FILE No. ALW 040/325/1 (Part 3)

TITLE: DISPUTE OVER THE FALKLAND ISLANDS BETWEEN ARGENTINA AND UK - POLICY.

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TITLE: DISPUTE OVER THE FALKLAND ISLANDS BETWEEN ARGENTINA AND U.K. POLICY

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<td>Mr. Corling</td>
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<td>Mr. Bright</td>
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<td>Mr. Bright</td>
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<tr>
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<td>38</td>
<td>10 May</td>
<td>Ure to Ridley</td>
<td>Options paper</td>
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<td>41A</td>
<td>14 May</td>
<td>Temple to Ure</td>
<td>Options paper</td>
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<td>55</td>
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<td>Cowling to Wall</td>
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<td>Telno 90 to Port Stanley</td>
<td>Lease-back in the press</td>
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END OF
PART 'B'
NOW SEE PART 'C'
Mrs Wiseman, UND

Secretary of State's Speech to UNGA

I attach as requested, some sentences on decolonization for inclusion in the speech. These assume that Saint Lucia and Kiribati have applied for UN membership.

15 August 1979
A E Clarke
Hong Kong & General Dept.

CC
WIAD
SPD
SAMD
MCD
SED

P.A.
Fedhlands
Pace
DECOLONISATION

Our policy is to respect the wishes of the peoples of our remaining dependent territories to determine their own future in accordance with the principles of the UN Charter. To this end, the British Government will continue to give every support and encouragement to those territories which seek independence.

Saint Lucia and

Already this year we can welcome the Republic of Kiribati as new members of the UN, and another of the three remaining West Indies Associated States, St Vincent will become fully independent on 27 October.
EAST TIMOR: IMPLICATIONS FOR FALKLANDS POLICY

1. Please see the papers below from SEAD about recognition of Indonesia's annexation of East Timor. There are, as you will see from Mr Murray's minute of 9 August implications for the Falklands which might arise if we were formally to recognise East Timor's absorption into Indonesia. Our comments are required by close of play on Wednesday, 15 August.

2. If we formally recognised Indonesia's annexation of East Timor this would hardly of itself encourage an Argentine military adventure against the Islands. But if the Argentines did invade I think we must recognise that they could resist any subsequent British attempt to orchestrate condemnatory moves (eg within the UN) had we previously given recognition to Indonesia's forcible annexation of East Timor. This applies with equal force to both points (b) and (c) of Mr Murray's minute.

3. But that said these considerations do not seem of "overriding" importance and this is, I believe, the view we should put to SEAD.

J R Cowling
SAMD

14 August 1979
EAST TIMOR RECOGNITION: IMPLICATIONS FOR FALKLAND ISLANDS

1. From the Falkland Islands stand point, and subject to what the lawyers say, I think it would be unwise to set such a precedent with East Timor.

2. An Argentine invasion of the Falkland Islands is at the moment unlikely; but we cannot rule out the possibility of such an invasion in the future, particularly if our negotiations go badly wrong and we are not able to meet Argentine claims for sovereignty.

3. Physically, there is little or nothing that we could do to prevent an Argentine invasion or to dislodge an invading force once there. Our only recourse would be to bring international diplomatic pressure to bear on Argentina, not least through the United Nations. Our case at the UN would obviously be seriously flawed if we had recognised the Indonesian take-over of Timor, following an invasion, which would be very similar to any Argentine action in the Falkland Islands, and not least only four years after it had happened.

G A Duggan
South America Department

14 August 1979

cc:
Miss Wilmshurst  Legal Advisers
Mr Chamberlain  Legal Advisers
Mrs Wiseman  UND
Mr Cooper  EID(D)
Miss Croll  M&CD
040/1

G A Duggan Esq
SAMD
FCO

Dean Gordon

FALKLAND ISLANDS DISPUTE: THE NINE AND THE POPE

1. In the telegram giving his initial impressions after the
visits to Buenos Aires and the Falklands (Brasilia telno 143 to
FCO) the Minister of State said that he was keen to involve the
Nine to a greater extent in the dispute, and perhaps also the
Pope.

2. It would certainly seem helpful to involve some or all of the
other EEC members at some stage in the negotiations, should they
be willing to lend moral support and exert some influence on the
Argentines in favour of compromise. (though in view of their
other interests here, particularly commercially, it would
probably prove difficult to commit the French, Germans or Italians
to action.) As seen from here, there is little we could expect
from the Nine at present that would add to our own efforts. An
approach to the Nine might therefore best be reserved until such
time as negotiations were getting to the heart of the sovereignty
dispute. If in the meantime it was decided to keep them more
closely informed, I presume this would be done through London
or EEC Capitals.

3. The Pope, as we have been forcefully reminded by his role
in the Beagle Channel dispute, enjoys great respect in Argentina.
The possible advantage - or otherwise - to us of involving him
in the Falkland Islands dispute will become clearer once the
results of the present mediation are known. At the right moment,
The Vatican clearly could be an effective moderating influence on
the Argentines. With this possibility in mind, you may see value
in periodically briefing the Vatican in general terms about the
negotiations.

Mr. Duggan said that on 1/2 a 50:50 cannot be done
while there is a 1st round not yet
on 5/25. I propose B/C
again for early Dec.

A R Murray
Head of Chancery
Miss Wilmshurst, Legal Adviser

cc: Mrs Wiseman, UND
Mr Cooper, EID(E)
Miss Croll, M & CD
Mr Cowling, South America Dept

EAST TIMOR

1. In his minute of 9 August, Mr Murray posed three questions in relation to possible recognition of the Indonesian annexation of East Timor. I attach the file containing the latest information about the effectiveness of Indonesian administration in East Timor which it certainly appears that Fretilin resistance is extremely limited. See folio 7. I should be grateful for advice on the answers to Mr Murray's question (a). Presumably a need for formal recognition will arise if at some stage we are obliged to make formal representations to the authorities on the ground in East Timor. I should be grateful for advice about the precedents.

2. On the second question, in the unlikely Spanish or Argentinian invasions of Gibraltar or the Falklands respectively, British recognition of Indonesia's annexation of East Timor could weaken the force of our resultant protests. Belize is protected by British troops whose withdrawal could trigger a Guatemalan invasion regardless of what we say about Indonesia's annexation of East Timor. But here too, if we were able to make some arrangements with Guatemala on which they subsequently reneged, force of our protests might be somewhat weakened by our acceptance of Indonesia's military action in East Timor. The main point seems to be that we and the rest of the Nine should seek to uphold international standards by delaying for as long as we can the moment of de facto recognition. The longer the Indonesian authorities have been established there and the smaller the resistance against them, the more respectable would be our recognition. I would be grateful if you or any of the other recipients of this minute could let me have by close of play on Wednesday 15 August any observations which you wish to see included in a submission to Ministers on this subject.

10 August 1979

J J Beale
South East Asian Department
FAJ 022/3

CONFIDENTIAL

Mr Simons
Mr Cortazzi

cc: Miss Wilmshurst, Legal Adviser
Mrs Wiseman, UND
Mr Cooper, EID(E)

EAST TIMOR

1. You asked for papers on our attitude towards Indonesia’s forcible incorporation of East Timor.

2. I attach the latest Parliamentary answer on this matter, together with the briefing prepared for the European Community’s Political Committee meeting on 5/6 June (at which the subject was not discussed). The next meeting will have to consider what attitude the Community should collectively adopt when the issue comes up in this year’s UN General Assembly. Preliminary consideration was given to this by SEAD at the time of the Asia Working Group meeting in May (FCO telno 140 to Paris of 17 May). I recommend (a) that we postpone submission to Ministers until after the next Asia Working Group meeting (probably 30/31 August) when we should learn of any change in our partners’ views, and (b) that there should be no change in our position meanwhile. The Department’s legal adviser, UND and EID(E) concur.

BACKGROUND

3. The pros and cons of recognising the annexation were summarized in the paper produced last December by the Community Ambassadors in Jakarta (page 14 onwards of document enclosed with Mr O’Brien’s letter of 28 December). The arguments in favour seemed inconclusive (Mr Simons’ letter of 20 March). Recognition could complicate our position at the UN (Mr Byatt’s letter of 18 January). Portugal is likely to continue to

/condemn
condemn Indonesia (Mr Cortazzi's letter to Lord Moran of 20 February).

4. Legal Advice is annexed. The Ambassadors' paper did not regard as significant the distinction between de facto and de jure recognition; de facto recognition may not wholly satisfy the Indonesians but when they are in full control it would accord with the facts of the situation. There can be no question of according de jure recognition. We should make this point strongly in the AWG.

5. The case for remaining silent while continuing to be helpful to the Indonesians at the UN has not been undermined by recent discussions - despite the Indonesian Counsellor's inaccurate comment to Mr Flower on 31 July that all except two of the EEC countries were now in favour of recognition. The EEC will, however, be in good company when it decides to recognise East Timor as an integral part of Indonesia; according to page 13 of the Ambassadors' paper, Australia, New Zealand, Japan, Canada and the USA are among 35 states who have already done so.

J J Beale
South East Asian Department

7 August 1979

Mr Murray
Mr Cortazzi

EAST TIMOR

1. The advice in FCO telegram No 140 to Paris is still valid. But in the light of the record of conversation at the Asia Working Group meeting in February, we should prepare a move at the forthcoming meeting on 30/31 August to secure a change in the Nine's attitude at the United Nations.

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2. It would be advantageous for Ministerial approval to be sought in advance for our representative's brief for the August meeting. It would, in any case, be necessary to consult Mr Blaker soon afterwards in connexion with briefing for his proposed visit to Indonesia.

3. I would propose to submit that we should stick on the guidance in the FCO telegram for as long as possible, and that we should attempt to dissuade our colleagues from moving too far from it. But, as fall-back positions, we should be prepared, with them, to alter our UN vote, and, in the last resort, to so far as to recognise Indonesian occupation of East Timor de facto.

7 August 1979
Copies to:
Miss Wilmshurst, Legal Advisers
Mrs Wiseman, UND
Mr Cooper, EID(E)

Mr Simons

1. We must be practical about this. East Timor has now been absorbed into Indonesia and I see no prospect that the actual situation will ever be different. By this I mean that Indonesia will exercise control and government, irrespective of what the world thinks about sovereignty and of the degree of unrest in the island. The legal opinion at Flag H is helpful guidance but is, I suspect, out of date in its assessment of the degree of Indonesian control over the region. I believe we are in a position where we could recognise de facto the absorption of East Timor into Indonesia but refrain from recognising de jure on the analogy of the Baltic States.

2. The real question is what this would involve. So far as action in Indonesia is concerned, I see no reason why we should not regard East Timor as part of Indonesia, eg for purposes of travel and visits by Embassy staff and even the Ambassador himself (a distinction without a difference). However, if action is required elsewhere, eg at the UN, particularly if we have to change our present attitude on UN Resolutions, then the implications for British policy elsewhere have to be considered and a submission made to Ministers.

3. Taking FCO telegram to Paris No 140 (Flag B) as the starting point, and assuming that what we want is tacit acceptance of the fact of East Timor's absorption into Indonesia, we need answers to the following questions:-

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(a) Is there any need for a formal recognition of de facto sovereignty? Are there precedents for this and, if so, why should we create a precedent this time?

(b) What would be the precise disadvantages to the British attitude on Gibraltar, Belize and Falkland Islands of a formal announcement on recognition, and are these disadvantages so overriding (I hope they are) that we must make it clear to the Nine and to Indonesia that we can never join in formal action of this sort?

(c) What, equally, would be the effect on our policies on Gibraltar, Belize and the Falkland Islands of a British vote against a UN Resolution critical of Indonesia, as distinct from an abstention?

4. I think we need a self-contained submission and we ought to get this to a Minister next week.

9 August 1979

D F Murray

cc Miss Wilmshurst, Legal Adviser
Mrs Wiseman, UND
Mr Cooper, EID(E)
Mr Cortazzi
Question of status

THE integration of the populated islands of the South Atlantic with the mainland is in everyone's interest. Britain will not be able to administer the islands it calls the Falklands for ever and independence is not a viable solution for the islanders, regardless of the question of sovereignty. It makes good sense, both economically and socially — and, even strategically, in an increasingly insecure world — from everyone's point of view to find a solution to an issue that has harmed Anglo-Argentine relations for far too long and has kept the Kelpers living in isolation. The principal concern, of course, in all negotiations (and this should apply to Argentina as much as Britain) must be the wellbeing of the islanders. They are the most important natural resource, more valuable by far than the other legendary riches beneath the sea, whether fish protein or oil and minerals.

Mr Nicholas Ridley, Mrs Thatcher's assistant foreign secretary for Latin American affairs, is returning today from the Falkland Islands where he has been sounding out the "Kelpers" on the future. In Britain, it is the future of the settlers, not sovereignty and certainly not economic resources, which is politically important. No British government — and least of all a Conservative administration — could afford to appear indifferent to the wishes of the islanders who, in an overwhelming majority, will have told Mr Ridley that they want to remain British. The solution to the long-standing problem — the only remaining bone of contention in the long Anglo-Argentine love-hate relationship — calls for a degree of tact, diplomacy and common sense which is rare enough. With the ever-present threat of aggressively nationalistic attitudes from all parties, it is a remarkable tribute to the Argentine and British diplomats who have been handling the issue since the thaw began almost a decade ago that so much progress has been made towards a solution that will resolve the islanders' fears and realize the islands' economic potential without destroying their peace and wild beauty.

Mr Ridley's visit here underlines the existing opportunity to re-establish relations at ambassadorial level and pick up again the lost momentum in reaching an understanding over the islands' future. It would be a tragedy if misinformation or a misunderstanding of the status of the current British representative should set the islands' integration back once again. The British Charge d'Affaires, Mr Hugh Carlless, chose Buenos Aires post in preference to an ambassadorial posting in another South American country. He did so because, as head of the Latin American department at the foreign office, he realized the importance of this country — and the challenge of the job to be done here — and fully expected relations to be re-established at ambassadorial level, with himself as head of mission. It is ironic that during a debate in parliament, where the decision to restore ambassadorial relations was discussed, criticism of the move by critics of alleged human rights violations in Argentina was overcome by pointing out Mr Carlless's outstanding qualifications for the job. Fortunately, reports that the Argentine foreign ministry — acting, presumably, on mistaken ideas about status or because of a lack of information — has sacrificed the opportunity to appoint an ambassador to the Court of St James's by not granting Mr Carlless's place have been denied.
Points To Make

1. We have no doubt as to British sovereignty over the Falkland Islands and their Dependencies.

2. The Islanders have made it quite clear that they wish to remain British; there is no call for independence.

3. There is no indigenous population; the islanders are almost without exception of British descent. The question of "decolonisation" does not therefore arise.

4. Some Commonwealth countries have in the past supported the Argentine claim to the Islands treating it as a colonial problem. We do not regard this as a colonial problem and would like to see all the Commonwealth support our position.

Background

Negotiations

5. In April 1977 the British and Argentine Governments agreed terms of reference for negotiations directed at the working /out
out of a peaceful solution to the sovereignty dispute over the Falkland Islands. Four rounds of negotiations so far and one meeting of Working Groups. No date yet agreed for a further round of negotiations, but the new Government has undertaken to continue the dialogue in a constructive spirit.

United Nations

6. In November 1976, United Nations Fourth Committee adopted pro-Argentine resolution on Falkland Islands by 94 to 1 (UK) with 32 abstentions. The text of the resolution, linked as it was to the political declarations of the non-aligned conference in Lima and Colombo, was unacceptable. The resolution of the Lima conference specifically denied the right of self-determination to the Islanders. The Colombo declaration urged the UK to pursue the negotiations recommended by the United Nations to restore the Falkland Islands "to Argentine sovereignty". The resolution also referred to "decolonisation" which is inappropriate to the Falkland Islands as there is no indigenous population. Resolution of the Fourth Committee adopted by General Assembly by 102 to 1 (UK) with 36 abstentions. We and the Argentines have reported by parallel letters to the UN Secretary General after each round of negotiations. We hope that while the negotiations continue the question of the Falkland Islands will not be raised by the Argentines in the UN. Argentina continues to receive support for her position from non-aligned countries.

Commonwealth Position

7. A number of Commonwealth countries have in the past supported the Argentines on the Falkland Islands both at the

Foreign and Commonwealth Office

9 July 1979
CONFIDENTIAL

FM BUENOS AIRES D6/206162 AUG 1979
TO PRIORITY FCO
TELEGRAM NUMBER 213 OF 6 AUGUST 1979
AND TO PRIORITY PORT STANLEY

BRASILIA TELNO 143 : FALKLANDS POLICY

1. I AM COMMENTING ON THE PERSPECTIVES WHICH THE MINISTER OF
STATE'S VISIT HAS OPENED IN A DESPATCH LEAVING HERE ON 16 AUGUST.
THIS ELABORATES THE SPECIAL STATUS IDEA WHICH I BELIEVE MR RIGLEY
MAY WISH TO EXPLORE, AND WHICH COULD BE A MEANS OF COMBINING,
AT LEAST FOR A YEAR OR SO, THE TWO MAIN OPTIONS WHICH FACE YOU
OVER NEGOTIATIONS:

   i) PLAYING FOR TIME:
   ii) GOING FOR A GLOBAL SETTLEMENT.

2. THE IDEA THAT THE NEGOTIATIONS MIGHT NOW BE DIRECTED
TOWARDS WORKING OUT SOME SPECIAL TERRITORIAL STATUS FOR THE
FALKLANDS HAS THE MERIT OF BEING A BRITISH INITIATIVE. MARTINEZ DE
HOZ MADE THE PERSONAL SUGGESTION THAT A NUMBER OF MODELS MIGHT BE
DRAWN UP FOR COMPARATIVE STUDY.

3. A TACTICAL EXERCISE IN COMPARING MODELS FOR A SPECIAL
FALKLANDS STATUS COULD OFFER SOME ADVANTAGES. IT WOULD:

   A) BE AN IDEA FOR YOU TO PUT TO PASTOR AT THE UNGA:
   B) OCCUPY THE NEGOTIATORS FOR SEVERAL ROUNDS. ON OUR SIDE WE
WE COULD PUT FORWARD SEVERAL MODELS, (EG HONG KONG,
SPITSBERGEN AND AALAND ISLANDS);
   C) PROVIDE AN OPPORTUNITY FOR THE ISLANDERS TO BE CLOSELY
INVOLVED FROM THE START AND WITHOUT COMMITMENT;
   D) GIVE YOU TIME IN WHICH TO JUDGE IF AND WHEN CONDITIONS
FOR A SETTLEMENT WERE RIPENING.

        14 IN ANY

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4. In any such exercise the Argentines would seem likely to do far worse of joint administration compatible with their Federal Constitution.

CARLESS

FILES
SAND
MARP
NAMD
ESSD
LEGAL ADVISORS
UND
PS
PS1/PS
PS/PS RIDLEY
PS/PS
SIR A PARSONS
SIR A DUFF
MR HALL
MISS BROWN

CONFIDENTIAL

12 AUG 1979
J A Cowling
South America Dept

IFC CONFERENCE, CARACAS: CONTINGENCY BRIEFS

1. As requested in your minute of 20 July, I now attach a brief in respect of the Falkland Islands, duly updated.
Contingency Brief

INTER-PARLIAMENTARY UNION MEETING, CARACAS

FALKLAND ISLANDS

1. In mid-1976 an Economic Survey of the Islands, commissioned by the Government and conducted by Lord Shackleton, showed that the Falklands were in decline, and that no new investment was likely, nor any development of economic resources in the area practical in a climate of continued political uncertainty. This led Britain to consider the desirability of opening a dialogue with Argentina with a view to establishing a new framework of economic and political co-operation; without this the future of the Islands appeared bleak. The then Minister of State, Mr Rowlands, accordingly visited the Falklands in February 1977 and, after full and wide-ranging discussions, obtained Islander agreement that the Government should try to establish formal Anglo-Argentine negotiations. The Islanders accepted that these would have to include the sovereignty question. They were given full assurances that they would be closely consulted throughout any talks; that proposals for a settlement - if indeed any emerged - would have to be acceptable to them before being brought to Parliament; and that the talks themselves would be conducted without prejudice to Britain's sovereignty position.

2. Terms of reference for negotiations were subsequently agreed with the Argentines. These cover the twin themes of political and economic co-operation with regard not only to the Falkland Islands, the Dependencies of South Georgia and the South Sandwich Islands, ...
Islands, but to the South West Atlantic in general. They also state that a major objective of the negotiations is to achieve a stable, prosperous and politically durable future for the Islands.

3. There have been four rounds of negotiations so far and one meeting of working groups. The negotiations which the previous Government conducted with the Argentines were exploratory in nature and no decisions were taken. Mr Ridley, the new Minister of State, paid a six day visit to the Falkland Islands (between 20-26 July 1979). During his stay he emphasised the Government's concern for the Islanders' welfare and future and our recognition and acceptance of their wish to remain British. No date has yet been agreed for a further round of negotiations but the new Government has undertaken to continue the dialogue in a constructive spirit.
IPU CONFERENCE, CARACAS: CONTINGENCY BRIEFS

1. The British delegation to the annual Plenary Conference of the Inter-Parliamentary Union in September (list of members attached) will require a number of contingency briefs similar to those provided for the IPU’s Spring Meeting in Prague in April. The preparation of briefs for the actual Conference resolutions is already in hand.

2. List A below shows briefs prepared in April. I should be grateful if these could be brought up to date and returned to me – re-typed if amendments have been made - not later than Wednesday 15 August.

3. List B shows new subjects on which the British delegation has asked for briefing. I should be grateful if these too could reach me by the same deadline. They should be typed in final form, double spaced on plain paper without classification, date or attribution.

BRIEFS REQUIRED

4. List A

   Subject

   1. Rhodesia
   2. Namibia
   3. South Africa (UK relations)
   4. CSCE
   5. SALT
   6. Arab/Israel
   7. Belize
   8. Falkland Islands
   9. Northern Ireland
   10. Iran
   11. Western Sahara

   List B

   12. Vietnam: Boat People
   13. Germany: status of West Berlin parliamentarians
   14. Oil: HMG’s policy on selling prices
   15. Timor
   16. Mercenaries: HMG’s policy

20 July 1979

M Hickson
OID
66TH INTER-PARLIAMENTARY CONFERENCE CARACAS
13th - 21st September 1979
BRITISH DELEGATION

PAGE, Mr. Jack, MP
(C - Harrow, West) - Chairman of the Group
Mrs PAGE
Leader of the Delegation
Member of Council

BOTTOMLEY, Rt. Hon. Arthur
(Teeside, Middlesbrough) - Mrs BOTTOMLEY

DAVIES OF LEEK, Rt. Hon. Lord
ENERGLYN, LORD

FORD, Mr. Ben, JP, MP
(L - Bradford) - Member of Council
Mrs OSBORN

OSBORN, Mr. John, MP
(C - Hallam)

STAMP, Lord

TEMPLE-MORRIS, Mr. Peter, MP
(C - Leominster)

THOMAS, Mr. Jeffrey, QC, MP
(L - Abertillery)

VICKERS, Baroness, DBE

SECRETARY - Secretary of the
STOCKTON, Mrs Lilian - Deputy Secretary
Delegation of the Delegation

ASSOCIATION OF SECRETARIES GENERAL OF PARLIAMENTS

BRADSHAW, Mr. K.A. - Clerk of the Table Office,
House of Commons.

GREY, Mr. J. E. - Clerk Assistant,
House of Lords.

