

PS TO PRIME MINISTER
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UNCLASSIFIED
FM BUENOS AIRES
TO IMMEDIATE FCO
TELNO 246
OF 101535Z JULY 89

AND TO IMMEDIATE ACTOR ADDRESSEES, UKMIS NEW YORK, WASHINGTON
AND TO PRIORITY MONTEVIDEO, SANTIAGO, BRASILIA, PORT STANLEY
AND TO PRIORITY CBFFI

UK/ARGENTINA

SUMMARY

1. MENEM SUGGESTS NEGOTIATIONS WITH BRITAIN UNDER SOVEREIGNTY
UMBRELLA.

DETAIL

2. CLARIN OF 9 JULY REPORTS THAT IN AN INTERVIEW WITH THE DAILY
MAIL THE DAY BEFORE PRESIDENT MENEM HAD SAID HE WAS PREPARED, IF MRS
THATCHER WAS, PROVISIONALLY TO LEAVE THE FALKLANDS ISSUE TO ONE SIDE
SO THAT DIPLOMATS FROM BOTH COUNTRIES MIGHT BEGIN A DIALOGUE WITHIN
THE FRAMEWORK OF THE UNITED NATIONS TO STUDY THE MEANS OF RENEWING
DIPLOMATIC RELATIONS. MENEM SAID ARGENTINA'S PERMANENT AND
FUNDAMENTAL OBJECTIVE WAS THE PEACEFUL RECOVERY OF THE FALKLANDS AND
THE SOUTH ATLANTIC TERRITORIES. EXPRESSING HIS PERSONAL OPINION HE
ACCEPTED THE POSSIBILITY THAT THIS FUNDAMENTAL OBJECTIVE MIGHT BEGIN
TO BE PURSUED ON THE DIPLOMATIC PLANE IN THE CONTEXT OF NORMALIZED
RELATIONS WITH THE UK. ACCORDING TO CLARIN MENEM WAS AT PAINS TO
REPEAT BOTH THAT HIS DISPOSITION TO PLACE THE FALKLANDS ISSUE IN
PARENTHESIS IN AN EVENTUAL DIALOGUE WITH BRITAIN WAS STRICTLY
PROVISIONAL AND THAT HIS GOVERNMENT WOULD PURSUE ARGENTINA'S SOVEREIGN
RIGHTS EXCLUSIVELY THROUGH PEACEFUL MEANS. HE REFERRED TO DE FACTO
SITUATIONS WHICH HAD TO BE RESOLVED BEFORE ANYTHING ELSE: AN
EXCLUSION ZONE WHICH INCLUDED ARGENTINE TERRITORIAL SEA AND A STATE
OF HOSTILITIES WHICH HAD NOT BEEN FORMALLY TERMINATED. MENEM SAID
THAT THE FIRST STEP NECESSARY TOWARDS A SOLUTION OF THE CONFLICT
WOULD BE FOR MRS THATCHER TO GIVE INSTRUCTIONS TO HER DIPLOMATS, AND
FOR HIM TO DO THE SAME TO HIS, SO THAT A DIALOGUE MIGHT BEGIN WITHIN
THE AMBIT OF THE UNITED NATIONS TO SEEK THE MEANS OF NEGOTIATION
APPROPRIATE TO TWO SERIOUS NATIONS. CLARIN SAYS THAT MENEM'S
WILLINGNESS TO STUDY A POSSIBLE RENEWAL OF DIPLOMATIC RELATIONS

PUTTING THE FALKLANDS ISSUE IN PARENTHESIS WOULD IMPLY A CLEAR MODIFICATION OF ARGENTINE POLICY UNTIL NOW. (FULL TEXT OF CLARIN ARTICLE BY FAX TO FID)

3. IN A TELEVISED PRESS CONFERENCE FOR FOREIGN JOURNALISTS ON THE EVENING OF 9 JULY MENEM WAS ASKED HOW HE RECONCILED HIS PRE-ELECTION THREAD TO EXPROPRIATE BRITISH PROPERTY WITH REPORTS THAT HIS GOVERNMENT WOULD NEGOTIATE WITH BRITAIN WHILE PUTTING THE SOVEREIGNTY ISSUE IN PARENTHESIS. MENEM SAID THAT THERE WAS NO CONTRADICTION. HIS GOVERNMENT WOULD BE PREPARED TO HAVE NEGOTIATIONS WITH BRITAIN WHICH WOULD NOT TOUCH SOVEREIGNTY BUT USING AN UMBRELLA FORMULA TO PROTECT THE SOVEREIGNTY ISSUE. AS TO ECONOMIC MEASURES AGAINST BRITAIN THESE HAD BEEN MENTIONED IN REACTION TO THE BRITISH DEPREDATION OF ARGENTINE RESOURCES REPRESENTED BY THE ESTABLISHMENT OF THE EXCLUSION ZONE (SIC) IN THE SOUTH ATLANTIC. BUT SUCH MATTERS WOULD BE FOR DISCUSSION IN THE POSSIBLE NEGOTIATIONS WITH BRITAIN. ASKED LATER ABOUT A POSSIBLE CESSATION OF HOSTILITIES MENEM SAID THIS TOO WOULD BE A MATTER FOR THE NEGOTIATIONS IF BRITAIN WAS PREPARED TO HAVE THEM. HE REPEATED AGAIN HIS INSISTENCE THAT THE SOVEREIGNTY ISSUE WOULD NOT BE SET ASIDE BUT PROTECTED UNDER AN UMBRELLA FORMULA (THIS TIME USING THE ENGLISH WORD). AS HIS SPEECH TO CONGRESS WOULD HAVE MADE CLEAR ARGENTINA REGARDED THE ISLANDS AS ARGENTINE (TRANSCRIPT OF RELEVANT EXTRACTS FROM MENEM'S PRESS CONFERENCE BY FAX TO FID)

4. THE PRESS OF 10 JULY REPORT MENEM'S REMARKS BRIEFLY AND WITHOUT PROMINENCE (THE MAIN LEAD STORY BEING THE NEW ECONOMIC MEASURES). THERE ARE ALSO REPORTS OF AN EARLIER STATEMENT BY FOREIGN MINISTER DOMINGO CAVALLO TO THE EFFECT THAT DIPLOMATIC RELATIONS MIGHT BE RENEWED IF EACH SIDE PRESERVES THE RIGHTS IT BELIEVES IT HAS WHILE PUTTING THE SOVEREIGNTY ISSUE IN PARANTHESIS. CAVALLO SAID NEGOTIATIONS SHOULD TAKE PLACE WITHIN THE FRAMEWORK OF THE UN RESOLUTION ON THE ISSUE. HE DESCRIBED MRS THATCHER'S MESSAGE TO MENEM AS THE ACT OF A SERIOUS COUNTRY WHICH HONOURS THIS TYPE OF FORMALITY DESPITE THE ABSENCE OF DIPLOMATIC RELATIONS. IT WAS ENCOURAGING AND HE HOPED IT REFLECTED A FAVOURABLE ATTITUDE TOWARDS EVENTUAL NEGOTIATIONS ON THE ISSUES DIVIDING THE TWO COUNTRIES. (PRESS CUTTINGS BY FAX TO FID).

HUNT

BRIGHT