

GRS 1200

CONFIDENTIAL

CONFIDENTIAL

FM BUENOS AIRES

TO IMMEDIATE FCO

TELNO 170

OF 162030Z APRIL 1986

AND TO IMMEDIATE UKREP BRUSSELS, WASHINGTON, UKMIS NEW YORK

AND TO IMMEDIATE MONTEVIDEO, SANTIAGO, BRASILIA, BERNE, CARACAS

ARGENTINE TRADE EMBARGO

SUMMARY

THE ARGENTINE GOVERNMENT HAS LIFTED ITS BAN ON IMPORTS FROM THE UNITED KINGDOM BUT WISHES TO AVOID PUBLICITY FOR THIS DECISION.

1. AMBASSADOR BOSELLI (EUROPEAN COMMUNITY REPRESENTATIVE IN LATIN AMERICA) TELEPHONED ME A FEW DAYS AGO FROM CARACAS ABOUT HIS DISCUSSION IN BUENOS AIRES OF THE ARGENTINE BAN ON BRITISH IMPORTS. HE HAD BEEN TOLD BY THE ARGENTINE MFA THAT THERE WAS NOW NO SUCH RESTRICTION. THERE NEVER HAD BEEN SUCH A LAW AND THE PRESIDENTIAL ORDER ON THE SUBJECT HAD NOW BEEN WITHDRAWN. ADMINISTRATIVE CONTROL OF IMPORTS WAS BEING EXERCISED, BUT THE INFLUENCE WAS THAT IN MOST CASES BRITISH IMPORTS WOULD BE APPROVED. HOWEVER, THE ARGENTINE GOVERNMENT WAS ANXIOUS TO AVOID PUBLICITY AND POLITICAL CRITICISM ON THE SUBJECT. AFTER TALKING TO UNDER-SECRETARY DELPECH, BOSELLI'S VIEW WAS THAT THERE WAS A CLEAR DISPOSITION ON THE PART OF THE ARGENTINE AUTHORITIES TO RELAX. HE HAD BEEN FAVOURABLY IMPRESSED.

3. I TOLD BOSELLI THAT DELPECH HAD INFORMED THE SWISS AMBASSADOR A DAY LATER (MY TELNO 165) THAT THE QUESTION OF IMPORTS FROM BRITAIN WAS STILL "UNDER STUDY". THERE HAD BEEN NO SUGGESTION THAT A DECISION TO END IT HAD BEEN TAKEN IN PRINCIPLE, TO BE IMPLEMENTED GRADUALLY OR AT A LATER DATE. IN THESE CIRCUMSTANCES WE COULD ONLY JUDGE ON THE BASIS OF EXPERIENCE. HE AGREED (SOMEWHAT RELUCTANTLY) WITH THIS VIEW.

4. INFORMATION FROM A LOCAL IMPORTER INDICATED THAT THE ARGENTINE DEPARTMENT OF FOREIGN TRADE (WHICH MUST AUTHORISE ALL IMPORTS BEFORE THE IMPORTER CAN SEEK FOREIGN EXCHANGE FROM THE CENTRAL BANK) HAS CHANGED ITS PRACTICE IN THE LAST FEW DAYS. THEIR COMPUTER, WHICH UNTIL 10 DAYS AGO REJECTED AUTOMATICALLY ALL

CONFIDENTIAL

REQUESTS.

## CONFIDENTIAL

REQUESTS SHOWING THE COUNTRY OF ORIGIN AS BRITAIN, HAS BEEN REPROGRAMMED TO AVOID THIS. THE IMPORTER WAS TOLD PERSONALLY THAT HIS REQUESTS FOR IMPORTS FROM BRITAIN WOULD BE CONSIDERED ON TERMS NO LESS FAVOURABLE THAN THOSE FROM OTHER COUNTRIES. ONCE AGAIN PUBLICITY FOR THE MOVE WAS BEING AVOIDED. HOWEVER, ONE MUST TAKE INTO ACCOUNT THAT THIS PARTICULAR IMPORTER DEALS IN HIGH TECHNOLOGY PRODUCTS (RADIO ISOTOPES, ETC) WHOSE IMPORT COULD ALWAYS BE DEFENDED.

5. IN THESE CIRCUMSTANCES I REQUESTED THE SWISS EMBASSY TO SEEK FURTHER CLARIFICATION OF THE APPARENT CONTRADICTION BETWEEN THE STATEMENTS EXPRESSED EARLIER TO BOSELLI AND THE SWISS AMBASSADOR. THIS WAS DONE YESTERDAY AND THE MFA CONFIRMED THAT THE BAN HAD NOW BEEN LIFTED. IT HAD BEEN IMPOSED BY AN INTERNAL INSTRUCTION AND HAD BEEN LIFTED ORALLY. CONFIRMATION IN WRITING WOULD NOT BE GIVEN AND THEY WERE OBVIOUSLY ANXIOUS TO AVOID PUBLICITY. THE SWISS AMBASSADOR HAS CONFIRMED THAT HE IS SATISFIED THAT THIS MESSAGE IS RELIABLE.

