FILE No. ALW 020/1 (Part 1)

TITLE: FALKLAND ISLANDS: INFORMAL CONTACTS WITH ARGENTINA

REFER TO
NAME (and dept. when necessary) TO SEE: DATE
R Mr. Bright 10/7

REFER TO
NAME (and dept. when necessary) TO SEE: DATE

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NAME (and dept. when necessary) TO SEE: DATE

REGISTRY ADDRESS
Room No. 274
King Charles Street.

1980

CONFIDENTIAL
COUNCILLOR BOWLES AND DIRECT CONTACTS

1. Thank you for your telegram number 77 giving us the go ahead to take Willy Bowls in for an informal chat at the Foreign Ministry.

2. I suggested this to Willy when he arrived and he thought it a good idea so I took him to see Colonel Balcarce, Richard Forrester and the new member of the Malvinas Department team, Guillermo Lucot. They had what I think was a useful talk about the purchase of a range of goods made in Argentina and the Malvinas Department have promised for Willy’s return through Buenos Aires, some written details especially of the different companies in Argentina that make pre-fabricated houses. Apart from hoping that this information will be of some practical use, the session was a useful sign from us to the Argentines that we do not want the idea of direct contacts to slip from sight.

Yours ever,

Richard

R H Gozney

CC: C C Bright Esq
    SAND
    FCO
GRS 130

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FM PORT STANLEY 181813Z SEP 80
TO ROUTINE BUENOS AIRES
TELEGRAM NUMBER 77 OF 16 SEPTEMBER
INFO FCO

YOUR TELNO 87: CPA VISIT, COUNCILLOR BOWLES.

1. I AGREE THAT COUNCILLOR BOWLES' TRANSIT THROUGH BUENOS AIRES
   WOULD BE A GOOD OPPORTUNITY TO CONTINUE INFORMAL DIRECT CONTACTS
   BETWEEN ISLANDERS AND ARGENTINES, AND I AM GRATEFUL FOR YOUR
   OFFER TO ESCORT HIM ON AN INFORMAL CALL ON BALCARCE.

2. AS THE PRIVATE OWNER OF A WOODWORKING AND CONSTRUCTION
   BUSINESS, BOWLES SHOULD BE INTERESTED IN POSSIBLE ARGENTINE
   SUPPLIERS. WE HAVE BEEN ENCOURAGING HIM TO LAUNCH A PRIVATE
   BUILDING DEVELOPMENT PROJECT HERE ON HIS OWN ACCOUNT, AND ARGENTINA
   SHOULD BE THE CHEAPEST SOURCE OF SUPPLY OF BUILDING MATERIALS,
   WHICH COULD BE CARRIED BY STN VESSELS. HE MIGHT USEFULLY EXPLORE
   THIS POSSIBILITY WITH BALCARCE.

HUNT

[THIS TELEGRAM WAS NOT ADVANCED]

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CABINET OFFICE

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FM BUENOS AIRES 11/15412 SEP 80
TO PRIORITY PORT STANLEY
TELNO 87 OF 11 SEPTEMBER 1980
INFO ROUTINE FCO

MY TELNO 86 (NOT TO FCO9): CPA VISIT COUNCILLOR BOWLES

1. COUNCILLOR BOWLES' TRANSIT THROUGH BUENOS AIRES, IF NOT ON THE WAY TO ZAMBIA THEN ON RETURN, MIGHT BE AN OPPORTUNITY TO CONTINUE THE INFORMAL DIRECT CONTACTS BETWEEN ISLANDERS AND ARGENTINA. WE SHALL CONSULT WITH HIM ON ARRIVAL ABOUT AN INFORMAL CALL ON COLONEL BALCARCE/AMBASSADOR OLIVERI LOPEZ. IMPROVING COMMERCIAL LINKS, THROUGH MAKING IT EASIER FOR ISLANDERS TO PURCHASE GOODS HERE, COULD BE THE TOPIC FOR DISCUSSION.

2. WE WOULD OF COURSE ACCOMPANY BOWLES ON ANY SUCH A CALL.

WILLIAMS

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SAMD
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SPD
CABINET OFFICE

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THIS TELEGRAM WAS NOT ADVANCED

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Dear Robin,

ISLANDER/ARGENTINE CONTACTS

1. Many thanks for your letter ALW 020/1 of 19 July. I, too, was disappointed by the over-cautious attitude taken by Councillors to the one constructive proposal to emerge from the New York talks; but their reluctance to approve the LADE lease, and their refusal to entertain Argentine capital in the Fitter venture, illustrate how far we still have to go along the road towards a negotiated settlement of the dispute.