GORDON, Mr. C.A.S.S., CB - Clerk Assistant,
House of Commons

WILLIAMS, Mr. Robert - Senior Clerk, House
Joint Secretary of the
of Commons
Association
Contingency Brief

INTER-PARLIAMENTARY UNION SPRING MEETING, PRAGUE

FALKLAND ISLANDS

1. In mid-1976 an Economic Survey of the Islands, commissioned by the Government and conducted by Lord Shackleton, showed that the Falklands were in decline, and that no new investment was likely, nor any development of economic resources in the area practical in a climate of continued political uncertainty. This led Britain to consider the desirability of opening a dialogue with Argentina with a view to establishing a new framework of economic and political co-operation; without this the future of the Islands appeared bleak. The Minister of State, Mr Rowlands, accordingly visited the Falklands in February 1977 and, after full and wide-ranging discussions, obtained Islander agreement that the Government should try to establish formal Anglo-Argentine negotiations. The Islanders accepted that these would have to include the sovereignty question. They were given full assurances that they would be closely consulted throughout any talks; that proposals for a settlement - if indeed any emerged - would have to be acceptable to them before being brought to Parliament; and that the talks themselves would be conducted without prejudice to Britain's sovereignty position.

2. Terms of reference for negotiations were subsequently agreed with the Argentines. These cover the twin themes of political and economic co-operation with regard not only to the Falkland Islands, the Dependencies of South Georgia and the South Sandwich Islands, but to the South West Atlantic in general. They also state that a major objective of the negotiations is to achieve a stable, prosperous and politically durable future for the Islands. There have been three rounds of negotiations so far and one meeting of working groups. The negotiations, which are still at an exploratory stage, continue with a further meeting planned for the first half of 1979.
The Falkland Islands

From the Director-General
The Falkland Islands Office
Sir,—The Hon. Nicholas Ridley, MP, Minister of State at the Foreign and Commonwealth Office is reported (July 26) to be discussing the "Hong Kong" solution to Argentina's claim over the Falkland Islands.

This has never been acceptable to the Islanders. A lease-back arrangement under which Britain cedes sovereignty to Argentina has been rejected several times before. British sovereignty is indisputable in international law.

We should not forget the potential advantages to the British economy of the massive fish resources of the South Atlantic—highlighted in the annual report from the White Fish Authority. Such resources emphasise the importance of the protected 200-mile fish around the Falkland Islands and their dependent rocks.

(Air Commodore)
Brian G. Frew
C. Greyfrost Place
Westminster, SW1
1. I submit a draft telegram to Port Stanley along the lines we discussed. The relevant telegrams are below.

See AWO261

J B Ure  
South America Department

27 July, 1979

Mr Hall 27/VII

Mr Conway  
Ron 27/7

ns JSJ  

27 3
FOLLOWING FOR PS/MR RIDLEY
MY TELNO 133 TO FCO: FINANCIAL TIMES ARTICLE

1. I DREW COUNCILLORS’ ATTENTION THIS MORNING TO THE FINANCIAL TIMES CORRESPONDENT’S REVELATIONS (WITH THE EXCEPTION OF BOWLES, WHO IS ACCOMPANYING HIS WIFE TO BUENOS AIRES FOR MEDICAL TREATMENT, O’SS, WHO HAS BEEN AWAY FROM STANLEY SINCE LAST SATURDAY ON MY MONSUNEN AND EVANS WHO RETURNED HOME THIS MORNING). I GAINED NO CLUE AS TO WHO, IF ANYONE, COULD HAVE LEAKED THE STORY AND, IN FACT, THE COUNCILLORS PRESENT FELT THAT THE ARTICLE WAS BASED ON LITTLE MORE THAN AN ASTUTE PUTTING TOGETHER BY LINDLEY OF VARIOUS RUMOURS HE HAD HEARD ABOUT TOWN. WHILE THE COUNCILLORS SEEMED FAIRLY RELAXED ABOUT POSSIBLE REACTIONS TO THE STORY LOCALLY, I SUGGESTED THEY SHOULD, NEVERTHLESS, FOLLOW THE LINE SET OUT IN MY TUR.

2. THE GENERAL VIEW OF COUNCILLORS WAS THAT THE VISIT HAD GONE OFF WELL, AND THAT IN DRAWING ATTENTION TO THE REALITIES OF THE SITUATION MR RIDLEY HAD HELPED SET THEIR THINKING ALONG A MORE PURPOSEFUL AND, INDEED, A MORE HOPEFUL COURSE.

PARKER
CONFIDENTIAL

FM PORT STANLEY 26/5452 JUL 79
TO IMMEDIATE FCO
TELEGRAM NUMBER 133 OF 26 JULY
INFO IMMEDIATE BUENOS AIRES

YOUR TELNO 90: FINANCIAL TIMES ARTICLE

1. IF NECESSARY, THE MINISTER WILL TAKE THE LINE THAT THE ARTICLE IS BASED ON PURE SPECULATION BY THE FINANCIAL TIMES. WHILE THE IDEA THE WRITER SUGGESTS AS A SOLUTION TO THE PROBLEM HAS SOME INTEREST, ANYTHING LIKE THE TERMS OF YEARS MENTIONED WOULD BE FAR TOO SHORT TO BE REALISTICALLY CONTEMPLATED.

2. I WILL SAY THE SAME HERE AND AM ADVISING COUNCILLORS ACCORDINGLY.

PARKER
FILES.
SAM.O
NEWS D.
PS/MR. RIDLEY
SIR A. PARSONS.
MR. HALL

CONFIDENTIAL
Plan for Falklands future

BY ROBERT LINDLEY IN BUENOS AIRES

A "HONG KONG" solution for the future of the Falkland Islands is being talked about as the visit by Mr. Nicholas Ridley, junior Minister at the Foreign and Commonwealth Office, comes to an end.

Under such a scheme sovereignty over the islands would be transferred to Argentina which would then lease them back to Britain for, say, 99 years. The British way of life of the islanders would be respected and Argentinian cooperation on the economic development of the islands could yield dividends.

Mr. Ridley is reported to be interested in such a solution, without which some observers see the future of the islands as bleak. However Falklanders are distrustful of assurances about their future from Whitehall, now that Argentina has again stepped up its campaign to acquire the islands.
FOLLOWING FOR PS/MR RIDLEY: ARTICLE IN FINANCIAL TIMES

1. UNDER HEADING 'PLAN FOR FALKLANDS FUTURE', THE FT'S CORRESPONDENT IN BUENOS AIRES, ROBERT LINDLEY, HAS AN ARTICLE IN TODAY'S PAPER READING AS FOLLOWS:

'A 'HONG KONG' SOLUTION FOR THE FUTURE OF THE FALKLAND ISLANDS IS BEING TALKED ABOUT AS THE VISIT BY MR NICHOLAS RIDLEY, JUNIOR MINISTER AT THE FOREIGN AND COMMONWEALTH OFFICE, COMES TO AN END.

UNDER SUCH A SCHEME SOVEREIGNTY OVER THE ISLANDS WOULD BE TRANSFERRED TO ARGENTINA WHICH WOULD THEN LEASE THEM BACK TO BRITAIN FOR, SAY, 99 YEARS. THE BRITISH WAY OF LIFE OF THE ISLANDERS WOULD BE RESPECTED AND ARGENTINIAN CO-OPERATION ON THE ECONOMIC DEVELOPMENT OF THE ISLANDS COULD YIELD DIVIDENDS.

MR RIDLEY IS REPORTED TO BE INTERESTED IN SUCH A SOLUTION, WITHOUT WHICH SOME OBSERVERS SEE THE FUTURE OF THE ISLANDS AS BLEAK. HOWEVER, FALKLANDESE ARE DISTRUSTFUL OF ASSURANCES ABOUT THEIR FUTURE FROM WHITEHALL, NOW THAT ARGENTINA HAS AGAIN STEPPED UP ITS CAMPAIGN TO ACQUIRE THE ISLANDS'.

2. NEWS DEPARTMENT WILL OFFER NO COMMENT ON THIS STORY.

CARRINGTON

FILES
S AM D
NEWS D
MR HALL
Mr Wall,  Private Office

FALKLANDS PAPERS

1. As requested, I attach key papers on the Falklands dispute which will give your successor a good idea of the way this issue has been played over the last couple of years:

a) Terms of reference for negotiations
b) Report to Number 10 on the Rome talks, July 1977
c) Report to Number 10 on the New York talks, December 1977
d) Report to Number 10 on meeting of working groups (at official level) in Lima, February 1978
e) Secretary of State's DOP minute of 13 December, 1978 setting out tactics for negotiations resumed in Geneva (18/20 December)
f) Secretary of State's DOP minute of 13 March, 1979 summarising results of Geneva meeting and outlining tactics for next negotiating round at official level in New York, 21/23 March, 1979
g) South America Department's position paper on the Falkland Islands of 26 April, 1979
h) South America Department's Falklands options paper of 10 May, 1979 (and accompanying minute by Mr Hall of 11 May, 1979)
i) Steering Brief covering Mr Ridley's visit to the Falkland Islands/Argentina, July 1979
j) Secretary of State's personal letter to Argentine Foreign Minister (delivered by Mr Ridley) with reference to possible meeting in New York during the UN General Assembly in September.

31 July 1979

J R Cowling
South America Department
MINISTER OF STATE'S VISIT TO ARGENTINA: COMMUNIQUE

1. FOLLOWING IS TEXT OF JOINT COMMUNIQUE TO BE ISSUED BY UK AND ARGENTINA AT 1944 HOURS LOCAL TIME ON 27 JULY.

BEGIN:

DURING his VISIT TO ARGENTINA, THE MINISTER OF STATE, MR NICHOLAS RIDLEY, ACCOMPANIED BY THE CHARGE D'AFFAIRES, MR HUGH CARLESS, AND OFFICIALS, HELD FRIENDLY AND CONSTRUCTIVE WORKING MEETINGS WITH THE UNDER-SECRETARY OF FOREIGN AFFAIRS, COMODORO CARLOS R. CAVANDOLI AND OFFICIALS OF THE MINISTRY OF FOREIGN AFFAIRS ON 26 AND 27 JULY.

RELATIONS BETWEEN THE TWO COUNTRIES WERE DISCUSSED, WITH PARTICULAR REFERENCE TO THE LEVEL OF DIPLOMATIC REPRESENTATION, AND TO POSSIBLE DATES AND FORMS OF THE NEXT ROUND OF NEGOTIATIONS OVER THE FALKLAND ISLANDS, TAKING INTO ACCOUNT THE HINT EXPRESSED BY THE TWO FOREIGN MINISTERS THAT THEY MIGHT MEET IN NEW YORK DURING THE OPENING SESSIONS OF THE GENERAL ASSEMBLY OF THE UNITED NATIONS. THERE WAS ALSO AN EXCHANGE OF VIEWS ON THE SUBJECT OF BILATERAL COMMERCIAL AND ECONOMIC RELATIONS, AND ON THE ANTARCTIC TREATY NEGOTIATIONS ON THE CONSERVATION OF MARINE RESOURCES.

IN A WIDER CONTEXT THE PROBLEM OF REFUGEES FROM SOUTHEAST ASIA AND OTHER MATTERS OF MUTUAL AND INTERNATIONAL INTEREST WERE CONSIDERED.

MR RIDLEY WAS RECEIVED BY H.E. THE MINISTER OF FOREIGN AFFAIRS, BRIGADIER CARLOS PASTOR. ON THIS OCCASION THE EARLIER AGREEMENT OF BOTH GOVERNMENTS TO EXCHANGE AMBASSADORS WAS CONFIRMED.
It being agreed that diplomatic relations should be raised to this level as soon as possible, and that the two governments should seek agreement for their respective candidates in due course in accordance with established procedure.

Mr. Ridley was also received by H.E. the Minister of Economy or judge Alfredo Martinez de Hoz, Unofficial.

DEPARTMENTAL D
SAMD
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010
NEWS D
006D
DEFENCE D
ESD
REO N D
TRAD
MARD
UNO
SIRD
POD

ADDITIONAL DISTRIBUTION
LATIN AMERICAN
FALKLAND ISLANDS

FALKLAND ISLANDS DISPUTE: MENTION BY ADMIRAL LAMBRUSCHINI

1. Since it was the first public reference to the dispute by a member of the Military Committee which he had seen in President Videla's speech in Tucuman (my letter of 15 May) it is worth recording that in the course of a long and unexceptional speech on foreign affairs given to the Diplomatic Association on 10 July Admiral Lambruschini referred to the Falklands.

2. He said that the Argentine Government would try through direct diplomatic negotiations to achieve the return of the Islands. The Islands belonged to Argentina by right, he said, and this position was not negotiable.

Yours, Richard.

R. Gozney

cc Government House
PORT STANLEY
MOTION FOR THE SUMMER ADJOURNMENT

1. As requested in your minute of 10 July, I attach briefing material on:

(a) Ambassadors to Argentina/Chile
(b) Falkland Islands.

J B Ure
South America Department

17 July, 1979
MOTION FOR THE SUMMER ADJOURNMENT

AMBASSADOR TO ARGENTINA

SPEAKING NOTE

If for use on or before 26 July
1. We are actively considering the restoration of relations at Ambassadorial level with Argentina. This decision carries no implications for our Falklands policy.

If for use after 26 July
2. It was announced on 26 July, in the course of a visit by the Minister of State at the Foreign & Commonwealth Office (Mr Ridley), that we confirmed our intention to restore relations with Argentina at the level of Ambassadors in the near future. This decision carries no implication for our Falklands policy.

3. It was the Argentines who withdrew their Ambassador from London and requested the withdrawal of ours from Buenos Aires in 1975/76. It is they who took the initiative over the restoration of Ambassadors. The presence of an Ambassador does not imply approval for the policies of the host Government, but it does facilitate official communication at the highest level.

AMBASSADOR TO CHILE
4. We are considering the restoration of relations at Ambassadorial level with Chile: no decisions have yet been taken.
MOTION FOR THE SUMMER ADJOURNMENT

Falkland Islands

Speaking Note

1. The Minister of State, Mr Ridley, has recently paid a visit to the Falkland Islands to see the situation there for himself. We intend to continue to consult the Falkland Islanders fully on any developments which affect their interests. No proposals about the future of the Islands will be brought before Parliament unless these are acceptable to the Islanders. The negotiations which the previous government conducted with the Argentines were essentially exploratory in nature and no decisions were taken. We intend to continue the dialogue with the Argentine Government in a constructive spirit. But no date has been fixed for a further round of talks.

Southern Thule

2. The position on the Argentine scientific station on Southern Thule remains as it was. We have protested at their presence and in doing so protected our sovereignty position. Negotiations have been undertaken to remove any sovereignty implications from these scientific activities but these have not been concluded. This is one of the topics which will be for consideration when we continue talks with the Argentines.
MOTION FOR THE SUMMER ADJOURNMENT

FALKLAND ISLANDS

SPEAKING NOTE

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MOTION FOR THE SUMMER ADJOURNMENT

FALKLAND ISLANDS

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MOTION FOR THE SUMMER ADJOURNMENT

1. The timing of the debate on the Motion for the Summer Adjournment is undecided but it is expected to be debated in the last week of July or the beginning of August. The Leader of the House has asked for briefing material for his use in winding up the debate.

2. Briefing is required on any matter which may be raised by backbenchers as reasons why "the House should not adjourn." FCO subjects of current interest which could arise seem likely to be:

   1. Anglo-Irish relations
   2. Afghanistan
   3. Ambassadors to Argentina/Chile
   4. Anglo-USSR relations (including dissidents)
   5. Arms limitations
   6. Arms sales
   7. Arab Boycott
   8. Arab-Israeli dispute
   9. Belize/Guatemala
   10. British property claims (Cyprus, Portugal)
   11. China
   12. Cuba
   13. Cyprus
   14. El Salvador
   15. EEC current problems
   16. Falkland Islands
   17. Ghana
   18. Gibraltar
   19. Hong Kong
   20. Horn of Africa
   21. Iran
   22. Independence for the West Indies Associated States
   23. Indo-Chinese refugees
   24. India
   26. Kampuchea/Vietnam
   27. MBFR and SALT
   28. Namibia
   29. North/South dialogue
   30. Neutron bomb
   31. Nicaragua
   32. Nuclear non-proliferation
   33. Passport issue delays
   34. Rhodesia
   35. Rudolf Hess
   36. Security for HMAs overseas
   37. South Africa (including sporting contacts)
   38. The Queen's African visit and CHGM Lusaka
   39. Terrorism
   40. Turkey
   41. Uganda/Tanzania
   42. UNLOSC
   43. Zambia

3. Would Departments please consider whether material on other topics should be offered and, if so, discuss this with the Parliamentary Unit (PU) before drafting? If Departments decide not to offer briefing on any subject specified above, I should be grateful if they would telephone their nil return to the PU.
4. As always, material should be succinct. The briefs should be in the form of a separate speaking note (unclassified), supplemented by a short background note only where absolutely necessary.

5. I should be grateful if briefs could reach me by NOON on Tuesday 17 July at the latest.

6. Please pass the attached note on the presentation of briefs to your Secretarial staff.

10 July 1979

E R Worsnop
Parliamentary Clerk
Distribution

Heads of Department - for action

ACDD (5)
C Af D (43)
CCD (38)
Claims Dept (10)
CRD (37)
Defence Dept (6), (27) & (30)
EAD (20) & (41)
EESD (4)
ESSD (25)
EID (15)
FED (11)
FRD (29)
HKGD (19)
JNU (32)
MAED (39) & (42)

Heads of Department - for information

A & SD
Consular Dept
Finance Dept
IPD
MVD
NAD
NTD

Information Copies

Private Secretary
PS/Lord Privy Seal
PS/Mr Hurd

MCD (9), (12), (14) & (31)
MED (21)
NENAD (7) & (8)
Passport Office (33)
Rhodesia Dept (34)
RID (1)
Security Dept (36)
SAD (2) & (24)
S Af D (28) & (37)
S Am D (3) & (16)
SEAD (23) & (26)
SED (10, (13), (18) & (40)
TRED (29)
WAD (17)
WED (35)
WIAD (22)

OID
PPD
PSD
Planning Staff
PCD:
SPD
UND

PS/Mr Ridley
PS/Mr Blaker
PS/Mr Luce
MOTION FOR THE SUMMER ADJOURNMENT

Note for Secretarial Staff

1. The speaking notes and any background notes are to be typed on separate sheets of blue crested (minute) paper. 3 photo-copies of each note are also required. No photo-copies are needed of any covering minute or submission.

2. Please do not staple the speaking and any background note together.

3. The appropriate headings (in block capitals) are:

   MOTION FOR THE SUMMER ADJOURNMENT (SUBJECT) - there is no need to indicate a Brief No

   SPEAKING (or BACKGROUND ) NOTE
FAKLAND ISLANDS

1. We have been asked to produce a brief on the Falkland Islands for bilateral talks with Heads of Government or Ministers at the Commonwealth Heads of Government Meeting in Lusaka. I submit a draft brief. The points to make follow our standard line when discussing the matter with members of the Commonwealth.

10 July 1979

J B Ure
South America Department
9 July 1979

COMMONWEALTH HEADS OF GOVERNMENT MEETING
LUSAKA, 1-8 AUGUST 1979

FALKLAND ISLANDS

Brief by Foreign and Commonwealth Office

Points To Make

1. We have no doubt as to British sovereignty over the Falkland Islands and their Dependencies.

2. The Islanders have made it quite clear that they wish to remain British; there is no call for independence.

3. There is no indigenous population; the islanders are almost without exception of British descent. The question of "decolonisation" does not therefore arise.

4. Some Commonwealth countries have in the past supported the Argentine claim to the Islands treating it as a colonial problem. We do not regard this as a colonial problem and would like to see all the Commonwealth support our position.

Background

Negotiations

5. In April 1977 the British and Argentine Governments agreed terms of reference for negotiations directed at the working
out of a peaceful solution to the sovereignty dispute over the Falkland Islands. Four rounds of negotiations so far and one meeting of Working Groups. No date yet agreed for a further round of negotiations, but the new Government has undertaken to continue the dialogue in a constructive spirit.

United Nations

6. In November 1976, United Nations Fourth Committee adopted pro-Argentine resolution on Falklands Islands by 94 to 1 (UK) with 32 abstentions. The text of the resolution, linked as it was to the political declarations of the non-aligned conference in Lima and Colombo, was unacceptable. The resolution of the Lima conference specifically denied the right of self-determination to the Islanders. The Colombo declaration urged the UK to pursue the negotiations recommended by the United Nations to restore the Falkland Islands "to Argentine sovereignty". The resolution also referred to "decolonisation" which is inappropriate to the Falkland Islands as there is no indigenous population. Resolution of the Fourth Committee adopted by General Assembly by 102 to 1 (UK) with 36 abstentions. We and the Argentines have reported by parallel letters to the UN Secretary-General after each round of negotiations. We hope that while the negotiations continue the question of the Falkland Islands will not be raised by the Argentines in the UN. Argentina continues to receive support for her position from non-aligned countries.

Commonwealth Position

7. A number of Commonwealth countries have in the past supported the Argentines on the Falkland Islands both at the
United Nations and within non-aligned movement. Following Commonwealth countries voted in favour of the pro-Argentine UN resolution of 7 December 1976: Cyprus, Bangladesh, Ghana, India, Lesotho, Malaysia, Malta, Mauritius, Sri Lanka, Swaziland, Uganda, Tanzania, Zambia. Following abstained: Australia, Bahamas, Barbados, Canada, Guyana, Fiji, Gambia, Jamaica, Kenya, Malawi, New Zealand, Papua New Guinea, Sierra Leone, Singapore, Trinidad and Tobago. We expressed disappointment to those Commonwealth countries that supported the UN resolution that they should have chosen to vote in favour of a resolution that specifically denied the people of the Falkland Islands the right to self-determination.

Foreign and Commonwealth Office
9 July 1979
CONFIDENTIAL

Assistant Heads of Department
cc: Mr C R O Jones, ODA
(Distribution see attached list)

CHGM LUSAKA 1-B AUGUST: BRIEFING FOR PRIME MINISTER AND UK DELEGATION

1. Following comments by Departments on the draft list of briefs circulated with my minute of 21 May, and subsequent discussions with Cabinet Office, the latter have now approved the list attached at Annex A and called for the briefs to be prepared. Annex A shows the FCO Department responsible for each FCO brief plus those others which we assume will need to be consulted, although the responsible Department will be the judge of this. Briefs are in four categories:

   (i) **Category A:** prepared statements by the Prime Minister. Drafts should be in speech form for statements that will take about 10 minutes to deliver.

   (ii) **Category B:** intended for use at business sessions, are grouped under agenda headings.

   (iii) **Category C:** briefs are for bilateral talks with Heads of Government or Ministers, Section I listing subjects common to all or several countries, Section II being individual country briefs. The latter may be extremely short, at discretion of Departments.

   (iv) **Category D:** briefs will provide background material and are for issue, in the first place, to officials only.

2. The format for briefs is shown at Annex B - it is essential that this is kept to. In view of Cabinet Office's deadline, briefs in final form (original plus three copies, white A4 paper) must reach CCD not later than 5.00 pm on Wednesday 11 July. A further copy should be sent at the same time to Mr Carne, Planning Staff. It is most important that this deadline be adhered to, even if Addenda may subsequently be needed. It would be most helpful if straight-forward briefs could be forwarded as soon as possible to ease the pressure on DRC. All briefs must be cleared within the Office to whatever level Departments think necessary as well as with other necessary Whitehall Departments before they are sent to CCD. A unit to process briefs has been set up in CCD: briefs should be sent to Miss G H Pegler, Room W137 (8354). Enquiries can also be made on 8249. Originating Departments only will receive a copy of the brief concerned once finally reproduced.

3. Annex B also sets out the requirements relating to Addenda or additional briefs which might be needed. If either are thought necessary however it is essential that you consult me (4493) or Mr Dewar (4558) as a first step.

