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B.06985

PRIME MINISTER

c Sir Robert Armstrong

OD: Argentina/Falklands

BACKGROUND

1. The Committee agreed on 25 January (OD(84)1st Meeting) that a message be conveyed via the Swiss to the Argentine Government suggesting six practical subjects which might be discussed between the two sides as a first step in the re-establishment of normal diplomatic and commercial relationships.

*Flag A 1*  
The text of the message is attached to the Foreign and Commonwealth Secretary's minute to you of 29 February. The Argentine reply (text also attached to Sir Geoffrey Howe's minute) stresses the importance the Argentine Government attaches to the re-establishment of normal relations, but states that the resumption of a dialogue must lead to negotiations on sovereignty over the Falkland Islands and Dependencies within the framework of the United Nations. The Argentines also propose that three further items be added to the agenda for any talks: the lifting of the Falkland Islands Protection Zone (FIPZ); halting the "fortification" of the Islands (including an end to the construction of the strategic airfield), and the withdrawal of "nuclear weapons or artifacts" from the region.

2. The Foreign and Commonwealth Secretary's minute of 29 February suggests that the tactics of handling a response to Argentina should be seen against the background of the British objectives of maintaining our commitment to the Falkland Islanders; of excluding negotiations on sovereignty; and moving towards more normal commercial and other relationships with Argentina. He also draws attention to the international pressure on us to negotiate which is building up from the United States and elsewhere.

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3. On the three additional Argentine agenda items themselves, the Foreign and Commonwealth Secretary offers the following preliminary observations:

(a) The FIPZ

No -  
Lifting the FIPZ in response to a formal Argentine declaration of peaceful intention would strengthen the arguments for a substantial reduction in the Falkland Islands garrison. It might therefore be left as a card to be played later, possibly as part of a deal, to be pursued separately from the main talks, involving both a cessation of hostilities and a lifting of the FIPZ.

(b) "Fortification" etc.

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There is no question of halting the construction of the airfield; but there could be some awkwardness if political relations with Argentina run ahead of our ability to show any flexibility on force levels, because of the timetable imposed by the construction of the airfield. (This points to a cautious and measured approach towards the normalisation of relations.)

(c) Nuclear guarantees

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The United Kingdom could rely on the point that we have scrupulously observed our obligations under the Treaty of Tlatelolco not to deploy nuclear weapons in territories in the Latin American region for which the United Kingdom is responsible. The Foreign and Commonwealth Secretary believes that we should not object to this subject's inclusion.

4. The Foreign and Commonwealth Secretary goes on to identify four possible options for responding to the Argentine message:



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(a) to halt this attempt to negotiate in view of the nature of the Argentine message;

(b) to reiterate our willingness to talk on the basis of the United Kingdom proposals;

No  
(c) to accept the Argentine proposal for preliminary talks without any agreed agenda but with a formula which fully reserves our position on sovereignty;

No  
(d) to accept talks on the basis of our original six points and the three additional Argentine ones, but again with a formula fully reserving our position on sovereignty.

Flag C - He advises against Options (a) and (b); and considers Options (c) and (d) against the background of the distinction which the Argentines have drawn between preliminary and substantive talks and the need for more convincing evidence than that reported in the comments by the Argentine Minister for Foreign Affairs to the Swiss (telegram No 65 of 28 February also attached to the Foreign and Commonwealth Secretary's minute) that in practice the Argentines would be able to accept an agenda for substantive talks which did not include the sovereignty issue. (Information from other sources suggests that the Swiss may have formed an over-optimistic assessment of Argentine intentions in this respect from their discussions with Senor Caputo.) The Foreign and Commonwealth Secretary comes down in favour of a modified version of Option (d), under which the United Kingdom would propose that the talks should start without accepting the Argentines' distinction between "preliminary" and "substantive"; and there should be no formal agenda, although it would be understood that the substance would comprise the United Kingdom's six points and the Argentines' three. The sovereignty issue could, if it is raised by Argentina, be dealt with in opening statements after which talks would move on to other issues.



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5. The Lord Chancellor may not be able to be present because of judicial business. The Secretary of State for the Environment, the Chief Secretary, the Attorney General, the Minister for Overseas Development, the Chief of the Defence Staff and Sir Ian Sinclair have been invited to attend.

HANDLING

6. You should invite the Foreign and Commonwealth Secretary to introduce the discussion. The main points to establish are -

(a) Notwithstanding the fact that the Argentine reply contains some unacceptable elements, is the Committee agreed that the approach should not be rejected out of hand, given their earlier decision that it should be our intention progressively to re-establish normal relations with Argentina? In particular, is there sufficient evidence to suggest that the Argentines are prepared to budge from their formal position that preliminary exchanges should lead to substantive negotiations on sovereignty within the framework of the United Nations resolutions?

(b) What are the best tactics as regards the agenda for the talks? Would agreement to the inclusion of the Argentines' three points be seen by them as a sign of weakness at an early stage, or rather as an earnest of the sincerity of our intentions? Would the Foreign and Commonwealth Secretary's proposal that there should be no formal agenda allow the Argentines to avoid in the discussions the areas to which we attach importance (economic and trading relations, etc.), despite the informal understanding about the ground to be covered which he has proposed?



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(c) Is this course consistent with the programme of capital works now being envisaged to sustain the garrison on the Falkland Islands, given that not all this programme can reasonably be presented as necessary to the construction and commercial requirements of the airfield?

CONCLUSION

7. Subject to the points made in discussion, you could guide the Committee to agree that -

(i) proposals should be put to Argentina as recommended by the Foreign and Commonwealth Secretary in his minute;

(ii) a message to this effect should be sent to Argentina through the Swiss Protecting Power.

*A D S Goodall*

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29 February 1984

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