(1)

PRIME MINISTER

ARGENTINA/FALKLANDS

You need to reply to President Bush's short message about Menem with the aim of winding down exaggerated expectations. I attach a draft reply. Agree to despatch?

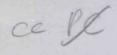
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C. D. POWELL

15 October 1989

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Foreign and Commonwealth Office London SW1A 2AH

C D Powell Esq No 10 Downing Street London SW1

14 October 1989

Deer to Powell,

ARGENTINA

Thank you for your letter of 11 October. I enclose a draft reply which the Prime Minister may wish to send to President Bush on the hot-line.

The draft concentrates on the protection zone because we see this as the most difficult issue and the one where Argentine expectations will be most disappointed. It will be valuable to put our point of view to the President before the conference takes place.

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C Sformos.

Joh evel.

PP Stephen Wall

DSR 11 (Revised)	CONFIDENTIAL	
	DRAFT: minute/letter/teleletter/despatch/note	TYPE: Draft/Final 1+
	FROM:	Reference
	Prime Minister	RY2ADM
	DEPARTMENT: TEL. NO:	
SECURITY CLASSIFICATION	TO: a: Scrowcof dos	Your Reference
Top Secret	President Bush	
Secret Confidential	For Gued Scowerow he	Copies to:
Restricted	For Cheek Scowerow M	Downing Mr.
Unclassified	Chiles was the bille	in memor
PRIVACY MARKING	SUBJECT: Please part of the	in Charter Bush
In Confidence	Two grateful for your message of 13	October in which
CANDAT	I was grateful for your message of 13 you shared your impressions of President	lost Money
CAVEAT	canala with the well	i deli it
	I have been watching with great inter	
	Argentina's daunting problems. I hope he succeeds in dealing with them, though I do not underestimate the	
		nderestimate the
	difficulties.	
	We shall indeed be having a meeting with the Argentines,	
	in Madrid this week. Our delegation	has instructions to
	British interests and progress with the normalisation of our relations. We too want to reduce tensions.	
	I am, however, concerned that Argentine expectations of	
	the Madrid talks may be unrealistic, particularly where	
Enclosures—flag(s)	the protection zone, which we need for the defence of the	
	islands, is concerned. We want to build up confidence in	
Y	the South Atlantic and we shall be putting further	
	proposals of our own to the Argentines in Madrid. But we	
	CONFIDENTIAL	



SECURITY CLASSIFICATION

Top Secret

Secret

Confidential

Restricted

Unclassified

PRIVACY MARKING

In Confidence

believe confidence must be built up before we could consider changes in our existing defence arrangements. horte aber this We shall want to discuss these questions with the Argentines in Madrid, and possibly in a specialist group thereafter. We need to be confident that any new werealth arrangements will offer us equivalent security. that ver an positive op CONFIDENTIAL

CONFIDENTIAL

ARGENTINA, Kelations pr 43