

TOP SECRET

10 DOWNING STREET

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FILE TITLE:

Relations / Internal Sit

SERIES

ARGENTINA

PART:

37

PART BEGINS:

April 1984

PART ENDS:

August 1984

CAB ONE:



CLOSED.

PREM 19/1168

TOP SECRET

PART

CLOSED

TO BE RETAINED AS TOP ENCLOSURE**Cabinet / Cabinet Committee Documents**

| Reference | Date |
|--|------------|
| CC(84) 27 th Meeting, item 2 | 19/07/1984 |
| OD(84) 8 th Meeting | 22/06/1984 |
| CC(84) 19 th Meeting, item 2 | 17/05/1984 |
| CC(84) 18 th Meeting, item 2 | 10/05/1984 |
| CC(84) 16 th Meeting, item 2 | 26/04/1984 |
| CC(84) 15 th Meeting, item 2 | 12/04/1984 |
| CC (84) 20 th Meeting, item 2 | 24/5/1984 |
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The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB (CABINET OFFICE) CLASSES**

Signed _____

J. Gray

Date _____

11/6/2013

PREM Records Team

FILE

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10 DOWNING STREET

THE PRIME MINISTER

31 August 1984

Dear Lord Kenech.

Thank you for your further letter of 10 August about the Falkland Islands and Argentina.

I assure you that we share the concern expressed by conservationists and others about the depletion of fishery stocks around the Falkland Islands. We are looking hard at all the options. It is a very complex subject, and we must be careful to avoid measures whose effects would by far outweigh any short-term benefit, in terms either of preservation of fish stocks or of financial benefit for the Islanders.

We had certainly hoped that moves towards the general normalisation of our bilateral relations with Argentina would improve the outlook for progress on the fisheries problems and in other areas. I must emphasise that we had not been contemplating a bilateral arrangement with the Argentines, as had been incorrectly suggested in the press; but a more constructive approach in Buenos Aires towards relations with Britain could, we would hope, be helpful in the area of fisheries conservation. There is regrettably little sign of such an approach at the moment: I explained to you in my letter of 27 July how the Argentines reduced the normalisation talks in Berne to deadlock.

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You are quite right to point out the absurd state of affairs that would result from taking to its logical conclusion the Argentine claim to sovereignty over the Falklands, based on its claim to possession of the Islands in 1820 (a date when, incidentally, neither we nor any other foreign power recognised the Government in Buenos Aires). We have indeed drawn attention to this fact at the United Nations in the past. I enclose a copy of the speech Sir John Thomson, our Permanent Representative in New York, made to the General Assembly in last year's debate on the Falklands issue. You will see from this that in making clear that for successive British Governments the dispute over the Falklands has largely been about people, and not territory, Sir John pointed out that the 150 years of continuous British occupation of the Falklands went back beyond the foundation of many of the states represented in the General Assembly. Citing one of the cases that you mention, he recalled that the United States had acquired both Texas and indeed California quite some years after our continuous occupation of the Falklands began.

Yours sincerely
Raymond Shalton

The Lord Kennet



Foreign and Commonwealth Office

London SW1A 2AH

30 August 1984

CF papers

Dear Jim, *[Handwritten signature]*

As requested, I enclose a draft reply for the Prime Minister's signature to Lord Kennet's further letter of 10 August about the Falkland Islands and Argentina. Lord Kennet is following up his letter to the Prime Minister of 9 July, in which he enclosed a copy of the memorandum which the South Atlantic Council delegation submitted to the Commons Foreign Affairs Committee on their return from Argentina in June. The Prime Minister replied to that letter on 27 July.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

Tim Flesher Esq
10 Downing Street

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM

PRIME MINISTER

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Lord Kennet
House of Lords

Your Reference

Top Secret

Secret

Confidential

Restricted

Unclassified

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

Thank you for your further letter of 10 August about the Falkland Islands and Argentina.

CAVEAT.....

I assure you that we share the concern expressed by conservationists and others about the depletion of fishery stocks around the Falkland Islands. We are looking hard at all the options. It is a very complex subject, and we must be careful to avoid measures whose effects would by far outweigh any short-term benefit, in terms either of preservation of fish stocks or of financial benefit for the Islanders.

We had certainly hoped that moves towards the general normalisation of our bilateral relations with Argentina would improve the outlook for progress on the fisheries problems and in other areas. I must emphasise that we had not been contemplating a bilateral arrangement with the Argentines, as had been incorrectly suggested in the press; but a more constructive approach in Buenos Aires towards relations with Britain could we would hope, be helpful in the area of fisheries conservation. There is regrettably little sign of such an approach at the moment: I explained to you in my letter of 27 July how

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Enclosures—flag(s).....

the Argentines reduced the normalisation talks in Berne to deadlock.

You are quite right to point out the absurd state of affairs that would result from taking to its logical conclusion the Argentine claim to sovereignty over the Falklands, based on its claim to possession of the Islands in 1820 (a date when, incidentally, neither we nor any other foreign power recognised the Government in Buenos Aires). We have indeed drawn attention to this fact at the United Nations in the past. I enclose a copy of the speech Sir John Thomson, our Permanent Representative in New York, made to the General Assembly in last year's debate on the Falklands issue. You will see from this that in making clear that for successive British Governments the dispute over the Falklands has largely been about people, and not territory, Sir John pointed out that the 150 years of continuous British occupation of the Falklands went back beyond the foundation of many of the states represented in the General Assembly. Citing one of the cases that you mention, he recalled that the United States had acquired both Texas and indeed California quite some years after our continuous occupation of the Falklands began.

FALKLAND ISLANDS GENERAL

PS
 PS/LADY YOUNG
 PS/MR WHITNEY
 PS/MR RIFKIND
 PS/PUS
 MR DEREK THOMAS
 MR J FREELAND
 SIR W HARDING
 MR GOODALL
 MR O'NEILL
 SIR C TICKELL
 MR D C THOMAS
 MR WESTON
 MR BIRKINGTON
 HD/PUSD
 HD/SAMD
 HD/FID
 HD/NEWS DEPT
 HD/EED
 HD/ECD (E)
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 MR RO NICHOLLS, AUSD STAFF, MOD
 NH

PS/CHANCELLOR }
 MISS M E CUND } TREASURY
 MR LITTLER }

SIR R ARMSTRONG }
 MR ~~A D S GOODALL~~ } CABINET
 DIO *Carledge* } OFFICE

MR POWER, SAD, ODA

MR A FORTNAM IAT/D. TRANSPORT

RESIDENT CLERK

(2)

GRS 850

CONFIDENTIAL

FM BERNE 280900Z AUG 84
 TO IMMEDIATE FCO
 TELNO 307 OF 28 AUGUST 1984

INFO PRIORITY EC POSTS, BRASILIA, WASHINGTON, UKMIS NEW YORK,
 OTTAWA, TOKYO, UKMIS GENEVA, STOCKHOLM, OSLO, HELSINKI, MADRID,
 LISBON, SANTIAGO, MONTEVIDEO, MEXICO CITY, CARACAS, ASUNCION.

KMY TELNO 305: RELATIONS WITH ARGENTINA

SUMMARY

1. ARGENTINE FOREIGN MINISTER'S COMMENTS ON THE TALKS IN BERNE
 AND FUTURE PROSPECTS. LINKAGE BETWEEN PROGRESS TOWARDS NORM-
 ALISATION AND DISCUSSION OF SOVEREIGNTY CONFIRMED.

DETAIL

2. SWISS STATE SECRETARY INVITED ME TO CALL ON 27 AUGUST. HE HAD
 SEEN KEUSCH EARLIER THAT DAY ON HIS RETURN FROM BUENOS AIRES TO
 ATTEND THE AMBASSADORS' CONFERENCE BEING HELD THIS WEEK IN BERNE.
 BEFORE LEAVING HIS POST KEUSCH HAD A MEETING WITH CAPUTO, THEIR
 FIRST SINCE THE TALKS IN BERNE. BRUNNER GAVE ME THE FOLLOWING
 ACCOUNT OF THIS MEETING.

3. CAPUTO'S PREDOMINANT FEELING WAS ONE OF DISAPPOINTMENT AT THE
 OUTCOME. THE PLAUDITS WHICH HE HAD RECEIVED FROM THE ARGENTINE
 PARLIAMENT AND PRESS FOR HIS RESOLUTE STAND WHILE WELCOME TO THE
 GOVERNMENT POLITICALLY WERE A POOR SUBSTITUTE FOR A POSITIVE
 RESULT.

4. CAPUTO WAS CRITICAL OF THE BRITISH POSTURE AT THE TALKS ON
 SEVERAL COUNTS. HE REPEATED THE FAMILIAR COMPLAINT AGAINST
 OUR INTERPRETER FOR HAVING REVERSED HIS PROPER ROLE BY TRANSLATING
 INTO SPANISH INSTEAD OF INTO ENGLISH. (HE IS OF COURSE RIGHT ON
 THIS POINT, SEE MY TELNO 149 PARAGRAPH 2F.) A NEW POINT WAS THE
 FACT THAT OUR DELEGATION ARRIVED LATER THAN THE ARGENTINE
 DELEGATION AT THE FIRST MEETING. (THIS WAS DUE TO THE FACT THAT
 THE SWISS BROUGHT FORWARD THE TIME BY 15 MINUTES AT THE LAST
 MOMENT AND OUR DELEGATION HAD FURTHER TO TRAVEL THAN THE ARGENTINES.)
 THE FORMAL STYLE OF OUR PRESENTATION WAS ALSO MENTIONED. THE MAIN
 EMPHASIS IN THIS PART OF CAPUTO'S REMARKS WAS HOWEVER PLACED ON
 THE SECOND PART OF THE SECOND BRITISH STATEMENT. THE ADDITION OF

THE SECOND PART OF THE SECOND BRITISH STATEMENT. THE ADDITION OF THE WORDS "THE SUBJECT OF SOVEREIGNTY IS NOT FOR DISCUSSION" GOING BEYOND WHAT THE ARGENTINES HAD BEEN EXPECTING AFTER THE PRELIMINARY EXCHANGES WAS FOR THEM THE MAIN CAUSE OF THE DISAPPOINTING OUTCOME OF THE TALKS. APPARENTLY CAPUTO DID NOT MENTION "NO DESPUERTO" AS A POINT AT ISSUE.

5. TURNING TO THE FUTURE CAPUTO SAID THAT IT WOULD BE NECESSARY TO WAIT UNTIL AFTER THE GENERAL ASSEMBLY DEBATE BEFORE IT WOULD BE POSSIBLE TO CONTEMPLATE TAKING THE EXCHANGES FURTHER. HE SAID THAT HIS GOVERNMENT WOULD THEN BE OPEN TO ANY NEW SUGGESTION. HE SAID (WHICH BRUNNER AGREED WAS THE MOST IMPORTANT POINT) THAT ARGENTINA WAS READY TO MOVE FORWARD WITH A NEGOTIATION ABOUT THE NORMALISATION OF RELATIONS, BUT ONLY IN CONJUNCTION WITH PROGRESS TOWARDS A MECHANISM FOR THE DISCUSSION OF SOVEREIGNTY. BRUNNER CONFIRMED THAT CAPUTO HAD THUS SPECIFICALLY MAINTAINED THE LINK ENUNCIATED BY DELPECHE IN JULY.

6. CAPUTO CONTINUED THAT IN PRINCIPLE ARGENTINA WOULD BE READY TO RETURN TO STATUS QUO ANTE BELLUM. BY THIS HE MEANT THAT DIPLOMATIC RELATIONS COULD BE RESUMED PROVIDED THAT DISCUSSIONS ON THE FUTURE OF THE FALKLAND ISLANDS WERE ALSO RESUMED. HE REFERRED TO A BRITISH PARLIAMENTARY STATEMENT OF 1977 AS AN ACCEPTABLE BASIS FOR SUCH DISCUSSIONS. CAPUTO ACCEPTED HOWEVER THAT IT WOULD BE MORE PRACTICAL TO PROCEED BY SMALL STEPS AS WE HAD BEEN TRYING TO DO EARLIER.

7. KEUSCH WAS REPORTED BY BRUNNER TO HAVE REJECTED THE MINISTER'S ACCUSATIONS THAT THE BRITISH DELEGATION HAD NOT COMPLIED WITH THE AGREED ARRANGEMENTS. I ENQUIRED WHETHER ANY LIGHT HAD BEEN THROWN ON THE RESPONSIBILITY FOR THE STATEMENT ATTRIBUTED TO CAPUTO CLAIMING THAT THE TALKS HAD BEEN BROKEN OFF OWING TO BRITISH INTRANSIGENCE WHICH HE SUBSEQUENTLY DENIED HAVING AUTHORISED (MY TELNO 277) THOUGH UNFORTUNATELY TOO LATE TO PREVENT THE ISSUE OF YOUR STATEMENT (TELNO 184 TO ANKARA) ANNOUNCING THE ENDING OF THE TALKS. BRUNNER SAID THAT ACCORDING TO KEUSCH THE ARGENTINE STATEMENT REPORTED BY REUTER HAD PROBABLY BEEN BASED ON INDICATIONS GIVEN TO THE PRESS BY SOME OFFICIAL IN THE MINISTRY OF FOREIGN AFFAIRS IN THE LIGHT OF DELPECHE'S DISCOURAGING REPORT OF THE FIRST EVENING'S PROCEEDINGS. HE AGREED THAT CAPUTO WAS AT FAULT IN NOT ISSUING A QUICK DEMENTI.

8. BRUNNER WENT ON TO SAY THAT HE WOULD BE VISITING NEW YORK FOR THE GENERAL ASSEMBLY FROM 27 SEPTEMBER. HE HOPED TO HAVE MEETINGS WITH THE BRITISH AND ARGENTINE PERMANENT REPRESENTATIVES SEPARATELY IN ORDER TO DISCUSS WAYS IN WHICH THE DEBATE COULD BE CONDUCTED SO AS TO CAUSE THE MINIMUM HARM TO THE PROSPECTS OF A RENEWAL OF THE PROCESS TOWARDS NORMALISATION OF RELATIONS. THE SWISS PERMANENT REPRESENTATIVE WOULD BE REQUESTED TO SET UP ARRANGEMENTS ACCORDINGLY.

9. BRUNNER ALSO MADE A FURTHER APPRECIATIVE REFERENCE TO HIS DISCUSSION LAST WEEK WITH THE PRIME MINISTER. HE COMMENTED THAT IF WE WERE WILLING TO DEVELOP WITH THE ARGENTINES MRS. THATCHER'S IDEA IN PARAGRAPH 4B OF MY TUR THAT MIGHT GO SOME WAY TOWARDS MEETING THE POSITION TAKEN BY CAPUTO (PARAGRAPH 5 ABOVE).

10. I HOPE TO SEE KEUSCH BEFORE HE RETURNS TO HIS POST AND WILL REPORT ANY FURTHER POINTS WHICH MAY EMERGE.

POWELL-JONES

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FM BERNE 24 1330Z AUG 84

TO IMMEDIATE FCO

TELNO 305 OF 24 AUGUST 1984

INFO IMMEDIATE EC POSTS, BRASILIA, WASHINGTON, UKMIS NEW YORK, OTTAWA, CANBERRA, TOKYO, UKMIS GENEVA, STOCKHOLM, OSLO, HELSINKI, MADRID, LISBON, SANTIAGO, MONTEVIDEO, MEXICO CITY, CARACAS, ASUNCION.

YOUR TELNO 153 (NOT TO ALL): RELATIONS WITH ARGENTINA

SUMMARY

1. SWISS STATE SECRETARY'S REPLY TO PERMANENT UNDER SECRETARY'S LETTER OF 3 AUGUST NOW COMMUNICATED. BRUNNER'S COMMENTS ON HIS CONVERSATION YESTERDAY WITH PRIME MINISTER AND FURTHER REFLECTIONS ON LAST MONTH'S TALKS IN BERNE.

DETAIL

2. STATE SECRETARY ASKED ME TO CALL ON 24 AUGUST. COUNSELLOR AND BRUNNER'S CHEF DE CABINET WERE PRESENT. HE GAVE ME HIS REPLY TO SIR ANTONY ACLAND'S LETTER OF 3 AUGUST. TEXT IN MIFT (TO FCO ONLY). ORIGINAL FOLLOWS BY BAG.

3. BRUNNER THEN TURNED TO HIS CONVERSATION WITH THE PRIME MINISTER AT THE FEDERAL COUNCILS LUNCHEON ON 23 AUGUST WHICH TOOK PLACE OVER COFFEE AS ENVISAGED IN MY TELNO 300. IT WAS SLIGHTLY CONFUSED SINCE THERE WERE SEVERAL OTHER PEOPLE PARTICIPATING INCLUDING THE PRESIDENT OF THE CONFEDERATION, FEDERAL COUNCILLORS AUBERT AND DELAMURAZ, PICTET AND MYSELF. IT WAS CUT SHORT WHEN PRESIDENT TOOK MRS THATCHER OFF ON A TOUR OF THE CHATEAU DE LOHN.

4. BRUNNER SAID TODAY THAT THERE WERE THREE POINTS WHICH HE HAD RETAINED FROM MRS THATCHER'S REMARKS:-

A. THAT WE HAVE TO BUILD CONFIDENCE AND ESTABLISH BRIDGES WITH THE ARGENTINES AND IN FACT START TO BECOME FRIENDS AGAIN BEFORE WE CAN TOUCH ON THE MORE SERIOUS QUESTIONS WHICH DIVIDE US. HE THOUGHT THAT THIS COULD VERY WELL BE PUT TO THE ARGENTINES.

B. MRS THATCHER'S REFERENCE TO HER MESSAGE TO ALFONSIN AND HER VIEW THAT A DEMOCRATIC REGIME WHILE VERY WELCOME AS SUCH SHOULD BETTER UNDERSTAND AND ACCEPT THE PRINCIPLE OF SELF-DETERMINATION. BRUNNER SUGGESTED THIS WAS ALSO A POINT WHICH MIGHT BE PURSUED WITH BUENOS AIRES.

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C. ON MRS THATCHER'S POINT THAT IF ANOTHER MEETING LIKE THAT IN JULY WERE TO BE HELD THE CONDITIONS MUST BE VERY PRECISELY AGREED, SINCE NO SECOND DISAPPOINTMENT COULD BE CONTEMPLATED, BRUNNER'S COMMENT WAS THAT THIS COULD CERTAINLY BE ENVISAGED BUT IN THAT EVENT THE ARGENTINE SIDE WOULD NO DOUBT WANT SOME CLEAR STATEMENT ON SOVEREIGNTY.

HIS MAIN MESSAGE TO THE PRIME MINISTER AS I UNDERSTOOD IT WAS THAT OUTCOME SHOULD NOT BE REGARDED TOO SOMBRELY.

5. BRUNNER SAID THIS MORNING THAT HE THOUGHT THE INTERVENTION BY FEDERAL COUNCILLOR DELAMURAZ IN FAVOUR OF A SECOND ATTEMPT AFTER THE INITIAL MEETING IN BERNE AND MRS THATCHER'S AGREEMENT ON THE NEED FOR TENACITY WERE HELPFUL. HE REGRETTED THAT THE CIRCUMSTANCES MADE IT IMPOSSIBLE FOR HIM TO PURSUE THESE SUBJECTS WITH MRS THATCHER AS FAR AS HE WOULD HAVE LIKED.

6. BRUNNER WENT ON TO SAY THAT KEUSCH WAS DUE IN BERNE ON 27 AUGUST. BRUNNER'S MEETING WITH HIM, PICTET AND MONNIER ENVISAGED IN MY TELNO 300 WOULD TAKE PLACE THAT DAY. HE INVITED ME TO CALL AGAIN THAT AFTERNOON TO HEAR AN ACCOUNT OF THEIR VIEWS. HE SAID THAT KEUSCH WOULD HAVE SEEN CAPUTO IMMEDIATELY BEFORE LEAVING BUENOS AIRES.

7. IN REPLY TO MY ENQUIRY BRUNNER SAID THAT HE HAD SO FAR HAD NO FURTHER ENQUIRIES ABOUT THE BERNE TALKS BEYOND THOSE BY SPAIN, THE NETHERLANDS AND AUSTRALIA REPORTED IN MY TELNO 304. IN REPLY TO MY FURTHER QUESTION HE SAID THAT THE LINE WHICH HE HAD TAKEN WITH THE SPANISH AMBASSADOR AND OTHERS WAS THAT THE ARGENTINE LINE WAS WRONG ABOUT THE BRITISH DELEGATION'S CONDUCT AND THAT SINCE THEIR COUNTRIES WERE MEMBERS OF THE UNITED NATIONS AND UNDERSTOOD THE POSITION OF BOTH SIDES IT SHOULD BE THEIR TASK TO STEER ANY UN RESOLUTION IN A NON-HOSTILE, POSITIVE DIRECTION. IF THE RESOLUTION OF THE GENERAL ASSEMBLY WAS ON REASONABLE LINES, IT WOULD MAKE IT EASIER TO RESUME TALKS.

8. IN THIS CONNECTION BRUNNER TOLD ME THAT THE ARGENTINE SIDE HAD PROPOSED AT THE LAST MOMENT BEFORE THE BERNE TALKS THAT A REPRESENTATIVE OF THE UNITED NATIONS SHOULD BE PRESENT. THIS WAS AFTER THE INVITATIONS HAD ALREADY ISSUED AND THE SWISS GOVERNMENT HAD NO HESITATION IN REJECTING THIS SUGGESTION WHICH THEY DID NOT FEEL IT NECESSARY TO DISCUSS WITH US. IT WOULD HOWEVER BE LIKELY TO OCCUR IN RELATION TO ANY FURTHER TALKS. HIS ASSESSMENT WAS THAT THE ARGENTINE GOVERNMENT WOULD WISH TO HANDLE THE UN DEBATE IN A LOW KEY.

9. IN FURTHER DISCUSSION BRUNNER OFFERED SOME ADDITIONAL REFLECTIONS ON THE CIRCUMSTANCES OF THE BERNE TALKS. HE DID NOT BELIEVE THAT THE ACTIVITY OF OUR TRANSLATOR OR HIS USE OF THE WORDS "NO DESPUERTO" HAD BEEN MAJOR FACTORS. THESE WORDS

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SHOULD HAVE COME AS NO SURPRISE TO THE ARGENTINES. HE REPEATED HIS VIEW THAT THE SECOND PART OF THE BRITISH STATEMENT ON SOVEREIGNTY, PARTICULARLY THE PHRASE "IS NOT FOR DISCUSSION" HAD BEEN A MUCH MORE IMPORTANT INFLUENCE ON THEIR ATTITUDE. AT THE SAME TIME HE THOUGHT THAT THE COINCIDENCE OF OUR TALKS HERE WITH THE EVOLUTION OF THE SITUATION OVER THE BEAGLE CHANNEL NEGOTIATION HAD ALSO BEEN IMPORTANT. HE SUGGESTED THAT BECAUSE THE ARGENTINES WERE SHOWING A CONCILIATORY ATTITUDE OVER BEAGLE, THEY HAD FOUND IT POLITICALLY EXPEDIENT TO BE SEEN TO BE TAKING A FIRM LINE WITH US OVER THE FALKLANDS. THE COMPLAINTS MADE BY THE ARGENTINES ABOUT OUR DELEGATION'S PRESENTATION OF THE BRITISH POSITION MIGHT THEREFORE HAVE BEEN IN THE NATURE OF A PRETEXT. NEVERTHELESS HE THOUGHT THAT THE PHRASE "NOT PREPARED" WAS AN UNFORTUNATE CHOICE ON OUR PART OWING TO ITS AMBIGUITY AND THAT IT WAS A PITY WE HAD NOT SETTLED FOR THE "DECLINED/NO DESPUERTO" FORMULA OR SOME VARIANT OF IT (SEE MY TELNO 256).

POWELL-JONES

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10 DOWNING STREET

From the Private Secretary

24 August, 1984

In the Prime Minister's absence on holiday, I am writing to thank you for your letter of 23 August. I will ensure that she sees your letter on her return and that a reply is sent to you as soon as possible.

(Timothy Flesher)

George Foulkes, Esq., M.P.

George FOULKES, MP

31/8

FILE

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2) 10/9



10 DOWNING STREET

From the Private Secretary

24 August, 1984

I enclose a copy of a letter the Prime Minister has received from George Foulkes, MP.

I should be grateful if you could let me have a draft reply for the Prime Minister's signature as soon as possible.

I am sending a copy of this letter and its enclosure to Colin Budd (Foreign and Commonwealth Office), Henry Steel (Attorney General's Office) and to Janet Lewis-Jones (Lord President's Office).

(Timothy Flesher)

D. Brennan, Esq.,
Ministry of Defence

de

From: George Foulkes. M.P.



HOUSE OF COMMONS
LONDON SW1A 0AA

824 cc: Press
NA
CO

23 August 1984

The Rt Hon Mrs Margaret Thatcher MP
Prime Minister
10 Downing Street
London SW1

Dear Prime Minister

Arising from the article in today's New Statesman I should be grateful for answers to the following questions:

1. Did the Overseas Defence Committee (South Atlantic) at its meeting on 30 April agree to order an attack on the Argentine aircraft carrier "Vientecinco de Mayo"?
2. Was such an order opposed by the Foreign Secretary and the Attorney General as being contrary to the UN treaty and against International law?
3. Did they sign a minute of dissent to that effect?
4. Was a polaris submarine deployed, as described on page 9 of the New Statesman article as far south as Ascencion Island?
5. What was the purpose of such deployment and under what circumstances was it envisaged the armaments of the submarine might be used?

I realise that under normal circumstances you would refuse to answer these questions on grounds of national security but in the light of the publication of allegations in detail with supporting evidence it is in the national interest that you give the fullest possible answers to this new information which has not been the subject of direct answers before and which was, of course, not covered by the Franks inquiry.

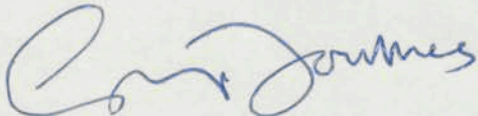
Can I also put to you that, if the information contained in the New Statesman article is correct, and I have no reason to believe otherwise, then it is imperative that a statement be made to explain why the advice of the Foreign Secretary and the Government's chief law officer was ignored.

Cont

If you contest the accuracy of the information then surely it is now incumbent upon you to set up an independent judicial inquiry to determine the facts relating to the incidents involved in view of the clear implication that your only objective was a total military victory and any possibility of a negotiated end to the conflict was never given serious consideration by you.

I should be grateful for substantive and detailed answers to all these points as a matter of urgency.

Yours sincerely

A handwritten signature in blue ink, appearing to read "George Foulkes". The signature is fluid and cursive, with the first name "George" and the last name "Foulkes" clearly distinguishable.

GEORGE FOULKES MP

Ackd 18/8



da

10 DOWNING STREET

From the Private Secretary

13 August 1984

I enclose a copy of a letter which the Prime Minister has received from Lord Kennet.

I should be grateful if you would provide a draft reply for the Prime Minister's signature, to reach this office by 28 August.

Timothy Flesher

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

NR



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PPS

10th August, 1984

Dear Prime Minister,

Falklands and Argentina

Thank you for your full and clear response (July 27th) to the copy I sent you of the memorandum submitted by Cyril Townsend, George Foulkes and me to the Commons Select Committee on Foreign Affairs. There is much in it that I agree with; including that it would be "premature and unlikely to be productive" for you as Prime Minister to engage in speculation about specific policies for the long-term future of the Islands. I hope, though, that you will not think it premature or unproductive for non-members of the Government to do so. Perhaps a moderate and careful exploration of issues and attitudes over the next few months by people not involved in the arduous business of decision may not prove unhelpful.

Two further points arise:

(i) Fish. The stock could be irreversibly damaged if management is not soon introduced. The question cannot safely be geared to the tempo of other developments.

(ii) The Argentine "initiative" in the UN; which has the advance support of the Soviet Union, could be effectively addressed by drawing specific attention to what the state international relations would be if every territory which had been in other hands for 13 years prior to 1833 were to be deemed not now fully under the sovereignty of its current authorities. (Texas back to Mexico and Alaska to the Soviet Union; in Europe, Germany, Italy, Poland, Finland, Norway and others to vanish; the Soviet Union to lose large parts of Central and Eastern Asia; and today's



Argentina to return some parts of its present territories to Paraguay and all of Patagonia to its indigenous, Amerindian, inhabitants, Argentina itself being a colonial state in South America.

Yours sincerely,

Wayland Kennet

Lord Kennet.

The Prime Minister.

Argentina & Relatives. P. 37





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CCPC ✓

10 DOWNING STREET

From the Private Secretary

8 August 1984

Relations with Argentina

Thank you for your letter of 7 August about relations with Argentina. The Prime Minister has noted the round-up of reactions to the Foreign Secretary's message which your letter contained.

David Barclay

Peter Ricketts, Esq.,
Foreign and Commonwealth Office

DR



Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister ⁽²⁾
To note.

7 August 1984

Dear David,

DWB
7/8

M

Relations with Argentina

Charles Powell asked us for a round-up of reactions to the message from the Foreign Secretary to other Foreign Ministers following the breakdown of the talks with the Argentines in Berne on 18-19 July.

Sir Geoffrey Howe's message was sent on 23 July to 57 posts, principally to countries which voted with us or abstained on the resolution on the Falkland Islands at the UN General Assembly in November 1983, and to our Mission in New York for the UN Secretary General. Similar messages had already been sent to Mr Shultz and to EC Foreign Ministers almost immediately after the talks ended: Shultz was due to see the Argentine Foreign Minister on 23 July and Cheysson was preparing to visit Argentina from 26 July.

Sir Geoffrey Howe received a written reply from Mr Shultz on 1 August: a copy is enclosed. This is not entirely satisfactory: it fails to acknowledge Argentina's responsibility for the breakdown. Shultz also allows to pass unchallenged the Argentine Foreign Minister's professed desire for "any form of dialogue". This is disingenuous, to say the least.

Reactions from some of our European partners, particularly the French and Italians, also give some cause for concern. While in Buenos Aires M. Cheysson reiterated that France had never supported British sovereignty over the Islands - although he stopped short of saying that France recognised Argentina's claim. The Italians now claim that it will be impossible to maintain the EC position of 1983 (when all our partners finally abstained), not least because we are now dealing with an elected Argentine Government. This reaction was predictable, but no more welcome for that, and confirms that we must expect further difficulties with our EC partners at this year United Nations General Assembly debate on the Falklands.

We have had substantive reports from around half of the posts instructed to hand over the message. Reaction from most governments has ranged from neutral to favourable,

/although



although few have gone beyond gratitude for being kept informed, together with an acknowledgement of the efforts we made to set the process of normalisation in motion. Some Non-Aligned governments, such as the Trinidadians and Senegalese, accepted that the Argentine demands for linkage over sovereignty made it impossible for us to continue the talks, and voiced continued support for the principle of self-determination for the Falkland Islanders despite pressures to change course.

One of the clearest messages to come out of these exchanges is that we must expect further difficulties with our EC partners and others at this year's UN General Assembly Debate on the Falklands. We shall be considering how best to deal with this problem over the summer break and will then write to you again. But it would clearly be helpful for the Swiss to honour the commitments they made before the Berne talks, and to Sir Antony Acland last week, and leave other governments in no doubt that the responsibility for the breakdown of the talks rests squarely with the Argentines. I have written to you separately about this in the context of the Prime Minister's meeting with M. Aubert in Switzerland.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

David Barclay Esq
10 Downing Street

August 1, 1984

Dear Sir Geoffrey:

Thank you for your timely letter of July 20 on the British/Argentine discussions on the Falkland Islands. I was very disappointed at the outcome of those talks because I am convinced that direct contacts are the best way to reduce tensions and ultimately to normalize relations.

As always, your assessment of the discussions was valuable and served as useful background for my discussions with Foreign Minister Caputo on July 23. The tone of our conversation on this matter was straightforward and unemotional. He reiterated his government's firm commitment to peaceful negotiations to resolve differences. While acknowledging that the unfortunate outcome of the Bern meetings represented a setback in terms of better relations between the two governments, he stressed his objective of resuming an informal dialogue. He stated that the GOA is disposed to any form of dialogue that would advance the prospects of a permanent solution and improve relations. That presentation was made in a reassuringly non-polemical tone. I expressed to him my regret at the outcome of the discussions.

Given the talent and commitment on both sides, I am optimistic that between you, you will find a mutually acceptable way to reestablish direct contacts aimed at resolving outstanding differences.

Sincerely,

/S/

George



for 8/1

Argentina relations

10 DOWNING STREET

From the Private Secretary

2 August, 1984

Thank you for your letter of 27 July in response to the Prime Minister's enquiry about the delay in erecting a Falklands Memorial in this country.

I have shown the Prime Minister your letter, who has taken note of the position without comment.

DAVID BARCLAY

Barry Neale, Esq.,
Ministry of Defence

FALKLAND ISLANDS GENERAL

PS
 PS/LADY YOUNG
 PS/MR WHITNEY
 PS/MR RIFKIND
 PS/PUS
 MR DEREK THOMAS
 SIR J FREELAND
 SIR W HARDING
 MR GOODALL
 MR O'NEILL
 SIR C TICKELL
 MR D C THOMAS
 MR WESTON
 MR BIRLINGTON
 HD/PUSD
 HD/SAMD
 HD/FID
 HD/NEWS DEPT
 HD/EED
 HD/ECD (E)
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PS/NO 10 DOWNING ST
 PS/S OF S FOR DEFENCE
 MR RD NICHOLLS, AUSD STAFF, MOD

PS/CHANCELLOR }
 MISS M E CUND } TREASURY
 MR LITTLER }

SIR R ARMSTRONG }
 MR A D S GOOBAYL } CABINET
 DIO *Carledge* } OFFICE

MR POWER, SAD, ODA

MR A FORTNAM IAT/D. TRANSPORT
 RESIDENT CLERK

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 TO IMMEDIATE FCO
 TELNO 503 OF 30 JULY 84

IMMEDIATE

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INFO PRIORITY UKREP BRUSSELS MONTEVIDEO SANTIAGO BRASILIA
 UKMIS NEW YORK WASHINGTON ALL EC POSTS

M. CHEYSSON'S VISIT : COMMUNITY BRIEFING

1. FRENCH FOREIGN MINISTER CLAUDE CHEYSSON BRIEFED EC HEADS OF MISSION ON FRIDAY 27 JULY ON HIS VISIT TO BUENOS AIRES FROM 26-29 JULY.

2. POINTING OUT THAT THIS WAS THE FIRST VISIT BY A FRENCH FOREIGN MINISTER SINCE 1972 BUT THE FOURTH MINISTERIAL VISIT DURING THE PAST FOUR MONTHS, HE SAID HIS WAS PRIMARILY A POLITICAL VISIT : FRANCE WAS SEEKING CLOSER POLITICAL RELATIONS WITH ARGENTINA OUT OF CONVICTION OF THE NEED TO SUPPORT THE FRAGILE ARGENTINE DEMOCRACY.

3. ARGENTINA WAS A TYPICAL CASE OF A DEVELOPING COUNTRY WHICH HAD TASTED ECONOMIC SUCCESS AND WAS FALLING BEHIND. FURTHER ECONOMIC SETBACKS COULD PREJUDICE THE NEW DEMOCRACY. FRANCE'S VIEW WAS THAT INSOFAR AS ARGENTINA WAS PREPARED TO FACE HER RESPONSIBILITIES SHE WAS A COUNTRY WORTHY OF HELP. HE PRAISED THE ROLE OF THE IMF AND THE WORLD BANK IN THIS PROCESS. THE LONDON SUMMIT HAD NOT BEEN AS SUCCESSFUL AS IT MIGHT SINCE IT HAD BEEN IMPOSSIBLE TO PRESUADE THE UNITED STATES TO REDUCE HER FISCAL DEFICIT. BUT THE AMERICANS HAD ACCEPTED IN PRINCIPLE THAT AN OECD COUNCIL MEETING WOULD BE HELD NEXT MARCH TO SEEK SOME SOLUTION. THESE WERE BY FAR THE MOST IMPORTANT SUBJECTS HE HAD DISCUSSED WITH PRESIDENT ALFONSIN, FOREIGN MINISTER CAPUTO AND ECONOMY MINISTER GRINSBUN

HAD DISCUSSED WITH PRESIDENT ALFONSIN, FOREIGN MINISTER CAPUTO AND ECONOMY MINISTER GRINSPUN.

4. THE ARGENTINE WERE INTERESTED IN THE COMMUNITY AND IT OUG TO BE POSSIBLE TO IMPROVE RELATIONS, THOUGH WITHOUT LEAVING O THE AMERICANS. HIS VISITS HAD HELPED TO EASE THE FUTURE DIALOGUE BETWEEN THE COMMUNITY AND ARGENTINA. HE HAD HEARD NO REFERENCE TO EUROPEAN PRETECTIONISM AND HAD IN FACT BEEN RECEIVED SOMEWHAT OVER-ELABORATELY FOR A FOREIGN MINISTER. IT HAD BEEN A GOOD OPPORTUNITY TO BE VERY HONEST AND DISPEL MANY ARGENTINE ILLUSIONS WITH STRAIGHT TALKING. HE HAD FOUND HIS ARGENTINE INTERLOCUTORS REALISTIC, IT WAS SIGNIFICANT THAT HIS LECTURE AT THE ARGENTINE CENTRE FOR INTERNATIONAL RELATIONS HAD DEALT WITH WORLD ECONOMIC AFFAIRS.

5. DISCUSSIONS OF ARGENTINE-COMMUNITY RELATIONS HAD MAINLY COVERED TRADE PROMOTION. THE ARGENTINES WERE POOR BUSINESSMEN AND HAD NOT WORKED AT THEIR MARKETS. CHEYSSON SAID HE HAD TOLD THEM TO BE MUCH MORE COMPETITIVE, COMMENTING ON THE FACT THAT CHILE SOLD APPLES TO THE COMMUNITY WHEREAS ARGENTINA COULD NOT. HE STRESSED THAT MORE DIALOGUE BETWEEN THE COMMUNITY AND ARGENTINA WAS NEEDED AT ALL LEVELS. HE HAD PROPOSED THIS HERE AND WOULD REPEAT IT AT HOME. ONCE THE ARGENTINES REACHED AGREEMENT WITH THE IMF, FRANCE WOULD BE FREER TO HELP THEM. MEANWHILE THE BILATERAL COMMISSIONS WERE WORKING WELL.

6. HE HAD FOUND ALFONSIN CALM AND RELAXED. IN ORDERING POPULAR CONSULTATION OVER THE BEAGLE, HE FELT VERY SURE OF HIMSELF.

7. ASKED ABOUT THE AFTERMATH OF THE BERNE MEETING, CHEYSSON SAID HE HAD BEEN STRUCK BY THE PRUDENCE, CAUTION AND DISCRETION ON THIS SUBJECT. CERTAINLY THERE WAS BITTERNESS ABOUT THE BERNE SETBACK BUT HE FOUND NO ANGER, MERELY AN AWARENESS OF THE DIFFICULTIES AND THE NEED FOR TIME TO PASS. ALFONSIN EVIDENTLY HAD NOT WANTED TO RAISE THE ISSUE AT THE UN THIS YEAR. HE DID NOT RAISE THE QUESTION OF HIS ATTENDANCE WITH CHEYSSON.

8. AT A PRESS CONFERENCE HELD ON SATURDAY 28TH, BEFORE DEPARTURE, CHEYSSON SAID THAT ALTHOUGH FRANCE HAD CONDEMNED ARGENTINE USE OF FORCE AND VIOLENCE IN 1982, SHE HAD NEVER TAKEN ANY POSITION ON THE SOVEREIGNTY QUESTION. ASKED WHETHER FRANCE WOULD SWITCH FROM ABSTENTION TO A POSITIVE VOTE FOR ARGENTINA AT UNGA THIS YEAR, CHEYSSON REPLIED THAT FRANCE WOULD STUDY THE TEXT OF THE PROPOSED RESOLUTION. ON THE ECONOMY AND FOREIGN DEBT HE MADE IT CLEAR THAT FRENCH ASSISTANCE FOR ARGENTINA WAS CONDITIONAL UPON THE ARGENTINE REACHING AGREEMENT WITH THE IMF.

COMMENT

9. CHEYSSON'S VISIT, WITH ITS REITERATION OF THE MESSAGES CONVEYED BY CAMDESSUS AND KOHL, AS WELL AS THE SPANIARDS IN MADRID, MAY BE THE DECIDING FACTOR PERSUADING ARGENTINA TO SETTLE WITH THE FUND AND BEHAVE LIKE A MATURE DEMOCRACY RATHER THAN A SPOILT ADOLESCENT. FROM MEDIA REPORTS AND DISCUSSIONS WITH COLLEAGUES AND ARGENTINES HERE (THOUGH NOT UNFORTUNATELY WITH GOVERNMENT OFFICIALS) I WOULD JUDGE THE VISIT TO HAVE BEEN A VALUABLE CONTRIBUTION TO THIS PROCESS.

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39

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TO IMMEDIATE FCO

TELNO 498 OF 27 JULY 84

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ARGENTINA : ASSESSMENT

SUMMARY

1. ALMOST UNRELIEVED GLOOM CONTINUES. ALFONSIN, ALTHOUGH EVINCING SOME AWARENESS OF THE NEED TO GRASP THE NETTLES PROLIFERATING AROUND HIM, ALSO BETRAYS HIS CONTINUING FEAR OF THE MILITARY AND NATIONALISTS.

DETAIL

2. PRESIDENT ALFONSIN'S APPROACH TO THE COUNTRY'S PROBLEMS HAS VARIED LITTLE IN THE PAST FEW WEEKS FROM THAT OUTLINED IN MY TELNO 449 OF 6 JULY. HIS ACTIONS AND REACTIONS ARE DAILY MORE PREDICTABLE. WHEN FACED AT BERNE WITH THE REALITY OF THE BRITISH POSITION OVER FALKLANDS SOVEREIGNTY HE GOT COLD FEET AND TOOK A STEP BACKWARDS TO THE INTRANSIGENT POSITION DEMANDING A LINK BETWEEN NORMALISATION AND SOVEREIGNTY WHICH HE HAD HAD APPARENTLY DELUDED HIMSELF INTO BELIEVING HE MIGHT POSSIBLY OBTAIN. HE PROBABLY HAS NO ALTERNATIVE NOW BUT TO CAPITULATE TO THE MULTI-LATERALISTS IN THE ARGENTINE MFA AND TAKE THE DEBATE AGAIN IN THE UN. HIS OWN PRESENCE IN NEW YORK IN SUPPORT IS STILL UNCERTAIN IN THE LIGHT OF CONFLICTING FEARS HERE THAT IT MIGHT BE ESSENTIAL FOR SUCCESS BUT THAT IT MIGHT BE COUNTER-PRODUCTIVE IN HARDENING ATTITUDES UNLESS SUCCESS CAN BE GUARANTEED IN ADVANCE. IT IS THUS

FOR SUCCESS BUT THAT IT MIGHT BE COUNTER-PRODUCTIVE IN HARDENING ATTITUDES UNLESS SUCCESS CAN BE GUARANTEED IN ADVANCE. IT IS THUS IMPOSSIBLE TO SAY YET WHETHER OR NOT HE WILL ATTEND.

3. ALFONSIN ALSO GOT COLD FEET OVER THE BEAGLE "CONCESSIONS" WHICH WILL BE REQUIRED OF HIM BY THE VATICAN IF THE PAPAL PROPOSAL FOR A SOLUTION IS TO BE ACCEPTED. NO SOONER HAD A FEW RETIRED NATIONALIST GENERALS WRITTEN TO THE PRESS CONDEMNING THE QUOTE SURRENDER OF SOVEREIGNTY UNQUOTE IMPLIED IN RECOGNISING CHILE'S RIGHT TO THE THREE ISLANDS NUEVA, LENNOX AND PICTON, THAT ALFONSIN TOOK REFUGE IN REFERRING THE QUESTION TO THE PEOPLE BY ORDERING A NATIONAL POLL. WISELY HE HAS LET IT BE KNOWN THE GOVERNMENT WILL NOT BE BOUND BY THE RESULT, BUT THIS FURTHER EXAMPLE OF POPULARISM IS, IN FACT, A SHREWD POLITICAL MOVE TO SWAMP THE ENTRENCHED BUT MINORITY GROUPS OF VOCIFEROUS NATIONALISTS BY POPULAR ACCLAIM. MOST ARGENTINES WANT PEACE, AND MANY ARE INFLUENCED BY THE CHURCH, AND ALFONSIN WILL PROBABLY OBTAIN A RESOUNDING "YES" WHICH WILL STRENGTHEN HIS POLITICAL POSITION. MEANWHILE THE ELECTIONEERING ATMOSPHERE WILL DIVERT ATTENTION FROM MORE SERIOUS BUT VIRTUALLY UNSOLUBLE PROBLEMS.

4. HUMAN RIGHTS AND MILITARY AFFAIRS HAVE BEEN LESS PROMINENT SINCE ALFONSIN DEALT RAPIDLY AND EFFECTIVELY WITH WEAKNESS AND INSUBORDINATION AMONGST THE ARMY COMMAND EARLY IN JULY BY FORCING THE ARMY CHIEF-OF-STAFF'S RESIGNATION AND DISMISSING THE COMMANDER OF THE THIRD CORPS IN CORDOBA. THE IMMEDIATE REPERCUSSIONS AND COMMENT HAVING DIED DOWN, ARMY DISCONTENT HAS AGAIN GONE UNDERGROUND FOR THE TIME BEING.

5. THE INTERNAL ECONOMIC SITUATION IS LITTLE CHANGED : INFLATION CONTINUES APACE, BUT THE CGT HAVE JUST WITHDRAWN THEIR IMMEDIATE STRIKE THREATS ON BEING PROMISED MORE SAY IN PAY POLICY FORMULATION AND SOME CONTROL OVER THE UNIONS' SOCIAL WELFARE FUNDS GREATER UNION INFLUENCE IN PAY POLICY DOES NOT AUGUR WELL FOR INFLATION. LABOUR MINISTER CASELLA TOLD EC HEADS OF MISSION OVER LUNCH THIS WEEK HE EXPECTS HALF OF THE UNION LEADERSHIP TO BE CHANGED BY THE COMING ELECTIONS AND BELIEVES THE NECESSARY BUT LONG EDUCATIVE PROCESS HAS BEGUN. THERE IS A TEMPORARY LULL ON THE UNION FRONT, THOUGH BANK AND METAL WORKERS' STRIKES CONTINUE. PRECEDENTS SUGGEST FURTHER UNION APPEASEMENT IS LIKELY.

6. THERE HAS BEEN LITTLE EVIDENT PROGRESS OVER THE FOREIGN DEBT OR TOWARDS AGREEMENT WITH THE IMF. VISITING FRENCH FOREIGN MINISTER CHEYSSON'S MESSAGE MAY HELP, BUT ALFONSIN AND HIS GOVERNMENT STILL APPEAR TO BELIEVE THE REINSTATEMENT OF DEMOCRACY ENTITLES ARGENTINA AUTOMATICALLY TO SPECIAL STATUS AND TREATMENT IN INTERNATIONAL FINANCIAL CIRCLES WHICH WILL ELIMINATE OR MINIMISE THE NEED FOR LOCAL SACRIFICE OR AUSTERITY. THE PROLONGED LEARNING PROCESS FOR DISPELLING THIS ILLUSION WILL NOT BE COMFORTABLE.

JOY

CROWSON

NNNN

SENT/RECD AT 301047Z KH//~~XXXXXXXX~~



10 DOWNING STREET

THE PRIME MINISTER

27 July 1984

Dear Lord Kennet,

Thank you for your letter of 9 July, enclosing a copy of the memorandum submitted to the South Atlantic Council to the Commons Select Committee on Foreign Affairs.

I note that you found in Argentina "a strong desire to end the mutual isolation and restore diplomatic, commercial and cultural relations." This, as you know, is very much in line with our own aim. Since the end of the conflict we have taken many steps to try to get under way the process of normalising our bilateral relations with Argentina. During the previous military government in Argentina, these included the lifting of the Exclusion Zone around the Falkland Islands as early as July 1982, and its replacement by the present Protection Zone; and no fewer than five attempts through the EC Presidency, to discuss the reciprocal lifting of trade restrictions between the Community and Argentina. As a gesture of goodwill to the new democratic Government, I sent a personal message to President Alfonsin on the occasion of his inauguration in December welcoming the restoration of democracy in Argentina. In January we followed this up by putting forward a number of proposals to the Argentine Government, aimed at establishing a basis for official talks on the normalisation of bilateral relations acceptable to both sides. This resulted in further confidential exchanges through the Swiss Protecting Power.

As you know, a meeting took place between senior officials of our two Governments, under Swiss Chairmanship

Lo

in Berne on 18/19 July. The agreed basis for these talks was perfectly straightforward and clearly understood by the Argentine Government: if the Argentine representatives raised the question of sovereignty at the talks, we would reply that we were not prepared to discuss it. The talks would then move straight on to the practical issues of mutual concern to both sides.

Once the talks got under way, we complied exactly with this arrangement. The Argentines, however, failed to do so. They insisted that discussion of the constructive ideas we had put forward to improve relations between Britain and Argentina could only take place on condition that we accepted some mechanism to address sovereignty. As they must have been well aware this was in clear violation of the agreed basis for the talks. As a result, the talks ended.

The responsibility for the breakdown of the talks rests squarely with the Argentine Government. They chose to set aside the agreed basis of the talks, and to introduce a new condition of their own. An important opportunity has thereby been missed. I continue to believe that better relations between Britain and Argentina are in the interests of all concerned. But as we have made clear from the outset, there can be no discussion of the question of sovereignty over the Falkland Islands. We shall stand firmly by our commitments to the Islanders, and we cannot ignore their right to live under a Government of their own choosing.

In this respect, it is not realistic to expect the Islanders, so soon after the Argentine invasion of the Falklands, to react favourably to any of the long-term solutions you propose in your memorandum. Indeed, I

consider it premature, and unlikely to be productive, to engage in speculation about specific policies for the long-term future of the Islands. For the moment, I believe it is right for the Islanders to concentrate primarily on rebuilding their lives rather than their future relationship with Britain, on which there is absolutely no doubt of their views.

Finally, you draw attention to the proposal in the memorandum for what you describe as simultaneous unilateral declarations, starting with an Argentine formal declaration of cessation of hostilities and our lifting of the Protection Zone. There is no doubt that such a declaration by Argentina would give new momentum to the process of normalisation. We do not envisage keeping the Protection Zone indefinitely. But equally we have no intention of being rushed into lifting it prematurely. We need to be fully satisfied that Argentina has renounced the future use of force; to this extent, an Argentine declaration of cessation of hostilities, particularly in the light of our recent experience of Argentine conduct, would be no guarantee that some threat to the security of the Islands will not remain.

Yours sincerely
Margaret Thatcher

Lord Kennet.

Tim - do you know
anything about
this?



Vareeseq
3117

30 July 1985

With Compliments

RT HON CECIL PARKINSON MP

HOUSE OF COMMONS
LONDON, SW1A 0AA



Belgrano
file

HOUSE OF COMMONS

LONDON SW1A 0AA

24.7.84

Thank you for your letter and for the transcripts of the evidence given by Francis Pym and Baroness Young.

I am afraid that members of the Committee have drawn the wrong inference from my remarks as reported on Panorama. The point I was seeking to make was that the Foreign Secretary's absence from Chequers was evidence of the Government's determination to try to find a diplomatic solution.

I had no knowledge of any specific Peruvian proposals on that Sunday morning but, in the course of the weeks before, various names had been mentioned of people who might seek to help if the Haig initiatives failed, and President Belaunde's name had been mentioned as a possible mediator, as had one or two others. The last answer which you quote to me really sets out my position which was that the Foreign Secretary was away seeking a diplomatic solution and that diplomatic efforts were continuing. Thus the Committee would be wrong in reading anything specific into my reference to President Belaunde.

You will notice that the Peruvians were mentioned by me in response to a specific question about Peru from Fred Emery.

CONFIDENTIAL

4/22



Foreign and Commonwealth Office

London SW1A 2AH

24 July, 1984

Dear Charles,

Argentina

*Pl. type for
PM's signature &
attach Lord Kennet's
letter. C.D.P. 24/7*

As requested, I enclose a draft reply from the Prime Minister to Lord Kennet's letter of 9 July. We have held back from drafting a reply while we awaited the outcome of the talks in Berne.

Lord Kennet, on his return from Buenos Aires, also sent a copy of the South Atlantic Council delegation's memorandum to the Head of Falklands Islands Department. Lady Young was thus able to discuss a number of the proposals put forward in the memorandum when the delegation called on her on 10 July, after their return from Buenos Aires. Much of the language used in the draft reply to Lord Kennet is drawn from the points made by Lady Young at this meeting.

To save time, I shall be showing Sir Geoffrey Howe a copy of this draft in parallel, and will let you know early tomorrow if he has any comments.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM

Reference

Prime Minister

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

Top Secret

Lord Kennet

Secret

House of Lords

Confidential

Restricted

Unclassified

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

Thank you for your letter of 9 July, enclosing a copy of the memorandum submitted to the South Atlantic Council to the Commons Select Committee on Foreign Affairs.

CAVEAT.....

note

I was interested to read in the memorandum that you found in Argentina "a strong desire to end the mutual isolation and restore diplomatic, commercial and cultural relations." This, as you know, is very much in line with our own aim. Since the end of the conflict we have taken ~~numerous~~ ^{many} steps to try to get under way the process of normalising our bilateral relations with Argentina. During the previous military government in Argentina, these included the lifting of the Exclusion Zone around the Falkland Islands as early as July 1982, and its replacement by the present Protection Zone; and no fewer than five attempts, through the EC Presidency, to discuss the reciprocal lifting of trade restrictions between the Community and Argentina. As a gesture of goodwill to the

Enclosures--flag(s).....

/new democratic

new democratic Government, I sent a personal message to President Alfonsin on the occasion of his inauguration in December welcoming the restoration of democracy in Argentina. In January we followed this up by putting forward a number of proposals to the Argentine Government, aimed at establishing a ~~mutually acceptable~~ ^{acceptable to both sides} basis for official talks on the normalisation of bilateral relations. This resulted in further confidential exchanges through the Swiss Protecting Power.

As you know, a meeting took place between senior officials of our two Governments, under Swiss Chairmanship in Berne on 18/19 July. The agreed basis for these talks was perfectly straightforward and clearly understood by the Argentine Government: if the Argentine representatives raised the question of sovereignty at the talks, we would reply that we were not prepared to discuss it. The talks would then move straight on to the practical issues of mutual concern to both sides.

Once the talks got under way, we complied ^{exactly} ~~scrupulously~~ with this arrangement. The Argentines, however, failed to ~~abide by the agreement~~ ^{to do so}. They insisted that discussion of the constructive ideas we had put forward to improve relations between Britain and Argentina could only take place on condition that we accepted some mechanism to address sovereignty. As they must have been well aware this was ~~entirely inconsistent with~~ and in clear violation of the agreed basis for the talks. As a result, the talks ended.

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/Finally,

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24 JUL 1984





10 DOWNING STREET

From the Private Secretary

10 July 1984

Argentina

I enclose a letter which Lord Kennet has sent to the Prime Minister and a memorandum to the House of Commons Select Committee on Foreign Affairs about his recent visit to Buenos Aires together with Cyril Townsend, MP, and George Foulkes, MP. I should be grateful if you could let me have a draft reply.

Charles Powell

Len Appleyard Esq
Foreign and Commonwealth Office.

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file use

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10 DOWNING STREET

From the Private Secretary

24 July 1984

The Prime Minister has noted the Defence Secretary's minute of 20 July about technical difficulties in obtaining satellite imagery of Argentina in 1985 and 1987. The Prime Minister would like to see the results of the JIC's study of the possibility of increasing collection from other sources when it is available.

The Prime Minister is grateful for the offer of a special briefing but does not think this necessary.

I am sending a copy of this letter to Richard Hatfield (Cabinet Office).

C.D. POWELL

Richard Mottram, Esq.,
Ministry of Defence.

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FALKLAND ISLANDS GENERAL

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- ~~MR FREELAND~~
- SIR W HARDING
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- MR RD NICHOLLS, AUSD STAFF, MOD

- PS/CHANCELLOR }
 - MISS M E CUND } TREASURY
 - MR LITTLER }

- SIR R ARMSTRONG }
 - MR ~~A D S GOODALL~~ } CABINET
 - DIO *Carlisle* } OFFICE

- MR POWER, SAD, ODA
- EJ LINDLEY
- MR ~~A FORTNAM~~ IAT/D. TRANSPORT

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FM UKMIS NEW YORK 241950Z JUL 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 695 OF 24 JULY

INFO IMMEDIATE BERNE, BISBA, PORT STANLEY, WASHINGTON

YOUR TELNOS 111 AND 112 TO ABIDJAN: RELATIONS WITH ARGENTINA

SUMMARY

1. I DELIVERED YOUR MESSAGE TO UN SECRETARY GENERAL WHO GAVE ME AN ACCOUNT OF THE ARGENTINE POSITION AS SET OUT BY MR CAPUTO AT THEIR MEETING ON 22 JULY (ADVANCED FROM 24 JULY).

DETAIL

2. I DELIVERED A SUITABLY PERSONALISED VERSION OF THE MESSAGE IN YOUR SECOND TUR TO THE UN SECRETARY GENERAL THIS MORNING, 24 JULY, AND EMPHASIED OUR FEELINGS OF REGRET AND PUZZLEMENT OVER THE BREAKDOWN. I WONDERED WHETHER HIS MEETING WITH THE ARGENTINE FOREIGN MINISTER ON 22 JULY HAD SHED ANY LIGHT ON THE SITUATION WHICH MIGHT HELP US AVOID REGARDING THE BREAKDOWN AS A BARRIER TO FURTHER PROGRESS IN THE NORMALISATION OF OUR RELATIONS WITH ARGENTINA.

3. READING FROM THE RECORD OF HIS MEETING WITH MR CAPUTO, PEREZ DE CUELLAR CONVEYED THE FOLLOWING FOUR ARGENTINE POINTS AS GIVEN TO HIM BY CAPUTO:

(A) ARGENTINE INSISTS THAT ITS POSITION AT THE BERNE MEETING WAS STRICTLY IN CONFORMITY WITH THE MUTUALLY ESTABLISHED BASIS FOR THE TALKS. IF THAT THEY SHOULD HAVE AN OPEN AGENDA BE INFORMAL AND NOT

STRICTLY IN CONFORMITY WITH THE MUTUALLY ESTABLISHED BASIS FOR THE TALKS, I.E THAT THEY SHOULD HAVE AN OPEN AGENDA, BE INFORMAL AND NOT SUBJECT TO PRIOR CONDITIONS: ARGENTINA DID NOT ATTEMPT TO IMPOSE DISCUSSION OF SOVEREIGNTY BUT MERELY WISHED TO DISCUSS INFORMALLY THE WAYS AND MEANS OF DISCUSSING SOVEREIGNTY IN DUE COURSE,

(B) THE REFUSAL BY THE UK OF EVEN SUCH AN INFORMAL AND NON-COMMITTAL SUGGESTION COULD HAMPER THE ARGENTINE GOVERNMENT'S EFFORTS TO RULE OUT THE MILITARY OPTION TO THE SOLUTION OF THIS NAGGING PROBLEM WHICH CONTINUES TO BE FAVOURED BY CERTAIN SECTORS,

(C) ARGENTINA WAS ESPECIALLY DISTURBED BY THE EXCESSIVE FORMALITY ADOPTED BY THE UK AT WHAT HAD BEEN MEANT TO BE AN INFORMAL MEETING (CAPUTO REFERRED IN PARTICULAR TO THE PAPER READ OUT BY MR THOMAS). INSTEAD OF A DIALOGUE IT HAD BEEN AN EXCHANGE OF MONOLOGUES,

(D) THE LACK OF AN ONGOING DIALOGUE MAY HAVE THE UNFORTUNATE COROLLARY OF UNLEASHING ACRIMONIOUS DEBATES IN THE COMMITTEE OF 24 AND THE GENERAL ASSEMBLY.

4. PEREZ DE CUELLAR SAID THAT CAPUTO HAD SOUNDED GENUINELY DISAPPOINTED (''THOUGH I DON'T KNOW WHETHER HE IS A VERY GOOD ACTOR OR NOT'') AND HAD EXPRESSED A READINESS FOR ANY FURTHER MEETING PROVIDED THE THREE POINTS IN (A) ABOVE (OPEN AGENDA, INFORMAL MEETING AND NO PRIOR CONDITIONS) WERE RESPECTED.

5. I THANKED PEREZ DE CUELLAR FOR THIS EXTREMELY HELPFUL ACCOUNT. I COULD ONLY SAY THAT THERE WERE MANY MISUNDERSTANDINGS IN DIPLOMACY AND THERE WERE DIFFERENT NATIONAL STYLES. A CERTAIN DEGREE OF FORMALITY MIGHT BE A NECESSARY FOUNDATION AT THE START OF DELICATE TALKS. THE FACT WAS THAT WE HAD TAKEN A GREAT DEAL OF TROUBLE TO REACH AGREEMENT ON THE CONDUCT OF THE MEETING. THIS AGREEMENT HAD NOT HELD. WE MUST NOW TAKE STOCK, TAKING ACCOUNT OF WHAT HE HAD SAID OF THE ARGENTINE POSITION. I TOOK THE POINT ABOUT THE COMMITTEE OF 24 AND THE GENERAL ASSEMBLY BUT HOPED THAT THIS COULD BE AVOIDED.

6. PEREZ DE CUELLAR CONCLUDED BY REPEATING THAT HE WAS AT OUR DISPOSAL AND THAT WE COULD RELY ON HIS ASSISTANCE OUTSIDE THE FRAMEWORK OF UN RESOLUTIONS. I UNDERTOOK TO PASS THIS ON.

7. DE SOTO (WHO WAS WITH THE SECRETARY GENERAL) TOLD THE HEAD OF CHANCERY (WHO WAS WITH ME) AFTER THE MEETING THAT ARGENTINE POSITION (B) SHOULD BE INTERPRETED TO MEAN THAT IT WOULD BE MORE DIFFICULT FOR THE ALFONSO GOVERNMENT TO STAMP OUT THOUGHTS OF A NEW MILITARY VENTURE NOT (NOT) THAT SUCH A VENTURE WAS BEING CONTEMPLATED. DE SOTO ALSO MENTIONED THAT THE ARGENTINES WERE IN THE PROCESS OF CIRCULATING A LETTER TO THE COMMITTEE OF 24 AND THE GENERAL ASSEMBLY SETTING OUT THEIR POSITION. YOU MAY WISH TO CONSIDER DOING LIKEWISE.

MARGETSON

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FM WASHINGTON 242332Z JUL 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 2248 OF 24 JULY

INFO ROUTINE UKMIS NEW YORK, BERNE, BRASILIA AND BIS BUENOS AIRES

MY TELNO 2238: VISIT OF ARGENTINE FOREIGN MINISTER

1. ON 23 JULY CAPUTO CALLED ON SHULTZ AND MRS KIRKPATRICK AND ATTENDED A LUNCH HOSTED BY MOTLEY.
2. ACCORDING TO MORLEY (DIRECTOR, OFFICE OF THE SOUTHERN CONE), THE CALL ON MRS KIRKPATRICK WAS A US INITIATIVE, PARTLY TO FILL OUT THE PROGRAMME AND PARTLY TO EXPLORE ARGENTINE UNGA INTENTIONS CONCERNING THE FALKLANDS. IN THE EVENT THERE WAS LITTLE SUBSTANCE TO IT AND MRS KIRKPATRICK FAILED TO DRAW CAPUTO ON THE LIKELY ARGENTINE UN ATTITUDE IN THE WAKE OF THE COLLAPSE OF THE BERNE TALKS. CAPUTO WAS TOLD, HOWEVER, THAT THE US WOULD AGAIN BE WILLING TO SUPPORT A BALANCED RESOLUTION (THE IMPLICATION BEING THAT US SUPPORT FOR A MORE EXTREME TEXT SHOULD NOT BE COUNTED UPON).
3. THE FALKLANDS FEATURED MORE PROMINENTLY IN DISCUSSIONS WITH SHULTZ. IN MORLEY'S VIEW, CAPUTO SPOKE MORE IN SORROW THAN IN ANGER WHEN HE BLAMED THE UK FOR FAILING TO SHOW QUOTE THE MINIMUM NECESSARY FLEXIBILITY UNQUOTE IN BERNE. CAPUTO'S PRESENTATION WAS UNEMOTIONAL AND RESTRAINED BUT HE CLEARLY HELD THE UK RESPONSIBLE AND FELT LET DOWN. SPEAKING SUBSEQUENTLY IN THE CORRIDORS, HE INDICATED THAT THE KEY ELEMENT IN THE PROBLEM RELATED TO WHETHER THE UK WAS 'NOT PREPARED' OR 'NOT DISPOSED' TO DISCUSS SOVEREIGNTY. HE MADE LESS OF THE NEED TO ESTABLISH MECHANISMS FOR ADDRESSING SOVEREIGNTY BUT STRESSED THAT PROVISIONS FOR DISCUSSING THE SUBJECT AT SOME STAGE WERE IMPORTANT. HE OBSERVED THAT, DOMESTICALLY, THE BREAKDOWN IN BERNE MADE THE NEXT STEP MUCH MORE DIFFICULT. BUT HE CONFIRMED HIS INTEREST IN THE RESUMPTION OF THE DIALOGUE IF POSSIBLE. THAT, HE SAID, WAS HIS FIRST OBJECTIVE: THE ARGENTINE GOVERNMENT WAS COMMITTED TO PEACEFUL NEGOTIATIONS.
4. MORLEY SAID THAT SHULTZ TOOK A NEUTRAL LINE IN REPLY. AS BRIEFED, OBSERVING THAT THE US WAS VERY DISAPPOINTED BY RECENT DEVELOPMENTS. SHULTZ ADDED THAT THE US BELIEVED THAT THE UK ALSO HOPED TO BE ABLE TO RESUME THE DIALOGUE.
5. ON DEBT THERE WERE NO SURPRISES AND CAPUTO'S COMMENTS FOLLOWED STANDARD LINES. HE APPEARED TO RECOGNISE THAT AGREEMENT WITH THE IMF WAS NECESSARY BUT MADE NO PROMISES ON TIMING. HE WARNED THAT ARGENTINA'S FRAGILE DEMOCRACY MUST NOT BE UPSET BY TOO SEVERE AN AUSTERITY PROGRAMME. THE AMERICANS WERE THEREFORE NONE TOO REASSURED BY THIS ASPECT OF HIS VISIT. MOTLEY APPARENTLY TOOK A FORTHRIGHT LINE AT HIS LUNCH.

