

PREM 19/1343



CONFIDENTIAL FILING

The Prime Minister's Visit  
to Portugal : 17-19 April 1984

PORTUGAL

FEBRUARY 1984

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
<del>8.2.84</del>							
<del>21.2.84</del>							
<del>2.3.84</del>							
<del>26.3.84</del>							
<del>27.3.84</del>							
<del>11.4</del>							
<del>14.4.84</del>							
<del>24.4.84</del>							
<del>4.5.84</del>							
<del>8.5.84</del>							
<del>16.5.84</del>							
<del>9.8.84</del>							
<b>CLOSED</b>							



Birthing for 17-19 APRIL 1984  
IN SEPARATE BOX





ble ea

10 DOWNING STREET

*From the Private Secretary*

9 August 1984

This is merely to record that the Prime Minister has seen and noted your Secretary of State's minute of 7 August about ECGD support for the supply of Lynx helicopters to Portugal.

Tim Flesher

Callum McCarthy Esq  
Department of Trade and Industry

NR





PRIME MINISTER

4/8

Prime Minister (2)  
Agreement has now been  
reached on ECGD support for the  
supply of Lynx to Portugal.

PORTUGAL: WESTLAND LYNX NAVAL HELICOPTERS

MT

DWS  
8/8

In a letter dated 16 May, your Private Secretary recorded your agreement that the Export Guarantees Committee should consider the question of possible ECGD support for the supply of Lynx helicopters to Portugal.

2 I understand that officials reached an agreement satisfactory to all the Departments concerned. This would involve ECGD reserving, for six months, a special £50m allocation of cover (outside the normal market limit) for the proposed Lynx sale. If the sale should not become firm within that six months, or if other potential business is then pressing, it will be necessary for officials in the EGC to reconsider the appropriate maximum ECGD exposure for Portugal. However, in the meantime, reservation for the helicopters should not prejudice the chances of ECGD cover for any civil capital goods business with Portugal.

JH1ASX





3 I am copying this minute to the Chancellor of the Exchequer, the Foreign and Commonwealth Secretary, and the Secretary of State for Defence.

NT

N T

7 August 1984

Department of Trade and Industry

JH1ASX





ccpc

10 DOWNING STREET

*From the Private Secretary*

16 May 1984

Portugal: Westland Naval Lynx Helicopters

The Prime Minister has seen the correspondence ending with the minute of 14 May by the Secretary of State for Trade and Industry. She agrees that officials of the Export Guarantees Committee should now meet to discuss how the question of ECGD cover for this contract might be handled.

I am copying this letter to Callum McCarthy (Department of Trade and Industry), David Peretz (HM Treasury) and Roger Bone (Foreign and Commonwealth Office).

A. J. COLES

Richard Mottram, Esq.,  
Ministry of Defence.

CONFIDENTIAL

ST





JF6513

Prime Minister

CCPC  
①

Area parol 4?

CONFIDENTIAL

MR 15/5.

PRIME MINISTER

Yes mt

LYNX FOR PORTUGAL

I have seen Michael Heseltine's minute of 4 May about ways of providing the Portuguese with Westland Naval Lynx Helicopters, possibly with ECGD cover.

2 Before any decisions are taken on the precise credit terms on which these aircraft might be sold with ECGD's support, it should be said that, in Portugal's present economic state, cover for this country is being controlled by market limit - and there is not currently sufficient cover available within the relevant Section 2 limit of £175m.

3 I do not rule out the possibility of increasing the present limit sufficiently to take care of a Lynx sale to Portugal but since, as Michael Heseltine's minute points out, the Portuguese are not likely to be in a hurry to decide on their helicopter requirement, I should like the question of substantially increasing ECGD's present £350m exposure on Portugal to be fully considered by officials in the normal way. An increase to take account of this business could mean that other potential contracts, including a nuclear power station, might be put at a disadvantage through lack of ECGD cover.





CONFIDENTIAL

4 I propose, therefore, that officials of the Export Guarantees Committee should meet first to discuss how the matter should be handled.

5 My letter of 27 April to Peter Rees on the Pakistani frigates case is relevant in this context.

6 Copies of this minute go to the Secretary of State for Defence, the Foreign and Commonwealth Secretary and the Chancellor of the Exchequer.

NT

N T

14 May 1984

Department of Trade and Industry



Pontypridd: PM visit  
NW 82

15 MAY 1984





WSP 026/10

DS(L) 2394

Departmental Series  
Southern European Department  
DS No.11/84

A.S.C. 2/6

p.a.

THE PRIME MINISTER'S VISIT TO PORTUGAL, 17 - 19 APRIL 1984

Her Majesty's Ambassador at Lisbon to the  
Secretary of State for Foreign and Commonwealth Affairs

SUMMARY

1. The Prime Minister undertook a very full programme during three days in Lisbon and Oporto. The Portuguese regarded this visit as a special event and gave Mrs Thatcher a welcome quite unlike that accorded to other European Heads of Government. She responded exactly to their expectations showing interest in their experience since 1974 and giving much needed encouragement. The visit, a personal triumph for the Prime Minister, has breathed new life into a centuries old relationship. (Paragraphs 1 - 3)
2. Unequivocal support for Portuguese accession to the European Community in 1986 and completion of negotiations this year. Looked forward to working with Portugal. Shared interest in a satisfactory system for Community financing. (Paragraph 4)
3. Promise of a more aggressive attitude by British businessmen to the Portuguese market. (Paragraph 5)
4. The official talks wide-ranging but predictable. (Paragraph 6)
5. Public aspects of the visit were especially rewarding. Soares wanted the Prime Minister to see something of Portugal, both the old and the new. He also wanted the Portuguese to see as much as possible of a European leader for whom he repeatedly expressed admiration. Media interest was intense. The Prime Minister attracted crowds wherever she went. There were a number of happy informal moments. (Paragraphs 7 - 9)
6. Meetings with the CDS leaders and with President Eanes filled out the political picture. (Paragraphs 10 - 11)
7. Portugal matters to us as a market and in terms of Europe, Atlantic facilities and as a country with a potential role in Southern Africa. (Paragraph 12)

---

Lisbon  
9 May 1984

Sir,

1. The Prime Minister visited Portugal from 17 - 19 April at the invitation of Dr Mario Soares. She undertook a very full programme in Lisbon and Oporto, only leaving Portugal at 11pm on 19 April. The programme is at Annex.



2. The Portuguese Government have recently played host to other Heads of Government, including those of France, the Federal German Republic, and Italy; but there is no doubt that they regarded Mrs Thatcher's visit as a special event. The people of Lisbon and Oporto made this quite clear, gathering along her route in growing numbers as the visit progressed. The Prime Minister's determination and directness exactly fulfilled Portuguese expectations. From her various speeches they glimpsed her interest in their experience since the 1974 revolution, and her respect for the innate good sense of ordinary Portuguese people in opting for a democratic system, and sticking to it. That went to their hearts. From it they drew much needed encouragement at a grey moment of economic austerity and frustration. Their response was a personal triumph for the Prime Minister which has given an important impetus to the British position.

3. Mrs Thatcher's visit can fairly be said to have been the first official visit by a serving British Prime Minister. Mr Asquith, it is true, landed briefly from a yacht en route for Morocco in 1910. The Prime Minister referred to this fact. Mr Asquith lunched with King Manuel, shortly to go into exile at Twickenham, and then sailed on. The event seems to have done little to breathe new life into a centuries old relationship whereas the present visit has done just that. Setting what she had to say in a historical context of shared experience of empire, commerce and the sea, the Prime Minister reminded the Portuguese that we are modern allies with work to be done in a modern world as like-minded peoples with many common interests.

4. The Prime Minister concentrated upon Portuguese entry into the European Community, and her hosts got the unequivocal statement of public support and encouragement for which they had hoped. Portugal, the Prime Minister said, should be a member of the Community by 1 January 1986. Entry had been "too long delayed. Negotiations must be concluded this year. No country will be more delighted than Britain when that happens". Turning to the future she told the Portuguese that she looked forward to working with them on the reforms the Community needs. Dr Soares said that he was determined to enter "a new, more intense phase" of bilateral relations once Portugal signs its Treaty of Accession. The Prime Minister also praised Portuguese determination not to be shaken from the pursuit of greater democratic stability, despite economic difficulties. Her firm commitment both to NATO and to the relationship with the United States was enthusiastically endorsed by Mario Soares and his colleagues.

5. Mrs Thatcher's promise of a more aggressive attitude by British businessmen to Portuguese markets was taken as a compliment by her hosts. It is a challenge to which British industry and commerce should respond if Britain's share of this long-established market is not to slip further. The text of her speech to the British-Portuguese Chamber of Commerce in Lisbon is being printed in the Department of Trade's journal - "British Business".

6. The official talks with Dr Soares, his Vice Prime Minister Professor Mota Pinto, the Foreign Minister Dr Jaime Gama, and Dr Antonio Marta, President of the European Integration Commission, followed predictable, rather protracted lines and produced no surprises. Much of the ground was covered at the initial private lunch with Dr Soares and Professor Mota Pinto. Mario Soares likes to survey wide horizons as far as possible unburdened by detail, and he gave his Ministers little or no chance to contribute. This was particularly noticeable with his able thirty-six year old Foreign Minister who had been accompanying President Eanes on a visit to Canada and had flown back expressly to be present for the Prime Minister's visit. Two sessions of formal talks each lasting over an hour ranged over NATO and the European Community, Southern Africa, the Middle East, and Central America. Dr Soares did not raise the question of relations with Argentina. The Prime Minister reminded Dr Soares of the importance for Portugal of a satisfactory system for Community financing.



7. Dr Soares was, I think, wise to concentrate on the public aspects of the visit rather than the official talks. He wanted his visitor to see Portugal and for the Portuguese to see as much as possible of an international leader of whose "determination, firmness, and statesmanlike qualities" he repeatedly paid tribute. It was this aspect which proved so rewarding.

8. The Prime Minister saw something of modern Portugal and Britain's part in its construction. At the National Civil Engineering Laboratory she saw British equipment in use worth over £600,000 and donated in the past two years under the ODA's Technical Assistance Programme. In the British Council's new premises she met a cross section of Portuguese former Council Scholars of diverse ages, and other representatives of Portuguese cultural life. The Council began work in Portugal in 1936: one result is that today a high proportion of leading Portuguese, doctors, engineers and scientists have a British postgraduate qualification. At the same time the British Institute helps meet a growing demand for English language classes. At the Gulbenkian Foundation she met the directors of a body which last year made grants of over £1 million to diverse organisations in Britain. An older more traditional Portugal was shown to her at the Sintra Palace, scene of Dr Soares's dinner in her honour; at the Town Halls of Lisbon and Oporto where she inspected ceremonial guards mounted by firemen in uniforms unchanged since the last century; and at Messrs Crofts Port Wine Lodge — now become a subsidiary of Grand Metropolitan Hotels. Everywhere she went interest was intense and the sun shone.

9. The media fell over themselves, sometimes literally, for new pictures. The television gave quite exceptional coverage, including a fifty minute profile of the Prime Minister shown at peak time. Happily there were also several occasions when protocol arrangements went by the board: a host of Portuguese toddlers appeared unexpectedly at the Engineering Laboratory; three alarmingly bright school children showed the Prime Minister what they could do with some of the 100 Sinclair computers she presented to Dr Soares for use in Portuguese schools; thousands of Lisbon's citizens joined the Prime Minister in a walk down cobbled pavements in the shopping area — this was wonderfully well received in a city which does not usually see so much of its distinguished visitors. To a lunch by the British-Portuguese Chamber of Commerce the Prime Minister gave a splendidly vigorous speech and some forthright answers to questions. By contrast, I think, she found her final press conference with Dr Soares rather unchallenging. By the final day crowds were lining the streets of Oporto and Lisbon to catch a glimpse of the visitor. They could not have guessed that the situation at the Libyan Embassy in London remained a continuing concern for her.

10. Mrs Thatcher received both the former and the present leader of the Centre Democratic (Conservative) Party at the Embassy — Professor Freitas do Amaral, and Professor Lucas Pires. The former spoke of his reasons for quitting the Party leadership and his hope of running for the Presidency in 1985; the latter of the problems of reviving a right of centre party in Portugal.

11. The Prime Minister's final call, at the end of a long day in Oporto, was upon the President, just returned from a visit to Canada. She found General Eanes interesting and sharper than her genial host. However I believe she appreciated Soares's underlying courage, and that of his wife, which led them first to oppose Salazar and then to defend Portugal's new found democracy from capture by the Communist left, which still commands around 20% of the vote in Portugal.

12. Portugal matters to us in Europe in these terms. It matters also in terms of access to strategic facilities in the Atlantic; as a market for British goods worth around £400 million last year, but in which we could do better; as a useful like-minded potential partner once inside the European Community; and as a friend and ally with relevant information and a potentially important role in resolving the difficult problems of Southern Africa. The Prime Minister gave the Portuguese Government important public encouragement to see their present economic policies through to



success, thereby helping to underpin political stability. She has also encouraged them to think about longer term objectives. The Portuguese people responded so warmly not just because they are a naturally hospitable people, but because Mrs Thatcher showed she cared about their future. The visit has given a major reinforcement to British interest and the British position in Portugal, and we must now build upon it.

13. I am sending copies of this despatch to Her Majesty's Ambassadors in NATO capitals and at Dublin, and to UKREP Brussels.

I am, Sir,  
Yours faithfully

H C Byatt





10 DOWNING STREET

*From the Private Secretary*

8 May 1984

Thank you so much for your letter of 30 April enclosing a copy of the latest issue of your Chamber's Magazine. I shall show this to the Prime Minister and will also convey to Mrs. Thatcher the message in your second paragraph.

The Prime Minister greatly enjoyed her visit to the Chamber and will long remember it.

A. J. COLES

B.E. Dawson, Esq.

ls



CSPC

OVERSEAS DEVELOPMENT ADMINISTRATION  
ELAND HOUSE  
STAG PLACE LONDON SW1E 5DH

Telephone 01-213 5409

From the Minister

Tim Flesher Esq  
10 Downing Street

8 May 1984

Dear Tim,

A.P.C.  $\frac{6}{5}$   
f.a.

PORTUGAL: TECHNICAL ASSISTANCE

In your letter of 24 April to my predecessor Mike Power you referred to the idea that emerged during the Prime Minister's visit of a further small allocation of aid to Portugal to maintain existing technical cooperation schemes until the probable date of Portuguese entry to the EC on 1 January 1986. We foresee no problem in providing a further £50,000 for 1985-86, and a proposal to this effect has been included in the draft Aid Framework now being prepared for Ministers.

I am copying this letter to Hugh Byatt in Lisbon and, with a copy of your letter, to Peter Ricketts.

Sincerely,  
Michael McCulloch

M C McCulloch



Portugal Feb 84

1984

PMS 57801





MO 26/9/18

*Annit for the contribution*  
*A.S.C. 9/5.*

PRIME MINISTERLYNX FOR PORTUGAL

Your Private Secretary wrote on 24th April about the possible sale of Westland Naval Lynx helicopters to Portugal.

2. The FCO and my Department have been considering the Portuguese memorandum, which effectively proposes that we should make a gift of the six Lynx as our contribution to the NATO programme. Given the difficulties with such a proposal, or with any increase in the offer of £5M direct financial aid - to be disbursed through the FCO - we have not been inclined to give an early response. But we have kept in close touch with Westlands' negotiations with the Portuguese, and do see other ways in which HMG could assist their efforts, at the proper time.

3. These other ways could include training, spares and financing. The Westlands offer will already include Lynx conversion training for Portuguese air and ground crew, and we could offer to complement this with RN operational training, partly or wholly subsidised by the MOD Defence Sales Fund. As to spares support, again we could offer to complement arrangements with Westlands, by providing a UK Logistic Support Arrangement that would enable Portuguese procurement of those spares common to both our Services' aircraft to be handled through the RAF, with significant advantages in ready availability and cost-effectiveness. Furthermore, we could offer to sponsor Portuguese membership of the European Multilateral Lynx Support Arrangement - already comprising Belgium, Denmark, France, FRG, the Netherlands and Norway as well as ourselves - which also





provides a framework for logistic co-operation. Finally, if ECGD and HM Treasury agree, we might be able to offer better terms for HMG financial backing than the norm of 10.35% interest rate for 5 years repayment of 75% of the contract price.

4. Westlands are about to put a revised commercial offer to the Portuguese, which will inter alia include some improvement on the current asking price of £48M for the six aircraft (including the two ordered by Argentina), fully fitted and with comprehensive spares support. But the Company do not wholly share the Embassy's optimism about an early Portuguese decision, even with further HMG inducements. The Portuguese may yet take some time to decide on the overall frigate programme - to which their helicopter requirement relates - and may continue their efforts to squeeze more aid from their NATO allies for a while yet. We should not want to find our offers of training assistance etc, pocketed too soon, only for the Portuguese to return to their desire for an increase in direct financial aid. We have therefore agreed with Westlands that in their next round of discussions they should only mention the possibilities of HMG assistance with training etc in general terms. If these discussions result in the Portuguese showing rather more firm interest in buying Lynx, then perhaps at the next stage there could be some more direct MOD involvement, and the possibilities for assistance could be given more precision.

5. We shall continue to keep in close touch with Westlands and with our Embassy in Lisbon on the timing of these moves. As to the proposed invitation for the Portuguese Defence Minister to visit London, this could be offered on more general Alliance defence policy grounds, but as the Lynx negotiations are bound to feature prominently in any talks the timing will again need to be carefully considered.





6. I am copying this to the Foreign and Commonwealth Secretary and, in view of the reference to credit terms, to the Chancellor of the Exchequer and the Secretary of State for Trade and Industry.

*WJH*

Ministry of Defence  
4th May 1984



- 8 [ 1984

11 12 1  
0 2  
9 3  
8 4  
7 5





file  
da

Subject  
on MOZAMBIQUE  
Int. Sit.  
8/79.



10 DOWNING STREET

*From the Private Secretary*

3 May 1984

Mozambique

In my letter of 17 April describing the discussion which took place at the Prime Minister's private lunch in Lisbon that day with the Prime Minister of Portugal, I recorded Dr. Soares' view that President Machel was in dire need of outside help, particularly food, drugs and technical assistance.

The Prime Minister asked me yesterday whether it would be possible for us to help meet Machel's needs. I should be grateful for your early comments.

A. J. COLES

R.B. Bone, Esq.,  
Foreign and Commonwealth Office,

CST



BRITISH-PORTUGUESE CHAMBER OF COMMERCE

REGISTERED IN ENGLAND NO. 121378



(CÂMARA DE COMÉRCIO LUSO-BRITÂNICA)

RUA DA ESTRELA, 8 • 1200 LISBOA • PORTUGAL • TELEFONE: 66 15 86 • 66 13 51 • TELEX: 12787 BRICHA P



Lisbon, 30th April 1984

A. J. Coles Esq.,  
Private Secretary,  
Prime Minister's Office,  
10, Downing Street,  
LONDON S.W.I.  
ENGLAND

Dear Mr. Coles,

I am enclosing a copy of our April issue of the Chamber Magazine, which I just thought might be of interest to the Prime Minister, as it contains a report on her speech at the lunch held at the Ritz Hotel. The May issue will cover the lunch in Portuguese.

I take this opportunity to ask you to kindly convey the appreciation of this Chamber to the Prime Minister on her decision to honour us as our Guest, and for delivering such an interesting and important speech. The lunch will long be remembered,

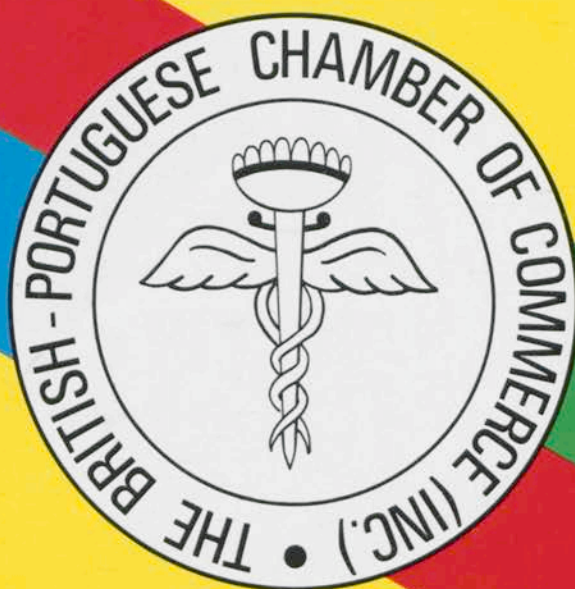
Yours sincerely,

B.E. DAWSON

CHAIRMAN



British - Portuguese Chamber of Commerce  
magazine



APRIL 1984



# Where to stay in Portugal

## LISBON



### HOTEL ALTIS

Rua Castilho, 11 LISBON  
In Lisbon's fashionable centre. Luxurious, ultra modern, spacious, sound-proofed, air-conditioned, 219 rooms with radio and Tv. Friendly, efficient 24 hour service. Restaurants, bars and outstanding conference facilities (700 persons).  
Tel. 56 00 71 - 56 24 91 Telex 13314 Altis P



### Lisboa-Sheraton Hotel

RUA LATINO COELHO, 1  
Centrally located, heated swimming pool, health club, shops, coffee shop, grill, roof restaurant, daily entertainment, private garage, meeting facilities.  
Special group rates.  
CABLE: SHERACO. TELEPHONE 57 57 57 TELEX 12774



### HOTEL ZENITH

50 rooms with bath most with balcony overlooking Cascais Bay. Snack Bar, own Pastry, Swimming Pool. Piano Bar serving afternoon tea, Games Room, Small Conference Room.  
Rua Belmonte (facing the public garden), Monte Estoril.  
Tel: 268 11 22/268 02 02



### IN THE VERY HEART OF LISBON

First class hotel next to Lisbon's main street Av. Liberdade. Completely renovated in 1976. Bar and Restaurant - Belle Epoque. Multilingual staff, 24 hours room service and portage. Conference facilities. Free parking.

Representatives abroad - Utell International  
AV. DA LIBERDADE - TV. DO SALITRE - 1200 LISBOA  
PHONE: 363922 - TELEX: 16402



### LISBOA PENTA HOTEL \*\*\*\*\*

Avenida dos Combatentes 1600 Lisboa  
Tel: 724054/724554/725050 Telex: 18437  
Only 10 minutes by car from city centre. 592 air-conditioned rooms all with balcony, bath, telephone, radio, colour TV/video. Restaurant, Grill, Cocktail Bar, Wine Bar, Swimming Pool, shopping centre, bank, rent-a-car, hairdresser. Private garage and parking. Conference and banquetting facilities. Shuttle bus service to/from city centre and airport. Health club with sauna/squash (under construction).



### HOTEL D. AFONSO HENRIQUES

RUA CRISTÓVÃO FALCÃO, 8 LISBON  
A small, inexpensive, family hotel with 50 rooms and suites with bath room or shower and telephone. Bar. Quiet location in the new part of Lisbon.  
TELEPHONE: 84 65 74/5/6 CABLE: AFONSOTEL

## SINTRA



### HOTEL TIVOLI SINTRA

Newly built, well appointed, in beautiful, historical surroundings. 75 rooms, with bathrooms and balconies, Panoramic Restaurant, bars, lounges, and conference rooms. In Praça da República. Tel: 923 3855/923 3505. Telex: 42314 HOTISI P.



### HOTEL ESTORIL PALÁCIO



In Estoril, 20 minutes from Lisbon. Traditional deluxe hotel in Grand-European style, set in own private garden. One of the great hotels of Europe with an outstanding reputation for service. Tastefully furnished bedrooms and handsome public rooms. Complete convention facilities. Free golf at the Hotel championship golf course of 18 holes with an additional 9 holes course.

Tel: 268 0400 - Telex: 12757  
Cable: Palácio Estoril

## CASCAIS



### HOTEL ESTORIL SOL\*\*\*\*\*

Every conceivable amenity. Superb golf course. Outstanding conference facilities. Olympic pool. Private access to beach. 30 minutes from Lisbon. Brochure and rates on request.  
TELEPHONE 28 28 31 Telex 15102



### HOTEL DO GUINCHO near CASCAIS

SMALL LUXURIOUS, unique hotel by the sea. Ideal for the tycoon or top executive needing a rest cure in elegant comfort with impeccable service. Not cheap (never aspires to be). Full details and rates on application. Own golf course.  
Telephone 285 04 91 Telex 43138

## ESTORIL



### HOTEL LIDO

First class hotel near the casino - has fifty five rooms and seven suites - all with bath, telephone and radio - a restaurant (national and international cooking), a cocktail bar and lounges. A swimming-pool, a "solarium", a garden, a terrace with beautiful scenery over the sea and a car park. One of the most modern hotels in the Costa do Estoril.

SPECIAL LOW WINTER RATES  
Cables: HOTELIDO. Telephones: 268 40 98, 268 41 23.



### HOTEL ATLÂNTICO \*\*\*\*

175 rooms all with private bathroom and telephone. Estrada Marginal, Monte Estoril. Tel. 2685170/4. Telex 18125 P. Overlooking beaches and Atlantic Ocean. Balconies. Air-conditioning. Saltwater pool and children's pool. Golf nearby.

## ALGARVE



### HOTEL ALVOR PRAIA\*\*\*\*\*

ALGARVE'S HOTEL OF DISTINCTION  
ALVOR - ALGARVE - PORTUGAL  
Tel: 18299 ALVOR P Cable: SALVORHOTEL  
TELEPHONE PORTIMAO 2 40 21 / 2 40 29  
Director: Jorge Chaskelmann - OPEN ALL YEAR ROUND  
241 Air conditioned rooms and suites.  
The hotel offers fully equipped Conference Rooms.  
ENGLAND: Utell International Ltd.  
6 - 9 Stratford Place - London W1A 4YU  
Tel.: 01-629 0954 Telex: 27817



### PENINA GOLF HOTEL

225 air-conditioned bedrooms and suites, Restaurant, Grill Room, Shops, Large Swimming Pool, and Conference Room for up to 950 people. Situated within 350 acres estate with two golf courses (36 holes) designed by former British Champion, Henry Cotton. Casino and beach nearby. Transport available. Green fees included in half/full board.  
Telephone (0082) 22051/8 - Telex 57307P  
Cables: Penina, Portimão.



### HOTEL FARO\*\*\*

FARO (ALGARVE)  
Where your clients will find charm, comfort and the friendliest hospitality. Restaurant renowned for its excellent Portuguese meals, a la carte or table d'hôte. Mezzanine bar - "Kontiki" discotheque night club.

TELEGRAMS: FAROTEL.  
TELEPHONE 2 20 75/9 TELEX 18295 Hertz P.

## BRITISH - PORTUGUESE CHAMBER OF COMMERCE MAGAZINE

April 1984

Administration: Rua da Estrela, 8, 1200 Lisbon.  
Tels: 661586/661351. Telex: 12787 Bricha P.

Also: Rua Sá da Bandeira, 784-2º E Frente, 4000 Porto.  
Tel: 20825. Telex: 23446 Chacom P.

General Secretary: A. M. Adam, M.B.E.  
Secretary, Oporto: José Fernando Lopes.

Membership Fees (Quotas): Continental Portugal - up to 20 personnel, Esc. 7,500; 20 - 100, Esc. 9,500; and 101 upwards, Esc. 13,000. / Madeira and Azores - Esc. 2,500. / United Kingdom and Overseas - 50 pounds sterling or equivalent.

Editor: Nigel Batley, Tel: 268 7724.

Assistant Editor: Hilary Dyce.

Advertising: Lisbon: Jorge Ramos, Tels: 268 7724/268 4189. Oporto: João José Celestino Soares Rodrigues, Tel: 20825.

Printers: APN Sociedade Impressora Lda.,  
Av. de S. Pedro, 14-D, 2765 Monte Estoril.

Published monthly. Circulation controlled. Distributed free

No responsibility is accepted for opinions expressed in articles contributed to this magazine.

Reproduction in whole or part without written permission is prohibited.

### ELECTED OFFICERS

President: Prof. Dr. Manuel Jacinto Nunes.  
Vice-President: Sr. Fernando Guedes.

LISBON COUNCIL: Chairman: Bruce E. Dawson, FCA (Garland Laidley SARL). Hon. Secretary: Robert M. Symington (Reckitt Portuguesa Lda.). Members: Dr. Jorge D'Avillez (José Maria da Fonseca Vinhos SARL). Dr. Sebastião Galdes Barba (Companhia Portuguesa de Petróleos BP). Rui Soares Franco (Tofa - Torrefação de Cafés de Portugal SARL). S.A.S. Hart, CA-SA (Ernst and Whinney). R.A. Jowit (Robbialac Portuguesa SARL). Christopher G. Judd (Beecham Portuguesa Lda.). C. William Knight (Bank of London and South America Ltd.). Comandante Carlos Mesquita (Fidelidade Grupo Segurador). Eng. Francisco Lobo de Vasconcelos (Tractores de Portugal).

OPORTO COUNCIL: Chairman: Victor Hugo Martins, OBE (Banco Português do Atlântico). Hon. Treasurer: Dr. António Filipe (Cockburn Smithes and Ca. Lda.). T. Chambers (C.J. Chambers and Ca. Lda.). C.N. Cowling (Rep. de F'abrica Portuense de Borracha, Lda.). David Delaforce (Delaforce Sons and Co. Vinhos SARL). Dr. José Madureira (Estbils. J.C. Andrade and Ca. SARL). Eng. Alberto Resende (Empresa Industrial de Santo Tirso). Iain Richardson, OBE (Ca. de Linhas Coats and Clark Lda.). Eng. Nuno Bustorff Silva (Pinto Basto Navegação, Lda.). Alexander Archer (Phoenix Assurance Co.). Mervyn Phillips (Bank of London and South America).

ALGARVE REGIONAL COMMITTEE: Chairman: Mario da Cruz Gonçalves (Viegas & Gonçalves, Ltd.) Secretary: José Dias Veiguinha (Empresa Turística Vale do Lobo do Algarve, Ltd.) Vice-Chairman: José Estrela (Auto Cerro Rental Cars, Ltd.) Vice-Chairman: Christopher Stilwell (Hotel de Golfe da Penina) Mrs. I. Tanton (Solforça Lda.) Francisco Cabral (Matina Lda.)

## in this issue

Where to stay in Portugal .....	2
Chamber Activities: VISIT OF MRS. THATCHER; New Secretary-General appointed, Trade Mission to U.K., Oporto Appointment .....	4, 5, 32, 33
Countdown to the Community .....	7, 8
News about Portugal .....	9, 10, 12, 13, 14
Business Opportunities .....	16
Exhibitions .....	17
Computers - Part 8 .....	18, 19
Indústria Automóvel Britânica .....	21, 22, 23
Portuguese Legislation .....	24, 25
Nuclear Power Seminar .....	26
Products and Processes .....	27, 28, 29, 30
General News .....	34

## advertisers

Auto-Rali (Ford) .....	Back Cover
Ahlers Lindley .....	16
Banco Totta e Açores .....	6
B.P.A. ....	20
Brutus Whisky .....	Inside Back Cover
C.G.I. Wolfram .....	33
Celcat .....	31
Cial. ....	9
COBCOE .....	26
Concorde International .....	30
Crocker Delaforce .....	34
D.H.L. ....	15
Garland Laidley .....	23
Hambros .....	8
Lago .....	11
Landry .....	19
Ronda .....	10, 13, 28, 29
Royal Exchange .....	18
Royal Insurance .....	34
Sun Insurance .....	12
Wall and Co. ....	25
Walton and Hipkiss .....	14

The Chamber exists to promote Anglo-Portuguese trade relations in general and to provide for its members a variety of services, including the supply of information concerning imports and exports, as well as providing assistance in locating sources of supply in the United Kingdom and in Portugal. Full details and application forms for membership can be obtained from the General Secretary.



## 300 members hear Britain's Prime Minister

WEDNESDAY April 18, 1984, will undoubtedly be looked back upon in coming years as one of the great occasions in the Chamber's history. And Mrs. Margaret Thatcher, Britain's Prime Minister, certainly made it an occasion to remember.

As one of the most important engagements in her crowded three-day visit to Portugal — the first by an incumbent British Prime Minister this century — Mrs. Thatcher was the guest of honour and chief speaker at a special Chamber luncheon at the Hotel Ritz, Lisbon.

An audience of about 300 members, packing the hotel ballroom, were privileged to hear Mrs. Thatcher at her sparkling best. It was a relatively short speech — she told members at the outset that she had decided to limit herself to 14 or 15 minutes. But in that brief space of time, she treated her audience, composed largely of Portuguese and British businessmen from all parts of the country — Oporto and the Algarve, as well as Lisbon,

### Chamber Activities

were widely represented — to a brilliant analysis of trade between Britain and Portugal: what it had been, what it is, what it could be in the future.

As always, she demonstrated not only an awesome grasp of her subject matter but also that she has that rare ability to articulate it in words which seize and hold her audience's attention: lucid, pungent and, here and there, with pleasing wit.

Several times she veered from her prepared text — as when she scolded those present for not working hard enough, or again when she teased Prime Minister Mario Soares that one day he would agree that even 5 percent inflation was too high.

But she was at her most impressive — and witty — in fielding a batch of questions after her speech. On whether Britain could do more to help international British-run schools abroad, came the quick riposte "We're not talking about a hand-out, are we?" On being asked to agree with a strong criticism of the increase in duty on a bottle of Port in the recent Budget — "10p on a bottle of Port - come off it."

Members listened to her with rapt attention throughout and gave her a warm and enthusiastic ovation at the end. On a personal note, many like me, remembering her soubriquet as "The Iron Lady", must have been struck by how inappropriately this fits her physically: smaller than I expected, very attractive and essentially feminine, she would be a striking personality in any company. When one adds an intellect that is powerful, wide-ranging and sharp as a lance, one recognises one is in the presence of a very exceptional lady.

The Editor.

## MRS. THATCHER EARNS THE ADMIRATION OF ALL

"I AM DELIGHTED to be with you today — delighted to be in Portugal, delighted to be in Lisbon. Tomorrow I shall be in Oporto. They tell me there is a traditional rivalry between the two cities — so tomorrow I shall be delighted to be in Oporto.

"At the splendid banquet given for me by the Portuguese Government in Sintra last night, I spoke about the ancient Alli-

will soon — and it cannot be too soon — enter the European Community. I am firmly convinced that membership will bring benefits not only to Portugal but to Europe as a whole.

"The population of the Community is already bigger than that of the United States and Canada combined — 271 million against 257 million. The accession of Portugal and Spain will bring the figure to 319 million. The largest area of democracy in the world will be further expanded, strengthening the roots of democracy in the individual member states, strengthening the Community as a force for democracy across the globe.

### TRADE IS INFLUENCE

"Portugal will bring to Europe its special historical experience, its special knowledge of the world. This country was the great pioneer of European overseas discoveries and expansion. The age has passed. But your experience of parts of Africa and South America is still unrivalled in Europe. And more of the world's people speak Portuguese than either French or German. You, like we, will wish to draw on our overseas experience to keep the Community outwardlooking, to make it a stronger force for good in the world.

"Those population figures for the European Community tell us something else which everyone at this luncheon will have noticed long ago. Portugal will be entering the largest market, the largest trading unit in the world. Trade is influence. But trade is also responsibility. The Community was

never meant to be a protectionist area. It was to seek to reduce the barriers to trade. I want it to be — and I hope Portugal will help make it be — a force for freer trade the world over. Peoples whose whole history has been built on enterprise, creativity and adventure cannot be content with a world where there are so many forces at work to constrain those qualities.

"On my overseas visits I always try to meet as many as possible of the businessmen who trade with Britain. My aim, like yours, is to promote trade between Britain and Portugal and I am of course particularly interested in increasing British exports to Portugal.

"Trade between Britain and Portugal has a remarkable history. It began at least 630 years ago, when the merchants of Lisbon and Oporto signed a Treaty with King Edward III of England. By the beginning of the twentieth century the United Kingdom was taking an astonishing three-quarters of Portuguese goods. In the cut-throat world of twentieth century trade, that could not last. Nor I suspect, would it be right today for one country so to dominate another's trade. But Britain still remains Portugal's chief export market, taking half a billion pounds worth of Portuguese goods in 1983. Even if the income from the tourist trade is excluded, that left a balance of trade in Portugal's favour. I believe that British exporters can and will bridge the gap."

### SECOND TO NONE

Mrs. Thatcher said that Britain's inflation at 5 per cent was still too high but it would come down further this year. Countries, like companies, had to live within a strict budget.

"So, having run our own financial affairs in a sound way, I think we have helped industry to run its own affairs better and encourage enterprise and profitability. The key to the future of sound industry is profitability.

"I said that trade between Britain and Portugal had a remarkable history. It also has a flourishing future. British share of the Portuguese market has declined in recent years. I believe that decline is about to stop. British industry is emerging from the world recession much more efficient and productive than ever before. Our exports in February were at a record level. I give you fair warning: the new Portugal as a full member of the European Community will be a prime target for British industry. As no doubt Britain will be an even more tempting market for your exporters.

"We are already beginning. Let me give you some examples.

"Last month a team from the British nuclear industry, led by a British Minister, were here to show you what they can do. We were the first country in the world to build a nuclear power station, and our expertise in this field is second to none. We want to share that expertise with the new generation of Portuguese engineers.



Mrs. Thatcher at the microphone: a sparkling performance, pointed, pungent, laced with wit. Photograph, and below, by Alberto Frias.

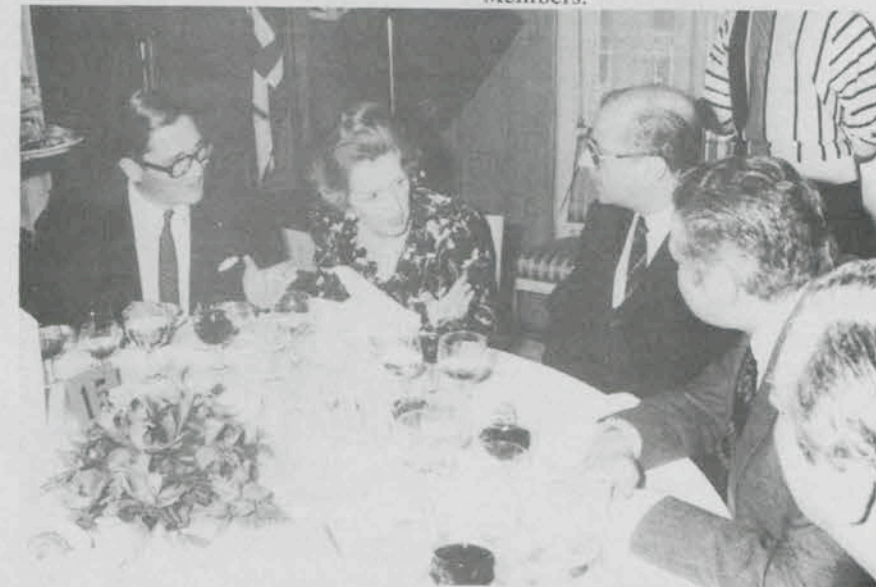
I am delighted that a group of them will soon be visiting Britain.

"A number of British firms are investing in Portugal's future. Tate and Lyle are now actively involved in the Portuguese sugar industry. A major pharmaceutical company, Beechams, has made another significant investment. Bradbury Wilkinson who are one of two traditional British

suppliers of banknotes in Portugal, are keen to join with the Bank of Portugal to set up banknote printing here in Lisbon, which would have considerable export

(continued on page 32)

• MORE Chamber Activities on pages 32 and 33: Trade Mission to U.K., Oporto Appointment, New Members.



Flanked at the luncheon table by the Chamber's Chairman Bruce Dawson (left) and President, Dr. Jacinto Nunes, Mrs. Thatcher makes a point to fellow Prime Minister, Mário Soares.

We hope to carry more pictures of the Prime Minister's visit in our May issue. Prints of all the pictures taken at the luncheon can be seen at the Chamber and ordered from there.

## NEW SECRETARY-GENERAL

Mr. RALPH VAZ has been appointed as the new Chief Executive/Secretary-General of the Chamber. He takes over from Mr. A. M. Adam, who is retiring, on May 2.

Mr. Vaz was born in 1927 in Cardiff where his father was, at the time, Portuguese Vice-Consul for the South Wales ports. He is an only son.

He was educated at St. Illtyd's and then Cardiff Technical Colleges and served with the Royal Ulster Rifles from 1945 to 1948, having married Emily Gladys Porter in the latter year. They have no children.

After a short career in banking and commercial accountancy, he joined the auditing firm of Barton Mayhew and Co. (as it was then called) and, in 1952, came to Lisbon with his wife. After three years in this city and one in Oporto, he went to join the same firm as manager in Luanda in 1956 and, four years later, moved to the East coast of Africa to open their first office in Mozambique. In 1966, he became a partner in a new practice created in that country as the result of a link-up between Barton Mayhew and Co. and Hemphill Anderson and Co., but reluctantly decided to withdraw from Africa in 1969 and thus



returned to Portugal and Barton Mayhew and Co. (later Turquands Barton and Co. and, after 1979, Ernst and Whinney), where he has since been involved in the administrative side of the firm's activities.

Ralph and Emily Vaz live on a small quinta near Bucelas, to which they moved at the beginning of 1974. His main recreation is reading, but he is presently also Hon. Treasurer of both the British Hospital in Lisbon and the British Historical Society of Portugal.



# Por muitas razões o Banco Totta & Açores é cada vez mais internacional

Estamos presentes nos dois maiores centros financeiros do mundo: Nova Iorque e Londres. E, também, em S. Francisco, Caracas e Macau. Dai, contribuímos para uma rápida solução em todos os tipos de operações financeiras e cambiais. Facilitamos negócios e investimentos em todo o mundo, com base no crédito interno e externo. Promovemos todas as operações e serviços bancários entre os diversos países, tanto no que se refere à importação como à exportação.

Lá, como cá, sabemos ouvir, aconselhar e incentivar.



INTERMARGO ESPERAL



**BANCO TOTTA & AÇORES**  
Perto de si por muitas razões



## OVER 12m. JOBLESS

REGISTERED unemployment in the nine European Community countries excluding Greece rose to a record 12.8 million last month - the highest level recorded since the creation of the EC in 1958.

In January another 400,000 people signed on to bring the average rate of unemployment for the Community as a whole to 11.5 per cent of the workforce.

Young people remain the hardest hit and measures to help unemployed youngsters have only had a limited effect. Unemployment amongst men under 25 rose by 3 per cent in 1983, compared to 4.3 per cent for men as a whole. But the figure for both younger and older women was the same at 6 per cent.

At the moment almost one in two unemployed women and a third of all unemployed men in the European Community are under 25, according to the EC Statistical Office.

But forecasters say that rates could be stabilising in most EC member states. In the Federal Republic of Germany seasonally-adjusted figures have shown a fall in recent months, but in France rates have started to rise. Over the past year the biggest percentage increases were recorded in the Netherlands, Ireland and Luxembourg.

## Year of youth will help

THE UNDER-25s in Europe have a rough deal. 4.8 million of them are unemployed and many others are the victims of social, sexual or racial discrimination.

European Commission President Gaston Thorn says that the EC's contribution to the United Nations International Year of Youth in 1985 should be to help them actively and not just to organise artistic, sporting or cultural events.

EC efforts should focus on increasing links with young people, he says. Amongst the concrete proposals already adopted, he lists the EC programme for the exchange of young workers, the joint study programmes in higher education and vocational training schemes.

New proposals include plans for European voluntary service and special schemes to train youngsters in the use of new technologies.

## COUNTDOWN to the COMMUNITY

Entry into the Common Market, an organisation with many faces, will have widespread repercussions for the business community in Portugal. In this regular series of articles we attempt to throw light on some of the serious - and some not-too-serious - facets of what will be involved as Portugal moves towards keeping her date with destiny.

## TV advertising: cable will pose problems

THE SATELLITE and cable TV of tomorrow will not just increase viewers' choice. It will also let loose a flood of advertising and concern is growing about how to control it. The European Bureau of Consumer Unions (BEUC) has just published a report on the problem.

When one talks about the perspectives opened by Direct Broadcasting By Satellite (DBS) and cable TV, one usually thinks in terms of technical achievement and a breakthrough for the industry. People are less concerned about the interests of the viewers and the quality of programmes, says the BEUC. However the European

Broadcasting Union (EBU) and the European Commission have expressed urgent concern.

DBS will provide television with an international dimension and in technical terms will allow stations to broadcast across national borders. But to avoid a "war of the wavelengths", in 1977 the World Conference on the Administration of Radio Communications fixed certain limits. So if a country does not want to receive a particular foreign satellite it is entitled to occupy the satellite's wavelength.

But there remains a risk of supranational advertising making a mockery of national legislation, if commercial objectives supercede public interests. In its interim report on television in Europe, the European Commission said that it was "not difficult to imagine the kinds of pressure to which small countries could be subjected by powerful commercial interests".

"In our eyes the freedom to advertise cannot be equated to freedom of expression and advertising rules in receiving countries must be respected until they are harmonised", says the BEUC. At the moment no agreement is in sight between EC countries and rules on ads vary widely.

Neither Danish nor Belgian TV allow any advertising. All channels in EC countries are limited in the amount of time they can

allot to adverts. In Britain the IBA allows 80 - 90 minutes a day, in Ireland RTE is limited to 10 per cent of transmission time, in the Federal Republic of Germany ARD/ZDF are allowed 20 minutes a day, France allows 18 - 24 minutes, Luxembourg 20 per cent of airtime, in Italy RAI is allowed 5 per cent, Greece has 30 minutes a day and the Netherlands allows 3 hours a week.

Toughest controls exist in the Federal Republic of Germany, where no ads are allowed at peak times between 6 - 8 in the evening. There are none on Sundays and public holidays in the Federal Republic or the Netherlands. Only purely commercial stations like RTL and ITV allow ads to interrupt programmes. Tobacco ads are banned in France, Italy, Luxembourg and the Netherlands, but are allowed in the United Kingdom, Ireland and the Federal Republic of Germany.

Legislation also varies widely on issues like pharmaceutical products, treatments and paramedical products. Dozens of products and services are banned for reasons of health, morality or competition. For example marriage bureaus are not allowed to advertise in the United Kingdom, Ireland or Italy, loan agencies are not allowed ads in Italy, employment agencies cannot advertise in France, Italy, Ireland or the United Kingdom and if you want to advertise a war toy in the Federal Republic - think again.

The variety of legislation in operation testifies to the need for closer cooperation. The BEUC says that an EC directive designed to establish international advertising standards could be the guarantee needed. In the meantime the European Court of Justice has already backed the maintenance of existing legislation.

## TUNA FROM SEYCHELLES

WHEN you next sink your teeth into a tunafish sandwich, it may be the result of a deep sea fishing deal just struck between the EC and the sunny island republic of the Seychelles in the Indian Ocean.

The deal, which will mainly benefit the French deep sea fleet, will allow eighteen refrigerated ocean-going EC tunny boats li-

ences to fish in Seychelles waters over the next three years.

Under the agreement, licensees will pay the Seychelles government 11.40 pounds sterling per tonne fished and the Community will pay an additional 171,500 pounds a year plus a 143,000 pounds scientific cooperation grant.



## COUNTDOWN to the COMMUNITY

## Plan to save drivers' time at frontiers

ACTION BY European lorry drivers fed up with administrative red tape at frontiers has paralysed Europe and illustrated two things: firstly the need to liberalise trade within the European Community and secondly the need to introduce a common transport policy.

"If Commission proposals to the Council of Ministers aimed at opening up frontiers had been accepted in their entirety, the situation could have been avoided", European Internal Market Commissioner Karl-Heinz Narjes and Transport Commissioner Giorgios Contogeorgis told Italian Ministers in February, as heavy loads blocked most of Europe's major road arteries.

The creation of a unified internal market

has been the subject of dozens of Commission proposals over the years. Currently at least ten proposals put forward in 1982 are still waiting for approval by the Council of Ministers. Whether the events of the past month will speed up their adoption remains to be seen.

Amongst the proposals put forward by the Commission is a single customs document to replace the numerous forms that exist at the moment. This has already been

accepted by the Benelux countries and will come into effect in July 1984. Another proposal designed to speed up the flow of traffic involves shifting VAT payments from frontier posts to points inside the country.

One of the most positive developments to date has been the decision reached at the Transport Council of December 1 1983. Ministers adopted a proposal put forward by the Commission in 1981 to speed up cross-frontier transfers. Under the new directive member states will have to centralise the various controls and formalities at a single location, replace systematic controls with spot checks and increase cooperation between different national customs services as regards the running of frontier posts, a harmonisation of opening hours and so on.

The new arrangements will have the double merit of saving lorry drivers' time and tax-payers' money. According to EC estimates, they will reduce the time spent by drivers at frontiers by between 30 per cent - 50 per cent, which in money terms represents over 570 million pounds sterling.

In a report to the Council of Ministers in 1982, the Commission claimed that the cost of maintaining internal frontiers was running at about 6.84 billion pounds sterling a year in terms of administration and time wasted in queues and offices - not to mention the hassles and aggravation to which lorry drivers and ordinary travellers are regularly subjected.

## Nuclear power will increase

ENERGY consumption in the European Community could increase slightly this year for the first time in five years, according to a European Commission report.

The forecast, which was published in February, is based on expected economic growth rates of 1.7 per cent. Demand for oil, which accounts for nearly half of the total, will remain unchanged, but the production of nuclear power will increase by about 12 per cent, it claims.

Last year Europeans were using about 11 per cent less energy than in 1979. Oil consumption was 27 per cent lower than a decade before and energy imports continued to fall.

Coal imports also fell as Europe continued to become increasingly self-sufficient in energy. Last year oil imports only provided Europe with 32 per cent of her energy requirements, compared to 62 per cent in 1973.

Nuclear energy has played a key role in cutting imports. Since 1979 it has replaced the equivalent of 30 million tonnes of oil or 16 per cent of the total reduction in oil and gas imports over the period. EC oil and gas production has also risen and a wide variety of energy-saving measures have been introduced.



## news about Portugal

PORTUGAL hosted a major conference on North-South dialogue, which took place in the Assembly of the Republic from April 9-11. In his speech to mark the opening of the conference, the President of the Republic, General Ramalho Eanes, said that colonial rule of the past century had been replaced in many cases by neo-colonialism. He described the world as marked by contrasts and differences. Portugal, due to its historical experience, its errors, and teachings, is a particularly appropriate place to debate the questions planned in this conference.

The Prime Minister, Mário Soares, emphasised that the North-South dialogue involved Europe, where there was an industrialised North and a poor and underdeveloped South. A dialogue means international solidarity and implies the need to overcome the imbalances in international society.

Among other speakers at the opening session were the President of the Parliamentary Assembly of Europe, Karl Ahrens, the Prime Minister of Cape Verde, Pedro Pires, representing Portuguese speaking African countries, the Indian Foreign Minister, Narasimha Rao and the President of Socialist International, Willy Brandt.

Mr. Brandt stressed that the very differences between the countries of Europe meant that they had an important role to play in bringing together the North and the South and in helping the developing nations of the Third World through a policy of co-operation.

The Portuguese Foreign Minister, Jaime Gama, in his speech, stressed the urgent need for Europe to assume a more dynamic role within Africa, and to adopt immediate measures to increase co-operation. It is in Africa that the situations of need and hunger are most alarming, and where Europe has the greatest responsibilities. Despite its commitment to helping other countries, Portugal's low level of development and the economic crisis have prevented it from participating in certain moves in support of these countries.

The North-South Conference was attended by representatives of more than 21 countries, and has been described as the year's most important forum on relations

between the two hemispheres.

Key points adopted in the final document, to be known as the Lisbon Declaration, include a resolution that each European country channel 0.7 per cent of their gross national product to developing nations for the next six years together with a call for the World Bank and the IMF to play a more important role in the North-South dialogue.

The text of the Declaration is considered as "the most progressive and comprehensive political statement on the relationship between rich and poor countries". There were, however, some difficulties in obtaining a consensus on the final form the Declaration should take. Conservative British delegates were particularly active in moderating some of the views of the more left-wing participants.

The Declaration stands as a clear statement of acceptance by the rich countries that the economic crisis cannot be overcome efficiently from within: the problems are global, and any imbalance in the Third World has immediate repercussions in the countries of the industrialised North.

### W. Germany supports accession

The West German Chancellor Helmut Kohl, spent a 24-hour official visit to Portugal at the end of March. During his stay he was received by the President of the Republic and had talks with the Portuguese

Government. In a press conference, Kohl reaffirmed that the West German Government would try to do everything it could in support of Portugal's accession to the EC. He emphasised that the calendar for accession would have to be met, and should be completed by September. Portugal needs Europe but Europe also needs Portugal.

The Chancellor also expressed the interest of both the German and Portuguese Governments in promoting investment. A significant increase in investment was expected following Portugal's accession to the EC. Among the issues discussed in the talks in Lisbon was the creation of "tripartite" companies for investments in Africa, with the participation of Portuguese speaking African countries. These would be financed by West Germany and would have Portuguese technology.

### Interest rates down: Soares

During a dinner to mark the 30th anniversary of the Portuguese/German Chamber of Commerce, the Prime Minister, Mário Soares, announced that interest rates would go down during the second half of this year. He said that there should then be fewer difficulties for the Portuguese people. Negotiations are being held with the IMF to fix the reduction of interest rates. The Portuguese economy is expected to revive from after July.

## HAMBROS BANK

### At your service here in Portugal



COMPETITIVE RATES OF INTEREST ON DEPOSIT ACCOUNTS

OUR SPECIALISTS IN JERSEY ALSO OFFER YOU:

FULL BANKING SERVICES IN WORLD-WIDE CURRENCIES

INVESTMENT MANAGEMENT AND UNIT TRUSTS

EXECUTORSHIP, TRUSTEE AND COMPANY SECRETARIAL SERVICES

For details of these World-Wide services, write to:

**MR. BRIAN CURTIS**

Director

Hambros Bank (Jersey) Limited

13 Borad Street, St. Helier, Jersey, Channel Islands

Tel. from Portugal: 0144 534 78577

Telex: 4192241

A WHOLLY OWNED SUBSIDIARY OF

Hambros PLC

Established 1839

This offer is available only to Foreign

Residents with Capital outside Portugal

Copies of Audited Accounts Available on Application

ENGLISH-FRENCH-GERMAN-SPANISH

### Portuguese for Foreigners

- FULLTIME COURSES - 30H/WEEK
- PART TIME COURSES - 15H/WEEK
- QUARTERLY COURSES - 3-6H/WEEK
- PRIVATE COURSES - Internal and External



Av. República 14 - Tel. 53 37 33

Av. República 41 - Tel. 73 02 31



## NEWS about PORTUGAL

## IMF: no agreement yet

The IMF delegation left Portugal on April 5 without any agreement on the revision of the Letter of Intent. The lack of clarification concerning the accounts of leading State owned companies, especially the Supply Fund, has prevented an agreement from being reached with the IMF. It is expected that the IMF delegation will return to Lisbon within two weeks in the hope that the Portuguese Government will have succeeded in clarifying these accounts. This is necessary in order to fix the limit of credit to the public sector. The complicated network of debts among the companies and between the State and the companies and vice versa, is due in part to the failure on the part of the State to pay subsidies.

The major problems for the Portuguese Government lie with the State owned sector. Under the agreement signed with the IMF, the Government also undertook to reduce the deficit of the "Fundo de Abstemientos" (Supply Fund) from 16 million contos in 1982 to a surplus of 18 million contos in 1983 and 35 million in 1984. To achieve this the Government would have to reduce or withdraw subsidies to certain essential goods, which would result in a rise in their prices. The alternative would be an increase in the price of goods, such as fuel, so as to compensate for other subsidised goods. It is claimed that the Supply Fund has now reached an accumulated deficit of 100 million contos.

## PSD President dies

The honorary President of the PSD, Nuno Rodrigues dos Santos, died on April 5 in Lisbon at the age of 74, after a long illness. Rodrigues dos Santos was an outstanding figure of the Opposition to the former regime who had dedicated his whole life to the ideals of freedom and democracy. He joined the PSD shortly after the 1974 Revolution.

## UN forecasts more unemployment

A report from the UN Economic Commission, released recently in Lisbon, forecasts that unemployment in Portugal will rise sharply in 1984. Portugal's GNP is expected to drop by one per cent, as a result of the stabilising policies which are being implemented. Inflation in Southern European countries is likely to remain at high levels.

## Better figures

According to figures from the Bank of Portugal, the deficit of the Portuguese Balance of Current Accounts dropped from 3.3 billion to 1.7 billion U.S. dollars in December 1983. This improvement was due to a large extent to a 20 per cent increase in exports and a 5 per cent reduction in imports. This resulted from a marked drop in investment which could exceed 8 per cent in real terms. The Institute for Foreign Investment has also made public that direct foreign investment went up by 27 per cent, totalling 16.2 million U.S. dollars in 1983, compared with 9.8 million in 1982.

A further bulletin states that Portugal's external debt totalled 14,160 million U.S. dollars in September 1983, which is lower than the figures released in March and June 1983. These were respectively 14,403 million dollars and 14,510 million dollars. This improvement in the external debt was principally due to the reduction in the Current Accounts deficit.

## No change in economic team

Speaking at S. João da Madeira during a recent seminar promoted by the Council of Businessmen of the North, the Prime Minister, Mário Soares, said that the medium term problems of the Portuguese economy would not be solved if there were constant changes within the Government. He said the Government's economic team was not likely to be changed. It was important to have the confidence of the social partners, employers and workers who wished to give an efficient contribution to the development of the country. There has been much speculation about a Government reshuffle at the end of this month.

## Mota Pinto meets Pope

The Defence Minister, Mota Pinto, was received by Pope John Paul II on April 8 after a special religious ceremony at St. Peter's Square attended by members of the Armed Forces of 24 different countries. Mota Pinto was also received by the Italian President, Sandro Pertini. They are reported to have discussed Portugal's accession to the EC and relations with Africa. President Pertini said he could not understand why a decision on Portugal's accession to the EC had not yet been made. He emphasised the strategic importance of Portugal in the defence of the West.

## Encouraging EC document

A document prepared by the EC Commission emphasises that enlargement of the Community should not affect other Mediterranean countries. They would be allowed to maintain their existing agricultural exports to the EC after the accession of Portugal and Spain, although they should not expect their trade to be increased.

Meanwhile, the Italian Minister for Economic Planning, Luigi Longo, has announced that he will make an effort to try and achieve a consensus within the Italian Government to overcome the difficulties concerning Portuguese tomato pulp and Port wine exports to the EC.

