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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

16 October 1989

ARGENTINA/FALKLANDS

The Prime Minister has agreed to send a reply to President Bush's recent message but in somewhat different form. I enclose the revised text which she has approved. I should be grateful if you could let me know by 1100 whether you are content to issue in this form.

C. D. POWELL

Stephen Wall, Esq.
Foreign and Commonwealth Office

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sub 16/10/89
via lot line

For General Scowcroft from Charles Powell, No 10 Downing Street.
Please pass the following message from Prime Minister Thatcher to
President Bush.

PRI MINISTER'S

Dear George

PERSONAL MESSAGE

SERIAL No. T184/89

It was good of you to share your impressions of President Menem.
I certainly wish him well in dealing with Argentina's problems.

We shall be meeting the Argentines in Madrid this week. Our
purpose is to make progress with the normalisation of our
relations and remove remaining Argentinian discriminatory
measures against British interests. We also want to make a start
on confidence-building measures in the South Atlantic and shall be
putting proposals for this to the Argentines in Madrid.

But I am concerned lest Argentine expectations of the Madrid
talks may be unrealistic, particularly where the Falkland Islands
protection zone is concerned. This is vital for the defence of
the islands and we must build up confidence before we could
consider changes in our existing defence arrangements. We shall
be frank about this with the Argentines in Madrid. I hope it
will be possible to carry forward discussions in a specialist
group thereafter. After all that has happened, we must proceed a
step at a time.

In short, we approach the talks in a positive spirit and I am
encouraged by what you say about Menem's genuine desire to reduce
tensions. I share that wish but he must not expect too much too
soon: the best and most desirable arrangements are those
negotiated with great care.

Warm regards,

Margaret

Agreed
MP

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