WRIGHT

MONETARY
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SIR W HARDING

MR GOODALL

MR O'NEILL

SIR C TICKELL

MR D C THOMAS

MR WESTON

MR ~~BARRINGTON~~

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TO IMMEDIATE FCO

TELEGRAM NUMBER 2238 OF 23 JULY



SPEECH OF ARGENTINE FOREIGN MINISTER TO WASHINGTON WORLD AFFAIRS COUNCIL

1. IN A QUESTION AND ANSWER SESSION FOLLOWING HIS ADDRESS ON THE INTERNATIONAL DEBT PROBLEM TO A MEETING OF THE WORLD AFFAIRS COUNCIL OF WASHINGTON DC (ATTENDED BY MINISTER (ECONOMIC)), CAPUTO WAS ASKED WHETHER THE ARGENTINE GOVERNMENT WOULD ACCEPT THE RESULT OF A PLEBISCITE OF THE FALKLAND ISLANDERS ON SOVEREIGNTY. HE REPLIED THAT THOUGH THIS WAS CERTAINLY A PROBLEM OF SOVEREIGNTY, A PLEBISCITE ORGANISED BY THE BRITISH TO CONSULT THE FULLY BRITISH POPULATION WAS NOT THE RIGHT WAY OF TACKLING THE MATTER, IT SHOULD BE TACKLED BY QUOTE DIALOGUE AND THEN NEGOTIATION UNQUOTE. CAPUTO ALSO TOLD A QUESTIONER THAT THOUGH THE FALKLANDS WAR HAD ADDED TO ARGENTINA'S INTERNATIONAL DEBT, THE WAR WAS NOT THE MAIN REASON FOR IT. THE DEBT WAS A CONSEQUENCE OF A FINANCIAL ADVENTURE OF THE PREVIOUS REGIME. IN ANSWER TO A QUESTION ABOUT HIS TALKS TODAY WITH SECRETARY SHULTZ, CAPUTO REPLIED THAT HE HAD EMPHASISED TO SHULTZ THAT THERE WOULD NOW BE QUOTE CREDIBILITY AND FORESEEABILITY UNQUOTE IN ARGENTINE FOREIGN POLICY, ELEMENTS WHICH HAD UP TO NOW HAD BEEN LACKING.
2. HIS ADDRESS ON THE DEBT PROBLEM FOLLOWED STANDARD LINES. HE SAID THAT, UNLIKE THE 1930S, THE LATEST RECESSION WAS BEARING ESPECIALLY HEAVILY ON THE LDCS. THE CAUSES OF THE INTERNATIONAL RECESSION AND THE ASSOCIATED DEBT CRISIS WERE BEYOND THEIR CONTROL. THE LDCS WERE FORCED TO TRY TO DEAL WITH A CRISIS, WHICH THEY HAD NOT CREATED, BY PAYING MORE FOR WHAT THEY WERE IMPORTING, WHILE RECEIVING LESS FOR THEIR EXPORTS. SINCE THE DEBT PROBLEM WAS PRIMARILY DUE TO POLITICAL CAUSES, PARTICULARLY INTEREST RATES, IN THE DEVELOPED COUNTRIES IT NEED TO BE SOLVED AT THE POLITICAL LEVEL BETWEEN

LESS FOR THEIR EXPORTS. SINCE THE DEBT PROBLEM WAS PRIMARILY DUE TO POLITICAL CAUSES, PARTICULARLY INTEREST RATES, IN THE DEVELOPED COUNTRIES, IT NEED TO BE SOLVED AT THE POLITICAL LEVEL BETWEEN GOVERNMENTS OF THE DEVELOPED AND DEVELOPING WORLD. THE DEVELOPED WORLD SHOULD CONSULT THE DEVELOPING WORLD ABOUT MATTERS SUCH AS INTEREST RATES AND COMMODITY PRICES WHICH FUNDAMENTALLY AFFECTED THEIR ECONOMIES. HISTORY SUGGESTED THAT DEVELOPED COUNTRIES ONLY REACTED WHEN VIOLENCE SWEEPED THROUGH THE DEVELOPING COUNTRIES. THE GOVERNMENTS OF THE DEVELOPED COUNTRIES SHOULD HELP THE DEVELOPING COUNTRIES FORESTALL SUCH EVILS THREATENING THEM. THIS SHOULD BE ACCOMPLISHED BY POLITICAL AGREEMENT AT THE GOVERNMENTAL LEVEL BETWEEN LDC AND DEVELOPING COUNTRIES.

3. IN ANSWER TO QUESTIONS ON THE DEBT CRISIS, CAPUTO EMPHASISED THAT HIS GOVERNMENT'S TWO MAIN ECONOMIC OBJECTIVES WERE THE SOLUTION TO ITS DEBT PROBLEMS AND CONTROL OF INFLATION. HE WELCOMED THE
@E@C@O@B@E@C@O@B@E@C@C

NEW TONE IN THE COMMUNIQUE OF THE LONDON SUMMIT, ESPECIALLY THE MENTION OF DIALOGUE BETWEEN DEVELOPED AND DEVELOPING COUNTRY GOVERNMENTS. THE CARTAGENA CONSENSUS HAD FOLLOWED THIS UP. HE ASSOCIATED ARGENTINA WITH BOLIVIA'S STRUGGLE TO RETAIN DEMOCRACY AT THE SAME TIME AS IT WAS GRAPPLING WITH ENORMOUS ECONOMIC PROBLEMS. IF DEMOCRACY HAD ANY MEANING, OTHER DEMOCRATIC COUNTRIES SHOULD SUPPORT BOLIVIA AND ARGENTINA. ON NEGOTIATIONS WITH THE IMF, HE SAID THAT HIS GOVERNMENT WAS WORKING QUOTE TO ADAPT THE IMF CRITERIA TO THE ARGENTINE CASE UNQUOTE. BUT HE REMINDED HIS AUDIENCE THAT ARGENTINA HAD EXPERIENCED A 15 PER CENT DECLINE IN REAL WAGES SINCE 1970 AND ASKED HOW THE NEW DEMOCRACY COULD, IN THOSE CIRCUMSTANCES, ASK FOR MORE BELT-TIGHTENING.

4. WE WILL REPOR SEPARATELY ON CAPUTO'S TALKS WITH SHULTZ.

WRIGHT

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GRS 100
UNCLASSIFIED
FROM PORT STANLEY 231440Z JUL 84
TO IMMEDIATE FCO
TELEGRAM NUMBER 308 OF 23
JULY

YOUR TELNO 142 TO BERNE: ANGLO-ARGENTINE TALKS

1. I READ OUT YOUR HOUSE OF COMMONS STATEMENT AND SOME OF YOUR ANSWERS TO THE SUBSEQUENT QUESTIONS ON THE LOCAL RADIO ON 20 JULY. THIS WAS FOLLOWED BY BBC OVERSEAS QUOTE CALLING THE FALKLANDS UNQUOTE WHICH TRANSMITTED YOUR STATEMENT AND SOME OF THE QUESTIONS AND ANSWERS AS RECORDED IN THE HOUSE OF COMMONS.

2. THERE IS GENERAL RELIEF HERE THAT OUR DELEGATION DID NOT WAIVER IN ITS DETERMINATION TO EXCLUDE SOVEREIGNTY FROM THE DISCUSSIONS. THEY SEE THE ARGENTINE CHANGE OF HEART AS CONFIRMING THAT, WHETHER CIVILIAN OR MILITARY, THEY CANNOT BE TRUSTED.

HUNT

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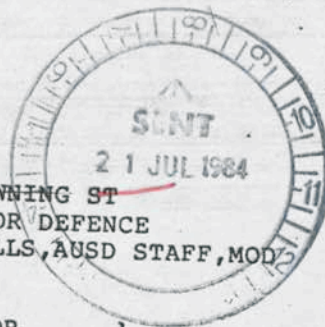
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FM WASHINGTON 202151Z JULY 84

TO IMMEDIATE F C O

TELEGRAM NUMBER 2213 OF 20 JULY

INFO IMMEDIATE BERNE, ROUTINE BRASILIA, UKMIS NEW YORK, BIS BUENOS AIRES

FCO TELEGRAMS TO ANKARA NOS 183 AND 184

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RELATIONS WITH ARGENTINA: OFFICIAL TALKS

1. MINISTER DULY BRIEFED KILDAY, DEPUTY ASSISTANT SECRETARY FOR SOUTH AMERICA. I SPOKE TO ARMACOST, ADDING THAT WHILE I HAD NO INSIGHTS INTO ARGENTINIAN MOTIVATION, THE FACT OF THE ARGENTINIANS GOING BACK ON THEIR WORD WOULD BE FAMILIAR TO THOSE IN THE STATE DEPARTMENT ASSOCIATED WITH HAIG'S 1982 SHUTTLE. ARMACOST THANKED ME FOR PUTTING HIM IN THE PICTURE BUT MADE NO SUBSTANTIVE COMMENT. WE HAVE ALSO BRIEFED THE EUROPEAN AFFAIRS BUREAU OF THE STATE DEPARTMENT AND THE NATIONAL SECURITY COUNCIL AT DESK LEVEL.
2. HANNAY PASSED OVER THE TEXT OF YOUR STATEMENT IN FCO TELEGRAM TO ANKARA NO 184 AND ALSO THE GIST OF THE MAIN POINTS PUT FORWARD BY THOMAS IN THE TALKS WITH THE ARGENTINES (BERNE TELEGRAM NO 276).
3. KILDAY THANKED US FOR THE PROMPT BRIEFING AND SAID THIS WOULD BE USED IN PREPARING MR SHULTZ FOR HIS MEETING WITH THE ARGENTINE FOREIGN MINISTER ON 23 JULY. THE ARGENTINE PROPOSALS FOR THE AGENDA OF THAT MEETING HAD NOW BEEN RECEIVED AND DID NOT INCLUDE EITHER THE FALKLANDS OR BEAGLE CHANNEL. BUT KILDAY WAS QUITE SURE THE SUBJECT WOULD COME UP IN THE TALKS BETWEEN CAPUTO AND SHULTZ OR IN FURTHER TALKS WHICH WERE TO TAKE PLACE BETWEEN CAPUTO AND MRS KIRKPATRICK AND MOTLEY. THE AMERICANS WOULD BRIEF US ON THESE TALKS NEXT WEEK.

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KIRKPATRICK AND MOTLEY. THE AMERICANS WOULD BRIEF US ON THESE TALKS NEXT WEEK

4. KILDAY SAID THE BREAKDOWN OF THE TALKS IN BERNE WAS DISAPPOINTING AND THE ARGENTINE HANDLING OF THEM INEXPLICABLE. THERE HAD BEEN NO ADVERSE ARGENTINE DOMESTIC REACTION TO THE ANNOUNCEMENT OF THE TALKS WHICH COULD EXPLAIN THEIR DEPARTURE FROM THE PREVIOUSLY AGREED SCENARIO. HANNAY SAID THAT WE TOO WERE DISAPPOINTED BY THE WAY THINGS HAD GONE. WE HAD LOOKED TO THESE TALKS TO BEGIN A STEADY PROCESS OF IMPROVING RELATIONS BETWEEN THE TWO COUNTRIES AND BUILDING UP THE CONFIDENCE WHICH HAD BEEN DESTROYED BY THE ARGENTINE ATTACK IN 1982. THE WAY THE ARGENTINES HAD HANDLED THESE TALKS WAS LIKELY TO HAVE PRECISELY THE OPPOSITE EFFECT, UNDERMINING THE CONFIDENCE THAT WAS NECESSARY IF OUR RELATIONS WERE TO BE IMPROVED AS WE WISHED. WHILE IT WAS FOR THE AMERICANS TO DRAW THEIR OWN CONCLUSIONS ON THE BASIS OF THE BRIEFING WE HAD GIVEN TO THEM, WE CERTAINLY HOPED THAT, SHOULD THE ARGENTINES SEEK AT THE MEETING ON 23 JULY TO PIN THE BLAME FOR THE BREAKDOWN ON US THE US SIDE WOULD ASK SOME POINTED QUESTIONS AS TO WHY THE SCENARIO AGREED THROUGH SWISS MEDIATION HAD BEEN ABANDONED WITHOUT ANY WARNING AND DESPITE THE KNOWLEDGE THAT THIS WOULD DESTROY THE BASIS FOR MAKING PROGRESS IN THE TALKS.

5. STATE DEPARTMENT ARE SIMPLY TELLING THE PRESS THAT THEY ARE DISAPPOINTED THAT ARGENTINA AND THE UK HAVE BEEN UNABLE TO CONTINUE DISCUSSIONS AND THAT THEY HOPE THESE CAN BE RESUMED SOON. THEY ARE RE-EMPHASISING THAT THE US TAKES NO POSITION ON THE QUESTION OF SOVEREIGNTY.

WRIGHT

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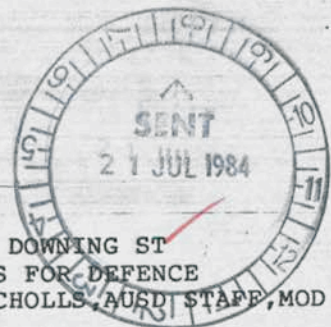
TELEGRAM NUMBER 255 OF 20 JULY

INFO IMMEDIATE BERNE, PRIORITY WASHINGTON

YOUR TELNOS 183 TO ANKARA AND 141 TO BERNE: ANGLO-ARGENTINE TALKS

1. I CALLED ON AMBASSADOR CALERO (SECRETARY-GENERAL OF FOREIGN MINISTRY) THIS AFTERNOON AND GAVE HIM COPIES OF YOUR STATEMENTS OF 19 AND 20 JULY. I EXPLAINED, BY WAY OF BACKGROUND, THE INTENSIVE EFFORTS WHICH WE HAD MADE TO FIND AN ACCEPTABLE FORMULA TO EXPRESS OUR WELL-UNDERSTOOD INABILITY TO DISCUSS THE FALKLANDS AT THESE TALKS AND LEFT THE SECRETARY-GENERAL IN NO DOUBT AS TO WHERE THE BLAME FOR THE BREAKDOWN LAY, NOR OF THE FACT THAT THE ONUS NOW LAY WITH ARGENTINA TO LIVE UP TO THEIR EARLIER AGREEMENT.

2. CALERO SAID THAT THE BRAZILIANS SHARED OUR DISAPPOINTMENT AT THE TURN EVENTS HAD TAKEN. HE "COULD NOT ALTOGETHER UNDERSTAND ARGENTINE BEHAVIOUR" SINCE HE BELIEVED THAT WE HAD EVEN GONE SO FAR AS TO CONSIDER JOINTLY AND IN ADVANCE HOW OUR FORM OF WORDS IN RESPONSE TO THE ARGENTINES RAISING THE FALKLANDS WOULD TRANSLATE INTO SPANISH. HE COULD ONLY CONCLUDE THAT THE ARGENTINES WERE NOT PREPARED TO HAVE ANY TALKS WITH US UNLESS WE COULD CONCEDE THAT "SOMETIME AND SOMEHOW" DISCUSSION OF THE FALKLANDS WOULD BE POSSIBLE. HIS PERSONAL VIEW WAS THAT SOONER OR LATER "ALL THE ISSUES" WOULD HAVE TO BE DISCUSSED. I SAID THAT HE WELL KNEW FROM HIS RECENT TALKS WITH LADY YOUNG



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SOONER OR LATER "ALL THE ISSUES" WOULD HAVE TO BE DISCUSSED. I SAID THAT HE WELL KNEW FROM HIS RECENT TALKS WITH LADY YOUNG WHY WE COULD NOT GO FURTHER AT PRESENT AND I REMINDED HIM THAT MINISTERS HAD AVOIDED USING THE WORD "NEVER" IN THIS CONNECTION: THE FACT WAS THAT DISCUSSION OF THE FALKLANDS AT THESE TALKS WAS JUST NOT POSSIBLE AFTER ALL THAT HAD HAPPENED.

3. WE HAD SOME DISCUSSION OF THE TREATMENT OF THE BREAKDOWN IN THE BRAZILIAN PRESS (WHICH ON THE WHOLE HAS GRASPED THE POINT THAT IT WAS THE ARGENTINES WHO WALKED OUT AND WHICH HAS INCLUDED QUOTATIONS FROM YOUR OWN EARLIER STATEMENT) AND REFERENCE WAS MADE TO REPORTS OF BRIEFING IN BERNE BY THE SWISS SUGGESTING THAT ANOTHER ROUND OF TALKS MIGHT BE SET UP SHORTLY, PROBABLY IN BRASILIA. CALERO COMMENTED THAT HE THOUGHT THIS WAS THE SWISS ATTITUDE BEFORE THE BREAKDOWN, BUT SAW NO PROSPECT OF AN EARLY RESUMPTION IN BRASILIA IN PRESENT CIRCUMSTANCES. FOR THE MOMENT, THE BRAZILIAN GOVERNMENT WOULD TAKE NOTE OF WHAT I HAD TOLD THEM AND WOULD AWAIT DEVELOPMENTS. THEY WOULD OF COURSE BE DEBRIEFING THEIR OWN REPRESENTATIVE IN BERNE THOROUGHLY ON HIS RETURN AND WOULD HAVE NO OBJECTION TO ME ALSO TALKING TO HIM.

4. CALERO'S OVERALL MOOD WAS ONE OF INTENSE DISAPPOINTMENT, WITH NO (REPEAT NO) PROPENSITY TO RECRIMINATE AGAINST US AND A CONSIDERABLE TENDENCY TO BE BEMUSED BY THE ARGENTINE CONDUCT.

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TO FLASH FCO

TELEGRAM NUMBER 277 OF 20 JULY 84

RELATIONS WITH ARGENTINA

1. FOLLOWING IS TEXT OF COMMUNIQUE TO BE ISSUED ON 20 JULY
 AT 0630 GMT BY SWISS GOVERNMENT.

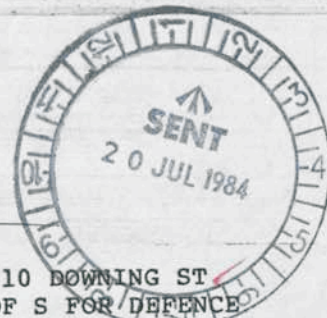
BEGINS

LA PRESIDENCE SUISSE ET LES REPRESENTANTS DU GOUVERNEMENT DU
 BRESIL COMMUNIQUENT CE QUI SUIT:

A L'INVITATION DU GOUVERNEMENT SUISSE ET EN PRESENCE DE
 REPRESENTANTS DU GOUVERNEMENT DU BRESIL, DES HAUTS FONCTIONNAIRES
 ARGENTINS ET BRITANNIQUES SE SONT RENCONTRES A BERNE LES 18 ET
 19 JUILLET 1984.

A CETTE OCCASION, LA PARTIE ARGENTINE A REITERE QU'IL ETAIT
 NECESSAIRE A SES YEUX DE DISCUTER LA MISE EN PLACE D'UN
 MECANISME PERMETTANT D'ENGAGER UNE DISCUSSION PROPOS DE
 LA SOUVERAINETE SUR LES ILES. LA PARTIE BRITANNIQUE A
 REAFFIRME QUE LE GOUVERNEMENT DE SA MAJESTE N'ETAIT PAS DISPOSE
 A ENTRER EN DISCUSSION SUR LA QUESTION DE LA SOUVERAINETE.

LA PARTIE BRITANNIQUE A EXPOSE DES PROPOSITIONS DANS DIFFERENTS
 DOMAINES QUI POURRAIENT SE PRETER, AUX YEUX DU GOUVERNEMENT



FLASH

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LA PARTIE BRITANNIQUE A EXPOSE DES PROPOSITIONS DANS DIFFERENTS DOMAINES QUI POURRAIENT SE PRETER, AUX YEUX DU GOUVERNEMENT DE SA MAJESTE, A UNE NEGOCIATION DESTINEE A MENER PAR ETAPES A LA NORMALISATION DES RELATIONS ENTRE LES DEUX PAYS. LA PARTIE ARGENTINE A FAIT REMARQUER A CE PROPOS QU'ELLE N'ETAIT PAS DISPOSEE A ENTRER EN MATIERE SUR CES POINTS AUSSI LONGTEMPS QUE NE POUVAIT PAS ETRE EXAMINEE LA MANIERE D'ABORDER LA QUESTION DE LA SOUVERAINETE.

CES ENTRETIENS ONT PERMIS AUX DEUX PARTIES D'AVOIR UN PREMIER CONTACT DIRECT ET D'EXPOSER CLAIREMENT LEURS POINTS DE VUE RESPECTIFS.

LES DELEGATIONS ARGENTINE ET BRITANNIQUE FERONT RAPPORT A LEURS GOUVERNEMENTS SUR L'ENSEMBLE DES ENTRETIENS.

ENDS

POWELL-JONES

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SENT AT RECD AT 201215Z TMB/BR

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37

FALKLAND ISLANDS GENERAL

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 MR D C THOMAS
 MR WESTON
 MR *Barrington*
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SIR R ARMSTRONG)
 MR A D S GOODALL) CABINET
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MR POWER, SAD, ODA

MR A FORTNAM IAT/D. TRANSPORT

~~RESIDENT CLERK~~

CONFIDENTIAL

FM BERNE 200815Z

TO IMMEDIATE FCO DESKBY 200945Z

TELNO 278 OF 20 JULY 84

MY TELNO 277: TALKS WITH ARGENTINA

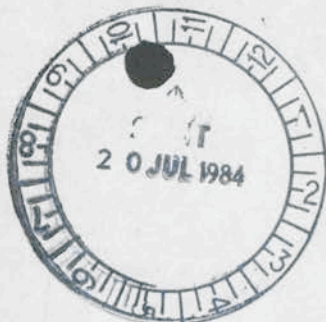
1. THE THIRD AND FINAL MEETING WAS HELD AT A HOUSE IN THE COUNTRY NEAR FRIBOURG ON THE EVENING OF 19 JULY. IT BEGAN AT 6.00 PM AND CONTINUED INTO THE EARLY HOURS. THE MEETING WAS OF AN INFORMAL CHARACTER.

2. THE SWISS AND BRAZILIANS PUT FORWARD A DRAFT COMMUNIQUE WHICH HAD BEEN AGREED BY BOTH DELEGATIONS WITH MINOR CHANGES WHEN IT WAS OVERTAKEN BY MEDIA REPORTS FROM BUENOS AIRES OF STATEMENTS BY CAPUTO CLAIMING THAT THE TALKS HAD BROKEN OFF BY ARGENTINE SIDE OWING TO BRITISH INTRANSIGENCE. REPORTS WERE MANIFESTLY UNTRUE SINCE THE DELEGATIONS WERE IN FACT STILL MEETING. DELPECHE DENIED ANY KNOWLEDGE OF SUCH STATEMENTS BY HIS MINISTER AND KEUSCH REPORTED AFTER COMMITTING CAPUTO HIMSELF THAT THEY WERE MISLEADING AND DID NOT REPRESENT THE MINISTER'S POSITION. IT WAS THEN HOWEVER TOO LATE TO PREVENT THE ISSUE OF YOUR COUNTER-STATEMENT.

3. THEREAFTER DISCUSSIONS CONCENTRATED ON PRODUCING A SHORTENED COMMUNIQUE. THESE WERE CONDUCTED BY OUR DELEGATION WITH THE SWISS AND BY THE ARGENTINE DELEGATION WITH THE BRAZILIANS IN SEPARATE ROOMS. OUR OWN PREFERENCE FOR OMITTING ANY DESCRIPTION OF THE SUBJECTS RAISED WAS UNACCEPTABLE TO THE ARGENTINE DELEGATION AND UNPOPULAR WITH THE SWISS. THE ALTERNATIVE OF HAVING NO COMMUNIQUE WAS ALSO RAISED ON OUR SIDE BUT REJECTED BY THE OTHER DELEGATION.

4. THE EVENTUAL OUTCOME (IN MY TUR) OMITTED PASSAGES ORIGINALLY PROPOSED COVERING FUTURE DIALOGUE, UTILITY OF THE TALKS AND NEXT-OF-KIN VISIT. SEE MIFT.

POWELL-JONES



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MR POWER, SAD, ODA

MR A FORTNAM IAT/D. TRANSPORT

~~RESIDENT CLERK~~

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FM BERNE 20/0635Z JUL 84

TO IMMEDIATE FCO DESKBY 200945Z

TELEGRAM NUMBER 279 OF 20 JULY 1984

MIPT

RELATIONS WITH ARGENTINA

1. DURING LAST NIGHT'S SESSION I TOOK UP WITH BRUNNER, AS INSTRUCTED BY TELEPHONE, YOUR REQUEST THAT THE SWISS GOVERNMENT SHOULD CONFIRM IN A PUBLIC STATEMENT THE NATURE OF THE GENTLEMAN'S AGREEMENT REACHED BEFORE THE TALKS CONCERNING THE HANDLING OF THE SOVEREIGNTY QUESTION AND SHOULD STATE THAT THIS AGREEMENT HAD NOT BEEN OBSERVED ON THE ARGENTINE SIDE. I FIRST OF ALL SPOKE TO HIM ACROSS THE TABLE IN THE PRESENCE OF THE MEMBERS OF THE OTHER DELEGATION AND SUBSEQUENTLY HAD A PRIVATE TALK WITH HIM IN THE CORRIDOR IN WHICH I PRESSED HIM HARD TO HONOUR THE COMMITMENT WHICH HE HAD GIVEN DURING OUR PREPARATORY EXCHANGES.

2. BRUNNER DID NOT DENY THE ASSURANCES WHICH HE HAD GIVEN ME. NOR DID HE DENY THAT THE LINKAGE INSISTED ON BY THE ARGENTINES BETWEEN DISCUSSIONS ON NORMALISATION OF RELATIONS AND THE SETTING UP OF A MECHANISM TO DISCUSS SOVEREIGNTY WAS CONTRARY TO OUR

BETWEEN DISCUSSIONS ON NORMALISATION OF RELATIONS AND THE SETTING UP OF A MECHANISM TO DISCUSS SOVEREIGNTY WAS CONTRARY TO OUR PRIOR AGREEMENT.

3. HE WAS, HOWEVER, UNWILLING TO AGREE TO YOUR REQUEST ON THE GROUNDS THAT ONLY THE FEDERAL COUNCIL COULD AUTHORISE SUCH A STATEMENT ON BEHALF OF THE SWISS GOVERNMENT. IT WOULD HE SAID NOT BE IN THE INTEREST OF ANY OF THE GOVERNMENTS REPRESENTED AT THE TALKS THAT SUCH A STATEMENT SHOULD BE MADE. IT WOULD HAVE BEEN DIFFERENT IF OUR DELEGATION HAD RAISED THE POINT DURING THE TALKS ON THE PREVIOUS EVENING OR EVEN THAT MORNING. HE MIGHT THEN HAVE GIVEN A RULING BUT COULD NOT NOW PUBLICLY ACCUSE THE ARGENTINES AFTER THE EVENT.

4. AFTER DISCUSSION IN WHICH THOMAS JOINED, BRUNNER OFFERED TO CONVEY TO THE ARGENTINES OUR VIEW THAT THEY HAD BROKEN THE AGREEMENT. AFTER FURTHER DISCUSSION HE ALSO AGREED TO MAKE IT CLEAR TO THE ARGENTINES THAT HE SHARED OUR VIEW.

5. AT THE SAME TIME, BRUNNER MADE IT CLEAR THAT IN THE SWISS VIEW WHICH WAS SHARED BY THE BRAZILIANS THE STYLE AND SUBSTANCE OF OUR DELEGATIONS OPENING STATEMENT ON 18 JULY AND OUR REPLY TO THE ARGENTINE STATEMENT ON SOVEREIGNTY HAD COME AS UNPLEASANT SURPRISES TO THE ARGENTINES AND HAD STIFFENED THEIR ATTITUDE TOWARDS DISCUSSION OF NORMALISATION MEASURES. HE WAS NOT PERSUADED THAT ALL THE BLAME FOR THE FAILURE OF THE TALKS COULD BE ATTRIBUTED TO ARGENTINE SIDE.

POWELL-JONES

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MR GOODALL

MR O'NEILL

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MR D C THOMAS

MR WESTON

MR BRIDGINGTON

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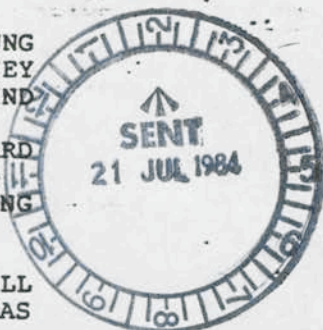
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GRS 900

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(FM BERNE 211100Z)

FM BIS BUENOS AIRES

TO IMMEDIATE FCO

TELNO 479 OF 20 JULY 1984

INFO PRIORITY MOD, BANK OF ENGLAND, ASUNCION, BRASILIA,
CARACAS, MONTEVIDEO, MEXICO CITY, SANTIAGO, UKMIS NEW YORK,
WASHINGTON, CC STANLEY

PRESS SUMMARY

1. TODAY'S FRONT PAGES ARE SHARED BETWEEN ECONOMY MINISTER BERNARDO GRINSPUN'S ANNOUNCEMENT OF HIS MEDIUM-TERM ECONOMIC PLAN AND THE BREAKDOWN OF THE BERNE TALKS BETWEEN BRITAIN AND ARGENTINA.
2. THE REFUSAL OF THE BRITISH DELEGATION AT THE BERNE TALKS TO DISCUSS SOVEREIGNTY IS REPORTED TO HAVE LED TO A WALK-OUT BY THE ARGENTINE DELEGATION. FOLLOWING A MEETING WITH PRESIDENT ALFONSIN FOREIGN MINISTER CAPUTO ISSUED A COMMUNIQUE YESTERDAY (OUR TELNO 475) CLAIMING THAT THE BRITISH HAD DEPARTED FROM THE SPIRIT WHICH HAD INSPIRED THE INVITATION TO THE MEETING. IN LENGTHY STATEMENTS TO REPORTERS HE LATER SAID THAT THE ARGENTINE GOVERNMENT HAD NOT REJECTED A PEACEFUL AND NEGOTIATED SOLUTION AND THAT THE BRITISH POSITION DENOTED AN ABSOLUTE LACK OF PREDISPOSITION TO NEGOTIATE. HE SAID THAT QUOTE THIS ARGENTINE EFFORT WAS NOT RECIPROCATED UNQUOTE. HE CLAIMED THAT THE BRITISH HAD QUOTE VIOLATED THE RULES ONLY PLAY UNQUOTE AND THAT THE ARGENTINE FOREIGN MINISTRY HAD ALREADY DECIDED ITS STRATEGY FOR

EFFORT WAS NOT RECIPROCATED UNQUOTE. HE CLAIMED THAT THE BRITISH HAD QUOTE VIOLATED THE RULES ONLY PLAY UNQUOTE AND THAT THE ARGENTINE FOREIGN MINISTRY HAD ALREADY PREPARED ITS STRATEGY FOR THE NEXT ANNUAL GENERAL ASSEMBLY OF THE UNITED NATIONS. HE CLAIMED THAT ARGENTINA HAD NOT EXPECTED SPECTACULAR RESULTS FROM THE MEETING AND CONTINUED: THE QUOTE UNALTERABLE ARGENTINE POSITION UNQUOTE IS DEMONSTRATED IN THE FOLLOWING POINTS:

A. ARGENTINA IS FULLY DISPOSED TO CONTINUE DIPLOMATIC NEGOTIATIONS,

B. NO SERIOUS AND RESPONSIBLE NEGOTIATIONS CAN EXCLUDE SOVEREIGNTY.

C. ARGENTINA IS DISPOSED TO CONSIDER ALL SUBJECTS WHETHER THEY BE ECONOMIC RELATIONS OR THE PROBLEM OF FORTIFYING THE ISLANDS, ON THE CONDITION THAT THE SUBJECT OF SOVEREIGNTY IS NOT EXCLUDED.

3. CAPUTO LATER REPORTED TO THE CHAMBER OF DEPUTIES ON THE TALKS, SAYING THAT THE BRITISH ATTITUDE WAS NOT SERIOUS BUT UNREALISTIC. HE CLAIMED THAT ARGENTINA HAD PUT FORWARD PROPOSALS ON 16 FEBRUARY TO IMPROVE RELATIONS WITH BRITAIN THROUGH FNEINFORMAL DIALOGUE WITH AN OPEN AGENDA AS AN INTRODUCTORY STAGE TO REAL NEGOTIATIONS. HOWEVER, THE ARGENTINES WERE UNABLE TO ATTEND UNTIL IT HAD BEEN AGREED THAT THE DIALOGUE WOULD BE CONDUCTED AS THE ARGENTINES WISHED WITH THE INCLUSION OF SOVEREIGNTY. HE SAID THERE WAS NOYU

NEED

WAS FREQUENTLY APPLAUDED BY THE DEPUTIES WHO LATER PASSED A MOTION APPROVING THE MFA'S HANDLING OF THE DISPUTE.

RM 'LA NACION' REPORTS THAT THE BREAKDOWN OF TALKS RECEIVED FRONT PAGE COVERAGE IN THE MAJOR ENGLISH NEWSPAPERS AND THAT QUOTE OBSERVERS CONSIDER THAT THE EPISODE HAS BEEN POSITIVE FOR ARGENTINA UNQUOTE. YOUR STATEMENT THAT THE TALKS HAD ENDED BECAUSE THE ARGENTINES WERE NOT PREPARED TO CONTINUE ON THE BASIS PLAINLY AGREED IN ADVANCE IS ALSO REPORTED HERE. A BUENOS AIRES HERALD EDITORIAL CLAIMS THAT THE ARGENTINE ACTION WAS EITHER A FEINT DESIGNED TO IMPRESS PUBLIC OPINION WITH ITS STRENGTH OF PURPOSE, OR AN ATTEMPT TO DISTRACT ATTENTION FROM THE GOVERNMENT'S RELATIVELY CONCILIATORY STAND ON THE BEAGLE CHANNEL DISPUTE. 'LA NACION' REPORTS RUMOURS OF ILL-FEELING IN THE ARGENTINE MFA AMONG SENIOR OFFICIALS AND DEPUTY FOREIGN SECRETARY ELSA KELLY OVER A LACK OF PRIOR CONSULTATION ABOUT THE TALKS. THE PAPER CLAIMS DIPLOMATIC SOURCES SEE THE ARGENTINE WALK-OUT AS A REVERSE WHICH WILL ENABLE GREAT BRITAIN TO REINFORCE ITS ACCUSATIONS OF ARGENTINE INTRANSIGENCE AND WHICH WILL UNDERMINE ARGENTINA'S POSITION IN THE NEXT UNGA AND ALSO IN CAPUTO'S VISIT TO THE US BEGINNING TODAY.

5. GRINSPUN SPOKE FOR ONE AND A HALF HOURS ON TELEVISION LAST NIGHT OUTLINING HIS NEW ECONOMIC PLAN. THE BULK OF THE SPEECH WAS DEVOTED TO RECENT ECONOMIC HISTORY AND THERE WERE FEW CONCRETE PROPOSALS FOR THE FUTURE. 'LA VOZ' SAYS THE SPEECH WAS QUOTE A LONG WAY FROM THE FORMULATION OF AN ECONOMIC PLAN UNQUOTE. AMONG THE POINTS COVERED BY GRINSPUN WERE MEASURES TO ERADICATE TAX EVASION, PROMOTE EXPORTS, FACILITATE FOREIGN INVESTMENT AND INDUSTRIAL REACTIVATION. HE ALSO UNDERLINED THE GOVERNMENT'S NEED FOR A SOCIO-ECONOMIC CONTRACT WITH THE UNIONS AND REAFFIRMED ITS COMMITMENT TO QUOTE REAL WAGE INCREASES UNQUOTE.

6. PRESIDENT ALFONSIN IS REPORTED TO HAVE ACCEPTED THE RESIGNATION

ECONOMIC CONTRACT WITH THE UNIONS AND REAFFIRMED ITS COMMITMENT TO QUOTE REAL WAGE INCREASES UNQUOTE.

6. PRESIDENT ALFONSIN IS REPORTED TO HAVE ACCEPTED THE RESIGNATION OF ARGENTINA'S CHIEF NEGOTIATOR IN THE BEAGLE TALKS, RETIRED GENERAL RICARDO ETCHEVERRAY BONEO. NO EXPLANATION FOR THE RESIGNATION WAS GIVEN BUT ALFONSIN IS RUMOURED TO HAVE REJECTED BONEO'S ADVICE TO PUT OFF SIGNING ANY TREATY OVER THE BEAGLE WHICH MIGHT BE PROPOSED IN THE NEAR FUTURE. FORMER THIRD ARMY CORPS COMMANDER LUCIANO MENENDEZ CRITICISED THE QUOTE VATICAN BEAGLE PROPOSAL UNQUOTE FOR QUOTE NOT RESPECTING THE BIOCEANIC PRINCIPAL, IT GIVES US NOTHING UNQUOTE. IN A PRESS CONFERENCE YESTERDAY MENENDEZ AND OTHER MEMBERS OF THE AFFIRMATION OF SOVEREIGNTY MOVEMENT WARNED OF THE QUOTE OBVIOUS BRITISH AND CHILEAN AIMS TO CONSOLIDATE THEIR PRESENCE IN USURPED TERRITORIES.

7. DURING CLASHES BETWEEN RIVAL PERONIST SUPPORTERS OF BUENOS AIRES PROVINCE JUSTICIALIST LEADER HERMINIO IGLESIAS AND THE MAYOR OF FLORENCIO VARELA, JULIO CARPINETTI, A FORMER CITY OFFICIAL RECEIVED GUNSHOT WOUNDS AND A STATUE OF PERON WAS DAMAGED BY A BOMB-BLAST.

8. ACCORDING TO AN AGENCY REPORT, ARGENTINA WILL ADOPT A QUOTE CRAWLING PEG UNQUOTE DEVALUATION TO DEVALUE THE PESO BY 15-20 PER CENT PER MONTH OVER THE NEXT FOUR MONTHS INSTEAD OF AN ABRUPT DEVALUATION BY THE SAME AMOUNT AS DEMANDED BY THE IMF.

JOY

POWELL-K JONES

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AFTER - HE SAID THERE WAS NO NEED - IN LINE 8 OF PARA 3 PLEASE READ

FOR QUOTE SECRET DIPLOMACY UNQUOTE. DURING HIS REPORT CAPUTOT

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BANK OF ENGLAND

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TO IMMEDIATE DESKBY FCO
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TELNO 480 OF 20 JULY 1984

INFO IMMEDIATE MOD, BANK OF ENGLAND, ASUNCION, BRASILIA,
 CARACAS, MONTEVIDEO, MEXICO, UKMIS NEW YORK, WASHINGTON,
 CC STANLEY

RELATIONS WITH ARGENTINA : REACTIONS TO THE BREAK

1. TODAY'S PRESS SUMMARY (MY TELNO 479) CONTAINS DETAILS OF
 LOCAL PRESS REACTION TO THE ABRUPT END OF THE BERNE MEETING,
 BUT SOME BACKGROUND WILL BE USEFUL.

2. THE EARLY BREAK UP OF THE TALKS IS GENERALLY BLAMED ON BRITISH
 INTRANSIGENCE, QUOTE GREAT BRITAIN BROKE THE AGREED RULES UNQUOTE
 IS A TYPICAL HEADLINE, BUT THE BETTER INFORMED NON-OFFICIAL
 OBSERVERS ARE PUZZLED OVER ARGENTINE MOTIVES FOR FIRST ATTENDING
 AND THEN BREAKING OFF THE MEETING. THE EXPLANATIONS BEING
 SUGGESTED ARE :

- A. FEAR OF THE ADVERSE MILITARY/NATIONALIST REACTION TO NEWS
 OF THE TALKS,
- B. INGENUOUSNESS AND INEXPERIENCE OF THE ARGENTINE MINISTRY OF
 FOREIGN AFFAIRS,
- C. A DELIBERATE STRATAGEM TO EMPHASISE ARGENTINE WILLINGNESS

FOREIGN AFFAIRS,

- C. A DELIBERATE STRATAGEM TO EMPHASISE ARGENTINE WILLINGNESS TO TALK AND BRITISH INTRANSIGENCE IN PREPARATION FOR UNGA AND IN THE HOPE OF EARNING MORE VOTES AND PARTICULARLY DIVIDING THE EUROPEANS.

CAPUTO'S PRESENTATION TO THE CHAMBER OF DEPUTIES LAST NIGHT LENT SOME COLOUR TO THIS (TRANSLATION FOLLOWS). "IF GREAT BRITAIN DOES NOT WISH TO NEGOTIATE, OUR OBJECTIVE IS TO FORCE HER TO DO SO BY A VARIETY OF PRESSURES. THE OBJECTIVE OF THIS ATTEMPT IN BERNE WAS TO MAKE THE COST OF NOT NEGOTIATING UNBEARABLE FOR THE BRITISH GOVERNMENT."

3. THE REAL MOTIVE MAY BE A COMBINATION OF THESE THREE. "LA PRENSA" COLUMNIST IGLESIAS ROUCO REHEARSES ALL THREE AND ADDS A FOURTH, NAMELY AS A SMOKESCREEN TO PERMIT CONTACTS TO CONTINUE.

4. THIS IS A PERSISTANT UNDERLYING IMPRESSION HOWEVER THAT THE MEETING WAS NOT ENTIRELY A FAILURE (THE LOCALLY REPORTED SWISS VIEW) AND THAT CONTACTS THROUGH THE PROTECTING POWERS ARE LIKELY TO CONTINUE.

5. THERE HAVE BEEN NO PHYSICAL ANTI-BRITISH MANIFESTATION SO FAR.

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PRIME MINISTER

Argentina

Discussions in Berne with the Argentinians have been broken off. The Foreign Secretary issued the attached on-the-record statement this evening. It attributes the blame squarely to the Argentinians for failing to honour the agreed basis for the talks. In further briefing we are making clear that it is a matter of bad faith. I have asked the FCO to press the Swiss Government hard to fulfil quickly their commitment to make clear publicly where the blame belongs.

The course of events during the day is summarised in the attached letter. At this morning's session we set out our ideas on normalisation of relations but the Argentinians again said that they could not discuss them unless we agreed to the establishment of a mechanism for discussing sovereignty. That effectively brought the talks to an end.

Statements began appearing from Buenos Aires this afternoon to the effect that the talks had been broken off because of British intransigence on the issue of sovereignty although there was some later back-tracking on this. From then on we clearly had to get our side of the story quickly and firmly on-the-record.

Your instinct that the Argentinians would behave duplicitiously is borne out. But we ought to come out of it pretty well. We have been ready to talk about normalisation of relations, have shown good faith in abiding by the arrangements made but have not been diverted from our refusal to discuss sovereignty. We made an honest effort: they are shown to be insincere. We must plug this line hard.

C.P.P.

CONFIDENTIAL

19 July 1984

ON THE RECORD LINE

The British Government have consistently made it clear that they are not prepared to discuss with the Argentines the question of sovereignty over the Falklands. But, against this background, the British Government have taken a positive attitude to opening talks with the Argentines in order to move towards a more constructive relationship. Exchanges have been going on over a long period to set up the talks.

The talks between Britain and Argentina in Berne have now ended because the Argentines were not prepared to continue them on the basis plainly agreed in advance through the Swiss Government. This was that if the Argentine representatives raised the subject of sovereignty, the British representatives would reply that they would not discuss it. Discussion would then go straight on to practical issues of concern to both sides.

The British side complied scrupulously with this understanding. The Argentine representatives, however, argued that discussion of normalising relations had to be linked to discussion of sovereignty. It is a matter of great regret that, after months of negotiation to find a mutually acceptable basis for talks, the Argentine Government was not prepared to respect that basis.

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Foreign and Commonwealth Office

London SW1A 2AH

19 July 1984

pa.

Dear Charles,

Talks with Argentina

The Prime Minister may find it useful to have a brief summary of today's events. You will have seen Berne telnos 273, 274 and 275 which report the discussions in Berne.

You will have seen from Berne telno 273 that during the first session yesterday evening the Argentines insisted that any progress towards normalisation must be dependent on the setting up of a mechanism for discussing sovereignty. Mr Thomas on the British side responded in the terms agreed in OD. In the second session earlier today, Mr Thomas gave a full presentation of our six items. The Argentines listened but stuck to their position that there could not be further discussion unless we accepted a mechanism for addressing sovereignty. Mr Thomas made clear that this was unacceptable and the talks ended.

There was a further meeting late this afternoon with the Swiss at which the latter put forward a draft communique (copy attached). You will see that the draft communique was completely unacceptable. We instructed our delegation immediately to make this plain. Instead we said that we were only prepared to accept a very short factual communique which simply stated when and where the talks had taken place.

As the Prime Minister knows, in the course of the afternoon we saw Reuter tapes of a statement made by Sr Caputo in which he said that Argentina had broken off the talks with Britain (I enclose a copy of the tape). After discussion with our delegation in Berne, the Foreign Secretary issued an on the record statement (copy attached) making clear that the talks had broken down because the Argentines had violated the agreed basis. The Foreign Secretary will do a series of radio and TV interviews this evening, making clear that we had said consistently that we were not willing to discuss the question of sovereignty and that the Swiss and the Argentines were perfectly well aware of this.

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It will be clear from this that the Argentines, and the Swiss, violated the agreed basis for the talks on at least four counts. First, by the way in which the Argentines sought to establish a linkage between sovereignty and the discussion of the six items. Secondly, by the way in which the Argentines broke the confidentiality of the negotiations through Sr Caputo's statement. Third, by the way in which the Swiss (and the Brazilians) came up with a long draft communique which dealt misleadingly with matters of substance. Fourth, by the way in which the Swiss have failed so far to live up to their assurance that they would stand firm on the agreed basis for the negotiations. We are taking steps here and in Berne to press the Swiss hard to honour their undertakings to confirm the basis for the talks in public. The PUS has spoken firmly to the Swiss Ambassador who agreed that the Argentines appeared to have gone against the agreed basis for the talks. Our Ambassador in Berne has spoken to the Swiss Government. So far the Swiss have been evasive.

The Foreign Secretary will be making a statement in the House tomorrow morning. We are sending telegrams to our posts abroad now with instructions to tell other governments about the reasons for the breakdown in the talks. We will obviously want to consider the implications of today's events in more detail. Nevertheless, it looks as though there is little chance that the talks will be revived in the very near future. I do not think that any of us went into these talks with any illusions. The main thing is to make sure that the blame for their failure is pinned fairly and squarely where it belongs - on the Argentines. This we are doing.

I have not been able to clear this letter with the Foreign Secretary in the time available.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

At the invitation of the Swiss Government and in the presence of representatives of the Government of Brazil, senior officials of Argentina and the UK met in Berne on 18/19 July 1984.

On this occasion the Argentine side stated that it was essential in its view to discuss the setting up of a mechanism which would permit commencing a discussion on the dispute between Argentina and Great Britain over the sovereignty of the Islands.

The British side reaffirmed that Her Majesty's Government was not prepared to enter into a discussion on the question of sovereignty.

The British delegation set out proposals in different fields which in the view of Her Majesty's Government would lead to a negotiation intended to proceed by stages to the normalisation of relations between the two countries.

The Argentine delegation made the point in this connection that it was not prepared to enter into substantial discussion on these subjects so long as the means of addressing the question of sovereignty could not be examined.

These conversations were considered useful by the participants. They allowed the two parties to have the first direct contact and to express clearly their respective points of view.

The British and Argentine delegations will report back to their Governments on the conversations as a whole. This would allow the two Governments, on the basis of the decisions taken as well as messages which will be transmitted by the protecting powers, to pursue the dialogue in order to explore ways and means of extending examination of the subjects raised.

The protecting powers have expressed a wish to the two delegations that measures be taken under the aegis of the ICRC to allow families of Argentine soldiers buried in the Islands to visit their graves. The two sides took note of this humanitarian proposal.

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191419 :AM-FALKLANDS ' ' ' URGENT
ARGENTINA BREAKS OFF SWITZERLAND TALKS; OFFICIAL NEWS AGENCY
SAYS:

BUENOS AIRES, JULY 19; REUTERS - ARGENTINA BROKE OFF TALKS
WITH BRITAIN ON THE FALKLANDS (MALVINAS) ISLANDS IN SWITZERLAND
TODAY LESS THAN 24 HOURS AFTER THEY BEGAN; THE ARGENTINE
OFFICIAL NEWS AGENCY TELAM SAID; QUOTING FOREIGN MINISTER DANTE
CAPUTO.

MORE JPR BCM

NNNN
UKP906 EPF048
191426 :AM-FALKLANDS #2 BUENOS AIRES:
CAPUTO SAID ARGENTINA HAD SHOWN ITS WILLINGNESS TO ENTER
INTO DIALOGUE OVER THE SOVEREIGNTY OF THE ISLANDS IN THE TALKS
THAT BEGAN YESTERDAY NEAR BERNE +BUT WITHDREW FROM THE SAME DUE
TO THE BRITISH INTRANSIGENCE ON THE SUBJECT.+
CAPUTO MADE THE STATEMENT AFTER A MEETING WITH PRESIDENT
RAUL ALFONSIN.
MORE JPR/DM

FALKLAND ISLANDS GENERAL

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CONFIDENTIAL

FM BERNE 19/0830Z JUL 84

TO FLASH FCO

TELEGRAM NUMBER 273 OF 19 JULY 1984

OFFICIAL TALKS WITH ARGENTINA

FROM DELEGATION

SUMMARY

1. FIRST EVENING. ARGENTINES ADHERED TO LETTER OF ARRANGEMENT FOR SINGLE EXCHANGE ON SOVEREIGNTY, BUT THEY HAVE INSISTED THAT ANY PROGRESS TOWARDS NORMALISATION MUST BE DEPENDENT ON ESTABLISHMENT OF MECHANISM FOR ADDRESSING ISSUE OF SOVEREIGNTY. WE LEFT THEM IN NO DOUBT THAT THERE COULD NOT BE ANY SUCH LINKAGE. SOVEREIGNTY WAS NOT FOR DISCUSSION. SOME WRANGLES OVER PUBLIC PRESENTATION. WE PLAN TO MOVE ON TO OUR SIX SUBJECTS TODAY.

DETAIL

2. HM AMBASSADOR TOOK REST OF DELEGATION TO CALL ON SWISS STATE SECRETARY AT 1700 ON 18 JULY. DISCUSSION WAS MOSTLY ABOUT MODALITIES, BUT BRUNNER, WHO HAD ALREADY SEEN ARGENTINE DELEGATION, SAID THAT THEIR LEADER HAD MAINTAINED THAT IT WOULD BE QUOTE POLITICAL SUICIDE UNQUOTE FOR THE ARGENTINE GOVERNMENT TO AGREE TO MOVE TOWARDS NORMALISATION OF BILATERAL RELATIONS WITHOUT SOVEREIGNTY BEING ADDRESSED. THOMAS REPLIED FIRMLY. WE HAD COME TO START THE PROCESS OF REBUILDING CONFIDENCE. THE EVENTS OF 1982 WERE NOT THE FAULT OF THE PRESENT GOVERNMENT OF ARGENTINA, BUT THE ALFONSIN REGIME HAD INHERITED THE CONSEQUENCES OF THESE EVENTS. ONE SUCH CONSEQUENCE WAS THAT THERE CAN BE NO DISCUSSION OF SOVEREIGNTY.

EVENTS. ONE SUCH CONSEQUENCE WAS THAT THERE CAN BE NO DISCUSSION OF SOVEREIGNTY.

3. AFTER BUSINESSLIKE AND CORDIAL CONVERSATION OVER DINNER, TALKS STARTED AT 20.30. THOMAS MADE OPENING STATEMENT IN MIFT. DELPECHE FOLLOWED WITH ARGENTINES' OPENING STATEMENT. HE SAID ARGENTINE GOVERNMENT HAD TAKEN FIRM DECISION TO SOLVE, AS SOON AS POSSIBLE, ALL THE DIFFERENCES BETWEEN OUR TWO COUNTRIES. THE INTERNATIONAL COMMUNITY SHARED THIS WISH AND HAD EXPRESSED IT IN UN RESOLUTIONS. ALL THE ISSUES SHOULD BE DEALT WITH IN A CO-ORDINATED MANNER. THE FUNDAMENTAL PROBLEM BETWEEN US WAS THAT OF SOVEREIGNTY; THIS, TOO, HAD BEEN RECOGNISED BY THE INTERNATIONAL COMMUNITY, AND THERE HAD BEEN NUMEROUS STATEMENTS BY THE TWO PARTIES THAT A DISPUTE OVER SOVEREIGNTY EXISTED. ARGENTINE DELEGATION WAS DETERMINED TO ESTABLISH A QUOTE CERTAIN AND SURE MECHANISM UNQUOTE FOR ADDRESSING SOVEREIGNTY. THIS DID NOT MEAN IMMEDIATE AGREEMENT TO TRANSFER SOVEREIGNTY, OR ANYTHING LIKE IT, BUT IT MUST BE RECOGNISED THAT THE SITUATION IS SUSCEPTIBLE TO SOLUTION BY NEGOTIATION. THIS WAS THE ESSENTIAL FACT UNDERLYING THE TALKS AND OTHER ASPECTS COULD ONLY BE ADDRESSED IN THE LIGHT OF IT.

4. DELPECHE CONTINUED THAT BRITAIN, AS A PERMANENT MEMBER OF THE UN SECURITY COUNCIL, HAD A PARTICULAR OBLIGATION TO CONTRIBUTE TO THE MAINTENANCE OF PEACE AND SECURITY. THE EXISTENCE OF THE DISPUTE WAS INTERNATIONALLY RECOGNISED: IT WAS THEREFORE ONLY RATIONAL TO SET IN MOTION PROCEDURES FOR SOLVING IT. HE CONCLUDED BY REITERATING THAT ISSUES OTHER THAN SOVEREIGNTY COULD ONLY BE SOLVED TO THE EXTENT THAT PROGRESS WAS MADE IN ESTABLISHING A QUOTE CERTAIN MECHANISM UNQUOTE FOR ADDRESSING, IN DUE COURSE, THE SOVEREIGNTY ISSUE.

5. THOMAS SAID WE HAD TAKEN CAREFUL NOTE OF DELPECHE'S EXPOSITION OF THE ARGENTINE POSITION. HE THEN RESPONDED IN TERMS AGREED IN OD (FULL TEXT ALSO IN MIFT).. BRUNNER THEN SOUGHT TO MOVE DISCUSSION ON TO THE SIX PRACTICAL POINTS WE HAD PROPOSED AND THE THREE ADDITIONAL ITEMS PUT FORWARD BY ARGENTINA IN FEBRUARY. AT THIS POINT DELPECHE REQUESTED A QUOTE (PAUSE FOR REFLECTION UNQUOTE).

6. EXCHANGES BETWEEN THE DELEGATIONS THEN CONTINUED THROUGH BRUNNER. THE ARGENTINES SOUGHT CONFIRMATION THAT, AFTER THE TALKS, OUR PUBLIC LINE ABOUT NOT BEING PREPARED TO ENTER INTO DISCUSSION OF SOVEREIGNTY WOULD NOT ENTAIL FULL REPETITION IN PUBLIC OF TERMS OF THOMAS' RESPONSE. WE SAID THAT THE AGREED ARRANGEMENT PROVIDED FOR THE TWO SIDES SAYING WHAT THEY LIKED IN PUBLIC. WE CERTAINLY INTENDED TO CONFINE OUR INITIAL PUBLIC COMMENT ON THIS ASPECT TO CONFIRMING THAT THE ARGENTINE DELEGATION HAD RAISED SOVEREIGNTY ON A SINGLE OCCASION SEMI COLON THAT THE BRITISH GOVERNMENT HAD CONSISTENTLY MADE CLEAR TO THE ARGENTINE GOVERNMENT, THROUGH THE PROTECTING POWERS AND PUBLICLY, THAT THEY ARE NOT PREPARED TO ENTER INTO DISCUSSION OF THE QUESTION OF SOVEREIGNTY OVER THE FALKLAND ISLANDS AND THE FALKLAND ISLANDS DEPENDENCIES SEMI COLON AND THAT THIS REMAINS THE POSITION. HOWEVER, WHILE THE ARGENTINES COULD TAKE IT THAT WE WOULD SUMMARISE THE EXCHANGE IN THIS WAY, WE RESERVED THE RIGHT TO DETERMINE OUR FINAL LINE, AND TO DEAL WITH SUPPLEMENTARY QUESTIONS, IN THE LIGHT OF WHAT THE

ARGENTINES THEMSELVES SAID. IN FORMULATING OUR LINE, WE HAD MADE A CONCESSION TO MEET ARGENTINE CONCERNS. THEIR OWN STATEMENT WOULD BE EXCLUSIVELY THEIR RESPONSIBILITY. THERE COULD BE NO QUESTION OF THE BRITISH DELEGATION COMMITTING MINISTERS IN ADVANCE TO USING OR NOT USING ANY PARTICULAR FORMULA.

7. THERE FOLLOWED A SEPARATE MEETING BETWEEN THOMAS, DELPECHE AND BRUNNER. THIS BEGAN WITH INCONCLUSIVE DISCUSSION ABOUT THE EXTENT TO WHICH THE CONFIDENTIALITY OF THE TALKS WOULD BE OBSERVED IN THE PUBLIC STATEMENTS OF THE TWO SIDES. DELPECHE THEN MADE CLEAR AGAIN THAT ARGENTINA COULD NOT ADMIT TO HAVING DISCUSSED OUR NORMALISATION PROPOSALS IN THE FACE OF OUR NOT BEING PREPARED TO DISCUSS SOVEREIGNTY: IT WAS ESSENTIAL TO ESTABLISH A LINK BETWEEN NORMALISATION AND AT LEAST THE OUTLINE OF A MECHANISM FOR ADDRESSING SOVEREIGNTY. THOMAS REPLIED THAT THE BRITISH GOVERNMENT WERE SINCERE IN THEIR DETERMINATION TO NORMALISE RELATIONS WITH ARGENTINA, BUT THERE COULD BE NO LINK WHATSOEVER BETWEEN DISCUSSION OF THIS AND THE QUESTION OF SOVEREIGNTY. HE REITERATED THAT SOVEREIGNTY WAS NOT FOR DISCUSSION.

8. IT WAS PROVISIONALLY AGREED THAT THE TALKS WOULD RECONVENE THIS MORNING AND THAT WE WOULD GIVE A PRESENTATION ON OUR SIX SUBJECTS. DELPECHE INDICATED THAT HE WOULD REPLY THAT, FOR THE REASONS HE HAD STATED, THE ARGENTINE DELEGATION WAS NOT PREPARED TO DISCUSS THEM. HE SAID LAST NIGHT THAT HE WAS PREPARED FOR THIS ATTITUDE TO NORMALISATION TO BE REFLECTED IN A COMMUNIQUE, TO BE DISCUSSED LATER TODAY, WHICH WOULD ALSO MAKE PLAIN OUR POSITION ON SOVEREIGNTY. (WE SHALL SEE.)

9. BRUNNER IS SHOWING AN INCLINATION TO PICK UP OUR OFFER OF A NEXT-OF-KIN VISIT AND RUN WITH IT HIMSELF AS A SWISS INITIATIVE. WE PLAN TO RESIST THIS, EMPHASISING FIRST OUR STRONG PREFERENCE FOR THE RETURN OF ARGENTINE DEAD AND POINTING OUT THAT, FAILING THIS, A BRITISH OFFER OF A NEXT-OF-KIN VISIT, INCLUDING DETAILED CONDITIONS, IS ALREADY ON THE TABLE.

10. AS WE PARTED IN THE EARLY HOURS, BRUNNER COMMENTED TO US THAT THE ARGENTINES FULLY UNDERSTOOD THE AGREEMENT FOR SOVEREIGNTY TO BE RAISED ON A SINGLE OCCASION ONLY AND DID NOT WANT TO BREAK IT. BUT THE SINGLE EXCHANGE HAD NOT DEVELOPED AS HE OR WE HAD ANTICIPATED, IN THAT THE ARGENTINES, RATHER THAN REITERATING THEIR CLAIM, HAD CONCENTRATED ON THE POINT OF LINKAGE. WE REMARKED THAT THIS WAS THE VERY OPPOSITE OF OUR PURPOSE IN AGREEING TO WHAT HAD BEEN THE ARGENTINES' OWN PROPOSAL (OF 4 JUNE) IN THE FIRST PLACE: THE DEVICE HAD THEN BEEN ACCEPTED AS A MEANS OF KEEPING SEPARATE THE QUESTIONS OF NORMALISATION AND SOVEREIGNTY. THE STATEMENT IN THOMAS' RESPONSE THAT QUOTE HER MAJESTY'S GOVERNMENT DO NOT ACCEPT THE ARGENTINE POSITION UNQUOTE HAD BEEN DRAWN UP TO MEET AN ANTICIPATED REITERATION OF ARGENTINA'S CLAIM. BUT WE LEFT BRUNNER IN NO DOUBT THAT THE POINT APPLIED WITH EQUAL FORCE TO THE ARGENTINES' ATTEMPT TO LINK NORMALISATION WITH SOVEREIGNTY.

11. FCO PLEASE REPEAT AS JUDGED DESIRABLE.

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 FM BERNE 19845Z

TO FLASH FCO
 TELEGRAM NUMBER 274 OF 19 JULY 84

MIPT: OFFICIAL TALKS WITH ARGENTINA
 FROM DELEGATION

1. FOLLOWING IS TEXT OF THOMAS' OPENING STATEMENT:-

BEGINS

(OPENING COURTESIES)

I AND MY DELEGATION WELCOME THE RENEWAL OF DIRECT CONTACT WITH REPRESENTATIVES OF THE ARGENTINE GOVERNMENT. THE ESTABLISHMENT OF A MUTUALLY ACCEPTABLE BASIS FOR THIS EXCHANGE HAS REQUIRED MUCH PATIENT AND CAREFUL PREPARATORY WORK. WE MUST NOW MAKE THIS WORTHWHILE, BY WORKING FOR A POSITIVE OUTCOME.

THE AIM OF THE BRITISH SIDE IS SIMPLY STATED: TO BRING ABOUT THE NORMALISATION OF BILATERAL RELATIONS, AND THE RESTORATION OF CONFIDENCE BETWEEN BRITAIN AND ARGENTINA. THE BEST MEANS OF ACHIEVING THIS IS JOINTLY TO EXPLORE SPECIFIC AREAS IN WHICH PRACTICAL PROGRESS SHOULD BE FEASIBLE.

WE RECOGNISE THAT AN HISTORICALLY SIGNIFICANT CHANGE TOOK PLACE IN ARGENTINA LAST YEAR WITH THE RESTORATION OF DEMOCRACY THERE. THE WELCOME GIVEN TO THIS BY MRS. THATCHER WAS WIDELY SHARED

THE WELCOME GIVEN TO THIS BY MRS. THATCHER WAS WIDELY SHARED IN BRITAIN. WE RECOGNISE, TOO, THAT THE PRESENT ARGENTINE GOVERNMENT BEARS NO RESPONSIBILITY FOR THE TRAGIC EVENTS OF 1982. BUT THOSE EVENTS AND THEIR CONSEQUENCES CANNOT BE EXCISED FROM THE HISTORY OF OUR TWO NATIONS. THE BRITISH GOVERNMENT'S ACTIONS THEN REFLECTED ITS UNWAVERING COMMITMENTS TO THE RULE OF LAW IN INTERNATIONAL RELATIONS AND TO THE SECURITY OF A COMMUNITY FOR WHOSE WELL-BEING IT WAS RESPONSIBLE. THE BRITISH GOVERNMENT STANDS BY THESE COMMITMENTS NO LESS FIRMLY TODAY. BUT THEY ARE NOT INCOMPATIBLE WITH OUR PURPOSE HERE, WHICH IS TO SET IN MOTION A PROCESS OF RECONCILIATION BETWEEN TWO PEOPLES HAVING A LONG HISTORY OF FRIENDSHIP, AND THE RESTORATION OF CONFIDENCE BETWEEN US. WE HAVE COME TO BERNE IN A SPIRIT OF GOODWILL.

ENDS

2. FOLLOWING IS TEXT OF THOMAS' RESPONSE TO ARGENTINE OPENING STATEMENT

BEGINS

THE BRITISH GOVERNMENT HAVE CONSISTENTLY MADE CLEAR TO THE ARGENTINE GOVERNMENT, THROUGH PROTECTING POWERS AND PUBLICLY, THAT THEY ARE NOT PREPARED TO ENTER INTO DISCUSSION OF THE QUESTION OF SOVEREIGNTY OVER THE FALKLAND ISLANDS AND THE FALKLAND ISLANDS DEPENDENCIES. THAT REMAINS OUR FIRMAND UNQUALIFIED POSITION. THE BRITISH GOVERNMENT AGREED, HOWEVER, TO AN ARRANGEMENT WHEREBY THE ARGENTINE DELEGATION WOULD MAKE ONE STATEMENT AT THESE TALKS SETTING OUT THEIR GOVERNMENT'S POSITION IN SOVEREIGNTY. IN ACCORDANCE WITH THE UNDERSTANDING REACHED BEFORE THE TALKS BEGAN, I PROPOSE TO MAKE NO RESPONSE TO THE ARGENTINE STATEMENT, APART FROM STATING THAT HER MAJESTY'S GOVERNMENT DO NOT ACCEPT THE ARGENTINE POSITION AND REITERATING THAT THE POSITION OF THE UNITED KINGDOM AS REGARDS ITS ENTITLEMENT TO SOVEREIGNTY OVER THE FALKLAND ISLANDS AND THE FALKLAND ISLANDS DEPENDENCIES IS WELL KNOWN AND THAT THE SUBJECT OF SOVEREIGNTY IS NOT FOR DISCUSSION. I HOPE THAT WE CAN NOW PROCEED TO DISCUSSION OF PRACTICAL WAYS IN WHICH MORE NORMAL RELATIONS BETWEEN OUR TWO COUNTRIES CAN BE RESTORED TO THEIR MUTUAL BENEFIT.

ENDS

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FM BERNE 19/1350Z JUL 84

TO FLASH FCO

TELEGRAM NUMBER 275 OF 19 JULY 1984

BERNE TELNOS 273 AND 274: OFFICIAL TALKS WITH ARGENTINA

FROM DELEGATION

SUMMARY

1. FULL PRESENTATION OF OUR SIX ITEMS. ARGENTINES ACKNOWLEDGED THESE TO BE QUOTE IMPORTANT UNQUOTE BUT DID NOT BUDGE FROM POSITION THAT ARGENTINA CANNOT ENTER INTO DISCUSSION OF THEM UNLESS WE AGREE TO THE ESTABLISHMENT OF MECHANISM FOR ADDRESSING SOVEREIGNTY. PROTECTING POWERS DRAFTING COMMUNIQUE FOR CONSIDERATION THIS EVENING.

DETAIL

2. SECOND SESSION: MORNING OF 19 JULY. AS AGREED LAST NIGHT, TALKS RECONVENED THIS MORNING AT BRUNNER'S PRIVATE RESIDENCE (TO KEEP CLEAR OF PRESS ATTENTION). THOMAS MADE A FULL PRESENTATION OF THE SIX SUBJECTS WE HAD SUGGESTED ON 26 JANUARY FOR THE DISCUSSION OF THE NORMALISATION OF BILATERAL RELATIONS, EMPHASISING THAT THESE ENCOMPASSED A SERIES OF PRACTICAL AND MUTUALLY BENEFICIAL MEASURES. DETAILS OF HIS PRESENTATION ARE IN MIFT.

3. DELPECHE SAID HE HAD LISTENED ATTENTIVELY TO THOMAS' PRESENTATION. THIS HAD COVERED SUBJECTS AND IDEAS WHICH HE DESCRIBED AS QUOTE RESPECTABLE UNQUOTE AND QUOTE IMPORTANT UNQUOTE. BUT THEY WERE IN EACH INSTANCE CONSEQUENCES OF THE FUNDAMENTAL PROBLEM: THE EXISTENCE OF THE DISPUTE OVER SOVEREIGNTY. SO LONG AS NO SERIOUS FORMULA HAD BEEN WORKED OUT FOR ADDRESSING THIS, THE ARGENTINE GOVERNMENT WAS NOT IN A POSITION TO DISCUSS OUR SIX POINTS WHICH, IN THEMSELVES COULD BE SETTLED WITHIN A WEEK.

4. DELPECHE ALSO REPEATED THE UNITED NATIONS POINTS FROM HIS STATEMENT OF YESTERDAY EVENING (PARA 4 OF BERNE TELNO 273), ADDING ALSO THAT UNDER THE UN CHARTER WE HAD A LEGAL OBLIGATION TO REACH A PEACEFUL SETTLEMENT BY NEGOTIATION (THE OBVIOUS RETORT TO THIS

ALSO THAT UNDER THE UN CHARTER WE HAD A LEGAL OBLIGATION TO REACH A PEACEFUL SETTLEMENT BY NEGOTIATION. (THE OBVIOUS RETORT TO THIS IS THAT THE CHARTER IMPOSES NO SUCH OBLIGATION; THOMAS REFRAINED FROM MAKING THIS POINT IN ORDER TO AVOID ENTERING INTO DISCUSSION OF SOVEREIGNTY. SIMILARLY, WHEN DELPECHE, IN THE CONTEXT OF A POSSIBLE NEXT-OF-KIN VISIT, MADE THE POINT THAT THE DEAD WERE ALREADY BURIED ON ARGENTINE TERRITORY, THOMAS AVOIDED BEING DRAWN INTO ARGUMENT.

5. DELPECHE MAINTAINED THAT THE ARGENTINE DELEGATION HAD BEEN READY TO CONSIDER ALL THE SIX SUBJECTS ON OUR LIST, BUT THAT OUR REFUSAL TO ACCEPT THE LINKAGE PROPOSED IN HIS STATEMENT YESTERDAY NOW MADE THIS IMPOSSIBLE. NEVERTHELESS, THE ARGENTINE DELEGATION REGARDED THE VERY FACT THAT THE MEETING WAS TAKING PLACE AS A POSITIVE DEVELOPMENT. IT WAS AT THE MOMENT DIFFICULT TO SEE HOW THESE INITIAL EXPLORATORY EXCHANGES COULD BE CARRIED FORWARD. TIME WOULD BE REQUIRED.

6. THOMAS SAID THAT EACH DELEGATION SHOULD NOW REPORT FULLY AND ACCURATELY TO THEIR CAPITALS THE POINTS OF VIEW PUT FORWARD IN THE TALKS AND HOPED THAT THE ARGENTINE GOVERNMENT WOULD REFLECT CAREFULLY ON WHAT HAD BEEN SAID. WE STILL FIRMLY BELIEVED THAT THE CORRECT WAY AHEAD WAS TO TAKE PRACTICAL, CONFIDENCE-BUILDING MEASURES. THE NORMALISATION OF OUR BILATERAL RELATIONS WAS IN THE INTERESTS OF BOTH COUNTRIES, AND WE SHOULD MAKE A SUSTAINED EFFORT TO ACHIEVE THIS.