## Soares: deadlock will end

The Prime Minister, Mário Soares, said in Oporto recently that the present deadlock in negotiations for Portugal's accession to the EC would end soon. The dates for the end of negotiations and for accession, respectively September 1984 and January 1986, would be fully met. Soares was speaking to journalists after a meeting with the EC Commissioner, Ivor Richard, who attended a seminar in Oporto on Employment and Professional Training. Soares emphasised that unemployment was not exclusively a Portuguese problem, but rather a European one.

## Government criticises media

The Government have issued a statement criticising the campaign of speculation by the media about alleged increases in the price of essential goods. This was aimed at alarming the public and at destabilising the economy. The Government was aware that the Portuguese people had shown courage and patriotism in coping with the country's great economic difficulties. The Government was determined to do everything in its power to minimise these.

## Loan from Japan

A consortium of Japanese banks is to grant Portugal a loan of 65 million U.S. dollars (approximately 8,540,000 contos). The agreement is expected to be signed this month during the visit to Japan by the Finance Minister, Ernani Lopes. The visit is promoted by the Industrial Bank of Japan, which is the leading bank of the consortium.

## THE "OLD PORTUGUESE" STYLE THE BEST EUROPEAN STANDARD

To live in LAGO is the "Chance of a Lifetime". LAGO has preserved the beauty and natural attributes of its area, respecting the "Old Portuguese Style" while offering social and technological facilities according to the highest European standards. The project was conceived as a small traditional urban area. Traditional Portuguese building materials such as stone, marble, bricks and African woods have been used abundantly to give form to this revival of an old idea.



Complementing the beautiful landscape setting, LAGO also boasts a swimming pool, a putting green, mini golf and a croquet lawn.

The private Club centralises and provides basic services such as: reception, mail, telex, video, bar, etc.

It is also planned to make a commercial area with restaurant, cinema and various shops integral with the development. Luxurious and exclusive, LAGO is a long-term investment of increasing value.



**Lago**   
monte estoril

OWNED AND BUILT BY:

 **GREI**  
Grupo  
Empreendedor  
Imobiliário, Lda.

HEAD OFFICE  
Edifício S.º Gonçalo  
Bairro da Assunção, Lote 31  
2750 CASCAIS  
PHONE: 28 15 48 TELEX: 14716 GREI P

SALES OFFICE ON SITE

OPEN EVERY DAY  
INCLUDING SATURDAY  
AND SUNDAY from 10,30  
to 13,00h and 15,00  
to 18,00h.

Av.º do Lago — Monte Estoril  
Telf.: 268 02 96

RESON FILME COSTA

não diga fui roubado...

contacte-nos hoje!  
amanhã pode ser tarde!



**ronda**

SERVIÇOS DE PREVENÇÃO, VIGILÂNCIA E SEGURANÇA, LDA. Telef. 556978



## NEWS about PORTUGAL

## W. Germany supports accession

The West German Chancellor Helmut Kohl spent a 24-hour official visit to Portugal at the end of March. During his stay he was received by the President of the Republic and had talks with the Portuguese Government. In a press conference, Kohl reaffirmed that the West German Government would try to do everything it could in support of Portugal's accession to the EC. He emphasised that the calendar for accession would have to be met, and should be completed by September. Portugal needs Europe but Europe also needs Portugal.

The Chancellor also expressed the interest of both the German and Portuguese Governments in promoting investment. A significant increase in investment was expected following Portugal's accession to the EC. Among the issues discussed in the talks in Lisbon was the creation of "tripartite" companies for investments in Africa, with the participation of Portuguese speaking African countries. These would be financed by West Germany and would have Portuguese technology.

## Shipyard for Mauritania

The Mauritanian Director-General of Fisheries, Amani Simboli, was in Lisbon recently for talks with the Portuguese authorities. Amani Simboli wants to encourage Portugal to build a naval shipyard in Mauritania, and to enlarge the airport in the capital.

## Government to help newspaper firm

A joint despatch by the Minister of State, the Finance and the Labour Ministers, published in *Diário da República*, has announced a number of measures to enable the economic recovery of the State-owned company EPNC, which owns the newspapers *Diário de Notícias* and *A Capital*. This Government bill provides for the donation of EPNC property and its shares in the Oporto newspaper *Jornal de Notícias*, to settle outstanding debts to the State, to the Social Security, to the Unemployment Fund and to the banks.

The value of the EPNC property (which includes its premises in the centre of Lisbon) has been estimated at around 2.1 million contos. Since its debts do not exceed 1.6 million contos, EPNC will receive an immediate grant of 200 thousand contos in four shares. This will help the company to meet urgent expenditure.

## Soares: deadlock will end

The Prime Minister, Mário Soares, said in Oporto recently that the present deadlock in negotiations for Portugal's accession to the EC would end soon. The dates for the end of negotiations and for accession, respectively September 1984 and January 1986, would be fully met. Soares was speaking to journalists after a meeting with the EC Commissioner, Ivor Richard, who attended a seminar on Employment and Professional Training. Soares emphasised that unemployment was not exclusively a Portuguese problem, but rather a European one.

## Need for more jobs

The Labour Minister, Amândio de Azevedo, has said that a successful employment policy would have to be based on social consensus and a greater flexibility of the labour market. It was important to increase the existing work which was economically justified and to promote its distribution by a greater number of workers, in order to increase employment. The Minister was speaking at the opening session of a conference on employment and professional training.

## Private TV rejected

A CDS draft bill aimed at ending the State monopoly on television broadcasting and giving access to private companies, was yesterday rejected for debate in the Assembly of the Republic, on the grounds of unconstitutionality. Only the PSD and the CDS voted in favour, following the earlier line taken by the PSD deputy, Rebelo de Sousa, in support of a television channel for the Church.

## Cabora Bassa discussions

Portuguese and South African delegations met recently in Lisbon for talks on the revision of tariffs for the power supplied from Cabora Bassa. A 100 per cent increase in tariffs had been agreed at the meeting in Cape Town. The Portuguese delegation is led by the Secretary of State for Treasury, António Almeida, and the South African delegation by the Vice Minister for Foreign Affairs, Louis Nell.



## THE SUN INSURANCE

OFFICE LIMITED

Have pleasure in advising all their clients and associates that they are now installed in their new offices at

AVENIDA 5 de OUTUBRO, 146 - 7<sup>o</sup>

1000, Lisboa Codex.

Telephones: 771467 778619 778625 772932  
778646 778697 778819

Telex: 14001 SANSIL P

## NEWS about PORTUGAL

## U.S. military aid programme

The U.S. Secretary of State, George Schultz, said recently in Washington that the military facilities granted to the U.S. by the Portuguese Government in the Azores, were vital if the United States was to be able to respond effectively in the event of military problems in Europe, or to threats to Western security coming from outside the NATO area. Schultz was addressing the External Relations Commission of the U.S. Senate, on his proposed programme of military aid to Portugal, Greece, Tunisia and Spain. Portugal is reported to receive the smallest portion of this aid - 208 million U.S. dollars - which, it is claimed, is half of the aid for Spain.

The U.S. Budget for the 1984/85 fiscal year, starting in October provides for 26 million contos military assistance to Portugal, in the context of NATO. U.S. military aid to Portugal is justified by the serious economic difficulties of a NATO member country and the need to modernise its Armed Forces in order to enable it to fulfil its role in the Alliance.

## Portugal and Morocco

The Foreign Minister, Jaime Gama, paid a three day official visit to Morocco recently. He said on his return that the outcome of the visit had been very positive. Sr. Gama announced that an important general cooperation agreement had been signed, and that it would now be followed up by meetings between officials of the two countries. According to a report from the news agency *Notícias de Portugal*, Portugal might be involved in the building of a major shipyard in Morocco.

## Increased exports to U.S.

Speaking during a meeting with Oporto businessmen, U.S. Ambassador to Portugal, Allen Holmes, said that there were substantial opportunities for the enlargement of commercial relations between Portugal and the United States. Ambassador Holmes said that the U.S. was very much interested in increasing Portuguese imports. *Expresso* has reported that at least three of the five American banks which already have liaison offices in Lisbon would like to open branches in Portugal.

## Trade balance improves

According to figures released by the National Institute of Statistics, the deficit of the Portuguese trade balance dropped by 28.7 per cent in January, as compared with the same month in 1983. The deficit was 31.8 million contos, whilst in January 1983 it had reached 44.6 million contos.

## More bomb attacks

In a statement sent to ANOP, the "FP-25" revolutionary movement claimed responsibility for four bomb explosions on March 17 in Cascais, Estoril, Beja and the Algarve. The attacks, which were intended to destroy property belonging to the Vilhena de Andrade family, did not result in injury to any individuals. "FP-25" claimed solidarity with workers of the *Lutar é Viver* cooperative and with the principle of agrarian reform. The attacks followed the opening of a court case between the Vilhena de Andrade family and the Beja Cooperatives.

## Problem-solving Council

The Permanent Council for Social Consensus was sworn in on March 20 by the Prime Minister, Mário Soares. This new body comprises representatives of the Government, trade unions, and employers' associations. The CGTP, however, has refused to take part in the Council. Mário Soares said that the Government relied on dialogue as a way of solving problems. Speaking on the same occasion, the Finance Minister, Ernani Lopes, said there were good conditions for successful dialogue and understanding. He announced that the Government would release a programme for economic and financial recovery in July.

## Barreto is critical

The new President of the Institute for External Trade, José Ferraz, was sworn in by the Minister for Trade and Tourism, Álvaro Barreto on March 26. Speaking on this occasion, the Minister described as "ambitious" the objective of a 7 per cent increase in Portuguese exports in 1984. He criticised the negative factors in Portugal's external trade, particularly the geographical concentration.

## Inflation now 35 per cent?

According to figures from the National Institute of Statistics, the inflation rate in Portugal reached approximately 30.3 per cent during the first two months of 1984, compared with 21 per cent during the same period last year. The Institute expects that inflation will have risen to approximately 35 per cent by the end of the first quarter of 1984.

## More money from tourism

Figures released by the Bank of Portugal show that tourist receipts from January to October 1983 reached Esc. 76.4 million. This represents a 31 per cent increase on the same period in 1982. However, when calculated in dollars tourist receipts dropped by 5 per cent to 689.93 million US dollars in 1983, compared with 726.37 million dollars in 1982. During the month of October 1983 receipts were 52 per cent more than in October 1982.

## Changes in labour laws

In an interview with *O Tempo*, the Labour Minister, Amândio de Azevedo criticised the rigidity of the law regulating the suspension of working contracts. He announced that dismissals would be liberalised. The Government is preparing a package of bills which will introduce profound changes in the present labour legislation.

## Police disperse demonstration

Six workers of Sorefame had to be taken to hospital for treatment, following riot police intervention to disperse a demonstration, in Lisbon last month. The Sorefame workers had decided to go ahead and stage the demonstration, despite a warning by the authorities that it had not met the legal requirements. The workers wanted to put pressure on the Management and the Government to pay arrears of salaries and to provide assistance to enable the financial recovery of the company.

## Taxes in instalments

Taxes that fell before 1983 may be paid in instalments, according to a recent decree-law.

you can sleep  
at night  
because we stay awake

**ronda** SERVIÇOS DE PREVENÇÃO, VIGILÂNCIA E SEGURANÇA, LDA. Telef. 556978



## NEWS about PORTUGAL

## Portugal opens US\$5 million credit line to Bissau

The Minister for the Economy and Finance of Guinea-Bissau, Vitor Freire Monteiro, who was in Lisbon recently on a private visit, has announced that a five million U.S. dollar credit line to Guinea-Bissau had been made available by the Portuguese Government. He emphasised that Guinea-Bissau urgently needed to import 3.4 million dollars worth of consumer goods from Portugal.

President Eanes has invited the President of the Republic of Guinea-Bissau to pay an official visit to Portugal during the first week in June.

## Call for national recovery

The President of the Portuguese Industrial Association, Rocha de Matos, has urged businessmen, trade unions and political forces to commit themselves without further delay, to a project of national economic recovery whether or not Portugal joined the European Community. Without this commitment, accession to the EC could even be a failure. An industrial policy required an atmosphere favourable to investment.

## Lopes expects improvement

During a lunch given by the Portuguese Industrial Association in Lisbon, the Finance Minister, Ernani Lopes, claimed that a slow but progressive change in the Portuguese economy was expected to start at the end of June. He announced that the programme for the recovery of the national economy would be made public before then. It will provide for the rationalisation of the State-owned companies, the economic recovery of specified firms, the definition of a regional policy and the reform of the tax system. He said that the Portuguese people would have to live another two years under an austerity policy before the country's economy could be re-launched.

## Trade with UK favourable

In the course of her visit to Britain, the Secretary of State for External Trade, Raquel Bettencourt Ferreira, announced that the bilateral trade balance between the UK and Portugal was in Portugal's favour. Raquel Ferreira, who was the guest of honour at the annual dinner of the Portuguese Chamber of Commerce, emphasised the fact that Britain was still the largest customer for Portuguese goods. It is expected that accession to the EC will further reinforce links between the two countries' economies and peoples.

## Unpaid salaries complaint

The trade union GTPP/IN has decided to make an official complaint to the International Labour Organisation over the non-payment of salaries in Portugal. The CGTP claims that this situation is a violation of several conventions which have been signed by Portugal.

According to a recent report in *Tempo*, the amount of unpaid salaries to Portuguese workers has reached 5 million contos. This situation applies to 316 firms affecting 50,552 workers. These companies' debts to the *Caixa* medical scheme and to the Unemployment Fund exceed 16 million contos.

## Island regions

The 2nd Conference of European Island Regions took place last month in Ponta Delgada, Azores. A "Declaration of the Azores" was issued at the end of the conference which emphasised the need for Europe to think about its island areas. In order to enable a successful European integration, the island regions of the member countries, which were an essential political part, would have to be fully associated with European institutions. The participants stressed the need for these institutions and national governments to solve the specific problems of the islands. ←

# DHL worldwide. You couldn't express it better.

*Imagine the situation.*

*You've got to get a vital document off your desk, and on to someone else's the other side of the world. By yesterday.*

*Relax, all you have to do is say 'DHL'... and you couldn't express it better.*

*Better because we collect and deliver by hand, desk-to-desk.*

*Because we have more than 6,000 people operating out of over 350 fully-manned offices the world over.*

*Because we have an intimate and unrivalled knowledge of airline and customs procedures.*

*And better because we deliver fast-as fast as you*

*could take it yourself.*

*And believe us, we're as good as our word.*

*Which is why we're the world's most experienced courier network.*

*So next time you've a pressing need, don't be lost for words.*

*Call in DHL.*

*For more information, please contact:*

DHL INTERNATIONAL  
Aeroporto de Lisboa  
Rua D. Edificio 121, r/c esq.  
1700 LISBOA  
Telefs. 80 73 81/2/3 Telex: 427-DHLLIS-P

Porto Office: DHL, LDA.  
Rua Conde Ferreira, 137-2º  
4200 PORTO  
Telefs. 57 06 62 - 56 95 02 - 56 09 11  
Telex 27088-DHL-OPO-P



*You couldn't express it better*

ESTABLISHED 1929



## WALTON & HIPKISS



Auctioneers, Estate Agents, Surveyors, Valuers.

13, HAGLEY ROAD, STOURBRIDGE WEST MIDLANDS. DY8 1QH, ENGLAND.  
TEL. 0384 392371

## LUXURY COACHES

For sale two 1983 Executive Coaches with Leyland chassis and Utic coachwork left hand drive low mileage

The two coaches were operated by Sun Shuttle Limited (in liquidation) costing £30,000 each and in addition £8,000 was spent on each vehicle fitting reclining seats, toilets, PA system, coffee machine and Nomad drivers bunks

The liquidators will consider offers around £20,000 (negotiable) for each vehicle and will meet principles wishing to view at a suitable airport

Please contact agents for attention:

Mr W J M Bridge FSVA FRVA, Managing Partner, Walton and Hipkiss Auctioneers, 13 Hagley Road, Stourbridge DY8 1QH, Worcestershire, England. Telephone: (Stourbridge) 38-43-9-2371.



# BUSINESS OPPORTUNITIES

**INDUSTRIAL CLEANING EQUIPMENT.** A Surrey-based company wishes to expand sales of their range of water jetting and spray cleaning equipment to customers in Portugal, both by direct contact and via suitable agents/distributors. The equipment is used extensively in all industries where vessels, vats, silos and other process plant has to be cleaned with a high level of efficiency to maintain product purity, e.g. in the food, paint and chemical industries. Leaflets are available at the Chamber. The company would like to make contact with potential agents/distributors who could market their products. Contact: R. Marsh, Export Sales Manager, C.P. Equipment Ltd., Mill Green Road, Mitcham, Surrey CR4 4XH, UK. Tel: 01-648 2981 (4 lines). Telegrams: Seepko Mitcham.

**MATERIALS HANDLING.** A company based in Essex which specialises in materials handling equipment, whether for sale, hire or export, would like to make its services known in Portugal. The company are the sole UK and Eire concessionaires for the Belotti range of front loading container handlers and straddle carriers, and can handle from 1 to 42 tons. A price list is available at the Chamber. Contact: Alan Barlow, Euro Lift Plant (UK) Ltd., Euro House, 5-13 River Road, Barking, Essex IG11 0HE, UK. Tel: (01) 591 0913. Telex: 8954216.

**COACHES FOR SALE.** Two 1983 Executive coaches, fitted with reclining seats, toilets, PR system, coffee machine and Nomad drivers bunks. Leyland chassis, coachwork built by Portuguese company, Utic, with left-hand drive. Sellers are willing to meet any interested party at a Channel port or a UK airport, and take them to inspect the coaches. Asking price: 20,000 pounds sterling or any reasonable offer. Contact agents: Mr. W.J.M. Bridge, Walton and Hipkiss Auctioneers, 13 Hagley Road, Stourbridge DY8 1HQ, Worcestershire, UK. Tel: 38439 2371.

**EMPLOYMENT.** British man currently in import/export, residing in the Isle of Man, is interested in employment/partnership proposals with Portugal or Continental links. Moderate capital available. Could reside Isle of Man, UK, continent or elsewhere. Languages: Portuguese, French, German, Spanish, etc. All propositions considered. Write: G.A. Risker, 5 Balthane Square, Ballasella, Isle of Man, UK.

**CERAMICS EQUIPMENT.** Manufacturers of ceramics materials, pottery kilns, and potters' machinery in Stoke-on-Trent would be interested in contacting a company in Portugal that would be prepared to handle their range of products, possibly on an agency basis. Contact: Potclays Ltd., Brickkiln Lane, Etruria, Stoke-on-Trent, England. Tel: 0782 29816.

**HOSES.** A Gloucestershire company which makes every kind of hydraulic or simple hose for industry, agriculture, petroleum and chemical applications and many other uses wishes to sell its products further afield. A selection of brochures is available at the Chamber. Contact: Dean Forest Hose Co. Ltd., Lydney Industrial Estate, Lydney, Gloucestershire, UK. Tel: Dean 43151. Telex: 43689.



## conqueror

### CONQUEROR STATIONERY

We would welcome inquiries for the very wide range of standard and airmail papers we normally hold in stock of this beautiful English writing paper.

As a special promotion, we can deliver by post a pack of 25 sheets and 16 envelopes, A/5 size, in 100/grms white or vellum laid paper ideal for personal correspondence, on receipt of your cheque for 300 Escudos, together with mailing address, indicating choice of colour.

or Contact **Cecilia Ferraz** at

**AL AHLERS LINDLEY, LDA.**

LISBOA: Alto da Bela Vista - Apart. 81 - 2736 CACÉM CODEX • Tel. 9248549 • Telex 43246 RALERS P

# Exhibitions

## INTERNATIONAL MACHINE TOOLS

From June 19 - 29, 1984 the MACH 84 Exhibition will bring together machine tools and systems from more than a thousand manufacturers throughout the world at the National Exhibition Centre, Birmingham, U.K.

To the forefront will be the most recent advances in unmanned machines from full scale flexible manufacturing systems (FMS) to machining cells, together with CNC robots for automated handling, assembly, welding and surface treatment. Also prominent will be the latest in machining techniques, automated inspection, developments in laser technology and many sophisticated new peripherals.

For further information, contact the Machine Tool Association, 62 Bayswater Road, London W2 3PH. Tel: 01 402 6671. Telex: 27829.

A three-day conference from June 26 - 28 at the Metrople Hotel, NEC, will present and debate all aspects of machine tools and management, in particular, the changing role of machine tools in manufacturing. Details are available from IFS (Conferences) Ltd. Tel: Bedford (0234) 853605

## DISPLAY COMPETITION AT SHOPEX

Shonex 84 is being held at Olympia, London from June 10 - 14. The organisers, jointly with the Shop and Display Equipment Association, sponsor an annual British Display Society's National Student Window Display Competition, to encourage students to demonstrate their skills in display in open competition.

"The competition is valuable as a way of airing fresh ideas from students, who will be the people influencing retail display design in future years", said Bernard Brandham, FBDS, Chairman of the British Display Society. Winning entries will be displayed throughout the exhibition.

For further information, contact Mike Birch or Gillie Grey at: AGB Communications Ltd., Highway House, 87 Blackfriars Road, London SE1 8HB. Tel: 01 928 8641.

## NEARLY 50,000 VISIT ELECTREX '84

Electrex '84, the international electrotechnical exhibition, at the National Exhibition Centre, Birmingham, closed on March 2 with a record-breaking attendance of nearly 50,000 visitors over five days.

The general consensus of exhibitors' views on the exhibition was that it was "an excellent shop window for the industry". They said that "the number of visitors and the quality of enquiries exceeded all expectations".

Visiting the exhibition on the final day, Mr. Kenneth Edwards, Deputy Director-General of the CBI, congratulated Electrex on a "fatter and healthy" show organised against a background of recession.

"There are signs of recovery spreading from the consumer side across industry, although some sectors need encouragement. A growth of three per cent is assured in the coming year," he said.

"The electrotechnical industry is in the vanguard of the recovery and Electrex focuses attention on modern industry. Electrex should be proud of the role it plays informing engineers of the modern technical processes," declared Mr. Edwards.

There were other favourable comments from many exhibitors, all of whom agreed that the show had been a huge success.

The provisional total attendance was 49,270 which was more than a 15 per cent increase on the previous exhibition in 1982. Overseas visitors numbered 1,768 - up 27.2 per cent.

The dates for Electrex '86 are February 24 to 28, 1986, also at the National Exhibition Centre.

## INTERIOR DESIGN INTERNATIONAL

The International Contract Furnishing and Interior Design Exhibition, Europe's largest annual exhibition of interior design, is being held at Olympia, London, from May 13 - 17. Following a record number of visitors in 1983, IDI is expected to be equally well attended this year. The exhibition covers all aspects of interiors, from flooring to ceilings, and everything in between.

For further information or travel and accommodation advice please contact Joan Turner, Promotions Department, IDI, Audit House, Field End Road, Eastcote, Ruislip, Middlesex HA4 9XE. Tel: 01 868 4499.

# Próximas Feiras

## ABRIL

### Reino Unido

Abril: Exposição Internacional de Artigos Domésticos - Birmingham.

### Portugal

7 - 15: CAMPISPORT '84 - Exposição de Material para Campismo, Caravanismo e Desporto - Porto.

22 - 1/5: TURI-XIRA - III Salão de Campismo e Tempos Livres - Vila Franca da Xira.

28 - 6/5: AGRO'84 - Feira Internacional da Agricultura, Pecuária e Alimentação - Braga.

28 - 6/5: SIEMO - Salão da Iluminação e Mobiliário - Porto.

28 - 6/5: HABITAT '84 - Porto.

## MAIO

### Reino Unido

Maior: Feira das Indústrias da Carne - Londres.

1 - 3: Exposição da Electrónica para a Produção Eficiente - Birmingham.

13 - 15: Feira Britânica do Artesanato - Harrogate.

13 - 16: Exposição do Móvel - Londres.

13 - 17: Exposição da Decoração Interior - Londres.

15 - 18: Salão Internacional da Manutenção - Birmingham

23 - 25: Feira do Vinho - Londres.

29 - 1/6: Salão Internacional de Vinhos Espirituosos - Londres.

### Portugal

9 - 13: BRINCA/DUAS RODAS - Salão Internacional do Brinquedo e do Veículo de Duas Rodas - Lisboa.

9 - 13: Feira Internacional de Lisboa - Lisboa.

31 - 3/6: PORTEX - Semana Portuguesa de Têxteis, Malhas e Vestuário (Primavera/Verão) - Porto.



# CARS, FRIDGES, BRAIN-SCANNERS: THE MICROCHIP IS SO VERSATILE



In PART 8 of his series of articles on computers, JOHN TWINAME looks at where silicon chips are made and at some of their applications.

IN THE LAST article I made a brief survey of the silicon chip, and how it developed into what it is today, having millions of circuits on a single chip. The kinds of applications are constantly expanding and it is at these applications that I want to look this time.

It is true to say that there is hardly any human activity at this moment which has not been affected by this new technology. It is further probably true to say that those areas unaffected will shortly be taking advantage of the technology available. From the idea to the realisation there is always a time lag — many uses are already envisaged, but have yet to be realised.

When you think about it you will recall that a silicon chip is nothing more nor less than a highly condensed circuit, which after all could be anything from a very advanced computer to an elaborate type of switch. So wherever there is a system which uses electronics it is capable of being condensed into a smaller space, using less power and being more efficient, the idea of removing moving parts and placing the whole system into a 'solid state' device creates a more reliable system.

For the repair man the new technology represents a change in the method of work. First, if a chip is wrong then nobody is going to repair it — they cannot, it has to be replaced. Chips do fail for one reason or another, usually because too much current has been allowed to get into the circuit, or because the temperature of the chip has risen more than it should. These effects are very often caused either by bad design or by a failure of another component in a

system.

Today the repair man is more involved with the diagnosis of which Integrated Circuit (IC) or which Printed Circuit Board (PCB) or what part of the current supply has failed, and he then replaces it. The tremendous reliability of the solid state device has, along with its other advantages, created a huge demand for the products, to such an extent that there is now a world shortage.

The production of the silicon chip is clearly one of the fastest expanding industries of all time. The kind of expansion plans that companies such as Intel, Zilog, Plessey, GEC, Ferranti, Inmos, and the Japanese companies Mitsubishi, Hitachi, Nec — to name just a few — are participating in, show that this industry is one of explosive growth rates. Examining the profitability and total sales of one or two companies is one way of getting a glimpse of the market as it is.

Intel, one of the American giants, producing predominantly chips, has just reported sales for 1983 of 1.12 billion dollars, with profits of 116.1 million dollars. This represents an increase in sales over the previous year of 25 per cent, but profits rose from 30 million, representing an increase of more than 300 per cent. Intel stated that "the financial results re-

flected the high demand for the company's components and board products. The deluge of orders that hit us in June shows no sign of abating in 1984", Intel's expansion plans for the UK involve a doubling of its presence by the end of 1986. Last year they doubled turnover in their UK production at Swindon.

Inmos, which is 75 per cent Government owned and the British answer to Intel, has done well, without actually reaching expectations. They are producing large numbers of 64K and 16K memory chips. They have an interesting new processor chip with linked memory, which they are expected to release soon. The profits forecast for 1984 is 7 - 10 million pounds sterling, so the Government should have no difficulty in recouping over 100 million pounds of taxpayers' money.

## ONE MEGABYTE CHIP

The Japanese, who have been putting a lot of effort into developing their electronics industry, have been active in the manufacture of chips. Mitsubishi, for example, had annual sales of more than six billion dollars, 36 per cent of which is related to electronics. Their overall profit last year was 145.9 million dollars. They planned to invest 148 million in that year in the semiconductor division alone. They currently produce 256K memory chips and have recently announced a forthcoming one megabyte memory chip, sufficient to store about 75 pages of text.

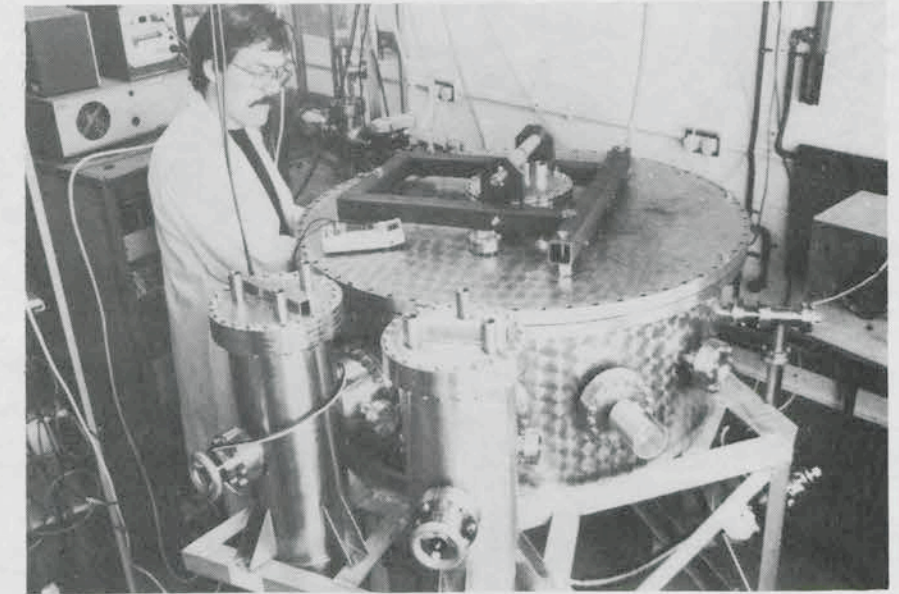
Where do all these chips go? The applications are increasing every day, but the largest single market is that of memory devices. If we think of a chip in terms of the functions it has within its circuitry, then an average processor chip will usually support anything from five to 100 times as many functions of memory. The majority of applications are invisible to the user,

since most people do not think of their new washing machine or car having inside them small microprocessors which perform all kinds of operations, from controlling washing cycles to regulating the petrol-air mixture within a computerised ignition system.

Lucas in Britain has performed extensive research in the applications of microprocessors to the car industry. Part of this research is evident in the new Austin Maestro. Even timepieces are being based more and more on microchips, causing the near collapse of the Swiss watch industry, which to survive has had to follow suit. Personal computers and calculators are a considerable market, along with computer games and toys.

There are areas in which the use of microchips has made possible applications which were simply too complex to be tackled without their help. The example in the photograph is of a system used in the logging of data, and the control of an experimental refrigeration system. The system allows the simultaneous monitoring of 35 temperature points, 7 pressure points, 14 fluid flows, and 4 electrical measurements, by the computer system shown. As a result of his research Dr. J.T. McMullan, who is a Physicist at the New University of Ulster and head of the Energy Study Group was able to show ways of making savings of around 20 per cent in energy utilisation of almost any type of refrigerator. Dr. McMullan was appointed as Advisor on energy research and development to the Commission of the European Community.

There are innumerable examples of applications where the chip has helped gain new knowledge. It is significant that the knowledge of the working of the human brain is only now being fully investigated through the use of systems which allow simultaneous readings to be taken with en-



Dr. Graham next to a decompression chamber which produces the kind of vacuum approaching that of outer space. A piece of very pure semiconducting material is placed in the chamber where it can be bombarded with different molecular particles.

cephalograms or the more elaborate computerised scanning techniques now available. It may be true to say that in almost every human endeavour the chip is going to be, or has already become, a very valuable servant.

## RESEARCH PROJECT

The rate of change in the microelectronics industry has led to the need for heavy involvement in research. The leaders in the world are the USA and Japan, both countries who have invested large amounts in research and are continuing to do so. Where does this leave Britain? Any country that wants to manufacture chips can do it. The only requirement is the need to purchase the equipment to manufacture the chips and, of course, the design knowledge. The best production machines are presently only available from the USA and Japan. These are the machines that can etch lines which are about 2 microns (millionth of a millimetre) wide, and will only be available after they have been well used at home.

The British Government is giving great importance to their microelectronics in-

dustry and have recently established a research programme aimed at giving Britain the "knowhow" to make production machines with the capacity to etch lines 1 micron wide within 5 years, with a 2-year target of 1.5 microns. This programme is referred to as the ALVEY Directorate, and is a government body set up especially to coordinate research. The programme is impressive and represents a commitment by the Government to boost research in this area.

The projects envisaged are extremely interesting. One example involving surface physics is being carried out at the New Ulster University by Dr. Bill Graham and his team. "What we discover about surface physics will help our understanding of what is happening and so pave the way for more precise cutting methods" said Dr. Graham. This research is being half paid for by the Government and half by an industrial sponsor, who will then be able to take advantage of what is learnt. The present trends in both applications and discoveries indicate that the "micro future" will be very interesting, and that is a subject I will deal with in a later article.



**Royal Exchange  
Assurance**

**A good name to insure with.**

LISBON : Rua José Estêvão, 87 - 1007 LISBOA CODEX;  
Telephones : 554195, 577645, 577895, 577995, 558841, 577595, 546082 and 546044.  
OPORTO : Rua de Gonçalo Cristóvão, 84 - 2.º - Telephone : 22323. 4003 PORTO Codex  
AGENTS IN ALL PRINCIPAL TOWNS

465 000\$00!

*Landry*

Landry, Eng. Consultores, LDA  
R. Tomás da Anunciação 53 - A  
Telf. 68 13 44/68 12 43  
68 48 27 Telex 43436  
Ou telf. 60 97 38/  
69 04 61/60 91 54

256K RAM + 2 DRIVES 630K!

O NOVO 16 BITS MAIS BARATO DO MERCADO!



apricot





**PORTUGAL in your mind?**  
**That's our business. We heartily welcome**  
**your enquiries at**

# BPA

## BANCO PORTUGUÊS DO ATLÂNTICO

**LISBON**

Rua do Ouro, 110  
 Telex 12695

**OPORTO**

Praça D. João I, 28  
 Telex 22547

**PARIS**

5/7, Rue Auber-75009  
 Telex 220475

**LONDON**

107, Cheapside-EC2V 6DT  
 Telex 8956296

**NEW YORK**

2, Wall Street-N. Y. 10005  
 Telex 428339

**CAYMAN ISLANDS**

West Wind Bldg.-Grand Cayman  
 P. O. Box 1040

**MACAO**

Rua da Praia Grande, 12  
 Telex 88374

**Other Branches in France:** ANTONY · CRETEIL · SAINT DENIS · VERSAILLES · VILLIERS-SUR-MARNE  
**Affiliated Banks:** BANQUE PORTUGAISE A LUXEMBOURG — BANCO COMERCIAL DE MACAU (MACAO)

## INDÚSTRIA AUTOMÓVEL BRITÂNICA



Desenhos de carros e veículos de carga para o ano 2000

Está aberta no Centro de Desenho de Londres até 12 de Maio uma exposição da indústria automóvel mostrando algumas das inovações correntemente oferecidas pela indústria.

Entre os desenhos exibidos conta-se um projecto novo da Ogle Design, uma firma especializada em projectos automotrices e aeroespaciais. A contribuição da Ogle para a exposição no Centro e denominada 'Para avante' é o 'Projecto 2000', o conceito da companhia para um salão familiar nos fins deste século.

O estudo da Ogle é constituído por um carro de quatro lugares com transmissão às rodas da frente que usa um motor compacto com transmissão continuamente variável considerada como a normal ao chegarmos ao ano 2000. O veículo tem uma carroçaria integrada 'em caixa' com a linha do tejadilho bem projectada para a rectaguarda e a frente em cunha.

A frente do veículo tem linhas muito suaves que ligam a um pábrabis com uma configuração em V do tipo usado na indústria aeronáutica.

Foi prestada atenção especial ao fluxo de ar neste carro do 'Projecto 2000'. Experiências em túnel de modelos anteriores revelaram um coeficiente inferior a 0,27 mesmo sem qualquer tratamento especial de áreas que constituem problemas como, por exemplo, os arcos das rodas. Este coeficiente de arrasto conduz, segundo os desenhadores afirmam, com o elevado nível de estabilidade produzindo uma força vertical suave em ambas as extremidades do carro.

Medido apenas numa situação frente ao vento alguns feitos aparentemente aerodinâmicos podem sofrer bastante, quando sujeitos a ventos laterais. A Ogle afirma que evitou esta armadilha. Sujeito a um ângulo de desvio de 20 graus — equivalente a um vento lateral forte quando a rodar a 112 kph — o coeficiente de arrasto do Projecto 2000 mantém-se abaixo de 0,3 com pouco levantamento na frente e um aumento na parte traseira a, mais ou menos, o que existe hoje nas carroçarias.

A Ogle está convencida de que se fará grande uso de materiais avançados, incluindo compostos. O Sr. Karen afirmou: "Ficaremos muito desiludidos se não formos capazes de reduzir menos de dois terços dos actuais pesos de carroçarias".

OGLE DESIGN LIMITED, Birds Hill, Letchworth, Herts SG6 1JA, Inglaterra. Contacto: Gethin Bradley, Good Relations Group plc, 59 Russell Square, Londres WC1B 4HP, Inglaterra. Tel: (01) 631 3434. Telex: 265903.

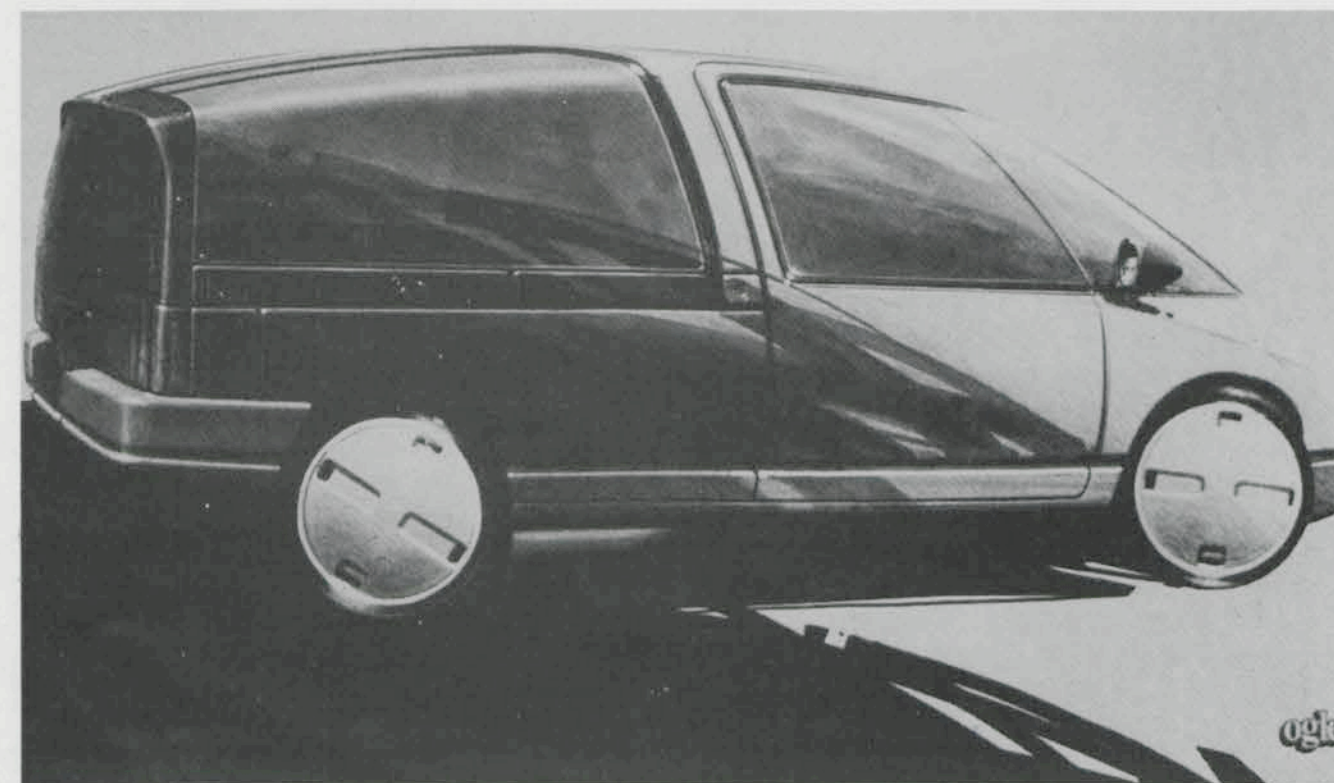
O Grupo AE obteve muitas encomendas do estrangeiro

Tempered Spring, de Sheffield, Inglaterra, membro do grupo de componentes automotrices AE, vai fornecer a Chrysler dos E.U.A. com molas de alta precisão para pistões de embraiagens posteriores, componentes vitais na fabricação de transmissões automáticas.

O contrato, que tem um valor potencial de 4 milhões de libras vai ser dispersado durante os próximos três anos.

Outra companhia da AE, a AE Auto Parts, com sede em Bradford especializada na vasta gama de componentes de precisão para os mercados internacionais acaba de anunciar encomendas com um valor superior a 6 milhões de libras vindas de países do Médio Oriente e a entregar durante os próximos 12 meses. Os contratos são para pistões, anéis de pistão e rolamentos para uma gama de motores ligeiros para automóveis e veículos comerciais. Só uma encomenda, para rolamentos de motor, excede 1 milhão de libras em valor.

AE plc, Cawston House, Rugby, Warwickshire CV22 7SB, Inglaterra. Contacto: Mike Hurn. Tel: (0788) 816677. Telex: 311259.



O Desenho da Ogle 'Projecto 2000'



## INDÚSTRIA AUTOMÓVEL BRITÂNICA

O MG Metro V6 vai atacar as provas desportivas de automóveis

A estrela da época automobilística de 1984 jamais atacada por uma companhia britânica vai ser o carro para ralis V6, de 2,5 litros de cilindrada, com motor ao centro e transmissão às quatro rodas, baseado no MG Metro.

O MG Metro 6R4 vai aparecer pela primeira vez durante o mês de Abril e continuará a ser experimentado em provas de avaliação antes de ser tomada a decisão final de entrar nas 200 provas para poder atacar o campeonato mundial de ralis. Protótipos tem estado a correr em segredo há um ano.

Esta época o principal interesse da Austin Rover em desporto automobilístico vai ser concentrado em corridas e ralis com o Vitesse V8 e provas de importância com o MG Metro.

Os salões Vitesse de cinco portas com uma potência de 280 cv vão competir em campeonatos nacionais e internacionais por toda a Europa, incluindo o Campeonato Europeu de Carros de Turismo. As entradas experimentais do ano passado nas provas do ETCC resultaram num terceiro lugar na corrida das 24 horas de Spa e um primeiro lugar na Taça de Turismo do RAC em Silverstone, na Inglaterra.

Dois ou três Rover Vitesse vão tomar parte em todas as 12 provas dos Campeonatos do ETCC em 1984 com turmas seleccionadas de entre os principais corredores europeus. Após as 11 vitórias da Rover em 11 participações no Campeonato Britânico de Salões em 1983, dois carros preparados pela fábrica vão tomar parte nos campeonatos de 1984 em concorrência com muitas outras marcas privadas.

Uma turma de dois carros da Austin Rover França vão entrar nos campeonatos franceses de salões, com carros com uma potência de 320 cv ao freio, criados especialmente para cumprirem os regulamentos franceses, e mais outros dois carros da Austin Rover da Alemanha estão a ser preparados em Aachen pela Auto Technik Nickel, com especificações idênticas às dos carros nacionais.

Rover Vitesse vão entrar também em vários ralis importantes tanto na Grã-Bretanha como na Europa na categoria de carros de produção do Grupo 'A'. Estes carros vão usar os motores de corrida Rover, em alumínio, com 280 cv ao freio e uma transmissão de cinco velocidades.



O Carro de rali MG Metro V6 com transmissão às quatro rodas.

A Série Competição MG Metro vai ter lugar na Grã-Bretanha, em França e na Itália e noutras nações europeias em que se realizam provas desta categoria enquanto que dois MG Metros Turbo com uma potência de 190 cv ao freio vão tomar parte nos campeonatos de carros salão da Grã-Bretanha.

AUSTIN ROVER GROUP LIMITED, Canley Road, Canley, Coventry CV5 6QX, Inglaterra. Contacto: Clive Richardson. Tel: (020) 70111. Telex: 312571.

### A Dunlop entra no mercado de Adesivos Estruturais

Durante 1984 a Divisão de Produtos Químicos da Dunlop vai lançar uma gama nova de adesivos estruturais.

A nova variedade de Dunlop SAS (Sistema de Adesivos Estruturais) está agrupada em seis secções: SAS 100 - adesivos anaeróbicos; SAS 200 adesivos cianoacriláticos; SAS 300 - acrílicos de segunda geração; SAS 400 - resinas epóxicas cheias a metal; SAS 500 - resinas epóxicas reforçadas; SAS 600 - vedantes silícos. Uma gama separada de produtos de manutenção correlativa incluem lubrificantes em aerosol, inibidores de corrosão e agentes para forjaduras de moldes.

Os novos produtos vão ser vastamente utilizados nas indústrias de manufatura sobretudo na construção de carroçarias de veículos e motores, em todos os tipos de equipamentos originais e em todos os tipos de montagens desde electrónicas a dentes artificiais, óculos e equipamento hospitalar.

Vão ser usados também na manutenção de maquinaria e equipamento em fábricas.

Entre as diversas actividades em que a gama foi experimentada e aprovada foi a aglutinação de caixas de elevadores indústrias de construção civil e de borracha, equipamento de laboratório, vidraria de chapa dupla, circuitos eléctricos e artigos de fantasia.

DUNLOP CHEMICAL PRODUCTS DIVISION, Chester Road, Erdington, Birmingham B35 7AL, Inglaterra. Contacto: Alan Brown, Structural Adhesive Systems. Tel: Birmingham (021) 373 8101. Telex: 334316.

## INDÚSTRIA AUTOMÓVEL BRITÂNICA

Mais desenvolvimentos técnicos conseguidos pela AE

Um novo desenho britânico de pistão isolado com folga que, segundo se afirma, melhora a eficiência global de motores diesel foi posto no mercado pelo Grupo AE, um dos maiores produtores de componentes especializados para motores.

O novo pistão abre a porta a reduções tanto em peso como em volume do conjunto, e possui uma coroa circular de aço/alumínio aglutinado, situado entre a coroa ferrosa e o corpo do pistão em liga de alumínio. Isto cria uma folga de ar sobre o centro da coroa do pistão e uma folga secundária entre a coroa e a periferia. Este método de construção oferece um elevado grau de resistência mecânica com uma baixa transferência térmica.

Rigorosas experiências ao recente desenho da AE confirmaram as vantagens nas características do pistão, sobretudo em maiores temperaturas operacionais que aumentam de 260°C na inserção da coroa no tipo convencional de pistão até 652°C. As temperaturas no corpo do pistão novo e no anel superior mantêm-se a um máximo de 167°C, devidos aos efeitos de melhor isolamento.

Para motores de maior potência, existe uma camada de zircónio na superfície superior da inserção na coroa para assegurar melhor isolamento e para limitar a temperatura de operação no aço da coroa do pistão.

Uma outra inovação da AE é o Glacier AS104, um novo material para cambotas. Criado pela subsidiária da AE, a Glacier Metal Company, trata-se de uma liga de alumínio-estanho-silício aglutinada a uma base de aço. Com uma resistência extraordinária a colagem com uma potência resistente a altas temperaturas o novo material tem, segundo se diz, excelente compatibilidade com a forjadura nodular em ferro forjado das cambotas que se usam cada vez mais nos modernos motores de combustão. Em testes revelou uma resistência dobrada nas cargas que causam

colagens nos materiais de chumbo-bronze.

AE plc, Cawston House, Rugby, Warwickshire CV22 7SB, Inglaterra. Contacto: Mike Hurn. Tel: (0788) 816677. Telex: 311259.

As vendas de automóveis no Reino Unido continuam a crescer

1984 começou exactamente como 1983, terminou com as vendas de automóveis e de veículos comerciais a aumentarem consistentemente. Nos primeiros dois meses de 1984 as vendas de automóveis estabeleceram um recorde novo com 325.671 unidades, uns 5,7 por cento acima do mesmo período o ano passado.

As vendas em Fevereiro estabeleceram também um recorde novo com a venda de 163.828 carros e, pela primeira vez, o Vauxhall Cavalier, o carro irmão do Opel Ascona da GM na Europa e do Holden Camira Australiano foi o modelo de maior venda. Para os dois meses, o Ford Escort foi o modelo individual de maior venda com um montante de 31.164 carros, seguido pelo Cavalier (30.967), Ford Sierra (23.042), Austin/MG Metro (22.990), Ford Fiesta (20.674) e Austin MG/Maestro (15.716). O principal fabricante durante os dois meses foi a Ford com 27,13 por cento de todas as vendas, seguida pela General Motors (Vauxhall/Opel) com 20,66 por cento e a BL com 17,32 por cento. Em 1983 as vendas globais de automóveis obtiveram uma cifra nunca igualada de 1,792 milhões de veículos.

As vendas totais de veículos comerciais em Janeiro/Fevereiro subiram em 7,1 por cento em comparação com o mesmo período o ano passado quando as vendas foram de 46.943. A Ford ocupou a testa do mercado com 14.872 unidades vendidas, seguida pela BL com 8.925 e GM (Bedford) 7.143.

SOCIETY OF MOTOR MANUFACTURERS AND TRADERS, Forbes House, Halkin Street, Londres SW1X 7DS Inglaterra. Contacto: John Weinthal. Tel: (01) 235 700.

**TRANSACCIONAR É CONSIGO!**

para o transporte, conte com

**GARLAND LAIDLEY**

**SERVÍCIO COMPLETO \* PORTA A PORTA**

um conceito evoluído numa era de progresso

**SOC. COMERCIAL GARLAND, LAIDLEY S.A.R.L.**

LISBOA Trav. do Corpo Santo, 10-2º Tel: 37 31 41/9 Telex: 12216  
PORTO R. Infante D. Henrique, 131 Tel: 2 70 91/5 Telex: 22341

Agentes: AVEIRO · SETÚBAL · ALGARVE



# PORTUGUESE LEGISLATION

February/March 1984

Compiled by ERNST AND WHINNEY

## LEGISLAÇÃO FISCAL

### Centros de desenvolvimento industrial do interior (CDII)

D.L. 63/84 (24/2). Cria os centros de desenvolvimento industrial do interior, considerados centros tecnológicos para efeitos de benefícios fiscais concedidos pelo D.L. 447/83, de 26/12/1983.

### Orçamento do Estado para 1984

#### Execução :

D.L. 69/84 (27/2) :

- Prorrogação dos prazos para concessão de benefícios fiscais às empresas com contratos de viabilização ou acordos de saneamento económico e financeiro e às empresas assistidas pela Parempresa .
- Mantém, relativamente às despesas suportadas no exercício de 1984, o imposto extraordinário sobre algumas despesas das empresas (10%) .
- Mantém, relativamente aos rendimentos colectáveis respeitantes ao ano de 1983, o imposto extraordinário sobre lucros (5%) .
- Mantém os impostos extraordinários, sob forma de adicional, sobre imposto de capitais, secções A e B (10%), imposto de mais-valias (15%), sisa (quando as transacções forem superiores a Esc.10.000.000\$00) (15%) e imposto sobre as sucessões e doações (15%) .

### Ajudas de Custo

Portaria 132/84 (2/3). Actualiza as ajudas de custo para os funcionários do Estado em deslocações no País, valor que será o considerado como limite para a generalidade dos trabalhadores, para efeito de isenção de imposto profissional, fundo de desemprego e imposto complementar.

## LEGISLAÇÃO FISCAL

### Contribuição Predial

D.L. 73/84 (2/3). Altera o Código da Contribuição Predial no sentido de os rendimentos provenientes de sublocação ou cessão onerosa de lojas em centros comerciais ou estabelecimentos congêneres passarem a ser tributados em con-

## TAX LEGISLATION

### Industrial Development Centres in the interior (CDII)

D.L. 63/83 (24/2). Sets up the industrial development centres in the interior, considered as technological centres for the purposes of tax benefits granted by D.L. 447/83 of 26/12/1983.

### State Budget for 1984

#### Brings into force :

D.L. 69/84 (27/2) :

- Extends the periods for concession of tax benefits to companies which have entered into feasibility contracts or economic and financial improvement agreements, and also to those being assisted by Parempresa .
- Maintains the extraordinary tax on some company expenses (10%) in relation to expenditure during 1984 .
- Maintains the extraordinary tax on profits (5%) in relation to taxable income for 1983.
- Maintains the extraordinary tax, in the form of an additional, on capital tax sections A and B (10%), capital gains tax (15%), property transfer tax (when the amount involved in the transaction is in excess of Esc. 10,000,000) (15%) and on succession and legacy duties (15%).

### Travel Allowances

Portaria 132/84 (2/3). Brings up to date the rates of allowances for civil servants travelling in Portuguese territory. These rates will also be considered as the maximums permitted for personnel in general, for the purpose of exemption from professional tax, unemployment levy and complementary tax.

## TAX LEGISLATION

### Property Tax

D.L. 73/84 (2/3). Amends the Property Tax Code to the effect that income from sub-leasing, or the transfer for payment, of shops in commercial centres or similar establishments will become taxable under Industrial Tax.

## PORTUGUESE LEGISLATION

February/March 1984

tribuição industrial.

Por outro lado, revê a tributação das situações em que houver mudança de titulares do direito ao rendimento dos prédios, por transmissão contratual, bem como as regras de liquidação de contribuição predial para os imóveis quando construídos para venda ou arrendamento.

### Imposto sobre veículos

Portaria 136/84 (5/3). Determina que o imposto sobre veículos relativo ao ano de 1984 seja liquidado e pago durante os meses de Abril e Maio.

## OUTRA LEGISLAÇÃO

### Segurança Social

D.L. 60/84 (23/2). Estabelece normas relativas à celebração de acordos de pagamento em prestações, até 10 anos, das contribuições em dívida à Segurança Social.

### Reavaliação do activo immobilizado corpóreo

D.L. 72/84 (1/3). Prorroga até 31/12/84 o prazo estabelecido no D.L. 126/77 (2/4) para a reavaliação dos bens do activo immobilizado corpóreo das empresas assistidas pela Parempresa.

### Advogados

D.L. 84/84 (16/3). Aprova o Estatuto da Ordem dos Advogados.

Also reviews the taxation of situations where there is a contractual change in the beneficiary of income from property, and the regulations for payment of property tax on buildings constructed for sale or rental.

### Tax on vehicles

Portaria 136/84 (5/3). Establishes the months of April and May for payment of the tax on vehicles for 1984.

## OTHER LEGISLATION

### Social Security

D.L. 60/84 (23/2). Establishes rules for drawing up agreements for the payment by instalments of contributions due to the Social Security Service, over periods up to 10 years.

### Revaluation of Fixed Assets

D.L. 72/84 (1/3). Extends the period established in D.L. 126/77 (2/4) for revaluation of fixed assets by companies receiving assistance from Parempresa to 31/12/84.

### Lawyers

D.L. 84/84 (16/3). Approves the statutes of the Order of Lawyers.



**CELTIC**  
CONTAINER LINE



Carreiras regulares em navios de contentores para todo o REINO UNIDO e IRLANDA pelos portos de:

**LIVERPOOL**  
e  
**BELFAST**

**LISBON**  
Largo de S Miguel 2  
1100 LISBOA  
Tel: 871115/6/7 870219  
Telex: 16604 WALFA P



**WALL**  
& Ca. Lda.

**OPORTO**  
Rua da Reboleira 55  
4000 PORTO  
Tel: 317841/6  
Telex: 22223 WALCO P

**THE CANADA LINE**

Carreiras bissemanais totalmente

contentorizadas para:

**MONTREAL**  
**TORONTO**  
**VANCOUVER**

**CHICAGO**  
**DETROIT**  
**MILWAUKEE**

**CP Ships**  
Canadian Pacific  
80 Finsbury Square  
London EC2A1DD  
United Kingdom

**CMB**  
MEIR-1  
ANTWERP  
BELGIUM



## NUCLEAR INVESTMENT CRUCIAL FOR PORTUGAL'S ECONOMY

A UK-PORTUGAL Nuclear Power Seminar was held in the Hotel Tivoli in Lisbon on March 27-28, at which a team of British experts presented and discussed their experience in different areas of nuclear energy production in the UK.

The Seminar was led by Mr. Giles Shaw MP, Parliamentary Under-Secretary of State for Energy, with special responsibility for coal and nuclear power. It had come about as a direct result of the visit to the UK last November of the Portuguese Minister of Energy, Dr. Veiga Simão, who invited the British Government to send a delegation to Portugal to explain their approach to nuclear power.

After the official opening of the proceedings by the British Ambassador, Mr. H.C. Byatt, Mr. Shaw gave an address in which he presented the case for a consideration of the UK as a potential helping hand to Portugal in their development of alternative energy sources. It was not the intention of the delegation, he said, to sell Portugal a nuclear reactor, but merely to open the way to an understanding and appreciation of Britain's considerable experience in the nuclear power field.

Nuclear power was not to be seen as a precursor to nuclear weapons, Mr. Shaw pointed out. Its benefits, when treated

responsibly, were so great that they could not be underestimated. The fear of adverse effects such as the risk of radiation should be seen in proportion: radiation is a natural phenomenon and only 20 per cent could be considered man-made, and that mostly from medical sources. Only 0.1 per cent is believed to be produced by the nuclear power industry. The theme of Mr. Shaw's message was that Britain, with its 30 years' experience of using nuclear energy, stands in a good position to co-operate with the Portuguese energy industry, and would be happy and honoured to help her oldest ally. He told journalists later that he hoped for further contacts with Portugal, although the Portuguese Government had not yet made any decisions as to which course they would take in their search to overcome the energy problem. As a small country, albeit with a high energy demand for the future, Portugal should be able to handle the problem with a good deal of independence. Nuclear investment, in his view, was crucial for the Portuguese economy to grow, and it has been proven that it leads to greater energy efficiency and less dependence on imported sources of energy such as oil.

Over the two days, members of the delegation spoke on a wide range of subjects, from a general outline of the development and structure of the British Nuclear Industry, by Mr. J.C.C. Stewart, Chairman of the British Nuclear Forum, to technical details such as radioactive waste management or financing.

Britain was a pioneer in the development of nuclear power, opening the world's first commercial nuclear power station in 1956. There are now fifteen nuclear stations in



Mr. Giles Shaw MP

the UK, eleven gas-cooled, two Advanced Gas Cooled (AGR) one prototype Steam Generating Heavy Water Reactor and one fast reactor, also a prototype. Between them these units provide about 16 per cent of all electricity used in Britain. When the five further AGRs under construction come into operation, by 1988, the contribution is expected to exceed 20 per cent.

