

CONFIDENTIAL  
FM UKMIS NEW YORK  
TO PRIORITY FCO  
TELNO 2008

PS TO PRIME MINISTER  
NO 10 DOWNING ST

OF 130420Z DECEMBER 89  
INFO PRIORITY BUENOS AIRES, PORT STANLEY  
INFO ROUTINE WASHINGTON, BRASILIA, MONTEVIDEO, UKREP BRUSSELS  
INFO SAVING BERNE, MADRID

YOUR TELNO 919: ANGLO/ARGENTINE RELATIONS

SUMMARY

1. GARCIA DEL SOLAR EXPRESSES SATISFACTION WITH OUTCOME OF MONTEVIDEO TALKS ON CONFIDENCE-BUILDING MEASURES. HE FORESEES FUTURE CO-OPERATION, NOT CONFRONTATION, BETWEEN OUR ARMED FORCES. I RECEIVE A SYMPATHETIC HEARING ON PARIS CLUB DEBT REPAYMENTS, AND ON RAF FLIGHT DIVERSIONS THROUGH RECIFE. BUT ON THE LATTER GARCIA DEL SOLAR HOLDS OUT LITTLE PROSPECT OF CHANGE IN THE ARGENTINE POSITION. HE AGREES TO RECOMMEND SUPPORT FOR OUR APPROACH TO THE RUSSIANS ON SOUTH GEORGIA FISHERIES. HE SPEAKS WARMLY OF THE LATAG MISSION.

DETAIL

2. I DINED WITH GARCIA DEL SOLAR, SPECIAL REPRESENTATIVE OF THE ARGENTINE GOVERNMENT FOR ANGLO/ARGENTINE RELATIONS, AT HIS INVITATION ON 11 DECEMBER.

CONFIDENCE BUILDING MEASURES

3. GARCIA DEL SOLAR SAID HE AND HIS MINISTER WERE WELL SATISFIED WITH THE RESULTS OF THE MONTEVIDEO TALKS. ON SOME ISSUE THERE HAD BEEN REAL PROGRESS. ON THE MOST DIFFICULT AND CRUCIAL ISSUE OF THE FUTURE OF THE FALKLAND ISLANDS PROTECTION ZONE (FIPZ) THERE HAD BEEN A USEFUL EXCHANGE OF VIEWS, AND NEITHER HE NOR CAVALLO WERE DISCOURAGED. THEY WELCOMED FURTHER DISCUSSION AT THE SECOND ROUND OF TALKS IN EARLY FEBRUARY, AND MUCH HOPED THAT THE ISSUE COULD BE RESOLVED WHEN GARCIA DEL SOLAR AND I MET IN MADRID ON 14/15 FEBRUARY.

4. I SAID WE TOO WERE HAPPY WITH PROGRESS MADE AT THE TALKS. THE ARGENTINE GOVERNMENT MUST REALISE (GARCIA DEL SOLAR INDICATED THAT HE DID) THAT HMG WOULD NOT REMOVE THE FIPZ UNLESS ALTERNATIVE ARRANGEMENTS COULD BE AGREED WHICH PRODUCED AN EQUIVALENT LEVEL OF CONFIDENCE AND SECURITY. GARCIA DEL SOLAR SAID THIS WAS THE SINGLE MOST CRITICAL POINT, ON WHICH IN SOME MEASURE EVERYTHING ELSE HUNG.

WITHOUT AGREEMENT ON IT, HE DID NOT SEE HOW DIPLOMATIC RELATIONS COULD BE RESTORED. I SAID I DID NOT ACCEPT THAT MAINTENANCE OF THE FIPZ WAS A REAL IMPEDIMENT TO THE RESTORATION OF DIPLOMATIC RELATIONS. IN ANY CASE IT WAS THE ARGENTINES AND NOT THE BRITISH WHO WERE URGING EARLY RESTORATION OF DIPLOMATIC RELATIONS. SO FAR AS WE WERE CONCERNED, DIPLOMATIC RELATIONS COULD BE RESTORED WHEN A SUFFICIENT MEASURE OF CONFIDENCE HAD BEEN BUILT UP BETWEEN OUR TWO GOVERNMENTS.

