

Falklands

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FALKLAND ISLANDS GENERAL

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 A J FREELAND
 SIR W HARDING
 MR GOOJALL
 MR O'NEILL
 SIR C TICKELL
 MR D C THOMAS
 MR WESTON
 MR BRIDGINGTON
 HD/PUSD
 HD/SAMD
 HD/FID
 HD/NEWS DEPT
 HD/EED
 HD/ECD (E)
 HD/UND

PS/NO 10 DOWNING ST
 PS/S OF S FOR DEFENCE
 MR RO NICHOLLS, AUSD STAFF, MOD
 NH

PS/CHANCELLOR }
 MISS M E CUND } TREASURY
 MR LITTLER }

SIR R ARMSTRONG }
 MR A D S GOOBATT } CABINET
 DIO Carledge } OFFICE

MR POWER, SAD, ODA

MR A FORTNAM IAT/D. TRANSPORT

RESIDENT CLERK

(2)

UNCLASSIFIED

(FM BERNE 181330Z)

FM BISBA

TO IMMEDIATE FCO

TELNO 677 OF 17 OCTOBER 1984

IMMEDIATE
 ADVANCE COPY

Please see over

Handwritten initials

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PRESS SUMMARY

1. TODAY'S VARIED HEADLINES INCLUDE THE FOREIGN DEBT, THE BEAGLE AND HUMAN RIGHTS.
2. ECONOMY MINISTER BERNARDO GRINSPUN ANNOUNCED YESTERDAY THAT ARGENTINA WILL SIGN A QUOTE STANDBY UNQUOTE AGREEMENT WITH THE IMF ON 12 DECEMBER OPENING THE WAY TO 5,400 MILLION DOLARS IN LOANS FOR THE REST OF 1984 AND 1985 IN ORDER TO COVER HER BALANCE OF PAYMENTS DEFICIT. 'CLARIN' CLAIMS THAT ARGENTINA HAS FORMALLY PRESENTED A REQUEST FOR 5,200 MILLION DOLLARS AND FOR THE REFINANCING OF 2,600 MILLION DOLLARS OVER 15 YEARS WITH A THREE YEAR GRACE PERIOD. A GERMAN PRESS AGENCY REPORT ALLEGES THAT REPRESENTATIVES OF GERMAN BANKS HAVE DESCRIBED ARGENTINA'S CHANCES OF OBTAINING FRESH CREDIT AS QUOTE VERY LIMITED UNQUOTE.
3. ACCORDING TO 'AMBITO FINANCIERO' FOREIGN MINISTER DANTE CAPUTO WILL NOT ACCOMPANY PRESIDENT ALFONSIN ON HIS FORTHCOMING EUROPEAN TOUR BUT WILL REMAIN IN ARGENTINA TO LEAD THE GOVERNMENT'S CAMPAIGN FOR A 'YES' VOTE IN THE BEAGLE PLEBISCITE. THIS DECISION IS SAID TO BE A RESULT OF GROWING CONCERN WITHIN THE GOVERNMENT

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4. THE SAME ARTICLE CONTENDS THAT THE GOVERNMENT IS ALSO INCREASINGLY UNCERTAIN ABOUT SECURING SUPPORT FROM 'IMPORTANT EUROPEAN COUNTRIES' DURING THE UNGA DEBATE ON THE FALKLANDS. THE LATIN AMERICAN RESOLUTION CALLING FOR THE RESUMPTION OF NEGOTIATIONS MAY REPUTEDLY NEED FURTHER ALTERATIONS IN THE LIGHT OF ALFONSIN'S DISCUSSIONS WITH MITTERAND AND CRAXI.
 5. TIEMPO ARGENTINO CLAIMS THAT PRESIDENT ALFONSIN WILL STOP OFF IN ALGERIA ON 27 OCTOBER ON HIS RETURN FROM FRANCE. BILATERAL TIES, DISARMAMENT AND THE FALKLANDS ARE THE LIKELY TOPICS FOR HIS DISCUSSION.
 6. FOLLOWING THE OFFICIAL UN ANNOUNCEMENT THAT THE UNGA FALKLANDS DEBATE WILL BE HELD ON 31 OCTOBER, SIR JOHN THOMPSON IS AGAIN CITED AS HAVING TOLD REPORTERS HE WOULD REGARD IT AS QUOTE HELPFUL UNQUOTE IF ARGENTINA DECIDED TO FOREGO THIS PROCESS.
 7. SEVERAL PAPERS CARRY AN AGENCY STORY THAT MR HESELTINE WILL APPEAR BEFORE THE COMMONS FOREIGN AFFAIRS COMMITTEE ON 7 NOVEMBER TO ANSWER QUESTIONS ABOUT THE PONTING CASE.
 8. 'LA NACION' REPORTS FURTHER RUMOURS IN OFFICIAL CIRCLES THAT ARGENTINA IS CONSIDERING LIFTING SANCTIONS ON BRITISH COMMERCIAL INTERESTS HERE. HOWEVER THE SAME SOURCES WERE LESS CERTAIN THAT PRESIDENT ALFONSIN WILL REFER TO THIS MOVE DURING HIS VISIT TO FRANCE.
 9. THE SECRETARY OF THE STATE BUDGET AND TREASURY COMMITTEE, RADICAL SENATOR RICARDO LAFERRIERE, HAS FORECAST AN IMMINENT FINANCIAL CRASH HERE AS A RESULT OF RUN-AWAY GROWTH IN THE INTER-COMPANY LOAN MARKET WHICH HE CLAIMS HAS INCREASED BY 60 PER CENT DURING THE LAST MONTH. HE ESTIMATED THERE WERE NOW 48 BILLION PESOS CIRCULATING IN THE MARKET AND SAID SOME LEADING COMPANIES WERE ALREADY UNABLE TO MEET THEIR COMMITMENTS. LAFERRIERE CALLED FOR THE RESIGNATION OF CENTRAL BANK PRESIDENT ENRIQUE GARCIA VAZQUEZ BUT ADDED THAT HE SHOULD FIRST TAKE THE POLITICAL DECISION TO PUT AN END TO ILLEGAL INTER-COMPANY LOANS.
 10. OBJECTIONS BY THE STATE COMPANIES' SUPERVISORY BOARD TO THE IMPENDING CONTRACT BETWEEN THE STATE PETROLEUM COMPANY, YPF, AND SHELL FOR DRILLING RIGHTS IN THE MAGELLAN STRAITS WERE YESTERDAY TERMED QUOTE DEBATABLE UNQUOTE BY YPF OFFICIALS. THE MATTER HAS
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NOW BEEN REMITTED FOR A FINAL DECISION TO ALFONSIN WHO IS EXPECTED TO APPROVE THE CONTRACT.
 11. THE GAP BETWEEN THE BLACK MARKET AND THE OFFICIAL DOLLAR RATES HAS NARROWED TO 12.6 PER CENT.

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POWELL-JONES

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