4. Appropriate Departments have also received separate copies of the annotated agenda and of Commonwealth Secretariat background papers. They should take these into account when drafting. The following comments concern particular briefs:

/(a)
(a) Category A and B: the Prime Minister is expected to make interventions on the problems of Vietnamese refugees for Hong Kong and on the Tokyo Summit. No doubt these would best appear in Category A2 and A4 (statements on International Developments and World Economic Situation) but, if so, Departments will want to cross reference to relevant Category B briefs;

(b) Arms control and Non Proliferation (B9) will need to include pieces on Pakistan and South Africa;

(c) South East Asia (B11) should also cover developments in Indo-China;

(d) Rhodesia (B13) should also cover "Bingham" aspects;

(e) North South Dialogue (B18) should also cover IMF conditionality. The section on Programme of Commodities should cover marketing and other commodity problems;

(f) UK Aid Policy (B20) should also cover multilateral aspects;

(g) Regional Cooperation (B26) will need to include the Colombo Plan;

(h) Commonwealth Fund for Technical Cooperation (B28) should also cover the Commonwealth Fund for Mozambique;

5. I would be grateful if Mr Jones could act as coordinator within ODA to ensure that ODA briefs are forwarded to CCD to meet the above requirements.

6. I am issuing a separate minute about briefing for The Queen.

J R Paterson
Commonwealth Coordination Dept
W140 233-4493

2 July 1979

Encl
DISTRIBUTION:

Mr Willson
Assistant Heads of
ACDD
CAFID
CSCE Unit
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CRD
Defence
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EESD
Economists
ESSD
EID(E)
FED
FRD

HKGD
IPD
Joint Nuclear Unit
MAED
MCD
MED
MVD
NENAD
News Dept
NAD
Planning Staff
PCD

RID
Rhodesia Dept
SAMD
SAD
SEAD
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SED
SPD
TRED
UND
WAD
WIAID

Copies to:
All Private Offices
All Under Secretaries
Mr C R O Jones ODA
Mr P J Fowler, Cabinet Office
Heads of: OID
PUUSD
# ANNEX A

LIST OF MINISTERIAL BRIEFS FOR COMMONWEALTH HEADS OF GOVERNMENT MEETING LUSAKA 1-8 AUGUST 1979

### Category A. Prepared Statements by the United Kingdom

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<th>In consultation with</th>
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<td>International Developments</td>
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<td>4.</td>
<td>World Economic Situation and Prospects</td>
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<td>5.</td>
<td>Commonwealth Co-operation</td>
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**CONFIDENTIAL**
**Category B. List of Briefs for Use at the Meeting**

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<th>No.</th>
<th>Subject</th>
<th>Lead Department</th>
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<td><strong>Organisational</strong></td>
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<td>1.</td>
<td>Steering Brief</td>
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<td><strong>INTERNATIONAL DEVELOPMENTS</strong></td>
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<td><strong>World Political Scene</strong></td>
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<td>Belize</td>
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<td>Cyprus</td>
<td>SED/FCO</td>
<td>Treasury, MOD</td>
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<td>Iran</td>
<td>MED/FCO</td>
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<td>Middle East (Peace Negotiations)</td>
<td>NENAD/FCO</td>
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<td>Indian Ocean (including proposals for Nuclear</td>
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<td>Weapons Free Zones and Peace Zones)</td>
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<td>South East Asia (including Vietnamese</td>
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<td>Refugees)</td>
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<td>12.</td>
<td>China</td>
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<td>Sporting contacts with South Africa</td>
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<tr>
<td>17.</td>
<td>World Economic Situation and Prospects (including Tokyo Summit)</td>
<td>Treasury</td>
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<td>18.</td>
<td>North/South Dialogue including: (a) UNCTAD V (b) Common Fund (c) Programme of Commodities</td>
<td>FCO FRD (TRD, ODA)</td>
<td>Trade, Treasury, Industry, Energy, MAFF, Cabinet Office</td>
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<td>19.</td>
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<td>20.</td>
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<td>Housing Urbanisation and the Environment</td>
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**COMMONWEALTH CO-OPERATION**

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<td>Regional Co-operation</td>
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<td>27.</td>
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<td>FCO ODA (as necessary)</td>
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<td>28.</td>
<td>Commonwealth Fund for Technical Co-operation</td>
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<td>Commonwealth Youth Programme</td>
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<td>31.</td>
<td>Human Rights (Gambian Proposal for Commonwealth Human Rights Commission)</td>
<td>FCO</td>
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<td>Commonwealth Film and Television Institute</td>
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<td>33.</td>
<td>Liaison between the official and unofficial Commonwealth</td>
<td>FCO (CCD, ODA)</td>
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<td>34.</td>
<td>Women and Development</td>
<td>FCO (CCD)</td>
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<td>Format of Commonwealth Heads of Government Meetings</td>
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<td>Resolutions of Commonwealth Youth Leaders</td>
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<td>41.</td>
<td>Aid to Uganda</td>
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<td>42.</td>
<td>Community Service Project for Commonwealth Youth</td>
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**STUDIES COMMISSIONED IN 1977**

**ODA (UNV)**

**CONFIDENTIAL**
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<td>Pakistan and the Commonwealth</td>
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<td>BRIEFS FOR BILATERAL TALKS WITH INDIVIDUAL COUNTRIES</td>
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<td>Bahamas/Barbados/Dominica/St. Lucia Grenada/Guyana/Jamaica/Trinidad and Tobago</td>
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<td>11.</td>
<td>Fiji/Kiribati (Gilbert Islands - including Banaba issue) /Papua New Guinea/Solomon Islands/Tonga/W. Samoa</td>
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<td>Gambia</td>
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<td>India</td>
<td>SAD (ODA) FCO</td>
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<td>Kenya/Uganda/Tanzania</td>
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<td>Malawi</td>
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<td>18.</td>
<td>Malaysia</td>
<td>SEND (MAED, HKLD FCO WAD /CRD)</td>
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<td>Malta</td>
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<td>20</td>
<td>Mauritius/Seychelles</td>
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<td>Nigeria</td>
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<td>24</td>
<td>Singapore</td>
<td>SEAD(MAED, HKGD, UND, CRD, ODA) FCO</td>
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<td>25</td>
<td>Sri Lanka</td>
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<td>26</td>
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## Category D. Background Briefs

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<td>Food Production and Rural Development</td>
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<td>Commonwealth Secretariat Accommodation</td>
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<td>6</td>
<td>Commonwealth Commodity Publications</td>
<td>FCO</td>
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- Briefs should be typed in double spacing, using both sides of the paper.
- Pages should be numbered at the foot of each page.
- The top page only should bear the symbol and number of the briefs in the top left-hand corner (e.g. PMVT[78] A3), along with the date of production below a copy number in the top right-hand corner and the visit heading, the title of the brief (in capitals) and the name of the Department responsible (as in Annex C).
- Briefs should bear at the foot of the last page, on the left-hand side, the name of the originating Department and the date of origin.
- If later developments require a brief to be amended or updated, an addendum should be prepared. It should be set out in the standard way with the brief number (e.g. PMVT[78] A3 Addendum) and date to which it relates at the top of the front page. The Private Secretary to the Secretary of the Cabinet should be informed when no addendum is in preparation.
- Additions to the list of briefs in Annex A require the authorisation of the Private Secretary to the Secretary of the Cabinet.
ANNEX B

INSTRUCTIONS ABOUT FORMAT

All briefs should be laid out in the same way with a top page in accordance with the specimen layout at Annex C. Those preparing briefs should note the following:

(a) Briefs should be as concise as possible. Each brief should if possible be no more than four sides long.

(b) The main body of each brief should comprise two sections, a concise list of Points to Make, followed by a factual Background section which distinguishes clearly between information which can be freely used and information which should not be disclosed.

(c) Briefs should be complete and self-contained and with all the information required on that particular subject. Except where indicated in the List of Briefs, briefs should not be divided into separate self-contained sub-sections.

(d) Briefs should be typed in double spacing, using both sides of the paper. Pages should be numbered at the foot of each page.

(e) The top page only should bear the symbol and number of the briefs in the top left-hand corner (e.g. PMVT(79) A3), with the date of production below; a copy number in the top right-hand corner; and the visit heading, the title of the brief (in capitals) and the name of the Department responsible (as in Annex C).

(f) Briefs should bear at the foot of the last page, on the left-hand side, the name of the originating Department and the date of origin.

(g) If late developments require a brief to be amended or updated, an addendum should be prepared. It should be set out in the standard way with the brief number (e.g. PMVT(79) A3 Addendum) and title to which it relates at the top of the front page. The Private Secretary to the Secretary of the Cabinet should be informed when an addendum is in preparation.

(h) Additions to the list of briefs in Annex A require the authorisation of the Private Secretary to the Secretary of the Cabinet.
COMMONWEALTH HEADS OF GOVERNMENT MEETING
LUSAKA, 1-8 AUGUST 1979

Brief by [name of originating Department e.g. Foreign and Commonwealth Office/]

[At the foot of the last page:

Department of origin e.g. Foreign and Commonwealth Office/
Date of origin]
FALKLANDS DISPUTE AND EXCHANGE OF AMBASSADORS: PUBLIC COMMENT

1. TWO INTERESTING PIECES HAVE APPEARED IN THE PRESS OVER THE PAST WEEK.

2. IN AN EDITORIAL ON ANGLO-ARGENTINE RELATIONS, LA NACION STRONGLY SUPPORTED THE RESUMPTION OF DIPLOMATIC RELATIONS AT AMBASSADORIAL LEVEL WHICH, THE PAPER SAID, HAD BEEN INTERRUPTED UNDER MOST UNFORTUATE CIRCUMSTANCES OVER THREE YEARS AGO. THE FALKLAND ISLANDS ISSUE, QUESTIONS OF JURISDICTION IN THE SOUTH ATLANTIC AND ANGLO-ARGENTINE COMMERCIAL LINKS ALL MADE AMBASSADORIAL RELATIONS WORTHWHILE. PROBLEMS BETWEEN THE TWO COUNTRIES COULD BE BETTER DEALT WITH AND SOLUTIONS WOULD NATURALLY BE EASIER, WITH AMBASSADORS IN LONDON AND BUENOS AIRES. THE EDITORIAL ADDED THAT CAVANDOLI'S VISIT TO LONDON AND MR RIDLEY'S PROPOSED VISIT TO BUENOS AIRES WERE GOOD SIGNS.

3. THAT THIS EDITORIAL FOLLOWED THE CRITICISMS OF CASTEX (OUR TELHO
4. On 26 June Dr Carlos Helbling (President of the Banco Nacional Desarrollo (Economic Development) until last year and, although out of the news in recent months, still a prominent figure) referred to Argentine foreign policy and the Falklands in the course of a wide-ranging speech in Cordoba. He said that there was a need for burning issues to inspire the people and that these should include an aggressive and expansionist foreign policy. He called for quote the re-conquest of the Malvinas, effective control of the Antarctic, and the re-occupation of the geo-political area belonging to the nation unquote. He left ambiguous whether he intended that the re-conquest should be by military or merely diplomatic means.

5. Dr Helbling's remarks continue the trend whereby non-government figures are making increasing use of the Falkland Islands question to catch the public eye. This contrasts with the low key approach taken by ministers or officials, for example on quote Malvinas Day unquote.

(Signed) R Gozney

RESTRICTED

NNN

Sent at 4/2005Z HR QRU
Recd up to and including BAFO 13/ at 4/2005Z ITF
21 June 1979

Dear Michael,

At the end of the Debate on the Address of 22 May, I was unfortunately unable to respond to all the points raised. I therefore thought it might be helpful to write to you about some of the matters you touched on concerning British interests in the South West Atlantic.

May I first assure you of the Government's interest in the potential of the South West Atlantic; we will be looking carefully at any possibilities for commercial opportunities in the development of the region's resources. I understand the report by the White Fish Authority on fishing opportunities in the South West Atlantic is in its final stages of preparation. Once it is finalised, we shall consider what action needs to be taken in the light of its recommendations.

We have still not received the evaluation of the data from the seismic survey of the Falkland Islands continental shelf. As you will appreciate, the amount of data involved is considerable, and the evaluation is taking longer than the experts at first predicted.

It is not the case that the talks between the UK and Argentina on the future of the Falkland Islands and the region in general have broken down. The last round took place in New York in late March shortly before the announcement of the General Election. The Government will be looking carefully at

The Lord Morris
this matter in the coming months. The position on the proposed Scientific Cooperation Agreement with Argentina remains that all Island Councillors have been consulted about the scheme and that it has been left for further consideration. It would be incorrect to describe these exchanges as an attempt to place "a cloak of spurious legitimacy around the illegal occupation of Southern Thule by the Argentines". We have protested to the Argentines about their presence and have thereby protected our sovereignty position. The purpose of the negotiations was to remove any sovereignty implications from their scientific activities and to ensure that they were conducted in the spirit of the Antarctic Treaty.

You mentioned also an exchange of Ambassadors with Argentina. I can confirm that the Argentine Government have approached us and that the level of our relations is under active consideration.

Lord Strathcona
RR PORT STANLEY

RR MODUK (DEFENCE SALES)

CRPS 46
CONFIDENTIAL
FM BUENOS AIRES D7/26967 JUNE 1979
TO PRIORITY FCO
TELEGRAM NUMBER 126 OF 7 JUNE 1979
INFO PORT STANLEY MOD (DEFENCE SALES)

YOUR TELNO 92: CAVAINDOLI

1. THANK YOU FOR THIS GUIDANCE. PRESS SPECULATION HERE CONTINUES.
LA PRENSA OF 7 JUNE SUGGESTS THAT MR RALDIE'S MEETING WITH
CAVAINDOLI MAY PREPARE THE GROUND FOR A MORE FORMAL MEETING IN JULY
IN BUENOS AIRES, FOLLOWING A VISIT BY THE MINISTER OF STATE TO
THE FALKLAND ISLANDS. YOU MAY WISH TO HAVE MY ESTIMATE OF THE LINE
CAVAINDOLI IS LIKELY TO TAKE WHEN HE SEES THE MINISTER OF STATE.

2. ON THE QUESTION OF AMBASSADORS, CAVALDOLI MAY SEEK CONFIRMATION
THAT YOU AGREE, AND PRESS FOR SIMULTANEOUS ANNOUNCEMENT OF THE
APPOINTMENTS. IN THIS CONNECTION, CLARIN OF 7 JUNE SPECULATES THAT
AMBASSADORS MAY BE APPOINTED BY THE END OF JUNE.

3. ON THE FALKLANDS, CAVANDOLI IS UNDER SOME PRESSURE. HE IS LIKELY
TO PRESS FOR ASSURANCES THAT ANY RENEWAL OF THE BILATERAL TALKS
WILL BE PRODUCTIVE (FROM THE ARGENTINE VIEWPOINT) AND, IN PARTICULAR,
THAT YOU WILL BE PREPARED TO ENTER INTO DISCUSSIONS ON SOVEREIGNTY
AT AN EARLY STAGE. IT WAS ONLY THE CALLING OF THE GENERAL ELECTION
SOON AFTER THE NEW YORK ROUND OF TALKS THAT ENABLED THE MFA TO
EXPLAIN AWAY THE PAUCITY OF RESULTS ACHIEVED DURING TWO YEARS
OF NEGOTIATIONS.

4. THROUGH THE LOCAL REPRESENTATIVE OF THE GENERAL ELECTRIC
COMPANY...
COMPANY WE HAVE LEARNT THAT THE CHIEF OF MATERIEL OF THE ARGENTINE AIR FORCE (BURGOS) IS AT PRESENT IN LONDON WITH ROLLS ROYCE, WITH WHOM HE IS DISCUSSING ENGINEERING SUPPORT FOR THE FORCE’S A4 AIRCRAFT. FOSTER HAS ALSO TOLD US THAT THE CHIEF OF STAFF OF THE AIR FORCE (TEMPORINI) WISHED TO GO TO LONDON BETWEEN 22 AND 25 JUNE TO SEE LORD NELSON, TO WHOM HE WISHES TO PUT THE IDEA THAT A PARTNERSHIP BETWEEN THE UK AND ARGENTINA IN THE INDUSTRIAL AND DEFENCE FIELDS COULD HELP TOWARDS A SOLUTION OF THE FALKLANDS DISPUTE. CAVANDOLI, AN AIR FORCE MAN, MAY TOUCH ON THIS THEME.

5. IN CONNECTION WITH CAVANDOLI’S CURRENT ATTENDANCE AT THE NON-ALIGNED MEETING IN COLUMBO, FOREIGN MINISTER PASTOR, AT A LUNCH GIVEN BY EEC HEADS OF MISSION ON 6 JUNE, DEFENDED ARGENTINA’S CONTINUED MEMBERSHIP OF THE NON-ALIGNED GROUP. HE SAID THAT, EVEN THOUGH ARGENTINA CONSIDERS ITSELF A PART OF THE WESTERN WORLD, THE POLITICAL SUPPORT OF THE NON-ALIGNED IN SUCH MATTERS AS UN VOTES (PRESUMABLY ON THE FALKLANDS AND HUMAN RIGHTS) WAS A VALUABLE COUNTERBALANCE TO THE HEAVY CRITICISM ARGENTINA RECEIVES FROM THE UNITED STATES AND ELSEWHERE. HOWEVER, HE PERSONALLY DID NOT BELIEVE PRESIDENT VIDELA WOULD ATTEND THE HAVANA MEETING. HAD IT BEEN ELSEWHERE, HE PROBABLY WOULD HAVE.

6. ON HUMAN RIGHTS, SEE MIIF.

CARLESS
The Secretary of State's reaction was that he did not want to have to tell with this decision for the foreseeable future of the State Department that he should try to keep it quiet for as long as possible. I agreed for the sake which he had presented, but could not see no decision presented for the sake of others.

Nevertheless, as you will have seen from the letter to Washington pastor, I shall continue this dialogue in a constructively spirit, etc., I think you will find, however, that there will be more and more people insist that we seek a solution which is acceptable to the Falkland Islanders.

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Mr Ure
Mr Hall
Mr Cornish Planning Staff

LORDS DEBATE ON THE ADDRESS: DEFENCE AND FOREIGN AFFAIRS

1. As requested in your minute of 8 June, I attach draft letters from Lord Strathcona to Lord Morris and Viscount Montgomery in reply to points raised during the Debate which Lord Strathcona did not have time to answer when winding up.

G A Duggan
South America Department

11 June 1979

cc: Parliamentary Unit
To--

The Lord Morris
House of Lords
LONDON SW1

At the end of the debate on the Address of 22 May, I was unable to respond to all the points raised and thought it might be helpful to write to you about some of the matters you touched on concerning British interests in the South West Atlantic.

May I first assure you of the Government's interest in the potential of the South West Atlantic; we will be looking carefully at any possibilities for commercial opportunities in the development of the region's resources. I understand the report by the White Fish Authority on fishing opportunities in the South West Atlantic is in its final stages or preparation. Once it is finalised, we shall consider what action needs to be taken in the light of its recommendations.

We have still not received the evaluation of the data from the seismic survey of the Falkland Islands continental shelf. As you will appreciate, the amount of data involved is considerable and the evaluation is taking longer than the experts at first predicted.

It is not correct to say that the talks between the UK and Argentina on the future of the Falkland Islands and the region in general have broken down. The last round took place in New York in late March shortly before the announcement of the General Election. The Government will be...
looking carefully at this matter in the coming months. The position on the proposed Scientific Co-operation Agreement with Argentina remains that all Island Councillors have been consulted about the scheme and that it has been left for further consideration. It would be incorrect to describe these exchanges as an attempt to place "a cloak of spurious legitimacy around the illegal occupation of Southern Thule by the Argentines". We have protested to the Argentines about their presence and have thereby protected our sovereignty position. The purpose of the negotiations was to remove any sovereignty implications from their scientific activities and to ensure that they were conducted in the spirit of the Antarctic Treaty.

You mentioned also an exchange of Ambassadors with Argentina. I can confirm that the Argentine Government have approached us and that the level of our relations is under active consideration.
To:

Viscount Montgomery
House of Lords

I am afraid that during my winding up speech for the Debate on 22 May on the Address, the length of the Debate and the lateness of the hour meant that I was unable to respond to a specific point which you had raised about the restoration of medium-term credit facilities for Chile.

I am sure that you will since have seen the announcement made by ECGD on 8 June of the resumption of such cover for UK exports to Chile. I enclose a copy of the press notice. I am sure that this news was most welcome to you.
Mr Hall

Mr Walk, Private Office

FALKLAND ISLANDS: PARLIAMENTARY EXCHANGES

1. You asked about Conservative party reactions in Parliament to the negotiations with Argentina.

2. The terms of reference for Falklands' negotiations announced on 26 April, 1977, were in the form of a written Parliamentary Answer by Dr Owen. But this was preceded by a statement on 2 February, 1977, by Mr Crosland about the Falkland Islands and our relations with Argentina. This statement gave rise to a lengthy exchange and I have sidelined some of the more important points made by members of the then Conservative opposition.

3. Since then there have been a series of Parliamentary Questions in the main relating to progress in the negotiations, fishing, potential hydrocarbon wealth, implementation of the Shackleton report, and the illegal Argentine presence on Southern Thule (which was also the subject of an Adjournment Debate on 5 July last).

7 June, 1979

J B Ure
South America Department

[Signatures]
FALKLAND ISLANDS: TERMS OF REFERENCE FOR NEGOTIATIONS (WRITTEN PARLIAMENTARY ANSWER BY THE SECRETARY OF STATE, 26 APRIL 1977)

The British and Argentine Governments have now reached agreement on the Terms of Reference for negotiations about the Falkland Islands dispute, as follows:

The Governments of the Argentine Republic and the United Kingdom of Great Britain and Northern Ireland have agreed to hold negotiations from June or July 1977 which will concern the future political relations, including sovereignty, with regard to the Falkland Islands, South Georgia and South Sandwich Islands, and economic co-operation with regard to the said territories, in particular, and the South West Atlantic, in general. In these negotiations the issues affecting the future of the Islands will be discussed, and negotiations will be directed to the working out of a peaceful solution to the existing dispute on sovereignty between the two states, and the establishment of a framework for Anglo-Argentine economic co-operation which will contribute substantially to the development of the Islands, and the region as a whole.

A major objective of the negotiations will be to achieve a stable, prosperous and politically durable future for the Islands, whose people the Government of the United Kingdom will consult during the course of the negotiations.

The agreement to hold these negotiations, and the negotiations themselves, are without prejudice to the position of either Government with regard to sovereignty over the Islands.

The level at which the negotiations will be conducted, and the times and places at which they will be held, will be determined by agreement between the two Governments. If necessary, special Working Groups will be established.
Mr. Rudgden: Does the Minister agree that the first thing that must be done in respect of the European institutions is to define and limit the role and functions of the European Assembly? Does he agree that it is clear, for instance, from the speech of Mr. Roy Jenkins in Luxembourg on 11th January that no one has an agreed or clear idea of what the European Assembly should do, and, indeed, that until there is such a redefinition of the functions and the role of that Assembly there should be no direct elections to it?

Dr. Owen: The speech of the President of the Commission is a matter for him. There are many different views about the role and functions of the European Parliament or Assembly. However, one thing is quite clear. That is that the mere fact of introducing direct elections carries with it no commitment to any change in its existing powers.

Mr. Fernyhough: What does my right hon. Friend think will be the cost of this country of direct elections? Will he take it from me, in view of the cuts that have recently been made in education and social services, that the money would be much better spent in my constituency of Jarrow.

Mr. Ernest G. Perry: And in Battersea, South.

Dr. Owen: I am afraid that I am not able to give my right hon. Friend an estimate of the cost to this country of such elections. One of the matters that the House will wish to discuss is the whole question of financing and what financial arrangements may need to be made concerning European elections. However, I shall give as much information as I can to the House.

Rear-Admiral Morgan-Miles: Follow the reply given to my right hon. Friend the Member for Brighton, Pavilion (Mr. Amery) a moment ago, may I ask whether the Government will arrange for a document to be issued explaining where the President thinks that the greatest threat to Europe comes from, because that surely is the basis on which defence in Europe must primarily depend?

