

449. Telegram From Secretary of State Shultz to the Department of State and the Embassies in the United Kingdom and Argentina¹

Palo Alto, California, August 1, 1984, 1905Z

Secto 8005. Subject: Letter for Foreign Secretary Howe From Secretary Shultz on the Falkland Islands.

1. (S—Entire text).

2. Embassy is requested to deliver as soon as possible the following letter from the Secretary to Sir Geoffrey in response to Sir Geoffrey's on the Falklands negotiations dated July 20 (see para 4).² No signed original to follow.

3. Begin text of Secretary's letter:

Dear Sir Geoffrey:

Thank you for your timely letter of July 20 on the British/ Argentine discussions on the Falkland Islands. I was very disappointed at the outcome of those talks because I am convinced that direct contacts are the best way to reduce tensions and ultimately to normalize relations.

As always, your assessment of the discussions was valuable and served as useful background for my discussions with Foreign Minister Caputo on July 23. The tone of our conversation on this matter was straightforward and unemotional. He reiterated his government's firm commitment to peaceful negotiations to resolve differences. While acknowledging that the unfortunate outcome of the Bern meetings represented a setback in terms of better relations between the two governments, he stressed his objective of resuming an informal dialogue. He stated that the GOA is disposed to any form of dialogue that would advance the prospects of a permanent solution and improve relations. That presentation was made in a reassuringly non-polemical tone. I expressed to him my regret at the outcome of the discussions.

Given the talent and commitment on both sides I am optimistic that between you, you will find a mutually acceptable way to reestablish direct contacts aimed at resolving outstanding differences.

Sincerely,

George.

End text of Secretary letter.

¹ Source: Department of State, Central Foreign Policy File, D840490-0540. Secret; Immediate. Shultz was with the President in California.

² Howe's letter was sent to Shultz by the British Embassy under a July 21 covering note from Wright. (Department of State, Central Foreign Policy File, P840174-0231)

4. Begin text of Foreign Secretary Howe's letter:

You will know that British and Argentine representatives met for talks in Berne on 18 and 19 July. I know that the Argentine Foreign Minister will be in Washington on 23 July and I therefore wanted to let you know quickly how these talks went and why they ended so abruptly and prematurely.

As you know, Margaret Thatcher and I have long attached importance to improving our relations with Argentina. For reasons which I think are well understood, we cannot discuss with Argentina the question of sovereignty over the Falkland Islands. We were in the middle of a discussion on that very subject in good faith when the Argentines launched their brutal invasion of the Islands only two years ago. No Argentine Government can escape the consequences of those tragic events. But it is clearly right that we should move towards more normal relations between Britain and democratic Argentina.

We have therefore made a major effort, in exchanges through our protecting power (the Swiss) since the start of the year, to establish an agreed basis for talks which would lead to the progressive normalisation of relations. We recognized of course that Britain and Argentina had different positions on the sovereignty issue. It was clear to us that if talks between us were not to founder at the outset on this issue, we should have to devise an arrangement which met those different positions. After many months of discussions, we finally reached agreement through the Swiss, on the basis of an Argentine proposal, that if the Argentine representatives raised the subject of sovereignty, as they clearly wished to do, the British side would respond that we were not prepared to discuss it. Discussion would then move straight on to the practical issues of concern to both sides and would continue on those subjects. This agreement was specifically agreed by the Argentine Government and confirmed by the Swiss.

We complied scrupulously with this arrangement when the talks opened in Berne. As we had expected, the Argentines raised the question of sovereignty. As we had indicated in advance, we made plain that we were not prepared to discuss it. We then went on to put forward some constructive ideas on a number of practical issues—for example, the resumption of normal commercial and financial relations, the restoration of air services between Britain and Argentina, and the arrangement of a visit for Argentine next of kin to the graves of their relatives on the Falkland Islands. I remain convinced that this is the way to build more constructive relations between Britain and Argentina.

Sadly the Argentine representatives were not willing to continue the talks on the agreed basis. They advanced the new proposition that discussion of the practical issues we had put forward could only take place on condition that we accepted some mechanism to address the

question of sovereignty. They must have known that this was quite inconsistent with the agreed basis of the talks. But they maintained that unless their new condition was met, they were not prepared to pursue the talks. The talks therefore came to an end.

I am saddened and frustrated that, after so many months of careful preparation, the Argentines should have chosen to set aside the agreed basis for the talks as soon as they opened, and to introduce new and unacceptable conditions of their own. An important opportunity has been missed, and the responsibility must rest with the Argentine Government.

The Argentines have spoken of British intransigence. The record simply does not bear that out. Apart from the major effort we made to find and agree a mutually acceptable basis for talks, we have taken a series of steps over the last two years aimed at improving relations between Britain and Argentina:

- In July 1982 we lifted the 200 mile exclusion zone around the Falkland Islands, and replaced it with a smaller protection zone;

- In September 1982 I was personally involved in lifting financial restrictions;

- We have stimulated and supported five separate approaches by Presidencies of the EC seeking the normalisation of economic and commercial relations;

- We have made clear our willingness on a number of occasions to accept the return of the Argentine dead, or a visit by Argentine next of kin to the Falklands;

- Margaret Thatcher promptly welcomed President Alfonsín's inauguration last December.

As this list shows, we have not been inflexible, or lacking in ideas. I am still convinced that better relations between Britain and Argentina are in the interests of both countries as well as of our friends around the world. But the events of the last week have not made our task any easier.

20 July 1984

End text of Howe's letter.

Shultz