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10 DOWNING STREET

From the Private Secretary

27 March 1984

ARGENTINA: FALKLANDS

Thank you for your letter of 23 March enclosing a revised draft of the proposed minute by the Foreign and Commonwealth Secretary.

The Prime Minister has no comments on the minute itself. But she would be grateful if the Foreign and Commonwealth Secretary could consider certain changes to the Annex.

In paragraph 2 of the Annex she would like the first sentence to be followed simply by:

"If the Argentines persist in raising this question we should have to insist on examining their military dispositions and intentions in the area." (This replacing all the rest of the paragraph).

Secondly, the Prime Minister would prefer the last sentence of the Annex to read:

"We should also insist on discussing nuclear developments in Argentina."

Provided that Sir Geoffrey Howe is content with these changes, the minute could now be circulated to OD.

A. J. COLES

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

JCR

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Prime Minister.

Foreign and Commonwealth Office

London SW1A 2AH

*Content that this paper
should be circulated to
OD and dealt with by
correspondence?*

23 March 1984

*I have amended
the Annex for
consideration re*

Dear John,

A.C. 26/13.

Argentina: Falklands

attached.

Thank you for your letter of 21 March recording the discussion between the Prime Minister and Sir Geoffrey Howe about the proposed further minute to OD.

I now enclose a draft which has been revised to take account of the points made by the Prime Minister. The principal changes are to paragraphs 6 and 7(i), but there are also some changes in the Annex.

Sir Geoffrey has seen this draft minute and is content with it. I should be grateful to know whether the Prime Minister agrees that it may be circulated to OD.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

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Draft minute from Secretary of State to Prime
Minister

Argentina/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/Argentine relations with the need to stand firm on sovereignty over the Falklands; the same point is reflected in most press comment;

(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. We have told the Argentines of the six points we propose to discuss. They in turn have put forward three additional points. These are set out in the Annex to this minute. They are formulated in highly tendentious terms and we could clearly not accept them as items on an agreed agenda. We should make it plain to Argentina in advance of the talks that these matters fell plainly within our responsibilities for the Falklands. If they nevertheless sought to raise them during the talks, I do not think that we should react by breaking

off the discussions. That would give the impression that we were on the defensive. I believe that we should instead firmly rebut the Argentine points, along the lines set out in the Annex. We would also warn the Argentines in advance, that if they did raise their points, we would feel entitled to raise similar questions on their nuclear activities, and on their own military dispositions in the region.

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. We would also make clear that any attempt by the Argentines to raise their points would be dealt with along the lines set out in paragraph 6 above.

(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 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.

8. I invite my colleagues on OD to agree that we should respond to the Argentines on the lines set out above. As

we have already had a full discussion in OD, I hope that for the sake of speed it may be possible to agree this without a further meeting.

9. I am copying this minute to our colleagues in OD and to Sir Robert Armstrong.

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DSR

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 into lifting it. The moment of its lifting is not in itself a matter for negotiation: it is for the British Government to alone to decide when the removal of the Protection Zone is justified on military and political grounds. But if the Argentines insist on discussion, we should take the opportunity to seek from the Argentines a 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. If the Argentines raise this, we should tell them firmly that there can be no question of halting construction of the Mount Pleasant airfield and its ancillary infrastructure, which is essential in both security and economic terms. We could add:

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*delete - Council
in numerous
reply*

a) that it is also intended to play a vital part in the economic development of the Islands, and

delete -

*than could be
a very
useful facility,*

b) that our dispositions are for the defence of the Islands only and are not designed for wider strategic purposes.

*→ that if the Members
have to visit their*

*Members' decision that whether we should
We could go on to question the Argentines about their own
on examining the ~~area~~*
military dispositions and intentions in the area

(C) "Guarantees that nuclear weapons or artifacts 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 be no question of agreeing to discussions designed to elicit "guarantees". If the Argentines nevertheless tried to introduce a nuclear item, we should 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

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obligations under Tlatelolco are only to those states in the region which are Parties to the Treaty (Argentina has not ratified the Treaty and it is they who have reason to be defensive in this area). We ~~could drive the point~~ ^{should also mention} home by ~~questioning them~~ ^{do not mention them} about nuclear developments in Argentina.

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