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PART 1

Confidential Filing

Relations with Argentina.
The position of the Falkland Islands.

ARGENTINA

September 1979

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
26.9.79		14.1.81		Debbie Seal	4/11/79		
12.10.79		29.1.81					
5.10.79		24.2.81					
15.11.79		16.3.81					
25.1.80		24.3.81					
29.1.80		15.4.81					
5.2.80		8.10.80					
25.2.80		24.11.81					
28.2.80		13					
27.4.80		5.12.81					
29.4.80		7.12.81					
29.6.80		15.12.81					
1.7.80		21.12.81					
27.80		7.1.82					
11.8.80		17.2.82					
6.11.80		3.3.82					
27.11.80		- Pt 1 ends -					
2.12.80							
3.12.80							
4.12.80							

PREM 19/612

PART 1 ends:-

FCO Press Release 15.12.81
~~ASC to FCO 21.12.81~~

PART 2 begins:-

FCO to Buenos Aires tel: 8; 7.1.82

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
OD(79)31	12.10.79
CC(80) 17th Meeting, Item 2 (extract)	24.4.80
CC(80) 42nd Meeting, Item 2	27.11.80
CC(80) 43rd Meeting, Item 2	4.12.80

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate CAB (CABINET OFFICE) CLASSES

Signed Wayland Date 19 January 2012

PREM Records Team



With the compliments of

THE PRIVATE SECRETARY

with reference to the Secretary
of State's minute of 2 December
to the Prime Minister (PM/81/
58)

**FOREIGN AND COMMONWEALTH OFFICE
SW1A 2AH**

PRESS RELEASE

Argentina
**FOREIGN &
COMMONWEALTH
OFFICE**

No. 214

15 December 1981
12.30 p.m.

ANGLO-ARGENTINE TALKS ON FALKLANDS

The Anglo-Argentine talks on the Falkland Islands dispute which were to have been held on 18 and 19 December in Geneva have been postponed at Argentine request. New dates will be arranged in due course.

WJL 11/12
h.c.



Treasury Chambers, Parliament Street, SW1P 3AG

Brian Fall Esq
The Private Secretary to
Rt Hon Lord Carrington PC KCMG MC
Secretary of State for
Foreign and Commonwealth Office
Downing Street
London SW1A 2AL

7 December 1981

Dear Brian,

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FALKLAND ISLANDS

The Chief Secretary was glad to note from your minute of 2 December addressed to the Prime Minister that there seem to be grounds for cautious optimism concerning the forthcoming talks in Geneva, [where there will be two representatives of the Islands on Richard Luce's delegation.]

I am concerned, however, to learn that you foresee that there could be yet another call for extra expenditure, should the Argentines interfere with communications. You suggest that the costs which might fall upon HMG could amount to some £6 million per annum; this might, I suppose, be for an indefinite period. In the circumstances I think it would be prudent if my Officials were to consult with yours concerning these "preliminary studies" of cost.

I am copying this minute to the Private Secretaries of members of OD, the Secretary of State for Energy, the Attorney General and to Sir Robert Armstrong.

Yours ever
Terry Mathews

T F MATHEWS
Private Secretary



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ANGLO-ARGENTINE MINISTERIAL TALKS ON THE FALKLAND ISLANDS: NEW YORK,
23/24 FEBRUARY 1981

Present:

Mr Nicholas Ridley MP (Minister of State)	Comodoro Cavandoli (Under-Secretary for Foreign Affairs)
Mr Williams (HMA Buenos Aires)	Sr Ortiz de Rozas (Argentine Ambassador in London)
Mr Ure (AUSS)	Comodoro Bloomer-Reeve (Chef de Cabinet)
Mr Temple (PS/Mr Ridley)	Col Balcarce (Malvinas Department)
Mr Bright (SAmD)	Sr Forester (Malvinas Department)
Mr Maclay (UKMIS New York)	Sr Ricardes (Argentine UN Mission: Interpreter)
Mr Penney (Research Department: Interpreter)	
Mr Monk (Falkland Islands Councillor)	
Mr Wallace (Falkland Islands Councillor)	

FIRST DAY, MONDAY 23 FEBRUARY: FIRST SESSION IN UK MISSION AT 10.45

1. Mr Ridley welcomed the Argentines and introduced his delegation. Comodoro Cavandoli reciprocated.
2. Mr Ridley said he was glad to have two of the Island Councillors present. It was important to bring them into our discussions with Argentina to an ever greater extent, since we had said that any future arrangements for the Islanders required their consent. On our part, the present negotiations took place without prejudice to our position on sovereignty over the Islands, about which we had no doubt. He hoped that the present conversations would be confidential except, of course, for what was agreed for the final communique.
3. Mr Ridley wished to describe developments on our side since the last talks with the Argentines in April 1980. Those talks had been helpful in giving a clear understanding of the position of each side. They had enabled us to discuss in London the best way forward for the Islands, and then to consult with the Islanders on our ideas. As we were committed to doing nothing which was not acceptable to the Islanders, the British Government had authorised him to visit the Islands to propose publicly certain ideas to them. These were designed to make progress in the dispute. In particular we wished to remove the causes of the economic blight of the Islands since the victims of the dispute were the Islanders themselves. During his visit, at the end of November 1980,

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he had had discussions with the Councillors, and public meetings in Port Stanley and throughout the Camp. He had put forward three possibilities. The first was a form of condominium, whereby Britain and Argentina would share the administration of the Islands. On all sides, it had been agreed that this was an unprofitable idea, and he did not wish to contemplate it further. The second proposal had been for what had become known as "leaseback". Essentially this would mean that the Islands would be transferred to Argentina in exchange for the simultaneous granting by Argentina of a long lease over the Islands to the UK. This would include rights to explore and exploit resources in the sea and the seabed. The idea had been discussed widely in the Islands, but Councillors had considered that it was not suitable for exploration with the Argentines. He was therefore not authorised to talk about it. The third proposal was for a freeze. This meant that both Britain and Argentina would put their sovereignty claims to the Falkland Islands on one side, without prejudice to these claims, for a specified period of time. That time would be used to develop the resources and commercial possibilities of the Islands and the seas around them. Councillors had considered this proposal, and by a large majority had asked for it to be pursued at the present negotiations. Mr Ridley then read the motion which had been adopted in the Legislative Council on 7 January.

ANNEX A

4. Mr Ridley repeated that he was glad that the Islanders were represented at these talks. He would invite them to comment in due course, but he expected them to include the point that his visit had only taken place recently, and that the Islanders generally considered that much more time was needed to consider such an important issue. After all, it was the Islanders' future that was being discussed. They would have to decide what form it should take and they should be allowed as long as they wanted to come to a decision.

5. Comodoro Cavandoli said he would like to hear the Islanders' comments, with as much detail as possible. Mr Monk said that Mr Ridley had described the essence of the Islanders' views very well. Of the three proposals Mr Ridley had put forward in the Islands, everyone had agreed that the condominium idea was a non-starter. Concerning "leaseback" he was certain that there was almost unanimous support in the Islands that Councillors should not consider it any further. The "leaseback" proposal was a way of ceding

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sovereignty; the Islanders were quite convinced that sovereignty belonged to Britain, so it was neither in their interests nor according to their wishes to pursue it. They had therefore decided, reluctantly, that the freeze offered the best conditions for their own future and for peaceful cooperation with Argentina. The freeze would be for a fixed period. It would not prejudice the sovereignty position of either side, but would allow the Islanders and the Argentines to get to know each other better, to develop off-shore resources in cooperation, and generally to provide a period of stability when each side could behave as good neighbours. Mr Wallace added that the motion adopted by the Legislative Council was the product of several weeks of serious debate. He emphasised that the Islanders did wish to achieve increased harmony with Argentina; they believed that the freeze was the only option at the present time which would enable them to achieve that harmony. The Island community had benefitted in many ways from increased contact with Argentina, but it had only been a short period, 10 years or so, that there had been any such contact at all. More time was needed. Mr Monk added that he and his Councillor colleagues deplored the small acts of vandalism against Argentina which took place from time to time in the Islands; they were not representative of public opinion.

6. Mr Ridley said that so far he had only given a factual account of developments since last April. He would like during the morning to set out the case for a freeze, which he believed was in everyone's interests. Comodoro Cavandoli said that he would welcome full details now, so that his side could consider their response.

7. Mr Ridley repeated that his presentation would be without prejudice to our sovereignty position. There was an almost unanimous view in the Islands that they needed a better relationship with Argentina. There were very few who did not want negotiations to continue. Indeed he would go further, and thought that Islanders generally wanted to end the dispute and find a solution which would allow everyone to live together. Perhaps he could add some personal observations. The Islands were unique. They had great scenic and ecological importance. But their importance to politicians was because they had a small population who maintained an economy through hard work and an almost unique way of life. Their existence was difficult. It was wrong to involve them in a dispute which made their lives yet more difficult. As Mr Monk and Mr Wallace had both just said, the Islanders wanted a good relationship with Argentina,

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but they were adamant that any precipitate change would bring total dislocation to the community. They needed confidence in the future, and time to develop their relationship with Argentina without a sense of threat. At the moment, they did not know whether the Argentines might press their claim or disrupt supplies at any moment. They needed a calmer environment and a more stable atmosphere. Hence the advantages of the freeze concept, both for the Islands and for Argentina, because it would allow confidence to grow. As to the period of such a freeze, he did not know what would be sensible. Fifty years had been mentioned as appropriate, but this would require discussion; it would need to permit exploration and exploitation of the maritime resources around the Islands.

8. There were precedents for such an idea. The clearest was the arrangement between Venezuela and Guyana which had temporarily solved their border dispute for 12 years, without prejudice to either side. Ten of those 12 years had passed, and the freeze had made a valuable contribution to stability. Also there were perhaps parallels in the arrangement El Salvador and Honduras had recently reached concerning their dispute. This in essence was the proposal he had to make; and he put it forward as a positive contribution to solving the dispute between our two countries.

9. Comodoro Cavandoli replied that he had listened very carefully. At this stage he would like to make two comments which he would wish to be clearly understood. First, he wanted to thank Mr Ridley and the Councillors for the efforts they had made to seek a way forward in the negotiations. The consideration and discussion on the British side must have required considerable effort. But secondly, he recalled that in April 1980 each side had set out its own position and the objectives it had for the negotiations. He had hoped sincerely that there would now have been a different response from the British side. The Argentine objective was basically a return of sovereignty. This was not being put forward. Moreover, he was disappointed and concerned that what Mr Ridley had just described had been the same as an FCO spokesman had mentioned a few days previously. The Argentine Government had not believed that the Foreign Office could speak thus, and had therefore not chosen the same channel to reply. He wished to say that he did not think that it was appropriate for the British side to express publicly the details of negotiations which had hitherto always been conducted confidentially. What the spokesman had said had produced an unhelpful reaction in Argentina.

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10. Comodoro Cavandoli wanted it clearly understood that the proposal to freeze the dispute was absolutely unsatisfactory to Argentine aims, wishes, and claims. Nor did it meet the requirements of the UN. His delegation believed that there were alternatives which could in some way take account of Argentine preoccupations. This was his aim in the present negotiations. But he did not wish to comment further at this stage, wishing to save his response in greater detail for the afternoon's session.

11. Mr Ridley repeated that we had been trying to find a way forward. We had to take account of the wishes of the Islanders; indeed they were paramount. The dispute was naturally between the Governments of the UK and Argentina, but inevitably the Islanders formed a third party to the dispute. So long as we maintained that their views were paramount, there had to be three parties. We had special obligations to them, because they were so few, and short of resources and means to defend themselves. They were a community to which both the UK and Argentina had special obligations. Indeed, during his visit one or two people had suggested that independence was a possible solution. But the vast majority had concluded that this was impractical for such a small community. They were too small to have their own independent future. Therefore he was repeating the commitment of the British Government to be bound by the wishes of the Islanders; the British Parliament would insist on this.

12. Mr Wallace was concerned by Comodoro Cavandoli's comment that the freeze did not offer any satisfaction to Argentina. Mr Ridley's proposals had been debated fully in the Islands. He considered that the object of the negotiations was to solve the problem in a way that was mutually acceptable. The Islanders did appreciate the position of the Argentine Government and people. But the Islanders were not able to compromise to the extent of abandoning their sovereignty. They would consider any suggestion for solving the problem which took account of the wishes of the Islanders.

13. Comodoro Cavandoli had some more small comments to make. Last April he had made clear that the future of the Islanders was of paramount importance to Argentina. The Argentines did not wish to inhibit their interests. Indeed the 1971 Communications Agreement and other agreements had been intended to produce a better understanding between Argentina and the Islands. Last

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April, Mr Monk had made an interesting comment; he had said that some of the actions of Argentina in the Falkland Islands had not been interpreted there as intended to help, but as intended to establish an Argentine presence. It had been in response to this comment that the Argentine delegation had suggested direct contacts between the Islanders and the Argentine Government, in order to remove any doubts by the Islanders of Argentine motives. He wanted it to be clearly understood that the interests of the Islanders were as important to the Argentine Government as to the British Government. As to the number of parties to the dispute, he agreed with Mr Ridley that technically there were two. The Argentines listened to the Islander delegates as a matter of priority; but they did not accept that there were three distinct parties.

14. Comodoro Cavandoli suggested an adjournment, reserving detailed comments for the afternoon session. He wanted the Islanders to have no doubts about Argentine concerns. Before dispersing, Mr Williams commented that a lot of discussion during this session had concerned timing. Time was one of the difficulties for the Islanders. Indeed, the proposal for a freeze was intended to make time. It would be useful if, during the afternoon session, we could receive clarification of how the Argentines proposed to meet the Islanders' need for more time.

