



10 DOWNING STREET

1 July 1985

From the Private Secretary

Dear Len,

FALKLANDS/ARGENTINA

The Prime Minister has seen the Foreign Secretary's minute of 27 June about the future of our trade embargo against Argentina. She agrees that it will be helpful if the Foreign Secretary were to have an early meeting with colleagues to try to agree recommendations both on the substance of the question whether our sanctions should be lifted and on the presentation of a possible decision to do so.

BM

The Prime Minister has asked whether we are able to make any assessment of what the trade effects of lifting the embargo, in terms of increased imports, would be likely to be.

I am copying this letter to Andrew Lansley (Department of Trade and Industry), Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food), Henry Steel (Law Officers' Department), Rachel Lomax (HM Treasury) and to Richard Hatfield (Cabinet Office).

yours sincerely,

Charles Powell

Len Appleyard Esq  
Foreign and Commonwealth Office.



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J. Gray 21/1/2015

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PRIME MINISTER

Falklands/Argentina

1. In my minute of 7 May, I reviewed our continuing efforts to restore more normal relations with Argentina.
2. You commented that we should do all we could to obtain wider recognition that responsibility for the lack of progress rested squarely with Argentina. We have been following that up in the House here and through our posts abroad and will continue to do so vigorously as the next UNGA approaches. On the fisheries problem, Janet Young and I have recently seen the main proponents in Parliament of a unilateral regime. They accept that for the time being the Government is right to be doing all it can to secure a multilateral approach even though the prospects are not bright, because they recognise that a unilateral regime raises its own difficult series of problems.
3. There is one issue on which we shall need to take early decisions. This concerns our restrictions on imports from Argentina.
4. As you know, we have long sought to restore more normal trading relations through a reciprocal lifting of trade embargos. This has always been rejected by the Argentines. We are under growing pressure from commercial interests in this country. I know that Michael Jopling and Norman Tebbit are both concerned about the employment effects of the continuing embargo.

Prime Minister

(1)

Our trade embargo against Argentina is now very exposed to legal challenge.

Agree with Foreign Secretary

Should convene a meeting of colleagues to agree recommendations

Yes  
not to you on the future of the embargo?

CDP 30/6.





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*What about  
then consider  
- our goods  
How many  
fresh imports  
should we  
export?*

5. an early decision to lift our embargo could be put to good use in improving the presentation of our policy towards Argentina.

The advantages are as follows:

- (a) we would meet criticism in Parliament and the press of the penalties imposed by the embargo on British firms, and in a small way benefit employment in this country;
- (b) we would claim credit for making a positive move despite Argentina's insistence on the sovereignty/normalisation linkage; this will be useful in rallying waverers at UNGA;
- (c) we would be making a gesture in a field where the Argentines themselves, as well as the IMF, have said progress is essential if the Argentine economy is to recover;
- (d) this would reinforce our consistent public line that we wish democracy to prosper in Argentina;
- (e) we would be challenging the Argentine Government to respond in kind. Business circles there could well press for reciprocal action;
- (f) our action might in due course open the way to lifting other restrictions following naturally from the restoration of trade, e.g. air services, shipping, etc;

/(g)



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(g) we would put ourselves on a sounder footing to emphasise to our EC partners who are facing pressure for closer EC/Argentine relations where the fault lies for the stalemate in relations between Britain and Argentina.

6. These are the advantages that would follow from a decision to lift the embargo;

I think it important that we decide soon to lift the trade embargo and that this should be presented in the broad context of our approach to the restoration of bilateral relations with Argentina.

7. All this raises difficult issues of presentation. I would propose to have a very early meeting with colleagues concerned (Norman Tebbit, Michael Jopling, Michael Havers and Barney Heyhoe) with a view to putting agreed recommendations to you, both on the substance, and on how a decision to lift our restrictions should be presented.

8. I am copying this minute to Norman Tebbit, Michael Jopling, Michael Havers, Nigel Lawson and Sir Robert Armstrong.

Foreign and Commonwealth Office

27 June 1985

  
(GEOFFREY HOWE)