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10 DOWNING STREET

24 January 1985

From the Private Secretary

RELATIONS WITH ARGENTINA

Thank you for your letter of 23 January enclosing draft instructions to H.M. Ambassador in Berne and a draft message to the Argentines about normalisation of economic and commercial relations.

The Prime Minister agrees these instructions which may now issue.

CHARLES POWELL

Peter Ricketts, Esq.,  
Foreign and Commonwealth Office.

CONFIDENTIAL

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[ FCS' submission  
on Falklands/  
Argentina ]

10 DOWNING STREET

Prime Minister

The FCO instructions  
are consistent with the  
general approach you authorized  
earlier (as described to Perez  
de Cuellar).

The only new point  
is the involvement of the  
French in making arrangements  
for exchanges on economic  
matters.

— As you will see, the  
Chancellor agrees to using the  
French.

CDP  
23/11



cek  
①



Foreign and Commonwealth Office  
London SW1A 2AH

23 January 1985

Dear Charles,

Yes not

Prime Minister  
To see with  
Chancellor's minute  
attached about bilateral  
Relations with Argentina debt negotiations.

The Foreign Secretary proposed in his minute of 4 January to the Prime Minister that we should delay a response to the latest Argentine proposals until after the multilateral Paris Club meeting on the rescheduling of Argentina's official debt.

Agree instructions?  
EDP  
23/1

As you will know, the Paris Club meeting passed off without any problems. I now enclose a draft message which we propose to ask the Swiss to convey to the Argentines. This is along the lines foreshadowed in the Foreign Secretary's minute. I also enclose a draft of the instructions we propose to send to HM Ambassador Berne. As these instructions make clear, we see some advantage in taking up the idea put forward by the Argentines that the French should be asked to make the arrangements for the exchanges on economic matters following from the Paris Club discussions. That would achieve a clear separation from the Berne talks and any suggestion of linkage with the sovereignty issue. We also propose to brief the Brazilians on our message to the Argentines in parallel, to ensure that it reaches the Argentines without any glosses that the Swiss might be tempted to put on it.

For ever,

Peter Ricketts

(P F Ricketts)  
Private Secretary

C D Powell Esq  
10 Downing Street



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OUTWARD

TELEGRAM

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[TEXT]

RELATIONS WITH ARGENTINA

1. Ministers have studied Caputo's proposals with care. They are not (not) acceptable. Quote political status of the Islands and their inhabitants unquote is no more than a euphemism for sovereignty. The Argentine demand that we must accept all three phases before the first phase could start is essentially similar to the position which brought the Berne talks to deadlock.

2. We shall maintain our policy of seeking more normal bilateral relations with Argentina, avoiding packages or linkage, and identifying single subjects on which we wish to make progress when conditions are ripe.

Copies to:-



3. One such area is the possible lifting of commercial and financial restrictions. The multilateral Paris Club meeting on the rescheduling of Argentine debts passed off satisfactorily on 15-16 January. We now wish to take the opportunity of the bilateral follow-up meetings to make progress towards lifting economic restrictions. You will have seen from Paris telno 51 that the Argentines themselves suggested that the French should act as intermediary to arrange bilateral meetings between Argentina and UK following from the Paris Club exchanges. We see some advantages in this idea. It would emphasise that these discussions are being treated as a self-contained subject, entirely separate from the Berne talks with their inevitable connotations of sovereignty linkage. It would obviously be important to explain to the Swiss that we saw this as a follow-up to the Paris Club discussions where the French have a special role and not (not) as any change in the Swiss position as our Protecting Power. I am sure you will be able to put this over to them without giving offence.

4. I also see advantage in an early re-statement of our position on a visit to the Falklands by Argentine next-of-kin. Our policy on this remains unchanged. Falklands Councillor John Cheek spoke positively about it in New York last October. If our offer were supported by parallel action through the Catholic Church, as well as the ICRC, it could be more difficult for the Argentines to introduce extraneous sovereignty issues: a separate telegram will follow about this.

