

CONFIDENTIAL

PRIME MINISTER

Argentina

Discussions in Berne with the Argentinians have been broken off. The Foreign Secretary issued the attached on-the-record statement this evening. It attributes the blame squarely to the Argentinians for failing to honour the agreed basis for the talks. In further briefing we are making clear that it is a matter of bad faith. I have asked the FCO to press the Swiss Government hard to fulfil quickly their commitment to make clear publicly where the blame belongs.

The course of events during the day is summarised in the attached letter. At this morning's session we set out our ideas on normalisation of relations but the Argentinians again said that they could not discuss them unless we agreed to the establishment of a mechanism for discussing sovereignty. That effectively brought the talks to an end.

Statements began appearing from Buenos Aires this afternoon to the effect that the talks had been broken off because of British intransigence on the issue of sovereignty although there was some later back-tracking on this. From then on we clearly had to get our side of the story quickly and firmly on-the-record.

Your instinct that the Argentinians would behave duplicitiously is borne out. But we ought to come out of it pretty well. We have been ready to talk about normalisation of relations, have shown good faith in abiding by the arrangements made but have not been diverted from our refusal to discuss sovereignty. We made an honest effort: they are shown to be insincere. We must plug this line hard.

C.P.P.

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19 July 1984

ON THE RECORD LINE

The British Government have consistently made it clear that they are not prepared to discuss with the Argentines the question of sovereignty over the Falklands. But, against this background, the British Government have taken a positive attitude to opening talks with the Argentines in order to move towards a more constructive relationship. Exchanges have been going on over a long period to set up the talks.

The talks between Britain and Argentina in Berne have now ended because the Argentines were not prepared to continue them on the basis plainly agreed in advance through the Swiss Government. This was that if the Argentine representatives raised the subject of sovereignty, the British representatives would reply that they would not discuss it. Discussion would then go straight on to practical issues of concern to both sides.

The British side complied scrupulously with this understanding. The Argentine representatives, however, argued that discussion of normalising relations had to be linked to discussion of sovereignty. It is a matter of great regret that, after months of negotiation to find a mutually acceptable basis for talks, the Argentine Government was not prepared to respect that basis.