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FM BUENOS AIRES 1/99^{cc}15Z DEC 80

TO IMMEDIATE FCO

TELEGRAM NUMBER 279 OF 30 NOVEMBER 1980

AND TO PRIORITY PORT STANLEY

ACW 040/325/12	
RECEIVED IN DEPT Y NO. 18	
-3 DEC 1980	
DESK OFFICER	REGISTRY
INDEX WILL BE	Action Taken

1. MIPT FROM FEARN. ⁽⁵¹⁾ [RECEIVED IN COMPLETELY DISTRIBUTED ASAP]
2. COUNCILLORS' INDECISIVENESS AT THIS STAGE IS IN CHARACTER.

THEY WILL WANT TO AVOID LEADERSHIP OF OR COMMITMENT AND TO TRIM TO WHAT THEY SEE AS THE PREVAILING WIND. BUT: FROM THE THREE MEETINGS HELD AND FROM PRIVATE CONVERSATIONS, OUR TENTATIVE ASSESSMENT IS THAT FOUR COUNCILLORS WOULD BE PERSONALLY READY TO SEE LEASEBACK EXPLORED: FOUR UNDECIDED: TWO AGAINST. THEY WILL ALL CONTINUE TO WAVER - BUT LEASEBACK REMAINS FIRMLY ON THE TABLE. IT IS NOW IMPORTANT THAT, UNDER GOVERNOR'S STIMULATION, COUNCILLORS ACTIVELY CANVASS ISLANDER OPINION AND MAINTAIN MOMENTUM OF INTERNAL DEBATE. BY 6 JANUARY WE WILL HAVE TO DECIDE WHETHER TO FORCE A DECISION OR TO LET THINGS SIMMER LONGER.

3. IT IS CERTAINLY TOO SOON TO JUDGW ISLANDER REACTIONS= MR RIDLEY AND PARTY HAVE IN PAST WEEK DIRECTLY DISCUSSED ISSUES WITH ABOUT HALF OF THE POPULATION. THERE IS A WIDESPREAD UNDERSTANDING THAT A SETTLEMENT IS NECESSARY, BUT THE EMOTIONAL OBSTACLES ARE CLEARLY FORMIDABLE: AND ABSENCE OF APPARENT ARGENTINE BELLIGERENCE HELPS TO KEEP HEADS IN THE SAND. NEVERTHELESS THEEADINESS TO CONSIDER SERIOUSLY QUESTION OF ISLANDS' FUTURE IN ENCOURAGING AND THERE IS A GOOD DEAL OF

QUIET SUPPORT IN ALL SECTORS (INCLUDING MEMBERS OF LOCAL FALKLAND ISLANDS COMMITTEE) EXPLORING LEASEBACK.

PROBLEM WILL BE FOR THIS TO SURFACE AGAINST PRESSURE OF VOCAL FORTRESS FALKLANDERS. IT WILL ALWAYS SEEM EASIER TO SAY NO THAN YES. IT WILL BE A DIFFICULT AND POSSIBLY LENGTHY EXERCISE.

4. FACT THAT ISSUES ARE NOW OUT IN THE OPEN CAN ONLY BE BENEFICIAL (APART FROM BEING UNAVOIDABLE). COUNCILLORS WOULD NOT OTHERWISE BE PREPARED TO ENDORSE SUBSTANTIVE NEGOTIATING MANDATE ON SOVEREIGNTY: AND, IF THERE IS TO BE ANY PROGRESS IN DISPUTE, ISLANDERS MUST BE MADE TO TAKE A RESPONSIBILITY FOR DECIDING COURSE TO BE TAKEN. BELIEF THAT BRITAIN WILL CONTINUE TO FINANCE AND DEFEND ISLANDS IN ANY CIRCUMSTANCES REMAIN DEEP-ROOTED. PROVIDED THAT WE ARE SEEN TO BE GENUINELY CONSULTING AND RESPECTING ISLANDERS' WISHES WITHOUT PRESSURE OR ULTIMATA (PARA 3 OF STANLEY TELNO 183) EXERCISE, ⁽⁴²⁾ WHATEVER ITS FINAL OUTCOME, WILL HELP TO CONCENTRATE MINDS IN ISLANDS AS WELL AS IN UK AND ARGENTINA ON REALITIES OF SITUATION AND ON LIMITS OF AVAILABLE OPTIONS.

5. THERE WILL BE TWO MAIN RISKS. FIRST, WE MUST AVOID BEING PRECLUDED BY ISLANDERS FROM MAINTAINING ANY POLITICAL DIALOGUE WITH ARGENTINA (COUNCILLORS SEEM FULLY AWARE OF THIS). SECOND, WE MUST MEANWHILE KEEP OUR LINES OPEN WITH ARGENTINE GOVERNMENT AND AVOID GIVING THEM TOO DIFFICULT A HAND TO PLAY: TOO STRIDENT OR EXCLUSIVE ADVOCACY OF LEASEBACK BY US COULD BUILD UP PUBLIC INTER-SERVICE OPPOSITION IN ARGENTINA AND RISK FORECLOSING THE OPTION.

WILLIAMS

LIMITED
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NEWS.D
ES v SD
MAGD

PS
PS/LPS
PS/MR RIDLEY
PS/IPS

SIR E YOUNG
MR DAY
MR HALDING
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2

ADDITIONAL DIST:
FALKLAND ISLAND