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FM BERNE 141130Z FEB 85  
TO IMMEDIATE FCO DESKBY 141230Z  
TELNO 49 OF 14 FEBRUARY 1985

MY TELNO 48: RELATIONS WITH ARGENTINA

1. STATE SECRETARY INFORMED ME THIS MORNING OF A REPORT FROM KEUSCH THAT IN CAPUTO'S ABSENCE HE HAD BEEN SUMMONED BY SABATO TO RECEIVE COMMENTS ON YOUR MESSAGE OF 25 JANUARY.
2. SABATO EXPRESSED DISAPPOINTMENT THAT YOUR MESSAGE SUGGESTED NO CONSTRUCTIVE ALTERNATIVE TO THE EARLIER ARGENTINE PROPOSALS. HIS MAIN CONCERN HOWEVER WAS WITH FOLLOWING SENTENCE: " MOREOVER, THE ABSENCE OF NORMAL ECONOMIC AND COMMERCIAL RELATIONS WITH BRITAIN MUST INEVITABLY HAMPER THE DEVELOPMENT OF BROADER COOPERATION BETWEEN ARGENTINA AND THE EUROPEAN COMMUNITY".
3. SABATO SAID THAT ARGENTINE GOVERNMENT TOOK SERIOUS EXCEPTION TO THIS SENTENCE. HE ASKED WHETHER IT WAS TO BE READ AS A THREAT AND WHETHER IT REPRESENTED THE CONCERTED POSITION OF THE EUROPEAN ECONOMIC COMMUNITY. WAS THE BRITISH GOVERNMENT AUTHORISED BY ITS PARTNERS TO REPRESENT THE VIEW OF THE COMMUNITY IN THIS WAY?
4. ACCORDING TO KEUSCH'S REPORT ARGENTINA HAS NOW EMBARKED ON A DIPLOMATIC OPERATION DESIGNED TO FIND OUT FROM OTHER MEMBER GOVERNMENTS OF THE EUROPEAN ECONOMIC COMMUNITY HOW FAR THE ABOVE SENTENCE CORRESPONDS TO THEIR VIEWS.
5. BRUNNER WENT ON TO SAY THAT IT WAS NOT CLEAR HOW FAR THIS DEVELOPMENT WOULD OVERTAKE THE SUGGESTION BY CAPUTO REPORTED IN MY TUR FOR A "FORTUITOUS" MEETING WITH LADY YOUNG IN MONTEVIDEO. IN THE NEW CIRCUMSTANCES HE THOUGHT IT MIGHT BE WISER NOT TO PURSUE THE IDEA. IT WOULD IN ANY CASE BE DIFFICULT TO FOLLOW IT UP WHILE CAPUTO WAS AWAY. ONE POSSIBILITY WOULD BE TO LET EVENTS TAKE THEIR COURSE AT MONTEVIDEO WITHOUT ATTEMPTING TO MAKE PRIOR ARRANGEMENTS. KEUSCH WOULD BE REPRESENTING THE SWISS GOVERNMENT AT THE INAUGURATION CEREMONY AND COULD IF DESIRED ASSIST BY MAKING AN INTRODUCTION.

POWELL-JONES

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