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 SIR ~~STICKELL~~
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IMMEDIATE

PS/NO 10 DOWNING ST
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 MR ~~RE~~ NICHOLLS, AUSD STAFF, MOD
 NR

PS/CHANCELLOR)
 MISS M E CUND) TREASURY
 MR LITTLER)

SIR R ARMSTRONG)
 MR ~~A D S GOOPAIL~~) CABINET
 DIO *Carledge*) OFFICE

MR POWER, SAD, ODA

MR A FORTNAM IAT/D. TRANSPORT

~~RESIDENT CLERK~~

(2)

CONFIDENTIAL

FM BERNE 090915Z OCT 84

TO IMMEDIATE FCO DESKBY 091045Z

TELNO 345 OF 9 OCTOBER 1984

INFO IMMEDIATE UKMIS NEW YORK

INFO ROUTINE WASHINGTON, BRASILIA, EC POSTS

YOUR TELNO 176 (NOT TO ALL): ANGLO-ARGENTINE RELATIONS

SUMMARY

1. CAPUTO MAY BE EXPECTED TO PUT FORWARD THROUGH THE SWISS IN NOVEMBER AN ORAL PROPOSAL FOR AN INFORMAL MEETING BETWEEN BRITISH AND ARGENTINE AMBASSADORS TO EXPLORE THE POSSIBILITIES OF RESUMING A DIALOGUE.

DETAIL

2. THE STATE SECRETARY INVITED ME TO CALL ON 8 OCTOBER. COUNSELLOR WAS ALSO PRESENT. BRUNNER HAD ONLY JUST GOT BACK FROM THE UNITED STATES AND IT WAS A FRIENDLY GESTURE ON HIS PART TO RECEIVE ME SO SOON AFTER HIS RETURN. THIS SUGGESTS THAT EVENTS IN SEPTEMBER HAVE NOT DONE LASTING HARM TO OUR RELATIONS.
3. BRUNNER SAID THAT DURING HIS FIVE DAYS OF INTENSIVE TALKS IN WASHINGTON, THE SUBJECT OF THE FALKLANDS HAD NOT BEEN RAISED. HE HAD, HOWEVER, TALKED ABOUT IT IN NEW YORK, WHERE AS WE KNEW, HE HAD SEEN SIR J THOMSON AND SUBSEQUENTLY CAPUTO AND THE UN SECRETARY GENERAL.
4. CAPUTO HAD TOLD BRUNNER (AND THIS HAD BEEN CONFIRMED IN AUBERT'S TALKS IN BUENOS AIRES) THAT HE WAS FULLY AWARE THAT IT WAS UP TO THE ARGENTINIANS TO TAKE THE NEXT INITIATIVE ON POSSIBLE TALKS WITH US, IF THERE WAS TO BE ONE. HE DID NOT FEEL THE BERNE TALKS TO HAVE BEEN ENTIRELY NEGATIVE. "UN COURANT A PASSE". WE MIGHT ACCORDINGLY EXPECT AN ARGENTINE INITIATIVE IN NOVEMBER, AFTER THE UN DEBATE. CAPUTO THOUGHT THAT THE SWISS CHANNEL WAS STILL THE MOST APPROPRIATE, FOR POLITICAL AND PRACTICAL REASONS.

STILL THE MOST APPROPRIATE, FOR POLITICAL AND PRACTICAL REASONS. HE HAD INDICATED THAT AS A FIRST STEP TOWARDS RENEWED TALKS HE WOULD PROBABLY CALL IN KEUSCH AND MAKE CERTAIN PROPOSALS ORALLY, TO BE CONVEYED TO YOU VIA BERNE. ANY MEETING WHICH MIGHT BE PROPOSED SHOULD BE ON A MORE CONFIDENTIAL BASIS THAN THE BERNE TALKS HAD BEEN. THE MEDIA'S IMPACT ON THE BERNE TALKS HAD BEEN UNFORTUNATE. CAPUTO WOULD PROBABLY PROPOSE A MEETING BETWEEN BRITISH AND ARGENTINE AMBASSADORS WITHOUT SUPPORTING DELEGATIONS FROM CAPITALS. SUCH A MEETING NEED NOT NECESSARILY BE ANNOUNCED THOUGH HE REALISED THAT YOU DID NOT WANT A SECRET MEETING. ITS OBJECTIVE WOULD BE TO EXPLORE POSSIBLE WAYS IN WHICH TALKS MIGHT BE RESUMED. IT WOULD NOT CONSTITUTE A NEGOTIATION, BUT SIMPLY A PRELIMINARY, INFORMAL AND EXPLORATORY TALK (A "SONDAGE").