In 1981 the Central Electricity Generating Board applied for consent to build a power station of the Pressurised Water Reactor (PWR) type at Sizewell in Suffolk. The public enquiry to consider the application began over a year ago and is expected to last for some months more. Although historically, British experience has centred on gas-cooled stations, the nuclear industry is well advanced in the technology of PWRs. It has for many years provided plant and components to countries with PWR type programmes. Considerable expertise has been acquired on all safety and quality assurance aspects specific to this type of reactor.

Members of the delegation therefore felt that UK industry and associated organisations are well equipped to complement existing capabilities in Portugal, and it is through collaboration with local organisations that the UK feels best able to assist in the development of Portugal's nuclear power programme.



Mr. J.C.C. Stewart

## COBCOE

Telephone (01) 240 5831

When you think of going into a new market, it's always a help to know a few people who've done it already.

COBCOE, the Council of British Chambers of Commerce in Continental Europe, represents several thousand companies who've done it already.

Some are local firms which sell British products or services.

Others are British companies already established abroad.

How can these British Chambers of Commerce spread across the continent be of help to you?

Well, for a small charge, they can provide lists of importers, distributors, manufacturers and suppliers.

They can monitor market situations. They can help set up market research and provide status

reports.

They can help with agency introductions, establish business contacts, set up panels of business-men for confidential discussions, arrange visits to the UK by continental buyers, help with translations, provide forwarding addresses and answering services.

And generally help you to learn the ins and outs before you decide to go in. Or out.

If you become a member of one of our Chambers, many of these services are provided free.

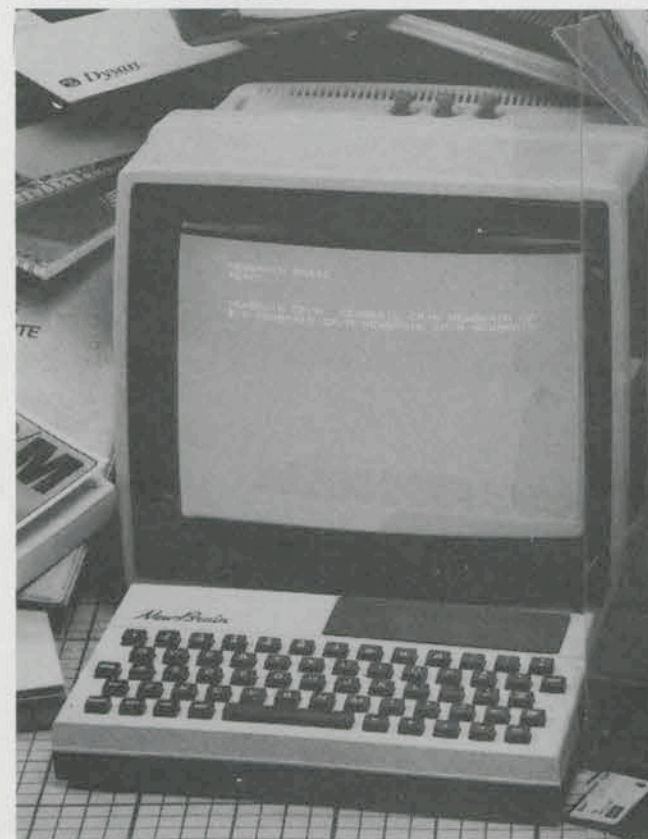
How do you begin? Call our London office at the address below: They will send you a leaflet which contains the names of chief executives, addresses, telephone and telex numbers of the British Chambers in ten European markets: Austria, Belgium and Luxembourg, France, Germany, Greece, Italy, the Netherlands, Portugal, Spain and Switzerland.

c/o The Association of  
British Chambers of Commerce, Sovereign House  
212a Shaftesbury Avenue, London WC2H 8EW

Telex (via London Chamber) 888941 LCCIG

## PRODUCTS AND PROCESSES

### PORTABLE COMPUTER



The Newbrain computer is a small computer which has a built-in display, but can be linked to a monitor or a standard TV. The standard version comes with a good Basic and one of the best full screen editors available on a small computer. It supports either a 40 or 80 column display with a total character set of 512 characters. The graphics capabilities have a good high resolution mode and extensive graphics commands within the Basic. Standard equipment includes a serial printer interface and, a second serial port and two cassette ports. The RAM available to the user is 32K.

Designed and built in the UK the Newbrain has just been taken over by Tradecom International of Holland. Memory extension modules and a 5-1/4 inch floppy disk system supporting CP/M are being developed by the Portuguese agents. Details will be announced as products become available.

FROM: Landry, R. Tomás Anunciação 53A Lisbon. Tel: 68 13 44.

USERS: Small businesses, education/scientific.

### ON YOUR BIKE

The High Speed organisation — part of the Colt Group — look forward to making history in 1984 by being closely associated with the launch of the world's first ever automatic gear shift for the pedal cycle. Developed by inventor Dr. Michael Deal, the first production run is now being manufactured. It is to be launched on the British market this Spring, fitted to the well known range of Claud Butler bicycles.

The High Speed organisation is ready to make the necessary further investments to support this initiative and if successful the manufacturing volume will represent a substantial boost to the High Speed Group's sales.

The invention brings to the pedal cycle what the automatic gearbox has brought to the motor car. As the cyclist presses forward with increased effort, the gear mechanism automatically responds with a change to a lower ratio. Contrariwise, the mechanism senses a reduction in power and moves back up through the gears — sixteen in all.

FROM: C.I. Ltd., 43 Molesey Ave., E. Molesey, Surrey KT8 0SF, U.K. Tel: 01 979 7707.

USERS: All cyclists.

### SAFE WORKING PLATFORM

The safety, comfort and convenience of working on a ladder can be greatly improved by using a collapsible platform developed in Britain and said to be the first which can be left permanently in place.

In collapsed form, lying flat against the rungs, it does not interfere with ladder extension or retraction. Ladders can be used normally for quick jobs, with the platform in place but not erected. If necessary, the unit can very quickly be moved and replaced.

The design of the Footplatemate enables several platforms to be fitted in an interlocking series, like a staircase, the legs of each being held securely in position by the step below. Capable of carrying a load of up to 185 kg, the unit can form a useful shelf for paint pots.

Safety measures include anti-slip surfaces at the front and rear of the platform, which when locked erect is set at an angle to position the user's weight well forward towards the ladder. The adjustable clips ensure a very tight grip on the rungs.

Two versions are available, the Footplatemate Senior, measuring 290 mm wide x 165 mm deep, and a junior model, 230 mm x 165 mm. They fit on rungs up to 45 mm in diameter.

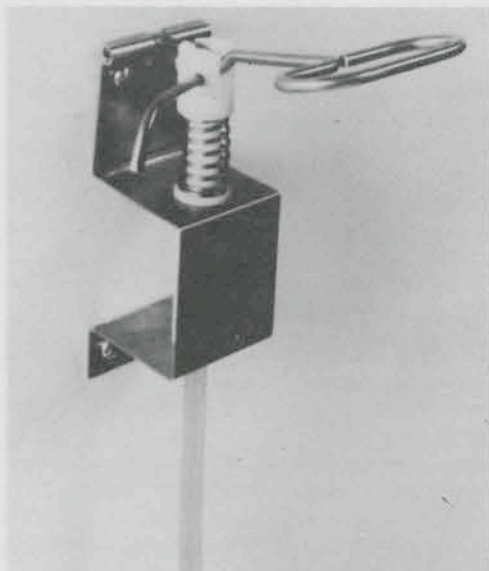
FROM: D.J. Rayment Products, Wickham Market, Woodbridge, Suffolk, England. Tel: (0728) 746615. Telex: 987703.

USERS: DIY market, painters and decorators, builders.





## PRODUCTS and PROCESSES



### COST-SAVING SOAP DISPENSER

A cost-saving liquid soap dispenser with easily operated manual pump connected to a long lasting bulk supply has been introduced by a British manufacturer for use in factories and other heavy-duty locations.

When the operating lever of the wall-mounted leakproof dispenser is depressed — by hand or elbow — 2.5 cm<sup>3</sup> of liquid soap is immediately delivered to the spout for use.

Made in acetal resin and stainless steel, the dispenser is linked to the bulk supply by a flexible clear PVC tube up to 9m long with a rigid 175 mm extension which passes through a close-fitting aperture into the container.

Several pumps can draw from the same bulk supply which can be of liquid soap or detergent or an antiseptic or other preparation, as appropriate to the location.

**FROM:** Brightwell Dispensers Ltd, Railway Road, Newhaven, East Sussex BN9 0AJ, England. Tel: (0273) 513566. Telex: 87550.

**USERS:** Industry, hospitals, large commercial premises.

### HAND MADE GAME GUN



Hand-engraved scrollwork in traditional designs is a feature of this craftsman-built lightweight game gun from Britain. The 12-bore sidelock ejector Blenheim is made to the customer's measurements and specifications with the aim of making each a prized personal possession. Average weight of the gun, which comes in five barrel lengths from 635 mm to 760 mm, is 2.95 kg. It is top model in a range named after famous English sporting estates.

**FROM:** E and C Scott (Gunmakers) Ltd, Premier Works, Tame Road, Witton, Birmingham B6 7HS, England. Tel: (021) 328 4107. Telex: 337339.

**USERS:** Sportsmen.

### PREPARES, PLANTS AND HARVESTS

A three-in-one machine from Britain, which prepares the ground and plants in one operation and eventually harvests the crop, is said to have the largest separation area of any machine in its class, giving fast work rates.

The soil preparator part of the machine removes stones and clods, for potatoes, bulbs and root crops. The two-row planter is fitted at the rear of the machine and there is a platform for automatic feeding of the seed potatoes to the planter. The work rate is over 0.4 ha an hour.



For conversion to a harvester, the front share and rotor assembly are removed. A two-row harvesting share assembly is then fitted, comprising diablo rollers, cutting discs and adjustable lifting shares for 700 mm to 900 mm drills.

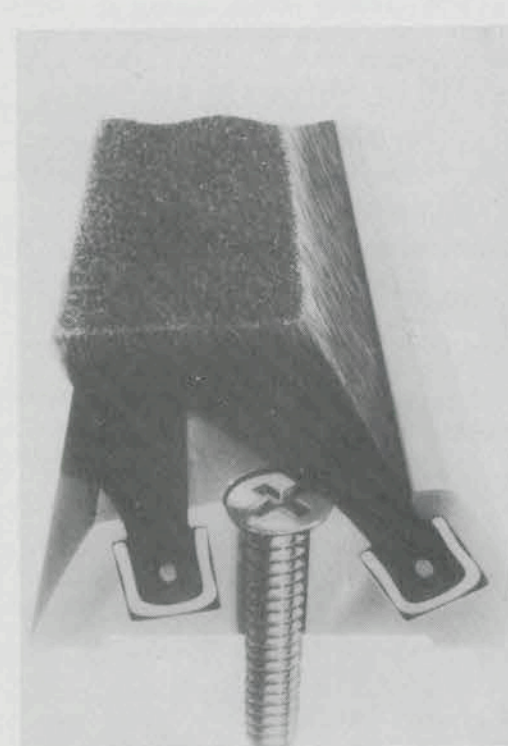
The crop is lifted gently from the ground on to a primary web to remove earth and haulm, and a hydraulically controlled swan-neck loading elevator deposits the crop. The machine is designed for un-manned operation but in adverse conditions there are facilities for two pickers.

For stability, the machine's hydraulic steering axle has been extended to cover three rows and is hydraulically adjustable for levelling from side to side when necessary. The electro-hydraulic system is operated from the tractor cab and provides outstanding ease of manoeuvre and operation.

**FROM:** Elbar Agricultural Equipment, Rattray, Blairgowrie, Perthshire PH10 70N, Scotland. Tel: (0250) 2244/5. Telex: 76243

**USERS:** Potato and other root crop growers

## PRODUCTS and PROCESSES



### SAFETY STRIP PREVENTS INJURY

Physical injuries, caused when feet are trapped between the end of the tread on a moving escalator stair section and the escalator sidewall, are eliminated by a British-made escalator safety strip which is believed to be the only one of its kind in the world.

Escalator Safetystrip, originally developed for use on London's underground railway station escalators, features a double row of nylon brushstrip, each part of which is set at an angle to the other and fixed onto the sidewall of the escalator just above the moving staircase section. This brushes against the leg of anyone standing too close to the sidewall and effectively prevents shoes, trolley wheels or parcels becoming trapped between the end of the moving escalator staircase and the sidewall of the escalator.

The product consist of an anodised aluminium carrier with a fixing section to suit individual escalator sidewall profiles and fixing requirements. A double bank of nylon filaments is looped around a wirecore and securely held within a pressed steel holder. The gauge and length of the filaments is said to provide optimum stiffness, while the ends of the filaments are softened to prevent damage being caused to anything that comes into contact with it.

**FROM:** Kleeneze Industrial Ltd, Martins Road, Hanham, Bristol BS15 3DY, England. Tel: (0272) 670861. Telex: 449950

**USERS:** Escalator manufacturers and operators

## SMALL MOBILE CRANE

A British-made mobile crane, with a maximum lifting capability of 10.35 tonnes, combines the road-going performance of a small truck with the lifting ability of a stockyard crane. It is particularly safe to drive because its design gives the driver unrestricted all-round vision with the boom positioned over the rear. Total rear overhang is just 1.75 m, and in this and all other specifications it meets European road regulations.

Capable of a road speed of 68 km/h, the Jumbo 410 can be powered by a Leyland or a Perkins six cylinder diesel engine, driving the front axle through a fully five speed forward, one reverse, synchromesh gear box. Optional transmissions include a torque converter with three forward speeds and one reverse and a fully automatic transmission with four forward speeds and one reverse.

Three steering systems are available, all of them power assisted, with rearwheel steering standard to provide excellent manoeuvrability in tight spaces. The rear wheels are turned by a tiller in the cab, allowing the crane to operate in a 3.5 m wide aisle.

The cab has heat-and glare-absorbent safety glass on all windows and fully adjustable seating. The vehicle has fail-safe, dual line air brakes fitted to all wheels, with spring parking actuators on the front axle.

Three booms are available of different lengths. A 5 m lattice extension which can be set at zero or 10 degrees angle can be mounted on all three booms.

The crane can be held solidly in place by four hydraulic stabilisers and the boom will turn through a 360 degree continuous rotation and lift to a maximum angle of 65 degrees. Optional extras include a two-man capacity carrying basket, a floodlight on the end of the boom and an indicator which gives flashing light and buzzer warnings that the crane has been overloaded.

**FROM:** Coles Cranes Ltd, Harefield, Uxbridge, Middlesex UB9 6OG, England. Tel: Harefield (089-582) 3777. Telex: 21619.

**USERS:** Factories and crane hire companies.



confie-nos o transporte  
e protecção dos seus  
valores



**ronda**

SERVIÇOS DE PREVENÇÃO, VIGILÂNCIA E SEGURANÇA, LDA. Telef. 556978

security  
with integrity

24 hours a day, 365 days a year



**ronda**

SERVIÇOS DE PREVENÇÃO, VIGILÂNCIA E SEGURANÇA, LDA. Telef. 556978



## PRODUCTS and PROCESSES

### LOW COST COMPUTER SYSTEM



The Memotech computer is a new English designed and built micro now available on the Portuguese market. It comes as a complete disk based system with disk drives, monitor and the computer itself. It can be linked to a variety of standard parallel printers, as well as having a RS232 interface which can be used for communications, linking to other computers or for interfacing to other peripherals. The computer also has an interface working at up to 2400 Band to link to standard cassette recorders.

The standard memory is 64K of RAM, but it can be extended up to a maximum of 512K using memory modules. The disk capacity is 512K per disk drive giving an impressive 1 megabyte with a 2-disk system. The processor is a 280A running at 4MH2. The resident language is Basic but a second language referred to as "Noddy" is included. High

## Concorde International



Members of FELCO

### COURSES OF ENGLISH LANGUAGE FOR BUSINESS PURPOSES

- Intensive summer courses at University of Kent in July and August
- Accommodation in single study bedrooms or with selected private families
- 25 hours classes each week in small groups with the opportunity to specialise in commercial or technical English
- A social programme including full day visit to London (only 90 minutes from Canterbury)

**INFORMATION: CONCORDE INTERNATIONAL**  
Anne Hammond,  
Alameda St<sup>o</sup> Ant<sup>o</sup>  
dos Capuchos 6-4C  
1100 Lisboa.

Virgilia House,  
12 St. Thomas Hill,  
Canterbury,  
Kent, England.

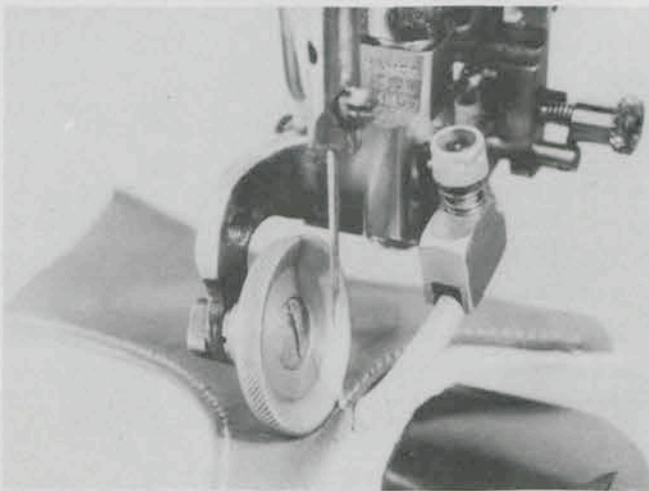
resolutions graphics and sprites are standard. With the disk drives comes a CP/M operating system, opening up a range of software. There is both a spreadsheet programme and a wordprocessing programme already available. Other applications including POC and Salaries are being developed.

**FROM:** Portus, Sociedade de Comercio e Exportação Lda., Av. Infante Santo 66E, 1300 Lisboa. Tel: 672299. Telex: 16660P.

**USERS:** Business, education, personal.

### STEERING GUIDE STITCHING

A work steering guide from Britain which fits most types of stitching machine having a standard presser foot and roller presser offers advantages in terms of work quality, operator efficiency and operator training times, because it automates steering and leaves the operator free to concentrate on work handling.



Said to be particularly useful for edge stitching, post trimming overlap seams and spaced work, the G120 steering guide automatically lifts with the presser for work insertion and permits width adjustment over the range 1.5 mm to 7 mm, but interchangeable guide fingers are available for extra-wide stitching and special operations. An auto-switch facility allows 3.5 mm spaced rows, and the switch action can be set for two widths and lift action. A triple-width control stud is also available.

The unit rides over the work and drops back into use automatically. There is ample clearance when switched off. Special versions are available for use with the Pfaff 491 machine and for use with twin-needle machines. The type of stitching machine with which a guide is to be used should be specified when ordering.

**FROM:** Geometric Controls Ltd, 5 High Street, Great Houghton, Northampton NN4 0AF, England. Tel: Northampton (0604) 61314. Telex: 311150.

**USERS:** Footwear, leather goods and clothing industry.

## DECISION MAKERS RECEIVE THIS MAGAZINE

LIKE YOU, THEY  
ALSO SEE THE ADS.

EXPOFAIR

# Nenhuma empresa põe mais tecnologia em cabos do que aquela que mais cabos fabrica



### FABRICA EM COBRE OU EM ALUMÍNIO

- Cabos de Energia para B.T. e A.T. até 26/45 kV
- Cabos para Telecomunicações
- Condutores e Cabos isolados a Elastómeros e Plastómeros para todos os fins

#### FÁBRICAS

Venda Nova  
2700 AMADORA  
Telef.: 97 45 13 (8 linhas)  
Teleg.: CONDUTORES - VENDA NOVA  
AMADORA  
Telex: 12610 CELCAT P

MORELENA  
2715 PERO PINHEIRO  
Telef.: 297 06 28/9

#### DIVISÃO COMERCIAL

Rua das Fontainhas  
Venda Nova - 2700 AMADORA  
Telef.: 97 45 13 - 90 50 24 - 90 50 74  
- 90 51 49 - 90 51 99 - 90 52 49 - 90 52  
99 - 90 53 24  
Teleg.: CONDUTORES - VENDA NOVA  
AMADORA  
Telex: 12610 CELCAT P

#### DELEG. COM. DO PORTO

Travessa do Regado, 125 1 - Dto.  
4200 PORTO  
Telef.: 49 90 63 - 49 47 34 - 48 04 55  
Telex: 28162 CELCAT P



## Um sucesso inqualificável para a Missão Comercial

A PRIMEIRA Missão Comercial ao Reino Unido organizada pela Câmara de Comércio Luso-Britânica teve lugar a semana passada.

Vindos de Lisboa e Porto, participaram 26 companhias, desde exportadores de cutelaria, flores, sapatos, brinquedos, textéis, madeiras e conservas, a importadores de queijo cidra, uma especialidade de delicada da Inglaterra Ocidental. Estiveram também representados consultores de investimentos, serviços financeiros, além de auditores, banqueiros e uma companhia transportadora.

O London Metropole Hotel, convenientemente situado em frente de uma das lojas do Marks and Spencers, e a cinco minutos do Hyde Park Corner, foi escolhido como Quartel General da Missão, aonde foi alugado um quarto que funcionou como escritório e através do qual as entrevistas podiam ser estabelecidas além de solicitadas informações de carácter geral. Este escritório provou ser de grande utilidade durante a semana para os participantes da Missão, não só para a marcação das suas entrevistas como também para os orientar nos meios de transporte dentro da Grã-Bretanha e até num caso específico para encomendar cartões de visita em três línguas. Para satisfazer todos estes pedidos, o escritório teve que ser assistido perma-

### Mrs. Thatcher - gift of 100 computers

(continued from page 5)

potential for Portugal as well as representing a major transfer of know-how from the United Kingdom.

"The British computer firm, ICL, is bidding for a contract to computerise your tax system. When I entered this British-owned hotel a short while ago it gave me great pleasure to present to Dr. Soares on behalf of Sinclair Electronics 100 British computers for use in Portuguese schools. They were in fact assembled in Portugal - another example of active co-operation between our two countries.

"In the greatest possible contrast, British firms are bidding, with their Portuguese partners, for a contract to construct a new sewerage system for Lisbon.

"What is impressive about those examples is their range. Our traditional trading links with Portugal have been in industries like textiles, chemicals, tourism and, of course, port wine. That trade will continue and, I hope, expand. But major opportunities will come from the industries of the future - the sunrise industries such as electronics. In those industries Britain leads Europe and, in some cases, the world. I hope that as Portugal adapts to the 'information

### CHAMBER ACTIVITIES

nentemente durante o dia, uma tarefa admiravelmente desempenhada por Micaela Aidos, do Bank of London, Sr. A. M. Adam, da Câmara de Comércio Luso-Britânica e o Sr. Ralph Vaz, o novo Chefe Executivo da Câmara.

Embora o programa da Missão tivesse sido deliberadamente estruturado para permitir o máximo de flexibilidade aos participantes, particularmente porque a gama das suas necessidades e dos seus objectivos era tão variada, um bom número de sessões "fixas" tinham sido previamente organizadas.

A primeira destas sessões "fixas" foi realizada na manhã de abertura, na qual o Dr. Viana Simões, Vice Presidente da Portuguese Chamber of Commerce and Industry no Reino Unido e também representante do ICEP em Londres, acompanhado pelo Sr. Ronnie Price, Secretário Geral da Portuguese Chamber, deu uma panorâmica da economia do Reino Unido e das respectivas oportunidades disponíveis para os exportadores portugueses. Em seguida, vários participantes da Missão deslocaram-se às instalações do ICEP, o qual há vários anos tanto tem contribuído para ajudar os exportadores portugueses no Reino Unido.

A segunda sessão, uma recepção organi-

zada pela Portuguese Chamber e em conjunto com o escritório em Londres do Banco Nacional Ultramarino, foi oferecida nas instalações da Canning House, em Belgrave Square, na Segunda-Feira ao fim da tarde. A recepção foi distinguida com a presença de Sua Excelência Dr. Hall Themidos, o Embaixador de Portugal em Londres, o Consul Geral Português, e vários sócios da Portuguese Chamber interessados em estabelecer contactos com os nossos participantes da Missão. O esplendor majestoso da Canning House e a calorosa hospitalidade dos nossos anfitriões contribuíram para uma boa noite.

A sessão seguinte foi uma recepção no dia 10 de Abril, no Board Room do Lloyds Bank, um dos quatro principais Bancos Comerciais Britânicos, na Cidade de Londres. O Lloyds Bank tinha inicialmente providenciado uma lista de 30 companhias Britânicas, de todos os cantos do Reino Unido, interessadas em estabelecer contactos com os nossos participantes.

Para a Recepção, o Lloyds Bank forneceu um regimento dos seus quadros gerentes seniores, executivos especializados em clientes seleccionados, e convidou também uma jornalista da BBC que virá a acompanhar a Sra. Margaret Thatcher a Portugal e que aproveitou para fazer uma investigação sobre as opiniões dos industriais Portugueses quanto à entrada na CEE. Reconhecimento considerável é devido ao Lloyds Bank e aos seus quadros gerentes por terem realizado tão interessante lista de convidados, providenciado tantos contactos e anfitriado uma recepção tão excelente.

A quarta sessão e a de perfil mais elevado foi um Seminário realizado nas instalações da London Chamber of Commerce and Industry, designado para estimular o interesse dos Investimentos do Reino Unido em Portugal.

A presença do Dr. Ernani Lopes, como orador principal no Seminário, assegurou uma forte participação. Com os participantes da Missão a aceitarem todos os lugares reservados no Seminário e o interesse considerável que se gerou entre os sócios da London Chamber em participarem, esgotou rapidamente a lotação dos lugares, tendo um grande número de pessoas que desejavam estar presentes sido rejeitado. De facto, a sala de conferências estava tão cheia que se receava que o chão não aguentasse o peso de tanta gente.

O Dr. Ernani Lopes foi acompanhado pelo Dr. Rui Vilar, Vice Governador do Banco de Portugal e pelo Dr. Viana Baptista, Presidente do Instituto do Investimento Estrangeiro que embora não estivesse programado na agenda endereçou a audiência com muito efeito. Um relatório completo do Seminário e

zada pela Portuguese Chamber e em conjunto com o escritório em Londres do Banco Nacional Ultramarino, foi oferecida nas instalações da Canning House, em Belgrave Square, na Segunda-Feira ao fim da tarde. A recepção foi distinguida com a presença de Sua Excelência Dr. Hall Themidos, o Embaixador de Portugal em Londres, o Consul Geral Português, e vários sócios da Portuguese Chamber interessados em estabelecer contactos com os nossos participantes da Missão. O esplendor majestoso da Canning House e a calorosa hospitalidade dos nossos anfitriões contribuíram para uma boa noite.

A sessão seguinte foi uma recepção no dia 10 de Abril, no Board Room do Lloyds Bank, um dos quatro principais Bancos Comerciais Britânicos, na Cidade de Londres. O Lloyds Bank tinha inicialmente providenciado uma lista de 30 companhias Britânicas, de todos os cantos do Reino Unido, interessadas em estabelecer contactos com os nossos participantes.

Para a Recepção, o Lloyds Bank forneceu um regimento dos seus quadros gerentes seniores, executivos especializados em clientes seleccionados, e convidou também uma jornalista da BBC que virá a acompanhar a Sra. Margaret Thatcher a Portugal e que aproveitou para fazer uma investigação sobre as opiniões dos industriais Portugueses quanto à entrada na CEE. Reconhecimento considerável é devido ao Lloyds Bank e aos seus quadros gerentes por terem realizado tão interessante lista de convidados, providenciado tantos contactos e anfitriado uma recepção tão excelente.

A quarta sessão e a de perfil mais elevado foi um Seminário realizado nas instalações da London Chamber of Commerce and Industry, designado para estimular o interesse dos Investimentos do Reino Unido em Portugal.

A presença do Dr. Ernani Lopes, como orador principal no Seminário, assegurou uma forte participação. Com os participantes da Missão a aceitarem todos os lugares reservados no Seminário e o interesse considerável que se gerou entre os sócios da London Chamber em participarem, esgotou rapidamente a lotação dos lugares, tendo um grande número de pessoas que desejavam estar presentes sido rejeitado. De facto, a sala de conferências estava tão cheia que se receava que o chão não aguentasse o peso de tanta gente.

O Dr. Ernani Lopes foi acompanhado pelo Dr. Rui Vilar, Vice Governador do Banco de Portugal e pelo Dr. Viana Baptista, Presidente do Instituto do Investimento Estrangeiro que embora não estivesse programado na agenda endereçou a audiência com muito efeito.

Um relatório completo do Seminário e

## Um programa variado

os detalhes dos discursos impressionantes e cheios de vivacidade serão fornecidos na próxima edição da revista.

Depois do Seminário, os participantes da Missão foram entretidos numa recepção buffet na London Chamber aonde tiveram a oportunidade de conhecer os outros participantes do Seminário e sócios da London Chamber.

Os nossos agradecimentos para a London Chamber pela sua hospitalidade e por terem concordado em alterar a data do seminário para coincidir com a planeada visita do Dr. Ernani Lopes a Londres, o factor mais importante que contribuiu para o sucesso do Seminário e que foi um bônus para os nossos sócios.

Chegados ao final das sessões formais a Missão ficou disponível o resto da semana para prosseguir os contactos, visitar Bristol, a cidade ocidental da Inglaterra que está a ser geminada com o Porto, e uma visita à Câmara dos Comuns, aonde, com a colaboração da Embaixada Britânica em Lisboa, foi organizado um encontro dos participantes da Missão com Sir John Biggs Davidson, o Membro do Parlamento que dirige o Grupo Parlamentar Luso-Britânico.

Uma vez que este artigo teve que ser entregue para publicação antes da chegada da Missão a Portugal o resumo das últimas actividades da semana, incluindo a visita ao Parlamento, terá que ficar para a próxima edição da revista!

Para resumir as primeiras impressões, a

Missão que era genérica nos seus objectivos e portanto com um programa variado, teve muito sucesso.

O itinerário da viagem que esteve entregue nas mãos capazes da Agencia da Viagens STAR, foi cumprido com admirável eficiência. Os autocarros alugados em Londres para transportar os participantes foram tão pontuais nas horas de partida que por vezes alguns dos nossos participantes foram enfrentados com a necessidade de correrem uns bons metros atrás deles antes do seu apuro ser notado.

As recepções, conforme já foi dito, alargaram amplamente a base de contactos para todos. O Seminário foi uma perfeição. Quantas vezes têm os sócios da Câmara a oportunidade de ouvir ao vivo o Dr. Ernani Lopes e o Dr. Viana Baptista, e sem despesas extra?!

Acima de tudo todos os participantes da Missão aparentavam estarem a divertir-se e ainda mais importante alcançando os seus objectivos em desenvolver os seus contactos já existentes e a fazerem novos.

Uma vez que, como Câmara, foi a nossa primeira Missão, tivemos que apalpar o nosso caminho, mas o que ficou agora bem claro para nós foi que as Missões terão que ser e virão a ser uma das actividades regulares da Câmara.

A Câmara vai planear no futuro mais programas interessantes para os seus sócios e espera poder desenvolver programas com a Portuguese Chamber em Londres que nos deu o seu valioso apoio nesta ocasião.

### DELEGADA DE PUBLICIDADE PARA OPORTO

Com a intenção de ainda aumentar a presença da Câmara de Comércio no Porto e Norte do País, foi nomeado como Delegado de Publicidade o Sr. João Soares Rodrigues - A sua nomeação toma efeito imediato e resulta de um acordo entre a Câmara de Comércio e o Anglo-Portuguese News.

O Sr. Rodrigues tem 38 anos, é casado, tem duas filhas e conhece bem a zona norte, tendo a sua morada perto do Porto.

Ele tem tido Experiencia Comercial em vários ramos: durante alguns anos como Oficial Comissário de Bordo dos navios de passageiros de C.N.N. Depois foi o proprietário de um Restaurante no Porto, e, ultimamente trabalhava como Gerente-Regional para uma empresa de Supermercados no Norte de Portugal.

Na página 3, sob o título 'Advertising' damos os pormenores do ponto de contacto do Sr. Rodrigues.

### BANK DIRECTOR IN THE ALGARVE

Mr. Brian Curtis, Director of Hambros Bank (Jersey) Ltd., will again be visiting the Algarve next month. Anyone wishing to arrange an appointment with him to discuss any of the Bank's services (see advertisement page 8) can contact him as follows: Monday, May 14 - Thursday, May 17, at Hotel Algarve, Praia da Rocha, Portimão (tel: 082-24000) and on Friday and Saturday, May 18 and 19, at Hotel La Reserve, S. Barbara de Nexe (tel: 089-91474).

**cgi** Wolfram, Lda.

consultadoria  
gestão  
investimento

### Investment Consultancy in Portugal

#### ● Setting-up of New Companies

- Market Studies
- Feasibility Studies
- Registration
- Financing

#### ● Acquisitions and Divestitures

- Joint-ventures
- Transfer of Technology
- Recruitment of Executive Staff in Portugal and abroad

Member of INTERMAC: International Association of Merger and Acquisition Consultants

Partner of IMC: International Marketing Consultants

On request our brochure "Investing in Portugal" (€ 5 or US \$ 8)

Claus H. Wolfram  
Economist (Dipl.-Kfm.)  
C. G. I. WOLFRAM, Lda.  
Quinta da Corriola, 1-A  
P - 2775 PAREDE  
PORTUGAL  
Tel.: Lisbon 247 95 17  
Telex: 13341 CHWOLF P



## General News Items

### OPTIMISM ON EXPORT GROWTH

Britain's prospects for export growth in 1984 look good, according to the annual report of the British Overseas Trade Board (BOTB) published in London last month.

Chief Executive Mr. Christopher Roberts, speaking for BOTB Chairman Lord Jellicoe said: "I would characterise 1983 as a year of progress at home which should put us in a position for real export growth in 1984 . . . overall, if we can maintain recent substantial improvement in UK competitiveness, 1984 could be a very important year for UK exports."

Mr. Roberts said he took particular encouragement from the very strong growth trend of export volumes from the middle of 1983 onwards. Despite the usual monthly variations in figures, there was a visible upward trend which augured well for the current year.

A continued improvement in the productivity of British industry combined with changes in the exchange rate had resulted in substantially improved cost competitiveness in overseas markets, said Mr. Roberts.

"Cost is not the only factor but it is important", he continued. "The result is that by 1983 in international terms we were some 10 per cent more competitive than a year previously and 20 per cent better than at the end of 1983."

Reviewing Britain's trade performance over the past year, Mr. Roberts said that the UK current account was in surplus by two billion pounds sterling.

Mr. Roberts pointed out that demand was beginning to rise again in Britain's major markets. "World trade figures are difficult to estimate but probably grew a per cent or so

in 1983 and prospects are for a growth of about five per cent in volume in 1984." He suggested that the main stimulus for this was the USA, which showed a growth rate of over three per cent for the year and an annual rate of nearer six per cent by the end of 1984.

"Our manufacturers were quick to spot this opportunity", he said. "UK manufacturing exports to this area grew by over 23 per cent in value - much more than you would expect from the simple exchange rate changes." The BOTB continued to play an important role in giving the right help to UK exporters at the right time. "The specialist information and advice which we provide through the BOTB at home and posts abroad is important, but we also offer practical and financial help with the actual market entry process."

During 1983 the BOTB helped 2,500 British businessmen on overseas trade missions, compared with 1,900 in 1982. It supported over 7,000 British companies in joint ventures at over 300 overseas trade fairs, and offered export opportunities to more than 7,500 UK firms through its Export Intelligence Service, leading to over 1,000 million pounds sterling in secure orders. It also gave information on how to export to over 20,000 British firms during the year.

Copies of the 1983 Annual Report are available from: The Publicity Unit, Room 235, British Overseas Trade Board, 1 Victoria Street, London SW1H 0ET.

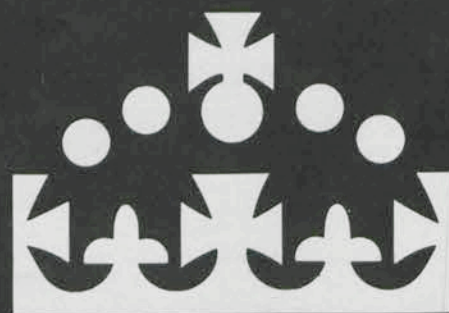


**SOC. COM. CROCKER  
DELAFORCE & C.ª Ld.ª**

*Venda, Instalação e Manutenção de.*

Radars ● Pilotos automáticos ● Navegação  
por Satélite ● Girobússolas ● Simuladores  
Telecomunicações VHF/UHF  
Equipamentos de TSF para navios  
Equipamentos para detecção e alarme  
contra incêndio e roubo  
Computadores e Semicondutores  
Equipamentos e Tecnologia para Indústria

Rua D. João V, 2-2.º — P.O. BOX 2738  
1118 LISBON CODEX  
TELEX: 12 328 CRODEL - P  
TELEPHONES 68 01 41/2/3/4  
CABLE ADDRESS: CRODEL



SEGUROS PARA:

**PESSOAS  
BENS  
INVESTIMENTOS  
RENTABILIDADE  
RESPONSABILIDADE**

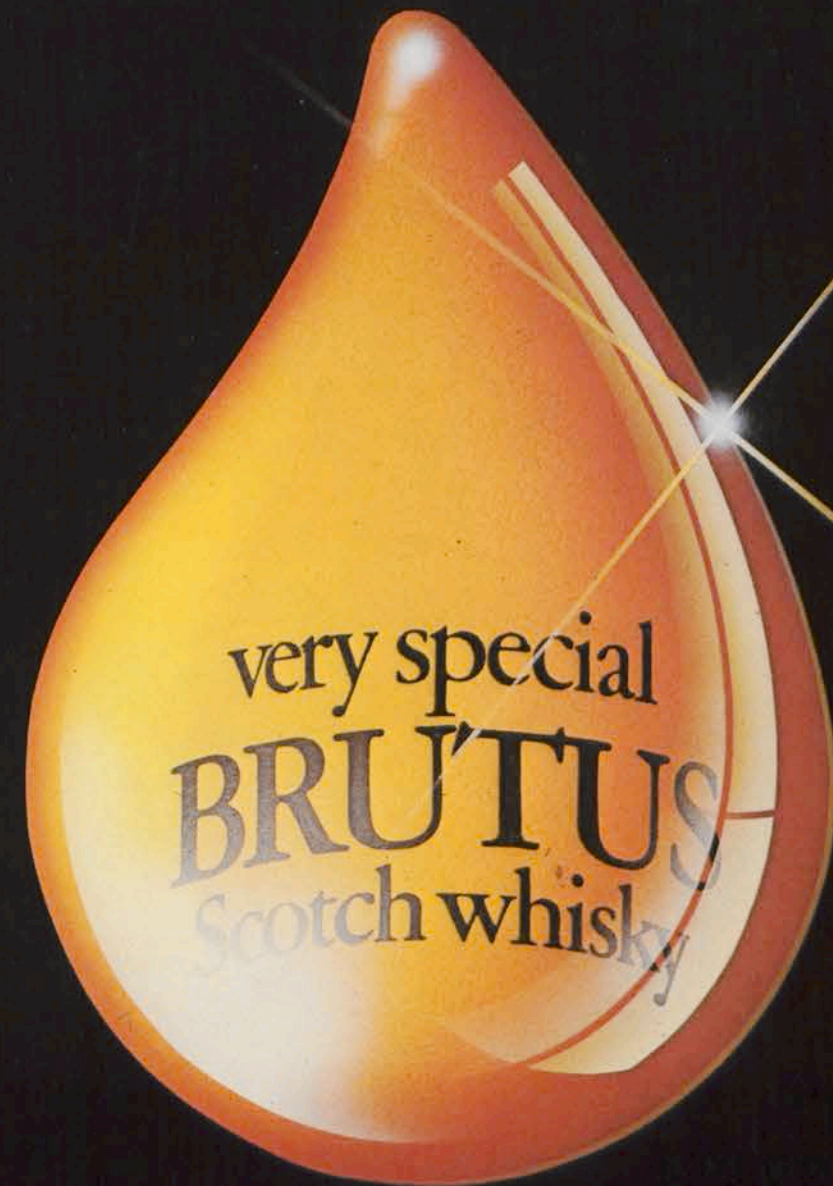
RUA CASTILHO, 50.º  
TEL. 540310  
1200 LISBOA

RUA INF. D. HENRIQUE, 91  
TEL. 25071  
4000 PORTO

**Royal Insurance**

**REALMENTE SEGURO**

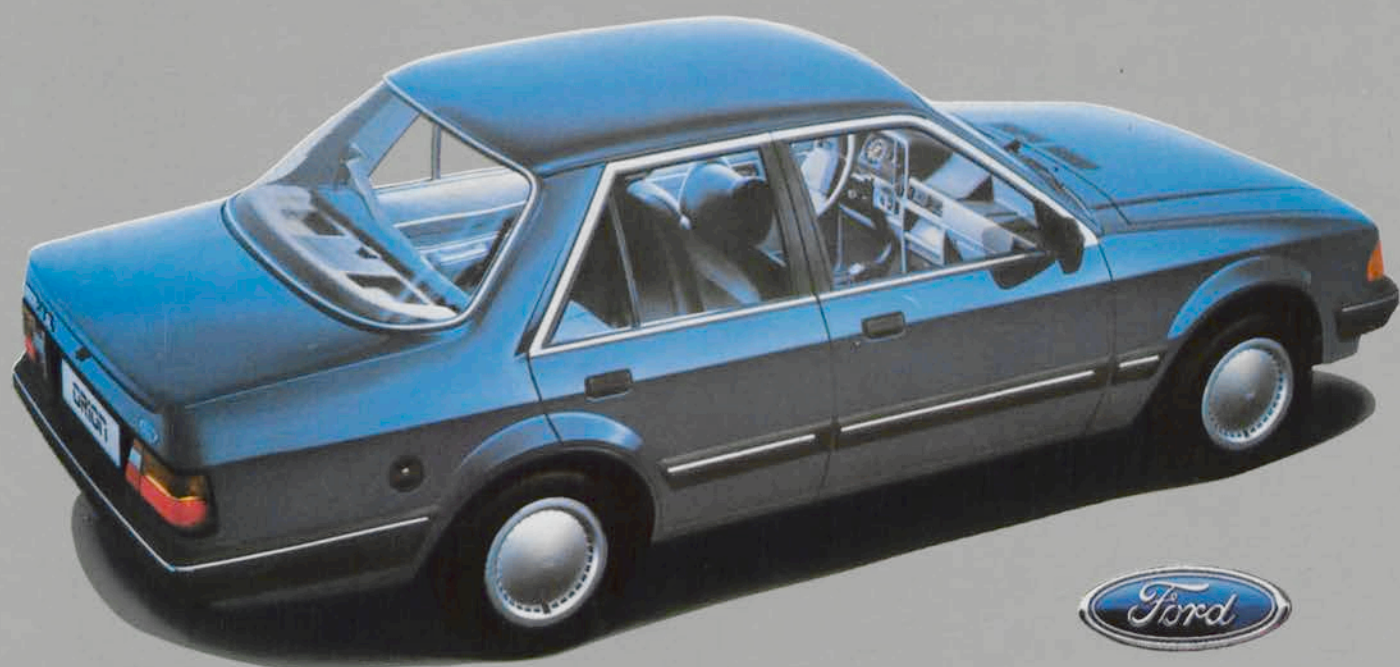
*From the first*



*Till the last*  
**THE BEST**



# ORION



## **Novo Ford Orion. Moderno em estilo clássico.**

ORION. O novo produto Ford.  
O espaço, o conforto e a performance dos carros grandes,  
muito dispendiosos. A economia de consumo e  
manutenção, a facilidade de manobra e o preço de um  
carro mais pequeno.

- Motores 1 300 e 1 600, c.c., caixa de 5 velocidades.
- Tracção dianteira, suspensão totalmente independente.
- Equipamento de série fora-de-série.

**Venha conhecer e experimentar o novo Ford Orion.  
Estaremos à sua espera!**

**AUTO RALI, SARL**

AVENIDA ALMIRANTE REIS, 130A · TELEF. 56 20 51 1100 LISBOA



SUBTEXT

c. Raste

FILE  
da



10 DOWNING STREET

From the Private Secretary

24 April 1984

Dear Roger,

Professor Freitas do Amaral called on the Prime Minister at 1800 on Wednesday 18 April. Most of their discussion centred upon a review of the current Portuguese political situation.

Professor Freitas do Amaral indicated that he had resigned his offices in 1982 partly because he was tired after nine years of continuous political involvement and partly because he believed that his Party, the Centre Social Democrats, was unlikely to be successful in the forthcoming elections. He was considering, however the possibility of running in the Presidential elections which were expected in the late autumn of 1985. The CSD were likely to support him and he hoped for the support of a sizeable proportion of the Social Democrats' electorate especially if the latter supported Dr. Soares instead of running their own candidate. Professor Freitas do Amaral considered that it was certain that Dr. Soares would indeed run in the Presidential elections but to avoid a potentially disruptive split in the Socialist Party would retain office as Prime Minister until the elections themselves. If Dr. Soares won there would nevertheless be a major succession battle within the Socialist Party; it was however possible that as part of a deal Dr. Soares might promise the office of Prime Minister to the Social Democrats in return for their support in the Presidential elections. Such a situation, he believed, would be untenable in the long term. If Dr. Soares lost the Presidential elections and a candidate of the right was elected he believed that there would have to be new legislative elections.

Professor Freitas do Amaral concluded by saying that although he supported the economic policies introduced by Dr. Soares' Government, they would impose enormous strains on the coalition. It was partly these strains and partly the increasing right wing strength shown by opinion polls which gave him a good outside chance in the elections. These were however not for another 18 months and he, like other candidates, would no doubt be making final decisions by the end of 1984.

Timothy  
Flesher

R.B. Bone, Esq.,  
Foreign and Commonwealth Office.

Timothy Flesher

dr



CONFIDENTIAL



10 DOWNING STREET

*From the Private Secretary*

24 April 1984

During her visit to Portugal from 17-19 April, the Prime Minister was impressed by the importance of trying to secure an order from the Portuguese Navy for Lynx helicopters to equip the three Kortenaar class frigates which are to be built under the NATO programme.

I understand that more recently the Portuguese have sent us a memorandum asking if we can make a further financial contribution towards the purchase of six Lynx helicopters. In their memorandum they suggest that our £5 million grant would be used for other, as yet unspecified, equipment. The Embassy understand that this may simply be a bargaining position and their real intention is to use our grant for the purchase of helicopters, getting from us some further assistance if possible. The Embassy's view is that it would not take much more to secure the order. They believe that Westlands should now be in a position to offer a much more attractive package based on the two Lynx helicopters originally ordered by Argentina which Westlands have in their possession for disposal following payment of their claim on ECGD. If Westlands are to be successful the Embassy are convinced that an improved offer should be put in quickly including the best offers which MOD Sales can make on Training, spares and financing.

HM Ambassador at Lisbon has also recommended that the Portuguese Vice Prime Minister and Defence Minister, Professor Mota Pinto, should be invited to spend a day in London fairly soon. This might provide the opportunity to take the matter further.

I should be grateful for your comments on the above points which Mr. Byatt suggested I might raise in London on my return.

I am copying this letter to Roger Bone (Foreign and Commonwealth Office).

Richard Mottram, Esq.,  
Ministry of Defence.

CONFIDENTIAL



CONFIDENTIAL



BF  
10 DOWNING STREET

de vc  
ps Sir P.C.

*From the Private Secretary*

24 April 1984

Portugal: Technical Assistance

During her visit to Portugal, the Prime Minister was impressed by the effectiveness of our small technical assistance programme for Portugal. I believe that there is an amount of some £80,000 to be spent in the current financial year. The Prime Minister agreed that HM Ambassador would discuss with the Portuguese Prime Minister the uses to which these funds should be put in order that arrangements may be made.

The idea emerged that we might make provision for a further amount, perhaps £50,000, for 1985-86 in order that existing schemes for support of student fees, and book schemes in particular, should be maintained until the probable date of Portuguese entry on 1 January 1986. I should be grateful to know (so that I may inform the Prime Minister) whether this is possible.

I am copying this letter to Hugh Byatt in Lisbon.

A. J. COLES

Michael Power, Esq.,  
Overseas Development Administration.

CONFIDENTIAL





file  
c. S. P. C.

10 DOWNING STREET

From the Private Secretary

19 April 1984

Dear Hugh,

COMPENSATION FOR BRITISH FARMS

I promised to let you know whether the Prime Minister raised with Dr. Soares, in their private meeting before the press conference on 19 April, the question of compensation for the three remaining British farms. Mrs. Thatcher told me on the aircraft that she had not had the opportunity to do this.

I am copying this letter to Roger Bone (Foreign and Commonwealth Office).

for ever  
for ever.

His Excellency Mr. H.C. Byatt, CMG.

✓



*Subject*  
*C. Master Set*

CONFIDENTIAL



*Joe SR*  
*C. Sir P. Cradock*

10 DOWNING STREET

*From the Private Secretary*

19 April 1984

*Dear Roger,*

VISIT BY THE PRIME MINISTER TO PORTUGAL

At the end of her visit to Portugal the Prime Minister called on President Eanes. The latter had returned from Canada shortly before the call which lasted some 80 minutes. Although the Portuguese had agreed in advance to make an exception to their usual practice and to allow the Ambassador and me to accompany the Prime Minister, we were in the event excluded. I know that Hugh Byatt tends to think that the reason for this was that the President did not wish the Portuguese Ambassador in London to be present because the latter is associated with the Portuguese Government rather than the Presidency and the rivalry between the two continues to be an important facet of Portuguese political life. Some evidence to support this theory is provided by the way President Eanes spoke to the Prime Minister, particularly about domestic economic policy.

The Prime Minister told me after the call that she had begun by giving the President a brief account of her visit. She had stressed that she had enjoyed it enormously. She made a passing reference to the ancient alliance between Britain and Portugal and then turned to the European Community where she outlined our own current problems and discussed the prospects for Portuguese entry. The President had seemed concerned that the differences between France and Spain would delay Portuguese entry. The Prime Minister said that she believed that President Mitterrand now wanted Spanish entry and that he saw things from a broader standpoint than that of narrow French interests. He was now unlikely to hold up Spanish accession.

There was then some discussion of the President's visit to Canada. President Eanes said that the situation seemed uncertain following Trudeau's announcement of his intention to retire.

On East/West relations, President Eanes remarked that Gorbachev had attended the Communist Party Congress in Oporto. President Eanes had not met him but thought he was a complete hard liner. On the situation in the Soviet Union, President Eanes saw more possibilities for change than did the Prime Minister.

/ The President



CONFIDENTIAL

- 2 -

The President then asked the Prime Minister about our negotiations with the Chinese over Hong Kong. Mrs. Thatcher gave him a broad account of the current negotiating position and stressed our moral responsibility to the people of Hong Kong.

On Macau, President Eanes said that the Portuguese had negotiated a number of contracts of long duration and the Chinese appeared to be honouring them. The Prime Minister suggested that the Chinese might be resolved not to alter the present position in Macau until the Hong Kong problem had been settled. President Eanes agreed.

One hour after the conversation had begun, the Prime Minister attempted to take her leave. But the President asked whether she would like to hear his views of the domestic situation. In describing this, he sought to convey the message that while tough measures had to be taken he would not have gone about things in the way the Portuguese Government had done. He believed that the people were not ready for real austerity measures and that the Government had not got the psychologically right. There were very considerable problems in the field of agriculture and employment and the balance of payments improvement had been artificial. In all, he painted a very bleak picture of the Portuguese economy.

President Eanes expressed a high opinion of the Prime Minister of Spain and thought that Spanish democracy was now more deep-rooted than it had been.

Mrs. Thatcher formed a rather more favourable impression of President Eanes than when she had last met him. She found him more intelligent than Dr. Soares and incisive in his thinking.

As the Prime Minister was about to leave President Eanes said that an official invitation to Her Majesty The Queen to visit Portugal would be despatched next week.

I am copying this letter to Sir Philip Moore.

*John ...*  
*John ...*

Roger Bone, Esq.,  
Foreign and Commonwealth Office.



OPORTO INDUSTRIAL ASSOCIATION

The oldest industrial association in Portugal, the Oporto Industrial Association was founded 135 years ago on 3 May 1849.

The Association was started by 185 Oporto industrialists and academics to develop national industry and train workers in new industrial methods and use of machinery.

The Oporto Industrial Association and the Oporto Commercial Association have traditionally worked closely together to develop the North of Portugal and with their Lisbon counterparts they form the National Committee for Business Associations.

With Government assistance, the OIA plan this year to start building a new Trade Exhibition Centre in Oporto.

*ms*





# BRISTOL-OPORTO

## Text of Declaration

"Being mindful of the trading links which have existed between the City of Bristol and the City of Oporto for over five centuries and the firm friendship which has been established between our two cities over that long period, we consider that it is now appropriate for those links to be recognised formally and for them to be taken as the foundation upon which further development of trade, commerce and cultural activities may be built.

On behalf of the citizens of our two ancient cities, we therefore assent to the inauguration of a TRADE AND CULTURAL UNION between Bristol and Oporto and resolve in establishing this Treaty of Friendship to undertake everything within our power to further the links of friendship and the benefits of co-operation between our two cities".

*Handwritten notes:*  
 Arrived city yesterday - relations in Bristol - can't claim some  
 Area of great independence - keen on investment  
 February - strength pro-British in technology  
 pro-Portuguese

*Handwritten notes:*  
 credit - the idea  
 was fostered by a previous  
 British Consul in Oporto - now a  
 member of my staff



CONFIDENTIAL



cc HM Amb  
C Sir P.C.

10 DOWNING STREET

From the Private Secretary

19 April 1984

*Dear Roger,*

VISIT OF PRIME MINISTER TO PORTUGAL

I enclose with this letter the record of the second session of plenary talks which were held with the Portuguese in Lisbon on Wednesday, 18 April.

I am copying this letter and enclosure to the Ambassador in Lisbon.

*Your ever  
John Gals.*

Roger Bone, Esq.,  
Foreign and Commonwealth Office.

10



CONFIDENTIAL



file JR  
re Sir P.C.

10 DOWNING STREET

*From the Private Secretary*

19 April 1984

*See above.*

VISIT OF PRIME MINISTER TO PORTUGAL

I enclose with this letter the record of the first session of plenary talks which were held with the Portuguese on Tuesday, 17 April.

I am copying this letter and enclosure to Richard Mottram (Ministry of Defence), Callum McCarthy (Department of Trade and Industry), Ivor Llewelyn (MAFF), Richard Hatfield (Cabinet Office) and to the Ambassador in Lisbon.

*you see*

*all bla .*

Roger Bone, Esq.,  
Foreign and Commonwealth Office.

*VC*



CONFIDENTIAL



Private Secretary

We spoke about Lynx Helicopters and you asked for a draft letter which you might send to Mr Heseltine's Private Secretary. This is below.

19 April 1984

H C Byatt

CONFIDENTIAL



DSR 11 (Revised)

CONFIDENTIAL

DRAFT: minute/letter/teleletter/despach/note

TYPE: Draft/Final 1 +

FROM:

Reference

MR COLES

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

Top Secret

Secret

Confidential

Restricted

Unclassified

PRIVATE SECRETARY OF  
MR HESELTINE

Copies to:

PRIVACY MARKING

SUBJECT:

..... In Confidence

CAVEAT.....

During her visit to Portugal from 17-19 April, the Prime Minister was impressed by the importance of trying to secure an order from the Portuguese Navy for Lynx helicopters to equip the three Kortenaer class frigates which are to be built under the NATO programme. You will remember that Mr Heseltine told the Portuguese Foreign Minister on 22 September last year in London of our grant of £5 million for the purchase of British equipment for this programme.

More recently the Portuguese have sent us a memorandum asking if we can make a further financial contribution towards the purchase of six Lynx helicopters which would be required for their three frigates when these are built. In their memorandum they suggest that our £5 million grant would be used for other as yet unspecified equipment. The Embassy understand that this may simply be a bargaining position and their real intention is to use the grant for the purchase of helicopters, getting from us some further assistance if possible. The Embassy's view is that it would not take much more to secure the order. They believe that Westlands should now be in a position to offer a much more attractive package based on the two Lynx helicopters originally ordered by Argentina which Westlands have in their possession for disposal following their claim on ECGD. If Westlands are to be successful it is the Embassy's firm conviction that their improved offer should be put in quickly.

Enclosures - flag(s).....

//HM Ambassador



CONFIDENTIAL

HM Ambassador at Lisbon has also recommended that the Portuguese Vice Prime Minister and Defence Minister, Professor Mota Pinto, should be invited by Mr Heseltine to spend a day in London fairly soon. I understand that there has been some concern in the Ministry of Defence that if Professor Mota Pinto were to be invited he would simply come "holding out a begging bowl" for further financial aid from HMG. The Ambassador believes that, on the contrary, what is now needed is a realistic discussion between two senior Ministers in order to establish firmly and precisely what we are now prepared to offer. The Prime Minister agrees that such a visit would be useful.

CONFIDENTIAL



2nd. Plenary Session

SUBJECT c. Master

RECORD OF A MEETING HELD AT THE SAO BENTO RESIDENCE AT 3.30 PM  
ON WEDNESDAY 18 APRIL 1984

---

PRESENT

Prime Minister  
HM Ambassador  
Sir Crispin Tickell  
Mr. A. J. Coles  
Mr. B. Ingham  
Mr. A. D. Brighty

Dr. Mario Soares  
Dr. Jaime Gama  
Dr. Antonio Marta  
Ambassador Hall Themido  
Dr. Bernardino Gomes  
Dr. Silva Marques  
Dr. Matos Proenca  
Dr. Nunes Barata  
Dra. Ana Barata

\* \* \* \* \*

Dr. Soares congratulated the Prime Minister on her speech to the British-Portuguese Chamber of Commerce.

He began with a review of Portugal's role in NATO, of which she was an active and founder member. The Alliance was central to Portuguese policies, and hard-headed. And Portugal's geo-strategic position was of value to NATO given the latent instability in North Africa. There was no serious peace movement, nor any anti-US feeling. Portugal had been immunised against the Communist danger by its experiences in 1974/75. This was different from Spain, where there was latent anti-Americanism and tepidity towards NATO.

Turning to African issues, he said that Portugal had tried to maintain close relations with the ex-colonies. In Mozambique, he noted that Samora Machel had had the courage to reject Marxist policies, because they had brought only chaos and starvation. Though once a Soviet ally, he now sought friends in the West and had even been willing to negotiate with South Africa. In Portugal's view, Machel deserved help from the West in his endeavour.



