



Prime Minister

House of Lords · Westminster

I talked again last night to Manuel Ulloa on the telephone in Helsinki. His intention is now to remain there till Saturday, go to Paris for the week-end & thence to Brussels on Monday. In Brussels, he told me that he will try & persuade the ~~the~~ continental European foreign ministers to call off sanctions against Argentina! He thinks that the continental Europeans are damaging themselves severely in Latin America & so adversely affecting the long term interests of the West: he repeated his impression that our neighbours in Europe & the US are actually more unpopular than we are.

The reason why he talks to me like this must be that he desires to remain in touch with us, whatever he says publicly.

He also pressed again the question as to whether an Argentinian interest in the Falkland Islands Co (or in Coalite, the company which owns the Falkland Island Co) might not make a contribution to the resolution of the problem we face: perhaps allowing the Argentinians to be able to claim, before their own public opinion, that they had a major legal standing in the islands.

I said that, even were such a thing possible, I could not see that ideas of that nature could lead to much. All changes in land ownership, I thought, on the Falklands have to be approved by the Crown. The Falklands Co is now wholly owned by Coalite. Coalite might sell the Co, I suppose, or sell themselves - in theory. But having met Mr Needham, the chairman of Coalite, I knew it wd be inconceivable that he wd. recommend to his shareholders any action which wd be against our national interest (you have met him, I think, too & I think you wd. agree with this assessment).

As I mentioned last night, I have heard, through Baring's Bank, that, about 1968, Mr Costa Mendez, when foreign minister in Argentina under president Onganía, made an approach to try & buy the Company on behalf of the Argentinian Govt. Baring's advised that such a deal cd. not be kept secret, & so nothing came of the plan then. Knowing this, I expect Señor Ulloa's idea comes again from Costa Mendez.

Hugh Thomas  
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