

CONFIDENTIAL

2 April 1982

THE FALKLANDS DISPUTE
AN HISTORICAL PERSPECTIVE

The controversy dates back to 1833 when the British, who originally discovered the islands, reoccupied them for use as a seal hunting and shipping base in the South Atlantic. The Argentines claimed that the islands, controlled by the Spanish as part of the Argentine colony until 1810, became theirs once independence had been secured. The new government was too weak to oust the British and Buenos Aires lost control of the islands.

The dispute was only a minor irritant in bilateral relations between London and Buenos Aires until 1965--when Argentina brought the dispute before the United Nations. The General Assembly declared that sovereignty over the islands was in dispute and created a negotiating framework. Talks were largely unsuccessful and yielded only a series of agreements during the early 1970s facilitated travel and approved contracts for Argentine companies to provide fuel and other necessities to the islanders.

The growing economic potential of the island area heightened diplomatic tensions in the mid-1970s. In 1974 a geological survey determined that the Falklands could be the center of a vast pool of oil--perhaps nine times the size of North Sea fields. Offshore marine resources--fish, krill (a small shrimp) and kelp also promise substantial profits. In 1976, Argentina underscored its determination to speed up negotiations by using a destroyer to harass a British research ship in Falkland territorial waters; several warning shots were fired. The incident occurred at a time of substantial domestic strife in Argentina just prior to the ouster of Isabel Peron, and in part appeared designed to garner support for the President with a distracting, ultra nationalistic issue. However, Peron was ousted shortly thereafter, British response was restrained, and negotiations continued.

The latest round of talks began in February--still part of the 15 years of negotiations that followed the establishment by the UN of a framework mechanism. President Galtieri, who has directed a generally more aggressive foreign policy since his assumption of power in December, pressed for a permanent negotiating commission to replace the less regularized structure. In mid-March, when the British appeared to be vacillating, the Argentines publicly demanded Britain accept the proposal or face an end to the talks and other unspecified Argentine actions. The British refused, the talks floundered, and the incident at South Georgia that began on March 19 escalated into confrontation and the Argentine invasion Friday.