



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

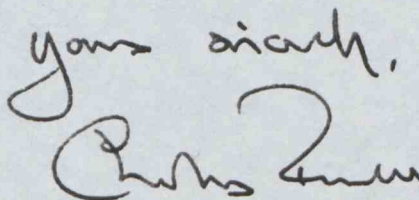
17 July, 1988.

Dear Stephen,

FALKLANDS FISHERIES, ARGENTINA AND THE US

The Prime Minister has considered the Foreign Secretary's minute of 15 July suggesting that we seek to obtain an assurance from the Argentines through the Americans that sovereignty will not be raised in direct talks on fisheries matters, as well as an acknowledgement that there are two maritime jurisdictions in the south-west Atlantic. She is content for us to reply to the Argentine non-paper in the terms enclosed with the Foreign Secretary's minute, and also for the Foreign Secretary to reply to Secretary Shultz as suggested. She is sceptical, however, whether the Argentines will be prepared to give the Americans the formal assurances which they have failed to give us, and thinks it more likely that they will persuade the Americans to come back to us with further unacceptable qualifications and quibbles. She therefore thinks that we must make it absolutely clear to the Americans that explicit assurances from the Argentines to them on these two points are our bottom line, otherwise we shall be continually pushed back. You will want to look again at the draft message from the Foreign Secretary to Shultz to make sure that this point is adequately reflected.

I am sending copies of this letter to Brian Hawtin (Ministry of Defence), and Trevor Woolley (Cabinet Office),

Yours sincerely,


C.D. Powell

Stephen Wall, Esq.,
 Foreign and Commonwealth Office.

PRIME MINISTER

FALKLANDS

The attached minute by the Foreign Secretary reverts to the question of direct talks with the Argentines on fisheries. George Shultz is visiting Argentina in early August and wants to convey our reply to the latest Argentinian proposals.

Hitherto we have told the Argentines we need an assurance that Sovereignty will not be raised and formal acknowledgment that there are two maritime jurisdictions in the south-west Atlantic. But they are not willing explicitly to accept either point.

The Foreign Secretary suggests that instead of continuing to insist with the Argentines, we should get the Americans to give us clear assurances on behalf of the Argentinians after George Shultz' visit. They would of course have explicitly to clear them with the Argentinians, but the Argentinians would be saved from having to give the assurances directly to us.

The advantages of this course are three-fold:

- it ties the Americans into ensuring that the Argentinians keep their promises;
- it allows the talks on fisheries to go ahead; and
- it satisfies the Americans, and makes it less likely that they will cause trouble for us over their wish to sell arms to Argentina.

The disadvantages are:

- we let the Argentinians off the hook;
- they may well not give the Americans (any more than us) the assurances we want;

- they may persuade the Americans to come back to us with unacceptable qualifications and niggles.

I think the ploy is probably worth trying principally in order to keep the Americans with us. I am doubtful that the Argentinians will accept, but we shall not lose anything if they do not. But we must make clear to the Americans that clear and explicit assurances from the Argentinians to them ^{are} our bottom line, otherwise we shall be continually pushed back.

Agree?

edp *Y* *ES* *mt*

C.D. POWELL
15 July 1988

EL3CXV



~~CCPC~~

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PM/035/88

PRIME MINISTER

Falklands fisheries, Argentina and the US

1. The Argentines replied on 10 May to our non-paper delivered on 10 March (described in my minute of 26 February). The Americans have now told us that George Shultz will be visiting Argentina on 2-3 August, and have urged us to let them have a response before then so that he can deliver it personally. In my view it would be sensible to take advantage of this.

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2. We have hitherto told the Argentines that for direct talks we require:

- an assurance that sovereignty will not be raised;
- formal Argentine acknowledgement that there are two maritime jurisdictions in the south-west Atlantic.

As recorded in my minute of 26 February to you, a satisfactory formula has already been agreed to ensure that any talks do not prejudice the position of either side on sovereignty. It is however now clear that the Argentines are not willing formally to acknowledge that there are two separate maritime jurisdictions, or to give a direct assurance that they accept that sovereignty cannot be raised.

