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SUMMARY SHEET

A ARGENTINA

1 Lic Alejandro Estrada, Secretary of State for Trade and International Economic Negotiations. Latin American economic cooperation; Latin American-EC relations; Common Agricultural Policy; steel; inflation; protectionism and the renegotiation of the GSP; encouragement of UK investment in Argentina; sheepmeat; the North-South dialogue.

2 Lic Alberto Grimoldi, Secretary of State for Industrial Development. Local manufacture of capital goods; incentives for investment and regional incentives; liberalisation of the "Buy Argentine" and the technology transfer laws.

3 Ing. Daniel Brunella, Secretary of State for Energy. Oil and gas exploration; hydroelectric developments; thermal power stations; nuclear power.

4 Dr Walter Klein, Secretary of State for the Economic Programme. UK economy and unemployment; steel; privatisation in the UK and Argentina; the EC and the CAP.

5 Sr. Jorge Zorreguieta, Secretary of State for Agriculture and Livestock. The CAP; sheepmeat; vegetable oils; Argentine production prospects.

6 Ing. Manuel A Solanet, Technical Director of the National Institute of Economic Planning. Public investment in: energy (thermal power, hydroelectricity, nuclear power, oil, gas, coal); telecommunications; transport; environmental improvement.

B CHILE

1 Sr. Miguel Kast Rist, Minister for Planning. Fiscal reforms; social programmes; especially to combat undernourishment; Government investment; privatisation.

2 Sr. Jose Pinera Echenique, Minister of Labour and Social Insurance. Labour law.

3 Sr. Sergio de Castro Spikula, Minister of Finance. UK and Chilean economy; unemployment; privatisation.

4 Contraalmirante Carlos Quinones Lopez, Minister for Mines. Copper; coal; oil; Chile's energy spectrum; rare metals (vanadium, chromium, nickel).

5 Sr. Alvaro Bardon Munoz, President of the Central Bank. Fiscal and monetary policy; fixed v floating exchange rates; sterling funding; Chile's debt servicing ability.

6 General Campolican Boisset Mujica, Minister of Transport and Telecommunications. Rail transport; telecommunications; ports and airports.



MEETING WITH MR ALEJANDRO MANUEL ESTRADA, ARGENTINIAN SECRETARY
OF STATE FOR COMMERCE AND INTERNATIONAL ECONOMIC NEGOTIATIONS:
5 AUGUST 1980.

Present: Mr Parkinson
Mr Williams
Mr Chick
Mr Owen
Mr Woods

Mr Estrada
Mr Santiago Murray, Under-Secretary for
International Economic Negotiations
Mr Frasisti, Economic and Commercial
Minister, Counsellor, Argentine Embassy,
London.

1. Mr Estrada welcomed Mr Parkinson and said that the Argentine Government was happy to see a British Trade Minister visiting the country to discuss ways of improving trade relations. The economic policies of HMG and of the Argentine Government were very similar, both being based on removing market barriers and increasing the freedom of operation of the private sector: but it was important not to neglect what Governments could do to encourage trade - for instance, by acting as a channel of communication and by encouraging useful contacts. The Argentine Government was particularly keen to encourage joint ventures, which offered prospects of increasing exports of manufactured goods, especially to Europe. For example, a delegation from Argentina had recently visited the UK to study the machine tool industry; and one possibility appeared to be to establish a joint venture for semi-manufacture in Argentina of tools to be shipped to the UK for finishing and sale into the EC market. The Government was also keen to promote economic cooperation between the countries of Latin America; Mr Estrada hoped that at a meeting the next week in Uruguay it would be possible to establish



a framework agreement under which bilateral economic cooperation agreements could be negotiated between signatories. The ultimate aim -though it would admittedly take time- of such an agreement would be to establish in Latin America an integrated economic community such as existed in Europe; and if such integration could be achieved Argentina could be a valuable springboard for British companies to establish themselves throughout Latin America. The prospects for such an agreement seemed fairly good: the emphasis of Latin American countries' trade policies was by and large shifting from protectionism -which had tended to ~~create~~ ^{cause} inefficiency- to a free market philosophy. The process of establishing free market conditions throughout Latin America would inevitably be a long one but there would ultimately be many advantages for countries such as the UK.

