

PS
 PS/LADY YOUNG
 PS/MR RENTON
 PS/MR RIFKIND
 PS/PDS
 MR DEREK THOMAS
 ✓ FREELAND
 ✓ W. HARDING
 MR GOODALL
 MR O'NEILL
 ✓ MR C. TICKELL
 MR D C THOMAS
 MR WESTON
 MR BARRINGTON
 ID/PUSD
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 MR RICHOLLS, AUSD STAFF, MOD
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PS/CHANCELLOR)
 MISS M E CUND) TREASURY
 MR LITTLER)

SIR R ARMSTRONG)
 MR D S GOOBALL) CABINET
 DIO *Carledge*) OFFICE

MR POWER, SAD, ODA

MR A FORTNAM IAT/D. TRANSPORT

RESIDENT CLERK

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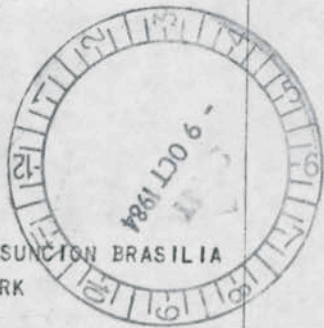
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TO IMMEDIATE FCO

TELNO 660 OF 8 OCTOBER 1984



INFO PRIORITY MOD (SIC A3A), CEFFI BANK OF ENGLAND ASUNCION BRASILIA
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PRESS SUMMARY

1. THE BEAGLE AND FALKLANDS DISPUTES SHARE THE MAIN WEEKEND HEADLINES.
2. IN A THREE MINUTE RADIO AND TELEVISION BROADCAST ON FRIDAY, FOREIGN MINISTER DANTE CAPUTO EXPLAINED THAT, QUOTE AS IN ALL NEGOTIATIONS, CONCESSIONS HAVE BEEN MADE UNQUOTE, BUT HE CONTENDED THAT IN THE PROPOSED BEAGLE SETTLEMENT WITH CHILE QUOTE WE BELIEVE THAT WE HAVE ASSURED THE COUNTRY'S VITAL INTERESTS UNQUOTE. HE ADDED THAT THE TALKS WOULD BE FINALLY CONCLUDED QUOTE WITHIN A FEW DAYS UNQUOTE AND THAT INFORMATION ON THE AGREEMENT WOULD BE COMMUNICATED TO THE POPULATION IN TWO STAGES: FIRSTLY AN EXPOSITION OF THE HISTORICAL AND GEOGRAPHICAL BACKGROUND TO THE DISCUSSIONS AND SECONDLY THE ACTUAL TEXT OF THE TREATY.
3. CAPUTO WILL REPORTEDLY TRAVEL TO ROME ON 15 OCTOBER TO SIGN THE TREATY, AND THE RELATED PLEBISCITE IN ARGENTINA IS EXPECTED TO BE STAGED ON 18 OR 25 NOVEMBER. THE GOVERNMENT HAS ALREADY BEGAN ITS PROPAGANDA CAMPAIGN AND WILL ALLEGEDLY ALSO HOLD AN OPINION POLL AMONG CIVIL SERVANTS AND MEMBERS OF THE ARMED FORCES TO TEST THEIR REACTION TO THE AGREEMENT. THE PAPERS PRESENT NUMEROUS HISTORICAL ANALYSES OF THE CONFLICT WITH CHILE AND NOTE IN SELF-CONGRATULATORY TERMS THE POSITIVE INTERNATIONAL REACTION TO NEWS OF THE SETTLEMENT.
4. THE PRESS GLEEFULLY RECORD ATTACKS ON THE PRIME MINISTER FOR HER HANDLING OF FALKLANDS POLICY FROM SPEAKERS AT THE LABOUR PARTY CONFERENCE. RADICAL SENATOR LUIS LEON IS CITED AS SAYING AFTER HIS CONTACTS WITH BRITISH PARLIAMENTARIANS IN GENEVA THAT HE HAS NO FAITH IN ANY ENGLISHMEN QUOTE NEITHER IN LABOUR PARTY SUPPORTERS NOR IN THE CONSERVATIVES UNQUOTE.
5. DETAILS OF SWISS FOREIGN MINISTER PIERRE AUBERT'S FRIDAY PRESS CONFERENCE ARE CARRIED ON THE INSIDE PAGES. HE EXPRESSED DOUBTS ABOUT THE POSSIBILITY OF AN EARLY SOLUTION TO THE FALKLANDS QUESTION, BECAUSE OF THE FIRM AND CURRENTLY INCOMPATIBLE POSITIONS OF THE TWO SIDES. IN AN EARLIER CONVERSATION WITH MEMBERS OF THE SENATE FOREIGN RELATIONS COMMITTEE HE HAD HOWEVER PROMISED TO BRING

OF THE TWO SIDES. IN AN EARLIER CONVERSATION WITH MEMBERS OF THE SENATE FOREIGN RELATIONS COMMITTEE HE HAD HOWEVER SPOKEN OF SWISS AND BRAZILIAN INTEREST IN A QUOTE PROMPT RESUMPTION OF THE DIALOGUE UNQUOTE BETWEEN ARGENTINA AND THE UK. PRESIDENT ALFONSIN TOLD SWISS JOURNALISTS THAT HE WAS GRATEFUL FOR THE WAY THEIR GOVERNMENT WAS HANDLING THE FALKLANDS ISSUE.