15. The session ended at 12.20.

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FIRST DAY, MONDAY 23 FEBRUARY: SECOND SESSION IN UK MISSION AT 16.30

1. Comodoro Cavandoli wished to explain in detail why the freeze proposal was unacceptable. At the meeting in April 1980 he had explained the Argentine position in great detail. Since then, Argentina had waited patiently for progress, at great internal political cost; the issue of the Islands had the highest priority in Argentina. He had heard much about the paramountcy of the Islanders' wishes; but it was necessary to pay heed also to the Argentines' wishes. His Government had now been informed of Mr Ridley's three proposals. As he understood it, there was no basis for any further consideration of condominium. The Islanders did not wish to pursue leaseback. That left the freeze. Without in any way implying that either of the other two ideas would be acceptable, he had to say that the freeze was the least acceptable. In no way did it take Argentine desires into account. The constant factor in the negotiations (which the UN Resolution of 1976 urged both sides to pursue) was sovereignty. Last year he had said clearly that progress could be made on any aspect from the moment that a clear date was put forward for transfer of sovereignty. Mr Wallace had said that a solution would have to be acceptable to both parties; but the freeze met the Argentine desire in no way at all. The freeze had been presented as desirable to improve relations between Argentina and the Falkland Islands; the same consideration had been put forward in 1965 when negotiations first began. Now, 16 years later, we appeared to be back at the same point. He wished to make it absolutely clear that for the Argentine Government and people it was impossible to go back to square one. A year ago he had made it clear that the sovereignty question had to be resolved. He could not return to discussing economic questions without progress on sovereignty. At the April 1980 meeting, Mr Monk had set out his fears and doubts; the Argentines now had the record of his speech to the Falkland Islands Council in January, from which it was clear that he had either not understood what had been said last April, or had not conveyed it to the Islanders. Comodoro Cavandoli understood that fears did exist and that the Islanders needed to express them. But he could not understand or accept that Argentina's one requirement, sovereignty, should be ignored permanently. The British side had said that Islander wishes had to be taken into account; why could not Argentine wishes be taken into account?

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2. Argentina did not have overriding economic needs in the area. She was virtually self-sufficient in energy, and had enough fish. If there were movement on sovereignty, Argentina would accept her obligations to help develop the area's resources; but she would neither do it nor permit it to be done in the absence of a solution to the sovereignty question. There had been progress under the Communications Agreement, and progress would be possible on other fronts, as equal partners. But a solution to the sovereignty issue must come first. Argentine public opinion was very sensitive. Over the previous couple of months, the Argentine press had reported requests for embargoes on British companies like BOLSA and Shell, in order to press for a solution to the dispute. It was impossible for his Government to go on stalling in public about the progress in the talks, and any progress had to include the question of sovereignty. Moreover, although he understood the fears of the Islanders, would they not agree that the British community in Argentina had, by working together with the Argentines, made considerable progress in comparison with the situation of the Islanders?

3. Comodoro Cavandoli wanted to know what was envisaged for the end of a freeze period. Would Argentina be asked for another freeze? Indeed what connection was there between sovereignty and asking for a period of time during which each side could get to know the other better? There had already been a freeze in effect for 16 years. The freeze proposal showed that no effort had been made to understand the Argentine position. Argentina could not make any step forward in the negotiations without progress on the sovereignty issue. The two sides could not go on endlessly meeting in New York. Time for Argentina had now run out; these meetings could not continue year after year simply expressing views. He was convinced that there was a way and both sides must look for it. But from the British side there had to be concessions on sovereignty, not necessarily in giving it away, but in a preparedness to discuss it as a central aspect. On the Argentine side there was the best possible will. The Argentine Government were ready to use their country's potential to help the Islands. They had tried to be helpful; the only consequence was that third parties were benefitting from what the Argentine press were only too ready to call the Government's incompetence. To summarise, the freeze proposal was totally unacceptable, since it ignored the central Argentine wish and inhibited all the efforts which Argentina wished to make in the Islands. That was it; the Argentine elements were on the table.

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4. Mr Ridley said that he understood the Argentine point of view clearly. But it was not true that he had not taken seriously what Comodoro Cavandoli had said last year. The British had considered the question of sovereignty; moreover they did accept that Argentina required a resolution of the sovereignty dispute before embarking on further economic cooperation with the Islands. The three possible ways forward which he had set out in the Islands all related to sovereignty; that was how they were understood in the Islands. He had made it clear there that Argentina needed movement on sovereignty before it could cooperate economically with the Islands and the Islanders understood this. But the Islanders had preferred to keep sovereignty for the time being during the period of the freeze.

5. There was a distinction between the wishes of the Islanders and their interests. We were talking of their wishes. Comodoro Cavandoli himself had said that the wishes of the Islanders must not be ignored. They had expressed them clearly. We had to accept them. Argentina could not say that they were respecting the wishes of the Islanders in pursuing their claim to take over the Islands, because the Islanders had made it clear that that was not their wish. Also, it should be remembered that, although it was 16 years since talks began and 10 years since the Communications Agreement was concluded, it was only 10 weeks since the real debate about the Islands' future had begun there, during his visit. Comodoro Cavandoli had said there was strong pressure in the Argentine press for progress in the negotiations; he had to say that there was strong pressure in Britain that there should be no progress at all. But HMG had been prepared to try out a variety of proposals to solve the dispute; he wanted to ask Argentina to do the same. If what he had proposed this morning was unacceptable, Comodoro Cavandoli must say what would be acceptable. Then the Island Councillors could give their views; it was their future and in this matter their view was therefore more important than that of either the British or the Argentine Government.

6. Mr Monk said that for the first time a public discussion was taking place in the Islands on the whole sovereignty issue. Before Mr Ridley's visit Islanders had, of course, been well aware of the Argentine claim, but had never been asked to consider ceding sovereignty, because they had always thought that that was not on offer. Ten weeks ago they had been brought face to face with an entirely new situation. The whole concept of cession of sovereignty was too new for him to know what the Islanders final answer might be; they would need considerable time to think about it all, and to get to know the Argentines better. He could not see therefore what was so wrong /with

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with a freeze. As people gradually became accustomed to living close to Argentina, perhaps (he could not know) the electorate would give their representatives another mandate. Mr Wallace agreed that the Islanders had had only 2 and a half months to face up to the problem. Comodoro Cavandoli had said that Argentina wanted 'only' sovereignty; but that was the one thing Islanders believed was theirs. The aim of the negotiations was to achieve a solution; the Islanders proposed a freeze to that end. A freeze would be in everyone's interests. If that was repugnant to the Argentines, the onus was on them to put forward other possible solutions.

7. Comodoro Cavandoli was surprised to understand from Mr Monk and Mr Wallace that the dispute was new to the Islanders. For Argentina it had lasted for more than 140 years. When Mr Wallace asked for other ideas, he could easily reply that half of the equation should be the restoration of sovereignty. The other half was up to the Islanders. Mr Ridley had just said that the Islanders wished to remain British; if that was so, what would change in 10, 20, 30 or 50 years of freeze? In the freeze proposal, Argentina was being asked to collaborate in the economic development of the Islands. Argentina did not want the Islanders to be poor, and wished to develop their economy, but after 20 years of development under a freeze, why should their attitude to sovereignty have changed? The central question had two sides; one was sovereignty, the other was business. For the Islanders economic development had priority; for Argentina sovereignty. Could not the two parts be put together to reach a solution? But if discussion of sovereignty was rejected, the equation was incomplete and economic development impossible. If the Islanders did not want to discuss sovereignty for the period of a freeze, while at the same time Argentina had to make all the effort in economic cooperation, was that fair? Mr Ridley had said that there was a sovereignty content in each of the three proposals. The Argentines saw none in the freeze proposal. When Mr Wallace said that Islanders had considered Argentine wishes, he was amazed that they could then conclude that sovereignty should be left on one side. If they were on his side of the table, would Islanders accept a freeze? He entreated them not to put Argentina up against a wall.

8. Mr Ridley wanted to make it quite clear that the British Government had no doubt at all of the legality and strength of their title to the Islands. He had always said to the Islanders that the legal position was not in doubt.

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It would indeed be possible to go on resting on that position for all time. He was sure that Councillors would confirm that Islanders shared his view. When he talked about sovereignty and possible ways of meeting the Argentine claim, he did not wish to imply any doubt of our position, but rather he was, in a constructive spirit, seeking a solution to the dispute in the interests of the Islanders. The Islanders were quite right when they said that they were in a new situation since last November; this was not because of any change in the legal basis, but because we were trying to find a real solution. He believed the Islanders wanted to hear positive proposals from the Argentine side. When Comodoro Cavandoli said that half of a solution would be the "return of the Islands" to Argentina, what would the other half be for the Islanders?

9. Mr Monk emphasised that he and Mr Wallace had no mandate to enter into any discussion of the cession of sovereignty. He had no doubt that he had to say "no" at this time to any such proposal. Moreover, he could not see what the Islanders would gain out of any such cession; it would only be clear what they were losing. Indeed he could not see what economic gains could flow from leaseback or condominium which were not available under a freeze.

10. Mr Ridley asked again, what would the Islands get in return for sovereignty concessions. Comodoro Cavandoli answered, "todo" (everything). Mr Ridley asked him to be specific. Comodoro Cavandoli said that all the possibilities were there. The equation had two sides which needed to be taken into consideration. Mr Monk had asked what the Islanders would gain from "losing sovereignty"; the same question could be asked in reverse: what could they lose? He believed the economic future of the Islands was of the greatest importance. By not offering sovereignty concessions, the Islands would lose all the economic development Argentina could offer, and wanted to offer, to them. So in not putting anything on their side of the equation, they were losing the future as well as the present.

11. Mr Williams referred again to the new nature of the sovereignty problem for the Islanders. Until last November, there had been no suggestion by the British Government of any change in the sovereignty position. Of course the freeze dealt with sovereignty, even if it was only to put it off. In terms of new ideas, even the 10 years since the Communications Agreement had come into force was not long. The freeze idea was a proposal to use time

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constructively. It was better to provide time where necessary than not to solve the problem; he thought the Argentines' acceptance of the Pope's mediation in the Beagle Channel dispute indicated their acceptance of this principle. Comodoro Cavandoli understood, but for him there was one small difference; during the freeze, it was the Argentines who would have to make the effort on the economic side. There was no more time.

Mr Williams repeated how important time was. If the debate that had recently taken place in the Islands had taken place ten years before, any idea of sovereignty cession would have been rejected out of hand. Attitudes changed with time.

12. Sr Ortiz de Rozas said that it seemed that the Communications Agreement had failed, if it was only 10 years later that the Islanders realised that there was a problem over sovereignty. But he wanted to answer Mr Ridley's question, what his side meant by "todo". Once it had been agreed that sovereignty would be ceded, the Islanders could draw up their own list. The Islands would become the most spoilt part of Argentina; the Argentine Government would do everything to protect their interests; they would preserve their language, and their educational system; they would set up joint enterprises; they would finance the farms; they would do so many things. Indeed "everything". This was the message the Islanders must receive. The present situation would be reversed. The present reality was that the (admittedly British) population of the Falkland Islands was 8,000 miles from Britain, and the British Empire was almost gone. Britain was a European power, not a world power; British efforts to help the Islands would decrease, not because of lack of will but as a fact of life. By contrast, Argentina was the Islands' neighbour, and was a growing power in the area. In other words, the answer to Mr Monk was that the whole book of possibilities was open to the Islands.

13. Mr Monk did not want the Argentines to think the Islanders to be so foolish as not to realise that a dispute existed. They were only too aware of their historical and geographical position. But the question of an actual cession of sovereignty was only 10 weeks old. The Argentine requirement sounded like a store-keeper giving away both the key and title deeds to his shop. Why was it not enough just to give away the key, as in the freeze proposal? Sr Ortiz de Rozas asked what the key was? Mr Monk said it was the willingness to cooperate in commercial and economic development. But Sr Ortiz de Rozas did not understand the analogy. Argentina had no need for such cooperation; it would be for the Islanders' benefit.

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14. Mr Monk pointed out that one of the UN's basic principles was the right to self-determination. Why were the Argentines not prepared to accept the Islanders' rights to determine their own future? Sr Ortiz de Rozas said that the relevant UN resolutions referred to the principle of territorial integrity. Argentina's had been harmed. Mr Ridley said that the principle of self-determination was nevertheless overriding; whatever the Islanders wished to do was acceptable to the British Government. It was his view that Argentina should grant the same right of self-determination to the Islanders.

15. Sr Ortiz de Rozas thought there was a lack of comprehension in the UK, the Islands and Argentina about each other's motives in the dispute. The Argentine man in the street was convinced that the UK was interested solely in the oil potential. The UK said the Islanders must be protected; Argentina agreed. But self-determination came 150 years too late. Perhaps it would help if he explained why Argentina was attached to the Islands. At independence, Argentine territory had included also what was now Uruguay, Bolivia, Paraguay, and Southern Peru. These parts had been lost, because they had wanted to break away; Argentina had allowed them self-determination and had never contested their independence. No blood had been shed. But the Islands had been taken away by force. They had been Argentine for 23 years before the British took them. Mr Monk asked if Argentina would allow the Islands to go independent. Sr Ortiz de Rozas said why not, if the Islanders thought they could survive. Mr Ridley asked whether there would really be no Argentine objection? Sr Ortiz de Rozas believed they would not be viable, so such talk was unrealistic. The dispute over the Islands was tragic, because relations between Britain and Argentina were so close. The history of those relations was one of very close friendship and recognition by the UK of Argentina's potential. The dispute was the one fly in the ointment. But the dispute was not an Argentine whim, it was a matter of national necessity. He sometimes wished the dispute were with an enemy: its solution would be much easier.

16. Comodoro Cavandoli said that 27 million Argentines would endorse what Sr Ortiz de Rozas had just said. Mr Ridley had said that the British Government would respect the Islanders' wishes; the Argentine Government would respect the wishes of their people. But if each side went on speaking like this, the problem would never be solved. The Argentines wanted to respect the wishes of the Islanders, but they had to be reasonable. The desire of 1800 Islanders was to remain British; the desire of 27 million Argentines was

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to regain the Islands. Nevertheless, these wishes were not necessarily contradictory. The first aspiration referred to the personal lives of the community, but the second sought to effect recovery of the Islands without harming the fundamental rights of the community. It must be possible to make progress.