7. BRUNNER COMMENTED THAT DIALOGUE WAS IN ITSELF A GOOD THING. HE WELCOMED THE FACT THAT IT HAD STARTED. HE WAS UNDER NO ILLUSION ABOUT ITS IMMEDIATE RESULTS, BUT ALL PROCESSES MUST HAVE A STARTING POINT SOMEWHERE. HE WAS GLAD TO NOTE THAT FULL REPORTS WOULD BE MADE TO GOVERNMENTS WHO WOULD THEN ANALYSE POSSIBILITIES FOR THE FUTURE. THE PROTECTING POWERS REMAINED AT THE DISPOSAL OF BRITAIN AND ARGENTINA.

8. THERE IS TO BE A FURTHER MEETING AT 1600Z THIS AFTERNOON TO CONSIDER A COMMUNIQUE DRAFTED JOINTLY BY THE SWISS AND THE BRAZILIANS AND TO BE ISSUED IN THEIR NAME AS HOSTS. WE HAVE NOT YET SEEN A DRAFT, BUT BRUNNER EVISAGES A BRIEF STATEMENT RECORDING THAT THE TWO DELEGATIONS LISTENED TO STATEMENTS OF EACH OTHER'S POSITION AND WOULD REPORT TO GOVERNMENTS. HE ALSO HINTED THAT DRAFT MIGHT BRIEFLY SUMMARISE ESSENCE OF EACH SIDE'S POSITION, I.E. THAT WE WERE NOT PREPARED TO DISCUSS SOVEREIGNTY, WHILE ARGENTINES WERE NOT PREPARED TO DISCUSS STEPS TOWARDS NORMALISATION WITHOUT UNDERSTANDING ON MECHANISM BY WHICH QUESTION OF SOVEREIGNTY MIGHT BE ADDRESSED.

9. DELPECHE PROPOSED, AND WE AGREED, THAT OFFICIAL COMMENT ON THIS COMMUNIQUE AND ON OTHER ASPECTS SHOULD BE MADE IN CAPITALS AND NOT REPEAT NOT IN BERNE; DELPECHE ACCEPTED OUR UNDERSTANDING THAT EACH GOVERNMENT WOULD BE FREE TO COMMENT AS IT SAW FIT.

10. FCO PLEASE REPEAT AS FOR BERNE TELNOS 273 AND 274.

POWELL-JONES

NNNN

SENT AT 19/1527Z JDG

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FROM PORT STANLEY 191310Z JUL 84
TO IMMEDIATE DESKBY FCO
REPEATED TO FOR INFO BERNE
TELEGRAM NUMBER 304 OF 19 JULY

YOUR TELNO 273: RELATIONS WITH ARGENTINA

1. IN THE TIME-SCALE YOU GAVE ME, I COULD NOT BRIEF CAMP COUNCILLORS IN CONFIDENCE BEFORE THE SWISS ANNOUNCEMENT, SO I DECIDED NOT TO BRIEF TOWN COUNCILLORS ONLY.
2. I ISSUED A STATEMENT ON THE LOCAL RADIO AS SOON AS I HEARD THAT THE SWISS ANNOUNCEMENT HAD BEEN MADE. I EMPHASISED THAT THE PURPOSE OF THE TALKS WAS TO EXPLORE PRACTICAL MEANS OF ACHIEVING MORE NORMAL RELATIONS BETWEEN BRITAIN AND ARGENTINA AND THAT DISCUSSION OF SOVEREIGNTY OF THE FALKLAND ISLANDS WAS EXCLUDED FROM THE TALKS.
3. THE ANNOUNCEMENT PRODUCED THE EXPECTED RESPONSE FROM VELMA MALCOLM, SPOKESMAN OF THE FALKLAND ISLANDS ASSOCIATION, THAT THE TALKS SPILT DISASTER FOR FALKLAND ISLANDERS. SHE HAS ALWAYS TAKEN THE EXTREME VIEW THAT THERE SHOULD BE NO TALKS WHATSOEVER WITH THE ARGENTINES. THE MAJORITY VIEW IS MUCH MORE MUTED. MOST PEOPLE BELIEVE THAT NORMALISATION OF RELATIONS BETWEEN ARGENTINA AND BRITAIN MUST COME, THOUGH MANY DOUBT THAT IT IS IN THEIR BEST INTERESTS. DESPITE MY REPEATED ASSERTIONS TO THE CONTRARY, THEY CONTINUE TO SUSPECT THAT SOVEREIGNTY OF THE FALKLANDS WILL BE DISCUSSED AND THAT THEIR INTERESTS WILL NOT BE SAFEGUARDED.
4. THEY WILL BE LOOKING CAREFULLY AT THE WORDING OF THE FINAL COMMUNIQUE.

HUNT

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STATEMENT BY THE RT HON SIR GEOFFREY HOWE QC MP,
SECRETARY OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS

ARGENTINA (TALKS)

I will, with permission, Mr Speaker, make a statement on the talks which took place in Berne on 18 and 19 July between British and Argentine representatives.

As my rt hon Friend the Prime Minister and I have consistently made clear to the House, we are not prepared to discuss with the Argentine Government the question of sovereignty over the Falkland Islands. But it is plainly in our own interests, as well as those of Argentina and of the Falkland Islanders, that we should move towards more normal relations between Britain and Argentina. We therefore sought, in exchanges through the protecting powers over many months, to establish an agreed basis for talks which would achieve that end.

After careful and detailed discussions, a clear basis was agreed which would enable talks to take place. It was, of course, very clear to us that if the talks were not to founder at the outset on the issue of sovereignty, any such arrangements needed above all to meet the different positions of the two sides on that question. Accordingly, the specifically-agreed arrangement on that point was that if the Argentine representatives raised the subject of sovereignty, as they clearly wished to do, the British representatives would make quite clear in reply that we were not prepared to discuss it. Discussion would then move straight on to practical issues of concern to both sides and would continue on those subjects. This basis was plainly agreed and clearly understood by the Argentine Government. This arrangement was also confirmed by the Swiss Government.

When the talks opened in Berne, the British side complied scrupulously with this arrangement. As foreseen, the Argentines began by raising the question of sovereignty. We replied by making it plain, again as foreseen, that we were not prepared to discuss it. We went on to suggest a number of practical issues - such as the resumption of normal commercial and financial relations, the restoration of the air services agreement between Britain and Argentina, and a visit by Argentine next-of-kin to the Falkland Islands - on which there could be some prospect of agreement.

We regarded this as the best way to start restoring confidence between Britain and Argentina. But the Argentine representatives were not prepared to continue the talks on this basis, although it had been agreed in advance. They argued that discussion of any of the practical issues put forward by the British side would have to be linked to discussion of a mechanism to address the question of sovereignty. Unless this new condition was met the Argentines were not prepared to continue the talks.

This was totally at variance with the agreed basis and the talks thus came to an end.

Her Majesty's Government continue to take the view that it is in the interests of all concerned to seek the restoration of more normal relations between Britain and Argentina. I am sure that the House will share my sense of regret and frustration that, after many months of careful preparation, the Argentine Government brought the talks to an abrupt and premature end by failing to proceed upon the basis that had been clearly agreed.

Argentina
Relats

16 July 1984

South Atlantic Fund

Thank you for your letter of 2 July to Tim Flesher about the South Atlantic Fund.

The Prime Minister has noted with satisfaction the view of the Trustees that they would probably wish to retain the bulk of the Fund for the complete five year term.

David Barclay

B.P. Neale, Esq.,
Ministry of Defence.

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PS/VE WHITNEY
PS/VE RIFKIND
PS/PUS

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~~MR. FREEMAN~~
SIR W HARDING
VE ~~GOODALL~~ GOODALL
VE ~~O'NEILL~~ O'NEILL
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INFO PRIORITY BRASILIA, PORT STANLEY, BIS BUENOS AIRES, MODUK
(DS11).

SANTIAGO TELNO 163 TO FCO: SUPPLIES FOR THE FALKLANDS

1. THERE ARE REPORTS IN THE LOCAL PRESS THAT ARGENTINA HAS EXPRESSED ITS FORMAL DISPLEASURE TO CHILE FOR HAVING RENEWED TRADE LINKS WITH THE FALKLANDS. FOREIGN MINISTRY SECRETARY ELSA KELLY REPORTEDLY HANDED A PROTEST NOTE TO THE CHILEAN AMBASSADOR LAST NIGHT OBJECTING TO THE SALE OF TIMBER, COAL, GAS AND OXYGEN FOR DELIVERY TO THE FALKLANDS ON THE DANISH SHIP QUOTE AES UNQUOTE. AN ARGENTINE SPOKESMAN HAS APPARENTLY SAID THAT THE CHILEAN ATTITUDE BREAKS LATIN AMERICAN SOLIDARITY AND WOULD REFLECT NEGATIVELY ON ARGENTINE PUBLIC OPINION AT A TIME WHEN THE GOVERNMENTS OF CHILE AND ARGENTINA ARE NEGOTIATING A SOLUTION TO THE BEAGLE CHANNEL DISPUTE.

2. THERE HAS BEEN NO OFFICIAL URUGUAYAN STATEMENT SO FAR ON THESE REPORTS.

FINLAYSON

NNNN

SE To Typists AFTER ACTION PLEASE

~~PARACENTRAL ISLANDS GENERAL (ADVANCES)~~ ~~36~~ 36

PS
 PS/LADY YOUNG
 PS/WHITNEY
 PS/RIFKIND
 PS/PCS
~~SIR J~~ SIR J
~~SIR W HARDING~~ SIR W HARDING
~~MR T B GOODALL~~ MR T B GOODALL
~~MR T B O'NEILL~~ MR T B O'NEILL
~~LORD H GORDON LENNOX 4~~ LORD H GORDON LENNOX 4
 SIR C TICKELL
 MR D C THOMAS
 MR ~~WESTON~~ WESTON
 MR MILES
 D/PSD (2)
 D/SAD
 D/ED
~~D/OPS DEPT~~
~~D/ED~~
~~D/ED(E)~~
~~D/ED~~
~~D/PLANNING STAFF~~

PS/NO 10 DOWNING ST (3)

PS/S OF S FOR DEFENCE
 MR ~~ADSD STAFF MOD~~
 MR NICHOLL
 PS/CHANCELLOR)
 MISS M E CURD) TREASURY
 MR LITTLE)

SIR R ARMSTRONG)
 MR ~~A B S GOODALL~~) CABINET C
 DIO) CARTLEDGE)

MR V A PATTISON, TD, ODL
 MR POWER, SAD, ODA

MR A FORTNAM IAT/ D. TRANSPORT

IMMEDIATE

RESIDENT CLERK

ADVANCE COPY Desh by 131615Z

CONFIDENTIAL

FM BERNE 131545Z

TO IMMEDIATE FCO DESKBY 131615Z

TELNO 267 OF 13 JULY 84

AND TO IMMEDIATE BRASILIA

MY TELNO 266: RELATIONS WITH ARGENTINA

1. BRUNNER CALLED AT 5.00PM TO INFORM ME THAT ARGENTINE COUNCIL
 OF MINISTERS HAVE ACCEPTED THE DATES 18/20 JULY. KEUSCH
 WOULD NOW IMMEDIATELY HAND OVER INVITATION.

BRUNNER INVITED ME TO GO AGAIN TO THE FEDERAL DEPARTMENT IN
 ORDER TO RECEIVE SIMULTANEOUSLY OUR INVITATION. TEXT IN

MIFT.

2. BRUNNER ADDED THAT IT HAD BEEN TOUCH AND GO IN BUENOS AIRES
 TO OBTAIN ARGENTINE AGREEMENT FOR THIS SATISFACTORY OUTCOME AND
 THAT KEUSCH HAD EXERCISED STRONG PERSUASION.

POWELL-JONES

NNNN

SENT RECD AT 131400Z KH//MAD



~~FALKLAND ISLANDS GENERAL (ADVANCES)~~

~~36~~ 36

PS
 PS/LADY YOUNG
 PS/MS WHITNEY
 PS/MS RIFKIND
 PS/PCS
~~MR J. S. ...~~ SIR J
~~MR I. ...~~ MR. FREELAND
 MR W. HARDING
 MR T. ... GOODALL
 MR ... O'NEILL
~~MR ... GORDON ...~~
 SIR C. TICKELL
 MR D. C. THOMAS
~~MR ... WESTON~~
 MR MILES
 D/PDS (2)
 D/SA
 D/ED
~~...~~
 D/DEPT
 D/ED
 D/ED (E)
 D/ED .HD/ERD.
~~D/PLANNING STAFF~~

PS/NO 10 DOWNING ST (3)

PS/S OF S FOR DEFENCE
 MR ... AUSTRALIAN STATE MOD.
 MR R. D. NICHOLL
 PS/CHANCELLOR)
 MISS M E CURD) TREASURY
 MR LITTLE,)
 SIR E ARMSTRONG)
 MR ... GOODALL) CABINET C
 DIO CARLEDGE)

~~MR ... PATTISON, TD, ODI~~
 MR POWER, SAD, ODA

MR A. FORTNAM IAT/ D. TRANSPORT

BANK OF ENGLAND

~~...~~

PP SANTIAGO

PP WASHINGTON

GRS 650

CONFIDENTIAL

(FM BERNE 130930Z)

FM BISBA
 TO IMMEDIATE FCO
 TELNO 458 OF 11 JULY

REPEATED IMMEDIATE UKREP BRUSSELS AND OTHER EC POSTS
 PRIORITY MOD, BANK OF ENGLAND, ASUNCION, ^{BRAZILIA,} ~~24 1878~~, CARACAS,
 MEXICO CITY, MONTEVIDEO, SANTIAGO, WASHINGTON

FRG EMBASSY'S EC BRIEFING ON CHANCELLOR KOHL'S VISIT TO
 ARGENTINA

SUMMARY

1. EC HEADS OF MISSION WERE BRIEFED BY FRG EMBASSY OFFICIALS ON
 CHANCELLOR KOHL'S VISIT TO ARGENTINA FROM 5-8 JULY. TWO FORMAL
 PERSONAL MEETINGS WITH PRESIDENT ALFONSIN COVERED FOREIGN DEBT,
HUMAN RIGHTS, FOREIG

POLICY INCLUDING FALKLANDS AND BILATERAL
 RELATIONS. ECONOMIC, SCIENTIFIC/TECHNICAL AND CULTURAL COMMISSIONS

RELATIONS. ECONOMIC, SCIENTIFIC/TECHNICAL AND CULTURAL COMMISSIONS MEETING EARLIER COVERED MUCH DETAILED GROUND. CHANCELLOR KOHL'S MAIN MESSAGE WAS THAT ARGENTINA MUST MAKE AN EFFORT: ALFONSIN'S REPLY THAT ARGENTINA WAS MAKING AN EFFORT. THE PRESIDENT WOULD NOT BE DRAWN ON DETAILS OF ARGENTINE REQUIREMENTS, BUT PERHAPS THE ERHORTATION TO ORTHODOXY IS GETTING THROUGH.

DETAIL

2. THE FRG AMBASSADOR SAID CHANCELLOR KOHL HAD BEEN RECEIVED VIRTUALLY AS A HEAD OF STATE EXCEPT FOR CERTAIN PROTOCOL DETAILS, EVEN THOUGH HE WAS HEAD OF GOVERNMENT. HIS PROGRAMME INCLUDED ONE LENGTHLY TETE A TETE DISCUSSION WITH PRESIDENT ALFONSIN, AN ADDRESS TO THE ARGENTINE LEGISLATIVE ASSEMBLY CONSISTING OF BOTH CHAMBERS SITTING TOGETHER, A STATE DINNER AND A GERMAN RETURN DINNER, A FORMAL MEETING, WITH TWO FOREIGN MINISTERS AND AMBASSADORS PRESENT, AND A DAY'S VISIT TO CORDOBA. THE HIGHLIGHTS WERE THE CHANCELLOR'S ADDRESS TO THE ASSEMBLY AND HIS SPEECH AT A MEETING OF THE ARGENTINE CENTRE FOR INTERNATIONAL RELATIONS (CARI) (SPANISH TEXTS FOLLOW BY BAG TO FCO). HE ALSO MET TWO CHILEAN CHRISTIAN DEMOCRAT POLITICIANS AT THE HOTEL IN CORDOBA.
3. THE THEME OF THE CONGRESS SPEECH WAS THE MEETING OF TWO DEMOCRACIES AND THAT AT CARI A MORE DETAILED FOREIGN-POLICY STATEMENT.
4. IT WAS DIFFICULT TO SEPARATE THE CONTENT OF THE PRIVATE CONVERSATIONS FROM THE PUBLIC SPEECHES. CHANCELLOR KOHL HAD STRESSED HE WAS FROM A EUROPEAN COUNTRY AND MEMBER OF EUROPEAN COMMUNITY, ON FOREIGN DEBT, HE SAID THE FEDERAL REPUBLIC, LIKE OTHER COMMUNITY COUNTRIES, WAS WILLING TO HELP. THIS WAS NOT ONLY AN ARGENTINE PROBLEM, BUT AFFECTED EVERYONE AND ALL MUST CONTRIBUTE TO A SOLUTION WHICH MUST BE FOUND THROUGH THE MULTILATERAL INSTRUMENTS CREATED SPECIALLY FOR THIS PURPOSE. THERE WAS NO MENTION OF REFORMING THEM. IN SPITE OF SEVERAL ENQUIRIES FROM CHANCELLOR KOHL, PRESIDENT ALFONSIN AVOIDED SPECIFYING ARGENTINE REQUIREMENTS. KOHL'S MESSAGE WAS THAT ARGENTINA MUST MAKE AN EFFORT, AND ALFONSIN'S REPLY THAT ARGENTINA WAS DOING SO. THE CHANCELLOR STRESSED THE NEED TO FIND A LONG-TERM SOLUTION TO THE DEBT PROBLEM. HE DID NOT MENTION THE IDEA OF CHANGING THE CREDITS FROM DOLLARS TO OTHER CURRENCIES.
5. M ON HUMAN RIGHTS, KOHL EXPRESSED FULL CONFIDENCE IN THE MEASURES TAKEN BY ALFONSIN'S GOVERNMENT. HE ALSO EXPRESSED INTEREST IN CLARIFYING THE CASES OF THE GERMAN MISSING. ALFONSIN SPOKE OF 8.000 CASES IN ALL, NOT 10.000 AS BEFORE.
6. ON FOREIGN POLICY KOHL REPEATED THE FRG POSITION TAKEN AT THE UN IN FAVOUR OF A NEGOTIATED SOLUTION OVER THE FALKLANDS, RESPECTING THE POSITIONS OF BOTH PARTIES. ALFONSIN IN HIS BANQUET SPEECH EXPRESSED SUPPORT FOR GERMAN REUNIFICATION THROUGH SELF-DETERMINATION. THIS WAS NOT THE FIRST TIME BUT THE GERMANS CONSIDERED IT INTERESTING THAT A MEMBER OF THE NON-ALIGNED

MOVEMENT SHOULD MAKE SUCH A STATEMENT.

7. BILATERAL MATTERS DISCUSSED HAD INCLUDED REVIEW OF THE WORK OF THE THREE SPECIALISED COMMISSIONS : ECONOMIC, SCIENTIFIC/ TECHNOLOGICAL AND CULTURAL, WHICH HAD MET EARLIER IN JUNE (FOR THE FIRST TIME IN THREE YEARS) AND MADE DETAILED RECOMMENDATIONS. THE FEDERAL GOVERNMENT WOULD PROVIDE TECHNICAL TRAINING PROGRAMMES, AID FOR SMALL FIRM COOPERATION, INFORMATION ON THE INTEGRATION OF THE ARMED FORCES INTO THE DEMOCRATIC SYSTEM AFTER WORLD WAR II. CHANGES IN ELECTORAL LAW TO INCLUDE GERMANS RESIDENT OVERSEAS WERE ALSO DESCRIBED.

8. FOLLOWING DETAILED REPORTS ON THE COMMISSIONS' WORK BY THREE EMBASSY OFFICIALS, THE AMBASSADOR SAID HIS GOVERNMENT WAS CO KCMT WITH MEDIA AND PUBLIC REACTION TO THE VISIT WHICH WAS JUDGED TO HAVE BEEN A SUCCESS. ANSWERING QUESTIONS, HE SAID THE "BUENOS AIRES HERALD" REPORT PRECEDING THE VISIT THAT THE GERMANS WOULD PRESS FOR RESTORATION OF BUDGETARY PROVISION FOR THE ARGENTINE NUCLEAR ENERGY PROGRAMME WAS PURE FANTASY. THE WORD NUCLEAR WAS NOT MENTIONED DURING THE WHOLE VISIT.

9. THE BELGIAN AMBASSADOR REPORTED FAVOURABLE REACTIONS FROM ARGENTINE COLLEAGUES TO THE FOREIGN AFFAIRS SPEECH DELIVERED AT CARI. IT SEEMED THAT THIS HAD MADE AN EXCELLENT IMPRESSION.

COMMENT

10. CHANCELLOR KOHL'S VISIT WAS OPPORTUNE AND HIS MESSAGE TO THE ARGENTINE GOVERNMENT UNCOMPROMISING IN ITS REITERATION OF THE NEED TO RESOLVE ARGENTINA'S CURRENT FINANCIAL PROBLEMS THROUGH ESTABLISHED INTERNATIONAL INSTITUTIONS. ALTHOUGH OFFERING ASSISTANCE, HE STRESSED FIRMLY THE NEED FOR SELF-HELP. FOLLOWING SO SOON AFTER FRENCH TREASURY DIRECTOR CAMDESSUS' VISIT TO BUENOS AIRES AND ALFONSIN'S VISIT TO SPAIN, DURING WHICH THE SAME EUROPEAN EXHORTATION TO ORTHODOXY MUST HAVE BEEN CONVEYED, CHANCELLOR KOHL'S VISIT AND MESSAGE MAY BE DECISIVE IN CONVINCING ALFONSIN TO FOLLOW THE PATH OF RIGHTEOUSNESS AND NOT RASHLY TRY TO GO IT ALONE. THE MESSAGE OF GOOD SENSE MAY BE GETTING HOME AT LAST.

GOY
POWELL-JONES

NNNN
SENT//RECD AT 131010Z KH//MSJ

CONFIDENTIAL

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FFM BERNE 11730Z

IMMEDIATE FCO

TELNO 259 OF 11 JULY

INFO BRASILIA

YOUR TELNO 122: RELATIONS WITH ARGENTINA

1. I CALLED ON STATE SECRETARY AT MIDDAY ON 10 JULY AND SPOKE AS REQUESTED LEAVING A BOUT DE PAPIER. BRUNNER WAS HOPEFUL THAT ON THIS BASIS IT WOULD BE POSSIBLE TO PROCEED RAPIDLY WITH THE ISSUE OF THE SWISS GOVERNMENT INVITATIONS THAT DAY.
2. IN THE EVENT HOWEVER BRUNNER HAD HEARD NOTHING FURTHER FROM KEUSCH OR DELPECHE UP TO A LATE HOUR LAST NIGHT. HE CALLED FIRST THING THIS MORNING TO INFORM ME THAT KEUSCH HAD NOW REPORTED THAT HE HAD BEEN UNABLE TO GET IN TOUCH WITH CAPUTO BUT WAS DUE TO SEE HIM TODAY. KEUSCH HAD SEEN SABATO AND INFORMED HIM OF YOUR POSITION BUT THE LATTER COULD TAKE NO DECISION.
3. KEUSCH REPORTED THAT THE DELAY IN CAPUTO'S RETURN TO BUENOS AIRES AFTER HIS VISIT TO LIMA WAS DUE TO HIS HAVING A SECRET MEETING AT AN UNKNOWN PLACE WITH THE CHILEAN FOREIGN MINISTER. BRUNNER THOUGHT THAT PROGRESS IN THE TALKS AT ROME HAD GONE MORE QUICKLY THAN EXPECTED AND THAT AN AGREEMENT ON THE BEAGLE CHANNEL MIGHT SHORTLY BE SIGNED.
4. BRUNNER DOES NOT EXPECT TO HEAR ANYTHING FURTHER UNTIL THIS AFTERNOON AFTER KEUSCH HAS SEEN CAPUTO. HE THOUGHT THAT TALKS COULD NOT NOW START BEFORE MONDAY 16 JULY IN THE EVENING. AUBERT WILL NOT THEN BE AVAILABLE FOR THE OPENING DINNER.

POWELL-JONES

FAULKLAND ISLANDS GENERAL
FCO (PALACE)
FID
CABINET OFFICE

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FAULKLAND ISLANDS

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file ^{to}
cc PC

10 DOWNING STREET

From the Private Secretary

10 July 1984

RELATIONS WITH ARGENTINA

Thank you for your letter of 9 July concerning use of the word "refused" in making clear that we shall not agree to discuss sovereignty.

I have consulted the Prime Minister who agrees that we should use the same words in public as in the face-to-face discussions with the Argentines, that is the words agreed in OD and reproduced in your letter.

CHARLES POWELL

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

G10

BF



Ack'd 10/7

(2)

Prime Minister

You should be aware of this.

9th July, 1984

ms

I have asked for a draft reply.

CDP 10/7

Dear Prime Minister,

Will you forgive me bypassing the normal parliamentary channels and sending direct to you a copy of the memo which the three of us, who visited Buenos Aires last week, have submitted to the Select Committee on Foreign Affairs?

The idea of Simultaneous Unilateral Declarations seems to find quite an echo there.

Yours sincerely,

S. Wortley

Lord Kennet.

(dictated by Lord Kennet, signed by his secretary in his absence)

Prime Minister.

From: Cyril Townsend MP
George Foulkes MP
Lord Kennet

Memorandum to Commons Select Committee on Foreign Affairs.

We visited Buenos Aires from June 25 to July 1, 1984, under the auspices of the South Atlantic Council. We met at their invitation, in a long formal session twelve senators and deputies, including the chairmen of the five relevant congressional committees. International treaties require the ratification of the Senate, where the Radical (government) Party is in a minority.

We also met many senators and deputies privately, and people from the press, universities, commerce, the trade unions, the defence establishment, the Anglo-Argentine community, etc., etc. Among these were some members of the Radical Party very close to the Presidency and the Foreign Ministry.

Argentina adheres to a doctrine of sovereignty incompatible with that prevailing in Europe and elsewhere: there is a general conviction that the occupation of the Falklands for about ten years before 1833 by the Republic of the River Plate establishes that the Islands are now under Argentine sovereignty. Argentine intellectual processes and indeed the Argentine way of life are stagnant; not surprisingly, since the country is far from everywhere and on the way to nowhere. Myths flourish and resentments fester unventilated by normal international contacts. The absence of diplomatic relations and the embargo on trade in general and books, video, etc. in particular, means that these myths and resentments grow especially rank in regard to Britain. Nor does military defeat make for calm judgement.

But not all Argentinians accept the national mythology, and many do so only at some times of day.

We divide the present political possibilities into two parts:

1. Immediate steps.
2. The possibilities for a long-term solution.

1. Immediate steps: We found a strong desire to end the mutual isolation and restore diplomatic, commercial and cultural relations. But the national mythology makes it difficult for Argentina to negotiate anything unless sovereignty is also on the agenda. We were therefore attracted by the suggestion that progress might be achieved by simultaneous unilateral declarations, without negotiation. The first pair of such declarations might be as follows:

Argentina declares the cessation of hostilities on the sea and in the air. (They are already declared ceased on land.) Simultaneously and independently, Britain lifts the Protection Zone round the Falkland Islands.

The question arises whether the raising of the Protection Zone can be separated from the fisheries question. We believe it can and should. The present exponentially increasing overfishing cannot in any case be allowed to continue, and the need for a conservation regime is extremely urgent whether or not Argentinian boats are among those allowed to fish.

2. Long-term: Four broad types of solution were discussed, sometimes at our suggestion, sometimes at Argentine suggestion.

- (a) United Nations Trusteeship under Articles 75-81 of the U.N. Charter. This suggestion was unfamiliar at first, but was greeted with enthusiasm by some Peronist (opposition) congressmen, and by Radical personalities very close to the Ministry of Foreign Affairs. We are not sure that in the time available to us we were able to make it clearly understood we were talking not about one Trust power, but a group of say five acceptable countries, supervising a continued elective council on the Islands, as at present, or as it may be reformed in accordance with the wishes of the Islanders. We recommend the possibility be seriously pursued.
- (b) Joint sovereignty: Quite popular in Argentina. (One experienced statesman even suggested alternating sovereignty.) Argentina already has experience: the island of Martin Garcia in the Plate Estuary has been under joint Argentine and Uruguayan sovereignty since 1974. The idea might be a bad precedent for those countries in South and Central America which are resisting unjustified territorial claims from their neighbours. Guiana and Belize are of special interest to us. Nevertheless, we do not think the idea should be turned down out of hand.
- (c) An autonomous region within Argentina: We heard the suggestion that safeguards for the liberties and interests of the Islanders be agreed in very great detail, and could be given a constitutional status, than which no other is higher, equal to that of the "pacts" between the provinces of Argentina which

"preceded" the present constitution and are enshrined in its preamble. It was repeatedly emphasised to us that rights of the "ethnic minorities" in Argentina, mainly English, German and Welsh, had been guaranteed for generations, and that this had never been in dispute between our two countries. We were not able to make our own appreciation of the justice of this claim in the time available.

- (d) Leaseback: We found discussion of this unsatisfactory because of the difficulty of knowing whether the words most commonly used in Spanish - arrendamiento, leasing, lease, and leaseback, - bore much or indeed any resemblance to the meaning of leaseback in English. In general, our Argentine opposite numbers favoured the idea. Its difficulties from the British point of view are well-known.

Summary

We recommend: simultaneous unilateral declarations as a first step, and further consideration of the options under 2. above as possibilities for a long-term settlement.

Irrespective of these, we recommend the immediate setting up of a fisheries protection regime round the Falklands.

Signed:

Kennet

July 4th, 1984.

CONFIDENTIAL



file
bc: RC
Brc.

10 DOWNING STREET

From the Private Secretary

9 July 1984

RELATIONS WITH ARGENTINA

The Prime Minister saw over the weekend Berne telegram No. 254. She has noted with approval our insistence that we shall maintain the word "refused" in making clear that we do not agree to discuss sovereignty.

C.D. Powell

Len Appleyard, Esq.,
Foreign and Commonwealth Office

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CCPC



Foreign and Commonwealth Office

Prime Minister

London SW1A 2AH

Agree that we should
use the formula agreed
in OD in public
as well as with the Argentines?

9 July 1984

Dear Charles, Yes not CDP 10/7.

Relations with Argentina

The Foreign Secretary has seen your letter of 9 July about whether we should use the word 'refused' in making clear that we do not agree to discuss sovereignty.

A

Since the weekend there have been further exchanges with the Swiss (Berne telno 256). The Secretary of State does not believe that we should accept any of the alternative phrases suggested in the Berne telegram.

He considers that we should tell the Swiss again that when we say 'refused' we mean exactly that. But if we receive a specific assurance from the Swiss, that if we use the same words in public as in the face-to-face discussions with the Argentines, the Argentines would get on with the talks, then we should agree. The Prime Minister will recall that the formula is:

"The British Government have consistently made clear to the Argentine Government, through the Protecting Powers and publicly, that they are not prepared to enter into discussion of the question of sovereignty over the Falkland Islands [and the Falkland Islands Dependencies]".

This formula has the advantage of being exactly what we would say to the Argentines and would leave no room for misunderstanding of our position. The Foreign Secretary would be grateful for the Prime Minister's confirmation that there is no objection to this course.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

~~BRITISH~~ ISLANDS GENERAL (ADVANCES)

~~36~~ 36

PS
 PS/LADY YOUNG
 PS/WHITNEY
 PS/RIFKIND
 PS/PCS
~~MR J. ...~~ SIR J
~~MR ...~~ MR FREEMAN
 MR W. HARDING
 MR ... GOODALL
 MR ... O'NEILL
~~MR ... GORDON LENNOX~~
 SIR C. TICKELL
 MR D. C. THOMAS
 MR ... WESTON
 MR MILES
 D/PSD (2)
 D/SAD
 D/ED
~~...~~
 D/DEPT
 D/ED
 D/ED(2)
 D/ED
~~D/PLANNING STAFF~~

PS/NO 10 DOWNING ST. (3)
 PS/S OF S FOR DEFENCE
 MR ... AUSD STAFF MOD
 MR R. D. NICHOLL
 PS/CHANCELLOR)
 MISS M E CURD) TREASURY
 MR LITTLE)
 SIR E ARMSTRONG)
 MR ... S GOODALL) CABINET C
 DIO) CARTLEDGE)
~~MR ... PATTISON, TD, ODI~~
 MR POWER, SAD, ODA
 MR A FORTNAM IAT/ D. TRANSPORT

ADVANCE COPY
 IMMEDIATE

CONFIDENTIAL

FM BERNE 090850Z

DD FCO 090930Z

TO IMMEDIATE DESKBY FCO
 TELNO 256 OF 09 JULY
 INFO ROUTINE BRASILIA

MY TELNOS 254 AND 255: RELATIONS WITH ARGENTINA

1. AS ALREADY REPORTED BY TELEPHONE TO PALMER
 STATE SECRETARY CALLED THIS MORNING. AFTER REFERRING TO
 DEVELOPMENTS OVER THE WEEKEND (REPORTED IN TELS UNDER REFERENCE)
 HE MADE AN APPEAL ON HIS OWN BEHALF AND THAT OF KEUSCH FOR SOME
 FLEXIBILITY ON OUR PART IN ORDER TO OVERCOME
 THE LAST REMAINING OBSTACLE. KEUSCH BELIEVED THAT CAPUTO HAD GONE
 AS FAR AS HE COULD AND THAT THE WORD "REFUSED" WAS NOT
 POSSIBLE FOR HIM.

2 BRUNNER SAID THAT HE HAD BEEN LOOKING AGAIN AT THE TEXT OF MR WHITNEY'S STATEMENT IN THE HOUSE OF COMMONS OF 08 JUNE (YOUR RETRACT NO 008). THIS SPEECH HAD NOT CREATED ANY ADVERSE REACTION IN ARGENTINA AND THE LANGUAGE USED MIGHT HELP TO FIND A SOLUTION TO OUR PRESENT PROBLEM.

3. IN FURTHER DISCUSSION THREE POSSIBLE PHRASES WERE MENTIONED AS ALTERNATIVES TO "REFUSED":-

A. "NOT WILLING"

B. "DECLINED"

C. "WAS UNDER INSTRUCTION NOT TO ACCEPT" OR "DID NOT ACCEPT".

4. IT SEEMED TO ME THAT "DECLINED" WAS THE BEST CHOICE FROM OUR OWN PRESENTATIONAL POINT OF VIEW. BRUNNER EXPRESSED CONFIDENCE THAT HE AND KEUSCH WOULD BE ABLE TO DELIVER CAPUTO'S ACCEPTANCE ON THE BASIS "DECLINED/DESPUESTO". BRUNNER WILL BE IN TOUCH WITH DELPECHE AT 0730Z ON 10 JULY. I HOPE YOU CAN AUTHORISE ME TO INFORM HIM BEFORE THEN THAT WE CAN SETTLE FOR "DECLINE/DESPUESTO".

5. BRUNNER ALSO SAID THAT UNLESS WE CAN REACH VERY RAPID AGREEMENT ON THIS POINT TALKS WOULD HAVE TO BE POSTPONED UNTIL 16 JULY OPENING AT 6.00 PM.

POWELL-JONES

PS (6)
PS/LADY YOUNG
PS/IE WHITNEY
PS/IE RIFKIND
PS/PUS
~~MR J BRUCE~~ SIR J
~~MR J BRUCE~~ MR FREEMAN
SIR W HARDING
MR ~~FRED~~ GOODALL
MR ~~HOWE~~ OWELL
LORD N GORDON-LONDON
SIR C TICKELL
MR J C THOMAS
MR ~~WESTON~~ WESTON
MR MILES
D/PUS (2)
D/SAD
D/TID
~~MR BRUCE~~
D/MS LEFT
D/IE
D/AD (2)
D/MD
D/PLANNING STAFF

PS/NO 10 DOWNING ST (3)
PS/S OF S FOR DEFENCE
MR ~~ROBERT~~ AUSD STAFF MOD
MR RO NICHOLL
PS/CHANCELLOR }
MISS H E CURD } TREASURY
MR LITTLE }
SIR E ARMSTRONG }
MR ~~GOODALL~~ } CABINET C
DIO } CARTLEDGE }
MR V J PATTISON, TD, ODI
MR POWER, SAS, ODA
MR A FORTHAM IAT/D. TRANSPORT

CONFIDENTIAL

CONFIDENTIAL
FM BERNE
TO IMMEDIATE DESK BY FCO 071800Z

IMMEDIATE

TELNO 254 OF 07 JULY 1984

ADVANCE COPY

INFO ROUTINE BRASILIA

MY TELNO 253: RELATIONS WITH ARGENTINA
FROM CROWSON
SUMMARY

XI

1. ONE REMAINING OBSTACLE TO TALKS: ARGENTINES UNDERSTAND WE MUST MAKE IT CLEAR WE DID NOT DISCUSS SOVEREIGNTY BUT WOULD MUCH PREFER US NOT TO USE THE WORD "REFUSED". THEY SUGGESTED ALTERNATIVES. AFTER CONSULTATION I AGREED THAT SOME OF THESE WOULD BE APPROPRIATE FOR THEIR STATEMENTS BUT SAID THAT OURS MUST RETAIN "REFUSED". KEUSCH IS SEEING CAPUTO AGAIN TO PURSUE THE MATTER.

DETAIL

2. IN THE AMBASSADOR'S TEMPORARY ABSENCE FROM BERNE, THE STATE SECRETARY ASKED ME TO CALL ON HIM AT 0900 HOURS TODAY TO RECEIVE A FULLER ACCOUNT OF WHAT HE HAD OUTLINED TO ME BY TELEPHONE LAST EVENING AND I HAD SUBSEQUENTLY REPORTED TO ALMER BY TELEPHONE.

3. BRUNNER SAID THAT KEUSCH HAD HAD A LONG SESSION WITH CAPUTO AND SABATO. AFTER CONSIDERABLE PERSUASION BY KEUSCH, CAPUTO HAD MOVED MUCH CLOSER TO OUR POSITION BUT HE WANTED TO AVOID USE OF THE EXPRESSION "REFUSED" TO ENTER INTO DISCUSSION. HE HAD SUGGESTED THE FOLLOWING TWO ALTERNATIVE VERSIONS OF STATEMENTS TO BE MADE AFTER THE TALKS:-

A. THE ARGENTINE DELEGATION RAISED DURING THE TALKS IN BERNE THE SUBJECT (EL TEMA) OF SOVEREIGNTY. THE DELEGATION OF THE UNITED KINGDOM DID NOT ENTER INTO DISCUSSION ON THE SUBJECT OF SOVEREIGNTY.

A. THE ARGENTINE DELEGATION RAISED DURING THE TALKS IN BERNE THE SUBJECT (EL TEMA) OF SOVEREIGNTY. THE DELEGATION OF THE UNITED KINGDOM DID NOT ENTER INTO DISCUSSION ON THE SUBJECT OF SOVEREIGNTY.
BR

B. THE ARGENTINE DELEGATION RAISED DURING THE TALKS IN BERNE THE SUBJECT OF SOVEREIGNTY. THE DELEGATION OF THE UNITED KINGDOM LISTENED TO THE ARGENTINE POSITION AND DID NOT ENTER INTO DISCUSSION ON THE SUBJECT OF SOVEREIGNTY.

4. CAPUTO CONSIDERED THAT EITHER OF THESE FORMULAE, BY AVOIDING SUCH EXPRESSIONS AS "REFUSED TO DISCUSS", WOULD CORRECTLY REFLECT THE POSITION WITHOUT OVER-EMPHASISING THE NEGATIVE ASPECTS AND LEADING TO POLEMICS. IF WE COULD ACCEPT ONE OR THE OTHER AND NOT GO FURTHER ON SOVEREIGNTY, THE ARGENTINES WOULD UNDERTAKE NOT TO RECRIMINATE AFTER THE TALKS. THEIR MAIN OBJECT WAS TO MAKE PROGRESS IN THE FIRST ROUND AND SECURE A SECOND AND THEY SAW IT AS IMPORTANT TO EMPHASISE ANY POSITIVE RESULTS WHICH MIGHT BE ACHIEVED.

X | 5. AN UNDERSTANDING ON THESE POINTS WOULD FORM A GENTLEMEN'S AGREEMENT AND WOULD NOT BE PART OF THE INVITATION, WHICH THE SWISS WOULD ISSUE AS ALREADY AGREED, SUBJECT ONLY TO INSERTION OF THE APPROPRIATE DATES. SINCE MONDAY WAS THE ARGENTINE NATIONAL DAY, K BRUNNER ENVISAGED HANDING OVER THE INVITATIONS ON TUESDAY, 10 JULY.

X | 6. IF WE COULD QUICKLY AGREE TO ONE OF THESE FORMULAE, BRUNNER FORESAW A GOOD CHANCE OF OPENING TALKS ON THURSDAY 12 JULY; OTHERWISE THEY MIGHT OPEN ON MONDAY 16 JULY.

7. AFTER PALMER HAD PASSED ON TO ME MINISTERS' INSTRUCTIONS, I TOLD BRUNNER WE REALISED THAT THE WORD "REFUSED" HAD A MORE ABRUPT CONNOTATION IN SPANISH THAN IN ENGLISH. WE WOULD NOT THEREFORE OBJECT IF THE ARGENTINES, IN THEIR PRESS BRIEFING, WISHED TO USE ANOTHER TERM (BRUNNER SUGGESTED "NO DESPUERTO"). AS INSTRUCTED, I EMPHASISED THAT FOR OUR OWN STATEMENTS THE WORD "REFUSED" HAD BEEN AGREED BY MINISTERS IN THE CONTEXT OF THE ARGENTINE FORMULA OF 4 JUNE AND WE COULD NOT CHANGE IT NOW. WE WERE NOT IN ANY CASE NEGOTIATING AN AGREED PRESS COMMUNIQUE. IN OUR STATEMENTS WE WOULD OF COURSE EMPHASISE ANY POSITIVE ASPECTS OR RESULTS OF THE TALKS.

8. BRUNNER SUBSEQUENTLY CALLED ME AGAIN TO SAY THAT KEUSCH HAD ARRANGED TO SEE CAPUTO BEFORE THE LATTER LEFT FOR LIMA TODAY. MEANWHILE, HE HAD OUTLINED TO CAPUTO OUR RESPONSE BY TELEPHONE. CAPUTO WONDERED WHETHER WE COULD CONSIDER USING THE WORDS "NOT WILLING" INSTEAD OF "REFUSED" BECAUSE HE THOUGHT IT IMPORTANT THAT WE SHOULD BOTH SAY IN ESSENCE THE SAME THING. ARGENTINE JOURNALISTS IN LONDON WOULD TRANSLATE "REFUSE" B INTO "REHUZADO" OR "RECHAZADO" WITH THEIR SUBSTANTIALLY MORE ABRUPT MEANING. THIS MIGHT LEAD TO CONFLICTING VERSIONS AND RECRIMINATIONS.

9. AFTER FURTHER CONSULTATION WITH PALMER, I SAID THAT, . JUST AS ARGENTINE JOURNALISTS IN LONDON WOULD REPORT THE BRITISH STATEMENTS, SO BRITISH JOURNALISTS IN BUENOS AIRES WOULD REPORT ARGENTINE STATEMENTS. WE DID NOT SEE THESE AS CONFLICTING BUT RATHER AS COMPLEMENTARY. A CENTRAL FEATURE OF THE FORMULA OF 4 JUNE HAD BEEN THAT EACH SIDE SHOULD BE ABLE TO GIVE A SIMILAR ACCOUNT BUT TAILORED TO SATISFY ITS OWN DOMESTIC CONSTITUENCY. WE SAW NO NEED FOR THIS TO LEAD TO POLEMICS. I ALSO AMPLIFIED OUR RESPONSE TO CAPUTO'S PROPOSAL IN 2(B) ABOVE, WHICH BRUNNER THOUGHT THE ARGENTINES WOULD

IN 2(B) ABOVE, WHICH BRUNNER THOUGHT THE ARGENTINES WOULD FIND MORE HELPFUL THAN 2(A). SINCE WE HAD AGREED TO SAY THAT THE ARGENTINES HAD RAISED (NOT 'ATTEMPTED' TO RAISE) THE SUBJECT OF SOVEREIGNTY, IT WAS IMPLICIT THAT WE HAD LISTENED TO THE ARGENTINE POSITION, AND WE WOULD SAY SO IF ASKED. WE WOULD NOT OBJECT TO THE ARGENTINES VOLUNTEERING THE FACT THAT WE HAD SO LISTENED BUT WE COULD NOT UNDERTAKE TO DO SO OURSELVES. WE THOUGHT IT IMPORTANT TO GET THE TALKS STARTED SOON ON THE BASIS OF THE FORULA OF 4 JUNE.

30. BRUNNER SAID THAT HE EXPECTED TO RECEIVE KEUSCH'S REPORT ON HIS MEETING WITH CAPUTO EITHER THIS EVENING OR TOMORROW MORNING, 8 JULY. HE WOULD BE IN TOUCH AGAIN AS SOON AS HE HAD IT.

POWELL-JONES

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TO IMMEDIATE DESKBY FCO
TELNO 451 OF 06 JULY

LUNCH CONVERSATION WITH DANTE GIADONE, UNDER SECRETARY IN THE
PRESIDENCY

1. AS PREVIOUSLY AGREED, I ACCEPTED AN INVITATION FROM GUILLERMO MURCHISON TO LUNCH TODAY WITH HIM AND DANTE GIADONE AT THE JOCKEY CLUB, HAVING PREVIOUSLY CLEARED THIS WITH THE SWISS AMBASSADOR. GIADONE IS UNDER SECRETARY TO THE SECRETARY-GENERAL FOR THE PRESIDENCY, GERMAN LOPEZ, PRESIDENT OF THE NATIONAL SUPERVISORY COMMISSION OVER BRITISH ASSETS AND A CLOSE FRIEND AND PLITICAL COLLEAGUE OF ALFONSIN HIMSELF. HE WAS FRANK, VERY FRIENDLY, COMPLETELY AT EASE AND ADMITTED TO BEING A SOMEWHAT UNORTHODOX POLITICIAN. HE VOICED BOTH ADMIRATION AND CRITICISM OF ALFONSIN IN HIS APPROACH BOTH TO THE MILITARY AND TO RELATIONS WITH BRITAIN.

2. GIADONE SAID IN ANSWER TO MY QUESTION THAT THE PRESIDENT HAD WANTED TO SUSPEND THE SANCTIONS LAW NO 22591, HAD BEEN ON THE POINT OF DOING SO, BUT HAD BEEN PUT OFF BY WHAT ALFONSIN HIMSELF HAD DESCRIBED AS THE 'THOUGH' ATTITUDE DISPLAYED IN HMG'S LAST MESSAGE. GIADONE HAD NOT HIMSELF SEEN THE TEXT AND COULD NOT THEREFORE BE MORE PRECISE ABOUT ALFONSIN'S REACTION. HIS OWN VIEW HOWEVER WAS THAT LAW 22591 OUGHT TO BE SCRAPPED AS IT SERVED NO USEFUL PURPOSE. THE COMMISSION MEANWHILE, UNDER HIS PRESIDENCY, WAS DEALING AS EXPEDITIOUSLY AS POSSIBLE WITH ITS BUSINESS TO MINIMISE INCONVENIENCE FOR BRITISH COMPANIES.

3. IN ANSWER TO ANOTHER QUESTION, GIADONE SAID THAT ALFONSIN WANTED PERSONALLY TO PROGRESS RAPIDLY OVER NORMALISING RELATIONS WITH BRITAIN, AS DID BOTH CAPUTO AND JORGE SABATO IN THE FOREIGN MINISTRY. THERE WERE BEING HELD BACK BY ALFONSIN'S OWN BASICALLY TIMOROUS ATTITUDE TOWARDS POSSIBLE LOCAL REACTIONS TO ANY GESTURE SEEMING TO BE A CONCESSION TO BRITAIN. ALFONSIN WAS AFRAID NOT SO MUCH OF THE CONGRESS, ALTHOUGH THE PERONISTS COULD BE A PROBLEM THERE, PARTICULARLY THE NATIONALIST VICENTE SAADI, AS OF THE MILITARY, OF WHOM HE WAS NATURALLY AND INEVITABLY VERY WARY. GIADONE CAME OVER AS VERY ANGLOPHILE, WITH A REASONABLE BUT RUSTY COMMAND OF ENGLISH, ALTHOUGH WE CONVERSED MAINLY IN SPANISH. HE BELIEVES MANY OF HIS COUNTRYMEN HOLD THE SAME VIEW OF THE BRITISH AND THAT ARGENTINA MUST NORMALISE FIRST AND WORRY LATER ABOUT THE PROBLEM OF THE ISLANDS, INCLUDING SOVEREIGNTY, IE: BEGIN WITH PRACTICAL MATTERS THAT CAN HELP TO RESTORE NORMAL RELATIONS. (HE SOUNDED CLOSE TO OUR OWN POSITION.)

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4. HE CLAIMED CLOSE RELATIONS WITH ALFONSIN WHOM HE SAID HE HAD CRITICISED TO HIS FACE FOR HIS FEARS OF THE MILITARY, AS WELL AS HIS RELUCTANCE TO DELEGATE AND THE DISORDERLINESS OF HIS ADMINISTRATIVE HABITS. HE HAD PRESSED THE NEED FOR CLOSER LIAISON WITH CONGRESS AND BEEN GIVEN RESPONSIBILITY FOR THIS ASPECT OF PRESIDENTIAL AFFAIRS. HE HAD URGED AND WOULD CONTINUE TO URGE GREATER AUDACITY UPON ALFONSIN INSOFAR AS RELATIONS WITH THE MILITARY AND RESTORATION OF RELATIONS WITH BRITAIN WERE CONCERNED. HE SAID CAPUTO AND SABATO, WITH WHOM HE WAS ON CLOSE TERMS, SHARED THIS VIEW BUT WERE RESTRAINED BY ALFONSIN WHO WAS NOT YET PREPARED TO TAKE A STRONG POSITION AGAINST THE MILITARY.

5. HE OFFERED FURTHER OPPORTUNITIES FOR INFORMAL DISCUSSION TO TRY TO RESOLVE WHAT HE CALLED QUOTE OUR COMMON PROBLEM UNQUOTE AT ANY TIME, UNDERSTANDING CLEARLY THAT ALL OFFICIAL COMMUNICATIONS MUST PASS THROUGH THE ESTABLISHED CHANNEL OF THE PROTECTING POWAZR.

6. I FOUND THE MEETING MOST REFRESHING AND ENCOURAGING AND HOPE YOU WILL AGREE TO MY TAKING UP HIS OFFER, KEEPING THE SWISS AMBASSADOR ALWAYS IN THE PICTURE.

7. FCO PLEASE REPEAT AS REQUIRED.

JOY

POWELL-JONES

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TO IMMEDIATE DESKBY FCO
TELNO 252 OF 06 JULY
INFO PRIORITY BRASILIA

YOUR TELNO 117: RELATIONS WITH ARGENTINA

SUMMARY

1. CAPUTO HAS NOW PROPOSED A NEW FORMULA FOR HANDLING PUBLIC INFORMATION ABOUT TALKS. HE LEAVES TODAY FOR LIMA. FINAL DECISION UNLIKELY BEFORE HIS RETURN NEXT WEEK. ARGENTINE RESPONSE TO ACTION BY KEUSCH ON BASIS OF YOUR TUR NOT YET KNOWN.

DETAIL

2. I CALLED ON STATE SECRETARY AT 06.30 PM LOCAL TIME YESTERDAY AND INFORMED HIM OF YOUR POSITION IN ACCORDANCE WITH TUR. BRUNNER WAS NOT ABLE TO GET IN TOUCH WITH KEUSCH THERE AND THEN BECAUSE AMBASSDOR WAS ATTENDING A RECEPTION FOR CHANCELLOR KOHL. LATER IN THE EVENING HE CALLED TO CONFIRM THAT HE HAD CONVEYED YOUR INSTRUCTIONS TO KEUSCH AND HAD DIRECTED HIM TO POINT OUT TO ARGENTINES THAT IF THE BRITISH POSITION WERE ACCEPTED BOTH SIDES WOULD BE FREE TO SAY WHAT THEY WISHED AFTER THE BERNE TALKS. KEUSCH HOPED TO SEE CAPUTO LATER IN THE DAY IN ORDER TO PUT FORWARD YOUR POINTS.

3. MEANWHILE KEUSCH HAD ALREADY DISCUSSED THE SITUATION WITH CAPUTO AT THE KOHL RECEPTION. HIS REPORT INCLUDED THE FOLLOWING POINTS:-

A. CAPUTO IS DUE TO LEAVE BUENOS AIRES LATE ON 06 JULY FOR LIMA RETURNING ON 10 JULY.

B. UNLESS AGREEMENT ON THE TERMS OF THE TALKS COULD BE REACHED TODAY, THEY WOULD HAVE TO BE POSTPONED UNTIL THE END OF NEXT WEEK (13/14 JULY) IN ORDER TO ALLOW TIME FOR FINAL DECISION AFTER MINISTER'S RETURN FROM LIMA.

C. CAPUTO ACCEPTED KEUSCH'S VIEW THAT THE SO-CALLED SECOND OPTION (MY TELNO 250 PARA 4C) WAS UNLIKELY TO PROVIDE A SOLUTION.

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D. CAPUTO THEN TURNED TO THE POSSIBILITY OF A FORMULA WHEREBY BOTH SIDES COULD SAY THE SAME THING ABOUT THE TALKS IN A WAY WHICH WOULD REFLECT REALITY IN NON-POLEMICAL TERMS. HIS FIRST THOUGHT WAS SOMETHING ON THE FOLLOWING LINES:- '' NOUS AVONS PASSE EN REVUE/EVOQUE TOUS LES POINTS DE DESACCORD ENTRE LES DEUX PAYS. A CETTE OCCASION LES POSITIONS BIEN CONNUES DE L'ARGENTINE ET DE LA GRANDE BRETAGNE ONT ETE REPETEES. CEPENDANT NOUS SOMMES TOMBES D'ACCORD SUR LES POINTS SUIVANTS (DATE OF NEXT MEETING AND WHATEVER ELSE MAY BE AGREED)''.

E. IN THIS WAY CAPUTO SUGGESTED IT WOULD BE POSSIBLE TO AVOID GOING INTO DETAILS IN EITHER CAPITAL OF WHAT HAD BEEN DISCUSSED. THIS WAS NOT CAPUTO'S LAST WORD AND AN ELABORATION OF THE FOREGOING FORMULA WOULD NOW BE PREPARED.

4. AFTER CONSULTING THE DEPARTMENT I SPOKE TO BRUNNER FOR THE THIRD TIME LATE IN THE EVENING TO CONFIRM OUR HOPE THAT KEUSCH WOULD BE ABLE TO BRING THE ARGENTINES ROUND TO ACCEPTING THE ARGUMENT IN YOUR TUR. I MADE IT CLEAR THAT WE WOULD PREFER NOT TO GET INVOLVED IN NEGOTIATING A NEW FORMULA ON THE LINES PROPOSED BY CAPUTO THOUGH WE WOULD OF COURSE BE WILLING TO EXAMINE THIS IF THE ARGENTINES INSISTED. BRUNNER SAID THAT HE WOULD BE IN TOUCH WITH ME AGAIN TODAY ON RECEIVING KEUSCH'S REPORT OF HIS FURTHER DISCUSSION WITH CAPUTO (PARA 2 ABOVE).

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TELEGRAM NUMBER 117 OF 5 JULY
INFO PRIORITY BRASILIA

YOUR TELNOS 248 AND 250: RELATIONS WITH ARGENTINA

1. IT IS PERVERSE OF THE ARGENTINES NOW TO REGARD AS A PROBLEM THE PRESENTATION OF AN ARRANGEMENT WHICH THEY THEMSELVES PUT FORWARD AS A COUNTER-PROPOSAL TO OUR FIRST PREFERENCE FOR HANDLING THE QUESTION OF SOVEREIGNTY, IE SEPARATE STATEMENTS. WE ARE NOT REPEAT NOT PREPARED TO AGREE TO ANY DEVICE THAT WOULD INHIBIT US FROM TELLING PARLIAMENT, THE ISLANDERS AND THE PRESS THAT WE HAD NOT REPEAT NOT DISCUSSED SOVEREIGNTY IN THE TALKS (PARAS 4C AND 6 OF YOUR TELNO 250). BUT IT WOULD BE A WASTE OF ALL THE CAREFUL PREPARATORY WORK IF THE ARGENTINES' NEW DIFFICULTIES WERE ALLOWED AT THE ELEVENTH HOUR TO DESTROY THE BASIS ON WHICH WE REMAIN PREPARED TO START TALKS.

2. IN REPLYING TO BRUNNER, YOU SHOULD SAY THAT THE TONE OF YOUR INSTRUCTIONS IS FIRM BUT CONSTRUCTIVE. PLEASE MAKE THE FOLLOWING POINTS TO HIM FOR ONWARD TRANSMISSION TO THE ARGENTINES:-

- A) WE REMAIN WILLING TO START OFFICIAL TALKS SOON ON MEANS OF IMPROVING OUR BILATERAL RELATIONS AND RE-BUILDING CONFIDENCE BETWEEN US, AND IT IS SATISFACTORY THAT AGREEMENT HAS BEEN REACHED ON THE TERMS OF THE SWISS INVITATION.
- B) WE HAD READILY AGREED TO THE DATES PROPOSED BY THE ARGENTINES. IF THEY NOW INSIST ON SOME POSTPONEMENT WE ARE NOT INFLEXIBLE. BUT WE DOUBT WHETHER A FULL EXTRA WEEK IS REQUIRED TO RESOLVE THE LATEST PROBLEM. FOR OUR PART WE SHOULD BE CONTENT FOR THE TALKS TO TAKE PLACE ON FRIDAY AND SATURDAY 13-14 JULY, WITH M. AUBERT'S DINNER ON THE EVENING OF THURSDAY 12 JULY.

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- C) WE CAN READILY AGREE TO CO-OPERATE WITH THE ARGENTINES AND SWISS IN KEEPING CONFIDENTIAL THE DETAILS OF THE DISCUSSIONS. BUT IT IS INEVITABLE THAT WE SHALL BE ASKED IN PARLIAMENT, BY THE ISLANDERS AND BY THE MEDIA WHETHER WE DISCUSSED SOVEREIGNTY AND IT REMAINS ESSENTIAL FOR US TO BE ABLE TO SAY CATEGORICALLY THAT WE DID NOT. HENCE, FOR OBVIOUS REASONS, WE COULD NOT GO ALONG WITH BRUNNER'S IDEA IN PARAGRAPH 6 OF YOUR TELNO 250 AND CAPUTO'S IDEA IN PARAGRAPH 4C. BUT WE WOULD SEE NO DIFFICULTY IN CONFIRMING THAT THE ARGENTINES HAD ATTEMPTED TO RAISE THE SUBJECT AND THAT WE HAD THEN REFUSED TO DISCUSS IT.
- D) AS WE SAID IN OUR MESSAGE OF 16 MAY, WE HAVE EMPHASISED THROUGHOUT THE NEED TO RECOGNISE THE REALITIES OF THE SITUATION AND THE REQUIREMENTS OF BOTH SIDES. BUT MY REMARKS IN THE HOUSE ON 27 JUNE SHOULD NOT HAVE COME AS A SURPRISE TO ANYONE IN ARGENTINA. IN REPLY TO A QUESTION ABOUT RELATIONS WITH ARGENTINA, I SAID THAT WE WERE READY TO ENTER INTO OFFICIAL TALKS ON THE NORMALISATION OF OUR RELATIONS. MY EMPHASIS ON THE CONFIDENTIALITY OF THE PREPARATORY EXCHANGES WAS IN ACCORDANCE WITH THE ARGENTINES' WISHES. MY STATEMENT THAT THE TALKS 'CANNOT INCLUDE DISCUSSION OF SOVEREIGNTY OVER THE FALKLANDS' WAS NO MORE THAN THE REPETITION IN STANDARD TERMS OF WHAT IS WELL KNOWN TO BE A CARDINAL POINT OF OUR POLICY. THE PRIME MINISTER AND I, AND OUR COLLEAGUES, HAVE USED THE SAME WORDS FREQUENTLY.
- E) IN CONSIDERING POSSIBLE SOLUTIONS THAT WOULD TAKE ACCOUNT OF THE CONSTRAINTS AND REALITIES IN ARGENTINA AS WELL AS HERE, OUR FIRST PREFERENCE WAS FOR SEPARATE STATEMENTS. BUT THE ARGENTINE REPLY TO OUR MESSAGE OF 16 MAY (YOUR TELNO 180) SAID THAT THEY COULD NOT ENTER INTO TALKS FROM WHICH THE QUESTION OF SOVEREIGNTY WAS EXCLUDED. IN PUTTING

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FORWARD THEIR COUNTER-PROPOSAL OF 4 JUNE THE ARGENTINES SAID QUOTE THEY DID NOT NEED TO NEGOTIATE ON SOVEREIGNTY BUT THEY HAD TO BE ABLE TO SAY PUBLICLY THAT THEY HAD RAISED IT UNQUOTE (PARA 4 OF YOUR TELNO 196). THEY SPECIFIED THAT NO RESPONSE FROM US WOULD BE EXPECTED. THIS FORMULA WAS NOT EASY FOR US TO ACCEPT BUT WE RECOGNIZED ITS VALUE IN MEETING THE ARGENTINES' PRESENTATIONAL REQUIREMENTS AND, AFTER CAREFUL WORK ON IT, WE HAVE AGREED TO IT, SUBJECT TO APPROPRIATE SAFEGUARDS. WE STILL BELIEVE THAT THE FORMULA OF 4 JUNE WOULD ADEQUATELY PROTECT THE POSITIONS OF BOTH SIDES, SUBSTANTIVELY AND ALSO IN PUBLIC, ESPECIALLY IF IT IS PRESENTED AS PART OF A CONSTRUCTIVE ATTEMPT TO RE-BUILD CONFIDENCE BETWEEN US, WHICH IS STILL AT AN EXPLORATORY STAGE. WE HOPE THE ARGENTINES CAN GIVE FURTHER FAVOURABLE CONSIDERATION TO THEIR OWN FORMULA IN THIS LIGHT.

F) MOREOVER, THE CONFIDENCE-BUILDING APPROACH HAS IN ITSELF CLEAR PRESENTATIONAL MERITS. IT IS CONSISTENT WITH THE UN SECRETARY-GENERAL'S CALL IN HIS LAST ANNUAL REPORT OF 27 OCTOBER 1983 FOR QUOTE A RESUMPTION OF DIALOGUE, COUPLED WITH THE ADOPTION OF CONFIDENCE-BUILDING MEASURES UNQUOTE. IF THE DEMOCRATICALLY-ELECTED GOVERNMENT OF ARGENTINA CAN TAKE REALISTIC, PRACTICAL STEPS TO RE-BUILD THE BILATERAL RELATIONSHIP THAT WAS BRUTALLY DESTROYED BY THEIR PREDECESSORS, THEY CAN PRESENT THIS POSITIVELY IN TERMS OF THEIR OWN NATIONAL INTEREST AND MORE GENERALLY. IT SHOULD CERTAINLY NOT BE SEEN AS A SIGN OF WEAKNESS.

3. THESE IDEAS FOR DEALING WITH THE ARGENTINES' QUOTE PROBLEM UNQUOTE ARE NOT NEW: EVEN THE POINT IN THE FIRST SENTENCE OF 2(C) ABOVE WAS IN OUR VIEW ALREADY IMPLICIT IN THE AGREED ARRANGEMENTS. BUT IF BRUNNER SEES ADVANTAGE IN PRESENTING IT AND THE POINT IN THE FINAL SENTENCE OF 2(C) TO THE ARGENTINES AS AN ADJUSTMENT DESIGNED TO MEET THEIR

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CONCERNS HE IS FREE TO DO SO. OTHERWISE, HIS MESSAGE MUST BE THAT WE WOULD LIKE TO SEE THE TALKS BEGIN SOON: THAT WE BELIEVE WE HAVE ALREADY ESTABLISHED A MUTUALLY ACCEPTABLE BASIS FOR THEM: AND THAT WE HOPE THAT THE ARGENTINES, HAVING REFLECTED ON THE MATTER AGAIN IN THE LIGHT OF THE OTHER POINTS IN PARA 2 ABOVE, WILL AGREE THAT THE FORMULA OF 4 JUNE IS A SATISFACTORY COMPROMISE IN PRESENTATIONAL AS WELL AS SUBSTANTIVE TERMS.

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LEGISLATIVE COUNCIL: ADJOURNMENT DEBATE

SUMMARY

COUNCILLORS CRITICISED DELAYS BY, SUSPECTED MOTIVES OF, FCO ON NEW CONSTITUTION; CALLED FOR MORE SAY IN OWN AFFAIRS; UNDERLINED ISLANDERS' AVERSION TO TALKS WITH ARGENTINA; CRITICISED MPS RECENT VISIT TO BUENOS AIRES AND URGED CAUTION ON DEVELOPMENT.

1. LEGISLATIVE COUNCIL CLOSED THIS MORNING AFTER A SHORT ADJOURNMENT DEBATE AT TIMES CRITICAL OF FCO DELAYS AND DISINGENUOUSNESS OVER THE NEW CONSTITUTION. THE MOST TELLING SPEECH WAS BY CHEEK. THE SELECT COMMITTEE ON THE CONSTITUTION HAD BEEN SET UP OVER TWO YEARS AGO AND THEIR PROPOSALS SENT TO LONDON. HE BELIEVED THE FCO HAD NOW DONE A COMPLETE "RE-CONSTITUTION" OF THEM. HE HAD THOUGHT COUNCILLORS AND FCO WERE TO WORK TOGETHER ON THE CONSTITUTION, WITH COUNCILLORS PROVIDING THE IDEAS AND THE FCO THE EXPERTISE; BUT THAT NO LONGER SEEMED THE CASE. HE COULD SEE NO REASON FOR THE DRAFT NOT BEING SEEN BY COUNCILLORS NOW.

2. TONY BLAKE SAID THAT, IF PRESS LEAKS WERE CORRECT, "THOSE ELEMENTS" OF THE NEW CONSTITUTION TO WHICH THEY REFERRED WOULD NOT (NOT) BE RECEIVED WELL IN COUNCIL. THE ARGENTINES HAD ALREADY COMMENTED ON THE ALLEGED SEPARATION OF THE DEPENDENCIES FROM THE FALKLAND ISLANDS, SEEING THIS AS A SIGN THAT ARRANGEMENTS WERE BEING MADE FOR THE FUTURE HAND-OVER OF THE ISLANDS. ON REASONS FOR DELAY, HE SAID THE FCO, OR THEIR LEGAL ADVISERS, MUST EITHER BE TOTALLY INCOMPETENT OR WERE USING FALKLAND ISLANDERS' DESIRE TO REMAIN AS A COLONY AGAINST THEM. COUNCILLORS SHOULD SIT ROUND THE TABLE WITH OFFICIALS AND SORT OUT THE NEW CONSTITUTION NOW. WHEN AN EARLY DISSOLUTION OF LEGISLATIVE COUNCIL WAS SUGGESTED SHORTLY AFTER THE CONFLICT, COUNCILLORS HAD AGREED THAT NEW ELECTIONS SHOULD WAIT UNTIL THE NEW CONSTITUTION CAME INTO FORCE. MEMBERS SHOULD NOW SERIOUSLY CONSIDER DISSOLVING THE COUNCIL IN JANUARY 1985 WITH OR WITHOUT THE NEW CONSTITUTION (A PROPOSAL COMMENDED BY CLLR GOSS).

3. CLLR PECK SAW IT AS A DELIBERATE MOVE BY THE FCO TO DELAY THE NEW CONSTITUTION. THE FCO HAD GONE ABOUT IT IN A MANNER VERY DISTASTEFUL TO COUNCIL. COUNCIL HAD SOUGHT THE ADVICE OF THE

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PH

cc: SIPC



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From the Private Secretary

5 July, 1984

Relations with Argentina

The Prime Minister has seen Berne Telegram No. 250 reporting that the Argentinians are backing away from the agreement on handling of the proposed talks.

The Prime Minister has commented that she is not surprised that the Argentinians have got cold feet. She does not welcome the idea suggested by Mr. Brunner that in return for an Argentine undertaking not to raise the subject of sovereignty, we would undertake not to say publicly that they had not done so.

