



Foreign and Commonwealth Office

cell
②

London SW1A 2AH

David Austin

CONFIDENTIAL

1 November 1989

Dear Charles

mt

A positive answer

OD 1/2

Relations with Argentina: Madrid Talks: 17-19 October

The Prime Minister, and other members of OD, may find it useful to have the Foreign Secretary's evaluation of the outcome of the talks with the Argentines in Madrid from 17-19 October.

The talks went well; better than we had thought they might. The Argentines honoured their undertaking not to raise sovereignty, and stuck to the practical issues in a businesslike way. The principal gains for us were as follows.

First, the Argentines accepted explicitly that hostilities had ceased. We offered two minor adjustments to the Falkland Islands Protection Zone (FIPZ) - to end the requirement for Argentine civilian vessels to notify us before entering the FIPZ, and to remove a small segment in the south western part of the FIPZ so that it will now be aligned exactly with the fisheries conservation zone (FICZ). Neither of these adjustments detracts from our defence capability. In return we secured implicit Argentine recognition that we were not able to consider lifting the FIPZ, and their tacit acceptance that we would extend the territorial waters around the Falklands and South Georgia from three to twelve nautical miles. This last point is particularly welcome. The necessary orders for extension are now going to the Privy Council.

Both we and the Argentines put forward ideas for confidence building measures. The Argentines still hope that these will be capable of replacing the FIPZ; we do not see them in that way, but many of the CBMs that the Argentines are proposing are well worth looking at in their own right. A joint technical working group will prepare for the next round of talks.

CONFIDENTIAL



CONFIDENTIAL

Second, the Argentines undertook to lift all restrictions and restrictive practices hampering British exports, British companies in Argentina, civil aviation and shipping. This is good news for our companies, especially British Airways. DTI are supporting a trade mission to Argentina at the end of November to take immediate advantage. We agreed in return to lift our veto on closer Argentine links with the EC, which was our response to the Argentine restrictions and has clearly proved its worth.

Third, on fisheries, Sir Crispin Tickell managed to use our move on realignment of the FIPZ mentioned above to extract from the Argentines an assurance that they would not disturb our control over the FICZ, or interfere with vessels fishing there under licence. On this basis, the two sides agreed to set up a working group on fisheries, which will produce a report on conservation and related issues.

Fourth, the Argentines gave us an assurance that they would no longer interfere with the development of links between the Falkland Islands and Chile, Uruguay and Brazil. They accepted that it was premature to think of developing links between the Islands and Argentina.

The two sides agreed to establish consular relations. The Argentines were disappointed that we still considered it premature to resume diplomatic relations. They made clear they will press for this hard at the next meeting in Madrid on 14-15 February. We will have to see how the Argentines behave in the coming months. They appear keen to bring the process of normalisation to an early conclusion, and for the moment at least, to set the sovereignty issue aside. They confirmed their readiness to defer the annual UN Falklands debate until next year, a sign of good faith on their part and a useful bonus for us.

Mr Major sent a personal message to the Islanders at the conclusion of the talks. The Governor has reported that this was well received and helped reassure the Islanders.

The success of these talks owes a great deal to the skill of Sir Crispin Tickell, The outcome has been well received internationally, particularly by the US, other EC member states and in Latin America. It has aroused no domestic criticism.

/I am

CONFIDENTIAL



CONFIDENTIAL

I am copying this to the Private Secretaries of other members of OD and Sir Robin Butler.

Yours ever

R N Peirce

(R N Peirce)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

