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10 DOWNING STREET  
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*From the Private Secretary*

29 August 1989

*See BB.*

RELATIONS WITH ARGENTINA

Thank you for your letter of 25 August with its round up on relations with Argentina. The Prime Minister has noted this.

*Yours sincerely*

CHARLES POWELL

R. N. Peirce, Esq.,  
Foreign and Commonwealth Office

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Foreign and Commonwealth Office

London SW1A 2AH

25 August 1989

*John Charles*

*John Charles*

*25/8*

Relations with Argentina

Sir Crispin Tickell's meeting with a senior Argentine official in New York on 16-18 August (on the basis agreed in OD on 27 July) was highly successful. We achieved our principal objective - agreement on substantive talks in October from which the sovereignty issue would be firmly excluded, and a practical agenda. I enclose a copy of the joint communique, which summarises the outcome.

The Argentines made clear that they want to make substantial progress towards a more normal relationship with us, and to do so quickly while they still have domestic room to manoeuvre. They accepted that this meant leaving sovereignty firmly on one side. They also agreed without difficulty that the formula safeguarding each side's position on sovereignty (which we had agreed earlier to cover the proposed fisheries exchanges) should cover these talks too.

The Argentines agreed to our package of direct access and communications and ~~removal of ceilings for interests sections.~~

The agenda agreed for the October meeting in Madrid meets our requirements (see attached copy of communique) and the prospects for progress are reasonable. The main problems will be:

- (a) The FIPZ. The Argentines made clear that early removal of the FIPZ is a key issue for them in maintaining domestic support for the policy of rapprochement. They appear to envisage an equation in which they would declare a cessation of hostilities and we would lift the FIPZ. This would then lead to restoration of diplomatic relations.

Sir Crispin left them in no doubt that the FIPZ was not a political bargaining counter. He proposed that the way to approach the issue was to examine ways to build up confidence in the military sphere. The Argentines may prove susceptible to such an approach: they told him that they had recently, without publicity, changed their rules for naval operations in the South Atlantic to make them markedly less warlike.



(b) Fisheries. The Argentines did not give us the additional assurance we have sought from them as a pre-condition for talks on fisheries - that they would not challenge the existence of the FICZ. They came very close to it, and said they hoped to do so before October. It clearly remains very difficult for them domestically, even to agree on the private assurances we require. Sir Crispin made it clear that we will not be able to discuss fisheries in October without such an assurance, but that this would not prevent us discussing other items on the agenda.

Reaction to the successful outcome of the talks has been generally favourable both in this country and Argentina. The fact we have induced the Argentines to negotiate while leaving sovereignty firmly on one side has been generally welcomed in the British press and in the Falklands. It is also welcome to the US Administration who have been fully briefed.

Sir Crispin Tickell handled these talks with skill. The Argentines appear to be acting in good faith, but by dropping their previous insistence on sovereignty they have taken a major domestic risk. When preparing our approach to the October talks we will need to keep our guard up and pursue our interests firmly, while being flexible in those areas where it is possible.

The Foreign Secretary intends to put specific proposals for our approach to the Madrid talks to OD in due course, probably in early October. FCO officials will meanwhile be working closely with the Ministry of Defence and other Departments concerned.

I am copying this letter to the Private Secretaries of other members of OD and Sir Robin Butler.

Yours ever  
R N Peirce

(R N Peirce)  
Private Secretary

C D Powell Esq  
10 Downing Street

LATE SPOKESMAN, FRIDAY 18 AUGUST 1989

The following communiqué has been issued jointly by the United Kingdom and Argentine authorities, in New York at 1500 GMT today:

The British Permanent Representative to the United Nations, Sir Crispin Tickell, and the Special Representative of the Government of Argentina, Ambassador Lucio Garcia del Solar, met in New York on 16/18 August 1989 to discuss the timing, agenda and conditions for a later substantive meeting between representatives of the two countries.

It was agreed that this meeting would take place in Madrid on 17/18 October 1989. It was agreed that, where necessary, discussion would take place under the terms of a formula to protect the position of each side with regard to sovereignty or territorial and maritime jurisdiction over the Falkland Islands, South Georgia and the South Sandwich Islands and the surrounding maritime areas.

The meeting will cover British/Argentine relations (including the future of diplomatic and consular relations):

- Measures to build confidence and avoid incidents in the military sphere;
- trade and financial relations;
- communications links: air and sea;
- fishery conservation and future cooperation on fisheries;
- contacts between the Falkland Islands and the continental mainland;
- cultural, scientific and sporting relations;
- other bilateral matters.

In order to stress their commitment to the improvement of relations and to facilitate arrangements to this end, both sides agreed (subject to the agreement of their protecting powers) on a package of measures to improve diplomatic contacts and communications. In particular they undertook to permit the respective Interests Sections to enjoy their own direct secure communications; to have direct access at official level to foreign

ministries; and to remove the ceiling on numbers of staff.

The representatives of the United Kingdom and Argentina stressed the intention of their respective governments to use the present opportunity to permit the normalization of their relations, and the furtherance of their mutual interest in peace and stability in the South Atlantic.