

Ref: B06566

PRIME MINISTER

c Sir Robert Armstrong

Future of Measures Against Argentina  
(OD(FAF)(82) 13)

## BACKGROUND

At the meeting of OD(SA) on 8th July which agreed that all the remaining Argentine prisoners of war should be returned, it was agreed also, in the light of the Attorney General's advice, that the maintenance in force of the 12 mile restriction and the Total Exclusion Zone (TEZ) should be kept under constant review, and that the lifting of British economic sanctions and the release of frozen assets should be considered. The paper by officials covers these and all other measures in force against Argentina except the arms embargo (which is to be discussed in OD on 21st July).

2. The Chief of the Defence Staff has been invited for this meeting.

## HANDLING

3. You may like to deal with the substance of each measure in the order in which it appears in the paper, ie

- a. the 12 mile limit and the TEZ
- b. financial assets
- c. imports
- d. ECGD cover
- e. air services
- f. visas

The Sub-Committee could then consider how to approach the Argentines and what to say in public.

- a. The 12 mile limit and TEZ. You should ask the Defence Secretary to comment and the Chief of the Defence Staff to say whether the proposed changes are acceptable to the Chiefs of Staff. The Attorney General should be asked to confirm that the new arrangements are consistent with our rights of self defence under the



United Nations Charter: he may make the point that the proposed 150 mile restriction zone should be kept under constant review. One point to establish is whether the 150 mile restriction is intended to apply only to Argentine warships (including submarines) and combat aircraft and not to Argentine merchant or fishing vessels and civil aircraft (such as the Boeing 707). Another is whether any non-nuclear submarine detected in the 150 mile zone may be presumed to be Argentine and therefore attacked. The Foreign and Commonwealth Secretary and the Secretary of State for Trade may have views.

FLAG A

b. Frozen Argentine Financial Assets. The Chancellor of the Exchequer should be invited to comment in the light of his minute to you of 12th July. The Governor of the Bank of England is believed to be strongly in favour of ending the freeze, on a reciprocal basis, now that hostilities have manifestly ceased. It seems unlikely that maintenance of the restriction will influence the Argentine Government towards a formal agreement that hostilities will not be resumed: the Foreign and Commonwealth Secretary should be invited to comment on this. He has said in his minute to you of 16th July that we should deal with all the commercial and financial measures together.

FLAG B

c. Imports. The Secretary of State for Trade should be invited to comment on the implications for British trade if we were to keep on our sanctions now that all other countries have lifted theirs.

d. ECGD cover This is largely an academic question since ECGD will not restore cover, for economic reasons.

e. Air Services. The Secretary of State for Trade should be invited to comment on the possibility of reaching agreement to restore services.

f. Visas The Home Secretary and the Foreign and Commonwealth Secretary should be asked to comment.

Approach to the Argentines and Public Presentation

Points for decision are

- i. should any lifting of financial or economic sanctions be on a reciprocal basis only;
- ii. whether to remove all the restrictions at once or move one step at a time;
- iii. how best to approach the Argentines;
- iv. what to say publicly.

## CONCLUSIONS

4. Subject to the discussion, the Sub-Committee might be guided:
  - i. to accept the recommendations in paragraph 22 of the officials' paper.
  - ii. To invite the Chancellor of the Exchequer to arrange with the Governor of the Bank of England to make contact with the Argentine central bank to indicate our wish to see all commercial and financial measures lifted on a reciprocal basis. In the light of these contacts, a formal message to this effect should be sent to the Argentine Government through the Swiss.
  - iii. To invite the Foreign and Commonwealth Secretary to send a warning to the Argentines, through the Swiss, to tell them that we are maintaining measures against Argentine warships and combat aircraft within a radius of 150 miles of the Falkland Islands.
  - iv. To invite the Foreign and Commonwealth Secretary, in consultation with the Secretary of State for Trade, to open negotiations with Argentina for the resumption of air services.
  - v. To invite the Defence Secretary to keep the need for the 150 mile restriction under constant review, and to make a public announcement on the TEZ in the terms of Annex A to the officials' paper.



19 JUL 1982



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vi. To agree that a low key announcement might be made in the near future that we are proposing to the Argentine authorities a reciprocal lifting of economic and commercial sanctions.

*ADS Goodall*

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19th July 1982

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