2. We shall continue patiently to chisel away. I am sure that the inherent common sense and practical nature of the Islanders will overcome their deep suspicion and dislike of the Argentines once they perceive that it is to their advantage to have more direct contacts. There will always be the die-hards, but I think they are a diminishing race. We have more contacts with the Argentines now than ever before. With Richard Gozney’s help, we shall continue to point Islanders in the right direction when they visit Buenos Aires, and we are already exposing Argentine visitors here to more Islanders. I think the Falkland Islands Government and the Falkland Islands Company found it useful to get together with Captain Gaffoglio when

she
he was last here, and the practice recently started by Richard Gozney of warning us of forthcoming visitors whom it would be useful for Islanders to meet should enable us to improve contacts.

3. I agree with you that the suggestions made in Richard Gozney's letter of 29 May to Colin Bright are eminently realistic and workable but, as I said in my letter of 19 June, Councillors have yet to be convinced and this will take time, patience and perseverance. We have plenty of the last two. I do not know about the first.

Yours ever,

cc: H.E. Mr A J Williams CMG
    Ambassador
    Buenos Aires

R M Hunt
HE The Governor and Commander
in Chief
FORT STANLEY

15 July 1980

ISLANDER/ARGENTINE CONTACTS

1. Many thanks for your letter of 19 June giving me
the Councillors' collective view about better direct
contacts.

2. I am not at all surprised that the Councillors
wish to avoid appearing to promote expanded contacts.
With this fear in mind when I was in Port Stanley I
stressed that we had in mind better links rather than
more links. Nor does their reaction to the idea of a
"visible occasion" on which to launch the contacts come
as any surprise; but the Argentines have not followed up
this idea. While I wait to hear from you, or directly
from the Islanders concerned, with requests to put them
in direct touch with Argentines it occurs to me that two
forthcoming visitors to Port Stanley could be introduced
to a wider range of Islanders than they might otherwise
be, in order to start improving contacts.

3. One of the visitors is Senor Conrado Visser, the
businessman and farm owner based in Comodoro Rivadavia
about whom Mr Sid Miller spoke at the meeting you arranged
for me with the Sheep Owners Association. I understand
that Senor Visser still plans to make a second visit to
Port Stanley in the fairly near future, to follow up his
early talk of a better system for the Islanders' purchase
of Argentine goods, and perhaps also to offer some of the
services of the Banco Patagonico to residents of the
Falkland Islands. Quite what he may offer on the part of
the bank we do not know but it sounds as if it may be less
formal than the proposal which came through official
channels from the Banco de la Nacion.

4. The second visitor, who should be in Port Stanley
again in August to coincide with the STN vessel "Bahia
Buen Suceso", is Captain Gaffoglio. Captain Gaffoglio's
English is not good but even so it might be useful to the

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retailers and travel agents of Port Stanley to hear directly from him more about what the STN service can offer. Similarly if Stanley residents have complaints about, or problems with, the STN services they can put them to the man directly concerned.

5. I shall let you know if I hear of the confirmed date of these two.

R.H.T. Gozney

cc: C C Bright Esq
SAMD
FCO

P.S. I have just heard that Senor Mario Gomez, the LADE official in Buenos Aires responsible for the day-to-day running of your service, is on one of his periodic visits to Port Stanley. I believe he is known to many Stanley residents - and people may like to put to him directly the difficulties they have in securing south-bound tickets for their return journeys.
CONTACTS WITH ARGENTINA

1. We have been reading with interest recent correspondence between you and Buenos Aires, copied to us, about progress on the New York talks proposal for increased contact between Islanders and Argentines. It appears not to be developing as we had hoped.

2. The proposal was the one concrete development to emerge from the New York talks. It did not seem to us to be anything but helpful to the Islanders; it represented a sensible, practical improvement in communications in order to solve everyday problems. Adrian Monk first suggested the idea and we welcomed the Argentines' willingness to agree. There was no requirement for the Argentine side to do so; but their response when Adrian Monk raised it at the table was prompt and helpful. The details subsequently discussed in Buenos Aires and reported in Richard Gozney's letter of 29 May to Colin Bright seemed eminently realistic and workable.

3. We fully understand that the Islanders' reaction is inspired by fears of increased Argentine involvement in their lives. But in this context these fears do seem exaggerated. We are disappointed that little progress has since been made on such an apparently harmless initiative. It is a reminder of the daunting obstacles in the path of our hopes for a negotiated settlement of the dispute.