C. D. POWELL

Len Appleyard, Esq.,
Foreign and Commonwealth Office

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PRIME MINISTER

Argentina

I understand that the lobby have got
wind that some announcement of talks with
Argentina can be expected quite shortly.

The FCO are simply saying that an announcement
will be made if and when there is agreement
to hold talks.

But now see *Argon*
attached.

C.D.P.

4 July 1984

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Not surprising

MY TELNO 248: RELATIONS WITH ARGENTINA

mb

SUMMARY

1. THE ARGENTINE GOVERNMENT FEAR CRITICAL REACTION BY PUBLIC OPINION AFTER BERNE TALKS TO EXPECTED BRITISH STATEMENT OF REFUSAL TO DISCUSS SOVEREIGNTY. POSTPONEMENT OF TALKS REQUESTED TO ALLOW TIME TO RESOLVE THIS PROBLEM.

DETAIL

2. STATE SECRETARY RECEIVED ME ACCOMPANIED BY COUNSELLOR AT 03.45 PM LOCAL TIME IN ORDER TO CONVEY KEUSCH'S REPORT ON THE THREE MEETINGS WHICH HE HAS HAD WITH CAPUTO SINCE HIS RETURN TO BUENOS AIRES THIS WEEK. THE FIRST MEETING, WHICH TOOK PLACE AT 11.00 AM LOCAL TIME ON 03 JULY WAS REPORTED IN TUR. THE MINISTER RECEIVED HIM A SECOND TIME AT 10.30 PM THE SAME EVENING AND AGAIN ON 04 JULY AT 09.00 AM. A MEETING OF THE COUNCIL OF MINISTERS INCLUDING ALFONSIN HAD BEEN HELD YESTERDAY TO CONSIDER THE BERNE TALKS.

CONSIDER THE BERNE TALKS.

3. BRUNNER WHO WAS SUPPORTED BY AMBASSADOR MONNIER FROM THE FDFA LEGAL DEPARTMENT DESCRIBED THE ARGENTINE POSITION AS REPORTED BY KEUSCH UNDER THE FOLLOWING HEADS:-

A. GOVERNMENT IS WILLING AND ANXIOUS TO START A DIALOGUE WITH THE UNITED KINGDOM AS SOON AS POSSIBLE. THIS CONSTITUTES A FIRM POLICY DECISION BY MINISTERS.

B. THE TEXT OF THE SWISS DRAFT INVITATION AS GIVEN IN MY TELNO 232 BUT OMITTING WORDS " ET SANS PREALABLE" IS AGREED.

C. TRANSFER OF ARGENTINE AMBASSADOR KATZENSTEIN IS TO BE DEFERRED WHILE TALKS CONTINUE IN BERNE.

D. GOOD PREPARATION AND A SUCCESSFUL OUTCOME OF TALKS ARE MORE IMPORTANT THAN THEIR DATE AND ARGENTINE SIDE WOULD THEREFORE PREFER A POSTPONEMENT UNTIL THE WEEK OF 16 JULY TO ALLOW TIME FOR RESOLUTION OF MAIN OUTSTANDING PROBLEM (SEE BELOW).

4. THE MOST DIFFICULT POINT IN THE ARGENTINE POSITION WAS DESCRIBED BY BRUNNER UNDER THREE HEADS:-

A. THE ARGENTINE SIDE STRONGLY DESIRE THAT THE FIRST MEETING IN BERNE WHICH THEY HOPE WILL BE FOLLOWED BY OTHERS SHOULD CONCLUDE ON A POSITIVE NOTE AND THAT SECOND ROUND WILL PRODUCE FURTHER GOOD RESULTS.

B. THE UNDERSTANDING WHICH HAS BEEN REACHED ON HANDLING THE QUESTION OF SOVEREIGNTY IS ACCEPTED BUT PRESS TREATMENT OF YOUR STATEMENT OF 27 JUNE HAS ALERTED CAPUTO AND OTHER MINISTERS TO THE DANGER THAT A STATEMENT ON SIMILAR LINES IN LONDON AFTER THE TALKS COULD CAUSE ARGENTINE PRESS AND PUBLIC OPINION TO CALL INTO QUESTION THE VALUE OF HOLDING A SECOND ROUND AND MAKE FURTHER PROGRESS DIFFICULT.

C. CAPUTO ACCEPTED KEUSCH'S VIEW THAT TO KEEP THE FACT OF NEXT WEEK'S MEETING A SECRET WAS NOT REALISTIC. THE ALTERNATIVE DESCRIBED BY BRUNNER AS THE SECOND OPTION WOULD BE AS INDICATED IN MY TUR IE THAT ANNOUNCEMENT OF TALKS SHOULD BE MADE AS PLANNED BUT AFTER THEIR COMPLETION STATEMENTS BY EITHER SIDE SHOULD BE CONFINED TO ANOUNCING POINTS ON WHICH AGREEMENT HAD BEEN REACHED INCLUDING DATE OF NEXT MEETING AND SHOULD BE AGREED BETWEEN THE TWO SIDES. UNDER THIS ARRANGEMENT IF EITHER GOVERNMENT WERE ASKED WHETHER SOVEREIGNTY HAD BEEN RAISED OR DISCUSSED, SPOKESMEN WOULD REPLY THAT IT HAD BEEN AGREED NOT TO DISCUSS PUBLICLY THE SUBJECTS RAISED IN BERNE TALKS.

5. BRUNNER ADDED THAT THE ARGENTINE SIDE WOULD BE GRATEFUL FOR ANY IDEAS FROM THE BRITISH OR SWISS AUTHORITIES ON OTHER WAYS OF MEETING THEIR PROBLEM. I OF COURSE POINTED OUT THAT AN ESSENTIAL PART OF THE ARRANGEMENT WHICH HAD BEEN MADE CONCERNING THE

SOVEREIGNTY PROBLEM WAS THAT WE SHOULD BE ABLE TO STATE AFTER THE TALKS THAT WE HAD REFUSED TO DISCUSS THIS SUBJECT. THE ARGENTINES WERE NOW BACKING AWAY FROM THE AGREEMENT WHICH WE HAD THOUGHT SETTLED. BRUNNER SAID HE SHARED MY DISMAY AND FELT THAT THIS LATEST DEVELOPMENT WAS A REFLECTION OF POLITICAL AND INSTITUTIONAL WEAKNESS ON THE ARGENTINE SIDE. THE SWISS WOULD NOT PUT FORWARD ANY INDEPENDENT IDEAS OF THEIR OWN ON THIS QUESTION TO BUENOS AIRES UNTIL THE BRITISH AUTHORITIES HAD CONSIDERED THE MATTER AND COMMENTED. A SETTLEMENT OF THE QUESTION WHICH HAD NOW BEEN RAISED WOULD HAVE TO BE REACHED BEFORE THE SWISS GOVERNMENT WOULD ISSUE INVITATIONS. HE THOUGHT A POSTPONEMENT WAS PREFERABLE TO RISKING FAILURE LEADING TO RECRIMINATIONS AND POLEMICS.

6. BRUNNER THEN WENT ON TO PRODUCE AN IDEA OF HIS OWN FOR MEETING ARGENTINE CONCERN WHICH HE THOUGHT WE MIGHT CONSIDER. HE SUGGESTED THAT IT MIGHT BE POSSIBLE FOR US TO ACCEPT CAPUTO'S SECOND OPTION (PARA 4C ABOVE) ON CONDITION THAT THE ARGENTINES GIVE AN UNDERTAKING THAT THEY WOULD NOT MAKE ANY STATEMENT ON SOVEREIGNTY. THIS WOULD BE A REVERSAL OF THE PRESENT ARRANGEMENT IE IN RETURN FOR AN ARGENTINE UNDERTAKING NOT TO RAISE THE SUBJECT OF SOVEREIGNTY WE WOULD UNDERTAKE NOT TO SAY PUBLICLY THAT THEY HAD NOT DONE SO. WHILE NOT WISHING TO RULE OUT THIS IDEA WITHOUT REFERENCE TO YOU I LEFT THE STATE SECRETARY IN NO DOUBT OF THE VERY BAD IMPRESSION WHICH I FELT WOULD BE CREATED IN LONDON BY THE ARGENTINE GOVERNMENT'S NOW SEEKING TO BACK AWAY FROM AN ESSENTIAL ELEMENT OF THE UNDERSTANDING WE THOUGHT HAD BEEN REACHED ABOUT SOVEREIGNTY. HE UNDERSTOOD THIS VERY WELL AND DID NOT CONCEAL HIS OWN DISAPPOINTMENT AT THIS LAST MINUTE HITCH. HE THOUGHT THAT CAPUTO HAD UNDERESTIMATED THE CONTINUING SENSITIVITY OF ARGENTINE PUBLIC OPINION ON THE QUESTION OF SOVEREIGNTY UNTIL THIS HAD BEEN REVEALED TO HIM BY REACTION TO YOUR SPEECH OF 27 JUNE. AT THE SAME TIME THE ARGENTINE GOVERNMENT DESERVED CREDIT FOR THEIR SERIOUS AND CONSTRUCTIVE APPROACH TO THE TALKS.

POWELL-JONES

NNNN

SENT AT RECD AT 041725Z LA/JGF

FALKLAND ISLANDS GENERAL (ADVANCES)

36

PS/NO 10 DOWNING ST (3)

PS/LADY YOUNG
 PS/WHITNEY
 PS/RIFKIND
 PS/PUS
~~MR J. FREELAND~~ SIR J. FREELAND
~~MR W. HARDING~~ SIR W. HARDING
~~MR GOODALL~~ MR GOODALL
~~MR O'NEILL~~ MR O'NEILL
~~MR GORDON LENNOX~~ MR GORDON LENNOX
 SIR C. TICKELL
 MR D. C. THOMAS
~~MR WESTON~~ MR WESTON
 MR MILES
 D/PUS (2)
 D/SALD
 D/ED
~~MR [unclear]~~
 D/NEES DEPT
 D/ED
 D/ED(E)
 D/ED
 D/PLANNING STAFF

PS/S OF S FOR DEFENCE
~~MR [unclear] AUSD STAFF MOD~~
~~MR NICHOLL~~
 PS/CHANCELLOR)
 MISS M E CURD) TREASURY
 MR LITTLER)
 SIR E ARMSTRONG)
 MR A D S GOODALL) CABINET C
 DIO) CARTLEDGE)
~~MR V A PATTERSON, TD, ODA~~
 MR POWER, SAs, ODA
 MR A FORTRAN IAT/ D. TRANSPORT

~~DISSEMINATION~~

CONFIDENTIAL

FM BERNE 040940Z

ADVANCE COPY

DD FCO 041030Z

IMMEDIATE

TO IMMEDIATE FCO
TELNO 248 OF 04 JULY

INFO PRIORITY BRASILIA

MY TELNO 241: RELATIONS WITH ARGENTINA

1. STATE SECRETARY CONFIRMED TO ME THIS MORNING THAT CAPUTO HAS TOLD KEUSCH THAT THE WORDS "ET SANS PREALABLE" NO LONGER CONSTITUTE A PROBLEM FOR THE ARGENTINE AUTHORITIES. TEXT OF INVITATION IS THEREFORE NOW AGREED.

2. CAPUTO HAS HOWEVER RAISED A NEW PROBLEM CONCERNING THE AMOUNT OF PUBLIC INFORMATION TO BE GIVEN ABOUT THE TALKS AFTER THEY HAVE TAKEN PLACE. MINISTER SAID THAT HE HAD BEEN MUCH DISTURBED BY ARGENTINE PRESS TREATMENT OF YOUR STATEMENT IN PARLIAMENT OF 27 JUNE (YOUR TELNO 108). HE ACCEPTED KEUSCH'S VIEW THAT IT WOULD BE UNREALISTIC TO THINK OF KEEPING CONFIDENTIAL THE FACT OF THE TALKS BEING HELD AND THAT THEY SHOULD BE ANNOUNCED ON 11 JULY AS AT PRESENT PLANNED. THE MINISTER THOUGHT HOWEVER THAT IT WOULD BE PREFERABLE THAT NEITHER SIDE SHOULD REVEAL PUBLICLY WHAT HAD HAPPENED DURING THE TALKS EXCEPT FOR ANNOUNCING POINTS ON WHICH AGREEMENT HAD BEEN REACHED.

3. KEUSCH'S REPORT OF THIS CONVERSATION EMPHASISED THAT CAPUTO NOW VERY MUCH WANTS THE MEETING TO TAKE PLACE AND THAT HIS SUGGESTION OF LIMITING PUBLICITY WAS NOT A FINAL POSITION. HIS MAIN CONCERN WAS THAT CONFLICTING STATEMENTS ABOUT THE TALKS BY THE TWO SIDES COULD PREJUDICE THE PROSPECTS FOR A FURTHER MEETING AND DAMAGE THE ATMOSPHERE.

PREJUDICE THE PROSPECTS FOR A FURTHER MEETING AND DAMAGE THE
ATMOSPHERE.

4. CAPUTO WAS DUE TO CONSULT FURTHER WITH HIS ADVISERS
AND WOULD THEN RECEIVE KEUSCH A SECOND TIME. BRUNNER
HAS NOT YET RECEIVED KEUSCH'S REPORT OF THIS SECOND MEETING.
HE WILL BE IN TOUCH AGAIN WHEN IT ARRIVES.

5. BRUNNER'S COMMENT ON THE FOREGOING WAS THAT THE SWISS
AUTHORITIES COULD GO ALONG WITH CAPUTO'S SUGGESTION. IT WOULD
NOT BE A DIFFICULT TECHNICAL PROBLEM FOR THEM TO ENSURE THAT NO
LEAK OCCURRED ABOUT THE PROCEEDINGS IN BERNE. THERE
WERE VALID PRECEDENTS EG THE CHINESE / AMERICAN TALKS IN WARSAW.
HE UNDERSTOOD HOWEVER THAT IN LONDON A FURTHER POLITICAL
DECISION WOULD BE REQUIRED IF CAPUTO INSISTS ON HIS LATEST
SUGGESTION.

POWELL-JONES

NNNN

SENT AT RECD AT 041020 ZTWPM/~~SECRET~~BR



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~3307822~~ 218 6169

call
CEBL

D/S of S/PS/10

2nd July 1984

Prime Minister (to)

To note. The South Atlantic fund
is likely to be retained for the full
5 year term. ✓

Dear Tim,

BMS
2/7

ms

in 4 35

In your letter of 1st December 1983 you asked for a note on how the Trustees of the South Atlantic Fund propose the money remaining in the Fund should be disposed of.

I enclose a note, approved by the Trustees, outlining the administration of the Fund over the period October 1983 to May 1984, and summarising their proposals for its future administration. You should also be aware that Admiral Sir Peter Herbert, Chairman of the Trustees, has sent a report on the continuing work of the Fund, drawing on the attached note, to its Patron, HRH The Prince of Wales.

Yours ever,
Barry

(B P NEALE)

Timothy Flesher Esq

REPORT ON THE SOUTH ATLANTIC FUND FOR THE PRIME MINISTER

OCTOBER 1983 - MAY 1984

1. State of the Fund

a. Donations still continue to be received at a rate of about £1500 per month. Income also continues from profit and dividends on investments and from tax recovered from covenanted donations. Together these have added over £1M to the Fund.

b. Total donations are £15,080,829.

c. Some £13.5M has been distributed to date of which:

| | |
|---|---------------|
| (1) Widows have received | £5,392,631.00 |
| (2) Fiances and illegitimate children have received | £146,801.00 |
| (3) Next of Kin of single men have received | £351,678.00 |
| (4) The injured have received | £5,876,461.00 |

(5) Service Benevolent Funds and other Charities have been given further substantial grants to meet needs such as the adaption of houses for the disabled, the purchase of special cars, educational trusts for children and travel costs of injured servicemen and their families.

d. After adding interest, dividends and profit from the sale of investments (£1.5M) some £3.2M remains in the Fund.

2. State of Work

a. Major assessments have been made of the needs of the widows of those killed, of all men who were injured in the conflict, and also of those who suffered subsequently in accidents directly related to the conflict.

b. Trustees are concerned to provide for future needs, particularly those arising from psychiatric disturbance which may not become evident for many years.

3. Specific Work

a. Education. In carrying out their assessment of the needs of widows the Trustees made particular allowance for children to receive Boarding Education should the parents so wish. A number of children are receiving free education at the expense of the Fund or other Funds specifically set up for that purpose eg. the Nore Trust. The Service Benevolent Funds are all prepared to assist with the education of fatherless children if the need arises and are able to draw upon further South Atlantic Fund money for that purpose.

b. Medical Equipment. Two pieces of medical equipment which would not normally have been provided by MOD have been purchased by the South Atlantic Fund. They are designed to assist in the diagnosis and rehabilitation of those who suffered cold related injuries which may affect them in later life.

4. The Future

The Trustees are content that they have met all the immediate and short term needs of those who suffered as a result of the conflict as well as longer term needs concerned with education, rehabilitation and housing. At a recent meeting with the Chairmen of the three main Service Benevolent Funds it was agreed that:

a. The South Atlantic Fund would remain open. The Trustees would assess the future of the fund every six months but would probably wish to retain the bulk of the Fund for

Argentina - Relations A37

the complete five year term of the Fund, against the possibility of a renewal of the conflict or some disaster - such as a minefield accident - caused directly as a result of the previous conflict, and with which they would wish to deal as heretofore.

b. The Benevolent Funds will take on responsibility for all future case work concerning those whose circumstances have already been assessed by the South Atlantic Fund and for all future needs that may arise, in particular psychiatric cases or a degradation of an injury of a man who has already received aid from the Fund.

c. The Trustees would make money available to the Benevolent Funds in advance to meet any needs that were seen to be arising.

5. Publicity

a. Sporadic questions concerning the Fund continue to be asked in the House, but interest appears to be centred more on matters which are the responsibility of the MOD or DHSS rather than the Fund.

b. There has been little comment about the Fund in the Press, although a recent article in the Times (16 June) again drew attention to the campaign of the parents of single men killed in the conflict.

6. Staff

Because of the great reduction in the workload the Staff of the South Atlantic Fund has now been reduced to a part time Secretary who is a retired officer and who is paid by the Fund.

PS
 PS/LADY YOUNG
 PS/WHITNEY
 PS/WHITNEY
 PS/RIFKIND
 PS/PUS
~~PS/SIR J~~
~~PS/SIR J~~ MR. FRUGGLAND
 SIR W. HARDING
 MR. GOODALL
 MR. O'NEILL
~~MR. GORDON DENNOX~~
 SIR C. TICKELL
 MR. C. THOMAS
 MR. WESTON
 MR. MILES
 D/PUS (2)
 D/SAD
 D/ED
~~D/NEES LEFT~~
~~D/ED~~
~~D/ED (E)~~
~~D/ED~~
~~D/PLANNING STAFF~~

PS/NO 10 DOWNING ST (3)
 PS/S OF S FOR DEFENCE
 MR. AUSSD STAFF MOD.
 MR. NICHOLL
 PS/CHANCELLOR)
 MISS M E CURD) TREASURY
 MR LITTLE)
 SIR P ARMSTRONG)
 MR A D S GOODALL) CABINET C
 DIO) CARTLEDGE)
~~MR V A PATTISON, TD, ODA~~
 MR POWER, SAD, ODA
 MR A FORTNAM IAT/ D. TRANSPORT

ADVANCE COPY
 IMMEDIATE

CONFIDENTIAL

FM BERNE 020900Z

DD FCO 020945Z

TO IMMEDIATE DESKBY FCO

ELNO 241 OF 02 JULY

INFO IMMEDIATE MOSCOW (FOR SECRETARY OF STATE'S PARTY)

INFO PRIORITY BRASILIA

MY TELNO 240: RELATIONS WITH ARGENTINA

SUMMARY

1. THERE ARE NOW HOPES THAT ARGENTINE GOVERNMENT WILL ACCEPT INVITATION IN PRESENT FROM WITH OMISSION OF "ET SAN PREALABLES".

DETAIL

2. SWISS STATE SECRETARY INFORMED ME THIS MORNING THAT DELPECHE HAD BEEN UNOBTAINABLE OVER THE WEEKEND. BRUNNER HAD HOWEVER RECEIVED A CALL FROM CAPUTO LATE ON 29 JUNE. THIS CONCERNED THE ARGENTINE DEBT PROBLEM AND THE MINISTER ASKED FOR SWISS HELP (UNSPECIFIED) RELATING TO THE PARIS CLUB. BRUNNER WAS LATER ABLE TO CALL CAPUTO BACK WITH A POSITIVE RESPONSE AND TOOK THE OPPORTUNITY TO ASK HIM TO RECEIVE KEUSCH WITHOUT DELAY ON HIS RETURN AND TO GIVE DUE WEIGHT TO THE AMBASSADOR'S EXPLANATIONS (ON THE LINES AGREED AT OUR MEETING REPORTED IN MY TUR). BRUNNER WENT ON TO EXPLAIN TO CAPUTO HOW MATTERS STOOD FOLLOWING OUR LATEST DISCUSSION. CAPUTO'S IMMEDIATE RESPONSE WAS NOT UNFAVOURABLE THOUGH HE WISHED TO HEAR DELPECHE'S ADVICE BEFORE COMMITTING HIMSELF.

3. BRUNNER HAS BEEN IN DIRECT CONTACT WITH DELPECHE IN ROME THIS MORNING. THE OUTCOME OF THEIR CONVERSATION WAS THAT DELPECHE WILL NOW TELEGRAPH ADVISING CAPUTO TO ACCEPT INVITATION IN PRESENT

WILL NOW TELEGRAPH ADVISING CAPUTO TO ACCEPT INVITATION IN PRESENT FORM BUT OMITTING " ET SANS PREALABLE". BRUNNER HOPES FOR A FURTHER CALL FROM DELPECHE THIS EVENING TO CONFIRM ARGENTINE ACCEPTANCE. IN THAT EVENT SWISS GOVERNMENT WILL ISSUE INVITATIONS TO LONDON AND BUENOS AIRES ON 03 JULY.

4. BRUNNER'S COMMENT ON THIS DEVELOPEMENT WAS THAT ARGENTINES ARE VERY RESPONSE TO MOOD AND THAT THE TIMING OF CAPUTO'S REQUEST FOR SWISS HELP OVER DEBT HAD BEEN FORTUNATE IN DEVELOPING A POSITIVE DISPOSITION ON HIS POART.

5. BRUNNER ALSO INFORMED ME THAT DELPECHE HAD THIS MORNING MADE SOME POINTS ABOUT THE ARRANGEMENTS AT THE TALKS NEXT WEEK. HE WAS IN AGREEMENT WITH THE TIMING ENVISAGED BUT THOUGHT IT WOULD BE PREFERABLE THAT ON 11 JULY TALKS SHOULD BE CONFINED TO THE MORNING ONLY Y IN ORDER TO ALLOW DELEGATIONS TO REPORT AND CONSULT GOVERNMENTS DURING TE AFTERNOON BEFORE STARTING AGAIN ON THE MORNING OF 12 JULY AND FINISHING THAT EVENING AT THE LATEST.

6. BRUNNER REPEATED AS HE HAS SAID MORE THAN ONCE BEFORE THAT THE OPENING DINNER WOULD BE A GATHERING DESIGNED TO ALLOW THE DELEGATIONS TO GET TO KNOW EACH OTHER. IT WOULD BE A WORKING OCCASION WITHOUT FANFARE. NO SPECIFIC BUSINESS WOULD BE RAISED. ON 11 JULY HE THOUGHT THAT IT WOULD BE USEEFUL FOR THE SWISS TO INVITE THE TWO DELEGATIONS SEPARATELY TO LUNCH AND DINNER REPECTIVELY WHICH WOULD PROVIDE AN OPPORTUNITY TO CLARIFY MATTERS AND CONVEY MESSAGES THROUGH THE CHAIRMAN. DELPECHE HAD WELCOMED THIS SUGESSTION. I SAID IT WAS NOT FOR ME TO COMMENT SINCE I WOULD NOT BE LEADING THE DELEGATION AFTER THE OPENING STAGES BUT I THOUGHT THESE IDEAS HAD MUCH TO RECOMMEND THEM.

7. DELPECHE ALSO TOLD BRUNNER THIS MORNING THAT THE ARGENTINE SIDE WOULD PREFER THE SECOND ROUND OF THE TALKS TO TAKE PLACE IN BERNE NOT BRASILIA AND THAT THIS HAD BEEN ACCEPTED BY THE BRAZILIAN AUTHORITIES. HE THOUGHT IT SHOULD TAKE PLACE IN SEPTEMBER BEFORE THE GENERAL ASSEMBLY. THE CONDUCT OF UN DEBATE AND THE TONE OF THE ARGENTINE STATEMENT WOULD DEPEND VERY MUCH ON THE DEGREE OF PROGRESS MADE AT THE TALKS HERE. BRUNNER COMMENTED THAT IT WAS NOT POSSIBLE TO ENVISAGE AN AGREED RESOLUTION ENCOURAGING BOTH SIDES TO PURSUE THEIR TALKS IF THESE DEVELOPED FAVOURABLY.

8. FINALLY I MADE A PROVISIONAL APPOINTMENT (ASSUMING TIMINGS SUGGESTED BY TELEPHONE HAVE BEEN ACCEPTED) FOR INTRODUCTORY CALL BY DELEGATION ON STATE SECRETARY AT 05.00 PM ON 10 JULY.

POWELL-JONES

CCCN PRAR FIVE LINES FIVE AND SEVEN
LINE FIVE SHOULD READ " BE CONFINED TO THE MORNING ONLY
IN ORDER TO "

LINE SEVEN SHOULD READ " GOVERNMENTS DURING THE AFTERNOON"

CAN YOU PLEASE AMEND

SENT AT RECD AT 020955 ZTWPM/JWT

CONFIDENTIAL

file ECL



bc PC.

10 DOWNING STREET

From the Private Secretary

2 July 1984

RELATIONS WITH ARGENTINA:

FIRST ROUND OF TALKS

The Prime Minister has seen the Foreign and Commonwealth Secretary's minute PM/84/111 headed Relations with Argentina: First Round of Talks. She agrees with it subject to any special points from OD colleagues.

I am sending copies of this letter to the Private Secretaries of the members of OD and to Richard Hatfield (Cabinet Office).

Charles Powell

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

cc:
CO
DTI
CDLO
LPSO
MOD
LPO
ICO
FCO

SH

CCPC.



PM/84/111

PRIME MINISTER

Agreed - unless Prime Minister
 any special
 points from g OD colleagues?
 colleagues not
 Await reaction
 CD? 28/6

Relations with Argentina: First Round of Talks

1. At the meeting of OD on 22 June, we discussed the need to deal firmly with the statement which the Argentines must be expected to make about the sovereignty issue when the talks on normalisation get under way. Our Ambassador in Berne has reported that the Argentines would like the meeting to start on 10 July with an informal working dinner given by the Swiss Foreign Minister, the talks proper starting the following morning; and that they have accepted our condition that they should confine themselves to raising the subject of sovereignty once only. I was asked to circulate to Colleagues the draft of the statement I propose we should make in response to the Argentine statement. You stressed that this response, and its public presentation, would be of great importance in safeguarding our position. The point was also made in discussion that our response could be supplemented as necessary by public presentation of our views outside the talks.

2. Our Ambassador has also reported that the Swiss are inclined to conduct this part of the business at some point other than the beginning or the ending of the proceedings. I have instructed our Ambassador to tell the Swiss that we strongly favour dealing with it at the start of the talks on the morning of 11 July, as we believe this would reduce the possibility for ambiguity or misunderstanding.

3. I believe that, when the Argentine delegation have made their statement on sovereignty, the leader of the UK delegation should respond as follows:-

"The British Government have consistently made clear to the Argentine Government, through the Protecting Powers and publicly, that they are not prepared to enter into



discussion of the question of sovereignty over the Falkland Islands [and the Falkland Islands Dependencies]. That remains our firm and unqualified position. The British Government agreed, however, to an arrangement whereby the Argentine delegation would make one statement at these talks setting out their Government's position on sovereignty. In accordance with the understanding reached before the talks began, I propose to make no response to the Argentine statement, apart from stating that Her Majesty's Government do not accept the Argentine position and reiterating that the position of the United Kingdom as regards its entitlement to sovereignty over the Falkland Islands [and the Falkland Island Dependencies] is well known and that the subject of sovereignty is not for discussion. I hope that we can now proceed to discussion of practical ways in which more normal relations between our two countries can be restored to their mutual benefit".

The specific reference to the Falkland Islands Dependencies in the text above would only be included if the Argentines refer to the Dependencies in their statement.

4. The text in paragraph 3 above makes clear that we have a position on sovereignty which is different from the Argentines', and that we are not accepting their arguments. Our refusal to restate our case in the forum of these talks would not affect our legal position. Avoidance of any argument on the matter enables us to say publicly that the subject, though raised by the Argentines, was not discussed.

5. In public, I envisage the following line, provided that the Argentines have abided by the agreement, and the arrangement has worked satisfactorily:-

- (a) we confirm that the subject of sovereignty was raised by the Argentine delegation, on a single occasion;
- (b) we refused to discuss sovereignty. From the time



of our first initiative in December designed to achieve better bilateral relations, the Argentine Government have known very well that there is no question of our agreeing to discuss sovereignty. Ministers have said this many times in public. Our delegation's refusal, on the day, to discuss sovereignty will have come as no surprise to the Argentines.

- (c) The talks moved on to discussion of practical means of achieving more normal relations between our two countries. We have consistently said that we believe this to be the only realistic way forward.

6. If the Argentines renege on the agreement and the talks therefore cease, we shall need to have recourse to the Swiss undertaking that they will make it clear in public that, in this event, the Argentines bear the responsibility for the talks breaking down. The Swiss State Secretary gave this undertaking to our Ambassador again on 24 June: we shall be careful to hold them to it. If the talks break down, we shall press the Swiss to make their statement quickly, and quote them immediately they have done so. Then, having made it plain that we have maintained intact our own position on sovereignty, we shall be in a sound position, internationally and at home, to argue that we had made a genuine and sustained effort to carry forward talks on realistic and practical subjects.

7. I am copying this minute to our colleagues on OD, and to Sir Robert Armstrong.

GEOFFREY HOWE

Foreign and Commonwealth Office
28 June, 1984

Argentina Pt 37

Relations

CDP

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ZCZ

ZC

BBC B B3/1E TANKERS EXPLODE IN BUENOS AIRES DOCK=:

(ARGENTINE NEWS AGENCY TELAM) BUENOS AIRES: THE FUEL TANKS OF TWO TANKERS TIED UP AT THE BUENOS AIRES SOUTH DOCK BLEW UP THIS EVENING (ED: THURSDAY), STARTING A HUGE FIRE, WITH FLAMES REACHING 30 METRES

HIGH.

FOUR BLOCKS SURROUNDING THE DOCK HAVE BEEN EVACUATED, AND ELECTRICITY HAS BEEN CUT OFF AS A PREVENTIVE MEASURE.

TWO HOURS AFTER THE BLAZE STARTED, THE DIRECTOR OF THE FIORITO HOSPITAL CALLED IN ALL PERSONNEL WHO WERE ON LEAVE.

END BBC MON 0202 29/6 JC (WA)

0207290684

NNNN

✓

ZCZ

ZC

BBC B B4/1E BA TANKERS - GROUP SAYS OWNERS COLLABORATED WITH
BRITISH (ADD TO B3, 0202)=:

FOR INFORMATION ONLY. NOT FOR ATTRIBUTION

(DYN NEWS AGENCY, BUENOS AIRES) BUENOS AIRES: A GROUP CALLING ITSELF
THE SARGENTO CISNEROS COMMANDO HAS SAID IN A TELEPHONE CALL TO DYN
THAT IT WAS RESPONSIBLE FOR BLOWING UP THE +TWO SHELL VESSELS+
BECAUSE THE ENTERPRISE +COLLABORATED WITH THE ENGLISH DURING THE
MALVINAS WAR+.

THE ANONYMOUS CALLER ADDED THAT THE ATTACK +WAS CARRIED OUT
BECAUSE OF THE PRESENCE OF BRITISH PARLIAMENTARIANS IN ARGENTINA, AND
ALSO TO LET THEM KNOW WHAT THEY CAN EXPECT IF THEY DO NOT START
NEGOTIATING THE RETURN OF THE ISLANDS TO OUR COUNTRY+.

THERE HAD BEEN REPORTS THAT THE FIRST SHIP SET ON FIRE BELONGED
TO SHELL, BUT IT WAS LATER SAID TO BELONG TO THE GOVERNMENT.

END BBC MON 0219 29/6 JC (WA)

END BBC MON 0240 29/6 JC (WA)

✓

ZCZ

ZC

BBC B B5/1 ARGENTINE TANKER - UP TO 10 PEOPLE MISSING=:

(ARGENTINE NEWS AGENCY TELAM) BUENOS AIRES: AS THE FIGHT AGAINST THE FIRE IN THE TANKER PERITO MORENO CONTINUES, REPORTS SAY THAT ONLY AFTER THE AMBULANCES CAN GET CLOSER TO THE SITE WILL THE SERIOUSNESS OF THE BLAZE BE KNOWN. ACCORDING TO CREWMEN WHO WERE ABLE TO REACH SAFETY, THERE COULD BE AS MANY AS 10 CREW MEMBERS MISSING.

ONE HOSPITAL SAID IT HAD ADMITTED FOUR CREWMEN INJURED IN THE EXPLOSION. ANOTHER TREATED ABOUT 20 PEOPLE, WHO WERE LATER ALLOWED HOME. A HOSPITAL DOCTOR SAID THINGS WERE UNDER CONTROL SO FAR, BUT +WE WILL FIND A REAL CATASTROPHE+ WHEN THE AMBULANCES ARE ALLOWED THROUGH.

MF BBC MON 0536 29/6 JC (WA)

ZCZ

ZC

BBC B B5/2E ARGENTINETANKER (2) BRIDGE HURLED 50 METRES=:

THE PERITO MORENO HAD BEEN UNLOADING 12,000 CUBIC METRES OF CRUDE OIL AT THE TIME OF THE EXPLOSION, AND STILL HAD 8,000 CUBIC METRES ABOARD WHEN THE FIRE STARTED. THE EXPLOSION HURLED THE SHIP'S BRIDGE, WHICH WEIGHS TWO TONS, OVER 50 METRES. AT LEAST FIVE PEOPLE LIVING IN THE AREA OF THE DOCK WERE INJURED BY FLYING GLASS.

A SHIP MOORED NEAR THE PERITO MORENO CAUGHT FIRE IN THE STERN, BUT WAS CAST OFF, AND IS NOW SAFE.

END BBC MON 0540 29/6 JC (WA)

TOP 252037Z

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FOFOPNT013/25

DD 252100Z UKDEL FONTAIBLEAU

GR 1000

CONFIDENTIAL

DESKBY 252100Z

FM FCO 251905Z JUN 84

TO IMMEDIATE UKDEL FONTAIBLEAU

TELEGRAM NUMBER 7 OF 25 JUNE

FOR PS/PM AND FOREIGN SECRETARY

FOLLOWING TELEGRAM NOW REPEATED TO YOU AT REQUEST OF DEPT WAS
RECEIVED FROM BERNE TELEGRAM NO 227 OF 25/6

TO IMMEDIATE DESKBY FCO

TELNO 227 OF 25 JUNE

INFO ROUTINE BRASILIA

YOUR TELNO 104: RELATIONS WITH ARGENTIANA

SUMMARY

1. CONSTRUCTIVE AND DETAILED RESPONSE BY BRUNNER ON BEING INFORMED OF YOUR ACCEPTANCE OF FORMULA OF 04 JUNE REGARDING SOVEREIGNTY.

DETAIL

2. I INFORMED STATE SECRETARY ON 23 JUNE THAT I HAD RECEIVED NEW AND POSITIVE INSTRUCTIONS. HE INVITED ME TO CALL AT HIS HOUSE THE FOLLOWING AFTERNOON WHEN I CONVEYED ORALLY ALL THE POINTS IN YOUR TUR AND LEFT WITH HIM A BOUT DE PAPIER.

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BRUNNER SAID IT WAS IMPORTANT TO LOSE NO TIME. CAPUTO WAS DUE BACK FROM CARTAGENA THAT SAME DAY, 24 JUNE, AND DELPECHE WOULD BE RETURNING TO ROME SHORTLY AFTERWARDS PROBABLY ON 27 JUNE. HE HAD THEREFORE ON RECEIVING MY MESSAGE ON 22 JUNE THAT INSTRUCTIONS WERE ON THE WAY INSTRUCTED THE SWISS CHARGE D'AFFAIRS TO DO HIS BEST TO HOLD THE SITUATION OVER THE WEEKEND. HE WOULD NOW BE IN TOUCH WITH DELPECHE TODAY AND EXPECTED TO BE ABLE TO GIVE ME ARGENTINE REACTION THIS AFTERNOON.

4. BRUNNER THOUGHT IT WAS ALSO DESIRABLE TO LOSE NO TIME IN GETTING TALKS GOING AND SUGGESTED THAT WE SHOULD AIM TO HOLD THEM IN WEEK BEGINNING 02 JULY. EARLY PROGRESS WOULD HAVE A WHOLESOME EFFECT ON ARGENTINE APPROACH TO UNITED NATIONS PROCEEDINGS.

5. ON REPRESENTATION BRUNNER SAID HE WOULD HOPE TO LET ME KNOW LATER TODAY THE COMPOSITION OF ARGENTINE DELEGATION. THE ARGENTINE AMBASSADOR IS NOW AWAY OWING TO CRITICAL ILLNESS OF HIS MOTHER. BRUNNER THOUGHT THIS INCREASED THE LIKELIHOOD THAT DELPECHE WOULD LEAD SUPPORTED BY TETTAMENTI. HE ASKED IF I HAD ANY INDICATIONS ABOUT OUR OWN REPRESENTATION. I REPLIED THAT I HAD NOT. (MY PERSONAL TELNO 147 RECOMMENDED THAT WE SHOULD GET OUR OWN POSITION CLEAR AND PUT TO THE SWISS IN THE EXPECTATION THAT THE ARGENTINES WOULD CONFORM TO IT BUT THERE HAS BEEN NO RESPONSE BEYOND PARA 4 OF YOUR TELNO 85.) BRUNNER REMARKED THAT ON THE ARGENTINE AS IN THE SWISS VIEW THIS WAS ENTIRELY A MATTER FOR US TO DECIDE AND THAT DELPECHE'S PRESENCE IF CONFIRMED SHOULD NOT BE REGARDED AS DICTATING OUR OWN REPRESENTATION.

6. TURNING TO YOUR THREE PROVISOS, BRUNNER AGREED ON THE NEED FOR A CLEAR PROCEDURE AGREED IN ADVANCE. HE THOUGHT IT WOULD BE DESIRABLE FOR DELEGATIONS TO HAVE SEPARATE CONSULTATIONS WITH HIM FOR FINAL SETTLEMENT OF MODALITIES BEFORE THE FEDERAL COUNCILLOR'S OPENING DINNER. HE SUGGESTED THAT IT WOULD BE A MISTAKE TO START OR END PROCEEDINGS WITH THE EXCHANGE OF STATEMENTS ON SOVEREIGNTY AND THAT THE SUBSTANTIVE DISCUSSIONS WHICH WILL NOT BEGIN UNTIL THE MORNING FOLLOWING THE DINNER SHOULD OPEN WITH A MORE PROMISING SUBJECT. HE THOUGHT THAT AFTER THE ESTABLISHMENT OF PERSONAL CONTACTS AT THE DINNER THE FIRST ROUND OF TALKS COULD BE COMPLETED IN THE FOLLOWING ONE OR POSSIBLY TWO DAYS.

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7. ON CONDITION B BRUNNER RAISED THE POSSIBILITY THAT AFTER THE EXCHANGE OF STATEMENTS ON THE RECORD THE HEAD OF THE ARGENTINE DELEGATION MIGHT BE EXPECTED TO CONVEY IN THE CORRIDOR OR DURING A COFFEE BREAK A PERSONAL MESSAGE TO THE EFFECT THAT NO SUBSTANTIAL PROGRESS COULD BE MADE ON ESTABLISHING DIPLOMATIC RELATIONS UNLESS THE SOVEREIGNTY ISSUE CAN BE ADDRESSED THOUGH NOT NECESSARILY IN THE IMMEDIATE FUTURE. I SAID I THOUGHT IT WOULD BE HIGHLY UNDESIRABLE THAT ANY SUCH ARRANGEMENT SHOULD BE ENVISAGED IN HIS DISCUSSIONS OR GENTLEMAN'S AGREEMENT. I WARNED HIM THAT SUCH A SECOND STATEMENT ALTHOUGH OFF THE RECORD MIGHT VERY WELL BE CONSIDERED IN LONDON AS GROUNDS FOR THE TALKS TO CEASE. I ALSO REMINDED HIM OF YOUR ADVERSE VIEW ABOUT THE WALK IN THE PARK IDEA (YOUR TELNO 91, PARA 9) . BRUNNER THEN ACCEPTED THAT THE ARGENTINES MUST BE BROUGHT TO AGREE THAT EVERYTHING THEY HAVE TO SAY ON THE SUBJECT OF SOVEREIGNTY MUST BE INCLUDED IN THEIR ONE AND ONLY STATEMENT.

8. BRUNNER WENT ON TO SAY , COMMENTING ON YOUR CONDITION C, THAT THE GENTLEMAN'S AGREEMENT WHICH HE WOULD AIM TO ESTABLISH OVER THE COMING DAYS WOULD COVER THE SITUATION AT THE TALKS SO LONG AS THE SWISS CHAIRMAN WAS IN CONTROL. IF THE ARGENTNES TRIED TO RAISE IT IN THE CORRIDOR IT WOULD BE THE RESPONSIBILITY OF OUR OWN DELEGATION TO HEAD THEM OFF AND EACH OF OUR PEOPLE SHOULD HAVE APPROPRIATE INSTRUCTIONS FOR THAT EVENT. HE DID NOT BELIEVE THAT THE ARGENTINES WOULD BE LIKELY TO BREAK A GENTLEMAN'S AGREEMENT BUT AFTER SOME PRESSING HE VENTUALLY GAVE ME THE ASSURANCE YOU SOUGHT THAT THE SWISS WOULD MAKE IT CLEAR OF NECESSARY IN PUBLIC THAT ARGENTINA WAS RESPONSIBLE IF THAT SITUATION AROSE, THOUGH HOPING VERY MUCH THAT IT WOULD NOT.

9. BRUNNER SUGGESTED THAT AS CHAIRMAN HE SHOULD AIM AT THE TALKS TO ACHIEVE AGREEMENT TO HOLD A SECOND MEETING IN SEPTEMBER PLUS AGREEMENTS ON AT LEAST ONE MINOR MATTER SUCH AS THE NEXT OF KIN POINT. HE HAD IN MIND A FINAL STATEMENT RECORDING THAT AN EXPLORATION OF ALL PATHS TOWARDS NORMALISATION WOULD CONTINUE.

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10. BRUNNER DID NOT MENTION THE BRASILIAN ELEMENT. (NOR OF COURSE DID I SINCE IT IS NO INTEREST OF OURS). HE CONFIRMED THAT THE PROPOSAL OF A SIMPLIFIED FORM OF INVITATION INCLUDING THE FORM OF ANNOUNCEMENT TO BE MADE IN THE THREE CAPITALS WOULD BE THE NEXT STAGE SUBJECT TO HIS TALKS WITH DELPECHE TODAY. HE ALSO MENTIONED THE QUESTION OF LANGUAGE IN THE TALKS. DELPECHE HAD SAID HE WOULD BE HAPPY TO CONDUCT THE WHOLE MEETING IN FRENCH. I DID NOT DEMUR IN THE CASE THAT I SHOULD BE RESPONSIBLE BUT AFTER SOME FURTHER DISCUSSION BRUNNER'S CONCLUSION WAS THAT SUBJECT OF COURSE TO YOUR VIEW EACH DELEGATION SHOULD SPEAK THEIR OWN LANGUAGE AND PROVIDE THEIR OWN INTERPRETERS, IT BEING UNDERSTOOD THAT THE DELEGATIONS WOULD SO FAR AS POSSIBLE BE COMPOSED OF PERSONS ABLE TO FOLLOW THE OTHER'S LANGUAGE.

11. SEPARATE REPORT FOLLOWS BY LETTER ON MY CONVERSATION WITH KEUSCH ON 22 JUNE.

POWELL-JONES

HOWE

NNNN

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FOFONT006/25

DD 252100Z FONTAINEBLEAU

GRS 603

CONFIDENTIAL

DESKBY 252100Z

FM FCO 251855Z JUNE

TO IMMEDIATE UKDEL FONTAINEBLEAU (FOR PRIME MINISTER'S PARTY)

TELEGRAM NUMBER 5 OF 25 JUNE

FOLLOWING TELEGRAM NOW REPEATED TO YOU AT REQUEST OF DUTY OFFICER,
NO 10 WAS RECEIVED FROM BERNE TELEGRAM NO 268 OF 25 JUNE.

TO IMMEDIATE DESKBY FCO

TELNO 268 OF 25 JUNE

INFO ROUTINE BRASILIA

MY TELNO 227: RELATIONS WITH ARGENTINA

SUMMARY

1. FAVOURABLE ARGENTINE REACTION TO YOUR ACCEPTANCE
OF FORMULA OF 04 JUNE.

DETAIL

2. STATE SECRETARY INFORMED ME THIS AFTERNOON THAT HE HAD
TODAY A LONG TALK WITH DELPECHE IN BUENOS AIRES
FOLLOWING OUR CONVERSATION OF YESTERDAY. DELPECHE HAD
BEEN VERY PLEASED AT BRUNNER'S NEWS, AT THE SAME TIME
EMPHASISING THAT THE PREPARATION OF TALKS MUST BE KEPT
UNDER CAREFUL CONTROL AND NOT ALLOWED TO BECOME A
POLITICAL FOOTBALL. DELPECHE HAD ACCEPTED THE BRITISH CONDITIONS
FOR HANDLING THE SUBJECT OF SOVEREIGNTY AND AGREED THAT
IT SHOULD BE RAISED ONCE ONLY.

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3. ON TIMING DELPECHE SAID THAT THE WEEK OF 02 JULY WOULD NOT BE POSSIBLE FOR THE ARGENTINE SIDE OWING TO THE BEAGLE CHANNEL NEGOTIATIONS AND PROPOSED THAT FEDERAL COUNCILLOR'S DINNER SHOULD TAKE PLACE ON 09 JULY WITH THE TALKS ON 10 AND 11 JULY. BRUNNER COMMENTED THAT IF THIS TIMING WAS ACCEPTABLE, THE DELEGATIONS SHOULD BE IN BERNE IN THE AFTERNOON OF 09 JULY. HE WOULD SEE THE TWO HEADS OF DELEGATIONS SEPARATELY TO FINALISE ARRANGEMENTS PRIOR TO THE DINNER THAT EVENING AT WHICH THE TWO DELEGATIONS WOULD MEET.

4. ON PUBLICITY DELPECHE EMPHASISED THE IMPORTANCE OF NO LEAK REACHING THE PRESS ON EITHER SIDE UNTIL THE COMMUNIQUE WHICH HE PROPOSED SHOULD BE ISSUED ONLY VERY SHORTLY, A MATTER OF ONE OR TWO HOURS, BEFORE THE MEETING OPENS IN BERNE. DELPECHE EXPLAINED THAT HE DID NOT WISH THE MEETING TO BE SURROUNDED BY A CLOUD OF JOURNALISTS.

5. ON REPRESENTATION BRUNNER CONFIRMED THAT DELPECHE WILL LEAD THE ARGENTINE DELEGATION SUPPORTED BY KATZENSTEIN (IF HE HAS BY THEN RETURNED), TETTAMANTI AND MIRE.

6. ON LANGUAGE DELPECHE HAD CONFIRMED THAT SO FAR AS THE ARGENTINE SIDE WERE CONCERNED THE TALKS COULD BE CONDUCTED EITHER IN FRENCH OR IN DELEGATIONS' OWN LANGUAGES (WITH INTERPRETERS AS NECESSARY).

7. BRUNNER THEN TURNED TO THE SWISS INVITATION. HE SAID THAT THIS COULD FOLLOW THE LINES OF THE TEXT IN MY TELNO 176 EXCEPT THAT THE SENTENCE BEGINNING ''DANS L'IDEE DE S'INSPIRER'' COULD, NOW THAT A FORMULA HAD BEEN FOUND TO COVER SOVEREIGNTY, BETTER REVERT TO THE EARLIER FORM (MY TELNO 160), THOUGH WITHOUT THE PHRASE CONCERNING A SECOND PHASE OR DIFFERENT LEVEL. THIS WOULD IN FACT MEAN RESTORING THE WORDS ''SANS PREALABLES''. IN VIEW OF THE STATEMENT OF 16 MAY (YOUR TELNO 85 PARA 2) I THOUGHT THAT THIS PHRASE MIGHT STILL BE UNWELCOME IN LONDON EVEN THOUGH CIRCUMSTANCES HAD CHANGED MEANWHILE. BRUNNER SAID THAT IN THAT CASE THE SENTENCE MIGHT BE OMITTED ALTOGETHER, THOUGH HE PERSONALLY FAVOURED A MENTION OF THE STEP-BY-STEP APPROACH AND WOULD BE SORRY TO SEE IT TAKEN OUT.

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8. BRUNNER ALSO TOLD ME THAT IT HAD BEEN SETTLED WITH DELPECHE THAT THE SWISS GOVERNMENT SHOULD INVITE THE BRAZILIAN AMBASSADOR TO ATTEND THE DINNER AND TALKS ON THE SAME TERMS AS PREVIOUSLY ENVISAGED (IE CHAIRMANSHIP WILL NOT BE SHARED).

9. BRUNNER IS LEAVING FOR VIENNA ON THE AFTERNOON OF 27 JUNE. BEFORE THEN HE WOULD HOPE TO HAVE YOUR REACTIONS ON:

A. OPENING DATE OF 09 JULY SEMI COLON

B. COMPOSITION OF UK DELEGATION TAKING ACCOUNT OF EQUIVALENCE SEMI COLON

C. THE RESTORATION OF ''SANS PREALABLES'' (SEE PARA 7 ABOVE).

HE HAS A COMMITMENT TO SPEAK TO DELPECHE AGAIN ON 28 JUNE.

10. BRUNNER ALSO INDICATED THAT DELPECHE HAD RESPONDED FAVOURABLY TO THE IDEAS FOR MANAGEMENT OF THE TALKS DESCRIBED IN PARA 9 OF MY TUR. IN GENERAL BRUNNER EXPRESSED HIS APPROVAL OF DELPECHE'S SERIOUS APPROACH.

POWELL-JONES

NNNN

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SECRETARY GENERAL

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GRS 1000
CONFIDENTIAL
FM BERNE 250840Z
DD FCO 250945Z
TO IMMEDIATE DESKBY FCO
TELNO 227 OF 25 JUNE
INFO ROUTINE BRASILIA

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*Repeated to
Fontainebleau ✓*

YOUR TELNO 104: RELATIONS WITH ARGENTIANA

SUMMARY

1. CONSTRUCTIVE AND DETAILED RESPONSE BY BRUNNER ON BEING INFORMED OF YOUR ACCEPTANCE OF FORMULA OF 04 JUNE REGARDING SOVEREIGNTY.

DETAIL

2. I INFORMED STATE SECRETARY ON 23 JUNE THAT I HAD RECEIVED NEW AND POSITIVE INSTRUCTIONS. HE INVITED ME TO CALL AT HIS HOUSE THE FOLLOWING AFTERNOON WHEN I CONVEYED ORALLY ALL THE POINTS IN YOUR TUR AND LEFT WITH HIM A BOUT DE PAPIER.
3. BRUNNER SAID IT WAS IMPORTANT TO LOSE NO TIME. CAPUTO WAS DUE BACK FROM CARTAGENA THAT SAME DAY, 24 JUNE, AND DELPECHE WOULD BE RETURNING TO ROME SHORTLY AFTERWARDS PROBABLY ON 27 JUNE. HE HAD THEREFORE ON RECEIVING MY MESSAGE ON 22 JUNE THAT INSTRUCTIONS WERE ON THE WAY INSTRUCTED THE SWISS CHARGE D'AFFAIRS TO DO HIS BEST TO HOLD THE SITUATION OVER THE WEEKEND. HE WOULD NOW BE IN TOUCH WITH DELPECHE TODAY AND EXPECTED TO BE ABLE TO GIVE ME ARGENTINE REACTION THIS AFTERNOON.
4. BRUNNER THOUGHT IT WAS ALSO DESIRABLE TO LOSE NO TIME IN GETTING TALKS GOING AND SUGGESTED THAT WE SHOULD AIM TO HOLD THEM IN WEEK BEGINNING 02 JULY. EARLY PROGRESS WOULD HAVE A WHOLESOME EFFECT ON ARGENTINE APPROACH TO UNITED NATIONS PROCEEDINGS.
5. ON REPRESENTATION BRUNNER SAID HE WOULD HOPE TO LET ME KNOW LATER TODAY THE COMPOSITION OF ARGENTINE DELEGATION. THE ARGENTINE AMBASSADOR IS NOW AWAY OWING TO CRITICAL ILLNESS OF HIS MOTHER. BRUNNER THOUGHT THIS INCREASED THE LIKELIHOOD THAT DELPECHE

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would

WOULD LEAD SUPPORTED BY TETTAMENTI. HE ASKED IF I HAD ANY INDICATIONS ABOUT OUR OWN REPRESENTATION. I REPLIED THAT I HAD NOT. (MY PERSONAL TELNO 147 RECOMMENDED THAT WE SHOULD GET OUR OWN POSITION CLEAR AND PUT TO THE SWISS IN THE EXPECTATION THAT THE ARGENTINES WOULD CONFORM TO IT BUT THERE HAS BEEN NO RESPONSE BEYOND PARA 4 OF YOUR TELNO 85.) BRUNNER REMARKED THAT ON THE ARGENTINE AS IN THE SWISS VIEW THIS WAS ENTIRELY A MATTER FOR US TO DECIDE AND THAT DELPECHE'S PRESENCE IF CONFIRMED SHOULD NOT BE REGARDED AS DICTATING OUR OWN REPRESENTATION.

6. TURNING TO YOUR THREE PROVISOS, BRUNNER AGREED ON THE NEED FOR A CLEAR PROCEDURE AGREED IN ADVANCE. HE THOUGHT IT WOULD BE DESIRABLE FOR DELEGATIONS TO HAVE SEPARATE CONSULTATIONS WITH HIM FOR FINAL SETTLEMENT OF MODALITIES BEFORE THE FEDERAL COUNCILLOR'S OPENING DINNER. HE SUGGESTED THAT IT WOULD BE A MISTAKE TO START OR END PROCEEDINGS WITH THE EXCHANGE OF STATEMENTS ON SOVEREIGNTY AND THAT THE SUBSTANTIVE DISCUSSIONS WHICH WILL NOT BEGIN UNTIL THE MORNING FOLLOWING THE DINNER SHOULD OPEN WITH A MORE PROMISING SUBJECT. HE THOUGHT THAT AFTER THE ESTABLISHMENT OF PERSONAL CONTACTS AT THE DINNER THE FIRST ROUND OF TALKS COULD BE COMPLETED IN THE FOLLOWING ONE OR POSSIBLY TWO DAYS.

7. ON CONDITION B BRUNNER RAISED THE POSSIBILITY THAT AFTER THE EXCHANGE OF STATEMENTS ON THE RECORD THE HEAD OF THE ARGENTINE DELEGATION MIGHT BE EXPECTED TO CONVEY IN THE CORRIDOR OR DURING A COFFEE BREAK A PERSONAL MESSAGE TO THE EFFECT THAT NO SUBSTANTIAL PROGRESS COULD BE MADE ON ESTABLISHING DIPLOMATIC RELATIONS UNLESS THE SOVEREIGNTY ISSUE CAN BE ADDRESSED THOUGH NOT NECESSARILY IN THE IMMEDIATE FUTURE. I SAID I THOUGHT IT WOULD BE HIGHLY UNDESIRABLE THAT ANY SUCH ARRANGEMENT SHOULD BE ENVISAGED IN HIS DISCUSSIONS OR GENTLEMAN'S AGREEMENT. I WARNED HIM THAT SUCH A SECOND STATEMENT ALTHOUGH OFF THE RECORD MIGHT VERY WELL BE CONSIDERED IN LONDON AS GROUNDS FOR THE TALKS TO CEASE. I ALSO REMINDED HIM OF YOUR ADVERSE VIEW ABOUT THE WALK IN THE PARK IDEA (YOUR TELNO 91, PARA 9) . BRUNNER THEN ACCEPTED THAT THE ARGENTINES MUST BE BROUGHT TO AGREE THAT EVERYTHING THEY HAVE TO SAY ON THE SUBJECT OF SOVEREIGNTY MUST BE INCLUDED IN THEIR ONE AND ONLY STATEMENT.

CONFIDENTIAL -2-

8. BRUNNER WENT ON TO SAY , COMMENTING ON YOUR CONDITION C, THAT THE GENTLEMAN'S AGREEMENT WHICH HE WOULD AIM TO ESTABLISH OVER THE COMING DAYS WOULD COVER THE SITUATION AT THE TALKS SO LONG AS THE SWISS CHAIRMAN WAS IN CONTROL. IF THE ARGENTNES TRIED TO RAISE IT IN THE CORRIDOR IT WOULD BE THE RESPONSIBILITY OF OUR OWN DELEGATION TO HEAD THEM OFF AND EACH OF OUR PEOPLE SHOULD HAVE APPROPRIATE INSTRUCTIONS FOR THAT EVENT. HE DID NOT BELIEVE THAT THE ARGENTINES WOULD BE LIKELY TO BREAK A GENTLEMAN'S AGREEMENT BUT AFTER SOME PRESSING HE VENTUALLY GAVE ME THE ASSURANCE YOU SOUGHT THAT THE SWISS WOULD MAKE IT CLEAR OF NECESSARY IN PUBLIC THAT ARGENTINA WAS RESPONSIBLE IF THAT SITUATION AROSE, THOUGH HOPING VERY MUCH THAT IT WOULD NOT.

9. BRUNNER SUGGESTED THAT AS CHAIRMAN HE SHOULD AIM AT THE TALKS TO ACHIEVE AGREEMENT TO HOLD A SECOND MEETING IN SEPTEMBER PLUS AGREEMENTS ON AT LEAST ONE MINOR MATTER SUCH AS THE NEXT OF KIN POINT. HE HAD IN MIND A FINAL STATEMENT RECORDING THAT AN EXPLORATION OF ALL PATHS TOWARDS NORMALISATION WOULD CONTINUE.

10. BRUNNER DID NOT MENTION THE BRASILIAN ELEMENT. (NOR OF COURSE DID I SINCE IT IS NO INTEREST OF OURS). HE CONFIRMED THAT THE PROPOSAL OF A SIMPLIFIED FORM OF INVITATION INCLUDING THE FORM OF ANNOUNCEMENT TO BE MADE IN THE THREE CAPITALS WOULD BE THE NEXT STAGE SUBJECT TO HIS TALKS WITH DELPECHE TODAY. HE ALSO MENTIONED THE QUESTION OF LANGUAGE IN THE TALKS. DELPECHE HAD SAID HE WOULD BE HAPPY TO CONDUCT THE WHOLE MEETING IN FRENCH. I DID NOT DEMUR IN THE CASE THAT I SHOULD BE RESPONSIBLE BUT AFTER SOME FURTHER DISCUSSION BRUNNER'S CONCLUSION WAS THAT SUBJECT OF COURSE TO YOUR VIEW EACH DELEGATION SHOULD SPEAK THEIR OWN LANGUAGE AND PROVIDE THEIR OWN INTERPRETERS, IT BEING UNDERSTOOD THAT THE DELEGATIONS WOULD SO FAR AS POSSIBLE BE COMPOSED OF PERSONS ABLE TO FOLLOW THE OTHER'S LANGUAGE.

11. SEPARATE REPORT FOLLOWS BY LETTER ON MY CONVERSATION WITH KEUSCH ON 22 JUNE.
POWELL-JONES

[COPIES SENT TO NO 10 DOWNING STREET]

FAIKLAND ISLANDS GENERAL
FCO (PALACE)
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-3-
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Prime Minister

C D P

21/6

B.06785

PRIME MINISTER

c: Sir Robert Armstrong

OD: Argentina/Falklands

(PM read the
backup version)

CA

BACKGROUND

Flag A

The Committee last considered this question on 1 March 1984 (OD(84)4th Meeting), and agreed that a necessary condition for starting talks with the Argentines with a view eventually^{to} re-establishing a normal diplomatic and commercial relationship would be Argentine agreement that the issue of sovereignty over the Falkland Islands would not be raised as part of the talks.

Flag B

2. The Foreign and Commonwealth Secretary's minute to you of 20 June 1984 reports the results of several further contacts between the Swiss, as the United Kingdom's protecting power, and the Argentines. The Argentines now understand that sovereignty cannot be discussed, but for domestic and political reasons need to be seen to have raised the subject. The main outstanding problem between the two sides is the resolution of this problem.

3. The exchanges via the Swiss have produced a proposal for handling this issue. The suggestion is that, as the United Kingdom had proposed, the talks will take place without a formal agenda. The Argentines would state their position on sovereignty at the start of the talks and would not expect the British side to respond. It would, however, be open to the United Kingdom to state that our position on sovereignty was well known, and to make absolutely clear that the subject was not for discussion. The talks would then immediately move on to other issues. Such an exchange would safeguard Britain's legal position and be entirely consistent with the United Kingdom's position. The Argentines would no doubt make public the fact that the subject had been raised; the United Kingdom would similarly need to make her position clear in public.

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4. The Foreign and Commonwealth Secretary goes on to mention the arguments in favour of an early movement towards re-establishing normal relations with the Argentines, including the widespread feeling that the United Kingdom should be doing all that it can to sustain democratic government in Argentina. The process of discussion might also make others in the international community more receptive to our position on arms sales to Argentina, and ease the handling of any Argentine resolution at the United Nations in the autumn. Equally, a firm refusal to discuss sovereignty should further reassure the Falkland Islanders.

5. Sir Geoffrey Howe therefore recommends that the proposal should be accepted provided that it is made clear to the Swiss and Argentines that if the Argentines persist in raising sovereignty the talks will cease; that the Swiss accept that the talks must be managed in such a way that the Argentines are limited to a single opportunity to raise sovereignty; and that if the Argentines break the understanding the Swiss will make clear in public that the Argentines bear the responsibility for the talks breaking down.

6. If the Argentines and Swiss accept these conditions, the next step will be for the Foreign and Commonwealth Secretary to bring forward proposals as to the composition of the delegation for the talks, and the subjects which the United Kingdom would wish to discuss.

7. The Chancellor of the Exchequer is unable to attend the meeting and will not be represented. The Secretary of State for Trade and Industry is making an industrial visit to the South West and will be represented by Mr Channon. The Attorney General has been invited to attend.

8. An assessment of the performance of and outlook for the Alfonsín Administration is being circulated today by the JIC; this will provide useful background for the Committee's discussion.

HANDLING

9. You should invite the Foreign and Commonwealth Secretary to introduce the discussion. The main points to establish in discussion are:-

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- (a) Is the distinction between allowing the Argentines to raise the question of sovereignty once at the start of the talks, rather than to allow discussion within the talks, sufficiently unambiguous to be acceptable and, if necessary, publicly defensible?
- (b) Given that the United Kingdom cannot allow any exchanges which might be construed as a discussion of sovereignty, would it be preferable for the British side to make no response to the Argentine statement on sovereignty?

CONCLUSION

10. Subject to the points made in discussion, you could guide the Committee to -

(i) approve the recommendations in the Foreign and Commonwealth Secretary's minute of 20 June:

(ii) invite the Foreign and Commonwealth Secretary to convey the United Kingdom's acceptance of the proposed way forward, subject to the conditions in paragraph 6 of his minute, to the Swiss;

(iii) invite the Foreign and Commonwealth Secretary to bring forward proposals as to the subjects to be discussed at the talks and the composition of the United Kingdom delegation to them.

B G Cartledge

B G Cartledge

21 June 1984



Prime Minister

CDP
20/6PM/84/103PRIME MINISTER

ms

Argentina/Falklands

1. In my minute of 28 March, I set out a practical basis for talks with Argentina on normalising relations, which safeguarded our clear position that sovereignty is not for discussion. I proposed that both sides should state their position on sovereignty before and quite separately from the talks about normalising relations. Since then, there have been several further contacts between the Swiss, as our protecting power, and the Argentines. The most significant of these took place between senior Argentine and Swiss officials in Berne on 4 June.

2. The Argentines now understand that we will not discuss sovereignty with them. But they need for their own domestic reasons to be seen to have raised the subject with us. The main outstanding difference is therefore the handling of the sovereignty issue.

3. The proposal in my minute of 28 March offered a clear and workable way of dealing with this subject. But a counter-proposal has since emerged from the exchanges in Berne, as follows. The talks should take place without a formal agenda (as we ourselves proposed). The Argentines would state their position on sovereignty at the start of the talks and would not expect us to respond. It would, however, be open to us to state that our position on sovereignty was well known, and to make absolutely clear that the subject was not for discussion.

/The talks



The talks would then immediately move on to other issues.

4. A single exchange on those lines would fully safeguard our legal position, and would underline our consistent position that we shall not discuss sovereignty in the talks. The Argentines would no doubt make public the fact that they had raised the subject: we would need to make our position equally clear.

5. In considering how to respond, we also need to bear in mind the powerful arguments in favour of early movement towards more normal UK/Argentine relations. There is a widespread feeling in all parts of the House, shared by the press, that we should be doing what we can to sustain democratic government in Argentine, and, without in any way departing from our position on sovereignty, to break out of the present deadlock in our relations with them. There is also an important international dimension. If we are known to be engaged in bilateral discussions, on the issues which we can discuss, it will make others more receptive to our case on arms sales to Argentina, and less willing to swallow the Argentine line at the UN this autumn. At the same time, our firm refusal to discuss sovereignty in the talks should give further reassurance to the Falkland Islanders.

6. After careful thought, I believe that we can accept the latest proposal, provided that:

- (i) we make clear once more to the Swiss as well as to the Argentines that if the Argentines persist in raising sovereignty, the talks will cease (this is already well understood by them);
- (ii) the Swiss accept the need for firm management of the talks, on the basis of a clear procedure agreed in advance which would limit the Argentines to a single opportunity to raise the subject;

/(iii)



(iii) if the Argentines break this understanding, the Swiss will make it clear in public that the Argentines bear the responsibility for the talks breaking down. (The Swiss have already indicated they are willing to do this.)

7. The position on Argentina's debt is very worrying. Clearly, if Argentina defaulted, this would create a very serious situation for us - and for the other major Western governments. In the meantime, I consider that our interests are best served by starting bilateral talks with them on the basis I have proposed, which fully safeguards our position. I would be glad to discuss this at an early meeting of OD if you wished. We need to reach a conclusion quickly if we are to keep the Argentines engaged in serious - and confidential - efforts to get talks started.

8. I am copying this minute to our colleagues on OD and to Sir Robert Armstrong.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
20 June 1984

FALL AND ISLANDS GENERAL (ADVANCES) 38



PS
 PS/LADY YOUNG
 PS/VR WHITNEY
 PS/VR RIFKIND
 PS/PUS
 SIR J BULLARD
~~SIR I GUNCLIFF~~ MR. FREELAND
 SIR W HARDING
 VR TRIGT
 VR ADAMS
~~LOD N GORDON LENNOX 4~~
 SIR C TICKELL
 VR D C THOMAS
 MR ~~WESTON~~ WESTON
 MR MILES
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PS/NO 10 DOWNING ST (3)

PS/S OF S FOR DEFENCE
 MR ~~_____~~ AUUSD STAFF MOD
 MR NICHOLS

PS/CHANCELLOR)
 MISS M E CURD) TREASURY
 MR LITTLER)

SIR E ARMSTRONG)
 MR A D S GOODALL) CABINET OF
 DIO)

~~MR V A PATTISON, FID, ODA~~
 MR POWER, SAD, ODA

MR A FORTNAM IAT/ D. TRANSPORT

~~POSTAL~~

CONFIDENTIAL

(FM BERNE 181000Z)

FM BIS BUENOS AIRES

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TO IMMEDIATE FCO

TELNO 400 OF 15 JUNE

INFO PRIORITY MOD BANK OF ENGLAND, ASUNCION, BRASILIA,
 CARACAS, MONTEVIDEO, MEXICO CITY, UKMIS NEW YORK, WASHINGTON,
 CC STANLEY, BOGOTA, MADRID

ARGENTINA: ASSESSMENT

SUMMARY

1. A SLIGHTLY CLEARER POSITION BUT WITH NEW QUESTIONS EMERGING. ISABEL PERON HAS FORMALLY SUPPORTED ALFONSIN BUT THE PERONISTS ARE MORE DIVIDED. THE LETTER OF INTENT HAS BEEN SENT WITHOUT IMF SUPPORT. THERE IS NO SIGN OF DEBT ARREARS BEING PAID BY THE MONTH END. ALFONSIN'S VISIT TO SPAIN HARVESTED PREDICTABLE STATEMENTS BUT LITTLE OF SUBSTANTIAL COMFORT TO ARGENTINA.

