

CONFIDENTIAL

Prime Minister

C D P

21/6

B.06785

PRIME MINISTER

c: Sir Robert Armstrong

OD: Argentina/Falklands

(PM read the
backup version)

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BACKGROUND

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The Committee last considered this question on 1 March 1984 (OD(84)4th Meeting), and agreed that a necessary condition for starting talks with the Argentines with a view eventually^{to} re-establishing a normal diplomatic and commercial relationship would be Argentine agreement that the issue of sovereignty over the Falkland Islands would not be raised as part of the talks.

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2. The Foreign and Commonwealth Secretary's minute to you of 20 June 1984 reports the results of several further contacts between the Swiss, as the United Kingdom's protecting power, and the Argentines. The Argentines now understand that sovereignty cannot be discussed, but for domestic and political reasons need to be seen to have raised the subject. The main outstanding problem between the two sides is the resolution of this problem.

3. The exchanges via the Swiss have produced a proposal for handling this issue. The suggestion is that, as the United Kingdom had proposed, the talks will take place without a formal agenda. The Argentines would state their position on sovereignty at the start of the talks and would not expect the British side to respond. It would, however, be open to the United Kingdom to state that our position on sovereignty was well known, and to make absolutely clear that the subject was not for discussion. The talks would then immediately move on to other issues. Such an exchange would safeguard Britain's legal position and be entirely consistent with the United Kingdom's position. The Argentines would no doubt make public the fact that the subject had been raised; the United Kingdom would similarly need to make her position clear in public.

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4. The Foreign and Commonwealth Secretary goes on to mention the arguments in favour of an early movement towards re-establishing normal relations with the Argentines, including the widespread feeling that the United Kingdom should be doing all that it can to sustain democratic government in Argentina. The process of discussion might also make others in the international community more receptive to our position on arms sales to Argentina, and ease the handling of any Argentine resolution at the United Nations in the autumn. Equally, a firm refusal to discuss sovereignty should further reassure the Falkland Islanders.

5. Sir Geoffrey Howe therefore recommends that the proposal should be accepted provided that it is made clear to the Swiss and Argentines that if the Argentines persist in raising sovereignty the talks will cease; that the Swiss accept that the talks must be managed in such a way that the Argentines are limited to a single opportunity to raise sovereignty; and that if the Argentines break the understanding the Swiss will make clear in public that the Argentines bear the responsibility for the talks breaking down.

6. If the Argentines and Swiss accept these conditions, the next step will be for the Foreign and Commonwealth Secretary to bring forward proposals as to the composition of the delegation for the talks, and the subjects which the United Kingdom would wish to discuss.

7. The Chancellor of the Exchequer is unable to attend the meeting and will not be represented. The Secretary of State for Trade and Industry is making an industrial visit to the South West and will be represented by Mr Channon. The Attorney General has been invited to attend.

8. An assessment of the performance of and outlook for the Alfonsín Administration is being circulated today by the JIC; this will provide useful background for the Committee's discussion.

HANDLING

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

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- (a) Is the distinction between allowing the Argentines to raise the question of sovereignty once at the start of the talks, rather than to allow discussion within the talks, sufficiently unambiguous to be acceptable and, if necessary, publicly defensible?
- (b) Given that the United Kingdom cannot allow any exchanges which might be construed as a discussion of sovereignty, would it be preferable for the British side to make no response to the Argentine statement on sovereignty?

CONCLUSION

10. Subject to the points made in discussion, you could guide the Committee to -

(i) approve the recommendations in the Foreign and Commonwealth Secretary's minute of 20 June:

(ii) invite the Foreign and Commonwealth Secretary to convey the United Kingdom's acceptance of the proposed way forward, subject to the conditions in paragraph 6 of his minute, to the Swiss;

(iii) invite the Foreign and Commonwealth Secretary to bring forward proposals as to the subjects to be discussed at the talks and the composition of the United Kingdom delegation to them.

B G Cartledge

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21 June 1984