

Mr Pouch

we spoke. May
we have a word

about this early
this afternoon? ~~as~~ I
shall try to iron it
to make weekend boxes
around Whitehall

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Adrian (can) 24/

FOR PRIVATE OFFICE FROM PRIVATE SECRETARY.
YOUR TELNO 135: FALKLAND ISLANDS/ARGENTINA - OD MINUTE.

1. FOLLOWING IS TEXT OF MINUTE APPROVED BY SECRETARY OF STATE.
M I F T CONTAINS REVISED TEXT OF NON-PAPER.

TEXT STARTS.

QUOTE 1. WE HAVE RECEIVED VIA THE AMERICANS A NEW ARGENTINE
APPROACH. THE ARGENTINES ARE PROPOSING DIRECT TALKS WITH US
ON FISHERIES AND RELATED TOPICS, AIMED AT REACHING AGREEMENT
ON:

- (H) A FISHERIES ARRANGEMENT:
- (H) MEANS TO AVOID FISHERIES INCIDENTS; AND
- (H) WAYS TO REDUCE TENSION BETWEEN ARGENTINA AND THE
UK.

THEY ALSO PROPOSE THAT:

- TALKS BE PREFACED BY A JOINT STATEMENT RESERVING RESPECTIVE
POSITIONS ON SOVEREIGNTY;
- EACH SIDE SHOULD MAKE STATEMENTS AIMED AT CREATING A FAVOURABLE
ATMOSPHERE.

FURTHER DETAILS ARE ATTACHED AT ANNEX A.

2. THIS IS A CLEAR DEPARTURE FROM ARGENTINA'S EARLIER HARD LINE. THERE ARE A NUMBER OF POSSIBLE EXPLANATIONS:

- ARGENTINE RECOGNITION THAT THE RESULT OF OUR ELECTIONS MEANS THAT THERE WILL BE NO CHANGE IN BRITISH POLICY;
- PRESSURE FROM THE AMERICANS;
- DESIRE FOR A QUOTE SUCCESSFUL FOREIGN POLICY INITIATIVE UNQUOTE BEFORE ARGENTINA'S ELECTIONS IN SEPTEMBER.

WHATEVER ALFONSO'S MOTIVES FOR LAUNCHING THIS MOVE, WE HAVE NO EVIDENCE THAT ARGENTINE POLICY WILL PROVE MORE FLEXIBLE THAN BEFORE OR THAT HIS DOMESTIC ROOM FOR MANOEUVRE ON THE SOVEREIGNTY ISSUE IS ANY GREATER. NEVERTHELESS, HE NOW APPEARS TO BE PROPOSING WHAT WE HAVE ALWAYS INSISTED UPON, DIRECT TALKS ON PRACTICAL MATTERS, UNLINKED TO ANY DISCUSSION OF SOVEREIGNTY.

3. WE MUST NOT GIVE THE IMPRESSION TO THE AMERICANS, OR TO ANYONE ELSE, THAT WE NOW WANT TO REJECT OUR OWN TERMS. WE SHOULD HOWEVER RESPOND WITH CONSIDERABLE CAUTION. THE SUBSTANCE IS AS INTRACTABLE AS EVER. THE ARGENTINES REMAIN ATTACHED TO RHETORIC, AND WILL PROBABLY AGAIN EXPLOIT THE ANNUAL UNGA DEBATE. SO WE CANNOT BY ANY MEANS BE SURE THAT REAL PROGRESS WILL BE MADE.

4. IN OUR RESPONSE WE MUST ABOVE ALL ENSURE THAT THERE IS TO BE NO DISCUSSION OF SOVEREIGNTY, AND THAT THE ARGENTINES UNDERSTAND AND ACCEPT THIS. SUBJECT TO THAT, OUR OBJECTIVES SHOULD BE:

- (A) TO SECURE ARGENTINE ACCEPTANCE OF OUR FISHERIES JURISDICTION;
- (B) IF (A) IS ACHIEVED, TO MAKE PROGRESS ON OTHER PRACTICAL ISSUES;
- (C) TO REASSURE THE ISLANDERS THAT SUCH TALKS WITH THE ARGENTINES CARRY NO RISKS ON SOVEREIGNTY OR FISHERIES JURISDICTION; AND
- (D) TO MAKE SURE THAT THE ARGENTINES ARE SEEN AS RESPONSIBLE IF THIS PROCESS COMES TO NOTHING.

