

CONFIDENTIAL

SUBJECT & MASTER



FINE  
KK  
cpc

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

13 July 1989

*Dear George,*

**PRIME MINISTER'S MEETING WITH PRESIDENT OF URUGUAY**

The Prime Minister had a brief meeting with the President of Uruguay at the Elysee Palace in Paris this afternoon. President Sanguinetti was accompanied by his Foreign Minister.

The Prime Minister began by saying that she had recently met Sr. Iglesias, now President of the Inter-American Bank, and had been greatly impressed. He had told her a great deal about Uruguay and she knew that the President had been courageous in pursuing the right economic policies. She had just completed a meeting with President Salinas who was also facing difficult decisions.

President Sanguinetti said that Uruguay certainly faced a number of difficulties, many of them stemming from the economic problems of neighbouring countries. Even so, his Government was pursuing orthodox economic policies and had brought down the deficit and increased exports. They were also going through the worst drought since 1917. Although Uruguay did not make much fuss about it, she had a debt problem. He believed they were entitled to ask for some help. The Prime Minister said she had not been fully aware of the scale of the difficulties. We always regarded Uruguay as such a rock of stability in that part of Latin America. She paid tribute to everything the President was doing. We would pay special attention to Uruguay's needs.

President Sanguinetti said that he would also like to raise the situation in the South Atlantic. He had two particular concerns. The first was the need for a fisheries regime. Uruguay was a fishing country and suffered from the depredations from outside fishing fleets. It was important to start working seriously on a proper regime. Secondly, there was a new Government in Argentina. He had talked to President Menem and been pleasantly surprised. Traditionally, Uruguay's relations with the Peronists was not good. But he had found a conciliatory and constructive attitude from Menem. The Prime Minister would have read his latest statements about

CONFIDENTIAL

*da*

CONFIDENTIAL

relations with the United Kingdom which only confirmed what he had said in private. Menem was doing unexpectedly sensible things internally, by appointing a thoroughly right wing rather than a populist cabinet. There was now an opportunity to find solutions to the problems between Britain and Argentina and Uruguay was always available to help in a discreet manner if needed. Indeed, it was in Uruguay's interest to do so: they did not like to find two old friends in dispute.

The Prime Minister said she was very grateful to President Sanguinetti for briefing her so fully. She was aware of President Menem's public comments and the suggestion that he was keen to restore commercial and diplomatic relations with Britain, while putting the problem of sovereignty to one side. If this was really so, it was very good news. But we had heard nothing direct from the Argentinians yet. We were no less anxious than Uruguay to settle the fisheries problems of the South Atlantic. The Prime Minister continued that we were very grateful for all the help we had received from Uruguay over Falklands. We hoped very much that he would visit Britain - "we will do it" interjected the President - and she hoped one day to visit Uruguay.

I am copying this letter to Brian Hawtin (Ministry of Defence) and to Trevor Woolley (Cabinet Office).

*Yours sincerely,  
C. D. Powell*

(C. D. POWELL)

J. S. Wall, Esq.,  
Foreign and Commonwealth Office.

CONFIDENTIAL