



Prime Minister.

Foreign and Commonwealth Office

London SW1A 2AH

Agree that the paper should
be circulated to OD?

14 March 1984

Or do you want another
talk with the Foreign Secretary?

A.F.C. 14/3.

Further discussion,
not.

Jan John,

Letter to F/CO.

Argentina / Falklands

A.F.C. 24/3.

I enclose a minute from the Foreign Secretary to the Prime Minister on Argentina/Falklands. The Foreign Secretary discussed this with the Prime Minister this morning and, if the Prime Minister is content with it, would propose to circulate it to OD colleagues. He would of course be happy to have a further word with the Prime Minister about it first if she wished.

Yours,

Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street



PM/84/50

PRIME MINISTERArgentina/Falklands

1. I have been thinking further about how we should respond to the Argentine approach, in the light of the discussion we had at OD on 1 March.
2. We are agreed that there can be no discussion of the sovereignty issue with Argentina. Any talks will have to take place on that understanding. I have considered whether there are any steps we can take to reduce the risk that whatever the agreed basis of the talks, Argentina might subsequently seek to press the sovereignty issue. I think that we shall have to deal with this problem by making it clear to the Argentines that if they persisted in raising the subject, the talks would cease.
3. If talks began, and later broke down because the Argentines sought to discuss sovereignty in the face of our clear warnings, we would be able to show that we had been working for more normal relations and that it was Argentina which had introduced the stumbling block. If, however, we were to fail to respond to the latest Argentine message with workable proposals to get talks going, I am sure that we should find ourselves increasingly and unnecessarily on the defensive.
4. Arguments in favour of pursuing our original initiative are being deployed from a number of quarters:
 - (i) in Parliament, there is a strong feeling in both Houses that we should find a way of reconciling the need for early movement towards more normal UK/Argentina relations with the need to stand firm on sovereignty over the Falklands; the same point is reflected in most press comment.

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(ii) in our business community there are signs of impatience that we have not been able to move towards more normal trading and financial relations with Argentina (with consequential benefits for commercial prospects throughout Latin America). The ban on imports from Argentina deprived many British companies of a traditional source of supply (eg wool and hides). A number of other companies stand to gain, for example British Caledonian, who have lost £6 million of revenue a year since the Falklands conflict on their services to Latin America and are keen to restore their lucrative service to Buenos Aires.

(iii) internationally, Alfonsin's arrival has been generally welcomed, and there is a widespread belief, among our Allies as well as in the third world, that we should do all we can to improve the outlook for democratic government in Argentina.

5. The fact that we have exchanged messages with Argentina on the subject of our future relations is public knowledge. If we are seen to discontinue the exchange, we shall lose a fair amount of support both at home and abroad. We can of course ride out domestic criticism, and growing isolation on this subject at the UN. But a decision not to move to talks with Argentina carries other risks, for instance that other countries will be less willing to take seriously our representations on arms sales to Argentina.

6. For all these reasons, we are agreed that our interests will be best served by finding a basis on which talks can begin. Whether or not there was a formal agenda, the substance would be our six points together with some or all of the additional three Argentine points. These are each in varying

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degrees unwelcome. But, rather than challenge the Argentine's right to raise them, I think we should be prepared to listen and to put our own position on each item firmly on the record. We could do so effectively without going beyond our present public position. I summarise in the Annex to this minute what we should say on each of the three issues proposed by Argentina.

7. There remains the most difficult question: how to achieve a clear separation between the talks themselves and any statement on sovereignty which the Argentines insist on making for the record. We need to bear in mind that the sharper the distinction, the greater the opportunity for the Argentines to blame us for failure to get talks going, on the grounds of our restrictive approach. The best way for us to proceed would be as follows:

- (i) we would reply through the Swiss stating that sovereignty was not for discussion, but that we were ready for talks aimed at normalising relations. We would ask the Swiss to confirm, if asked, that we preferred not to have a formal agenda, but would raise all six points we have proposed and understood that the Argentines might raise their three;
- (ii) we would tell the Swiss separately that if the Argentines raised the question of sovereignty, the Swiss should make clear that this was not a subject for discussion in the talks. The Swiss should go on to add that if Argentina wished to repeat its position on sovereignty for the record, this would have to be done quite separately from the talks. The Swiss would then add that they would expect us to rebut it, and state our own position absolutely firmly, which they would convey to the Argentines. But they would explain that it was their understanding of our position that a separate

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exchange of statements for the record along these lines would not lead us to call off the talks before they began.

The Argentines would no doubt publicise their statement, and we should have to do the same. It would not, therefore, help to create a favourable atmosphere for the talks. But a self-contained exchange of statements, quite separate from the talks themselves, offers the best prospect of getting the talks started on the basis I have described. It would not, of course, prevent the Argentines from trying to shift the blame to us if the talks failed to start. But our own position would be a defensible one.

GEOFFREY HOWE

Foreign and Commonwealth Office
14 March 1984

ANNEX

ITEMS PROPOSED BY ARGENTINA

(A) 'The Lifting of the Protection Zone which the United Kingdom purports to have established in the South Atlantic'

1. We have said that we will not keep the Protection Zone indefinitely, but that we cannot be rushed in to lifting it. The moment of its lifting is not in itself a matter for negotiation: it is for the British Government alone to decide when the removal of the Protection Zone is justified on military and political grounds. But to refuse discussion of this item would deprive us of an opportunity to use the subject as a means of eliciting from the Argentines the formal assurance about the cessation of hostilities and perhaps also a renunciation of the use of force in the future.

(B) 'A halt to the fortification of the Islands, to the construction of the strategic airfield, and to the war-like concentration in the area'

2. We should tell the Argentines that ~~there can be no~~ *we shall complete* question of halting construction of the Mount Pleasant airfield and its ancillary infrastructure, which is essential in both security and economic terms. ~~But we could also take the opportunity to make clear to them that~~ *A* although we are constructing Mount Pleasant for military reasons, because of the actions of President Alfonsin's predecessors, the new airfield ~~is intended to~~ *will* play a vital part in the economic development of the Islands. *This matter cannot be discussed further.* Discussion of this item would also provide an opportunity to reiterate (for the benefit of all countries in the region) that our dispositions are for the defence of the Islands only and are not designed for wider strategic purposes.

/(C)



(C) 'Guarantees that nuclear weapons or artificats will be withdrawn from the region'

3. This reflects Argentine allegations during and after the Falklands campaign that we were in breach of the obligations we had assumed under the Treaty of Tlatelolco, which prohibits the development or deployment of nuclear weapons in Latin America.

4. There can clearly be no question of agreeing to discussions designed to elicit 'guarantees'. But to exclude nuclear matters altogether would generate suspicion and could needlessly put us on the defensive.

5. If the Argentines seek to introduce a nuclear item, we should simply repeat what we have already said in public: that "we have scrupulously observed its obligations under Additional Protocols I and II of the Treaty in not deploying nuclear weapons in territories for which the United Kingdom is de jure or de facto internationally responsible and which lie within the Treaty's zone of application and in territories in which the Treaty is in force". And we should make the point that our obligations under Tlatelolco are only to those states in the region which are Parties to the Treaty (the Argentines are not, and it is they who have reason to be defensive in this area).