2. Mr Estrada explained that the pattern of Argentina's trade with the rest of the world had altered somewhat in recent years. In particular, the Common Agricultural Policy restricted agricultural exports to the EC, and as a result Argentina was increasingly forced to find a market for these products in Eastern bloc countries and China. Unless there was a significant change in the CAP, Mr Estrada thought it inevitable that this trend would continue, which would be a matter of great regret to Argentina, which would much prefer to deal with other Western countries. In other ways too the EC's policies towards Latin America gave cause for concern. Latin America was a very important continent for Europe: it supplied many raw materials and large quantities of food; and there was a common cultural heritage. Mr Estrada therefore thought it unfortunate that the EC should apparently give a lower priority to its relations with Latin America than to those with Africa; and he felt convinced that a cooperation agreement between the EC and Latin America as a whole would improve relations markedly.



3. Mr Parkinson replied that the UK too was strongly critical of the CAP: it was impossible to defend such outright protectionism in the agricultural market while calling for liberalisation of trade in manufactured goods. Until recently, the UK had been more or less isolated in its demands for a review of the CAP; but now that more and more of the cost was being borne by some countries who had previously been considerable beneficiaries -especially Germany- support for reform was steadily growing. It was in any case inconceivable that the CAP in its present form would survive enlargement of the Community. Mr Parkinson applauded Argentina's desire to see greater economic cooperation between the countries of Latin America. It was only now that the UK could begin to appreciate the benefits that EC membership had brought. All the other member states figured among the UK's top ten trading partners; the UK now did 42% of its trade with the EC; and in 1979 UK non-oil trade with its EC partners had increased by 22% (compared with an increase of 5½% in non-oil trade with the rest of the world). All this had come about as a result of removing barriers to trade; and while imports from other EC countries had admittedly risen more quickly than exports to them there was no doubt that access to a domestic market of some 250 million people gave British industry a firm base on which to found its export effort to the rest of the world. So, even though the economic disparities in the region would prevent rapid integration, there would be considerable benefit to all from closer economic cooperation in Latin America.

4. In answer to a question from Mr Parkinson, Mr Estrada explained that Argentina had signed a number of the codes negotiated in the GATT MTNs, but others -including that on subsidies and countervailing- were still to be considered. He regarded it as strange that the various matters covered by the codes had been separately negotiated: it was difficult to justify



separating the different topics when the common objective was the liberalisation of world trade by whatever means were available.

Mr Parkinson commented that one of the most valuable things Trade Ministers could do in the near future was to ensure that the GATT rules were implemented strictly and that the monitoring committees were established rapidly. This would be the best way to resist the ever-increasing pressure for protectionism as the world recession hit. In reply to a question from Mr Estrada, Mr Parkinson said that the UK steel industry - like the European steel industry as a whole - was suffering from severe overcapacity and had to be slimmed down. The problem was perhaps more acute in the UK than in the rest of the EC because for so long the British steel industry had been treated as a political football, with the result that necessary reforms had been repeatedly delayed until now they all had to be introduced at once - which meant the loss of at least 70,000 jobs at a time when the economy was already in the grip of the recession.

5. In some ways, Mr Parkinson continued, the problems of the steel industry were typical of much of British industry: difficult questions had been repeatedly ducked and were now having to be faced. But this time the country had a Prime Minister determined to carry through the policies necessary to achieve recovery in the long term despite the short-term costs (especially rising unemployment); and it was interesting to note that despite rising unemployment the Government's popularity was holding up well, which demonstrated that the public recognised that firm action was necessary. Mr Estrada asked what were the prime reasons for UK inflation. Mr Parkinson said that the main reason was public expenditure. The previous Administration had planned a budget deficit of £ 13.5 billion for 1980/81, which would have sent interest rates even higher than they are now and would have denied much of the private sector the funds it needed for investment. The high level of wage increases was also a matter of great concern - especially those in the public sector. The Government's response



