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10 DOWNING STREET

From the Private Secretary

21 July 1984

PRIME MINISTER'S MEETING WITH THE PRESIDENT OF EL SALVADOR
SATURDAY 21 JULY AT CHEQUERS

The Prime Minister received President Duarte of El Salvador at 10 o'clock this morning at Chequers for an hour's talk. The President was accompanied by his Foreign Minister, Dr. Tenorio, and his Chief of Staff, Colonel Blandon.

Welcoming President Duarte, the Prime Minister recalled their discussion last year and asked the President to tell her as much as possible about developments in El Salvador and in Central America generally. President Duarte said that he was basically optimistic about the situation in El Salvador. Attempts were being made by both the extreme Right and the extreme Left to destabilise democracy. Left-wing guerrillas were harming the economy, particularly now in the planting season. He expected a new offensive in September or October. But he thought time was working against the guerrillas. The Centre was gradually gaining strength. He thought that, if his Government could hold the situation until the end of the year, it would gradually gain the upper hand. For his part, he was doing his best to control the problems of violence and the death squads.

President Duarte continued that the problems of El Salvador could not be dissociated from the problems of the region as a whole. Nicaragua was supplying the guerrillas in El Salvador. The elections in Nicaragua were likely to be a sham. The Sandinistas had made clear that, whatever the results, their power would not be put at risk. The Sandinistas created hostility towards the United States as a means of strengthening their hold on the country. He himself did not believe that the United States was likely to invade Nicaragua. The Prime Minister said that Britain well knew the problems of guerrilla warfare: we had had experience in Malaya in the 1950s. It was vital that President Duarte's democratic Government should prevail. If the result of a second democratic election was not the defeat of the guerrillas and a return to a peaceful life,

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there was a risk that people would despair of democracy. The Prime Minister continued that there was now much more support and understanding in Europe for democratic governments in Central America. It would be important to be able to demonstrate that elections in Nicaragua were hollow compared with those in El Salvador. It was also important to have evidence of this which could be used as well as evidence of Nicaraguan support for guerrillas. President Duarte said that a leading member of the Nicaraguan Government, Sr. Ortega, had recently said publicly in Europe that the Nicaraguan elections would not put the power of the Sandinistas at risk. The Prime Minister said that she would try to obtain the quotation which was very damning.

President Duarte said that the purpose of his present trip was to get moral support from Europe for his Government. He had earlier paid a very successful visit to Washington and had received backing not just from President Reagan and the Administration but also from leading Democrats. He had also been very satisfied with his reception in Bonn. The United States had been generous in its support for his Government but, even so, their assistance was only enough to enable El Salvador to survive. They needed support from other countries if they were to have a chance of developing beyond the point of survival. That was why he wanted Europe to be present in Central America and not just leave it all to the United States. Without American aid, El Salvador would long ago have fallen into Communism. He was not seeking military help from Europe but aid to win the economic and political battle.

The Prime Minister asked what El Salvador's particular needs were. President Duarte said the prime need was for balance of payments help. The Salvadorian economy was based on sugar, coffee and cotton. Sugar prices were very low, coffee prices declining and the guerrillas prevented the planting of cotton. In the medium term he would like to see some trade concessions by the European Community to allow El Salvador and other Central American countries establish basic industries, for instance textiles. The Prime Minister said that any concessions on textiles would be very difficult indeed: our own textile industry had shed over 200,000 jobs in recent years. In reply to a further question from the Prime Minister, President Duarte said that the most pressing needs for imports were for fertilisers, medicines, chemicals and dairy products.

The Prime Minister asked whether President Duarte had seen M. Thorn in Brussels. President Duarte said that he had. He had been given to understand that the Community was preparing an initiative on aid for Central America. It seemed to him essential that Community Foreign Ministers

should not come to the meeting with the Contadora and Central American Ministers in September empty handed. Political support alone would not be enough. It had to be sustained with economic assistance, for instance lines of credit for development banks. The Prime Minister commented that it was a difficult moment. The United Kingdom already contributed substantial aid to the Caribbean countries and to Belize. She enquired whether President Duarte was also seeking technical assistance. President Duarte replied that this was not as urgent as balance of payments help.

President Duarte continued that he had one specific request to make and that concerned training for officers in the El Salvadorian Armed Forces. El Salvador could not itself run any Staff College in the present situation. He was very anxious to have proper training for his officers at the stage of promotion of Major to Lieutenant Colonel. This could make a vital contribution to ensuring greater integrity in his Armed Forces. He wondered whether Britain could offer scholarships for a number of officers to attend Staff College courses. He was making the same request to other West European countries. The Prime Minister undertook to look into the possibilities.

Finally, President Duarte said that a new civilian government would soon be taking office in Guatemala. He hoped that this would lead to some easing of problems between Guatemala and Belize. The Prime Minister observed that we had been trying to achieve an improvement in relations for years. But there seemed to be constant setbacks with every change of government in Guatemala. President Duarte said that he had great admiration for the Prime Minister of Belize, Mr. Price. The Prime Minister said that she would ideally like to withdraw British Forces from Belize but feared that this would destabilise the area.

The Prime Minister and President Duarte agreed that they would tell the press that they had discussed the problems of El Salvador and of Central America generally. They had agreed on the importance of enabling democracy to prevail in Central America and the Prime Minister had expressed her support for democratic government in El Salvador.

I am sending copies of this letter to David Peretz (HM Treasury), Callum McCarthy (Department of Trade and Industry), Richard Mottram (Ministry of Defence) and Michael McCulloch (Overseas Development Administration).

MR. G. D. POWELL

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Foreign and Commonwealth Office.

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Call by President Duarte of El Salvador

President Duarte will call on you from 10 until 11 tomorrow at Chequers. He will have arrived earlier that morning from Bonn: and will be leaving at lunchtime for Lisbon.

He will be accompanied by his Foreign Minister (Dr Tenorio) and his Chief of Staff (Colonel Blandon).

A brief and a personality note are attached. You will also want to see the attached telegram about his visit to Bonn.

You will recall that you met President Duarte in June 1983.

You may want to range rather more widely than the brief suggests and cover the situation in Central America in general with particular attention to Nicaragua.

I fear that the aid offer we can make - technical assistance of £14,000 - is paltry, particularly set against the promise of DM50 million which he has just received in Bonn. I suggest that you say, towards the end of the talk, that following your discussions you will ask for recommendations on the resumption of our bilateral aid programme. This will give a chance to try to extract a ^{little} bit more from the ODA.

You will wish to be aware that President Duarte will give a press conference at mid-day at Heathrow.

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20 July 1984