DETAIL

2. LATEST POLLS HERE CONFIRM THE CONTINUING POPULARITY OF PRESIDENT ALFONSIN (70 PCT) BUT EXPRESS A LOW OPINION OF HIS GOVERNMENT. THERE IS LITTLE CHANGE ON THE ECONOMIC FRONT: UNION ATTITUDES HARDEN, STRIKES PROLIFERATE, INFLATION RISES. THE PROSPECTS ARE FOR MORE PAY INCREASES AND SPIRALLING PRICES. THERE SEEMS LITTLE REASON WHY THIS PATTERN SHOULD NOT CONTINUE INDEFINITELY. THE LOSERS ARE THE ARGENTINE PEOPLE IN FALLING LIVING STANDARDS, AND FOREIGN CREDITORS IN UNRECOVERED DEBTS. THERE IS NO SIGN NOW OF THE HALF-PROMISED U-TURN IN ECONOMIC POLICY: RATHER THE REVERSE AND MORE OF THE SAME.

3. THE MILITARY ARE DIS-SATISFIED WITH THEIR PROPOSED BUDGET ALLOCATIONS AND THERE IS EVEN TALK OF ARMY FORCE REDUCTIONS. BUT ALFONSIN HAS BEEN SWEETTALKING THEM WITH WELL PUBLICISED VISITS TO MILITARY INSTALLATIONS AND WORDS OF SYMPATHY AND ENCOURAGEMENT. THERE ARE NO SIGNS OF ANY COUP INCLINATIONS,

3. THE MILITARY ARE NOT EXCITED BY THEIR PROPOSED BUDGET ALLOCATIONS AND THERE IS EVEN TALK OF ARMY FORCE REDUCTIONS. BUT ALFONSIN HAS BEEN SWEETTALKING THEM WITH WELL PUBLICISED VISITS TO MILITARY INSTALLATIONS AND WORDS OF SYMPATHY AND ENCOURAGEMENT. THERE ARE NO SIGNS OF ANY COUP INCLINATIONS, MERELY CONTINUING MUMBLINGS OF DISCONTENT. NO SIGN EITHER LEFT WING TERRORISM: THE BOMB SCARE AGAINST ISABEL PERON'S AIRCRAFT IS WIDELY JUDGED, IN VIEW OF THE EXPERT DEVICE USED, TO HAVE BEEN A PUT-UP JOB BY DISAFFECTED HARDLINE ELEMENTS OF THE SECURITY SERVICES MERELY TO DRAW ATTENTION TO THEMSELVES. IT SEEMS UNLIKELY THAT ANY CULPRITS WILL BE IDENTIFIED.

4. ON THE HUMAN RIGHTS, SABATO'S COMMISSION FOR THE DISAPPEARED IS MAKING ONLY SLOW PROGRESS AND HAS OBTAINED A NINETY-DAY EXTENSION OF ITS REPORTING PERIOD BEYOND 30 JUNE. MEDIA AND PUBLIC INTEREST HAS WANED SHARPLY BUT FUTURE PROBLEMS ARE IN STORE WHEN THE REPORT IS EVENTUALLY PUBLISHED WITH SEVERAL HUNDRED SERVING MILITARY PERSONNEL LIKELY TO BE ARRAIGNED.

5. CONGRESS IS STILL VIRTUALLY PARALYSED ALTHOUGH A FEW JUDGES AND AMBASSADORS HAVE BEEN APPROVED. ALFONSIN'S POLITICAL CONSENSUS DOCUMENT LARGELY BYPASSED PARLIAMENT, INVOLVING ISABEL PERON AND FRONZIZI BUT NOT THE PERONIST CONGRESSIONAL BLOCK. MANY SMALL PARTIES WITHOUT CONGRESSIONAL REPRESENTATION SIGNED. SO MUCH FOR PARLIAMENTARY DEMOCRACY.

6. IN FOREIGN AS IN DOMESTIC AFFAIRS, ALFONSIN HAS CLEARLY MADE SURVIVAL HIS TOP PRIORITY: HIS OWN AND THAT OF THE DEMOCRACY REINSTATED ONLY SIX MONTH AGO. DESPATCH OF THE LETTER OF INTENT TO THE IMF WITHOUT IMF TECHNICAL SUPPORT APPEARS TO CONFIRM HE WILL NOT DEPART FROM POPULIST POLICIES AT HOME OR NATIONALIST ABROAD. WE SHOULD EXPECT THE SAME STANCE OVER BEAGLE AND FALKLANDS. PERHAPS HE IS RIGHT: HIS TASK BEING TO STAY THERE AND CONSOLIDATE DEMOCRACY DURING HIS TENURE OF OFFICE, LEAVING IT TO THE NEXT CONSTITUTIONAL PRESIDENT TO PICK UP THE ECONOMIC PIECES AND ATTEMPT TO REVERSE THE INEXORABLE DECLINE ACCELERATING UNDER CURRENT POPULIST AND ECONOMICALLY IRRESPONSIBLE POLICIES. "SEEK YE FIRST THE POLITICAL KINGDOM" AS KWAME NKRUMAH ONCE SAID.

CONCLUSION

7. GENERAL PROSPECTS IN THE LIGHT OF THE ABOVE MUST REMAIN AS FORECAST IN PARAS 7 AND 8 OF MY ASSESSMENT OF 1 JUNE (TELNO 366, NOT TO ALL): POPULIST ECONOMIC POLICIES AT HOME, TOUGH NATIONALIST "ARGENTINA AGAINST THE WORLD" POLICIES ABROAD, WITH LITTLE OR NO PROGRESS TOWARDS AN EARLY SOLUTION OF ARGENTINA'S ALMOST ENDEMIC PROBLEMS. IF THE TOUGH INTERNATIONAL DEBT STANCE PAYS DIVIDENDS, AS IT MAY, OTHER DEBTOR COUNTRIES WILL UNDOUBTEDLY BE TEMPTED TO FOLLOW SUIT. WE SHOULD STAND FIRM AND ONLY PROVIDE SUFFICIENT NEW CREDIT TO SECURE PAYMENT OF INTEREST DUE. MEANWHILE, DISCRIMINATORY LEGISLATION AGAINST BRITISH COMPANIES STANDS AND PUBLIC ATTITUDES WILL BE TESTED DURING THE PROPOSED VISIT BY BRITISH PARLIAMENTARIAN MEMBERS OF THE SOUTH ATLANTIC COUNCIL EXPECTED FOR THE WEEK BEGINNING 25 JUNE.

JOY
POWELL-JONES

NNNN

SENT AT RECD AT 191027 ZT+PM

PRIME MINISTER

mf

ARGENTINA/FALKLANDS

One last thought, which ought not to be dated 14 June!

I am not sure that what the Foreign Secretary had in mind for the talks came out very clearly in his presentation yesterday. He said afterwards that his idea was that:-

- (a) the Argentines would make a brief statement, which they would show us in advance, on sovereignty;
- (b) we would either make a statement of our position or say that we were not prepared to discuss the issue - and in any case add that if the matter was raised again the talks would cease.

I personally think that that would be just worth allowing to get talks on other matters going - which we could then also break off, if we wished, should the Argentines default on their debt.

A.J.C.

14 June 1984

- PS
- PS/LADY YOUNG
- PS/MS WHITNEY
- PS/MS RIFKIND
- PS/PDS
- SIR J SULLIVAN
- ~~SIR I SINCLAIR~~ MR. FREEMAN
- SIR W HARDING
- MS PRIEST
- MS ADAMS
- ~~LOIS H GORDON LENNOX~~
- SIR C TICKELL
- MR D C THOMAS
- MR ~~WESTON~~ WESTON
- MR MILES
- D/PDS (2)
- D/S&D
- D/ED
- ~~SECRETARY~~
- D/NEWS DEPT
- D/ED
- D/EO(E)
- D/ED
- ~~D/PLANNING STAFF~~

PS/NO 10 DOWNING ST. (3)

PS/S OF S FOR DEFENCE
MR ~~SECRETARY~~ AUSTRALIAN STAFF MOD.
MR NICHOLS

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PRESIDENT CLERK

RR BANK OF ENGLAND

GRS 90
 UNCLASSIFIED
 FROM MADRID 141005Z JUNE 1984
 TO IMMEDIATE FCO
 TELEGRAM NUMBER 332 OF 14 JUNE
 INFO PRIORITY BIS BUENOS AIRES, BERNE,
 INFO ROUTINE UKREP BRUSSELS, WASHINGTON, PARIS, HM TREASURY,
 BANK OF ENGLAND.

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MY TEL NO 331 (NOT TO ALL): VISIT OF PRESIDENT ALFONSIN

1. AT THE PRESS CONFERENCE HELD AFTER THE ISSUE OF THE JOINT SPANISH/ARGENTINE DECLARATION REPORTED IN MY TUR, ALFONSIN CONFIRMED THAT ARGENTINA WOULD NOT MAKE A UNILATERAL DECLARATION OF A CESSATION OF HOSTILITIES IN THE FALKLANDS. HE ACCUSED HMG OF CONTINUING TO FORTIFY THE ISLANDS AND OF MAINTAINING THE EXCLUSION ZONE WHICH, HE SAID, COULD BRING THE AREA INTO THE THEATRE OF EAST/WEST CONFRONTATION. THIS WAS OF CONCERN TO ALL COUNTRIES IN THE REGION.

2. AS REGARDS ARGENTINE INDEBTEDNESS, THE SPANISH AUTHORITES HAVE LET IT BE KNOWN THAT THE REFERENCE IN THE DECLARATION TO A RENEWAL OF BILATERAL CREDIT MEANS THE RESTORATION OF THE UNUSED ELEMENT IN A 1979 LINE OF CREDIT TIED TO SPANISH GOODS AND SERVICES VALUED AT 105 M DOLLARS AT CONSENSUS RATES. THE PRESS COMMENTS THAT IT HAS BEEN DONE IN ADVANCE BOTH OF ARGENTINA'S DEBT RESCHEDULEMENT UNDER PARIS CLUB ARRANGEMENTS (AND ALLEGEDLY IN BREACH OF PARIS CLUB RULES) AND OF AGREEMENT WITH THE IMF. AT THE END OF THE PRESS CONFERENCE GONZALEZ UNDERTOOK TO EXPLAIN TO PARIS CLUB MEMBERS THE PARTICULAR DIFFICULTIES SPAIN BELIEVED FACED SUCH COUNTRIES AS ARGENTINA.

GRS 800

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(FM BERNE 151300Z)

FM BIS BUENOS AIRES

See over
CDP

mt

TO IMMEDIATE FCO

TELNO 398 0 F14 JUNE

INFO PRIORITY MOD BANK OF ENGLAND ASUNCION BRASILIA CARACAS
MONTEVIDEO MEXICO CITY UKMIS NEW YORK WASHINGTON CC STANLEY
MADRID BOGOTA

PRESS SUMMARY

1. TODAY'S HEADLINES ARE DIVIDED BETWEEN THE JOINT DECLARATION SIGNED YESTERDAY IN MADRID BY ARGENTINA AND SPAIN, THE FOREIGN DEBT AND A QUOTE BATTLE PLAN UNQUOTE ANNOUNCED BY THE CGT.
2. PRESIDENT ALFONSIN AND SPANISH PRIME MINISTER FELIPE GONZALEZ SIGNED YESTERDAY A 13 POINT DECLARATION COVERING FINANCIAL, CULTURAL AND SOCIAL RELATIONS, THE FALKLANDS, GIBRALTAR, THE ARMS RACE, CENTRAL AMERICA AND SPANISH ENTRY TO THE EC. ALFONSIN LATER HELD A PRESS CONFERENCE IN WHICH HE SAID ARGENTINA WOULD STAND FIRM IN REJECTING AUSTERITY MEASURES PROPOSED BY THE IMF AS A CONDITION FOR FURTHER FINANCIAL AID. ON THE FALKLANDS ISSUE ALFONSIN SAID ARGENTINA QUOTE WILL NOT UNILATERALLY PUT AN END TO THE HOSTILITIES WITH BRITAIN UNQUOTE. HE CRITICISED BRITAIN'S DECISION TO QUOTE CONTINUE FORTIFYING AND OCCUPYING THE ISLANDS AND DENOUNCED MRS THATCHER'S QUOTE INTRANSIGENCE IN REFUSING TO SIT DOWN AT A NEGOTIATING TABLE UNQUOTE.
3. FOLLOWING THE SUBMISSION OF ARGENTINA'S LETTER OF INTENT TO THE IMF LAST MONDAY, THE FUND'S NEGOTIATING TEAM IN BUENOS AIRES LEFT FOR WASHINGTON YESTERDAY WITHOUT COMMENT TO THE PRESS, ALTHOUGH 'TIEMPO ARGENTINO' CLAIMS THEY WERE QUOTE VISIBLY IRRITATED UNQUOTE. FOREIGN MINISTER DANTE CAPUTO IS REPORTED FROM BOGOTA TO HAVE SAID IN A RADIO/TELEPHONE INTERVIEW THAT THE NINE-NATION MEETING OF LATIN AMERICAN DEBTORS SCHEDULED TO BEGIN NEXT WEEK SHOULD QUOTE LOOK FOR POLICIES TO PAY THE EXTERNAL DEBT BECAUSE WITHIN THE PRESENT PARAMETERS IT IS NOT POSSIBLE UNQUOTE. ALL PAPERS AGAIN CONTAIN MUCH SPECULATION AND COMMENT OVER ARGENTINA'S LETTER OF INTENT WITH 'AMBITO FINANCIERO' CONTINUING TO MAINTAIN THAT THERE IS NO QUOTE MAJOR CONFLICT UNQUOTE BETWEEN ARGENTINA AND THE FUND.
4. THE CGT HAVE ISSUED A STATEMENT CALLING FOR A QUOTE BATTLE PLAN UNQUOTE TO FIGHT THE GOVERNMENT'S ECONOMIC POLICY AND STATING THAT QUOTE THE TIME HAS COME TO SUPPORT WITH CONCRETE ACTIONS UNQUOTE WORKERS' WAGE DEMANDS. THE PLAN WILL BE PUT TO THE MEMBERSHIP ON 22 JUNE AT A NATIONAL ASSEMBLY OF CGT LEADERS.
5. ARMY CHIEF-OF-STAFF GENERAL JORGE ARGUINDEGUI WILL PRESIDE AT A CEREMONY TODAY TO MARK THE SECOND ANNIVERSARY OF THE ARGENTINE SURRENDER IN THE FALKLANDS CONFLICT AND WILL DECORATE SOME OF THE

(1)

/WAR

WAR WOUNDED. SEVERAL FALKLANDS VETERAN ORGANISATIONS WILL HOLD RALLIES TODAY TO MARK THE ANNIVERSARY AND THE INDEPENDENCE PARTY HAS CALLED FOR A RALLY IN FRONT OF THE BANK OF LONDON AND SOUTH AMERICA'S MAIN BRANCH TO DEMAND QUOTE THE NON PAYMENT OF THE FOREIGN DEBT TO THE ANGLO SAXON AGGRESSOR UNQUOTE.

6. 'LA NACION' CARRIES AN AFP REPORT THAT QUOTE TWO YEARS AFTER THE ARGENTINE SURRENDER IN THE MALVINAS, THE ARGENTINE ARMED FORCES ARE TODAY MORE POWERFUL THAN EVER THANKS TO THE ACCELERATED REARM-
AMENT THAT HAS PLACED TEM AHEAD OF OTHER LATIN AMERICAN COUNTRIES UNQUOTE (TEXT AND TRANSLATION BY BAG TO FCO). THE REPORT CLAIMS THIS WAS ACHIEVED THROUGH QUOTE MASSIVE PURCHASES FROM ISRAEL UNQUOTE, INCLUDING 70 DAGGER FIGHTERS AND 30 SKYHAWKS. THE NAVY IS ALSO SAID TO HAVE BEEN REINFORCED WITH FOUR 4,000 TON GERMAN FRIGATES, FIVE SPANISH PATROL BOATS AND WILL RECEIVE FIVE 1,800 TON LOCALLY MADE CORVETTES EQUIPPED WITH HELICOPTERS AND EXOCETS. THE NAVY WILL ALSO RECEIVE FOUR 2,000 TON SUBMARINES OF GERMAN DESIGN CAPABLE OF BEING POWERED WITH NUCLEAR ENGINES, ONE OF WHICH IS CURRENTLY UNDER CONSTRUCTION IN A BUENOS AIRES SHIPYARD AND ANOTHER TWO ARE TO BE LAUNCHED SHORTLY IN GERMANY.

7. ITALIAN TORPEDO MANUFACTURERS WHITEHEAD ARE REPORTED TO HAVE OFFERED TO SET UP A FACTORY IN ARGENTINA WHICH WOULD BUILD TORPEDOES FOR THE ARGENTINE NAVY AS WELL AS FOR EXPORT. ESTIMATES ARE SAID TO SUGGEST THAT THE PLANT WOULD BE ABLE TO EXPORT 500 MILLION DOLLARS-WORTH OF TORPEDOES DURING THE FIRST FIVE YEARS OF OPERATION.

8. THE CHAMBER OF DEPUTIES HAVE APPROVED THE FIVE DAY ARREST OF RETIRED REAR ADMIRAL HORACIO MAYORGA FOR SLANDER AGAINST CONGRESS. INTERIOR MINISTER TROCCOLI DENOUNCED DECLARATIONS MADE BY MAYORGA AS QUOTE A RESERVOIR OF FUTURE COUP ATTITUDES UNQUOTE. TROCCOLI ALSO CLAIMED THAT QUOTE A CAMPAIGN HAS BEEN LAUNCHED TO CREATE A CLIMATE OF DISPARAGEMENT, TO IMPAIR THE IMAGE OF THE EFFECTIVENESS OF THE GOVERNMENT UNQUOTE.

JOY

UNQUOTE

POWELL-JNES

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IMMEDIATE

GRS 100
 UNCLASSIFIED
 FROM MADRID 131025Z JUNE 1984
 TO IMMEDIATE FCO
 TELEGRAM NUMBER 3280F 13 JUNE
 INFO PRIORITY BERNE, GOVERNOR OF GIBRALTAR (PERSONAL)
 INFO SAVING WASHINGTON, BIS BUENOS AIRES.

MY TEL NO 323: VISIT OF PRESIDENT OF ARGENTINA TO SPAIN: PRESS COVERAGE

1. ALFONSIN'S VISIT CONTINUES TO DOMINATE THE SPANISH MEDIA. HIS SPEECH TO THE SPECIAL JOINT SESSION OF THE CORTES IS REPORTED IN DETAIL. HE REFERRED AT LENGTH TO THE PROBLEMS FACING ARGENTINA AND HOW HIS GOVERNMENT PROPOSED TO OVERCOME THEM. ARGENTINA WAS READY TO MAKE MANY SACRIFICES, BUT NOT TO GO HUNGRY IN ORDER TO PLEASE THE IMF. HE ALSO CALLED FOR DEMOCRACY AND UNITY IN LATIN AMERICA AND AN END TO THE ARMS RACE.
2. IN A MEETING WITH GONZALEZ, ATTENDED BY FOREIGN MINISTERS, A JOINT REVINDICATION OF SOVEREIGNTY OVER THE FALKLANDS AND GIBRALTAR IS REPORTED TO HAVE BEEN DISCUSSED, TOGETHER WITH THE PROBLEMS OF ARGENTINE INDEBTEDNESS.
3. AT A WORKING BREAKFAST WITH JOURNALISTS ALFONSIN IS QUOTED AS SAYING THAT HIS RELATIONS WITH MRS THATCHER WERE BAD BECAUSE BRITAIN REFUSED TO DISCUSS SOVEREIGNTY OVER THE FALKLANDS, AS SHE DID OVER GIBRALTAR. WHILE FORTIFYING THE ISLANDS SHE ALLOWED OTHER COUNTRIES TO FISH IN ARGENTINE WATERS WITH IMPUNITY.
4. THE LONDON CORRESPONDENT OF YA (CATHOLIC, RIGHT WING) REPORTS ALLEGED BRITISH FEARS OF THE CREATION OF A 'COMMON FRONT' BETWEEN SPAIN AND ARGENTINA TO 'ELIMINATE THE COLONIAL REMNANTS OF THE BRITISH EMPIRE FROM THEIR TERRITORIES'.

5. FCO PLEASE PASS SAVING.
 HERVEY

FRENCH ISLANDS GENERAL (ADVANCES)

58

PS
PS/LADY YOUNG
PS/MS WHITNEY
PS/MS RIFKIND
PS/PCS
SIR J SULLIVAN
~~SIR I GRIFFITHS~~ MR. FREELAND
SIR W HARDING
MS TRIGET
MS ADAMS
~~MS N GORDON BENNETT~~
SIR C TICKELL
~~MS E THOMAS~~

MR ~~GARDNER~~ WESTON
MR ~~HILES~~ MR. WACHNES.
D/PSD (2)
D/SAID
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D/NEES DEPT
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~~D/PLANNING STAFF~~

PS/NO 10 DOWNING ST. (3)
PS/S OF S FOR DEFENCE
MR ~~J BROWN~~ AUSD STAFF MOD
MR ~~R D Nicholls~~
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MR LITTLE)
SIR R ARMSTRONG)
MR A D S GOODALL) CABINET OF
DIO)
~~MR M A PATTISON, FID, ODA~~
MR POWER, SAD, ODA
MR A FORTNAM IAT/ D. TRANSPORT



~~PRESIDENT CLERK~~

mt

GRS 800

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TO IMMEDIATE FCO
TELNO 386 OF 11 JUNE

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INFO PRIORITY MOD BANK OF ENGLAND ASUNCION BRASILIA CARACAS
MEXICO CITY MONTEVIDEO SANTIAGO UKMIS NEW YORK WASHINGTON
CC STANLEY MADRID

mt

PRESS SUMMARY

1. THE WEEKEND'S HEADLINES WERE DIVIDED BETWEEN PRESIDENT ALFONSIN'S VISIT TO SPAIN, THE FOREIGN DEBT AND THE DISCOVERY OF A BOMB IN AN AIRFRACHT WHICH WAS TO TAKE EXPRESIDENT ISABEL PERON BACK TO SPAIN.
2. ALFONSIN ARRIVES IN SPAIN TODAY FOR A SIX DAY OFFICIAL VISIT INCLUDING MEETINGS WITH KING JUAN CARLOS AND PRIME MINISTER FELIPE GONZALEZ. HE IS ACCOMPANIED BY 23 OFFICIALS INCLUDING FOREIGN

INCLUDING MEETINGS WITH KING JUAN CARLOS AND PRIME MINISTER FELIPE GONZALEZ. HE IS ACCOMPANIED BY 28 OFFICIALS INCLUDING FOREIGN MINISTER DANTE CAPUTO, DEFENCE MINISTER RAUL BORRAS, PRESIDENTIAL SECRETARY GERMAN LOPEZ, LOWER HOUSE SPEAKER JUAN CARLOS PUGLIESE AND ARMED FORCES CHIEF-OF-STAFF JULIO FERNANDEZ TORRES. IN STATEMENTS TO SPAIN'S 'RADIO NACIONAL' WHICH WERE REBROADCAST HERE, ALFONSIN SAID THAT DURING HIS TRIP SPAIN AND ARGENTINA QUOTE WILL JOIN EFFORTS TO FIGHT THE SEQUALS OF COLONIALISM UNQUOTE IN AN ALLUSION TO THE FALKLANDS AND GIBRALTAR. HE IS ALSO REPORTED TO HAVE SAID THAT NEGOTIATIONS OVER THE FALKLANDS WERE GOING QUOTE VERY BADLY UNQUOTE BECAUSE OF THE QUOTE EXTRAORDINARY ARROGANCE UNQUOTE OF THE BRITISH GOVERNMENT. HE ADDED THAT TO CONVERT THE ISLANDS INTO A FORTRESS COULD TURN THE SOUTH ATLANTIC INTO A NEW INDIAN OCEAN WITH THE CONSEQUENT DANGERS FOR THE CONTINENT.

3. THE ARGENTINE LETTER OF INTENT TO THE IMF WAS APPROVED BY ALFONSIN AND HIS CABINET ON SATURDAY NIGHT AND WILL BE SENT TO THE IMF TODAY. THE LETTER WILL NOT BE MADE PUBLIC UNTIL TONIGHT BUT WILL BE SHOWN TO CONGRESSMEN AND POLITICAL PARTIES. ACCORDING TO SOME REPORTS THE LETTER HAS NOT BEEN AGREED WITH THE VISITING IMF TEAM AND IS UNLIKELY TO FIND FAVOUR WITH THE IMF OR LEAD TO FURTHER LOANS. TRANSLATION OF AN OFFICIAL STATEMENT ON THE LETTER IS IN MIFT

4. THE US EMBASSY HERE HAVE DENIED REPORTS FROM LONDON THAT THE US GOVERNMENT HAD ISSUED AN ULTIMATUM TO ARGENTINA TO SIGN AN AGREEMENT WITH THE IMF BEFORE 15 JUNE AS A FIRST STEP TOWARDS FOREIGN DEBT RENEGOTIATION.

5. THE LONDON ECONOMIC SUMMIT WAS PROMINENTLY REPORTED HERE WITH THE INITIATIVE ON THE THIRD WORLD DEBT BEING FRONT PAGED IN SEVERAL PAPERS. 'LA VOZ' NOTED THAT THE 'OBSERVER' HAD CALLED THE SUMMIT A SUCCESS OF PRESENTATION BUT A HISTORIC DISASTER.

6. A BOMB MADE OF HALF A KILO OF TROTYL PLASTIC EXPLOSIVE WITH A SOPHISTICATED AIR PRESSURE DETONATOR WAS DISCOVERED IN THE NOSE CONE OF THE AEROLINEAS ARGENTINAS JUMBO WHICH WAS TO TAKE ISABEL PERON, LABOUR MINISTER JUAN CASELLA, PRESIDENTIAL DELEGATE FOR UNION NORMALISATION HUGO BARRIONUEVO AND SOME 300 OTHER PASSENGERS TO SPAIN ON FRIDAY. THE DEVICE WAS REMOVED AND DETONATED BY POLICE AND ALL PASSENGERS WERE SWITCHED TO ANOTHER AIRCRAFT WHICH FINALLY LEFT 45 MINUTES BEHIND SCHEDULE. A 'HERALD' EDITORIAL HEADED 'TERRORISM IS BACK' CLAIMED THAT QUOTE TERRORISM MERCIFULLY ALL BUT ABSENT FOR THE LAST FEW YEARS HAS RETURNED WITH A VENGEANCE AND FROM NOW ON NOTHING WILL BE QUOTE THE SAME UNQUOTE. HOWEVER INTERIOR MINISTER TROCCOLI DESCRIBED THE BOMB ATTEMPT AS A QUOTE ISOLATED ACT UNQUOTE. THE INCIDENT RECEIVED WIDESPREAD CONDEMNATION ALL POLITICAL FRONTS.

7. A FEW HOURS BEFORE MRS PERON'S DEPARTURE HER SPOKESMAN ANNOUNCED SHE HAS SET UP A 'HIGH COMMAND' OF THE JUSTICIALIST PARTY TO BE

SHE HAS SET UP A 'HIGH COMMAND' OF THE JUSTICIALIST PARTY TO BE RESPONSIBLE FOR THE LEADERSHIP OF THE PARTY DURING HER ABSENCES AND FOR RELATIONS WITH THE GOVERNMENT. THE 'HIGH COMMAND' CONSISTS OF THE 16 MEMBERS OF HER LIAISON COMMITTEE PLUS CGT SECRETARIES GENERAL SAUL UBALDINI AND JORGE TRIACA AND WILL HAVE THE SUPPORT OF 12 ADVISORY COMMITTEES. ONE NOTABLE ABSENTEE IS JUSTICIALIST PARTY VICE-PRESIDENT LORENZO MIGUEL. MRS PERON LATER ANNOUNCED SHE HOPED TO RETURN TO ARGENTINA IN A MONTH AND WAS ASSUMING FULL LEADERSHIP OF THE JUSTICIALIST PARTY.

8. DURING A CEREMONY AT THE FIRST ARMY CORP HEADQUARTERS TO MARK YESTERDAY'S 'DAY OF ASSERTION OF ARGENTINE RIGHTS OVER THE MALVINAS', DEFENCE MINISTER BORRAS READ A STATEMENT ON BEHALF OF ALFONSIN WHICH PLEDGED NOT TO BACK DOWN IN DEMANDING ARGENTINE SOVEREIGNTY AND CRITICISED QUOTE BRITISH INFLEXIBILITY UNQUOTE AND QUOTE LACK OF NEGOTIATING WILL UNQUOTE. UNOFFICIAL TRANSLATION OF THE STATEMENT IN MY SECOND IFT. BORRAS LATER PRESENTED AWARDS TO EX-FALKLANDS VETERANS. THE PRESIDENT'S SPEECH WAS ALSO READ AT SIMILAR CEREMONIES HELD AT NAVY AND AIR FORCE HEADQUARTERS.

9. MOST PAPERS REPORT STATEMENTS DURING THE HOUSE OF COMMONS SOUTH ATLANTIC DEBATE BY MP ROBERT RHODES JAMES THAT A NEW FALKLANDGA CONFLICT COULD ARIIE UNLESS ARGENTINA AND BRITAIN SEEK QUOTE MUTUAL UNDERSTANDING UNQUOTE. MR RAY WHITNEY IS REPORTED TO HAVE REFERRED TO CONTACTS THROUGH BRAZILIAN AND SWISS INTERMEDIARIES AND TO HAVE SAID THAT QUOTE WE HAVE INITIATED NEGOTIATIONS AND THEY ARE CONTINUING UNQUOTE AND THAT THE EXCHANGES MUST BE CONFIDENTIAL.

10. PRESIDENT OF THE SENATE FOREIGN AFFAIRS COMMITTEE, ADOLFO GASS, IS REPORTED TO HAVE CONFIRMED THAT BRITISH PARLIAMENTARIANS GEORGE FOULKES, JAMES LISTER, CYRIL TOWNSEND AND LORD KENNET WILL VISIT ARGENTINA THIS MONTH TO DISCUSS THE FALKLANDS ISSUE WITH THEIR ARGENTINE COUNTERPARTS. SOME PAPERS REPORT A MOTION BY 30 CONSERVATIVE MPS CALLING FOR RENEWAL OF DIPLOMATIC AND COMMERCIAL LINKS WITH ARGENTINA.

JOY

POWELL-JONES

NNNN

SENT AT RECD AT 121620Z TWPM

CONFIDENTIAL

re pc



Foreign and Commonwealth Office

London SW1A 2AH

11 June 1984

Point discussed
between PM
& FCS on
13 June. CDD 13/6

Not done to I.R.
FCS will discuss
Argentina with the
tomorrow. A. & C. 17/6.

Dear John,

Relations with Argentina

The Prime Minister will have seen press reports that President Alfonsin has recently spoken publicly about his policy towards the Falklands. In the course of this he apparently accused HMG of 'inflexibility' over the question of talks between Britain and Argentina. He also argued that while he did not intend to pursue Argentina's claim to the Falklands by warlike means, Argentina would certainly not renounce its claim.

The Argentines are still intent on finding a way of raising the sovereignty issue in the talks, but they also seem to concede that this will not get them anywhere. They have been left in no doubt about our firm position. It remains to be seen whether we can open up discussion with them on the practical issues, while, necessarily, preserving our clear position. The Foreign Secretary will be letting the Prime Minister have further recommendations on this shortly. In the meantime we recommend that our public line should be a holding one. We shall be providing briefing on this basis for Prime Minister's Questions in the House tomorrow.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL

PRIME MINISTER

Hugh Thomas rang to say that he had received an Argentine visitor who had claimed to have the closest contacts with Alfonsin and Caputo. These two were now in Madrid and had sent a message to say that they would welcome discussions with Hugh.

I told Hugh that, given Alfonsin's latest public statement and the somewhat complicated contacts which we were engaged in with the Swiss, I was sure you would feel that it would not be helpful for him to make direct contact with Alfonsin. He entirely accepted this - he does not want to go to Madrid anyway.

A.P.C.

Amend
ms

11 June 1984

CONFIDENTIAL

Prime Minister
Relevant to the bilateral
with President Mitterand.



Foreign and Commonwealth Office

FEFB

London SW1A 2AH

7.6

7 June 1984

MS

Dear John,

Argentina/France: Exocets

My letters of 21 and 29 May set out the information we had received indicating that the French government had delivered to Argentina last winter 10 air-launched AM39 Exocets. In your letter of 22 May recording the Prime Minister's concern about this, you stressed that Mrs Thatcher would like to know as soon as possible how Argentina had paid for these missiles.

Sir Geoffrey Howe took up the question of Exocet deliveries with M. Cheysson on 30 May. M. Cheysson responded some days later at the NATO Council in Washington, indicating that 4 of the 10 Exocets were still to be delivered. We immediately instructed the Embassy at Paris to seek clarification from the French: I enclose a copy of their telegram number 707 of 6 June.

You will see that the question of payment has been clarified. The contract for all 10 AM39s was negotiated in 1979 and finalised in November 1983. Alfonsin was elected in October but did not become President until 10 December 1983. As the French have pointed out it is therefore clear that the financing decision was taken by the previous regime.

The Embassy's telegram also reports that the French have confirmed what M. Cheysson said about undelivered Exocets. They explain that the last 4 of the order for 10 should have been delivered in January, but that a new delivery date has been set for some time this month. The French could not or would not explain the reason for this delay.

The Foreign Secretary has made absolutely plain our concern over further deliveries of Exocets. But the

/comments

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comments by M. Cheysson and his officials indicate that the French government have no intention of stepping in to prevent the final delivery to take account of our concerns. The Prime Minister may therefore wish to consider raising with the President our concern at the imminent delivery of the 4 other missiles. (The general point that we have been concerned to learn of further deliveries of Exocets has already been included in the brief for the Prime Minister's bilateral with President Mitterrand.)

That brief also includes a reference (in para 4 of the points to make) to submarine torpedoes but, in view of the information about these in the enclosed telegram, there is no longer any need to mention them to President Mitterrand.

I am copying this letter to Richard Mottram (MOD), David Peretz (HM Treasury) and Richard Hatfield (Cabinet Office).

*Yours ever,
Peter Ricketts*

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL

GR 450

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DESKBY 061730Z

FM PARIS 061535Z JUN 84

TO IMMEDIATE F C O

TELEGRAM NUMBER 707 OF ~~XXXX~~

INFO PRIORITY BONN, MOD ~~XXXX~~ 173 (AAT: DS 11).

F C O TELNO 428: FRENCH ~~XXXX~~ SALES TO ARGENTINA.

SUMMARY

1. LAST 4 AM 39S STILL LIKELY TO BE DELIVERED IN JUNE: BUT ORIGINAL FINANCING DECISION APPARENTLY TAKEN BY PREVIOUS GOVERNMENT. FRENCH SUPPLIERS SEEM TO HAVE LET DROP ARGENTINE REQUEST OVER TORPEDOES BECAUSE OF TECHNICAL INCOMPATIBILITY.

DETAIL

2. HEAD OF CHANCERY TOOK ACTION THIS MORNING WITH THE ASSISTANT DIRECTOR FOR AMERICA AT THE QUAI, PHILIPPE BERNARD. LATTER, HAVING CALLED FOR THE PAPERS, EXPLAINED THE DISCREPANCY BETWEEN CHEYSSON'S REMARKS ABOUT TORPEDOES AT THE NORTH ATLANTIC COUNCIL, AND WHAT THE QUAI HAD EARLIER TOLD US, AS FOLLOWS. IT WAS TRUE THAT THE LAST 4 AM 39S OF THE ORIGINAL 1979 ORDER SHOULD HAVE BEEN DELIVERED IN JANUARY. BUT FOR SOME REASON THEY WERE NOT. BERNARD COULD NOT SAY WHETHER THIS WAS BECAUSE OF ALFONSI'S RESISTANCE TO MILITARY PRESSURES, OR SOME OTHER CAUSE. HE ADDED THAT IN THE QUAI'S VIEW, ALFONSI WAS INDEED DOING HIS BEST TO RESIST THE DEMANDS OF THE ARMED FORCES FOR MAJOR NEW MILITARY EXPENDITURE (FOR BOTH POLITICAL AND ECONOMIC REASONS): BUT IN THE END, THIS PARTICULAR DEAL WAS NOT EXACTLY A LARGE OUTLAY. BE THAT AS IT MAY, THE NEW DELIVERY TARGET DATE WAS, AS CHEYSSON HAD SAID, SOME TIME THIS MONTH.

3. MACRAE EMPHASISED HOW SENSITIVE THIS SUBJECT WAS FOR HMG. IT WAS NOT MERELY THE MILITARY CONSIDERATIONS THAT CONCERNED US: RATHER, ALFONSI'S MEDIUM-TERM POLITICAL INTENTIONS AS WELL AS HIS ABILITY TO STAND UP TO THE MILITARY AND TO TAKE SENSIBLE ECONOMIC DECISIONS, WERE LIABLE TO BE JUDGED AGAINST THIS BACKGROUND. WE STILL VERY MUCH HOPED THAT FRANCE WOULD NOT DELIVER. BERNARD REPLIED THAT A MINISTERIAL DECISION HAD BEEN TAKEN TOWARDS THE END OF LAST YEAR TO COMPLETE THE OLD CONTRACT AND HE SAW NO REALISTIC HOPE OF MINISTERS CHANGING THEIR MIND AT THIS LATE STAGE. HOWEVER, HE SAW NO REASON TO BELIEVE THAT ANY FURTHER SUPPLIES WERE IN THE OFFING: IN FACT, FRENCH ARMS FIRMS WERE BEING QUIETLY ADVISED BY THE GOVERNMENT TO LAY OFF ARGENTINA (THOUGH AS MUCH FOR ECONOMIC REASONS AS ANYTHING ELSE, HE ADMITTED). WE OURSELVES, HOWEVER, SEE NO EVIDENCE OF THIS IN OUR OTHER CONTACTS, ESPECIALLY WITH THE INDUSTRIES.

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14.

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4. BERNARD LATER RANG BACK TO SAY THAT HAVING GONE THROUGH THE PAPERS, HE HAD CONCLUDED THAT BOTH CHEYSSON AND FOUQUET HAD UNINTENTIONALLY MISLED US OVER ONE IMPORTANT DETAIL CONCERNING THE METHOD OF PAYMENT. IT SEEMED THAT IRREVOCABLE LETTERS OF CREDIT HAD BEEN OPENED FOR ALL 10 AM 39S WHEN THE CONTRACT, NEGOTIATED IN 1979, WAS FINALISED IN NOVEMBER 1983. THESE LETTERS STILL COVERED THE 4 EXCEPTS STILL TO BE DELIVERED. IN A VERY REAL SENSE, THEREFORE, THE FINANCING DECISION HAD BEEN TAKEN BY THE PREVIOUS REGIME.

5. ON TORPEDOES, BERNARD SAID THAT CHEYSSON HAD SPOKEN CORRECTLY. WHEN THE FRENCH INDUSTRY HAD TOLD THE ARGENTINIANS THAT FRENCH TORPEDOES WERE INCOMPATIBLE WITH THE GERMAN SUBMARINES HELD BY THE ARGENTINE NAVY, THE ARGENTINIANS HAD MERELY SAID THAT THEY WOULD GO (OR GO BACK, BERNARD DID NOT KNOW WHICH) TO THE GERMANS. HE DID NOT BELIEVE THAT IT HAD BEEN SUGGESTED THAT THE FRENCH SHOULD TRY TO MODIFY THEIR TORPEDOES: AS FAR AS HE KNEW, THE DOSSIER WAS THEREFORE CLOSED. BERNARD ADDED THAT THE FRENCH HAD NOT FELT INHIBITED IN ANSWERING THE ARGENTINE REQUESTS ON THIS ITEM SINCE IT DID NOT APPEAR ON OUR 1982 'SENSITIVE LIST'. MACRAE SAID HE HOPED IT WAS NOW CLEARLY UNDERSTOOD THAT IT WAS IMPORTANT TO US NEVERTHELESS.

6. MACRAE ALSO ASKED ABOUT RUNWAY DENIAL WEAPONS (MRS SQUIRE'S LETTER OF 23 MAY TO FRY). BERNARD WAS UNSIGHTED BUT PROMISED TO CHECK.

FRETWELL

LIMITED

FID
DEF.D

WED
SAM D
PUS D

PS

PS/LADY YOUNG
PS/MR WHITNEY
PS/PUS
SIR W HARDING
MR D THOMAS

CONFIDENTIAL

FAROE ISLANDS GENERAL (ADVANCES)

38

PS
PS/LADY YOUNG
PS/MS WHITNEY
PS/MS RIFKIND
PS/PUS
SIR J SULLARD
~~SIR I SINGLATER~~ MR FUGELAND
SIR W HARDING
MS BRIGET
MS ADAMS
~~MS X GORDON LENNOX 4~~
MR C TICKELL
MR D C THOMAS

MR CARLEDGE
MR MILES
D/PUSD (2)
D/SAD
D/FID
~~XXXXXXXXXX~~
D/NEPS DEPT
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D/ED
D/PLANNING STAFF

PS/NO 10 DOWNING ST (3)

PS/S OF S FOR DEFENCE
MR J STEWART AUSD STAFF MOD

PS/CHANCELLOR)
MISS M E CUND) TREASURY
MR LITTLER)

SIR R ARMSTRONG)
MR A D S GOODALL) CABINET OF
DIO)

~~MR M A PATTISON, FED, ODA~~
MR POWER, SAD, ODA

MR A FORTNAM IAT/ D. TRANSPORT

RESIDENT CLERK

CONFIDENTIAL

DM BERNE 041620Z

DD FCO 050800Z

TO IMMEDIATE DESKBY FCO
TELNO 196 OF 04 JUNE

IMMEDIATE

ADVANCE COPY

YOUR TELNO 91: RELATIONS WITH ARGENTINA

SUMMARY

1. THE OUTCOME OF TODAY'S TALKS BETWEEN BRUNNER AND DELPECHE IS DISAPPOINTING. THE ARGENTINE SIDE CANNOT AGREE TO PARTICIPATE IN ANY TALKS UNLESS THEY ARE ASSURED OF AN OPPORTUNITY TO MAKE A STATEMENT ON SOVEREIGNTY WITHIN THOSE TALKS. IN THE LIGHT OF THIS POSITION BRUNNER COULD ONLY SUGGEST THAT THE SWISS PROPOSITION SHOULD BE KEPT ON ICE FOR SEVERAL MONTHS UNTIL AFTER THE GENERAL ASSEMBLY'S PROCEEDINGS ARE OVER.

DETAIL

2. I WENT OVER ALL THE POINTS IN YOUR TUR ORALLY WITH SWIS STATE SECRETARY ON THE MORNING OF 02 JUNE AND ALSO IN VIEW OF THEIR NUMBER AND COMPLEXITY GAVE HIM AN AIDE MEMOIRE WITH A COPY FOR KEUSCH MAKING IT CLEAR THAT THIS WAS NOT FOR ONWARD TRANSMISSION. AS REPORTED BY TELEPHONE BRUNNER DISCUSSED AT SOME LENGTH HOW HE MIGHT HANDLE TODAY'S TALKS. HE ASSURED ME HE WOULD MAKE EVERY EFFORT

~~BY TELEPHONE BRUNNER DISCUSSED AT SOME LENGTH HOW HE MIGHT HANDLE TODAY'S TALKS. HE ASSURED ME HE WOULD MAKE EVERY EFFORT TO SECURE ACCEPTANCE OF YOUR PROPOSITION FOR SEPARATE STATEMENTS AND DID NOT CHALLENGE OR DISAGREE WITH ANY OF YOUR OTHER POINTS. HIS RESPONSE TO THE QUESTION IN YOUR FINAL PARAGRAPH WAS THAT THE SWISS DRAFT INVITATION WAS AT PRESENT NO STATUS AND HAD ONLY BEEN SHOWN TO US A POSSIBILITY.~~

3. I CALLED ON THE STATE SECRETARY THIS AFTERNOON TO HEAR HIS ACCOUNT OF THE MEETING TODAY WITH DELPECHE. COUNSELLOR ACCOMPANIED ME AND KEUSCH WAS ALSO PRESENT. BRUNNER SAID THAT DELPECHE HAD CONFIRMED THAT ARGENTINE SIDE WOULD CONTINUE TO KEEP MATTERS CONFIDENTIAL AT LEAST FOR THE TIME BEING. THE ARGENTINES HAD A PARTICULAR PROBLEM IN THAT THEY WOULD VERY SOON HAVE TO PROPOSE A DRAFT RESOLUTION FOR THE UN GENERAL ASSEMBLY. BEFORE DOING SO, THEY NEEDED TO KNOW WHETHER TALKS WOULD TAKE PLACE. IF A DECISION TO BEGIN TALKS HAD BEEN TAKEN BEFORE THE DEADLINE FOR THE SUBMISSION OF RESOLUTIONS, WHICH BRUNNER THOUGHT WAS THE END OF JUNE IT MIGHT BE A SIMPLE RESOLUTION, WHICH COULD PERHAPS BE CARRIED UNANIMOUSLY, ENCOURAGING BOTH PARTIES TO CONTINUE THEIR TALKS. OTHERWISE IT WOULD BE ON THE SAME LINES AS LAST YEAR. DELPECHE HAD EMPHASISED THAT HE WAS NOT USING THE UN RESOLUTION AS A THREAT BUT SIMPLY STATING THE PROBLEM.

4. DELPECHE HAD SAID THAT BOTH COUNTRIES HAD THE SAME PROBLEM, SEEN FROM OPPOSITE SIDES. OUR ATTITUDE WAS UNDERSTOOD IN BUENOS AIRES. FOR THE ARGENTINE SIDE SOVEREIGNTY WAS AN INTERNAL PROBLEM. THEY DID NOT NEED TO NEGOTIATE ON SOVEREIGNTY BUT THEY HAD TO BE ABLE TO SAY PUBLICLY THAT THEY HAD RAISED IT. ALFONSIN AND CAPUTO SERIOUSLY WISHED TO ENGAGE IN TALKS WITH US AND, APART FROM THE SOVEREIGNTY QUESTION, THEY AGREED ON THE ARRANGEMENTS ALREADY DISCUSSED. DELPECHE THEREFORE SAW TWO ALTERNATIVES. ONE WAS SIMPLY TO REPLY TO OUR MESSAGE OF 6 APRIL AND LEAVE MATTERS ON THE BASIS THAT NO COMMON GROUND FOR TALKS COULD AT PRESENT BE FOUND. THE SWISS FORMULA WOULD THEN REMAIN ON ICE IN THE HOPE OF A MORE PROPITIOUS TIME EMERGING LATER. IN THAT EVENT, HOWEVER, THE UN RESOLUTION MIGHT BE EMBARRASSING TO THE FRIENDS OF BOTH COUNTRIES, ESPECIALLY IN EUROPE AND IT MIGHT QUOTE CAISSER LA PORCELAINE UNQUOTE SOMEWHAT. THIS SOLUTION MIGHT BE REALISTIC BUT WAS NOT A SATISFACTORY ONE. THE ALTERNATIVE WHICH DELPECHE ENVISAGED WOULD BE FOR A SIMPLER SWISS INVITATION FOR QUOTE TALKS UNQUOTE, WITH NO FORMULAE AGREED IN ADVANCE. THERE APPEARED TO BE ABOUT TEN ITEMS WHICH IN THEORY COULD BE RAISED. IN THE CASE OF SOME OF THEM, SUCH AS THE SECURITY ZONE OR THE FORMAL CESSATION OF HOSTILITIES, THERE WAS NO POSSIBILITY OF EARLY AGREEMENT, BUT FOR OTHERS FAIRLY SPEEDY AGREEMENT APPEARED POSSIBLE. FOR INSTANCE, IT SHOULD NOT BE DIFFICULT TO AGREE TO ASK THE RED CROSS TO ARRANGE A VISIT BY RELATIVES TO THE GRAVES OF THE ARGENTINIAN DEAD (SUCH A VISIT WOULD NOT INVOLVE DESTEFANIS). THE SOVEREIGNTY ISSUE WOULD BE AMONGST THE QUOTE DIFFICULT UNQUOTE SUBJECTS. IT WAS IMPOSSIBLE FOR THE ARGENTINIANS NOT TO RAISE IT THOUGH THEY RECOGNISED THAT IT WOULD BE SOLVED BY THE PRESENT GENERATION. THE LEADER OF THE ARGENTINIAN DELEGATION (WHO MIGHT BE DELPECHE HIMSELF) WOULD HAVE TO MAKE A STATEMENT ON THAT QUESTION, AS ON OTHERS. NO RESPONSE FROM US WOULD BE

~~PRESENT GENERATION. THE LEADER OF THE ARGENTINIAN DELEGATION~~
~~(WHO MIGHT BE DELPECHE HIMSELF) WOULD HAVE TO MAKE A STATEMENT ON~~
THAT QUESTION, AS ON OTHERS. NO RESPONSE FROM US WOULD BE
EXPECTED. IT WOULD BE OPEN FOR US TO MAKE A STATEMENT ON THE SUBJECT,
OR NOT, AS WE PREFERRED, AND THEN MOVE ON TO OTHER ISSUES. THIS,
DELPECHE THOUGHT, WOULD PRESERVE THE INTERESTS OF BOTH PARTIES. HE
COULD REPORT BACK ON THE LINES QUOTE NOUS AVONS EVOQUE LA QUESTION
MAIS LES BRITANNIQUES NE SONT PAS ENTRES EN MATIERE UNQUOTE.
5. I TOLD BRUNNER THAT I THOUGHT THIS RESPONSE BY DELPECHE WAS
DISAPPOINTING AND UNLIKELY TO COMMEND ITSELF TO HM GOVERNEMENT.
THIS WAS EVIDENTLY THE RESPONSE HE EXPECTED. HE CONFIRMED,
HOWEVER, THAT SEPARATE STATEMENTS AND THE ALTERNATIVES PUT FORWARD
ON 18 MAY WERE NOT ACCEPTABLE TO THE ARGENTINIANS. IT WAS NOT
POSSIBLE FOR THEM TO PUT SOVEREIGNTY INTO A SEPARATE CATEGORY
FROM OTHER AGENDA ITEMS. IN RESPONSE TO MY QUESTION, BRUNNER
CONFIRMED THAT, UNDER DELPECHE'S PROPOSALS, NO PRE-ESTABLISHED
LIST OF SUBJECTS WAS ENVISAGED. EACH SIDE COULD RAISE WHATEVER
IT WISHED AND THE OTHER SIDE COULD THEN REACT ON EACH ISSUE
AS IT PREFERRED. HE THOUGHT IT MIGHT BE POSSIBLE FOR US TO SAY
IN PUBLIC, IN RESPONSE TO QUESTIONS, THAT THE ARGENTINIANS HAD
RAISED THE SUBJECT OF SOVEREIGNTY BUT WE HAD REFUSED TO DISCUSS
IT.

6. KEUSCH SAID THAT HE WAS CONFIDENT THAT DELPECHE WAS REFLECTING
ALFONSIN'S AND CAPUTO'S VIEWS. ALFONSIN WAS IN A SOMEWHAT WEAK
POSITION DOMESTICALLY DESPITE HIS ELECTORAL SUCCESS. HE SOUGHT
POPULAR PARTICIPATION ON SEVERAL MAJOR ISSUES AND HE THEREFORE
COULD NOT TAKE THE RISK OF ALIENATING A LARGE SECTION OF HIS PUBLIC
OPINION BY NOT BEING ABLE TO CLAIM THAT HE HAD RAISED THE
QUESTION OF SOVEREIGNTY DURING THE TALKS. IT WAS IMPORTANT TO
REMEMBER THAT THE ALFONSIN GOVERNMENT CONSIDERED THEMSELVES
TOTALLY SEPARATE AND DIFFERENT FROM THE PREVIOUS MILITARY
ADMINISTRATION.

7 KEUSCH WILL REMAIN IN EUROPE FOR A FEW WEEKS, BUT COULD RETURN
TO BUENOS AIRES AT SHORT NOTICE IF WE NEEDED HIM TO TRANSACT
IMPORTANT BUSINESS. MEANWHILE, FOR THE NEXT WEEK, DELPECHE WILL
BE IN ROME AND BRUNNER COULD PASS ON A MESSAGE TO HIM DIRECTLY
THERE IF NECESSARY. IT WAS NOT YET CLEAR WHETHER THE ARGENTINIANS
WOULD NOW SEND A REPLY TO YOUR MESSAGE OF 6 APRIL, OR WHETHER
THEY WOULD WAIT UNTIL ALFONSIN'S AND CAPUTO'S RETURN FROM MADRID
(WHERE THEY WILL BE MAKING A VISIT FROM 10 TO 14 JUNE) IN THE HOPE
OF SOME ENCOURAGING MESSAGE FROM YOU MEANWHILE. IN EITHER CASE
IT WILL NOT BE PUBLISHED FOR THE PRESENT.

POWELL-JONES

NNNN

SENT/RECD AT 4/1708Z JDG/BCC

Antiquarium



CONFIDENTIAL

FILE da



10 DOWNING STREET

From the Private Secretary

31 May 1984

Argentina/France: Exocets

The Prime Minister has noted the contents of your letter of 29 May.

A. J. COLES

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

JPC (2)



Foreign and Commonwealth Office

London SW1A 2AH

29 May 1984

Prime Minister.A.J.C. ³⁰/₅.

Dear John,

Argentina/France: Exocets

In your letter of 22 May you asked for further information as to how the Argentines paid for the 10 Exocets which the French delivered to them last winter.

The Embassy at Paris duly took the subject up again with the Quai d'Orsay, who declined to give details of payments under the contract. The French merely commented that, in such cases, "it is normal to pay cash". This sheds little light on the matter. But the MOD advise that the normal procedure would be for a proportion to be paid when the order is placed and a further proportion on delivery, with the remainder paid at staggered intervals thereafter, the period depending on the credit of the purchaser.

We cannot, therefore, exclude the possibility that funds to pay for the Exocets were made available - or are still being paid - since President Alfonsin came to power. He may or may not be aware of this: the Junta may have set aside funds to enable the Argentine military to complete payment without reference to the incoming civilian government. We have evidence that from July 1982 the Argentine armed forces made strenuous efforts to restock their arsenals before the restoration of civilian rule. But the French suggestion that the Argentines paid on the nail could only be valid if the order was seen by the Argentine military to be so important that they ensured that payment was made in full before the installation of the democratic government. Whatever the truth of the matter, it is relevant to note, as some indication of the Alfonsin government's declared intentions, that the Argentine Secretary of the Economy has announced that the armed forces' budget in 1984 will fall to 4% of GDP, compared with 6% in 1983.

The obscurity surrounding the details of Argentine payment for the Exocets has done nothing to diminish the Foreign Secretary's concern at the French action in delivering these weapons, and Sir Geoffrey spoke strongly to M Cheysson at the informal EC Foreign Ministers' meeting last weekend. Cheysson claimed (not very convincingly) to know nothing about the further Exocet deliveries, but undertook to look into the matter and let Sir Geoffrey have a reply when they meet in Washington at the NATO Council this week.

We shall also keep in mind the possibility of asking the Swiss to tell President Alfonsin, at a carefully-chosen moment, that we regard the delivery of these weapons in January to be out of keeping with his statements of peaceful intent.



This might conceivably elicit some information from the Argentines themselves about payments. We understand that the Treasury are in touch with you separately about the implications on the international financial front.

I am copying this letter to Richard Mottram (MOD), David Peretz (HM Treasury) and Richard Hatfield (Cabinet Office).

*Yours ever,
Peter Ricketts*

(P F Ricketts)
Private Secretary

A J Coles Esq
No 10 Downing Street

ADG
Notes
Pt 37



The National Archives

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Prime Minister.A.S.C. - 24.
5

9

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

A J Coles Esq
Private Secretary
10 Downing Street
SW1

24 May 1984

mf

Dear John,

ARGENTINA

On Argentina: Relations Pt 37.

The Chancellor was grateful to be informed through your letter of 22 May about the sale of further Exocets by the French to Argentina, and has noted the Prime Minister's comment about British bank loans to Argentina. He would be grateful if the Foreign and Commonwealth Office would now keep the Treasury directly informed of any further developments.

On Argentina: Indebtedness Pt 4.

As I reported in my letter of 18 May, the Bank of England, at our request, have already made it clear to the British banks that the latest proposal for the release of the outstanding \$1 billion of the 1983 \$1.5 billion medium term loan does not commend itself to us; and that the Government will consider itself free to say publicly, if necessary, that in their view it would be better to wait until the Argentine Government had undertaken a new programme which satisfies the Fund.

In the light of this latest information, we have stressed again to the Bank of England the extreme sensitivity of this situation and asked them to keep us very closely informed of developments and to ensure that the British banks do not make any further moves without first consulting them (and through them, the Treasury).

The present situation, as we understand it, is that the Working Committee of commercial banks have now submitted the proposal described in my letter of 18 May with conditions (including specific commendation of the proposal by the IMF Managing Director), to the Argentine Government for the release of the remaining \$1

SECRET

billion and await their response. If that response is favourable - which is by no means certain - the Working Committee will then need to consult the other banks involved and obtain their agreement before any proposal can be set in motion.

I am copying this letter to Peter Ricketts at the Foreign and Commonwealth Office and to Richard Hatfield at the Cabinet Office.

Yours ever,

J.C.S.

MISS J C SIMPSON
Assistant Private Secretary



The National Archives

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|---|------------------------------------|
| LETTERCODE/SERIES <i>PREM 19</i> | Date and sign |
| PIECE/ITEM <i>1168</i> (one piece/item number) | |
| Extract/Item details: <i>Armstrong to PM dated 24 May 1984</i> | |
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 ED/ED
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 ED/UND
 ED/PLANNING STAFF

PS/NO 10 DOWNING ST (3)
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 MR J STEWART AUSD STAFF MOD
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 MR LITTLE)
 SIR R ARMSTRONG)
 MR A D S GOODALL) CABINET OF
 DIO)
~~MR M A PATTISON, FID, ODA~~
 MR POWER, SAD, ODA
 MR A FORTNAM IAT/ D. TRANSPORT

~~PRESIDENT~~

CONFIDENTIAL

FM BERNE 220900Z



~~D.FCO 220945Z~~

TO IMMEDIATE DESK BY FCO
 ELNO 180 OF 22 MAY
 INFO IMMEDIATE BRASILIA

mf

MY TELNO 178: RELATIONS WITH ARGENTINA

SUMMARY

1. ARGENTINE GOVERNMENT UNWILLING TO HOLD TALKS AT WHICH DISCUSSION OF SOVEREIGNTY IS EXCLUDED.

DETAIL

2. STATE SECRETARY ASKED ME TO CALL THIS MORNING AND READ OVER KEUSCH'S TELEGRAM REPORTING OFFICIAL ARGENTINE REACTION TO YOUR COMMUNICATION OF 16 MAY. THIS WAS GIVEN BY DELPECHE IN AN ORAL COMMUNICATION COMPOSED OF SIX POINTS:-

- (I) THE BRITISH COMMUNICATION OF 16 MAY CONCERNING THE SWISS PROPOSAL FOR TALKS BETWEEN REPRESENTATIVES OF THE UK AND ARGENTINA HAS BEEN ANALYSED AT THE HIGHEST LEVEL IN BUENOS AIRES OVER THE PAST WEEKEND.
- (II) PRESIDENT ALFONSIN WISHED TO CONVEY HIS DISAPPOINTMENT AT THE BRITISH COMMUNICATION.
- (III) PRESIDENT CONVEYED HIS THANKS AND THOSE OF THE ARGENTINE GOVERNMENT TO THE SWISS GOVERNMENT FOR THEIR EFFORTS, WHICH WERE GREATLY APPRECIATED.
- (IV) HAVING IN MIND THE STATEMENT IN THE BRITISH NOTE OF 16 MAY THAT THE QUESTION OF SOVEREIGNTY MUST BE EXCLUDED FROM THE

THAT " THE QUESTION OF SOVEREIGNTY MUST BE EXCLUDED FROM THE TALKS" THE ARGENTINE GOVERNMENT DOES NOT CONSIDER IT POSSIBLE TO START A DISCUSSION ON THAT BASIS. MOREOVER THE GOVERNMENT CANNOT BE SATISFIED BY THE FORMULA IN YOUR NOTE " THE BRITISH GOVERNMENT REMAIN PREPARED TO ACCEPT THAT, IF THE ARGENTINE AUTHORITES CONSIDER THIS NECESSARY, THERE SHOULD BE AN ORAL OR WRITTEN EXCHANGE OF STATEMENTS ON SOVERGNTY BEFORE BUT QUITE SEPARATE FROM THE TALKS".

(V) ALTHOUGH ARGENTINA RENOUNCES THE IDEA OF DISCUSSIONS FOR THE PRESENT, SHE IS INTERESTED IN KEEPING THE SWISS PROPOSITION OPEN AND ALSO THE CHANNEL OF COMMUNICATION. FOR THIS REASON NO RESPONSE WILL BE GIVEN TO THE BRITISH COMMUNICATION OF 16 MAY. ARGENTINA CONSIDERS THAT THE SWISS PROPOSAL REMAINS VALID BUT PROVISIONALLY FROZEN. NO ELEMENT OF OUR EXCHANGES AND DISCUSSION WILL BE DIVULGED PUBLICLY.

(VI) A REPLY WILL BE SENT WITHOUT DELAY TO THE BRITISH NOTE OF 06 APRIL THROUGH THE BRASILIAN CHANNEL. THIS REPLY WILL BE VERY FIRM. A HARDENING OF THE ARGENITNE POSITION MUST BE EXPECTED BY COMPARISON WITH THE REPLY PREVIOUSLY ENVISAGED (MY TELNO 172, PARAS 4 AND 5). IT WAS NOT EXCLUDED THAT THE BRITISH NOTE OF 06 APRIL AND THE IMPENDING ARGENTINE REPLY " FASSENT L'OBJECT D'UN CERTAIN ORIENTATION VERS LA PRESSE".

3. BRUNNER SAID THAT HE EXPECTED TO RECEIVE A FURTHER TELEGRAM FROM KEUSCH LATER TODAY GIVEING HIS COMMENTS AND WE ARRANGED TO MEET TOMORROW TO DISCUSS THEM. HIS OWN IMMEDIATE COMMENT WAS THAT THE ARGENTINE SIDE NOW SEEMED TO BE N A MOOD TO FLEX THEIR MUSCLES. HE ALSO SAID THAT DELPECHE WOULD BE IN ROME FOR THE BEAGLE CHANNEL NEGOTIATION FROM 23 MAY UNTIL MID-JUNE AND HAD OFFERED TO VISIT BERNE FOR A DISCUSSION WITH THE SWISS AUTHORITIES. BRUNNER FELT IT WOULD BE USEFUL TO HEAR DELPECH'S FIRST-HAND ACCOUNT OF ARGENTINE VIEWS AND PROPSED THEREFORE TO INVITE HIM. HE AGREED TO GIVE ME AS MUCH NOTICE AS POSSIBLE OF THE DATE OF DELPECHE'S VISIT IN ORDER TO ALLOW AN OPPORTUNITY TO CONVEY TO HIM POINTS WHICH YOU MIGHT WIYHSHYE SWISS SIDE TO HAVE IN MIND DURING THIS MEETING.

4. I ALSO POINTED OUT THAT THERE WAS A CONTRADICTION BETWEEN THE ARGENTINE STATEMENT AT POINT (V) ABOVE THAT NOTHING WOULD BE DIVULGED ABOUT THE RECENT EXCHANGES AND THE INTENTION IN PARA (VI) TO REVEAL TO THE PRESS OUR NOTE OF 06 APRIL CONCERNING POSSIBLE TALKS NOTABLY THE PENULTIMATE PARAGRAPH. BRUNNER ACCEPTED THIS AND UNDERTOOK TO SEND INSTRUCTIONS IMMEDIATELY TO KEUSCH URGING THE ARGENTINES TO DIVULGE AS LITTLE AS POSSIBLE IN ORDER TO AVOID PREJUDICING THE POSSIBILITY OF RESURRECTING THE SWISS PROPOSAL FOR THE TALKS.

5. IN FURTHER DISCUSSION BRUNNER ACCEPTED THAT IT WAS INCONSISTENT TO PUBLICISE PART OF THE RECENT EXCHANGE AND THAT IT WOULD BE BETTER TO KEEP THE WHOLE THING CONFIDENTIAL IN ORDER TO MINIMISE DAMAGE. HE WILL CONVEY THIS VIEW TO KEUSCH. I SAID THAT IF PARTS OF THE RECENT CORRESPONDENCE WERE PUBLISHED BY BUENOS AIRES YOU MIGHT FEEL IT NECESSARY TO PUBLISH OTHER PARTS.

SECRET

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cc Sir P Cradock.

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10 DOWNING STREET

From the Private Secretary

22 May 1984

Revised Assessment of Argentine Holding
of Exocet Missiles

Thank you for your letter of 21 May.

The Prime Minister finds disturbing this new information about the delivery by France to Argentina of 10 air-launched AM 39 Exocets. She has noted that you are seeking urgently to establish how Argentina has paid for these missiles and would be grateful for the earliest possible information on this point. The Prime Minister has commented that, in the light of this development, it would really not be possible for us to give any further support to British bank loans to Argentina, should the question of this arise. I should accordingly be grateful if you could arrange to bring to the attention of the Treasury the information in your letter under reference.

I am copying this letter to Richard Mottram (Ministry of Defence), David Peretz (Treasury) and Richard Hatfield (Cabinet Office).

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

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Prime Minister.
Disturb.

Foreign and Commonwealth Office

London SW1A 2AH

21 May 1984

ms
26/5
Dear John,

How have they paid
for these expensive missiles?
We really cannot supply
British bank loans
in the light

Revised Assessment of Argentine Holding of Exocet Missiles

Some most unwelcome information has emerged from working level discussions in Paris about arms sales to Argentina. The French have told us of the delivery to Argentina last winter of 10 air-launched AM 39 Exocets: 6 in November, and 4 this January. This means we must revise our assessment of Argentine holdings of Exocets from 5 to 15. Argentina originally bought its Super Etendard aircraft to carry the AM 39 and presumably all 14 can now be so armed. The Quai d'Orsay have explained that these deliveries were made under an option for further purchases which had been written into the original contract, before the Falklands conflict; that the contract has now been completely fulfilled; and that spare parts might be supplied, but not before September.

While the deliveries undoubtedly represent a significant increase in Argentine capabilities, it is less easy to judge their implications for our assessment of the intentions of President Alfonsin and his Government. We were well aware of keen Argentine interest in the months after the conflict in acquiring further Exocets, from any source. From what the French have told us, it is evident that the negotiations for the delivery of these weapons took place well before President Alfonsin's inauguration last December. But the fact remains that completion of delivery, and possibly payment, took place when President Alfonsin was in power. In further exchanges with the French at official level we are seeking urgently further facts about the contract with a view to establishing whether completion of the contract, or payment, involved decisions by President Alfonsin or his Government colleagues.

The question of payment could be a helpful indicator. The Foreign Secretary has noted the Prime Minister's comment on the JIC Report on Argentine military capability (JIC (84) (N) 64), that "the extent to which a near

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bankrupt country has managed to restore her weapons and aircraft to pre-conflict levels is very disturbing" (your letter to Richard Hatfield of 16 April). Since the advent of President Alfonsin, with his policy of reduced military expenditure, we have not noted any attempts to place major new arms contracts. The French, German and US Governments have told us that this is their experience also. But this is an important issue and, as I said above, we are seeking urgently to establish the facts.

Turning to the role of the French Government in all this, they can have been in no doubt, when they approved the delivery of the 10 further Exocets, about the serious view we would take of the matter. We have repeatedly pointed out the particular sensitivity of Exocets, in terms both of the threat that they could represent and of their significance for British public opinion. Sir Geoffrey Howe is dismayed that these deliveries have taken place and intends to take an early opportunity to speak to M. Cheysson about them in strong terms. He will press for an assurance that the contract under which these deliveries were made is now fulfilled, and that there are no further part-fulfilled contracts for the supply to Argentina of sophisticated weaponry that could pose a threat to British Forces in the Falklands. He will make it very plain to his French counterpart that we would view with the gravest concern any new contracts for weapons of this nature. He will suggest to the French that the delivery of the 10 Exocets is particularly hard to understand in the light of their professed wish to nurture the "Alfonsin experiment" in Argentina: reduced military expenditure was a prominent feature in Dr Alfonsin's electoral campaign, in which he achieved his victory at the end of October 1983 - timing which gave the French some possibility of stopping the deliveries of Exocets in November and January, whereas Dr Alfonsin himself was not in a position to do anything about them before 10 December at the very earliest.