Angola presented very different problems. The MPLA Government had no strong leader, and there was the powerful indigenous UNITA resistance movement. Several countries helped UNITA though pretending to accept the MPLA pretensions to be the only Government of Angola. Portugal, as the former colonial power, had had to be cautious. Foreign Minister Gama had recently been to Luanda and had reported that the Portuguese Communist Party had been poisoning the minds of the MPLA Government against the Portuguese Government. But Portugal had excellent information about what went on in Angola, from the numerous remaining Portuguese residents there, and from the Catholic Church. The fact was that a collapse seemed imminent and the only way to avoid it was a compromise of the kind Machel had had the courage to make. Portugal believed there was a need to promote a compromise between MPLA and UNITA.

Turning to Sao Tome and Principe, Dr. Soares said that only recently Portugal had regarded them as "Soviet aircraft carriers" but they had a different view following the recent visit there by President Eanes and Dr. Gama. The islanders were fed up with the Angolan soldiers who maintained security [redacted] and would welcome /contact with the outside world. Portugal had accordingly decided to establish a direct airline link, though it would not be commercially viable.

As for Cape Verde there was a pragmatic and competent Government who had learnt to survive despite lack of resources. In nearby Guinea Bissau, the nationalist regime had moved away from Communist domination, and in Portugal's view the Government there needed more help to develop on non-Marxist lines.

East Timor still presented a real problem for Portugal. Following the Portuguese revolution, Portuguese radicals had promoted the FRETILIN Marxist orientated movement to seek independence. The neighbouring Indonesians had been unprepared to accept a Communist Government and had moved in with force.

[redacted] In Dr. Soares' view a settlement of the residual problems was possible within the UN context.



On Macau, Dr. Soares claimed that Portugal had a perfect understanding with China. Macau was "a territory under Portuguese administration" and no reference was made to the question of sovereignty. The Chinese were content with this and told the Portuguese to do nothing to change the present status. Portugal enjoyed friendly relations with China, and President Eanes was likely to visit Peking later this year.

The Prime Minister recognised that Portugal like the UK was strong in the defence of the US/Europe relationship. The Atlantic Alliance was Europe's shield and security. It was important to increase contacts with the US, and it might be sensible for Europeans to exchange information on what they heard when making high level contacts with the Americans. In a fast moving world, it was important to have a continuity of exchanges.

Referring to disarmament, she said that HMG wished to restart the multilateral disarmament process. The real problem was the underlying suspicions, and the unwillingness of the Soviet Union to believe that NATO was purely defensive.

On Africa, she referred to President Machel's recent visit to London, and agreed that it was right to support those Governments seeking to loosen ties with the Soviet Union. But it was also important not to forget the need to keep open lines of communications with the South Africans if we were not to lose influence with them.

Turning to Macau, she noted that what the Chinese had said to the Portuguese was quite different from what they said to HMG about Hong Kong. The Chinese objective was clear: to regain sovereignty of the leased territories, as well as the Kowloon Peninsula and Hong Kong Island. Speaking in confidence, she said that HMG had tried to do a bargain with the Chinese by offering the underlying sovereignty to China in exchange for keeping the administration of all three parts of Hong Kong.

/ In this



In this way the prosperity and stability of this extraordinary territory could be maintained, combining the advantages of British administration and Chinese character. But the Chinese did not welcome this proposal and argued that administration was a function of sovereignty. They had claimed to accept that the capitalist system should continue under their administration, but they did not understand the nature of a genuine free enterprise society with an independent legal system.

She referred to [redacted] rumours that the Portuguese Government had once offered Macau back to China, but the latter had refused this step. The story was that there existed a private written agreement on sovereignty between Portugal and China.

Negotiations over Hong Kong continued with the Chinese and it was still unclear what would be eventually agreed. The Foreign Secretary was visiting Peking and Hong Kong at that very moment.

Turning to Central America, she noted that Britain kept troops and Harrier aircraft in Belize to help in their defence. Britain had also sent observers to the Salvadorian elections, because the US had so requested.

Dr. Soares said that he had visited Nicaragua three times since the Sandinista revolution. He found it very like Portugal in 1975; a state of confusion coming under the increasing domination of the Communist Party. There was no doubt that the Cubans and Soviets had a very strong position in the country. The present Nicaraguan Government wished to use their dialogue with fellow European socialists as a democratic fig leaf. He noted that Olaf Palme had recently launched an appeal to justify the Nicaraguan elections. He himself had refused to sign this because he saw it as a blank cheque, and because he had little confidence in the authenticity of democratic processes in Nicaragua.

/He



He agreed with the Prime Minister that the US mining of Nicaraguan ports was unacceptable. It smacked a bit of Grenada, and could even help provoke more revolution. If other Western countries endorsed US action, there was a risk that they would be led to accept the Soviet concept of "limited sovereignty". In Dr. Soares' view, the only practical course in this unhappy situation was to give a greater measure of support to the activities of Commandant Pastora. The Portuguese had tried to do this.

The talks ended at 4.40 p.m.

A.J.C.

18 April 1984



E.R.

1st. Alanay Lessia  
SUBJECT c. Master

RECORD OF A MEETING HELD AT THE SAO BENTO RESIDENCE AT 3.30 PM  
ON TUESDAY 17 APRIL 1984

---

Present:

- |                     |                         |
|---------------------|-------------------------|
| Prime Minister      | Dr. Mario Soares        |
| HM Ambassador       | Prof. Mota Pinto        |
| Sir Crispin Tickell | Dr. Jaime Gama          |
| Mr. A.J. Coles      | Dr. Antonio Marta       |
| Mr. T.J. Flesher    | Ambassador Hall Themido |
| Mr. B. Ingham       | Dr. Bernardino Gomes    |
| Mr. A.D. Brighty    | Dr. Silva Marques       |
|                     | Dr. Matos Proença       |
|                     | Dr. Nunes Barata        |
|                     | Dra. Ana Barata         |

\* \* \* \* \*

Dr. Soares welcomed the Prime Minister. The UK and Portugal were old allies whose friendship was real not mere rhetoric.

He began with bilateral matters. There were few real problems. Portugal hoped for more foreign investment now that they were opening the economy and unscrambling some of the post-revolutionary nationalisations. Portugal would be happy to see another British bank open in Lisbon. He also hoped that it might be possible to increase textile exports to the UK, though he recognised there would be problems. He asked whether there might also be improved access for tomato paste and sardines (and made reference to the fact that Moroccan sardines at present enjoyed greater preference).

The Prime Minister agreed that the friendship was close and steadfast, and that the two countries shared similar views of the world. She accepted Dr. Soares' proposal that the talks should avoid detailed bilateral problems, leaving these to officials and diplomatic channels. But on textiles she warned that improved access would be difficult, since <sup>the UK</sup> had already done a great deal.

Dr. Soares gave a historical perspective of Portugal's development over the centuries. The long years of dictatorship this century had let Portugal fall behind the rest of Europe,

/ and



and the country had foolishly tried to hang on to its colonies while others had decolonised. As a result, the leadership in the former colonies had been trained by the Eastern Europeans and were initially hostile to Portugal despite past ties. The speed of decolonisations also led to domestic, economic and political problems in Portugal, particularly absorbing a million refugees from Africa. Now his Government were trying to restructure Portugal within a European framework for the first time in centuries.

Dr. Soares had personally sought to put the seal on this by seeking European Community membership in 1976, to reinforce the embryonic democracy. Portugal needed to change its perspective and transform its economy, all in a West European context. But the move towards the EC had gone very slowly. There had been kind words but few concrete steps.

When his present Government came to power last year, he confronted severe economic difficulties and in order to know how to direct the recovery campaign, he needed to know whether it would be within an EC context. Yet the Ten had still not yet given certainty that Portugal would join. He hoped that HMG would endorse the date of 1 January 1986 for membership, with the Accession Treaty being signed by this September.

Portugal had been bracketed with Spain, which was causing problems. He hoped that if Portugal were ready to sign its Treaty by September it might be possible for them to sign ahead of Spain so as to give psychological certainty to Accession. He said that Chancellor Kohl and President Mitterrand had already accepted this.

The Prime Minister welcomed Dr. Soares' analysis. Portugal and the UK were both outward looking peoples by history, but part of the geography and culture of Europe. It was important for democracy and stability in Western Europe that Portugal and Spain should join the EC, and the date would be 1 January 1986. She hoped that signature might be achieved this September, but warned that there might be difficulties in meeting this deadline.



Despite publicised difficulties, much progress had been made in basic reforms. EC Governments had preferred to avoid facing the problems because there was enough money to subsidise agricultural surpluses. The Community had only begun to consider reforms seriously when the money began to run out. The recent agreements on the CAP ~~only started to deal~~ <sup>were only a start in dealing</sup> with the problem of surpluses, but that was already something. On finance, she reviewed the background to the present arrangements and the change in 1970 before the enlargement of the original Six. This system now had to be changed on the basis of fairness and equity, and the system Britain now proposed would limit net contributions according to GDP per caput.

HMG's fight was to Portugal's advantage. It would be absurd for Portugal to become a net contributor as the present system would imply. And the new financial basis needed to be permanent.

On fisheries the Prime Minister recognised Portugal's problem and warned that there would need to be a hard fight to restrict access to waters off Madeira and the Azores. On agriculture she noted that long transitions were <sup>many categories of</sup> needed for Portuguese produce. HMG would do everything possible to help, whilst at the same time seeking to resolve the internal Community problems.

Looking ahead, the Prime Minister said there were three main objectives. The first was to preserve the Atlantic Alliance. Europe and North America had to stand shoulder to shoulder, and NATO was a necessary means to that end. Second, the ex-colonial powers in Europe - and Portugal and Spain would be among them - could have great influence with countries in the developing world in encouraging them towards a free society. Third, Western Europe could be influential across the East/West divide. She and Dr. Soares shared greater designs for Europe than a simple common market.

Dr. Soares thanked the Prime Minister and said he found this reassuring. He fully agreed that the great alliance was

/ that



that across the Atlantic. He invited Dr. Marta (Chairman of the European Integration Commission) to refer to points of difficulty over the EC Accession negotiations. Dr. Marta explained that the first problem was over the financial programme. Portugal would have problems in absorbing structural funds unless the Community could be flexible and understanding. Second, he noted that there was selfish opposition from within the Ten over access for Portugal's few competitive exports, such as wine, tomato paste and sardines. On fisheries he claimed that Portugal had tabled balanced proposals. Portugal had no ambition to fish in Community waters provided her present waters could be preserved. But the real problem would arise over Spanish fisheries, and the fact that Portugal's negotiations were seen in the context of the Spanish negotiation. On the social chapter, he observed that Portugal could not accept the "Luxembourg clause" whereby Portuguese workers were forbidden to change jobs for ten years.

Dr. Soares proposed the day's session be closed, thanking the Prime Minister for her contributions.

The talks ended at 4.40 p.m.

A. J. C.

18 April 1984



Subject  
Cluster Set

CONFIDENTIAL

cc So C Ticker JP  
1th Ambassador  
(Lisbon)



10 DOWNING STREET

(FROM LISBON)

From the Private Secretary

17 April 1984

Dear Roger,

The Prime Minister had a private lunch today in Lisbon with the Prime Minister of Portugal. The Deputy Prime Minister, Sr. Barata and I were present, together with an interpreter.

The Prime Minister described the latest situation at the Libyan Embassy in London. This led on to a general discussion of international terrorism and the Iran/Iraq situation. Nothing worth recording was said on either side.

There followed a brief discussion of Portuguese economic policy. Dr. Soares stressed that Portugal had opened up the banking system to private enterprise and he hoped that some British banks would establish offices in the country.

The bulk of the conversation was concerned with Central America and Southern Africa. On Central America, Dr. Soares said that he had given up the Nicaraguan regime as a lost cause. It was hopelessly Marxist Leninist. In his view the most promising point of support was Sr. Pastora who had been forced by the Sandinistas to leave Nicaragua but who was fighting his cause from outside. Portugal was giving him political but not military help and he was also receiving help from the French, Italian and other socialist parties. His headquarters were in Costa Rica and he had a good deal of support from moderate groupings in Latin America, especially Venezuela. He doubtless received American finance. Pastora had a chance of achieving popularity in Nicaragua since he "came from the revolution". The Contras had no such chance.

Western countries should not accept the validity of the Nicaraguan elections. Principal political leaders like Pastora were unable to participate. Some ten days ago he had been shown a "declaration of hope" in the Nicaraguan elections which a number of European socialist leaders, including Mr. Kinnock, had signed. But he himself regarded the declaration as a farce and he would have nothing to do with it.

Portugal had sent observers to the first round of the El Salvador elections. It was perfectly possible to maintain a distinction between the electoral process in El Salvador, which was genuine, and that in Nicaragua.

/ In a comment



In a comment on French policy, he said that France pursued a perfect anti-Soviet course except in Latin America - and also in Africa where it practised double standards.

The Prime Minister then invited Dr. Soares to comment on Angola. In her view Savimbi was a force to be reckoned with. Dr. Soares agreed but said that Portugal would have to be the last country to say so in public. He recalled organising a conference in Lisbon in 1975 which was attended by the three main political movements in Angola. After they had reached agreement on Angolan independence, the Portuguese officers had opted for the MPLA and this had given them victory. Civil war had followed. South Africa helped UNITA and reached the gates of Luanda. This had brought the Cubans into Africa. With Soviet and Cuban help, the MPLA had pushed UNITA back. Now UNITA as a movement controlled one third of Angola. The MPLA controlled another third in the north. And the remaining third was a no-man's land.

Recently the MPLA had reached agreement with South Africa. So the south of Angola which had been in South African hands since independence would now be evacuated by South African troops. SWAPO remained very active in this area.

He was not convinced that UNITA would come to share power in Angola. If the Cubans left, most of the MPLA would collapse and the rump would be obliged to share power. He could not say any of this publicly.

In response to a question he said that he was not worried about the safety of the Portuguese community in Angola. They numbered only about 30,000 and were scattered and well integrated.

South African policy had been very clever. They had linked their own withdrawal to Cuban withdrawal. But if the Cubans left, the MPLA would dissolve.

The Prime Minister then gave a brief account of the negotiations leading to the independence of Zimbabwe. Mugabe was an honest man, not interested in the lush life. Muzorewa, on the other hand, would have accepted offers from all quarters. President Machel of Mozambique had been instrumental at a crucial stage in persuading Mugabe to accept the Lancaster House agreement. Machel had visited London last year and had been a great success. He had a strong personality and little love for the Soviet Union. He had been received as a helpful head of government and friend and this had rather surprised him. He had returned to Africa a different man. It was worth helping him to free himself from the Soviet Union, though that was a difficult process.

Later in the year she had had a long talk with Mugabe about the fate of the British air force officers in Zimbabwe. It had been agreed that she would not criticise Mugabe in public and that he would accept the recommendations of an independent tribunal in respect of the officers. All this had been implemented. In sum she felt that in Africa there were two people - Mugabe and Machel - to whom she could talk. Since then Machel had reached a remarkable agreement with South Africa.

/All this



CONFIDENTIAL

- 3 -

All this left Angola. If we could get the Cubans out in a reasonable way we should have solved a long-term strategic problem for the West. But there was a lot to lose from one false step.

Dr. Soares said that Machel had deeply appreciated his visit to the United Kingdom and his talk with the Prime Minister. He was getting a crash course in evolution. The Prime Minister said that he was a promising pupil. Dr. Soares cautioned that perhaps the evolution process was too speedy. Machel had received David Rockefeller in Maputu yesterday and had sung praises of Reagan in a public speech. He feared that Machel might come to be killed by the Russians. There was a great deal at stake. We must realise how important Machel was. If he did not receive outside help he could be submerged by events in Mozambique. He badly needed food, drugs, and technical assistance. Portugal had provided \$2,800,000 last year.

Portugal would receive the South African Prime Minister on 30 and 31 May. A stable relationship with South Africa was important. There were 600,000 Portuguese living there.

The Prime Minister agreed that the West must help Machel. Dr. Soares said that so far the Russians had not taken particularly aggressive action against him. They were tending to chide him with the thought that despite his volte-face he would receive no help from the West.

*Yours ever  
Bob Colson.*

Roger Bone, Esq.,  
Foreign and Commonwealth Office.



"DIÁRIO DE LISBOA"

17. 4. 84

Primeira Edição.

(overnight box).

ml

A.J.C. 1/4.

*Armas nucleares também na agenda*

# Thatcher e Soares: encontro em S. Bento

À sua chegada ao fim da manhã a Lisboa, a primeira-ministra britânica, Margaret Thatcher, disse estar entre nós, também, na qualidade de membro da Comunidade Económica Europeia, significando assim a sua vontade de apoiar «a corrida portuguesa para a CEE».

A primeira-ministra britânica almoçou já com Mário Soares, depois de ter sido recebida no aeroporto pelo Primeiro-Ministro português, por Mota Pinto e Jaime Gama, este regressado antecipadamente do Canadá.

A questão do equilíbrio militar entre Leste e Oeste faz também parte da «bagagem lisboeta» de Margaret Thatcher



On arriving in Lisbon this morning, the British PM, Mrs Margaret Thatcher said she was visiting Portugal also in her capacity as member of the EC.

Mrs. Thatcher expressed her support for the run for Portugal's accession to the EC.

The British PM had lunch with Mário Soares. She was met at the airport by the Prime Minister Mário Soares, by Mota Pinto and Jaime Gama, who advanced his return from Canada.

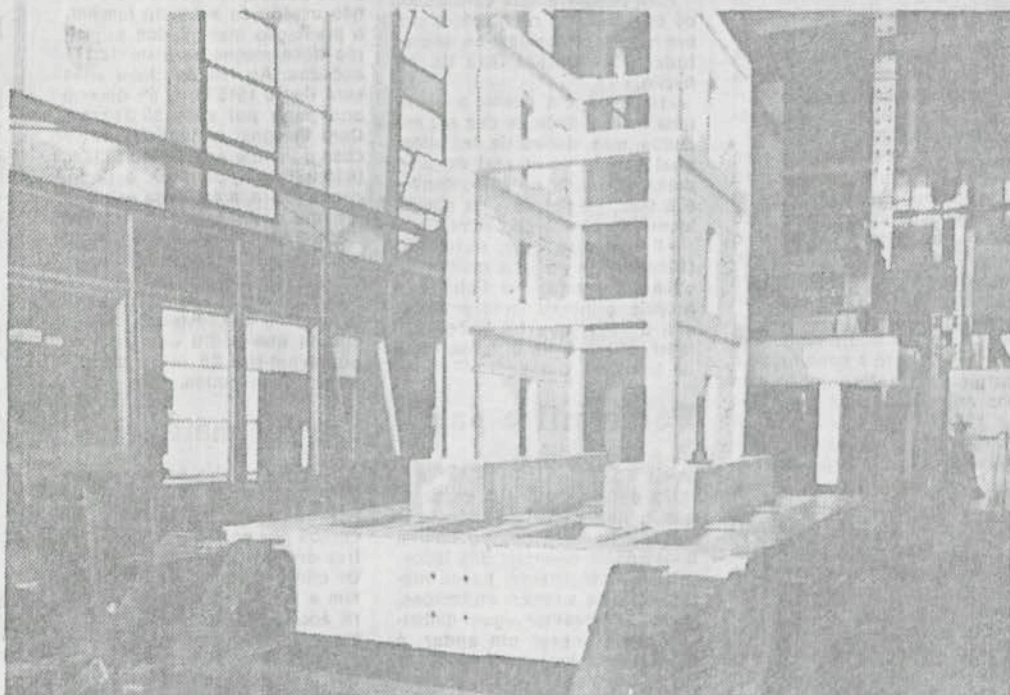
The question of military balance between East and West is expected to be discussed in Lisbon.



"CAPITAL"  
17. 4. 84

EQUIPAMENTO OFERECIDO PELA GRÃ-BRETANHA

## ENSAIO SÍSMICO EM LABORATÓRIO



A mesa de ensaios sísmicos do Laboratório Nacional de Engenharia Civil está pronta para uma experiência na presença de Margareth Thatcher

A primeiro-ministro britânica, Margáret Thatcher, assiste, amanhã, a um ensaio sísmico preparado nas instalações do Laoratório Nacional de Engenharia (L. N. E. C.).

Trata-se de uma espécie de homenagem ao Governo da Grã-Bretanha que ofereceu, recentemente, equipamento sofisticado ao L. N. E. C., nomeadamente actuadores hidráulicos com dois movimentos horizontais e um vertical para ensaios sísmicos.

«O equipamento oferecido pela Grã-Bretanha chegou em Dezembro do ano passado; com ele podemos dar um bellissimo passo em frente», disse a «A Capital» um técnico do L. N. E. C.

Segundo fonte autorizada, a visita de Margaret Thatcher ao Laboratório Nacional de Engenharia Civil foi incluída no programa da visita por sugestão do embaixador da Grã-Bretanha em Lisboa.

Efectivamente, aquele diplomata esteve, no mês passado, nas instalações do L. N. E. C para tomar conhecimento dos trabalhos da instalação do equipamento oferecido pelo seu Governo.

The British Prime Minister will visit the LNEC tomorrow and will be present at an earthquake trial.

The British Government offered advanced equipment to LNEC last December. The visit to the National Civil Engineering Laboratory has been arranged following a suggestion by the British Ambassador to Lisbon.



"A TARDE"

17. 4. 84

## Thatcher traz advertência sobre a factura da CEE

A sra. Margaret Thatcher que hoje chegou a Lisboa, dando início à sua primeira visita oficial a Portugal, advertiu ainda em Londres que a adesão do nosso país à CEE poderá significar que iremos pagar mais do que receberemos, tal como aconteceu à Inglaterra.

Em entrevista à NP, o primeiro-ministro britânico disse que vinha a Portugal não só para reactivar a mais velha aliança do mundo mas também para discutir a adesão de Portugal à CEE, sublinhando que considera ser «totalmente errado» que Portugal, tal como a Grã-Bretanha, passe a ser um contribuinte positivo no orçamento da Comunidade. «Penso que os países que têm um rendimento 'per capita' abaixo do normal — frisou a sra. Thatcher — não deviam ser contribuintes positivos, mas sim beneficiadores positivos.»

«Lamento que esse ponto de vista — acrescentou — não seja aceite por toda a Comunidade, mas continuarei a lutar pelo que penso ser a única maneira justa de financiar a CEE.»

Margaret Thatcher afirmou também que considera ser «absolutamente vital para a Europa e o Ocidente que as democracias da Europa se unam dentro da Comunidade».

«Quando se concluir a entrada de Portugal e Espanha na CEE, teremos uma grande área de estabilidade e democracia» — disse a sra. Thatcher, lembrando que, paralelamente, «do outro lado do Atlântico, os Estados Unidos e o Canadá representam também uma enorme área de democracia».

A primeiro-ministro britânica frisou a necessidade de um «extenso período de transição» para a adesão efectiva de Portugal à CEE, destacando como motivo essencial o elevado número de portu-  
ses que se movimentam pela Europa e considerou que o «dossier» das pescas é «dos mais difíceis de negociar».

Referindo-se à mais velha aliança do mundo, entre Portugal e Inglaterra, Margaret Thatcher disse ter ficado «verdadeiramente surpreendida» ao saber que a sua visita a Portugal é a primeira de um primeiro-ministro britânico, em várias décadas.

Interrogada sobre se a Grã-Bretanha iria auxiliar Portugal, aumentando as quotas de importação de têxteis, o primeiro-ministro referiu que o mercado britânico «é sem dúvida o melhor para os têxteis portugueses».

«Creio que importamos cerca de 50 por cento dos têxteis que Portugal exporta» — disse, notando que se trata de «uma quantidade muito importante, sobretudo frente aos problemas que enfrentamos na nossa própria indústria têxtil».

Mrs. Thatcher arrived in Lisbon today. She said yesterday in London that Portugal's accession to the EC could mean that Portugal would be paying more than it will receive, just as happens with Britain.

The newspaper reports Mrs Thatcher's interview to NP in London.



# NATO E CEE «TRAZEM» THATCHER A LISBOA

A primeira-ministra britânica, Margaret Thatcher, chegou a Portugal à hora de encerramos a presente edição. Hoje à tarde e nos próximos dois dias, a estadista, que elogia «a firmeza» com que está a ser conduzida a nossa política económica, tem um programa intenso, o qual se inicia com um encontro, ainda antes de almoço, com Mário Soares e Mota Pinto.

À tarde, na Assembleia da República, Margaret Thatcher discursará no salão nobre, sendo de prever que se refira a alguns dos pontos abordados na entrevista que ontem concedeu à RDP-1.

A William Gilman, correspondente daquela emissora em Londres, a primeira-ministra britânica declarou que a Grã-Bretanha e Portugal devem tentar influenciar o Terceiro Mundo e demonstrar que o modo de vida ocidental é «o melhor que existe», e mostrou-se particularmente interessada nesta deslocação devido à esperada entrada de Portugal na CEE.

Margaret Thatcher disse também que, além de tencionar discutir com as autoridades portuguesas problemas de interesse bilateral, também abordará questões ligadas às relações Leste-Oeste.

Em matéria de desarmamento, a primeira-ministra britânica defendeu a posse de armas nucleares como sendo «a melhor maneira que o mundo já conheceu de impedir uma guerra». Classificou Portugal como um membro extremamente importante da NATO.

«Tudo quanto pudermos fazer para melhorar a nossa eficiência conjunta como membros da NATO — disse — tanto melhor, porque a NATO é a

nossa segurança e o nosso escudo.»

Thatcher recordou as facilidades concedidas por Portugal às forças britânicas na Madeira e Açores durante a II Guerra Mundial e a Guerra das Malvinas.

Em matéria de cooperação económica, recordou que a Grã-Bretanha «é de longe o melhor mercado para os têxteis portugueses» e garantiu que vai dizer aos homens de negócios britânicos que não estão a explorar todas as oportunidades que Portugal oferece em outros ramos.

Referiu ainda a entrada de Portugal na CEE, defendendo que os países que têm um nível de vida abaixo do normal, nos quais incluiu Portugal, devem ser beneficiados e os que têm um nível de vida acima do normal contribuintes. Para Thatcher, é necessária «uma divisão mais justa dos encargos do financiamento da Comunidade».

A primeira-ministra britânica teve palavras de elogio para com a política financeira do Governo português, que disse estar a actuar nesta matéria «com a firmeza necessária».

Aludiu à velha aliança entre Portugal e a Grã-Bretanha e disse vir em busca «das últimas manifestações de amizade, porque entre os dois países, sublinhou, «existe grande harmonia».

«Vamos procurar descobrir — afirmou — a melhor maneira de cooperar dentro da Comunidade Europeia e tentar resolver alguns problemas que ainda existem.»

Thatcher defendeu o modo de vida ocidental de Portugal e da Grã-Bretanha, afirmando tratar-se de democracias livres e justas. «Devemos contestar qualquer alternativa a este sistema», salientou, manifestando



Margaret Thatcher

o desejo de influenciar neste sentido o Terceiro Mundo. Para tal, Thatcher recordou o grande

conhecimento que os dois países têm do Terceiro Mundo e em particular de África.

## Ambiente «quente» em Londres

A primeira-ministra britânica, que amanhã de manhã visita o LNEC, a Câmara de Lisboa e

que almoçará no Hotel Ritz, convidada pela Câmara de Comércio Luso-Britânica, posto o

que terá novo encontro com o primeiro-ministro português, deixou Londres em vésperas de uma reunião do Sindicato dos mineiros que poderá abrir caminho para uma greve nacional do sector que provocou a crise laboral dos anos 70 que levou à queda do Governo Heath, abrindo caminho à subida de Thatcher à chefia dos conservadores.

A recordação destes acontecimentos levou Thatcher a adoptar, no seu primeiro mandato, uma atitude de não confrontação com os sindicatos, atitude que parece ter mudado.

O Governo tem enviado a Polícia para proteger os fura-greves, em diversas minas espalhadas pelo país e paralisadas há seis semanas, e Thatcher diz que as greves — em protesto contra planos para despedimentos e encerramentos de minas, não rendíveis — têm motivações políticas.

O líder dos mineiros, Arthur Scargill, que não esconde a sua antipatia pela chefe do Governo, tem vindo a preparar terreno para uma greve nacional, que poderá ser convocada depois de uma reunião marcada para quinta-feira, dia em que a primeira-ministra deixa Portugal.

Durante a sua visita ao nosso país, Thatcher tem outra fonte de preocupações, motivada pela oposição ao seu plano de extinção do GLC, a entidade coordenadora da autarquias londrinas. O Parlamento já aprovou, em princípio, a decisão do Governo, mas pela terceira vez nos últimos meses, vários deputados conservadores, incluindo Francis Pym, ministro dos Estrangeiros no primeiro governo Thatcher, e Edward Heath, votaram com a oposição.

Diário Popular  
17.4.84



Mrs Thatcher arrived in Lisbon this morning. She has praised the "firmness" of the Portuguese Government in conducting its economic policy. She will have a very busy programme which includes a meeting with Mário Soares and Mota Pinto, a visit to the Assembly of the Republic.

The newspaper then quotes Mrs Thatcher's statements in her interview to the RDP correspondent in London.

She will visit the LNEC tomorrow, the Lisbon Town Council and will be given a lunch at the Ritz by the British/Portuguese Chamber of Commerce. She will have a further meeting with the Prime Minister Mário Soares.

Mrs Thatcher left London before a meeting of British trade unions of miners which may open the way for a national strike of this sector.

This sector caused the labour crisis of the 70's which led to the fall of the Government of Edward Heath, opening the way for Mrs Thatcher to take over the leadership of the Conservative Party.

The memory of these events has made Mrs Thatcher to take an attitude of non-confrontation with unions. But this attitude seems to have changed. The Government has sent police to protect those who do not join the strikes and Mrs Thatcher claims that the strikes have political motives. The leader of the miners, who is not fond of the British Prime Minister, has been planning a national strike which could be called after a meeting scheduled for Thursday, when Mrs Thatcher is due to leave Lisbon.

Mrs Thatcher has also been concerned about the opposition to her plan to extinguish the GLC.



"CAPITAL"

17. 4. 84

## RENASCE A MAIS VELHA ALIANÇA

# THATCHER EM LISBOA PARA VISITA DE TRÊS DIAS

A primeira-ministra britânica, Margaret Thatcher, que chegou hoje ao fim da manhã a Lisboa, iniciando uma visita oficial de três dias a Portugal, faz esta tarde um discurso no salão nobre do Parlamento, onde é recebida por uma representação de todos os partidos.

Logo após a chegada a Lisboa, Margaret Thatcher teve um encontro com o Primeiro-Ministro Mário Soares e vice-primeiro-ministro Mota Pinto, na residência oficial de São Bento, onde almoçou, seguindo-se uma reunião de trabalho das duas delegações.

É qualificado também de «importante» o discurso que a primeira-ministra britânica pronunciará esta noite, no Palácio da Vila de Sintra, durante um banquete oferecido por Mário Soares, a que assistem 90 convidados.

Como assuntos centrais deste discurso, apontam-se a entrada de Portugal na C.E.E. e a aliança de Portugal com a Grã-Bretanha, «dois países da N.A.T.O. estreitamente unidos». Thatcher agradecerá, por outro lado, ao Governo de Lisboa, a ajuda logística e política por ele concedido aquando da guerra das Malvinas — afirmou fonte governamental londrina.

Também em Londres, numa entrevista concedida ao correspondente da N.P. naquela cidade, William Gilman, Margaret Thatcher declarou que «o renascimento de um velho interesse por Portugal e a próxima adesão do País à C.E.E. constituem as duas razões principais da sua visita».

Adiantou que haveria a discutir com os dirigentes portugueses alguns problemas bilaterais, «embora não haja muitos problemas entre nós», e «a questão mais vasta das relações Leste-Oeste».

### «Vital para a democracia»

Para além da reactivação da mais velha aliança do mundo, a senhora Thatcher destacou como tema de discussão em Lisboa a adesão de Portugal à C.E.E., sublinhando ser «totalmente errado» que Portugal, como a Grã-Bretanha, passe a ser um contribuinte positivo ao orçamento da Comunidade.

«Penso que os países que têm um rendimento "per capita" abaixo do normal não deviam ser contribuintes positivos, mas sim beneficiadores positivos», afirmou.

«Lamento que esse ponto de vista não seja aceite por toda a Comunidade, mas continuarei a lutar pelo que penso ser a única maneira justa de financiar a C.E.E.», acrescentou.

A primeira-ministra britânica considerou ser «absolutamente vital para a Europa e o Ocidente que as democracias da Europa se unam dentro da Comunidade».

«Quando se concluir a entrada de Portugal e Espanha na C.E.E., teremos uma grande área de estabilidade e democracia», acrescentou, recordando que «do outro lado do Atlântico, os Estados Unidos

e o Canadá apresentam também uma enorme área de democracia».

Margaret Thatcher referiu-se também ao êxito da luta contra a inflação na Grã-Bretanha, dando como receita «insubstituível» uma disciplina financeira muito estrita.

Sobre as relações Leste-Oeste, a primeira-ministra britânica considerou os mísseis de cruzeiro norte-americanos que começaram a ser instalados na Grã-Bretanha como «armas nucleares defensivas absolutamente vitais para o Ocidente».

### Programa

Margaret Thatcher visita amanhã, de manhã, o Laboratório de Engenharia Civil e a Câmara Municipal de Lisboa e, após um almoço no Hotel Ritz oferecido pela Câmara de Comércio Luso-Britânica, tem um novo encontro com Mário Soares, seguindo-se uma reunião de trabalho das duas delegações. Às 16.45 horas, visita a Fundação Gulbenkian e oferece à noite um jantar na Embaixada da Grã-Bretanha.

Na quinta-feira, a primeira-ministra britânica desloca-se ao Porto, onde haverá uma sessão de boas-vindas na Câmara daquela cidade e um almoço no Palácio da Bolsa, visitando caves de vinho do Porto. De regresso a Lisboa, dará uma conferência de imprensa, às 18.30 horas, no Palácio Foz e, após audiência com o Presidente Ramalho Eanes, embarca no Aeroporto da Portela, para Londres.

The British PM arrived in Lisbon this morning at the start of a three day official visit to Portugal. She will address the Parliament this afternoon and will meet parties' representatives.

She has met with the Prime Minister and Deputy Prime Minister at S. Bento, where she had lunch followed by a working meeting.

She is expected to make an important speech at Palacio da Vila in Sintra, which will concentrate on Portugal's accession to the EC, the Alliance between the two countries. She is expected to thank the Portuguese Government for the support in the Falklands crisis. The newspaper then goes on to quote Mrs

Thatcher's statements during an interview with William Gilman in London.



SPEECH GIVEN BY THE PRESIDENT OF PORTUGAL'S NATIONAL ASSEMBLY,  
ENG. TITO DE MORAIS ON THE OCCASION OF THE "SESSAO SOLENE" FOR  
THE BRITISH PRIME MINISTER, THE RT HON MARGARET THATCHER FRS MP,  
17 APRIL 1984.

"Madame Prime Minister,

You have come to our country at the invitation of the Portuguese government and have given us the honour of visiting our Parliament. With such distinction, allow us to offer to Your Excellency, in the name of the Portuguese people whom we represent, our most respectful words of welcome.

Portugal and the United Kingdom have been united by ties of friendship and cooperation since the 14 Century, that is already for over 600 years. Your Excellency's presence today in our House shows that the spirit which made Edward III of England and King Don Ferdinando of Portugal to sign on 16 June 1373 a Treaty of friendship, defence and reciprocal support - this same spirit - still exists unchanged, despite the currents of history. This Treaty was the corollary of the merchantile charter signed in 1303 by Edward I, which gave certain privileges to Portuguese merchants, and which in its turn was reinforced in 1308 by an agreement between Edward II and Don Diniz. This Treaty itself was reinforced by the Treaty of Windsor in 1386 and was "sanctified" in 1387 by the marriage of Don Joao I with Filippa of Lancaster, a noble and cultured, if austere lady, who has never been forgotten in Portuguese history.

This short historical description of remote examples of friendship and cooperation between our two countries - in contrast to the periodic rivalries between other nationalities such as, for example, between England and France and Portugal and Castile - leads to the present time when perhaps more than ever, those responsible for the destinies of our countries must combine their efforts with a view to international detente, in the face of the political, social and economic situation which worries all of us greatly.

/It



It is this process of detente that the Portuguese and Spanish objective of joining the European Communities must be viewed, as an external expression of determination that a united democratic Europe will constitute a factor of major importance for the safeguarding of peace and progress in the world.

In this respect the support already assured by your government leads to the conclusion that the date set for our full integration into the European Community will be maintained and consequently, all remaining difficulties will be overcome.

Madame Prime Minister, your presence in this House as a representative of a country which is justly proud of possessing one of the most famous ancient and prestigious Parliaments in the world is a great honour for our Parliament."



PRESIDENCY OF THE COUNCIL OF MINISTERS

OFFICE OF THE PRIME MINISTER

SPEECH

BY THE PRIME MINISTER OF PORTUGAL, DR MARIO SOARES, AT A DINNER  
IN HONOUR OF THE PRIME MINISTER, THE RT HON MARGARET THATCHER,  
AT THE PALACIO DA VILA DE SINTRA, 17 APRIL 1984

Prime Minister,

It is a great honour, for me, on behalf of the people and Government of Portugal, to extend to you, Madame Prime Minister, my warmest welcome and to express the deep admiration of the Portuguese nation for your country. I am also particularly happy to be the host to the first British Head of Government to pay an official visit to Portugal. As a democrat, and as a politician who believes in the values on which free regimes are based, I want to salute the British people for the dignity with which they practise the fundamental values of freedom, justice and parliamentary systems, which inspire modern democracies. I also want to pay homage to you, Prime Minister, for your determination, your firmness and your undeniable statesmanlike qualities.

Prime Minister, it may be surprising that, despite a firm alliance over 600 years old between our two countries, this is the first official visit to Portugal by a British Prime Minister. However, we know that the best friends are often not those who visit each other most frequently, and that the understanding and friendship that have been established

/between us

*p.a on file*  
*AN 17/4.*



between us over the centuries, do not need to be reaffirmed regularly by visits of this nature, because they are so sure. On the other hand, there have been contacts between leaders of our two countries, in particular the visit to Portugal by Her Majesty Queen Elizabeth II, and the visit to Britain by the President of the Republic of Portugal. However, we thought that the visit by the British Prime Minister was particularly important at this specific moment. This gap is now superbly remedied with your presence among us.

Prime Minister, the British/Portuguese alliance has endured along the centuries through the vicissitudes of historic development and the political changes undergone by both our countries. This proves that the Alliance is responding to deep needs turning it into a permanent feature of the foreign policy of our countries. Today, more than ever, democracy having been restored in Portugal, after a long and unremitting struggle against dictatorship, the conditions have been created so that our relations can be extended and strengthened in order to reinforce the ties that bind us, based on a continually growing common experience. Therefore it is important to revive the spirit of the old alliance, which is not incompatible with the commitments of both countries in a wider international context, and which may even help to achieve a better reciprocal understanding of

/the problems



the problems we have to face, in the urgent efforts which Europe is making to become more united, and in support of our joint interests and intentions, sharing as we do the same ideals of freedom and justice. We were united in the past to defend our territories against expansionist threats and to safeguard our identity as independent and sovereign nations. More recently, already in this century, Great Britain has benefitted from our support - although weakened by the authoritarian ideological prejudices of our former regime and by the calculated nature of the gesture which is foreign to all democrats - but which, nevertheless, was somehow important in the defence against the Hitlerian madness - an awful memory. The adversaries of today are different, but this does not make it less important for us to join together once again, as the threats against the democratic system which we share are not lesser, nor are the aspirations for world determination less frightening. The interdependence, which is an undeniable rule of international life today, requires us to fight against excessive isolationism, and nationalistic protectionism, against the selfish tendency of men and nations. Our future can only be built on solidarity, our strength can only be founded on unity, and the indispensable means to ensure prosperity and social justice can only be built through progress.

/Having



Having emerged from a long period of isolation, Portugal is well aware of the backwardness which falls to those who deny the trends of History and try to avoid making the necessary contribution to the common effort, which is also a requirement of living peacefully together. Therefore today we want to join the Europe which is now being established and we are certain that it will bring a guarantee of a future lived with greater solidarity and, through it, a fairer distribution of collective wealth and greater prosperity to all those who make their contribution towards it. The United Kingdom has, since the beginning, supported Portugal's accession to the European Economic Community. I want to stress this fact here and to make a supplementary effort to remove once and for all the few obstacles which still hinder and delay the clear definition of a position. We know how difficult it is sometimes to reconcile interests or to overcome strong habits and prejudices of any kind. But it is to be hoped that the political leaders will have the courage to eliminate major obstacles and contribute by their example towards the victory of the European spirit which History, despite all the difficulties, defined and implemented. Portugal believes that your Government, and the courage with which it has previously shown in face of difficult situations, will put the defence of those values above all considerations of other kinds and thus help the European Community find the indispensable means for the revival of Europe that is a task of the utmost urgency.

/Prime



Prime Minister, in view of the centuries old relationship that our two peoples have had with peoples from other continents, through their history, we are in a better position to understand other peoples' problems and it is our duty not to ignore them and to help in finding a solution to them. My Government has followed closely the developments in Southern Africa and is happy that it has finally been possible to establish an atmosphere of dialogue favourable to peace and progress, which may bring about important benefits for the peoples in that part. This development, which good sense has ultimately produced, needs to be supported, so that it may lead to a new momentum for understanding among races which is indispensable to progress and peace in Southern Africa. On the other hand, there are situations of flagrant violation of the most elementary human rights, which create moral misery and may be the origin of violent conflicts in the future. The situations of hunger, ignorance and deprivation, which characterise the backward South, and which were discussed in detail at the Conference promoted by the Council of Europe in Lisbon, need to be prevented. Europe will have to be, once again, the vanguard force in this new struggle to defend higher moral values and a new global balance. In order to achieve this, Europe must quickly overcome its internal differences and gain a new impetus so that it may become an audible voice for international consensus, which today is the province only of the superpowers.

/Prime Minister,



Prime Minister, if we do not want the bilateral relations between our two countries to enter a phase of stagnation, they must be viewed anew in the light of the future that we will share within the EC. We must revive our trade, eliminating all the obstacles that still exist; we must develop our industrial and technological cooperation, now that the mechanisms and conditions favourable to foreign investment in Portugal have been created; we must increase the flow of tourists which for a long time has played an important role in the mutual understanding between our two peoples; we must promote cultural exchange so that the existing barriers limiting understanding may disappear, particularly among the younger generations. All this can be more easily achieved, I am sure, if there is on the part of our two Governments the common will and political determination to move forwards without prejudices and with a true spirit of solidarity. I can reassure you now that this is the firm determination of my Government.

The fact that our two Governments share views on major international problems and on the way to search for their solutions, makes the relationship between us easier. Therefore I think that the joint work to be carried out in the future in the context of a more regular political consultation, will be very fruitful. We support peace in freedom and justice, we support simultaneous disarmament involving negotiations, which can only be achieved in a  
/sincere



7.

sincere atmosphere of dialogue. During your recent visit to Hungary, Prime Minister, you said that "it is not the time to leave empty chairs in Geneva. It is a time to talk, to negotiate and to produce results". I fully agree with this position because I know how deep is the concern shared by all thinking men who have constantly lived under the nuclear threat since the last War. The atmosphere of the forthcoming Stockholm Conference may offer an important opportunity to judge whether there is a true desire to control the arms race. However, any agreement to be made in that Conference should not be considered as an alternative to the negotiations which should be resumed in Geneva and Vienna. Only these negotiations can produce results which can revive among all peace-loving peoples hope for a better world, freer and more united.

Prime Minister, I want to renew my welcome and wish that you and your party leave Portugal with the image of a Nation that wants to make its contribution today, as it has done throughout its long history, towards the expansion of European ideals and towards the reinforcement of the values which gave our continent the moral strength everyone recognises in it, and which have to be preserved and continued.

/I ask everyone



I ask everyone present to join me in a toast to

Her Majesty Queen Elizabeth II,

To your personal happiness, Prime Minister, and

To the future of relations between our two  
countries.





JP  
Rte  
cc Sir P.C. ✓

10 DOWNING STREET

*From the Private Secretary*

16 April 1984

Following our conversation the other day, you may like to know that the Prime Minister read with considerable interest the historical note provided by Research Department for her visit to Portugal, and told me this morning that she thought it excellent.

A. J. COLES

Sir Antony Acland, KCMG, KCVO.

✓





Foreign and Commonwealth Office

London SW1A 2AH

16 April 1984

*John Lee*

*M 17/4*

*h.c.*

Prime Minister's Visit to Portugal: Portuguese Accession to the  
EEC

You will wish to know that, since the Prime Minister's brief on EC/Portugal (Brief No 4 (Revised) was prepared, the Portuguese tabled on 13 April in Brussels a detailed declaration on agriculture, in response to the Community's declaration of November 1983.

The first indications from Brussels are that the declaration is in a number of respects unrealistic. But it is 136 pages long and the full text is not yet available here. If the subject arises, there should be no need for the Prime Minister to say more than that we are glad that the Portuguese have come forward with a detailed statement and that we shall need time to study it carefully.

As you will have seen, Lisbon telegram number 001 (sic) of 14 April confirms that in the discussion of Community issues the main Portuguese interest will be in hearing the Prime Minister's own account of the prospects in the general post-Stuttgart negotiations.

I am copying this letter to Ivor Llewellyn (MAFF) and to Richard Hatfield (Cabinet Office).

*John Lee*

*R B Bone*

(R B Bone)  
Private Secretary

A J Coles Esq  
10 Downing Street



16 APR 1984

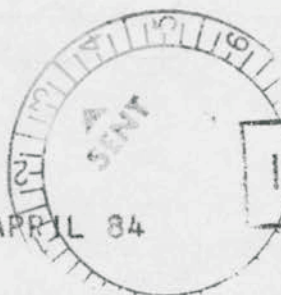


UNITED STATES POSTAL SERVICE  
WASHINGTON, D.C. 20540



CONFIDENTIAL

DESKBY 141400Z



IMMEDIATE

FM LISBON 141230Z APRIL 84

TO IMMEDIATE FCO

ADVANCE COPY

TELEGRAM NUMBER 001 OF 14 APRIL

HJ/Sed  
HJ/Protocol

Sir J. Bullard

R. JENKINS

~~No 10~~ J. ST

PRIME MINISTERS VISIT TO PORTUGAL

[Ref]

1. I SAW BOTH DR MARIO SOARES AND DR JAIME GAMA FOREIGN MINISTER THIS MORNING (13 APRIL). THEY CONFIRMED THAT AT THEIR TALKS WITH THE PRIME MINISTER, UNDER THE INTERNATIONAL HEADING, THEY WOULD LIKE TO DISCUSS:-

M 12/4

h.c.

I EUROPEAN COMMUNITY AFFAIRS. THEY WERE PARTICULARLY ANXIOUS TO OBTAIN DIRECTLY FROM MRS THATCHER AN UP-TO-DATE DESCRIPTION OF THE BRITISH POSITION.

II OUTLOOK FOR NATO.

III AFRICA, PARTICULARLY SOUTHERN AFRICA.

IV EAST-WEST.

V LATIN AMERICA WITH EMPHASIS ON CENTRAL AMERICA.

VI GIBRALTAR AND HONG KONG.

2. I TOOK THE OPPORTUNITY TO CARRY OUT INSTRUCTIONS IN YOUR TELNO 279 TO PARIS CONCERNING RELATIONS WITH ARGENTINA. SOARES SAID HE WAS MOST GRATEFUL TO HAVE BEEN BRIEFED. HE WOULD NOT HIMSELF RAISE THE QUESTION WITH MRS THATCHER BUT WOULD OF COURSE BE VERY INTERESTED TO HEAR HER VIEWS SHOULD SHE HERSELF WISH TO RAISE THE MATTER.

3. UNDER BILATERAL UNDERLINED I SAID THAT I KNEW THE PRIME MINISTER WOULD WANT TO DISCUSS THE QUESTION OF OUTSTANDING COMPENSATION CASES WHICH SHE HAD RAISED WITH DR GAMA IN LONDON ON 22 SEPTEMBER LAST YEAR.

4. GAMA INDICATED THAT PORTUGUESE SIDE WOULD WANT TO TALK ABOUT THE NATO FRIGATE PROGRAMME AND THE USE TO WHICH THE



~~4. GAMA INDICATED THAT PORTUGUESE SIDE WOULD WANT TO TALK ABOUT THE NATO FRIGATE PROGRAMME AND THE USE TO WHICH THE BRITISH CONTRIBUTION SHOULD BE PUT. HE MENTIONED PORTUGUESE HOPES THAT IT WOULD BE POSSIBLE TO PURCHASE LYNX HELICOPTERS.~~

5. NOTHING WAS SAID SPECIFICALLY ABOUT TRILATERAL COOPERATION BUT, AS ALREADY REPORTED, I BELIEVE THAT THIS WILL BE RAISED.

6. FCO PLEASE ADVANCE TO NO 10 DOWNING STREET.

BYATT

ENDS

LISFO 001/14

OO FCO DESKBY 1400Z

GPS 270

DD/13/10/08

(74)



DEPARTMENT/SERIES ..... <i>PREM 19</i> ..... PIECE/ITEM ..... <i>1343</i> ..... (one piece/item number)	Date and sign
Extract/Item details:  <i>Bone to Coles dated 13 April 1984</i>	
CLOSED FOR ..... YEARS UNDER FOI EXEMPTION	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
TEMPORARILY RETAINED	<i>1/10/2013</i> <i>S. Gray</i>
MISSING AT TRANSFER	
MISSING	
NUMBER NOT USED	



Instructions for completion of Dummy Card

Use **Black Pen** to complete form

Use the card for one piece/item number only

Enter the Department, Series and Piece/Item references clearly  
e.g.

DEPARTMENT/SERIES	.....	GRA 168	.....
PIECE/ITEM	.....	49	.....
<small>(ONE PIECE/ITEM NUMBER ONLY)</small>			

Please Sign and Date in the box adjacent to the description that applies to the document being replaced by the Dummy Card

If the document is Closed under a FOI exemption, enter the number of years closed. See the TNA guidance *Preparation of records for transfer to The National Archives*, section 18.2

The box described as 'Missing' is for TNA use only (it will apply to a document that is not in its proper place after it has been transferred to TNA)





file

ECL

cc Sir P.C.

10 DOWNING STREET

From the Private Secretary

13 April 1984

The Prime Minister has asked me to thank you warmly for your letter of 11 April about the Economic and Cultural Union between Bristol and Oporto.

It was most thoughtful of you to let us have this account just before the Prime Minister's visit to Portugal. As you probably know she will be visiting Oporto and making a speech there. We may well try to draw on some of the material in your letter.

The Prime Minister has asked me to thank you for your good wishes and congratulations.

R W Wall Esq

*GR  
Do you have  
The Wallis letter  
please to the right  
useful for  
M.P.*

*With  
A.C.*

*AJC*

*WJ*



GRS 1500  
CONFIDENTIAL  
DESKBY 131330Z  
FM LISBON 131128Z APR 84  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 141 OF 13 APRIL 1984

**CONFIDENTIAL**

**PRIME MINISTER'S VISIT TO PORTUGAL**

1. FOLLOWING PROVIDES A BRIEF IMPRESSION OF THE COUNTRY THE PRIME MINISTER WILL BE VISITING.

2. PORTUGAL: APRIL 1984.

TEN YEARS AGO PORTUGAL STILL LIVED UNDER A DICTATORSHIP. ANTI-COLONIAL WARS DRAGGED ON AND OVER A QUARTER OF A MILLION YOUNG MEN WERE IN THE ARMED SERVICES IN AFRICA OUT OF A POPULATION OF 9 MILLION. A MILITARY STALEMATE HAD BEEN REACHED AND THIS LED YOUNG PROFESSIONAL OFFICERS TO MAKE THE REVOLUTION OF 25 APRIL 1974. MARXIST INFLUENCE SPREAD IN THE CHAOTIC AFTERMATH OF THE REVOLUTION. BY THE 'HOT SUMMER' OF 1975 PORTUGAL CAME VERY CLOSE TO EXCHANGING A RIGHT WING AUTHORITARIAN SYSTEM FOR A MARXIST AUTHORITARIAN SYSTEM UNDER BRIGADIER GONCALVES. THE ARMED SERVICES REACTED AGAINST THIS ON 25 NOVEMBER 1975. GENERAL EANES PLAYED A LEADING PART IN REASSERTING MILITARY DISCIPLINE, AND THE INNATE GOOD SENSE AND CONSERVATISM OF THE PORTUGUESE OPTED FIRMLY FOR A MOVE TOWARDS DEMOCRACY. THEY HAVE SINCE COME A LONG WAY IN THEIR SEARCH FOR DEMOCRATIC STABILITY.

**A SLOWLY EVOLVING DEMOCRATIC SYSTEM**

3. PARTY LABELS FIT LOOSELY AS A RESULT OF HAPHAZARD GROWTH AFTER 1974. THE STRONG PERSONAL APPEAL AND ENERGY OF FRANCISCO SA CARNEIRO (KILLED IN AN AIR CRASH IN DECEMBER 1980) DREW DIVERSE INDIVIDUALS INTO HIS SOCIAL DEMOCRATIC PARTY (PSD) AND INSPIRED THE FORMATION OF THE DEMOCRATIC ALLIANCE BETWEEN THE PSD AND THE (CONSERVATIVE) CENTRE DEMOCRATIC SOCIALISTS (CDS) WHICH CAME TO POWER IN 1980. THE PSD REMAINS A YEASTY, OFTEN UNRULY BUT SIGNIFICANT ELEMENT IN THE POLITICAL SCENERY. IDEOLOGICALLY MOST OF ITS MEMBERSHIP DIFFER LITTLE FROM MOST OF THE PRESENT SOCIALIST PARTY. THERE IS REALLY ONE PARTY TOO MANY IN THE SYSTEM BUT A MERGER IS NOT LIKELY AT PRESENT. NO ONE PARTY HAS YET SECURED A CLEAR MAJORITY AND PROPORTIONAL REPRESENTATION MAKES COALITION THE NORM.

4. DEMOCRATIC INSTITUTIONS ARE STILL EVOLVING. IN NOVEMBER 1982 THE DEMOCRATIC ALLIANCE EVENTUALLY ACHIEVED A LIMITED REVISION OF THE RADICAL 1976 CONSTITUTION. THE POWERS OF THE PRESIDENT WERE REDUCED IN FAVOUR OF THE GOVERNMENT, THE UNELECTED COUNCIL OF THE REVOLUTION WAS ABOLISHED, AND THE ARMED FORCES CAME UNDER CONTROL OF THE ELECTED MINISTER OF DEFENCE. BUT THE SYSTEM REMAINS PARTLY PRESIDENTIAL, AND SEEMS UNLIKELY TO ADVANCE QUICKLY TOWARDS FULL PARLIAMENTARY CONTROL. SINCE 1974 THERE HAVE BEEN FIFTEEN GOVERNMENTS AND GREATER CONTINUITY IN OFFICE IS BADLY NEEDED. MARIO SOARES'S FIRST PREMIERSHIP (1976-78) IS THE LONGEST SO FAR, FOLLOWED BY DR BALSEMAO (1980-82). THE NEXT POLITICAL HURDLE WILL BE THE PRESIDENTIAL ELECTIONS IN AUTUMN 1985 WHEN SOARES SEEMS ALMOST CERTAIN TO BE A CANDIDATE, AND LIKELY TO WIN.

**CONFIDENTIAL**

/DR MARIO.



## CONFIDENTIAL

### DR MARIO SOARES

5. THE PRIME MINISTER'S HOST WILL HOPE FOR AN INVITATION TO VISIT BRITAIN. HE IS A SKILFUL INSTINCTIVE POLITICIAN. HE IS HOMELY, GENIAL AND MAKES THE PORTUGUESE FEEL COMFORTABLE AS HE SLIPS INTO AN ARMCHAIR. A QUITE DIFFERENT CHARACTER FROM THE ELECTRIC DR FRANCISCO SA CARNEIRO WHO AS PRIME MINISTER CAME TO SEE MRS THATCHER IN LONDON IN 1980. YET SOARES IS ALSO A MAN OF PERSONAL COURAGE, OFTEN DEMONSTRATED IN OPPOSITION TO DR SALAZAR'S DICTATORSHIP AND IN THE TEN YEARS SINCE 1974. HE IS DEEPLY ANTI-COMMUNIST, THE MORE SO BECAUSE OF A MOMENTARY FLIRTATION WITH THE PARTY AS A STUDENT. HE IS ALSO A CONVINCED EUROPEAN. ABROAD HE HAS USED HIS POSITION AS A VICE PRESIDENT OF THE SOCIALIST INTERNATIONAL TO INTEREST HIMSELF IN THE MIDDLE EAST AND LATIN AMERICA. AT HOME HE HAS MOVED IN EVER MORE REALISTIC DIRECTIONS, RE-OPENING SEVERAL NATIONALISED INDUSTRIES, INCLUDING BANKING, TO PRIVATE ENTERPRISE. PREFERS INTERNATIONAL ISSUES AND BROAD OUTLINES TO THE DETAIL OF ADMINISTRATION. HIS PERSONAL RELATIONS WITH PRESIDENT EANES ARE STRAINED.

### PRESIDENT EANES

6. AS HEAD OF STATE, FOR EIGHT OF THE TEN YEARS SINCE THE REVOLUTION HE HAS PROVIDED AN IMPORTANT STEADYING INFLUENCE OUTSIDE THE PARTY POLITICAL ARENA. HIS OWN POLITICAL POSITION IS ENIGMATIC - SOMETIMES DESCRIBED AS A CONSERVATIVE TO THE LEFT OF CENTRE. CANNOT STAND FOR A THIRD TERM AFTER 1985 WHEN HE WILL BE ONLY FIFTY. THE WAY IN WHICH HE FITS IN THEREAFTER WILL BE SIGNIFICANT. HE MIGHT CONCERN HIMSELF WITH AFRICA AND WAIT FOR THE 1990 PRESIDENTIAL ELECTIONS. AT ALL EVENTS HE SEEMS UNLIKELY TO FADE.

### THE ECONOMY

7. ECONOMICS ARE NOT SOARES'S FAVOURITE SUBJECT. BUT SO FAR HE HAS GIVEN STOUT SUPPORT TO HIS FINANCE MINISTER, ERNANI LOPES (AWAY DURING THE PRIME MINISTER'S VISIT) IN CONFRONTING THE ECONOMIC DIFFICULTIES THEY FOUND ON TAKING OFFICE. AN AUSTERITY PROGRAMME WAS IMMEDIATELY ADOPTED AND THE GOVERNMENT WENT TO THE IMF. THE POSITION HAS IMPROVED NOTICEABLY IN THE PAST NINE MONTHS. THE DEFICIT ON CURRENT ACCOUNT HAS BEEN REDUCED FROM DOLLARS US 3.2 BILLION AT THE END OF 1982 TO DOLLARS US 1.7 BILLION BY END 1983. EXPORTS HAVE INCREASED BY SOME 14 PER CENT AND IMPORTS ARE DOWN BUT MUCH REMAINS TO BE DONE.

