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TO IMMEDIATE FCO

TELNO 311 OF 6 MAY 1985

*Please see  
undeline passages  
on pages 2-3.*

INFC PRIORITY MOD (SIC A3A), CBFFI BANK OF ENGLAND  
MONTEVIDEO SANTIAGO UKMIS NEW YORK WASHINGTON PORT STANLEY

PRESS SUMMARY FOR 4, 5, 6 MAY

1. HEADLINES

INCONCLUSIVE RESULTS OF THE BONN SUMMIT, PRESIDENT REAGAN'S VISIT TO BITBURG, OCCUPATION OF THE LEBANESE EMBASSY IN BUENOS AIRES AND MINISTER OF INTERIOR TROCCOLI'S CONDEMNATION OF EFFORTS TO ERODE THE PUBLIC CREDIBILITY IN THE GOVERNMENT TO FACILITATE FUTURE DESTABILISATION ARE THE MAIN HEADLINES OF THE WEEKEND.

2. ECONOMIC

THE GOVERNMENT HAS SENT TO CONGRESS A BILL TO INTRODUCE AN EMERGENCY CAPITAL GAINS TAX DURING THE NEXT TEN YEARS. THE FIRST 40 THOUSAND DOLLARS ARE TAX FREE. (PRENSA SAT P1)

ON THEIR RETURN FROM DISCUSSIONS IN WASHINGTON AND PARIS, ARGENTINE REPRESENTATIVES EXPRESSED OPTIMISM ABOUT REACHING A NEW AGREEMENT WITH THE IMF. (PRENSA SAT P1)

THE CENTRAL BANK DECLARED A 3 PER CENT DEVALUATION ON 3 MAY. THE GAP BETWEEN THE OFFICIAL AND PARALLEL MARKET VALUES OF THE US DOLLAR HAS NOW NARROWED TO 13.3 PER CENT FROM 34.4 PER CENT A WEEK AGO. (CLARIN SAT P12)

WITHIN THE RADICAL PARTY AND ITS MINORITY PARTY SUPPORTERS THERE IS GROWING CONTROVERSY ABOUT THE EXTENT TO WHICH THE GOVERNMENT SHOULD TRY TO REPAY THE ARGENTINE FOREIGN DEBT. A POSSIBLE MECHANISM WOULD BE TO LIMIT REPAYMENT TO A FIXED PERCENTAGE OF EXPORTS. THIS WOULD EASE THE GOVERNMENT'S INTERNAL ECONOMIC PROBLEMS (IN AN ELECTION YEAR) AND REDUCE ITS PARLIAMENTARY DIFFICULTIES WITH THE SENATE IN WHICH IT LACKS A MAJORITY. (NACION SUN P1/16)

THE PRESIDENT OF THE US/ARGENTINE CHAMBER OF COMMERCE SAID THAT US FIRMS ARE NOT READY TO INVEST IN ARGENTINA. IN HIS VIEW THEY WOULD DO SO AFTER THE COUNTRY CONTROLLED ITS INFLATION, SHOWED STABILITY AND DEMONSTRATED THAT IT WAS A GOOD MARKET. (CLARIN SUN ECON SUPPL P5)

3. INTERNAL

MEMBERS OF THE LEBANESE COMMUNITY IN BUENOS AIRES PEACEFULLY OCCUPIED THE PREMISES OF THE LEBANESE EMBASSY THROUGHOUT 3 MAY IN PROTEST AGAINST THE LEBANESE GOVERNMENT'S INACTIVITY IN NOT PREVENTING THE KILLING OF LEBANESE CHRISTIANS BY SYRIAN AND PALESTINE FORCES. (TIEMPO SAT P1)

THE LEFT-WING WEEKLY MAGAZINE 'EL PERIODISTA' PUBLISHED A FRONT PAGE ARTICLE ALLEGING A PLOT BY 'SMALL AND ISOLATED ARMED GROUPS' TO CARRY OUT A SERIES OF TERRORIST ACTION. IT ALLEGED THAT THESE BEGAN WITH THE RECENT BOMB ATTACKS ON RADIO BELGRANO AND WOULD END WITH THE WIDESPREAD BREAKDOWN OF LAW AND ORDER WHICH WOULD PROVOKE NATIONALIST ELEMENTS IN THE ARMED FORCES TO SEIZE POWER. THE ARTICLE CLAIMED THAT THERE WAS A 'HIT LIST' OF 473 JOURNALISTS, POLITICIANS, UNION, MILITARY AND CHURCH LEADERS WHO WOULD BE KILLED. THE PLOT, SAID TO HAVE BEEN HATCHED IN CORDOBA BY EXTREME RIGHT-WING PERONISTS, ENVISAGES A NEW NATIONAL FRONT MADE UP OF ELEMENTS FROM THE (PERONIST) TRADE UNIONS, TRADITIONAL ELEMENTS OF THE ARMED FORCES AND CATHOLIC CHURCH PLUS RIGHT-WING BUSINESS GROUPS. THE ATTEMPT WOULD BE TO CREATE A CLIMATE OF WIDESPREAD THREATS AND ASSASSINATIONS CAUSING TERROR AND EROSION OF THE GOVERNMENT'S CAPACITY TO CONTROL THE SITUATION CULMINATING IN THE ARREST OF PRESIDENT ALFONSIN AND THE OVERTHROW OF THE PRESENT GOVERNMENT. (TIEMPO SAT P5)

