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CRB

29 June 1992

Foreign &  
Commonwealth  
Office

London SW1A 2AH

*Dear Stephen,*

**MANAGING ANGLO/ARGENTINE RELATIONS IN THE RUN UP TO A  
MENEM VISIT**

During recent months, which coincided with the 10th Anniversary of the liberation of the Falkland Islands, we have taken particular care to ensure that the bilateral relationship with Argentina did not develop into controversy. The Prime Minister may find it helpful to know how we propose to carry forward our relations with Argentina. In particular the Prime Minister will wish to be consulted about a proposal that President Menem should come here as a guest of Government next year. The proposal will be considered by the Royal Visits Committee later this month.

Since the resumption of relations in 1990 the bilateral relationship has improved significantly, partly because Argentina has made impressive progress towards a market economy and democratic government. Trade is growing (£70m exports to Argentina in 1991) and there has been useful practical cooperation in anti-drugs activities, cultural and sporting links and fishery management. At a political level we enjoy good relations and have frequent contacts with Argentine Ministers. The United States welcome our improving relations with Argentina.

The immediate way ahead may not be quite so smooth. We wish to take a number of steps concerning the Falklands and South Georgia which may be unwelcome to Argentina. There is a strong argument for acting while Argentina is still relatively weak. We plan to balance these with



/ measures she will welcome. I enclose a timetable for these events.

### DIFFICULT ISSUES

#### OIL

We are putting to to the Argentine Government proposals for cooperation over a seismic survey of part of the seabed between Argentina and the Falklands. This survey will be the first step in the politically sensitive process of establishing if there is oil in commercially attractive quantities on the Falklands Continental Shelf. It is eagerly awaited in the Falklands. We do not have much to offer the Argentines, because of the reservations of the Islanders about cooperation with them and our wish not to put at risk our sovereignty over Falkland waters. Our proposals would allow some limited cooperation and sharing of results. A failure to reach agreement on seismic surveying and, later (if oil is discovered) exploration, would aggravate our relations. A more detailed note on Anglo-Argentine exchanges on oil is at Annex 2.

#### SOUTH GEORGIA

We wish to extend maritime limits around South Georgia to 200 miles in order to conserve the depleted fishing stock, and correct the legislative deficit with Argentina, which claims South Georgia and has itself recently passed legislation purporting to claim rights to a maritime limit there of 200 miles. We should announce our decision no later than the next meeting in October of CCAMLR (the international body responsible for marine conservation in the South Atlantic) which would be responsible for regulation in the area. A partial ban on fishing within



200 miles comes up for renewal then. There may be advantage in announcing our decision in September, to avoid too big a fuss at CCAMLR itself and to distance our action from a planned private visit by the Duke of Edinburgh in November to Argentina (in his capacity as President of the WWF). We may be able to sugar the pill by presenting the enlarged zone as a joint conservation measure with Argentina. This would, however, limit somewhat our freedom of manoeuvre later. The Foreign Secretary thinks we should look again at the presentational point once it is clear how the oil talks have gone.

### FISHERIES

We are due to talk again to Argentina about fisheries in November. We may wish then to take several measures which Argentina has so far resisted.

### STEPS TO STRENGTHEN RELATIONS

We shall seek to balance the bad news for Argentina with good. The main sweeteners are:

- Inviting the Foreign Minister for further talks about managing the relationship. These might most easily take place in September either in London or New York. Both the Foreign Secretary and Mr Garel-Jones are at present on comfortable terms with him.
- Development of bilateral military contacts. The Ministry of Defence and we would wish to do this step by step: Argentina would welcome any gesture we make.
- Easing the embargo on military sales by British firms to Argentina. The Foreign Secretary suggests that officials make proposals in the light of the outcome of our efforts to dissuade Washington from selling to Argentina 20 or more A4 aircraft equipped with advanced radar equipment.



We would not authorise sales by British firms which would pose a threat to the Islands.

- Modification of IRICS (Interim Reciprocal Information and Consultation System) for movements of units of the two Armed Forces in sensitive areas. Again, officials should look at the possibilities.
- A visit by the Foreign Secretary to Argentina early next year as part of a South American tour.
- Early confirmation of the invitation to President Menem to visit the UK next year.

#### ATTITUDE OF FALKLAND ISLANDERS

We have considered the likely response of the Islanders to these proposals. In general, they accept that it is for us to develop our relations with Argentina as we see fit. They themselves wish to have as little as possible to do with Argentina. They accept that some limited cooperation, such as we envisage, on seismic surveying with Argentina is desirable if the Argentine government is not to frighten off the seismic companies. We believe that the Islanders would welcome an extension of South Georgia's maritime limits. We think they are unlikely to object to limited steps in the military field designed to improve bilateral relations.