CONFIDENTIAL

18



## CONFIDENTIAL

8. THE GOVERNMENT FACE DIFFICULT POLITICAL/ECONOMIC DECISIONS. TAKE OFF THE BRAKES TOO SOON AND RISING INFLATION/BORROWING COULD LEAD TO A WORSE SITUATION THAN THAT WHICH THEY INHERITED: MAINTAIN THE SQUEEZE TOO LONG, AND EVEN THE PATIENCE OF ORDINARY PORTUGUESE PEOPLE MAY CRACK. THE ECONOMIC INDICATORS ARE SLOWLY IMPROVING AND A LITTLE RELAXATION MAY BE POSSIBLE BY THE LATE SUMMER. BUT LITTLE THOUGHT HAS YET BEEN GIVEN TO THE NEXT PHASE - ENCOURAGEMENT OF FRESH, MORE PRODUCTIVE ACTIVITY. STRUCTURES IN MOST INDUSTRIES ARE ANTIQUATED - PARTICULARLY AGRICULTURE. MEMBERSHIP OF THE EUROPEAN COMMUNITY WILL BRING AN ENORMOUS ECONOMIC CHALLENGE - MAKE OR BREAK IN MANY CASES. PORTUGUESE INDUSTRY ON THE WHOLE BELIEVES THE CHALLENGE IS INEVITABLE AND THE BALANCE OF ADVANTAGE POSITIVE. THE POLITICIANS STILL SEE ENTRY AS A POLITICAL IMPERATIVE FOR PORTUGUESE DEMOCRACY.

### THREATS TO STABILITY

9. INOCULATIVE MEMORIES OF THE REVOLUTION ARE STILL AT WORK BUT DEMOCRATIC STABILITY SHOULD NOT BE TAKEN FOR GRANTED. THE CHIEF THREATS ARE:-

I. MISHANDLING OF THE ECONOMY LEADING TO SUCH GENERAL EXASPERATION THAT THE COMMUNIST PARTY WERE ENABLED TO ENTER A COALITION - THEIR PRESENT AIM. BUT UNLESS AND UNTIL THEIR AGEING, RIGIDLY PRO-SOVIET LEADERSHIP CHANGES, THEY RISK LOSING GROUND AMONG THE RISING GENERATION. THEY HAVE PROVED UNABLE TO FULFILL THEIR THREAT OF STRIKES LAST WINTER AND ARE NOW SEEKING TO EXTEND THEIR INFLUENCE IN LOCAL GOVERNMENT.

II. DETACHMENT OF POLITICIANS FROM THE MAJORITY OF THE PEOPLE. SQUABBLES BETWEEN POLITICAL FIGURES SEEM UNREAL TO FAMILIES IN THE POOREST COUNTRY IN EUROPE WHOSE PURCHASING POWER IS SHRINKING. THIS COULD LEAD TO HANKERING FOR THE RETURN OF A STRONG MAN. THERE ARE FEW SIGNS SO FAR - BUT MANY YOUNG PEOPLE ARE APATHETIC AND ONE CANNOT QUITE IGNORE THE MILITARY.

### ENCOURAGEMENT NEEDED

<sup>3</sup>  
CONFIDENTIAL

/10-



# CONFIDENTIAL

10. PORTUGAL IS AN ATLANTIC COUNTRY AND DISCOURAGEMENT SEEPS INTO THE GENERAL OUTLOOK LIKE THE ATLANTIC DAMP. AT MOMENTS OF FRUSTRATION THE PORTUGUESE LOOK MUCH TO THEIR FRIENDS AND THE PRIME MINISTER'S VISIT COMES AS A FLASH OF DETERMINED ENCOURAGEMENT AT A TIME OF UNCERTAINTY IN PORTUGAL - ABOUT EUROPE: ABOUT THE ECONOMY: ABOUT THEIR CHANCES OF FINDING A SATISFACTORY POST-IMPERIAL ROLE. THEY LOOK PARTICULARLY FOR CLEAR SUPPORT OVER ACCESSION AND RECOGNISE THAT WE ARE FIGHTING A BATTLE OF DIRECT RELEVANCE TO PORTUGAL OVER THE COMMUNITY BUDGET.

11. THE FIRST EVER VISIT OF A SERVING BRITISH PRIME MINISTER GIVES ESPECIAL REASSURANCE AND WILL PLAY AN IMPORTANT PART IN PROJECTING AN ANCIENT ALLIANCE INTO THE MODERN WORLD. WE STAND TO GAIN A USEFUL LIKE-MINDED PARTNER IN THE COMMUNITY. BRITISH BUSINESSMEN SHOULD ALSO BE ENCOURAGED TO LOOK AGAIN AT NEW WAYS OF DOING BUSINESS IN A MARKET (£400M IN 1983) IN WHICH THEY HAVE BEEN SLIPPING. READY ACCESS TO PORTUGUESE DEFENCE FACILITIES REMAINS IMPORTANT TO US AS THE FALKLANDS CONFLICT SHOWED.

BYATT

PRIME MINISTER'S VISIT TO PORTUGAL  
LIMITED

SED  
PROTOCOL D  
PLANNING STAFF  
ECD(E)  
TREE  
ERD  
ESID  
DEF D  
FID  
C AF D  
S AF D  
S AM D  
INFO D  
NEWS D

PS  
PS/LADY YOUNG  
PS/MR RIFKIND  
PS/MR RAISON  
PS/PUS  
SIR J BULLARD  
SIR C TICKELL  
SIR W LEAHY  
MR JENKINS  
MR RENWICK  
MR SQUIRE  
MR J THOMAS

ADDITIONAL DISTRIBUTION  
PM'S VISIT TO PORTUGAL

[COPIES SENT TO NO 10 DOWNING ST.]

<sup>4</sup>  
CONFIDENTIAL



PRIME MINISTER

PORTUGAL

I attach the briefing.

There is ~~also~~ a useful memorandum on the historical background prepared by Dr. Richard Robinson of the University of Birmingham. But I also think the historical note in Brief 2(c), prepared by the Foreign Office Research Department, is excellent.

The main speech has been sent to Lisbon for translation. We can look at it on the 'plane. But I attach a copy in case you wish to refresh your memory of it before you do the media interviews on Portugal on Monday.

I also attach the speech to the British Portuguese Chamber of Trade. Since this is very much in line with an earlier draft, I have told them to get on with the translation of it too. But we can of course adjust it if you wish.

The third speech - to the Oporto Industrial Associations - is less far advanced. But I attach it nevertheless.

A.S.C.

13 April 1984



MR Coles

PRIME MINISTER

PORTUGAL - INTERVIEWS

On Monday from 12 noon you are to give interviews to the following Portuguese media:

- i. Portuguese Radio (whose representative William Gilman also serves as the Portuguese news agency representative).
- ii. Portuguese TV (who are producing a 50-minute profile of you for broadcast next week and whose interviewer, Arthur Alvarran, aims to get the concluding section of that programme from his interview with you); and
- iii. the Portuguese weekly paper "O Jornal" (whose Chief Editor, Sr Murias, has come over to interview you).

We have set aside 15 minutes each for Radio and TV and then 30 minutes for "O Jornal".

A make-up lady will be on hand for TV, but time will be short.

A still photographer will accompany Sr Murias and we shall allow him to snap away, as usual, during your interview.

You have of course read your briefs for the visit and had an oral briefing. Consequently I have not felt it necessary to get much material together.

The line to be taken by Sr Murias is at Annex I.

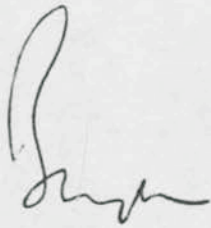
On his Southern Africa questions (No 4) you may care to make the following points:-

- a. There have been a number of hopeful signs in Southern Africa recently, in particular the South Africa/Mozambique accord. We are encouraged by this and we shall go on striving with the Namibia 5 to help bring about a settlement;
- b. I enjoyed meeting President Machel when he visited London. He did invite me to visit Mozambique. In principle I would like to go there but I am not able to tell you when I shall be able to do so.



Annex II sets out the sorts of questions to be asked by Messrs Gilman and Alvarran. They know they will have to compress their approach to a maximum of 8 questions.

Mr Gilman's questions are at Annex II-A and Mr Alvarran's at Annex II-B. I do not think they present any problems.

A handwritten signature in dark ink, appearing to read 'Bernard Ingham', is written in a cursive style.

BERNARD INGHAM  
13 April 1984



1. Your views on the EEC enlargement. If internal EEC difficulties persist, does it mean eternal postponement of Portuguese and Spanish admission? What is the real position of Great Britain on the Portuguese admission, apart from the traditional verbal commitment to the "oldest alliance in the world"?
2. How do you see the future of Europe - vis a vis the Socialist Bloc, vis a vis the United States? Commentators have spoken of your new ostpolitik, different and more flexible than a previous blunt anti-Soviet attitude. Is it true? Why are you more aware today of the need to maintain avenues of contact with the Socialist Bloc?
3. What do you think of the peace and "no nuke" movement? Do you believe it is manipulated by the USSR?
4. On Southern Africa - how do you envisage a settlement in the Angola-Namibia-South Africa deadlock? Will you go to Mozambique to meet Samora Machel, who sees you as the best Premier Great Britain has ever had?
5. Does "Thatcherism" exist? What is it? Do you accept a definition of yourself as a modern, appealing leader with Victorian ideas?
6. Being a woman - is it an advantage or a shortcoming for a Premier? What is your hobby? What do you read?
7. Your opinion on Ronald Reagan, Neil Kinnock, Mrs Gandhi, Mario Soares.



1. Prime Minister, Portugal is looking forward to your official visit - the first by a British Prime Minister in many decades. But, as you don't usually undertake many overseas visits of this type, why did you choose Portugal?
2. The Common Market is a paramount issue in Portugal at the moment. Portugal, like Britain, will be a net contributor, so your fight for better terms is certainly welcome. In your view, what advantages will entry bring to Portugal? And what can Portugal put into it? Why do you support Portugal's entry? Would it not be better to stay out?
3. In the light of British experience, what are your views on the transition period for Portugal, and are you not worried by a further increase in free movement of Labour within the EEC?
4. Why I asked this question is that lots of people are puzzled by the lack of exports of British capital goods to Portugal. In the old times, looms for the textile industry, turbines for hydro-electric projects, Lisbon buses, etc were all British. Now they are German, French, Swiss, Swedish. Why this lack of interest, or is it lack of aggressiveness or competitiveness?
5. The Portuguese fishing fleet needs complete modernisation. Could the ECGD help, thereby also giving work to British firms? And what effect do you think the EEC Fisheries policy will have on Portugal.
6. Is the siting of Cruise missiles vital in the talks between East and West on arms reductions?
7. A Portuguese ship was recently sent to watch the frightening Soviet manoeuvres which startled even NATO Chiefs. In view of the importance given by NATO to the Portuguese, could Britain help in up-dating the Portuguese Navy?
8. Prime Minister, the British economy seems to be on the right course. To what do you ascribe your success in fighting inflation and will it help in the end to reduce unemployment?
9. Finally, Prime Minister, in your visit to Portugal, what will you be actually looking for? Political co-operation, a new ally within the EEC, more trade, more investment?



1. Prime Minister, the Soviets have called you the "Iron Lady". More recently the Italian Prime Minister has called you "Madame Nyet". However, your political career portrays you as "Lady Success". Which of these names do you prefer?
2. "If a thing is worth doing, it's worth doing well". We understand this was advice often given by your grandmother. Prime Minister, is this the guiding principle of your life?
3. Prime Minister, you once said that your father had tried to realise his ambitions through you. Has this influenced you in the choices you have made in your life?
4. To a foreign observer, the greatest difficulties you are facing at this moment, as far as your electoral promises are concerned, appear to be unemployment and a greater tax reduction at short term. What are the reasons for these difficulties?
5. Prime Minister, your attitude towards the Communist countries appears to be undergoing a change - as may be seen from the success of your recent visit to Hungary. Does this mean that you wish to lead your country to a decisive intervention in the improvement of the East-West dialogue?
6. The US Ambassador to the United Nations, Jean Kirkpatrick, has recently said that Europe has everything to be a superpower except the "will". Prime Minister, do you have that will?
7. Prime Minister, you said that no one has done more for Europe than the British. What has in fact been done?
8. Your attitude at the last Summit of the Common Market, in the steadfast defence of what you consider to be the British interests, appears to have created a deadlock in the Community. Prime Minister, how do you expect to find a solution for it?
9. In your visit to Portugal, you are going to deal with the dossier of the extension of the EEC. Will your Government definitely support Portugal's effective entry into the Common Market on the 1 January 1986?
10. Portugal and England are the oldest allies in Europe. Our relations are therefore already traditional. But what could still be done in your opinion in order to improve them?



COVERING CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

13 April 1984

*Joe John,*

*Duty Clerk*

*pl. put in folder when  
it arrives. A-t.C. 1/2.*

Prime Minister's visit to Portugal:  
Briefing

/ I enclose a copy of a self-explanatory letter which has been sent to us by the Department of Trade and Industry. We shall send you a revised version of Brief number 3(b)(vi) (Points to Make), incorporating the additional point, first thing on Monday 16 April.

(R B Bone)  
Private Secretary

A J Coles Esq  
10 Downing Street

COVERING CONFIDENTIAL



CONFIDENTIAL



DEPARTMENT OF TRADE AND INDUSTRY  
Ashdown House  
123 Victoria Street  
London SW1E 6RB

Telephone (Direct dialling) 01-212)  
GTN 212) .....  
(Switchboard) 01-212 7676

Keith Harris Esq.,  
SED  
FCO  
Room W105  
Downing Street West

13 April, 1984

*Dear Keith*

PRIME MINISTER'S VISIT TO PORTUGAL

We spoke this morning about Mr Channon's meeting with Wimpey's on the nuclear power project.

I explained that Mr Channon had told Wimpey's that if the subject arose the Prime Minister would say that financing for the project would need to be considered at a later stage but we would do what we could.

I have therefore agreed with Mr Twyford of ECGD the following defensive addition to the points to make on this brief: -

"(Defensive on financing) Finance would need to be considered when we had a clearer idea of project cost. We would do our best to put forward a competitive proposal".

Background on the financing point is covered in paragraph 5 of the essential facts.

I should be grateful if you could pass this on to No: 10. I am copying this letter to David Vincent (Dept of Energy) and Don Twyford (ECGD).

*Yours,*

*John Alty*

J ALTY

V 5715



MINISTÉRIO DAS FINANÇAS E DO PLANO

GABINETE DO MINISTRO

London Chamber of Commerce and Industry

April, 11th, 1984

Address by the Portuguese Finance Minister,  
Ernâni Rodrigues Lopes





MINISTÉRIO DAS FINANÇAS E DO PLANO

GABINETE DO MINISTRO

Mr. Chairman, Ladies and Gentlemen,

*and Industry*

It is very kind of the London Chamber of Commerce to allow me to address to such a distinguished audience about some relevant questions, concerning the present situation and the development of the portuguese economy in the near future.

As you all know, since the present government took office, in June 1983, the portuguese economic policy has been based upon an essential target: the control of the external unbalance of the

.../...





MINISTÉRIO DAS FINANÇAS E DO PLANO

CABINETE DO MINISTRO

economy, reflected in the excessive current deficits and the growing pace of external indebtedness, accumulated along recent years.

The immediate answers to this situation were elaborated by means of a serious and consistent stabilization policy, adopted last summer and materialized through an 18 month "Short Term Emergency Program", that has received the support from the International Monetary Fund. This Program, still in force, involves a set of policy measures and instruments covering monetary, fiscal and budgetary areas.

Last year, the portuguese external financial situation has been characterized, basically, by a clear improvement in what concerns the current account deficit and a marked change in the way it was financed, implying a smaller contribution from non-monetary capital and a slight increase in the use of reserve.

Consequently, the pace of external indebtedness of the country was strongly curbed. There has been a certain loss of foreign exchange, but reserves stay quite comfortable, amounting to more than 9.8 billion dollars, in the end of 1983 with gold valued at the latest three months average of market prices.

.../...





## MINISTÉRIO DAS FINANÇAS E DO PLANO

GABINETE DO MINISTRO

In 1983, the current account deficit was kept well below the 2 billion dollars target of the IMF agreement, reaching 1.68 billion dollars, that is to say, roughly, 50% less comparing with the previous year.

The improvement experienced by the current account was essentially the result of a significant curb in the trade deficit and, in a smaller scale, a consequence of a reduction in what concerns the debt service. Unfortunately, the evolution of the receipts from tourism and workers remittances was not fully satisfactory.

The trade deficit for 1983 shows an improvement of some 1.7 million dollars, with a clear reduction in imports (8.8%) and a sharp rise in exports, which have grown 20% in volume; meanwhile, the terms of trade deterioration was not very significant.

This evolution can be favourable compared with a 6.4% growth of imports in 1982, accompanied by an already important expansion of sales abroad - 11.8%, in volume terms.

The more active exchange rate policy adopted along 1983 - with discreet devaluations (of 3% in March and 12% in June) - explains, of course, a good part of this expansion of exports, being also responsible for a complementary reduction of global expenditure,





MINISTÉRIO DAS FINANÇAS E DO PLANO

GABINETE DO MINISTRO

through a re-orientation of sales from the internal to the external market; the better international environment has certainly helped this transfer, even if its improvement appears to be well behind the first expectations.

Mr. Chairman, Ladies and Gentlemen,

This bird's eye view over the recent evolution of the portuguese economy shows that the execution of the stabilization policy went quite well in 1983. For almost all relevant indicators we made clearly better than the program agreed with the IMF. This is true not only for the current account, the external debt and the evolution of credit, but also in what concerns the control of the budget deficit, which was curbed from 12% of GDP in 1982 to 7.8% last year - that is to say, well below the 10% target previously announced.

Having said that, it wouldn't be fair to hide from you, on the other hand, two matters of concern that have come along with this positive response of the economy. I'm referring to the global recession reflected in the 0.5% negative growth in GDP and to an inflationary slippage reaching 25.5% along the year, in average terms, and nearly 34% in last December, comparing with the same month in 1982.

.../...



MINISTERIO DAS FINANÇAS E DO PLANO

GABINETE DO MINISTRO

The figures for the first three months of this year give place for the expected deceleration in the retail prices index, although there has been, in January, a new increase in oil products.

We do not intend, by any means, to accommodate to a high rate of inflation. Its control and reduction will remain, along 1984, one of the main goals of economic policy in Portugal. The generally good results of 1983 will encourage us to pursue, in parallel, the stabilization effort announced and programmed last summer, aiming at three basic targets:

- a) a new reduction in the current account deficit, to 1.25 billion dollars;
- b) the consequent control of the net growth of external debt, reaching only 900 million dollars;
- c) finally, an important cut back in the deficit of the General Government Budget, planned to come down to 6.5% of GDP.

To be consistent, these goals will imply, inevitably, a clear containment of domestic demand, well expressed in the most significant estimates inscribed in the basic options of the Plan for 1984.

This is, of course, the price to pay for the vital need to control and start correcting the financial disequilibria of the economy, both domestically and externally.



MINISTÉRIO DAS FINANÇAS E DO PLANO

GABINETE DO MINISTRO

Since 1973, for a series of reasons, basically linked to the political evolution that followed the restoring of democracy and the decolonization process, Portugal had to adjourn the necessary adjustment of its economy to a new crucial fact: the balance of payments, traditionally in surplus until then, was inaugurating a period of structural unbalance. This situation can only be interceded through deep and lasting reforms, aiming at a significant change in the pattern of specialization of the economy.

The alternative to this desirable and expected evolution could only be a more or less slow process of impoverishment of the country, induced by a preverted stop and go cycle, guided by the balance of payments evolution and the pace of external indebtedness.

The previous assessment, stated in very schematic terms, is the basis for two important points that I would like to make clear:

- on one hand, it allows me to stress again the absolutely imperative nature of the effort we are doing now, to keep the situation under control and to make the conditions for a stable reversal of recent trends;
- on the other hand, it implies that stabilization is a necessary but not sufficient pre-condition for the success of a stable solution, that is to say, the economic policy must materialize a consistent articulation between



MINISTÉRIO DAS FINANÇAS E DO PLANO

CABINETE DO MINISTRO

short-term requirements and deeper actions, oriented towards a medium-term structural change.

That is a basic concept of the policy led by the present Government. And that is why we intend to announce by the end of June a set of guidelines and interventions organized in the framework of a "Financial and Economic Recovery Program", that is designed to back up a cautious and selective reflation of the economy, during the second half of the year.

This Program plays a key role in the implementation of our economic strategy. It must be the linking element between stabilization constraints and modernisation exigences, preparing a change in the pattern of growth and trying to dominate financial, economic and institutional problems arising in areas that we consider crucial for the preparation of a sound development process, conceived in the context of the portuguese accession to the EEC. The actions envisaged will involve, namely:

- a) The reorganization of the banking and financial systems, which was initiated in February, with the publication of the decree that embodies the system of establishment and the operating rules of commercial and investment banks, to be applied for by private initiative; as you all certainly know, this decree stipulates that the access to banking activity is permitted with no discrimination





MINISTÉRIO DAS FINANÇAS E DO PLANO

GABINETE DO MINISTRO

between wholly portuguese-owned and foreign-owned companies, being also envisaged the opening in Portugal of branches of banks with a head office abroad;

- b) The second axis of intervention is to be the progressive restructuring of the public enterprises sector, in order to restore its financial and economic equilibria, considering not only its impact at the level of budgetary control but also the need to integrate those firms in the context of a global reassessment of industrial policies;
- c) The preparation of legislation aiming at a coherent regional development policy is the third area to be considered, having in mind the new conditions coming from EEC full membership. This choice may seem, to some of you, a bit strange, but it just covers an essential perspective to adapt the nature of Portuguese development blockages to the limits and constraints imposed by the exhaustion of the growth model of the sixties. Regional Development is perhaps the only way to allow for a modernisation process of agriculture and industry, consistent with the need to control increasing tensions in the labour market and to avoid supplementary pressures over the limited zones that have sustained (and benefited from) economic development in the last decades.



MINISTÉRIO DAS FINANÇAS E DO PLANO

GABINETE DO MINISTRO

This approach to the regional problem implies, of course, an integrated view of the questions involved: in fact, far from being limited to strict economic preoccupations, what is at stake here goes directly into the heart of basic options in what concerns the social and administrative organization of the territory;

There is no need to tell you that there are no instantaneous or miraculous solutions to the kind of situations and problems we are dealing with, in the framework of the Financial and Economic Recovery Program. Nevertheless, it <sup>was</sup> essential to start. The economy is asking guidelines for those crucial areas and, more than that, it is expecting the first sets of measures to confirm that there is no difference between words and facts.

That is why we are facing the preparation of this program as a necessary step towards the definition of the third component of our strategy, materialized in a program for the modernization of the portuguese economy, to be announced by the end of the year. It will not be neither a plan in the classical assessment of the concept, nor an econometric speculation exercise, but simply a selection of sectors, products and innovative ideas in conditions to be elected for specific support, in the framework of a clear set of priorities for the re-orientation of investment.

.../...





## MINISTÉRIO DAS FINANÇAS E DO PLANO

GABINETE DO MINISTRO

The preparation of structural reforms and the modernisation effort will have as basic reference the need to deepen the international integration of the portuguese economy, keeping as primary option the full accession to the European Communities, that we hope will take place in January 1986.

Choosing Europe is not for us just a matter of searching a way to safer external markets or new financial resources and support. That is a basic choice for a model of economic and social organization and a clear indication of the patterns the country will tend to follow in the years to come.

Mr. Chairman, Ladies and Gentlemen,

I think we can conclude, from what has been said, that the portuguese economic policy is far from being limited to a strict short-term view, in what concerns its fundamentals, instruments and targets.

Underestimating the immediate problems and its rigorous management would be, nevertheless, such a big mistake as forgetting the structural nature of our economic problems and the need to conceive and implement the reforms required to overtake the deep blockages installed in our society.

.../...



MINISTÉRIO DAS FINANÇAS E DO PLANO

GABINETE DO MINISTRO

In today's Portugal, stabilization and development are not opposite concepts or strategies. On the contrary, they are complementary approaches, mutually implied and interdependent; one does not make sense without the other.

As I have tried to tell you today, the management of the portuguese economy's external aspects and the execution of persistent and rigorous answers to public finance problems are crucial premises of any political project intending to create conditions for development.

We must not doubt that any concession to easy-going approaches, in what concerns financial management, could definitely compromise, in a short period, any attempt to prepare significant changes in the economic system as a whole.

In this context, the short term emergency policy must not be seen as any ephemeral prescription to fight against what some have tended to see as a mere cash flow difficulty last year. The roots of the problems are much deeper: some key questions of our economic management are in front of us and that is why the end of the emergency period and the reflation of the economy, that we intend to stimulate throughout the second half of the year, must be not confused with the abandon of rigour. The reason is simple: we want a stable and sustained growth, and not a cosmetic recovery that would certainly lead to more serious and difficult problems in a couple of years.





## MINISTÉRIO DAS FINANÇAS E DO PLANO

GABINETE DO MINISTRO

The need for a gradual and progressive answer is one more reason for not losing time. And here lies also, after all, the basic foundations of the Financial and Economic Recovery Program conceived to be the short-term policies' indispensable complement and the logical linking element with the actions aiming at the modernization of the portuguese economy.

This means four essential things:

- 1 - During the current year, we have to launch the bulk of the answer to the crisis and to value the changing and modernizing potential of difficult situations in industrial societies.
- 2 - We need to break the medium-term stop and go cycle of the economy, conducted by the evolution of external payments, keeping a rigorous stance on global financial management and creating conditions for a moderate but sustained reflation from the beginning of next year.
- 3 - We must select carefully the priorities of investment policies and use the necessary instruments to fulfill them both in what concerns the public sector and

.../...



MINISTÉRIO DAS FINANÇAS E DO PLANO

GABINETE DO MINISTRO

private initiative. In a more concrete way, we will abandon the temptation of big projects, based upon premises that are not, most of the times, linked to its economic rationality, mainly in what concerns the international integration of the portuguese economy in the near future. We don't need and we don't want more white elephants.

- 4 - Finally, we have to make a persistent effort oriented towards a clarification of the economic institutional framework. This means, simultaneously, a growing transparency and flexibility of the system and more efficient and simpler regulations, required to stimulate productive investment and to deter speculative alternatives. That's a long and patient work that we intend to start from now on, fighting State paternalism and stressing the basic principle of private initiative as a source of wealth and employment.

This fourth point is obviously linked to the global need for a persistent action, designed to introduce greater rationality and coherence in the current flow of economic activity, distorted by years of unclarified rules and political instability.



MINISTÉRIO DAS FINANÇAS E DO PLANO

GABINETE DO MINISTRO

Economically and socially speaking, crisis are certainly costly. But they are also unique opportunities for deep changes in societies and consequently, for those who understand risk and innovation as basic concepts of economic activity.

The portuguese economy can certainly offer a very interesting growth potential in what concerns the launching of new sectors of activity and the opportunities arising from the restructuring actions, both in agricultural and industry, in close link with the accession to EEC. The same applies, obviously, to the new prospects that can be developed with the improvement of our relations with Africa, specially with the portuguese speaking countries.

The Government wants to introduce in the economic system an increasing transparency and flexibility, enabling the renewal and the strenghtning of private entrepreneurship. We are quite aware of many unnecessary difficulties and obstacles raised by State bureaucracy to the normal flow of economic activity.

And there are already some concrete evidences of our will to go into the right direction: the opening of the banking sector to private activity or the lay-off decree passed by this Government can certainly be presented as good examples.

.../...



MINISTÉRIO DAS FINANÇAS E DO PLANO

SECRETARIA DE ECONOMIA

None of you would take me seriously if I would say that we can change administrative blockages overnight; but I easily understand that some positive steps are to be made in a short-term period, particularly in what concerns the conditions for investment, including, obviously, foreign investment.

I am quite aware of the relevant importance that administrative procedures represent when one considers the conditions for investment. The experience of foreign investment in Portugal is there to testify that this is perhaps the main area where we must improve our performance, since there is no doubt about the existence of good basic conditions, well evidenced in the success of the great majority of foreign investment operations - even those which had to go through the difficult circumstances emerging from the 1974 revolution.

After the deep political and social changes that succeeded to the fall of a long-lasting dictatorship and a sudden decolonization process, Portugal has passed through the ups and downs that always characterize the organisation of a solid democratic State.

The recent years of the portuguese political life were not particularly favourable to the definition of coherent guidelines for the economic policy. The Government, supported by a large parliamentary majority, based upon the most representative

.../...



## MINISTÉRIO DAS FINANÇAS E DO PLANO

GABINETE DO MINISTRO

forces of democratic socialism and social-democracy, has inherited the essential task of defining a clear and stable medium-term policy, starting from the solution of an emergency financial situation to the creation of conditions for structural change, absolutely vital to the recovery and reshaping of the portuguese economy.

Step by step, things are moving positively. New ideas make its appearance in the political scene, new bridges for dialogue and consensus have been open through the recently created Permanent Negotiating Council for Social Affairs, an institution where unions, industrialists and government are represented on a tripartite basis.

Recent developments in the political and economic fields demonstrate that the regeneration of the portuguese economy is certainly possible.

We must understand the word crisis as what it really means: a point of decision, a pressure for change, an opportunity to develop new concepts and introduce bold reforms in society.

.../...



MINISTÉRIO DAS FINANÇAS E DO PLANO

GABINETE DO MINISTRO

There is no need to stress this point before the british business community, who has always demonstrated a good knowledge of the portuguese realities and a clear ability to cooperate with us in a joint effort towards development.

Pessimism does not pay bills and will not mislead our action. And the best prescription to cope with the problems of our economies is certainly hard work, creativity and confidence.





CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

12 April 1984

Prime Minister.

ALB  
4.

John Lehan

Prime Minister's Visit to Portugal: 17-18 April

The Embassy in Lisbon has learned that the Portuguese will raise with the Prime Minister the question of our non-participation in the Lisbon International Trade Fair to be held in May 1984.

/ I enclose eight copies of a self-explanatory brief on the subject.

Yours  
R B Bone

(R B Bone)  
Private Secretary

A J Coles Esq  
10 Downing Street

CONFIDENTIAL



AJC



VISIT OF THE PRIME MINISTER TO PORTUGAL: 17-19 APRIL 1984

UK PARTICIPATION IN LISBON INTERNATIONAL TRADE FAIR (FIL)

POINTS TO MAKE

1. Individual exporters decide whether or not to participate in international trade fairs. British Government Export Services will consider mounting a British stand if a minimum number of companies express interest. In 1983 and 1984 there were insufficient applications to warrant official involvement perhaps because of problems selling to Portugal. A small number of British manufacturers exhibit at the Lisbon fair in conjunction with their local agents.





## UK PARTICIPATION IN LISBON INTERNATIONAL TRADE FAIR (FIL)

## ESSENTIAL FACTS

1. UK firms traditionally participated in the Lisbon fair. Following difficulties encountered in 1982 in obtaining import licences for orders taken both at the fair and subsequently, few British companies expressed interest in participating in 1983. The Birmingham Chamber of Commerce who were acting as sponsors of a potential British group, contacted over 500 potential participants in the UK, but failed to obtain the minimum number (normally 10) required under Department of Trade rules for an officially sponsored stand. Department of Trade and Industry received no enquiries from British manufacturers for participation in 1984.
  
2. We understand that of our EC partners only the FRG will be represented this year. They have told us in confidence that they will be present only because Portugal mounted a substantial exhibit at the 1983 Hanover fair.
  
3. We cannot participate if British companies themselves are not interested. The increased costs of involvement in such events has required exporters to cut their cloth accordingly. Also, this fair traditionally caters for exporters of consumer goods and it has been difficult to sell consumer items in Portugal in recent years because of restrictions designed to protect local manufacturers.





*John Cross*  
The Council House, Bristol

Rt. Hon. Margaret Thatcher, P.C., M.P.,  
Prime Minister and First Lord of the Treasury,  
10 Downing Street,  
LONDON. W1

RWW/PJW

11th April, 1984

*213*

*Dear Prime Minister,*

In view of your imminent visit to Portugal and to the City of Oporto, I thought it might be useful to write to you about the Economic and Cultural Union which has been ratified today in Bristol by the Lord Mayor of Bristol and the Presidente de Camera of Oporto. The Presidente is Senor Antonio Vallada and as he is almost certain to mention his visit to Bristol and today's ceremony, I thought it might be useful to send you some information about the links between Bristol and Oporto.

The idea of an economic union was originally proposed by Mr. Ian Murray, lately H.M. Consul in Oporto and now on your Downing Street staff. The basic idea is to promote trade and industry links between the new high technological industries around Bristol and similar investment areas in Northern Portugal. The whole thing is based on the long established links between both cities in the port wine trade.

In addition I understand you will be meeting Mr. Robin Reid, Managing Director of Crofts in Oporto and Chairman of the Oporto Commercial Association. He is an Englishman domiciled in Portugal who works very hard on the trade links between the two countries and between our two cities.

I attach for the use of your staff the following notes:-

1. Bristol-Oporto Historic Associations and Background
2. Text of the Declaration of the Agreement between the two cities.

Finally, all of us here in Bristol send you good wishes for a successful visit to Portugal and our congratulations on the very effective television interview which you gave on Monday of this week.

All best wishes.

*Sincerely*  
*R. W. Wall.*

R. W. Wall

Leader

Bristol City Council

Postal Address: The Council House, Bristol BS1 5TR

Telephone 26031 ex. 372





# BRISTOL-OPORTO

## Bristol-Oporto historic associations and background

Bristol's trade links with Oporto date back to well before the fifteenth century when merchants of the city imported wine from Portugal and, in particular, from the Douro region of Northern Portugal. The wine trade between the two cities created a bond of friendship which has endured through the centuries to the present day.

This friendship has been strengthened in the last two years by visits to Oporto by a delegation from the City led by the Lord Mayor and a trade mission organised by the Bristol Chamber of Commerce Industry and Shipping.

Mutual co-operation agreements have been signed between the Bristol Chamber of Commerce and commercial associations in Oporto and the British Portuguese Chamber of Commerce, which have led to the exchange of information between the respective parties to the advantage of members of the organisations concerned.

The trade mission in September 1982 resulted in export orders being obtained and the identification of further opportunities for trade between the two cities and the regions of which they are the focal points.

Portugal's entry into the Common Market in 1985 will afford a major opportunity for the two cities to obtain new export markets and it is essential that both cities should be in a position to take full advantage of the potential market which will result.

The friendship between the two cities has also encouraged Northern Portugal to choose Bristol as the venue for its first overseas trade and cultural promotion coinciding with the inauguration of the Trade and Cultural Union.



The Northern Portuguese Week offers an excellent opportunity for the cities of Bristol and Oporto formally to recognise their existing links as a basis for the development of trade, commercial and cultural ties in the future.

Given the potential of the Portuguese market, with their imminent entry into the E.E.C., it would appear appropriate for Bristol, having regard to its links with Oporto, to act as the focal point for the South West in assisting firms wishing to seek new export markets in Northern Portugal. Oporto would also reciprocate with arrangements for firms in Northern Portugal seeking new trade in the South West.

The City Council is lending its support to the initiative of the Bristol Chamber of Commerce and Industry and the commercial associations of Oporto with the establishment of a Trade and Cultural Union between Bristol and Oporto.





10 DOWNING STREET

From the Private Secretary

11 April 1984

PRIME MINISTER'S VISIT TO PORTUGAL

It has just come to my notice that 17 May 1986 will be the 600th anniversary of the Treaty of Windsor which some regard as more important than the 1373 Treaty which initiated the Anglo-Portuguese Alliance.

X I wonder if any thought has been given to some special commemoration of the Treaty of 1386. Would you advise that the Prime Minister make some public reference to this idea in the course of her visit?

We have very little time to consider this matter. I shall be grateful for advice by the end of this week at latest.

AJC

Roger Bone Esq  
Foreign and Commonwealth Office

RB





FILE

R57

10 DOWNING STREET

*From the Private Secretary*

10 April, 1984

I enclose an exchange of correspondence between the Headmaster of the Oporto British School and this office. I should be grateful if account of his letter could be taken in the briefing for the visit.

A. J. COLES

R. Bone, Esq.,  
Foreign and Commonwealth Office.

DSC



le. PM Tours:  
Portugal April  
84



huk

lw7

10 DOWNING STREET

*From the Private Secretary*

10 April, 1984

The Prime Minister was most grateful for your letter of 6 April about the Oporto British School. I expect you will have heard by now that she does indeed hope to visit you during her stay in Portugal and is looking forward to opening your new building. The information in your letter is of great assistance.

A. L. COLES

M. Scott, Esq.

DS





April 9, 1984

My dear John,

Prime Minister.

I enclose a copy of the  
historical note prepared on my  
request by Dr. Richard Robinson,  
University of Birmingham  
(dept. of history).

A.F.C. 13/4

Yrs. ever

Angus



MEMORANDUM FOR THE PRIME MINISTER

(requested by the Chairman of the Centre for Policy Studies)

ON ASPECTS OF THE HISTORICAL BACKGROUND TO HER VISIT TO PORTUGAL.

---

The purposes of this memorandum are: firstly, to draw attention to those aspects of the history of the Anglo-Portuguese relationship of which educated Portuguese are likely to be conscious; and, secondly, to venture a few brief observations on the present political system. It may be noted at the outset that the inhabitants of that small country are proud - sometimes inordinately so - of their historical achievements, as if these were some compensation for their present reduced circumstances. Consequently, commemorations can still play an important contemporary role, and the immediate goodwill of Portuguese may often easily and economically be gained by some recognition of their historical greatness.

THE ANGLO-PORTUGUESE ALLIANCE, 1386-1986?

The Alliance is now largely a sentimental matter, but still of considerable symbolic significance: it was described by Churchill as a relationship "without parallel in world history" when he announced the cautious concession of bases in the Azores to the Allies by neutral Portugal in 1943. The effective demise of the Alliance came with the divergence of interest between the two partners over the Indian seizure of Goa in 1961 and, coincidentally, since then American, West-German and French influence in Portugal seems to have increased at the expense of British.

The effort to breathe new life into the Alliance in 1973 (six-hundredth anniversary of the first treaty between the English and Portuguese Crowns) founded because of the unpopularity of Portugal's authoritarian regime and colonial wars. However, the opportunity for symbolic resuscitation of the old relationship is



now at hand: 17 May 1986 will be the six-hundredth anniversary of the Treaty of Windsor, a more important treaty than that of 1373. In the context of the entry of a democratic Portugal into the EEC, it may well be thought that some joint public commemoration of the treaty of 1386 and some strengthening of cultural contacts could revive the now rapidly fading memory of the Alliance among the populations of both countries and signal a common approach to many issues. In this respect, the following points concerning the historical legacy may be useful:-

THE ALLIANCE AND BRITISH STRATEGIC INTEREST:

While the immediate origins of the treaties of alliance of 1373 and 1386 lay in the dynastic ambitions of the time and the furtherance of commerce, the fundamental reason for the longevity of the Alliance has been strategic. Portugal needed a convenient ally in preserving its independence against the encroachments of its neighbour, Castile/Spain. England/Great Britain, as her commercial and global interests grew, found in the existence of an independent and friendly Portugal, possessing the Azores, Madeira and Cape Verde Islands, a measure of security for her sea-routes. Clearly, inside or outside a NATO context, the Portuguese 'strategic triangle' (Mainland Portugal, Azores, Madeira) remains important in safe-guarding sea and air routes.

THE ORIGINS OF THE ALLIANCE: MINIMAL HISTORICAL ESSENTIALS:

Although the Crown of Portugal had received English help earlier (English crusaders helped take Lisbon from the Moors in 1147 and Gilbert of Hastings was first bishop of Lisbon), the treaties of 1373 and 1386 were by-products, from the English point of view, of the need to counter French influence in the Peninsula during the Hundred Years' War. More specifically, John of Gaunt hoped to use Portugal in his struggle to win the Crown of Castile. On the death of King Ferdinand of Portugal, signatory of the treaty of 1373,



the Castilian ruler moved to incorporate Portugal into his territories, but this was forestalled by the Revolution of 1383, an anti-Castilian riot in Lisbon which brought in a new dynasty with John of Avis. A Castilian invasion was repulsed by Nun'Álvares (The Holy Constable, a national hero) with the aid of a contingent of English archers at the battle of Aljubarrota of 1385, an event hailed as crucial for maintaining Portugal's independent existence. The mutual-aid treaty of Windsor followed (1386), cemented by the marriage of Philippa of Lancaster (daughter of John of Gaunt) to John of Avis; one of their children was Prince Henry the Navigator. The Alliance was thus, from the Portuguese point of view, associated with the struggle for independence.

#### THE ALLIANCE AND SPAIN: PORTUGUESE SENSITIVITY:

In general, both partners invoked or forgot about the Alliance as suited their perceived interests, but absorption into Spain has been a recurring fear of Portuguese. The period 1580-1640, when the Spanish Habsburgs ruled Portugal after the extinction of the Avis dynasty, is still known as the "Spanish Captivity" or the "Castilian Usurpation" and British military assistance was most welcome in the 1660s and 1700s against Spain and later against the Napoleonic invaders (Peninsular War). 'Iberian unity' in any sense other than an equal partnership of sovereign powers has never been, and is not, a popular idea in Portugal.

From the British point of view, Portugal has been a useful counter against Spain. Although the option of sacrificing Portugal on the altar of Anglo-Spanish friendship has been mooted (e.g. by Churchill in World War I), continued Portuguese independence has been thought best to suit British interests.

Although popular feeling against Spaniards has diminished somewhat recently, Portuguese are still hypersensitive about their international



standing vis-à-vis Spain and they much resent being considered or treated as if they were a mere appendage of their stronger and larger neighbour. In the contexts of their entry into the EEC and Spain's possible further integration into NATO, they will wish to emphasise their national identity, historically forged in resistance to Spain.

#### THE ALLIANCE AND THE IMPERIAL LEGACY: PORTUGUESE SENSITIVITY:

Apart from the East-Timor question and retention of Macau, the great cycle of imperial expansion begun by Henry the Navigator over five centuries ago has run its course. However, Portuguese minds still dwell on past glories, however interpreted, as if to reinforce the sense of national identity. The historical achievement of this tiny nation is undoubtedly great: more people speak Portuguese as their first language than do French or German, and Portugal's claim to have pioneered European overseas discoveries and expansion is valid.

Although until c.1580 its global maritime empire made it the stronger partner in the Alliance, from the seventeenth century Portugal ruled in Brazil and Africa essentially on British sufferance. Brazil's separation from Portugal owed much to British economic interest, while her African territories were limited in extent by Salisbury's famous ultimatum of 1890 preventing the linking of Angola and Mozambique, were considered fair game for partition in the event of a general Anglo-German settlement and were exploited largely by British capital. Portugal was eager to enter World War I lest it lose its colonies to the victors.

When these pieces of history are combined with the still widespread belief among Portuguese that British economic domination on the Mainland from the eighteenth century kept Portugal poor (the Methuen treaty of 1703 is often cited as 'evidence'), one can understand the strain of resentment present among the otherwise friendly feelings of Portuguese towards Britain. Portuguese, who generally cherish the myth that they are more successful at race relations than other



Europeans, tend to be sensitive about the relations of other Powers with Lusophone countries and doubtless exaggerate their usefulness as middlemen between Europe and Lusophone Africa or Brazil.

NOTE ON THE PRESENT POLITICAL SYSTEM

The military coup of 25 April 1974 resulted in rapid decolonisation and, after a dizzying period of domestic instability, the creation of the first genuinely democratic regime in Portuguese history.

Although its beginnings coincided with a certain post-imperial crisis of national identity, with world economic recession and continued military interest in politics, the constitutional system inaugurated in 1976 has survived well. Fairly consistent voting patterns for four major parties, none approaching a majority, under a p.r. system, have resulted in much governmental instability.

Lasting coalition arrangements have up to now proved difficult in a small country where the smallness of the elite and the operation of networks of patronage accentuate personal animosities and disagreements which, outside the Communist Party, are more important than ideologies or programmes; the well-developed collective sensitivities of the Portuguese seem often to be matched by family and personal hypersensitivity.

If governments are short-lived, the regime has become more firmly rooted: the Communists are contained and military influence on politics has been removed and may definitively disappear at the end of General Eanes's Presidential term. It is well known that the three major democratic parties have gambled a great deal on the scenario of entry into the EEC. While the highest expectations of entry have been scaled down, Portugal's failure to enter would have serious political consequences for the regime, possibly boosting Communist prestige in the short term and making military intervention in politics more likely in the medium or long term.



1) Mrs Ryder 2) CF

Cabinet Office are averaging and  
will give us a list of names.

MR. BARCLAY

I think we have yet to arrange attendance at the  
Prime Minister's briefing on 12 April for the visit to  
Portugal.

JMB  
9/4

Could you please invite:

Mr. Rifkind  
Sir J. Bullard  
Sir C. Tickell

and then either a Minister or a senior official from

MOD  
DTI  
D/Energy  
ODA.

A.F.C.

9 April 1984



CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

6 April, 1984

*Dear John*

Prime Minister's Visit to Portugal: 17-19 April

/ As requested, I enclose a steering brief for this visit in advance of the main briefing. The latter will cover the political scene in Portugal in greater detail and will include notes on the various people whom the Prime Minister may meet. The enclosed advance copy has not been seen by Ministers here. I shall be showing a copy to the Foreign Secretary this weekend.

*Yours sincerely*  
*Chris Brammer*

(C J Brammer)  
Assistant Private Secretary

A J Coles Esq  
10 Downing Street

CONFIDENTIAL



## VISIT OF PRIME MINISTER TO PORTUGAL 17-19 APRIL 1984

## LIST OF BRIEFS

- 1 Steering Brief with Statistical Annex
- 2 Portugal Internal:
  - (a) Political (including recent historical background and personality notes)
  - (b) Economic
  - (c) **HISTORY OF PORTUGAL - Sir Acland / FCO Research Dept.**
- 3 Anglo-Portuguese Relations
  - (a) Political
  - (b) Commercial:
    - (i) Trade Policy
    - (ii) Trade Balance
    - (iii) Major Projects
    - (iv) Textiles and VRAS
    - (v) Export Credits
    - (vi) Nuclear Energy Programme
    - (vii) Computers in Schools
    - (viii) **Recent Trade Developments.**
- 4 EC/Portugal
- 5 Former Portuguese Colonies:
  - (a) Mozambique
  - (a) (i) Angola
  - (b) East Timor
  - (c) Macao
- 6 East/West Relations  
(including Arms Control)
- 7 Portugal and NATO  
(including bilateral defence co-operation and sales)
- 8 Other International Issues:
  - (a) Gibraltar
  - (b) (i) Latin America
  - (ii) Argentina/Falklands
  - (c) Iran/Iraq
  - (d) The Future of Hong Kong
  - (e) Namibia
  - (f) World Economy (including World Summit)
  - (g) Central America

+ UK non-participation in Lisbon International Trade Fair.



## VISIT OF THE PRIME MINISTER TO PORTUGAL: 17-19 APRIL 1984

## STEERING BRIEF

Introduction and Background

1. This visit is the first by a British Prime Minister for over 70 years. It falls ten years after the Portuguese Revolution (on 25 April 1974).
2. It takes place at a crucial time in the European Community enlargement negotiations (we hope for completion by September); the Portuguese are anxious there should be no delay and look for warm support from the Prime Minister to match that offered by Chancellor Kohl.
3. The Portuguese, our oldest allies (since 1373), want a close relationship with us. They traditionally look to us first for help and advice. In practice we can give them little tangible support, much less than they would like, and good bilateral relations are maintained by visits and political gestures which the Portuguese much appreciate. During the Falklands campaign the Portuguese helped us operationally (by allowing overflights of Madeira) and with political support, despite large numbers of Portuguese living in Argentina.
4. Other recent high level visitors to Portugal include M Mauroy (19-21 January), Herr Kohl (28-29 March), Sig Craxi is due to visit on 2-4 May. The most recent bilateral visits by senior ministers have been Mr Pym's to Lisbon in 1982 and Sr Gama's (Foreign Minister) to London in September 1983. Balsemao, then Prime Minister, visited London in December 1981.
5. Portugal is one of the least developed Western European countries (only Turkey, of OECD countries, has a lower GNP/capita). But her strategic position and that of her island groups, the Azores and Madeira, are important to NATO.



6. The 1974 revolution ended nearly 50 years of dictatorship. If not especially oppressive, the regimes of Salazar and Caetano were bureaucratic and tried to outlaw political activity. They discouraged social non-conformity and stifled initiative. The economy was closely controlled through state enterprises and 4 dominant conglomerates. The overseas territories (Ultramar) provided markets for Portuguese manufactures and sources of raw materials.

7. The dictatorship was overturned without bloodshed by middle ranking officers discontented with the regime and protracted colonial wars. President Eanes, then a Colonel, played a leading role and was instrumental in preventing a swing towards communism. Mario Soares was among the Portuguese politicians who returned from exile abroad. The military withdrew from the political scene only gradually, the final stage coming in 1982 with the abolition of the Council of Revolution.

8. The immediate concern was to sweep away all traces of the old regime; there was little agreement on how to replace it. 57 parties were formed (most have disappeared). Among these only the Portuguese Communist Party had real early influence, a result of the discipline and organisation developed during their clandestine activity.

#### Current scene

9. Democratic Portugal is fairer and more humane: editorship is abolished. The Portuguese are now sensitive to any restrictions on individual liberty. Election turn-outs are close to 80%. Portugal is back into the main stream of international comity.

10. But the debate about the nature of Portugal's political system continues. Eanes has shared power uneasily with 15 governments (mostly coalitions) and almost as many Prime Ministers. The media constantly explore theoretical political scenarios. With the possible exception of the charismatic



Sa Carneiro, killed in a plane crash in 1980, nobody has convinced the electorate that he has a sense of direction for Portugal. Successive governments have not had the mandate or the courage to make difficult decisions. Eanes has stood aloof from this political squabbling, although his obvious disapproval has often contributed to it. But he remains a popular and respected figure.

11. Following the elections in April 1983, Soares' coalition government made a good start in tackling the serious problems of the balance of payments, rising overseas indebtedness and 25% inflation. The deflationary measures were exceptionally tough, satisfying the bankers and the IMF. But their full domestic impact is still to come, and since the autumn both the government's performance and image have been less convincing. 1984 will be a teting year. The government will be tempted to reflate the economy too soon, partly because Soares will probably wish to stand in the 1985 Presidential elections.

12. These elections will be important, and probably unsettling. The Constitution does not allow Eanes to stand again but he may sponsor another candidate. Soares, if he stands, would try to bring the office into the political mainstream. Portuguese politics will become more personalised as candidates declare themselves.

13. British objectives are:

- (a) to reinforce bilateral ties and highlight the current relevance of the ancient alliance;
- (b) to reaffirm British support for Portuguese accession to the EC;
- (c) to improve trade.

14. Portuguese objectives are likely to be:

- (a) to maintain Britain's goodwill;
- (b) to press for no delay in accession to the EC;
- (c) to seek greater British investment in Portugal;



- (d) to enlist Britain's participation in trilateral aid for Africa;
- (e) to enhance Soares' (the government's) reputation domestically.

#### Tactics

15. There will be no formal agenda for the talks with Soares: he prefers not to have one. But we have agreed with the Portuguese that the first session should cover bilateral and European Community matters and the second other international affairs. There will be ample opportunity to make the relatively few points of substance. Time will also allow for informal discussion. Soares, who sees himself as a world statesman, will favour broad-ranging exchanges on international issues, political ideas and economic management. It would be useful to know his views on the effects of the Government's austerity measures on the coalition; and the threat of the Communist party.

16. The speeches should lean heavily on an Anglo/Portuguese theme and our joint European future. The Portuguese will expect and welcome this. Soares was impressed by Chancellor Kohl's ideas about the long term future of Europe and his vision of political union.

#### 17. Summary of Briefs

Brief No 1 Steering Brief with Statistical Annex.

Brief No 2(a) Portugal Internal: Political (including recent historical background and Personality Notes)

Ten months into its term of office new government's performance and image less convincing after initial determination to tackle difficult economic situation.

But recent evidence of proposed far reaching reforms suggests greater determination to get on with job. Worrying antipathy between Eanes and Soares. Run-up to Presidential elections a critical time.



Brief No 2(b) Portugal Internal: Economic

Last year was difficult. Courage needed to maintain momentum in face of rise of political unrest. Will need encouragement.

Brief No 3(a) Anglo/Portuguese Relations: Political

Generally excellent. But more progress needed on compensation for British farms. Aid programme to continue for further year. Queen to visit Portugal next February/March (NB not to be announced until the autumn).

Brief No 3(b) Anglo/Portuguese Relations: Commercial

(i) trade policy; (ii) trade balance; (iii) major projects; (iv) textiles and VRAS; (v) Export Credits; (vi) nuclear energy; (vii) micro-computers for schools.

Brief No 4 EC/Portugal

Recent outcome of European Council. Implications for Portugal of agreement on system of budgetary refunds. Reaffirm message in letter to Soares. Negotiations completed by 30 September. Accession by 1 January 1986.

Brief No 5(a) Southern Africa

Mozambique - Nkomati Accord important step forward. West must do it all can to support President Machel. Angola - Western interest to roll back Soviet influence and get Cubans out. What prospect of reconciliation between MPLA and UNITA? Taking of hostages damaged UNITA's image in Britain and the West.

Brief No 5(b) East Timor

Have not accepted Indonesian takeover. Would like to see amicable settlement. Prospects for talks?

Brief No 5(c) Macao

How do the Portuguese see the future?

Brief No 6 East/West Relations (including arms control)



Need for a consistent long term approach by West. Can describe our attitude towards dialogue with Soviet Union, emphasising continuing requirement for close co-ordination and consultation within Alliance.

Brief No 7 Portugal and NATO (including bilateral defence cooperation and sales)

Welcome use of Portuguese facilities. US bases negotiations successfully concluded. Portugal worried at effect of Spain's entry to NATO, particularly over command boundaries. £5m UK contribution to Portuguese frigate programme. Slight prospects for sale of Lynx Helicopters and possibly Off-shore Patrol Vessels.

Brief No 8(a) Other International Issues: Gibraltar

Contrive to seek earliest possible normalisation of relations between Spain and Gibraltar. (If necessary: bilateral problem. No mediation required).

Brief No 8(b) Other International Issues:

(i) Latin America

(ii) Argentina/Falklands

Soares has shown interest in acting as mediator with Argentina. Update on steps taken through Protecting Powers to normalise relations.

Brief No 8(c) Other International Issues: Iran/Iraq

UK wish to see early end to war and to prevent escalation. Support any realistic mediation efforts.

Brief No 8(d) Other International Issues: The Future of Hong Kong

(Defensive Only) Interest in Hong Kong understood given significance for Macao. Talks useful and constructive. Aiming to see ways in which stability and prosperity might be preserved. No overall timetable for talks. Grounds for confidence in satisfactory conclusion. In no-one's interest to see Hong Kong collapse.



Brief No 8(e) Other International Issues: Namibia  
What are the prospects for a Namibia settlement?

Brief No 8(f) Other International Issues: World economy  
(including Economic Summit)  
London Economic Summit workmanlike occasion, building on  
foundations at Williamsburg. Stage set for next phase of  
international economic recovery.

Brief No 8(g) Other International Issues: Central America  
We support Contadora peace initiative. US security concerns  
should be recognised. But we deplore mining of Nicaraguan  
parts.



## PORTUGAL: MAIN STATISTICS

1. <u>Land Area and Population</u>		(UK)
Land Area (inc Azores and Madeira)	92,082km <sup>2</sup>	(244,046km <sup>2</sup> )
Population (1982)	10.06m	(56.0m)
Growth (1977-82)	0.6% pa	(1% pa)
2. <u>Employment</u> (1982)		
Total civilian	4.3m	(21.2m)
of which: agriculture, mining, forestry, fishing:	27.3%	(3.2%)
manufacturing industries	36.8%	(32.1%)
services	35.9%	(64.1%)
3. <u>Unemployment</u> (1983)	450,000/10%	(3.1m/13%)
4. <u>Gross National Product</u> (1982)	\$23 bn	(\$510.6 bn)
5. <u>Inflation</u> (December 1983)	32%	(5%)
6. <u>Foreign Trade</u> (1982)		
Current account	(minus) \$3.25bn	(+\$9.24 bn)
Gross Official Reserves	\$447m	(\$12,397m)
Principal Exports (1982)	Textiles & clothing 28%	
	Wood, cork, paper and pulp products 15.7%	
	Agricultural products 11.5%; Machinery 9.9%	
	Mineral products 8.4%	
Principal Imports (1982)	Mineral products 28.6%	
	Machinery & appliances 17.2%; agricultural products 14.3%;	





chemicals & related  
products 10.8%;  
transport equipment 8.7%

Main Import Sources (1982)

(UK)

FRG	11.8%	(FRG, 13.0%)
US	10.8%	(US, 11.7%)
France	8.6%	(France, 7.5%)
UK	7.6%	

7. <u>Trade with UK (£m)</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Exports to UK	334.4	333.4	379.9	476.0
Imports from UK	390.0	368.1	430.7	397.0
Position on UK Export League Table (of 197)	25	27	25	27

Foreign and Commonwealth Office  
April 1984



BRIEF NO 2(a)

PORTUGAL INTERNAL: POLITICAL (INCLUDING RECENT HISTORICAL  
BACKGROUND AND PERSONALITY NOTES)

## ESSENTIAL FACTS

1. The present Government (formed in June 1983) is a socialist (PS)/Social Democratic (PSD) coalition. The PS led by Mario Soares is of Social Democrat, pro-EC, pro-NATO nature. The PSD led by Mota Pinto are right wing Social Democrats in favour of opening public sector enterprises to private initiative and are also pro-NATO, pro-EC. The major figures in Government are:

<u>Mario Soares</u> (PS)	-	<u>Prime Minister</u>
<u>Mota Pinto</u> (PSD)	-	<u>Vice Prime Minister and</u> <u>Defence Minister</u>
<u>Erani Lopes</u> (PSD)	-	<u>Finance Minister</u>
<u>Jaime Gama</u> (PS)	-	<u>Foreign Minister</u>

2. Despite an unconstructive role in opposition, Soares' administration has taken tough measures, especially on the economy, and the country has been braced for a (long overdue) period of austerity. The expected social unrest promised by the Left has still not materialised.

