



cc P.C. ✓

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LONDON SW1A 2AA

From the Private Secretary

28 September 1989

Dear Stephen,

ANGLO-ARGENTINE RELATIONS

The Prime Minister has noted the formulation used in the summary of the Foreign Secretary's address to the United Nations General Assembly and repeated in paragraph 7 of UKMIS New York telegram no. 1338 to the effect that we have agreed to "set aside" the question of sovereignty in our talks with the Argentinians. She does not at all like that formulation which could be held to put sovereignty in doubt. It is far better to make unequivocally clear that sovereignty will not be discussed ~~and~~ is not for discussion. She hopes that we can use this formulation in future.

(C. D. POWELL)

Stephen Wall, Esq.,
Foreign and Commonwealth Office.

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TO IMMEDIATE FCO

TELNO 1338

OF 280010Z SEPTEMBER 89

INFO IMMEDIATE: WASHINGTON, BERNE, MONTEVIDEO, BRASILIA, MADRID

FROM PRIVATE SECRETARY

SECRETARY OF STATE'S MEETING WITH ARGENTINE FOREIGN MINISTER

SUMMARY

1. 20 MINUTE MEETING IN THE UK OFFICE AT THE UN. BOTH SIDES REAFFIRM AGREED BASIS FOR MADRID TALKS. CAVALLO DESCRIBES MENEM'S AIM AS BEING NOT SO MUCH TO SOLVE AS TO DISSOLVE THE PROBLEM. SETS OUT ARGENTINE ECONOMIC AGENDA. FRIENDLY ATMOSPHERE THROUGHOUT MEETING.

DETAIL

2. THE SECRETARY OF STATE MET THE ARGENTINE FOREIGN MINISTER FOR 20 MINUTES IN THE UK OFFICE AT THE UN THIS AFTERNOON. CAVALLO SAID THAT COOPERATION WAS THE MOST IMPORTANT WAY TO SOLVE EVERY KIND OF PROBLEM. THAT WAS TRUE OF LATIN AMERICA AND THE EUROPEAN COMMUNITY AND WAS ONE FACTOR IN THE ARGENTINE DECISION TO OPEN A DIALOGUE WITH BRITAIN. THE CONFLICT BETWEEN THE UK AND ARGENTINA HAD CREATED PROBLEMS BETWEEN LATIN AMERICA AND EUROPE AS A WHOLE. IT WAS TIMELY AND CONVENIENT FOR THE TWO COUNTRIES TO TRY, NOT ONLY TO HELP THEMSELVES, BUT ALSO LATIN AMERICA AND EUROPE.

3. THE SECRETARY OF STATE AGREED THAT THERE HAD BEEN A SHAKY PERIOD BETWEEN THE TWO COUNTRIES. CAVALLO SAID TWO THINGS WERE IMPORTANT FOR THE SUCCESS OF THE DIALOGUE THAT WAS BEING OPENED BETWEEN BRITAIN AND ARGENTINA. THE FIRST WAS THAT DEMOCRACY WAS NOW FIRMLY ESTABLISHED IN HIS COUNTRY. 99 PERCENT OF ARGENTINES REALLY WANTED A DEMOCRATIC GOVERNMENT. THE SECOND WAS THAT NO DEMOCRATIC GOVERNMENT WOULD EVER HAVE TRIED TO SECURE THE MALVINAS BEFORE AS THE MILITARY HAD IN 1982. THIS WAS THE VIEW OF EVERY SIGNIFICANT POLITICIAN AND OF PUBLIC OPINION IN ARGENTINA. BEFORE THE ELECTIONS, THE POLLS HAD SHOWN THAT 50 PERCENT OF THE POPULATION APPROVED OF A DIALOGUE WITH BRITAIN, EVEN THOUGH THEY KNEW THAT IT WOULD NOT COVER THE SUBJECT OF SOVEREIGNTY. NOW SUCH A DIALOGUE HAD 89 PERCENT SUPPORT. ARGENTINA WAS INTERESTED IN TRYING TO WORK FOR NORMALISATION.

4. THE SECRETARY OF STATE SAID WE SHARED THAT AIM. WE WERE ENTERING

INTO TALKS IN THE HOPE OF AN AGREEMENT. AFTER THE CONFLICT AND ALL THAT HAD FOLLOWED, TALKS WOULD NOT BE EASY. WE EACH HAD OUR PUBLIC OPINION TO THINK OF. WE WOULD HAVE TO WORK CAREFULLY BUT WE WANTED TO ACHIEVE NORMALISATION. WE WOULD NOT OTHERWISE HAVE ENTERED INTO THE TALKS. WE HOPED THE MADRID TALKS WOULD BE CONSTRUCTIVE AND WORTHWHILE. OUR SUCCESS IN AGREEING AN AGENDA WAS A VERY ENCOURAGING START. HE WAS PLEASSED TO NOTE THAT PRESIDENT MENEM HAD RULED OUT FORCE IN HIS SPEECH TO THE GENERAL ASSEMBLY. THAT WAS THE BEST PART OF THE SPEECH. THE REST WAS LESS TENABLE. IN GENERAL, WE SHOULD NOT RAISE EXPECTATIONS TOO FAR AT THIS STAGE.