(A) WOULD BE A MAJOR GAIN. WE SHOULD HOWEVER RECOGNISE THAT A CONSEQUENCE OF ANY AGREEMENT WOULD BE TO IMPOSE SOME CONSTRAINT ON OUR FREEDOM OF ACTION, EG TO EXTEND THE BOUNDARIES OF THE FICZ IF WE THOUGHT THAT NECESSARY FOR CONSERVATION REASONS, BECAUSE OF THE PRESSURE NOT TO UNDERMINE THE SPIRIT OF ANY UNDERSTANDING ON FISHERIES. THERE COULD ALSO BE RENEWED ARGENTINE PRESSURE FOR THE THE FICZ IN EXCHANGE FOR A CESSATION OF HOSTILITIES. THESE CONSEQUENCES ARE HOWEVER INHERENT IN ANY AGREEMENT ON THIS SUBJECT, AND WE HAVE ALWAYS MAINTAINED THAT WE WANT SUCH A AGREEMENT; THEY DO NOT THEREFORE JUSTIFY REJECTING THE OFFER OF DIALOGUE. IN ANY NEGOTIATIONS WE WOULD MAKE SURE FORMALLY TO PRESERVE UNIMPAIRED OUR FREEDOM TO EXERCISE OUR OWN SOVEREIGNTY AND JURISDICTION. ON CESSATION OF HOSTILITIES, WE CAN CONTINUE TO TAKE THE LINE THAT A FISHERIES AGREEMENT WOULD BE ONLY ONE OF THE FACTORS IN CONSIDERING THE FUTURE OF THE FICZ.

5. SOME FEATURES OF THIS ARGENTINE APPROACH ARE UNREALISTIC. FOR EXAMPLE, TO PROPOSE OPTIMISTIC STATEMENTS BEFORE THE SUBSTANCE HAS REACHED WOULD INVITE A REPETITION OF THE BERNE FIASCO. IF THESE IDEAS ARE PURSUED, WE SHALL NEED FIRMLY TO RESIST THEM, AS PART OF THE PROCESS OF EDUCATING THE ARGENTINES ABOUT REALITY. IN REPLYING WE SHOULD THEREFORE STRESS THAT WE SEE THE FIRST PRIORITY AS AGREEMENT ON FISHERIES, WITH DISCUSSION OF OTHER PRACTICAL ISSUES TO FOLLOW. FOR THAT REASON THE ESSENTIAL BASIS OF ANY NEGOTIATIONS WOULD BE A CLEAR UNDERSTANDING OF THE WATERS TO BE PATROLLED BY EACH SIDE. WE NEED TO MAKE OUR POSITION CLEAR IN ADVANCE ON THIS POINT, NOT LEAST BECAUSE THE ARGENTINES HAVE HAD IN MIND THE UNACCEPTABLE NOTION OF SHARED FISHERIES JURISDICTION OVER FALKLANDS WATERS.

6. THE ARGENTINE FORMULA FOR RESERVING POSITIONS ON SOVEREIGNTY IS ACCEPTABLE, WITH ONE OR TWO MINOR MODIFICATIONS. IT IS DERIVED FROM THE ANTARCTIC TREATY AND THE CONVENTION ON THE CONSERVATION OF ANTARCTIC MARINE LIVING RESOURCES (CCAMLR) TEXTS, WHICH HAVE EFFECTIVELY PRESERVED OUR SOVEREIGNTY POSITION. THE ATTORNEY GENERAL IS CONTACT THAT THIS WOULD ADEQUATELY PROTECT OUR LEVEL POSITION.

7. I ATTACH DRAFT INSTRUCTIONS TO SIR ANTONY ACLAND ON THESE LINES. AT THE SAME TIME I WOULD INSTRUCT THE ACTING GOVERNOR IN PORT STANLEY TO BRIEF HIS EXECUTIVE COUNCIL THOROUGHLY AND IN CONFIDENCE. IF WE OBTAIN ARGENTINE UNDERTAKING ON THE POINTS IN THIS NON-PAPER, THE WAY AHEAD WOULD THEN BE CLEAR.

B THE RISK OF LEAKS FROM BUENOS AIRES, AND THE NEED TO
KEEP THE AMERICANS ON OUR SIDE, ARGUE IN FAVOUR OF AN EARLY
REPLY. THIS WOULD AVOID ANY CRITICISM OF US FOR DRAGGING OUR
FEET, AND WOULD PUT THE ONUS OF DECISION BACK WITH THE
ARGENTINES BEFORE THE SUMMER BREAK. WE SHOULD THEREFORE BE MOST
GRATEFUL IF COLLEAGUES COULD SEND THEIR COMMENTS TO ME IN THE
COURSE OF THE NEXT FEW DAYS.
UNQUOTE.