Dr. Owen: Did the hon. and gallant Gentleman say "Where does the President feel that the greatest threat is?" The Government are always making clear their views on the threats to both the security of this country and the NATO Alliance, and the traditional way of dealing with that matter is in the annual Defence White Paper.

FALKLAND ISLANDS

"The Secretaries of State for Foreign and Commonwealth Affairs (Mr. Anthony Crosland): With permission, Mr. Speaker, I will make a statement on the Falkland Islands and our relations with Argentina.

Since the right hon. Gentleman, now Prime Minister, made a statement on this subject on 14th January last year, Lord Shackleton has presented his "Economic Survey of the Falkland Islands". The whole House will join me in warmly thanking him and his colleagues for this immensely thorough and wide-ranging report.

The survey paints a vivid picture of this small community of 1,900 people, 7,500 miles away, yet staunchly British and with rich potential in the seas around them. But currently they face an uncertain economic future. The economy, essentially a mono-culture based on wool, is stagnant; the resources do not exist to exploit the new potential in other fields; and emigration is increasing.

To remedy this situation, Lord Shackleton made a large number of recommendations, many of which will require further study and detailed consultation with the Islanders. Meanwhile, the Government will proceed to implement those internal constitutional changes which have already been approved by the Falkland Islands Legislative Council.

The recommendations on development aid will fall to my hon. Friend the Minister of State for Overseas Development to implement. But I can say now that the Government are ready to consider..."
after such pre-investment studies as may be required, agricultural diversification, mutton-freezing, knitwear-production and improvements to education. We also propose to pay special and urgent attention to the Islands’ internal communications with particular reference to the availability and maintenance of an efficient local air service.

The survey further recommended certain major capital projects, notably an enlargement of the airport and a pilot fishing project, which would bring the total recommended expenditure by the United Kingdom up to some £13 million to £14 million. The Government, like Lord Shackleton and his colleagues, are in no doubt that the potential for development is there, and they will at the appropriate moment commission the essential preliminary studies to determine whether airport enlargement is likely to be practicable and cost effective.

But for the rest, we cannot at this time accept more costly recommendations. The overseas aid budget, recently cut in the December public expenditure exercise, would not stand it. There are more urgent claims from much poorer communities. And the right political circumstances do not exist.

In Lord Shackleton’s words, “in any major new developments of the Islands’ economy, especially those relating to offshore resources, co-operation with Argentina—even participation—should, if possible, be secured.”

The “Government of the Falkland Islands”

The Government have therefore decided that the time has come to consider both with the Islanders and the Argentine Government whether a climate exists for discussing the broad issues which bear on the future of the Falkland Islands and the possibilities of cooperation between Britain and Argentina in the region of the South-West Atlantic.

I must make certain things absolutely clear. First, any such discussion, which would inevitably raise fundamental questions in the relationship between the Islands, Britain and Argentina, would take place under the sovereignty umbrella; that is. Her Majesty’s Government would wholly reserve their position on the issue of sovereignty, which would in no way be prejudiced. Secondly, any changes which might be proposed must be acceptable to the Islanders, whose interests and well-being remain our prime concern. In consequence, thirdly, there must be full consultation with the Islanders at every stage; nothing will be done behind their backs.

To fulfil this pledge, I am sending my hon. Friend, the Minister of State, to the Falkland Islands in Mid-February to hear from the Islanders at first hand how they view their future. He will also visit Buenos Aires. His object will be, in effect, to see whether terms of reference can be agreed for further more formal talks between the parties concerned.

“Mr. John Davies: First, may I thank the Secretary of State for making that statement? I join him, naturally, in paying tribute to the work of Lord Shackleton in putting before us the very valuable report that we have had to work on. Moreover, may I say that I welcome the tone of the right hon. Gentleman’s statement, and particularly the reassurance that he is giving the House regarding the absolute need for the Islanders’ acceptance of any arrangements which may be entered into on their behalf?”

We welcome the announcement that there are to be discussions about cooperation with the Argentine, but we are anxious lest the case be presented to the Islanders in a form which in some sense looks like some degree of coercion upon them to accept what might otherwise be unwelcome arrangements in order to
On the specific question of aid versus the amount of money coming to this country from the Falkland Islands, the position is that if we take the last 25 years we find as the Shackleton Report says, that more money has come to Britain from the Islands than has gone from Britain to the Islands in the form of aid. If we take the last five years, we see that the picture is the other way round. We have the somewhat ironic situation that almost all the post-tax profits in the Islands are drawn to this country and made good by the taxpayer here in the form of economic aid. Lord Shackleton has rather pointed remarks to make about this and its curious and unusual situation.

The situation with regard to the 200-mile fishing limit is unbelievably complicated. Argentina has claimed a 200-mile limit round the Falkland Islands as part of her claim to sovereignty. There is a complication inside UNLOSC, there are complications within the EEC about this, and there are possible analogies with Rockall which need careful study. I should not like to give a definite answer on the subject except to say that what is essential is that we have a de facto agreement on the question of fisheries.

The answer to the question about krill is "Yes", and the point that emerges from the Shackleton report is that it is not just krill but a mass of blue whiting, algae and possibly oil at some point, all of which ought to be explored, and can be explored only if we take a regional view of the South-West Atlantic as a whole.

On the matter of the airport, the right hon. Gentleman is right in saying that there is a risk. That is why, before we take a final decision, we must have technical studies.

Mr. Russell Kerr: Will my right hon. Friend accept the congratulations at least of many hon. Members on this side of the House at this attempt to plan a viable economic future for the Falkland Islands? Will he also take into account the fact that there is widespread perturbation lest in our attempt to help the Islanders economically, we hand them over politically to a quasi-Fascist State next door?

Mr. Croshland: I am well aware of that complication, which I considered
most anxiously, but I still think that at the end of the day we have to proceed in this matter. Nobody is being handed over to anybody. All that my hon. Friend will do is to see whether the Islanders agree that there is a basis for discussion. There will be full consultation at every stage, and nothing will be done that does not meet the wishes of the Islanders. Therefore, while I strongly take the point made by my hon. Friend, I must tell him that the conditions that I have laid down provide a sufficient safeguard.

Mr. Beith: Although it is easy to recognise that the competing claims of poorer countries restrict the Government's ability to implement the more costly recommendations does not, the right hon. Gentleman recognise that his phrase about political circumstances not being right strikes apprehensions into the hearts of the Islanders and raises fears that pressure is being put upon them? Furthermore, does the right hon. Gentleman agree that, in moral terms, the argument about sovereignty is much less significant than that about the right of self-determination by the Islanders, who have made their views pretty clear?

Mr. Crosland: I agree, and we wholly accept the right of self-determination and are committed to that. On the final question, by far the easiest thing would be to do nothing—a very attractive and popular way out in a sense but a miserable way out—but we have this report showing the enormous potential for the Islanders' future economic development if we were willing to have economic cooperation with Argentina. We cannot have that unless certain political issues are raised. Therefore, I think that, in full consultation with the Islanders, we have to take a certain risk in this respect and see what comes out of it.

Mr. Dalyell: Does not an efficient local air service include that which the Islanders want most, which is some kind of direct air link and not through Argentina? Secondly, what are these complications with the EEC about fishing limits?

Thirdly, does not Coronow Roberts go to Buenos Aires at the invitation of the Argentine Government?

Fourthly, when he is there, can he ask whether it would be possible, if there are links with Argentina, that they should be through the Province of Patagonia which has similarities with the Falklands and not directly through Buenos Aires, which is an alien city?

Mr. Crosland: In my rather tired condition, I am not sure that I have remembered all four questions. The airport enlargement, which is proposed by Shackleton, would enable planes to fly in from other parts of South America and further afield than Argentina.

With regard to Rockall, I would rather not go into that in more detail now, for a number of reasons that will be obvious to some hon. Members.

It is my hon. Friend the Member for Methyr Tydfil (Mr. Rowlands) who is going to Buenos Aires and the Falklands, and both the Falkland Islands and the Argentine Government are happy to receive him.

Mr. Michael Clark Hutchison: Does the right hon. Gentleman understand that the key to development in the Falklands and their safety is a proper airstrip? The construction company is there, and so is the equipment. The first duty of the Government is to get on with the extension of the airstrip.

Mr. Crosland: I think that this is the critical factor that colours a large part of the Shackleton Report. The position is that the present permanent airstrip is not complete. It is way behind schedule and will not be completed until May. At the end of the day, it will have cost £43 million. The enlargement of this permanent airstrip, which Lord Shackleton strongly recommends, is essential to the development of tourism, of fishing and possibly of oil in the future. It is essential to the whole island, but the trouble is that all these developments depend to a considerable extent upon co-operation with Argentina. That is why the question of the airport and co-operation in the region as a whole are so closely interlinked.

Mr. MacFarquhar: In view of my right hon. Friend's reassurance to the Islanders and the continuing intrusion of the Argentine Government on the question of sovereignty, what is it that has changed so that he is able to send the Minister of State to the Falkland Islands and Buenos Aires with confidence that he will not be going on a wild-goose chase?
Mr. Crosland: I do not think that I have total confidence in that. As my predecessors and those who served in Conservative Governments know, one has to make a judgment in these matters whether the time is appropriate for taking an initiative. An initiative of this sort carries the risk of failure. I do not hide that. But we cannot let this situation drag on and on with all the major recommendations of the Shackleton Report depending upon co-operation with Argentina. Without any total 100 per cent. confidence in success, I judged—and in my view this was right—that this was the moment to take the initiative.

Mr. Amery: As the right hon. Gentleman may know, I had some experience of the Falkland Islands problems while serving in the Department over which he now presides. May I join him and my right hon. Friend the Member for Knutsford (Mr. Davies) in welcoming Lord Shackleton's report? I entirely agree that in the long run the problems of the Falkland Islands must be worked out in conjunction with Argentina, but timing is of the essence. Is the right hon. Gentleman satisfied that it is possible to proceed or to seek that co-operation before the airfield is fully enlarged and that the stability of the present Argentinian régime is sufficient to allow it to embark on what may be the rather important negotiations which his statement inevitably opens up?

Mr. Crosland: The right hon. Gentleman is correct in saying that he had experience of this extraordinarily difficult problem. Of course it was a Conservative Government who, I think rightly, concluded the communications agreement with Argentina in 1971. It is a matter of judgment whether the chances of success outweigh the chances of failure. My judgment is that on the whole they do and that it is better to take this risk than to let the situation go on and on with, as I said, this vast potential waiting there to be exploited and nothing effective being done to exploit it.

Mr. Faulds: I warmly endorse my right hon. Friend's initiatives, but will we understand that some of us on these Benches—and I think some on the other side of the House—will have some continuing reservations both about the degree of self-determination in these matters assured to the Islanders and about the danger that the Islanders may become prisoners of developments in Argentinian political circumstances?

Mr. Crosland: Yes, Sir. These dangers exist, but at the end of the day it will be for this House, and only for this House, effectively to determine whether any changes in the present situation are made. Thus, our position is reserved to that extent. Whatever I very much hope—so far I think this is occurring—will be when my right hon. Friend the Minister of State goes out to see whether a basis exists for proper discussion, he will, generally speaking, go out with the good will of the whole House.
Mr. Heffer: Since we have so often heard in the House that the positions of Governments are being reserved and that no commitments will be entered into only to discover later that we have been slid into a position which perhaps the House did not want, shall we have a report back to the House once the Minister of State returns and shall we be kept fully informed of the negotiations at all stages? Thirdly, how precisely will the Falkland Islanders be asked in the final analysis whether they accept the outcome of these negotiations?

Mr. Crosland: Yes, the House will be kept fully informed and I do not doubt for a moment that my hon. Friend will make a statement when he returns. As to how the Islanders will be consulted, in the initial stages my hon. Friend is spending five days there. If he reaches any final conclusion which may be put to the Islanders, how the consultations should occur under those circumstances will then be a matter for discussion at the time, but there will be full consultation.

Several Hon. Members rose—

Mr. Speaker: Order. I propose to call the four hon. Members who have been here throughout and who have been rising to catch my eye, and the hon. Member for Birmingham, Handsworth (Mr. Lee). But I hope that they will be brief.

Mr. Lee: Will the right hon. Gentleman make it absolutely clear that there will be no change in the sovereignty of the Islands without the full consent of the Islanders? Since the Shackleton report highlights the important commercial prospects in the Islands and its fisheries, tourism and so on, can the Government not look at this whole matter as a prospect for joint investment opportunities which would bring great benefits to Great Britain, the Islands and Argentina, if Argentina co-operated economically with us, rather than as a question of diverting us and as money which will be wasted?

Mr. Crosland: My statement is clear on the first point. On the other point, the hon. Gentleman made a speech in an Adjournment debate recently which I read with some interest. I agree with what he said then, that these investment opportunities, as he rightly described them, must in practice be undertaken in co-operation with Argentina. The dilemma that we face—this is the difficulty which underlies these questions—is that we know that the Argentine Government will not want to discuss solely economic co-operation. Inevitably, political issues will come up. That is why I have given the assurance, and it is in respect of that that, we take this risk, deliberately.

Mr. Lee: Is not the effect of this economically desirable approach likely only to be to fan the flames of the Argentine Government's pretensions to sovereignty? Is not the reality that the Argentine Government have not abandoned their claim to the Islands and that, whether my right hon. Friend likes it or not, this initiative is bound to give impetus to that claim?

Mr. Crosland: It is correct that the Argentine Government have not abandoned their claim to sovereignty, and they will not abandon it. The question is whether we should allow that claim to impose on us a position of total passivity. That does not seem sensible to me.

Mr. David James: Would the right hon. Gentleman explain to me, as someone who has lived and worked in the Falkland Islands, why it is proposed to drag our feet over the vital air runway decision, which is the key to the entire development in the future of the Falkland Islands? Do we have to seek the permission of the Argentine Government to lengthen a runway on British property?

Mr. Crosland: No, Sir; certainly we do not have to seek their permission. But Lord Shackleton made it clear in his report that the runway development—the airport enlargement—was needed for the sake of tourism, further fisheries development and major capital developments in the Islands, and that those capital developments in turn largely depended on co-operation with Argentina. That is the link. Certainly there is no question of its depending on the permission of the Argentine Government.

Mr. Kershaw: Would the right hon. Gentleman accept that, in spite of several references to the airfield, the position remains a little obscure, at least to me? Would he agree that the point of extending the airfield so as to allow international flights to places other than Argentina...
Mr. Kershaw: Is a political objective rather than an economic problem?

Mr. Crosland: With respect, I think that it is a mixture of the two.

Mr. Jessel: Is there not great potential in krill, which have been increasing in numbers rapidly in the South Atlantic because of the slaughter of whales which used to feed on them, so that the balance of nature has been disturbed and they are now multiplying with great rapidity? Is it not a large potential source of food-stuffs for starving people in developing countries, which could at the same time bring great benefit to the Falkland Islands?

Mr. Crosland: That is certainly the case, and it comes out dramatically from the Shackleton report.

To come back to the question which has underlain much of the discussion in the last half-hour, the potential for development around the Falkland Islands—not just with krill but with algae, and the blue whiting and other species of fish—is a basic reason that I do not think that we can simply go on sitting on our backsides and doing nothing about the political situation as well. It is that which supplies the impetus for some new initiative and move in the area.

ST. MARYLEBONE GRAMMAR SCHOOL

Mr. Baker: I beg to ask leave to move the Adjournment of the House, under Standing Order No. 9, for the purpose of discussing a specific and important matter that should have urgent consideration; namely, the use of her powers by the Secretary of State for Education and Science to cease to maintain St. Marylebone Grammar School.

This is the first occasion on which I have asked leave to move the Adjournment of the House under Standing Order No. 9. It would be quite wrong for any Member to seek to use this procedure for a narrow constituency point, but the issues involved in this case go far wider than its circumstances. What is at issue is the use by a Minister of her powers, which hitherto have been used for administrative purposes only, to attain a political objective, the attainment of which has been denied by the courts. I shall not seek to argue the merits of the case, but the circumstances are important.

On Monday evening, the Secretary of State for Education and Science decided to cease to maintain St. Marylebone Grammar School. That means that the school will slowly die. It will not be able to pay salaries, and there will not be another intake of boys. This follows a proposal by the Inner London Education Authority that the school should cease.

There is a long history here with which I shall not bore the House. Suffice it to say that ILEA has been trying to destroy the school for a long time. Six months ago ILEA proposed that St. Marylebone Grammar School should merge with another school in my constituency which has considerable social and educational problems. The parents took ILEA to court and won an injunction delaying it from proceeding with the merger. ILEA then had a choice. It could have taken that injunction, and the decisions surrounding it, to a higher court, and ultimately to the Court of Appeal or even to the House of Lords, but it decided not to do so and asked the Secretary of State to use her powers under the 1944 Education Act to cease to maintain St. Marylebone Grammar School.

These powers are in the Act for administrative purposes only. They have been used in the past, for example, when a central city school has wished to move with consent to the country. Then the Secretary of State ceases to maintain the powers have been used when a school wished to go independent. Some schools in London now wish to go independent and the Secretary of State will cease to maintain them. This is not the wish of the parents of St. Marylebone Grammar School. They want to reorganise the school on mini-comprehensive lines.

The powers have been used when the population has declined in an area and there is no need for the school. This is not the case with St. Marylebone Grammar School. Indeed, the immediate area around the grammar school is the only area in Central London where the population is increasing because of the building of a huge council estate. The
ARGENTINA AND THE FALKLAND ISLANDS

1. I have been looking at the various options open to us.

2. These seem to be:
   (a) thumbing our noses at the Argentines and provisioning and defending the Falkland Islands - the "Fortress Falklands" option:
   (b) selling out the Falkland Islanders:
   (c) negotiating with Argentina.

3. I think that negotiation is the only valid option. The Argentines will not negotiate unless the negotiations include questions of sovereignty so, although I am much more interested in negotiating with them about economic co-operation, we will have to agree to discuss sovereignty. If we are going to do this we must keep the Falkland Islanders with us. If we do not they will complain and we will have a blow up in Parliament and in the press. I am therefore proposing to go out to the Islands in July.
4. I cannot go to the Islands without also going to Buenos Aires and having a preliminary talk with the Argentines. For this I need to have the backing of the Government for the general lines of a negotiation with the Argentines. I therefore attach a draft letter from you to the Prime Minister and other members of the OD Committee which, if it is agreed, would give me the necessary coverage. As you will see there is no question of my getting into a negotiation with the Argentines during this visit, but I do need to know that the way my thoughts are going will, subject to my conclusions as a result of these visits, be an acceptable basis for formal negotiations with the Argentines later.

Nicholas Ridley

4 June 1979
It now falls to me to move that we should agree with that amendment, but I fear that there is a further complication. The amendment in its present form makes provision only for written agreements to submit to the jurisdiction, those covered by clause 2(2). It makes no provision for written agreements to submit to execution, dealt with in clause 13(3). Clearly, it would be inconsistent to make different provision for the two cases. Therefore, the proposed amendment to the Lords amendment is to extend this principle to include also those agreements falling within clause 13(3).

Finally, I think that I should repeat a warning given by my noble Friend in another place. The amendment says only that the statutory provision will not apply to agreements made before the Bill comes into effect. Therefore, the rules of the common law will apply, but the common law may no longer always recognise immunity. It appears from the majority of judgments of the Court of Appeal in the Trendex case that the common law itself may have developed. First, a State may have no immunity to waive where a contract was commercial in character, so an undertaking not to claim immunity may transpire to be academic. Secondly, even if it were entitled to immunity, the common law may now require that that can be waived by a prior valid agreement. These questions may have to be argued if and when they arise, but if that is the case at least it cannot be contended that that result came about by reason of retrospective legislation.

Sir Michael Havers (Wimbledon): I stayed in this Chamber after the division at 10 o'clock and time after time heard Government speakers congratulating the Government on their generosity and kindness and wondering whether I had wandered into the wrong Chamber. However, the needle is stuck in the groove and I am in exactly the same position. I, too, must congratulate the Government on responding to the request that I made in Committee to and the amendment made in the other place by Baroness Elles.

I am grateful to the Government, because not only have they accepted the point I made in Committee, but they have gone further and taken on board a point which, I confess, we missed. It is right, as the Solicitor-General said, that there was an inconsistency in that we were dealing with the matters covered in clause 2(2) and had overlooked matters provided in clause 13. However, this has now been covered. The Solicitor-General made the point, and it should be appreciated, that it is at the request of those who would stand to gain most if the law had not been altered in the way in which we wish it to be altered by this further amendment that the element of retrospective should be removed. It would be usually their clients who would benefit by the element of retrospective, but quite properly the City of London Solicitors' Company put the reputation of our law and legal system in England above the interests of the clients of its members—which in the long term, I suspect, will be in the interests of their clients—and said that it was important that there should be no feeling among foreign sovereign States that if they entered into contracts in this country then there would be any risk of future retrospective legislation, which would be very damaging to the very important and remunerative work that is done in the City of London.

Therefore, I join in what has become the common form since 10.15 p.m. in this Chamber tonight and I thank the Government very much for the response they have made to what I wanted them to do.

Question put and agreed to.

Lords amendment No. 2 to Commons amendment agreed to.

FALKLAND ISLANDS

Motion made, and Question proposed, That this House do now adjourn.—[Mr. Frank R. White.]

11.5 p.m.

Mr. John Farr (Harborough): I wish to raise on the Adjournment the illegal occupation of South Thule, in the Falkland Islands, by the Argentine.

This debate is taking place as the result of an unsatisfactory exchange at Question Time on 24th May. It relates to the illegal occupation, by an Argentine expedition of about 50 persons, of Southern Thule Island, which is one of the South
Sandwich Island group, in the Falkland Islands Dependencies, lying far to the east of the Falkland Islands and over 1,400 miles from Argentina.

I remind the House that on 24th May I asked whether Argentina had yet brought to an end this squatting, and, if not, when their departure would take place. Tonight, six weeks later, my remarks will hinge around these two essential questions—namely, whether Argentina has ended this occupation, and, if not, when their departure will take place.

I suggest right away that if Argentina has ended the occupation or is about to end it, perhaps the Minister will be kind enough to indicate that in the usual way. I would then sit down right away and we could have an early night’s sleep. In the absence of that confirmation, I should like to point out that this occupation was first published and generally known on 7th May, about two months ago. Many hon. Members, on both sides of the House, want to know why the Foreign and Commonwealth Office has been so reluctant to make the announcement about this particular incursion beforehand.

If Her Majesty’s Government are unable to give confirmation that the illegal occupation is about to come to an end, I want to urge the Minister to say tonight quite clearly that the situation which was continued there for about 20 or 21 months will no longer be tolerated and that Her Majesty’s Government will formally notify the Argentine Government that, after a reasonable period for evacuation of personnel and stores—say, six months or thereabouts—which would enable the evacuation to take place in the spring and summer months there—after 31st December this year any illegal immigrants will be reinstated in the normal manner to their homeland.

I very much hope that tonight the Minister will give the House that particular assurance. It is a simple, straightforward request. A statement of that nature would be in accordance with international custom and precedent.

Whatever are the considerations in the Minister’s mind, possibly relating to export orders for Argentina or matters relating to questions about the sovereignty of the Falkland Islands group as a whole, they should be of no concern to him in this particular issue, as they surely only go to what is a perfectly clear case of illegal occupation by people from a country which has a military Government.

Another point which has been puzzling the House for some time and which the Minister must clear up tonight is why the Government have remained silent about this invasion for about 21 months. Is it true that the Falkland Islands office in London was asked to keep quiet about this invasion when it occurred nearly two years ago, and, if so, what was the purpose of this conspiracy of silence? Can the Minister tell us what has been achieved since November 1976, when this occupation began?