5. SENOR CAVALLO AGREED ON THE LAST POINT. HE WISHED TO SAY THAT PRESIDENT MENEM WAS VERY SINCERE. THAT SINCERITY MADE IT RATHER DIFFICULT FOR HIM TO STICK TO A PRE-AGREED SPEECH OUTLINE. MENEM REALLY WANTED GOOD RELATIONS WITH BRITAIN. WHEN MENEM SAID THAT HE HOPED TO BE ABLE TO RECOVER THE ISLANDS, HE WAS NOT SAYING THAT THIS WAS AN ISSUE FOR DISCUSSION NOW. HE BELIEVED THAT, ONCE ARGENTINA HAD BECOME A DEVELOPED AND STABLE COUNTRY, RELATIONS BETWEEN ARGENTINA AND THE FALKLAND ISLANDS WOULD BE AS GOOD AS THEY HAD BEEN BEFORE THE INVASION. HE HOPED THERE WOULD COME A TIME WHEN, IN THE WORDS THE SPANIARDS HAD USED ABOUT GIBRALTAR, THE PROBLEM WOULD NOT BE SO MUCH SOLVED AS DISSOLVED.

6. THE SECRETARY OF STATE ASKED ABOUT MENEM'S ECONOMIC PROGRAMME. CAVALLO SAID THERE WAS A HISTORY OF POPULIST POLITICAL LEADERS IN LATIN AMERICA. IN THE PAST THEY HAD BEEN VERY INTERVENTIONIST. MENEM WAS USING POPULAR SUPPORT TO ADOPT A REALISTIC APPROACH, TO TRY TO REORGANISE THE ECONOMY IN THE DIRECTION OF OPEN MARKETS, WITH A LIMITED PUBLIC SECTOR AND A GROWING PRIVATE SECTOR. HE HAD THE SUPPORT OF THE PEOPLE AND, IF HE SUCCEEDED, THAT WOULD OFFER A GOOD EXAMPLE TO OTHER LEADERS OF THE SAME POLITICAL IDEOLOGY. THE BOLIVIANS HAD MOVED IN THE SAME DIRECTION. BRAZIL, WHICH WAS FACING HYPERINFLATION, MIGHT LOOK TO ARGENTINA AS A MODEL FOLLOWING ITS OWN ELECTIONS. ARGENTINA WAS RICH IN RESOURCES AND ITS PEOPLE WERE HARD-WORKING. HITHERTO THEY HAD BEEN UNSUCCESSFUL BUT NOW THINGS WERE CHANGING. IT WAS IMPORTANT TO SOLVE THE OBSTACLES WHICH HAD KEPT ARGENTINA APART FROM THE REST OF THE WORLD POLITICALLY AND ECONOMICALLY. MENEM WANTED TO PUT AN END TO THE OLD CIVILIAN/MILITARY CONFLICTS. HE WAS WORKING SIMULTANEOUSLY ON EVERY FRONT TO CREATE A COUNTRY WHICH PRODUCED RESULTS. THAT MEANT IMPROVING THE COUNTRY'S ECONOMIC AND SOCIAL INSTITUTIONS.

7. AT THE END OF THE MEETING, THE SECRETARY OF STATE AND SENOR CAVALLO AGREED THE LINE THEY WOULD EACH TAKE WITH THE PRESS. THE

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SECRETARY OF STATE MENTIONED THAT HE WOULD SAY THAT SOVEREIGNTY HAD BEEN SET ASIDE. CAVALLO SAID THAT HE WOULD STICK TO THE FORMULA THAT SOVEREIGNTY HAD BEEN PUT UNDER AN UMBRELLA. HE WELCOMED THE FACT THAT PERSONAL RELATIONS HAD BEEN ESTABLISHED WHICH MIGHT PROVE USEFUL IN THE ENSUING NEGOTIATIONS. HE HOPED THAT THE TWO OF THEM WOULD ONE DAY BE ABLE TO MEET AS REPRESENTATIVES OF COUNTRIES WHICH HAD REBUILT THEIR OLD FRIENDSHIP. THE SECRETARY OF STATE AGREED

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