17. But Mr Ridley considered that both sides needed to think through the implications of the day's discussions. The meeting therefore adjourned at 18.45.

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SECOND DAY, TUESDAY 24 FEBRUARY: FIRST SESSION IN THE ARGENTINE MISSION

(A drafting committee met at 10.00 to discuss a draft communique drawn up by the British side. After some discussion it was agreed that this draft should be looked at again in the afternoon in the light of the morning's talks. The plenary session began at 11.30).

1. Comodoro Cavandoli opened the session by welcoming the British delegation and proposing that the morning should be devoted to a plenary and that the communique should be discussed after lunch. He suggested that the drafting committee which had already met at 10.00 should meet again directly after lunch to agree a draft which could then be submitted formally to the final plenary session. Mr Ridley agreed.

2. Mr Ridley began by referring to the previous day's discussions. The British delegation had asked the Argentines what advantages there would be for the Islanders if the two Governments were to pursue the "equation" as proposed by the Argentines. When he had asked Comodoro Cavandoli what the Islanders would get out of any agreement under which the Argentine wish for sovereignty was met, the Comodoro had replied "todo" (everything). But it was not possible to have everything in this life: it was necessary to select what was most important. He had been pondering overnight on what he thought the Islanders wanted most and he now wanted to discuss this. He warned in advance that the Islanders' wishes might make a long list, but it was right to be as comprehensive as possible and then to allow all concerned to select what was possible. It was appropriate for him as leader of the British delegation to put forward these ideas and then to ask the Islanders to comment and add ideas of their own. He hoped that the Argentine delegation would feel able to comment on matters of detail as well as just saying "todo".

3. Mr Ridley thought that there were two things which the

Islanders/

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Islanders wanted above all else:

(i) they wanted to continue under their present democratic system of Government (and, equally important, they should feel that there was security in the continuation of that system: therefore, whatever arrangements might be agreed, it would be essential to have cast-iron guarantees that the agreement would last for as long as intended);

(ii) because he did not believe that the Islanders considered independence to be a viable solution and therefore another power had to administer them, they had high on their list the continuation of British administration under a British Governor and the British legal system.

These were the most important elements. Economic factors had lesser priority but they were still important. The Islanders wanted:

(i) to control fishing in their own territorial waters and to license third parties;

(ii) to enable the riches of the sea to be explored and exploited; and

(iii) to open up the Islands' potential for trading and investment.

There were bound to be other requirements but these were the basic essentials. He asked Mr Monk and Mr Wallace if they would like to comment.

4. Mr Wallace agreed that Mr Ridley had listed most of the things that would be necessary if an agreement were to be reached. Moreover, he had listed them in the right order. He stressed that the Islanders were primarily concerned with the structure of their way of life; that came before any economic benefit. Mr Ridley had touched on the Islanders' fears and suspicions that any agreement with Argentina would not be honoured for long. It would be essential for any agreement to have cast-iron guarantees that it would not be subject to the whims of future

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Argentine Governments. It would also be necessary for the Argentine Government to pledge not to exercise any pressure whatsoever on the Islands' community while the agreement was in force.

5. Comodoro Cavandoli thought that the equation was now complete. Each side understood what the other wanted. He agreed with Mr Ridley that "todo" was unattainable but he was confident that the Argentines would be able to offer enough to satisfy the Islanders requirements. He accepted that the list outlined by Mr Ridley was by no means comprehensive but it listed what was really important and made it clear exactly what the Islanders wanted. Had he been sitting on the other side of the table, he would have put forward the same list.

6. Comodoro Cavandoli recalled that, in last year's talks in New York, the Argentine delegation had said they were prepared to satisfy and respect the requirements of the Islanders, based on their own conception of their political future. He shared Mr Wallace's view that many of these conceptions had a highly subjective value. The way in which any agreement would be executed would have to be backed by aspects which were not necessarily material. He thought the Argentines understood perfectly what the needs of the Islanders were. In particular, he could understand their fears. But he thought that both parties could be confident that anything that was agreed between them would be observed. Throughout history and whatever form of Government had been in power, Argentina had always respected international agreements. He recalled that Ambassador Ortiz de Rozas had on the previous day listed the huge areas of territory that Argentina had lost through international agreements. If the Argentines did not respect agreements, they would not now be involved in mediation to solve the Beagle Channel dispute. He was prepared to assure the Islanders that Argentina would comply with any agreement as she had always done. He also saw why the Islanders would want to have as part of any agreement the Argentines' commitment not to exercise any pressure in future to effect a change in the situation. This was more difficult to guarantee, because it was always technically possible for one party to an agreement not to honour what had been agreed.

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But at the root of this problem was the question of mutual trust. Perhaps that was where the question of getting to know one another better was important. He reminded his audience that any agreement would be covered by the UN and that Argentina was not a country to challenge the UN's authority. He repeated that he understood the Islanders' fears and acknowledged that much had happened in Argentina which had surprised even the Argentines; but the Argentines would always abide by agreements they had signed.

7. Comodoro Cavandoli said he made this clarification because it was essential that the Islanders should know that these safeguards were being offered and be sure that they were adequate. The Islanders had to be sure that both sides would comply totally with the terms of any agreement. Details would have to be discussed both on the political and the economic requirements, but he understood perfectly the sort of guarantees that would be required and the Argentines were prepared to discuss these at any time. Of course, it was not possible for any agreement to run for ever, but limits could be discussed.

8. Mr Ridley said that he had one comment at this stage. Past attempts to get to know each other had often appeared to the Islanders to be a form of Argentine penetration into their way of life. The period of getting to know each other should ideally be accompanied by written agreements. The word "trust," which the Comodoro had used, had two meanings in English. The Comodoro had used it in the sense of trusting one another, but it also meant a legal arrangement which guaranteed the rights of both parties involved. The latter meaning was the more important for the Islanders. In any eventual settlement there would have to be some form of contractual legal arrangement; it was within that form of trust that confidence could grow. Perhaps one of the difficulties was that we had so far tackled the problem the other way round. Mr Wallace was grateful for the Argentine assurance but regretted that no details had been given as to how to put these sentiments into practical effect. He was also disappointed that the Comodoro should feel it necessary to talk even at this early stage about putting limits on any agreement.

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Finally he wanted to take the opportunity to say that there had been much talk during the discussion of the difficulties presented by Argentine public opinion, but he wanted it clearly understood that most Falklands' public opinion was opposed to any concessions on sovereignty to Argentina.

9. Comodoro Cavandoli apologised that he might have been misunderstood. The very word he had not wanted to use was "limit". In English, the word "limit" meant something with an end. The concept he had been trying to get over was more of a framework. What he really meant was that Argentina understood and in principle accepted the demands of the Islanders and what they expected for the future of their system. Each of the various points which had been raised would have to be discussed in detail so that there was no possible doubt about what the Islanders required and what the Argentines were prepared to do. The Argentines accepted that the Islanders had a number of immediate needs which should be put into writing as the basis for an agreement. Once any agreement had been finalised between the British and Argentine Governments, confidence would develop. Mr Wallace had referred to the Islands' public opinion and the Islanders' fears for their future but the Comodoro did not believe that these problems could not be solved. Argentina wanted sovereignty; but no Argentine wanted to modify or to affect the Islanders' lives, provided the sovereignty question was solved. The pressures to which the Island Councillors and the Argentine Government were subjected were not contradictory; it was necessary to try to agree a formula which was satisfactory to both sides. He firmly believed that the two sides were not on a collision course; for their part, the Argentines were prepared to work on the ideas which would lead to a solution. There had to be a solution; of that there was no doubt. As long as one could be found which preserved the Islanders' way of life, the question of economic development was easy to solve. The Comodoro made it clear that he was merely thinking aloud and that these were all questions which needed to be discussed at greater length. The essential point was to try to establish a basis for an agreement and the overall elements which it might include; in other words, to identify a framework now and fill in the details later.

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10. Mr Ridley said that when he had been in the Islands the previous year all sorts of questions had been asked and points of view put forward to which he had not known the answer. He thought it was easy to sit in New York and think one knew the answers. But different people had different questions and the Councillors would be subject to a barrage of them when they returned home. He therefore wanted to ask the Councillors if they had any further questions to put to the Argentines. However, neither Mr Monk nor Mr Wallace wished to say anything at that stage.

11. Comodoro Cavandoli thought that both delegations had spoken in a spirit of great trust and confidence. His views coincided exactly with those of Mr Ridley. When his delegation and the Islanders returned to Buenos Aires and Port Stanley respectively, there would be many questions which would need clarification. He believed that it was possible, reasonable, and logical that the Islanders should ask the Argentines as many questions as they wanted and that the Argentines should be able to do the same. Only in this way would there be an end to doubts. He therefore wished to reiterate what he had offered to Mr Monk during the talks conducted in April 1980, namely direct contact with the Argentine Government on any problems that arose. He wished however to make one thing clear; the Argentines would stand by all that had been said during the talks but it was necessary for the British delegation, including the Islanders, to understand that the Argentines could not make public all the details of what had been discussed. The Islanders had spoken of perhaps a thousand people who had doubts about what was being discussed; in Argentina there were at least 3 million. If the Argentine Government were to prevent a public debate on these matters in Argentina (and this was essential if the temperature of the dispute was to be kept low), then it was vital for the Argentines to maintain confidentiality. Mr Ridley understood the Argentines' difficulty but thought that it made the Councillors' position very complicated. How was it possible for them to distinguish between what was confidential and what was not. Mr Wallace said that they would naturally report in full to their colleagues. But if confidence was to be developed then he and Mr Monk would have to be able to

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say in public that the Argentine Government would do this or that. He too would be grateful for an explanation of where the confidentiality ended. Comodoro Cavandoli said that the Island Councillors could report in as much detail as they liked in the Islands. All that he wanted understood was that his Government would not be able to do the same. He had authority to assure the British delegation that the Argentines would comply with all that he had said. But the Argentine Government could not submit to public debate the question of what the Islanders did or did not have a right to. That sort of debate was no good for the Argentines and no good for the Islanders.

12. Sr Ortiz de Rozas thought that it would be a great help if the Islanders could actually draw up a list of what they would require from the Argentines in any agreement. Mr Ridley asked whether the Ambassador meant they should do so now. Sr Ortiz de Rozas said that he could not expect the Islanders to be able to take snap decisions like that. He acknowledged that these matters would have to be discussed in the Island Councils but he thought that if the Islanders were able to provide a list, however long, the Argentine Government would do all they could to answer their questions.

13. Mr Williams acknowledged that Comodoro Cavandoli had given a broad assurance that the Argentine Government would respect the Islanders' requirements. He thought it was a good broad statement of their position. But he wondered whether it would be possible for the Argentines to give even one example of what they intended. For example, the Islands at present were administered under the British legal system while the Argentines had a form of Code Napoleon. Would the legal system under any agreement be Argentine, British or a mixture? If the Argentines were able to answer this, he thought it would be a useful illustration of their good intentions. Sr Ortiz de Rozas said that this was a very valid question. He was not in a position to give an answer at this stage as this was one of many problems which would have to be looked at in great detail. But he thought a system could be agreed whereby the British legal system would remain for a period and then gradually be amended to conform with Argentine

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law. He knew that it was essential that the Islanders' civil and human rights should not be damaged by any change: the Argentines were therefore ready to discuss any aspect, no matter how small, of what an agreement might entail.

14. Mr Ridley stressed that he was not empowered to negotiate any of these matters at these talks. Perhaps, indeed, he had already exceeded his brief, but he thought that the discussions had been very useful and worthwhile. Mr Monk said that the Councillors were only empowered to discuss definitively the freeze option. The discussions that morning, therefore, had concerned only a hypothetical issue. He stressed that he did not wish to convey the implication that what he and his colleagues had heard today was unimportant. On the contrary, it was of enormous importance. The information provided by the Argentines would be very valuable indeed in the discussions he would be having when he returned to the Islands. But he thought there was no point in going into great detail now. If the Islanders were ever to agree to cede sovereignty, there would have to be many meetings before a formal agreement was reached. But the framework that the Argentine delegation had outlined was very useful.

15. Comodoro Cavandoli repeated how vital it was for the Argentines that what had been discussed in the talks should not become the subject of public debate in Argentina. He had to tread very carefully in Buenos Aires. The Argentines had made great efforts over the past year to maintain confidentiality of the previous discussions and they wished at all costs to preserve this confidentiality. He expressed his gratitude to Messrs Monk and Wallace for making the effort to understand the Argentine position. He knew it was very difficult for them. He hoped that on their return to the Islands they would have enough trust in the Argentines' motives to express their doubts and fears openly and to draw up the list Sr Ortiz de Rozas had suggested.

16. The meeting ended at 12.45.

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SECOND DAY, TUESDAY 24 FEBRUARY: SECOND SESSION IN ARGENTINE MISSION

(The drafting committee reconvened at 15.30 and agreed a draft communique to be considered at the plenary session which began at 17.15)

1. The Argentines had accepted in the morning drafting session the British proposal that the communique should be more detailed than that issued the previous year, and they were broadly content with the drafting. They requested that a reference to Island Councillors being present as members of the British delegation should be removed because of the difficulties this would give them in Argentina, and this was agreed, particularly as the Islanders themselves had no wish to be mentioned. The Argentines re-drafted the paragraph referring to their position in the talks to make it conform more with the layout of the British position in the preceding paragraph. They resisted the British suggestion that they should refer in some way to their acknowledgement of the Islanders' wish to preserve their traditional way of life, but eventually agreed to the format set out in the penultimate paragraph of the originally agreed communique. (Before this communique was issued formally, our Embassy in Buenos Aires was told that the Argentine Government were not happy with it, and in the end a much shortened version was issued as the agreed communique).