3. This is not very surprising. The Americans argue that for the Argentines to acknowledge formally that

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there are two maritime jurisdictions would amount to a renunciation of their own sovereignty claim and thus not be consistent with the no-prejudice formula on sovereignty which we have already agreed. This argument is in fact difficult to fault. On the question of sovereignty, the Argentines maintain that the no-prejudice formula already covers our concerns.

4. It is now clear that if we maintain our present insistence on formal Argentine assurances on these two points, the exchanges will come to an end. The options now are essentially to accept this, or to see whether we can find an alternative way forward which safeguards our essential interests.

5. The main positive reason for wanting progress is that successful fisheries talks are in our interests. Effective conservation requires Argentine cooperation and success would consolidate the FICZ.

6. There is an important secondary reason. We need to show the Americans that we are taking account of their concern that our policy towards Argentina is hampering their efforts to support democracy there. They particularly resent our insistence on embargoing major weapons sales to Argentina. The Americans have, as you know, raised this concern at every level with us, including between the President and you in March. They believe the conditions we have set for the opening of fishery talks go beyond what is reasonable.

7. I think, owing to your influence with President Reagan, we can hold the line on arms sales for this year. But we are likely to have greater difficulties with the next administration, of whichever party. We

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certainly cannot secure any open-ended guarantee, but we stand a better chance of getting our way if the Americans believe that we have really tried to get the fisheries talks going.

8. The Americans in fact have concluded that the Argentine approach to these talks is based on de facto acceptance of our fisheries zone. They are also confident that the Argentines will not raise sovereignty in any talks. We should pin them down on this. I therefore propose that rather than insist on formal undertakings by the Argentines as set out in paragraph 2 above, we should instead tell the Americans that we would regard as sufficient a clear assurance from Shultz, after his visit, that the Argentines do accept de facto our fisheries zone, that they will not seek to use any talks to try to dismantle the FICZ, and that they will not raise sovereignty.

9. The Americans could not give us such an assurance without explicitly clearing it with the Argentines. The advantage of doing it this way is that the Americans would then themselves be committed to it: if the assurances held we should have secured our objectives; but at the very least, if at a subsequent stage the Argentines in any way reneged on their assurances, the Americans would not be able to blame us for any breakdown, and indeed would have a serious grievance themselves against the Argentines.

10. A potential drawback of going ahead with fisheries talks is that they would inevitably be a political (though not a legal) constraint on our ability to extend the FICZ from 150 to 200 miles, should we judge that necessary. On the other hand, there would be serious

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military and enforcement problems in doing this in any case, and the existence of these exchanges already constitutes a restraint on such action. If talks were to breakdown at a later stage, a decision to extend would be more widely understood, though the practical difficulties would remain.

/ 11. I attach a draft reply to the Argentines which fully
/ protects our legal position. I also attach a draft
letter from myself to George Shultz incorporating the
proposal set out above. I should be grateful to know if
you and George Younger agree with it.

12. I am copying this minute and enclosures to George Younger and to Sir Robin Butler.

A handwritten signature in dark ink, appearing to be 'G. Howe', written in a cursive style.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
15 July 1988

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DSR 11 (Revised Sept 85)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1 +

FROM:

Reference

D TATHAM
DEPARTMENT:

TEL. NO:

SCHAHU

Your Reference

BUILDING:
FID

ROOM NO:

SECURITY CLASSIFICATION

TO:

Copies to:

Top Secret
Secret
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Unclassified

DRAFT REPLY TO ARGENTINE

NON-PAPER

SUBJECT:

PRIVACY MARKING

..... In Confidence

CAVEAT

The British Government confirm their acceptance of the formula on sovereignty worked out between the two parties as amended by the Argentine non-paper of 10 May and on that basis are prepared to proceed to direct talks at a time and place to be agreed.

They share the wish to establish a dialogue that will make it possible to arrive at understandings on problems such as the conservation of fish resources and the prevention of incidents. With this in mind they propose the annexed Agenda for talks on these subjects.

For their part the British Government will enter the talks on the basis of their Declaration of 29 October 1986.

Enclosures flag(s)