



10 DOWNING STREET

THE PRIME MINISTER

27 July 1984

Dear Lord Kennet,

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.

I note 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 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 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 basis for official talks on the normalisation of bilateral relations acceptable to both sides. 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

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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 with this arrangement. The Argentines, however, failed 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 in clear violation of the agreed basis for the talks. As a result, the talks ended.

The responsibility for the breakdown of the talks rests 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 Argentina are in the interests of all concerned. But as we have made clear from the outset, there can be no discussion of the question of sovereignty over the Falkland Islands. We 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, 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.

Yours sincerely
Margaret Thatcher

Lord Kennet.