Sir Geoffrey's best opportunity to raise the matter orally - which will probably be the most effective way of registering our point - will be during the EC Foreign Ministers' informal meeting on the weekend of 25-27 May.

I am copying this letter to Richard Mottram (MOD) and Richard Hatfield (Cabinet Office).

You are,

(P F Ricketts)
Private Secretary

Peter Ricketts

A J Coles Esq
10 Downing Street

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SECRET AND PERSONAL



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10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

Thank you for your minute of 18 May (A084/1508) about Argentine activities in relation to contract work in the Falkland Islands. I have shown this minute to the Prime Minister, who is not aware of any connections of the sort referred to in it.

E. E. R. BUTLER

21 May 1984

SECRET AND PERSONAL

NR

PS
 PS/LADY YOUNG
 PS/MS WHITNEY
 PS/MS RIFKIND
 PS/PUS
 SIR J SULLARD
 SIR I SINCLAIR
 SIR W HARDING
 MS TRIGET
 MS ADAMS
 LORD N GORDON-LENNOX 1
 SIR C TICKELL
 MS D C THOMAS
 MR CARLEDGE

PS/NO 10 DOWNING ST (3)
 PS/S OF S FOR DEFENCE
 MR J STEWART AUSD STAFF MOD
 PS/CHANCELLOR)
 MISS M E CURD) TREASURY
 MR LITTLER)
 SIR R ARMSTRONG)
 MR A D S GOODALL) CABINET OF
 DIO)
 MR M A PATTISON, FID, ODA
 Mr POWER, SAs, ODA
 Mr A FORTNAM IAT/ D. TRANSPORT

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RESIDENT CLERK



GRS 700
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 DESKBY 170700Z
 FM BERNE 16/1635Z MAY 1984
 TO IMMEDIATE DESKBY FCO
 TELEGRAM NUMBER 173 OF 16 MAY 1984

IMMEDIATE
 ADVANCE COPY

MY TELNO 172: RELATIONS WITH ARGENTINA
 SUMMARY

1. SWISS STATE SECRETARY AGREED TO CONVEY YOUR COMMUNICATION TO ARGENTINE GOVERNMENT AND WILL MAKE A DETERMINED EFFORT TO SECURE ACCEPTANCE OF PROCEDURE ON SOVEREIGNTY PROPOSED. YOUR OBSERVATIONS ON SWISS ROLE NOT WELL TAKEN AND PROVOKED AN EXTENSIVE RESPONSE.

DETAIL

2. I CALLED ON BRUNNER THIS AFTERNOON ACCOMPANIED BY COUNSELLOR AND CARRIED OUT INSTRUCTIONS IN YOUR TELNO 85. AFTER GOING THROUGH ALL YOUR POINTS ORALLY I HANDED OVER TEXT OF SPEAKING NOTE IN YOUR TELNO 86. I ALSO HANDED OVER MY OWN BOUT DE PAPIER COVERING THE POINTS IN YOUR TELNO 85.

3. BRUNNER TOOK NOTE OF THE CHANGES INVOLVED IN THE SWISS DRAFT INVITATION WITHOUT SIGNIFICANT COMMENT. HIS MAIN PREOCCUPATION WHICH WE DISCUSSED AT SOME LENGTH WAS HOW TO HANDLE THE QUESTION OF SOVEREIGNTY NOW THAT HIS IDEA OF A CONSTRUCTIVE AMBIGUITY WAS EXCLUDED. I POINTED OUT THAT THE PRESENT COMMUNICATION COULD FROM THE ARGENTINE POINT OF VIEW BE REGARDED AS AN IMPROVEMENT ON THAT OF 6 APRIL. IT SHOULD ALSO BE SEEN AS THE LONG-AWAITED GREEN LIGHT SIGNAL FROM LONDON. HE THOUGHT THAT IT WAS FAR FROM CERTAIN THAT CAPUTO AND THE ARGENTINE GOVERNMENT WOULD BE WILLING TO PROCEED ON THE BASIS OF YOUR LATEST COMMUNICATION BUT ASSURED ME THAT HE AND KEUSCH WOULD MAKE EVERY EFFORT AND THOUGHT THEY HAD A FAIR CHANCE OF SUCCESS. ON THE MODALITIES OF A SEPARATE STATEMENT

~~THAT HE AND KEUSCH WOULD MAKE EVERY EFFORT AND THOUGHT THEY HAD A FAIR CHANCE OF SUCCESS, ON THE MODALITIES OF A SEPARATE STATEMENT I DREW BRUNNER'S ATTENTION TO MY EARLIER BOUT DE PAPIER OF 6 APRIL (YOUR TELNO 62, PARA 3B). HE THOUGHT ANY ARGENTINE STATEMENT MIGHT BEST BE DELIVERED IN BERNE BY THE ARGENTINE AMBASSADOR A FEW DAYS BEFORE THE OPENING OF THE MEETING.~~

4. ON CONFIDENTIALITY BRUNNER EXPRESSED THE HOPE THAT ALL PARTIES WOULD SHOW A MEASURE OF TOLERANCE. HE THOUGHT THAT SO FAR THINGS HAD GONE REASONABLY WELL IN THIS RESPECT.

5. BRUNNER THEN TURNED TO THE QUESTION OF THE SWISS ROLE (PARA 6 OF YOUR TELNO 85) ON WHICH HE ASKED ME TO TRANSMIT THE FOLLOWING RESPONSE. SWITZERLAND WAS WELL AWARE OF ITS ROLE AS PROTECTING POWER AND HAD ACTED ACCORDINGLY OVER THE PAST TWO YEARS. THERE WERE HOWEVER CERTAIN CONSIDERATIONS WHICH HAD TO BE BORNE IN MIND. SINCE THE RESTORATION OF DEMOCRACY IN ARGENTINA, THE SWISS GOVERNMENT HAD DEVELOPED NEW POLITICAL CONTACTS AT THE LEVEL OF MINISTER (WHEN CAPUTO VISITED BERNE IN FEBRUARY) AND SECRETARY OF STATE (WHEN PROBST WENT TO ARGENTINA IN DECEMBER OR HE HIMSELF MET CAPUTO IN PARIS MORE RECENTLY). SWITZERLAND HAD WELCOMED THE POLITICAL EVOLUTION IN ARGENTINA AND IN THE CONTACTS WHICH HAD SINCE OCCURRED THE ARGENTINE SIDE SAW SWITZERLAND PARTLY AS THE BRITISH PROTECTING POWER. A SYMIOSE HAD DEVELOPED WHICH HAD LED TO A MIXTURE OF SWISS ROLES AS PROTECTING POWER AND INTERMEDIARY. THERE WERE TWO REASONS WHY THIS COULD NOT BE ESCAPED: THE ARGENTINE AUTHORITIES PREFERRED TO DO THEIR BUSINESS THROUGH SWITZERLAND RATHER THAN THROUGH BRAZIL AND THE SWISS CONSIDERED IT WAS FAIR TO ACCEPT THIS PREFERENCE AND IN THE BRITISH INTEREST THAT THEY SHOULD DO SO. MORE IMPORTANT WAS THE ADVICE BRUNNER HAD EXPRESSED TO GOBBI AT THEIR INTERVIEW IN GENEVA, WHICH HAD RECEIVED YOUR APPROBATION, NAMELY THAT THE ARGENTINES SHOULD FOLLOW THE ROAD OF INFORMAL TALKS RATHER THAN THE UNITED NATIONS' ROUTE TO WHICH WAS LINKED TO THE OFFER OF SWISS HELP. IF SWITZERLAND WAS TO REVERT TO A STRICTLY LIMITED ROLE OF TRANSMITTING NOTES, ARGENTINA COULD BE EXPECTED TO REVERT TO THE UNITED NATIONS' COURSE. THE CHOICE WAS OURS.

6. BRUNNER ADDED THAT IT WAS A CONCESSION ON THE ARGENTINE SIDE TO ACCEPT A SITE OFFERED BY THE BRITISH PROTECTING POWER FOR THE PROPOSED TALKS. IF A REPROACH WERE TO BE MADE, IT COULD COME MORE APPROPRIATELY FROM ARGENTINA THAN BRITAIN. THERE WAS HOWEVER AN OBVIOUS LACK OF CONFIDENCE IN BRAZIL ON THE ARGENTINE SIDE AS THE FACT THAT THEIR FIRST MEETING AT MINISTERIAL LEVEL HAD ONLY NOW TAKEN PLACE SIX MONTHS AFTER THE INSTALLATION OF THE ALFONSIN REGIME DEMONSTRATED. BRUNNER COULD ASSURE US THAT THERE HAD BEEN NO ABANDONMENT BY SWITZERLAND OF ITS PROPER ROLE AS PROTECTING POWER AND SUGGESTED THAT THE FACT THAT BRAZIL WOULD NOW BE PARTICIPATING IN TALKS IN BERNE WOULD EASE THE SITUATION IN THIS RESPECT AND WOULD PARTLY ANSWER YOUR POINT. IT WAS NO BAD THING THAT THE ARGENTINES HAD NOW REDISCOVERED THEIR OWN "HOMME DE CONFIANCE".

IT BECAME EVIDENT THAT SWISS AMBASSADOR HAD NOT REPORTED SIR W HARDING'S REMARKS ON THIS SUBJECT REPORTED IN YOUR TELNO 84, PARA 2, WHICH I READ OUT. BRUNNER CONCLUDED OUR DISCUSSION ON THIS SUBJECT WITH THE STATEMENT THAT YOUR ADMONITION ON THIS POINT WAS NOT WELL TAKEN.

7. FINALLY I RAISED THE QUESTION OF DESTAFANIS (YOUR TELNO 87) AS

AGREED WITH PALMER. BRUNNER AGREED TO SEND INSTRUCTIONS TO KENBCH
IN ACCORDANCE WITH YOUR REQUEST.

POWELL-JONES

NNNN

SENT/RECD AT 16/1733Z JDG/JEB



10 DOWNING STREET

From the Private Secretary

16 May 1984

Thank you for your letter of 14 May about Falklands fishing limits. I am sorry that you were rather disappointed by my letter of 4 May. But I note that you are in correspondence with the Minister for Overseas Development and I think it is best for you to pursue your enquiries through that channel - that is where the expertise is.

C. E. Needham, Esq.

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cc: fco

10 DOWNING STREET

THE PRIME MINISTER

16 May 1984

Dear Mr. Hayward,

I was grateful for the full and interesting explanation of your ideas about the future of the Falkland Islands which you gave me when you called on me on 3 May. I promised that I would follow up our discussion with a letter describing in greater detail the Government's attitude towards some of the important points which you raised.

The central one, I think, is the possibility of independence for the Falklands, about which I told you I had serious doubts. These are based not so much on principle as on practical considerations. There are some British dependent territories, including those with no indigenous population, where independence is not currently an option. But there are certainly others where it is an option: our policy towards these territories is to give every help and encouragement to those who wish to move toward independence whilst not pressing it upon those who do not want it. In the case of the Falkland Islands, there is no demand for independence. In the run-up to the last elections for the Islands' Legislative Council, held in September/October 1981, only one out of a total of 18 candidates spoke in favour of independence, and even he back-tracked when he discovered the lack of support for his views (he also finished up with the least number of votes). This was before the Argentine invasion: the events of 1982 have inevitably emphasised the importance of the Islanders' links with Britain and the British Government's commitment to their defence and economic development.

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Then there are the practical considerations of which I spoke. Leaving aside the basic question of whether such a small community could ever become a viable independent state, there remain certain obstacles which I believe are at present insuperable. In the first place, I am convinced that it would be completely unrealistic to expect the Argentines to accept or endorse any declaration of independence by the Falkland Islands. Their claim to sovereignty over the Islands is deeply held - however wrongly in our view - and, as I told you, I am sure nothing would induce them to abandon it. I fear that there is therefore no prospect of Argentina being willing to join with us in guaranteeing the sovereignty of a (hypothetical) newly independent Falkland Islands in the way you suggested. Secondly, and by the same token, there would be no likelihood of Argentina agreeing to co-sponsor an independent Falkland Islands for membership of the United Nations. And thirdly, since admission to membership is effected by a decision of the General Assembly on the recommendation of the Security Council, and since Argentina's claim to sovereignty enjoys the albeit ill-judged support of a majority of present members, it must be assumed that under present circumstances any application by the Falklands for membership would not succeed. That being so, we could have no confidence in the United Nations' willingness or ability to provide any effective protection for the Falklands were they to become an independent state.

These are the realities of the situation, and I am sure that most Falkland Islanders themselves recognise them. But neither we nor they need be discouraged. Part of our response must be to give the Islanders as great a say as possible in the running of their own affairs (a new Constitution for the Islands, on which we are currently working and which is based on proposals put forward by the Legislative Council, will be a step in this direction), and to do all we can to encourage a spirit of initiative, leadership and self-reliance in the Islands. The Falklands are British territory, the Islanders are British citizens, and there is no reason at all why, in these circumstances,

/ and

and with our continued support and the welcome and generous commitment of friends such as yourself, they should not thrive and prosper.

As you will realise these are delicate issues. I hope this helps clarify our views. I should be grateful if you could treat this letter as confidential.

Kind regards,

Yours sincerely

Margaret Thatcher

Jack Hayward, Esq.

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TO IMMEDIATE BERNE

TELEGRAM NUMBER 85 OF 15 MAY

RELATIONS WITH ARGENTINA

- A.S.C. 16/5.*
h.a.
1. I HAVE CONSIDERED CAREFULLY RECENT DEVELOPMENTS INCLUDING THE SWISS INVITATION FOR TALKS IN BERNE BETWEEN ARGENTINE AND BRITISH REPRESENTATIVES (YOUR TELNOS 159 AND 160). MIPT CONTAINS THE TEXT OF A SPEAKING NOTE WHICH YOU SHOULD HAND OVER TO THE SWISS FOR TRANSMISSION TO THE ARGENTINE AUTHORITIES. THIS TELEGRAM SETS OUT THE POINTS WHICH YOU SHOULD MAKE TO THE SWISS IN CONVEYING OUR RESPONSE.
 2. YOU SHOULD ASK THE SWISS TO EMPHASISE ONCE MORE IN COMMUNICATING THE SPEAKING NOTE TO THE ARGENTINES THE POSITIVE NATURE OF OUR PROPOSAL FOR STATEMENTS ON SOVEREIGNTY BEFORE THE TALKS AND SEPARATE FROM THEM. AS THEY SHOULD MAKE PLAIN, WE ARE NOT (NOT) PREPARED TO DISCUSS SOVEREIGNTY AT ANY STAGE IN ANY SERIES OF TALKS THAT TAKE PLACE, AND IF THE ARGENTINES PERSISTED IN RAISING THE SUBJECT, THE TALKS WOULD CEASE. WE COULD NOT (NOT) THEREFORE ACCEPT THAT ANY TALKS SHOULD BE HELD EXPLICITLY WITHOUT PRECONDITIONS. OUR PROPOSAL IS SPECIFICALLY DESIGNED TO ASSIST IN THE FULFILMENT OF THE JOINT OBJECTIVE THAT THE TALKS WE ENVISAGE ON THE NORMALISATION OF RELATIONS BETWEEN BRITAIN AND ARGENTINE SHOULD ACTUALLY GET UNDER WAY WITH A REASONABLE CHANCE OF CONTINUING, AS BOTH SIDES WOULD WISH. OUR APPROACH IS, IN EFFECT, A DEVELOPMENT OF CAPUTO'S EARLIER SUGGESTION OF AN EXCHANGE OF STATEMENTS ABOUT SOVEREIGNTY IN THE COURSE OF, BUT AT THE START OF, THE TALKS THEMSELVES.
 3. OUR PROPOSAL FOR A SEPARATE AND DISTINCT SET OF STATEMENTS IS INTENDED TO ACCOMMODATE THE ARGENTINE POLITICAL NEED TO SAY THAT THIS ISSUE HAD BEEN RAISED BUT TO DO SO IN A FASHION BEST DESIGNED TO PREVENT THE ISSUE BLOCKING THE CHANCE OF PROGRESS ON OTHER QUESTIONS. IT IS VITAL THAT THE ARGENTINES SHOULD

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UNDERSTAND WHAT WE ARE PROPOSING AND WHY: AMBIGUITY IN THIS AREA WILL ONLY INCREASE THE RISK OF A BREAKDOWN IN THE TALKS ONCE THEY HAVE BEGUN. THAT IS IN THE INTEREST OF NEITHER SIDE.

4. AS REGARDS THE TEXT OF THE DRAFT INVITATION FROM THE SWISS (YOUR TELNO 160), I NOTE THAT THE SWISS ENVISAGE AN APPROACH IN WHICH THE FIRST PHASE WOULD BE A MEETING BETWEEN AMBASSADORS TO IDENTIFY RESPECTIVE POSITIONS AND ESTABLISH WHETHER IN A SECOND PHASE, PERHAPS AT A DIFFERENT LEVEL, DISCUSSIONS - OR EVEN NEGOTIATIONS - MIGHT TAKE PLACE. TO AVOID ANY POSSIBLE MISUNDERSTANDING, YOU SHOULD EMPHASISE THAT WE SEE NO DISTINCTION BETWEEN SUCH PHASES AS REGARDS THE TREATMENT OF SOVEREIGNTY. FOR THIS REASON, WE WOULD PREFER THE SWISS NOT TO SEEK TO MAKE A DISTINCTION BETWEEN PHASES ON THE LINES OF THEIR PRESENT DRAFT WHICH WOULD MEAN THEIR DELETING 'IN A SECOND PHASE, PERHAPS AT A DIFFERENT LEVEL' FROM THE DRAFT INVITATION. WE WILL TELEGRAPH SEPARATELY ON HOW WE PROPOSE TO HANDLE REPRESENTATION AT THE TALKS, BUT YOU NEED NOT (NOT) SEEK ANY CHANGE IN THE OPENING SENTENCE OF PARA 2 OF THE SWISS DRAFT.

5. PLEASE TELL THE SWISS THAT SUBJECT TO A CLEAR UNDERSTANDING ON THE POINTS IN PARAS 2-4 ABOVE, WE CAN ACCEPT THE PROPOSAL FOR A MEETING BETWEEN BRITISH AND ARGENTINE REPRESENTATIVES IN BERNE. ON DETAILED POINTS, WE CAN ACCEPT THE SUGGESTION FOR A DINNER GIVEN BY M. AUBERT AND THAT M. BRUNNER SHOULD CHAIR THE FIRST MEETING.

6. AS YOU KNOW, I HAVE BEEN CONCERNED THAT THE SWISS HAVE INCREASINGLY BEEN ADOPTING THE ROLE OF AN INTERMEDIARY. I APPRECIATE THAT THEY HAVE MEANT WELL, BUT THIS HAS CAUSED US SOME DIFFICULTY. I WOULD BE GRATEFUL IF YOU COULD TELL BRUNNER THAT WE ATTACH CONSIDERABLE IMPORTANCE TO THE SWISS AS OUR PROTECTING POWER CONTINUING TO ACT AS OUR AGENT. THEY ARE OUR ONLY FORMAL CHANNEL OF COMMUNICATION WITH THE ARGENTINES, AND IT MAY GIVE RISE TO DIFFICULTIES IF THEY ARE SEEN BY THE ARGENTINES TO BE ACTING AS IMPARTIAL INTERMEDIARIES, PROMOTING THEIR OWN GENUINELY INDEPENDENT SWISS INITIATIVE.

7. YOU SHOULD ALSO TAKE THE OPPORTUNITY OF YOUR CALL ON BRUNNER TO SET OUT OUR POSITION ON CONFIDENTIALITY. CLEARLY, WE CANNOT

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BE PLACED IN A POSITION WHERE OUR FRIENDS RELY ON THE ARGENTINES FOR INFORMATION ABOUT DEVELOPMENTS IN RELATIONS BETWEEN US. WE SHALL, HOWEVER, CONTINUE TO AVOID PUBLIC COMMENT ON THE CONTENT OF OUR EXCHANGES WHILE THE ARGENTINES SHOW SIMILAR RESTRAINT. WE SHALL AVOID ANY REFERENCE TO CONTACTS BETWEEN THE ARGENTINES AND THE SWISS PROTECTING POWER WHICH MAY CAUSE THE SWISS EMBARRASSMENT. AND WE AGREE THAT THERE SHOULD BE NO COMMENT ON THE TIMING OF ANY MEETING BETWEEN BRITAIN AND ARGENTINA UNTIL A PRESS ANNOUNCEMENT IS MADE IN THE RESPECTIVE CAPITALS ON THE FIRST DAY OF SUCH TALKS. BUT WE ARE UNDER AN OBLIGATION TO KEEP OUR FRIENDS INFORMED OF DEVELOPMENTS AND WILL CONTINUE TO DO SO IN APPROPRIATE TERMS AND WITH A RENEWED EMPHASIS ON THE NEED FOR SUCH INFORMATION AS WE PASS ON BEING KEPT IN STRICTEST CONFIDENCE.

HOWE

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OO BERNE
GRS 636
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FM FCO 151849Z MAY 84
TO IMMEDIATE BERNE
TELEGRAM NUMBER 86 OF 15 MAY 84
MIPT: RELATIONS WITH ARGENTINA
FOLLOWING IS TEXT OF SPEAKING NOTE
BEGINS:

A.S.C. 16/5.

1. THE BRITISH GOVERNMENT HAVE ASKED THE SWISS PROTECTING POWER TO CONVEY TO THE GOVERNMENT OF ARGENTINA THE BRITISH GOVERNMENT'S VIEWS ON THE CONVENING OF TALKS AT OFFICIAL LEVEL BETWEEN REPRESENTATIVES OF THE UNITED KINGDOM AND ARGENTINA AS PROPOSED BY THE SWISS AUTHORITIES.
2. THE BRITISH GOVERNMENT HAVE BEEN INFORMED BY THE SWISS PROTECTING POWER OF THE ARGENTINE RESPONSE TO THE MESSAGE GIVEN BY THE SWISS AMBASSADOR IN BUENOS AIRES TO THE ARGENTINE FOREIGN MINISTER ON 6 APRIL. THE BRITISH GOVERNMENT HAVE INFORMED THE SWISS AUTHORITIES THAT THEY ARE READY TO ACCEPT AN INVITATION FROM THE SWISS GOVERNMENT FOR REPRESENTATIVES OF ARGENTINA AND THE UNITED KINGDOM TO MEET IN BERNE FOR AN INFORMAL EXCHANGE OF VIEWS WITHOUT A SET AGENDA. THE BRITISH GOVERNMENT CONSIDER THAT THE SWISS INITIATIVE IS A WELCOME AND POSITIVE GESTURE WHICH ACCORDS WITH THE OBJECTIVES SET OUT IN THE BRITISH PROPOSALS CONVEYED TO THE ARGENTINE AUTHORITIES ON 26 JANUARY.
3. THE BRITISH GOVERNMENT BELIEVE THAT THE AIM OF THE TALKS SHOULD BE THE RE-ESTABLISHMENT OF A CLIMATE OF MUTUAL CONFIDENCE AND NORMALISATION OF RELATIONS BETWEEN THE UNITED KINGDOM AND ARGENTINA. AT THE SAME TIME THE BRITISH GOVERNMENT ARE CONCERNED IN CASE MISUNDERSTANDINGS SHOULD ARISE IF THE INVITATION FROM THE SWISS AUTHORITIES CONTAINED AN INDICATION THAT THESE TALKS WOULD BE HELD WITHOUT PRECONDITIONS. THE BRITISH GOVERNMENT HAVE CONSISTENTLY MADE CLEAR THAT DISCUSSIONS ABOUT THE NORMALISATION OF RELATIONS SHOULD BE WITHOUT PREJUDICE TO THE POSITIONS OF THE UNITED KINGDOM AND ARGENTINA ON THE QUESTION OF SOVEREIGNTY OVER THE FALKLAND

ISLANDS AND THE FALKLAND ISLANDS DEPENDENCIES, BUT THAT THE QUESTION OF SOVEREIGNTY MUST BE EXCLUDED FROM THE TALKS.

4. THE BRITISH GOVERNMENT HAVE EMPHASISED THROUGHOUT THE NEED TO RECOGNISE THE REALITIES OF THE SITUATION AND THE REQUIREMENTS OF BOTH SIDES. IT WAS IN THIS SPIRIT THAT THE BRITISH GOVERNMENT ORIGINALLY PROPOSED FOR DISCUSSION A LIST OF SUBJECTS ON WHICH AGREEMENT MIGHT BE RELATIVELY EASY TO ACHIEVE AND FROM WHICH NEITHER PARTY COULD BE SAID TO DERIVE A ONE-SIDED ADVANTAGE. THESE SUBJECTS COVERED MATTERS OF HUMANITARIAN, AS WELL AS POLITICAL AND COMMERCIAL, INTEREST.

5. IN THE SAME SPIRIT THE BRITISH GOVERNMENT REQUESTED THE SWISS AUTHORITIES TO CONVEY ORALLY TO THE ARGENTINE AUTHORITIES ON 6 APRIL PROPOSALS DESIGNED TO ENABLE BOTH SIDES TO STATE THEIR POSITION ON SOVEREIGNTY ENTIRELY SEPARATELY FROM THE DISCUSSIONS ON NORMALISATION. THE BRITISH GOVERNMENT REMAIN PREPARED TO ACCEPT THAT, IF THE ARGENTINE AUTHORITIES CONSIDER THIS NECESSARY, THERE SHOULD BE AN ORAL OR WRITTEN EXCHANGE OF STATEMENTS ON SOVEREIGNTY BEFORE BUT QUITE SEPARATE FROM THE TALKS. THIS PROPOSAL REPRESENTS A WORKABLE AND CONSTRUCTIVE RESPONSE TO CONCERNS EXPRESSED BY THE ARGENTINE GOVERNMENT, AND FULLY MEETS THE REQUIREMENTS OF BOTH SIDES. IT IS SPECIFICALLY DESIGNED TO ASSIST IN FULFILLING WHAT WE TAKE TO BE THE JOINT OBJECTIVE, THAT THE TALKS CAN TAKE PLACE WITH THE MINIMUM RISK OF BREAKDOWN. THE BRITISH GOVERNMENT HOPE THAT THE ARGENTINE AUTHORITIES WILL GIVE THE PROPOSAL VERY CAREFUL CONSIDERATION. THEY BELIEVE THAT IT IS IN THE INTERESTS OF BOTH SIDES THAT THE TALKS SHOULD TAKE PLACE ON A REALISTIC, CLEAR AND MUTUALLY AGREED BASIS.

6. THE BRITISH GOVERNMENT HAVE INDICATED ALSO TO THE SWISS AUTHORITIES THAT THEY AGREE THAT THE HOLDING OF A MEETING SHOULD BE ANNOUNCED ONLY ON THE FIRST DAY OF TALKS AND THAT SHORT PRESS RELEASES BE PUBLISHED SIMULTANEOUSLY IN BERNE, BUENOS AIRES AND LONDON. THE BRITISH GOVERNMENT INTEND TO TAKE NO INITIATIVE TO MAKE PUBLIC THE CONTENT OF THE PRESENT EXCHANGES WITH THE GOVERNMENT OF ARGENTINA OR OF THE TALKS TO BE CONVENED IN BERNE.

HOWE

[COPIES SENT TO NO 10 DOWNING STREET]

FALKLAND ISLANDS GENERAL
FCO (PALACE)
FID
CABINET OFFICE

ADDITIONAL DISTRIBUTION
FALKLAND ISLANDS

2
CONFIDENTIAL

FROM THE CHAIRMAN



Coalite Group PLC

PERSONAL

14th May, 1984

Dear John

I am grateful for your reply of 4th May on behalf of the Prime Minister but disappointed that it avoided any reference to what has been the cause for all the delays i.e. the 'quid pro quo' of licence concessions if and when limits are declared, in return for the free exploratory fishing with observers on board. The same was true of a recent letter from Tim Raison, of which I attach copy and of my reply.

Although I appreciate at least some of the diplomatic problems involved, I cannot really agree with your reference to the benefits from fishing limits as "short term".

I understand that the awaited meeting of EXCO takes place today or tomorrow and I do hope that David Taylor will succeed in reaching agreement on the licencing concessions so that the observers can be put on board and start accumulating the required information on resources - whether or not the E.F.L. is eventually to be declared.

John Coles
John Coles

John Coles, Esq.,
Private Secretary to the Prime Minister,
10 Downing Street,
London SW1.

~~CONFIDENTIAL~~

~~RESTRICTED~~

ack



Foreign and Commonwealth Office

London SW1A 2AH

14 May, 1984

Dear John,

*Type letter pl.
DGF, 14/5
MR 14/5.*

Falkland Islands Company

Thank you for your letter of 3 May recording Mr Jack Hayward's call on the Prime Minister earlier that day. As requested, I enclose a draft follow-up letter which the Prime Minister may wish to send to Mr Hayward. In view of its sensitive nature, I suggest that it might be sent c/o the High Commissioner in Nassau, Mr Peter Heap.

*Yr ever,
Peter Ricketts*

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

RESTRICTED

DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Reference

The Prime Minister

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

Mr Jack Hayward
c/o The British High Commission
NASSAU

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

I was grateful for the full and interesting explanation of your ideas about the future of the Falkland Islands which you gave me when you called on me on 3 May.

I promised that I would follow up our discussion with a letter describing in greater detail the Government's attitude towards some of the important points which you raised.

The central one, I think, is the possibility of independence for the Falklands, about which I told you I had serious doubts. These are based not so much on principle as on practical considerations. There are some British dependent territories, including those with no indigenous population, where independence is not currently an option. But there are certainly others where it is an option: our policy towards these territories is to give every help and encouragement to those who wish to move toward independence whilst not pressing it upon those who do not want it. In the case of the Falkland Islands, there is no demand for

Enclosures—flag(s).....

independence. In the run-up to the last elections for the Islands' Legislative Council, held in September/October 1981, only one out of a total of 18 candidates spoke in favour of independence, and even he back-tracked when he ~~perceived~~ ^{discovered} the lack of support for his views (he also finished up with the least number of votes). This was before the Argentine invasion: the events of 1982 have inevitably emphasised the importance of the Islanders' links with Britain and ~~encouraged them to feel entitled to and rightly confident in~~ the British Government's commitment to their defence and economic development.

Then there are the practical considerations of which I spoke. Leaving aside the basic question of whether such a small community could ever become a viable independent state, there remain certain obstacles which I believe are at present insuperable. In the first place, I am convinced that it would be completely unrealistic to expect the Argentines to accept or endorse any declaration of independence by the Falkland Islands. Their claim to sovereignty over the Islands is deeply held - however wrongly in our view - and, as I told you, I am sure nothing would induce them to abandon it. I fear that there is therefore no prospect of Argentina being willing to join with us in guaranteeing the sovereignty of a (hypothetical) newly independent Falkland Islands in the way you suggested. Secondly, and by the same token, there would be no likelihood of Argentina agreeing to co-sponsor an independent Falkland Islands for membership of the United Nations. And thirdly, since admission to

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is effected by a decision of the General Assembly on the recommendation of the Security Council, and since Argentina's claim to sovereignty enjoys the albeit ill-judged support of a majority of present members, it must be assumed that under present circumstances any application by the Falklands for membership would not succeed. That being so, we could have no confidence in the United Nations' willingness or ability to provide any effective protection for the Falklands were they to become an independent state.

These are the realities of the situation, and I am sure that most Falkland Islanders themselves recognise them. But neither we nor they need be discouraged. Part of our response must be to give the Islanders as great a say as possible in the running of their own affairs (a new Constitution for the Islands, on which we are currently working and which is based on proposals put forward by the Legislative Council, will be a step in this direction), and to do all we can to encourage a spirit of initiative, leadership and self-reliance in the Islands. The Falklands are British territory, the Islanders are British citizens, and there is no reason at all why, in these circumstances, and with our continued support and the welcome and generous commitment of friends such as yourself, they should not thrive and prosper.

As you will realise these are delicate issues. I hope this helps clarify our views. / I should be grateful if you could treat this letter as confidential.

1002 14/5.

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ARGENTINA: Relations

A 37

14 MAY 1984



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FILE SH



CC:SPC

10 DOWNING STREET

From the Private Secretary

14 May, 1984

Relations with Argentina

The Prime Minister has seen the Foreign and Commonwealth Secretary's minute of 9 May and agrees that H.M. Ambassador in Berne may be instructed in the terms suggested in paragraph 6 of the minute.

A. J. COLES

P. F. Ricketts, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL

CST



10 DOWNING STREET

Prime Minister.

I am not sure that you have
finished dealing with this. Can I
say that the instructions proposed in
paragraph 6 are acceptable?

A. J. C. "15"



PM/84/76

PRIME MINISTERPrime Minister.

Content will be instructions
in para. 6?

Yes ✓ A.C. 9/3.

Relations with Argentina

1. You will have seen the telegrams reporting the latest exchanges between the Argentines and the Swiss Protecting Power. These followed the message conveyed to the Argentine Foreign Minister by the Swiss Ambassador on our behalf on 6 April, in which we said unambiguously that whilst we were prepared to discuss the progressive normalisation of relations, sovereignty must be excluded from the talks.
2. The Argentine Foreign Minister subsequently arranged to meet the Swiss State Secretary, Brunner, in Paris on 24 April to discuss the Argentine response to our message. He later confirmed to the Swiss that the proposals put forward by Brunner, on his own initiative at that meeting, were acceptable. The main elements of these Swiss proposals were as follows:-
 - (a) the Swiss authorities should issue an invitation, in terms previously agreed by the two parties, for a meeting to be arranged in Berne between the British and Argentine Ambassadors with appropriate support from capitals;
 - (b) these talks would be informal, with no fixed agenda, and would have the aim of establishing whether a basis existed to continue in the same or a different forum 'in order to settle certain problems' between us;
 - (c) there would be no prior declaration preceding the talks, nor would they be subject to preconditions.
3. We have since received through our Ambassador in Berne further elaboration of the Swiss ideas on the modalities of the kind of meeting they have proposed. The Swiss have also now sent us for comment a draft invitation from themselves to us and



and the Argentines to "talks about talks".

4. On the substance of the Swiss proposals, our preference for talks without a formal agenda has been met (paragraph 7(i) of my minute to you of 28 March) and the Argentines have backed off their earlier insistence on talks under UN auspices. But the Swiss proposals do not incorporate our suggestion that both sides should state their position on sovereignty before and quite separately from any talks between us about normalising relations. The proposal that talks should take place without preconditions leaves it open to the Argentines to introduce the subject of sovereignty if they judged it tactically advantageous to do so. That is clearly unacceptable. On the other hand, an apparently arbitrary rejection of talks could prejudice the support and sympathy we have received hitherto from our partners and allies - and would not be in line with our own objective. I believe that we must therefore continue to work for the kind of talks that we have in mind. But we must take steps to ensure that they only proceed on terms which are clearly understood and acceptable to us, along the lines we have already agreed and sought to lay down.

5. The Swiss role in all this has not been as helpful as they intended. They have moved, or been manoeuvred, from a position of Protecting Power, acting on our behalf and in accordance with our instructions, to one closer to that of an intermediary. In their efforts to achieve progress they have lost sight of the need to safeguard our position on refusing to discuss sovereignty. Our Ambassador in Berne has already explained that for practical reasons we cannot meet the deadlines proposed. The request for comments on the draft invitation now provides us with an opportunity to reiterate that there are fundamental elements in our position which cannot be glossed over.

6. I propose therefore to instruct HM Ambassador in Berne along the following lines. He should ask the Swiss to make clear to the Argentines that we are not prepared to discuss sovereignty at any stage in any series of talks that take place and that we could not,



therefore, accept that any talks should be held explicitly without preconditions. However, he would also ask the Swiss to explain that we were not asking the Argentines publicly to renounce their claim, as they appear to believe. The Swiss could remind the Argentines that our proposals for a prior statement, if that is what the Argentines wished, fully accommodates the Argentine Government's need to preserve its position domestically. But they would again emphasise that, if despite the clear understanding beforehand, the Argentines persisted in raising the subject once we had embarked on talks at any level, those talks would cease.

7. This position is not without risks as we have recognised all along. If the Argentines were to reject our offer of separate statements on sovereignty, they might well leak the Swiss proposals in the hope of portraying us as inflexible in the face of an ostensibly reasonable offer. But our proposals are intended to provide a way of putting the sovereignty issue on one side: of getting the talks underway; and of keeping the risks to a minimum that they will be broken off in mid-stream because the Argentines raise sovereignty. On this basis our position is the right way of reconciling the Argentine need to show that sovereignty has not been excluded altogether, and our absolute requirement that it should not be raised in these talks.

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MT

GEOFFREY HOWE

- 9 MAY 1984



CONFIDENTIAL

cc P.C.

②



Foreign and Commonwealth Office

London SW1A 2AH

8 May, 1984

Prime Minister.

mf

A.J.C. 9/5

Dear John,

Foreign Affairs Select Committee: Falklands Enquiry

David Barclay wrote to Roger Bone on 17 April recording the Prime Minister's astonishment at the Select Committee's plans, in particular their request to call upon the Argentine Mission.

The Select Committee's decision to seek a call on the Argentine Mission was their own. We can and do take informal opportunities to offer advice on the planning of their visits overseas. But in this case we were not asked for advice before a firm decision was taken by the Committee. We have customarily made administrative arrangements for the Committee's overseas visits, and we took the view that it would have been counter-productive to have refused any assistance in this case. We did however take the opportunity to ensure that the delegation were aware of our views. Lady Young briefed Sir A Kershaw and some of his group on 2 May. She asked Sir A Kershaw to ensure that the Argentines and others they met fully understood the independent role of Parliament and its Committees and that the FAC was in no sense an intermediary for the Government.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL



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cfo

10 DOWNING STREET

From the Private Secretary

4 May 1984

The Prime Minister has asked me to thank you for your personal letter of 30 March. It is helpful to have this account of the origins of the Coalite/Taiyo Joint Venture and your exchanges with the Falkland Islands Government and Departments here. I note also your continuing advocacy of a 200-mile Exclusive Fisheries Limit (E.F.L.) around the Falkland Islands.

The Prime Minister and her colleagues are keen to see diversification of the Falkland Islands' economy. Fisheries seem to offer promising prospects for this. As you recognise in your letter, the Falkland Islands Government have many other problems on their mind - and the tragic fire at the Hospital in Port Stanley will not have eased matters for them. But I was glad to see from page 7 of your letter that you are impressed by Mr. David Taylor, the Chief Executive in the Islands. I know that Mr. Taylor, when he was in Britain for nearly four weeks early this Spring, spent a high proportion of his time pursuing Fisheries questions. I am confident that he is following this work up energetically on his return to Port Stanley on the lines you indicate on page 8 of your letter. Regarding the provision of observers, Mr. Taylor discussed this whole issue with the ODA Fisheries Advisers during his visit and was persuaded of the need to get observers in place as quickly as possible. We understand he will be making a recommendation to this effect to the Islands Council. I gather that you have been able to discuss the matter personally with Mr. Raison when you dined with him on 10 April.

The Government well understand the arguments in favour of declaring a 200-mile EFL around the Islands. They continue to give close attention to this but it is far from being a simple issue. The Anglo-Argentine dimension, to which you draw attention, is but one of a series of complicating factors. We are bound to take account of all of these, and to seek to avoid the risks of longer-term repercussions which could outweigh the short term benefits of the declaration of the proposed EFL.

For all these reasons, there is obviously very little that I can say in reply to your query about the status of South Georgia. I suspect, however, that when commenting on the

/ prospects

prospects for a Fisheries Limit around South Georgia, Mr. Taylor had in mind that it lies within the area covered by the Convention for the Conservation of Antarctic Marine Living Resources, to which both Britain and Argentina are parties, and which is itself a form of conservation area. As it happens, the next meeting of the parties to the Convention is likely to consider whether, in the interests of fish stock conservation, fishing near South Georgia, which is mainly by Russian trawler, should be limited.

A. J. COLES

C.E. Needham, Esq.



10 DOWNING STREET

SUBJECT *cc MASTER*
From the Private Secretary

3 May 1984

See below

Falkland Islands Company

Mr. Jack Hayward called on the Prime Minister this afternoon (your letter of 2 May refers).

The Prime Minister warmly thanked him for his generous contribution to the South Atlantic Fund and his donation towards the cost of a new hospital in Port Stanley.

Mr. Hayward said that he had been in touch with Mr. Ted Needham, the Chairman of Coalite, about his offer to purchase the Falkland Islands Company. Mr. Hayward's own advisers had told him that £3-4 million would be a generous offer. Needham rejected this and, after suggesting a price of £12 million lowered this to £10 million. Mr. Hayward implied to the Prime Minister, though a little vaguely, that he might be willing to go as high as £7 million.

He then said that if either the present employees of the company or a large number of Falkland islanders became partners in the new company - and he would seek the advice of the Civil Commissioner on this - he believed that a start could be made on solving the problem of the Falkland Islands. He envisaged that the islanders would petition The Queen for independence. But independence would be subject to a joint British/Argentine guarantee of sovereignty and a similar joint guarantee of sponsorship of UN membership for the Islands. If the Prime Minister was interested in this proposition, he would complete his negotiations with Coalite, discreetly check the views of the islanders and then make an approach to Argentina.

The Prime Minister said that while she appreciated the thought that Mr. Hayward had given to this some of his ideas seemed impracticable. The population of the Falkland Islands was hardly big enough for an independent state. Nothing would induce Argentina to abandon its claim to sovereignty. No Argentine guarantee could be depended on since the behaviour of future Argentine governments was unpredictable. The Falkland Islands were British territory. The main problem there at the moment was a lack of leadership. If Mr. Hayward could produce any ideas for injecting leadership into the Islands she would be grateful to receive these.

/ Mr. Hayward

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CONFIDENTIAL

- 2 -

Mr. Hayward sought to argue in favour of the proposition he had put forward. The Prime Minister then said that she would send him a letter explaining our attitude, describing some of the ideas which we had worked on in the past for moving the Islands further towards an independent status and illustrating the difficulties involved in Mr. Hayward's proposition, for example the unlikelihood of the United Nations admitting an independent Falkland Islands to membership or of providing any effective protection for that state once it was independent. I should be grateful if you could let me have a draft letter covering these points.

John

John

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

THE CHAIRMAN



Coalite Group PLC

PERSONAL

T. Raison, Esq.,
Minister,
Overseas Development Administration,
Eland House,
Stag Place,
London SW1E 5DH.

Dear Sir,

Many thanks for your letter of 27th April, and so following our pleasant evening in London discussing Falklands affairs.

There still appears to be some misunderstanding even of the basic concept of the proposal which we and Taiyo made. Put simply, it was that two Taiyo vessels would carry out the exploratory fishing and accept British observers on board their vessels in return for fishing licence concessions at varying rates for twelve fishing vessels over the period of the first ten years after any fishing limits may be declared.

F.I.G. have indicated their agreement to put observers on the vessels but have not agreed to the requested licence concessions but did eventually, after a very long delay, make a counter proposal and I was able to persuade Taiyo to go most of the way to meet their counter proposal. The original request was for 12 vessels for 5 years free of licence fees and the next five years at 50% of normal fees. In November 1983, ten months after our proposals were submitted and more than three months after Taiyo had sent their two vessels to the Islands, we received the counter proposal that the licence concessions should be 25% for first two years, 50% for next two and 75% for next two years. This was an enormous change in view of the indication of "acceptance in principle" of our proposals which we had received as far back as February 1983. Nevertheless, I persuaded Taiyo to agree to the following compromise: 25% fee for 3 years, 50% for 3 years and 75% for 3 years, which is much nearer to F.I.G. counter proposals than those originally asked by Taiyo. As I have indicated to Sir Rex Hunt, I would be very nervous about trying to push Taiyo any further. If F.I.G. will agree to the suggested compromise, the road is open to put the observers on board.

G. E. ...
/Contrary to the

Contrary to the indication in your final paragraph, there is no question of the agreement on concessions "now" becoming a precondition to observers being put on the vessels. The whole basis of the deal, as was made clear from the outset, has been that one was in return for the other. As in any other such negotiations, both sides of the bargain have to be agreed before anything moves.

I am not sure how much of the correspondence you have seen but am quite prepared to send you copies. Taiyo were over here for negotiations and presentations to everybody concerned in May and August last year, including Sir Rex Hunt, two F.I.G. Councillors, F.C.O., O.D.A., etc., quite apart from about four other visits here by Taiyo to help progress. I appreciate that David Taylor was not even appointed at that time but I suggest it would be unrealistic and damaging to ask Taiyo to start all over again, but I will be happy to try to clear any outstanding points which David feels we should raise with Taiyo. If we can get the point cleared on licence concessions, I shall be happy to ask Taiyo to come again to London at some time convenient to David so that we can get round a table to try to move things along.

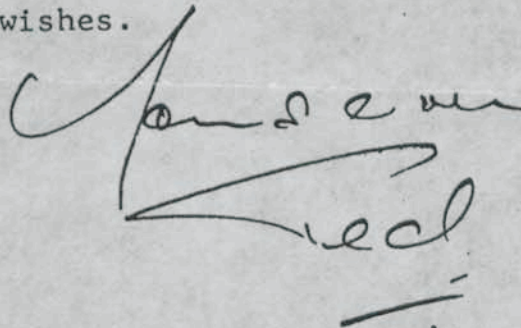
Regardless of whether and when fishing limits may be declared, I have accepted from the outset the views expressed by F.C.O. and your own experts that the first essential is to collect the data on resources, species, catch-rates, etc. That opportunity has been there since August 1st last year and we are missing it.

From the meeting in London when David Taylor was over here, I was under the impression that the observers were being recruited and would be available this month. Is that still the case?

I gather there are some reservations in F.I.G. about the O.D.A. requirement to have a fishing expert on their Staff in Stanley for interpretation of the results. That is none of my business but I can sympathise with their reservations at this stage of the proceedings.

As I understand it, the subject is to be discussed at a meeting of EXCO on May 16th. I do hope that progress can then at last be made.

With best wishes.

A handwritten signature in dark ink, appearing to read 'C. E. Needham', with a horizontal line underneath.

C. E. Needham



Foreign and Commonwealth Office

London SW1A 2AH

2 May, 1984

Dear John,

Falkland Islands Company

Thank you for your letter of 11 April about the report that Mr Jack Hayward, the multi-millionaire who lives in the Bahamas, is seriously considering buying out the Falkland Islands Company (FIC). I understand that the Prime Minister is seeing Mr Hayward at 3.50 pm on 3 May.

Mr Hayward visited the Islands privately last December, as a passenger on the cruise ship 'MS Lindblad Explorer'. He was given hospitality by the Civil Commissioner which he evidently much enjoyed. Earlier, he had, as you say, contributed generously - £1 million we believe - to the South Atlantic Fund. His interest in the Falklands and his actions demonstrating his staunch support of the Islands have been consistent: in 1970 he financed the return of the wreck of the 'SS Great Britain' from the Islands to Britain. He has just offered to the Falkland Islands Government a donation of £1 million towards the cost of a new hospital in Port Stanley: we are in touch with the FIG about how this donation might best be applied.

From all accounts Mr Hayward has many admirable qualities. He is widely appreciated as an outstanding patriot and is known as Union Jack. Speaking in strict confidence, Mr Hayward has confirmed to our High Commissioner in Nassau that he has made an offer to Mr Ted Needham, the Chairman of Coalite (the FIC's parent company) for the purchase of the Company. Emphasising the commercial confidentiality of the figure, Mr Hayward said that whilst Mr Needham was willing to sell, he was asking £10-£12 million compared with Mr Hayward's latest offer of £5 million. We do not know whether there have been any further developments. Mr Needham, with whom the Department maintains close contact, has from time to time hinted that he wished to escape from the disproportionate amount of work he has undertaken on behalf of the FIC. Hitherto these hints have seemed to be something of a tactical ploy, but he now seems to be in earnest.

The Falkland Islands Company owns over 40% of the land in the Islands and employs approximately 250 out of a work force totalling about 800. It also runs many of the services which enable the Falklands economy to function: fleeces which are exported to Britain, and the essential goods and machinery that are imported, are carried in a FIC vessel, using the FIC jetty in Port Stanley. The Company also runs the main retail outlets in the Islands. Mr Eric Varley, recently appointed Executive Vice-Chairman of Coalite, lost no time in visiting the Islands,



and may try to foster a more progressive approach on the part of the Falkland Islands Company if it remains in the present ownership.

There is no doubt that the Company - whoever owns it - is in a key position to play a constructive role in the future of the Falklands. Even the record of the FIC under its present management is not so bleakly feudal as is sometimes made out; Lord Shackleton, himself no great admirer of the FIC, said in his 1982 Report that the Company's investment record "in recent years has probably been better than the majority" (p. 10 of the Report, repeated on p. 32). The acquisition of all this vital infrastructure by a person with such a dynamic record as Mr Hayward could introduce much-needed activism and entrepreneurial spirit in the Islands - though this would be easier said than done, and much would depend on that Company's local management.

Either way, a distinction should be drawn between the running of the FIC's network of services and Mr Hayward's reported intention to give the land to "all the present tenants" on a freehold basis (he told our High Commissioner in Nassau that he would do so by "giving half of the Company to the people of the Islands"). Many of those living and working on FIC farms are managers and other employees, rather than tenants. All of them already have the opportunity, together with all other Islanders, to apply to buy land as it becomes available on the open market. Our response to Lord Shackleton's recommendation that "urgent steps be taken to transfer the ownership of absentee-owned farms" is a relatively gradual approach, in keeping with the capacity of the Islands' existing agricultural population, and consistent with realistic immigration prospects. Since 1979 the Green Patch and Roy Cove estates, and the Packe Brothers Land, have been broken up into 20 smaller holdings. One of the sub-divisions of Packes' was bought by Councillor Tony Blake, formerly a leading FIC manager. The Falkland Islands Government are engaged in negotiations for the sub-division of the San Carlos estate on East Falkland, probably into 7 units.

We and the Falkland Islands Government are prepared to reconsider the gradual approach if demand for land exceeds the supply available on the open market. But this has not yet happened, and there are indications that some of the existing sub-divisions may not be viable. A precipitate re-distribution of land to former FIC employees, of varying experience and capability, could produce a proliferation of small farms of highly questionable viability. Nor do all Islanders appear by any means anxious to own their own farms. Against this background the Prime Minister may feel that, without pouring cold water on Mr Hayward's enthusiasm for the Islanders, it would be helpful to check that he has thought through most carefully his ideas on land redistribution. We imagine he already has some idea of the fundamental role of the FIC in the economic infrastructure of the Islands and of the dangers of dismantling this; but it might be as well to warn him of these also.

Yours ever,
Peter Ricketts

Argentina : Pelstroom A 57.



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TELEGRAM NUMBER 144 OF 29 APRIL 1984
INFO ROUTINE UKMIS NEW YORK WASHINGTON BRASILIA PORT STANLEY
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CF
pse note
for advice coming

MY TEL NO 143: RELATIONS WITH ARGENTINA

JR

374

SUMMARY

1. ARGENTINE GOVERNMENT HAS ACCEPTED SWISS PROPOSAL FOR A MEETING IN BERNE SUBJECT TO CERTAIN CONDITIONS

DETAIL

2. AT A RECEPTION ON 27 APRIL STATE SECRETARY SAID THAT AN IMPORTANT POINT WHICH HE HAD NOT MENTIONED AT OUR MEETINGS REPORTED IN MY TEL NOS 139 AND 143 WAS THAT ARGENTINE AMBASSADOR IN BERNE WAS NOT AWARE OF RECENT DEVELOPMENTS CONCERNING CAPUTO'S POSITION. BRUNNER INTERPRETED THIS AS FURTHER DEMONSTRATION OF CAPUTO'S LACK OF CONFIDENCE IN HIS OWN PEOPLE.

3. KEUSCH'S REPORT ON THE OUTCOME OF CAPUTO'S DISCUSSION WITH ALFONSIN WAS EXPECTED THAT EVENING BUT IN THE EVENT WAS DELAYED BY 24 HOURS. BRUNNER EVENTUALLY ASKED ME TO CALL AT HIS HOUSE AT 1000 ON 29 APRIL. HE READ OVER A TELEGRAM FROM KEUSCH REPORTING CONVERSATION THE PREVIOUS DAY WITH DIRECTOR DELPECHE WHO HAD HANDED OVER A BOUT DE PAPIER EXPLAINING THAT THIS WAS A COMMUNICATION TO THE SWISS GOVERNMENT AND NOT FOR TRANSMISSION IN WRITING TO LONDON (OR IT WOULD HAVE HAD TO GO VIA BRASIL). DELPECHE ALSO GAVE SOME ORAL EXPLANATIONS.

4. ARGENTINE GOVERNMENTS POSITION (FOLLOWING CAPUTO'S CONSULTATION WITH ALFONSIN) WAS SET OUT UNDER FIVE HEADS:-

I) ARGENTINE GOVERNMENT FINDS ACCEPTABLE IN PRINCIPLE THE IDEA OF HOLDING A CONFIDENTIAL MEETING BETWEEN REPRESENTATIVES OF THE REPUBLIC AND THE UNITED KINGDOM IN BERNE. DELPECHE ADDED ORALLY THAT IT WOULD BE ACCEPTABLE THAT THIS SHOULD BE AT LEVEL OF AMBASSADORS. A POSSIBLE MINISTERIAL MEETING WAS NOT MENTIONED.

II) ARGENTINE SIDE CONSIDERED THAT BEFORE THE MEETING COULD TAKE PLACE IT WOULD BE DESIRABLE THAT BOTH ARGENTINE AND BRITISH GOVERNMENTS SHOULD RECEIVE A FORMAL INVITATION FROM SWISS GOVERNMENT AND SHOULD ACCEPT IT FORMALLY. IT WAS UNDERSTOOD THAT TERMS OF INVITATION SHOULD BE SUBJECT TO PRIOR AGREEMENT BY BOTH SIDES. BRUNNER COMMENTED THAT THIS POINT SEEMED DESIGNED TO UNDERLINE THAT INITIATIVE CAME FROM THE SWISS, WHICH CAPUTO HAD STRESSED IN PARIS.

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III) GOVERNMENT OF ARGENTINA IS OF OPINION THAT MEETING COULD ONLY HAVE A USEFUL PURPOSE IF BOTH BRITISH AND ARGENTINE REPRESENTATIVES COULD FREELY EXCHANGE VIEWS AND OPINIONS ON ALL SUBJECTS. DELPECHE'S ORAL COMMENT HERE WAS THAT THIS WAS HOW ARGENTINE SIDE INTERPRETED PHRASE QUOTE SANS PREALABLES UNQUOTE, WHICH BRUNNER HAD USED TO CAPUTO. BRUNNER'S OWN COMMENT TO ME WAS THAT IN FORMULATING THEIR INVITATION SWISS WOULD AIM TO COVER THIS POINT BY A CONSTRUCTIVE AMBIGUITY (C.F. PARA 4 OF MY TUR) . HE ALSO POINTED OUT HERE THAT THE ARGENTINES WERE NOW TALKING OF A MEETING FOR EXCHANGE OF OPINIONS AND NOT OF NEGOTIATIONS .

IV) GOVERNMENT OF ARGENTINA WOULD ALSO DESIRE THAT THE FACT OF THESE CONVERSATIONS BEING HELD AND THEIR CONTENT SHOULD BE SURROUNDED BY THE GREATEST POSSIBLE CONFIDENTIALITY IN ORDER TO ESTABLISH A CALM AND BUSINESS LIKE ATMOSPHERE AND AVOID SPECULATIONS BY PRESS WHICH MIGHT AROUSE EXAGGERATED EXPECTATIONS . BRUNNER COMMENTED THAT THIS WAS A CONSIDERABLE STEP FORWARD BY COMPARISON WITH CAPUTO'S POSITION WHEN IN BERNE (MY TEL NO 65 PARA 6). ON THIS POINT KEUSCH HAD ENQUIRED HOW ARGENTINE SIDE WISHED TO HANDLE PUBLICITY. DELPECHE REPLIED THAT SIMULTANEOUS ANNOUNCEMENTS IN THE THREE CAPITALS ON THE DAY THE MEETING OPENED WOULD BE APPROPRIATE. DELPECHE HAD ALSO REQUESTED THAT BRITISH AUTHORITIES SHOULD NOT PASS ON PRESENT ARGENTINE COMMUNICATION TO THEIR FRIENDS , AT LEAST UNTIL MATTERS WERE FUTHER ADVANCED. BRUNNER SAID WITH A SMILE THAT HE TOOK THIS AS APPLYING PARTICULARLY TO THE ITALIANS. HE ADDED THAT ARGENTINES HAD PARLIAMENTARY REASONS FOR KEEPING THE WHOLE DEVELOPMENT IN A LOW KEY AND INFORMAL.

V) GOVERNMENT OF ARGENTINA FINALLY WISHED TO TRANSMIT TO SWISS GOVERNMENT ITS GRATITUDE FOR HAVING TAKEN INITIATIVE IN GIVING A NEW IMPULSE TO THE IDEA OF TALKS WHICH REFLECTED GENUINE INTEREST OF ARGENTINE IN THE PRESERVATION OF PEACE AND PROMOTION OF PEACEFUL SOLUTION TO DISPUTE SEPERATING ARGENTINE AND UK.

5. BRUNNER ADDED THAT IF THE MEETING IN BERNE SHOULD MATERIALIZE THE BRITISH GOVERNMENT SHOULD NOT EXPECT ANY FURTHER RESPONSE TO OUR COMMUNICATION OF 6 APRIL.

6. BRUNNER ALSO TOLD ME SWISS GOVERNMENTS PRESENT VIEWS ON TIMING AND MODALITIES. THE NEXT STAGE WOULD BE BRITISH REACTION TO PRESENT COMMUNICATION. IF IT WAS POSITIVE SWISS WOULD THEN DRAFT AN INVITATION AND SHOW IT TO BOTH SIDES FOR COMMENTS. INVITATION WOULD NOT ISSUE UNTIL AGREED BY BOTH SIDES. HE TENTATIVELY ENVISAGED TALKS STARTING IN WEEK BEGINNING 14 MAY. MEMBERSHIP OF DELEGATIONS WOULD NEED TO BE ESTABLISHED IN ADVANCE AND APPROXIMATELY BALANCED. SWISS WOULD BE OPEN TO DISCUSSION ON WHETHER AFTER INITIAL SOCIAL ENCOUNTER TALKS SHOULD PROCEED IN SWISS PREMISES OR SHOULD ALTERNATE BETWEEN EMBASSIES AND WHETHER SWISS PRESENCE SHOULD BE MAINTAINED OR WITHDRAWN. I TOLD HIM MY PERSONAL PREFERENCE WOULD BE FOR SWISS PREMISES AND CONTINUED PRESENCE, AT LEAST INITIALLY (FOR REASONS OF SECURITY AND CONFIDENTIALITY AMONG OTHERS).

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17

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7. A FURTHER REPORT IS EXPECTED LATER TODAY FROM KEUSCH ON A MEETING WITH CAPUTO WHICH WAS DUE TO TAKE PLACE LATE IN THE EVENING OF 28 APRIL (BUENOS AIRES TIME) . BRUNNER DOUBTED WHETHER IT WOULD CHANGE ANYTHING IN THE FOREGOING, BUT MIGHT INCLUDE A GLOSS ON PARA 4(1) CONCERNING AN EVENTUAL MEETING OF MINISTERS.

POWELL-JONES

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OVERSEAS DEVELOPMENT ADMINISTRATION
ELAND HOUSE
STAG PLACE LONDON SW1E 5DH

Telephone 01-213 5409

From the Minister

27 April 1984

PERSONAL

C E Needham Esq
Chairman
Coalite Group plc
PO Box 21
Chesterfield
Derbyshire S44 6AB

Dear Sir

It was good to see you again before Easter for a discussion about Falklands issues. Thank you again for your most generous hospitality.

I said I would look into where matters stood on the question of observers for the Taiyo survey. I think David Taylor probably told you about some of the reservations among Councillors whose enthusiasm for the proposal waned as the difficulties over the early declaration of an Exclusive Fishing Limit became clearer. But following his discussions in London on fisheries, David Taylor will, I feel sure, make a firm recommendation to the Councils about the observers. Our position remains as it has always been: we are ready to recruit the observers quickly as soon as we receive a formal request from the Falkland Islands Government.

The main difficulty I foresee, as I said when we discussed this over dinner, will be in resolving the licensing concessions issue; and, as I understand it, settlement of this issue is now a precondition for placing FIG observers on board the Taiyo trawlers. I know that David Taylor believes the best way forward would be to involve Taiyo more directly in the negotiations. I would be interested to hear whether you think this suggestion is a starter. Early agreement on concessions is obviously crucial to securing progress on other fronts.

Timothy Raison

TIMOTHY RAISON

PS
 PS/LADY YOUNG
 PS/MR WHITNEY
 PS/MR RIFKIND
 PS/PUS
 SIR J BULLARD
 SIR I SINCLAIR
 SIR W HARDING
 MR FRIGET
 MR ADAMS
 LORD N GORDON-LENNOX 1
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 MR D C THOMAS
 MR CARTLEDGE

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 MR LITTLER)

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 DIO)

~~MR V A PATTISON, FID, ODA~~
 MR POWER, SAD, ODA

MR A FORTNAM IAT/ D. TRANSPORT

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Prime Minister
 26/4

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TO IMMEDIATE FCO

TELEGRAM NUMBER 502 OF 26 APRIL

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VISIT OF ARGENTINE FOREIGN MINISTER TO PARIS: 24 APRIL

SUMMARY

1. CAPUTO GIVEN TOP-LEVEL TREATMENT DURING HIS OFFICIAL VISIT TO PARIS ON 24 APRIL. FALKLANDS DISCUSSED: BUT NO EVIDENT SHIFT IN ARGENTINE POSITION.

DETAIL

2. CAPUTO PAID AN OFFICIAL VISIT TO PARIS ON 24 APRIL. HE MET PRESIDENT MITTERRAND, PRIME MINISTER MAUROY AND CHEYSSON. SUBJECTS DISCUSSED INCLUDED BILATERAL COOPERATION, DEBT AND REGIONAL PROBLEMS INCLUDING THE FALKLANDS. IT WAS AGREED THAT CHEYSSON WILL VISIT ARGENTINA IN JULY, WHEN THE FIRST MEETING WILL ALSO BE HELD OF THE BILATERAL MIXED COMMISSION AGREED IN PRINCIPLE LAST DECEMBER.

3. FOUQUET, HEAD OF SOUTH AMERICAN DEPARTMENT AT THE QUAI, TOLD US THAT, ON THE FALKLANDS, CAPUTO HAD SPOKEN MUCH OF HIS DESIRE FOR A CONFIDENTIAL DIALOGUE WITH THE UK USING THE PHRASES INFORMAL CONVERSATIONS AND ADVANCING BY SMALL STEPS. HE HAD ALSO SAID THAT THE UK MUST UNDERSTAND THAT A DEMOCRATIC ARGENTINA WAS DIFFERENT FROM GALTIERI. THE ARGENTINES HAD MADE THE FIRST MOVE AND HE FOUND THE UK REPLY SURPRISING AND DISAPPOINTING. IT WAS NOT HIS REAL INTEREST TO TALK ABOUT SOVEREIGNTY, BUT HE COULD NOT FOR DOMESTIC REASONS AGREE TO SAY THAT THE DISCUSSIONS WOULD COVER EVERYTHING EXCEPT SOVEREIGNTY. EXCLUSION OF SOVEREIGNTY COULD NOT BE A

REASONS AGREE TO SAY THAT THE DISCUSSIONS WOULD COVER EVERYTHING EXCEPT SOVEREIGNTY. EXCLUSION OF SOVEREIGNTY COULD NOT BE A PRECONDITION FOR TALKS. CHEYSSON REPLIED THAT A DIALOGUE BETWEEN PARTIES WAS INDISPENSABLE AND RECALLED FRANCE'S POSITION OVER THE SOVEREIGNTY OF THE FALKLANDS.

4. CAPUTO TOLD BOTH CHEYSSON AND LATER THE PRESS THAT THE ARGENTINES WISHED THE TALKS TO BE IN THE FRAMEWORK OF THE GOOD OFFICES OF THE UN SECRETARY-GENERAL; BUT HE ADDED THAT HE DID NOT EXCLUDE A POSSIBLE ASSISTANCE, NOT MEDIATION, BY A THIRD COUNTRY TO GET THE FIRST STAGE OF THE DIALOGUE UNDER WAY. FOUQUET INTERPRETED THIS AS A REFERENCE TO THE SWISS.

5. IN HIS PUBLISHED SPEECH AT A LUNCH GIVEN BY CHEYSSON, CAPUTO TOOK A TOUGHER LINE ON SOVEREIGNTY. HE REFERRED TO THE NECESSITY OF INCLUDING THE QUESTION IN ORDER TO ARRIVE AT A DEFINITIVE SOLUTION, AND CALLED ON THE UK TO AGREE TO NEGOTIATE THE FUNDAMENTAL QUESTIONS AND TAKE SOME FIRST STEPS SUCH AS LIFTING THE EXCLUSION ZONE, SUSPENDING THE CONSTRUCTION OF THE AIRPORT AND FORTIFICATIONS AND GUARANTEEING THE NON-NUCLEARISATION OF THE ZONE. AT HIS PRESS CONFERENCE, CAPUTO'S THEME WAS RATHER THE NEED FOR TALKS WITHOUT PRECONDITIONS AND PROGRESS BY SMALL STEPS.

6. WE SHALL REPORT ON NON-FALKLANDS ASPECTS MORE FULLY BY BAG.

7. FCO TELNO 308: WE DID NOT HAND OVER THE TEXT OF THE UK MESSAGE OF 6 APRIL TO THE FRENCH. IN TALKING TO FOUQUET, FIRST SECRETARY CHANCERY STRESSED THAT WE AGREED WITH CAPUTO ON THE NEED TO KEEP THE CONTENT OF THE EXCHANGES CONFIDENTIAL.

FCO PASS SAVING ATHENS, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, UKREP BRUSSELS

FRETWELL

NNNN

SENT AT 261222Z JW

John

● CF

I have asked
FO if they have
anything to offer.

Mr Alison

John Coles should be in on
this meeting; but no
formal briefing is needed

Meeting between Mr Jack Hayward and
the Prime Minister

MA
25/4

D

37p.

This has now been arranged for 4.00 p.m.
on Thursday, 3rd May (following Prime
Minister's Questions) at Downing Street.

Mr Hayward will arrive early, probably
at 3.45 p.m. just in case the Prime
Minister gets back from the House early,
but is not expecting to see her until
4.00 p.m.

I think the Foreign Office knows -
presumably you spoke to John Coles?
Do we need briefing?

Tessa
24.4.84

GRS 330
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FM BONN 191400Z APR 84
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TELEGRAM NUMBER 396 OF 19 APRIL
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EMBASSY BRUSSELS COPENHAGEN DUBLIN LUXEMBOURG PARIS ROME THE HAGUE

GENSCHER'S VISIT TO ARGENTINA, 16-18 APRIL

SUMMARY

1. GERMANS IMPRESSED BY ALFONSIN GOVERNMENT AND ITS PROSPECTS. IN FALKLANDS DISCUSSIONS, GENSCHEER STRESSED THE NEED FOR THE ARGENTINES TO START TALKING WITH HMG.

DETAIL

2. AT MY REQUEST RUHFUS, WHO HAD BEEN WITH GENSCHEER IN ARGENTINA, BRIEFED ME ON THE VISIT ON HIS RETURN TO BONN TODAY.

3. HE SAID THE GERMAN DELEGATION HAD BEEN IMPRESSED BY THE ALFONSIN GOVERNMENT'S DETERMINATION TO RESTORE DEMOCRACY AND THE RULE OF LAW, AND BY THEIR PLANS FOR PULLING THE ECONOMY OUT OF ITS PRESENT MESS IN THE FACE OF THE HAZARDS PRESENTED BY THE PERONISTS AND THE TRADES UNIONS. THE LOCAL GERMAN BUSINESS COMMUNITY, WHO HAD LONG EXPERIENCE AND MUCH AT STAKE, WERE OPTIMISTIC THAT A NEW BEGINNING FOR ARGENTINA WAS AT LAST ON THE WAY - THE ELECTORATE HAD SHOWN THEMSELVES FOR THE FIRST TIME FED UP WITH THE CONSTANT YO-YOING BETWEEN MILITARY AND PERONISTS, AND THE LATTER WERE THEMSELVES DIVIDED.