5. BRUNNER SAID HE HAD TOLD CAPUTO THAT, IF THE ARGENTINIANS WISHED TO PUT FORWARD A PROPOSAL IN THIS WAY, THE SWISS WOULD BE PREPARED TO TRANSMIT IT TO US. IT SEEMED UNLIKELY THAT THE BRAZILIANS WOULD BE INVOLVED INITIALLY BUT THEY MIGHT JOIN IN AT A LATER STAGE.

6. I THANKED BRUNNER FOR THIS INFORMATION AND AGREED THAT IT WOULD BE BEST TO AWAIT DEVELOPMENTS. AS HE KNEW, WE WERE NOT LOOKING FOR ANY INITIATIVE BY OUR FRIENDS (YOUR TUR, PARA 7). IN RESPONSE TO MY ENQUIRY ABOUT THE RELATIONSHIP BETWEEN CAPUTO'S REMARKS AND ALFONSO'S VISIT TO BERNE (MY TELNO 340), BRUNNER SAID THERE WAS NONE. PRESIDENT'S VISIT, ALTHOUGH IT MIGHT INCLUDE DINNER WITH FEDERAL COUNCILLORS, PROBABLY ON 23 OCTOBER, WOULD NOT BE AN OFFICIAL ONE. HE DID NOT THINK IT WOULD TAKE MATTERS FURTHER AND DID NOT EXPECT ANY NEW DEVELOPMENT BEFORE NOVEMBER.

7. BRUNNER SAID THAT THE UN SECRETARY GENERAL HAD REFERRED TO CONFLICTING REPORTS WHICH HE HAD RECEIVED ABOUT THE BERNE TALKS. BRUNNER HAD REPLIED THAT, WHILST THE OUTCOME OF THE TALKS HAD BEEN UNFORTUNATE, IT WAS BETTER TO LOOK TO THE FUTURE THAN TO ANALYSE THE PAST. BRUNNER HAD ALSO REFERRED TO THE DAMAGE CAUSED BY INCORRECT PRESS REPORTS EMANATING FROM BUENOS AIRES DURING THE TALKS. THE SECRETARY GENERAL HAD ADVISED HIM NOT

TO BE DISCOURAGED. WHILST THE MOOD AMONGST DEVELOPING COUNTRIES AT THE UN WAS THAT SOVEREIGNTY SHOULD BE DISCUSSED, PEREZ DE CUELLAR WAS WELL AWARE OF THE DIFFICULTIES. THE SECRETARY GENERAL HAD ALSO SUGGESTED THAT UNILATERAL GESTURES OF GOODWILL BY EITHER SIDE MIGHT BE HELPFUL. IN THIS CONNECTION I OBSERVED THAT HMG HAD ALREADY MADE MORE THAN ONE SUCH GESTURE.

8. BRUNNER ALSO SAID HE EXPECTED THAT AUBERT ON HIS RETURN TO BERNE WOULD GIVE ME A FULLER ACCOUNT OF DISCUSSIONS ON THIS SUBJECT DURING HIS VISIT TO BUENOS AIRES.

9. BRUNNER MADE IT CLEAR THAT IN HIS TALKS WITH CAPUTO AND PEREZ DE CUELLAR HE HAD BEEN AT PAINS TO STATE THAT HE BROUGHT NO NEW PROPOSAL AND DID NOT WISH TO BECOME INVOLVED IN DISCUSSION OF A REVISION OF ARGENTINE DRAFT RESOLUTION. HE ALSO SAID THAT CAPUTO HAD TOLD HIM THAT THE SIMPLIFIED ARGENTINE DRAFT WAS INTENDED AS A CONCILIATORY SIGNAL IN OUR DIRECTION.

POWELL-JONES