ANNEX B

ANNEX C

2. The final part of the talks began at 18.00. Mr Ridley said that he had three points he wished to raise. First, he wished to register formally his Government's disapproval at the continuation of the Argentine military station on Southern Thule. Second was the question of the rescheduling of LADE flights. He asked the Councillors if they wished to speak on this. Mr Wallace explained that more than half of the Islands' Public Works Department and many other employees had to turn out when a LADE flight was due. The rescheduling to Saturday had made life very difficult for many people. The Islands' Public Service was short-staffed anyway and this switch to Saturday from Friday

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had imposed a real strain on them. Comodoro Bloomer-Reeve said that the rescheduling was a technical problem only. There were only a limited number of planes available for the flight to the Islands and these were in full use in Patagonia during the week. He made it clear that this was not a question of ill-will on the Argentines' part but resulted from the need to service the whole area of Southern Argentina. He promised to look at the problem again, stressing that it was not in LADE's interest either to fly on a Saturday, as it imposed substantial extra cost in terms of payment of staff. Colonel Balcarce said that Mr Gozney had already raised the problem in the Consultative Committee in Buenos Aires. The Argentines understood the problem exactly and were looking into it. Mr Wallace hoped that a solution could be found soon and Comodoro Cavandoli agreed.

3. As the last of his points, Mr Ridley wondered if there was anything that needed to be said about the YPF jetty. Colonel Balcarce said that the last he had heard was that there were a few slight problems about wording. The Argentines were awaiting the British reply on some drafting points. Mr Williams said that the problems still at issue were tiny and were a matter of drafting only.

4. Comodoro Cavandoli closed the meeting by saying that the Argentines wished to continue to improve the programme of communication and consultation as soon as possible. The agreed communique was not going to square Argentine public opinion. The sooner the Argentine Government could be given an indication of how the Islanders' thinking was going, the better they would be able to keep their public opinion at bay and make progress. He asked the British side for their understanding and good-will and hoped that they would help to keep the pressure off the Argentine Government. Anything which might help to make progress would be helpful. Mr Ridley acknowledged the Argentines' difficulties. But there would be a general election in the Islands before October and these issues would obviously be a major part of the preceding debate. It was too soon to talk about the timing of future talks. Councillors Monk and Wallace would have to return to the Islands and discuss all the problems with their colleagues. No time

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would be wasted, but equally no date could be set for the resumption of talks. Comodoro Cavandoli asked whether he could be allowed to vote in the election.

5. Mr Ridley thanked Comodoro Cavandoli for his courtesy and hospitality and hoped that the talks would bear fruit. Comodoro Cavandoli said that despite the dispute it was always a pleasure to discuss matters with Mr Ridley. On behalf of his whole team, he wanted to thank the British delegation for their help and he too hoped that a solution could be reached which all could accept. He hoped to see Mr Ridley again. He would be changing jobs himself shortly but when a solution was reached, everyone who had been involved would be there to celebrate. Mr Ridley expressed his regret at Comodoro Cavandoli's departure from the MFA and wished him good fishing.

6. The meeting ended at 18.30.

South America Department
Foreign and Commonwealth Office
2 March 1981

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ANNEX A

MOTION ADOPTED BY THE FALKLAND ISLANDS LEGISLATIVE COUNCIL ON
7 JANUARY 1981

While this house does not like any of the ideas put forward by Mr Ridley for a possible settlement of the sovereignty dispute with Argentina, it agrees that HMG should hold further talks with the Argentines, at which this house should be represented and at which the British delegation should seek an agreement to freeze the dispute over sovereignty for a specified period of time.

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ANNEX B

ORIGINAL JOINT COMMUNIQUE AGREED DURING THE TALKS ON
24 FEBRUARY

The British and Argentine Governments held a meeting at Ministerial level in New York on 23 and 24 February 1981 to discuss the Falkland Islands question, within the negotiating framework referred to in the relevant resolutions of the United Nations General Assembly. This followed the talks the two Governments held in April, 1980.

The British and Argentine delegations were led respectively by Mr Nicholas Ridley, Minister of State at the British Foreign and Commonwealth Office, and Comodoro Carlos R Cavandoli, Under-Secretary of State at the Argentine Ministry of Foreign Affairs and Worship.

The leader of the British delegation reaffirmed that his Government had no doubt about its sovereignty over the Falklands. He then gave an account of his visit to the Islands in November 1980 and of the reaction of the Islanders to the various sovereignty options discussed with them. He went on to propose that the sovereignty issue should be frozen for a substantial number of years, with both sides reserving their position, to allow for the establishment of mutual confidence between Argentina and the Falkland Islanders and for the pursuit of joint projects of economic development in and around the Islands.

The leader of the Argentine delegation, for his part, reaffirmed the Argentine rights of sovereignty over the Falkland Islands. He took note of the account given by Mr Ridley of his visit to the Islands, of the various sovereignty options discussed with the Islanders and of their reactions. He went on to explain that the British proposal for a freeze on the sovereignty issue was unacceptable to the Argentine delegation, both because it did not take

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account of the primary Argentine requirement for the solution of the dispute and because it disregarded the request addressed to both parties by resolution 31/49 of the United Nations General Assembly to expedite negotiations with a view to resolving this dispute.

At the same time, while rejecting the British proposal, he made clear the Argentine Government's readiness to give careful consideration to any initiative leading to a favourable solution to the question of sovereignty.

The Argentine delegation took note of the British requirement that the Islanders' interest in preserving their traditional way of life should be respected.

Under the circumstances both delegations concluded that their respective Governments should be informed, and agreed that this question should be examined in further negotiations at an early date. The talks were conducted in a cordial atmosphere.

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ANNEX C

AGREED JOINT COMMUNIQUE ISSUED ON 26 FEBRUARY

The British and Argentine Governments held a meeting at Ministerial level in New York on 23 and 24 February 1981 to discuss the Falkland Islands question, within the negotiating framework referred to in the relevant resolutions of the United Nations General Assembly. This followed the talks the two Governments held in April, 1980.

The British and Argentine delegations were led respectively by Mr Nicholas Ridley, Minister of State at the British Foreign and Commonwealth Office, and Comodoro Carlos R Cavandoli, Under-Secretary of State at the Argentine Ministry of Foreign Affairs and Worship.

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Argentina

Ref. A03992

MR ALEXANDER

F.9
Ridley
- 15/1

The Falkland Islands under the Nationality Bill

The Home Secretary has sent the Prime Minister a minute about the implications of the Nationality Bill for treatment of those Islanders who do not possess the right of abode in the United Kingdom.

2. The Falkland Islands will be on the agenda for a meeting of OD arranged for 29 January. This meeting will be primarily concerned with the Islanders' reaction to the proposals put to them by Mr Ridley. But the contents of the Home Secretary's minute will be relevant to the discussion.

3. From the point of view of UK immigration and nationality law, the arguments set out in the Home Secretary's minute seem entirely convincing. In addition, any concession made to the Islanders by way of an amendment to the Nationality Bill would both have unwelcome repercussions for the treatment of the inhabitants of other colonies (as the memorandum attached to the Home Secretary's minute explains, requests for special treatment have already been received from Gibraltar and the Cayman Islands), as well as providing ammunition for those critics of the Bill who seek to argue that it is already biased in favour of whites and against blacks.

4. However, the position of the 600-700 Islanders with no right of abode in the UK is likely to provide a further, and emotional, argument for those who oppose the Government's current initiative over the Falkland Islands. Mr Ridley has already encountered considerable hostility on both sides of the House and feelings on this Nationality Bill point could make matters worse.

5. The Prime Minister might therefore suggest that since the Government's handling of this aspect of the problem will be influenced by the Islanders' reaction to the proposals which Mr Ridley has put to them, it may be best not to form a view until the meeting of OD on 29 January has taken place.

D J Wright
D J WRIGHT

14 January 1981

Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

House of Commons Hansard, 2 December 1980, columns
195-198

Signed *C. Wayland* Date *19 January 2012*

PREM Records Team

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ANGLO/ARGENTINE MINISTERIAL TALKS ON THE FALKLAND ISLANDS:
NEW YORK, 28-29 APRIL 1980

Present

Mr Nicholas Ridley MP (Minister of State)	Comodoro D Carlos R Cavandoli (Under Secretary for Foreign Affairs)
Mr G W Harding (AUSS)	D Carlos M Ortiz de Rozas (Argentine Ambassador to UK)
Mr A J Williams (HM Ambassador Buenos Aires)	Embajador D Angel M Oliveri Lopez (Head of Malvinas Department)
Mr A Monk (Falkland Islands Councillor)	Comodoro D Carlos Bloomer Reeve (Principal Private Secretary)
Mr G A Duggan (SAMD)	D Ricardo H Forrester (MFA)
Mr K D Temple (PS)	Coronel (R) Luis Gonzalez Balcarce (MFA)

First Day, Monday 28 April: Morning Session, 1000 hours, (Argentine Mission)

1. Comodoro Cavandoli welcomed Mr Ridley and said he was very hopeful about the talks. In the year since we had last met, much had happened in the UK, in Argentina, and in the world. There were many problems but also some successes, including the normalisation of our relations. He would like to underline Argentine satisfaction with Ambassador Williams. He looked forward to working with him and was grateful to have him. He congratulated the UK on the Zimbabwe settlement and the elimination of an old and outstanding problem in Southern Africa. Now that Zimbabwe was over, he was glad to have the opportunity to carry forward our negotiations: he agreed we should have an open agenda, and suggested we conduct our talks with the greatest informality. We knew each other well. He emphasised the absolute confidentiality of the talks which had always been guaranteed. A number of the personnel on the Argentine side had changed but others were known to us. He would like to listen to our appreciation of the Falkland theme, to

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identify questions, to have a theme "loosened" with the participation of all present.

2. Mr Ridley expressed thanks for the welcome and said he was pleased to be sitting round a table with the Argentines. He wanted to draw attention to some ominous events in the world which he hoped we could discuss so that our focus was wider than the specific issues we had come to talk about. The attempt to release the Tehran hostages by force had failed but the hostages in Bogota had been successfully released by negotiation: this was an example of resolving problems by negotiation. He was grateful for what had been said about Zimbabwe and acknowledged the significant part the Argentine Government had played in the eventual solution. We had now to use the new name of Zimbabwe; we had before us separate usage of the terms "the Falkland Islands" and "the Malvinas". He hoped that we could eventually agree on one but, meanwhile, suggested we simply call them "the Islands". He agreed that our two countries now had much better relations and had been delighted to welcome Ambassador Ortiz de Rozas to London. He was grateful for what had been said about Mr Williams who had made a considerable reputation for himself in London. He hoped that the Argentine Government would accept visits later this year from two British Ministers, the Minister for Trade, and the Secretary of State for Agriculture, and that the visits would lead to greater interchange and closer commercial and agricultural relations.

3. Only the problem of the Islands stood in the way of improving our relations and he hoped for frank and wide-ranging discussions today covering all aspects of the question. He agreed on the need to maintain confidentiality. It was good that Mr Monk, as a senior Island Councillor, should be present to listen to our exchanges. We had to recognise that when he returned to the Islands, he would be under intense pressure to reveal everything that had transpired. But Mr Ridley was sure that we could agree at the end what he should say. He hoped we could agree at the start to say nothing to the press and to leave until

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later consideration of any announcement or communique or message to the United Nations. It was better to decide this after talks rather than during them.

4. If the Argentine delegation contained new members, the British delegation was an entirely new team. There had been a change of government in Britain since the last talks and he liked to feel we were approaching the problem from the beginning. Whatever took place between previous governments was technically not available to him; this was one of our constitutional rules. The British Government wanted to start from a new position entirely. The problem had been given serious consideration by the British Cabinet. He now wanted to explore it on the basis of his knowledge of what his colleagues thought and not necessarily with the same thinking as that of the previous Government.

5. Comodoro Cavandoli said he understood perfectly. On the Argentine side, the only change in delegation was his participation: others had worked on the Islands or had lived in the Islands for some time. It was his intention to speak with frankness and informality. The Argentine idea had always been the same and their aims fixed. With the change in government in the UK, Argentina looked to see whether there was any change in this context. His position was the same as Mr Ridley's; he was not familiar with the discussions of the last eight years but his Foreign Ministry officials were. He hoped and wished to hear the thoughts which the Conservative Government brought to this table.

6. Mr Ridley suggested that we handle the talks by dealing with a number of items which he would mention and which we could discuss in turn. As we reached a position either of agreement or disagreement, we should not seek to resolve it but switch to another item. He wanted to stress at the beginning that, if we were to find a solution to the problem, we had to find a solution to

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all these items. We should identify the amount of common ground on each. He had various headings to put forward. Comodoro Cavandoli said he shared Mr Ridley's view that we should seek an integrated solution to all the problems, conscious of their interrelationship and the need to see them in a general framework leading to a general solution. We should not seek to spend time pursuing various parts. He understood the proposals of the British side: if there was a solution, seek for it; if not, discuss further.

7. Mr Ridley suggested that we look at the following problems:

- i) the search for oil in disputed seas;
- ii) fishing in the same areas, the most urgent problem;
- iii) the Islands themselves;
- iv) scientific co-operation, under which we would refer to Southern Thule;
- v) the Antarctic Marine Living Resources Convention about to be signed in Canberra;
- vi) the Antarctic Minerals Convention, on which we were making progress;
- vii) co-operation between the Islands and Argentina, e.g. the communications and YPF Agreements and other bilateral matters;
- viii) plans for the development of the Islands, i.e. farming and produce development, the Falkland Islands Company, and the Falkland Islands Committee.