In order to give a little background to the present serious situation, I shall remind the House of one or two facts which are of great importance. Southern Thule lies nearer to the Falkland Islands than it does to Argentina. A few years ago a naval vessel visited the island and raised the Argentine flag there, and, as far as is known, they were the first Argentine people to visit the South Sandwich Islands, which had been British since their discovery by Captain Cook in 1775.

What are the consequences if this illegal occupation is allowed to continue? Surely, if it is allowed to continue it will be an invitation, by tacit assent, for Argentina or any other ambitious country to establish bases on other islands in the Falkland Islands which bases might well be physically defended. If this occupation remains unchallenged and these people are allowed to remain where they are, it will be an open invitation not only to the Argentine Government to take steps of this nature and perhaps cast their eyes elsewhere in the group but for other countries to do the same, especially in view of the possibility of there being very large oil and other natural resources under the ocean.

The Falklandese people themselves—one tends to take it for granted that they are British and wish to remain so: the Minister was there recently and he found out for himself how staunchly pro-British they are—are very worried about this incursion. They are becoming more and more worried now because, apparently, Her Majesty’s Government are pursuing
the matter by sending messages to the Argentine Government and leaving it at that.

It is possible that significant reserves of oil and other minerals could be found in the Falkland Islands group. If an illegal occupation is allowed to take place, it could well have a serious effect when it comes to our re-establishing our sovereignty and our rights to those resources on their being exploited. There are already known to be massive resources of natural food in the seas around the Falkland Islands which cover immense areas. The continued presence of a foreign base within the area would affect our establishment of sovereignty on those resources being exploited.

In 1976 we had an excellent report by Lord Shackleton dealing with some of the long-term problems in the Falkland Islands. The noble Lord made a number of important and interesting recommendations on the agro-structure of the country, education, further education and special measures for the economy and recommendations relating to fish and other matters in particular on extending the runway.

Perhaps the Minister will take the opportunity tonight to say whether the Government will do something about those recommendations. As far as the House can ascertain, very few of the noble Lord’s recommendations have been put into effect, though I gather that they received universal support from both sides of the House.

I hope that the Minister can give me an assurance that a message will be sent to the Argentine Government giving them a deadline by which they must be out and that he will do his best to end the continued aggro by Argentina and serve it notice to quit Southern Thule.

11.12 p.m.

The Minister of State, Foreign and Commonwealth Office (Mr. Edward Rowlands): I accept and appreciate the concern of the hon. Member for Harborough (Mr. Farr) and many other hon. Members about this issue. It is one involving the principle of sovereignty, and that is why we take it seriously.

I should like to make clear exactly what we are dealing with, as I think the hon. Gentleman started to do in his way. He spoke of the infringement of the sovereignty of the Falkland Islands. There has been some confusion about this in recent weeks. Let us clear up some of it.

We are not dealing with an illegal occupation of the Falkland Islands themselves. But our estimation, Thule is—we must take 200 miles away from the hon. Gentleman—about 1,200 miles south-east of the Falklands. It is an islet in the Southern Thule group of islands, which are in turn the southernmost of the South Sandwich Islands, themselves one of the Falkland Islands Dependencies, as opposed to the Falkland Islands themselves.

None of the islands is inhabited. Indeed, few are habitable. The islet is at present in the depth of the Antarctic winter. Not only is the weather bad, as one would expect in a place which is only 60 miles north of the Antarctic Treaty area, but there is constant seismic activity and there is a coating of penguin guano—there is a more colloquial expression which I do not know whether Mr. Deputy Speaker would allow me to use—up to a metre thick. In other words, it is a very unpleasant place to be at the best of times.

Nor are we dealing at this time with a military occupation. It is important to say that. Although the Argentines use service personnel for logistic support in their Antarctic work, their activities on Thule are purely scientific. I do not think that anybody has challenged that assumption.

We have a dialogue with the Argentines about scientific work in this area, and they have both explained to us and given details publicly of the scientific work that has been carried on. A recent Argentine article on the subject said:

"The aim—"

of this activity—

"is scientific and includes the collection of meteorological and geological data, data on fauna and flora, magnetism, the study of the ice flows, heliography, etc."

The hon. Gentleman should also be reminded that the Argentines have carried on this scientific work on Thule on previous occasions—in the 1954-55 and 1955-56 Antarctic seasons. The record shows that successive British Governments considered then, as now, that the best way to pursue an answer to the
of course, been informed of the action we have been taking in recent months.

The hon. Gentleman referred to a conspiracy of silence. I had a difficult decision to make on how to handle the issue. I thought that it would be wrong for us to have a slanging match with the Argentine Government. The original presence of the Argentinians on the Island had become known earlier and it had been mentioned in the Falkland Islands. The hon. Gentleman has a right to criticise me, but it was my view that we should not enter into a public slanging match on an issue which, I firmly believe, can and should be resolved by diplomatic and political action. I do not support the idea of a conspiracy of silence. Discussions took place between ourselves and the members of the important and valuable committee in London. I was not at the meetings, but the official view was that we would not embark on a slanging match and that we were up to the committee to decide what to do. I go no further than that because there is no point in going over old ground.

The Government take this matter seriously. We have protected our sovereignty position by formal action and by diplomatic and political action. If the hon. Gentleman believes that we are pursuing a policy of direct and hard confrontation with Argentina we have jeopardised our sovereignty rights or the rights that follow from our sovereignty in regard to oil or fisheries, I can assure him that this is just not so. We firmly believe that international disputes and incidents of this sort, which are not new in our relationships with the Argentine Government, can and should be resolved by negotiation rather than by force.

It has been suggested by some that we should break off any form of negotiation with the Argentine Government and therefore pursue a course of confrontation. I say to those who take this view—the hon. Gentleman was extremely moderate in his remarks—that there are many wider issues involved in the discussions and negotiations concerning not only an uninhabited piece of territory, to which, nevertheless, we attach importance as the issue of sovereignty is raised, but the people of the Falkland Islands.

The matters under discussion and negotiation cover many areas of...
June 1978

The Falkland Islands are under discussion and are areas of economic co-operation as well as sovereignty. To break off negotiations would be to take a serious step. It is one that we should not take without considering the full and fundamental implications.

We must say to the Argentine Government that the negotiations that began last year were begun in a spirit of agreement. My visit to the islands involved the most extensive consultation with the islanders. I challenge any Minister in a previous Government to say that it was not the most extensive that has ever been made. There were agreed terms of reference with the Argentine Government which implied that no action should be taken which would challenge the respective positions of sovereignty.

The development of our negotiations and discussions depends upon Governments creating the right climate and context. The Argentine authorities should and must be aware of that.

The Argentine Government's activities on Thule are only a part of the more general problem of our dispute with the Argentine Government about the Falkland Islands. The Government's policy throughout has been one designed to protect the interests and to further the prosperity of the Falkland Islanders. Such prosperity is inevitably dependent upon a measure of co-operation.

We must accept the realities of life. No one will invest in the area, privately or publicly, while a cloud of political uncertainty hangs over the future of the islands. Such investment is necessary whether for the development of possible, though as yet unproven, oil resources in the waters over which we could ourselves claim fishing rights, or for the process of negotiating which is much more difficult for us. However, like previous Governments in the 1950s and other Governments who have dealt with such problems in the past, we believe that it is necessary to be patient. Patience can go hand in hand with firmness. That is what my predecessors have said from both sides of the House. I support that view.

Whenever and wherever there has been an Argentine infringement of our sovereignty, we have protested vigorously. By doing so we have protected our position. In parallel, we have been seeking solutions that would be compatible with both the development of the area and the desire of the islanders to remain British.

Although the exploratory process is still in an early stage, it is sure—everybody knows it—and I have repeated it over and over again in the House—that no proposals will be brought before the House unless we know that such proposals have the support of the islanders. With that assurance, they have nothing to fear from the exploratory process on which we have embarked.

It is in that context that I ask the House to consider what I agree are disturbing developments on Southern Thule. Of course we should react. We have reacted promptly and firmly. I ask the hon. Gentleman to accept that we should not over-react.

Finally, I should say that, over many years, understandably the feeling has grown—and I think that the hon. Gentleman might express it not only on this occasion, but on others—that the Foreign Office, its Ministers and officials, thousands of miles away from the Falkland Islands, do not have deep concern and worries for the islanders and the islands. It is no part of my brief remarks tonight to comment on the historic past, but during the last two years we have tried to create a new relationship with the islanders based on consultation and contact.

The hon. Gentleman referred to the Shackleton report. I share and support not only the sentiments but many of the recommendations in that report. We have made new efforts to get developments off the ground in order to meet what I once described as the “doorstep hopes” of the majority of islanders. They have an interest in getting on with a number of specific developments. We may not be able to accept some of the
[Mr. Rowlands.] recommendations in the Shackleton report, but I must tell the hon. Gentleman that we have already done a great deal.

Mr. Farr: Does the Minister recognise that we cannot wait for ever for the Argentine Government to co-operate? Will he assure the House that if ready co-operation in a sensible manner, is not forthcoming from the Argentine Government at an early date, we shall proceed with the necessary work set out in the Shackleton report?

Mr. Rowlands: There are two different areas of developments. There are developments which extend beyond the islands and inevitably involve us in areas of co-operation with the Argentine Government. There are things on the islands that we can do which arise from the Shackleton report. That is what I meant when I referred to the "doorstep hopes" of the islanders. A great deal more progress has been made on those things in the last 18 months to two years than has been made for a very long time.

I am proud that, for the first time, a road is to be built between Stanley and Darwin. That is the result of pressures that have been brought to bear both personally ministerially and collectively. A new school is to be built. We have acquired public equipment so that the islanders may build some of these public developments. There is a host of things which have been listed in replies to Questions. I shall be happy to provide the hon. Gentleman with the list as he has taken such a genuine interest in this matter, an interest which I share.

Whatever criticisms one makes—the hon. Gentleman may make them—and however we choose to act or deal with the kind of problems we have had to face in relation to Southern Thule, our actions are dictated by real concern, created by my own knowledge of and contact with the islanders and for the well-being and future of the people I have the privilege and pleasure of serving as a Minister. It is in that context that I ask the hon. Gentleman to appreciate the way in which we are trying to deal with this incident.

Question put and agreed to.

Adjourned accordingly at twenty-eight minutes past Eleven o'clock.
FALKLAND ISLANDS

I do not dissent from the attached draft paper which I have discussed with the department. We should however keep in mind that what we are proposing is dangerously close to Mr Begin's concept for the West Bank. Mr Begin is in effect saying that there can be autonomy for the people but that Israel must maintain control of land, water etc and, eventually, of sovereignty. His idea is to divorce the concept of territorial sovereignty from personal autonomy. We have already told him - most recently at the Prime Minister's lunch - that we think this concept a complete non-starter. The Prime Minister was very forthright on this point, describing Mr Begin's concept as an unknown constitutional animal.

2. The road down which we are proposing to go with Argentine could lead us to an analogous conclusion with the Argentines having titular sovereignty over the land with the people retaining their Britishness. If and when this practice surfaced, we could find the Arabs and Israelis drawing awkward conclusions from our policy.

30 May 1979

A D Parsons
ANGLO- ARGENTINE RELATIONS : FALKLANDS

1. CORRECTION TO PARA 1 LINE 5:
QUOTE ON RETURN FROM THE NON-ALIGNED SUMMIT PREPARATORY MEETING IN SRI LANKA, AS BLANCO ETC UNQUOTE.

2. ERROR REGRETTED.

CARLESS
ANGLO-ARGENTINE RELATIONS : FALKLANDS

1. THE DEPUTY FOREIGN MINISTER, CAVANDOLI, TOLD ME LAST NIGHT THAT HE HAD INSTRUCTED THE ARGENTINE CHARGE D'AMBASSADE IN LONDON TO SEEK A MEETING FOR HIM WITH THE MINISTER OF STATE BETWEEN 13 AND 14 JUNE WHEN CAVANDOLI EXPECTS TO BE STOPPING OVER IN LONDON ON RETURN FROM THE NON-ALIGNED SUMMIT IN SRI LANKA. AS BLAUGO MAY HAVE ALREADY BEEN IN TOUCH WITH YOU, I MADE NO COMMENT.

2. CAVANDOLI HAS A REPUTATION FOR INTELLECTUAL ABILITY BUT, AS HE HIMSELF ADMITS, STILL HAS A LOT TO LEARN ABOUT POLITICS AND FOREIGN AFFAIRS. IF HE IS TO SPEND TWO OR THREE DAYS IN BRITAIN, YOU MAY PERHAPS WISH TO USE THE OPPORTUNITY TO EDUCATE HIM ABOUT THE POLITICAL PARAMETERS OF THE FALKLANDS PROBLEM. AT THE MEETING IN SRI LANKA, HIS TASK WILL HAVE BEEN TO INCLUDE MENTION OF THE FALKLANDS IN SOME APPROPRIATE ANTI-COLONIAL RESOLUTION WHICH THE NON-ALIGNED SUMMIT CAN BE EXPECTED TO ADOPT WHEN IT LATER TAKES PLACE IN HAVANA. (LAST YEAR THE THEN ARGENTINE FOREIGN MINISTER SECURED SUCH A REFERENCE AT THE BELGRADE MEETING).

3. IN CONNECTION WITH OUR ANTARCTIC INTERESTS AND IN PARTICULAR WITH THE NEGOTIATIONS TOWARDS A CONVENTION ON MARINE RESOURCES, YOU MAY WISH TO CONSIDER SUGGESTING THAT CAVANDOLI SPEND A DAY VISITING THE SCOTT POLAR RESEARCH INSTITUTE AND THE BRITISH ANTARCTIC SURVEY AT CAMBRIDGE.

[ COPIES SENT TO CABINET OFFICE ]

CARLESS
FILES
S.A.M.
D.U.N.D.
NEWSD.
D.
PS.

PS LORD PERRY SEAL.
PS MR. RIDLEY
PS PS

PS SILA PARSONS
PS M. HALL

CONFIDENTIAL
ARGENTINA AND THE FALKLANDS

1. The PS to the Lord Privy Seal telephoned to say that the Lord Privy Seal had seen Mr Ure's submission of 23 May on the above and had not commented. We could therefore assume that he was content with what was proposed.

1 June 1979

G A Duggan
SAmD

cc: Mr Hall
PS/Mr Ridley

[Handwritten note: 'X above: let us see']
TELE-LETTER
FROM G. E. HALL, FCO
DATED 25 MAY 1979

FOLLOWING FOR M. C. MULLINS, ESQ., BUENOS AIRES
U.-ARGENTINE RELATIONS

1. I THOUGHT IT MIGHT BE HELPFUL TO YOU TO HAVE SOME FIRST
INDICATIONS OF MY ATTITUDE TO THE CHANCE THAT MINISTERS WILL BE LOOKING
AT AN ENTAINA AND THE FALKLANDS. WE HAVE HAD SOME PRELIMINARY
DISCUSSIONS WITH MR. RIDLEY AND SOME RESPONSES FROM THE SECRETARY
OF STATE.

2. IT IS CLEAR THAT THERE ARE TO BE NO DRAMATIC REVERSALS OF
POLICY, BUT THAT MINISTERS FEEL WE SHOULD CONSOLIDATE OUR
RELATIONSHIP WITH ARGENTINA AND TRY TO CONTINUE OUR DIALOGUE ON
HER ABOUT THE FALKLANDS. TO THIS END, THE SECRETARY OF STATE
HAS AGREED THAT EMBASSY OFFICERS SHOULD BE REINSTATLED, AND OF COURSE,
OTHERS ARE LOOKING AT THE PERSONNEL FACTORS. SO YOU SHOULD
TREAT THIS AS BEING VERY MUCH FOR YOUR INFORMATION ONLY AT
THIS STAGE.

3. MINISTERS HAVE LOOKED AT THE TERMS OF REFERENCE UNDER WHICH
THE ANGLO-ARGENTINE FALKLANDS TALKS HAVE BEEN CONDUCTED AND I
HAVE FED IN SOME OF THE IDEAS IN YOUR LETTER OF 25 MARCH TO BE,
FIRST, THE PLATFORMS ARE TO CONTINUE THIS DIALOGUE BASED ON THE
"HUMBLE APPROACH", BUT IT IS SEEN AS IMPORTANT THAT THE
CONFIDENCE OF THE FALKLAND ISLANDERS SHOULD NOT BE LOST. MR.
RIDLEY IS THEREFORE CONSIDERING VISITING THE ISLANDS - POSSIBLY
SOONER AS JULY - AND DOING OFF FOR EXPLORATORY TALKS IN BA
ON THE WAY BACK.

4. MR. RIDLEY WOULD STRESS TO THE FALKLAND ISLANDERS THAT THE
SITUATION IS IN A DETERMINED BY ITS PROGRESS TO DISCUSS
THAT ESPECIALLY IN THE MEANS WHICH COULD EFFECT THEIR INTERESTS.
TALKING TO THE ARGENTINES HE WOULD PROBABLY STRESS HIS
WILLINGNESS TO CONTINUE NEGOTIATIONS WITHIN THE PRESENT TERMS OF
REFERENCE. HE WILL PROBABLY WANT TO PLACE EMPHASIS ON THE FIRST
PLACE OF ECONOMIC COOPERATION, CROSS-FACTORIAL PARTNERSHIPS AND SCIENTIFIC
CO-OPERATION WITHIN THE CONTEXT OF CLOSER
OVERALL ANGLO-ARGENTINE RELATIONS INCLUDING ANTIMONSTER.
IF THE ARGENTINES PRESS ON THE SOVEREIGNTY AND RELATED ISSUES HE WOULD
EXPLAIN THAT THE GOVERNMENT IS IN ITS EARLY DAYS AND THAT
NECESSARY BEFORE THESE PROBLEMS CAN BE LOOKED AT IN DEPTH.
NEVERTHELESS, HE WOULD BE LIKELY TO LEAVE THE HARROW GAP
WHICH OLIVER LOPEZ RAAS IN MARCH.
HE WOULD HOPE AT LEAST TO
HELD AND MEETING BETWEEN THE SECRETARY OF STATE
AND MINISTER IN NEW YORK IN THE AUTUMN AFTER WHICH THERE MIGHT BE
A NEGOTIATING ROUND.

5. ALL THESE IDEAS ARE SUBJECT TO THE SECRETARY OF STATE'S
ENDORSEMENT AND YOU SHOULD NOT IN ANY WAY TAKE THEM AS
REPRESENTING FIRM DECISIONS YET. THEY MAY HOWEVER PROVIDE A
FRAMEWORK AGAINST WHICH YOU CAN LISTEN TO WHATEVER THE
ARGENTINES HAVE TO SAY TO YOU.

SIGNED G. E. HALL

MIN
ARGENTINA AND THE FALKLANDS

1. Following discussion with Mr Ridley and Under Secretaries, I submit self-explanatory drafts (prepared in consultation between Mr Hall and the department) of a minute from Mr Ridley to the Secretary of State, and from the Secretary of State to the Prime Minister and other members of OD.

J B Ure
South America Department

23 May, 1979

Copy (with draft) attached for:
PS/Lord Privy Seal (has seen and not commented)

Copies (with draft) sent to:
PS/PUS
Miss Brown
News Dept
M & CD
MAED
ESSD
HOUSE OF LORDS FOREIGN AFFAIRS DEFENCE DEBATE ON 22 MAY: NOTES FOR
WINDING UP SPEECH

FALKLAND ISLANDS (DEFENSIVE)

Speaking Note

1. The position on the Argentine scientific station on Southern Thule remains as it was: we have protested at their presence and in doing so protected our sovereignty position. Negotiations have been undertaken to remove any sovereignty implications from these scientific activities, but these have not been concluded. This is one of the topics which will be for consideration when we continue talks with the Argentines.

Background

2. We had reached a draft agreement on scientific co-operation with Argentina in the Falkland Dependencies. This would have explicitly removed any sovereignty implications, but the Falkland Island Councillors have said they are not happy with such an agreement as it stands and the matter has been left for further consideration.
Mr White, Planning Staff

FOREIGN AFFAIRS DEBATE: 18 MAY

1. In response to your minute of 15 May, I attach contributions for the winding up speech for the Commons debate; these are identical to those already forwarded to Mr Cornish for use in the Lords debate.

J B Ure
South America Department

16 May, 1979
Copy to:
Mr Hall
HOUSE OF COMMONS FOREIGN AFFAIRS DEBATE ON 18 MAY:
NOTES FOR WINDING UP SPEECH

CHILE

Speaking Note

1. We shall shortly be looking carefully at all aspects of our policy towards Chile, including those mentioned in this debate.

Background

2. A number of issues concerning our relations with Chile may be raised, including

(a) the possible resumption of medium-term credit cover by ECGD
(b) the possible restoration of Ambassadorial relations
(c) policy on arms sales
(d) human rights situation.

3. Ministers will probably have to look at these before too long but there has not yet been time to do so. ECGD are in the process of reviewing the position on credit and are now consulting Ministers.
ARGENTINA

Speaking Note

1. The level of our diplomatic relations with Argentina is a matter I shall be considering.

Background

2. Ministers are at present considering our response to an Argentine approach, suggesting simultaneous action in requesting and granting agreement for the restoration of Ambassadors. Relations have been at Chargé level since 1976.
HOUSE OF COMMONS FOREIGN AFFAIRS DEBATE ON 18 MAY:
NOTES FOR WINDING UP SPEECH

FALKLAND ISLANDS

Speaking Note

1. No dates have been arranged for further talks with Argentina about the Falkland Islands. We shall continue fully to consult the Falkland Islanders on any developments which affect their interests.
Mr Ure

FALKLANDS/ANTARCTIC RESOURCES

Mr Ridley was grateful for your minute of 16 May. Noting that no British concerns are apparently interested in exploiting the potential oil and fish resources in the area, Mr Ridley has minuted:

"Then we can concede rights to the Argentines in fish and oil – if none of our own people are interested!"

NR.

K D Temple
17 May 1979

cc: Sir A Parsons
    Mr Hall
    Miss Brown
    MAED
    ESSD

CONFIDENTIAL
Mr Ure

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ESSD
FAKLANDS/ANTARCTIC RESOURCES

1. Mr Temple's minute of 14 May: Mr Ridley's questions about UK commercial interest in Antarctic oil and fish.

Oil

2. Despite our directing their attention to the area, BP have no current interest in exploration/exploitation in the Antarctic area. We understand that the oil industry's capacity is at present well engaged in more accessible areas. No hydrocarbon resources have yet been found in the Antarctic and there is at present no jurisdictional basis for regulating economic activity in the area which would give the oil industry appropriate guarantees to ensure the safety of its investment. Given the formidable technological problems that would be involved, the oil industry are unlikely to become interested in this area within the next 10/15 years.

3. Exploration of the more limited area of Continental Shelf around the Falkland Islands is however more advanced. We are shortly to receive from BNOC the results of their evaluation of two seismic surveys carried out over the Falkland Islands Continental Shelf last year. Such surveys cannot however prove the presence of hydrocarbons; only exploratory drilling can establish whether oil or gas exists and if so whether in commercially exploitable quantities. Apart from the political difficulties, exploration drilling also poses practical problems. The deep water and severe climatic conditions around the Falkland Islands are much worse than, for example, those encountered in the North Sea and it is doubtful if offshore oil technology has yet developed sufficiently to cope.

/Fishing ...
Fishing

4. The waters of the South West Atlantic (i.e. around the Falklands, their Dependencies and the Antarctic peninsula) are rich in marine life and have been fished on an increasing scale over the past 12 years, primarily by the Soviet Union, Poland and Japan (for their domestic markets).

5. The British fishing industry has to date shown little interest in these distant waters. The MAFF are of the view that domestic requirements for white fish are adequately met by resources in our present 200 mile zone and are not convinced that a commercial fishery in the South West Atlantic could pay for itself. They point out that frozen white fish from such a distance would have to compete with plentiful frozen supplies from nearer at hand (e.g. North America, Iceland and Norway). They recognise that there may be wider considerations and that the resources in the area may be exploitable as food fish for markets in the Far East and Africa or fishmeal for world markets.

