



PM/79/100

PRIME MINISTERChile

*Prime Minister*  
 This will, I imagine, have to be  
 discussed in OD. But you may wish  
 to be aware of the views of Lord  
 Carrington

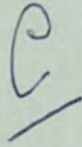
*Am*

1. We discussed relations with Chile in OD on 19 September. We agreed that Ambassadors should be restored but that, as there were other factors to be considered, we should proceed with care. I undertook to let you and OD colleagues know before a final decision was taken.
2. I consider that the way is now clear. Matters which previously inhibited action now pose fewer problems:
  - (a) the US Government have taken certain measures (stopping aid and residual arms sales, and reducing their Embassy in Santiago) in response to a Chilean refusal to extradite those responsible for the assassination in Washington of former Chilean Foreign Minister, Letelier. However, they have just sent their Ambassador back to Chile. When I told Cyrus Vance on 17 December that we were thinking of doing likewise, he said that the US view was that it was always better to have an Ambassador in a country, whatever the difficulties.
  - (b) Most of our European colleagues already have Ambassadors in Santiago. Neither Italy nor Belgium, who have Charges, intend making any change, for internal political reasons.
  - (c) The Rhodesia Conference is over.
  - (d) There is less inclination internationally to single out Chile for special criticism on human rights grounds, given that her performance is now no worse than that of many others. A recent ICFTU call for a ban on trade with Chile was largely ineffective.
  - (e) The Chileans have now gone a little further in giving us a form of words we can use publicly concerning the Cassidy and Beausire cases.





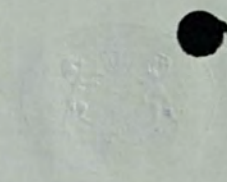
3. There are also positive reasons for proceeding now. The exchange of Ambassadors with Argentina has put us in an anomalous position. Our supporters find our decision on Argentina difficult to reconcile with our continued inaction on Chile. They point out that Argentina's human rights record is worse and note Argentine claims to British territory in the Falkland Islands and Dependencies. We are facing pressure in the House.
4. Further delay may also erode in advance some of the goodwill which we hope that the restoration of Ambassadors would foster. The Chileans, who are in dispute with Argentina over the Beagle Channel, already feel that international opinion will conclude that we are favouring Argentina.
5. The anti-Chile lobby can be expected to protest vociferously, not least in Parliament. We cannot avoid this. We have repeatedly made it clear in the House that the appointment of Ambassadors is designed to further our interests, not to reflect approval or otherwise of a particular regime.
6. I propose therefore that in January we should inform the Chileans that we are now ready to exchange Ambassadors. We should then be able to announce the move soon after Parliament has reassembled, perhaps in a Written Answer. Our Ambassador would go to Santiago at the end of that month, or in February.
7. I am copying this minute to other members of OD, the Chief Whip, the Attorney General and the Secretary to the Cabinet.

  
(CARRINGTON)

Foreign and Commonwealth Office

20 December 1979





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Chile



10 DOWNING STREET

From the Private Secretary

31 December 1979

Dear George,

Chile

The Prime Minister has seen the Foreign and Commonwealth Secretary's minute to her of 20 December about an exchange of Ambassadors with Chile. The Prime Minister agrees, subject to the views of the other recipients of Lord Carrington's minute, that we should proceed as proposed in paragraph 6 of that minute.

I am sending copies of this letter to the Private Secretaries to the other members of OD, to Murdo Maclean (Chief Whip's Office), to Bill Beckett (Law Officers' Department) and to Martin Vile (Cabinet Office).

Yours ever

Michael Alexander

G.G.H. Walden, Esq,  
Foreign and Commonwealth Office

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Prime Minister

Ref. A01012

MR. ALEXANDER

Would you be content to proceed as in para 6 of Lord Carrington's minute without a meeting of D.A.?

Plumb

Chile

The Foreign and Commonwealth Secretary sent a minute to the Prime Minister on 20th December, recommending that in January we should inform the Chileans that we are now ready to exchange Ambassadors, with an announcement to be made in Parliament soon after reassembly.

2. When this subject was discussed at OD on 19th September, a cautious approach was agreed largely because of concern about the possible United States reaction. It is now clear that this point need not be a worry in view of Mr. Vance's statement to Lord Carrington on 17th December.

3. Subject to the comments of the copy addressees of Lord Carrington's minute, which now include the Secretary of State for Employment in view of possible trade union sensitivity over Chile, the Prime Minister is advised to agree to Lord Carrington's proposal.

Subject to para 3 -  
agreed  
D.A.

M.V.

M. J. VILE

20th December, 1979





*Chile*

**CHILE: EXCHANGE OF AMBASSADORS**

Line to Take

This is one of the aspects of our relations with Chile which we have been examining. No final decisions have yet been taken.