5. I should be grateful if you could ask the Swiss to convey to the Argentine Foreign Minister the message in /MIFT



MIFT I do not (not) want the Swiss to add any gloss of their own: I see them as acting strictly as a channel of communication, rather than seeking to convoke new talks, still less to mediate between us and Argentina. You may however point out to Brunner that our approach is entirely consistent with his remark last August that it might be possible to circumvent the linkage problem by making progress on one thing at a time through the diplomatic channel (para 7 of your telno 310 of 30 August 1984).

6. For Civil Commissioner, Port Stanley. Although the Argentines have made public statements on very similar lines to their proposals in December, they have not disclosed the fact of their approach. (FCO telno Personal 17 of 10 December 1984). We wish to maintain confidentiality for the time being. When the time comes, we would envisage your briefing Councillors along the following lines:

- (a) we have rejected another Argentine proposal in which the sovereignty linkage, albeit stated in a more oblique form, was an integral part.
- (b) We have however told them that we are prepared to pursue practical means of improving relations between our two countries, especially in the economic field.
- (c) We have reiterated the position regarding the Argentine dead, including our readiness in principle to accept a suitably prepared next-of-kin visit.

Neither (b) nor (c) above go beyond our position at Berne with which Councillors were content.

7. For Brasilia. We shall brief the Brazilian Ambassador here about the Argentine message and our response as soon as the Swiss report that they have taken action with the Argentines. You have discretion to take similar action emphasising confidentiality.



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8. For other addressees. All the above is strictly for your own information at this stage. I want to give the Argentines some time to reflect on our message without hearing that we have briefed our Allies and Partners. But we shall wish to do so before long.

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## MESSAGE TO ARGENTINE GOVERNMENT

The British Government have carefully considered the Argentine proposals conveyed orally to the British Ambassador in Berne by the Swiss State Secretary for Foreign Affairs on 4 December 1984.

The British Government continue to attach importance to achieving more normal relations between Britain and Argentina. But, as Dr Caputo's message itself recognises, the restoration of confidence between our two nations will take time. It is therefore all the more important to launch the process without further delay. But the Argentine Foreign Minister's message proposes that even the start of such discussions should be subject to a precondition. His approach would require the British side to commit themselves at the outset to addressing in due course the "political status of the Islands and their inhabitants". There is no difference of substance between this precondition and a commitment to discuss sovereignty, however obliquely stated. As is well known, the British Government cannot agree to an arrangement in which discussion of sovereignty over the Islands forms any part. They cannot therefore accept the Argentine proposal.

The British Government remain strongly of the view that more normal relations between our two countries can best be achieved by dealing with practical issues of interest to both Governments. That was the basis on which the British

/Government



Government approached the meeting in Paris on 15/16 January at which agreement was reached on the terms for rescheduling Argentina's official debt. The British Government welcomed the opportunity to play a constructive part on this practical matter. They intend to approach the subsequent bilateral negotiations in an equally positive spirit.

The British Government also wish to see progress in other aspects of economic relations. In particular the restoration of trade between Britain and Argentina would be of clear and immediate benefit to both sides. Moreover, the absence of normal economic and commercial relations with Britain must inevitably hamper the development of broader co-operation between Argentina and the European Community.

The British Government therefore propose that all appropriate opportunities should be taken to make early progress towards the lifting of remaining financial restrictions on British companies in Argentina, as agreed between representatives of the British Government and of the Argentine authorities in September 1982, as well as the reciprocal removal of the restrictions on imports imposed in 1982.

The British Government take this opportunity to repeat their position regarding the Argentine dead whose remains are buried in the Falkland Islands. The British Government's preference is for



the return of the remains to Argentina. Meanwhile, they remain prepared to facilitate a humanitarian visit to the graves by close relatives of those Argentines who died on the Falklands. Such a visit should be sponsored by the Argentine Government and should take place under the auspices of, and be supervised by, the International Committee for the Red Cross. The detailed terms under which the British Government would be ready to accept a visit remain as set out in Note No IE(GB)72/83 of 19 August 1983 from the Swiss Embassy in Buenos Aires to the Argentine Ministry of Foreign Affairs.



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23 JAN 1985