8. Comodoro Cavandoli agreed. He had spoken earlier of an open agenda and like a good host, he accepted Mr Ridley's proposals for this first agenda. The order of items presented no problems. But before we embarked on them item by item, he would like some idea of the point of departure we had in mind: what was the

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validity of all our questions and our general point of view. Mr Ridley asked if Comodoro Cavandoli could explain further. Comodoro Cavandoli said he wanted to approach each issue in a general context, rather than deal with technical points, in order to see the context in which we were thinking. Mr Ridley said he was happy to fall in with this but he thought better progress would be made by looking at the items rather than by digging deep into ideological trenches. The Argentines knew our position well: we had no doubt about our legal title to the Islands and the Dependencies. Nevertheless, we wished to have good relations with the Argentine. We understood the point of view of the Argentine people; we wished the happiness of all concerned and the prosperity of the area. We were constrained by our public pledge that we would reach no solution which did not have the agreement of the Islanders. This was why it was right to have Mr Monk present as a senior representative of his people and he could interpret the true nature of the problem as such a representative of the people living there. Comodoro Cavandoli said he had not been explicit enough. It was not his aim to engage in debate on ideological problems. The question he would ask was if this stage in our talks had continuity with earlier stages. It was not a question of principle. But did this meeting have the necessary link with previous meetings.

9. Mr Ridley said he was delighted to be rescued from the sort of discussion he had been dreading. The new Government in Britain had considered the whole question afresh and did not feel it was bound by the previous Government's positions. His Government was only content for him to come to discuss on the basis of exploring the possibility and finding solutions. Neither he nor Comodoro Cavandoli had been present at the previous discussions: it was difficult to start from the position then reached. It was best to look at problems as we see them now and knowing the position of our respective Governments. He did not want to say that everything which had been done before was to be abandoned; but he felt that we

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would not want to be inhibited by anything which had happened before. He had not been present. This was not a rejection of the past so much as freedom to start afresh. Comodoro Cavandoli said he understood fully: it was not the aim to change direction but to seek new ones. But he was concerned when Mr Ridley said we should start again. During the time that discussions had been taking place, a number of agreements had been reached and signed by both parties. Changes of administration had no effect on agreements between Governments. He must ask if these elements were still agreed and if there was continuity in this respect. Ambassador de Rozas said he understood that a new Government would have different approaches but the point of departure must remain the same. Mr Ridley said he detected two points here: there was no doubt that existing agreements would be honoured and the British Government would never dream of going against signed agreements. But there was some difference in meaning between his saying we should start afresh and the Argentine feeling that this meant we should start again: he had not said that. We should take cognizance of the past but it should be no restraint on what we discussed and where we found solutions. The UK had a different political and parliamentary background: it was fundamental that, on a change of Government, we adhered to contractual agreements but that we started afresh with policies. This need not be too serious for Argentina; for us it was a constitutional point and perhaps it had been given too much significance in our talks. Comodoro Cavandoli thanked Mr Ridley and said the position was clear.

(i) Oil

10. Mr Ridley said he would like to proceed to Item I, oil. We should be protecting and exploiting the natural resources of the area so that either of us could, if he wished, explore for oil and fish in areas surrounding the Islands. We had not declared fishing zones or drilled for oil. Seismic surveys showed the possible presence of oil. It was a pity that development was held up while we waited for agreement on the future of the Islands. It

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was evident even from the last series of talks that that problem might take many years to solve. The lack of agreement was holding up proper control and exploitation of resources, allowing others to exploit them or allowing them to go unexploited. This was stupid and unnecessary and it was more sensible to try to determine some regime under which we could agree on exploitation, accepting perhaps that such a solution need not be implemented in the absence of a general solution to the problem. It would be helpful if we could meanwhile agree a particular solution.

11. Comodoro Cavandoli said we had reached a good point of departure for our general discussion. He was looking for a global solution to all elements, not just social and economic, but including sovereignty. It was lamentable that others were enjoying these resources, especially the non-renewable ones, while we failed to arrive at a solution covering access, exploitation and exploration. It was correct that we should advance on all elements, take them into account but leave them in abeyance until we reached an integrated solution. Mr Ridley said that normally we would have had further seismic surveys and these would lead us to let concessions to oil companies to put down drilling wells in the sea. Probably the geographical areas of interest would be limited, as the waters to the south, in Antarctica, and around the Dependencies were beyond modern drilling technology. But we believed that it was feasible to explore the area between the Islands and the median line half way to Patagonia. Oil today was the same as gold had been to the Spaniards. We should hasten. He did not believe the chances were enormous but they were worth exploring. But we were failing to make progress on this because of the dispute about the Islands and the Argentines' sovereignty claim, which we did not accept. It might be possible to have joint exploration or to agree on some percentage share of resources if found. Many people in the UK said we should go it alone and there was quite strong pressure on him to license oil companies to drill. In the

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absence of a solution to the problem, it was more difficult to resist pressures. This was why we would like to reach an agreement, preferably one which stood on its own, though we accepted that the Argentines might want to make it part of a general settlement.

12. Comodoro Cavandoli said he understood the British position. Where hydrocarbons were concerned, Argentina was not under the same pressures and was nearly self-sufficient. The UK had more North Sea experience; but the conditions in the South Atlantic, especially the weather, were worse. There were also pressures on the Argentines, however, in respect of the general position of the Islands. He wanted to put forward a hypothesis: we could usefully work towards the solution on exploration and exploitation; but we should not now go into technical solutions such as the details of percentage shares; we should look for a solution of the general problem. He agreed it would be useful to solve the oil problem. Mr Ridley said it would be helpful if we were able to sketch some broad agreement. If we could agree to carry forward some joint exploration, it would be an enormous contribution to working together and to show to Islanders the possibility of progress. Even apart from the general solution, co-operating in this matter would contribute to the general solution. We could either regard it as something that we could not solve except in the context of an integral solution or as co-operation which could begin now leading in time to co-operation on the general problem. Comodoro Cavandoli said it was clear that we were talking in the same terms. He understood the framework of the general agreement but we should not refuse the possibility of reaching broad agreement on many things.

(ii) Fish

13. Mr Ridley said, on fish, that normally we would now wish to declare a 200 mile fishing zone around the Islands and Dependencies. The main purpose would be not so much to enable the British fishing fleet to fish in the area as to control stocks and to license

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other countries: we would like the revenue for the Islands from licensing foreign fishermen. There was some urgency in this as the fish were being overexploited; none of us wanted that. We had the same choice as with oil: either we solved the problem as part of a general solution or we could move ahead and agree something as part of Anglo/Argentine co-operation. We needed Argentine agreement to do so and we were under heavy pressure. We had not done anything so far, as we wanted to come to New York to talk to the Argentines in good faith. There were three choices: doing it on our own; doing it in concert with Argentina in a general agreement; or leaving it aside until an overall agreement. It would be wrong to take no action on oil and fish until all elements of the problem had been solved during which time Argentina, the Islanders, and the UK would all lose valuable commercial opportunities.

14. Comodoro Cavandoli said that on fish he agreed with our concern: this was even more urgent than oil. He shared our view that fish should be exploited by those who had the rights, not, as now, through free fishing which was of no benefit to either of us. It should be possible to accomplish a good deal in this field before a general context agreement. We could advance while the general solution was pending and find a solution as soon as possible to end fishing exploitation by third parties. Without entering into a discussion of what was meant by a global agreement, much could be done if all the elements of a general agreement were on the right road. Mr Ridley said that this was entirely how we felt. We had reached a most important point in our talks. He noted Comodoro D Cavandoli's phrase of "everything on the right road". We should leave this matter asidnow for detailed discussion, possibly by our experts. Should we come back to this later? Comodoro Cavandoli said that the agenda was full enough. We should go from the general to the particular and eliminate items where difficulties were not insuperable. Where there were difficulties, we should consider

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whether to pursue them or to pass them on to experts. If there were insuperable difficulties at the general level, we should discuss further among ourselves.

(iii) Future of the Islands

15. Mr Ridley said very well. The next item was the future of the Islands. This was the point Argentina was pressing; we had been pressing on oil and fish. The British position was that we could not come to any solution which was not acceptable to the Islanders themselves. But this did not preclude discussing the possibilities. Could the Argentines tell us what they had in mind for the future of the Islands? It was a human, personal, and political problem of 1,850 people. We all wanted the best for them. Could the Argentines say what they wanted to do with the Islands and the Islanders, what their need for the Islands was, what their desires and plans for them were?

16. Comodoro Cavandoli said there was a long history. As he had explained, he was not a diplomat and the question was what 26 million Argentines wanted, not what the Foreign Ministry or the Argentine Government wanted. Mr Ridley asked what was that? Comodoro Cavandoli said he would have to give a bit of history. The Vice-Royalty of the River Plate had occupied a large area of South America. Argentina had lost much of its territory, which was its heritage: part of Brazil, Paraguay, Bolivia, and the east bank of the River, now Uruguay, probably more important than the Islands. But only one piece of territory had been lost by force, the Islands. School children in Argentina learned from the time they were small that the Islands belonged to Argentina and that Argentina ended at Cape Horn. In 1980, Argentina had two outstanding problems: the dispute over the Islands and litigation with Chile. Being a peaceful but not a pacifist country, Argentina was trying to find a solution with Chile, not by force, though they had come close to this. Argentina believed that the Beagle dispute would be solved in a mutually agreeable fashion; if not,

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they would not have agreed to mediation by the Pope. There was only one outstanding problem, the Islands as they belonged to Argentina and had been taken from Argentina by force. If we wanted a political reason, it was to incorporate them into Argentine territory under Argentine national sovereignty. He would be absolutely frank in honour of Mr Monk's presence at the table: Argentina understood that simple incorporation into the Argentine State was not at present an attractive possibility for the Islanders. He understood that the UK wanted the best for the Islanders; Argentina also wanted to give them the best in incorporating them. It would mean a special effort by Argentina, intellectually, economically, and socially, touching on all aspects of the life of the Islanders. He was conscious of the fears of the Islanders as to what might be their future if they were incorporated into Argentina. Turning to the history of mainland Argentina again and to relations with the UK over the last 140 years, what the UK had done in Argentina in developing the economy, in building roads and railways, would always be taken into account by the inhabitants of Argentina. Through the years, the British community had become part of the Argentine family; well-adapted, perfectly integrated into Argentine life. Their offspring had shared all of Argentina's problems and triumphs. At this table there were excellent examples in Sr Bloomer Reeve and Sr Forrester. There did not therefore exist from the intellectual or social side anything which could imply any harm. What the Islanders wanted should be analysed, studied and put into practice. He wanted to eradicate Island fears as to the conservation of their way of life. People who had taken part in these negotiations had shown Argentina's wish and predisposition to promote acceptable safeguards and to eradicate the fears of the Islanders.

17. Comodoro Cavandoli said that he wanted now to speak for the Argentine Government: it was their aim to reach a solution to the problem, to discuss all aspects and to make a major effort, because

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the Argentine Government had the objective of eliminating all those questions which made impossible a stable and viable democracy in Argentina. The only outstanding problem in international relations for the Argentine Government was the Islands. It was the aim of the Argentine Government to put the house on a sound financial footing before giving it back to its owners and to resolve all boundary problems. Ambassador de Rozas said the Government wished to deliver a clean country to a democratic Government. Mr Williams enquired whether Comodoro Cavandoli had meant that such a Government might resolve the preoccupations of the Islanders. Comodoro Cavandoli said he had not said this. He said that the Argentine Government had high on its list of priorities the solving of the problem of the Islands because it was the only outstanding international relations problem remaining. They were conscious that they had to make an additional effort to achieve that objective.

18. Mr Ridley said that, listening to Comodoro Cavandoli, he could not help thinking about our own history over the past 147 years. We had given up about one third of the world's surface and found it on the whole beneficial to do so. The only claim Britain had which he felt strongly about was our long standing claim to Bordeaux, his motive being wine. He found it hard to see the motive towards the Islands where there was no wine. Argentina was very fortunate if this was their last international problem. We had plenty left. The existence of international problems meant that there had to be Ministers; Ministers played a part in the political problems and aspirations of a country. He wanted to separate out that part of the Argentine attitude to the Islands which had to do with the long-standing public and political problem, seen in the way children were educated in schools to believe that the Islands were Argentine, from any possible solution to the future of the Islands. The issue carried with it the problems of our colonial empire. He had said that he was pleased that we had got rid of one third of the world because an empire caused problems: you got cast in the role of a colonialist which was

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expensive and tiresome as e.g. events in Rhodesia, India, Barbados and Belize had shown. It was better to try to solve the issue rather than to hold on.

19. We should seek to take account of this in our discussions. When he said that nothing would be done that did not meet the wishes of the Islanders, he was expressing in a different form the dangers for the future if Argentina were to take over the Islands without Islanders' consent. The Islands had no natural resources, no wine, gold or oil. There were only people, who, the Argentines would agree, would prefer to stay as they were. There was a distinction here. He recognised the strength of feeling on the Argentine side and Argentine ambitions, that their claim was not something trumped-up as an act of aggression and that it was long-standing and genuine. The question of title, claiming land, seemed to be at the back of the desires of the Argentine people: there was a distinction between the absence of resources and the absence of the consent of the people. These elements were separate and we had to draw the distinction. We should address ourselves to the wishes of the people. There was a problem for the Argentine Government in handing over a clean slate to a successor democratic regime. He hoped that the Argentine Government would be able to solve it soon. But it was a problem too for the Islanders, who had always lived in an entirely democratic atmosphere, who treasured democracy deeply and who preferred to stay in that democratic atmosphere so long as Argentina had not arrived there. The Islands had an enormous degree of self-government: he was always trying to make Mr Monk do things which he did not want to do and he never succeeded. It might be a good moment to ask Mr Monk whether he wanted to say anything. Mr Monk said that he would prefer to come in later.

20. Mr Ridley said we should forget the past: we had only the future to consider. Argentina had a political problem, given that the Argentine people felt that the Islands were theirs;

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we had a problem in the UK and with the Islanders who wanted the sort of life they were used to in the future also. We both had political problems. Possibly Comodoro Cavandoli could see in what he had said some possibility of moving forward, some compromises or solutions to be worked on. Possibly the help of others as guarantors or trustees could be useful. He was willing to open up various avenues of discussion; he would be happy to hear any suggestions which Comodoro Cavandoli had to make.

