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Secretary of State for Trade and Industry

CONFIDENTIAL

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FALKLAND ISLANDS/ARGENTINA

Thank you for sending me a copy of your minute of 24 July to the Prime Minister about a proposal from the Argentines that direct talks be held on fisheries. I have since seen the Prime Minister's reply.

You have reflected in your proposed response the doubts we all must feel about the Argentines' good faith. But as the proposal is along the lines of our own prescription for improving relations, we should explore further the chances of engaging in talks with the issue of sovereignty clearly set aside. I think we would need to be satisfied that if the Argentines went back on their word we could put the blame where it lies.

As to goodwill gestures prior to the meeting I would have thought that anything beyond a favourable reference to the Argentines should be discounted. A goodwill gesture after a successful meeting would be more to the point and the Argentines would be able to choose from a large field commercial restrictions which operate against our interests.

I am copying this minute to recipients of yours.

LORD YOUNG OF GRAFFHAM

JG1BHB

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