REFERENCES

Flag A

Early Day Motion 29 November and 18 December:  
Exchange of Ambassadors

NOTES FOR SUPPLEMENTARIES

1. When will a decision be reached?

Consideration of the matter is continuing. I cannot at this stage say when a final decision will be made.

2. Criteria for exchanging Ambassadors

There are no set criteria.

3. Chile's human rights record/Ambassadors

The fact of exchanging Ambassadors does not indicate our support or approval for a particular regime or its policies. Nor can it depend solely on our view of the human rights situation in a particular country. If it did, there would be a great many countries with no British Ambassador. We have Ambassadors abroad to serve our interests, including human rights interests.

4. Comparison with Argentina

These are quite separate cases. It was the Government of Argentina which was responsible for reducing the level of our relations with that country. In the case of Chile, it was this country, under the previous Government, which took the initiative by withdrawing our Ambassador from Santiago.





5. Importance of Ambassadors to Trade

We are well aware that this factor needs to be taken into account.

6. Chilean Ambassador to London

We have not received any request for agreement for a new Chilean Ambassador.

(If pressed)

We would naturally consider such a request in the usual way if one were made.

7. Dr Sheila Cassidy

This deplorable incident is clearly an aspect in our review of our relations with Chile. We condemn the treatment suffered by Dr Cassidy. My right honourable and noble Friend the Foreign and Commonwealth Secretary made this clear to the Chilean Foreign Minister when they met in September.

8. William Beausire

My right honourable and noble Friend the Foreign and Commonwealth Secretary raised this matter with the Chilean Foreign Minister when they met in September. He expressed the continued concern of the Government and the British public about this serious human rights case. We were pleased to note that the Chilean Courts have since agreed to re-open their investigations into Mr Beausire's fate.

9. Human rights abuses

We are aware of the human rights situation in Chile. We deplore violations wherever they occur. We shall continue to take every suitable opportunity, including acting in concert with our European partners, to ensure that the Chilean authorities are aware of our strong views on this matter. Most recently, at this year's United Nations General Assembly, we voted in favour of a resolution condemning violations of human rights in Chile.





## CHILE: EXCHANGE OF AMBASSADORS

Background NotesAmbassadors

1. The last British Ambassador to Chile was recalled in December 1975 (and definitively withdrawn a few months later) in protest at the torture of a British subject, Dr Sheila Cassidy. The last Chilean Ambassador in London was not replaced when he completed his tour of duty in January 1977. Following exchanges with the Chileans, Ministers agreed in principle that Ambassadors should be reinstated but that the timing of such a move should be carefully considered. The Foreign and Commonwealth Secretary is minuting the Prime Minister and OD colleagues recommending that action should be taken after the recess, in agreement with the Chileans, to reinstate Ambassadors.

A 2. There has been parliamentary pressure in recent weeks urging HMG to reinstate Ambassadors; this includes two early day motions put down by Sir Frederic Bennett.

Human Rights

3. The human rights situation in Chile has improved since the dark days of the coup in 1973. But the rate of improvement noted in 1978 appears to have slowed considerably in the past year. Nevertheless, Chile's performance is now no worse than some countries in Latin America and many elsewhere. It compares favourably with most Communist countries, even though political freedoms are still largely in abeyance and the machinery of repression remains substantially intact.

4. Our delegation to this year's United Nations General Assembly was instrumental in drafting a reasonably balanced and

/constructive





- 2 -

constructive resolution designed to encourage the Chilean Government to improve its performance on human rights.

Argentina: Exchange of Ambassadors

5. On 16 November, both Governments announced the names of their Ambassadors-designate. (The decision to restore Ambassadors in respective capitals was previously announced during Mr Ridley's visit to Buenos Aires in July.) The new British Ambassador, Mr A J Williams, will assume his duties in late January 1980.

6. The last British Ambassador to Argentina was recalled in January 1976 at the suggestion of the Argentine Government (who had already withdrawn their own Ambassador in London) following a deterioration in our relations over the Falkland Islands dispute. Subsequently, relations improved when we began a series of negotiations with the Argentines over the Falkland Islands; and earlier this year they indicated that they wished to see Ambassadorial relations restored.

Trade

7. The UK's share in the Chilean market has declined since 1972. An improvement in our political relations should help our trade with Chile. We restored ECGD medium term cover on normal commercial criteria in June.

Dr Sheila Cassidy

8. Dr Cassidy was tortured by electric shocks in Chile in November 1975 when she was arrested after giving medical attention to a fugitive guerrilla leader. The incident attracted major international publicity and caused an outcry in the UK. We have continued to press for a proper explanation and if possible a full apology. The Secretary of State discussed the matter with the Chilean Foreign Minister on 4 September. The unvarying Chilean response to all our representations has been to contest Dr Cassidy's evidence, although the Chileans

/no





- 3 -

no longer maintain that she herself was involved in violence.