4. IN DISCUSSION OF THE FALKLANDS, CAPUTO HAD UNDERLINED ARGENTINE DETERMINATION TO ACHIEVE A DIPLOMATIC SOLUTION. BUT BRITISH REFUSAL TO DISCUSS SOVEREIGNTY AT PRESENT CREATED AN IMPASSE. GENSCHEER HAD UNDERLINED THE IMPORTANCE OF STARTING DISCUSSIONS, AND HAD SUGGESTED THAT INFORMAL TALKS MIGHT BE THE WAY TO BEGIN. IN A SEPARATE MEETING ALFONSIN HAD ALSO EXPRESSED DISAPPOINTMENT AT THE BRITISH POSITION. HE UNDERSTOOD THE REASONS FOR EUROPEAN SOLIDARITY WITH THE UK. BUT HE ALLEGED THERE WAS TALK IN THE UK OF A NATO INTEREST IN THE FALKLANDS: SUCH TALK COULD ONLY AGGRAVATE THE SITUATION. GENSCHEER HAD EMPHASISED THAT GERMAN SOLIDARITY WITH THE UK HAD NOTHING TO DO WITH NATO (THE SOUTH ATLANTIC WAS "OUT OF AREA") BUT WITH COMMON MEMBERSHIP OF THE COMMUNITY AND OUR IMPORTANCE AS A CLOSE ALLY. HE REITERATED THE IMPORTANCE OF STARTING TALKS, ADDING THAT HE DID NOT WANT THE FALKLANDS SITUATION TO BE A LONG-TERM DRAG ON EC-ARGENTINA RELATIONS. THE GERMANS HAD THE IMPRESSION THAT ARGENTINA WAS SERIOUSLY INTERESTED IN TALKS.

5. IN HIS PRESS CONFERENCE (AS GERMAN PAPERS REPORT) HE HAD REBUTTED A SUGGESTION THAT THE FRG MIGHT BE ABLE TO MEDIATE IN THE CONFLICT.

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16.

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6. IN ANSWER TO A QUESTION, RUHFUS CONFIRMED THAT NEITHER SIDE HAD MENTIONED A FORMAL CESSATION OF HOSTILITIES.

7. FULLER REPORT FOLLOWS BY BAG.

FCO PLEASE PASS SAVINGS TO ABOVE ADDRESSEES.

TAYLOR

THIS TELEGRAM
WAS NOT
ADVANCED

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GR?



Foreign and Commonwealth Office

London SW1A 2AH

18 April 1984

GR
Biff to me on
Tuesday
Monday with
earlier pps pot

Please type letter.

John John, (in CF)

19/4

AA 4/5

Falkland Islands: Fishing

As requested in your letter of 2 April I attach a draft reply from you to Mr Needham's letter of 30 March.

Three main points emerge from Mr Needham's letter; his support for a 200-mile exclusive fishery limit (EFL); his dismay that South Georgia might not be included in an EFL; and his general disappointment at what he sees as the Falkland Islands' Government's dilatoriness and unhelpfulness in response to proposals made by Taiyo/Coalite Joint Venture.

On the possible establishment of an EFL, it is impossible at present to go beyond the terms of your letter of 7 February to the Falkland Islands Government Representative in London, Mr Adrian Monk. However, this may be an opportune moment to bring you up to date on where we stand on the three points on which the Secretary of State was invited to report at the meeting of OD on 31 January.

- a) Appraisal of financial costs of establishing a 200-mile EFL in co-operation with the Argentine Government.

Further work is still required; but one possibility currently being actively studied by MAFF and ODA would involve the charter of a suitable modified UK-based stern freezer trawler, equipped with a helicopter, which could be used for both patrolling and commercial fishing. The proceeds from the latter could help offset the costs of the former, which is estimated to be in the region of £1.75 million per annum.

/b) Possible



- b) Possible responses to any new unilateral declarations by Argentina claiming fishing rights over areas overlapping or surrounding the Falkland Islands.

Argentina extended its sovereignty over an area extending 200 miles from its territory in a law of December 1946; this was succeeded by a Decree of 1967 and has been reinforced by later legislation. Although the legislation does not specifically mention the Falkland Islands, Argentina has made quite clear on numerous occasions that it regards them as part of its national territory and that Argentine limits include an area extending 200 miles round the Falkland Islands. We reserved our position on each occasion that legislation has been passed and believe it unlikely that under present circumstances Argentina will now declare a new 200-mile zone. Should they do so we would again reserve our position.

- c) To examine urgently how best to present the issues involved in the possible declaration of the 200-mile EFL to the Falkland Islanders.

We have asked the Civil Commissioner, Sir Rex Hunt, for his views about this and await his reply. In the meantime it seems best again to follow the line in the letter to Mr Monk.

Over South Georgia the best course seems to be to stick to the line that the whole question of fishing limits is currently under consideration. However, a complicating factor with regard to South Georgia is that it lies within the area covered by the Convention for the Conservation of the Antarctic Marine Living Resources (CCAMLR) to which Britain and Argentina are parties. Any declaration would be likely to provoke a hostile Argentine reaction which could disrupt the work of the CCAMLR commission to our embarrassment and the irritation of the other parties.

Whilst it is understandable that Mr Needham should be irked at the failure to conclude any agreement with FIG on the terms of the Joint Venture, he underrates the other pressures under which the FIG have been working and somewhat disingenuously overlooks the fact that the involvement of Coalite, as parent company of the Falkland Islands Company, has caused the Islanders to be especially suspicious of it. However, Mr Taylor, the Chief Executive of the Falkland Islands Development Corporation, which in principle has agreed to take a 15% share in the Joint Venture, recently visited the UK and discussed the matter with Mr Needham. There is now reason to hope that the FIDC will adopt a more sophisticated and consistent approach to the Taiyo/Coalite proposals.

/It is

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It is not entirely clear why Mr Needham should have written in this vein at this time. The explanation may be, as he hinted recently to a member of the Department, that Mr Needham wrote to express dissatisfaction with Sir Rex Hunt's conduct at a time when the latter's future was in the balance. As it happens the extension of Sir Rex's tour until September 1985 was announced after Mr Needham had sent his letter.

*Yours
R B Bone*

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

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C E Needham Esq
Chairman
Coalite Group plc
PO Box 21
Chesterfield
Derbyshire S44 6AB

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SUBJECT: FALKLAND ISLANDS: FISHERIES

.....In Confidence

CAVEAT.....

The Prime Minister has asked me to thank you for your personal letter of 30 March. It is helpful to have this account of the origins of the Coalite/Taiyo Joint Venture and your exchanges with the Falkland Islands Government and Departments here. I note also your continuing advocacy of a 200 mile Exclusive Fisheries Limit (EFL) around the Falkland Islands.

The Prime Minister and her colleagues are keen to see diversification of the Falkland Islands' economy. Fisheries seem to offer promising prospects for this. As you recognise in your letter, the Falkland Islands Government have many other problems on their mind - and the tragic fire at the Hospital in Port Stanley will not have eased matters for them. But I was glad to see from page 7 of your letter that you are impressed by Mr David Taylor, the Chief Executive in the Islands. I know that Mr Taylor, when he was in

Enclosures—flag(s).....

Britain for nearly four weeks early this Spring, spent a high proportion of his time pursuing Fisheries questions. I am confident that [redacted] he [redacted] is following this work up energetically on his return to Port Stanley on the lines you indicate on page 8 of your letter. Regarding the provision of observers, Mr Taylor discussed this whole issue with the ODA Fisheries Advisers during his visit and was persuaded of the need to get observers in place as quickly as possible. We understand he will be making a recommendation to this effect to the Islands Council. I gather that you have been able to discuss the matter personally with Mr Raison when you dined with him on 10 April.

The Government well understand the arguments in favour of declaring a 200-mile EFL around the Islands. They continue to give close attention to this but [redacted]

[redacted] it is far from being a simple issue. The Anglo-Argentine dimension, to which you draw attention, is but one of a series of complicating factors. We are bound to take account of all of these, and to seek to avoid the risks of longer-term repercussions which could outweigh the short term benefits of the declaration of the proposed EFL.

For all these reasons, there is obviously very little that I can say in reply to your query about the status of South Georgia. I suspect, however, that when commenting on the prospects for a Fisheries Limit around South Georgia, Mr Taylor had in mind that it lies within the area covered

/by

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by the Convention for the Conservation of Antarctic Marine Living Resources, to which both Britain and Argentina are parties, and which is itself a form of conservation area. As it happens, the next meeting of the parties to the Convention is likely to consider whether, in the interests of fish stock conservation, fishing near South Georgia, which is mainly by Russian trawler, should be limited.

AQ 4/5

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18 APR 1994





CPPC

MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

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*DMS
19/4*

MO 5/21

18th April 1984

Copies:

- Mr A J Coles, No 10
- Mr P F Ricketts, FCO



[Handwritten signature]

- attached

Thank you for your letter of 19th March asking some questions about the circumstances surrounding the sinking of the General Belgrano. Since you wrote this letter, you have seen the Prime Minister's letter to Denzil Davies of 4th April and you have yourself had a further round of correspondence in your letter of 5th April and the Prime Minister's reply of 12th April. There is nothing that I can usefully add.

you
[Handwritten signature]

Michael Heseltine

Tam Dalyell Esq MP

Argentina Blanca

PT37

18 APR 1984





HOUSE OF COMMONS
LONDON SW1A 0AA

Monday 19 March 1984

Rt Hon Michael Helestone
Ministry of Defence
Main Building
Whitehall
London SW1

Dan Nicholas,

In view of Cecil Parkinson's interview on TV-AM last Sunday week, and the Prime Minister's reply to my question on the matter (Wednesday 14 March), I would be most grateful if you would respond to the following questions.

1. At what time on 30 April 1982 did HMS Conqueror first detect the Belgrano on its sonar? What was the estimated position, course and speed of the Belgrano at the time?
2. At what time did HMS Conqueror come into visual contact with the Belgrano on 1 May 1982 and what was the course, speed and position of the Belgrano at the time?
3. At what time on 1 May 1982 did HMS Conqueror observe the RAS involving the Belgrano and an oiler and what was the course, speed and position of the Belgrano at the time?
4. What was the course followed by the Belgrano throughout the period in which it was being tracked by HMS Conqueror?
5. What was its speed when it was attacked?
6. Why were Mk 8 torpedoes used in preference to Mk 24s and can both of these weapons be set for proximity detonation?
7. At what time was the order to sink the Belgrano sent from Northwood on 2 May? Were any signals sent or received by HMS Conqueror between the issuing of that order and its execution?
8. When did HMS Splendid first detect the Argentinian CVA on 1 May, for how long did it maintain contact and what was the course and speed of the CVA during this time?
9. Was the CVA under surveillance by aircraft or satellite at any time on 30 April to 2 May? If so, what information concerning course, speed and signals exchanges was obtained during this period?

Yours sincerely

Tam Dalyell

Tam Dalyell M P

Argentina later
PMT 37

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hite
SSK

10 DOWNING STREET

From the Private Secretary

17 April 1984

Foreign Affairs Select Committee: Falklands
Inquiry

The Prime Minister has seen and noted your letter of 16 April to John Coles about the forthcoming visit by the Foreign Affairs Committee to the UN in connection with their Falklands inquiry. The Prime Minister has commented that she finds the Select Committee's plans, and in particular their request for a call upon the Argentine Mission, astonishing.

(David Barclay)

Roger Bone Esq
Foreign and Commonwealth Office

6



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Foreign and Commonwealth Office

London SW1A 2AH

*I find it
also in [unclear]*

16 April 1984

Prime Minister

John [unclear]

A & C. 1/4

Copy: Mr. [unclear]

Foreign Affairs Select Committee: Falklands Inquiry

I enclose a copy of a press release from the Commons Foreign Affairs Committee which announces their intention to visit the UN in New York between 7-10 May to seek the views of Latin American and other countries on the prospects for a settlement of the Falklands question.

M It is our normal practice for posts overseas to arrange a programme of calls at the request of the FAC. In this case they have asked for a number of calls, including one on the Argentine Mission. We have agreed to ask the Brazilians in New York to arrange a separate meeting with the Argentines, at which, of course, there would be no British official presence. We have instructed our Mission in New York to point out to the Brazilians that as part of our policy of maintaining the confidentiality of our exchanges with Argentina, we have not revealed to the FAC the content of the messages we have sent via the Swiss to Argentina. We have also suggested that the UN Secretariat be reminded that the FAC should not be viewed as intermediaries.

The Prime Minister may wish to be aware of this forthcoming visit, as it is likely to generate some publicity. Ministers will be in touch with the Chairman of the FAC before his departure to offer the Committee any briefing they may wish to have.

[Handwritten signature]

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street



Foreign Affairs Committee

(A)

COMMITTEE OFFICE HOUSE OF COMMONS LONDON SW1A 0AA

12 Apr 1984

Press Notice No 6

Falkland Islands

In connection principally with its inquiry into the Falkland Islands, five Members of the Committee will visit the United Nations in New York between 7 and 10 May, to seek the views of Latin American and other countries on the prospects for a settlement of the dispute. A similar visit was made in November/December 1982, when the Foreign Affairs Committee of the previous Parliament held informal discussions with the Secretary General, six Latin American Missions and seven other foreign Missions.

While at the United Nations, the Committee will take advantage of the opportunity to hold preliminary discussions on its proposed inquiry into the economic and political security of small states and the UK dependencies. (For the terms of reference of this inquiry, see overleaf.)

The Members going to New York are expected to be Sir Anthony Kershaw (Chairman), Mr Dennis Canavan, Mr Jim Lester, Mr Ian Mikardo and Mr Bowen Wells.

The Committee has already agreed the following terms of reference for the inquiry:

"To examine progress towards the restoration of diplomatic and commercial relations between the United Kingdom and Argentina since June 1982; to examine the future constitutional and economic development of the Falkland Islands; and to examine the prospects for a negotiated settlement of the UK-Argentine dispute over the Falkland Islands in the light of the establishment of a democratic regime in Buenos Aires and in the light of previous failures to secure such a settlement".

Evidence has already been taken in London in connection with the inquiry from Mr David Watt (former Director of the Royal Institute for International Affairs), Dr Walter Little (former Specialist Adviser to the Committee), Mr Adrian Monk (London Representative of the Falkland Islands Government), Mr David Taylor (Chief Executive of the Falkland Islands Government), Sir Nicholas Henderson GCMG (former UK Ambassador to Washington) and Sir Anthony Parsons GCMG (former UK Permanent Representative at the United Nations). Further hearings will be held after the Committee's return from New York.

The economic and political security of small states

In December 1983 the Committee announced its intention to undertake an inquiry into the future of the micro-states, with particular reference to the remaining UK dependent territories. The Committee has now agreed the following terms of reference for the inquiry:

"**The economic and political security of small states:** to consider the security and economic and political viability of small, newly-independent developing countries, the prospects for the development of effective regional security organisations and regional machinery for economic cooperation, the prospects for bilateral, multilateral or United Nations guarantees for the security of such states, and, in the light of these questions, the potential viability of the United Kingdom's remaining dependent territories as prospective independent states".

The Committee expects to begin public hearings in connection with this inquiry in June after the Whitsun recess. Details of the hearings will be announced in due course.

Meanwhile, the Committee will welcome the submission of written evidence from interested individuals or organisations. It would be helpful if such written submissions could reach the Clerk to the Foreign Affairs Committee, at the address above, **by Monday 4 June 1984.**

FCO and ODA Main Estimates

As part of its continuing responsibility for monitoring the expenditure and administration of the Foreign and Commonwealth Office and the Overseas Development Administration, the Committee will be examining the 1984-85 Estimates shortly after the Easter recess. It is expected that oral evidence will be taken from the FCO, the ODA and the British Council in mid to late May. Details of the hearings will be announced in due course.

12 April 1984

K J BROWN
Assistant to the
Clerks to the Committee



The National Archives

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10 DOWNING STREET

cc PC
MA
MOD

THE PRIME MINISTER

12 April 1984

Dear Mr. Dalyell.

Thank you for your letter of 5 April about the Belgrano.

I take it that your objective in asking these further questions of detail is to try, as you have tried for some two years, to establish your contention that the Belgrano was attacked in order to destroy the prospects for peace negotiations based on the Peruvian proposals. That is simply not true.

Geoffrey Howe will be replying to the various questions you raised in the Foreign Affairs Debate on 22 March. But since I have made the Government's position absolutely clear yet again in my letter of 4 April to Denzil Davies, I do not think it useful to prolong these exchanges.

Yours sincerely
Margaret Thatcher

Tam Dalyell, Esq., M.P.

ECC

APG
CCP
(2)Prime Minister.

Foreign and Commonwealth Office

London SW1A 2AH

I asked the F.C.O. to
set out the facts about
the Peruvian "signing ceremony".

12 April 1984

A-F.C. 13/4.

MS

Dear John,

Belgrano: Peruvian Peace Proposals

We have discussed on the telephone your letter of 9 April about the replies to the questions put by Mr Tam Dalyell in the Foreign Affairs Debate on 22 March. It might be useful if I set out our comments on Mr Dalyell's claim that a signing ceremony had been arranged in Lima on 2 May.

There is no doubt that the Peruvians did have such a ceremony in mind, if not for the evening of 2 May then for as soon as possible thereafter. The soundest evidence for this is in the then British Ambassador's report of his discussion with the Peruvian Foreign Minister in Lima in the early evening (Local time) of 2 May. In his telegram number 137 of 3 May 1982, of which I enclose a copy, Mr Wallace said that Dr Arias Stella had told him that if the Peruvians' "7-point formula" was acceptable to Britain and Argentina, the signature of an interim document would take place in Lima. Mr Wallace's report concluded: "Dr Arias warned me to expect instructions tonight and added that they were making arrangements to stage a grand signature ceremony in Lima".

The Peruvians would have had great difficulty, in any circumstances, in setting up such a ceremony on 2 May itself. As we have reminded Mr Dalyell in our reply to his sixth and seventh questions, President Belaunde said at his press conference on the evening of 2 May that the Argentines were still considering his proposals, and that he hoped to make an announcement about them later that night or the following day. Mr Dalyell, Mr Paul Foot and others have often claimed that the Peruvians had prepared for the signing ceremony a text "bound in red leather". It is impossible to disprove this. In short, the Peruvians' expectations were seriously exaggerated, but they did exist and the Foreign Ministry had evidently put in hand arrangements to gain maximum presentational advantage from any agreement that might be reached.

Yours ever,

(P F Ricketts)
Private Secretary

Peter Ricketts

A J Coles Esq
10 Downing Street

GRS 5004

CONFIDENTIAL

CONFIDENTIAL

FM LIPA 030103Z MAY 82

TO FLASH F C O

TELEGRAM NUMBER 137 OF 3 MAY

INFO FLASH WASHINGTON

FALKLANDS: NY TEL NO 134

1. THE FOREIGN MINISTER SUMMONED ME THIS EVENING. DR ARIAS BEGAN BY SAYING THAT HE MUCH HOPED WE WOULD HAVE GOOD NEWS SHORTLY. HE SAID THAT AFTER THE CONVERSATION REPORTED IN MY TUP HE HAD SPOKEN TO PRESIDENT BELAUNDE WHO HAD DECIDED TO MAKE A FURTHER ATTEMPT TO BREAK THE DEADLOCK AND BRING ABOUT AN IMMEDIATE CEASEFIRE. DR ARIAS SAID THAT ON PRESIDENTIAL INSTRUCTIONS HE HAD TELEPHONED COSTA MENDEZ TO PRESS UPON HIM A FORMULA WHICH MIGHT OFFER THE BEST CHANCE OF AN IMMEDIATE SOLUTION. DR ARIAS REPEATED THAT A WAY HAD TO BE FOUND TO ALLOW THE ARGENTINES TO CLIMB DOWN WITHOUT TOO MUCH LOSS OF FACE. THEY HAD THEREFORE CONSIDERED WHETHER A TEXT WHICH WOULD INCLUDE A TOKEN REFERENCE TO THE ARGENTINE CLAIM TO SOVEREIGNTY IN THE (FOLLOWING WORD UNDERLINED) INTRODUCTORY PART MIGHT SUFFICE TO BRING ABOUT A WITHDRAWAL OF THE ARGENTINE TROOPS. PRESIDENT BELAUNDE HAD ALSO TELEPHONED PRESIDENT REAGAN (BUT HAD FAILED TO GET THROUGH) IN ORDER TO INSTILL A SENSE OF URGENCY AND TO TAKE ADVANTAGE OF THE PRESENCE OF MR PYM IN WASHINGTON. MR HAIG HAD SUBSEQUENTLY SPOKEN ON THE TELEPHONE SEVERAL TIMES WITH PRESIDENT BELAUNDE.

2. DR ARIAS SAID THAT SOME PROCEDURAL DIFFICULTIES HAD ARISEN DURING THE COURSE OF THE VARIOUS TELEPHONE CONVERSATIONS WHICH RELATED TO THE INCLUSION OF THE UNITED STATES AND/OR PERU AS MEMBERS OF THE INTERIM ADMINISTRATION. DR ARIAS TOLD ME IN CONFIDENCE THAT PRESIDENT BELAUNDE HAD NO OBJECTION TO PERU BEING EXCLUDED IF BY SO DOING A PEACEFUL SETTLEMENT COULD BE OBTAINED. BUT MR HAIG HAD INTIMATED THAT THE US WOULD NOT WISH TO BE EXCLUDED FROM THE ADMINISTERING GROUP SINCE THIS WOULD OTHERWISE NOT BE ACCEPTABLE TO THE UK.

3. IN THE EVENT AND IN ORDER TO SIMPLIFY MATTERS, A 7-POINT FORMULA HAD BEEN WORKED OUT. TEXT IS IN MIFT. THERE IS A SPANISH TEXT AND AN ENGLISH TEXT WHICH DR ARIAS SAID HAD VIRTUALLY BEEN DICTATED OVER THE TELEPHONE BY MR HAIG.

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4. IN REPLY TO MY SPECIFIC QUESTION DR ARIAS SAID THAT THE 7-POINT FORMULA HAD THE APPROVAL OF COSTA MENDEZ SEMICOLON THAT GENERAL GALTIERI HAD TOLD PRESIDENT BELAUNDE THAT HE WAS QUOTE WELL DISPOSED UNQUOTE TOWARDS IT BUT THAT HE HAD HIS QUOTE SENATE UNQUOTE (IE THE MILITARY JUNTA) TO CONSULT AND CONVINCED. DR ARIAS SAID THAT THE MILITARY JUNTA WAS MEETING EVEN AT THIS MOMENT TO CONSIDER THE TERMS AND THAT A REPLY WAS EXPECTED HOURLY. DR ARIAS SAID THAT HE HAD REASON TO BELIEVE THAT MR HAIG'S PROPOALS HAD BEEN CONVEYED WITH THE KNOWLEDGE OR AT LEAST THE CONSENT OF MR PYM. DR ARIAS EMPHASISED THAT PRESIDENT BELAUNDE WAS ANXIOUS NOT TO LOSE THE MOMENTUM AND THAT IT HAD BEEN CONVEYED TO WASHINGTON THAT IF THE FORMULA WAS ACCEPTABLE, THE SIGNATURE OF AN INTERIM DOCUMENT WOULD TAKE PLACE IN LIMA. DR ARIAS WARNED ME TO EXPECT INSTRUCTIONS TONIGHT AND ADDED THAT THEY WERE MAKING ARRANGEMENTS TO STAGE A GRAND SIGNATURE CEREMONY IN LIMA.

WALLACE

F C O PLEASE PASS

(REPEATED AS REQUESTED)

F C O

S A M D

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MR. A. WILLIAMS DSW 60

2

CONFIDENTIAL

112 APR 1964



PRIME MINISTER

Belgrano: Mr Dalyell's letter

*This letter was sent
to the department original with
A.R.'s*

12/4

You owe Mr Dalyell a reply to his letter of 5 April at Flag 'A'.

✓ He has a Question on the Belgrano at No 5 tomorrow. We do not recommend that you reply before then since he will only exploit whatever you say.

But in case you take a different view I attach a reply. The FCO and MOD agree that you should not answer his letter in detail. Our objective must be to try to bring this controversy, such as it is, to an end as soon as possible.

✓ You will recall that the Foreign Secretary is about to send Mr Dalyell a detailed reply to the eleven Questions which he posed during the Foreign Affairs Debate on 22 March.

We recommend that your Answer to Mr Dalyell's Oral Question tomorrow should follow the terms of the proposed letter from you to him, ie. there is no point in prolonging all these exchanges because his basic contention is simply not true.

We have commissioned answers to the detailed questions which he put in his letter of 5 April to you. These are at Flag 'B'. You will want to have these by you at Question Time in case you decide at the time that you must deal with a detailed Question.

A.J.C.

11 April 1984

1. If air attacks on Port Stanley Airfield were for the purpose of enforcing the Total Exclusion Zone why were cluster bombs, air-burst shells, and other anti-personnel devices used if this was part of the process of enforcing the Total Exclusion Zone?

The closure of Port Stanley airfield was an important part of enforcing the Total Exclusion Zone as was made clear from the start. The attacks were intended to close this supply route and to destroy aircraft on the ground. It was for the operational commanders to select the most appropriate weapons for the task.

Was HMS Conqueror instructed to search for and locate the Belgrano by Admiral Woodward, by Fleet Headquarters, Northwood, or by whom? In other words, who perceived the Belgrano Group to be a threat to the Task Force in general, and as you have argued on Television, our Carriers in particular? Candidly, I have suspected for many months that the notion that the Belgrano Group were endangering the Task Force emerged as a post-facto rationalisation.

CONQUEROR was under the operational command of Flag Officer Submarines at Northwood. Naturally both he and CINCFLEET were concerned about all movements of the Argentine fleet.

Admiral Woodward, commanding the surface Task Groups in the South Atlantic, asked for a change in the Rules of Engagement on 2nd May because of the threat posed by BELGRANO as part of the wider disposition of Argentine naval forces. Although this request came from Admiral Woodward the threat to the Task Force was clear at all levels of command and the request was endorsed by Ministers.

3. Admiral Woodward asked for a change in the Rules of Engagement to permit the Belgrano to be attacked outside the Total Exclusion Zone - and, as we all know, you and Members of the War Cabinet agreed to that change. Why then did your former Defence Minister, (Sir) John Nott, a Member of the War Cabinet, who participated in the deliberations on the matter, mislead the House of Commons without any corrective by you, by saying on 4th and 5th May that the decision to torpedo the Belgrano was taken by the Submarine Commander? Parliament, Press, and People were deceived - why?

As Sir John Nott made quite clear on 4 and 5 May 1982, the Task Force - including submarines - operated under strict political control with Rules of Engagement approved by Ministers. It was for local commanders to take decisions within those rules.

You refer to destroyers armed with Exocet missiles. Do I take it that the Government is backing away from its original claim that Belgrano also was armed with Exocets?

Sir John Nott made quite clear in the House of Commons on 4th May 1982 that BELGRANO was not armed with Exocet.

5. Can you explain why the Conqueror detected an Argentine oiler auxiliary, in the Belgrano Group, when the signals from the 44 year old iron-clad, USS Phoenix (Belgrano) were considerably stronger?

For technical reasons connected with sound propagation under water.

You stress that on 2nd May "we had indications about the movements of the Argentine Fleet" which led to Admiral Woodward's request for a change in the Rules of Engagement. What precisely were those "indications"? My information is that the Argentine Fleet was by that time under orders to return to base, and you knew that. Gavshon and Rice in their book cite precise times (20.00 hours on May 1st, and 01.19 hours on May 2nd) when those orders were sent by Admiral Allara, and the Naval Command in Buenos Aires. The text of one of those messages is included in their book.

The Rules of Engagement were changed because the indications were that the BELGRANO Group, in conjunction with the Argentine Task Groups to the north of the Falklands, presented an urgent and immediate threat to our ships. There were no indications that the Argentine Fleet was homeward bound.

7. You quote Admiral Woodward as saying that his request for a major change to the rules of engagement in order to attack the Belgrano was "the first and only time throughout the campaign" he had made such a request. This is just not true, Prime Minister, because when Conqueror was in Argentine Territorial waters he again asked for a change in the Rules of Engagement, so as to be able to operate within those waters. (Reference Gavshon and Rice, Page 130.)

I have no reason to doubt Admiral Woodward's statement which I quoted in my letter to the rt honourable Member for Llanelli.

. Prime Minister, will you please explain how the Belgrano and her Group, sailing on a 280 degree course, (confirmed to me in Parliamentary answers), sailing West North West, could in any way have been completing a pincer movement? Have you every heard of naval ships engaging in a pincer movement while retreating to home port in an opposite direction? And, can you explain how on earth it was that a huge, slow-moving hulk like the ancient Carrier, 25th May, could have "slipped past" the sophisticated, speedy nuclear powered submarine, presumably HMS Splendid, which was "trailing her" and which had been built at a cost of many £millions to the British tax-payer?

9. Will you explain your assertion that it was irrelevant to the sinking that the Belgrano was heading homewards and well outside the Exclusion Zone and nowhere near the Burdwood Bank?

Warships can change their speed and course at will, and can travel many miles, in any direction, in a few hours. That is why the course and position of BELGRANO at any particular moment were irrelevant to the threat that she posed.

On how the northern half of the pincer slipped past the submarine barrier, I cannot add to my previous letter.

9. Has your Government enquired into the reasons why the British Embassies in Washington and Lima took so long to report on the Peruvian Peace Initiative, and its preparation, if, as you claim "first indications" only reached London at 23.15 hours on May 2, and 0200 hours May 3 respectively? Did you know that an Associated Press' Despatch from Lima, timed 23.44 hours, BST, May 2 said that President Fernando Belaunde Terry has announced that Britain and Argentina that night would end hostilities over the Falklands? Reuters and other international wire services carried similar reports.

Our Embassies in Washington and Lima reported, fully and promptly, all the relevant information that was available to them. Agency reports of President Belaunde's press conference in Lima on 2 May reached London slightly earlier than the telegram from our Embassy because the then Ambassador was personally briefed by the Foreign Minister immediately after the press conference. All the reports of the Peruvian ideas were sent after the Belgrano had been sunk. President Belaunde's press conference was itself held four hours after the sinking.

11. In what way would earlier disclosure of "first contacts" with the Belgrano Group have prejudiced operations? Disclosure for instance after the end of hostilities in June 1982? Don't you think that it would be far better if you and your Government were to be open and truthful with the House of Commons and the British People?

The Government's overriding concern has been to ensure that information should not be made available that would be valuable to the Argentine navy in any future conflict. The Argentine Government have, of course, refused to declare a formal end to hostilities. With the passage of time we judge that that risk in this particular case has diminished.

PS
 PS/LADY YOUNG
 PS/WHITNEY
 PS/RIFKIND
 PS/PUS
 SIR J BULLARD
 SIR I SINCLAIR
 SIR W HARDING
 MR FRIGET
 MR ADAMS
 LORD N GORDON-LENNOX 1
 SIR C TICKELL
 MR D C THOMAS
 MR CARTLEDGE
 ED/PUSD (2)
 ED/SALD
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 ED/LND
 ED/PLANNING STAFF

PS/NO 10 DOWNING ST (3)
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 MR J STEWART AUSD STAFF MOD
 PS/CHANCELLOR)
 MISS M E CUND) TREASURY
 MR LITTLER)
 SIR R ARMSTRONG)
 MR A D S GOODALL) CABINET OFF
 DIO)
~~MR V A PATTISON, TD, ODA~~
 Mr POWER, SAD, ODA
 Mr A FORTNAM IAT/ D. TRANSPORT

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MS

MY TELNO 368: RELATIONS WITH ARGENTINA

1. WE ASKED DE SOTO, SPECIAL ASSISTANT TO THE SECRETARY-GENERAL, ABOUT MR CAPUTO'S CALL ON THE SECRETARY-GENERAL YESTERDAY AFTERNOON.
2. DE SOTO SAID CAPUTO HAD GIVEN PEREZ DE CUELLAR A COPY OF OUR RESPONSE OF 6 APRIL. HE HAD 'CLARIFIED HIS OWN POSITION' AND ASKED THAT THE SECRETARY-GENERAL COMMUNICATE THIS TO THE PRIME MINISTER PERSONALLY WHEN HE SAW HER ON 16 APRIL. AS A RESULT DE SOTO WAS RELUCTANT TO GO INTO DETAILS WITH US. BUT HE SAID HE HAD BEEN STRUCK BY CAPUTO'S FLEXIBILITY AND MODERATION. HE HAD PRESENTED THE ARGENTINE PROPOSALS OF 17 FEBRUARY 'IN A NEW LIGHT'. HE HAD IN NO WAY REJECTED OUR LATEST PROPOSALS. DE SOTO THOUGHT THE 'BALL WAS STILL IN PLAY'.

A

51

~~WAS REJECTED OUR LATEST PROPOSALS. DE SOTO THOUGHT THE 'BALL WAS STILL IN PLAY'.~~

3. CAPUTO HAS SAID VERY LITTLE TO THE PRESS ABOUT THE FALKLAND ISLANDS DURING HIS CURRENT VISIT TO NEW YORK. BEFORE HIS CALL ON THE SECRETARY-GENERAL, HE BRIEFED A GROUP OF ARGENTINES AND OTHER SPANISH-SPEAKING CORRESPONDENTS. HE TOLD THEM THAT HE WOULD INFORM THE SECRETARY-GENERAL OF THE CONTENTS OF THE BRITISH GOVERNMENT'S LATEST MESSAGE TO ARGENTINA, BUT WOULD NOT BE DRAWN FURTHER.

4. WHEN CAPUTO LEFT THE UN, HE TOLD THE PRESS THAT HE HAD DISCUSSED OUR MESSAGE WITH THE SECRETARY-GENERAL, BUT ONCE AGAIN WOULD NOT ELABORATE ON THE GROUNDS THAT THIS WAS A CONFIDENTIAL MATTER.

5. FOR THE PRESS, THE SECRETARIAT HAVE SIMPLY LISTED THE SUBJECTS DISCUSSED BETWEEN THE SECRETARY-GENERAL AND THE ARGENTINE FOREIGN MINISTER: THE FALKLAND ISLANDS, CENTRAL AMERICA, ARGENTINA'S DEBTS, AND MR GOBBI'S VISIT TO CYPRUS.

MARGETSON

NNNN



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01 ~~XXXX XXX~~ 218 2111/3

MO 5/21

11th April 1984

Dear Jim,

NR 1/4
f.c.

THE BELGRANO

In your letter of 6th April to Richard Mottram you suggested that the Prime Minister would not wish to answer the specific questions posed by Mr Dalyell in his letter of 5th April and suggested a general line which the Prime Minister might take at her Questions tomorrow. We here would be content with this. You also asked for material for supplementaries on the questions themselves in case the Prime Minister judged that it was appropriate to go into the detail. This is now attached: it has been cleared with Admiral Woodward. I gather that the FCO are separately submitting advice on Question 10 about reports of the Peruvian peace plan.

I am copying this letter to Peter Ricketts (FCO).

Yan cov
milgram

(N H R EVANS)

A J Coles Esq



10 DOWNING STREET

From the Private Secretary

11 April 1984

We have heard from Mr John Smith, the former Member of Parliament, that Mr Jack Hayward the multi-millionaire who lives in the Bahamas, is seriously considering buying out the Falkland Islands Company. His intention then would be to give the land to all the present tenants on a freehold basis. He believes that this would give them a better stake in the future of the islands.

You will recall that Mr Hayward was a generous donor to the South Atlantic Fund.

He has asked that he might call on the Prime Minister when he is next in London. I do not doubt that the Prime Minister would wish to receive him, particularly in the light of his donation to the South Atlantic Fund. But it would be useful to have early advice from you on the proposition mentioned above.

Calling on 3/15 - Political office dealing

A. J. COLES

Peter Ricketts Esq
Foreign and Commonwealth Office



Foreign and Commonwealth Office

London SW1A 2AH

11 April 1984

Dear John,

Belgrano

AR 1/4
- with AJC?

Thank you for the copy of your letter of 6 April to Richard Mottram, in which you enclosed a copy of a letter of 5 April from Mr Tam Dalyell to the Prime Minister asking eleven further questions about the circumstances surrounding the sinking of the Belgrano.

The Foreign Secretary agrees with the line you propose the Prime Minister should take in answer to Mr Dalyell. As you know, Sir Geoffrey Howe will, subject to the views of the Defence Secretary, shortly be sending Mr Dalyell replies to the eleven questions which he posed during the Foreign Affairs Debate in the House of Commons on 22 March. This reinforces the point in your third paragraph.

I understand that the Ministry of Defence are providing you with the answers for possible use in Parliament to ten of the eleven questions which Mr Dalyell has now put to the Prime Minister. We suggest that the answer to the outstanding question - No 10 - should be:

"Our Embassies in Washington and Lima reported, fully and promptly, all the relevant information that was available to them. Agency reports of President Belaúnde's press conference in Lima on 2 May reached London slightly earlier than the telegram from our Embassy because the then Ambassador was personally briefed by the Foreign Minister immediately after the press conference. All the reports of the Peruvian ideas were sent after the Belgrano had been sunk. President Belaúnde's press conference was itself held four hours after the sinking."

This is consistent with the answers which Sir Geoffrey proposes to give to Questions Nos 5 and 9 put by Mr Dalyell on 22 March.

I am copying this letter to Richard Mottram.

Yours ever,
Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

Argentina Relations

Foreign Office, London

London, SW1A 1AA

Pt 37



11 APR 1984

do v



10 DOWNING STREET

From the Private Secretary

9 April 1984

BELGRANO: ELEVEN QUESTIONS BY MR. TAM DALYELL, MP

The Prime Minister has seen your letter of 6 April and the draft reply to the questions posed by Mr. Dalyell, MP, in the Foreign Affairs Debate on 22 March.

The Prime Minister is generally content that Sir Geoffrey Howe should reply as he proposes but believes that some of the answers could be read as implying that we accept some of Mr. Dalyell's propositions.

On page 3 of your enclosure, the lengthy answer in the middle of the page suggests that a signing ceremony had been arranged in Lima on 2 May. Unless there is clear evidence that this was the case, it might be better to adjust the reply to avoid any such implication. In any event, the final two words ("or encouragement") of the answer seem unnecessary.

With regard to the next question, the answer ("The British Government received no such indication") suggests that we now accept that Galtieri had made a decision in principle to withdraw from the Islands.

The second sentence of the answer on the top of page 4 could carry the same implication. The Prime Minister has asked "What makes us think that the Argentines were prepared to withdraw?"

I am copying this letter to Richard Mottram (Ministry of Defence).

A. J. COLES

CST.

P.F. Ricketts, Esq.,
Foreign and Commonwealth Office.

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10 DOWNING STREET

From the Private Secretary

9 April, 1984

RELATIONS WITH ARGENTINA

You will doubtless be providing further advice in due course on this subject in the light of Berne telegram number 113.

Meanwhile you should know that the Prime Minister saw this telegram over the weekend. She has made the preliminary comment that the distinction which Mr. Caputo appears to be trying to draw between discussion and negotiation is unconvincing since the Argentines appear to be using the one to lead to the other. Mrs. Thatcher has also noted the implication in sub-paragraph vii of paragraph 4 that the question of sovereignty might be raised during the discussions and that it would then be for us to break off the discussions if we felt it necessary to do so. This does not of course accord with our view that sovereignty cannot be raised during the discussions. Finally, the references to "future negotiations" in that paragraph are unwelcome.

A. J. COLES

P. Ricketts, Esq.,
Foreign and Commonwealth Office

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PS
PS/LADY YOUNG
PS/MR WHITNEY
PS/MR RIFKIND
PS/PUS
SIR J BULLARD
SIR I SINCLAIR
SIR WY HARDING
MR WRIGHT
MR ADAMS
LOED N G LENNOX
SIR C TICKELL
MR D C THOMAS
MR CARTLEDGE
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MR J STEWART AUSD STAFF MOD

PS/CHANCELLOR)
MISS M E CUND) TREASURY
MR LITTLER)

SIR R ARMSTRONG)
MR A D S GOODALL) CABINET OFF
DIO)

~~MR M A PATTISON, FED, ODA~~
Mr POWER, SAD, ODA

Mr A FORTNAM IAT/ D. TRANSPORT

~~RESIDENT CLERK~~

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MY TELNO 112: RELATIONS WITH ARGENTINA

SUMMARY

1. REPORT BY SWISS AMBASSADOR AT BUENOS AIRES OF CAPUTO'S REACTIONS TO BRITISH GOVERNMENT'S COMMUNICATION. CAPUTO DRAWS DISTINCTION BETWEEN DISCUSSIONS AND NEGOTIATIONS. HE WISHES TO PROCEED WITH DISCUSSIONS WITHOUT PRECONDITIONS OR FIXED AGENDA. ALFONSIN'S REACTIONS NOT YET KNOWN. NO PUBLICITY TO BE GIVEN TO BRITISH COMMUNICATION PENDING FURTHER ADVICE.

DETAIL

2. STATE SECRETARY INVITED ME TO CALL THIS AFTERNOON (7 APRIL) IN ORDER TO HEAR KEUSCH'S REPORT ON HIS MEETING YESTERDAY WITH CAPUTO WHICH STARTED AT APPROXIMATELY 1645 LOCAL TIME AND LASTED ABOUT ONE HOUR. KEUSCH HANDED OVER THE TEXT IN YOUR TELNO 63 AND HAD WITH HIM BUT DID NOT HAND OVER THE BOUT DE PAPIER WHICH I GAVE TO BRUNNER BASED ON YOUR TELNO 62. HIS COVERING INSTRUCTIONS WILL HAVE BEEN BASED ON MY ORAL COMMUNICATION OF YOUR TELNO 61.

3. CAPUTO ASKED KEUSCH NOT TO INFORM THE PRESS OF DELIVERY OF YOUR MESSAGE UNTIL HE HEARD FURTHER FROM ELSA KELLY WHO WAS PRESENT AND WAS DUE TO DISCUSS DETAILED POINTS LATER WITH ALFONSIN, TO WHOM CAPUTO ONLY HAD TIME TO TRANSMIT THE BASIC DOCUMENT BEFORE LEAVING TO CATCH HIS FLIGHT TO NEW YORK. BRUNNER WAS STILL WAITING TO HEAR FROM KEUSCH ABOUT ANY PUBLICITY ARRANGEMENTS AND SUGGESTED THAT MEANWHILE IT WOULD BE BETTER TO MAKE NO ANNOUNCEMENT.

4. KEUSCH REPORTED CAPUTO'S OBSERVATIONS ON HIS COMMUNICATION UNDER NINE HEADS:-
 - I. THE BRITISH ANSWER WAS MAINLY A REPETITION OF FUNDAMENTAL POINTS SET OUT IN OUR PROPOSAL OF 26 JANUARY.
 - II. CAPUTO SHARES FROM THE OPPOSITE SIDE MANY OF THE SAME DIFFICULTIES EXPRESSED IN OUR LATEST COMMUNICATION PARTICULARLY AS CONCERNS THE PROBLEM OF SOVEREIGNTY AFTER ALL THAT HAPPENED IN 1982. HE FEELS THAT THE ARGENTINE GOVERNMENT AND THE RADICAL PARTY HAVE GONE A VERY LONG WAY IN THE DIRECTION OF REALISM.
 - III. HE UNDERSTOOD THE DIFFICULTIES ENCOUNTERED BY EACH SIDE IN ENDEAVOURING TO EXPLAIN ITS POSITION TO THE OTHER BUT AT THE SAME TIME FELT THAT EXCHANGING NOTES AT INTERVALS OF MORE THAN ONE MONTH WAS NOT A VERY HELPFUL METHOD OF PROCEEDING.
 - IV. FOR CAPUTO THERE IS A CLEAR AND FUNDAMENTAL DISTINCTION BETWEEN DISCUSSION AND NEGOTIATION. WE MUST TOGETHER SEEK TO FIND WAYS FOR FUTURE NEGOTIATION.
 - V. ARGENTINA SEEKS ONLY DISCUSSION FOR THE TIME BEING WITH THE PURPOSE OF ASCERTAINING IF WAYS FOR FUTURE NEGOTIATIONS CAN BE FOUND.
 - VI. THESE DISCUSSIONS SHOULD BE FACE TO FACE WITHOUT CONDITIONS AND IN THIS CONTEXT (DANS CETTE OPTIQUE) THERE IS NO PLACE FOR PRIOR DECLARATIONS.
 - VII. THE AGENDA FOR DISCUSSIONS SHOULD BE OPEN AND UNCONDITIONAL (SANS PREALABLES). IF SOVEREIGNTY OR ANY OTHER UNACCEPTABLE

VII. THE AGENDA FOR DISCUSSIONS SHOULD BE OPEN AND UNCONDITIONAL (SANS PREALABLES). IF SOVEREIGNTY OR ANY OTHER UNACCEPTABLE QUESTIONS WERE RAISED IT WOULD BE FOR EITHER SIDE TO BREAK THE DISCUSSIONS IF THEY FELT IT NECESSARY.

VIII. TO ILLUSTRATE HIS DISTINCTION BETWEEN DISCUSSION AND NEGOTIATION CAPUTO GAVE AS AN EXAMPLE THAT BEFORE 1982 GREAT BRITAIN WAS NEGOTIATING WITH ARGENTINA. HE DOES NOT WISH TO COME BACK TO THAT POINT AND CONSIDERS THE TERM NEGOTIATION RISKS CREATING FALSE PERSPECTIVES AND THAT ITS USE SHOULD BE AVOIDED.

IV. HE IS EAGER TO KNOW IF THE BRITISH GOVERNMENT HAS REALLY GRASPED HIS DISTINCTION BETWEEN DISCUSSION AND NEGOTIATION (AND ACCEPTS THAT WHAT ARGENTINA REALLY (VERITABLEMENT) DESIRES IS A DISCUSSION.

No - because they are using the one to lead to the other.

5. KEUSCH OFFERED THE COMMENT THAT THIS LATEST DISCUSSION WITH CAPUTO HAD PROVIDED A MUCH CLEARER VIEW OF THE TRUE ARGENTINE POSITION THAN THAT CONTAINED IN THEIR COMMUNICATION OF 16 FEBRUARY.

6. IN RESPONSE TO MY QUESTION BRUNNER SAID THAT THERE HAD BEEN NO DISCUSSION OF THE PLACE, FORM OR TIMING OF THE DISCUSSIONS. ONCE THE PRINCIPLE HAD BEEN ACCEPTED THIS QUESTION SHOULD BE EASY TO SETTLE. BRUNNER ADDED THAT AS HE SAW IT THE ARGENTINIANS WERE EAGER TO SIT DOWN IN AN INFORMAL WAY AND TALK BETWEEN RESPONSIBLE OFFICIALS ABOUT THE WHOLE PROBLEM OF THEIR RELATIONS WITH THE UNITED KINGDOM. HE SUGGESTED THE PRIMARY OBJECTIVE WOULD BE TO FIND OUT WHETHER AND HOW THIS COULD LEAD TO SOMETHING CONCRETE IN THE DIRECTION OF YOUR SIX POINTS. THE RENEWAL OF CONTACT WAS THE FIRST ESSENTIAL STEP AFTER WHICH IT WOULD BE POSSIBLE TO DISCOVER HOW THE QUESTIONS FOR DISCUSSION COULD BEST BE HANDLED.

7. IN REPLY TO MY FURTHER QUESTION BRUNNER SAID THAT THE REACTION OF ALFONSIN WAS SO FAR UNKNOWN. HE SAID IT WAS ALSO NOT YET CLEAR WHETHER A FURTHER MORE FORMAL REPLY TO YOUR LATEST MESSAGE SHOULD BE EXPECTED OR WHETHER THE REPORT HE HAD NOW GIVEN TO ME OF ITSELF CONSTITUTED A SUFFICIENT ANSWER. CLARIFICATION OF THESE POINTS WOULD AWAIT CONSULTATIONS BETWEEN ALFONSIN AND CAPUTO. KEUSCH DID NOT EXPECT ANY FURTHER DEVELOPMENT IN BUENOS AIRES UNTIL AFTER THE LATTER'S RETURN ON 13 APRIL.

8. WHEN I RETURNED TO THE QUESTION OF MODALITIES BRUNNER SAID THAT THERE WAS ALREADY A LARGE MEASURE OF AGREEMENT AND REFERRED TO OUR CONVERSATION REPORTED IN MY TELNO 103. IT DID NOT APPEAR FROM KEUSCH'S REPORT THAT THERE HAD BEEN ANY FURTHER DEVELOPMENT YESTERDAY.

POWELL-JONES



10 DOWNING STREET

From the Private Secretary

6 April 1984

Belgrano

I enclose a copy of a letter which the Prime Minister has received from Mr. Tam Dalyell which has been prompted by the Prime Minister's letter of 4 April to Mr. Denzil Davies.

You will note that Mr. Dalyell has an Oral Question down for answer by the Prime Minister on Thursday 12 April.

In his present letter he asks a number of detailed questions. Subject to your views, I am inclined to advise the Prime Minister not to answer these questions but to reply in the following sense: she takes it that Mr. Dalyell is still trying, as he has tried for the last two years or so, to establish his contention that the Belgrano was attacked in order to destroy the prospects for peace negotiations based on the Peruvian proposals; that is simply not true; she has made the position on this matter absolutely clear yet again in her letter of 4 April to Mr. Denzil Davies; in these circumstances she does not think it useful to prolong these exchanges.

I should be grateful for advice by mid-day on Wednesday, 11 April as to whether the Prime Minister should reply in the above terms.

It would, in any case, be useful if you could let me have brief answers (in a form usable in the House of Commons) to Mr. Dalyell's questions in case he pursues any of these points on 12 April. This is not to say that the Prime Minister would necessarily enter into the substance of the matter in any exchanges with Mr. Dalyell but it will be useful to have the option of so doing if we judge that that is the best tactic. Could this line to take also be available by lunchtime on Wednesday 11 April.

I am copying this letter and enclosure to Peter Ricketts (Foreign and Commonwealth Office).

A. J. COLES

Richard Mottram, Esq.,
Ministry of Defence.

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Remembered
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11/4



HOUSE OF COMMONS
LONDON SW1A 0AA

The Prime Minister.

5/4/84

Prime Minister

mt

I shall let you have a
draft copy before 12 April.
A.S.C. 6/4.

Dear Prime Minister,

Denzil Davies has very kindly given me a copy of your letter to him of April 4th, 1984, responding to his letter of March 6th, 1984, written at the behest of the Shadow Cabinet. Denzil will be replying doubtless, as he thinks fit, after consideration with Shadow Cabinet colleagues. In the meantime, you are aware of my own interest, and I would like to say that your reply does go some way towards confirming a number of facts, to which I have been drawing attention in recent months. You also confirm some of the information contained in the recently published book, " The Sinking of the Belgrano " by Desmond Rice and Arthur Gavshon, about which I am asking you in an Oral Question, Number 5, on Thursday April 12th.

However, your letter, Prime Minister, still leaves a number of serious questions, unanswered and unclear. In view of the Government's ever-changing explanations about the circumstances surrounding your order to sink the Belgrano, it would be helpful if you would address yourself to the following issues:

1. Paragraph 2 of your letter. In backgrounding the military situation on May 1, 1982, you say the air attacks on Port Stanley Airfield were for the purpose of enforcing the Total Exclusion Zone. Since cluster bombs, air-burst shells, and other anti-personnel devices were used, Prime Minister, how can you really suggest that this was part of the process of enforcing the Total Exclusion Zone ?
2. Paragraph 3 of your letter. Was HMS Conqueror^s instructed to search for and locate the Belgrano by Admiral Woodward, by Fleet Headquarters, Northwood, or by whom ? In other words, who perceived the Belgrano Group to be a threat to the Task Force in general, and as you have argued on Television, our Carriers in particular ? Candidly, I have suspected



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LONDON SW1A 0AA

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for many months that the notion that the Belgrano Group were endangering the Task Force emerged as a post-facto rationalisation.

3. Paragraph 3 of your letter. You relate that Admiral Woodward asked for a change in the Rules of Engagement to permit the Belgrano to be attacked outside the Total Exclusion Zone - and, as we all know, you and Members of the War Cabinet agreed to that change. Why then did your former Defence Minister, (Sir) John Nott, a Member of the War Cabinet, who participated in the deliberations on the matter, mislead the House of Commons without any corrective by you, by saying on 4th and 5th May that the decision to torpedo the Belgrano was taken by the Submarine Commander? Parliament, Press, and People were deceived - why?

4. Paragraph 3 of your letter. You refer to destroyers armed with Exocet missiles. Do I take it that the Government is backing away from its original claim that Belgrano also was armed with Exocets?

5. Paragraph 3 of your letter. Can you explain why the Conqueror detected an Argentine oiler auxiliary in the Belgrano Group, when the signals from the 44 year old iron-clad, USS Phoenix (Belgrano) were considerably stronger?

6. Paragraph 3 of your letter. You stress that on 2 May "we had indications about the movements of the Argentine Fleet" which led to Admiral Woodward's request for a change in the Rules of Engagement. What precisely were those "indications"? My information is that the Argentine Fleet was by that time under orders to return to base, and you knew that. Gavshon and Rice in their book cite precise times (20.00 hours on May 1, and 01.19 hours on May 2) when those orders were sent by Admiral Allara, and the Naval Command in Buenos Aires. The text of one of those messages is included in their book.



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LONDON SW1A 0AA

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7. Paragraph 5 of your letter. You quote Admiral Woodward as saying that his request for a major change to the rules of engagement in order to attack the Belgrano was " the first and only time throughout the campaign " he had made such a request. This is just not true, Prime Minister, because when Conqueror was in Argentine Territorial Waters he again asked for a change in the Rules of Engagement, so as to be able to operate within those waters. (Reference Gavshon and Rice, Page 130.)

8. Paragraph 5 of your letter. Prime Minister, will you please explain how the Belgrano and her Group, sailing on a 280 degree course, (confirmed to me in Parliamentary answers), sailing West North West, could in any way have been completing a pincer movement ? Have you ever heard of naval ships engaging in a pincer movement while retreating to home port in an opposite direction ? And, can you explain how on earth it was that a huge, slow-moving hulk like the ancient Carrier, 25th May, could have "slipped past " the sophisticated, speedy nuclear powered submarine, presumably HMS Splendid, which was " trailing her " and which had been built at a cost of many £millions to the British tax-payer ?

9. Paragraph 6 of your letter. Will you explain, Prime Minister, your assertion that it was irrelevant to the sinking that the Belgrano was heading homewards and well outside the Exclusion Zone and nowhere near the Burdwood Bank ?

10, Paragraph 7 of your letter. Has your Government enquired into the reasons why the British Embassies in Washington and Lima took so long to report on the Peruvian Peace Initiative, and its preparation, if, as you claim " first indications " only reached London at 23.15 hours on May 2, and 0200 hours May 3 respectively ? Did you know that an Associated Press Despatch from Lima, timed 23.44 hours, BST, May 2, said that



HOUSE OF COMMONS
LONDON SW1A 0AA

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President Fernando Belaunde Terry had announced that Britain and Argentina that night would end hostilities over the Falklands ? Reuters and other international wire services carried similar reports. (Gavshon and Rice Page xlv)

11. Paragraph 8 of your letter. In what way would earlier disclosure of "first contacts " with the Belgrano Group have prejudiced operations ? Disclosure for instance after the end of hostilities in June 1982 ? Don't you think that it would be far better if you and your Government were to be open and truthful with the House of Commons and the British People ?

I look forward to your early response.

Yours Sincerely,
Ian Dubs 12/11



Foreign and Commonwealth Office

London SW1A 2AH

6 April, 1984

*Dear John,*Belgrano: Eleven Questions by Mr Tam Dalyell MP

In the course of the Foreign Affairs Debate in the House on 22 March, Mr Tam Dalyell MP posed eleven questions about the events surrounding the sinking of the Belgrano. These were all prompted by the recently-published book 'The Sinking of the Belgrano', by Desmond Rice and Arthur Bavshon.

I enclose a copy of the reply which Sir Geoffrey Howe proposes to send. I also enclose a fuller note setting out the Confidential background on which the replies to the various points are based. The reply to Question 2 takes account of the Prime Minister's reply to Mr Denzil Davies, MP of 4 April.

Sir Geoffrey would be grateful to know whether the Prime Minister and the Defence Secretary are content with the proposed reply. He also proposes to arrange for the draft reply to be seen by Mr Pym before it issues.

I am copying this to Richard Mottram (MOD).

*Yours ever,**P F Ricketts*

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

DRAFT: minute/letter/teleletter/despach/note

TYPE: Draft/Final 1+

FROM: Secretary of State

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO: Tam Dalyell Esq MP
House of Commons

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

Copies to:

PRIVACY MARKING

SUBJECT:


.....In Confidence

During the Foreign Affairs Debate in the House on 22 March you asked a series of eleven questions about the events surrounding the sinking of the Argentine cruiser General Belgrano on 2 May 1982 (Official Report, Vol 56, Cols 1260-1261). For convenience I enclose with this letter a note setting out the text of your questions together with my replies.

CAVEAT.....

/

Enclosures—flag(s).....



MR TAM DALYELL'S QUESTIONS IN THE FOREIGN AFFAIRS DEBATE,
22 MARCH 1984 (OFFICIAL REPORT, VOL 56, COLS 1260-1261):
ANSWERS BY THE FOREIGN AND COMMONWEALTH SECRETARY

QUESTION

First, the Prime Minister has insisted that there was no contact with the right hon Member for Cambridgeshire, South-East (Mr Pym) in Washington about the Peruvian initiative before the sinking of the Belgrano, but Al Haig, whose memoirs are to be published on 25 March, told Gavshon that there had been 'communications with London', according to The Observer of 5 June 1983. Manuel Ulloa, Peru's incumbent Prime Minister, stresses that he kept Ambassador Charles Wallace very closely informed about all aspects of the peace negotiations and is certain that Wallace was in close touch with London. I talked to Ulloa in his house in the Miraflores district of Lima and that is exactly what he told me. Will the Prime Minister therefore acknowledge that the War Cabinet changed the rules of engagement, knowing that promising peace talks were in progress?

QUESTION

Fifthly, if, as Peruvian Government leaders maintain, Ambassador Wallace was kept closely advised about the progress of the peace talks through 1 and 2 May, did Mr Wallace in his turn keep the Foreign and Commonwealth Office informed? Specifically, did he not transmit to London an outline of the proposed seven-point proposal providing, among other things, for an Argentine withdrawal from the Falklands?


ANSWER

The Government have repeatedly stated, clearly and explicitly, that news of the Peruvian proposals did not reach London until over three hours after the attack on the 'General Belgrano'.

You referred to an article in The Observer on 5 June 1983 reporting a journalist's telephone conversation with Mr Haig. That account quoted Mr Haig only as saying that 'our communications with London did not suggest that we were on the verge of a breakthrough'. It does not claim that Mr Haig said that he had been in contact with the British Government about the ideas he had been discussing with the Peruvians. You are mistaken if you interpret the report to mean that Mr Haig had discussed the Peruvian proposals with anyone in the British Government here on 1 or 2 May.

You refer to Mr Charles Wallace, our then Ambassador in Lima. I can assure you categorically - and my Department have been in contact yet again with Mr Wallace, in view of the references to him

/by Messrs Rice and



by Messrs Rice and Gavshon - that no information about the Peruvian proposals was put to him until he called on the then Foreign Minister of Peru, Dr Arias Stella, at the latter's request, at 18.30 local time (23.30 GMT) on 2 May. Indeed, when Mr Wallace saw Dr Arias Stella on other Falklands business on 1 May, the Peruvian Foreign Minister gave no indication that any initiative was being contemplated.

Having summoned Mr Wallace on 2 May, Dr Arias Stella gave him details of what the Peruvians had in mind. Mr Wallace reported this to London immediately in a telegram despatched at 20.03 local time (01.03 GMT on 3 May) - ie six hours after the attack on the Belgrano. President Belaúnde had first announced the Peruvian initiative at a press conference in Lima half an hour before Mr Wallace was summoned by the Foreign Minister, but specifically declined to give any details. The Ambassador also reported that announcement promptly by telegram to London.

QUESTION

Secondly, the Belgrano was within the sights of HMS Conqueror before the departure of the right hon Member for Cambridgeshire, South-East for Washington on 1 May 1982. Why was the then Foreign Secretary, a member of the War Cabinet, not informed of this extremely important development?

ANSWER

Mr Pym left for Washington on the afternoon of 1 May, which was the day on which the Conqueror first sighted the Belgrano. However, the essential point is that it was on 2 May that we had indications about the movements of the Argentine fleet which led the Task Force Commander to request a change in the Rules of Engagement to permit the Belgrano to be attacked outside the Total Exclusion Zone.

QUESTION

Thirdly, 'The Sinking of the Belgrano' and The Economist both make clear that arrangements had been made for the loan or the purchase or, in some form, the use of a United States aircraft carrier in the event that HMS Hermes or Invincible, or both, were lost in the campaign. Was the Foreign Secretary of the day, and the War Cabinet, made aware of this?

ANSWER

No such arrangement was made, so there was no question of Mr Pym or other members of the War Cabinet being made aware of it.

QUESTION

Fourthly, did General Haig telephone the Prime Minister at any time on 1 May or 2 May 1982 on the subject of the Peruvian peace initiative or on any other related matter?.

/ANSWER



ANSWER

No such telephone call was made.

QUESTION

Sixthly, after Galtieri's acceptance in principle of the peace proposal, did Ambassador Wallace report to the Foreign and Commonwealth Office that he had been invited, along with Argentina's ambassador in Lima, to attend a formal signing ceremony on the night of 2 May?

QUESTION

Seventhly, did Charles Wallace seek Foreign and Commonwealth Office or Prime Ministerial authority to attend that signing ceremony and what, if any, instructions were sent to him?

ANSWER

This sounds as if Mr Wallace had been consulted

Mr Wallace did not at any stage report that he and his Argentine colleague had been invited to attend such a ceremony; there was consequently no question of his asking for authority to attend it. He did report - in the telegram of 3 May to which I have already referred - that Dr Arias had told him that the Peruvians expected that, if their proposals were acceptable to both Britain and Argentina, the signature of an interim document would take place in Lima: but he did not report that signature was anticipated that same day. I might add that President Belaúnde had said at his press conference on the evening of 2 May that the Argentines were still considering his proposals and that he hoped to make an announcement about them later that night or the following day. I cannot of course speak for the Peruvian Government, but against this background it would seem unlikely that they expected any kind of ceremony to take place that night. At all events, if they did, it was without the British Government's knowledge [or encouragement.]

QUESTION

Eighthly, in advance of the War Cabinet decision to attack the Belgrano, was there anyone in London who had been told of the Galtieri decision in principle to withdraw from the islands, or that the Argentine fleet was homeward bound?

ANSWER

This sounds as if we accept now that Galtieri had made such a decision

The British Government received no such indication.

QUESTION

Ninthly, if nobody in London was so informed, have any attempts been made subsequently to establish why the right hon Member for Cambridgeshire, South-East, the British embassy in Washington and the British embassy in Lima failed to do so?

/ANSWER



ANSWER

Mr Pym and our Embassies in Washington and Lima reported, fully and promptly, all the relevant information that was available to them. But they, like their colleagues in London, were not aware of any indications that the Argentines might be prepared to withdraw from the Falklands or that they had ordered their fleet home.

What makes us think US Ministers were prepared to withdraw? —

QUESTION

Tenthly, both the Prime Minister and the right hon Member for Cambridgeshire, South-East referred dismissively to the Peruvian peace proposals as no more than a mere outline. Haig described it to Gavshon in his book as

" a formulation that provided hope that a settlement could be reached" .

The Peruvians - President Belaúnde, Ulloa and former Foreign Minister Arias Stella - all regarded it as a firm and thorough basis for an agreement. How can the British characterisation be reconciled with the United States and Peruvian descriptions? Some of us look forward very much to seeing what Haig's memoirs say about how advanced the Peruvian proposals were.

They have not been published.

ANSWER

Mr Pym has already given a full account of the way in which the Peruvian proposals were described to him, and of his discussion of them with Mr Haig, in his letter published in the Daily Mirror on 20 May 1983. Mr Haig's account, as published in The Sunday Telegraph on 1 April, makes it quite clear that on 2 May 1982 Mr Haig and President Belaúnde 'worked all day' on the new proposals: this is consistent with what Mr Pym has said.

QUESTION

Finally, was the right hon Member for Cambridgeshire, South-East speaking with the knowledge and authority of the War Cabinet when he told journalists in Washington on the evening of 1 May 1982 that

" no further military action is envisaged at the moment, except to keep the exclusion zone secure" ?

Had he been briefed in any way on the military situation before leaving London? Did he have any telephonic contact with any of his Foreign and Commonwealth advisers on Sunday 2 May 1982?

ANSWER

You query Mr Pym's comments to journalists on his arrival in Washington on the evening of 1 May 1982 that 'no further military action is envisaged at the moment, except to keep the Exclusion Zone secure', as if this were inconsistent with the subsequent

/attack on the



attack on the Belgrano (thereby implying that Mr Pym was ignorant of the military situation). There is no inconsistency. As has repeatedly been explained (for example, by Lady Young in reply to a similar suggestion by Lord Hatch of Lusby in the House of Lords on 13 July 1983), the Government had notified the Argentine Government in a message delivered on 23 April 1982 - and immediately circulated in the Security Council - that the declaration of the 200-mile Maritime Exclusion Zone around the Falkland Islands was without prejudice to our right to take additional measures of self-defence and that 'any approach on the part of Argentine warships . . . which could amount to a threat to interfere with the mission of British forces in the South Atlantic will encounter the appropriate response.' The Belgrano constituted a real threat on 2 May. For that reason, and for that reason alone, the Belgrano was attacked. If it had not been, the Belgrano would have been free to carry out attacks on our own ships. Of course Mr Pym was fully briefed before his departure for Washington. His letter to the Daily Mirror explains why he saw no need to telephone London on 2 May.

First, the Prime Minister has insisted that there was no contact with the right hon. Member for Cambridgeshire, South-East (Mr. Pym) in Washington about the Peruvian initiative before the sinking of the *Belgrano*, but Al Haig, whose memoirs are to be published on 25 March, told Gavshon that there had been "communications with London", according to *The Observer* of 5 June 1983. Manuel Ulloa, Peru's incumbent Prime Minister, stresses that he kept Ambassador Charles Wallace very closely informed about all aspects of the peace negotiations and is certain that Wallace was in close touch with London. I talked to Ulloa in his house in the Miraflores district of Lima and that is exactly what he told me. Will the Prime Minister therefore acknowledge that the War Cabinet changed the rules of engagement, knowing that promising peace talks were in progress?

Fifthly, if, as Peruvian Government leaders maintain, Ambassador Wallace was kept closely advised about the progress of the peace talks through 1 and 2 May, did Mr. Wallace in his turn keep the Foreign and Commonwealth Office informed? Specifically, did he not transmit to London an outline of the proposed seven-point proposal providing, among other things, for an Argentine withdrawal from the Falklands?

Draft Answer

1. The Government have repeatedly stated, clearly and explicitly, that news of the Peruvian proposals did not reach London until over three hours after the attack on the 'General Belgrano'.
2. You referred to an article in *The Observer* on 5 June 1983 reporting a journalist's telephone conversation with Mr Haig. That account quoted Mr Haig only as saying that 'our communications with London did not suggest that we were on the verge of a breakthrough'. It does not claim that Mr Haig said that he had been in contact with the British Government about the ideas he had been discussing with the Peruvians. You are mistaken if you interpret the report to mean that Mr Haig had discussed the Peruvian proposals with anyone in the British Government here on 1 or 2 May.

3. You refer to Mr Charles Wallace, our then Ambassador in Lima. I can assure you categorically - and my Department have been in contact yet again with Mr Wallace, in view of the references to him by Messrs Rice and Gavshon - that no information about the Peruvian proposals was put to him until he called on the then Foreign Minister of Peru, Dr Arias Stella, at the latter's request, at 18.30 local time (23.30 GMT) on 2 May. Indeed, when Mr Wallace saw Dr Arias Stella on other Falklands business on 1 May, the Peruvian Foreign Minister gave no indication that any initiative was being contemplated.

4. Having summoned Mr Wallace on 2 May, Dr Arias Stella gave him details of what the Peruvians had in mind. Mr Wallace reported this to London immediately in a telegram despatched at 20.03 local time (01.03 GMT on 3 May) - ie six hours after the attack on the Belgrano. President Belaúnde had first announced the Peruvian initiative at a press conference in Lima half an hour before Mr Wallace was summoned by the Foreign Minister, but specifically declined to give any details. The Ambassador also reported that announcement promptly by telegram to London.