21. Comodoro Cavandoli said that was fine. He would like to make only one clarification: he agreed we should think of the future and his one reference to the past was because Mr Ridley had asked him why Argentina wanted the Islands. Argentina believed there was an obligation to go forward: for Britain because it had to look after responsibility for the Islands and for Argentina because it had an objective and it was perfectly clear what it was. Argentina firmly believed that there must be a solution. We needed to work on each item to find it. Throughout the years, both sides had had a good understanding of what the various elements of the problem were. We could go over these as we had done earlier to see if there were any new elements which modified or bore on the existing situation. We could go on putting on the table openly and frankly our thoughts on each item and work hard to reach a mutually acceptable position on each. He understood perfectly and absolutely Britain's position in this situation. He was almost convinced that we knew their thinking on the problem and that we knew that they were convinced that a solution could be found acceptable to both sides. He would like to sum up where we now stood: we had covered the most difficult area; it was now a question of what still lay on the table, of us asking what Argentina wanted to do with the Islands and of discussing the Islanders' problems. There was a point of agreement and, taking advantage of the position, we could follow through each of the problems. The first session ended at 13.00 hours.

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FIRST DAY, MONDAY 28 APRIL: AFTERNOON SESSION, 16.45 HOURS
(ARGENTINE MISSION)

1977 Terms of Reference

22. Mr Ridley, after thanking Comodoro Cavandoli for lunch, suggested that unless the two sides wished for clarification of anything discussed in the morning session, we could continue with the remaining items on the agenda, going into some subjects with greater depth on the next day. Comodoro Cavandoli said he had no points to raise; other members of his delegation might. Sr Oliveri Lopez asked whether, when Mr Ridley had said during the morning that signed agreements between the Argentine Government and the last British Government would of course continue to be honoured, we included the text of the Joint Communique of April 1977. This was the text of the Terms of Reference for the negotiations which began in the summer of 1977. Mr Ridley said that we had not specifically repeated those terms of reference in announcing the present talks. He believed it preferable not to say too much about the nature of the talks in public. Nevertheless, the subjects listed in those terms of reference had been discussed this morning. Comodoro Cavandoli believed that the two sides should continue leaving this question aside for the moment.

(iv) Scientific Cooperation

23. Mr Ridley turned to the next item on the agenda, scientific cooperation in the South Atlantic. He regretted that it had not been possible to persuade the Islanders to accept the draft Scientific Cooperation Agreement which the last British Government had negotiated with the Argentines in Geneva at the end of 1978. This was one of those problems which had two sides; on the one hand the Scientific Agreement would have permitted the establishment of bases in disputed areas; but on the other hand critics said the Agreement should have been reconsidered before the Argentines established their station on Southern Thule. Personally, he

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believed that the Agreement should form part of any general solution and he believed the Islanders would also agree. But in the meantime the problem was not causing immediate trouble, and he would like to discuss whether scientific activity in that part of the world could be increased. He handed over copies of the report prepared by the British Antarctic Survey on their work in the South Sandwich Islands. Comodoro Cavandoli agreed that the scientific agreement should form part of a global settlement. Mr Duggan pointed out that a lot of work had already been done jointly by the British and Argentines, for example in the Antarctic. Sr Oliveri Lopez said he would like to endorse this. The matter was linked with the next two items on the agenda, Antarctic marine living resources and Antarctic mineral resources. But he added that leaving the draft Scientific Cooperation Agreement in abeyance, while attempting to act in the spirit of that agreement, caused some uncertainty. Mr Ridley stressed that the Agreement as it had been drafted was not satisfactory to the Islanders; it gave too many opportunities to the Argentines to set up stations in the Dependencies beyond British control. There was still considerable concern at the Argentine presence on Southern Thule, which was exacerbated by the occasional radio broadcasts from Argentine operators there. Generally, scientific cooperation was another area where progress could not be made apart from a general settlement. But Britain was happy to agree that we should continue to work in the spirit of the agreement.

(v) and (vi) Antarctic matters

24. Comodoro Cavandoli turned to Antarctic matters. Mr Ridley remarked that the geographical context and constitutional context were different from those obtaining in the Dependencies. Basically, we agreed with Argentine policies in the Antarctic. Mr Duggan added that our experts had worked very closely and fruitfully with their Argentine opposite numbers. The sovereignty claims of the two countries in Antarctica could have been expected to

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divide us: they had not. It was important that we should continue to collaborate. sr Oliveri Lopez agreed. He hoped that the British delegation in Canberra would share his view that we should not import our sovereignty differences over the Dependencies into the negotiation of the Convention. Mr Duggan confirmed it was our view also.

(vii) Cooperation between Islands/Argentina

25. Mr Ridley said that, as far as cooperation between the Islands and Argentina was concerned, he wished to confirm our enthusiasm for the 1971 Communications Agreement and for the 1974 YPF Agreement, and the growing ties these had led to between the Islands and the mainland. There were also increasing links in health and education. There was the small difficulty over the provision of a jetty in the Islands for the supply of fuel; as he understood it we were awaiting a further tender from the Argentines. Colonel Balcarce hoped that an Argentine response would be ready soon. Mr Ridley said we would help in any way we could when the Argentines were ready.

26. Mr Ridley said that on the question of the provision of a house for the LADE representative, he understood from Mr Monk that the only remaining difficulty was one clause in the proposed lease.

27. Comodoro Cavandoli sought Mr Monk's views of Islander attitudes on such cooperation. Sometimes Argentine willingness to extend cooperation had met with a negative response in the Islands. He would like to know what the Islanders needed and wanted. Mr Monk said he appreciated all that the Argentines had done in communications and fuel and medicine. He explained that if Islanders had not been impressed by some new approach by the Argentines it was because of concern about Argentine intentions. There was now an opportunity for greater cooperation over freight;

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supplies which formerly came by air from the mainland now could not do so because the aircraft were taking so many passengers. This was one reason why the Islanders had been exploring other sources. He was certain that the vast majority of Islanders would agree that there were excellent opportunities for trade cooperation with Argentina, which was the Falkland Islands' nearest neighbour, provided there were no other overtones. Everything should be fully explained to allay suspicions.

28. Comodoro Cavandoli said he understood this perfectly. He believed the confusion was sometimes between intentions and means. Perhaps the Islanders sometimes believed that the Argentines intended to establish a greater presence, rather than provide a service. This conception should be eliminated in favour of absolute understanding. He was sure that there was a long list of Islander needs, which should be met, and these should be discussed. Mr Ridley asked whether some direct contact between the Council and the Argentines could not be established. Comodoro Cavandoli said he had been about to suggest precisely this himself. Mr Ridley thought that there could be a meeting every two or three months, alternately in Port Stanley and Buenos Aires. He was sure Islanders would agree to this proposal. Ambassador Ortiz de Rozas added that there was a difference between a service and a presence.

(viii) Economic development of the Islands

29. On the economic development of the Islands, Mr Ridley said that sooner or later some major economic initiatives would be required. He had identified some of these: he believed that the agricultural potential of the Islands was greater than generally supposed. But there were three impediments: the size of land holding and the unavailability of land to Islanders; the lack of people; and the lack of capital. He tended to agree with the Argentines about the undesirable structure of the Falkland Islands Company.

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The British Government was considering this but he wanted the Argentines to know that we thought this must be dealt with. As for the lack of people, he believed that they would come to the Islands if land was available. On the third point, the provision of capital, he had made enquiries of the feasibility of setting up a commercial bank on the Islands. The question was not settled but the need for access to capital was widely admitted. It was possible that the existing Savings Bank could be developed further. But it would be fruitful to discuss the establishment of a branch of an Argentine bank. A further point was the need for markets for the agricultural products of the Islands on the South American mainland; distances to Europe were too great to ship such produce there in large quantities. The industry that was most clearly lacking in the Islands was meat production and freezing.

30. Comodoro Cavandoli understood these points. Such development needed consideration in the longer term. On Mr Ridley's last point, Argentina had a well developed industry and could help with the technology. But industrial facilities on the Islands would also be necessary; the Argentines could easily help here. Nevertheless, one of the matters on which the Argentines had received a negative response from the Islanders was on the project to establish a meat freezing plant. To develop a meat industry would require an Argentine presence on the Islands. The whole question of agricultural development, and other Falkland economic development should be studied in detail. The Argentines would cooperate to the utmost, not least on the question of the bank. This item was susceptible of a solution but there had to be complete confidence by the participants and action could and would be taken.

31. Mr Ridley said he was grateful and that he would like these items to be discussed directly between the Argentines and the Islanders. In fact, none of the British delegation had been aware

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that the Argentines had proposed a meat packing station in the Islands. Comodoro Cavandoli suggested that, if the Island Councillors were to have direct contact with the Argentines on economic matters, this should include links with the Argentine private sector, independent of government, in order to develop a lasting relationship.

32. Mr Ridley said it had been a fruitful day, with a number of hopeful discoveries of each other's position. The meeting ended at 18.15 hours.

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Second Day, Tuesday 29 April: Morning Session, 1100 hours (Argentine Mission)

33. Mr Ridley suggested that Mr Monk might be invited to say a few words on the discussion of the previous day; thereafter we could consider further the idea of more direct consultation between the Islanders and the Argentine Government and private sector, before returning to the main subjects of the future of the Islands, oil and fish. Finally there was the question of public presentation of the outcome of the talks, a communique, handling the press, etc. Comodoro Cavandoli agreed this agenda.

Islander/Argentine contacts

34. Mr Monk said he believed the discussions had been both frank and far reaching. He thought that the central question should not be elaborated further. But this did not mean that relations and economic co-operation could not be improved. Often in the past misunderstandings had been caused by insufficient communications between the Islanders and the Argentines. Perhaps for very good reason the Argentines wished to alter a particular service or set up a particular business; but, if they had not explained the matter fully, they were bound to excite suspicion. The Falkland Islands were a democracy in the British tradition and full discussion went on about every subject: if the Argentines read or heard of objections to this or that proposal, it did not mean that that was the majority opinion. We welcomed the idea of joint consultation to deal with the small matters which could nevertheless sometimes be so irritating. He was sure that the majority of Islanders would welcome increased co-operation on economic matters, without prejudice to the sovereignty position. If the cloud of uncertainty was lifted, it would pave the way to increased population which then could perhaps repopulate Patagonia! He repeated that he would like to express appreciation for the services Argentina provided; and, if relations between the Islands and Argentina could always be conducted in the spirit of understanding shown during these present talks, the problems would recede.

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35. Comodoro Cavandoli said he was grateful for this statement which was very much to the point and entirely understood. A dialogue was important to avoid the kind of misunderstandings that had arisen in the past. Ambassador de Rozas, speaking personally in reply to Mr Monk, said that the freedom of ideas in the Islands would not preclude the Argentines from hoping they could change opinions there. Indeed, circumstances did change, as they had for example in Rhodesia. Perhaps with increased economic co-operation between the Islands and Argentina, the Islanders might themselves realise that their interests would be well served in a closer relationship with Argentina. That possibility should not be rejected, and Argentina would make every effort in that direction. Mr Monk replied that, since the Falkland Islands were a democracy, they would always allow the Argentines to put their point of view.

36. Mr Ridley said he thought it best to leave the arrangements for better consultation between the Islanders and the Argentines to those concerned. Mr Monk would of course consult his colleagues on their views; the link man should be Mr Gozney in the British Embassy in Buenos Aires. Colonel Balcarce explained the machinery for joint consultation set up under the 1971 Communications Agreement. Comodoro Cavandoli agreed that that consultative committee should provide the framework for the discussions now proposed but he wanted a flexible system which could work rapidly. In principle, he accepted that Mr Gozney should be the point of co-ordination. Mr Williams suggested that what was needed was a mechanism of access not of consultation, a sort of telephone exchange; agendas and formal proceedings were not required. He thought it was a good idea for Mr Gozney to be this "telephone point" on the British side and Colonel Balcarce on the Argentine side. He agreed with Comodoro Cavandoli that the details could be followed up in Buenos Aires but obviously they would need to wait until Mr Monk had consulted his fellow Councillors.

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Land, people and resources

37. Mr Ridley said he wanted to mention some thoughts he had had since the useful discussion the previous afternoon on the general attitude of the two sides to the Falkland Islands. It seemed, first, that the impediment to a better relationship between the Islands and Argentina was the feeling of "threat" hanging over their future which Mr Monk had mentioned. The "threat" was not physical but a disruption of the Islands present way of life. It inhibited economic development in the region and the evolution of a better spirit. What was needed was a way of removing this threat; whatever agreement was worked out had to be of such a time span that Islanders could feel security for their grandchildren. If it could be removed, relations between Britain and Argentina would improve across the board. On the previous day, three elements had been identified in the problem: land; resources; and people. Each side placed a different emphasis on each. For the British side for many years, the people of the Islands had been the most important of these three; hence our commitment to their wishes. For the Argentines he suspected that the key element was sovereignty over the land. The question of the resources of the Islands was important for both sides. If we could solve the problem of the land and people, there would be no remaining difficulty over the resources. We could therefore deduce from the previous day's talks that what should be considered should be how to generate a mood of content among the Islanders, while at the same time satisfying Argentine preoccupations. If the two sides could report back to their Governments and discuss these deep questions further, these two days of discussions would have been singularly fruitful. But he emphasised that from the British point of view this discussion had been purely exploratory, to see where progress could be made.

38. Comodoro Cavandoli said that from the Argentine perspective there was a small difference. The three principal points discussed the previous day had been: oil, fishing, and the future of the Islands, and the separate subsidiary matter of

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scientific co-operation. These points were all subject to a different chronology: fishing and scientific co-operation were matters for immediate action: oil exploration needed a longer time scale. But agreement on all these matters was subordinate to a general agreement on the future of the Islands and agreement by the Islanders. Sovereignty was a sine qua non, an underlying condition, for progress on the other questions. Another way of saying this was that if sovereignty was one day returned to Argentina, then Argentine priorities would be exactly the same as British ones. Everything was possible, and all other matters could immediately be put into action, if we operated on the assumption that sovereignty would one day be returned to Argentina. The concept of the future of the Islanders was not opposed to this assumption. Ambassador de Rozas said that we should agree on the main idea, without setting dates, and bring this to the attention of our Governments. Comodoro Cavandoli agreed, adding that after such an understanding was reached, all other matters would fall into place immediately. He wondered if each side could report to its Government that we had clarified the basic issue on this level of abstraction, without such detail as target dates etc.