1/9

INTERIOR MINISTER TROCCOLI IN AN INTERVIEW WITH THE NEW ENGLISH LANGUAGE MONTHLY 'ARGENTINE NEWS' CRITICISED THOSE WHO WERE TRYING TO ERODE THE CREDIBILITY OF THE GOVERNMENT, CONFUSE PUBLIC OPINION AND EXAGGERATE THE COUNTRY'S PROBLEMS SO AS TO MAKE PEOPLE 'LOWER THEIR GUARD' AND FACILITATE FUTURE ATTEMPTS AT DESTABILISATION. HE REJECTED THE POSSIBILITY OF 'SYSTEMATIC TERRORISM' BUT ADMITTED THE EXISTENCE OF GROUPS LEFT OVER FROM THE 'DIRTY WAR' WHO WERE INVOLVED IN DRUG TRAFFIC AND KIDNAPPINGS OF A NON-POLITICAL NATURE. HE SAID THAT THESE GROUPS HAVE FIRST CLASS EQUIPMENT AND INFRASTRUCTURE AND TO COUNTER THEM THE GOVERNMENT HAD ESTABLISHED AN ANTI-TERRORIST SWAT GROUP. (TIEMPO MON P4)

PRESIDENT ALFONSIN HELD A WEEKEND MEETING WITH RADICAL PARTY LEADERS TO SEEK WAYS OF IMPLEMENTING HIS NEW POLICY OF RENEWING PUBLIC EXPENDITURE AND INCREASING GOVERNMENT EFFICIENCY. FURTHER MEASURES AND CHANGES IN THE HEADS OF SOME STATE ORGANISATIONS ARE EXPECTED THIS WEEK. (NACION MON P1)

4. POLL

A POLL CARRIED OUT AMONG 600 PERSONS AFTER THE PRESIDENT'S RECENT SPEECH AT A MASS RALLY REVEALED THAT COMPARED TO MARCH 1984 (1) SUPPORT FOR THE GOVERNMENT HAD FALLEN FROM 54 PER CENT TO 32 PER CENT AND FOR PERONISM FROM 17 PER CENT TO 14 PER CENT

WHILE THAT FOR THE FAR LEFT-WING PARTIES ROSE FROM 17 PER CENT TO 26 PER CENT (2) APPROVAL OF THE PRESIDENT'S LEADING MINISTERS (EXCEPT FOREIGN MINISTER CAPUTO) DECLINED BY 10 - 20 PER CENT (3) 68 PER CENT CONSIDERED A COUP UNLIKELY WHILE 29 PER CENT THOUGHT IT POSSIBLE (4) 74 PER CENT BELIEVED THAT THE HUMAN RIGHTS TRIAL OF THE MILITARY LEADERS WOULD HELP RECONCILIATION AMONG ARGENTINES WHILE 23 PER CENT DID NOT (5) APPROVAL OF GOVERNMENT POLICY TOWARDS CHILE ROSE FROM 54 PER CENT TO 59 PER CENT BUT THAT TOWARDS THE 'CONFLICT' WITH GREAT BRITAIN FELL FROM 52 PER CENT TO 48 PER CENT. (NACION SUN P 16)

5. EXTERNAL

THE MFA HAS ISSUED A COMMUNIQUE EXPRESSING ITS CONCERN AT THE US ECONOMIC MEASURES AGAINST NICARAGUA. (PRENSA SAT P1)

THE LIBERAL/SDP SUCCESSES IN LOCAL GOVERNMENT ELECTIONS IN BRITAIN RECEIVE WIDE COVERAGE. (PRENSA SAT P1)

FOREIGN MINISTER CAPUTO ARRIVED YESTERDAY IN PARIS FOR A BRIEF VISIT ON HIS WAY HOME FROM YUGOSLAVIA. HE WILL HAVE MEETINGS WITH THE FRENCH FOREIGN MINISTER. (NACION MON P4)

6. ARMED FORCES

IN A MEETING BETWEEN PRESIDENT ALFONSIN AND TOP ARMY GENERALS THE FORMER PAID TRIBUTE TO THE ARMED FORCES DECISION TO ACCEPT THE TRIAL OF THE NINE ARMED SERVICES COMMANDERS ON HUMAN RIGHTS ABUSES AND CHIEF OF STAFF GENERAL RIOS ERENU CONFIRMED THE ARMY'S DECISION TO RESPECT THE DEMOCRATIC INSTITUTIONS AND PUT AN END TO A LONG PERIOD OF INSTABILITY. (PRENSA SAT P1)

7. HUMAN RIGHTS

FURTHER WITNESSES IN THE THIRD WEEK OF THE HUMAN RIGHTS TRIAL OF THE NINE ARMED SERVICES COMMANDERS WERE THE WIFE OF RAMON MIRALLES, EX-MINISTER OF ECONOMY MISTAKENLY HELD PRISONER FOR ONE AND A HALF YEARS, AND JOURNALISTS JACOB TIMMERMAN AND JUAN RAMON NAZAR HELD PRISONER FOR TWO YEARS. EVIDENCE CENTRED ON THE ABUSE OF MIRALLES' WIFE AND THE TORTURE OF TIMMERMAN WHO DESCRIBED SOME OF THE MILITARY LEADERS OF THE TIME AS 'ASSASSINS' AND 'NAZIS'. (NACION SAT P1)

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