was to adopt the monetary and fiscal policies which would bring inflation under control: the central plank of these policies was the restriction of monetary growth to 7-11% p.a. There were signs that the policy was beginning to work, and he expected interest rates to start moving down in the near future. But controlling public expenditure presented particular difficulties, partly because so much of it was under the control of local authorities rather than control Government. The Government respected the independence of local authorities, but since about two-thirds of local authority expenditure was provided by the Government it seemed only right to change the system so as to give the Government a greater say in what was spent - especially as the present system rather anomalously favoured over-spending authorities at the expense of thrifty ones. And the difficulty of cutting back rapidly on current costs (and particularly on the size of the Government machine) meant that disproportionate cuts often had to be made in capital programmes - resulting in higher unemployment in the private sector (particularly the construction industry). But in the face of all the economic difficulties it was encouraging -and to some surprising- to note that the UK's exports were holding up well: some £ 1,000 million worth of goods and £ 500 million worth of services were exported every week.

6. Turning once more to the question of UK/Argentina relations, Mr Parkinson said he was convinced that the reestablishment of full diplomatic relations would do much to improve trade relations. Mr Chick pointed out that there were about twice as many British businessmen visiting Argentina this year as two years ago; and this year there were to be ten trade missions to the country, compared with eight in 1979 and four in 1978. Mr Parkinson said that he felt one of the best ways the UK and Argentina could cooperate was for each to promote, in its own sphere of influence, the free trade policies both believed in and which were of mutual advantage, For



example, the EC's Generalised Scheme of Preferences was shortly to be reviewed. There was a considerable amount of resentment in the EC at some newly industrialised countries who not only made extensive use of the GSP but also retained high tariff and non-tariff barriers at home; and there was a feeling that these countries should respect the principles underlying the GSP and liberalise their own trading régime. Argentina was a shining example of an NIC whose usage of the scheme was modest (indeed, surprisingly so) and whose trading régime was liberal; and was therefore ideally placed to advise other countries on the wisdom of such a policy. Mr Estrada explained that Argentina's low usage of the GSP resulted from the fact that manufactured goods formed only a minor proportion of the country's exports. He would like to see increased exports of manufactures to the EC under the GSP (although the major obstacle to EC/Argentina trade remained the CAP). Perhaps the best way to expand the manufacturing sector and increase exports to Europe would be to establish joint ventures in Argentina: Mr Estrada thought there could be good prospects for such ventures in, for instance, the tractor, car and machine tool industries. Mr Chick commented that in the past companies had been attracted to the idea of joint ventures as a way of selling into the Argentine market despite the then-existing protectionist barriers: now they had been removed some other incentive was needed. Mr Frasisti commented that both direct investment and joint venture participation would be encouraged by the conclusion of the proposed double taxation agreement. Mr Parkinson agreed, and added that he hoped the agreement would be concluded at the meeting scheduled for December. He commented that since HMG had abolished exchange controls British companies were now able, and eager, to invest in countries throughout the world; and naturally they tended to invest in countries where their rights and obligations were clearly defined. In addition, the closer economic cooperation Argentina hoped for in Latin America would make those countries an attractive home for foreign investment - just as Japanese companies were increasingly investing in EC countries.



7. Mr Estrada said that the Argentine Government was conscious that the high rate of inflation deterred potential investors, and it was essential to reduce that rate to attract investment. In the long run he hoped investment would be attracted to Argentina as a gateway to an integrated Latin American market; but in the interim he thought much investment would be in the form of joint ventures, where the risk would be shared by the foreign investor and by Argentine nationals. Mr Frasisti said that he hoped it would be possible to arrange technical symposia in Argentina or the UK to encourage the formation of such joint ventures; there had already been some such symposia in the UK at which considerable interest had been displayed. Mr Parkinson noted that it was an interesting feature of UK/Argentine trade that, though steadily increasing, it consisted almost wholly of day-to-day business: UK companies had not landed any major public sector contracts for some time. He believed there were areas where UK contractors were well qualified to meet Argentina's needs; and the award of a contract to a British firm would inspire considerable interest in the UK in trading with Argentina. This was because a single large contract could involve 400 or more British companies of varying sizes, many of whom might not have previously considered Argentina as a suitable market for their goods. So HMG attached importance to using its resources to back up British companies in search of such major projects (e.g. through the provision of credit).

