



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