7. 5. GARCIA DEL SOLAR MADE TWO POINTS OF DETAIL. HE ENDORSED OTEGUI'S POINT THAT THERE WOULD BE LITTLE REAL NEED FOR ARGENTINE UNITS TO APPROACH THE FALKLANDS. THE IDEA OF A SECOND ARGENTINE INVASION WAS A FOLLY WHICH EVEN THE CRAZIEST ARGENTINE GOVERNMENT WOULD NOT CONTEMPLATE. BUT THE ARGENTINES WOULD HAVE DIFFICULTY WITH ANY CONFIDENCE BUILDING MEASURES WHICH REQUIRED PRIOR AUTHORISATION. NOR COULD THE PRINCIPLE OF TOTAL RECIPROCITY BE MAINTAINED: THE ARGENTINE COAST-LINE WAS EXTREMELY LONG, AND SHOULD NOT BE COMPARED IN GEOGRAPHICAL OR POLITICAL TERMS WITH THE LIMITED AREA ROUND THE FALKLANDS. (COMMENT: I NOTED THAT HE DID NOT RULE OUT THE IDEA OF RECIPROCITY APPLYING TO LIMITED ZONES OR AREAS.)

6. GARCIA DEL SOLAR SAID HE HAD RECENTLY HAD SOME INTERESTING CONTACTS WITH SENIOR MEMBERS OF THE ARGENTINE ARMED FORCES, IN PARTICULAR THE NAVY. THEIR ATTITUDE TOWARDS BRITAIN WAS NOT WHAT WE MIGHT EXPECT. OF COURSE THEY SAW THE FALKLANDS AS ARGENTINE AND RESENTED THE CONTINUED BRITISH PRESENCE. BUT THEY GREATLY RESPECTED THE BRITISH AND THEIR ARMED FORCES, AND WERE LOOKING FOR FUTURE CO-OPERATION RATHER THAN CONFRONTATION. INDEED THERE WERE SOME WHO SAW FUTURE ANGLO-ARGENTINE CO-OPERATION IN THE DEFENCE OF THE SOUTH ATLANTIC AREA, INCLUDING JOINT MANOEUVRES OF THE KIND THE ARGENTINES NOW HAD WITH THE AMERICANS. WE SHOULD NOT MISINTERPRET THE WISH OF THE ARGENTINE ARMED FORCES TO RE-EQUIP. NATURALLY THEY WANTED MODERN EQUIPMENT, INCLUDING NEW FIGHTER AIRCRAFT. BUT THE IDEA THAT THESE WOULD BE USED TO ATTACK THE FALKLANDS WAS FANTASY.

#### DEBT

7. I REMINDED GARCIA DEL SOLAR THAT WE HAD SUPPORTED AND ENCOURAGED THE EC COMMISSION TO PUT FORWARD A DRAFT NEGOTIATING MANDATE FOR AN EC/ARGENTINA CO-OPERATION AGREEMENT WITH A VIEW TO ITS ADOPTION AT THE FOREIGN AFFAIRS COUNCIL ON 19 DECEMBER. WE HAD DONE THIS IN THE SPIRIT OF THE UNDERTAKINGS GIVEN BY GARCIA DEL SOLAR AT MADRID THAT ALL ECONOMIC AND FINANCIAL DISCRIMINATION AGAINST BRITISH INTERESTS IN ARGENTINA WOULD BE LIFTED. YET THERE WAS STILL A MEASURE OF DISCRIMINATION IN THAT BRITAIN WAS THE ONLY PARIS CLUB CREDITOR