8. Mr Estrada then raised the question of exports of Argentine sheepmeat to the UK. Mr Owen explained that the problem was essentially a technical one: because of the absence of foot and mouth disease in the UK animals there were not vaccinated and were therefore more vulnerable to infection. Although many Argentine sheep were reared in disease-free regions they were then taken to disease-ridden areas to be slaughtered and chilled: and that made them unsuitable for export to the UK. Mr Chick added



that there were indications of progress in overcoming the problem. Mr Parkinson suggested that it might fruitfully be discussed in more detail when Mr Walker visited Argentina later in the year.

9. Turning to the North/South dialogue, Mr Estrada emphasised the importance of structuring discussions and negotiations around concrete issues rather than vague resolutions in various bodies. It was a deficiency of UNCTAD that no sensible discussion on energy or protectionism was possible there. Mr Parkinson commented that on issues where there seemed to be deadlock in UNCTAD there was still in fact much genuine cooperation in real life between developed and developing countries. Perhaps UNCTAD might be more effective if conferences were shorter and agenda more specific. Mr Estrada emphasised the importance of preserving the competence of the GATT and its technical committees. Mr Parkinson agreed. It was important to establish rapidly the necessary machinery to monitor implementation of the GATT codes. It was also important that GATT was not seen as the preserve of the developed world; and he hoped Argentina's signature of some of the codes would encourage other developing countries to do likewise. Mr Estrada said that he suspected Mexico would sign next year: indeed, only an unexpected political development had stood in the way of signature at the conclusion of the MTNs. He had the firm impression that Mexico was preparing to open up its market: Mr Parkinson concurred. After closing courtesies the meeting finished.

10. The subsequent meeting with Brigadier Mayor Carlos W Pastor, Minister of Foreign Affairs, was a courtesy call only.

MEETING WITH MR ALBERTO GRIMOLDI, ARGENTINIAN SECRETARY OF STATE FOR INDUSTRIAL DEVELOPMENT: 6 AUGUST 1980

Present: Mr Parkinson
 Mr Williams
 Mr Armstrong Lloyds Bank International
 Mr Bates Plessey Electronics
 Mr Dowding Hawker Siddeley International
 Mr Jackson GEC
 Mr Chick
 Mr Owen
 Mr Woods
 Mr Grimoldi
 Mr Frasiati

1 After the businessmen present had introduced themselves and outlined their companies' main activities, Mr Grimoldi explained that the Argentine Government's economic policies were intended to produce a fundamental change in the economic structure which had been built up over the last 30-40 years. There was no doubting the need for change. Since the 1940s Argentina's economy had grown at one-third of the rate of that of the world as a whole; and the economy had become more closed while the rest of the world's economy was, by and large, opening up. The change of direction would inevitably have some painful short-term effects, but ultimately industry would emerge more prosperous than before. Though the problems of Argentina and the UK were not strictly comparable, Mr Grimoldi noted that HMG too were following a similar policy. There were signs that the Government's policies were beginning to work: the latest figures showed an increased level of private investment. In fact, total investment was still running at a level of about 25% of GNP, and the proportion of Government investment in that total was steadily declining - although the public investment programme remained substantial. Mr Bates commented that Plessey, like a number of British companies, were engaged in the manufacture of capital goods. The company was very ready to consider investing in a manufacturing facility, whether wholly owned or a joint venture, in another country: but the nature of the business was such that such investment could not be speculative. Instead the investment would have to be linked to a specific and substantial project which would guarantee business for the facility at least for an initial period. Mr Grimoldi commented that if a company was prepared to invest in Argentina the Government would obviously be ready to purchase from them. Investing companies, however, should not expect the Argentine Government to protect their investment from competition.

