



Treasury Chambers, Parliament Street, SW1P 3AG
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Hon Donald Regan
Secretary
US Treasury
Washington DC 20220

8 September 1982

Dear Don

ARGENTINA

In the course of Tim McNamar's discussions in Toronto with the Argentine delegation about the reciprocal ending of sanctions between the United Kingdom and Argentina, the Argentine representatives said that "the good offices of the United States authorities are welcome, to consider, at a proper moment, reciprocal lifting of trade restrictions". We included in the Memorandum, which was the final basis of agreement, a paragraph noting this statement.

2. As you know, we would be glad to remove all remaining restrictions (other than the trade in arms) between Argentina and ourselves. The Argentines were however not ready to go beyond the ending of financial sanctions. In accordance with an understanding we reached with Tim McNamar, I am writing to ask if you would be ready to take up the Argentine suggestion that they might welcome your good offices at a reasonably early date, and seek a reciprocal removal of trade restrictions (except on arms) as speedily as may be. It seems to us, as I think it did to Tim McNamar, that the general context of the preparations for the GATT Ministerial meeting would be an appropriate one, just as the IMF context was helpful on financial restrictions. We would however very much hope that the November GATT meeting itself would be the latest point for the removal of the trade restrictions and that this could rather be linked to an appropriate preparatory stage in late September or October. I am sure you would agree that it is desirable to keep up the momentum of a return to normality for the Argentines whether in the area of debt rescheduling and an IMF application, or in getting rid of trade restrictions between Argentina and the UK.

3. We are still very much concerned about the Argentine restrictions on UK air services, which are in breach of the ICAO agreement on overflying. It has not so far been possible to make any progress on this but we intend to return to that too at a later stage.



4. May I take this opportunity to express my very warm thanks to you for making Tim McNamar available for this exercise in Toronto, and to him for his tireless efforts there.

With very good will

Yours

Geoffrey Howe
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GEOFFREY HOWE