6. However, a draft of a desk study by the White Fish Authority on the area's resources (commissioned by Ministers after an approach by Mr James Johnson MP, President of the South Atlantic Fishing Committee, which claims to represent the interests of the British fishing industry as well as Falkland Islanders) has now been received. It concludes that:

(a) the typical British freezer trawler is not suited to operations in the South West Atlantic and on account of the limited hold capacity would be unlikely to operate profitably;

(b) accurate information on catch rates and hence on the viability of British fishing in the area would only be obtained by a British expedition;

(c) ...
(c) the British fishing industry would only be willing to invest in a South West Atlantic Fishery on the basis of factual information which such an exploratory voyage will provide;

(d) a 12 month survey programme involving two vessels would cost in the region of £5m (perhaps offset by as much as £1m in revenue from the sale of fish).

When the WFA's report is finalised these recommendations will be examined by other Departments, especially the MAFF who have previously seen no justification in their meeting the costs of any exploratory voyage believing that it was for industry to fund.

7. There are also legal and political difficulties. Because of the sovereignty dispute with Argentina, no 200 mile fishing zone around the Falklands and their Dependencies has yet been declared. Argentina regards such seas as hers; we continue to look on them as high seas. It is this impasse which lets in third country fishing vessels. In the negotiations, fisheries cooperation has been examined in some detail; but Argentine insistence on their sovereignty has prevented practical progress. This would naturally inhibit the use of the Falkland Islands as a fishery base by commercial interests. This is one of the problems that will receive priority attention when we resume talks with the Argentine government.

16 May, 1979

Copies to:
Sir A Parsons
Miss Brown
MAED
ESSD

J B Ure
South America Department
LORDS DEBATE: FOREIGN AFFAIRS AND DEFENCE

1. As requested in paragraph 3 of Mr Cornish's minute of 14 May, I attach short speaking notes for incorporation in Lord Strathcona's winding up speech - on Chile, Argentina and the Falkland Islands.

2. Lord Montgomery has indicated in a letter to the Secretary of State that he intends to raise policy towards Chile during the debate.

16 May, 1979

J B Ure
South America Department

Copies to:
Sir A Parsons
PS/Mr Ridley
News Dept
HOUSE OF LORDS FOREIGN AFFAIRS AND DEFENCE DEBATE ON 22 MAY:
NOTES FOR WINDING UP SPEECH

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FALKLAND ISLANDS

Speaking Note

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Sir A Parsons

FALKLAND ISLANDS

1. Thank you for sending me a copy of your minute of 11 May to Private Secretary to Mr Ridley on this subject.

2. You put Ministerial discussion here of the way ahead after a visit by the Minister of State to the Falklands. I am not sure that this is advisable. If Mr Ridley goes to the Falklands he will have to go to Argentina as well. Before he talks to the Islanders and the Argentines I think he needs to have discussed the way ahead with his colleagues otherwise we could easily get off very much on the wrong foot. This does not mean that Ministers would have to agree on a final solution but they would, I think, at least have to agree on the general framework within which they propose to proceed, i.e. whether it was "Falkland Fortress" "Sell Out" or substantive negotiation with the Argentines. I do not think that we can count on the Argentines being willing to negotiate on peripheral matters, however much Martinez de Hoz might like this to happen. This does not mean to say that we have to be committed to political change but we have to be able to discuss the possibility of such a change.

3. On the substance of the problem, of course, we have to get the consent of the Islanders unless there is to be a "sell out". I am not sure, however, how far you are aware that the previous Government agreed in DOP to a lease back solution as our final position of principle. In fact, the then Foreign Secretary had
authority to negotiate a solution on this basis. We never, of course, put forward such a solution but during the negotiations papers were tabled by Mr Rowlands, particularly in December 1977, which were based on such a final position and in clarifying these papers during subsequent negotiations it became more and more clear to the Argentines that this was what our proposals would lead to. Although it has never been stated openly it was absolutely clear to my Argentine opposite number during my meeting with him in New York in March that a lease back solution was the only possible way of squaring the circle between the Argentine and British positions. It is not therefore a question of putting forward or not a lease back solution but of continuing with or breaking off a negotiation in which both sides have known that such a solution was implied in British proposals and might represent the only way to a final solution. If we are to continue the negotiations they will have to remain negotiations about the whole dispute including sovereignty: neither I nor anyone in the Department or in the Embassy in Buenos Aires, as far as I am aware, believe in the possibility of negotiating with the Argentines on economic questions alone. If in the sovereignty part of the negotiations we are to go back from a position which implies lease back as a final solution then I think that we may well have a blow up in which I could not guarantee that the Argentines would not take measures against the Falkland Islands which would have the danger of escalating into possible military action.
4. When you say that your "preliminary feeling is that we will end up with no alternative but to carry on more or less as we have done" this may well be the case but, as I have said, doing this means continuing to discuss sovereignty with an implied final position of lease back. Doing anything else would not be to carry on as we have done but to make a fundamental change which, unless we are offering something else on sovereignty to the Argentines, is likely to lead to an early breakdown. How long we could continue to go on as we have been without actually discussing lease back is a matter of judgement and of how far we are willing to go to be nice to the Argentines about other things. As far as the Islanders are concerned my own belief, and this is not necessarily shared by others, is that they would find the lease back solution of the kind that I outlined in my previous minute acceptable because it would completely maintain their way of life for the foreseeable future, would provide the basis for such economic progress in the area as is technically feasible and would give them services from and in Argentina which they want.

5. To sum up, I think there should be some Ministerial discussion before the Minister of State goes to the Falklands and Argentina and I think our advice should be that this discussion should agree to the continuation of the negotiations with the Argentines on the present basis, including an implied lease back solution as a final position. But that the lease back solution should not be considered for formal adoption until after the Minister of State has been able to take soundings in the Falkland Islands and in Buenos Aires: questions of timing could be decided ad hoc in the light of events.

15 May 1979
cc Mr Ure
P/S Mr Ridley

Copies to Mr Hall
Mr Ure

THE FALKLANDS

Lord Shackleton and I were fellow guests of Lord Jellicoe over the weekend. Lord Shackleton and I inevitably discussed the Falklands at some length.

2. He would very much like an opportunity to call on Mr Ridley and to have a talk to him about the problem, based on his many years of knowledge of it and his recent report.

A D Parsons

14 May 1979
Sir A Parsons

cc: PS
    PS/Lord Privy Seal
    Mr Hall
    Mr Ure

THE FALKLAND ISLANDS

Mr Ridley was grateful for your minute of 11 May, and has commented as follows:

"I agree with Sir A Parsons' minute, but would add:-

1) More emphasis on economic co-operation with Argentina on fish, oil, Antarctica etc;

2) It is vital to keep the confidence of the Islanders and this seems to me to require keeping quiet about lease-back plans, at least for the time being.

NR."

K D Temple
15 May 1979
Mr Ure

FALKLAND ISLANDS

1. Mr Ridley has read with great interest the note attached to your submission of 10 May on the Falkland Islands, and Mr Hall's minute of 11 May. He has minuted as follows:

"The fourth option is the only possible one - but we must put most emphasis on the fish and oil aspects of Antarctica. I would hope to preserve the Falklands as British - maybe its not possible - in return for helping Argentina to carve up the Antarctic with us as a partner. I do think its important for me to go

a) to the Falklands

b) to Argentina

as soon as possible.

I think we should go further with UK commercial fish and oil interests to see what we can in fact do in the Antarctic. Is not BP interested? Could we get some trawler fleets to take an interest?"

NR."
2. I should be grateful for your advice on these two questions.

K D Temple
14 May 1979

cc: (With Mr Ure's submission, Mr Hall's minute and paper) to:
   PS
   PS/Lord Privy Seal

(Without papers) to:
   Sir A Parsons
   Mr Hall
Private Secretary to
Mr Ridley
cc Mr J Ure, SAD
Mr G Hall

THE FALKLAND ISLANDS

I have read with much interest the paper submitted by Mr Ure on the Falklands and on Antarctica as well as Mr Hall's minutes on these two subjects.

2. My own feeling is that we must approach the problem of the Falklands in a series of steps. We might consider the following steps in the following order:-

(i) to secure the exchange of Ambassadors with Argentina, thus establishing a better climate of confidence with the Argentines;
(ii) a visit by the Minister of State to the Falklands in order to gain the confidence of the islanders and to enable the Minister of State to get a personal feel of the likely reactions to whatever option we might eventually favour;
(iii) ministerial discussion here of the way ahead.

3. All this will of course take some time but I see no reason that we should be rushed. Provided that we build a bit of confidence with the Argentines through the Ambassadorial exchange, we will be in a very strong position to fend off requests from them for early negotiations on the grounds that the new Government needs time to study this complex problem.

/4.

CONFIDENTIAL
4. Meanwhile, I would not rule out further talks with the Argentines on the lines of Mr Ure's paragraph 11(c) ie negotiations on peripheral matters such as fisheries on the clear understanding that these involve no commitment to political change.

5. On the substance of the problem, I would be opposed to the lease back solution unless it had the full consent of the islanders and I fear that this will not be forthcoming unless and until the islanders themselves propose it off their own bat. If we were to enter into negotiation with this final position in our own minds and there was a leak somewhere along the way - as I have no doubt there would be - the whole thing would blow up in our faces. My preliminary feeling is that we will end up with no alternative but to carry on more or less as we have done ie try to encourage confidence building measures and functional co-operation without any change on the sovereignty issue in the hope that time will help to change the shape of people's attitudes. Having dealt with the Arab/Israel problem over the best part of 35 years I have become doubtful about the proposition that there necessarily are tidy solutions to all problems!

A D Parsons

11 May 1979
1. I believe the Minister of State will find this useful. It goes further than a previous paper on the Falklands in particular in outlining options for future policy. The Minister of State will wish to consider these and perhaps to have the arguments expanded on paper and in discussion.

2. As the official principally concerned during the past 18 months in the negotiations with the Argentines, I believe that if Ministers were to decide to proceed along the general lines of Mr Ure's paragraph 11(d) there would be some possibility of achieving a solution, or at least of continuing more or less amicable negotiations with the Argentines for some time to come. For this to be possible I believe that the negotiations would have to be seen in the context of our overall relations with Argentina, including
including in particular our relations with them over Antarctica (which is covered in a separate submission). A possible solution could, I believe, be along the following lines:

(a) The United Kingdom would surrender formal sovereignty to Argentina over the Falkland Islands and the Falkland Islands Dependencies.

(b) The Argentine Government would simultaneously grant the United Kingdom a perpetual lease over the Falkland Islands and South Georgia. (This might be reduced in negotiation to a 100 year lease).

(c) The United Kingdom and Argentina would agree to equal co-administration of the economic resources of the maritime areas (continental shelves and super adjacent waters) of the Dependencies and the Falkland Islands outside territorial waters.

(d) The Argentine Government would bind itself to provide all the necessary facilities for the Falkland Islanders for transit through and services (education, medical, etc) within Argentina.

(e) The United Kingdom, Argentina and, if possible, Chile would agree to a condominium over the area of their overlapping claims in Antarctica.

3. The chances of achieving all of these may not be too great but they exist. A major problem would be how to reach such a final solution without a breakdown coming from either the Argentine or /the
the Falkland Islander side and how, while such a solution was worked out, to deal with the question of maritime resources around the Falkland Islands and the Dependencies.

4. As far as the Islanders are concerned they will be deeply suspicious of any partial agreements with the Argentines. They would be likely to see these as stages towards their coming under Argentine sovereignty, as they did with the draft agreement on scientific activities in the Dependencies. Only a total solution including 2(c) above would make them feel safe. The Argentines on the other hand would find it very difficult to swallow the idea of this major element in an overall solution ie a purely nominal sovereignty for them over the Falkland Islands and South Georgia, and they would wish to bite off those portions of an overall agreement which would represent progress from their point of view without making this sacrifice.

5. My personal view is that there would be two ways of making progress along these lines. The first would be to continue on the course which has been adopted for the past two years of coming to an overall solution very tentatively and by implication rather than directly. The second would be to face the Argentines openly with an overall solution of the kind I have outlined, making it clear that this is the best that they could get and that all negotiations about detail would have to be within this framework. The first course would continue to try the patience of the Argentines but might still be feasible for some time to come.
It would make the conclusion of partial agreements very much dependent on volatile Islander goodwill. The second would have the danger that the Argentines would reject the concept outright in which case negotiations would cease and we would have to decide on pursuing either the policy of "Fortress Falklands" or that of "selling out". My own view is that boldest would be best and that we should try an overall solution on the Argentines. But we would have to weigh very carefully the question of timing and try to sound out the Argentines at top level before making our bid. I should add that my Argentine colleague in the negotiations has, I am quite sure, seen that the implication of the position which we have so far maintained in the negotiations is the sort of solution I have outlined as possible.

11 May 1979

cc Mr Ure
Mr Hall
Mr Worsnop

MOTION FOR THE WHITSUN ADJOURNMENT

1. I submit a very brief speaking note about the Falkland Islands, as requested in your minute of 11 May.

2. We spoke about item 3 ("Argentina/Chile") and you agreed that since the quarrel between these countries about the Beagle Channel, which looked as if it might result in hostilities a few months ago, is now quiescent, it is unlikely that the matter would be raised on the adjournment and therefore unnecessary to submit a note.

J B Ure
South America Department

11 May, 1979

Copy to:
Sir A Parsons
MOTION FOR THE WHITSUN ADJOURNMENT

FALKLAND ISLANDS

 SPEAKING NOTE

1. No date has been arranged for a resumption of talks between the British and Argentine Governments about the Falkland Islands. The British Government will continue to consult closely with the Falkland Islanders about any developments which could effect their interests.
Distribution Attached

MOTION FOR THE WHITSUN ADJOURNMENT

1. The timing of the debate on the Motion for the Whitsun Adjournment is still undecided but it is possible that the debate may take place during the week beginning 21 May. The Leader of the House has asked for briefing material for his use in winding up the debate.

2. Briefing is required on any matter which may be raised by backbenchers as reasons why "the House should not adjourn". FCO subjects of current interest which could arise seem likely to be:

1. Afghanistan
2. Angle-USSR relations
3. Argentina/Chile
4. Arms Limitations
5. Arms Sales
6. Arab Boycott
7. Arab-Israeli dispute
8. Banaba: New Hebrides Condominium
9. Belize/Guatemala
10. British property claims (Cyprus/Portugal)
11. China
12. Cuba
13. Cyprus
14. El Salvador
15. EEC current problems
16. Falkland Islands
17. Gibraltar
18. Hong Kong
19. Horn Of Africa
20. Hawks for Indonesia
21. Indonesian political prisoners
22. Immigration procedures/medical tests
23. Iran/CENTO
24. India
26. Kampuchea/Vietnam
27. MBFR
28. Malta
29. Namibia
30. North/South dialogue
31. Neutron bomb
32. Nuclear-non-proliferation
33. Pakistan: Bhutto
34. Rhodesia
35. Rudolf Hass
36. Security for HMAs overseas
37. South Africa/Muldergate
38. Sporting Contacts in South Africa
39. The Queen's African visit and CHMG Lusaka
40. Tokyo Economic Summit
41. Turkey
42. Uganda/Tanzania
43. UNLOCK
44. Vietnamese refugees
45. West/German Statute of Limitations
46. Zambia

3. Would Departments please consider whether material on other topics should be offered and, if so, discuss this with the Parliamentary Unit (PU) before drafting? If Departments decide not to offer briefing on any subject specified above, I should be grateful if they would telephone their nil return to the PU.

4. As always, material should be succinct. The briefs should be in the form of a separate speaking note (unclassified), supplemented by a short background note only where absolutely necessary.

5. I should be grateful if briefs could reach me by NOON on Wednesday 16 May at the latest.

6. Please pass the attached note on the presentation of briefs to your Secretarial Staff.

11 May 1979

E R Worsnop
Parliamentary Clerk
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MOTION FOR THE WHITSUN ADJOURNMENT

Note for Secretarial Staff

1. The speaking notes and any background notes are to be typed on separate sheets of blue crested (minute) paper. 3 photo-copies of each note are also required. No photo-copies are needed of any covering minute or submission.

2. Please do not staple the speaking and any background note together.

3. The appropriate headings (in block capitals) are:

   MOTION FOR THE WHITSUN ADJOURNMENT
   (SUBJECT) - there is no need to indicate a Brief No

   SPEAKING (or BACKGROUND) NOTE
CONFIDENTIAL

Mr Hall
FS/Mr Ridley

FAKLAND ISLANDS

1. I submit a note about the Falkland Islands dispute for the background information of the Minister of State.

J B Ure
South America Department

10 May, 1979

Copy to:
Sir A Parsons

1. I believe the Minister of State will find this useful. It goes further than a previous paper on the Falklands in particular in outlining options for future policy. The Minister of State will wish to consider these and perhaps to have the arguments expanded on paper and in discussion.

2. As the official principally concerned during the past 18 months in the negotiations with the Argentines, I believe that if Ministers were to decide to proceed along the general lines of Mr Ure’s paragraph 11(d) there would be some possibility of achieving a solution, or at least of continuing more or less amicable negotiations with the Argentines for some time to come. For this to be possible I believe that the negotiations would have to be seen in the context of our overall relations with Argentina, including
including in particular our relations with them over Antarctica (which is covered in a separate submission). A possible solution could, I believe, be along the following lines:

(a) The United Kingdom would surrender formal sovereignty to Argentina over the Falkland Islands and the Falkland Islands Dependencies.

(b) The Argentine Government would simultaneously grant the United Kingdom a perpetual lease over the Falkland Islands and South Georgia. (This might be reduced in negotiation to a 100 year lease).

(c) The United Kingdom and Argentina would agree to equal co-administration of the economic resources of the maritime areas (continental shelves and super adjacent waters) of the Dependencies and the Falkland Islands outside territorial waters.

(d) The Argentine Government would bind itself to provide all the necessary facilities for the Falkland Islanders for transit through and services (education, medical, etc) within Argentina.

(e) The United Kingdom, Argentina and, if possible, Chile would agree to a condominium over the area of their overlapping claims in Antarctica.

3. The chances of achieving all of these may not be too great but they exist. A major problem would be how to reach such a final solution without a breakdown coming from either the Argentine or
the Falkland Islander side and how, while such a solution was worked out, to deal with the question of maritime resources around the Falkland Islands and the Dependencies.

4. As far as the Islanders are concerned they will be deeply suspicious of any partial agreements with the Argentines. They would be likely to see these as stages towards their coming under Argentine sovereignty, as they did with the draft agreement on scientific activities in the Dependencies. Only a total solution including 2(c) above would make them feel safe. The Argentines on the other hand would find it very difficult to swallow the idea of this major element in an overall solution ie a purely nominal sovereignty for them over the Falkland Islands and South Georgia, and they would wish to bite off those portions of an overall agreement which would represent progress from their point of view without making this sacrifice.

5. My personal view is that there would be two ways of making progress along these lines. The first would be to continue on the course which has been adopted for the past two years of coming to an overall solution very tentatively and by implication rather than directly. The second would be to face the Argentines openly with an overall solution of the kind I have outlined, making it clear that this is the best that they could get and that all negotiations about detail would have to be within this framework. The first course would continue to try the patience of the Argentines but might still be feasible for some time to come.
It would make the conclusion of partial agreements very much dependent on volatile Islander goodwill. The second would have the danger that the Argentines would reject the concept outright in which case negotiations would cease and we would have to decide on pursuing either the policy of "Fortress Falklands" or that of "selling out". My own view is that boldest would be best and that we should try an overall solution on the Argentines. But we would have to weigh very carefully the question of timing and try to sound out the Argentines at top level before making our bid. I should add that my Argentine colleague in the negotiations has, I am quite sure, seen that the implication of the position which we have so far maintained in the negotiations is the sort of solution I have outlined as possible.

11 May 1979

cc Mr Ure
THE FALKLAND ISLANDS DISPUTE

Nature of the dispute

1. Both Britain and Argentina claim sovereignty over the Falkland Islands, the (uninhabited) Falkland Islands Dependencies and over the maritime zones generated by both. In the past, the British Government has been prepared to submit the dispute to international arbitration but the Argentines have never been prepared to accept such arbitration.

The Political Problem

2. (a) The Falkland Islanders and the UK Domestic Political Dimension. The Falklands have a, declining, population of 1,850. They are all of British descent, firm in their desire to remain British and resolutely opposed to becoming part of Argentina. There is a vociferous and highly organised Falkland Islands lobby in this country with the capacity to enlist considerable support in Parliament and in the media. Its function, in the name of the Falkland Islanders, is to monitor and oppose any attempt by the British Government to establish closer links between the Falkland Islands and Argentina. The lobby is now beginning to turn its attention also to the Dependencies and to the maritime zones where, because of possible fish and oil resources, it perceives an additional threat by Argentina to a British and Falkland Islander interest. The greater part of the Falklands commercial life and economy is in the hands of the Falkland Islands Company, now part of the Coalite group. The Company is an active member of the Falklands lobby. More recently, opposition to any accommodation with Argentina has come also from those, inside and outside Parliament, most concerned with the present Argentine régime's abuses of human rights.

(b) The Argentine position. The Argentines remain resolutely convinced of the validity of their own sovereignty claim. All Argentine political régimes subscribe to this.
The Argentines seek full sovereignty over the Falklands but are prepared to offer residual safeguards for the Islanders after transfer of sovereignty. The present military régime continues to press its Falklands claim vigorously. It has also sought to assert Argentine maritime sovereignty in the South West Atlantic either by licensing mechanisms (West German and Japanese fishing agreements and seismic surveys by two US oil companies) or by naval and air patrolling, including the use of force (against Bulgarian, Russian and Polish fishing trawlers). In the last days of the Isabelita Peron régime, the Argentine Navy also fired at the Royal Research Ship Shackleton.

(c) The International Position. The Argentine claim enjoys widespread international support. Voting in the 1976 pro-Argentine General Assembly resolution was 102 votes in favour, 1 against (ourselves) and 32 abstentions and the Non-Aligned movement at Foreign Minister and Head of State level has regularly included a pro-Argentine passage on the Falklands in its political declarations. The main concern of our European partners and of the United States is to avoid becoming entangled in what they regard as a bilateral dispute between Britain and Argentina.

The Economic Problem

3. Life for the Falkland Islanders is hard but in economic terms not uncomfortable (per capita income for 1974 was £1,164). Socially and economically the Islands run on feudal/paternalistic lines with the one major industry, wool, run by the Falkland Islands Company and other absentee landlords. The Colony is in decline, although improved wool prices over the last five years have concealed the underlying downward trend. There has been no new private investment in the Islands and the Falkland Islands Company does little more than reinvest locally sufficient of its profits to keep its operations ticking over at their present level.
4. As a result of the growing problems of the Falklands economy, the Government commissioned Lord Shackleton and a team from the Economist Intelligence Unit to produce a comprehensive report on the Falklands. The report was published in July 1976. It contained a number of proposals, both for internal development measures on the Islands and offshore resources, notably oil and fish. Lord Shackleton's task was to study the economy of the Islands; he had no brief to consider the political background. However, the Report noted that "In any major new development of the Islands' economy, especially those relating to the exploitation of the offshore resources, co-operation with Argentina should, if possible, be secured. The sovereignty issue overhangs our report, as it does the Falklands, and the absence of a settlement could well inhibit the development of the Islands".

