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SUBJECT.

CC Master

10 DOWNING STREET

20 June 1986

From the Private Secretary

Dear Tom,

FALKLANDS

The Prime Minister had some discussion this morning with the Foreign Secretary about the Falklands.

The Foreign Secretary said that two aspects of the Falklands would shortly have to be considered by OD: force levels and fisheries. The Defence Secretary would be making proposals on force levels. On fisheries we seemed to be approaching the point where Argentina would shortly conclude bilateral fishing agreements with a number of countries. In that event we could not usefully pursue our proposed multilateral fisheries regime but would probably need to establish a unilateral fishing zone round the Falklands. The prospects of securing international acceptance for this might be improved if we were to enter discussions in advance with the Argentine government. Such discussions might offer an opportunity to open up other aspects of our relations.

The Prime Minister said that she saw no need for a review of our basic policy towards the Falklands which was not in doubt. She was not in favour of any negotiations with Argentina on a fisheries zone. In her view, such a zone would have to be identical with the FPZ. We should notify the Argentinians of our decision but not negotiate with them.

I think it would be helpful if any proposed OD paper on the Falklands could be shown to the Prime Minister in draft.

Yours sincerely,
C.D. Powell

C.D. POWELL

A.C. Galsworthy, Esq., CMG,
Foreign and Commonwealth Office.

AG