39. Mr Ridley said he wanted to raise a practical example; it had been agreed on the previous day that urgent action was necessary on fishing. Were the Argentine side now saying that they would not favour a British declaration of a 200 mile fishing zone before a general agreement was reached? There would be immediate advantages in such a declaration, both to conserve fish stocks and to demonstrate the good relations presently existing between Britain and Argentina. Comodoro Cavandoli understood the question perfectly, and he hoped Mr Ridley would not expect him to give an immediate answer at the table. But he had to say that a unilateral declaration would be very badly viewed in Argentina. Mr Ridley asked if a separate fishing agreement could be reached. Sr Oliveri Lopez said that unilateral action without a global arrangement would complicate matters; it was a complex subject which we had discussed in the past. A global understanding

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between the two sides was better than a separate arrangement. Any unilateral move would complicate relations. Mr Ridley said that this was precisely why he had raised the question. He was not contemplating a separate British declaration; he envisaged an agreement, which did not impinge on the sovereignty issue, aimed at dealing with the problem of third party fishing. It would of course only apply to the period before a global solution. If we could make progress on matters like fish, it would be a good signal to the world of Anglo-Argentine co-operation, it would produce a benefit which would be visible to the Islanders and it would be of considerable political significance as a measure of our co-operation. Comodoro Cavandoli said that this was possible; indeed there was no absolute reason on Argentina's part why it should be impossible. But this related to what Mr Ridley had said about parallel progress in other areas.

40. Comodoro Cavandoli, asking forgiveness for returning to the matter yet again, asked whether the points of view of the two sides on the global issue were the same. Mr Ridley said he did not think that we had reached a shared position on sovereignty in these two days, but we now comprehended each other better. We were agreed on where the difficulties lay but he could not say whether it would be possible to solve them. He could only undertake to study them in good faith and see whether they suggested a solution which would be politically acceptable to the UK and the Islanders. As for a fishing agreement, he was not proposing to negotiate one today, but it might be best to keep it in the forefront of our minds; when and if the Argentines felt that the moment was right to make an act of political co-operation, we could go ahead.

41. Ambassador de Rozas said that, speaking as Argentine Ambassador in London, he had noted during the three months he had spent in Britain expressions of doubt from British bankers and industry about investing in Argentina. There was a great social and economic transformation in Britain and Argentina. It would be fruitful to restore relations to the level they were at some 50

/years

years ago. This would greatly promote a solution to the problem of the Islands. There was a wider context to our relations, not limited to the question of the Islands. Mr Ridley said he naturally welcomed closer ties and any business which was mutually beneficial. But there was one political danger which he had at all costs to avoid. He could not at any stage give the impression that he was doing a deal with Argentina over the Islands for the sake of greatly increased trade. Any impression of such a deal would raise a storm of political protest. The Islands problem had to be solved on its merits. It was right to confine ourselves to the agenda so that neither Mr Monk or anyone else would think that we were doing other than trying to solve the problem on its merits. Ambassador de Rozas said that there was no question of a deal; but when two countries had a larger community of interest, problems tended to solve themselves rapidly. Mr Ridley said he entirely understood this point; what he had said was not directed to Sr Ortiz de Rozas' remarks; he had merely been pointing to a pitfall we should all avoid.

Future contacts

42. Mr Ridley said that each side should report to their Governments, without any kind of agreed written position paper (each side had a record of the meetings), and then communicate through their respective Ambassadors on what we proposed for the next stage. The Argentine Foreign Minister had suggested to Lord Carrington last September that, when they next met at the General Assembly in September 1980, they should review progress. Whether he and Comodoro Cavandoli might have another meeting before then depended on how we each got on with our respective Governments. He would communicate with Comodoro Cavandoli after a few weeks and get in touch as soon as possible but Comodoro Cavandoli knew how long these matters took. Comodoro Cavandoli agreed. We should both report back. We had a good perspective. His task would be easier than Mr Ridley's as Argentina was ready to carry everything forward. Indeed the Argentine Foreign Minister had

/told

- 27 -

told him that he hoped that in addressing the UN General Assembly in 1980 his main subject would be the Islands. We should now consult our Governments. Argentina was not going to make an issue of this. We should probably have meetings at various levels before the General Assembly. Sr Oliveri Lopez said we should keep moving.

The Communique

43. Mr Ridley suggested that the communique should say very little and be low-key. He handed Comodoro Cavandoli a British draft. Sr Ortiz de Rozas said that they would want a reference to continuity and to put the communique into the context of a previous communique of a certain date. Comodoro Cavandoli said that the communique was designed also for internal consumption in both our countries. They would prepare an Argentine draft and we could seek a common denominator. The session ended at 12.55 hours.

- 28 -

Second Day, Tuesday 29 April: Afternoon Session, 1645 hours (UK Mission)

The Communique

44. Comodoro Cavandoli passed over a draft of an Argentine text of a joint communique (texts at Annex). He noted that our text had excluded the word "negotiations" and referred to "discussions". Mr Ridley said that we had not been negotiating but had been holding exploratory talks. We had not said officially that we were negotiating with Argentina. This was stronger than he could agree to; he was not entitled to agree to it, although he hoped that we would be negotiating in the future.

45. Ambassador de Rozas said that in Spanish we were having negotiations. How did we construe the United Nations Resolutions? Mr Ridley said that we might come to negotiations but there was a strong difference between the position of the Conservative Government and the Labour Government which had preceded it. He was not authorised to negotiate, the talks were exploratory; we had suggested talks in New York of an exploratory nature and he had been authorised to hold exploratory talks and not on the basis of the previous Terms of Reference. He had to report back to his Government: on the basis of his report, his Government might agree to negotiations. But he could not possibly agree now to any phrase about the continuation of negotiations. Comodoro Cavandoli said that he could not agree either: he was not authorised other than to say that we were continuing negotiations. Mr Harding said we were at an important point in our contacts; we were not looking back but seeing what we should do in the future. Ambassador de Rozas suggested that we might use the Spanish word "tratativas", which meant both discussions and negotiations. Mr Harding agreed: we could each interpret it our own way.

/46.

- 29 -

46. Mr Ridley said that our problem was a purely constitutional one. In theory, we disowned what a previous Government had done. We could not negotiate from that position. Mr Harding referred to the case of Rhodesia: the new Government had operated from an entirely new position, repudiating the previous Government's position. Comodoro Cavandoli said that was not the Argentine position which remained unchanged: their aim was to continue the exchanges. He understood our position but did not share it. Britain had a constitutional point but Argentina had a public opinion which would analyse every word. It would think that we had gone backward, especially when Britain had announced negotiations over Gibraltar. The removal of the word "negotiations" should be a concession to balance against the proposed Argentine wording in the first paragraph (with the mention of the 1977 Terms of Reference). We should accept that we had come to the table for different reasons and that it had not been convenient for either side.

47. Mr Ridley said that the joint Terms of Reference issued in 1977 were no longer accurate e.g. they mentioned the establishment of working groups which were no longer operating. There had been 4 rounds of negotiations at which he had not been present. We had proposed exploratory talks carefully: he was not allowed by his Government to accept the 1977 Terms of Reference.

Sr Oliveri Lopez said that they had raised the issue with the British Embassy in Buenos Aires and that their formula, used in the Minister's message, had been to hold talks as a renewal of negotiations. Mr Ridley quoted the words "an exchange of views, wide ranging and frank" from Comodoro Cavandoli's message. There had been no suggestion of negotiation on the basis of previous communique or Terms of Reference.

48. Mr Williams suggested that we had got off the point. We were meeting to record what we had done. We had said we were going to meet. We had met. Our talks had been constructive. We

/might

- 30 -

might seek to persuade each other to go further. But we were discussing a short and anodyne communique, reflecting the spirit of our talks and not going into enormous detail. The announcements we had made in advance of the talks had not been exactly the same; we should not try to correct the disparity. The difference in nuances should be reflected by referring to our separate announcements on 15 April. Ambassador de Rozas suggested that we should clarify: the disparity existed and both sides should make an announcement in their own terms. Comodoro Cavandoli said that we were at a point where the words we were using were not relevant to the importance of the issues we had been discussing. He did not want to look backwards. In our talks we had suppressed mention of words which might impede the spirit of our talks. It now appeared as if the problem was based on precise instructions we had each brought with us. A couple of elements caused problems for the communique. An anodyne communique was precisely what was unacceptable to them. He did not want to insist but it was very very difficult for them to explain the absence of the word "negotiations", particularly when negotiations had just begun on Gibraltar. Separate reports to the UN Secretary General, explaining the reasons why both sides had been at the table, might enable a continuation. He had to insist on this, it was extremely important. We had discussed very important issues and it would be a pity if administrative issues prevented us continuing.

49. Mr Ridley said that there was no issue of substance in this. We had had talks and we knew what we had talked about. He was not saying that we would not have further talks. The difficulty was that the Argentines wanted to refer back to a communique issued by our previous Government which the present Government did not necessarily accept and we had trouble over the words "discussions" and "negotiations". He thought we had solved this in the word "tratativas" and he thought it possible that we might devise a sentence to cover the further point,

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- 31 -

perhaps to make clear the differing views of the two Governments. We could record our disagreement in a joint communique which would be equivalent to separate communiques. Comodoro Cavandoli said he wanted to make it clear that this was very difficult. They did not accept that one Administration could not accept what its predecessors had done. Had this been the case with previous Conservative Governments? Mr Ridley said that in all these matters each Government had every right to start again. It so happened that in these talks he had explicitly said that we would not pick up from where the last Government had finished. He had made this clear to Comodoro Cavandoli when he had written to him.

Reporting to Island Councillors

50. Mr Ridley said that we might leave the communique aside for the moment and discuss what Mr Monk might say when he returned to the Islands. It was Mr Ridley's intention to say as little as possible about the discussions and not reveal any matters of substance or any change of positions. The only part which had been agreed which we could make public was the arrangement for contacts between the Islanders and Argentina. But there was some advantage in giving Mr Monk a little more scope. He could give his impressions of the nature of the talks. Mr Monk would not want to prejudice the confidentiality of the talks, of positions adopted and things said. But Mr Monk felt it would be helpful to him to report the statement he had made that morning. Mr Ridley said he would be happy for Mr Monk to do so. We must give Mr Monk as much as possible as he would be besieged on his return. He might speak on three subjects: the atmosphere and flavour of the talks; his own statement; and our agreement to consult further. These were three innocuous subjects.

51. Comodoro Cavandoli said he had a lot of sympathy with Mr Monk but, when Mr Monk made declarations, he himself would also be pursued about them. He quoted an Argentine proverb: "Love is

/paid

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paid by love". He wanted to ask Mr Monk about the climate in which we had conducted our discussions. Mr Monk said he thought the climate had been favourable and constructive. Comodoro Cavandoli was content. Mr Ridley added that he had been talking about what Mr Monk would say to his colleagues on the Council who were privileged. Mr Monk would say less on the radio and in public. Comodoro Cavandoli said that he had interpreted our discussion as agreement to what Mr Monk should transmit to Councillors. He would be grateful for Mr Monk's understanding to say less to the public and on the radio.

Conclusion

52. Comodoro Cavandoli said that there was one last important point. We should congratulate ourselves on the efforts we had made to save our talks in the past two days. But it was important when Mr Ridley reported to his fellow Ministers that he should say that, when we come back next time to discuss these issues in some depth, we can say that we are meeting in a situation where we are negotiating. He wanted to say this with all the frankness with which he had spoken during the last two days. During the last Conservative Government there had been a similar reluctance to use the word "negotiations" and our work had been stopped for three years. This was the reason why he could not agree to the suggestion made to him by Sr Oliveri Lopez that the communique should simply refer to agreement to hold future meetings and why he had wanted to say that these exchanges were continuing.

53. A formula to cover the outstanding points in the communique proposed by Mr Harding through Mr Ridley was accepted by the Argentines.

54. Mr Ridley thanked Comodoro Cavandoli for the very helpful way in which he had approached these talks throughout. He did understand that the difficulty which we had overcome had been real for Comodoro Cavandoli as it had been for him. The two

- 33 -

people on either side of each of them had come to their rescue. He expressed his appreciation that Comodoro Cavandoli had managed to come to his form of words. He would certainly make it clear to his Government that, should we at some stage have a further meeting, it would be for negotiations. He could not guarantee that they would be, or what his colleagues would do; but he would do his best to persuade them in that direction. It could work that the present talks would lead to negotiations as they had over Gibraltar and we were following the same strategy in this case. Comodoro Cavandoli had mentioned that negotiations had been held up for three years: in the case of Gibraltar they had been held up for some two hundred years. He thanked both interpreters, who had been tireless, and both delegations who had been constructive and helpful. Our exchanges had been extremely valuable and successful, whatever we called them. Comodoro Cavandoli said that he was happy we were in full agreement. Our understanding was total. He thanked all who had laboured to this end, especially the interpreters.

55. It was agreed that the communique would be released on Wednesday, 30 April, when both delegations had left New York. The meeting ended at 18.20 hours.

DRAFT JOINT COMMUNIQUE (ARGENTINE PROPOSED VERSION)

In accordance with separate announcements in LONDON and BUENOS AIRES on April 15th by the Argentine and UK Governments, an Anglo-Argentine Ministerial Meeting was held in NEW YORK from 28-29 April 1980, to discuss the FALKLAND ISLANDS/ISLAS MALVINAS question and related issues in the South Atlantic, following the pertinent RESOLUTIONS of the UNITED NATIONS GENERAL ASSEMBLY in the context of the JOINT COMMUNIQUE of the 26th April 1977.