6. MINISTRY OF THE INTERIOR UNDER-SECRETARY RAUL GALVAN DECLARED ON SATURDAY HIS BELIEF THAT ARGENTINA WOULD RECOVER THE ISLANDS BEFORE THE END OF ALFONSIN'S PERIOD OF OFFICE IN 1989.

7. ON HER RETURN FROM NEW YORK, MFA STATE SECRETARY ELSA KELLY INSISTED THAT QUOTE WE ARE WORKING HARD, INTENSIVELY, TO OBTAIN THE FIRST GOAL WHICH IS A DIALOGUE WITH GREAT BRITAIN UNQUOTE. SHE WAS OPTIMISTIC THAT ARGENTINA MIGHT OBTAIN MORE VOTES THIS YEAR FOR HER UNGA RESOLUTION, ALTHOUGH SHE REFUSED TO PREDICT A TIME-SCALE FOR THE SETTLEMENT OF THE DISPUTE. SHE ALSO NOTED THAT ARGENTINA HAD WHEN SIGNING THE UN CONVENTION ON THE LAW OF THE SEA, RECORDED HER RESERVATIONS CONCERNING ACT NUMBER 3 AND THE FINAL DECLARATION WHICH COULD BE USED TO BENEFIT THE FALKLAND ISLANDERS AND THE UK.

8. BRIEF COVERAGE IS GIVEN TO THE NAM CALL FOR US TO RESUME TALKS WITH ARGENTINA, AND TO THE SUPPORT VOICED BY THE VISITING POLISH FOREIGN MINISTER, STEFAN OLSZOWSKI, FOR ARGENTINE CLAIMS TO THE ISLANDS. OLSZOWSKI ADMITTED THAT POLISH TRAWLERS HAD BEEN FISHING IN THE PROTECTION ZONE AND EMPHASISED THAT HIS COUNTRY WISHED TO REACH AN AGREEMENT WITH ARGENTINA ON THAT SCORE.

9. TODAY'S "AMBITO FINANCIERO" REPORTS THAT THE ORIGINAL DRAFT UNGA RESOLUTION HAS BEEN TONED DOWN IN ACCORDANCE WITH SUGGESTIONS FROM EUROPEAN COUNTRIES WHO MIGHT NOW VOTE IN FAVOUR. THE REFERENCES TO "COLONIALISM" HAVE ALLEGEDLY BEEN REMOVED AND THE PHRASE QUOTE SOVEREIGNTY DISPUTE UNQUOTE HAS BEEN REPLACED BY THE WORDS QUOTE SITUATION STILL EXISTING (SITUACION SUBSISTENTE) IN THE MALVINAS/FALKLANDS ISLANDS UNQUOTE. FRANCE IS SEEN AS THE MOST LIKELY EC COUNTRY TO SUPPORT ARGENTINA AND THEREBY PROVOKE A DOMINO EFFECT. IN THIS CONTEXT, THE ARGENTINE AMBASSADOR TO PARIS, CARLOS ORTIZ DE ROZAS, HAS ALLUDED TO THE POSITIVE IMPACT WHICH ALFONSIN'S FORTHCOMING INTERVIEW WITH MITTERRAND WILL HAVE.

10. THE CGT AND EMPLOYERS REPRESENTATIVES ARE DUE TO DISCUSS THE ECONOMIC SITUATION WITH ALFONSIN TODAY AND WILL REPUTEDLY DEMAND BERNARDO GRINSPUN'S RESIGNATION. TRANSPORT WORKERS AND BANK CLERKS HAVE THREATENED FURTHER STRIKE ACTION.

11. THE PARALLEL DOLLAR RATE FELL BY 6.4 PER CENT LAST WEEK WHICH, COMBINED WITH AN INCREASE IN THE DAILY DEVALUATION OF THE OFFICIAL RATE TO 0.79 PER CENT, HAS REDUCED THE DISCREPANCY BETWEEN THE TWO LEVELS TO 19 PER CENT. "AMBITO FINANCIERO" ESTIMATES THAT INFLATION DURING THE FIRST SEVEN DAYS OF OCTOBER REACHED 8.7 PER CENT BUT IS LIKELY TO REMAIN UNDER 20 PER CENT FOR THE MONTH.

12. FORMER WEST GERMAN CHANCELLOR WILLY BRANDT STATED THAT ARGENTINA NEEDS QUOTE ALL THE HELP POSSIBLE, DESPITE HER PREVIOUS MISTAKES UNQUOTE TO OVERCOME HER FOREIGN DEBT CRISIS. GRINSPUN AND CENTRAL BANK PRESIDENT GARCIA VAZQUEZ ARE EXPECTED TO SPEND MOST OF THIS WEEK DISCUSSING WITH INTERNATIONAL CREDITORS THE PAYMENT OF EXCHANGE INSURANCE AND SWAPS FALLING DUE IN 1984 AND 1985.

13. THE INTER-AMERICAN DEVELOPMENT BANK (IDB) AND THE WORLD BANK HAVE GRANTED ARGENTINA LOANS FOR 160 AND 100 MILLION DOLLARS RESPECTIVELY TO FINANCE A PETROCHEMICAL PLANT AND THE IMPORT OF ESSENTIAL RAW MATERIALS.

14. RELATIONS WITH PARAGUAY ARE RUMOURED TO HAVE SERIOUSLY DETERIORATED.

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