3. Although there are strains in the coalition and there is unruliness in the parties as a whole, the senior ministerial team is effective. Recent evidence that Government is planning a number of far reaching reforms and not merely concentrating on austerity. Legislation is being prepared in the following areas:

- (a) Liberalising rent laws;
- (b) Rationalising some of the more hopeless enterprises in the public sector;
- (c) Revising labour laws (particularly the strike law and law on dismissals);
- (d) Introducing a new intelligence service (previously inhibited by memories of Salazar's Secret Police).

/These



These proposed reforms help convey impression of an administration with constructive plans beyond short term emergency programmes.

#### Presidential Elections 1985

4. Although not due until October 1985 already the focus of political attention. No candidates have yet declared themselves. Only candidate virtually certain to stand is Soares. Eanes is constitutionally barred from standing. PSD have postponed choice of candidate. The Centre Democrats (CDS) seem likely to go for Freitas do Amaral, but have not yet done so. The Communists will probably back a figure of non-Communist left; they will be wary of becoming directly associated with candidate for fear of scaring the voters.

5. Soares' sights have been fixed on Presidency for several years. He now has good public image as leader of team taking tough but necessary measure. Uncertain how long this image will hold. Much will depend on the fortunes of his Government.

#### Political Parties

##### (a) Socialist Party (PS)

Party had over 36% of the vote in the 1983 elections. In the expectation that Soares will give up leadership of party to run for Presidency, manoeuvring for positions is influencing actions of leading figures. Still not clear who would succeed Soares. Meanwhile the party is not particularly enjoying being in Government. It remains rather undynamic and amorphous and badly needs injection of new blood and ideas. Without Soares it is likely to become a rather different animal.

##### (b) Social Democratic Party (PSD)

PSD polled 27% of vote in 1983 elections. Their lack of clearly defined ideology, loss of their dominating leader, Sa Carneiro (killed in a plane crash in 1980), and their strong local roots make them lack cohesion. Present leader's (Mota Pinto) inability to assert his personality has led to Party becoming even more fragmented, although at recent Party

/Congress



Congress he achieved some measure of support for his leadership. The Congress reinforced the unity of the PSD/PS coalition. But no decisions were taken on how the PSD would contest the Presidential elections.

(c) Centre Social Democrats (CDS)

CDS polled 12% of vote in 1983 elections and struggles to make much impact. Party still hardly exists in parts of the country and at national level lacks full time politicians and funds. They are trying to appeal to rightist-inclined section of electorate who up to now have voted PSD.

(d) Communist Party (PCP)

With just over 18% of vote in 1983 elections, PCP maintains strong conventional presence. The Party has readily assumed the guise of the only representative of the left against an encroaching new capitalist establishment. They do not call for another revolution, only that the 1974 revolution's victories be defended. Their presence in Portugal is well entrenched. The Party's machine, especially at local level, is kept well oiled. They consistently poll higher at local level than at national elections. The leader, Alvaro Cunhal, retained prestige deriving from era of dictatorship. He is now 70, but there is no sign of his imminent departure.

SOUTHERN EUROPEAN DEPARTMENT  
FOREIGN AND COMMONWEALTH OFFICE

APRIL 1984



## HISTORICAL BACKGROUND

1. Following the death of Dr Salazar and the overthrow of Dr Caetano in the 1974 revolution, a Communist takeover was narrowly averted in 1975, largely due to the action of a group of senior officers, among whom General (now President) Eanes was prominent.
2. The Socialists formed the core of the first two constitutional governments in 1976-78 under the leadership of Dr Mario Soares. Soares' Government was dissolved by President Eanes in August 1978 following the break-up of his coalition with the centre-right CDS party. This was followed by a series of 'technocrat' and left wing government. Between December 1979 and April 1983 the Government was formed by the centre right 'Democratic Alliance' coalition (AD), comprising the Social Democratic Party (PSD), the Centre Social Democrats (CDS) and the Monarchists (PPM). Following the death of the PSD leader Dr Sa Carneiro in December 1980, Dr Pinto Balsemao (PSD) took over as Prime Minister. Eanes was reelected President for a five year term shortly afterwards. Balsemao lacked the charisma of his predecessor and was not a strong leader. His administration was largely ineffective in dealing with Portugal's increasing problems. He resigned in December 1982 after lengthy bickering between the CDS and the PSD and within the PSD. This led to the break-up of the coalition and early elections.



3. In these elections, held in April 1983, the Socialists (PS) led by Soares won 101 of the 250 seats, and the PSD, led by Mota Pinto, 75. The United People's Alliance, the Moscow orientated Communist party led by Alvaro Cunhal, won 44 seats (18.2% of the vote). Soares formed a coalition PS/PSD Government in June 1983 after protracted negotiations to agree on policies.



## PERSONALITY NOTES ON:

<u>Name</u>	<u>Position</u>
ABECASSIS, Nuno Krus	Mayor of Lisbon
BALSEMAO, Dr Franciso	Former Prime Minister (1981-82)
BARRETO, Eng Alvaro	Minister for Commerce and Tourism
CUNHAL, Dr Alvaro	Secretary General of Communist Party
EANES, Gen Antonio	President of the Republic
FREITAS DO AMARAL, Prof Diogo	Former <u>Vice Prime Minister</u> , Former <u>President of Central Social Democrats (CDS)</u>
GAMA, Dr Jaime	Foreign Minister
LUCAS PIRES, Dr Franceso	President of Centre Social Democrats (CDS)
MARQUES, Dr Paulo	International Secretary of Centre Social Democrats (CDS)
MOTA PINTO, Prof Carlos	Vice Prime Minister, Minister of Defence and Leader of Social Democratic Party (PSD)
NUNES, Prof Manuel	Governor of Bank of Portugal and Honorary President of British-Portuguese Chamber of Commerce
PERDIGAO, Dr Jose	President of Gulbenkian Foundation
SOARES, Dr Mario	Prime Minister and Secretary General of Socialist Party (PS)
THEMIDO, Ambassador Joao	Ambassador to London
TITO DE MORAIS, Eng Manuel	President of the Assembly
VALLADA, Eng Paulo	Mayor of Oporto
VEIGA SIMAO, Prof Jose	Minister for Industry



ABECASSIS, NUNO KRUS

MAYOR OF LISBON

Born in 1929 in Faro. Civil Engineering graduate. He worked as an engineer in Portugal and in Angola and Mozambique. Joined the Centre Social Democratic Party (CDS) after the Revolution and became Vice President of the CDS Parliamentary Group. In 1979 he was elected CDS Mayor of Lisbon. He was re-elected in 1982 local elections, but without an overall majority.

He paid a sponsored visit to the UK in October 1983.

He is tough and far from diplomatic, but has charm and has gained some popularity as a man who gets things done. He is married with six children. He speaks reasonable English.



VALLADA, ENG PAULO

MAYOR OF OPORTO

Born 1932. Graduated in Civil Engineering at University of Oporto. Went to Mozambique as young man. Returned to Oporto in 1975 and has since made alot of money in property development. Appointed President of Oporto Industrial Association 1979. Elected Mayor of Oporto in December 1982. Paid a sponsored visit to UK in February this year.

He is strongly pro-British and talks ardently of the need to rebuild trading links between Britain and northern Portugal - "where the work gets done". He is particularly keen to attract fresh investment in new technologies. Hard working. A great talker, but also a doer and generally respected. Energetic and ambitious.

Speaks little English. Prefers French. A widower with two children.



BALSEMAO, DR FRANCESCO DE CASTRO DE PEREIRA PINTO

FORMER PRIME MINISTER

Born 1937. A law graduate from Lisbon University. He founded the weekly newspaper Expreso, modelled on the Sunday Times. Thanks to Balsemao Expreso became, and remains, the foremost quality newspaper in Portugal.

A founder member of the Popular Democratic Party (later renamed Social Democratic Party (PSD)) after the overthrow of the Caetano regime in April 1974. Elected to the Constituent Assembly, of which he was Vice President, in April 1975. In November 1979 together with Sa Carneiro (Prime Minister), Freitas do Amaral (Foreign Minister) and other members of the Democratic Alliance (the then coalition government) he visited London for talks with Mrs Thatcher and Lord Carrington. He personally prepared the Douro project for which the Government used British aid money.

Elected President of the PSD and Prime Minister following the death of Sa Carneiro in December 1980. After disappointing results in the December 1982 local elections, Balsemao came under increasing criticism and he resigned that month, although his caretaker government continued into 1983. At the 1983 PSD congress he was replaced as leader by



Mota Pinto (QV). He has now returned to Expreso. Considers himself a possible presidential candidate.

Balsemao speaks fluent English. He has visited Britain often, and attended a Wilton Park conference in 1969. He had talks with Mrs Thatcher in London in December 1981. Rather vain, wealthy and widely travelled.

Married with two children.



BARRETO, ENG ALVARO ROQUE DE PINTO BISSIAI

MINISTER FOR COMMERCE AND TOURISM

Born 1936. Graduate in civil engineering. In 1967 he was Superintending Engineer in charge of the building of LISNAVE, the major ship repairing firm in the Tagus opposite Lisbon. he was appointed Minister of Industry and Technology in 1978. Briefly President of national airline, TAP, in 1979. Minister for Industry and Energy, 1980/81 and Minister for European Integration, 1981.

Visited London in 1983 for talks with Secretary of State for Trade (Mr Tebbit) on textiles. He played at Wimbledon in 1952 (beaten in first round). Speaks fluent English, as well as French and Spanish.

Married with three children.



CUNHAL, DR ALVARO BARREIRINHAS

SECRETARY GENERAL OF THE COMMUNIST PARTY (PCP)

Born 1913 of middle class parents. He became an active member of the Communist Party in 1934 whilst a law student at the University of Lisbon. In 1936 he became a member of the central committee of the Communist Party and went underground. Arrested in March 1949, he spent 11 years in prison, 8 of them in solitary confinement. Escaped spectacularly from fortress prison at Peniche in 1960 and spent 14 years in exile, mainly in the Soviet Union and Czechoslovakia.

Returned to Portugal in 1974. He was Minister without portfolio in the first four provisional governments (1974/75). Elected to the Constituent Assembly in April 1975, but renounced his seat in order to retain his Ministerial position. Also elected to Assembly of the Republic in April 1976, but in early 1977 requested leave in order to devote more time to Party affairs.

An effective orator at rallies with great personal magnetism. He represents a Stalinist brand of hard line communism and has little time for Euro-communism. He stands head and shoulders above the rest of his Communist colleagues in Portugal.

Talking to him is unrewarding. He is a practised



controversialist. Under his leadership PCP discipline provides a favourable contrast to the unruliness of the other political parties. As long as he remains the PCP will continue to be a hard line Stalinist party with all debate taking place behind closed doors. Reportedly sick, and when he does go the PCP will have to change.

He has a daughter, but the existence of his second Polish wife is not acknowledged. Little is known about his private life. Understands English, speaks and French and Russian fluently.



EANES, GENERAL ANTONIO DOS SANTOS RAMALHO, GCB

PRESIDENT OF THE REPUBLIC

Born 25 January 1935 in fairly humble circumstances. Joined the army (infantry) in October 1953. Served in Goa, Macao, Mozambique, Guinea and Angola (where he was on 25 April 1974). Much decorated. After the coup, he was appointed to the military ad hoc committee in charge of TV programming, and later, as President of RTP (Radio Televisao Portuguesa).

In 1975 he was put in charge of the group of officers which began laying plans secretly to neutralise communist influence in the armed forces. These were put into force on 25 November 1975 when the left wing paratroop rebellion was swiftly suppressed. Eanes took over as Chief of Army Staff on 27 November 1975. With the backing of all the non-communist parties he was elected President of the Republic in June 1976 and re-elected in December 1980. He is Commander-in-Chief of the Armed Forces. As President he has travelled extensively. A successful state visit to Britain in November 1978 (during the visit he was awarded the GCB).

Eanes plays a very important role in Portuguese politics, where the semi-presidential system leads to an uneasy balance between the President and the Government. He threatened to resign in 1982 if his powers were reduced by constitutional revision, and start his own party. He did not resign, and his



(Seal)

powers were reduced, but his influence remains strong. He is barred from standing for re-election in 1985 (although he can stand again in 1990), and is looking for a political role. He seems unlikely to start his own party and may have to retire to Alcans (his home town in central Portugal) and wait to be called back, in the manner of de Gaulle.

He is a shy man of few words with an austere, rather wooden public image whose speech is clipped and rapid and often difficult to follow. He does not appear to enjoy ceremonial occasions; he is a serious and somewhat mysterious man, but a human one with a (carefully disciplined) sense of humour. He likes poetry and is said to be fascinated by psychology. He reads English and follows a conversation, but is reluctant to speak.

Married with two young sons.



FREITAS DO AMARAL, PROFESSOR DIOGO

FORMER VICE PRESIDENT. FORMER PRESIDENT OF THE CENTRE SOCIAL DEMOCRATS (CDS)

Born July 1941 of a wealthy family. He was a brilliant student gaining a law degree with distinction in 1963, and receiving a doctorate in 1967. Immediately after the coup in 1974 he and Veiga Simao (QV) tried jointly to prevent the formation of more than one centre party, but this was unsuccessful. He formed his own party, the CDS, in May. At first the party had a fairly rough time as its opponents claimed that it was a continuation of the fascist past and it was harried by communist thugs.

Freitas do Amaral became a member of the Council of State in 1975. In April of that year he was elected to the Constituent Assembly and in April 1976 a member of the Assembly of the Republic. He was responsible for bringing down Balsemao's coalition government in 1978 when he decided that the CDS personalities should be withdrawn from it. He did this from pressure from his rank and file who argued that the CDS were being damaged by the coalition with the Socialists.

In 1979 a new alliance gained a Parliamentary majority and Freitas do Amaral was appointed Vice Prime Minister and



Foreign Minister. He soon stamped his personality on foreign affairs though many felt he had taken on too much and was failing to do any of his three jobs properly. During a visit to London in May 1980 he had talks with Mrs Thatcher and the Foreign Secretary. Along with Sa Carneiro (Prime Minister) he was openly hostile to President Eanes. After the latter's re-election and the former's death in 1980 Freitas do Amaral carried out his threat to resign from the Government. As head of the minority CDS Party he could not have been Prime Minister, but equally it was thought would not accept a more junior position or return to the back benches. However, in 1981 he agreed to join Balsemao's second government as Vice Prime Minister and Minister of Defence. He visited the UK in October 1982 and had talks with Mrs Thatcher.

After the parties of the Alliance government did badly in local elections at the end of 1982 he resigned precipitately from all his political offices in 1983, causing a vacuum in his party, and giving the President an excuse to call for general elections. He may stand as a Presidential candidate in 1985 drawing on broad centre right support.

He speaks fluent English. He went to London as a young man and has visited often, once as a guest of the Conservative Party, with which the CDS keep in touch. He addressed the Conservative Party conference in 1978, the first foreigner to





be so honoured. He plays the piano and rides. Married with  
three small children.



GAMA, DR JAIME JOSE MATOS DE

Foreign Minister and Member of the Permanent Commission of the PS.

Born in 1947 in Azores. Son of a Junior Army Officer. Took a degree in philosophy from Lisbon University. Active in student politics. Trained as a teacher, but turned to journalism and wrote for 'Republica'. He stood as an opposition candidate in the 1969 elections and was arrested by PIDE. Elected Assistant Secretary General of Socialist Party (ASP, later PS) in clandestinity, after Soares was sent into exile.

Elected to the PS Secretariat in 1974, and to the Constitutional Assembly (1975) and the Assembly of the Republic (1976) for the Azores. Vice President of the PS Parliamentary Group in 1976. Minister of Internal Administration in 1978 Government. Following December 1979 election defeat quarrelled with Soares and resigned from the Party Secretariat. Masterminded the 1983 PS election campaign, and seen increasingly as the heir apparent to the Party leadership.

Concentrated on defence issues and hoped to be Defence Minister. When that portfolio was taken by Mota Pinto, he managed to slip into the Government as Foreign Minister. As a Minister he has enjoyed a remarkable degree of press coverage, and his dramatic gestures towards the EC and Portuguese speaking Africa were in contrast to his two independent predecessors. However he may come to regret some of his more dramatic policies. Concentrating on his image as an effective Minister, and dissociating himself from internal party matters and from the Government's austerity policies.

Effective and intelligent speaker but ponderous. Considered 'Machiavellian' within party and has many enemies. Visited Romania twice, but on the right of the party and pro-American. Visited UK in 1983 for talks with Sir Geoffrey Howe, and met Mrs Thatcher.

Married with one child. He speaks English.



LUCAS PIRES, DR FRANCESCO ANTONIO

PRESIDENT OF THE CENTRE SOCIAL DEMOCRATIC PARTY (CDS)

Born 1944. He graduated in law and later studied political and economic science. He was elected CDS deputy for Oporto in the 1976 elections and became Vice President of the Party and Vice President of the Parliamentary Group at the Party Congress held in 1978.

He has pressed for a more radical approach in removing left wing influence in Portuguese institutions. He was made President of the CDS executive committee and in effect given responsibility for managing the party machine while the party's leading figures concentrated on government. He agreed to enter the government after pressure applied by Freitas do Amaral (QV).

Won the leadership in the fifth congress of the CDS in February 1983. His victory was a surprise but it is generally agreed that he achieved a better result for the CDS in the April 1983 elections than had seemed likely before the congress.

A likeable and cultured man, he is an admirer of President Eanes and respected by all sections of political opinion. A



soccer fanatic; stood unsuccessfully for president of Benfica (recently knocked out of the European cup by Liverpool). A good speaker. Rather disorganised and usually late. Speaks some English but happiest in French and German. Married with two children.



MARQUES, DR PAULO LOWNDES

INTERNATIONAL SECRETARY OF CENTRE SOCIAL DEMOCRATS (CDS)

Born 1941. His mother is English and he is the great-nephew of Hilaire Belloc. Graduated in law in 1965. Until 1975 was Secretary General of the Cabinda Gulf Oil Company and legal adviser to Plessey in London until 1978.

A founding member of the CDS, President of the Party's Commission on international relations and assistant secretary general of the European Union of Christian Democrats (UEDC). Was appointed Secretary of State for Foreign Affairs in the previous government. An efficient Secretary of State, he visited Angola and the Far East. Kept on as International Secretary of the CDS by Lucas Pires (QV).

Very well disposed to the United Kingdom. An active member of the British Historical Society of Portugal. Married with two children.



MOTA PINTO, PROFESSOR CARLOS ALBERTO


VICE PRIME MINISTER, MINISTER OF DEFENCE AND LEADER OF THE  
SOCIAL DEMOCRATIC PARTY (PSD)

Born in 1936 in Pombal. Studied law at Coimbra University. After the overthrow of the Caetano regime, he was elected a member of the directive council of Coimbra University, and for a time was vice rector as well (1974-75).

A founder member of the Popular Democratic Party (later re-christened the Social Democratic Party), and a member of its national political committee. Elected to the Constituent Assembly in April 1975 as the Deputy for Coimbra. Brought into the Government by Soares, but reputedly at the instigation of President Eanes, in March 1977 as Minister for Foreign Trade and tourism. He was dropped from Soares' second government.

Appointed Prime Minister in November 1978. As Prime Minister he took a tough stand against those who sought to disrupt the economic recovery of the country. He adopted a particularly hard line against the communists. He was replaced as Prime Minister by Maria Lourdes de Pintasilgo, and returned to academic life. Rejoined the PSD in 1981.





When Balsemao (QV) resigned in 1982, he refused the offer of the premiership, and instead launched his bid for the leadership of the party. Was successful in the 1983 congress, and fought a good election campaign. After long negotiations with the socialists (PS), agreed to form a coalition government, and became Vice Prime Minister and Minister of Defence. As junior coalition partner he has been in danger of being eclipsed by Mario Soares. Defence suffered at first. But his assurance has been growing. The latest PSD congress (23-25 March) strengthened his position as leader.

An able and agreeable man; regarded as a bit provincial.  
Married with two small children.



NUNES, PROFESSOR MANUEL JACINTO

Governor of the Bank of Portugal and Honorary President of British Portuguese Chamber of Commerce.

Born 1926. Degree in Economics and Finance from Lisbon University. He then embarked on an academic career. Economic consultant to the Ministry of Economy during the Salazar era and Under Secretary of State for the Treasury in Salazar's Government from August 1958 to 1959, when he resigned. He was appointed a deputy-governor of the Bank of Portugal in 1960. After the overthrow of Caetano régime, he was in effective charge of Bank of Portugal until formally appointed Governor late in 1974. Appointed Chairman of the National Savings Bank by Soares in 1976.

A non-party man. Held in high regard by Eanes. Appointed Vice-Prime Minister for Economic Affairs and European Integration in November 1978. Displayed a professional approach to dealing with Portugal's economic difficulties. Returned to the Presidency of the National Savings Bank in August 1979, where he remained until re-appointed Governor of the Bank of Portugal in January 1980. For many years he has been Honorary President of the British-Portuguese Chamber of Commerce, in which he has been friendly and helpful. Also a President of the Portuguese Academy of Sciences. He led a delegation of Portuguese financiers on a visit to London in 1982. Prominent in negotiations with the IMF.

Speaks fractured English, but better French. Something of a Portuguese Vicar of Bray.



PERDIGAO, DR JOSE DE AZEREDO, KBE

PRESIDENT OF THE GULBENKIAN FOUNDATION

Born about 1897. After a brilliant career in law at Coimbra University, he was appointed Land Registrar in Lisbon, which he combined with private practice. Became legal adviser to the late Calouster Gulbenkian, who appointed him a Trustee of the Gulbenkian Foundation, which now controls the bulk of the Gulbenkian fortune. It was he who persuaded Gulbenkian to bring his treasures to Portugal. He has written a book about him. Awarded an honorary KBE in June 1964. Appointed a member of the Council of State by Spínola after the overthrow of Caetano in April 1974.

As President of the Foundation, he exercises enormous influence over all aspects of Portugal's cultural life. He enjoys arranging for the Government to meet visiting Arab dignitaries under his auspices. Understands and knows a good deal about pictures. Astonishingly vigorous for his age, but is expected to step down soon.

A brilliant orator and talker, a famous advocate, highly intelligent and a man of presence. Vain, and cannot resist





royalty. His English is very rusty and he is now at home only in Portuguese and French. Married for the second time in 1960.



SOARES, DR MARIO

PRIME MINISTER AND SECRETARY GENERAL OF THE SOCIALIST PARTY  
(PS)

Born 7 December 1924 in Lisbon, son of a former Republican Minister of Education. Graduated from Lisbon University in 1951 with a degree in History and Philosophy. Was a member of the Communist Party for nine years from the age of 18. He left in protest against its monolithic nature. Co-author of the "Programme for the Democratisation of the Republic" in 1961.

Soares was detained twelve times by the PIDE (Salazar's secret police) and was exiled to Sao Tome in March 1968 for eight months without being charged. After Caetano became Prime Minister, Soares was allowed to return to Portugal and ran as a CEUD (a short lived opposition movement) in Lisbon in the elections in 1969; but after criticising Caetano's African policies he was forced to leave Portugal again. He went to live in France and taught at Vincennes and the Sorbonne. Founder member of Accao Socialista Portuguesa in 1964. This was transformed into the Socialist Party (PS), of which he became the leader, in Munstereifel in Germany in 1973.




The first well known political leader to return to Portugal after the 25 April 1974 coup. He was Minister of Foreign Affairs in the first three provisional governments (May 1974 to March 1975) and Minister without portfolio in the fourth (March to August 1975). Elected to the Constituent Assembly as a deputy for Lisbon in April 1975. Became standard bearer of forces opposed to increasing communist orientation of the 1975 regime. Awarded prize of the International League of Human Rights in 1976 in recognition of the leading part he played in turning the tide against communists in Portugal.

Soares became Prime Minister of first constitutional government which took office in July 1976. Since the revolution, he has attached the highest importance to international contacts, especially those in the Socialist International, of which he is now a Vice President. In August 1978 he was dismissed by President Eanes following the break up of his coalition government. The Socialist Party was not thereafter able to capitalise on its new opposition status, and was resoundingly defeated in the 1979 general election - a setback which did not unseat Soares, though he regarded it as a personal blow.

As Prime Minister he appears to have learned from his previous mistakes in office. He has travelled abroad less, and concentrated on concrete internal measures, introducing tough





economic austerity and combatting corruption. By early 1985 he will want to leave the government to prepare his Presidential campaign. This will create serious problems for the PS/PSD coalition and for the PS in its search for a successor.

Over the years he has moved to the right politically. Originally a Marxist, in recent years he has moved closer to social democracy. Now strongly anti-communist. Adroit politician and attractive personality. Prefers broad brush approach. Author of numerous books, the best known being "Portugal's Struggle for Liberty", an account of the opposition to the Salazar and Caetano regimes, which has been published in several languages including English.

His wife, Maria Barroso, was a well known actress. They were married in 1949 while Soares was serving his fourth prison sentence. She is active politically. Two children, a daughter who is a journalist and a son who is a law student.

Soares speaks a very little English, and some French.



THEMIDO, AMBASSADOR JOAO MANUEL HALL

AMBASSADOR TO LONDON

(Since March 1984)

Born in 1924. Graduate in law from Coimbra University. Entered the Foreign Service in 1946. His postings have included: Tangiers, New Delhi, London (1950-52), Stockholm and Helsinki. He was appointed Ambassador to Rome in 1968 and Washington in 1971. He is conservative and cautious and his preference is for reaction rather than taking the initiative. He is said to have been a very close friend of former President Nixon and Dr Kissinger and retains membership of various clubs in America where he goes on leave.

Married. No children.





TITO DE MORAIS, ENG MANUEL

PRESIDENT OF THE ASSEMBLY OF THE REPUBLIC

Born 1910. Graduated in Engineering and started work in Angola. Imprisoned for his opposition activities during Salazar's regime and went into exile in France and Brazil. First national secretary of the Socialist Party (PS). Elected to the Constituent Assembly (1975) and the Assembly of the Republic (1976). He was Secretary of State for Employment in 1975-76 and Vice President of the Assembly of the Republic through to 1983 when he was elected President of the Assembly. Editor of "Portugal Socialista" the official magazine of the PS.

A grand old man of the Party and always loyal to Soares. He is the second ranking member of the state hierarchy, acting for the President of the Republic when the latter is out of Portugal.

Married with children.



VALLADA, ENG PAULO

MAYOR OF OPORTO

Born 1932. Graduated in Civil Engineering at University of Oporto. Went to Mozambique as young man. Returned to Oporto in 1975 and has since made alot of money in property development. Appointed President of Oporto Industrial Association 1979. Elected Mayor of Oporto in December 1982. Paid a sponsored visit to UK in February this year.

He is strongly pro-British and talks ardently of the need to rebuild trading links between Britain and northern Portugal - "where the work gets done". He is particularly keen to attract fresh investment in new technologies. Hard working. A great talker, but also a doer and generally respected. Energetic and ambitious.

Speaks little English. Prefers French. A widower with two children.



VEIGA SIMAO, PROF JOSE

MINISTER FOR INDUSTRY

Born 1929. Graduated in Engineering and Chemistry from University of Coimbra. Became lecturer in science at Coimbra and took PhD in Physics at Cambridge (Fitzwilliam House). Special interest in nuclear physics on which he has lectured in Cambridge and Manchester. Minister of Education in Caetano's government. A liberal, he later resigned from the Government.

Joined the Socialist Party (PS) in 1983 and elected a deputy. Appointed Minister of Industry because of experience. Has had difficult time as Minister and has argued with Minister of Finance; but overall making some headway despite budgetary constraints. Paid sponsored visit to UK in November 1983, during which he met Mr Norman Tebbit and Mr Kenneth Baker.

His English is very good. Married.



VISIT OF THE PRIME MINISTER TO PORTUGAL: 17-19 APRIL 1984

PORTUGAL INTERNAL: ECONOMIC

POINTS TO MAKE

- (i) Congratulate Portuguese authorities on the firm action which they have taken since June 1983 to reverse the deterioration of the economy. Welcome the involvement of the IMF, and support the government's resolve to stick to its difficult task.
- (ii) Agree that responsible monetary and fiscal policies must form the basis for a recovery in medium-term growth prospects, but observe that major structural adjustments are also necessary. Do the Portuguese authorities intend to draw on the expertise of the World Bank in this area?
- (iii) Welcome the improved current account position, which owes much to the flexible exchange rate policy. It is of vital importance to maintain this progress in order to prevent further growth of Portugal's heavy foreign debt.
- (iv) Encourage the authorities to maintain their efforts to cut the public sector budget deficit, which has been a major destabilising factor.
- (v) Note that the inflationary impulse caused by the depreciation of the escudo and reduction of many consumer subsidies may fuel large wage rises; our experience is that it is critical that this pressure be resisted.



## PORTUGAL INTERNAL: ECONOMIC

## ESSENTIAL FACTS

1. Portugal has been living beyond her means for a number of years. The problems caused by the abrupt change in economic structures following the 1974 revolution have been exacerbated by a series of inappropriate policy decisions; only in 1977/78 was some attempt made to address the growing difficulties, but economic policy was relaxed once more in 1980. Serious disequilibria emerged, notably increasing inflation, an excessive public sector deficit, and a deteriorating external balance. In June 1983 the newly-elected socialist government introduced a comprehensive series of measures, concentrating on deflating domestic demand, reducing the budget deficit and improving external competitiveness, which have been supported by the October 1983 agreement with the IMF for a \$730 million stand-by arrangement and compensatory financing facility.

2. For almost a decade Portugal's growth rate has exceeded that of most OECD countries. The measures introduced last summer reduced GDP growth in 1983 to only 0.75% compared with 3.5% in 1982; a 2% fall is expected in 1984. All components of domestic demand have been adversely affected, with increases in private consumption and investment being transformed into cuts and the growth in government expenditure likely to be halted in 1984. Destocking is expected to have a strong negative impact on output, but improved competitiveness and Portugal's cyclical position should lead to a strong positive contribution from the foreign trade sector.



3. Consumer price inflation was some 23% in 1982. The effects of the 12% depreciation of the escudo in June 1983, and the removal of many consumer subsidies, drove the year-on-year rate of inflation up to 34% in December 1983, but the annual average rate in both 1983 and 1984 is likely to remain unchanged at around 23%. Wage increases in 1983 were held to some 20%; as the rate of inflation should begin to decline from mid-1984 it is crucially important that pressure is maintained on this front.

4. Recorded unemployment has stayed virtually stable at some 8% since 1977, but considerable disguised unemployment is thought to exist and the true total is probably considerably higher. Very restrictive labour legislation has contributed to great inflexibility of labour markets, but laws concerning dismissals are now being relaxed. The changes should improve the position of firms in the medium-term, but will inevitably cause unemployment to rise in the short-term. Although the population appears prepared to make some sacrifices, the poor social security system may lead to unrest.

5. Portugal's business cycle is out of phase with those of most of her trading partners; this has meant that the austerity programme has rapidly improved the current account deficit, which fell from \$3.3bn in 1982 to \$1.7bn in 1983, and which might fall further (in line with IMF targets) to \$1.3bn in 1984. Nonetheless, the deficit continues to add to Portugal's heavy external debt, which rose from \$9.0bn in 1980 (40% GDP) to \$14.5bn (77% GDP) in 1983; over the same period the debt service ratio

/rose



rose from 15% to 28%. IMF performance criteria require that the increase in foreign debt be held to \$1.2bn in 1984.

6. Fiscal policy has been sharply tightened; the authorities aim to reduce the general government deficit from 12.6% of GDP in 1982 to around 6% of GDP in 1984. Many measures have already been implemented; for the first time in many years there are signs of a genuine effort to cut the level of public spending in relation to GDP. Total expenditure, excluding the Supply Fund, is targetted to fall from 43.5% of GDP in 1982 to under 41% in 1984, mainly as a result of restraining the wage bill and reducing transfers. Measures are also in hand to improve the efficiency of the tax system. Monetary policy has also been tightened, and interest rates have risen to positive real levels.

7. The tightening of short-term policy has been an essential step in halting Portugal's economic decline and restoring international confidence. In the medium-term, much remains to be done, particularly in reforming the public sector, restructuring industry and modernising agriculture. It is vital that appropriate measures are introduced simultaneously with the short-term stabilisation programme; Portugal's accession to the EC provides a further reason for making rapid progress.

Economic Advisers  
Foreign & Commonwealth Office

9 April 1984



C

2c

## A HISTORY OF PORTUGAL: ANGLO-PORTUGUESE CONTACTS AND ASSOCIATIONS

### The Birth of Portugal

"If there is one slice of Christendom, one portion of Europe which was made by the sea more than another, Portugal is that slice ... Portugal was made by the Atlantic" (Hilaire Belloc).

1. The traditional date for Portugal's birth as an independent kingdom is 1139. Since the unification of Spain was not completed until 1512, Portugal can claim to be the older of the two states.

2. The name Portugal is derived from "Portucale", the name of a Roman settlement on the site of present-day Oporto. "Portucale" meant the port or ferry of Cale, by which travellers crossed from Roman Lusitania into the North-Western province of Callaecia or Galicia.

### The Middle Ages

3. When Alfonso Henriques assumed the title of King of Portugal in 1139, his territory reached no further south than Coimbra (the southern half of present day Portugal then formed part of the Muslim territory of Al-Andalus). Alfonso embarked on a campaign to expand his kingdom and in 1147 engaged the support of a band of Anglo-Norman and German crusaders in a successful attempt to recapture Lisbon from the Moors. After the reconquest of Lisbon one of the English participants (Gilbert of Hastings) was appointed Bishop of the new See. The reconquest of Portugal continued under Alfonso's successors and was complete by the mid 13th century.






4. Portugal has always been a sea-faring nation with the history of the Portuguese navy going back to the time of Alfonso Henriques. One of his successors, Dom Dinis (Denis in English) (1279-1325), ordered the plantation of a great pine forest at Leiria known as the Pinnal de'l Rei, for producing timber for ship building. Dom Dinis had many claims to fame. He was an outstanding poet and he founded Portugal's first university. He was also known as the "farmer king" because of his interest in agriculture. His wife Queen Isabel was canonised. Anglo-Portuguese trade flourished under Dom Dinis and the letters exchanged between him and England's Edward II spoke of the warm friendship which existed between the two realms.

5. The 14th century saw a rapid expansion in Portuguese trade and with it the consolidation of the alliance with England, reflected in a treaty signed between the merchants of Lisbon and Oporto and King Edward III in 1353. The 14th century was also a period of dynastic conflict in the Iberian Peninsula. It was largely as a result of Portuguese and English involvement in the struggle for the Castilian succession that the first full Treaty of Alliance between the two crowns was signed in St Paul's Cathedral in London on 16 June 1373.

6. Portuguese independence, put in jeopardy by the dynastic struggles with Spain, was secured for almost two centuries at the Battle of Aljubarrota (1385). This battle confirmed the establishment of the new Portuguese royal house of Avis, in the person of Dom Joao II (John), and guaranteed the future of the merchant classes of Lisbon and Oporto who had supported him. Dom Joao's request for military assistance against Castile (a small force of English archers fought at Aljubarrota), and Richard II's

/desire





desire to help Portugal against a mutual enemy, led to the Treaty of Windsor (1386). It was stipulated that the Treaty should be confirmed by all future Kings of England and Portugal; this was faithfully observed throughout the 15th century.

7. The Portuguese word for alliance "aliança" also means a wedding ring, and the Anglo-Portuguese Alliance was cemented in February 1387 by the marriage of the Duke of Lancaster's (John of Gaunt's) daughter Philippa to Dom Joao. Their third son is one which every British schoolboy knows - Henry the Navigator, the great patron of the Portuguese voyages of discovery. There were marriages in the opposite direction too, for Queen Philippa saw to it that Dom Joao's natural daughter Beatriz married Thomas Fitz Alan, the Earl of Arundel.

8. During the 14th century English merchants enjoyed a privileged position in Portugal. One of the privileges they valued most was the right, bestowed on them in 1367, to be tried only by the judge of the Lisbon customs house, the conservador. In this case the word conservador, which usually means "conservative", means "conservator".

### The Voyages of Exploration

9. The voyages of exploration in the 15th century and early 16th century led to the formation of Portugal's great trading empire. By Henry the Navigator's death in 1460 the Portuguese had explored the African coast as far south as Sierra Leone and, by 1488, Bartolomeu Dias had sailed round the Cape of Good Hope and along the East African coast. The seaway to India lay ahead. Vasco da Gama led

/the






the first expedition to India in 1497 and in 1500 Pedro Alvares Cabral reached the coast of Brazil. In June 1494 Spain and Portugal reached an agreement - the Treaty of Tordesillas - by which they defined their respective spheres of exploration, and effectively divided the New World between them. Whereas Spain embarked on a deliberate policy of conquest and settlement the Portuguese empire was based on trade. By developing a network of trading posts and strongholds the Portuguese also monopolised the spice trade of the Orient until the 17th century.

### The Sixteenth and Seventeenth Centuries

10. On the death in 1580 of the Cardinal King Dom Henrique (Henry) the Portuguese throne passed to the Spanish monarch Philip II, who became Philip I of Portugal. Philip's promise to respect Portuguese autonomy was neglected by his successors. After two abortive insurrections the Spanish were finally driven out of Portugal in 1640, and the Duke of Bragança was crowned king. However, hostilities continued and Spain did not finally recognise Portuguese independence until 1668.

11. The Anglo-Portuguese Alliance, which suffered severe strains in the 16th century on account of the two countries' religious differences and conflicting trading interests, underwent a further series of ups and downs in the 17th century as a result of the English Civil War and the demise of the English monarchy. In April 1660 however, the signature of the Treaty of Westminster entitled the King of Portugal to raise troops in Great Britain for service against Spain. Although not ratified within the time stipulated,





owing to the restoration of Charles II in May 1660, it was confirmed by the Treaty of 1661 on the occasion of the marriage of Charles II and the Portuguese princess, Catherine of Bragança.


12. The second great marriage of the Anglo-Portuguese Alliance was not a happy one. Britain, however, derived substantial benefit from it, for Catherine brought her husband Tangier and Bombay as part of her dowry. The acquisition of Bombay marked the beginning of British interest in India.

### The Port Trade

13. One of the closest bonds between Britain and Portugal has been the port trade. "The Portuguese and the English have always been the best of friends because we can't get no Port Wine anywhere else". (Captain Marryat, Peter Simple). Britain's struggles with the French in the 1690s had made it well nigh impossible to buy French wine and, as a result, English consumption of Portuguese wine soared.

14. The recent establishment of a Portuguese cloth industry had led to Portugal restricting cloth imports. Our economists were quick to see the chance of getting round this restriction. The negotiations led by John Methuen produced three Treaties in 1703. The first two were political in nature, but the third, the so-called "Methuen Treaty" of 27 December 1703, re-opened the Portuguese market to English goods. It specifically provided that English woollen goods should be freely admitted to Portugal on condition that port wines were brought into England at one third the duty levied on French wines.





15. The word "Port" has its origins in the name of Portugal's second city "O Porto" which means simply "the port". British wine merchants are believed to have settled first in Viano do Castelo, in the Minho district, towards the end of the 16th century. The wines they shipped, usually referred to as "Red Portugal" and probably not of particularly good quality, were reinforced with brandy to enable them to travel. By 1678 some of the merchants had moved to Oporto and begun to ship the heavier Douro wines in response to the British demand for fuller-bodied higher-strength wines.

16. Through its English community the port trade has left a permanent mark on Oporto. The "Factory House" of Oporto, was built in 1786 in what was then called the Rua Nova Dos Ingleses (New Street of the English). "Factory" originally had the sense of a group or guild of traders carrying on business in a foreign country and Factory Houses were the buildings they used as their headquarters or simply as warehouses. They have since acquired a more social purpose and it is believed that today's Factory House at Oporto was built purely as a social club. It is still renowned for its splendid lunches for which the president for the current year supplies his best port. As Dr Johnson once said "Claret is the liquor for boys; port for men", and the Oporto Factory House is still almost entirely a male preserve. Ladies were invited to dine at the Factory House for the first time as late as 1843, and even today they only rarely attend dinners and lunches.




## The Peninsular Wars and the Fall of the Monarchy

17. The 19th century proved an unhappy and unsettled period for the Portuguese. By the Treaty of Fontainebleau (27 October 1807) Napoleon and the King of Spain agreed upon a partition of Portugal and a French army invaded the country. Britain secretly advised the royal family to flee Portugal, and the Portuguese court sailed under a British escort to Rio de Janeiro, where it was to remain for 14 years. After the victories of the Duke of Wellington (then Sir Arthur Wellesley) at Roliça and Vimeiro, the French army was allowed to evacuate Portugal in accordance with the Convention of Sintra. When the French invaded again in 1809 Wellesley returned to Portugal from whence he entered Spain and won the victory of Talavera, after which he was made Duke of Wellington. He then returned to Portugal to await a third French onslaught. After his victory at Bussaco in September 1810 Wellesley withdrew to a prepared position in the hilly region around Torres Vedras; this proved strong enough to withstand the French who began their final retreat in November 1810. As a result of his victories in the Peninsular Wars Wellesley acquired the title of Marquis of Douro, a title which is now borne by his eldest son.

18. When the Portuguese King Joao VI died in 1826, his heir Pedro (Emperor of Brazil) renounced the Portuguese throne in favour of his 7 year old daughter Maria and granted Portugal a constitution. The opposition of Pedro's absolutist brother Miguel led to a civil war known as the "War of the Two Brothers" which was only ended in 1834 with Miguel's exile and Pedro's death.





19. In 1834 Britain, which had sent a force to help secure the throne for Dona Maria, signed the Treaty of Quadruple Alliance (Portugal, Spain, France and England) which provided for assistance in expelling Miguel from Portugal. The aid of the Quadruple Alliance was sought again in 1846 when Dona Maria asked for help in combatting internal disorders.

20. The latter part of the 19th century was marked by the growth of republicanism in Portugal, with an attempted republican revolt in Oporto in 1891. In February 1908 King Carlos I and the Crown Prince were assassinated while travelling through Lisbon in an open carriage. Carlos I's second son Manuel only managed to hold the throne for another 2½ years, being forced to flee to Gibraltar and thence to England in the wake of the republican rising of October 1910. Thereafter Manuel lived peacefully in Twickenham until his death in 1932.

21. The Anglo-Portuguese Alliance underwent severe strains in the 1880s and 1890s as a result of Portugal's attempts at expansion in Africa. This was, however, offset by the warm relationship between the British and Portuguese royal families. The Portuguese King Dom Carlos made state visits to Britain in 1895 and 1904, and was invested with the Order of the Garter at Balmoral. This was followed by the State visit of King Dom Manuel in 1909. King Edward, who had visited Portugal as Prince of Wales in 1876, chose Lisbon for his first State visit as King in 1903. While there he opened the Edward VII park which bears his name.



The Twentieth Century


22. The 10 years between 1918 and formation of the "New State" in 1928 were distinguished by a worsening economic situation and increasing political chaos. The "New State" was consolidated under an able Professor of Economics Antonio Salazar who became Prime Minister in 1932, a position which he held until incapacitated by a stroke in 1968. He was succeeded as Prime Minister by Marcello Caetano who attempted to embark on some very limited reforms. However, these proved too slow and too cautious. The 13 years of colonial wars in Africa took their toll and 25 April 1974 saw the start of the Revolution of the Flowers.

23. Portugal entered World War I in 1916 on the side of the Allies after seeking initially to remain neutral. At the outbreak of World War II Portugal once again adopted a neutral stance, while reaffirming her loyalty to the Anglo-Portuguese Alliance. In 1943 the British Government decided to invoke the Alliance, in order to ask the Portuguese Government to accord Britain military facilities in the Azores. The Portuguese Government agreed. The Azores Agreement was signed on 17 August 1943 and, on 12 October, Mr Churchill announced it to the House of Commons, saying

"I have an announcement to make to the House arising out of the treaty signed between this country and Portugal in the year 1373 between King Edward III and King Ferdinand and Queen Eleanor ... This engagement has lasted now for nearly six hundred years and is without parallel in world history. I have now to announce its latest application ... His Majesty's

/Government





Government in the United Kingdom, basing themselves upon this ancient alliance, have now requested the Portuguese to accord them certain facilities in the Azores which will enable better protection to be provided for merchant shipping in the Atlantic ... in the view of His Majesty's Government this agreement should give new life and vigour to the alliance which has so long existed between the United Kingdom and Portugal to their mutual advantage".

24. In October 1955 President Craveiro Lopes made a State visit to Britain. This was returned by Queen Elizabeth in 1957. The 600th anniversary of the first Anglo-Portuguese Treaty of Alliance was marked by the Duke of Edinburgh's visit to Portugal in June 1973. President Eanes made a state visit to Britain in 1978.

#### Literary Visitors

25. Among the many Britons who have visited Portugal there are a number of distinguished writers. The novelist Henry Fielding (author of Tom Jones etc) died in Lisbon in 1754 at the age of 47 and is buried in the English Cemetery. Lord Byron spent time in and around Cintra in 1809. He wrote of Cintra that "It unites in itself all the wildness of the Western Highlands with the verdure of the South of France". While in Portugal Byron apparently swam the Tagus from Belem to the southern shore. H G Wells clearly found Portugal to his taste; he wrote in 1925 that "Wet or fine the air of Portugal has a natural happiness in it, and the people of the country should be as happy and prosperous as any people in the world".

April 1984

Research Department  
Foreign and Commonwealth Office



BRIEF NO. 3(a)

VISIT OF THE PRIME MINISTER TO PORTUGAL: 17-19 APRIL 1984

ANGLO-PORTUGUESE RELATIONS: POLITICAL

POINTS TO MAKE

Visits [for use only with Soares and Eanes]

1. Pleased that Queen will be visiting Portugal next year. Extend invitation to Soares to visit the UK in the autumn.

Aid

2. Glad we were able to offer disaster relief. Pleased to be able to offer additional £80,000 in technical co-operation funds for 1984/85.

Compensation

3. Welcome progress on claims which has enabled five of the eight farms expropriated to be returned.

4. Need to make progress on remaining claims. Would welcome suggestions for best way forward. Suggested to Dr Gama during his visit to London that inter-Ministerial arbitration committee might be set up, perhaps under MFA chairmanship, with full powers to negotiate final offers. Any progress in this direction? Hope we can achieve satisfactory solution quickly and remove this long standing irritant altogether.

Algarve: Gas Deaths

5. Appreciate way Portuguese authorities responded to the situation. There was much public and Parliamentary concern. How successful have the measures been in eradicating the problem?

Sea Disposal of Low-level Radio-active Waste [Defensive]

6. Recognise the extent of concern. But safety of UK's method of sea dumping is supported by extensive international and national scientific evidence collected over many years.





7. Review of evidence called for by London Dumping Convention at present in hand. Report due in 1985. If convincing scientific evidence is produced that sea disposal is harmful to the marine environment or to human health, we shall suspend our operations.

8. [If necessary] We have agreed with TUC to carry out separate independent review of disposal of radio-active waste at sea. HMG will not authorise any further sea dumping of radio-active waste pending the outcome of this review.

Air Services [Defensive]

9. Fully prepared to review TAP-air Portugal's capacity limitations at Heathrow. But it remains our current policy that any growth in capacity must be accommodated at a London airport other than Heathrow.



## ANGLO-PORTUGUESE RELATIONS: POLITICAL

## ESSENTIAL FACTS

1. Portugal and Britain have been allies since 1373 without a break (our oldest ally). The Portuguese still tend to turn to us first for help and advice in international affairs. In setting out the new Government's programme to the Assembly last year, Soares emphasised need to maintain traditional relationships and, intentionally, placed Britain at the head of a list of key countries. They are looking forward keenly to the Prime Minister's visit and look to her to emphasise that the links of the past will continue to be as firm in the future.

2. In a recent poll in a Portuguese magazine, Mrs Thatcher was voted second only to the Pope as the most popular international personality.

3. Approximately 7,000 British people live in Portugal. About 650,000 British tourists visited Algarve in 1983.

4. We are seldom able fully to meet Portuguese high expectations. Nonetheless relations are generally excellent; and are kept in good repair mainly by gestures and expressions of friendship. The Portuguese were helpful to us over the Falklands (by allowing overflights). We were able, exceptionally, to go some way (though not as far as they would like) to respond to their request for help over the NATO frigate construction project (see Brief No. 7).

AidBilateral Aid

5. In 1978 Portuguese Government signed loan agreement with HMG for £5m. Three years later none of the sum available had been committed. It was decided not to extend period of commitment; instead to offer increased programme of technical co-operation for 1981/82 1983/84. In the event no expenditure was incurred in 1981/82 and the programme has been extended exceptionally into



1984/85 and increased to provide about £80,000 for new commitments.

#### Disaster Relief

6. Following severe floods in Greater Lisbon area in November 1983, HMG provided grants totalling £9,000 to be used to provide shelter, bedding, stores requisites, cooking utensils and gas for the homeless.

#### Scholarships and Awards

7. In February 1983 HMG announced new measures costing £46m over next three years to expand support to selected overseas students. As part of these measures £40,000 available to Portugal in 1984/85.

#### Visits

8. The Queen will visit Portugal in February/March 1985 (dates to be decided). The visit is yet to be announced - the announcement will probably be made in the autumn. Of senior members of the Portuguese Government (only Eanes, Soares, Gama, and Mota Pinto(?) know.

9. Eanes paid a State Visit to London in 1978 and also attended the Royal Wedding in 1981. Balsemao, then Prime Minister, visited the UK in December 1981. Freitas do Amaral then Deputy Prime Minister and Defence Minister, came to London in November 1982 and Gama, Foreign Minister, was in London for talks with Sir Geoffrey Howe in September.

10. No British Prime Minister has made a visit in their official capacity to Portugal for over 70 years. The most recent visits by senior members of the Government have been Mr Atkins' (then Lord Privy Seal) in November 1981 and Mr Pym's in June 1982.

#### Compensation

11. The Portuguese need to be reminded of our continued concern over outstanding claims for compensation for farm properties expropriated in 1975 during the extremist phase of the revolution. A persistent irritant in Anglo-Portuguese relations over the last ten years. After years of prevarication the Portuguese Government agreed last year formally to revoke expropriation order on five of



the eight farms on which claims were outstanding. Four of the five have now been handed back. The fifth is in process.

12. During Foreign Minister Gama's call on Mrs Thatcher in September 1983 the Prime Minister asked that a commission be established to negotiate settlement of outstanding British claims.

13. These are three cases outstanding:

- (a) Galveias Farms
- (b) Monte da Contenda
- (c) Monte de Ribeira

The satisfactory return of other claimants' properties likely to cause owners in case (a) to press claims for settlement;

14. [Not for use] In case (b) the owners recently evicted smallholders in illegal possession of part of Monte da Contenda and have regained possession of whole property. This unorthodox return of the land made without reference to Portuguese authorities will probably be allowed to stand, but might reduce amount of compensation being claimed.

15. [Not for use] In case (c) the owner is on verge of bankruptcy. He owes Portuguese Government considerably more than he is claiming in compensation.

#### Algarve: Gas Deaths

16. There was public outcry in the UK last year over deaths in tourist accommodation from gas heating and cooking appliances. Tourists to Algarve are mainly British. Partly in response to our representations the Portuguese Government approved a new decree law in September last year covering safety measures and managers' responsibilities. There have been no further reports of deaths caused by gas appliances.

#### Sea Disposal of Low-level Radioactive Waste

17. The Portuguese protested formally in July 1983 to the UK dumping operation proposed for 1983. Gama, the Foreign Minister,



whose constituency is in the Azores where feeling among the fishing community runs high, also raised the matter when he met Sir Geoffrey Howe in September.

18. The UK has disposed of low-level radioactive waste at sea since 1949. Our disposal operations are in accordance with international law and follow detailed procedures and guidelines laid down under the mechanism of the Organisation for Economic Cooperation and Development.

19. Contracting Parties to the London Dumping convention (LDC) agreed in February 1983 to set up an ad hoc group to study the question of dumping of low-level radioactive waste at sea. They will report to the next consultative meeting of the LDC in September 1985. A Spanish resolution calling for the suspension of dumping pending the outcome of the review was adopted by a large majority at LDC in 1983. It is however non-binding (unsupported by any scientific case). The UK voted against.

20. Proposed disposal operation in 1983 was blocked by industrial action by National Union of Seamen and other transport unions. TUC have now taken up offer made by Secretary of State for Environment in December 1983 for independent review of disposal of radioactive waste at sea. Pending outcome of review, HMG will not authorise any further sea dumping. [Not for use] No progress on issue of trade union opposition to sea dumping is expected before autumn 1984.

#### Air Services [Defensive]

21. British Airways Iberian Peninsula services all operate from Gatwick. TAP-Air Portugal's capacity at Heathrow is limited under the terms of the UK/Portugal Confidential Memorandum of Understanding (CMU) of 19 November 1980, to specified levels. The CMU specifies that any growth in capacity must be accommodated at airports other than Heathrow.



CONFIDENTIAL

22. As permitted under the CMU, the Portuguese have sought to review the Heathrow limitations. Formal negotiations have not yet proved necessary.

Southern European Department  
Foreign and Commonwealth Office  
April 1984

CONFIDENTIAL



Bi

Brief No. 3(b)(i)



VISIT OF THE PRIME MINISTER TO PORTUGAL: 17-19 APRIL 1984

TRADE POLICY

Points to make

1 Glad that long history of close trade relations between our countries continues. Pleased to see that Portugal recognizes value of maintaining an open trading policy in times of economic difficulty and is not following chimera of protectionism, which destroys the competitiveness of the industries it is designed to assist.





## TRADE POLICY

### Essential Facts

1 Trade relations with Portugal are at present very good. There are no major problems in either direction. The two aspects of Portuguese trade policy which have in the recent past given rise to difficulty have now improved:

(a) a reduction from 30 per cent to 10 per cent in the surcharge imposed on all imports has recently been announced; and

(b) the system of import licensing has been altered to reduce obstructions and delays.

2 These steps indicate that, despite the Portugal's formidable economic difficulties, she is not resorting to the false panacea of protectionism. She is indeed opening rather than closing her markets. Much of this is at the behest of the IMF, but the present Government is showing courage and determination in holding to its course.

European Commercial and Industrial Policy Division  
Department of Trade and Industry  
April 1984





VISIT OF THE PRIME MINISTER TO PORTUGAL: 17-19 APRIL 1984

TRADE BALANCE

POINTS TO MAKE

- 1 We regard Portugal as an important market and value our long established traditional trading links.
  
- 2 UK exports to Portugal have been somewhat disappointing over the last few years: UK firms are perhaps wary of doing business with Portugal in view of shortage of funds and some payments problems. This of course affects firms' attitude to investment in Portugal and collaborative ventures with Portuguese partners.
  
- 3 Climate for increasing bilateral trade is good: impending Portuguese accession to the EC and the subsequent dismantling of tariff barriers should act as a stimulus.
  
- 4 In order to cope with the increased competition which will result from EC membership Portugal will need to modernise much of her industry. The UK has much expertise and experience which would be of great benefit to Portugal, particularly in sectors such as energy conservation, nuclear power, food processing, micro-computers (particularly in education) and electronics and pollution control.





5 It may be useful for a Minister in our Trade and Industry Department to visit Portugal later in the year to discuss the possibilities. [Mr Baker has an Autumn visit in mind, as a follow-up to a visit to the UK last November by the Portuguese Minister for Industry and Energy, Professor Veiga Simao].

6 Hope my visit will focus UK business attention on the opportunities for increased co-operation and business with Portugal, although subsequent follow-up must largely be a matter of commercial judgement for individual companies concerned.





## TRADE BALANCE

## ESSENTIAL FACTS

	<u>£ million</u>				
	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
UK Exports to Portugal	305	390	368	429	397
UK Imports from Portugal	<u>338</u>	<u>334</u>	<u>333</u>	<u>380</u>	<u>476</u>
Trade Balance	-33	+56	+35	+49	-79

(Source: Overseas Trade Statistics of the United Kingdom)

Main UK Exports (in order of importance). Road vehicles, petroleum and petroleum products, power generating machinery, machinery for specialised industries, office machines and automatic data processing equipment, general industrial machinery, organic chemicals, gas, textile yarn, medicinal and pharmaceutical products.

Main UK Imports (in order of importance). Textile yarn, articles of clothing, wood and cork (and manufactures thereof), pulp and waste paper, footwear, beverages.

1983 Bilateral Trade

The major factors which contributed to the turn-around in the bilateral trade balance last year were large decreases in UK exports of road vehicles





and industrial machinery, together with significant increases in imports of textile yarn and clothing. In fact Portugal was one of only two West European countries (the other being Norway) to which there was a decline in UK exports last year. This situation was probably brought about by the poor state of the Portuguese economy and the low priority given to the market by many UK manufacturers.

#### UK Export Performance in Portugal

Portugal is a relatively small market for the UK - 27th in order of importance of our export markets in 1983 - accounting for only just over 1% of our exports to Western Europe. However, it should be mentioned that Portugal buys more British goods than, for example, Austria, Brazil, China, Egypt, Greece and New Zealand.

The UK share of total Portuguese imports has fallen steadily from 10.1% in 1978 to 7.8% in 1982. Over this period West Germany and the USA have been Portugal's two leading suppliers, followed by the UK until 1982 when we were ousted from third place by France.

#### Portuguese Export Performance in the UK

Although the UK is Portugal's chief export market (taking 15% of total exports in 1982), she was only our 40th largest overseas supplier in 1983, accounting for just over 1% of our imports from Western Europe.





### UK Investment in Portugal

In 1983 the UK accounted for 11% (in value) of total foreign direct investment operations authorized by the Portuguese Foreign Investment Institute. The sum involved was around £9 million and we were equal second (with Switzerland) among foreign investors, behind France.

An encouraging development for 1984 is the recent decision by Austin Rover to increase their share-holding in Leyland Portugal from 20% to 95%. The value of the additional share-holding is around £1.25 million.

### Anglo/Portuguese Commercial and Industrial Cooperation

The idea of examining areas of potential Anglo/Portuguese collaboration arose - at the instigation of the Portuguese - out of Ministerial discussions early in 1982. A joint programme of discussions was subsequently agreed with the Portuguese authorities and in the Autumn of 1982 the UK sent expert teams to Portugal to survey the three selected sectors; electronics, automotive components and food processing.

Although there appeared to be some potential in food processing the results were generally disappointing, and no commercially attractive opportunities for joint venture operations were readily identifiable in the eyes of UK firms canvassed. Clearly by "co-operation" the Portuguese were looking for UK investment, and Portugal, plainly, is not a very attractive investment prospect at present.