Background

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1. The answer to the point at the end of Question 1, about when news of the Peruvian proposals reached London, was first used by the Prime Minister in response to an oral question in the House of Commons on 12 May 1983. Lord Belstead, in the House of Lords on the same date, was the first to give the precise timing - 2215Z on 2 May - of the despatch of the telegram from Washington.
 2. The Observer article which Mr Dalyell quotes provides no evidence to support the suggestion - echoed in Questions 4 and 11 - that Mr Pym or Mr Haig had been in direct touch with HMG from Washington shortly before the Rules of Engagement were changed.

/3.

3. Mr Dalyell's questions about when and how the then British Ambassador to Peru, Mr Wallace, had been informed of the Peruvian proposals have not previously been answered in Parliament, but Ministers have approved Notes for Supplementaries in the terms now used. Sir N Henderson gave an accurate account of events in Lima in his article in the Economist of 12 November (page 56). The assertion that Mr Wallace was kept closely informed by the Peruvians about all aspects of the peace negotiations appears in Gavshon and Rice's book (pages 83-4), although that version attributes the claim to the Peruvian Foreign Minister, Dr Arias Stella, rather than to the more staunchly pro-Argentine Prime Minister, Dr Ulloa. Mr Wallace reiterated the true facts when he commented on the Gavshon/Rice version (Montevideo Telno 136 of 22 March 1984). His original reporting telegrams from Lima (134 and 137 of 3 May 1982) confirm that he knew nothing about the Peruvian proposals until the Foreign Minister summoned him to tell him about them. He could not have known from the local media that anything was in the offing because President Belaúnde only announced the fact - but not the details - of the Peruvian initiative at a press conference immediately before Mr Wallace was summoned by the Foreign Minister (Lima Telno 139 of 3 May 1982 and Reuter report reproduced in The New Statesman of 13 May 1983).

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Secondly, the Belgrano was within the sights of HMS Conqueror before the departure of the right hon. Member for Cambridgeshire, South-East for Washington on 1 May 1982. Why was the then Foreign Secretary, a member of the War Cabinet, not informed of this extremely important development?

Draft Answer

Mr Pym left for Washington on the afternoon of 1 May, which was the day on which the Conqueror first sighted the Belgrano. However, the essential point is that it was on 2 May that we had indications about the movements of the Argentine fleet which led the Task Force Commander to request a change in the Rules of Engagement to permit the Belgrano to be attacked outside the Total Exclusion Zone.

Background

This question cannot be answered factually without revealing the time at which news of HMS Conqueror's detection of the Belgrano was received in London. This has not so far been made public. The answer is consistent with the Prime Minister's letter of 4 April to Mr Denzil Davies MP.

Thirdly, "The Sinking of the *Belgrano*" and *The Economist* both make clear that arrangements had been made for the loan or the purchase or, in some form, the use of a United States aircraft carrier in the event that HMS *Hermes* or *Invincible*, or both, were lost in the campaign. Was the Foreign Secretary of the day, and the War Cabinet, made aware of this?

Draft Answer

No such arrangement was made, so there was no question of Mr Pym or other members of the War Cabinet being made aware of it.

Background

L 1. An (unsigned) article by Simon Jenkins in The Economist
of 3 March 1984 claimed that 'the Americans decided that if
the Argentines sank either of the British carriers, *Hermes*
or *Invincible*, they would immediately replace it. Though
known to certain British naval and diplomatic officials,
M this was not known to the War Cabinet'. Gavshon and Rice
(page 51) attribute to Sir N Henderson the comment that,
if either or both the British carriers had been lost, 'we
would have had to ask the Americans to make one available
to us'. In a recent informal conversation with the Head of
N FID, Sir Nicholas Henderson firmly maintained that he said
no such thing. But he does recall reporting from Washington
on 3 May 1982 (Telno 1572) that Mr Weinberger had told him
that he was 'waiting to hear whether he could help by
sending down a carrier' which 'might serve as a mobile runway
for us'. This idea was not apparently dependent on the
loss of one of our own carriers; nor is there any record on
our papers of it ever being followed up. It is not clear
whether Mr Weinberger's 'wait' followed a request from us
or an offer by him - the latter is the more plausible
O interpretation of his remark. Either way, The Times
(among others) reported on 9 March that Mr Weinberger had
denied that any such offer had been made.

SECRET

Fourthly, did General Haig telephone the Prime Minister at any time on 1 May or 2 May 1982 on the subject of the Peruvian peace initiative or on any other related matter?

Draft Answer

No such telephone call was made.

Background

1. A BBC 2 Newsnight programme on 29 April 1983 claimed among other things that an anonymous American source had stated that Mr Haig personally had telephoned the Prime Minister before the Chequers meeting on 2 May 1982. In his commentary of 9 May, 1983, Mr Fearn concluded that 'from the evidence on the file, none of these assertions has any truth in it and all can be firmly rebutted'. Mr Dalyell drew attention in Question 1 to the fact that Mr Haig's memoirs are shortly to be published (his reference to 25 March related only to the start of the serialisation of the memoirs in The Sunday Telegraph: the book itself is not due out until the end of April. The extract published on 25 March covered only Mr Haig's negotiations up to the end of the first week of April 1982). In Question 10, Mr Dalyell has insinuated that the memoirs might contradict certain points in the official British account of events. We have asked HM Embassy to try to obtain the full text of the book. Meanwhile, the instalment published on 25 March showed general solidarity with our position. One cannot be certain that his account of 1-2 May will coincide with ours, but some of the remarks attributed to him by The Observer give grounds for optimism.

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Sixthly, after Galvani's acceptance in principle of the peace proposal, did Ambassador Wallace report to the Foreign and Commonwealth Office that he had been invited, along with Argentina's ambassador in Lima, to attend a formal signing ceremony on the night of 2 May?

Seventhly, did Charles Wallace seek Foreign and Commonwealth Office or Prime Ministerial authority to attend that signing ceremony and what, if any, instructions were sent to him?

Draft Answer

1. You asked me two questions about 'a formal signing ceremony on the night of 2 May in Lima'. Mr Wallace did not at any stage report that he and his Argentine colleague had been invited to attend such a ceremony; there was consequently no question of his asking for authority to attend it. He did report - in the telegram of 3 May to which I have already referred - that Dr Arias had told him that the Peruvians expected that, if their proposals were acceptable to both Britain and Argentina, the signature of an interim document would take place in Lima: but he did not report that signature was anticipated that same day. I might add that President Belaúnde had said at his press conference on the evening of 2 May that the Argentines were still considering his proposals and that he hoped to make an announcement about them later that night or the following day. I cannot of course speak for the Peruvian Government, but against this background it would seem unlikely that they expected any kind of ceremony to take place that night. At all events, if they did, it was without the British Government's knowledge or encouragement.

Background

1. The draft answer sets out all that Mr Wallace was told about a signing ceremony in Lima. It is clear that the Peruvians did have such a ceremony in mind, if not for the evening of 2 May - as Gavshon and Rice claim - then for shortly afterwards. As Mr Fearn commented in paragraph 6 of his analysis, 'it has . . . to be borne in mind that

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/Mr Haig

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Mr Haig may well for tactical reasons have given Dr Arias Stella a misleading impression of British acquiescence and involvement'. It would in any case be unwise to dismiss talk of preparations for a signing ceremony. Indeed, for all we know, the Peruvians may have gone to the extent of preparing a text 'bound in red leather', as Mr Dalyell, quoting an article by Mr Paul Foot in the Daily Mirror on 5 May 1983, has claimed ad nauseam, eg in an adjournment debate in the House of Commons on 12 May 1983 (Col 1007). The draft answer repeats Lady Young's remark to Lord Hatch of Lusby in a debate in the House of Lords on 13 July 1983 (Cols 876 and 884): 'I cannot speak for the Peruvian Government, but if any document had been drawn up it was without our knowledge or encouragement'.

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Eighthly, in advance of the War Cabinet decision to attack the Belgrano, was there anyone in London who had been told of the Galtieri decision in principle to withdraw from the islands, or that the Argentine fleet was homeward bound?

Draft Answer

1. You asked whether, before the decision was taken to attack the Belgrano, anyone in London had been told of 'the Galtieri decision in principle to withdraw from the Islands, or that the Argentine fleet was homeward bound'. The British Government received no such indication.

Background

1. It is part of Mr Dalyell's thesis that the Belgrano was sunk because HMG knew that Galtieri had in principle accepted the Peruvian proposals. The evidence suggests that he may have indicated to President Belaúnde that he personally was prepared to accept them but that this was subject to the views of his colleagues. Either way, HMG at the time knew nothing about the proposals and the Argentines' reactions to them. Nor, if we had known, would the Argentines' negotiating record during the preceding month have lent credibility to Argentine professions of readiness to accept them.

2. With the second part of Question 8, Mr Dalyell is seeking to circumvent Ministers' customary refusal to comment on the allegation he has frequently made that HMG knew from intercepted Argentine signals that the Belgrano, along with the other elements of the Argentine fleet then on patrol, had been instructed to return to port well before the attack took place (one of his most recent interventions on this was on 30 November 1983 when he unsuccessfully sought an emergency debate). On this occasion Mr Dalyell does not refer to intelligence reports, so it is less easy to avoid comment. If something is included along the proposed lines, this will be the first time he has been told that we did not see intercepts of the sort he alleges. Thorough research has been carried out, without producing any trace of the supposed messages. It is possible that Mr Dalyell and others like Gavshon and Rice - who refer to them (page 81), citing Argentine sources - are the victims of Argentine disinformation. A denial that HMG ever saw such messages would seem overdue.

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Ninethly, if nobody in London was so informed, have any attempts been made subsequently to establish why the right hon. Member for Cambridgeshire, South-East, the British embassy in Washington and the British embassy in Lima failed to do so?

Draft Answer

1. Mr Pym and our Embassies in Washington and Lima reported, fully and promptly, all the relevant information that was available to them. But they, like their colleagues in London, were not aware of any indications that the Argentines might be prepared to withdraw from the Falklands or that they had ordered their fleet home.

Background

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I 1. The answer to question 9 follows logically from that to question 8. As far as Galtieri's reaction to the Peruvian proposals is concerned, there is no evidence on our files that Mr Haig told Mr Pym of the Argentine President's 'acceptance in principle'. Gavshon and Rice claim (page 93) that Mr Haig was informed of the Argentine reaction 'between 8 and 12 noon' Lima time (noon in Lima was 1 p.m. in Washington - ie after Mr Haig's morning meeting with Mr Pym). Washington's reporting telegram (no 1566 of 2 May) said only that 'the Americans had heard this morning via Costa Méndez that Argentina might be able to accept something like them' (the Peruvian proposals). Mr Wallace in Lima was told by Dr Arias Stella that evening that Galtieri was 'favourably disposed' towards them (Lima telno 137 of 3 May 1982).

Tenally, both the Prime Minister and the right hon. Member for Cambridgehire, South-East referred dismissively to the Peruvian peace proposals as no more than a mere outline. Haig described it to Gavshon in his book as

"a formulation that provided hope that a settlement could be reached"

The Peruvians—President Belaunde, Ulloa and former Foreign Minister Arias Stella—all regarded it as a firm and thorough basis for an agreement. How can the British characterisation be reconciled with the United States and Peruvian descriptions? Some of us look forward very much to seeing what Haig's memoirs say about how advanced the Peruvian proposals were.

Draft Answer

Mr Pym has already given a full account of the way in which the Peruvian proposals were described to him, and of his discussion of them with Mr Haig, in his letter published in the Daily Mirror on 20 May 1983. Mr Haig's account, as published in The Sunday Telegraph on 1 April, makes it quite clear that on 2 May 1982 Mr Haig and President Belaunde 'worked all day' on the new proposals: this is consistent with what Mr Pym has said.

Background

Mr Pym's letter to the Daily Mirror, published on 20 May 1983, assesses the proposals as "at best a promising basis for further work". Immediately before the passage from Gavshon and Rice which Mr Dalyell quotes, there is another quoting Dr Arias Stella as saying that the Peruvian proposal 'was the result of very intensive negotiations, mainly with Haig, whom we always took to be speaking for Britain. We thought that we had worked out a completely practical proposal which had a fair and balanced text ...' (pages 93-94).

Finally, was the right hon. Member for Cambridgeshire, South-East speaking with the knowledge and authority of the War Cabinet when he told journalists in Washington on the evening of 1 May 1982 that 'no further military action is envisaged at the moment, except to keep the exclusion zone secure'? Had he been briefed in any way on the military situation before leaving London? Did he have any telephonic contact with any of his Foreign and Commonwealth Office advisers on Sunday 2 May 1982?

Draft Answer

1. Finally, you query Mr Pym's comments to journalists on his arrival in Washington on the evening of 1 May 1982 that 'no further military action is envisaged at the moment, except to keep the Exclusion Zone secure', as if this were inconsistent with the subsequent attack on the Belgrano (thereby implying that Mr Pym was ignorant of the military situation). There is no inconsistency. As has repeatedly been explained (for example, by Lady Young in reply to a similar suggestion by Lord Hatch of Lusby in the House of Lords on 13 July 1983), the Government had notified the Argentine Government in a message delivered on 23 April 1982 - and immediately circulated in the Security Council - that the declaration of the 200-mile Maritime Exclusion Zone around the Falkland Islands was without prejudice to our right to take additional measures of self-defence and that 'any approach on the part of Argentine warships . . . which could amount to a threat to interfere with the mission of British forces in the South Atlantic will encounter the appropriate response.' The Belgrano constituted a real threat on 2 May. For that reason, and for that reason alone, the Belgrano was attacked. If it had not been, the Belgrano would have been free to carry out attacks on our own ships. Of course Mr Pym was fully briefed before his departure for Washington. His letter to the Daily Mirror explains why he saw no need to telephone London on 2 May.

/Background

Background

S 1. The difficulty about a factual answer about military briefing is the same as that entailed in question No 2 above. The language suggested in the first part of the draft reflects what Lady Young told Lord Hatch of Lusby on 13 July 1983 (col 884).

X 2. Mr Pym's comment in his Daily Mirror article that 'There is no basis whatsoever for any suggestion that, following my first talk with Mr Haig, I should have leapt to the telephone to report to my colleagues that peace was at hand' suggests that he did not initiate any such contact. In the other direction, Mr Fearn's chronology, and Mr Wright's minute of 2 May 1982 at flag B of that analysis, show that there was a telephone call from the FCO to the Embassy in Washington to ensure that Mr Pym was informed of the change in the Rules of Engagement to allow the Task Force to engage Argentine warships outside the TEZ; and another a short time before that. But there is no record of any telephone conversation at this time with Mr Pym himself; nor of any mention of the Belgrano in those between Mr Wright and the Embassy.

PRIME MINISTER

BELGRANO

The Foreign Secretary seeks your agreement to answers which he proposes to send by letter to Tam Dalyell - in response to questions which the latter asked in the Foreign Affairs Debate.

The answers themselves seem satisfactory to me. But I have submitted to you separately yet another letter from Tam Dalyell, this time to you, containing a further series of questions. I am consulting Departments about the reply to that letter, but I am inclined to think that, as a matter of tactics, there is little point in answering all the queries he puts. I believe it would be better for you to say that his one object is to establish that we attacked the Belgrano to destroy the Peruvian peace initiative and that that is simply not true, as your letter to Denzil Davies makes clear. Full stop.

The immediate tactical question is whether it is best for the Foreign Secretary to take a similar line or to send the detailed reply which he proposes. Perhaps the best thing is for him to send the detailed reply, on the grounds that the questions were put but not answered before you wrote to Denzil Davies, and that thereafter the Government take the line that there is no point in replying in detail to Mr. Dalyell.

Agree that the Foreign Secretary should reply as he proposes?

Yes not A.S.C. I think his answer need revision. As in previous some of them accept it seems to me that Dalyell's proposition is not

6 April 1984

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TO IMMEDIATE BERNE

TELEGRAM NUMBER 63 OF 6 APRIL

INFO PRIORITY BRASILIA, UKMIS NEW YORK, PORT STANLEY, WASHINGTON,
EC POSTS

RELATIONS WITH ARGENTINA

FOLLOWING IS TEXT OF SPEAKING NOTE

BEGINS:

1. THE BRITISH GOVERNMENT HAVE ASKED THE SWISS PROTECTING POWER TO CONVEY TO THE GOVERNMENT OF ARGENTINE THE BRITISH GOVERNMENT'S VIEW ON THE NEXT STEPS TOWARDS THE PROGRESSIVE NORMALISATION OF RELATIONS BETWEEN THE TWO COUNTRIES.
2. THE BRITISH GOVERNMENT HAVE STUDIED WITH CARE THE MESSAGE FROM THE ARGENTINE FOREIGN MINISTER, RECEIVED THROUGH THE PROTECTING POWERS ON 17 FEBRUARY, CONTAINING THE ARGENTINE GOVERNMENT'S REPLY TO THE BRITISH PROPOSALS PUT TO THEM BY THE SWISS PROTECTING POWER ON 26 JANUARY.
3. THE BRITISH GOVERNMENT NOTE THAT THIS REPLY CHARACTERIZES THE BRITISH INITIATIVE OF 26 JANUARY AS A 'POSITIVE STEP'. THEY WELCOME THE ASSURANCE OF THE IMPORTANCE WHICH THE ARGENTINE GOVERNMENT ATTACH TO THE DEFINITIVE NORMALISATION OF RELATIONS BETWEEN THE ARGENTINE REPUBLIC AND THE UNITED KINGDOM, AND THE ARGENTINE FOREIGN MINISTER'S ACKNOWLEDGEMENT THAT THE SIX ITEMS PROPOSED BY BRITAIN FOR DISCUSSION IN OFFICIAL TALKS MERIT EXAMINATION IN DEPTH.
4. THE BRITISH GOVERNMENT NOTE THAT THE ARGENTINE FOREIGN MINISTER'S MESSAGE ALSO LOOKS FORWARD TO SUBSTANTIVE NEGOTIATIONS ABOUT SOVEREIGNTY. THE BRITISH GOVERNMENT HAVE MADE CLEAR THAT SOVEREIGNTY CAN NOT (NOT) BE DISCUSSED, BUT THAT ANY DISCUSSIONS

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ABOUT THE PROGRESSIVE NORMALISATION OF RELATIONS SHOULD BE WITHOUT PREJUDICE TO THE POSITIONS OF THE UNITED KINGDOM AND ARGENTINA RESPECTIVELY ON THE QUESTION OF SOVEREIGNTY OVER THE FALKLAND ISLAND, SOUTH GEORGIA AND SOUTH SANDWICH ISLANDS. THE BRITISH GOVERNMENT REMAIN READY FOR TALKS WITH ARGENTINE AIMED AT NORMALISING RELATIONS BETWEEN THE TWO COUNTRIES. THE AIM OF SUCH TALKS SHOULD BE TO ESTABLISH A RENEWED CLIMATE OF MUTUAL CONFIDENCE IN WHICH UK-ARGENTINE RELATIONS CAN BE DEVELOPED IN A PRACTICAL AND PRODUCTIVE WAY. THE QUESTION OF SOVEREIGNTY MUST, HOWEVER, BE EXCLUDED FROM THE TALKS.

5. DR CAPUTO'S MESSAGE PROPOSES THE ADDITION OF THREE OTHER SUBJECTS TO THE AGENDA. THE BRITISH GOVERNMENT'S VIEW IS THAT THESE ARE MATTERS WHICH FALL WITHIN THE UNITED KINGDOM'S RESPONSIBILITIES FOR THE SECURITY OF THE FALKLAND ISLANDS AND THE WELL-BEING OF THEIR INHABITANTS. AS SUCH THEY DO NOT CONSIDER THEM TO BE SUBJECTS WHICH IT WOULD BE APPROPRIATE TO INCLUDE IN AN AGREED AGENDA FOR TALKS HAVING THE PURPOSE ALREADY DESCRIBED. THE BRITISH GOVERNMENT HOPE THAT THE ARGENTINE GOVERNMENT WILL ON REFLECTION AGREE THAT TO OPEN UP A DISCUSSION OF THE TWO COUNTRIES' MILITARY DISPOSITIONS IN THE REGION WOULD NOT BE HELPFUL TO TALKS WHICH, AS WAS INDICATED IN THE BRITISH PROPOSALS OF 26 JANUARY, SHOULD DEAL WITH MATTERS ON WHICH IT IS REALISTIC TO EXPECT EARLY PROGRESS.

6. THE BRITISH GOVERNMENT WOULD WELCOME AN EARLY MEETING BETWEEN BRITISH AND ARGENTINE OFFICIALS. THEY CONSIDER THAT TALKS ON THE BASIS SET OUT IN THE PRECEDING PARAGRAPHS SHOULD BE CONDUCTED DIRECTLY BETWEEN REPRESENTATIVES OF ARGENTINA AND THE UNITED KINGDOM UNDER THE AUSPICES OF THE PROTECTING POWERS. IN THE BRITISH VIEW IT WOULD BE APPROPRIATE TO SEEK THE GOOD OFFICES OF THE PROTECTING POWERS TO CONVOKE THE INITIAL MEETING BETWEEN THE TWO SIDES.

7. WITH REGARD TO PUBLIC PRESENTATION, THE BRITISH GOVERNMENT INTEND TO CONFIRM, IN REPLY TO QUESTIONS, THAT THIS MESSAGE HAS BEEN CONVEYED TO THE ARGENTINE GOVERNMENT THROUGH THE SWISS PROTECTING POWER. BUT THE BRITISH GOVERNMENT CONSIDER THAT IT WILL CONTINUE TO BE IN THE INTERESTS OF THE TWO PARTIES TO KEEP

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THE DETAILS OF THESE EXCHANGES CONFIDENTIAL. THEY HAVE NOTED
THAT THE ARGENTINE GOVERNMENT HAVE SO FAR SHARED THIS VIEW, AND
HOPE THEY WILL CONTINUE TO DO SO.
ENDS.

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TO IMMEDIATE BERNE

TELEGRAM NUMBER 62 OF 6 APRIL

INFO PRIORITY BRASILIA, UKMIS NEW YORK, PORT STANLEY, WASHINGTON,
EC POSTS

MIPT: RELATIONS WITH ARGENTINA
SOVEREIGNTY AND AGENDA

1. YOU SHOULD TELL THE SWISS THAT WE HAVE TAKEN NOTE OF WHAT M. AUBERT TOLD ME ON 2 APRIL ABOUT CAPUTO'S VIEW ON THE WAY IN WHICH THE SOVEREIGNTY ISSUE MIGHT BE HANDLED IN THE TALKS AND, IN PARTICULAR, WHAT HE SAID ABOUT THE ARGENTINE GOVERNMENT'S NEED TO BE ABLE TO SAY THAT THEIR POSITION ON SOVEREIGNTY HAD BEEN MADE CLEAR TO THE BRITISH SIDE (ON THE UNDERSTANDING THAT IT WOULD NOT BE DISCUSSED FURTHER). YOU SHOULD GO ON TO SAY THAT, SPEAKING FRANKLY, WE HAVE AN EQUAL AND OPPOSITE PROBLEM, NAMELY THAT WE MUST BE ABLE TO REASSURE PUBLIC OPINION IN THIS COUNTRY AND IN THE FALKLANDS THAT SOVEREIGNTY HAD NOT REPEAT NOT BEEN RAISED IN OUR DISCUSSIONS WITH THE ARGENTINES.
2. AGAINST THIS BACKGROUND, YOU SHOULD SAY THAT WE BELIEVED THAT THIS PROBLEM COULD BE TAKLED IN THE FOLLOWING MANNER. HAVING MADE CLEAR TO THE ARGENTINES OUR POSITION THAT SOVEREIGNTY WAS NOT FOR DISCUSSION, THE SWISS SHOULD ADD THAT IF ARGENTINA WISHED TO REPEAT ITS POSITION ON SOVEREIGNTY FOR THE RECORD, THIS WOULD HAVE TO BE DONE ENTIRELY SEPARATELY FROM THE TALKS. THE SWISS SHOULD EXPLAIN TO THE ARGENTINES THAT THEY WOULD EXPECT US TO REBUT ANY SUCH STATEMENT, BUT SHOULD ALSO SAY THAT THEY UNDERSTAND THAT A SEPARATE EXCHANGE OF STATEMENTS ALONG THESE LINES WOULD NOT REPEAT NOT LEAD US TO CALL OFF THE TALKS BEFORE THEY BEGAN.
3. AS TO THE BEST WAY OF PROVIDING FOR A SELF-CONTAINED EXCHANGE OF STATEMENTS ON SOVEREIGNTY, YOU SHOULD TELL THE SWISS THAT WE SEE TWO POSSIBILITIES:

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(A) A PUBLIC STATEMENT BY THE ARGENTINE GOVERNMENT, TO WHICH WE WOULD RESPOND PUBLICLY. SUCH AN EXCHANGE WOULD FOCUS MEDIA ATTENTION ON THE BASIC DISPUTE ABOUT SOVEREIGNTY AND RISK SOURING THE ATMOSPHERE FOR THE TALKS. IT WOULD THEREFORE HAVE TO BE SEPARATED IN TIME AS WIDELY AS POSSIBLE FROM THE OPENING OF THE TALKS AND MIGHT TAKE PLACE WHEN THE TALKS WERE ANNOUNCED OR VERY SHORTLY THEREAFTER.

(B) ALTERNATIVELY, THE ARGENTINES COULD COMMUNICATE TO THE SWISS, FOR TRANSMISSION TO US, A WRITTEN OR, PREFERABLY, ORAL STATEMENT OF THEIR POSITION, TO WHICH WE WOULD MAKE AN APPROPRIATE RESPONSE THROUGH THE SAME CHANNEL. THIS EXCHANGE WOULD TAKE PLACE SHORTLY BEFORE, BUT CLEARLY SEPARATELY FROM, THE OPENING OF TALKS. THE FACT OF THE EXCHANGE WOULD BE MADE PUBLIC, BUT NOT ITS CONTENTS.

4. ALTERNATIVE (B) STRIKES US AS THE MOST PROMISING WAY OF RESOLVING THE DILEMMA DESCRIBED IN PARA 1 ABOVE AND COMES AS CLOSE AS WE CAN TO THE SUGGESTION M. AUBERT PUT TO ME ON 2 APRIL. WE RECOGNISE THAT ITS SUCCESSFUL IMPLEMENTATION WOULD REQUIRE ADROIT DIPLOMACY BY THE SWISS (THOUGH WE HAVE NO DOUBTS ABOUT THEIR CAPACITY ON THAT SCORE). WE HOPE THAT THEY WILL BE PREPARED TO COMMEND IT TO THE ARGENTINES.

5. AS REGARDS THE AGENDA, WE WOULD PREFER THE TALKS TO BE HELD WITHOUT A FORMAL AGENDA, ALTHOUGH WE WOULD PROPOSE TO RAISE OUR SIX POINTS. KEUSCH SHOULD CONFIRM THIS TO THE ARGENTINES IF ASKED. THE HANDLING OF THE THREE ADDITIONAL ITEMS PROPOSED BY THE ARGENTINES WILL ALSO REQUIRE CLEAR INSTRUCTIONS TO KEUSCH. THE SPEAKING NOTE IS DESIGNED TO DISSUADE THE ARGENTINES FROM PURSUING THESE ITEMS. WE HOPE THAT KEUSCH WILL EMPHASISE THE POINT IN IT THAT WE REGARD THE THREE ARGENTINE SUBJECTS AS FALLING PLAINLY WITHIN OUR RESPONSIBILITIES FOR THE FALKLANDS. HE SHOULD ALSO WARN THEM THAT IF THEY NEVERTHELESS WERE TO PERSIST IN RAISING THEIR THREE POINTS, WE SHOULD RESPOND APPROPRIATELY AND WOULD FEEL ENTITLED TO RAISE SIMILAR QUESTIONS RELATING TO THE ARGENTINES' OWN MILITARY DISPOSITIONS IN THE REGION AND ARGENTINA'S NUCLEAR ACTIVITIES. KEUSCH SHOULD BE AWARE, BUT SHOULD NOT REPEAT NOT REVEAL TO THE

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ARGENTINES THAT WE DO NOT REPEAT NOT ENVISAGE THAT WE WOULD BREAK OFF THE DISCUSSIONS IF THE ARGENTINES DID INSIST ON RAISING THE THREE SUBJECTS DURING THE TALKS.

6. ON MODALITIES, THE SPEAKING NOTE ADVOCATES AN EARLY MEETING, WITHOUT SPECIFYING PRECISE DATES OR THE VENUE. WE HAVE NOTED FROM YOUR TELNO 103 THAT THE ARGENTINES WOULD ACCEPT MEETINGS IN BERNE OR BRASILIA ALTERNATELY. THIS DEPARTURE FROM THEIR PREVIOUS INSISTENCE ON NEGOTIATIONS IN THE FRAMEWORK OF THE UNITED NATIONS IS WELCOME. WE AGREE THAT THE SUGGESTION THAT THE TALKS OPEN IN BERNE BE PRESENTED TO THE ARGENTINES AS A SWISS INITIATIVE. THE SWISS COULD ADD, IF THEY THOUGHT IT DESIRABLE, THAT THEY UNDERSTOOD THAT THIS WOULD BE ACCEPTABLE TO US. IF THE ARGENTINE RESPONSE THROUGH THE BRAZILIANS LEAVES US WITH A FOUR-SIDED INITIAL MEETING, THIS ARRANGEMENT, ALTHOUGH CUMBERSOME, WOULD BE A PRICE WORTH PAYING FOR KEEPING THE TALKS OUT OF THE UNITED NATIONS. IF BRUNNER INDICATES THAT THE SWISS SEE THEMSELVES AS CONVOKING THE FIRST MEETING, WORKING CLOSELY WITH YOU AND YOUR ARGENTINE COLLEAGUE ON THE PRACTICAL ARRANGEMENTS, THIS WOULD BE ACCEPTABLE TO US. WE ALSO ENVISAGE YOU AND HM AMBASSADOR AT BRASILIA ALTERNATELY FORMING PART OF OUR DELEGATION, WHICH WOULD BE HEADED BY A SENIOR OFFICIAL FROM LONDON.

7. SEE MIPT.

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TO IMMEDIATE BERNE

TELEGRAM NUMBER 61 OF 6 APRIL

INFO PRIORITY BRASILIA, UKMIS NEW YORK, PORT STANLEY, WASHINGTON,
EC POSTS

RELATIONS WITH ARGENTINA

1. MINISTERS HAVE NOW DECIDED THE TERMS OF OUR RESPONSE TO THE ARGENTINE MESSAGE OF 17 FEBRUARY. WE SHOULD BE GRATEFUL IF YOU WOULD SEEK AN EARLY MEETING WITH BRUNNER TO TELL HIM OF OUR RESPONSE AND ASK THAT THE SWISS AMBASSADOR IN BUENOS AIRES BE INSTRUCTED TO CONVEY IT TO THE ARGENTINE GOVERNMENT (IF AT ALL POSSIBLE TO CAPUTO HIMSELF).
2. WE BELIEVE THAT THE PROCEDURE USED IN JANUARY REMAINS APPROPRIATE. MY SECOND IFT CONTAINS THE TEXT OF A SPEAKING NOTE WHICH WE HOPE THE SWISS WILL AGREE TO CONVEY TO KEUSCH, GIVING HIM DISCRETION TO LEAVE IT WITH THE ARGENTINE AUTHORITIES, AS HE DID ON 26 JANUARY. WE HOPE THAT THE SWISS WILL REGARD THIS AS A SUITABLE BASIS ON WHICH TO CONTINUE TO PLAY THE CONSTRUCTIVE ROLE THEY HAVE PERFORMED SO FAR. THEIR POSITION IN ANY TALKS THAT GET UNDER WAY IS DISCUSSED IN MIFT.
3. AS TO TIMING WE NOTE THAT CAPUTO IS DUE TO VISIT NEW YORK FROM 8 APRIL FOR TALKS WITH THE UN SECRETARIAT AND TO GO ON FROM THERE TO WASHINGTON. I SEE CONSIDERABLE ADVANTAGE IN THE SWISS CONVEYING OUR REPLY TO CAPUTO (UNDERLINE NEXT WORD) BEFORE HIS DEPARTURE. IF THE SWISS JUDGE THAT THIS IS NOT (NOT) POSSIBLE, WE

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WOULD PREFER TO AWAIT HIS RETURN TO BUENOS AIRES (ON 13 APRIL) SO THAT THE REPLY CAN BE GIVEN TO HIM.

4. YOU WILL SEE THAT WE WISH TO CARRY FORWARD THE PROCESS OF WORKING TOWARDS MORE NORMAL RELATIONS WITH ARGENTINA. BUT WE CANNOT AGREE TO A DISCUSSION OF SOVEREIGNTY FORMING ANY PART OF THIS. THERE IS NO FLEXIBILITY WHATSOEVER ON THIS POINT. THE ARGENTINE MESSAGE OF 17 FEBRUARY, PREPARED WHEN GOBBI WAS MANAGING THIS AREA OF THEIR POLICY, ENVISAGED PRELIMINARY EXCHANGES LEADING TO QUOTE SUBSTANTIVE NEGOTIATIONS UNQUOTE WHICH QUOTE CANNOT OVERLOOK SOVEREIGNTY UNQUOTE. IT INDICATED THAT WHATEVER THE BASIS THAT MIGHT BE AGREED FOR THE OPENING OF TALKS, ARGENTINA WOULD SUBSEQUENTLY SEEK TO PRESS THE SOVEREIGNTY ISSUE. IF THEY DID THIS, WE WOULD BE OBLIGED TO DISCONTINUE THE TALKS. CAPUTO, ON HIS VISIT TO BERNE ON 27 FEBRUARY, SHOWED A MORE REALISTIC READINESS TO CONCENTRATE ON CONFIDENCE-BUILDING, LEAVING SOVEREIGNTY ASIDE (PARA 5 OF YOUR TELNO 65). THE SWISS ARE THUS WELL PLACED FROM THEIR OWN DEALINGS WITH CAPUTO TO DRIVE HOME THE POINT THAT SOVEREIGNTY IS NOT FOR DISCUSSION, AS BOTH I AND THE PRIME MINISTER MADE CLEAR TO M. AUBERT ON 2 APRIL.

5. YOU WILL ALSO SEE THAT WE CANNOT ACCEPT THE THREE POINTS WHICH THE ARGENTINES PROPOSED (IN TENDENTIOUS TERMS) FOR INCLUSION IN AN AGREED AGENDA. WE WOULD THEREFORE PREFER THERE TO BE NO (NO) FORMAL AGENDA. THE SWISS AMBASSADOR IN BUENOS AIRES WILL NEED, IN PRESENTING OUR SPEAKING NOTE TO THE ARGENTINES, TO REINFORCE ORALLY OUR VIEWS ON SOVEREIGNTY AND ON THE ARGENTINES' PROPOSED ITEMS. WE HOPE THE FDFA WILL AGREE TO INSTRUCT KEUSCH ACCORDINGLY.

6. THE SWISS SHOULD ENSURE THAT THE ARGENTINES ARE IN NO DOUBT ABOUT THE FIRMNESS OF OUR POSITION THAT TALKS CAN ONLY TAKE PLACE ON THE CLEAR UNDERSTANDING THAT DISCUSSION OF THE FUTURE STATUS OF THE FALKLAND ISLANDS CANNOT FORM PART OF THEM AND THAT IF THEY WERE TO PERSIST IN RAISING THE SUBJECT, THE TALKS WOULD CEASE.

7. FOR WASHINGTON AND UKMIS NEW YORK: SEPARATE TELEGRAM OF GUIDANCE WILL FOLLOW AS SOON AS IT IS CLEAR WHETHER THE SWISS CAN ACT WITH CAPUTO BEFORE HE LEAVES BUENOS AIRES.

8. SEE MIPT.

HOWE

FALKLAND ISLANDS GENERAL
FCO
FID
CABINET OFFICE

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ADDITIONAL DISTRIBUTION
FALKLAND ISLANDS

Mr Colas

(2)



With the compliments of


THE PRIVATE SECRETARY

Prime Minister.

To note that our reply to Argentina
is likely to be delivered any time
between now and about 14 April.

A.F.C. $\frac{6}{4}$.

FOREIGN AND COMMONWEALTH OFFICE
SW1A 2AH



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Classification and Caveats

CONFIDENTIAL

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IMMEDIATE DESKBY

1230Z

ZCZC 1 ZCZC
 GRS 2 GRS
 CLASS 3 CONFIDENTIAL
 CAVEATS 4
 DESKBY 5 DESKBY
 FM FCO 6 FM FCO
 PRE/ADD 7 TO IMMEDIATE BERNE
 TEL NO 8 TELEGRAM NUMBER
 9 RFI PRIORITY BRASILIA, UKMIS NEW YORK, PORT STANLEY, WASHINGTON,
 10 EC POSTS
 11 RELATIONS WITH ARGENTINA
 12 1. Ministers have now decided the terms of our response to the
 13 Argentine message of 17 February. We should be grateful if you
 14 would seek an early meeting with Brunner to tell him of our
 15 response and ask that the Swiss Ambassador in Buenos Aires be
 16 instructed to convey it to the Argentine Government (if at all
 17 possible to Caputo himself).
 18 2. We believe that the procedure used in January remains
 19 appropriate. My second IFT contains the text of a Speaking Note
 20 which we hope the Swiss will agree to convey to Keusch, giving
 21 him discretion to leave it with the Argentine authorities, as
 22 he did on 26 January. We hope that the Swiss will regard
 23 this as a suitable basis on which to continue to play the
 24 constructive role they have performed so far. Their position
 25 in any talks that get under way is discussed in MIFT.

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| Drafted by (Block capitals) P F Ricketts | | |
| Telephone number 233 4641 | | |
| Authorised for despatch <i>P F Ricketts</i> | | |
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OUT TELEGRAM (CONT)

Classification and Caveats

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3

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 2 doubt about the firmness of our position that talks can only take
 3 place on the clear understanding that discussion of the future
 4 status of the Falkland Islands cannot form part of them and
 5 that if they were to persist in raising the subject, the talks
 6 would cease.

7 7. For Washington and UKMis New York: separate telegram of
 8 guidance will follow as soon as it is clear whether the Swiss can
 9 act with Caputo before he leaves Buenos Aires.

10 8. See MIFT.

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 12 HOWE

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Classification and Caveats
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 2 GRS
 3 CONFIDENTIAL
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 5 DESKBY 1230Z
 6 FM FCO
 7 TO IMMEDIATE BERNE
 8 TELEGRAM NUMBER
 9 RFI PRIORITY BRASILIA, UKMIS NEW YORK, PORT STANLEY, WASHINGTON,
 10 EC POSTS
 11 MIPT: RELATIONS WITH ARGENTINA
 12 SOVEREIGNTY AND AGENDA
 13 1. You should tell the Swiss that we have taken note of what
 14 M. Aubert told me on 2 April about Caputo's view on the way in
 15 which the sovereignty issue might be handled in the talks and,
 16 in particular, what he said about the Argentine Government's need
 17 to be able to say that their position on sovereignty had been made
 18 clear to the British side (on the understanding that it would not
 19 be discussed further). You should go on to say that, speaking
 20 frankly, we have an equal and opposite problem, namely that we
 21 must be able to reassure public opinion in this country and in
 22 the Falklands that sovereignty had not repeat not been raised in
 23 our discussions with the Argentines.
 24 2. Against this background, you should say that we believed
 25 that this problem could be tackled in the following manner.

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| | Classification and Caveats | Page |
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2 Having made clear to the Argentines our position that sovereignty

3 was not for discussion, the Swiss should add that if Argentina

4 wished to repeat its position on sovereignty for the record,

5 this would have to be done entirely separately from the talks.

6 The Swiss should explain to the Argentines that they would expect

7 us to rebut any such statement, but should also say that they

8 understand that a separate exchange of statements along these

9 lines would not repeat not lead us to call off the talks before

10 they began.

11 3. As to the best way of providing for a self-contained

12 exchange of statements on sovereignty, you should tell the Swiss

13 that we see two possibilities:

14 (a) a public statement by the Argentine Government, to which we

15 would respond publicly. Such an exchange would focus media

16 attention on the basic dispute about sovereignty and risk

17 souring the atmosphere for the talks. It would therefore have

18 to be separated in time as widely as possible from the opening of

19 the talks and might take place when the talks were announced

20 or very shortly thereafter.

21 (b) alternatively, the Argentines could communicate to the

22 Swiss, for transmission to us, a written or, preferably, oral

23 statement of their position, to which we would make an appropriate

24 response through the same channel. This exchange would take

25 place shortly before, but clearly separately from, the opening

26 of talks. The fact of the exchange would be made public, but

27 not its contents.

28 4. Alternative (b) strikes us as the most promising way of

29 resolving the dilemma described in para 1 above and comes as

30 close as we can to the suggestion M. Aubert put to me on 2 April.

31 We recognise that its successful implementation would require

32 adroit diplomacy by the Swiss (though we have no doubts about

33 their capacity on that score). We hope that they will be

34 prepared to commend it to the Argentines.

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OUT TELEGRAM (CONT)

Classification and Caveats

CONFIDENTIAL

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 2 5. As regards the agenda, we would prefer the talks to be held
 3 without a formal agenda, although we would propose to raise our
 4 six points. Keusch should confirm this to the Argentines if
 5 asked. The handling of the three additional items proposed by
 6 the Argentines will also require clear instructions to Keusch
 7 ~~and sure-footed work by him.~~ The speaking note is designed to
 8 dissuade the Argentines from pursuing these items. We hope that
 9 Keusch will emphasise the point in it that we regard the three
 10 Argentine subjects as falling plainly within our responsibilities
 11 for the Falklands. He should also warn them that if they
 12 nevertheless were to persist in raising their three points, we
 13 should respond appropriately and would feel entitled to raise
 14 similar questions relating to the Argentines' own military
 15 dispositions in the region and Argentina's nuclear activities.
 16 Keusch should be aware, but should not repeat not reveal to the
 17 Argentines, that we do not repeat not envisage that we would
 18 break off the discussions if the Argentines did insist on
 19 raising the three subjects during the talks.
 20 6. On modalities, the speaking note advocates an early meeting,
 21 without specifying precise dates or the venue. We have noted
 22 from your telno 103 that the Argentines would accept meetings
 23 in Berne or Brasilia alternately. This departure from their
 24 previous insistence on negotiations in the framework of the
 25 United Nations is welcome. We agree that the suggestion that
 26 the talks open in Berne be presented to the Argentines as a
 27 Swiss initiative. The Swiss could add, if they thought it
 28 desirable, that they understood that this would be acceptable
 29 to us. If the Argentine response through the Brazilians leaves
 30 us with a four-sided initial meeting, this arrangement, although
 31 cumbersome, would be a price worth paying for keeping the talks
 32 out of the United Nations. If Brunner indicates that the Swiss
 33 see themselves as convoking the first meeting, working closely
 34 with you and your Argentine colleague on the practical

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2 arrangements, this would be acceptable to us. We also envisage
 3 you and HM Ambassador at Brasilia alternately forming part of our
 4 delegation, which would be headed by a senior official from
 5 London.

6 7. See MIFT.

8 HOWE

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Classification and Caveats

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| PRE/ADD | 7 | TO IMMEDIATE BERNE |
| TEL NO | 8 | TELEGRAM NUMBER |
| | 9 | RFI PRIORITY BRASILIA, UKMIS NEW YORK, PORT STANLEY, WASHINGTON, |
| | 10 | EC POSTS |
| | 11 | RELATIONS WITH ARGENTINA |
| | 12 | FOLLOWING IS TEXT OF SPEAKING NOTE |
| | 13 | BEGINS: |
| | 14 | 1. The British Government have asked the Swiss Protecting Power |
| | 15 | to convey to the Government of Argentine the British Government's |
| | 16 | view on the next steps towards the progressive normalisation of |
| | 17 | relations between the two countries. |
| | 18 | 2. The British Government have studied with care the message |
| | 19 | from the Argentine Foreign Minister, received through the |
| | 20 | Protecting Powers on 17 February, containing the Argentine |
| | 21 | Government's reply to the British proposals put to them by the |
| /// | 22 | Swiss Protecting Power on 26 January. |
| // | 23 | 3. The British Government note that this reply characterizes |
| / | 24 | the British initiative of 26 January as a "positive step". They |
| | 25 | welcome the assurance of the importance which the Argentine |

| | | |
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| Telephone number 233 4641 | | |
| Authorised for despatch <i>P F Ricketts</i> | | |
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2 Government attach to the definitive normalisation of relations
3 between the Argentine Republic and the United Kingdom, and the
4 Argentine Foreign Minister's acknowledgement that the six items
5 proposed by Britain for discussion in official talks merit
6 examination in depth.

7 4. The British Government note that the Argentine Foreign
8 Minister's message also looks forward to substantive negotiations
9 about sovereignty. The British Government have made clear that
10 sovereignty can not (not) be discussed, but that any discussions
11 about the progressive normalisation of relations should be
12 without prejudice to the positions of the United Kingdom and
13 Argentina respectively on the question of sovereignty over the
14 Falkland Island, South Georgia and South Sandwich Islands. The
15 British Government remain ready for talks with Argentine aimed
16 at normalising relations between the two countries. The aim of
17 such talks should be to establish a renewed climate of mutual
18 confidence in which UK-Argentine relations can be developed in
19 a practical and productive way. The question of sovereignty
20 must, however, be excluded from the talks.

21 5. Dr Caputo's message proposes the addition of three other
22 subjects to the agenda. The British Government's view is that
23 these are matters which fall within the United Kingdom's
24 responsibilities for the security of the Falkland Islands and
25 the well-being of their inhabitants. As such they do not
26 consider them to be subjects which it would be appropriate to
27 include in an agreed agenda for talks having the purpose
28 already described. The British Government hope that the Argentine
29 Government will on reflection agree that to open up a discussion
30 of the two countries' military dispositions in the region would
31 not be helpful to talks which, as was indicated in the British
32 proposals of 26 January, should deal with matters on which it is
33 realistic to expect early progress.

34 6. The British Government would welcome an early meeting

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2 between British and Argentine officials. They consider that talks
3 on the basis set out in the preceding paragraphs should be
4 conducted directly between representatives of Argentina and the
5 United Kingdom under the auspices of the Protecting Powers. In
6 the British view it would be appropriate to seek the good offices
7 of the Protecting Powers to convoke the initial meeting between
8 the two sides.

9 7. With regard to public presentation, the British Government
10 intend to confirm, in reply to questions, that this message has
11 been conveyed to the Argentine Government through the Swiss
12 Protecting Power. But the British Government consider that it
13 will continue to be in the interests of the two parties to keep
14 the details of these exchanges confidential. They have noted
15 that the Argentine Government have so far shared this view, and
16 hope they will continue to do so.

17 ENDS.

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Catchword



10 DOWNING STREET

THE PRIME MINISTER

4 April 1984

NB Previous correspondence
with Garden House

Dear Mr. Davis,

Thank you for your letter of 6 March about the sinking of the General Belgrano.

The background to this event is worth recalling. On 30 April the Total Exclusion Zone was established around the Falkland Islands. On 1 May attacks by Vulcan and Sea Harrier aircraft were carried out on Stanley airfield as part of the process of enforcing the Total Exclusion Zone. On the same day the Task Force came under attack for the first time from the Argentine airforce and some Argentine aircraft were shot down. We were all very conscious of the risk that these assaults on the Task Force would be backed up by attacks by surface ships and submarines of the Argentine Navy and by aircraft from their carrier, the 25 de Mayo. All British units were on maximum alert to deal with any naval or air attacks.

HMS Conqueror, on patrol south of the Falkland Islands, detected an Argentine oiler auxiliary which was accompanying the Belgrano on 30 April. She sighted the Belgrano for the first time on 1 May when it was accompanied by two destroyers armed with Exocet missiles. Paragraph 110 of Command 8758 describes the events of 2 May which led to the sinking of the cruiser. As Janet Young explained in the House of Lords on 13 July 1983, that account was not intended to say when the cruiser was first located. The essential point is that it was on 2 May that we had indications about the movements of the Argentine fleet which led the Task Force Commander, Admiral Woodward, to request a change in the Rules of Engagement to permit the Belgrano to be attacked outside the Total Exclusion Zone.

/ The

BTC.

The circumstances on that day have been well described by Admiral Woodward in his lecture at the Royal United Services Institute on 20 October 1982:

"Early on the morning on 2 May, all the indications were that 25 de Mayo, the Argentinian carrier, and a group of escorts had slipped past my forward SSN barrier to the north, while the cruiser General Belgrano and her escorts were attempting to complete the pincer movement from the south, still outside the Total Exclusion Zone. But Belgrano still had Conqueror on the trail. My fear was that Belgrano would lose the SSN as she ran over the shallow water of the Burdwood Bank, and that my forward SSN barrier would be evaded down there too. I therefore sought, for the first and only time throughout the campaign, a major change to the Rules of Engagement to enable Conqueror to attack Belgrano outside the Exclusion Zone."

Ministers agreed to the proposed change in the Rules of Engagement at about 1 p.m. London time on 2 May. Orders were sent immediately to HMS Conqueror, which attacked the Belgrano at 8 p.m. London time. Because of the indications that the Belgrano posed a threat to the task force, her precise position and course at the time she was sunk were irrelevant.

The first indications of the possible Peruvian peace proposals reached London from Washington at 11.15 p.m. London time and from Lima at 2 a.m. London time on 3 May.

My comments on paragraph 3 about the first contacts with the Belgrano group go further than we have been prepared to do hitherto. I have only felt able to do this now as, with the passage of time, those events have lost some of their original operational significance.

/Throughout

Throughout the events described above it was a major concern of the Government to protect by all the means available the Task Force which had been despatched to the South Atlantic with all-party support.

Yours sincerely

Margaret Thatcher

The Rt. Hon. Denzil Davies, M.P.

PS
PS/LADY YOUNG
PS/MR WHITNEY
PS/MR RIFKIND
PS/PUS
SIR J BULLARD
SIR I SINCLAIR
SIR W HARDING
MR FRIGET
MR ADAMS
LORD N GORDON-LENNOX 1
SIR C TICKELL
MR D C THOMAS
MR CARLEDGE

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ED/SAW
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ED/ED
ED/EO(E)
ED/WD
ED/PLANNING STAFF

PS/NO 10 DOWNING ST (3)
PS/S OF S FOR DEFENCE
MR J STEWART AUSD STAFF MOD

PS/CHANCELLOR)
MISS M E CUND) TREASURY
MR LITTLE)

SIR R ARMSTRONG)
MR A D S GOODALL) CABINET OF
DIO)

MR M A PATTISON, FID, ODA

MR A FORTNAM IAT/ D. TRANSPORT

~~RECEIVED COPY~~

UNCLASSIFIED

(FM BERNE 041000Z)

FM BIS BUENOS AIRES

TO IMMEDIATE FCO

TELNO 225 OF 03 APRIL

MIPT

FOLLOWING IS TEXT (UNOFFICIAL TRANSLATION) OF PRESIDENT ALFONSIN'S
SPEECH AT LUJAN TO COMMEMORATE 2 APRIL

Prime Minister

See overleaf.

A. J. C. 44

IMMEDIATE

ADVANCE COPY

THE DAY WHICH BRINGS US TOGETHER HERE, 2 APRIL, IS A DATE OF DOUBLE SIGNIFICANCE. IT IS OF HISTORIC SIGNIFICANCE, BECAUSE THE WAR TOOK PLACE, BECAUSE OUR DEAD LIE IN THE SOUTHERN LANDS AND THE SOUTHERN OCEAN, AND WHAT HAPPENED HAS BECOME PART OF HISTORY. AND IT HAS A VERY DEEP EMOTIONAL SIGNIFICANCE, BECAUSE THERE IS NO DOUBT THAT THE WAR IN THE FALKLANDS HAS ENTERED THE HEART OF THE ARGENTINES.

TODAY, 2 APRIL, I AM HERE TO REMEMBER, WITH YOU, BEFORE THIS MONUMENT TO OUR SOLDIERS WHO DIED IN BATTLE, TO THOSE BRAVE ARGENTINES WHO GAVE THEIR LIVES, OR GENEROUSLY PUT THEIR LIVES IN PERIL IN THIS SOUTHERMOST PART OF OUR FATHERLAND.

WHILE THERE IS NO DOUBT THAT THE GOVERNMENT THAT USED FORCE DID NOT STOP TO CONSIDER THE TREMENDOUS, TRAGIC CONSEQUENCES OF WHAT THEY HAD STARTED, THERE IS ALSO NO DOUBT THAT THE IDEAL THAT FIRED OUR SOLDIERS WAS, IS, AND WILL BE THAT OF COUNTLESS GENERATIONS OF ARGENTINES: THE PERMANENT RECOVERY OF THE FALKLANDS, SOUTH GEORGIA AND THE SOUTH SANDWICH ISLANDS.

THE GREATNESS OF REPUBLICAN LIFE IS STARRED WITH THE ACTS OF GALANTRY

TO OUR CITIZENS.

OUR SOLDIERS WERE, DURING THEIR LIVES, GOOD. IN DEFEAT, CAPABLE OF SELF-SACRIFICE. IN DEATH, IMMORTAL.

HOW MANY CITIZENS WHO BEAR UNIFORM HAVE WISHED TO LEAVE THEIR LIFELESS BODIES AMONG THE ROCKS, THE PEAT AND THE SNOW, AFTER FIGHTING VIGOROUSLY AND BRAVELY.

BUT GOD SAW THE VIRTUOUS AND FROM AMONG THE VIRTUOUS THE BRAVE AND THE DETERMINED, AND FROM AMONG TH. WOUNDED AND THE SUFFERING, CHOSE HIS HEROES. HE CHOSE TE ONES WE ARE REMEMBERING TODAY.

BESET BY MISFORTUNE, LACKING THE LAURELS OF THE VICTORIOUS, THESE DEAD THAT WE HONOUR TODAY ARE A LIVING EXAMPLE OF SACRIFICE IN THE CALL OF DUTY.

THEIR BODIES LIE THERE, BUT NOT ABOVE. THEY ARE STAINED WITH THE BLOOD OF THE WOUNDED, TE SUFFERING OF THE SICK, THE PAINS OF THE UNSCATHED: THEY ARE IN THE HEARTS OF THE WHOLE COUNTRY.

BECAUSE ALL WERE WORTHY OF THE WORDS THAT THE POET PUT ON THE DYING LIPS OF THAT CAPTAIN OF AMERICAN LIBERTY, "I ONLY KNOW THAT THIS CRUEL LAND IS MY LAND: GOD GRANT ME A STRONG ARM AN

01G
HEART, TO DIE FOR MY COUNTRY.

THEIR SACRIFICE WAS NOT MADE IN VAIN, BECAUSE TOEAY THE ARGENTINE PEOPLE AND THE ARGENTINE GOVERNMENT, AS WELL AS FEELING THE STRENGTH OF THIS GOAL, WHICH WE WILL NEVER GIVE UP, ARE ALSO CONVINCED THAT THESE TRAGIC DEATHS GIVE EVEN GREATER STRENGTH TO THE CONVICTION THAT OUR RIGHTS ARE BACKED BY JUSTICE.

THIS GREATER STRENGTH KNOWS NO LIMITS OF TIME, IT IS MORE DURABLE THAN ANY PERIOD OF TIME. IF ANYONE EVER THOUGHT THAT THE PASSING OF TIME WOULD WEAKEN ARGENTINA'S CONVICTION OVER HER RIGHTS, HE MUST NOW REALISE NEXT THAT TIME WILL NEVER WEAKEN, NOR DIMINISH THIS BELIEF NOR OUR FIRM DECISION TO OBTAIN A JUST AND PERMANENT SOLUTION.

THIS IS THE CONVICTION THAT GUIDES OUR DIPLOMATIC ACTIVITY. THE MESSAGES THAT WE HAVE SENT TO THE BRITISH GOVERNMENT REFLECT THIS CONVICTION. THE BRITISH GOVERNMENT MUST UNDERSTAND THAT JUST AS WE ARE SURE OF OUR RIGHTS, WE ARE JUST AS SURE THAT WE MUST OBTAIN DUE RECOGNITION OF THOSE RIGHTS BY PEACEFUL MEANS, THROUGH NEGOTIATION, THROUGH TALKS, THROUGH UNDERSTANDING.

WE BELIEVE THAT GOOD WILL IS SHOWN IN DEEDS, AND WE ARE WAITING FOR DEEDS FROM THE UNITED KINGDOM AS PROOF OF THAT GOOD WILL.

WE SHALL CONTINUE TO INSIST ON OUR WILLINGNESS TO HOLD TALKS THAT WILL FACILITATE AN EXCHANGE OF IDEAS, TO EXPLAIN WHAT POSSIBILITIES EXIST, TO OFFER FULL GUARANTEES TO THE BRITISH INHABITANTS OF THE SOUTHERN ISLANDS, TO DECREASE TENSION, TO DEMILITARISE THE AREA, IN ALL TO EXPLORE, SINCERELY AND IN GOOD FAITH, THE POSSIBILITIES OF SERIOUS NEGOTIATIONS OVER ARGENTINA'S SOVEREIGNTY RIGHTS.

WE WILL PLACE SPECIAL EMPHASIS ON DEMILITARISATION, BECAUSE WE HAVE NO DOUBT THAT BRITAIN'S MILITARY PRESENCE, WITH THE DISTURBING FACTOR OF THE INTRODUCTION OF NUCLEAR DEVICES, GIVES RISE TO GRAVE RISKS THAT AFFECT NOT ONLY THE SECURITY OF THE ARGENTINE REPUBLIC BUT THE WHOLE OF THE SOUTH ATLANTIC.

THE GRAVE DANGER THAT ARISES FROM THIS HUGE, DISPROPORTIONATE DEPLOYMENT IN THIS SEA AREA HAS TRANSFORMED A REGION TRADITIONALLY KEPT OUT OF THE GREAT STRATEGIC NERVE CENTRES OF THE EAST-WEST CONFLICT INTO A POSSIBLE BATTLEFIELD, WITH THE CONSEQUENCES THAT THIS COULD BRING FOR ARGENTINA AND ALL LATIN AMERICA.

ALL THESE REASONS, BY THEIR VERY EXTSTENCE, HAVE BEGUN TO

THIS WOULD BRING FOR ARGENTINA AND ALL LATIN AMERICA
ALL THESE REASONS, BY THEIR VERY EXISTENCE, HAVE BEGUN TO
SWAY OPINIONS, NOT ONLY IN FRIENDLY COUNTRIES, BUT ALSO AMONG
THE BRITISH PUBLIC.

THEY ARE BEGINNING TO UNDERSTAND THAT IT IS IMPOSSIBLE TO
ARTIFICIALLY MAINTAIN COLONIAL SITUATIONS THAT ARE QUITE OUT OF
PLACE, AND THAT THIS ATTITUDE GOES AGAINST BRITAIN'S OWN
DECOLONISATION POLICY. THEY TOO ARE AWARE OF THE IMPORTANCE OF
RENEWING LINKS BETWEEN ARGENTINA AND BRITAIN, A RENEWAL THAT CAN
IN NO WAY BE AFFECTED BY SECTARIAN INTERESTS IN THIS COUNTRY.

I MUST EMPHASISE THE SUPPORT WE HAVE RECEIVED FROM LATIN
AMERICA, AND THE MAJORITY OF THE INTERNATIONAL COMMUNITY IN OUR
CAUSE. TODAY WE WANT TO REPEAT OUR GRATITUDE TO THOSE WHO
ACCOMPANY AND SUPPORT US.

WE KNOW THAT WE WILL CONTINUE TO COUNT ON THEIR SUPPORT,
BECAUSE THE CAUSE OF THE ISLANDS IS ALSO A LATIN AMERICAN CAUSE.

BUT AT THE SAME TIME IT IS A CAUSE FOR ALL THOSE COUNTRIES
WHO ARE STRUGGLING FOR THE ELIMINATION OF COLONIALISM THROUGHOUT
THE WORLD.

IT IS NOT POSSIBLE THAT COLONIES WILL EXIST IN AMERICA.

IT IS NOT POSSIBLE THAT ATTEMPTS ARE STILL MADE TO USURP AMERICAN
LAND.

TODAY, LET US REMEMBER, AT THIS MONUMENT, OUR DEAD IN THE
FALKLANDS AND THE SOUTH ATLANTIC.

THIS IS A PAINFUL ANNIVERSARY, YES, BUT OAN ANNIVERSARY
THAT WE COMMEMORATE WITH THE MATURITY THAT IS BORN OF GRIEF.

TO THOSE WHO DIED IN STANLEY, ON THE BELGRANO, IN SOUTH GEORGIA,
IN SO MANY PLACES OF OUR SOUTHERN LANDS AND SEA, OUR HEROS WHO
DIED IN THE AIR, THIS HOMAGE BRINGS US TOGETHER.

I BEG MY FELLOW COUNTRYMEN, THEN, THE HOMAGE OF OUR HEART-FELT
SILENCE, FOR THOSE WHO DIED IN THE WAR. THIS SILENCE IS THE
TRIBUTE WE OFFER TODAY TO THOSE WHO HAVE MADE IT POSSIBLE FOR
US TO FEEL MORE WORTHY AND MORE HONOURED TO BE ARGENTINES.

JOY

~~XXXXXXXXXX~~

CROWSON

NNNN



The National Archives

| | |
|---|------------------------------------|
| LETTERCODE/SERIES <i>PRM 19</i> | Date and sign |
| PIECE/ITEM <i>1168</i> (one piece/item number) | |
| Extract/Item details: <i>Armstrong to PM dated 16 April 1984</i> | |
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FCR SH



CF

You have the Aile

10 DOWNING STREET

From the Private Secretary

2 April, 1984

The Prime Minister has asked me to thank you for your letter of 30 March about the post of Civil Commissioner in the Falkland Islands. Mrs. Thatcher was grateful for your views and will bear these in mind.

A.J. DOLES

C. E. Needham, Esq.

CC/PC (2)



MINISTRY OF DEFENCE
 MAIN BUILDING WHITEHALL LONDON SW1
 Telephone 01-~~917 7077~~ 218 2111/3

MO 5/21

2nd April 1984

Prime Minister.

Dear John,

A.C. 3/4.

FALKLANDS - ALLEGATIONS OF LANDINGS BY DESTEFANIS

The Prime Minister will have seen the press reports alleging that Senor Destefanis has landed on the Falkland Islands in a small boat and planted an Argentine flag. CBF Falkland Islands was alerted to these reports, and has carried out helicopter sweeps and foot patrols of the southern coast of West Falkland, where the landing is claimed to have been. These have found no evidence to substantiate Destefanis' claims. However, as the Prime Minister will know, the area is extensive, rugged and thinly populated and we cannot categorically rule out the possibility of a landing. We have always recognised that our garrison does not have the capability to detect a landing from a small boat for a short period, but unless hard evidence comes to light it seems likely that the claim is false, as has proved to be the case with Destefanis in the past.

We do not intend to divert efforts specifically to continue a search, but all our forces operating in the area have been instructed to remain vigilant. I shall let you know if there are any developments.

I am copying this letter to Peter Ricketts and Richard Hatfield.

Yours ever
 Mick Evans

(N H R EVANS)

A J Coles Esq

MINISTRY OF DEFENCE
12-13 BUILDING WHITEHALL LONDON SW1
TELEPHONE 75 300 1000



3 APR 1984



12121



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

2 April 1984

Len Appleyard Esq
Private Secretary to the
Foreign and Commonwealth Secretary

Dear Len

ARGENTINA/FALKLANDS

The Chancellor of the Exchequer has seen the minute from the Foreign and Commonwealth Secretary of 28 March, and is content with the approach proposed.

I am copying this letter to the private offices of other OD members, and to Richard Hatfield.

*Yours ever,
David*

D L C PERETZ
Principal Private Secretary

*MLZ
h.a.*

ARGENTINA
Plus. R 36.

BOGOTÁ
COLOMBIA
12 APR 1984

-2 APR 1984

C.E. NEEDHAM

CONFIDENTIAL

16/4

FCG

SH

(Keep in GR problem.)



Encs. sent to FCG
with request to return
them with draft reply.

10 DOWNING STREET

From the Private Secretary

2 April, 1984

The Falkland Islands: Fishing

Mr. Needham, the Chairman of the Coalite Group, recently sent the Prime Minister a Personal letter about fishing and immigration matters in the Falkland Islands and requested a meeting with the Prime Minister.

The Prime Minister has not yet decided whether to receive Mr. Needham. In the meantime, I asked him to set out in detail the difficulties which he said he had experienced in dealing with Whitehall departments about these two matters.

I now enclose a copy of a lengthy further letter from Mr. Needham which deals exclusively with fishing in the South Atlantic. You will note that this is also a Personal letter.

I should be grateful if you could let me have a draft reply to Mr. Needham's latest letter.

Could I stress that it should not come to the knowledge of Mr. Needham that his Personal correspondence with the Prime Minister has been seen in the rest of Whitehall.

A. J. COLES

P. F. Ricketts, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL

FCV

S/1



10 DOWNING STREET

From the Private Secretary

2 April, 1984

The Prime Minister has asked me to thank you for your letter of 30 March about South Atlantic fishing resources. The contents are being examined and you will receive a further letter in due course.

A. J. COLES

C. E. Needham, Esq.

Coalite

CONFIDENTIAL

CC/PC



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1A 2HB

Telephone 01-218 2111/3 (Direct Dialling)

01-218 9000 (Switchboard)

MO 5/21

1st April 1984

Dear John

A-3C.2/4

f.a.

ARGENTINA/FALKLANDS

The Defence Secretary has seen ^{File with A3C} Sir Geoffrey Howe's minute of 28th March containing proposals for a revised approach to talks with Argentina. Mr Heseltine supports these proposals and, if other members of OD also agree, he would be content for the Foreign Secretary to proceed accordingly without a further OD discussion.

Yours ever

Nick Evans

(N H R EVANS)

A J Coles Esq

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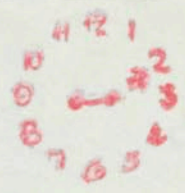
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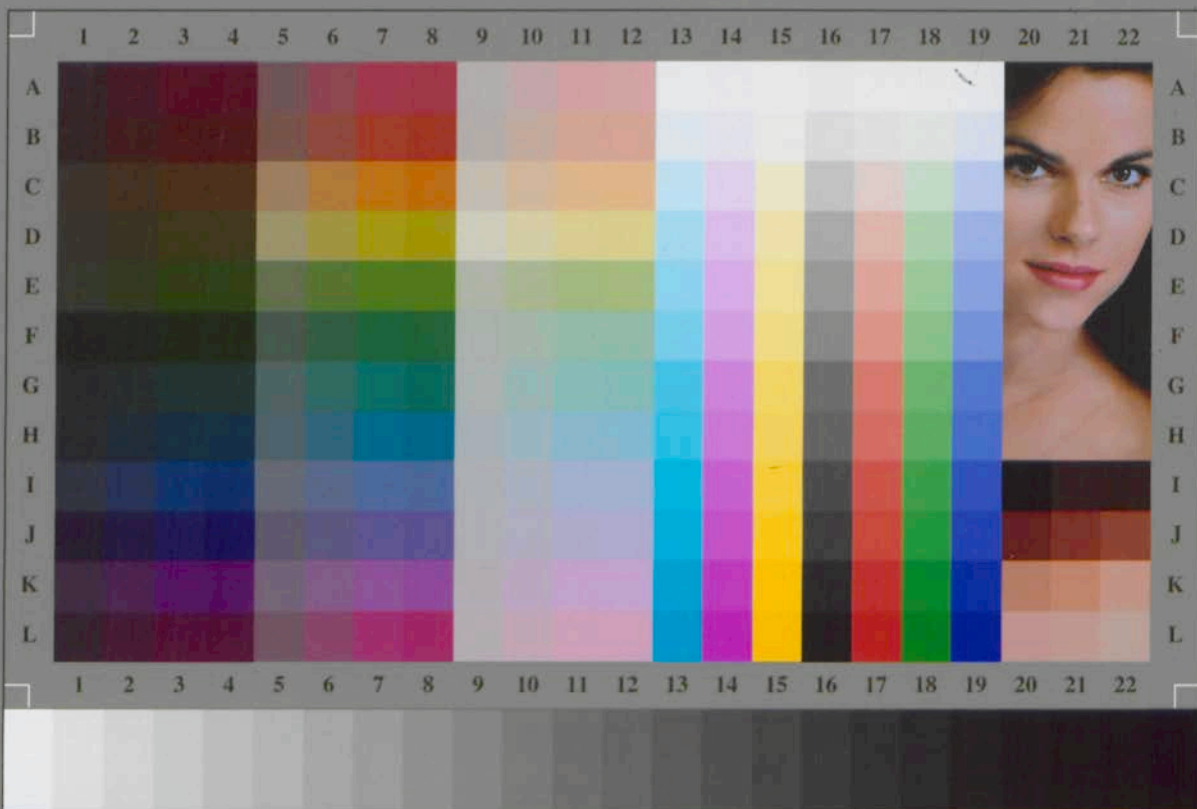


-2 APR 1984



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