4. We would prefer not to let the proposal drop out of sight. I should be grateful if you, and Buenos Aires as appropriate, would continue to prompt Islanders to take advantage of the proposals whenever issues arise on which direct contacts with the Argentines would appear helpful. In the long run, Islanders must accept that increased contact with Argentina is the only way they can operate sensibly: refusal to have anything to do with their neighbours is only inhibiting their own development.

5. Mr Ridley has seen the correspondence and concurs.

CC
A J Williams Esq CMG,
BUENOS AIRES

P R Fearn
South America Dept.
Mr Fearn

FALKLAND ISLANDS: RELATIONS WITH ARGENTINA

Mr Ridley has seen your submission of 7 July along with Mr Harding's subsequent minute. The Minister has commented:

'I don't see that we can press them much further on this — although Mr Hunt should keep trying on the 'link' as well as the tourism front. It has got to be tackled at the root, and on a much bigger scale! Let's hope we can do so one day.

9 July 1980
J W Yapp
APS/Mr Ridley

cc: Mr Harding
FALKLAND ISLANDS: RELATIONS WITH ARGENTINA

1. The agreement at the New York talks to improve direct contacts between Islanders and Argentines in order to be able to solve practical problems more effectively seemed a welcome development. It has, however, run into difficulties from entrenched Islander suspicion about all contacts with Argentina. The Minister may wish to know where matters stand.

2. The Embassy in Buenos Aires discussed the proposal with the MFA and set out their thoughts in a letter to us. Basically, they proposed that they should act as the agency to put Islanders in contact with the relevant Argentines and vice versa, as the need arose. The Embassy would continue to be involved in such contacts in order to ensure their smooth running and that matters were not discussed which were more properly HMG's concern.

3. Mr Gozney outlined these proposals to Councillors when he visited the Islands in June. The record of his visit showed that, while there was no lessening of the resentment felt towards the Argentines, there might be scope (paragraph 7) for expanding contacts on the line proposed.

4. However, Councillors have since discussed the matter among themselves and have clearly concluded that this is dangerous ground. The Governor has reported their deep-rooted suspicion of increased contacts and their reluctance to expose themselves to their constituents as supporters of such proposals. Councillor Monk, who originally suggested the idea in New York, has failed to advance it with his colleagues; and is now saying that the Embassy's proposals, restricted though they are, go too far. Councillors are predictably wary of any suggestion of institutionalising the contacts (though this has not in fact been proposed). While they do not in principle dissent from the usefulness of ad hoc contacts on day-to-day problems, it is improbable that they will take any initiative to develop this. Any contacts would also have to be on their own terms, i.e. they are against more Argentine visits to the Islands.

5. There is thus little to show for the attempts to breathe new life into the New York decision. We cannot force Islanders to take a more positive attitude. We can do no more than ask the Governor and the Embassy in Buenos Aires to continue to prompt the Islanders to take advantage of this opening whenever issues arise on which direct contacts would appear helpful. As a general moral, /the apparent
the apparent failure of this minor initiative illustrates the difficulty of leading Islanders towards a wider political solution without the exertion on them of strong, determined and consistent pressure.

Tourism

6. In the context of relations between the Islands and Argentina, the Minister may also wish to know how the proposal to increase tourism is faring. Mr Julian Fitter, who has already been paid £25,000 by FIG, has submitted a variety of proposals which have been deemed unsuitable. He is now working on a proposal to have a vessel ferrying tourists round the Islands during their summer months. But the proposal is dependent on a guarantee of seats on the LADE flights. Mr Fitter has raised with Colonel Balcarce of the MFA the possibility of a third weekly LADE flight to cater for increased tourism. Colonel Balcarce has made it fairly plain that this would only be possible if Argentines were allowed to own part of the company operating the scheme. This the Islanders have rejected. It remains to be seen whether the project can be operated using only the existing flights. The Islanders have demonstrated again that they prefer stagnation to Argentine involvement in their affairs.

P R Fearn
South America Dept.

7 July 1980

Very interesting but hardly surprising.

The Minister’s personal relationship of confidence with the Islanders is greatly increased in importance in setting them firmly against primitive companies to which they collectively (but not necessarily individually) adhere.

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A few personal impressions

Mr. Davies
Mr. Ruggiero
Mr. Feam of

A useful reminder of the problems we face if we are given permission to "negotiate" it...
JUNE VISIT TO THE FALKLAND ISLANDS

Although I returned from the Falkland Islands ten days ago it is still worth putting on paper one or two impressions.