#### VISIT BY PRESIDENT MENEM

President Menem has been pushing for an invitation to visit the UK for some time. He expects to come here in 1993 and without having received an invitation, has said so publicly. We have said in principle that he will be welcome. If we failed to invite him we would run the risk of souring the relationship. Menem has considerable achievements to his credit. Argentina has undergone a sea

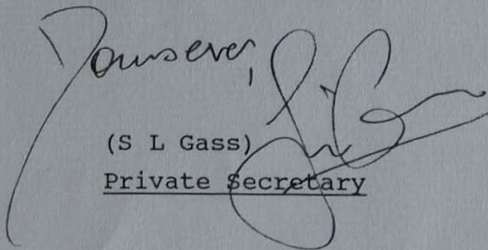


change in domestic and foreign policies: she sent troops to the Gulf; withdrew from NAM; and is generally becoming a more responsible member of the international community.

However, Menem can hardly fail to reassert the Argentine claim to the Islands while he is here and may be tempted to do so in terms which make clear that he is no longer prepared to put the sovereignty question on one side (as Argentina has accepted since the resumption of diplomatic relations in 1990). The Argentine Foreign Minister has suggested that we should agree in advance the ground rules for exchanges on the sovereignty issue during this visit. Provided this can be satisfactorily achieved the Foreign Secretary proposes that the Prime Minister issues an invitation this autumn for Menem to pay an official visit in late 1993. In addition to seeing the Prime Minister, we should offer the prospect of a call by Menem at the Palace, but again only if the agreed ground rules are satisfactory.

The Argentines often assert their claim to the Falklands. Menem has spoken of Argentine sovereignty by the year 2000. The Foreign Secretary believes that from time to time we must counter the Argentine assertion. The Prime Minister's recent message to the Falkland Islanders, his recent remarks to the press in Bogota, and those of Mr Hamilton during the anniversary celebrations have set the record straight for the moment. There may at some stage be a case for a paragraph in a Ministerial Speech setting out our position in more detail.

I am copying this letter to the Private Secretaries to the Secretaries of State for Defence and for Trade and Industry.

  
(S L Gass)  
Private Secretary

J S Wall Esq  
10 Downing Street

ANNEX 1 PROPOSED TIMETABLE

DATES

NEGATIVE

POSITIVE

End June/  
early July

SEISMIC TALKS  
Negative if they end in disagreement  
and we "go it alone". Positive if  
they produce some limited cooperation  
off our Western boundary (as we  
propose). Probably more likely to be  
negative.

September

Announcement of 200 mile limit round  
South Georgia.

Di Tella has talks (New York or  
London) with the Secretary of  
State. Announcement follows of  
development of military  
relationship (some limited easing  
of contacts - eg staff talks.  
Announcement of visits by  
S of S and Menem.

Oct/Nov 92

Private visit by the Duke of  
Edinburgh. Modification of IRICS.

DATES

NEGATIVE

POSITIVE

Nov/Dec 92

Closing the GAP and opening the FOCZ  
for long lining [the pill could be  
sugared at November Fisheries  
Commission meeting if we can announce  
move towards Argentine views on joint  
research. Councillors' views crucial].

Dec 92/Jan 93

Argentina visit by the Secretary  
of State

Late 93

Possible visits by Dukes of  
Gloucester (British Consultants  
Bureau) and Kent (BOTB).

Visit to the UK by President  
Menem.

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OIL AND THE FALKLAND ISLANDS

1. No-one knows whether there is oil in Falklands' waters (seismic surveys in the mid-70s were inconclusive). There is considerable pressure to find out, both from the Islanders and seismic survey companies.
2. Any oil on the Falkland's continental shelf would lie in the area to which Argentina lays claim. Argentina warned us last year that any unilateral decision to pursue oil exploration around the Falkland Islands would lead to retaliation. However, at the end of last year we reached tacit agreement with the Argentines by which we enacted legislation extending the Falklands' continental shelf to the limit allowed by international law, thus opening the way to seismic surveying. We also agreed to consider the scope for bilateral cooperation over this surveying.
3. The initial Argentine reaction has been positive to the ideas for cooperation which we have put to them. If oil were eventually to be found in commercially attractive quantities in geological structures which straddle the western boundary of Falklands/Argentine waters we would discuss the implications with the Argentine government. The Foreign Secretary set out his proposals on oil and the Falklands to OPD colleagues in his paper of 16 September last (FCS/91/079).

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