

Prime Minister
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TO IMMEDIATE FCO

TELNO 462 OF 4 JULY 1985

INFO PRIORITY MOD (SIC A3A), CBFFI BANK OF ENGLAND
MONTEVIDEO SANTIAGO UKMIS NEW YORK WASHINGTON PORT STANLEY
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PRESS SUMMARY FOR 4 JULY

1. HEADLINES

HEADLINES ARE EXCLUSIVELY DOMINATED BY THE WORKERS' OCCUPATION OF THE FORD FACTORY AND A MEETING BETWEEN PRESIDENT ALFONSIN AND THE LEADERS OF THE CGT SCHEDULED FOR 8 JULY.

2. ECONOMY

UNDER-SECRETARY FOR ECONOMIC POLICY JOSE MACHINEA YESTERDAY SET OUT TO THE LOWER HOUSE BUDGET COMMITTEE DETAILS OF THE GOVERNMENT'S ANTI-INFLATIONARY STRATEGY. MACHINEA SAID THAT THE STRATEGY WAS NOT IN ITSELF INTENDED TO REACTIVATE THE ECONOMY BUT RATHER TO FORM A SOUND BASIS ON WHICH TO DO SO. MACHINEA PREDICTED SIGNIFICANT IN-FLOWS OF FOREIGN CAPITAL TO ARGENTINA. HE FORECAST THAT THE FISCAL DEFICIT FOR 1985 WOULD AMOUNT TO 4.5 PER CENT OF GDP. AN INCREASE IN GOVERNMENT REVENUES TOGETHER WITH GOVERNMENT SPENDING CUTS WOULD BRING IN REVENUE EQUIVALENT TO 4 PER CENT OF GDP, 2.3 PER CENT OF WHICH WOULD COME FROM ENFORCED SAVINGS. MACHINEA ADMITTED THAT THE GOVERNMENT HAD PRINTED OVER 300 MILLION AUSTRALES IMMEDIATELY BEFORE ANNOUNCING THE NEW MEASURES. THE JUSTICIALIST PARTY BLOC ON THE BUDGET COMMITTEE GAVE NOTICE OF THEIR INTENTION TO OPPOSE THE GOVERNMENT MEASURES. (CLARIN P28)

THIRTY/

THIRTY FOREIGN OIL COMPANIES, FROM THE USA, SPAIN, ITALY AND BRAZIL, HAVE EXPRESSED INTEREST IN PARTICIPATING IN OIL EXPLORATION IN ARGENTINA. THE LOCAL SUBSIDIARY OF ESSO AND CITIES SERVICE HAS EXPRESSED DISAGREEMENT WITH CERTAIN ASPECTS OF THE MODEL CONTRACT FOR FOREIGN OIL COMPANIES, NOTABLY THE LOW PRICE TO BE PAID FOR GAS AND THE NEED FOR ENERGY SECRETARIAT APPROVAL TO COMMERCIALISE A FIND. GOVERNMENT SPOKESMEN CONFIRMED THAT PRESIDENT ALFONSIN WILL NOT SIGN LEGISLATION REGULATING OIL AND GAS EXPLORATION UNTIL ALL INTERESTED COMPANIES HAVE PRESENTED THEIR VIEWS. (AMBITO P3)

PERSONNEL OCCUPYING THE CENTRAL BUILDING OF THE BANCO REGIONAL COOPERATIVO IN CORDOBA, WHICH WAS CLOSED BY THE CENTRAL BANK, HAVE OBEYED A COURT ORDER TO LEAVE PEACEFULLY. (CLARIN P5)

GOVERNMENT DECREE 1193 SETS OUT DETAILS OF SANCTIONS AGAINST EMPLOYEES INFRINGING THE WAGES AND SALARIES' FREEZE. THESE INCLUDE FORFEITING IN TAXATION THE AMOUNTS OF ANY UNAUTHORISED INCREASES. (CLARIN P28)

3. LABOUR

PRESIDENT ALFONSIN IS TO MEET CGT LEADERS ON 8 JULY TO DISCUSS THE WORKERS' OCCUPATION AT THE FORD PLANT AND LAY-OFFS IN OTHER SECTORS OF INDUSTRY. IT WAS ANNOUNCED THAT PRESIDENT ALFONSIN WOULD NOT MEDIATE IN THE FORD DISPUTE. IT WAS ALSO ANNOUNCED THAT THE LABOUR MINISTRY MIGHT BE CONSIDERING ASKING FORD WORKERS AND MANAGEMENT TO ENTER COMPULSORY ARBITRATION. (CLARIN PP3,4, LA RAZON P8)

