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MY TELNOS 442 AND 443: RELATIONS WITH ARGENTINA: MADRID TALKS,
17-18 OCTOBER: FIPZ, FISHERIES AND DIRECT FLIGHTS

SUMMARY

1. ABOLITION OF THE FIPZ THE PRIME ARGENTINE OBJECTIVE AT MADRID.
MODEST OBJECTIVES ON FISHERIES. A POTENTIAL SNAG ON DIRECT FLIGHTS.

DETAIL

2. OTEGUI TOOK THE OPPORTUNITY OF OUR MEETING TO MAKE A NUMBER OF
SUBSTANTIVE POINTS.

FIPZ

3. OTEGUI SAID THE ARGENTINES WERE ANXIOUS ABOVE ALL TO RETURN FROM
MADRID WITH THE FIPZ LIFTED. THEY WERE WORKING INTENSIVELY, IN
CONSULTATION WITH THE ARMED FORCES, ON A PACKAGE OF CBM'S WHICH WOULD
PROVIDE GENUINE SECURITY (AND BE PERCEIVED TO DO SO) WHICH WOULD BE
EQUIVALENT TO OR EVEN SUPERIOR TO THAT PROVIDED BY THE FIPZ. IF WORK
ON THIS WERE COMPLETED IN TIME THE ARGENTINES MIGHT COMMUNICATE THEIR
VIEWS TO US IN ADVANCE OF MADRID TO GIVE US SOME OPPORTUNITY TO
REFLECT BEFORE NEGOTIATIONS BEGAN.

4. I SAID THAT, AS HAD BEEN MADE CLEAR IN PREVIOUS EXCHANGES, THE
FIPZ WAS NOT SOMETHING WE COULD LIGHTLY RELINQUISH. THE IDEA THAT
THE DECISION TO LIFT THE FIPZ COULD BE TAKEN AT MADRID WAS
EXTRAORDINARILY AMBITIOUS. WE SHOULD NEED TO STUDY ANY ARGENTINE
PROPOSAL CAREFULLY.

5. OTEGUI SAID HE FULLY UNDERSTOOD. BUT IT WAS OF CRUCIAL
IMPORTANCE TO THE ARGENTINES. IF THEY RETURNED FROM MADRID WITH THE
FIPZ STILL IN PLACE THERE WOULD BE AN UPSURGE OF DOMESTIC CRITICISM
OF THE INITIATIVE TOWARDS BRITAIN WHICH HAD HITHERTO BEEN RELATIVELY
MUTED.

FISHERIES

6. OTEGUI SAID THE ARGENTINES HAD NOW MOVED MUCH CLOSER TO OUR OWN
POSITION. FISHERIES DISCUSSIONS WERE IMPORTANT BUT COMPLEX AND

LIKELY TO BE PROTRACTED. THEY WOULD NOT EXPECT A SUBSTANTIVE NEGOTIATION AT MADRID. BOTH SIDES WOULD PRESUMABLY STATE THEIR RESPECTIVE POSITIONS AND THEN TRY TO DEVISE A MECHANISM FOR HANDLING FUTURE NEGOTIATIONS. THE ARGENTINES WOULD NOT SPRING ANY SURPRISES AT MADRID. THEY HOPED WE WOULD NOT DO SO EITHER.

DIRECT FLIGHTS

7. OTEGUI SAID THAT SOMEWHAT TO HIS SURPRISE HE HAD DERIVED THE IMPRESSION FROM AEROLINEAS ARGENTINAS RECENTLY THAT THEY WERE LESS ANXIOUS FOR A RESUMPTION OF DIRECT FLIGHTS THAN WERE BRITISH AIRWAYS, WHO IN AEROLINEAS EYES STOOD TO BENEFIT FAR MORE. FOR THIS REASON THE PROBLEM OF THE AEROLINEAS SIMULATOR NOW LOOMED RATHER LARGER THAN OTEGUI HAD ORIGINALLY BELIEVED. THERE WAS NO DOUBT THAT IF THIS PROBLEM WERE RESOLVED BEFORE MADRID DISCUSSIONS ON DIRECT FLIGHTS WOULD BE THAT MUCH EASIER.

8. I SAID I WAS NOT SURPRISED THAT OTEGUI HAD RAISED THE SIMULATOR AND I WOULD REPORT WHAT HE SAID. BUT I WAS FRANKLY SURPRISED TO BE TOLD THAT AEROLINEAS WERE LESS THAN ENTHUSIASTIC ABOUT DIRECT FLIGHTS. THIS FLEW IN THE FACE OF EVERY IMPRESSION I HAD RECEIVED IN THE LAST TWO YEARS.

COMMENT

9. THERE CAN NOW BE NO LINGERING DOUBT ABOUT THE PRIORITY OBJECTIVE FOR THE ARGENTINES AT MADRID. IF (AND I GRANT IT IS A BIG IF) THEY CAN GENUINELY COME UP WITH A CONVINCING PACKAGE OF CBM'S AND ARE PREPARED TO THROW REMOVAL OF ALL REMAINING COMMERCIAL DISCRIMINATION INTO THE POT WE WOULD SEEM TO HAVE THE MAKINGS OF A DEAL.

10. OTEGUI'S DESCRIPTION OF THE ARGENTINE POSITION ON FISHERIES SEEM SATISFACTORY. I ASSUME THAT HIS REFERENCE TO NO SURPRISES HAS TO DO WITH FEARS OF POSSIBLE PLANS TO EXTEND THE FICZ BUT HE DID NOT SAY AS MUCH.

11. I AM SOMEWHAT SUSPICIOUS OF THE DIRECT FLIGHTS PLOY WHICH SOUNDS LIKE A TRY-ON TO EXERT PRESSURE OVER THE SIMULATOR PROBLEM. BUT IT IS UNDENIABLE THAT AN EARLY RESOLUTION OF THE LATTER WOULD CONTRIBUTE TOWARDS A POSITIVE ATMOSPHERE AT MADRID.

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