



PM/82/59

This will be discussed at  
OD(FAF) on Tuesday.

A.T.C. 1 1/2.

PRIME MINISTEREconomic Measures Against Argentina

- attached
1. I very much see the force of the arguments in Geoffrey Howe's minute of 12 July to you in favour of finding an opportunity to remove our restrictions on Argentine assets here. Arthur Cockfield's minute to me of 30 June argued similarly for lifting the ban on imports from Argentina, once the Argentine Government confirmed the cessation of hostilities and were willing to remove their own measures.
  2. Now that we have assurances from the Argentine authorities on the de facto ending of hostilities, and all our supporters have removed their economic measures, I agree that the time has come to consider how to end our own measures, except of course the arms embargo. I understand that this is to be discussed at OD(FAF) on 20 July.
  3. We must if possible ensure that the Argentines remove all those measures which have the same effect as our own. Their restrictions cover imports from the UK, financial transactions, the use of British property (including HMG's property) and other assets and the operations of British firms in Argentina. We should aim to have all these restrictions removed in return for ending our own import ban and assets freeze. This argues, in my view, for dealing with our commercial and financial measures together and for proposing to the Argentines a deal on economic measures rather than making a unilateral move of our own.
  4. The formal exchanges on removing these measures will probably have to take place through the Swiss, as happened over the return of prisoners. But this is a cumbersome channel and I am attracted by the Chancellor's proposal to have initial contacts made between central banks, which would give much greater flexibility. We could discuss this at OD(FAF). I would, however, suggest that the contacts between central banks should not be entirely limited to financial restrictions but make clear our wish to see both commercial and financial measures removed on a reciprocal basis.

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A positive response would open the way for a formal approach via the Swiss.

5. I am copying this minute to OD colleagues, to the Governor of the Bank of England and to Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'FP', with a horizontal line underneath.

(FRANCIS PYM)

Foreign and Commonwealth Office  
16 July, 1982

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