need to be addressed are:

(a) Is it agreed, in the light of the Islanders' reaction and the response of the public and Parliament to the statements made on 30 March, that a firm stand must be taken with the Argentines, notwithstanding the risks involved?

(b) If the Argentines terminate the weekly air service, should a regular sea service to the United Kingdom be organised? (You might ask the Foreign and Commonwealth Office to enquire upon the possibility of combining a service to the Falklands with the service already provided to St Helena.)

(c) Should HMS Endurance remain on station meanwhile?

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Whitaker

9. Having determined policy, you should then turn to the financial implications and invite the Chief Secretary, Treasury to comment. There are two issues:

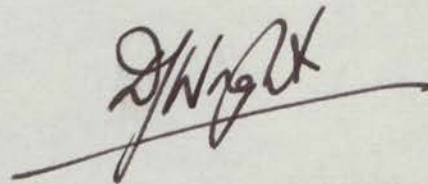
(d) Who should bear the cost of a sea link with the United Kingdom, if this becomes necessary? If there is no agreement, officials should study the matter urgently.

(e) Should the Ministry of Defence bear the extra cost of keeping HMS Endurance on station for two months? This is the obvious solution. If the Ministry of Defence seeks to link this decision with the broader question of the ship's future, you could point out that the longer-term decision is a separate matter.

10. You may also wish to invite the Committee to consider what further contingency planning the Foreign and Commonwealth Office and Ministry of Defence should set in hand if the situation deteriorates sharply. Should HM ships be diverted to the area? If so, what type(s) of ships? What further scope is there for diplomatic action, in particular with the United States Government? Is it premature to give preliminary contingency consideration within Government to the possibility that we might have to offer to evacuate those Islanders who want to leave and reinstate them in the United Kingdom or elsewhere?

#### CONCLUSION

11. The Committee will need to give clear guidance to the Foreign and Commonwealth Office, Ministry of Defence and Treasury on contingency planning, in the light of the discussion.



ROBERT ARMSTRONG

*(Approved by Sir R Armstrong  
and signed on his behalf)*

31 March 1982

CONFIDENTIAL

Sir Robert Armstrong

Falkland Islands

The Prime Minister has noted your minute of 31 March, and the attached JIC assessment of 31 March.

A. J. COLES

1 April, 1982.

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