2. In the Island I saw a wide range of people including the Councillors, members of the government, Falkland Islands Company, the local Falkland Islands Committee, the Sheep Owners' Association, all the people living on two of the farms (San Carlos and Port San Carlos) and a range of individuals.

3. The Islanders' attitude to things Argentine cannot be divorced from their current concerns within the Falklands. These local issues colour morale to a great extent which in turn colours what they have to say about Argentina. The colony as a whole is concerned at present with difficulties suffered by the local air service (troubles that is with machines and men) and by the UK inflation which is imported. In addition the stable wool price is having the effect of cutting farms' margins, and tax revenue as a result. On the other hand prices for YPF fuels are stable and much lower than the UK prices and the Polish fishermen sitting off-shore are generating an extra income of some £80,000 per annum for the Treasury and £30,000 for the Falkland Island Company for harbour use, service charges and medical fees. Out on the farms the stable wool price is the main concern but a recent fire at the country boarding school in Darwin, which has meant sending home all the children to their respective farms, and heavy rain producing a sodden camp are also having a depressing effect. The one bright spot in the camp is the prospect of selling sheep to the Chilean businessman Mr Maslov although as his sailing dates slip further and further back some farmers are wondering if they would not get the same revenue by holding on to the sheep for another few months to take another fleece off them. In Stanley the advent of so many tourists is having a substantial effect. The Argentine tourists tend to spend some US $500 per head, the Upland Goose Hotel is being extended and a new hotel set up.

4. Feelings about Argentina are as strong if not stronger than ever. The main resentment is of the Argentine presence in Port Stanley, small though it is, and any suggestion that it will grow. It is as if the Islanders (grudgingly) accept the need for
contact with Argentina but do not like to be reminded of it by seeing Argentine houses, offices or personnel on the ground. I noted even more than on my two previous visits a frustration at being able to move neither forwards nor backwards in the dispute and it is this frustration I think that breeds the resentment of the local Argentine presence. If asked about the Argentine services in front of their friends many people in Port Stanley would claim that they would be happy to see the back of YPF, the STN ships and even the IADE service. Only one or two Islanders have been to adult classes given by the Argentine Spanish teachers. Views expressed privately are sometimes markedly different but in public the only "safe" view is to be against any Argentine activities in the Falklands.

5. Islanders are not yet blaming the Argentines for the likely failure of Julian Fitter's scheme which would bring two boats to the Falklands for summer cruises but since IADE are unable to offer Fitter a block booking on their flights for his tourists, and the Argentines have suggested that the situation would be very different if Argentine capital were involved in any scheme, accusations of blackmail are likely soon.

6. All this leads to the conclusion that any suggestion of cooperation over fisheries will fail instantly if it means on-shore facilities in the Falklands which would be used by, or worked by, Argentines. Although they are not paying licence fees the Poles who fish in the Falklands waters at present and who always have three or four ships in the outer harbour are popular and they would, I think, need to be worked in to any Anglo/Argentine fisheries cooperation scheme.

7. Councillors, the Sheep Owners' Association and even the Falkland Islands Committee seem quite happy and to some extent pleased at the prospect of greater direct contacts between themselves and the Argentines over existing links. They tended to see such contacts as a way of getting their complaints directly through to the right quarters. However we now have a letter in from the Governor indicating that the Councillors are back-tracking a little.

8. Enthusiasm for Sr Maslov's approaches is considerable but all concerned claim to be well aware of the need to deal with him on a purely commercial basis and provide him with the same reception as would be afforded an Argentine businessman who would convince them of his commercial credibility. Unfortunately in the past Argentine approaches over the purchase of sheep have either not been followed up by the Argentine businessmen or have failed after the first attempt at shipping the animals.

cc: C C Bright Esq, SAmD, FCO

R H T Gozney
24 June 1980
R H T Godfrey Esq  
British Embassy  
BUENOS AIRES

Dear Richard,

ISLANDER/ARGENTINE CONTACTS

1. Now that Councillors have met again, following your meeting with them, I forward their considered views on the question of improving Islanders' contacts with the Argentines and on the proposals which you outlined in your letter of 29 May to Colin Bright.

2. I am afraid that they do not see the improved contacts amounting to much. They are unwilling to put themselves in any position which might be misconstrued by others as expanding their contacts with the Argentines. They reacted strongly against the idea of a 'visible occasion' on which to launch the contacts (Buenos Aires telno 153 to FCO). Councillor Monk himself seems to have changed his views and has said that the sort of contacts that you spoke about to him were too formal and cumbersome. I am left in doubt as to what form he thinks these contacts should take. His idea of the Embassy pointing Islanders in the direction of Argentines who may be able to help them in ironing out their day-to-day difficulties sounds much the same as your own proposals.

