

ALWAYS/325/2 *Standard*

RECEIVED		
9 JUL 1980		
DESK OFFICER		REGISTRY
INDEX	PA	Action Taken

Dear Fearon
Per Flight

Mr Harding
PS/Mr Ridley
PS

Mr Ridley has seen July 1/7.

PA
47
37
7

FALKLAND ISLANDS: OD MEETING, 2 JULY 1980

1. I submit a speaking note for the discussion at OD on 2 July on the Falkland Islands; following Mr Ridley's talks with the Argentines in New York in April. OD will have before it the Secretary of State's memorandum (OD (80) 46) of 27 June 1980.

2. I attach also as background, copies of

A: The Secretary of State's memorandum to OD of October 1979 (OD (79) 31).

148

B: Mr Ridley's telegram following the New York talks.

G A Duggan

G A Duggan
South America Department

30 June 1980

cc: PS/LPS
PS/PUS
Mr Day
Mr Fergusson
SED

[Signature]
30 June

Thank you
PWS/2

FALKLAND ISLANDS

POINTS TO MAKE

NEW YORK TALKS WENT WELL

1. We and Argentines now have a clearer understanding of each other's positions. Islander participation helpful.

IN OUR INTEREST TO MAKE PROGRESS

2. Political and commercial advantages: good relations with Argentina; secure Islanders' future; unlock resources of South West Atlantic.

ISLANDERS' ENDORSEMENT INDISPENSABLE

3. No solution possible otherwise. In their interests, too.

LEASEBACK THE BEST OPTION

4. Other options dangerous and expensive.

RESOURCES CAN'T BE EXPLOITED WITHOUT ARGENTINES

5. Need their cooperation to:

- (i) declare 200 mile fishing zone to gain licensing revenue
- (ii) explore for and exploit any oil: only drilling can show whether any there.

SOVEREIGNTY HAS TO BE DISCUSSED

6. We reject Argentine claim. But practical modus vivendi required. Impossible if we don't talk about sovereignty. No risk in this: any solution subject to agreement by Islanders and Parliament.

NO IMPLICATIONS FOR GIBRALTAR AT THIS STAGE (IF RAISED)

7. Once Lisbon Agreement implemented (removal of restrictions in return for agreement to "negotiate") ready to talk with Spain about anything. Need to monitor possible inter-relationship of two questions carefully.