

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)
 HD/UND

PS/NO 10 DOWNING ST
 PS/S OF S FOR DEFENCE
 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