CONGRESS LAST NIGHT FAILED TO DEBATE A PERONIST BILL PROPOSING A FREEZE ON DISMISSALS AND SUSPENSIONS FOR THE DURATION OF THE GOVERNMENT'S ANTI-INFLATIONARY POLICIES. (CLARIN P2)

4. INTERNAL

THE SECRETARIATS OF FINANCE, AGRICULTURE LIVESTOCK AND FISHERIES, ENERGY, SCIENCE AND TECHNOLOGY, CULTURE AND HOUSING AND ENVIRONMENT HAVE ALL BEEN ACCORDED MINISTERIAL STATUS. (AMBITO P3)

THE DEATH HAS BEEN ANNOUNCED OF ARGENTINE COMMUNIST PARTY FOUNDER MEMBER RODOLFO GHIOLDI. (CLARIN P10)

5. HUMAN RIGHTS

THE TRIALS OF THE FORMER JUNTA MEMBERS AGAIN CONCENTRATED ON ATROCITIES COMMITTED IN THE "EL VESUBIO" DETENTION

CENTRE. ONE WITNESS TESTIFIED THAT CAPTAIN ALFREDO ASTIZ HAD BEEN DIRECTLY INVOLVED IN THE KIDNAPPING OF FRENCH NUN ALICE DUMONT AND THE FIRST PRESIDENT OF THE MOTHERS OF THE PLAZA DE MAYO. (LA RAZON P13)

RIGHT-WING TERRORIST ANIBAL GORDON WAS YESTERDAY QUESTIONED BY A FEDERAL JUDGE ABOUT THE ACTIVITIES OF THE TRIPLE A TERRORIST ORGANISATION. (CLARIN P15)

6. FALKLAND ISLANDS

ALL NEWSPAPERS CONTAIN SUMMARIES OF THE WORKING PAPER ON POSSIBLE CONSTITUTIONAL ARRANGEMENTS FOR THE FALKLAND ISLANDS UNDER ARGENTINE SOVEREIGNTY. THE FOREIGN MINISTRY HAS CONFIRMED THE STATUS OF THE PAPER AS A CONSULTATIVE DOCUMENT. THE PAPER MAKES NO PROPOSALS ON HOW TO ENTER INTO TALKS WITH BRITAIN ON THE FUTURE OF THE ISLANDS AND ASSUMES BRITISH WILLINGNESS TO NEGOTIATE ON SOVEREIGNTY. IT ARGUES THAT ARGENTINA SHOULD CONCENTRATE ON OFFERING THE ISLANDERS ECONOMIC INCENTIVES AND GOES ON TO ANALYSE HOW, WITHIN THE FRAMEWORK OF THE ARGENTINE CONSTITUTION, THE PERCEIVED WISHES OF THE ISLANDERS CAN BEST BE TAKEN INTO ACCOUNT. AFTER ANALYSING VARIOUS OPTIONS, THE PAPER CONCLUDES THAT THE FALKLANDS (THERE IS NO MENTION OF THE DEPENDENCIES) SHOULD BE INCORPORATED INTO ARGENTINA AS A SEPARATE PROVINCE, WITH THE RIGHT TO SECEDE IN THE EVENT OF A MILITARY COUP ON THE MAINLAND. ENGLISH AND SPANISH WOULD ENJOY EQUAL STATUS, THE ISLANDS COULD RETAIN THEIR OWN CURRENCY, AND ISLANDERS WOULD HAVE AN INHERITED RIGHT TO DIVORCE. POLITICAL RIGHTS WOULD BE EXERCISED ONLY BY NATIVE ISLANDERS. THE INCORPORATION AGREEMENT WOULD BE SUBMITTED TO REFERENDA BY BOTH THE ARGENTINE PEOPLE AND THE ISLANDERS, UNLESS IT WAS CLEAR THAT THE LATTER WOULD REJECT IT (SIC). THE IMPLEMENTATION OF THE AGREEMENT WOULD BE GUARANTEED BY THREE MEMBERS OF THE INTERNATIONAL COMMUNITY. (HERALD P11, CLARIN P19, AMBITO P9)

JACKSON-HOULSTON

FALKLAND ISLANDS

LIMITED

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FALKLAND ISLANDS