

Minister

I have discussed with Mr Dept and agree with his recommendation.

76

Mr Harding
PS/Mr Ridley

cc
PS
PS/LPS
PS/PUS
Mr Day

Ans 040/325/12
RECEIVED
31 DEC 1980
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ACTION TAKEN

I agree the telegram is
retrospectively. But I am
concerned about the Home
Office retainers he will
be sent down before long R

Harding
31 Dec.

FALKLAND ISLANDS: PREPARATIONS FOR MEETING OF ISLAND COUNCILLORS ON 5/6 JANUARY 1981

Problem

Flag A

1. In a telegram reporting on the development of opinion in the Falkland Islands following Mr Ridley's visit, the Governor has requested guidance on the wording of a motion which might be adopted at the meeting of the Island Councillors on 5 and 6 January.

Recommendation

2. I recommend that we should give the Governor the following guidance:

- (a) it is not essential for a formal motion to be adopted;
- (b) any motion should preferably have unanimous approval or at least a large majority;
- (c) ideally, a motion should simply express support for further talks with the Argentines including discussion of sovereignty; but it could add a preference for a freeze provided that it does not rule out the leaseback solution.

I submit a draft telegram.

/Argument

Argument

Flag B 3. Following Mr Fearn's submission of 16 December,
 Flag C FCO telegram no. 137 gave guidance to the Governor on how he should
 play his hand. It was in response to this telegram that he sent
 Flag A his latest assessment and request for guidance on the terms of a
 motion.

4. The Governor's assessment is moderately encouraging, in that it appears that the Islanders are coming to accept the idea of further talks with the Argentines and the need for a compromise solution. They are also prepared to accept that at such talks, sovereignty would have to be a subject for discussion. But it seems that there is no chance of their agreeing to the leaseback idea being put formally to the Argentines, at least until the freeze solution has been tried and has been seen to fail.

5. The freeze has been rejected by the Argentines in the past, and there is no reason to think they will see any attraction in it now. But if a further round of talks with a freeze as the British position is the price we have to pay in order to convince the Islanders that leaseback is the only viable option, then it is a price worth paying. Careful preparation of the ground with the Argentines would be necessary, since they will be expecting us to put forward leaseback at the next round, but there is no reason why this should prove an impossible task. The timing of the next round will have to be further considered once we know the views of the Island Councillors. We have already sought the views of
 Flag D H M Ambassador in Buenos Aires on this point. His preliminary reply
 Flag E is attached.

Flag A 6. In para. 3 of his telegram, the Governor mentions that it would help to sell the idea of leaseback if the British Government would guarantee to take in Islanders if anything went wrong. It would, however, almost certainly be impossible for wider reasons to offer such a guarantee in advance. The paragraph dealing with this

/point



point in the draft telegram has been cleared with N&TD.

R. H. Smith

R H Smith
South America Dept.

30 December 1980