



Mr. Webb - Clegg
Mr. Packer 2/11
Mr. Giddens 6/15
Mr. Alexander

cc Mr Fuller

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Dear Lord Nicholas

We have been thinking about the response if, in consequence of events, Argentina declared war.

A major concern would be for the safety of our nationals in Argentina, and a way of contributing to this would be for us to announce at once that we did not intend the internment or mass expulsion of Argentinians here. This point seems important enough to include in the initial statement which the Prime Minister might make at that time. No doubt No 10 would look to the FCO for the draft of such a statement, and we offer the following contribution (it would avoid committing Ministers at that stage to emergency legislation) which the Home Secretary has approved.

"We have no quarrel with Argentinians living in this country. We do not propose to intern them. Many have lived here for some time and they are welcome to stay, provided of course that they keep within the law. We trust that our people in Argentina will enjoy similar protection there."

As you know, the Trading with the Enemy Act bites automatically on the outbreak of war (I understand that a state of war would exist if Argentina declared it), and would dissolve all commercial contracts with Argentina. The intention is that an Emergency Powers (Falkland Islands) Bill would enable regulations to be made to stop that happening, with retrospective effect. The many firms concerned would want early reassurance that the Government would take appropriate action. The Prime Minister might perhaps add something on this point (though again she would probably prefer to avoid a specific commitment to legislation). Subject to Trade's views, she might say something like -

"There are long-standing commercial as well as personal ties between our two countries. We look forward to the restoration of normal relations, and meanwhile we shall take appropriate action to safeguard those ties from the effects of the present hostilities."

This could be followed by Trade giving guidance to those concerned as to what was intended.

I should be grateful if you would consider these proposals. It would be helpful if you could deal with Ray Williams in Trade on the second passage.

I am sending copies of this letter to Ray Williams and to George Middleton in the Cabinet Office.

Yours sincerely,
Audley Knapp
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