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Foreign and Commonwealth Office

London SW1A 2AH

24 July, 1984

Dear Charles,

Argentina

*Pl. type for
PM's signature &
attach Lord Kennet's
letter. C.D.P. 24/7*

As requested, I enclose a draft reply from the Prime Minister to Lord Kennet's letter of 9 July. We have held back from drafting a reply while we awaited the outcome of the talks in Berne.

Lord Kennet, on his return from Buenos Aires, also sent a copy of the South Atlantic Council delegation's memorandum to the Head of Falklands Islands Department. Lady Young was thus able to discuss a number of the proposals put forward in the memorandum when the delegation called on her on 10 July, after their return from Buenos Aires. Much of the language used in the draft reply to Lord Kennet is drawn from the points made by Lady Young at this meeting.

To save time, I shall be showing Sir Geoffrey Howe a copy of this draft in parallel, and will let you know early tomorrow if he has any comments.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

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DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM

Reference

Prime Minister

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

Top Secret

Lord Kennet

Secret

House of Lords

Confidential

Restricted

Unclassified

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

Thank you for your letter of 9 July, enclosing a copy of the memorandum submitted to the South Atlantic Council to the Commons Select Committee on Foreign Affairs.

CAVEAT.....

note

I was interested to read in the memorandum that you found in Argentina "a strong desire to end the mutual isolation and restore diplomatic, commercial and cultural relations." This, as you know, is very much in line with our own aim. Since the end of the conflict we have taken ~~numerous~~ ^{many} steps to try to get under way the process of normalising our bilateral relations with Argentina. During the previous military government in Argentina, these included the lifting of the Exclusion Zone around the Falkland Islands as early as July 1982, and its replacement by the present Protection Zone; and no fewer than five attempts, through the EC Presidency, to discuss the reciprocal lifting of trade restrictions between the Community and Argentina. As a gesture of goodwill to the

Enclosures--flag(s).....

/new democratic

new democratic Government, I sent a personal message to President Alfonsin on the occasion of his inauguration in December welcoming the restoration of democracy in Argentina. In January we followed this up by putting forward a number of proposals to the Argentine Government, aimed at establishing a ~~mutually acceptable~~ ^{acceptable to both sides} basis for official talks on the normalisation of bilateral relations. This resulted in further confidential exchanges through the Swiss Protecting Power.

As you know, a meeting took place between senior officials of our two Governments, under Swiss Chairmanship in Berne on 18/19 July. The agreed basis for these talks was perfectly straightforward and clearly understood by the Argentine Government: if the Argentine representatives raised the question of sovereignty at the talks, we would reply that we were not prepared to discuss it. The talks would then move straight on to the practical issues of mutual concern to both sides.

Once the talks got under way, we complied ^{exactly} ~~scrupulously~~ with this arrangement. The Argentines, however, failed to ~~abide by the agreement~~ ^{to do so}. They insisted that discussion of the constructive ideas we had put forward to improve relations between Britain and Argentina could only take place on condition that we accepted some mechanism to address sovereignty. As they must have been well aware this was ~~entirely inconsistent with~~ and in clear violation of the agreed basis for the talks. As a result, the talks ended.

The responsibility for the breakdown of the talks must rest squarely with the Argentine Government. They chose to set aside the agreed basis of the talks, and to introduce a new condition of their own. An important opportunity has thereby been missed. I continue to believe that better relations between Britain and Argentine are in the interests of all concerned. But ^{as} ~~has~~ we have made ~~absolutely~~ clear from the outset, there can be no discussion of the question of sovereignty over the Falkland Islands. We ~~intend to~~ ^{shall} stand firmly by our commitments to the Islanders, and we cannot ignore their right to live under a Government of their own choosing.

In this respect, it is not realistic to expect the Islanders, so soon after the Argentine invasion of the Falklands, to react favourably to any of the long-term solutions you propose in your memorandum. Indeed, I consider it premature, and unlikely to be productive, to engage in speculation about specific policies for the long-term future of the Islands. For the moment, I believe it is right for the Islanders to concentrate primarily on rebuilding their lives rather than their future relationship with Britain, on which there is absolutely no doubt of their views.

/Finally,

Finally, you draw attention to the proposal in the memorandum for what you describe as simultaneous unilateral declarations, starting with an Argentine formal declaration of cessation of hostilities and our lifting of the Protection Zone. There is no doubt that such a declaration by Argentina would give new momentum to the process of normalisation. We do not envisage keeping the Protection Zone indefinitely. But equally we have no intention of being rushed into lifting it prematurely. We need to be fully satisfied that Argentina has renounced the future use of force: to this extent, an Argentine declaration of cessation of hostilities, particularly in the light of our recent experience of Argentine conduct, would be no guarantee that some threat to the security of the Islands will not remain.

24 JUL 1984