BRIEF NO 3(b)(iii)

VISIT OF THE PRIME MINISTER TO PORTUGAL : 17-19 APRIL 1984

MAJOR PROJECTS

POINTS TO MAKE

System X

1 Glad to hear Dr Junqueiro has accepted Mr Baker's invitation to the UK. This is a valuable opportunity to see System X in operation and discuss its features with British Telecom.

2 Plessey have the full support of HMG and BT; the latter have shown their belief in System X by choosing it for the UK domestic market.





3 (Defensive only) Any recriminations against Plessey's withdrawal from their local subsidiary should be viewed as history. Their current efforts clearly show their earnestness and good intentions towards maintaining links with Portugal.

Lisbon Sewerage Project

Stress the expertise and experience of the UK consortium (Lilley Construction, French Kier Construction, Simon-Hartley, Watson Hawksley, Lloyds Bank) which has our every confidence in undertaking a project of this nature.

International Computers Limited (ICL) : Bid for VAT contract

1 HMG supports ICL in this bid.

2 HM Customs have 10 years experience of operating a computerised VAT system on ICL computers. HMG has offered to make this experience available to the Portuguese Government if ICL is selected as supplier.





3 HMG, as a major customer, is impressed with progress and very pleased with ICL's performance on major contracts, eg computerisation of income tax. [ICL is now well past its earlier troubles under vigorous new management.]





Brief No 3(b)(iii)

## MAJOR PROJECTS

## ESSENTIAL FACTS

System X

1 System X is one of five systems for establishment of digital telephone switching capability which have been commended to Portuguese Ministers by a technical evaluation committee as suiting Portuguese requirements. The main competitors for this £50m project are ITT, Siemens, Ericssons and CIT Alcatel, each of whom has an advantage over Plessey, having local manufacture. (Plessey Telecommunications Limited (PTL) sold out their Portuguese subsidiary amid some acrimony in 1980). Competition has been fierce, with allegations by Plessey's competitors about British Telecom's lack of commitment to System X.





2 Dr Raul Junqueiro, Portuguese Minister of State for Telecommunications, has accepted Mr Baker's invitation to visit the UK to see System X in operation and hold talks with manufacturers and BT. It is hoped this will allay any doubts the Portuguese may have concerning the viability of System X.

3 As regards the sale of their subsidiary, Plessey are keen for this to be viewed as past history and more attention given to their present efforts to secure the contract (including a free rural exchange currently on trial with the Portuguese P and T). In this they have the full support of BT and HMG.

#### Lisbon Sewerage Project

1 A UK consortium consisting of Lilley Construction, French Kier Construction, Simon-Hartley, Watson Hawksley and Lloyds Bank operating in Joint-Venture with a Portuguese contractor have submitted a bid for the Lisbon Sewerage Project in response to a tender call by the Lisbon Municipality.

2 The project covers the design and construction of a system for the treatment and final disposal of sewage for the City of Lisbon. The UK bid has covered a range of schemes with different technical solutions with price levels varying between £40m and £65m, and these prices are fully competitive with competing bids.





3 It is hoped that the successful tenderer will also be well placed to obtain additional contracts for similar treatment systems in other nearby towns. Adjudication of the tenders is expected in April 1984.

International Computers Limited (ICL) : Bid for VAT contract

1 ICL has tendered to the Ministry of Finance to supply a computer system worth £1m for the administration of VAT, which Portugal has to introduce in preparation for accession to the EC. The Ministry's specification is closely modelled on the UK system (which runs on ICL computers), which has impressed the Portuguese.

2 HM Customs and Excise are willing to allow the software they have developed to be licenced to the Portuguese through ICL if it is appropriate. They have also offered to provide technical assistance, and to make one or two key personnel available for short periods to advise. The Portuguese have welcomed this offer but have so far made no move to take it up. They are currently evaluating the tenders.





3 A number of US and European companies are in the competition, but IBM are believed to be the most strongly placed. It is very unlikely that any of the equipment offered by ICL's competitors would be UK-made. (ICL is the only major UK-owned computer manufacturer).

Lisbon Metro Extension [For background only - no specific points to make]

A British consortium consisting of GEC, Mowlem, Laing, Freeman Fox and Kennedy & Donkin are pursuing a £150m project (potential UK content £60m) to construct a Southern extension to the Lisbon Metro. Competition comes from France and West Germany who both have close links with the Metropolitano. The British group has submitted proposals to undertake a study of this work to the Metropolitano but the Portuguese Government does not regard this as a high priority project. This is therefore a long-term opportunity.

Projects and Export Policy and Information Technology Divisions  
Department of Trade and Industry  
April 1984





VISIT OF THE PRIME MINISTER TO PORTUGAL: 17-19 APRIL 1984

TEXTILES AND VRAS

POINTS TO MAKE

- 1) Understand the importance of textile export earnings for Portugal's economic recovery and, indeed, dealt sympathetically with Portuguese requests last year in the Community context.
- 2) Norman Tebbit told Snr. Barreto, the Portuguese Minister of Commerce, at their meeting last year that whilst the UK is already Portugal's largest market for textiles the UK domestic textile industry has been going through a very tough period. Since 1979 1 job in 3 has been lost, over 700 firms have closed, production down 25%.
- 3) Welcome Portuguese co-operation in operating the VRA. But VRA levels agreed for 1984 and 1985 were difficult for us to defend to our industry which regarded them as unduly generous, so we must look for responsible Portuguese approach to their management.





VISIT OF THE PRIME MINISTER TO PORTUGAL: 17-19 APRIL 1984

## TEXTILES AND VRAS

### ESSENTIAL FACTS

1) The UK textile and clothing industries continue to face difficulties - over 250,000 jobs lost since 1979, over 700 firms have closed and production has decreased by more than 25%. After Hong Kong, Portugal is the UK's second largest supplier of low-cost textiles and clothing. The industry holds an important position in the Portuguese economy accounting for around 30% of exports and employment. 50% of its exports to the EC are destined for the UK market.

2) Portuguese exports of textiles and clothing to the Community are restrained under voluntary restraint arrangements (VRAS) which have existed since the mid-seventies. The new VRA, to run until the end of 1985, was agreed last year between the EC and Portugal and provides generous growth rates as does the already agreed post-accession arrangement which is expected to run for the following four years.

3) Norman Tebbit reminded Snr Barreto, Portuguese Minister of Commerce of this when they met in November last year to discuss





Portuguese requests for even greater access this year and their reasons for their consistent overshipments above agreed levels. With difficulty the UK made a number of concessions in order to secure the extension of the agreements for 1984 and 1985. This now represents the maximum the UK can give. We have great difficulty in defending the agreement to our industry and therefore expect the Portuguese to honour the agreed levels. The EC Commission will meet the Portuguese in April to discuss 1983 overshipments.

4) In 1983 Portugal enjoyed a surplus of £196.5m in its overall trade in textiles and clothing with the UK (UK imports: £220.4m; UK exports: £23.9m).

Chemicals and Textiles Division/1B  
Department of Trade and Industry

4 April 1984



BRIEF NO. 3(b)(v)

VISIT OF THE PRIME MINISTER TO PORTUGAL: 17-19 APRIL 1984

EXPORT CREDITS

POINTS TO MAKE (IF SUBJECT IS RAISED)

ECGD has to operate under commercial terms of reference and while credit for the normal flow of exports to Portugal presents no problems, ECGD support for any exceptionally large commitment clearly needs to be given specific consideration, as is usual in such circumstances.



RESTRICTED

EXPORT CREDITS  
ESSENTIAL FACTS

BRIEF NO.  
3(b)(v)

ECGD's exposure on Portugal at present stands at nearly £250m, while the combined market limits for Sections 1 and 2 accounts currently total £350m. However £56m of cover is earmarked for a possible Airbus sale, leaving less than £50m available for other new business.

A very large new capital goods contract - such as the proposed UK participation in the nuclear power project - could not therefore be supported at present. However, given that this project is not imminent, there is a reasonable chance that Portugal's IMF - guided economic recovery will be sufficiently advanced in time for an offer of cover to be made when detailed financing proposals have to be formulated.

The Portuguese do not seem likely to press the issue of ECGD cover strongly at present: they are aware that ECGD's risk rating of Portugal is likely to have been affected by the prospect of paying claims to British Leyland totalling £5.7m arising from the financial difficulties of UTIC, a public sector vehicle assembly company in Portugal.

ECGD  
APRIL 1984



VISIT OF THE PRIME MINISTER TO PORTUGAL: 17-19 APRIL 1984

NUCLEAR POWER PROGRAMME

POINTS TO MAKE

1. Understand that Portugal is giving serious consideration to developing nuclear power programme.
2. Mr Giles Shaw's mission in March presented the UK's wide ranging capabilities in the nuclear field. UK industry is willing and able to work with the Portuguese in many different areas of nuclear technology.
3. Hope that full consideration will be given to any proposals put forward by British firms as a result of these initial contacts, including the Anglo Canadian proposals put forward by Wimpey's and NEI of the UK and AECL of Canada.
4. UK and Canadian firms have established excellent working relationships on building Candu reactors.
5. (Defensive on financing) Finance would need to be considered when we had a clearer idea of project cost. We would do our best to put forward a competitive proposal.





CONFIDENTIAL

Brief 3(b)(vi)

## NUCLEAR POWER PROGRAMME

### ESSENTIAL FACTS

1. The Portuguese are considering developing a nuclear programme and envisage putting such a programme to their Parliament this summer. At present they depend heavily on imported oil for their energy needs.
2. A decision on type of reactor is unlikely before 1985.
3. Mr Giles Shaw, PUSS, Department of Energy, headed a presentation in Lisbon on UK nuclear capabilities in March. The Portuguese seemed impressed by the breadth of UK nuclear expertise. In his bilateral with the Portuguese Energy Minister Mr Shaw offered to send an invitation to the junior Portuguese Energy Minister for a return visit. A formal invitation will be made shortly.
4. The Portuguese appear to be focussing on a French PWR as the front runner, though Candu is also a possibility; but they will wish to maximise local content. The French Prime Minister pressed hard for French involvement when he visited Lisbon in January, and we regard it as important to make a similar effort on behalf of UK industry.
5. The Canadians are pressing the UK at Ministerial level for substantial UK participation in and political support for the Candu proposal which would involve NEI and Wimpeys as well as Atomic Energy of Canada Ltd (AECL). The total value of the first station would be about £700 m. But since project is still some way off, ECGD cover is currently restricted, and local content is not yet known firm financing arrangements have not yet been agreed.





6. The principal advantages of Candu are that it offers a proven reactor design; an established and successful working relationship between NEI and AECL; and it operates on indigenous low-grade uranium.

7. The Portuguese President, whom the Prime Minister will be meeting, will just have returned from a visit to Canada, where he will have been lobbied on the Candu proposal.

MEE Division  
Department of Trade and Industry  
AE Division  
Department of Energy

10 April 1984





VISIT OF THE PRIME MINISTER TO PORTUGAL: 17-19 APRIL 1984  
MICRO-COMPUTERS IN SCHOOLS

Points to Make

- 1 Very happy to make available a number of\* sets of Sinclair Spectrum computers and associated equipment and some appropriate sample software.
  
- 2 Britain leads the rest of the world in the application of micro-computers in schools. Our expertise could be of great benefit if Portugal were to decide to develop her own programme.
  
- 3 The Sinclair computers in question are assembled in Portugal and this is a good example of existing Anglo-Portuguese cooperation in the micro-electronics sector. I would like to see this cooperation broadened and developed to cover the whole field of the use of micro-computers in education. To that end I suggest my Minister of State responsible for information technology at the Department of Trade and Industry, Mr Kenneth Baker, visits Portugal in the Autumn to discuss prospects for cooperation in more detail.

\* Final details to be confirmed later





BRIEF NO 3(b)(vii)

MICRO-COMPUTERS IN SCHOOLS

ESSENTIAL FACTS

During his visit to the United Kingdom in November 1983 the Portuguese Minister of Industry, Professor Veiga Simao, met our Minister of State for Industry and Information Technology, Mr Kenneth Baker, and expressed keen interest in the use of micro-computers in schools.

Since then two officials from the Portuguese Ministry of Education have paid a visit to the UK, under the COI/FCO Visits Scheme, during which this subject was covered.

Although at present Portugal has no funds to purchase equipment for schools there is a possibility of World Bank funding for a project.

Our Ambassador in Lisbon felt that it would be an imaginative gesture for the Prime Minister to donate some school computers during her stay in Portugal. This could be effective, both immediately - in terms of the visit - and in the longer time-scale in relation to sales prospects (both the USA and France are also showing interest in selling micro-computers to Portugal). We have accordingly spoken to Sinclair Research Ltd who have agreed to supply, free of charge, a number of\* sets of Spectrum ZX computers with supporting microdrives and software for the Prime Minister to give to the Portuguese.

Exports to Europe Branch  
Department of Trade and Industry  
April 1984

\* final details to be confirmed later.



Bviii



VISIT OF THE PRIME MINISTER TO PORTUGAL: 17-19 APRIL 1984

RECENT TRADE DEVELOPMENTS

Points to Make

- 1 Pleased that industrial items in the accession negotiations are largely resolved.
- 2 Concerned to hear that Portugal has raised two problems in recent weeks, potentially of great political sensitivity.
- 3 Recognise the importance (for all concerned) of satisfactory settlement on textiles in the run up to accession and subsequently. Would be very difficult to reopen settlement now which has been as difficult for us to present to our industry-as we can understand it has been for Portugal.
- 4 Concerned to learn Portugal is seeking an extension of quotas on imports of cars to Portugal. Major export interest for us in the Portuguese market. The main beneficiary would appear to be Renault. Politically unthinkable that we should accept continuing restraint for BL and Ford to the advantage of one of their competitors.
- 5 Hope that Portugal will not start unpicking areas of negotiation already settled.





## RECENT TRADE DEVELOPMENTS

### Essential Facts

Textiles After many years of negotiation Portugal and the Community have reached a detailed settlement on levels of Portuguese exports to Member States both pre accession and post accession, see brief no 3(b)(iv). The signals are that in meetings with the Commission this month Portugal will seek at least some pre accession flexibility.

Cars BL\* exports more to Portugal than to Spain. Unlike other major European Community manufacturers she has no local capacity. Ford also exports direct from the United Kingdom. Quota arrangements under the existing trade agreement between Portugal and the Community are due to run out at the end of this year. It has already been agreed that Portugal will not retain any import quotas for manufactures from the Community as from accession. She now wishes to extend the existing arrangements until 1989, but perhaps on a different pattern and at different levels. There will be a temptation to buy off other Member States by more generous arrangements for assembly kits which is of no interest to BL. France is of course likely to be particularly malleable because of the interests of Renault.

This proposal is at an early stage. It could perhaps be nipped in the bud by urging upon the Portuguese government

\* 1983  
To Portugal 4,334 units  
To Spain 2,739 units





the risks of reopening closed areas of the negotiations and of picking a particularly sensitive area to do so, especially given the traditional safeguard provision in accession treaties if serious difficulties arise during the transition period.

European Commercial and Industrial Policy Division  
Department of Trade and Industry

11 April 1984





CONFIDENTIAL

VISIT OF PRIME MINISTER TO PORTUGAL 17/19 APRIL 1984

EC/PORTUGAL

POINTS TO MAKE

1. Community working to most ambitious timetable for completion of accession negotiations of 30 September 1984 . Committed to seeing Portugal member of Community by 1 January 1986.
2. No reason why accession timetable should be affected by post Stuttgart negotiations; on the contrary, both essential stages in work of relaunching Europe of 12.
3. Hard work to bring sense of financial sanity to Community. But vital progress made towards agreement on principles of fundamental importance for future of enlarged Community. Agreement in principle on system of financing directly related to ability to pay: a major step forward of obvious interest to Portugal which must be net beneficiary from EC policies . Substantial measure of agreement in Community on a text which, for the first time, would establish clear and lasting system. Principal feature of this system is that it would be based on relative prosperity in the enlarged Community . Above this basic threshold a member state would be entitled to receive a relief in form of a lower call-up of VAT in the year following that in which relief was due. Clearly proportion of

CONFIDENTIAL





CONFIDENTIAL

GDP represented by a member state's contribution before relief and extent of its compensation once the limit is reached are crucial. That is why it is important to get right the notional figure on basis of which exact parameters would be drawn up. It was not possible to make progress at Foreign Affairs Council. Discussion will however, continue. Remain determined to reach satisfactory solution as soon as possible.

4. Not yet possible to calculate how new approach will affect Portuguese. Unthinkable that Portugal should be net contributor. Generally accepted that arrangements will have to be made, and to take into account time it may take for Portuguese to present projects to trigger EC funds from ESF and ERDF. However, need agreement on precise details of new mechanism and further progress in accession negotiations to permit realistic calculation of potential Portuguese contributions. Once agreement reached, Commission will need to examine urgently. Happy to to keep in touch.

5. One important issue for Portuguese is clearly issue of own resources. In the interests of Community as a whole and of Portuguese as likely net contributor in absence of special arrangements that UK's two conditions should be fulfilled. Considerable progress already made. If we can secure agreement to a lasting



CONFIDENTIAL

solution to budget imbalances and other conditions, UK willing to see increase in own resources to 1.4% of VAT in 1986. (If Portuguese say this is not enough): There was discussion at the European Council of a possible further increase in 1988 to 1.6%. Such an increase would require the unanimous approval of national parliaments.

6. Aim now that June European Council should relaunch Community on basis of a package looking forward to interests of a Community of 12. Not only public commitment to accession date and financial groundwork but also policies to develop principles of EEC Treaty. Brussels European Council reached agreement in principle in such areas as:

- . strengthening the internal market, through adoption of standards harmonisation proposals, simplification of trade and customs formalities, liberalisation of public purchasing;
- . liberalisation of services, especially in fields of insurance and transport;  
establishment of a common transport policy, including transport infrastructure;
- . UK also pressing for completion of work to develop structural funds in order to promote economic convergence within the Community; these should be

CONFIDENTIAL





CONFIDENTIAL

concentrated on areas of greatest need in the Community and clearly of major importance to Portugal.

Progress in Accession negotiations

7. Community and Portugal have made great strides in accession negotiations with 11 major chapters substantially completed. Welcome satisfactory agreement on Customs Union and External Relations chapters. In particular, pleased that able to agree textiles dossier which as Portuguese know, was most sensitive for UK.

Recognise that textiles agreement was regarded as tough in Portugal- equally, seen as very unsatisfactory in UK; must therefore have achieved fair balance.

8. Presidency have set very ambitious timetable for completion of negotiations. Will do our utmost to achieve deadline of end September 1984 for conclusion. Recognise how important target accession date of 1 January 1986 is for Portugal. Ministerial Conference in May will be most important with major negotiation envisaged on Agriculture, Fisheries and Social Affairs.

9. Community declaration in November 1983 on agriculture designed specially to meet Portuguese circumstances. Portuguese must let us know if there are particular problems. Welcome Community agreement

CONFIDENTIAL





CONFIDENTIAL

on 10 April on programme of assistance to help develop Portuguese agricultural structures (worth some 700 MECU from FEOGA guidance, on top of earlier 50 MECU grant aid) to balance proposed transitional arrangements.

10. Community currently elaborating detailed position on fisheries. Portuguese can expect this to be very tough on access provisions, with an eye to Spain. Can hold out little hope for improvements. However, most member states able to support important principle of "biologically sensitive zones" which allows Portuguese to limit fishing by existing member states and more important, by Spaniards.

11. (If raised) See no reason why Portuguese should give way on VAT zero rating of foodstuffs; we will not do so.

EC/Spain:Gibraltar (If appropriate)

12. Community has made it clear to Spain that Spanish restrictions on Gibraltar incompatible with Spain's EC obligations, and Spain recognises that the problem will have to be dealt with; neither we nor Spain wish to see it become a serious obstacle to accession. The Community and Spain have been able to reach satisfactory agreement in context of External Relations chapter and we look for early parallel agreement in context of Social Affairs chapter. (If necessary)

CONFIDENTIAL





CONFIDENTIAL

Restrictions must be lifted no later than signature of Accession Treaty in order to avoid risk of complicating progress of Spanish Accession Treaty in Parliament.

12. Macao (If appropriate)

Look forward to hearing Portuguese Government thinking on Macao. No doubt Portuguese envisage Macao's relationship with the Community as being the same as Hong Kong's (ie it remains outside the Treaty of Rome altogether). We could not envisage Macao receiving better treatment than Hong Kong (and doubt very much whether such a request would receive any support from other Member states) because of trade (especially textiles), right of work and abode etc. Could also make our negotiations with Chinese over Hong Kong's future more difficult. That in turn could diminish confidence in Macao and even prejudice its future.

CONFIDENTIAL





CONFIDENTIAL

BRIEF NO 4 (Revised)

EC/PORTUGAL

ESSENTIAL FACTS

1. Portuguese may fear that lack of progress in the post Stuttgart negotiations will hinder progress in their accession negotiations. The Prime Minister may therefore wish to brief the Portuguese on the follow up to the European Council and stress that delay in reaching agreement in the post Stuttgart negotiations is not affecting progress in the accession negotiations. There is still too much to do on the latter.

2. Eleven chapters in the negotiations out of 16 have been completed (table at Annex A gives details). The Presidency plan is that the May Ministerial Conference between the Community and Portugal should negotiate the three key dossiers of Agriculture, Fisheries and Social Affairs. If the Fisheries timetable is not met and equally, if a Portuguese declaration on Agriculture is not received in good time, the whole negotiating package would fall to the ground. The Presidency also aim to complete the accession negotiations by 30 September 1984 (a timetable publicly accepted by Chancellor Kohl during

CONFIDENTIAL





CONFIDENTIAL

his visit to Portugal in March). This is just feasible for Portugal (if not for Spain). We attach more importance to the proposed accession date of 1 January 1986 which was highlighted in Dr Soares' letter to the Prime Minister of 31 October 1983 and her reply of 31 October 1983 at annex B.

3. There are major divisions of principle in the Community on Fisheries. While the problems Portugal poses on fisheries are modest, they cannot be divorced from the much larger problem of Spain. (Portugal has a variety of fish stocks in her own waters which she wants to reserve for her own fishermen; Spain, with a very large fleet, does not and is relying on access to stocks in existing member states after accession). The Community is therefore likely to propose to Portugal that she be allowed to designate "biologically sensitive zones" beyond her 12 mile coastal zone in which she would be allowed to regulate fishing by a licensing system comparable to the UK "Shetland Box". This would be important for the Portuguese in controlling access by Spanish fishermen - historically very sensitive. However, since Portugal has virtually no historic rights in EC waters, she will receive little benefit by way of access to resources to stocks subject to quotas and TACS. Moreover, we together

CONFIDENTIAL





CONFIDENTIAL

with France, Ireland, FRG and Denmark are arguing that the acquis will need to be extended further before accession to include a number of stocks not currently subject to quota or TAC such as nephrops (scampi), dogfish (rock salmon) and lemon sole. This is unlikely to be welcome news to the Portuguese and the Prime will not wish to get involved in detail.

4. The Community put to Portugal in November a major declaration on agriculture suggesting a "phased approach" by which during a "first phase" of 4 (extendable to 6) years some 84% of Portuguese agriculture (eg horticulture dairy, meat and cereals) would be excluded from the application of the CAP to give Portugal time to develop the necessary infrastructure (marketing organisations etc). During this initial period, Portugal would retain as national own resources the levies, customs duties etc on imports from third countries of the products in question and use the money for agricultural development; she would not during that time be eligible for FEOGA intervention. The phased transition would last for a total of 10 years, whereas conventional transition would apply for the remaining sectors and last 7 years. The Portuguese are prepared to accept this approach as a "basis for negotiation" with the Community but have

CONFIDENTIAL





CONFIDENTIAL


yet to give a considered response. We have no direct interest (except limiting costs) and can afford to offer good offices to the Portuguese.

5. The Portuguese have asked to apply a VAT "0" rate on foodstuffs and agricultural inputs (i.e. fertilisers) as we and the Irish do. This has been resisted by the French and the Commission as an opportunity to attack UK and Irish practice. We are confident about our position under the 6th VAT directive and have told the Portuguese to stick to their guns as we intend to do.

6. A key issue for the Portuguese will be their contributions to the EC budget. After accession Portugal will be the poorest member of the Community with a GDP per head (\$2300) little more than half that of Greece (table at Annex C attached) and indeed in the same World Bank Group as such countries as Rumania and Chile. However, since Portugal's agriculture is weak and she is a major importer of US cereals, without special arrangements she might find herself a net contributor to the EC budget. The Commission have not yet given any indication as to how they propose to ensure that Portugal is a substantial net beneficiary particularly in circumstances where she is unlikely to be able to provide the necessary funds to trigger

CONFIDENTIAL



  
CONFIDENTIAL

matching contributions from the European Social Fund and the European Development Fund. In the meantime, there have been a number of minor proposals to help the Portuguese, though their total impact is impossible to estimate at this stage.

Pre-Accession Aid

3. The Community has just agreed at the Foreign Affairs Council on 10/11 April on a programme of assistance for Agricultural Structures worth some 700 MECU from FEOGA guidance on top of an earlier 50 MECU programme of grant aid. The Portuguese Finance Minister stressed the importance of the programme in his call on the Secretary of State on 11 April. The UK agreed to both programmes with reluctance. In the case of the 50 MECU aid (the UK contribution to the allocation is set against the UK aid programme) we argued that the Commission had not fully made out the economic case nor explained why this was needed in addition to the Pre Accession Aid package agreed in 1980, which was at the time intended to cover the period to accession. The 1980 package comprised 275 MECU, 150 MECU in loans from EIB own resources, and 125 MECU in grants from the EC budget. A further 75 MECU of EIB loans was agreed in 1983. We were hesitant also about the 700 MECU proposal both on the

CONFIDENTIAL





CONFIDENTIAL

grounds of budgetary cost and in terms of possible implications for IMPS (Integrated Mediterranean Programmes) but finally joined in the consensus.

EC/SPAIN: GIBRALTAR

4. If opportunity arises, it would be worth explaining to Dr Soares in general terms that the Spaniards have already given the Community a satisfactory undertaking in the context of the External Relations chapter that they will eliminate <sup>obstacles to</sup> trade with Gibraltar from accession and that we hope soon to see parallel agreement reached as regards the free movement of individuals ( but not the right to take up employment) in the context of the Social Affairs chapter.

5. Macao is described in the Portuguese constitution as a 'territory under Portuguese administration'. It is a full GSP beneficiary for industrial and agricultural products, except for textiles which are negotiated under the MFA. Hong Kong has no special status vis-a-vis the EC, and is treated as a normal third country. When Lord Carrington visited the territory in March 1981, he told Unofficial Members of the Executive and Legislative Councils of Hong Kong that there was no question of Macao being treated more favourably than Hong Kong in the Community. Mr Atkins





CONFIDENTIAL

(then Lord Privy seal) repeated this assurance when the issue was raised by the Unofficials during his visit in January 1983.

6. The Portuguese MFA Secretary General promised Sir Anthony Acland in September 1983 that we would receive advance warning of Portuguese intentions on Macao. If the Portuguese seek to obtain "overseas country and territory"(OCT) status for Macao , we should wish to make it clear from the outset that this would be politically unacceptable, so that the Portuguese do not retain any unrealistic expectations.

European Community Department (External)

FOREIGN AND COMMONWEALTH OFFICE

11 April 1984

CONFIDENTIAL



## STATE OF PLAY IN ACCESSION NEGOTIATIONS

CHAPT	STATE OF PLAY	COMMENT
CAPITAL MOVEMENTS	Agreed in full	
TRANSPORT	Agreed in full	
REGIONAL POLICY	Agreed in full	
EURATOM	Agreed in full	
RIGHTS OF ESTABLISHMENT	Substantially agreed	(except for inclusion of escudo in ECU)
TAXATION	Substantially agreed	(except for Portuguese wish to apply VAT zero rating to food stuffs)
CUSTOMS UNION	Substantially agreed)	(includes transitional (3/4 years arrangements for textiles)
ECSC	Substantially agreed)	7 years transition
EXTERNAL RELATIONS	Substantially agreed)	
HARMONISATION OF LAWS	Substantially agreed	(including Environment and consumer protection but excluding patents)
SOCIAL AFFAIRS	Under negotiation	7 years transition agreed in 6
AGRICULTURE	Under negotiation	(Community have proposed 'Phased approach' with first phase of 4/6 years before CAP regimes apply to over half Portuguese agriculture including fruit and vegetables and cereals).
FISHERIES	Under negotiation	(Community permitting Portugal to have 'biologically sensitive boxes' between 12-200 miles with access to resources largely reserved for Portuguese fishing, Portuguese to receive only very limited access to EC resources). Under discussion in Community.
OWN RESOURCES	To be negotiated	
INSTITUTIONS	To be negotiated	
SPAIN/PORTUGAL	To be negotiated	



CONFIDENTIAL



ANNEX - B

10 DOWNING STREET

8 November, 1983

THE PRIME MINISTER

My dear Prime Minister,

Thank you for your letter of 31 October. I am glad to have this chance to reiterate the strength of British support for Portuguese accession and our determination to see democracy in Europe consolidated with the accession of your country to the European Community as soon as possible.

I sympathise with your sense of frustration at the sometimes slow and tortuous progress of your negotiations with the Community. These have in fact made considerable progress; I am particularly glad to see that, following the recent agreement among the Agriculture Ministers on the reform of arrangements for Mediterranean fruit and vegetables, the way is now clear for the Community to get down to serious discussion of the agricultural transitional arrangements with Portugal.

The post-Stuttgart negotiations are obviously of importance for Portugal, since these will change the Community for years to come. Our interest in an outcome which will ensure that no Member State is asked to bear a financial burden disproportionate to its means, and that agricultural expenditure is brought under effective control seems to me to coincide with points which you yourself have raised in your negotiations with the Community. We are doing all we can to bring these negotiations to an early and satisfactory conclusion, to put an end to the Community's internal debate and thus to lay a firm foundation for the essential task of enlargement.

/Like you,

CONFIDENTIAL



Like you, we have always believed that the Portuguese and Spanish negotiations should be conducted entirely separately and on their respective merits. We share your hope that your negotiations will be completed during the first half of 1984, with the aim of signing a Treaty as soon as possible thereafter. We should like to see the Spanish negotiations brought to a successful conclusion in a similar timescale and we sympathise with the wish of both Spain and Portugal to enter the Community on 1 January, 1986. That is what we shall be working for.

*Yours sincerely*

*Raymond G. M. ...*

His Excellency Dr. Mario Soares



CONFIDENTIAL

BRIEF 11  
ANNEX A

*Original Containing  
Polygram Square  
Lima SRX 8PP*

London, 31st October, 1983

My Dear Prime Minister,

I am writing to you in order to raise again the subject of the accession of Portugal to the E.E.C., a subject, to which my Government attaches paramount importance and, consequently, of the next summit meeting in Athens.

On the 28th March 1977 I had the honour of presenting on behalf of the Portuguese Government, the formal demand of Portugal to join the European Economic Community.

The presentation of this request marked the end of an era of political and social agitation in Portugal and was in itself a clear affirmation of my country's new political and economic options.

Five years have elapsed since the solemn opening of negotiations on the 17th October 1978. I regret having to state my disappointment now for the lack of political will that led to the slackening of a process which at the start had the general support of the E.E.C. member states and did not present, already at that time, any unsurmountable difficulties for its conclusion. I must tell you that my disappointment is also shared by all the portuguese who believe in Europe and in its prominent role in the shaping of World economic and political realities.

.../...

CONFIDENTIAL



We are well aware of the difficulties the Community has to face but we believe that they can easily be solved if the will to build a stronger Europe prevails over the narrow approach that makes the survival of great political designs dependent on short-term economic interests. As an old European nation, Portugal has the right to participate in the definition and resolution of all the problems which Europe will be confronted with. This is also, I think, in the interest of Europe.

We think that the reinforcement of the European idea cannot be achieved without the strengthening of the solidarity between the North and the South of Europe, through a dialogue that pays due attention to the peculiarities and the specific problems of the different parts of Europe. We think therefore that, although accepting that the accession of Portugal and Spain could be simultaneously effective, that is to say on the 1st of January 1986, Portugal's treaty of accession should be signed earlier than Spain's, and already during the first half of 1984, as the Portuguese dossiers do not present any difficulties for rapid conclusion. This would be the logical result of the separate consideration of each candidature and its appreciation on its own merits, in accordance with the provisions of the Treaty of Rome.

The Portuguese people are going through a period of restraint meant to overcome a serious economic crisis. It is our duty to show now to the Portuguese public opinion the new roads leading to the future, which cannot actually be defined if we do not know whether we can pursue the previously chosen trend which aimed at full E.E.C. membership or, failing that, start in a different direction if Europe refuses us. It is now imperative to know if we are really going to join "Europe", under what conditions and when.

Every historical option has a proper time for its fulfilment. The time for the fulfilment of Portugal's European option is gradually coming to an end. It would be an error, in which we are not ready to incur, to further delay the necessary decisions in this matter. Portugal hopes that a decision



will be taken soon because we cannot lose the opportunity to start in a different direction.

We want to be part of a politically and economically coherent Europe, and therefore we are waiting for an unequivocal answer and steps forward from the E.E.C. countries. The Athens Summit and the subsequent months should bring forth the completion of this process.

Yours sincerely,

s) Mario Soares  
Prime Minister of Portugal

The Rt. Hon. Margaret Thatcher, MP  
Prime Minister,  
10 Downing Street,  
London, S.W.1.



<u>Country</u>	<u>GDP as a % of total GDP OF A COMMUNITY OF 12</u>	<u>Relative prosperity (GDP per head as % of EC average)</u>
Belgium	3.3	108
Denmark	2.3	142
Germany	26.4	137
Greece	1.4	46
France	21.0	123
Ireland	0.69	63
Italy	14.4	82
Luxembourg	0.14	116
Netherlands	5.3	119
United Kingdom	17.6	100
Spain	6.5	54
Portugal	0.90	28



BRIEF NO 5 a

## SOUTHERN AFRICA: MOZAMBIQUE

## ESSENTIAL FACTS

1. On 16 March, President Machel and Mr P W Botha signed a non-aggression pact, the Nkomati Accord. Its main thrust is that neither country will serve as a base for acts of violence against the other, nor use the territory of a third state for this purpose. A joint security commission will be set up to supervise implementation.
2. The Nkomati Accord is an important achievement. The Prime Minister sent messages of congratulations to President Machel and Mr Botha. HMG have made clear over recent months our support for the efforts of the two governments to lower tensions between their countries and we welcome this successful outcome. We hope that it will encourage all those governments who are working for peaceful solutions to the problems of the region. Although we do what we can to assist, we believe that peace in the region can best be achieved by direct discussion between those involved. It is of course essential that discussions take place on a basis of equality and bring mutual benefits.
3. The Accord should be followed by increased cooperation between the two countries on economic affairs, tourism and the Portuguese-financed Cabora Bassa power plant.
4. The Accord reflects President Machel's disillusion with Soviet assistance as a means of coping with his country's massive security and economic (both natural and man-made) difficulties. For their part, the South African Government seem to consider that their destabilization policy has brought about a fundamental shift in Machel's attitude which they should now exploit politically. As long as apartheid remains, however, the Accord will be inherently unstable. There is an American report that Botha has issued firm instructions that no further help is



to be given to Renamo, and Renamo's clandestine radio station, in the Northern Transvaal, has gone off the air. Sr Chissano (the Mozambican Foreign Minister) has told us that it could nevertheless take two years to bring Renamo under control.

#### Western rôle

5. The Maputo press has stressed that President Machel's visit to Europe in October 1983 was crucial in bringing about the agreement with South Africa. President Machel's supporters will be looking for the promised fruits of the agreement - an improvement in the economy and a substantial drop in Renamo activity - and Machel will be looking to the West for increased support. If Soviet influence is to be rolled back, and the Accord made to stick, the West will have to be forthcoming with both aid and economic investment.

#### Aid

6. UK has contributed emergency aid (11.5m tonnes of grain to cope with the drought pledged in 1983, and disaster relief for the cyclone/flooding since the end of January this year). Bilateral programme aid includes training (in UK and Mozambique), and pledges through SADCC of £10.1m to upgrade Limpopo Valley Railway line to Zimbabwe, and £750,000 to improve Maputo port. During Machel's visit, we granted Retrospective Terms Adjustment on aid loans worth £22.5m. We now hope to be able to give another £2m or so in 1985/6 and beyond.

#### Trilateral Cooperation

7. The Portuguese have a limited aid budget of their own and about 400 "cooperantes" in all their five former African colonies. They are actively pursuing the idea of "trilateral" cooperation (involving a third country paying for Portuguese technicians to work in their former African colonies). They already have schemes under way in Mozambique with the French, Swedes and Canadians, and claim to have persuaded the





CONFIDENTIAL

US to take part in a similar scheme. They also pressed the Germans during Chancellor Kohl's recent visit. We are not keen on the idea because we can use all our limited resources on British supplies etc.

Debt

8. Mozambique applied in early February to the Paris Club for rescheduling of her Western debts. (Total debt, excluding that to centrally-planned economies is estimated at \$152m, plus further arrears of \$53m of private debt). A Task Force (UK, Portugal, France and Italy) is due to go out to Mozambique to assess the situation in April 1984. Mozambique has announced her willingness to join the successor agreement to Lomé II. Applications to join the IMF and IBRD may be imminent.

Portuguese/Mozambique relations

9. Portugal enjoys far closer relations with Mozambique than with Angola. The Portuguese played an active rôle in bringing together the South Africans and Mozambicans to negotiate the Nkomati Accord. They are taking part in tripartite consultations on the Cabora Bassa power plant. President Machel was clearly impressed by the warmth of his public reception in Portugal during his Western European tour.

Central African Department

9 April 1984

CONFIDENTIAL





CONFIDENTIAL

BRIEF NO 5 a (i)

VISIT OF THE PRIME MINISTER TO PORTUGAL: 17-19 APRIL 1984  
SOUTHERN AFRICA: ANGOLA

POINTS TO MAKE

1. UK's objective is to reduce Soviet influence and simultaneously to develop profitable relationship with Angola.

UNITA/MPLA

2. UNITA pose increasingly serious military threat. Determined push for reconciliation. But Soviet and Cuban backing for MPLA enables them to hold out and refuse to deal with UNITA. What are prospects for reconciliation? UNITA activities complicating US efforts to secure Cuban withdrawal.

3. Outright victory by either side unlikely. UK need to deal with Angolan Government yet maintain discreet links with UNITA. How do Portuguese see it?

UNITA's British and Portuguese Prisoners

4. We have had contact with UNITA and agreed to send an emissary if that leads to immediate release. Waiting for UNITA's confirmation. Understand UNITA ready to free Portuguese and Filipinos through ICRC.

Remaining Expatriates

5. Concern at ease with which UNITA took hostages. UNITA have renewed threats against diamond mines (and against Cabinda - oil). Additional military measures taken by Angolan Government still not adequate. Maintaining pressure on them. HMG unable to give public assurances of safety of

CONFIDENTIAL





CONFIDENTIAL

Britons in Lunda Norte. Responsibility of companies concerned to reach own decision. What advice are Portuguese giving to their community?

Trilateral Aid (if raised)

6. Current financial restraints would make any such scheme extremely difficult (perhaps impossible) for us. We would nevertheless be prepared to look at Portuguese proposals.

CONFIDENTIAL





BRIEF NO 5 a

## SOUTHERN AFRICA: ANGOLA

## ESSENTIAL FACTS

Internal

1. Angola still virtually on a war footing. Marked increase in recent months in UNITA's military capabilities. Central Government cannot provide effective administration outside the towns in about one-third of the country. Chronic economic dislocation.
2. But Moscow appears determined to keep MPLA in power and to pay the (so far modest) price. Soviet Union has progressively expanded military supplies in quantity and sophistication to meet threats to Angolan Government. May decide to cut losses one day, but no sign as yet. The result is military and political stalemate.
3. UNITA's declared aim is to force negotiations on reconciliation, in expectation that Savimbi could eventually take over a government of national unity. The Central Government continue to resist this strongly. Though some MPLA leaders may be interested in eventual reconciliation, it would be very difficult for them to negotiate until they are more confident of their security and even then would be unlikely to include Savimbi. Best prospects for reconciliation likely to be progress in Western attempts for a regional settlement which would enable MPLA moderates to prove that their policy pays. Internal unity is more likely to follow a regional settlement than precede it.

UNITA hostages

4. UNITA forces, in an attack on the diamond mines of Cafunfo in the north-east of Angola on 23 February, took 17 British hostages (and 45 Portuguese and 17 Filipinos). We have made strong representations through the International Committee of the Red Cross (ICRC)





for their earliest release. UNITA statements have repeatedly said that UNITA would not indicate terms of the release of the British hostages until they arrived at UNITA's base camp in south-eastern Angola. The hostages reached the base on 30 March.

5. We are urgently seeking clarification of UNITA's position. To this end we have been in contact with UNITA at official level. Talking to UNITA does not concede to their demands. It does not represent recognition of UNITA. Discussions are going in a positive direction. We are ready to send an envoy to meet Savimbi in Angola in exchange for the immediate release of the hostages.

6. UNITA has stated that the Portuguese and Filipinos would be unconditionally released to the ICRC. However so far no date has been set. Although the Portuguese deny it to us, they are almost certainly in contact with UNITA about hostage situations.

#### Remaining Expatriates

7. There are some 800 Portuguese and 150 British in the diamond mining industry. Diamond Trading Company (British) manage Angola's diamond industry through Mining and Technical Service (British) and Diamang (Angolan State Diamond Company).

#### Angola/Portuguese Relations

8. One of the main aims of the new Portuguese Government has been to improve her ties, both political and commercial with her former colonies in Africa. The Portuguese Prime Minister proposed a lusophone Heads of State Conference to be held last October in Lisbon, but received little positive interest.

9. Portugal's ties with Angola are going through a difficult phase. UNITA have an active office in Lisbon. UNITA claim that they have access to officials close to Prime Minister Soares. There has been considerable Angolan pressure on the Portuguese Government to take





action against pro-UNITA groups operating in Portugal. As a sign of disapproval, in January this year the Angolan Government formally excluded Petrogal (Portugal) from their proposed participation in a consortium to develop a potentially lucrative offshore oil development. (BP have been invited to take up the share.)

10. Portugal have recently assured Angola that it will be drawing up legislation on refugees in order to prevent activities likely to cause friction between the two governments.

Central African Department

9 April 1984



VISIT OF THE PRIME MINISTER TO PORTUGAL: 17-19 APRIL 1984

EAST TIMOR - IF RAISED

POINTS TO MAKE

#### SOVEREIGNTY

1 Have not accepted Indonesian takeover and voted for Security Council resolutions calling for Indonesian withdrawal.

#### UN RESOLUTIONS

2 Decide each General Assembly Resolution on merits. Look forward to Secretary General's report.

#### SETTLEMENT

3 Would like to see matter settled amicably between Portuguese and Indonesians. Prospects for talks?

#### EAST TIMOR/FALKLANDS

4 Parallels with Falklands far from exact; eg

(a) Falkland Island population almost entirely of British stock.


(b) Clear wish of Falkland Island population to remain British.

(c) Stable administration existed until Argentine invasion.

#### RECENT, INDONESIAN OFFENSIVE

5 Indonesians have substantially reinforced garrison and launched operations against FRETILIN. But scale of fighting less than press reports suggest.





EAST TIMOR

ESSENTIAL FACTS

SOVEREIGNTY

1 Indonesia invaded Portuguese colony of East Timor in 1975 after moves towards de-colonisation, widespread civil disorder and declaration of UDI by left-wing faction FRETILIN.

UN RESOLUTIONS

2 We condemned the invasion in two UN Security Council Resolutions (1975, 1976). Since 1976 UK has abstained on Annual General Assembly Resolutions calling for self-determination. Wording has implied independence, which goes too far. Rest of Community has done likewise except for Ireland and Greece (who sees parallel with Cyprus). Portugal has supported them. They have been adopted by successively narrower margins against background of active lobbying by both sides. Continued abstention by UK is the only way of avoiding offence to Portugal or Indonesia, both friendly countries. There was no vote last year. A report by the UN Secretary General is to be presented at this year's session.

SETTLEMENT

3 President Eanes and Portuguese Government have a constitutional responsibility 'to promote the freedom and guarantee the independence of East Timor'. Recent diplomatic contacts by the Portuguese have indicated further decline in support for their position (US and France reported to be moving towards Indonesian position).

Portuguese would like to see self-determination (Indonesians claim this has already taken place), preservation of the identity of the people of East Timor and the defence of Portuguese interests in



the area. It is difficult to envisage a future for East Timor other than as integral part of Indonesia.

#### EAST TIMOR/FALKLANDS

4 Portuguese have drawn parallel with Falklands and indicated wish for clearer support from us. But clear differences between East Timor and Falklands include:-

- (a) Portuguese colonisers always distinct from local people; they accounted for less than 1% of the population.
- (b) The Portuguese had set decolonisation under way before invasion.
- (c) Indonesia invaded only after breakdown of law and order.

#### INDONESIAN OFFENSIVE IN EAST TIMOR

5 About 15 Indonesians died in an ambush inspired by FRETILIN (extreme left-wing guerrilla group) on 8 August 1983 which broke ceasefire that had held since beginning of the year. The Indonesians increased garrison to 12-15,000 troops and sporadic fighting has continued ever since against the FRETILIN guerrillas (about 700) in the jungle. The Indonesians appear to be looking for a military solution but have declared that last year's amnesty still applies to guerrillas who give themselves up.

6 Concern at Indonesian attitude has been expressed in this country both inside Parliament (Early Day Motion) and outside. We have informally expressed concern to the Indonesian authorities about reports of human rights abuses in East Timor. But we have no wish to alienate the Indonesians on this matter, which they regard as a domestic concern. Any serious displeasure could easily spill over into our valuable commercial relations (£200m exports last year).

SOUTH EAST ASIAN DEPARTMENT

9 April 1984





BRIEF NO 5(c)

VISIT OF THE PRIME MINISTER TO PORTUGAL: 17-19 APRIL 1984

FORMER PORTUGUESE COLONIES: MACAO

POINTS TO MAKE

1. How do the Portuguese see the future of Macao?



## FORMER PORTUGUESE COLONIES: MACAO

## ESSENTIAL FACTS

Macao/China

1. The present Chinese Government regard Macao as Chinese territory under Portuguese administration. The Portuguese offer in 1974 to return Macao to China was rejected, and Portugal now supports the gradual economic and political reintegration of Macao into mainland territory.
2. Relations were normalised in 1979. There is little doubt that a secret agreement was then reached under which the Portuguese acknowledged Chinese sovereignty in return for Chinese agreement to continued Portuguese administration. We thought that this was in the form of an oral and temporary understanding. However, in a recent conversation with the Governor of Hong Kong the Governor of Macao referred to the existence of a 'secret written agreement'.

Internal

3. There is no official Chinese representation in Macao. Its statute, embodied in the Portuguese constitution, provides for 'administrative, economic, financial and legislative autonomy'.
4. Recent proposals by the Governor for electoral reforms extending equal voting rights to Portuguese, Macanese, Chinese and foreign residents have caused a constitutional crisis. The Governor claimed that social tensions were growing amongst Chinese groupings excluded from representation in the Legislative Assembly. The reforms were however bitterly opposed by existing members of the Assembly whose obstructive tactics led to the Governor's request for its dissolution by the Portuguese President on 28 February. Its members are now claiming that the Governor is acting unconstitutionally in decreeing laws without an Assembly. There have also been accusations in Macao that the Governor has exploited the situation there to further his Presidential ambitions.

Far Eastern Department, Foreign and Commonwealth Office  
29 March 1984





BRIEF NO 6

VISIT OF THE PRIME MINISTER TO PORTUGAL: 17-19 APRIL 1984

EAST/WEST RELATIONS (INCLUDING ARMS CONTROL)

POINTS TO MAKE

General East/West Relations

1. Soviet tone recently harsher. Across the board, onus put on US to make first move, Chernenko's 2 March speech:- "Now it is up to Washington". Echoed by Kornienko in London in March.
2. On arms control, Russians attempting to cultivate a "reasonableness" that will make Western public opinion critical of US and erode Alliance unity. Having walked out of Geneva talks, difficult for Soviet Union to maintain credibility of its position. Already some tactical mistakes: appear for instance to have alienated Vogel (leader of German SPD).
3. In longer term believe that Soviet leadership wants more substantial superpower relationship and arms control particularly strategic nuclear and in space. Wish not to 'help' Reagan may mean little movement this year, but would not exclude possibility of progress in 1985. Already some signs that US/Soviet discussions on peripheral issues are moving ahead.
4. Western approach must be long term, consistent,





co-ordinated, unflappable. No compromise on principles; but willingness to reduce tension. Show that there is mutual interest in security at lower level of weapons.

5. Broader dialogue needed so full weight of relationship not on arms control. Sir G Howe visiting Moscow in early July.

6. Your intended contacts with the Soviet Union?

Arms Control

7. START/INF: West taking the right action: making clear our readiness to return to Geneva without preconditions, but not offering concessions to entice the Russians back. Russians may well stay away from bilateral nuclear arms control talks throughout 1984, but we should continue our homework in NATO consultations to prepare for eventual resumption.

8. CDE: First session went well. Thorough Alliance preparations paid off. Must maintain pressure on East to negotiate concrete measures.

9. MBFR (if raised): Key issues remain willingness to take asymmetrical reductions and accept adequate verification. Any new move by Alliance must focus on these.





## EAST/WEST RELATIONS (INCLUDING ARMS CONTROL)

## ESSENTIAL FACTS

General East/West Relations

1. Although in 2 March "election" address Chernenko repeatedly placed responsibility for movement on US, this was accompanied by a more conciliatory tone which appeared to signal readiness to move towards a more substantial relationship.
2. Soviet position has subsequently become more ambiguous. Harder line in public statements and at recent meetings in Moscow (Vogel of German SPD on 11-14 March, US Dartmouth arms control sub-committee, Swedish and Japanese political consultations). Likewise Gromyko has taken sour and unresponsive tone in meetings with US Ambassador Hartman (11 March and 3 April).
3. (Not for Use): But exchange of messages between Reagan and Chernenko continues, and some progress is being made over discussion of secondary issues (hot-line, demarcation of Bering Straits, cultural agreement, consulates). Contrast between hard line in public and evident underlying desire to rebuild contacts.



Portugal/Soviet Union

4. Since coming to power, new Portuguese Government has had few high level contacts with Soviet Union, although Soares attended Andropov's funeral and had meeting with Soviet Prime Minister, Tikhonov. Recent reports that Portuguese Minister may be planning visit to Moscow. We have no firm information about dates or purpose of visit.

5. The Portuguese Government's distrust of Soviet intentions is reinforced by close relationship between Soviet Union and Stalinist Portuguese Communist party, and disruptive Communist tactics in Portugal's domestic affairs. (The Portuguese Communist leader Alvaro Cunhal visited Moscow and saw Andropov on 5 August 1983. Politburo member Mikhail Gorbachev visited Lisbon on 15-18 December to attend the Tenth Congress of the Portuguese Communist Party.)

Arms Control

6. START/INF: In NATO consultations the Portuguese make only occasional statements but these are helpful. At Nuclear Planning Group meeting in Turkey in early April, for example, Portuguese Defence Minister congratulated the INF basing countries on succeeding with the first missile deployments and pledged Portuguese solidarity.

7. CDE: First session 17 January - 16 March. Resumes 8 May. East pushing for discussion of their as yet untabled declaratory proposals eg No First Use of Force (NOFUF) in parallel with our tabled concrete CSBMs. We believe NOFUF could be appropriate at some stage but premature now. Portugal loyal supporter of Alliance line in Stockholm, but does not take prominent role.





8. MBFR: Portugal not participant in NATO reviewing negotiations. Main issue is degree to which West can afford to build on East's suggestion of establishing force levels by verification after reductions rather than by agreement at outset. US and UK have argued that would entail unacceptable security risk: FRG wish to explore.

SOVIET DEPARTMENT

FOREIGN AND COMMONWEALTH OFFICE

9 APRIL 1984

S01AAJ



VISIT OF THE PRIME MINISTER TO PORTUGAL: 17-19 APRIL 1984

PORTUGAL AND NATO (including bilateral defence co-operation and sales)

POINTS TO MAKE

Frigates for Portugal

1 We recognise the importance of Portugal being able to make an effective contribution in anti-submarine role in the East Atlantic. Our £5m contribution to the frigates programme is an exceptional measure. We do not have a military aid programme. Can offer Government supported credit facilities and assistance with training in event of Portuguese purchase of Lynx. This together with generous proposals by Westlands represents attractive package. The offer of the grant still stands.

Spain Gibraltar and NATO

2 Favour full integration of Spain into military structure of Alliance.

3 [If raised] Note your concerns, particularly about IBERLANT. Any changes to command boundaries would be for discussion by Alliance as a whole. Feel sure your concerns can be met.

4 [If raised] Could not contemplate subordination of Gibraltar to Spanish NATO Commander unless restrictions are lifted.

/Use





Use of Portuguese Facilities

5 Grateful for use of military facilities, including training facilities, in Portugal.

UK Military Assistance

6 Glad we can offer regularly places for Portuguese officers to train on our courses in the UK.



## PORTUGAL AND NATO (including bilateral defence co-operation and sales)

## ESSENTIAL FACTS

Frigates for Portugal

1 The NATO aid project to supply Portuguese Navy with three modern frigates and associated helicopters has been under discussion since 1979. The British Lynx helicopter is a contender. It has been assumed from the outset that aid would be given by those countries supplying the equipment purchased by the Portuguese. The estimated total cost of the project is US \$735m of which the USA expected to put up about one third, with a further third coming from the other allies (latest information FRG \$45m, Netherlands \$37m, Canada \$20m, France \$10m, and smaller sums from others). During the Portuguese Foreign Minister's visit to London in September Mr Heseltine offered a UK grant of £5m. Portuguese having difficulty finding their contribution - about US \$ 240 - and are currently canvassing the allies for additional contributions.

2 The Portuguese Defence Minister is seeking to visit participating countries soon to negotiate additional contribution. The Portuguese have proposed that the UK contribution should be increased to meet the cost of six Lynx Helicopters for the programme - US \$70m. This would be in addition to the grant of £5m.

3 We have not yet responded to this further request for aid. But the Portuguese Navy are keen to acquire Lynx Helicopters in preference to eg US manufactured helicopters. Proposals submitted by

/Westlands





Westlands last November include equipment fit and spares options which offer a range of costs for package of six Lynx from £17.5 to £45m. These proposals include free equipment fit for two helicopters valued at some £1.4m. The company are currently reviewing their financial proposals. These, when coupled with the £5m grant offered by Mr Heseltine and the ECGD credit and subsidised training that could be made available in the event of the sale add up to an attractive package albeit a long way short of free gift sought by Portuguese.

Spain, Gibraltar and NATO

4 Portuguese worried about effects of possible integration of Spain into NATO's military structure on the Portuguese commands in Atlantic. Wish to avoid being overshadowed by Spain. Have said that they will not accept Portuguese forces under Spanish command in this area.

5 Portuguese now command IBERLANT, which covers eastern Atlantic up to Straits of Gibraltar, up to but excluding the Bay of Biscay in the North, and includes Madeira and Canary Islands in the South. The Azores are not included but are part of WESTLANT.

6 One of Portugal's major aims is likely to be that Azores be included in IBERLANT area. Possible quid pro quo could be to transfer the Canaries to a new Spanish command, should Spain be military integrated into NATO. Spain has expressed interest in

/command



command of the Balearic/Gibraltar/Canaries axis.

7 UK sympathetic to Portugal. Allies (including Spaniards) are aware that we cannot accept subordination of GIBMED to a higher Spanish command, while restrictions over Gibraltar remain. Problem requires multilateral discussion in NATO once Spain starts negotiation to join integrated military structure.

#### US Bases Negotiations

8 A new agreement was reached in December for US use of Lajes airbase in the Azores. The Americans are now negotiating for the use of further facilities in mainland Portugal including the use of airfields for rapid deployment force and the siting of a satellite tracking station in southern Portugal. These agreements provide the primary source of foreign military aid. The Lajes agreement will provide \$ 1325m through to 1991.

#### Use of Portuguese Facilities/Training

9 RN ships' visits are frequent, all the more so with the continuing deployment to the South Atlantic. Ports mainly used for rest and recreation. The RAF frequently transits Portuguese airspace and many flights make use of Portuguese airfield.

10 On average, six British army companies (about 900 men) train in Portugal every year. A new agreement on administrative arrangements was signed last year.

/UK



UK Military Assistance

11 Since 1979 we have given the Portuguese three packages of surplus military equipment. There are no further gifts in the pipeline.

12 In 1982/83 and 1983/84 Portugal was allocated £120,000 under the UK military training assistance scheme. It subsidised military training including staff college and technical courses.

13 In 1982/83 £100,000 was also allocated to subsidise training a counter-terrorist unit in Portugal. A further significant outlay is in the cost of instruction associated with the Saladin armoured car programme. This assistance together with the refurbishment and transport of the vehicles was worth a total of £400,000.

SOUTHERN EUROPEAN DEPARTMENT  
FOREIGN AND COMMONWEALTH OFFICE

APRIL 1984



A

Brief No 8(a)

VISIT OF THE PRIME MINISTER TO PORTUGAL: 17-19 APRIL 1984

GIBRALTAR

POINTS TO MAKE

1. We are seeking earliest possible normalisation of relations in Gibraltar area. Best to do this in a low key manner.
2. Foreign Ministers meet regularly in the margins of other international meetings. Sir G Howe met Sr Moran last on 10 April in Luxembourg.
3. Positive signs that Spaniards recognise obligations imposed on them by membership of EC. Restrictions will have to be lifted in that context.
4. [If necessary] Gibraltar a bilateral problem. We are not asking our friends to take sides in our dispute with Spain. Best pursued within existing framework.

If Portuguese Offer Venue for Anglo-Spanish meeting

5. [If necessary] We were most grateful to Portuguese Government for facilities at Sintra offered at time of Lord Carrington's meeting with Sr Oreja in April 1980 and repeated in 1982. Appreciate your present offer, and will remember it if we need to stage another such conference.

Gibraltar and NATO Command Boundaries

6. [If necessary] Aware of your concerns about changes to command boundaries to accommodate Spanish membership of NATO. These would be for discussion by Alliance as a whole. Could not contemplate subordination of Gibraltar NATO command to a Spanish NATO commander unless restrictions are lifted.



