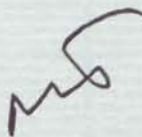


RIME MINISTER

In our last conversation you asked about the position of European air service operators flying to Argentina. The position is Lufthansa and Air France and some other European operators are not allowed to fly into Argentina but expect to be able to negotiate other flying rights and landing rights by the end of September. Al Italia, Iberia and Swiss Air, either because of their support for the Argentines or their neutral position, are all flying into Argentina.

When the Department of Trade say that they would like to be able to negotiate the same treatment as the Europeans, they mean that they would like to be able to negotiate the same treatment as Lufthansa and Air France.

More generally, as Sir Douglas Wass mentioned, we have not yet had a reply to the conditions that we put to the Argentines. The Treasury, the FCO and the Department of Trade all feel we should not make any concessions at least until we have had a reply.



WILLIE RICKETT

16 August 1982