5. Meanwhile, the only new money that goes into the Falklands at present is from the ODM. In 1979/80, ODM expect to spend £170,000 on topping up salaries for the range of administrative and social services (doctors, nurses, teachers, pilots, policemen) without which the Colony cannot function and for which it cannot itself pay the full costs. Also in 1979/80, ODM expect to spend £140,000 on technical co-operation for development. From capital aid funds, ODM have just spent £6.0m for the Colony's first permanent airfield and already have funds of £1.57m committed for an oil jetty, a new school hostel and the Colony's first all-weather road outside Stanley (which will link the capital with Darwin, the second biggest concentration of population). Consideration is also being given to the allocation of funds for a new aircraft for the Islands' vital internal air service. None of these projects is directly income-generating in developmental terms; indeed, the initial effect will be to add additional burdens to the Colony's budget. But the road may eventually lead to agricultural development and diversification. All these projects are, however, important in social, welfare...
and morale terms. They also reflect a decision to implement the "onshore" areas of the Shackleton report. Apart from the on-the-spot benefits to the Islands, implementation of these schemes is important as a means of sustaining Islander confidence and in generating willingness to accept the continuation of negotiations with Argentina.

The Defence Problem

6. The Falklands are currently defended by a small permanent detachment of Royal Marines in Port Stanley and by the annual visit to the area from October to March of HMS Endurance, an Ice-Patrol Vessel with limited armament which carries out scientific work on behalf of the British Antarctic Survey as well as demonstrating a Royal Navy presence in the area. These measures cost the MOD £3.6 million per annum. Even at this cost, they are inevitably little more than symbolic deterrent measures. The distance from the UK and the consequent communications and supply problems make the maintenance of an effective UK deterrent military force prohibitive. Were there to be an Argentine invasion, any operation to dislodge the Argentines would again be not only extremely costly but could only be carried out at major and probably unacceptable cost to our NATO commitments.

The Current Position

7. In 1977 the British Government embarked on a new round of negotiations with Argentina about the political and economic future of the Falklands, including sovereignty. These talks were embarked upon with the knowledge of Parliament and the agreement of the Falkland Islanders. They were explicitly "under the sovereignty umbrella", i.e. without prejudice to either side's sovereignty claims.
8. A number of meetings at Ministerial (Mr Rowlands) and official level have explored the ground, without making any substantive progress. The Argentines have produced lists of "guarantees" they would give to the Islanders in the event of their achieving sovereignty. We have explored "a mixed approach" based on dealing separately with maritime questions and the Dependencies in advance of or in place of making changes regarding the status of the inhabited islands; we have also emphasised that while there might be room for negotiation over territory, any official settlement would have to leave with us effective sovereign rights over the inhabitants of the Islands.

9. The talks have been prejudiced by the establishment of an Argentine scientific station on Southern Thule, one of the Falkland Dependencies 1,400 miles from the inhabited islands. While we have no real quarrel with the Argentines pursuing scientific work in the area (since in the nearby Antarctic Treaty area we conduct scientific work in collaboration with them) we do, of course, take exception to their establishing a base on British territory without our consent. We have taken legal steps to protect our sovereignty position but have resisted suggestions that we should forcibly evict the Argentines since this would very possibly lead to retaliation against our own scientific station on South Georgia (another of the Dependencies). Recently we have proposed an agreement on scientific co-operation which would extend to the Falklands Dependencies the sovereignty freeze which applies in Antarctica: it would effectively divest the Argentine station on Thule of any political significance. The Argentines were prepared to go along with this, but the Falkland Islanders rejected the idea when we put it to them because they felt it was opening the door to further Argentine activities in the area. We have therefore declined to sign the agreement but it rests "on the table".

Future Policy
Future Policy

10. Over recent months the Argentines have been fully aware that we have been dragging our feet on these negotiations. They have understood that British Ministers could not make fresh initiatives or arrive at far reaching decisions in the last months of a dying Parliament. However there will undoubtedly be Argentine expectations that the new Government will re-open the negotiations in a more positive frame of mind.

11. This presents us with real difficulties because there are effectively four possible policies for us to pursue:

(a) To refuse to discuss the substance of the dispute at all with Argentina, break off the talks and be prepared to maintain and defend the Falklands against Argentine boycotts on communications and supplies, Argentine harassment or worse. This option is known as "Fortress Falklands". It would involve very heavy additional expenditure on aid to the Islands and almost certainly on defence, with implications for our NATO commitments.

(b) To give up the Falklands, buying out and re-settling the Islanders elsewhere and negotiating whatever safeguards we could for those remaining under Argentine administration. This would be totally unacceptable to the Islanders and would provoke the sharpest possible attacks on the Government from both sides of the House on the grounds that we were "selling out". It appears to be politically - and probably morally - indefensible.

(c) To continue to go through the motions of negotiations with Argentina but to avoid any commitment to political changes which would upset the Islanders or their supporters in this country. With two years of unproductive negotiations...
behind us, this course is likely to prove no longer viable: the Argentines' patience is evaporating and the credibility of such negotiations would rapidly collapse.

(d) To continue the negotiations in good faith with the Argentines to establish whether a solution could be developed which might ultimately prove acceptable to the Islanders and to Parliament. This would be a long drawn out process, attended by criticism from many quarters, and dependant for its success on winning and maintaining the confidence of the Islanders. It would certainly be necessary for the responsible Minister to visit the Islands as soon as possible, and both to gain an appreciation of their preoccupations and begin the process of educating them to the harsh realities of their situation. Negotiations would aim at securing some form of British participation in any future development of resources (including oil in the area) and would also endeavour to achieve a fishing regime with the co-operation of the Argentines. It is not possible at this stage to forecast what sort of ultimate political solution might be forthcoming, but one idea which might ultimately prove acceptable would be some form of "lease back" (analogous to Hong Kong) under which the Argentines gained nominal sovereignty but the Islanders remained under British jurisdiction.
FALKLANDS

Line to take

1. The Falklands issue has bedevilled British-Argentine relations for years. It is a difficult problem requiring patience and understanding on both sides. It is right that we should continue to seek some solution through negotiations. There are possibilities for economic co-operation which could be of benefit to all. But we cannot accept the Argentine claim to sovereignty and our major concern must be for the inhabitants of the Islands. No proposals for a settlement can go forward unless they are acceptable to the Islanders themselves. Both the Islanders and the British Parliament have been given clear assurances on this.

2. We continue to feel that the best way forward is to examine closely the possibilities for agreement on specific issues such as fishing co-operation. There are still basic differences of approach but there appears to be sufficient common ground to encourage us to believe that with goodwill progress in the negotiations can prove possible.
BACKGROUND

State of the negotiations

1. Negotiations have been going on for two years. We have made some progress in elucidating each other's position and concerns but we are a long way from any solutions. Argentine patience is beginning to wear thin. They have been prepared to accept that the impending general election has made it difficult for us in the past few months. But they will be looking for an early Ministerial meeting when the new Government is installed. As long as the negotiations continue and move in a direction they consider positive, they are unlikely to force the pace too much. But if relations were to turn sour, the Argentines could easily make difficulties for us and the Islanders, e.g. by cutting off the air services to fuel supplies, intercepting fishing vessels in waters we claim, by discriminating against British trade or other interests in Argentina and by returning the whole question to the United Nations.

The negotiating rounds

2. The terms of the negotiations were announced in the House of Commons on 21 April 1977 (copy attached). There have been four rounds, two at Ministerial level (the latest in Geneva in December 1978), the most recent being at official level in New York in March.

3. The atmosphere of the talks has generally been good. But the failure to make any progress in March has led the Argentines to wonder about their usefulness. They were disappointed in particular about our inability to sign a Scientific Co-operation Agreement: the Island Councillors would not accept the text agreed because of their deep suspicion of Argentine motives and actions.
The Issues

4. Argentina claims sovereignty over the Falkland Islands, the (uninhabited) Dependencies and the waters and continental shelf of both. They have continued to insist in the negotiations on sovereignty but have indicated a willingness to provide safeguards for the Islanders' way of life. We have insisted that sovereign rights over the Islanders must continue to rest with Britain as long as the Islanders so wish. We have, however, suggested possible new sovereignty arrangements in the Dependencies in favour of Argentina if the Islanders are given such absolute safeguards. The Islanders have consistently declared their wish to remain British.

5. Both sides agree that if the sovereignty issue can be resolved there could be co-administration of economic resources. The most recent negotiating rounds have included detailed exchanges about joint regulation of fishing in the area but practical progress has not been possible as the Argentines have insisted that any co-administration of a maritime zone must begin with a transfer of sovereignty.

6. Exchanges on scientific co-operation in the Dependencies, following the establishment by the Argentines of a scientific presence in Southern Thule, resulted in informal agreement on a draft scientific co-operation agreement. Under this, the Argentine activities were to be put under the "sovereignty umbrella", i.e. to be held to have no implications for either Government's sovereignty position. The Island Councillors, when it came to agreeing the text with them, refused to let it go forward. With some difficulty, during the New York talks, we were able to persuade the Argentines to leave the agreement lying on the table; they undertook also to conduct any future activities of a similar nature in the spirit of the draft.
7. There has also been mention of possible co-operation in the exploitation of any hydro-carbons in the area. None have yet been identified but seismic surveys are currently being evaluated.

Further Talks

8. No commitment has been made about the timing or level of any further talks.
5. The Falkland Islands. We had a longish discussion most of which I need not record. I made clear to Dr Martinez that no Argentine Government could expect any change in our position on sovereignty. He of all people would understand that the claims of small, distant and loyal communities of British descent were extremely emotive in the British political context. With obvious differences, the same was true over Gibraltar. We must try to make progress around the periphery of the dispute as we had tried to do in recent years.

6. Dr Martinez did not contest what I said. He speculated about the possibility that the islanders might eventually change their views and regretted the fact that the practical contacts ie visits by islanders to Argentina seemed to have died down.

7. Dr Martinez went on to say that he was in favour of making progress through economic co-operation and had asked for studies. There were two areas in which it might be possible to proceed, perhaps on the basis of joint ventures between British and Argentine companies. These two areas were oil and fishing. What did I think?

8. I said that we were in favour of economic co-operation although I could never exclude the possibility that individual projects would run into difficulties with the islanders. Of the two areas which he had suggested I favoured making a start on fishing. The problem with oil exploration was that it was so politically emotive. If there was any move towards exploring oil off-shore, there would be a great
deal of controversial publicity and political considerations would immediately be brought into play. The same was not true of fishing. Dr Martinez agreed.

2 May 1979

A D Parsons
Mr Wall, Private Office

CABINET COMMITTEE'S BUSINESS FORECAST

1. Your minute of 4 May (a copy of which only reached me today).

2. We would not expect to have to put any South American subject to DOP in the short term period you specified (i.e. 14 May to 1 June).

3. In the medium term, it is likely that we shall have to put to DOP policy on the Falkland Islands and our negotiations with Argentina. The timing will depend on when Ministers are able to focus on this particular question.

9 May, 1979

J B Ure
South America Department

Copies to:

Mr Hall
Sir A Parsons
PS/Mr Ridley
DOP and GEN 12 Business Forecasts

Although we do not yet know precisely what Cabinet Committees the Prime Minister will decide to establish, Cabinet Office are preparing a forecast of business for DOP and GEN 12 covering the period 14 May to 1 June. This will be put to No 10 next week.

Mr Whitmore in the Cabinet Office has given advance notice that he will be asking next Wednesday for our assessment of likely DOP and GEN 12 business during that period. In order to be ready to respond as quickly as possible, I should be grateful if you could let me know as soon as possible, whether there is likely to be any urgent DOP or GEN 12 business during the period in question.

Mr Whitmore will be writing separately about the long-term forecast of DOP, DOP(S) and GEN 12 business. However, it would be helpful to have advance warning of any items which departments think likely to need DOP or GEN 12 consideration during the next to three months. (A copy of the last exchange is attached).

I should be grateful if replies, covering both short-term and long-term business, could reach me by mid-day on Wednesday 9 May. I should also be grateful for a nil return where appropriate.

4 May 1979

cc: (for information)

PS/All Ministers
PS/PUS
Sir A Duff
Sir A Parsons
Mr Bullard
Mr Butler
Mr Cortazzi
Mr Leahy
Mr J Moberly
Mr P Moberly
Miss Brown
Mr Thomas

Mr Hall
Mr Murray
Mr Stratton
Mr Day
Mr Weir
Mr Fergusson
Mr Williams
Legal Advisers
Mr Fretwell
DOP REPORT ON FALKLANDS TALKS

1. I have discussed the attached drafts with Mr Hall and we both think that little useful purpose would be served at this point by sending a Private Secretary letter to No 10 about earlier Ministerial exchanges in a Cabinet Office Committee, since if a Conservative Government is returned these papers would not be appropriate for submission to Ministers, and if a Labour Government is returned it will make more sense to send a general round-up of where we stand on the Falklands negotiations at the appropriate moment. I suggest that you keep the drafts which I have "suspended" on the file; they may save time later on.

2 May, 1979

J B Ure
South America Department
Falkland Islands: Anglo/Argentine Negotiations

1. In my minute (PM/78/139) of 13 December I set out our tactics for the talks last December with the Argentines. My colleagues will wish to know how matters now stand.

2. Geneva Talks. On Southern Thule Ted Rowlands tabled a paper on scientific co-operation in the Dependencies, along the lines of the scheme described in Annex A of my minute of 13 December. The Argentines also tabled a paper on similar lines. As a result, we reached agreement in principle on a scheme under which the Argentines accepted that their station on Thule would have no implications for sovereignty. But, as I anticipated, the Argentines objected to the clause we wanted specifically preventing their setting up other stations. Ted Rowlands left them in no doubt that the whole negotiating process would be seriously prejudiced if they set up another station. The Argentines maintained they could not give up their right in principle to have other stations but said they were not planning any for the time being and would talk to us beforehand. On the strength of this assurance Ted Rowlands dropped the restrictive clause judging that, otherwise, we would not have got an agreement at all.

3. Both we and the Argentines also tabled outline papers on co-administration of the Dependencies' maritime zones. The Argentines saw no problems in our ideas over the mechanics as far as fishing was concerned and agreed on the need for urgent action to deal with third parties. The Argentines agreed that action would be required to declare a 200 mile fishing zone. They suggested this should be done jointly but did not explain how they would reconcile this with their own sovereignty claim and existing zone. But they rejected the idea of a co-administration scheme being under the sovereignty umbrella. Instead, they wanted a transfer of sovereignty over the Dependencies to Argentina as the price for co-administration of a fishery zone; and they wanted to exclude the continental shelf. We told them firmly that none of this was on. We left it that all these ideas would be looked at at later meetings.
4. There was no substantive discussion on sovereignty. The Argentines repeated their position of principle on familiar lines and tried to draw us out on the sovereignty changes we had in mind in the Working Paper Ted Rowlands gave Captain Allara in the New York talks in December 1977. We rejected the idea that the aim of the negotiations was simply to transfer sovereignty to Argentina and stressed that there could be no consideration of fresh sovereignty arrangements in favour of Argentina in the Dependencies without Argentine acceptance that sovereignty rights in respect of the Falkland Islanders should continue to rest with Britain.

5. Consultation with Island Councillors. Here there has been a set-back. Ted Rowlands met a delegation of Island Councillors in Rio on 7 January, and briefed them fully on the Geneva talks. The meeting went well and the delegation raised no objections to the Southern Thule scheme. But when they reported back to their colleagues in Port Stanley the Falkland Councils as a whole decided they could not accept the scheme at all. Their objections are, firstly, that unless the scheme applies only to Thule we are in effect giving the Argentines some sort of status in the rest of the Dependencies and, secondly, that it represents the beginning of a process of concession to the Argentines, which will lead to the loss of sovereignty over the Falklands. We have tried to put it to Councillors that on both counts their fears are misplaced; in particular we have pointed out that if the agreement only applied to Thule, it would be an invitation to the Argentines to set up stations with sovereignty implications - elsewhere in the Dependencies. But they have dug their heels in. We have re-assured them that we will not now sign the agreement, although we will not tear it up. Councillors have agreed to maintain confidentiality over their objections, and that they and we should take the line in public that the scheme has been left on the table for further consideration. So we have, so far, prevented this disagreement coming into the open.

6. Future tactics. The Islanders' position is a problem. I am satisfied however; that, even though we cannot sign an agreement, our own sovereignty position over Thule is still not seriously eroded. I have considered whether Ted Rowlands should go out to the Islands in a further attempt to win Councillors over. But such a Ministerial visit would inevitably attract publicity and speculation and would focus attention on the Falklands when we want to avoid this. We have therefore told Councillors that we shall need to meet the Argentines again soon; /and that
and that we will discuss their reservations about the scheme and report back to them. We have also said we shall try to pursue other issues, notably fishing, with the Argentines in the hope of producing a wider package with economic benefits for them. Councillors have accepted that we should have a further exploratory meeting with the Argentines on this basis.

7. Meanwhile, the Argentines have proposed that the next negotiating round should be at official level in New York from 21-23 March. I concluded we should agree and we have therefore accepted their proposal. To have tried to stall them over the timing of a meeting would only have made more difficulties over issues of substance when a meeting eventually took place. There is no question of any decisions being taken in New York this month; our intention is to pre-empt trouble and continue talking. I therefore propose that we should take the line that, whilst we maintain the agreement we reached in principle in Geneva on the scientific cooperation scheme, we cannot sign it because of Islander opposition; but we will want to go back to the Argentines later on this. Meanwhile we seek assurances from the Argentines that the de facto understanding we reached in Geneva will continue—in particular the understanding that the Argentines will not set up any new stations. We should then urge progress on fishing arrangements on the grounds that this could improve the prospects for the arrangements we both seek over scientific cooperation. We would thus be conducting a holding operation with the Argentines as we are with the Islanders. In neither case is there any guarantee of success but this seems the least hazardous course.

8. Level of diplomatic relations with Argentina. The Argentines withdrew their Ambassador from London in late 1975 and asked, in early 1976, that our Ambassador should leave Buenos Aires. This Argentine action has meant that our relations have been at Charge-level ever since. We have taken no steps ourselves to restore Ambassadors. The Argentines have now shifted their ground and have indicated informally that they would like to re-appoint an Ambassador in London and sought our reaction. There are conflicting reports about the human rights situation in Argentina but the Argentines have at least now agreed to receive the Inter-American Human Rights Commission. In these circumstances...
circumstances, and given the delicacy of the problem we face over the Falklands, we have told the Argentines we would not object.

9. I ask my colleagues to note the way we intend to handle the further round of talks with the Argentines as outlined above.

10. I am copying this minute to other members of DOP, the Secretary of State for Energy, the Attorney-General and Sir John Hunt.

(DAVID OWEN)

Foreign and Commonwealth Office

13 March 1979
CONFIDENTIAL

CWG\13 26/1255 118D5987

FOR CWG

PRIORITY/PRIORITY 272\0472 APR

FROM MP5901

TO MOD UK NAVY

INFO BUENOS AIRES

CONFIDENTIAL

SIG JOA/ACA

FOLLOWING RECEIVED FROM GH FOR DS5 FOR MOOS:

1. I WOULD BE GRATEFUL IF YOU WILL INFORM URC, IN CONFIRMATION OF THE GOWLING/PARKER TELEPHONE CONVERSATION, THAT THE MESSAGE IN YOUR 18125\015 APRIL WAS DUTY DELIVERED AND WELL RECEIVED BY THOSE TO WHOM I HAVE BEEN ABLE TO SPEAK.

2. AS EXPECTED, ONE INCIDENT (VALUAGES) WAS SLIGHTLY RAISED AT THE REFERENCE TO THE CONDUCT OF FUTURE SCIENTIFIC ACTIVITIES. IN THE SPIRIT OF THE DRAFT AGREEMENT UNDERTAKING, I COUNTERED THIS BY SUGGESTING THAT THIS SEEMED ONLY TO MEAN THAT THE PRESENCE OF THE THULS BASE COULD NOT BE ADDUCED AS A CLAIM TO SOVEREIGNTY AND THAT THERE WOULD BE AN EXCHANGE OF SCIENTIFIC INFORMATION. THIS SEEMED TO BE SATISFACTORILY ACCEPTED.

3. IN VIEW OF THE VALEDICTORY TONE OF THE LAST PART OF THE MESSAGE,

PAGE 2 REDUCED 5012

CONFIDENTIAL

SOME COUNCILLORS INTENDED TO WRITE DIRECTLY TO TED ROWLANDS AT HIS HOME ADDRESS EXPRESSING THEIR GOOD WISHES AND GRATITUDE.

8T

DISTRIBUTION JOA

N

CWG 11 DS 5 ACTION (CYR 14 ROY CLARK)
George Hall Esq CMG
FCO

Dear George,

FALKLAND ISLANDS

1. Yesterday the Foreign Minister gave a farewell lunch for the Italian Ambassador. I had a word with him afterwards.

2. Pastor said that the Argentines were disappointed that we had not been able to conclude the draft Agreement on scientific cooperation in the Dependencies. Such an Agreement would have allowed him to meet the criticism he faced. One form which the criticism now took was that during recent years the Argentines had spent a great deal of money on the communications agreements and had gained nothing in return. He did not himself agree with this point of view and was anxious to proceed with the construction of the YPF jetty although its estimated cost had trebled. He did not, however, say when the Air Force would be ready with their revised estimate for it.

3. He added that he would probably be letting us have some comments on the New York round soon.

4. As for nominating an Ambassador, I gather from senior people in the Foreign Ministry that they are still awaiting a decision from the President. The Argentines may perhaps wait to see what happens in our elections before deciding what to do.

Yours ever

Hugh Cullens

copy to

H E
Mr J R W Parker, CMG OBE
Governor
Falkland Islands
Mr Hall

PS/Mr Rowlands

FALKLAND ISLANDS TALKS: NEW YORK, 21-23 MARCH: MINISTERIAL MESSAGE TO COUNCILLORS

1. Mr Rowlands' last message to Island Councillors promised a further message reporting on the New York round. I now submit a draft message (which, unless things take a turn for the worse, we should be able to pass telegraphically to Fort Stanley using Ministry of Defence channels).

2. We also have in hand the drafting of a minute for the Secretary of State to send to DOF colleagues (although I realise that given present circumstances this might have to issue on the Private Secretary net.) In drafting this, we shall need to take into account Councillors' reaction to the Ministerial message - and indeed any reaction there may be from the Argentine Government to the somewhat difficult session in New York.

J R Ure
South America Department

4 April, 1979

Copy to:
Private Secretary
TO IMMEDIATE PORT STANLEY
TEL U/N OF 20 APRIL AND SAVING TO BUENOS AIRES

FALKLAND ISLANDS NEGOTIATIONS

1. Please pass following message to the Island Councillors from the Minister of State

BEGIN

In my message of 13 March, I undertook to let you know what happened at the talks in New York from 21-23 March attended by George Hall, the Under Secretary who supervises Falklands matters, and Sr Oliveri Lopez, the Head of the Antarctic and Falklands Department in the Argentine Foreign Ministry.

George Hall has given me a detailed account of the talks. I did not expect this round between officials to produce a great deal at this time and so it turned out. The talks were low-key and no progress was made on any of the issues of substance.

On the Scientific Co-operation Agreement, we had to tell the Argentines frankly of your feelings and our consequent inability to sign. This came as a severe disappointment to them as they were ready to do so. They refused to consider any changes to the text but did agree to leave the document lying on the table and to conduct any future scientific activities in the spirit of the draft. They also repeated the assurances that Allara gave me in Geneva that no further stations in the Dependencies were intended - "there would be no repetition of South Thule."

This exchange put something of a damper on the talks as a whole and although there were lengthy exchanges on fisheries co-operation, we did not get any further forward. The Argentines continued to insist that any agreement should include not only maritime areas but should be extended also to the land area of the Dependencies and affect sovereignty. We again rejected this and argued that any co-operation scheme must be under the sovereignty umbrella.