## GIBRALTAR

## ESSENTIAL FACTS

1. Portuguese Governments have avoided taking any position on Gibraltar, but most Portuguese are firmly on our side, mainly because of dislike and traditional suspicion of Spaniards.
2. In discussions about the implementation of the Lisbon agreement, both sides have of late successfully maintained a good atmosphere. During their meeting in Luxembourg on 10 April, Sir G Howe proposed to Sr Moran that reciprocal advance implementation of those EC rights which will be applicable in Spain and Gibraltar on the day of Spain's accession might enable the Spanish Government to justify to their public opinion the lifting of all restrictions on Gibraltar. Moran responded with interest, and there was discussion of possible timing.
3. In December 1982 the Spaniards partially lifted their restrictions on the border, allowing Spaniards, British passport holders resident on the Rock, and Gibraltarians resident in southern Spain to cross on foot once a day. A strict customs regime has prevented Spaniards from bringing any purchases home from Gibraltar, but Gibraltarians spend freely in Spain. This has contributed to a net outflow of some £100,000 per week from the Gibraltar economy. The Spaniards further relaxed their restrictions (slightly) over Christmas. In February the Spaniards published an order allowing the immediate relatives of the categories previously permitted to cross to do so (whatever their nationality). This relaxation will benefit the small number of Portuguese citizens (about 60) resident in Gibraltar, most of whom have married British passport holders.





Gibraltar and NATO command boundaries

4. See brief No 7: Portugal and NATO.

Southern European Department  
Foreign and Commonwealth Office  
10 April 1984



VISIT OF THE PRIME MINISTER TO PORTUGAL : 17-19 APRIL 1984

LATIN AMERICA

Points to Make

BRAZIL

1. Encouraging performance on external trade balance but inflation still obstinately high.
2. Military apparently surprised by strength of popular support for direct Presidential elections, but seem determined that Figueiredo's successor should be chosen by indirect elections.

HMG/Brazil Debt

3. [Defensive] HMG and British banks have made substantial contribution to help Brazil with her debt problems.

CHILE

4. Concerned at lack of progress towards democracy and at absence of improvement on human rights. Terrorist actions by extreme left makes it easier for Pinochet to justify authoritarian measures.

LATIN AMERICAN DEBT

5. We are studying Quito conference proposals on debt. Reassured by their generally moderate tone, and by absence of support for collective renegotiation of debt. Recognise that adjustment programmes have created severe social and political pressures; believe it necessary that debtors should persevere with IMF discipline; IMF programmes should be tailored to meet circumstances of each country.

/ECONOMIC COMMISSION



CONFIDENTIAL

ECONOMIC COMMISSION FOR LATIN AMERICA (ECLA)

6. Glad to have been able to support Portugal's application to join ECLA.



LATIN.AMERICAEssential FactsBRAZIL : INTERNAL

1. Under strict IMF supervision, the Brazilian Government are applying a rigorous austerity programme. They are on target to achieve their planned \$9bn trade surplus this year - without which they will be unable to service their \$90bn external debt - but are having less success in restraining inflation, (230% a year at the end of February).
2. Tight fiscal and monetary policies coupled with high inflation have cut into living standards. Popular frustrations have been channelled into an opposition-led campaign demanding that President Figueiredo's successor be directly elected on the expiry of Figueiredo's term of office in January 1985. Despite the opposition's success in rallying large crowds in support of their demands, Figueiredo and his military advisers appear determined to stick to the present arrangement whereby the next President will be indirectly chosen by an electoral college, whose composition favours the governing party.

HMG/Brazil Debt

3. The Bank of England, with a Treasury guarantee, took a share in the BIS bridging loan to Brazil. ECGD's contribution to rescheduling Brazil's 1983/4 Paris Club debts was \$330m (a share far in excess of the UK's share of the Brazilian market). British banks contributed \$780m to the Phase II \$6.5b jumbo loan signed on 27 January. ECGD maintain short-term cover, and are permitting drawings under existing credit agreements (which could amount to £500m). But like other major credit insurers apart from the US, we have made no formal commitment to provide new medium-term export credit.

/CHILE



CHILE

4. Signs of 'apertura' (liberalisation) last year. But several backward steps by regime recently (eg. re-imposition of State of Emergency).
5. Opposition's Day of Protest on 27 March less violent than expected (but still left 5 dead). Also growing number of terrorist incidents.
6. New Finance Minister Escobar may expand economy to defuse social/economic discontent, but will need to square IMF first.

LATIN AMERICAN DEBT

7. Participants at the Quito Conference, held from 9-14 January, all pledged themselves to continue to meet their debt obligations. They also adopted a Plan of Action which called for practical measures to ease the burden on debtor countries : limiting debt service ratios to levels compatible with countries' ability to pay ; reduced rates of interest ; longer repayment and grace periods ; adequate inflows of new money and improved access for exports. The Ecuadorean Foreign Minister gave copies of these documents to the Prime Minister and Lady Young on 20 February.

ECONOMIC COMMISSION FOR LATIN AMERICA

8. ECLA (of which UK is a member) held its XX Session in Lima from 29 March - 6 April. We supported Portugal's application for membership, which was sponsored by Brazil, (Portugal's former colony).

INDIVIDUAL DEBT PROBLEMS : ARGENTINA

9. The bridging loan negotiated with the US, Brazil, Mexico, Venezuela, Colombia and the commercial banks has avoided the serious crisis of confidence which would have followed an Argentine failure to ensure that US banks' loans were not classified as 'non-performing'. But there is still concern that Argentina is not addressing with  
/suitable



CONFIDENTIAL

suitable urgency the conclusion of a new arrangement with the IMF.

SOUTH AMERICA DEPARTMENT  
FOREIGN AND COMMONWEALTH OFFICE

9 March 1984



VISIT OF THE PRIME MINISTER TO PORTUGAL: 17-19 APRIL 1984

ARGENTINA/FALKLANDS

POINTS TO MAKE

1. We have now responded to the Argentine Government's reply to our proposals for talks about the normalisation of bilateral relations. We have made public the fact of our response, but not its content. Continue to believe that patient and discreet diplomacy through the Protecting Powers is best approach to normalisation of relations.
2. Our response reflects the realism which we believe should be the basis of the work for improved relations between Britain and Argentina.
3. Hope the Argentine Government will agree that our gradual, step-by-step approach is most realistic way forward. Foreign Minister Caputo himself has indicated publicly that sovereignty could be left aside. We have stated consistently from the outset that sovereignty cannot be discussed.
4. We shall continue to keep you informed of developments. Most helpful if you could reaffirm to Argentine Government the need to concentrate on areas where early progress should be feasible, thereby leading to the re-establishment of a climate of confidence. Commercial relations the natural starting point.



[If raised]

SUGGESTIONS THAT HEADS OF GOVERNMENT OF THIRD NATIONS COULD ACT AS INTERMEDIARIES

5. We are of course grateful for the expressions of willingness we have had from Portugal and other friendly governments to assist in the development of better bilateral relations between Britain and Argentina. But we continue to regard the Protecting Powers as the correct channels for any communication between ourselves and the Argentines.

[If raised]

LIFTING OF FALKLAND ISLANDS PROTECTION ZONE

6. Do not envisage keeping the Protection Zone indefinitely, but cannot be rushed into lifting it prematurely. Need to be fully satisfied that Argentina renounces the future use of force. Formal declaration of cessation of hostilities would be helpful, though it would not necessarily commit Britain to any particular step in return. We have noted several statements by the Argentine Government that they intend to pursue their claim by peaceful means.

[If raised]

MILITARY DISPOSITIONS ON THE FALKLAND ISLANDS

7. Regret that President Alfonsin should have condemned as a serious threat to the security of the whole region our military dispositions on the Islands. We have made these to ensure that the tragic events of 1982 do not recur. They have no wider purpose.



CONFIDENTIAL

[If raised]

ALLEGATIONS OF A "NUCLEAR FORTRESS" ON THE ISLANDS

8. It is nonsense to speak of a "nuclear fortress" in the Islands. At the time of the conflict we made it quite clear that there was no question whatever of nuclear weapons being used. This remains the position. It should be self-evident that we have no interest in threatening Argentina with nuclear weapons.

CONFIDENTIAL



## ARGENTINA/FALKLANDS

## ESSENTIAL FACTS

- A 1. On 6 April the Swiss conveyed to Foreign Minister Caputo our response to the Argentine message of 17 February. His first
- B reactions are reported in Berne telegram no 113. Shortly afterwards, Dr Caputo left for the United States: he only had time to transmit to President Alfonsin the text of the speaking note. The Swiss do not expect any further development until after Dr Caputo's return to Buenos Aires on 13 April.
2. We have kept the Portugese generally informed of the steps we have taken to normalise our relations with Argentina. Dr Soares was given the details of the proposals we put to the Argentine Government on 26 January. He expressed gratitude for being taken into our confidence. When it became clear that the Argentines were giving our friends and Allies copies of their reply of 17 February, Lisbon was among the posts given discretion to make our translation of the Argentine reply available to their official contacts or to confirm its content on a strictly confidential basis.
3. We have not had any indication of current Portugese attitudes. The points to make cover the three items which the Argentines have sought to add to the agenda. It may also be appropriate to remind the Portugese that it is we who have made the running in seeking to restore bilateral relations with Argentina, and to dampen any exaggerated expectations the Portugese may have formed



CONFIDENTIAL

about the speed with which progress towards normalisation can be achieved.

4. In the past, Dr Soares has displayed an inclination to act in some way as intermediary in our relations with Argentina. Following his attendance at the inauguration of President Alfonsin in December, we learned that President Alfonsin had suggested supplying Dr Soares with some material, and possibly a message, to present to the Prime Minister when she visited Portugal. We instructed HM Ambassador in Lisbon to express our gratitude to Dr Soares for his interest in improving Anglo-Argentine relations, but to discourage him politely from pursuing his efforts further. On a subsequent occasion, HM Ambassador told him of the Prime Minister's statement during the Anglo-Italian Summit in Rome at the end of January that we did not envisage any role for Italian "mediation" between ourselves and Argentina. There remains, however, the possibility that Dr Soares may seek to revert to this matter. If so, it will be important to make clear to him our intention to continue to work directly through the Protecting Powers in any communication with the Argentine Government.

Falkland Islands Department  
Foreign and Commonwealth Office  
9 April 1984

CONFIDENTIAL



TEXT OF SPEAKING NOTE GIVEN TO THE ARGENTINE FOREIGN  
MINISTER BY THE SWISS AMBASSADOR IN BUENOS AIRES ON  
6 APRIL 1984

1. The British Government have asked the Swiss Protecting Power to convey to the Government of Argentina the British Government's view on the next steps towards the progressive normalisation of relations between the two countries.
2. The British Government have studied with care the message from the Argentine Foreign Minister, received through the Protecting Powers on 17 February, containing the Argentine Government's reply to the British proposals put to them by the Swiss Protecting Power on 26 January.
3. The British Government note that this reply characterizes the British initiative of 26 January as a 'positive step'. They welcome the assurance of the importance which the Argentine Government attach to the definitive normalisation of relations between the Argentine Republic and the United Kingdom, and the Argentine Foreign Minister's acknowledgement that the six items proposed by Britain for discussion in official talks merit examination in depth.
4. The British Government note that the Argentine Foreign Minister's message also looks forward to substantive negotiations about sovereignty. The British Government have made clear that sovereignty can not (not) be discussed, but that any discussions about the progressive normalisation of relations should be without prejudice to the positions of the United Kingdom and Argentina respectively on the question of sovereignty over the Falkland Islands, South Georgia and South Sandwich Islands. The British Government remain ready for talks with Argentina aimed at normalising relations between the two countries. The aim of such talks should be to establish a renewed climate of mutual confidence in which UK-Argentine relations can be developed in a practical and productive way. The question of sovereignty must, however, be excluded from the talks.



5. Dr Caputo's message proposes the addition of three other subjects to the Agenda. The British Government's view is that these are matters which fall within the United Kingdom's responsibilities for the security of the Falkland Islands and the well-being of their inhabitants. As such they do not consider them to be subjects which it would be appropriate to include in an agreed Agenda for talks having the purpose already described. The British Government hope that the Argentine Government will on reflection agree that to open up a discussion of the two countries' military dispositions in the region would not be helpful to talks which, as was indicated in the British proposals of 26 January, should deal with matters on which it is realistic to expect early progress.
6. The British Government would welcome an early meeting between British and Argentine officials on the basis set out in the preceding paragraphs. In the British view it would be acceptable to take up the good offices offered by the Protecting Powers to convoke the initial meeting between the two sides.
7. With regard to public presentation, the British Government intend to confirm, in reply to questions, that this message has been conveyed to the Argentine Government through the Swiss Protecting Power. But the British Government consider that it will continue to be in the interests of the two parties to keep the details of these exchanges confidential. They have noted that the Argentine Government have so far shared this view, and hope they will continue to do so.



GRS400

**CONFIDENTIAL**

CONFIDENTIAL

FM BERNE 071616Z

D FCO 071645Z

TO IMMEDIATE DESKBY FCO

TELNO 113 OF 07 APRIL

INFO DESKBY UKMIS NEW YORK WASHINGTON 071715Z

PRIORITY BRASILIA PORT STANLEY EC POSTS

MY TELNO 112: RELATIONS WITH ARGENTINA

SUMMARY

1. REPORT BY SWISS AMBASSADOR AT BUENOS AIRES OF CAPUTO'S REACTIONS TO BRITISH GOVERNMENT'S COMMUNICATION. CAPUTO DRAWS DISTINCTION BETWEEN DISCUSSIONS AND NEGOTIATIONS. HE WISHES TO PROCEED WITH DISCUSSIONS WITHOUT PRECONDITIONS OR FIXED AGENDA. ALFONSIN'S REACTIONS NOT YET KNOWN. NO PUBLICITY TO BE GIVEN TO BRITISH COMMUNICATION PENDING FURTHER ADVICE.

DETAIL

2. STATE SECRETARY INVITED ME TO CALL THIS AFTERNOON (7 APRIL) IN ORDER TO HEAR KEUSCH'S REPORT ON HIS MEETING YESTERDAY WITH CAPUTO WHICH STARTED AT APPROXIMATELY 1645 LOCAL TIME AND LASTED ABOUT ONE HOUR. KEUSCH HANDED OVER THE TEXT IN YOUR TELNO 63 AND HAD WITH HIM BUT DID NOT HAND OVER THE BOUT DE PAPIER WHICH I GAVE TO BRUNNER BASED ON YOUR TELNO 62. HIS COVERING INSTRUCTIONS WILL HAVE BEEN BASED ON MY ORAL COMMUNICATION OF YOUR TELNO 61.

3. CAPUTO ASKED KEUSCH NOT TO INFORM THE PRESS OF DELIVERY OF YOUR MESSAGE UNTIL HE HEARD FURTHER FROM ELSA KELLY WHO WAS PRESENT AND WAS DUE TO DISCUSS DETAILED POINTS LATER WITH ALFONSIN, TO WHOM CAPUTO ONLY HAD TIME TO TRANSMIT THE BASIC DOCUMENT BEFORE LEAVING TO CATCH HIS FLIGHT TO NEW YORK. BRUNNER WAS STILL WAITING TO HEAR FROM KEUSCH ABOUT ANY PUBLICITY ARRANGEMENTS AND SUGGESTED THAT MEANWHILE IT WOULD BE BETTER TO MAKE NO ANNOUNCEMENT.

**CONFIDENTIAL -1-**

/4.



## CONFIDENTIAL

4. KEUSCH REPORTED CAPUTO'S OBSERVATIONS ON HIS COMMUNICATION UNDER NINE HEADS:-

- I. THE BRITISH ANSWER WAS MAINLY A REPETITION OF FUNDAMENTAL POINTS SET OUT IN OUR PROPOSAL OF 26 JANUARY.
- II. CAPUTO SHARES FROM THE OPPOSITE SIDE MANY OF THE SAME DIFFICULTIES EXPRESSED IN OUR LATEST COMMUNICATION PARTICULARLY AS CONCERNS THE PROBLEM OF SOVEREIGNTY AFTER ALL THAT HAPPENED IN 1982. HE FEELS THAT THE ARGENTINE GOVERNMENT AND THE RADICAL PARTY HAVE GONE A VERY LONG WAY IN THE DIRECTION OF REALISM.
- III. HE UNDERSTOOD THE DIFFICULTIES ENCOUNTERED BY EACH SIDE IN ENDEAVOURING TO EXPLAIN ITS POSITION TO THE OTHER BUT AT THE SAME TIME FELT THAT EXCHANGING NOTES AT INTERVALS OF MORE THAN ONE MONTH WAS NOT A VERY HELPFUL METHOD OF PROCEEDING.
- IV. FOR CAPUTO THERE IS A CLEAR AND FUNDAMENTAL DISTINCTION BETWEEN DISCUSSION AND NEGOTIATION. WE MUST TOGETHER SEEK TO FIND WAYS FOR FUTURE NEGOTIATION.
- V. ARGENTINA SEEKS ONLY DISCUSSION FOR THE TIME BEING WITH THE PURPOSE OF ASCERTAINING IF WAYS FOR FUTURE NEGOTIATIONS CAN BE FOUND.
- VI. THESE DISCUSSIONS SHOULD BE FACE TO FACE WITHOUT CONDITIONS AND IN THIS CONTEXT (DANS CETTE OPTIQUE) THERE IS NO PLACE FOR PRIOR DECLARATIONS.
- VII. THE AGENDA FOR DISCUSSIONS SHOULD BE OPEN AND UNCONDITIONAL (SANS PREALABLES). IF SOVEREIGNTY OR ANY OTHER UNACCEPTABLE QUESTIONS WERE RAISED IT WOULD BE FOR EITHER SIDE TO BREAK THE DISCUSSIONS IF THEY FELT IT NECESSARY.
- VIII. TO ILLUSTRATE HIS DISTINCTION BETWEEN DISCUSSION AND NEGOTIATION CAPUTO GAVE AS AN EXAMPLE THAT BEFORE 1982 GREAT BRITAIN WAS NEGOTIATING WITH ARGENTINA. HE DOES NOT WISH TO COME BACK TO THAT POINT AND CONSIDERS THE TERM NEGOTIATION RISKS CREATING FALSE PERSPECTIVES AND THAT ITS USE SHOULD BE AVOIDED.
- IV. HE IS EAGER TO KNOW IF THE BRITISH GOVERNMENT HAS REALLY GRASPED HIS DISTINCTION BETWEEN DISCUSSION AND NEGOTIATION AND ACCEPTS THAT WHAT ARGENTINA REALLY (VERITABLEMENT) DESIRES IS A DISCUSSION.

5. KEUSCH OFFERED THE COMMENT THAT THIS LATEST DISCUSSION WITH CAPUTO HAD PROVIDED A MUCH CLEARER VIEW OF THE TRUE ARGENTINE POSITION THAN THAT CONTAINED IN THEIR COMMUNICATION OF 16 FEBRUARY.

-2-  
CONFIDENTIAL

16.



## CONFIDENTIAL

6. IN RESPONSE TO MY QUESTION BRUNNER SAID THAT THERE HAD BEEN NO DISCUSSION OF THE PLACE, FORM OR TIMING OF THE DISCUSSIONS. ONCE THE PRINCIPLE HAD BEEN ACCEPTED THIS QUESTION SHOULD BE EASY TO SETTLE. BRUNNER ADDED THAT AS HE SAW IT THE ARGENTINIANS WERE EAGER TO SIT DOWN IN AN INFORMAL WAY AND TALK BETWEEN RESPONSIBLE OFFICIALS ABOUT THE WHOLE PROBLEM OF THEIR RELATIONS WITH THE UNITED KINGDOM. HE SUGGESTED THE PRIMARY OBJECTIVE WOULD BE TO FIND OUT WHETHER AND HOW THIS COULD LEAD TO SOMETHING CONCRETE IN THE DIRECTION OF YOUR SIX POINTS. THE RENEWAL OF CONTACT WAS THE FIRST ESSENTIAL STEP AFTER WHICH IT WOULD BE POSSIBLE TO DISCOVER HOW THE QUESTIONS FOR DISCUSSION COULD BEST BE HANDLED.

7. IN REPLY TO MY FURTHER QUESTION BRUNNER SAID THAT THE REACTION OF ALFONSIN WAS SO FAR UNKNOWN. HE SAID IT WAS ALSO NOT YET CLEAR WHETHER A FURTHER MORE FORMAL REPLY TO YOUR LATEST MESSAGE SHOULD BE EXPECTED OR WHETHER THE REPORT HE HAD NOW GIVEN TO ME OF ITSELF CONSTITUTED A SUFFICIENT ANSWER. CLARIFICATION OF THESE POINTS WOULD AWAIT CONSULTATIONS BETWEEN ALFONSIN AND CAPUTO. KEUSCH DID NOT EXPECT ANY FURTHER DEVELOPMENT IN BUENOS AIRES UNTIL AFTER THE LATTER'S RETURN ON 13 APRIL.

8. WHEN I RETURNED TO THE QUESTION OF MODALITIES BRUNNER SAID THAT THERE WAS ALREADY A LARGE MEASURE OF AGREEMENT AND REFERRED TO OUR CONVERSATION REPORTED IN MY TELNO 103. IT DID NOT APPEAR FROM KEUSCH'S REPORT THAT THERE HAD BEEN ANY FURTHER DEVELOPMENT YESTERDAY.

POWELL-JONES

FALKLAND ISLANDS GENERAL  
FCO  
FID  
CABINET OFFICE

[COPIES SENT TO NO 10 DOWNING ST]

ADDITIONAL DISTRIBUTION  
FALKLAND ISLANDS

-3-

## CONFIDENTIAL



VISIT OF THE PRIME MINISTER TO PORTUGAL : 17-19 APRIL 1984

IRAN/IRAQ

POINTS TO MAKE

The War

1. UK impartial in the conflict. Concerned by recent resumption of fighting on land and Iraqi attacks on shipping in the Gulf.

Escalation

2. Must continue to urge both sides to avoid escalation. Iraq has not yet launched a major attack on Iran's oil exporting facilities. They will probably refrain from doing so if they can prevent Iranian land breakthrough.

3. Iranian reaction to an Iraqi attack on their oil exporting capability unpredictable. Concerned that Iran has repeated its threats to close the Straits of Hormuz.

Mediation

4. UK will support any serious prospects of mediation, particularly through the good offices of the UN Secretary-General. Security Council's condemnation of the use of chemical weapons in the conflict might provide the basis for further mediation attempts. Unfortunately, there seems no sign of change in hard-line Iranian attitude towards mediation.

Contingency Planning (Defensive)

5. Attach importance to maintaining freedom of navigation in the Gulf. If this were threatened we would look first for a diplomatic solution and ensure that all avenues for a peaceful settlement are explored in consultation with our allies and other States in the region.

Disruption of Oil Supplies (Defensive)

6. If oil supplies from Gulf were disrupted, our view is that Governments in consumer countries should do all they can to calm

/the



the market, and that there should be rapid collective action focusing on stock drawdown. If necessary this should be followed by activation of formal IEA scheme. See this as best means of avoiding sharp rise in prices.

Iraqi Use of Chemical Weapons

7. UK wholeheartedly endorses the Security Council's condemnation of the use of chemical weapons in the conflict. We have repeatedly made clear that we condemn the use of chemical weapons wherever it occurs.

8. (If asked about UK supply): Pleased to note that UN experts' report provides no evidence to support wholly unfounded Iranian claims that the UK supplied CW to Iraq.

Arms Sales (Defensive)

9. We remain strictly neutral and have not supplied lethal items to either side. We would prefer all other countries to follow the same policy.



IRAN/IRAQ

ESSENTIAL FACTSThe War

1. After a series of Iranian offensives in January and February there has been a lull along most of the border, although fighting continues in the marshlands north of Basra. Iranian preparations are underway for a further large-scale attack in the South. Iraqi army's performance in defence so far has been good. They should be able to contain the expected offensive provided morale holds. Iraq has continued to attack neutral shipping in the Gulf..

Escalation

2. There is a dangerous period ahead, particularly if a successful Iranian push leads to a major Iraqi attack on Iranian oil installations and shipping. Iran has repeatedly threatened to close the Straits of Hormuz if Kharg Island is attacked successfully. Iran exports 90% of its oil from Kharg Island and its war effort is dependent on these oil exports. Alternatively Iran might attack one of the Gulf States who have provided Iraq with extensive financial assistance. (Kuwait is perhaps most at risk).

Mediation


3. The Secretary-General's plan for a two-pronged mediation mission to investigate civilian casualties and hold political discussions foundered on Iranian refusal to discuss substantive political matters. The UK continues to encourage any realistic mediation efforts (Mr Palme; NAM; Arab League). We have urged the UN Secretary-General to pursue any possible opening. The Security Council endorsement of the UN team of experts' report on chemical weapons might prove to be a base for getting the Iranians back into play with the UN. But recent Algerian contact with the Iranian Foreign Minister has confirmed that Iran's hard-line attitude to mediation remains unchanged.

Action by the Ten

4. The Foreign Ministers of the Ten issued a statement on the Middle East after their meeting on 27 March in Brussels.

/Contingency



  
Contingency Planning (Not for use)

5. We have been in close contact with the Americans over action in the event of further escalation in the war. We have made it clear to the Americans that British public opinion is opposed to getting involved in military adventures, and our view is that the first reaction to any closure of the Straits should be confined to diplomatic action, before military measures are considered. We have also been in contact with the French. To date they have shown no interest in political or military discussions. But they have had some military exchanges with the Americans.

Disruption of Oil Supplies

6. In the event of a closure of Straits of Hormuz we estimate there would be a net shortfall of about 4 mbd (10%) in free world oil supplies. Stock levels in OECD countries are sufficiently high to meet such a shortfall for over a year - far longer than the likely duration of a crisis.

7. Such a shortfall could trigger the International Energy emergency oil allocation scheme involving stock drawdown, demand restraint and allocation of available oil between countries.

8. Portugal is a member of IEA. Over half its oil imports (6.5 million tonnes in 1983) come from the Gulf area.

Chemical Weapons

9. The experts sent to Iran by the UN Secretary-General to investigate the alleged use of chemical weapons in the conflict concluded that mustard gas and nerve agents had been used, but did not apportion blame. On 30 March the Security Council strongly condemned the use of chemical weapons in the conflict and called on both sides to adhere to the 1925 Geneva Protocol.

10. The US has banned the export of a number of chemicals to Iran and Iraq which might be used in the manufacture of chemical weapons. We are considering the possibility of parallel action by the UK.



D

VISIT OF THE PRIME MINISTER TO PORTUGAL:

BRIEF 8(d)

17-19 APRIL 1984

BRIEF 8(D) THE FUTURE OF HONG KONG

## POINTS TO MAKE (DEFENSIVE ONLY)

1. Understand your interest in negotiations on the future of Hong Kong, given their significance for Macau.
2. Talks agreed during my visit to China, September 1982. Second, more detailed phase of talks began July 1983. Twelve rounds since, continuing through diplomatic channels in Peking, with common aim of maintaining Hong Kong's stability and prosperity. Latest round 11/12 April. Useful and constructive.
3. Sir Geoffrey Howe currently in Peking discussing future of Hong Kong with Chinese leaders. A settlement still some way off, but progress has been made.
4. Atmosphere good. Content confidential. Aiming to see ways in which stability and prosperity might be preserved. Receptive to any arrangements which would do this and be acceptable to Parliament, China and Hong Kong people.
5. No overall timetable for talks. We, (like Chinese) want satisfactory settlement as soon as possible. But right solution more important than rushing.
6. Chinese plan for Hong Kong as Special Administrative Region (SAR) of China. Hong Kong to be "basically unchanged". But Hong Kong people/investors need effective guarantees. We believe continuing stability/prosperity best assured by:
  - (a) Continuity of systems.
  - (b) Minimal interference, as now.





7. Good grounds for confidence in satisfactory conclusion. Common aim. In no-one's interest to see collapse of Hong Kong. We and Chinese seek negotiated settlement.

8. Interested in how Macau was dealt with during your negotiations with Chinese about establishment of diplomatic relations.



## THE FUTURE OF HONG KONG

## ESSENTIAL FACTS

1. The Prime Minister is conversant with the general background.
2. We have not briefed the Portuguese Government about the talks on Hong Kong's future. The Governor of Hong Kong has however received authority to brief the Governor of Macau fairly fully on a strictly personal basis. Some of this briefing may nonetheless have got back to President Eanes, to whom the Governor is directly responsible.

## MACAU

3. The Portuguese appear to have come to a secret understanding with the Chinese about the status of Macau during the negotiations over establishment of diplomatic relations, which culminated in an agreement in 1979. Although details of the understanding are not known, we suspect that it includes an agreement that any change in Macau's status will be a matter for discussion between the two Governments. Dr Soare's Minister of Culture, at that time the Ambassador in Paris, was the principal Portuguese negotiator. It would be useful to know the basis of their understanding with the Chinese.
4. Chinese intentions for Macau are obscure. It is however hard to believe that Macau's present status can last beyond 1997, the date on which the Chinese intend to regain Hong Kong. This assumption is supported by private remarks made to the Embassy in Peking by a member of the Chinese team in the Hong Kong negotiations.

Hong Kong Department  
Foreign and Commonwealth Office  
3 April 1984



VISIT OF THE PRIME MINISTER TO PORTUGAL: 17-19 APRIL 1984

NAMIBIA

POINTS TO MAKE

Disengagement

1. Fragile but holding. Angolan cooperation with South Africans encouraging. SWAPO compliance vital. We must do what we can, publicly and with African contacts, to keep SWAPO in line.

Next Steps

2. Dos Santos must grasp nettle on Cuban withdrawal. Early meeting with US vital. Hope Africans will support and encourage Angolans to face up to difficult decisions. Important to keep up momentum of present process since many (hardliners in the MPLA and in South Africa , Soviet Union) want to see it founder.

Angolan Attitude

3. Do you consider that Dos Santos is strong enough and has the political will to face up to substantive negotiations with US?

SAG Intentions

4. Still unclear. South Africans have economic and political reasons for wishing to withdraw from Namibia. But they have kept their options open.

5. SA may hanker for regional settlement which excludes UN. But remain publicly committed to SCR 435. Essential to test their sincerity by offer of Cuban withdrawal.





US Diplomacy

6. Deserve support in their effort to "manage" parties who inherently distrust each other. Strong US commitment to negotiating process: electoral considerations add urgency.

Implications for Soviet Union

7. Russians suspicious and uneasy at developments on both Namibia/Angola and Mozambique. May be uncertain how best to preserve their stake in Mozambique and Angola. But their goals are long term; they are likely to hang on.



NAMIBIA

ESSENTIAL FACTS (to be used freely except para 9)

Disengagement

1. US/Angola/SAG talks in Lusaka on 16 February sealed agreement on South African withdrawal from Southern Angola. The parties described their meeting as "important and constructive step towards peaceful resolution of the problems of the region, including the question of SCR 435". Established Joint Commission (JMC) to monitor SADF disengagement and SWAPO compliance, in operation since 1 March. Despite SAG allegations of SWAPO infiltration in disengagement zone JMC functioning quite well and moving south by stages to Namibia border. SAG/Angolans have worked together in fighting recalcitrant SWAPO. UNITA presence in disengagement area causing concern.

US/Angola Dialogue

2. US keen to address substantive questions of Cuban withdrawal, recognition of MPLA government and Namibia settlement with Angolans. Believe Angolans willing, but they have not yet responded (early April) to US proposals for early meeting. Dos Santos probably unsure of his ground with own hardliners, and concerned with UNITA. Angolans say they want to see disengagement completed first (timetable for this is slipping - unlikely to be completed before end of April).

Angolan Attitude

3. Angolans have made serious attempt to control SWAPO and are committed to disengagement arrangements. Disengagement has given Dos Santos a tangible result to justify negotiations with the Americans.

4. Havana communiqué of 20 March with Cubans reaffirmed Angolan formal position on Cuban withdrawal previously outlined in Dos



Santos' Four Conditions of August 1983: South African withdrawal from Angola, end to South African attacks, end to SA military/logistic support to UNITA, implementation of SCR 435. These conditions should be compatible with US/SAG requirements if "package" carefully assembled and presented. But Cuban withdrawal difficult as long as UNITA successes continue.

#### SAG Intentions

5. SAG confident following referendum success and establishment of friendly relations with Mozambique. May now be more relaxed about possible SWAPO government in Namibia. P W Botha stated on 31 January his Government would put interests of South Africa before those of SWA and would not bear military and economic costs of Namibia indefinitely. But SAG commitment to early settlement cannot be assumed: will stick out for best conditions possible, either UNSCR 435 plus agreement on Cubans or (unlikely) through settlement outside SCR 435 (see below).

#### SAG Proposal for Round Table Conference

6. P W Botha proposed on 11 March, that SAG, Angola, SWAPO, UNITA and Namibian Internal Parties should hold meeting to resolve problems of Namibia and Angola. Proposal aimed to involve UNITA directly in negotiations and perhaps to supersede SCR 435 (reflecting SAG dislike of UN involvement and belief in "regional" solutions). Quickly rejected by Angolans and SWAPO. Botha has since claimed he was not seeking to modify SCR 435 which SAG would implement if satisfied on Cubans. But SAG might return to this idea.

#### SWAPO

7. SWAPO in difficult position. Not party to Lusaka agreements, afraid of being "frozen out" of peace process (which may be South African aim). Have called for direct talks with South Africa. But we believe formal contacts with SAG would be premature and unlikely to assist progress (though we understand secret meetings have taken place in Lusaka with SAG representatives).



FLS and UN

8. FLS accept present process. Kaunda played constructive role in US/SAG/Angola talks on disengagement. Machel enthusiastic, Nyerere acquiescent. Realise no alternative path to achieve progress towards Namibia settlement. No pressure for early Security Council meeting. Perez de Cuellar content to let US/Angola/SAG contacts to take their course.

Portuguese Position (not for use)

9. US have briefed Portuguese fairly regularly on their initiative. Portuguese sympathetic and willing to help where they can. We can therefore be more forthcoming with Portuguese than with most, though we would not wish them to be aware of the key role played by our Ambassador in Luanda as the main channel for messages between the US and the Angolans.

Implications for Soviet Union

10. The Russians are clearly suspicious and unsure of developments in Southern Africa. Although this is not as vital an area of interest to them as eg the Middle East they have clear stakes here, particularly the survival of the MPLA government in Angola. The underlying Soviet attitude is probably hostile. But we have no evidence at present that the Russians regard recent developments as so important a setback as to risk more overt interference to frustrate future progress. Indeed there could be advantages for them if a stronger Mozambique and Angola (and an independent Namibia) emerged which were still subject to Soviet influence. But they may well regard as in their long term interest continued instability and conflict because of continued dependence of Mozambique and Angola on Soviet military assistance.

11. [Not for Use: The Americans have told us that Gromyko has just suggested talks with the US about South Africa. Gromyko told the US Ambassador in Moscow that this was perhaps an area where the US and the Soviet Union could find some coincidence of views. The Americans are likely to take up this proposal, although its



CONFIDENTIAL

significance for Soviet policy in the area is not clear].

Southern African Department  
Foreign and Commonwealth Office  
9 April 1984

CONFIDENTIAL



## VISIT OF THE PRIME MINISTER TO PORTUGAL: 17-19 APRIL 1984

## WORLD ECONOMY (INCLUDING ECONOMIC SUMMIT)

Points to Make

## LONDON ECONOMIC SUMMIT

1. Looking forward to relaxed, workmanlike Summit building on progress at Williamsburg. Focus of discussion will be policies needed to consolidate and broaden recovery and to strengthen the international trade and financial systems. Important to register realistic progress on rollback. Will also be discussion of international debt problem and the difficulties faced by developing countries.
2. As hosts, aware of need to keep non-participants informed of proceedings. Have already started this process in OECD.

## WORLD ECONOMY

3. Recovery now well under way and becoming more broadly established. Growth in OECD countries in 1983 was better than expected. Growth should continue in 1984. Investment likely to contribute more to recovery in future. Effect of large US budget deficits a continuing source of concern. Have made our views known to the Americans.
4. Case-by-case approach has coped well with immediate problems of major debtors but need for continuing adjustment by debtor nations and more stable medium-term pattern of financial flows.
5. Welcome Portuguese decision to join IDA and hope Portugal will participate in future replenishments. Important to pass IDA 7 agreement quickly. [Have noted the outcome of the Council of Europe Parliamentary Assembly Conference in Lisbon on 'North/South: Europe's Role']



## WORLD ECONOMY (INCLUDING ECONOMIC SUMMIT)

Essential Facts

1. OECD sees growth in 1984 picking up to 3.75%. Growth of 4-5% expected in US and Japan but only 1.5% in Europe. Consumer price inflation in OECD countries has fallen from over 12% in 1980 to 5.5% in year to January 1984.
2. US Federal Budget for fiscal year 1985 foresees budget deficit of \$180bn or 4.6% of GNP (1984: \$184bn = 5.2% of GNP). US interest rates have risen recently: three-month CD rate now over 10.5%; longer term rates about 12½%. US dollar climbed to record effective rate of 132.5 on 12 January. It has since fallen by over 5.5%. US merchandise trade deficit was \$69.4bn in 1983. The size of the US trade deficit suggests that some further depreciation of the dollar can be expected.
3. Official creditors agreed 16 reschedulings in 1983 totalling just over \$10bn of debt (cf 6 countries, \$639m in 1982), but rate of new bank lending fell considerably. World economic recovery has already benefitted debtor nations in terms of commodity prices and improved terms of trade. But much of the improvement in their current account balances has been achieved by import cut-backs. In the longer term higher levels of imports will be necessary to restore growth and increase debtors capacity to service their debts.
4. OECD North/South group on 22-23 March agreed cautious line on the informal consultations on Global Negotiations being conducted in New York and gave broad support to a recent US initiative seeking to reform UNCTAD procedures. Portugal has attended IDA7 negotiations as an observer and has announced its intention to finalise formal membership details. Its contribution would be 0.06% (as for IDA6). The Parliamentary Assembly of the Council of Europe held a conference on 'North/South: Europe's Role' in Lisbon on 9-11 April. [Reference to conference outcome].



## LONDON ECONOMIC SUMMIT (7-9 June)

5. We can expect that Portugal will be interested in how preparations for the Summit are progressing. At the OECD Executive Committee in Special Session in January, the UK representative explained the approach to the Summit at a dinner where the Portuguese were present. This was greatly appreciated. Expect to repeat this at the next ECSS meeting on 26 April.

ECONOMIC RELATIONS DEPARTMENT  
FOREIGN AND COMMONWEALTH OFFICE  
10 April 1984



9  
VISIT OF THE PRIME MINISTER PORTUGAL 17-19 APRIL 1984

## CENTRAL AMERICA

## POINTS TO MAKE

1. Support stated US objectives of promoting democracy, peace and economic development in region. Recognise legitimate US security concerns.
2. Concerned at lack of progress in Contadora Group. Difficult issues not being tackled. Shall continue to support Contadora.

Nicaragua

3. Regrettable that issue of mining Nicaraguan ports should have caused wider adverse public reaction. Important for US policy to operate within the law.
4. But important too to recognise Nicaraguan material support for left-wing insurgents in El Salvador. US needs to be encouraged in broader aim of resisting spread of marxist régimes in Central America.
5. US opinion deeply divided on Central America, but European criticism almost uniformly viewed as unhelpful. Must avoid exacerbating transatlantic tensions.

El Salvador

6. Our observers' report likely to be published shortly. Critical of administrative failings, but recognise good intentions of authorities and massive popular enthusiasm for voting.

Honduras (If raised)

7. Recent replacement of Army Chief, General Alvarez, a welcome confirmation of the ascendancy of civilian rule.



## VISIT OF THE PRIME MINISTER TO PORTUGAL 17-18 APRIL 1984

## CENTRAL AMERICA

## ESSENTIAL FACTS

1. The escalation of US support for the Nicaraguan "contras", leading to heavier fighting and in March the mining of Nicaraguan ports, has drawn strongly adverse reactions internationally and in Congress. The Administration has virtually dropped all pretence that it is not actively promoting the subversion. On 10 April the Senate voted 84-12 to oppose funding for the mining, which had begun in February but which had been largely unadmitted to the Senate Intelligence Committee by the Administration. The mining has now apparently been suspended, but heavy "contra" attacks continue. The "contras" are nonetheless unlikely to achieve a military victory over the Sandinistas.
2. The unprecedented rebuff by the Senate, amid high political emotions evoked by the mining affair, by chance followed closely attempts by the Administration to appeal for less Congressional interference in the conduct of foreign policy. The consistency of US policy towards Central America is likely to be hampered further now that the issue is more than ever a political bone to be fought over in Washington.
3. Central America is a main issue in the US Democratic primaries and is likely to become one in the Presidential election. President Reagan's hopes of bipartisan agreement, the aim of the Kissinger Commission which reported in January, have not been realised. The Kissinger recommendations, embodied in legislation as the 'Jackson Plan', are having a difficult passage through Congress. The scale of economic assistance, originally put at over \$8 billion over five years, is likely to be much reduced.



4. News has leaked that France may offer minesweeping assistance to Nicaragua under certain conditions. The US Administration have reacted angrily. We would prefer highly public disputes of this sort to be avoided in the interests of transatlantic harmony. But feelings are running high in the French government and such a move would probably be popular domestically.

#### El Salvador

5. The first round of the Presidential election was held on 25 March. The Christian Democrat, Napoleon Duarte, secured 43% of the vote, convincingly clear of the extreme right-wing candidate, Major D'Aubiusson, with 30%. Duarte is expected to win narrowly the second round on 6 May. He will face considerable continuing problems, but at least will be able to count on substantial US economic and military aid.

#### Honduras

6. The abrupt sacking of the Honduran Army Chief, General Alvarez, on 31 March has confirmed the authority of the civilian President Suarzo and the democratically-elected government. It has probably also lessened the risk of Honduras becoming embroiled in a war with Nicaragua, although "contras" continue to operate openly from Honduran soil and substantial US military exercises are scheduled to continue indefinitely.

#### Contadora

7. The Contadora process is stalled. It is unlikely that the various participants are able to make important concessions which would allow it to make progress. But all are keen to avoid declaring Contadora dead.

MEXICO AND CENTRAL AMERICA DEPARTMENT

FOREIGN AND COMMONWEALTH OFFICE

9 April 1984



cc. PTI TOURS: Portugal, April 84

John Coles

INSTITUTO CULTURAL BRITANICO DO PORTO  
Oporto British School

TEL. 680092

RUA DA CERCA, 326  
4100 PORTO

2014



6th April 1984

Dear Mrs Thatcher,

It was with enormous delight that I learned from my Board of Governors of the possibility that you may be honouring us here at the Oporto British School with a visit during your stay in Portugal as a guest of the Portuguese Government this month.

Whereas I understand that the plans have not been officially verified, I thought I would write in anticipation that you might do us the great honour of officially opening our new school building which was completed in the Summer of last year. It would give us all, staff and children alike, immense pleasure to see you here and we can only hope and pray that those in official circles who make decisions will give it their blessing.

Should they do so, I thought that perhaps you would like to know something about the school beforehand. The school was founded in 1894 for the benefit of the British children here in Porto whose families were mainly connected with the Port wine business. For a long time only British children were educated here, but in recent years the school has expanded considerably to include Portuguese and other nationals. The Portuguese children constitute 52% of our present school population of 207 pupils, British or English speaking 20% and the remainder comprises of children from Asian, American and other European origins.

All our teaching is done in English by well qualified staff - some recruited from Britain, others recruited locally. We base our teaching on the curriculum laid down by the HMC, IAPS and GSA Joint Standing Committee. All our children, whatever nationality, have to sit the Common Entrance Examination between the ages of 13 and 14 years. Some children leave us at that stage to enter a British Public school, or may remain with us to study for a further two years for their 'O' Level Examinations. Recently the Portuguese Ministry of Education granted the school 'Equivalence Status' with the Portuguese educational system, which means that any Portuguese child may transfer to a Portuguese school at any stage without having to sit a special examination. We have found that such children who have transferred in this way have discovered that they are well ahead of their peers in the Portuguese schools.



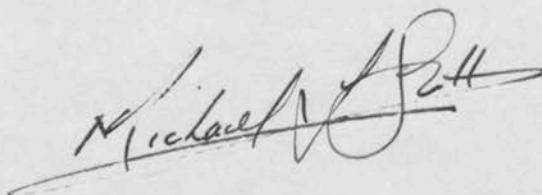
Being a British School in a foreign country we encounter problems which do not exist in most independent schools in Britain - namely with the relatively high percentage of foreign nationals, the problem of English language speaking and understanding prevents some pupils from making the progress they might otherwise make. However, we are attempting to overcome this difficulty by insisting that children who are not English speaking can only enter the school at the age of 3 years, and for those who are encountering difficulty language-wise higher up the school have the benefit of a recently employed Remedial teacher from Britain who has had particular training in this field.

All our children are day-pupils, so we enjoy close contact with the majority of our parents, to many of whom paying fees for their children's education is a novelty. With Portugal going through a fairly tough economic time at present, it puts some considerable strain on their pockets, although our fees are very low by British standards. Since we do not have any help from either the British or Portuguese government, there is the problem of not being able to offer commensurate salaries with those in Britain, thereby making it increasingly hard to recruit the best staff from Britain. At the moment I am extremely fortunate in having an excellent staff recruited, in the main, from local sources. Unfortunately this is not a situation upon which one can depend indefinitely.

I hope you will find this brief run-down of our school of interest prior to your visit to Portugal. We hope very much indeed that allowance will be made in your programme to visit us. The pleasure it would generate would be incalculable. If there is any other information you would care to have about us, I am sure that your recently appointed Press Officer, Mr Ian Murray would be able to help. He was on our Board of Governors when he was British Consul here last year, - a good personal friend.

We look forward to your visit to Porto with great anticipation and await with hope to hear if you are able to see our school. At the very least my wife and I will have the pleasure of meeting you at a Reception at the Factory House.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Michael J. P. H.", written in a cursive style with a long horizontal flourish extending to the left.



GRS 210  
UNCLASSIFIED  
FM LISBON 030915Z APR 84  
TO PRIORITY FCO  
TELEGRAM NUMBER 115 OF 03 APRIL 1984

FOR HARRIS, SED

A. J. C. 4/4  
h-2

PRIME MINISTER'S VISIT

1. EARLIER BRIEFING ON COMMERCIAL PROJECTS (TO TAYLOR, PEP/DOT) DID NOT MENTION ICL'S INTEREST IN A TENDER FOR COMPUTERS. THE PORTUGUESE TAX AUTHORITIES HOPE TO INTRODUCE A VAT SYSTEM EARLY IN 1985. ICL ARGUE THAT THIS TIME SCALE IS IMPOSSIBLE UNLESS THEY OPT FOR ICL EQUIPMENT USING SOFTWARE ALREADY DEVELOPED FOR USE BY HM CUSTOMS AND EXCISE IN SOUTHEND. THE LATTER HAVE ALREADY OFFERED TECHNICAL HELP TO THE PORTUGUESE IF THE ORDER GOES TO ICL. THE MAIN COMPETITION COMES FROM IBM.
2. WE ARE TELEGRAPHING SEPARATELY POINTS FOR INCLUSION IN THE PRIME MINISTER'S SPEECH ON TRADE AT THE ANGLO-PORTUGUESE CHAMBER OF COMMERCE LUNCH ON 18 APRIL. IT INCLUDES A REFERENCE TO ICL'S INTEREST.
3. THIS IS AN IMPORTANT CONTRACT WORTH OVER 1 MILLION POUNDS WHICH MIGHT WELL OPEN THE DOOR TO COMPUTERIZATION OF UPTO 407 LOCAL TAX OFFICES IN PORTUGAL. IT IS ESSENTIAL THAT WE GIVE ICL EVERY POSSIBLE SUPPORT TO WIN THIS FIRST KEY ORDER FOR THE CENTRAL UNIT. IT WOULD BE HELPFUL IF THE PRIME MINISTER COULD BE BRIEFED TO RAISE THIS IN HER TALKS WITH THE PORTUGUESE. MORE DETAILED BRIEFING CAN BE OBTAINED FROM MR DOUGLAS COMISH, DIRECTOR OF ICL'S EUROPEAN DIVISION (TELEPHONE 788 7272).

BYATT

PRIME MINISTER'S VISIT TO PORTUGAL  
LIMITED

SED  
PROTOCOL D  
PLANNING STAFF  
ECD(E)  
TREC  
ERD  
ESID  
DEF D  
FID  
C AF D  
S AF D  
S AM D  
INFO D  
NEWS D

PS  
PS/LADY YOUNG  
PS/MR RIFKIND  
PS/MR RAISON  
PS/PUS  
SIR J BULLARD  
SIR C TICKELL  
SIR W LEAHY  
MR JENKINS  
MR HANNAY  
MR SQUIRE  
MR J THOMAS

ADDITIONAL DISTRIBUTION  
PM'S VISIT TO PORTUGAL

[COPIES SENT TO NO 10 DOWNING ST.]





10/1.

April 3, 1984

My dear John.

I send a note about the historical background to Portugal.

I think (A) on p. 1 may be a useful quotation: evidence if needed.

As to general points:

- (1) I do not think that there is any other country in Europe except for Sweden & Greece with whom we have not been at war at least once in the last 250 years: & Greece is fairly new as a modern state. (Norway was part of Denmark when we were at war in Nelson's Day;
- (2) The revolution of 1974 led to a complete collapse of all ordered authority, yet practically no one was killed. It shows how self-disciplined the Portuguese are. (A Spaniard at the time assured me that if the police & army in Spain were ever to collapse in that way there wd be a 100,000 dead in ~~the~~ his country in no time).



(I have not embarked on a speech  
specifically but ~~cd.~~ do so.

My friend Dr. Rich<sup>d</sup>. Robinson of  
the U. of Birmingham will be writing a  
modern historical memo. of about ~~the~~  
four pages.

The enclosed memo. seems to me to be  
the kind of background wh. the Prime  
Minister really might like to know  $\rightarrow$   
in a visit to such an interesting country.

W

Atgh.



## PORTUGAL

The great achievement of this tiny country was to pioneer in the fifteenth century the European journeys of discovery: William Bosman, author of an account of West Africa in the seventeenth century, described the role of the Portuguese as that of

(A) "setting dogs to spring the game which, as soon as they had done, was seized by others" - the Spaniards, the Dutch, the French and ourselves.

It is one of history's conundrums why this tiny sliver of a country should have been so much in the forefront of colonial adventure. Probably the reason is that almost alone of Western European countries Portugal escaped debilitating civil wars in that century. It may also be that Portugal was a nation founded by commoners, not noblemen (though that had been two centuries before), and that the feudal system there was easily dominated by merchants. These latter combined, in an effective way, such nautical innovations as the stern post rudder<sup>1</sup> (devised by the Chinese), the astrolabe<sup>2</sup> (originally Persian), the magnetic compass<sup>3</sup> (also Chinese), and the sea quadrant<sup>4</sup> in their new ships, the carrack and the galleon<sup>5</sup>, which were able for the first time to sail into the 'ocean sea', instead of hug the coasts. (Doubtless capital, obtained from Venice and Genoa, was important too - indeed the role of Italian capital, captains and designers in the discovery of the New World should never be underestimated).

---

<sup>1</sup> This enabled a helmsman to manage the ship from the rear of the vessel, not the centre.

<sup>2</sup> An instrument which enabled the ship's position to be determined from calculating the height of the sun.



These great journeys of the Portuguese began with the career of Henry the Navigator - himself a stay-at-home - who sent out numerous expeditions after 1418 to Africa. The Portuguese motives were partly the propagation of religion; partly the idea of turning the western flank of Islam; <sup>2/</sup>perhaps a pure spirit of adventure which caused men to seek a sea route to Ethiopia. Before 1434, no European had rounded the Cape Bojador with its very high winds. Afterwards, it happened every year. In 1444 Nuño Tristam reached the River Senegal and brought back slaves from there - another turning point in European history. In 1445 Dinis Di~~is~~ rounded Cape Verde. In the 1470s, the Guinea coasts and the Gold Coast (Ghana) were reached, and the Portuguese established their famous trading fortress at El Mina. Bartolmeu Dias rounded the Cape of Good Hope and, in 1498, Vasco de Gama established the sea route round that promontory to India.

---

<sup>3</sup> Its needle was originally floating on a straw - later just a pivot.

<sup>4</sup> This allows the sailor to measure the pole star's elevation and so to sail at night.

<sup>5</sup> These were the characteristic sailing ships of the age of discovery. About 400 tons.



Within the next ten years the Portuguese established a commercial empire by smashing the Muslim monopoly of trade in the Indian ocean, after their victory off Diu in 1509 - a <sup>great</sup> victory obtained by the use of light sailing ships, manned with guns, which easily overwhelmed the old Moorish galleys, powered by oarsmen. Portuguese forts were set up in Mozambique, Goa, Malacca and Hormuz (1515), giving Portugal control of the Persian Gulf, the South China Sea and the Java Sea <sup>(as well as the Indian Ocean)</sup> and giving them control over the trade in Indonesian spices (cloves, cinnamon, mace, nutmeg). Portugal reached Canton in 1513 and Japan in 1542, a fort being founded at Nagasaki. Meantime in the New World, Cabral had landed in Brazil <sup>(probably by mistake)</sup> in 1500 and began a trade in red dyewood - brazilwood - which led to the establishment of that nation.

These journeys and the conquests changed the world. The Portuguese conquerors shifted their administrators back and forth, from Goa to Africa to Brazil, and, for a generation or two, dominated the sea routes to two and, even, three or four continents. In the end, the effort seems to have exhausted Portugal. The ruling house died out in 1580 and, for 60 years, the country was merged with Spain. The Dutch conquered nearly everywhere where the Portuguese had established themselves. In the late seventeenth century, Portugal was left with little more than Brazil, a few islets of small scale commerce (Goa and Macao), plus the coastlines of Mozambique and Angola. But this empire was still a rich one till the late eighteenth century, the great viceroyalty of Brazil contributing vast hoards of gold after the discovery of that metal at Ouro Preto in 1694. About two million Portuguese emigrated between 1700 and 1900. After Brazilian independence in 1822, the Portuguese shrunk to their present level of poverty and poor



economic development. But perhaps because of recent decline, the memory of their past colossal achievements is in the background of the mind of all intelligent Portuguese. I do not think many Portuguese even now doubt that they brought culture, Christianity and commerce to many backward or unhappy peoples.





Foreign and Commonwealth Office

London SW1A 2AH

27 March, 1984

*Dear David*

*1002 28  
/ 3.*

*h.c.*

Prime Minister's Visit to Portugal

/ As requested, I enclose some background material on Portuguese affairs which may be of interest.

*Papers with  
HJC*

/ I also enclose copies of HM Ambassador Lisbon's Annual Review for 1983 and recent Economic Despatch.

*Yours ever*

*Chris Brammer*

(C J Brammer)  
Assistant Private Secretary

David Barclay Esq  
10 Downing Street



cc PC

File JP

PRIME MINISTER

PORTUGAL

We have a meeting at 1015 tomorrow to consider your visit to Portugal.

I have a few administrative questions to put to you. I should then be grateful if we could have a first discussion of the speeches. I attach FCO drafts. If you can give me your first reactions to these, I will then produce drafts of my own.

A. J. COLES

Subject  
in Speech  
Folder  
(Opport Industrial  
Assess.  
19.4.84)

26 March 1984





10 DOWNING STREET

From the Private Secretary

2 March 1984

Prime Minister's Visit to Portugal

see PM Tours "Portugal (Admin)"

As you know from my last letter on this subject, the Prime Minister has agreed to make a speech at the Banquet which will be offered to her by the Portuguese Government.

BF

I should welcome fairly early advice on the themes which the Prime Minister might attempt to cover in the speech. I think that she will be looking for interesting and eye-catching ideas rather than, for example, a routine speech about our bilateral relationship with Portugal.

Roger Bone, Esq.,  
Foreign and Commonwealth Office

MR



Subject filed as:  
Mr. Tourer: Portugal, April 84  
(Admin)

①

PRIME MINISTER

cc: Mr. Ingham

YOUR VISIT TO PORTUGAL

You will remember that a suggestion was made earlier that during your visit you should give a lecture sponsored by the BBC Portuguese Service.

We have now heard that Dr. Soares would rather that you did not give this lecture. He describes this as "falling outside the ambit of a major bilateral visit". I do not know his real reasons. But I am sure you would agree that we have no choice but to decline to give the lecture.

He has asked instead that you should make a speech at the Government's Banquet in your honour - and also that you might make a statement at a joint Press Conference. Agree?

A.J.C.

Yes ms

27 February 1984



CONFIDENTIAL

GPS 180  
CONFIDENTIAL  
FM LISBON 211652Z FEB 84  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 053 OF 21 FEBRUARY 1984

MY TELNO 050 AND TELECON BYATT/WILSON  
THE PRIME MINISTER'S VISIT TO PORTUGAL

1. I UNDERSTAND THAT THE BBC HAVE BEEN IN TOUCH DIRECT WITH NO 10 ABOUT POSSIBILITY THAT THE PRIME MINISTER MIGHT GIVE THE BBC/GULBENKIAN FOUNDATION LECTURE FOR 1984 DURING HER VISIT.
2. THE PORTUGUESE WOULD I AM SURE, BE GRATIFIED SHOULD THE PRIME MINISTER DECIDE TO GIVE A LECTURE WHILE SHE IS IN LISBON. THIS COULD BE ON ANY GENERAL THEME, SUCH AS THE ROLE OF EUROPE IN THE MODERN WORLD. AS SEEN FROM HERE, IT WOULD NOT BE NECESSARY TO SPEAK FOR MORE THAN 25 MINUTES, OR TO ANSWER QUESTIONS AFTERWARDS. SUCH A LECTURE WOULD GET WIDE PUBLICITY FOR THE PRIME MINISTER'S VIEWS, INCLUDING THOSE ON THE COMMUNITY AND ENLARGEMENT.

BYATT

MINIMAL

3 ED  
PROTOCOL D

NEWS D

COPIES.

copy to: N°10 DOWNING STR. ✓

CONFIDENTIAL



re



Foreign and Commonwealth Office

London SW1A 2AH

Sir Antony Acland KCMG KCVO  
Permanent Under-Secretary of State

8 February 1984

R P Hatfield Esq  
CABINET OFFICE

Dear Richard,

A.S.C. 1/2  
h.a.

PRIME MINISTER'S VISIT TO PORTUGAL:  
17-19 APRIL

We spoke on the telephone about the briefing for the Prime Minister's visit to Portugal in April and you agreed that there was no objection to the Foreign and Commonwealth Office coordinating the briefs. This is simply to confirm that we shall do this.

Yours ever,  
Michael Jay

M H Jay  
Private Secretary

cc: ✓ A J Coles Esq, No 10 Downing St  
R B Bone Esq, FCO