6. WHETHER THE CONTRADICTORY VIEWS EXPRESSED BY DELPECH MEAN THAT HE WAS UNSIGHTED ON THE IMPLEMENTATION OF THE DECISION TO LIFT THE BAN IS NOT CLEAR. HE OBVIOUSLY WISHED TO GIVE A FAVOURABLE IMPRESSION TO BOSELLI. HOWEVER THAT IS NO REASON WHY HE SHOULD NOT HAVE DONE SO TO THE SWISS AMBASSADOR AND THUS TO HMG. ANOTHER REASON MAY BE THAT LIFTING THE BAN WAS CLEARLY A POLITICAL DECISION ABOUT WHICH SOME MEMBERS OF THE MFA AND DEPARTMENT OF COMMERCE MAY HAVE HAD RESERVATIONS AND TRIED TO BLOCK OR DELAY. THERE MAY ALSO HAVE BEEN FEARS ABOUT CRITICISM FROM LOCAL POLITICIANS IF THE DECISION RECEIVED WIDE PUBLICITY IN BRITAIN. IT WOULD BE SEEN AS A "VICTORY" FOR THE FCO AND A DEFEAT FOR THE MFA POLICY OF BLOCKING NORMALISATION UNLESS BRITAIN AGREED TO DISCUSS SOVEREIGNTY.

7. WHATEVER THE REASONS, THERE APPEARS TO HAVE BEEN A SIGNIFICANT CHANGE OF POLICY ON IMPORTS FROM BRITAIN. OUR FIRM ATTITUDE OVER DR CAPUTO'S RECENT DISCUSSION WITH THE COMMISSION CLEARLY HELPED (YOUR TELNO 88 AND UKREP BRUSSELS TELNO 739). I REMAIN PUZZLED WHY DR CAPUTO DID NOT WISH TO TAKE THIS OPPORTUNITY TO CONFIDENTIALLY DEMONSTRATE GOODWILL AND RECIPROCITY. HE MAY HAVE WISHED TO AVOID BLAME SHOULD THE DECISION BACKFIRE POLITICALLY WHEN IT BECOMES KNOWN. WE SHOULD NOT SEEK TO PUBLICISE IT.

8. EXPERIENCE WILL SHOW IF IN PRACTICE OUR IMPORTS WILL BE TREATED IN A NON-DISCRIMINATORY MANNER. EXISTING ADMINISTRATIVE CONTROLS

CONFIDENTIAL

Will

# CONFIDENTIAL

WILL STILL ALLOW THE GOVERNMENT TO BLOCK APPLICATIONS FOR SUCH IMPORTS, IF POLITICAL PRESSURES MAKE THIS CONVENIENT. A POSSIBLE EXAMPLE COULD BE ADVERSE REACTION FROM THE MFA IF WE SUCCESSFULLY BLOCK ARGENTINE BILATERAL FISHING AGREEMENTS WITH EASTERN EUROPEAN COUNTRIES. AS THE ADMINISTRATIVE CONTROLS APPLY TO ALL IMPORTS IT IS DIFFICULT TO AVOID THIS DANGER.

9. YOU WILL WISH TO CONSIDER WHAT ACTION IF ANY WE SHOULD TAKE IN RESPONSE TO THIS CHANGE. WE SHALL OF COURSE MONITOR ITS IMPLEMENTATION THROUGH THE LOCAL BRITISH/ARGENTINE CHAMBER OF COMMERCE. I FEEL UNEASY WITH A VERBAL ASSURANCE BUT IT IS UNLIKELY THAT WE SHALL OBTAIN WRITTEN CONFIRMATION OF IT. PERHAPS THE FORTHCOMING VISIT OF PEREZ DE CUELLAR COULD BE USED TO CONVEY CONFIDENTIALLY OUR SATISFACTION AT THIS DEVELOPMENT AND SUGGEST FURTHER RECIPROCAL MOVES SUCH AS THE ABOLITION OF VISAS (WHOSE ISSUE IS CURRENTLY OVERSTRAINING OUR CONSULAR RESOURCES)? THIS WOULD BOTH COMMIT THE ARGENTINE GOVERNMENT INTERNATIONALLY TO ITS DECISION ON IMPORTS AND GIVE THEM A POLITICALLY MORE ACCEPTABLE CONTEXT IN WHICH TO MOVE TOWARDS FURTHER RELAXATION.

SHARKEY

RICH

## FALKLAND ISLANDS

### LIMITED

FID NEWS D  
DEF D INFO D  
S AM D PLANNING STAFF  
UND ECON ADVISERS  
ERD RESEARCH D  
MAED PUSD  
WIAD PRU  
MCAD LEGAL ADVISERS  
ECD(E) PS  
WED PS/LADY YOUNG

### ADDITIONAL DISTRIBUTION

#### FALKLAND ISLANDS

PS/MR RAISON  
PS/MR EGGAR  
PS/PUS  
SIR W HARDING  
MR DEREK THOMAS  
MR GOODALL  
MR DAVID THOMAS  
MR DAUNT  
SIR C TICKELL (ODA)  
MR BARRINGTON  
MR AINSCOW (ODA)  
MR SAMUEL (ODA) 3

CONFIDENTIAL