

PS
 PS/LADY YOUNG
 PS/MR KENTON
 PS/MR RIFKIND
 PS/PUS
 MA JEREM THOMAS
 MR J FREELAND
 SIR W HARDING
 MR GOODALL
 MR O'NEILL
 MR D C THOMAS
 MR WESTON
 MR BIRKINGTON
 ED/PUSD
 ED/SAMD
 ED/FID
 ED/NEWS DEPT
 ED/EED
 ED/ECD (2)
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PS/NO 10 DOWNING ST
 PS/S OF 5 FOR DEFENCE
 MR P NICHOLLS, AUSD STAFF, MOD
 NH

PS/CHANCELLOR)
 MISS M E CUND) TREASURY
 MR LITTLER)
 SIR R ARMSTRONG)
 MR D S COBBALT) CABINET
 DIO (Caird)) OFFICE

MR POWER, SAD, ODA
 MR A FORTNAM IAT/D. TRANSPORT
 RESIDENT CLERK

(2)

*Pine Minister
 Please see para 7
 AB*



(FM BERNE 131300Z)

FM BISBA

TO IMMEDIATE FCO

TELNO 839 OF 12 DECEMBER 1984

INFO PRIORITY MOD (SIC A3A), CBFFI BANK OF ENGLAND ASUNCION BRASILIA
 MEXICO CITY MONTEVIDEO SANTIAGO UKMIS NEW YORK
 WASHINGTON PORT STANLEY

PRESS SUMMARY

1. SUMMARY

TODAY'S HEADLINES INCLUDE A MEETING BETWEEN PRESIDENT ALFONSIN AND PROVINCIAL GOVERNORS, THE FOREIGN DEBT AND THE DISCOVERY OF FIVE CORPSES IN BUENOS AIRES PROVINCE THOUGHT TO BE THE RESULT OF A GANGLAND CLASH.
2. INTERNAL

PROVINCIAL GOVERNORS WERE SAID TO BE CONFUSED AND INDIGNANT LAST NIGHT FOLLOWING A MEETING WITH TREASURY MINISTER NOBERTO BERTAINA WHO TOLD THEM THAT A 10 BILLION PESO SUBSIDY PROMISED TO THEM BY ALFONSIN IN AN EARLIER MEETING WAS 'NOT AVAILABLE'. THE PAYMENT IS REQUIRED TO MEET PUBLIC SECTOR WAGES AND END OF YEAR BONUSES. THE GOVERNORS WILL REPORTEDLY MEET WITH INTERIOR MINISTER TROCCOLI TODAY TO CLARIFY MATTERS (TIEMPO P2, NACION P1, HERALD P11).

THE PRESIDENT OF THE CHAMBER OF DEPUTIES, JUAN CARLOS PUGLIESE, HAS ANNOUNCED HIS SUPPORT FOR A PROPOSAL PRESENTED BY TWO RADICAL SENATORS THAT THE PRESIDENTIAL TERM OF OFFICE SHOULD BE REDUCED FROM SIX TO FOUR YEARS AND THAT THE PRESIDENT MAY SERVE TWO CONSECUTIVE PERIODS, WHICH IS NOT PERMITTED AT

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LORENZO MIGUEL WAS RE-ELECTED AS HEAD OF THE METAL WORKERS UNION YESTERDAY AND LATER ANNOUNCED THAT HE WILL RESIGN AS VICE PRESIDENT OF THE JUSTICIALIST PARTY. SOME SOURCES ALLEGE THAT MIGUEL'S RE-ELECTION WAS A 'PREARRANGED DEAL' WITH RIVAL LUIS GUERRERO (CLARIN P8, HERALD P11).

3. HUMAN RIGHTS

THE NAVY HAVE REPUTEDLY SENT A NOTE TO THE MINISTRY OF DEFENCE REQUESTING THAT LT ALFREDO ASTIZ BE TRANSFERRED FROM THE BUENOS AIRES NAVAL BASE, WHERE HE IS BEING DETAINED ON THE ORDERS OF A FEDERAL JUDGE INVESTIGATING THE MURDER OF DAGMAR HAGELIN. THE REASONS FOR THE REQUEST ARE NOT KNOWN BUT INCREASED SECURITY IS THOUGHT TO BE A FACTOR. CLARIN CLAIMS THAT THE LACK OF DEVELOPMENTS YESTERDAY IN THE INVESTIGATION INTO ASTIZ' ACTIVITIES IS A SIGN THAT THE GOVERNMENT AND ARMED FORCES WISH TO DEFUSE THE ISSUE (CLARIN P2, PRENSA P6).

4. FOREIGN DEBT

IN A TELEVISION MESSAGE BROADCAST YESTERDAY, CENTRAL BANK PRESIDENT GARCIA VAZQUEZ FORECAST THAT ARGENTINA'S INFLATION WOULD CONTINUE TO DECREASE WITHOUT RECESSION. HE MAINTAINED THAT THE IMF HAD SOFTENED ITS USUALLY HARSH APPROACH TOWARDS COMBATING INFLATION TO DEAL WITH ARGENTINA'S PROBLEMS. THE AGREEMENT WITH CREDITOR BANKS WOULD SAVE ARGENTINA 1.5 BILLION DOLLARS A YEAR AND REPAYMENT OF THE REFINANCING LOANS WILL BE OVER 12 YEARS, WHICH WAS DOUBLE WHAT HAD EVER BEEN ACHIEVED BEFORE (CLARIN P22, HERALD P1).