3. While most Councillors are opposed to increased contacts, they do seem to see value in being able to meet Argentines face-to-face to sort out any problems they may have on an ad hoc basis as and when travelling through Buenos Aires, and they are grateful to you.
to you for your offer to help in making arrangements, opening the right doors and pointing them in the direction of potential suppliers or customers. As you saw, they are against regular meetings between Councillors and Argentines and indeed are opposed to any institutionalised links. They would not like Argentine officials to come over here to address Council meetings, though they would be quite happy to receive them informally and individually. I think they are frightened of being dragged further into what they regard as a trap to enmesh them even more closely with Argentina.

4. This amounts to very little and it looks as though, in view of their latent suspicion of everything Argentine, any increase in contacts will take time, patience and perseverance.

Yours ever,

[Signature]

cc: C C Bright Esq
SAMD FCO

R M Hunt
ISLANDER/ARGENTINE CONTACTS

In his letter of 9 May to the Ambassador Gordon Duggan asked about our setting in train the proposed wider contacts between the Islanders and relevant Argentines. I have discussed the idea a couple of times with Colonel Balcarce and on a routine visit to the Falkland Islands next week will be able to talk with the Governor and members of the Council there. In the meantime it is worth setting down our views at this stage.

2. We see the wider contacts as opportunities for direct discussion about the practicalities of the communications and their links, both the existing ones and any new ties that may be suggested in the future. We believe it would be useful for the Argentines to talk directly to senior Islanders about the air service, YPP supplies, etc and in particular that the two groups should meet at an early stage when problems arise, for example. I can take the relevant Islanders, be they Councillors, Falkland Island Government staff or people from the Company, to see the Argentine bodies here when the Islanders pass through Buenos Aires. Equally important would be for officials of YPP or STN (the naval transport company) to see a selection of people in Port Stanley when they make their regular visits. Indeed as far as the Argentines are concerned I think they would prefer to discuss the efficiency of communications links with Islanders in Port Stanley rather than here.

3. The Argentines are bound to continue coming up with new proposals for links. Where these require official involvement it would seem sensible for the Argentines involved, whether government or non-government, to put their ideas

- 1 -

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ideas directly to Councillors in Port Stanley and they would obviously need to make their visits to Stanley coincide with Council meetings. We should still, I think, want with the Foreign Ministry here to screen the new proposals as they emerge. I know that many are turned down without ever being mentioned to us as being quite unsuited to the Islands.

4. We should also offer help over purely commercial business between Port Stanley and Argentina and I would be happy in response to specific requests from Stanley shopkeepers or farm managers to help them locate new suppliers here or if necessary make outline arrangements prior to visits by them.

5. Thus far our thoughts at present. I have not commented on the idea of regular meetings between Councillors and Argentines because I would rather hear the Councillors' own views to this idea first. In general we would see the function of the contacts as maintaining, repairing or, where appropriate, expanding the practical links and not covering questions of policy. It will however be difficult to develop the right sort of access here to the relevant government officials or military officers because they tend to regard even the maintenance or improvement of the efficacy of the links as a political matter. They will thus be reluctant sometimes to talk directly to Islanders. By the same token, we shall have to avoid giving the impression that we wish to by-pass the policy makers in Buenos Aires. Otherwise we run the danger of commitments made by low level officials in YPF, LADE or elsewhere being subsequently overturned by their bosses.

Yours ever,

Richard

cc:

M W Growcott Esq
PORT STANLEY
Dear Anthony

ISLANDER/ARGENTINE CONTACTS

1. It was agreed during the New York talks that such contacts should be expanded. The idea was that contacts should be made as informally and flexibly as possible; but that they would be channelled centrally for purposes of coordination through a member of your Mission; he could help point the Islanders who wanted assistance to the right parts of the Argentine Government machine or to the private sector, as appropriate. Richard Gozney's name was mentioned, in your own phrase, in the capacity of "telephone point", with Colonel Balcarce as the Argentine link man.

2. I am sure that you will have been thinking about how best to take this forward and to set up some sort of arrangement, with Rex Hunt's agreement, through the Falkland Islands Council. Adrian Monk will clearly have quite a considerable role to play not least at the outset. We would be glad to know in due course how you propose to set all this in train.

Yours ever,

G A Duggan
South America Department

cc: R Hunt, Governor, PORT STANLEY

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