COUNTRY TO WHICH ARGENTINA HAD YET TO MAKE PAYMENTS UNDER THE TWO BILATERAL DEBT AGREEMENTS IMPLEMENTING THE 1985 AND 1987 RESCHEDULINGS. ARGENTINA'S REQUEST FOR ANOTHER PARIS CLUB RE-SCHEDULING WOULD BE CONSIDERED AT THE CLUB'S NEXT MEETING. IT WAS IMPORTANT THAT BEFORE THEN ARGENTINA SHOULD HAVE DEMONSTRATED COMPARABILITY OF TREATMENT FOR ALL ITS CREDITORS: ARGENTINA SHOULD MAKE AT LEAST SOME PAYMENTS TO US BEFORE HMG ATTENDED THE MEETING ON A THIRD RE-SCHEDULING. I ADDED FOR GOOD MEASURE THAT THE COMPLETE LIFTING OF DISCRIMINATION WAS IMPORTANT FOR ARGENTINA'S REPUTATION IN THE CITY OF LONDON.

8. GARCIA DEL SOLAR SAID ALL THIS WAS NEWS TO HIM. HE KNEW THAT THE SPECIFIC MEASURES OF DISCRIMINATION WE HAD DISCUSSED IN MADRID HAD ALREADY BEEN LIFTED, AND HE WAS SURPRISED AND DISTURBED TO HEAR WHAT I HAD SAID. I REPLIED THAT WE HAD ALREADY MADE OUR CONCERNS KNOWN TO HIS GOVERNMENT, BUT NOT APPARENTLY WITH ANY EFFECT. GARCIA DEL SOLAR SAID THAT HIS FOREIGN MINISTER WAS AN EXPERT ON PROBLEMS OF THIS KIND. HE WOULD TELEPHONE HIM EARLY ON 12 DECEMBER AND REPORT WHAT I HAD SAID.

#### RECIFE

9. WE DISCUSSED THE PROBLEMS WHICH HAD ARISEN OVER RAF USE OF RECIFE. (HERE I DREW ON BRASILIA TELNO 481.) GARCIA DEL SOLAR SAID THAT SOMEHOW UNFORTUNATE TIMINGS SEEMED CONSTANTLY TO AFFECT ANGLO/ARGENTINE RELATIONS. ONCE DIPLOMATIC RELATIONS WERE RESTORED, THERE SHOULD BE NO MORE DIFFICULTIES. BUT AT PRESENT THE ARGENTINE GOVERNMENT DID NOT WELCOME FLIGHTS THROUGH RECIFE FOR OBVIOUS POLITICAL REASONS, AND HAD MADE KNOWN ITS VIEWS TO THE BRAZILIANS. I SAID WE REGRETTED THE ARGENTINE ATTITUDE. OUR WISH TO SEND RAF FLIGHTS THROUGH RECIFE WAS NOT POLITICALLY MOTIVATED. IT AROSE FROM THE NEED FOR THE AMERICANS, WHO OWNED AND OPERATED THE AIRFIELD ON ASCENSION ISLAND, TO UNDERTAKE EMERGENCY REPAIRS. VITAL REPAIR WORK WOULD BE NECESSARY IN COMING WEEKS, AND THE AMERICANS HAD ALREADY AWARDED THE CORRESPONDING CONTRACTS. THUS THE RAF FACED CONSIDERABLE INCONVENIENCE, NOT OF ITS OWN MAKING, AND THE ARGENTINES WERE COMPOUNDING IT.

10. GARCIA DEL SOLAR SAID THIS WAS THE FIRST HE HAD HEARD OF THE BACKGROUND, WHICH PUT A DIFFERENT COMPLEXION ON THE ISSUE. BUT HE DOUBTED IF HIS GOVERNMENT'S POSITION WOULD HAVE BEEN DIFFERENT HAD IT KNOWN. EVEN IF OUR MOTIVES WERE STRICTLY PRACTICAL, THE ROUTING OF RAF AIRCRAFT THROUGH RECIFE WOULD STILL BE INTERPRETED IN POLITICAL TERMS IN ARGENTINA. NEVERTHELESS HE WOULD INFORM HIS MINISTER.