PRIOR TO HIS DEPARTURE FOR EUROPE AND THE MIDDLE EAST TO DISCUSS DEBT REFINANCING WITH FOREIGN BANKERS, ECONOMY MINISTER GRINSPUN REAFFIRMED THAT AN AGREEMENT WITH THE IMF FOR A STANDBY CREDIT WILL BE SIGNED ON 28 DECEMBER. HE CLAIMED THAT THE TECHNICAL PART OF THE NEGOTIATIONS WITH THE PARIS CLUB WERE PRACTICALLY FINISHED AND THAT A MEETING WOULD BE HELD ON 16 JANUARY IN PARIS TO SIGN THE FINAL PROTOCOLS (CLARIN P22-23, HERALD P1).

5. BEAGLE

CLARIN CARRIES A SIGNED ARTICLE FORECASTING THAT THE TRANSFER OF THE ADELAIDE ANTARCTIC BASE FROM BRITAIN TO CHILE WILL BECOME ONE OF THE PRINCIPAL ARGUMENTS WHEN CONGRESS DEBATES ARGENTINA'S PROPOSED BEAGLE AGREEMENT WITH CHILE. THE TRANSFER HAD REVIVED SUSPICIONS AMONGST CONGRESSMEN ABOUT CHILE'S GEOGRAPHICAL EXPANSION (CLARIN P16).

THE TREATY WILL BE SUBMITTED TO CONGRESS TODAY FOR APPROVAL DURING THE PRESENT SESSION. VICE PRESIDENT MARTINEZ SAID EARLIER THIS MONTH IT WAS UNLIKELY IT COULD BE DEBATED AND APPROVED BY BOTH HOUSES BEFORE 21 DECEMBER WHEN CONGRESS GOES INTO RECESS UNTIL THE END OF JANUARY.

6. FALKLANDS

TIEMPO ARGENTINO NOTES THAT THE HOUSE OF COMMONS WILL TODAY DEBATE THE FOREIGN AFFAIRS COMMITTEE'S FALKLANDS REPORT WHICH IT SUGGESTS INCLUDES A PROPOSAL TOWARDS INITIATING NEGOTIATIONS

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AFP NOTES THAT THE FOREIGN AFFAIRS COMMITTEE REPORT TERMS AN AGREEMENT WITH ARGENTINA AS 'NOT ONLY INEVITABLE BUT DESIRABLE'.

7. **ARMED FORCES**

ACCORDING TO 'NAVY SOURCES' THE DELIVERY OF 12 SKYHAWKS A40 FIGHTER BOMBERS PURCHASED FROM ISRAEL FOR THE NAVY IN 1982 COULD SPARK A CONFLICT WITH THE AIR FORCE WHICH WANTS THE PLANES TO REPLACE THOSE LOST DURING THE FALKLANDS WAR. THE DISPUTE HOWEVER MIGHT BE SETTLED IF THE DEFENCE MINISTRY RESELLS THE AIRCRAFT TO OFFSET ECONOMIC DIFFICULTIES. THE US-MANUFACTURED AIRCRAFT ARE SAID TO HAVE BEEN SECRETLY PURCHASED FROM ISRAEL DURING THE LAST MILITARY REGIME, BUT DELIVERY WAS WITHHELD BECAUSE OF THE US BAN ON ARMS SALES TO ARGENTINA. FOLLOWING THE LIFTING OF THE BAN, ISRAEL ANNOUNCED IT WAS READY TO DELIVER THE PLANES WHICH ARE EXPECTED TO ARRIVE WITHIN THE NEXT FEW DAYS (HERALD P1).

AMBITO FINANCIERO CARRIES AN ARTICLE ON THE PURCHASE AND POSSIBLE SALE OF ARGENTINE WARSHIPS WHICH REFERS TO THE DIFFICULTIES ARGENTINA ENCOUNTERED TRYING TO RESELL THE ENGLISH FRIGATES HERCULES AND SANTISIMA TRINIDAD, ALLEGEDLY DUE TO BRITAIN'S RELUCTANCE TO SUPPLY SPARE PARTS. THE ARTICLE ALSO CLAIMS THAT THE SIX CLASS TR1700 SUBMARINES, TWO OF WHICH ARE BEING CONSTRUCTED IN GERMANY AND FOUR IN ARGENTINA, WILL NOT BE RESOLD (AMBITO P14).

ADDRESSING A MEETING OF THE SERVICE CHIEFS OF STAFF PRESIDED BY THE MINISTER OF DEFENCE, THE CHIEF OF THE COMBINED CHIEFS OF STAFF, LT GEN J F TORRES, EXPRESSED CONCERN AT THE INCREASING DETERIORATION OF ARGENTINA'S DEFENSIVE CAPACITY BOTH MORALLY AND MATERIALLY. HE DREW PARTICULAR ATTENTION TO THE THREAT OF INTERNAL SUBVERSION WHICH HE DESCRIBED AS INCREASING ITS PSYCHOLOGICAL, INFORMATION GATHERING AND RESOURCE CAPACITY (NACION P5)..

SHARKEY

POWELL-JONES

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