The British and Argentine Delegations were led respectively by Mr Nicholas RIDLEY, Minister of State at the Foreign and Commonwealth Office in LONDON, and Comodoro Carlos R CAVANDOLI, Under Secretary of State at the Ministry of Foreign Affairs in Buenos Aires.

The discussions were of an exploratory nature and were conducted in a cordial and positive spirit. A full exchange of views took place.

The two Governments intend to hold future meetings in order to continue the negotiations.

DRAFT JOINT COMMUNIQUE (UK PROPOSED VERSION)

Following separate announcements in London and Buenos Aires on 15 April by the Argentine and UK Governments, an Anglo-Argentine Ministerial meeting was held in New York from 28 - 30 April 1980 to discuss the Falkland Islands question.

The British and Argentine delegations were led respectively by Mr Nicholas Ridley, Minister of State at the Foreign and Commonwealth Office, and Comodoro Cavandoli, Deputy Foreign Minister.

The discussions were wide-ranging and conducted in a positive spirit. A full exchange of views took place.

The two Governments intend to meet again to continue these exchanges.

DRAFT JOINT COMMUNIQUE (OFFICIAL VERSION)

In accordance with separate announcements in London and Buenos Aires on April 15th 1980 by the Argentine and UK Governments, a Ministerial meeting was held in New York on 28 and 29 April to discuss the Falkland Islands question and related issues in the South Atlantic within the negotiating framework referred to in relevant Resolutions of the United Nations General Assembly.

The British and Argentine Delegations were led respectively by Mr Nicholas Ridley, Minister of State at the Foreign and Commonwealth Office in London, and Comodoro Carlos R Cavandoli, Under Secretary of State at the Ministry of Foreign Affairs in Buenos Aires.

The discussions were of a comprehensive and wide-ranging nature and were conducted in a cordial and positive spirit.

The two Governments intend to hold future meetings in order to continue these exchanges.

Distribution1. FCO

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 PS/Mr Ridley
 PS/Mr Marten
 PS/PUS
 PS/Sir D Maitland
 Mr G W Harding
 Miss G G Brown
 Mr P H Moberly
 Mr K J Chamberlain,
 Legal Advisers
 Mr Harding, ESSD
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2. Other Whitehall Depts

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 Mr Kirk, MOD, DS11
 Mr Mehew, MOD, DS13
 Mr Holmwood, MAFF (Fish II)
 Mr Birchmore, Dept of Energy
 Mr Treble, DOT (CRE3)
 Mr Baxter, ODA (LAD)

3. Posts

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Argentina

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PRIME MINISTER

I have seen Peter Carrington's minute (No. PM/80/13) to you of 22 February proposing that contact should be made with the Argentinians in the near future to suggest a meeting with a view to resuming talks about the future of the Falkland Islands.

This all seems very sensible and I certainly have no objection. I hope, however, that as the negotiations with the Argentinians develop our team will bear in mind the point I made in my minute to you of 22 September, to which I again drew attention in my letter to Peter of 5 February, following the meeting of OD on 29 January, namely that they should not lose sight of the importance of retaining if at all possible access for the UK to any oil or gas which might be found in Falkland Islands waters if and when further exploration takes place.

I am copying this letter to members of OD, to the Attorney General and to Sir Robert Armstrong.

J14

SECRETARY OF STATE FOR ENERGY

28 FEBRUARY 1980

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Argentina

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 6402

Rt Hon Lord Carrington KCMG MC
Secretary of State for
Foreign and Commonwealth Office
Foreign and Commonwealth Office
LONDON SW1

NBP

Phms

- 1/2

5 February 1980

Dear Peter

FALKLAND ISLANDS

Thank you for copying to me your minute of 24 January to the Prime Minister about the discussion which took place in OD on 29 January about policy towards Argentina in the dispute over the Falkland Islands. I have since seen the minutes of the meeting.

This is clearly a very difficult problem given the intransigence of the Argentines, but following what I said in my minute to the Prime Minister of 22 September, I hope that in framing new terms of reference for negotiations with them, you will not lose sight of retaining, if at all possible, access for the UK to any oil or gas which might be found in Falkland Islands waters if and when further exploration takes place. This is important not only for access to any resources, which could be very welcome in the years ahead, and the revenues which could flow from them, both to the benefit of the Islanders and our own exchequer, but also from the point of view of being in an advantageous position to secure for British oil companies and construction companies a lion's share of the vast amount of development work which will be necessary: work which with our North Sea experiences we are particularly well fitted to carry out.

I am copying this letter to the other members of OD, to the Attorney General and to the Secretary to the Cabinet.

Yes, in

D A R HOWELL

David

5 FEB 1980



cc. PS/PUS
MR LUCAS
MR GREENWOOD
MR BIRCHALL

A

PRIME MINISTER

I have seen Peter Carrington's paper PM/79/81 to you on the subject of the Falkland Islands. This is a very useful summary of the options open to us, and I agree with his conclusion that there is little to be gained by continuing to try to spin out our talks with the Argentines. The sort of solution he envisages is probably the best we can expect to achieve, given all the circumstances.

I am, however, rather uneasy about the proposed arrangements for the maritime zones outside territorial waters. It is true that the presence of oil (or gas) has yet to be proven, but the continued interest of the oil companies and the results of recent geophysical surveys (which FCO have seen) lead us to think that there is at least a good chance that hydrocarbons are there. We ought to be very careful about adopting a course which could lead to British oil companies losing a favourable position they might otherwise have had, both as regards development and exploitation and the supply of offshore hardware, in which field the North Sea has given us a leading position. It could also involve a substantial loss to the British economy if oil were found. It is impossible to quantify, of course, but I should have thought the potential value to us (and to the Islanders) would bear comparison with - it could possibly exceed - the possible trade benefits mentioned in Peter's paper.

I do feel, therefore, that before we agree to the course he has proposed, we should have a full discussion on its implications and a better assessment of the gains and losses we stand to make. I do not think the paper as it stands has taken all the relevant economic factors of this sort into account. I would hope that, meanwhile, Peter Carrington will not say anything to the Argentines which could jeopardise the position.

I am copying to other members of OD(5) the Attorney General, Sir John Hunt and Sir Kenneth Berrill.

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SECRETARY OF STATE FOR ENERGY

22 September 1979

- 5 FEB 1980



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CABINET OFFICE
Central Policy Review Staff

70 Whitehall, London SW1A 2AS Telephone 01-233 7765

From: Sir Kenneth Berrill KCB

Qa 04274

27 September 1979

Dear Secretary of State.
Falkland Islands

You sent me a copy of your minute to the Prime Minister on Lord Carrington's proposals for renewed negotiations with Argentina on sovereignty over the Falkland Islands. Lord Carrington's objective would be to try to exchange formal sovereignty in return for a long period (conceivably 99 years) of guaranteed economic and political security for the Islanders under British rule and for Argentina co-operation with the United Kingdom in the economic development of the South West Atlantic and Antarctica.

There are potentially big economic issues at stake here and I agree with you that they need to be considered carefully. On Antarctica there is a possibility - no one can put it any higher at the moment - that significant volumes of oil will be found and extracted from the British Antarctic territory about the turn of the century - when North Sea oil production is forecast to be declining fast.

But all the pressures internationally are to stop the United Kingdom from getting full benefits from such discoveries. If we are to resist such pressures, we need to adopt a single-minded and robust stance in international negotiations over the years ahead and such a policy would be more likely to succeed if we worked closely with Argentina (and Chile) whose interests are similar to our own.

When it comes to the Continental Shelf of the Falkland Islands, however, the position is rather different. Here our interests are opposed to those of the Argentine rather than complementary. They would like to see the benefits of any oil discoveries going to the Argentine rather than to the Falkland Islands and United Kingdom companies.

This means that the terms of any negotiations would need looking at carefully from this point of view. If oil were discovered during the 99 years lease the Argentinians would naturally want to get a share of the benefits and if some form of 'co-administration' had been agreed for this

The Rt Hon David Howell MP
Secretary of State for Energy
Thames House South
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period they would be likely to use every effort to try to divert benefits in their direction.

I am sending copies of this letter to the Prime Minister, other members of OD, the Attorney General, and to Sir John Hunt.

Yours sincerely,

Kenneth Berrill

KENNETH BERRILL

28 SEP 1979



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TO IMMEDIATE UKMIS NEW YORK

TELNO 585 OF 25/9/79

FOLLOWING FOR SECRETARY OF STATE FROM MR RIDLEY
ARGENTINA AND THE FALKLAND ISLANDS

1. FOLLOWING YOUR LUNCHTIME DISCUSSION AT CHEQUERS LAST SATURDAY, I HAVE TODAY DISCUSSED THE O D PAPER WITH THE PRIME MINISTER. SHE TAKES THE VIEW THAT WE CANNOT RUSH A DECISION OF PRINCIPLE ON OUR APPROACH TO THE PROBLEM, BUT SHOULD INSTEAD TAKE THE WHOLE QUESTION TO AN EARLY MEETING OF O D.
2. MEANWHILE, THE PRIME MINISTER WOULD PREFER THAT WHEN YOU SEE THE ARGENTINE FOREIGN MINISTER YOU SHOULD CONFINE YOURSELF TO SAYING THAT HMG HAVE NOT COMPLETED THEIR CONSIDERATION OF THIS COMPLEX PROBLEM. AS I WARNED COMMODORE CAVANDOLI IN JULY, THE HOLIDAY SEASON AND THE PRESSURE OF OTHER URGENT BUSINESS (EG RHODESIA) HAVE CAUSED SOME DELAY IN THIS PROCESS. IT WOULD THEREFORE BE PREMATURE FOR YOU TO AGREE DATES WITH PASTOR FOR MY NEXT MEETING WITH CAVANDOLI; NOR WOULD IT BE APPROPRIATE TO SPEAK AT THIS STAGE ABOUT NEGOTIATIONS ON SOVEREIGNTY.

CARRINGTON

FILES

SAMID

PS

PS/LPS

PS/MR RIDLEY

PS/POS

SIR A DUFF


MR HARDING

COPIES TO

MR ALEXANDER, NO 10 DOWNING ST

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PRIME MINISTER

I have seen Peter Carrington's paper ^{20.9.79} PM/79/81 to you on the subject of the Falkland Islands. This is a very useful summary of the options open to us, and I agree with his conclusion that there is little to be gained by continuing to try to spin out our talks with the Argentines. The sort of solution he envisages is probably the best we can expect to achieve, given all the circumstances.

I am, however, rather uneasy about the proposed arrangements for the maritime zones outside territorial waters. It is true that the presence of oil (or gas) has yet to be proven, but the continued interest of the oil companies and the results of recent geophysical surveys (which FCO have seen) lead us to think that there is at least a good chance that hydrocarbons are there. We ought to be very careful about adopting a course which could lead to British oil companies losing a favourable position they might otherwise have had, both as regards development and exploitation and the supply of offshore hardware, in which field the North Sea has given us a leading position. It could also involve a substantial loss to the British economy if oil were found. It is impossible to quantify, of course, but I should have thought the potential value to us (and to the Islanders) would bear comparison with - it could possibly exceed - the possible trade benefits mentioned in Peter's paper.

I do feel, therefore, that before we agree to the course he has proposed, we should have a full discussion on its implications and a better assessment of the gains and losses we stand to make.

I do not think the paper as it stands has taken all the relevant economic factors of this sort into account. I would hope that, meanwhile, Peter Carrington will not say anything to the Argentines which could jeopardise the position.

I am copying to other members of OD(5) the Attorney General, Sir John Hunt and Sir Kenneth Berrill.

JH.

SECRETARY OF STATE FOR ENERGY

22 September 1979

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FROM THE PRIVATE SECRETARY



HOUSE OF LORDS,
SW1A 0PW

21 September 1979

Dear Paul,

The Lord Chancellor has seen the Foreign Secretary's Minute to the Prime Minister of 20 September about the Falkland Islands. He has said that he thinks an attempt should be made to assess the other side of the coin, that is, the nature and extent of the Argentine threat and intention, their forces, the stability of their regime and so forth. It would be a sorry business to give over British subjects of UK origin to the whims and changes of a South American dictatorship. On the other hand solid advantages could be gained from the termination of this tiresome dispute. The Government's moral commitments to the islanders, however, should be paramount.

I am sending copies of this letter to the private secretaries to the other members of OD, the Secretary of State for Energy, the Attorney-General and the Secretary of the Cabinet.

Yours sincerely,
William Arnold

W ARNOLD

Private Secretary to the
Secretary of State for Foreign and Commonwealth
Affairs
Foreign and Commonwealth Office
Downing Street
LONDON SW1A 2AL

23 SEP 1979



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DEPARTMENT OF TRADE

1 VICTORIA STREET LONDON SW1H 0ET

Telephone 01-215 7877



From the Secretary of State

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George Walden Esq
Private Secretary to the
Secretary of State for Foreign
and Commonwealth Affairs
Downing Street
LONDON
SW1

21 September 1979

Dear George

Falkland Islands

As my Secretary of State is at present on an official visit to Australasia, I have not been able to show him Lord Carrington's minute of 20 September to the Prime Minister.

Whilst I am sure that Mr Nott would not object to the proposal that your Secretary of State should indicate to the Argentine Foreign Minister in New York that we are willing to enter into negotiations fairly soon, I must enter a reservation on the substance and tactics of the negotiations which he will no doubt wish to have an opportunity to consider. I presume that the timetable which is envisaged for the full negotiations will allow this closer examination of the proposals before they are floated with the Argentinians.

I am sending copies of this letter to Michael Alexander (No 10), the Private Secretaries to other members of OD, the Secretary of State for Energy and the Attorney General, and to Martin Vile (Cabinet Office).

Yours sincerely,
Stuart Hampson

S HAMPSON

Private Secretary

SEP 1979