## LATAG TRADE MISSION

11. GARCIA DEL SOLAR SAID THE MISSION HAD BEEN AN UNQUALIFIED SUCCESS. LORD MONTGOMERY AND SIR WILLIAM HARDING HAD MADE AN EXCELLENT IMPRESSION. LORD MONTGOMERY HAD BEEN PARTICULARLY ADMIRER FOR HIS RESTRAINT WHEN SUBJECTED TO ABUSE AND EGG THROWING FROM SOME EXTREMISTS. INDEED, AS WE PROBABLY KNEW, CAVALLO HAD WRITTEN TO LORD MONTGOMERY TO APOLOGISE FOR THE INCIDENT, AND THE GOVERNMENT HAD BEEN HEAVILY CRITICIZED FOR NOT GIVING LORD MONTGOMERY PROPER PROTECTION.

## SOUTH GEORGIA FISHERIES

12. I MENTIONED THE PROBLEMS OVER SOVIET REFUSAL TO ACCEPT A CONSENSUS TO BAN FISHING ROUND SOUTH GEORGIA AT THE LAST MEETING OF THE COMMISSION FOR THE CONSERVATION OF ANTARCTIC MARINE LIVING RESOURCES (CCAMLR). THE FISH STOCKS AROUND SOUTH GEORGIA WERE UNDER REAL THREAT. WE HAD TRIED FOR A MULTILATERAL ARRANGEMENT, BUT, ALTHOUGH I BELIEVED THE ARGENTINES HAD SUPPORTED US, THE RUSSIANS HAD FRUSTRATED IT. I WOULD BE RAISING THE ISSUE WITH THE SOVIET DEPUTY FOREIGN MINISTER (PETROVSKY). AS I HAD WARNED SR GARCIA DEL SOLAR AT MADRID, IF WE FAILED TO ESTABLISH A MULTILATERAL REGIME, THERE WOULD BE A REAL POSSIBILITY OF A DECISION TO ESTABLISH A UNILATERAL REGIME TO 200 MILES.

13. GARCIA DEL SOLAR REPEATED THE POLITICAL IMPLICATIONS IN ARGENTINA OF ANY SUCH DECISION. BUT HE WELL UNDERSTOOD THE PRACTICAL PROBLEM WE FACED. I LATER BRIEFED GARCIA DEL SOLAR AFTER MY MEETING WITH PETROVSKY (MY TELNO 2003). I ADDED THAT ANYTHING THE ARGENTINES COULD DO TO REINFORCE OUR POINTS WOULD BE TO OUR COMMON ADVANTAGE. GARCIA DEL SOLAR SAID HE WOULD SO RECOMMEND TO HIS MINISTER. SOMEWHAT ANXIOUSLY HE NOTED THAT THE NEXT MEETING OF CCAMLR WOULD NOT BE BEFORE NEXT OCTOBER. THERE WOULD THEREFORE BE TIME FOR DIPLOMACY BEFORE FINAL DECISIONS WERE TAKEN.

## COMMENT

14. IT SEEMED CLEAR THAT GARCIA DEL SOLAR DID NOT EXPECT TO SEE ME AGAIN BEFORE MID FEBRUARY, ALTHOUGH HE DID NOT RULE OUT AN EARLIER MEETING IF SOMETHING UNTOWARD SHOULD HAPPEN. OUR MEETING WAS AS ALWAYS EXTREMELY FRIENDLY. GARCIA DEL SOLAR EXPRESSED HIMSELF WITH FRANKNESS ABOUT CURRENT POLITICAL EVENTS IN BUENOS AIRES. HE WILL DO ALL HE CAN TO FIND A WAY ROUND THE PROBLEM OF AN EFFECTIVE SUBSTITUTE FOR THE FIPZ, BUT IS CERTAINLY HOPING FOR OUR HELP.

FCO PLEASE PASS SAVING ADDRESSEES