William Beausire

9. Mr Beausire, an Anglo-Chilean dual national, is among the several hundred missing persons in Chile known or presumed to be the victims of secret arrests. He disappeared at Buenos Aires airport in Argentina in November 1974 but several witnesses testified to seeing him subsequently in Chilean detention centres. He is probably now dead. We have made repeated representations to the Chilean authorities about the case but they have persistently denied any involvement or responsibility. Most recently, the Secretary of State discussed the matter with the Chilean Foreign Minister on 4 September. Shortly afterwards our Embassy in Santiago reported that the Chilean Courts had agreed to re-open their investigations into the case.

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CHILE: ARMS SALES

Line to Take

We have no plans at present to change existing policy on the sale of new arms to Chile.



REFERENCES

Flag B "Morning Star" report of 19 December: Arms Sales

NOTES FOR SUPPLEMENTARIES

1. "Morning Star" Report

We have no knowledge of the alleged arms deal with Chile reported by the "Morning Star" on 19 December. No Government department has been asked to authorise an export licence for the supply of such arms to Chile and if such a request had been made it would have been rejected in line with our existing policy.





CHILE: ARMS SALES.

Background Note

Arms Sales to Chile

1. Chile was formerly an important customer of the UK for defence (particularly naval) equipment. The policy of the previous Government was not to grant any export licences for the sale of arms to the military regime, except for supplies relating to existing contracts. A few deliveries are still taking place under this provision. Ministers have decided that any modification of present policy should await a normalisation of diplomatic relations. In reply to a Parliamentary Question on 18 June whether it was intended to lift the ban on arms sales to Chile, the Prime Minister said "I have no plans to do so at present".

"Morning Star" Report

2. A report in the "Morning Star" of 19 December alleges that HMG has sanctioned the supply of US\$1.6 million worth of anti-aircraft equipment to Chile. Such an action would be in clear contravention of the Government's stated policy on the sale of new arms to Chile. Neither the Ministry of Defence nor the Foreign and Commonwealth Office have received any application for a licence to export arms of this nature to Chile.

3. The report mentions a link between Mr Newman, the financial adviser to the company involved in the deal, and the Minister of State (Mr Ridley). Mr Ridley recalls meeting Mr Newman in a professional capacity some time ago but the "Morning Star"'s suggestion that this would influence the Government's position on the matter has of course no foundation.



Stop this deal - Chile Solidarity

# British secret arms sale to junta exposed

BRITISH arms dealers, with government sanction, have made an agreement to supply 1.5 million dollars worth of anti-aircraft equipment to Chile's fascist junta.

This major attempt to supply black market arms to the junta has been uncovered by the Irish People newspaper, published in Dublin.

The paper backs its revelations with copies of correspondence with a leading merchant bank in the city, Rea Brothers, and with Grindlay Brandts Marine Limited, which arranged "a most favourable quotation" from Lloyds for insurance.

## SOLIDARITY CALL

The proposed suppliers, the paper says, are two brothers, Ken and Alex Morgan, of Wraysbury, Middlesex, and there are potential further orders of between 100 and 200 million dollars.

Calling yesterday on the government to stop the deal, the Chile Solidarity Campaign recalled that the government declared as late as November 9 — in a statement made to Mr. Dennis Skinner MP — that it had no present plans to change the existing policy of not selling arms to the Chilean regime.

The statement was made by Mr. Nicholas Ridley, Foreign Office minister for Latin America.

Chile Solidarity yesterday called for reassurance that Mr. Ridley's long-standing friendship with the Morgan brothers' financial adviser, Mr. Geoffrey Newman, would not influence the government's position.

The Irish People report names the arms buyers as Col. Sergio Jose Contardo and Wing-Commander Alejandro Vargas, Chilean air force officers attached

to the junta's London embassy.

The real role of Vargas, says the newspaper, is believed to be that of chief purchasing officer for the Chilean air force in the West.

## CREDIT GUARANTEES

Once the initial contact with the junta officers was made, the Morgan brothers obtained the necessary government clearance and end users' certificates—supposed to ensure that weapons exported will not be used against British national interests.

The government has already restored credit guarantees to the Chilean regime and Lord Carrington, Foreign Secretary, met the junta's foreign minister Cubillos during his recent visit to Europe.

Although the initial agreement has been signed, an unexpected hitch has arisen over the banking arrangements — reportedly over the ability of even a large merchant bank like Rea Brothers to cover fully the 200 million dollars possibly involved in the follow-up deal.

## ALTERNATIVE SOUGHT

The Morgans are now seeking for alternative bank guarantees to save the largest arms deal they have ever made, says the Irish People report.

The journal, which was founded by the Official Republican Movement, said it published the revelations "to try and ensure that the Morgans don't get these guarantees."

"Every extra cartridge or grenade which goes to Chile helps prolong the bloody dictatorship of Gen. Pinochet, whose regime has tortured, killed and imprisoned thousands of Chilean workers, trade unionists, priests and even right-wing politicians who dared oppose it since the 1973 coup."

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