On sovereignty, there were lengthy but inconclusive exchanges. The Argentines once again insisted that any final solution must include concessions on sovereignty over the Falkland islands in their favour whilst we repeated to them that we flatly rejected any assumption

\( /\text{that this} \)
that this must be so. We told them that the best solution would be for them to give up their claim, that the people of the Islands should continue to have the right to choose that sovereign rights over them should lie with Britain and that their institutions, laws, and way of life should develop in this framework.

Nevertheless we continued to be willing to negotiate in accordance with the terms of reference, particularly in order to find ways to develop the resources of the area for the benefit of those who live there.

There was no decision on a further meeting and both sides will have to consider carefully the next step.

Meanwhile, you will have heard that we will be having a General Election on 3 May. I want you to know how much I have valued the confidence you have placed in me. I have fought hard for your best interests in these last few years, and you may be sure that whatever the future may hold for me I shall not lose my interest in and concern for your affairs. Nor shall I forget the comradeship and hospitality I encountered among you.

Good luck to you all.

Ted Rowlands

ENDS

2. Grateful for early report on Councillors' reactions to the message.

OWEN

FILES
SAM D
HAED
ES & SD
LEGAL ADVISERS
PS
PS/GR ROWLANDS
SR A PARSONS
MR HALL
MISS BROWN
Mr Cornish, Planning Staff

PAPERS FOR INCOMING MINISTERS: FALKLAND ISLANDS

1. As required by your minute of 25 April, I have amended, re-cast and shortened the department's paper on the Falkland Islands. 20 copies are attached.

2. With the deletion of sentences as proposed in your paragraph 2, I see no objection to the paper now being classified "Confidential".

G A Duggan
South America Department

26 April, 1979
1. The Falkland Islands are small, extremely remote, have a dwindling population (now 1,850) and limited economic prospects. The Falkland Islands Company dominates the economy, especially the wool trade, which is dependant on world prices. Surveys — still being evaluated — have yet to show any offshore oil. The Falkland Islands Government also administers the Dependencies of South Georgia and the South Sandwich Islands which lie just outside the Antarctic Treaty area and are uninhabited but with the British presence maintained by a British Antarctic Survey research station.

2. Argentina claims sovereignty over the Falkland Islands, the Dependencies and the waters and continental shelf of both. If Argentina were to resort to force, the garrison of 40 Royal Marines in Port Stanley would not be able to prevent a landing in the Dependencies or on some of the Islands: to dislodge them would require a major amphibious operation, diverting very substantial resources from NATO commitments.

3. The Argentine claim is unsound but overshadows our relations with Argentina, affecting our trade and our interests in Antarctica and causing difficulties at the United Nations, where Argentina has the support of other South American countries. The Islands rely on Argentina for communications and supplies, especially of fuel. A solution would be in our and Islander interests, would make possible the development of any economic resources in the area, in which we might have a share (e.g. oil and fish) and would bring relief to contingency defence commitments.
4. For the past two years, HMG has been conducting negotiations with the Argentine Government without prejudice to the sovereignty position of either, to explore possible solutions to the sovereignty dispute and to establish economic co-operation which could benefit all. The Islanders, who have consistently declared their wish to remain British, have been informed and consulted. With Argentine agreement they have been invited to participate but have so far not wished to do so. Successive British Governments have undertaken to bring no solution to Parliament which did not have the support of the Islanders.

5. The Argentines insist on sovereignty but are prepared to provide safeguards for the Islanders' way of life. HMG have insisted that sovereign rights over the Islanders must continue to rest with HMG as long as the Islanders so wish, but that, if this is absolutely safeguarded, new sovereignty arrangements in the Dependencies in favour of Argentina could be contemplated. Both sides agree that if the sovereignty issue can be resolved, there could be co-administration of the economic resources. Discussions about joint regulation of fishing in the area continue in spite of disagreement on the sovereignty implications.

6. An agreement to place Argentine scientific activities on an island in the Dependencies (Southern Thule) under the "sovereignty umbrella" is in suspense because the Islanders have not agreed to its signature.

7. No commitment has been made about the timing or level of further talks. We must expect the Argentine Government to press for an early Ministerial meeting when the new Government is installed. As long as negotiations continue and move in a direction they consider positive, they are unlikely to force the pace too much. Otherwise they might take action, possibly...
cutting-off the air service and fuel supplies, intercepting fishing vessels in waters we claim, further activities (scientific or otherwise) in the Dependencies and discrimination against British trading or other interests in Argentina. They would also return the question to the United Nations.

South America Department
Foreign & Commonwealth Office
26 April, 1979
Mr Wyatt, MAED

IMCO: POLITICAL BRIEF

1. Your minute of 11 April, copied to Mr Sindall (whom I have succeeded).

2. I attach a redraft of paragraph 19 covering the pilotage dispute between Argentina and the Falkland Islands.

3. We have no other specific amendments to suggest at this stage; but note that a new Conservative Government might take a different line on Chile (para 18) and suggest that, if timing permits, we take another look at this section following the Election.

G A Duggan
South America Department

26 April, 1979
ARGENTINA AND THE FALKLAND ISLANDS - PILOTAGE DISPUTE

BACKGROUND

There has been for some time a dispute between the Falkland Islands Government and the Argentine authorities over pilotage. The Argentine Government issued a Presidential decree on pilotage services in Argentina on 12 September 1978. It declared that all ships arriving at any port of the Falkland Islands from any port in Argentina should embark at the point of origin an official Argentine pilot for entry and departure operations.

The Argentines made a similar attempt in 1975 to introduce obligatory pilotage in the Falkland Islands. We did not protest and, in practice, difficulties were avoided by informal arrangements whereby Argentine pilots did not attempt to carry out their functions on ships entering and leaving Port Stanley. The new regulations appear to be an attempt by the Argentine Government to further their sovereignty claims by having Argentine pilots perform shipping functions in Falkland Island waters. The British Government have protested.

The Falkland Islands' Government does not insist on pilotage for vessels approaching Stanley but Masters of vessels not taking advantage of their pilotage services are required to bear full responsibility for injury, loss or damage.
Line to take

If the matter is raised, the UK delegation should take the line that pilotage within the territorial waters of the Falkland Islands is the responsibility of the Falkland Islands' Government. It is therefore unacceptable to the British Government that the Argentine authorities should have purported to place this pilotage requirement on vessels calling at the Falkland Islands.
PAPERS FOR INCOMING MINISTERS: FALKLAND ISLANDS

At their meeting today the PUS and DUSs had the following comments on your paper. I should be grateful for 20 copies of a revised version by 5 pm on Thursday, 26 April - I am circulating separately a sample sheet for the format.

2. The paper should be recast and shortened, eg omitting the second sentence of paragraph 1, dropping the passage: "To deter... the Islands" and adding "To dislodge them would require..."

3. It would be useful to explain the distinction between the Islands and the Dependencies, and to mention the Falkland Islands Company.

4. Lease-back should not be mentioned in the paper.

5. Add "The" at the beginning of paragraph 7.

6. Presumably the paper could then be classified "Confidential" - this would be desirable.

J E Cornish
Planning Staff

25 April 1979
 Heads of EID(I)
   EID(E)
   SED
   Defence Dept
   EESD
   ACDD
   CSCE Unit
   SAD
   ESSD
   TRED
   FRD
   MAED
   MED
   Rhodesia Dept
   S Af D
   M&CD
   WIAD
   ROID
   NAD
   WED
   CCD
   SPF
   CCD
   UND
   S Am D√
   HK&GD
   News Dept
   OID
   MVD
   IPD
   CRD
   NTD
   PPD
   Deputy Chief Clerk
   NENAD

PAPERS FOR AN INCOMING GOVERNMENT

DUSs are now working through the draft papers submitted last week. Planning Staff will be contacting departments individually about suggested amendments (if any).

2. Revised briefs should be submitted, in 20 copies, by lunch-time on Thursday 26 April (for final discussion by DUSs on Monday 30 April). Papers should follow the attached format. They need bear no classification: Planning Staff will arrange for their final reproduction on DRC paper.

24 April 1979

cc: Under Secretaries (for information)
    Economists Dept

J E Cornish
Planning Staff
Briefs to be typed on one side of the paper only, in double spacing, and with numbered paragraphs.
Classification is not required, as Planning Staff will arrange for final reproduction on DRC paper.
PAPERS FOR INCOMING MINISTERS: FALKLAND ISLANDS

1. As required by the Private Secretary to the FUS in his minute of 6 April, I submit a short draft position paper on the Falkland Islands. This is required by the Planning Staff, in final form before close of play on 18 April.

1Bure

J B Ure
South America Department

10 April, 1979

→ Sir A. Parsons

I have recast and amended the paper and agreed the revised version with Mr. Ure.

J Hall 12.11

I sent this on to Planning Staff to meet the deadline, and attach a copy. J Bure 174.

AS 1974
1. The Falkland Islands are small, extremely remote, have a dwindling population (now 1,850) and limited economic prospects. Surveys - still being evaluated - have yet to show any off-shore oil. The surrounding seas are rich in fish and this is not exploitable while the sovereignty over the waters remains in dispute, and even if it were it is questionable how much it would contribute to the economy of the islands. We maintain a garrison of 40 Royal Marines roulement taking place through Uruguay. It would be impossible to prevent an Argentine landing on the Dependencies or some of the Islands. To deter such a landing would require a balanced task force of two destroyers/frigates and a nuclear submarine with RFA support. We could not prevent a determined Argentine assault to evict the garrison and would be faced with the task of recapturing the Islands. This would require a major amphibious operation diverting very substantial resources from their NATO commitments.

2. Argentina claims sovereignty over the Falkland Islands, the uninhabited Dependencies and the waters and continental shelf of both. Their claim is unsound but it over-shadows our relations with them and is supported by other South American countries and at the United Nations.

3. HMG has been conducting negotiations with the Argentine Government over the past two years to explore possible solutions to the sovereignty dispute, and to establish economic cooperation which could benefit the islanders and the UK. These talks have...
been without prejudice to the sovereignty position of either government. The islanders have been informed and consulted. With Argentine agreement they have been invited to participate but have so far not wished to do so. Successive British Governments have undertaken to bring no solution to Parliament which did not have the support of the Islanders.

4. The Argentines have insisted that they must have sovereignty but are prepared to provide safeguards for the Islanders' way of life. HMG have insisted that sovereign rights over the Islanders must continue to rest with HMG as long as the Islanders so wish, but that if this is absolutely safeguarded, new sovereignty arrangements in the Dependencies in favour of Argentina could be contemplated. Both sides agree that if the sovereignty issue can be resolved, there could be co-administration of the economic resources. Each is aware that one, and perhaps the only, way to resolve the sovereignty issue could be a nominal transfer of sovereignty over the Falkland Islands to Argentina and a lease-back to the UK, but this has not been mentioned and might not be acceptable.

5. Discussions about joint regulation of fishing in the area continue in spite of disagreement on the sovereignty implications.

6. An agreement to place Argentine scientific activities in the Dependencies (Southern Thule) under the "sovereignty umbrella" is in suspense because the Islanders have not agreed to its signature.

7. British interest is to remove this dispute as a barrier to good relations with Argentina, which are important to our trade and to our interests in Antarctica, and to do so without deserting...
the Islanders, who have consistently declared their will to remain British, and without sacrificing the possibility of sharing in such economic resources as there may be in the area. A solution would bring relief to contingency defence commitments.

8. No commitment has been made about the timing or level of further talks. We must expect the Argentine Government to press for an early Ministerial meeting when the new Government is installed. As long as negotiations continue and move in a direction they consider positive, they are unlikely to force the pace too much. Otherwise they might take action. This could include cutting-off the air service and fuel supplies they at present provide to the Islanders, the interception of fishing vessels in putative British waters in the area, further activities (scientific or otherwise) in the Dependencies and discrimination against British trading or other interests in Argentina. They would also return the question to the United Nations.
FALKLAND ISLANDS: COMMONWEALTH HEADS OF GOVERNMENT MEETING

1. The Falkland Islands was not put on the agenda for the last CHOGM and although we provided "if raised" briefing for the meeting, there was in the event no discussion on the subject.

2. The Commonwealth has in the past shown little interest in the Falkland Islands problem, and I would not have thought it was in our interest to awaken their curiosity.

30 March 1979

C W Osborne
South America Department

Thank you. Pl be prepared to provide defensive briefing again (as per your para 2). You may well be right on para 2 but it could be true also that few Commonwealth members would find much sympathy with Argentina's attitude.

Mr Cowling

Mr Duggan
COMMONWEALTH HEADS OF GOVERNMENT MEETING: AGENDA

1. I attach (for those departments who have not already received it) a copy of a letter sent by the Commonwealth Secretary-General, Mr Rampal, to the Prime Minister and, we assume, to the Heads of all other Commonwealth Governments, giving his suggestions for agenda items for the CHGM in Lusaka, 1-3 August, and asking for ours by the end of April. No. 10 have asked for a draft reply by 13 April.

2. An interdepartmental Officials' Working Party is being set up by the Cabinet Office to coordinate preparations for the 1979 CHGM. Its first meeting will probably be on Thursday 5 April, at which it will consider a draft reply to Mr Rampal, which CCD will prepare.

3. To assist us in preparing this would departments please let me have any points they would wish to be included in the reply to Mr Rampal. I would be glad to have these comments by close of day on Friday 30 March.

4. Apart from the items suggested by Mr Rampal, we may expect a number of other topics to be put forward by other governments. One obvious one is sporting contacts with South Africa.

5. We are treating Mr Rampal's letter as CONFIDENTIAL, not SECRET.

J R Patterson
Commonwealth Coordination Department

26 March 1979
Arrangements are well in hand for the Commonwealth Heads of Government Meeting in Lusaka which, as I informed you in my message of 11 January, will be held from 1 to 8 August this year. I am now writing to seek your views on the subjects which you would like to see discussed at the Meeting and to submit for consideration some preliminary ideas.

The consultations I have had with Heads of Government so far and the views of others as reflected at the Senior Officials Meeting in Kuala Lumpur indicate that the Agenda should retain its customary pattern of a combination of global political and economic issues and specific topics, including Commonwealth functional co-operation.

In the two years since Commonwealth Heads of Government last met in London we have witnessed changes in the political field of worldwide significance and the initiation of other processes not yet complete. Perhaps by the time of the Meeting it will be possible to record a satisfactory outcome in certain of these areas. If the political scene has shown signs of change the same can hardly be claimed of the world economic scene. Despite the multitude of meetings that have taken place in a variety of international forums and at different levels since the middle of 1977 it is not possible to record much progress in the vital task of improving the lot of the world's poor.

In considering those matters of particular concern to the Commonwealth, Heads of Government will undoubtedly wish to do so in the wider context of their global setting. The
developments that have occurred in South East Asia and the greater activity and new orientation of China in its external relations will be of interest not only to Commonwealth members in Asia and the Pacific but more generally. Similarly the efforts that have been made and are still being made to bring peace to the Middle East, although not directly involving any Commonwealth member, are of significance for the world at large. The reverberations of the change of regime in Iran have not only a political but also an economic impact of considerable significance.

On subjects of special Commonwealth interest developments in Southern Africa will inevitably and rightly occupy a high place in the Agenda. Lusaka will be the first occasion on which Commonwealth Heads of Government have held one of their regular Meetings on the continent of Africa and Zambia has been one of the leaders in the liberation struggle. As I write there are so many uncertainties and imponderables that no-one can forecast what the situation in either Zimbabwe or Namibia will be by the time the Meeting takes place. We can be certain, however, that whatever developments may ensue there will surely be both scope and need for continuing Commonwealth concern with and assistance in the area.

The Meeting will also provide an opportunity to review developments in Cyprus and the work of the Ministerial Committee on Belize established at the London Meeting.

In the economic sphere, Heads of Government will wish, as is customary, to review the world economic situation and prospects in the light of the continuing dialogue on restructuring international economic relations. The MTNs, the Common Fund Negotiating Conference and UNCTAD V would have ended and their outcome would undoubtedly be major points of reference for the discussions in Lusaka. Of interest to many will also be the progress made in the negotiation of a new Lome Convention. The Meeting will provide an opportunity to evaluate developments and to consider how the Commonwealth, building on recent achievements, can make a purposeful contribution to progress in important areas of the "North/South" dialogue. The Commonwealth has, for example, an important stake in international commodity trade and with the Common Fund negotiations hopefully concluded, there may be interest in other aspects of commodity trade and production - progress in the establishment of International Commodity Agreements and the expansion of processing in the raw material producing countries.

In the area of international finance, the restrictive conditionality measures of the IMF have posed major constraints on the use of IMF resources by many Commonwealth countries which have found themselves in serious balance of payments...
difficulties. I wonder whether you would see value in a frank discussion of this issue?

In the specifically Commonwealth field, we have just witnessed a very successful Ministerial Meeting on Industrial Cooperation. Ministers saw immense value in launching an action-oriented Commonwealth programme designed to accelerate industrialisation and agreed that an Industrial Development Unit with catalytic functions should be established within the Secretariat for this purpose. They also requested me to establish a Working Group to investigate further all relevant issues related to the creation of a Commonwealth Venture/Capital Company or alternative arrangements to meet identified needs for equity capital. In the light of their discussions at Kingston and London, Heads of Government will, I am sure, wish to consider arrangements to put these decisions into effect, including the provisions of the additional resources identified as being needed over a three-year period for the Industrial Development Unit.

Another area in which the Commonwealth may be able to make a contribution relates to the special problems faced by very small states. As you will probably be aware, a meeting of Commonwealth officials to consider this subject is to be held in London in the second half of April and the results of that meeting will be submitted for consideration by Heads of Government in Lusaka. It is my hope that through practical measures of assistance we can find ways of responding to the particular problems of our smallest member countries.

The Commonwealth Fund for Technical Cooperation continues to be the prime agency for functional cooperation within the Commonwealth. It is at the heart of an ever-widening range of joint Commonwealth assistance programmes and also provides an instrument for corporate action at the direction of Commonwealth leadership as a whole - such as the Commonwealth programmes of assistance in Southern Africa. Such practical manifestations of the Commonwealth's solidarity on major global issues, and its capacity to contribute in a meaningful way to the development efforts of its member countries, has been of immense and enlarging value. It is my hope that Heads of Government will wish to consider the measures necessary to strengthen this unique instrument for mutually beneficial cooperation.

The Commonwealth Youth Programme is another manifestation of such cooperative effort. Given the importance which Heads of Government have attached to work in the youth field, it would be helpful to have a discussion on the objectives and resources of the Programme in the light of its present financial constraints.
At their London Meeting, Heads of Government asked me to establish an Advisory Committee on relationships between the official and unofficial Commonwealth. There was some preliminary discussion of the Committee's Report at the Commonwealth Senior Officials Meeting in Kuala Lumpur in November last but final decisions on the recommendations have yet to be taken.

The foregoing are, of course, my own thoughts although they may well reflect views of those Heads of Government with whom I have had the privilege of discussion in recent months. I should be glad to have your views on the shape of the Agenda together with any suggestions you may have for specific topics for discussion. It would be useful if you could also let me know whether you plan to submit any papers to the Meeting. The Secretariat will be preparing a number but it is my hope to keep these to the minimum in both quantity and length.

In London in June 1977, in closed session, Heads of Government discussed the style and format of their future meetings with a view to enhancing their informality and purposefulness. A number of suggestions were made, and I was asked to pursue the matter further and put forward recommendations. Following my discussion of this issue with Commonwealth Senior Officials at Kuala Lumpur, I am in the process of consulting as many Heads of Government as I can and will submit specific proposals for your consideration nearer the time of the Meeting. It is already clear, however, that there is a general wish for more restricted sessions than in the past, and in formulating your thoughts on the Agenda you might perhaps wish to bear this in mind for the opportunities it will present.

I am aiming to prepare and circulate an annotated draft agenda for your consideration by the end of May and I should therefore welcome replies by the end of April.

With deep respect,

[Signature]

SECRET UK CONFIDENTIAL
COMMONWEALTH HEADS OF GOVERNMENT MEETING: AGENDA

1. I attach (for those departments who have not already received it) a copy of a letter sent by the Commonwealth Secretary-General, Mr Ramphal, to the Prime Minister and, we assume, to the Heads of all other Commonwealth Governments, giving his suggestions for agenda items for the CHGM in Lusaka, 1-8 August, and asking for ours by the end of April. No. 10 have asked for a draft reply by 13th April.

2. An interdepartmental Officials' Working Party is being set up by the Cabinet Office to coordinate preparations for the 1979 CHGM. Its first meeting will probably be on Thursday 9 April, at which it will consider a draft reply to Mr Ramphal, which GCD will prepare.

3. To assist us in preparing this would departments please let me have any points they would wish to be included in the reply to Mr Ramphal. I would be glad to have these comments by close of play at Rugby on March.

4. Apart from the items suggested by Mr Ramphal, we may expect a number of other topics to be put forward by other governments. One obvious one is sporting contacts with South Africa.

5. We are treating Mr Ramphal's letter as CONFIDENTIAL, not SECRET.

J R Paterson
Commonwealth Coordination Department

29 March 1979
Arrangements are well in hand for the Commonwealth Heads of Government Meeting in Lusaka which, as I informed you in my message of 11 January, will be held from 1 to 8 August this year. I am now writing to seek your views on the subjects which you would like to see discussed at the Meeting and to submit for consideration some preliminary ideas.

The consultations I have had with Heads of Government so far and the views of others as reflected at the Senior Officials Meeting in Kuala Lumpur indicate that the Agenda should retain its customary pattern of a combination of global political and economic issues and specific topics, including Commonwealth functional co-operation.

In the two years since Commonwealth Heads of Government last met in London we have witnessed changes in the political field of worldwide significance and the initiation of other processes not yet complete. Perhaps by the time of the Meeting it will be possible to record a satisfactory outcome in certain of these areas. If the political scene has shown signs of change the same can hardly be claimed of the world economic scene. Despite the multitude of meetings that have taken place in a variety of international forums and at different levels since the middle of 1977 it is not possible to record much progress in the vital task of improving the lot of the world's poor.

In considering those matters of particular concern to the Commonwealth, Heads of Government will undoubtedly wish to do so in the wider context of their global setting. The
developments that have occurred in South East Asia and the
greater activity and new orientation of China in its external
relations will be of interest not only to Commonwealth members
in Asia and the Pacific but more generally. Similarly the
efforts that have been made and are still being made to bring
peace to the Middle East, although not directly involving any
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developments in Southern Africa will inevitably and rightly
occupy a high place in the Agenda. Lusaka will be the first
occasion on which Commonwealth Heads of Government have held
one of their regular Meetings on the continent of Africa and
Zambia has been one of the leaders in the liberation struggle.
As I write there are so many uncertainties and imponderables
that no-one can forecast what the situation in either Zimbabwe
or Namibia will be by the time the Meeting takes place. We
can be certain, however, that whatever developments may ensue
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The Meeting will also provide an opportunity to
review developments in Cyprus and the work of the Ministerial
Committee on Belize established at the London Meeting.

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wish, as is customary, to review the world economic situation
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restructuring international economic relations. The MTNs,
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ended and their outcome would undoubtedly be major points of
reference for the discussions in Lusaka. Of interest to many
will also be the progress made in the negotiation of a new
Lome Convention. The Meeting will provide an opportunity to
evaluate developments and to consider how the Commonwealth,
building on recent achievements, can make a purposeful con-
tribution to progress in important areas of the "North/South"
dialogue. The Commonwealth has, for example, an important
stake in international commodity trade and with the Common
Fund negotiations hopefully concluded, there may be interest
in other aspects of commodity trade and production - progress
in the establishment of International Commodity Agreements
and the expansion of processing in the raw material producing
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In the area of international finance, the restrictive
conditionality measures of the IMF have posed major constraints
on the use of IMF resources by many Commonwealth countries
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difficulties. I wonder whether you would see value in a frank discussion of this issue?

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With deep respect,

[Signature]

[Note: The signature is not legible in the image provided.]