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CHARLES POWELL

11 July 1989

The Minister (2)

You should be aware of this

CJP 12/7

A MESSAGE FROM MENEM

Last week in Washington I received a message from Sr Menem which he wished conveyed to the Prime Minister. The intermediary was Sr "Pucci" Roehm, President of a large private commercial bank in Buenos Aires. Associated with this initiative was Adelbert Krieger-Vassena, the last efficient Minister of Finance of Argentina. I have known both men for many years. They are most honourable men and, incidentally, great supporters of the Prime Minister. Roehm said that Menem really had made all the right moves so far, but conceded that these were early and easy days.

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Mr Menem is very anxious to resume normal relations. He believed that it would be best not to go through the normal channels, but to have a face-to-face meeting in the United States, so that the initiative would not get "bogged down" in the arcane procedures of the bureaucrats. Menem thought it quite wrong that our two countries, which had many close cultural and commercial links, should still be "at loggerheads". Menem appreciated that he had much to learn from the Prime Minister since he was about to announce a very "Thatcherite" policy for Argentina - privatising, reducing deficits and monetary growth, freeing up markets from state control etc. To him it was unknown and uncharted territory, but he thought it would be familiar to the Prime Minister and her advisers.

He suggested that they might arrange to meet in the United States and settle the main issues on the path to renewed diplomatic relations, co-operation and friendship. The bureaucrats could then fill in the details later.

I said I would pass on the message, and did so immediately to you on the phone last week.

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ALAN WALTERS

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