2 Mr Grimoldi went on to explain that Argentina was keen to encourage closer economic co-operation between the countries of Latin America. Agreement had nearly been reached with Uruguay on the establishment of a "free zone" which in due course could evolve into a customs union; and similar arrangements were under negotiation with Mexico and a number of other Latin American countries. It had to be recognised, of course, that progress towards a similar arrangement with Brazil was likely to be very slow. Mr Dowding commented that this growing economic integration could have a significant effect on companies' investment decisions. His own company, for instance, owned a number of companies in Mexico; and he wondered whether, in considering further investment in Argentina, it would be sensible to concentrate on facilities for the manufacture of goods not already produced by these Mexican companies on the grounds that it would ultimately lead to greater market opportunities. Mr Grimoldi replied that there were many regional variations in Latin America, and the economic integration of the area, which Argentina favoured, was still a long way away. But the desire for integration was widespread; and companies should in their long-term planning

consider Latin America as a much more integrated market than heretofore.

Mr Jackson asked what incentives the Argentine Government offered to foreign investors. Mr Grimoldi replied that special incentives were available for investment in the paper and petrochemical industries. For other industries incentives were dependent on the location of the investment, and were largely in the form of tax exemptions and Government guarantees. The system of exempting foreign investors from VAT, however, was being discontinued because of the distortions it produced in the longer term.

3 Mr Jackson then raised the question of local manufacture in capital goods contracts. Bovings, for instance, had put in a bid for a hydroelectric plant including 20 turbines; the bid had included a very significant proportion of local manufacture, and partly as a result the price was a little higher than some other companies were able to offer. He wondered whether in such a case it was reasonable to judge offers solely on price terms. Mr Grimoldi suggested that this could be more fruitfully discussed with the officials concerned; he did, however, comment that some other tenders had also included an element of local content. Mr Chick agreed, but pointed out that the lowest bid also included the least local content, and that the commitment to local content was expressed in a fairly non-binding fashion. Mr Parkinson commented that this problem highlighted the difficulty of attracting investment without offering protection.

Mr Grimoldi acknowledged that the lack of protection was in that sense a handicap - but the price had to be paid: Argentina's experience of the use of protection as an incentive for investment was not a happy one. But the problem was essentially short-term. Argentina was currently going through the most difficult stage of the adjustment process - a stage made no less unwelcome by the fact that it had been expected from the start. But looking further ahead he was convinced that, with the restoration of a healthy economy, investments now would pay off - however risky they appeared in the short-term.

4 Mr Jackson asked what tariff regime would be applied in the case of public works contracts. Mr Grimoldi replied that in the past imports for such projects had been free of tariff, but Argentine manufacturing interests had been protected by ensuring that purchases for such projects had to be approved by a Commission which was obliged where possible to operate a "Buy Argentine" policy. Now the position was being reversed: normal tariff rates would apply, but the "Buy Argentine" rule was to be relaxed. Mr Armstrong asked whether the Government had any plans to improve the incentives to foreign investors to transfer their know-how and technology to Argentina. Mr Grimoldi replied that a law introducing more liberal arrangements for the transfer of technology was to be signed in the near future: he would send Mr Armstrong a copy. Mr Armstrong asked whether regional investment incentives were being revised. Mr Grimoldi explained that the central objective - to spread industrial development away from Buenos Aires -

MEETING WITH MR DANIEL BRUNELLA, ARGENTINIAN SECRETARY OF STATE FOR ENERGY:
6 AUGUST 1980

Present: Mr Parkinson
Mr Williams
Mr Armstrong
Mr Bates
Mr Dowding
Mr Jackson
Mr Chick
Mr Owen
Mr Woods

Mr Brunella
Mr Bronstein Under Secretary for Energy
Mr Frasisti

1 Mr Brunella opened the discussion by saying that there appeared to be many areas in the field of energy in which UK companies were already or could be involved. Shell, for instance, had been involved in Argentina's exploration for oil, and it was hoped that drilling in selected areas would start in 1981. Oil was a potentially rich resource for Argentina: it was possible that oilfields covered as much as 1.8m sq km of the country's land and Continental Shelf area. Large quantities of gas were also being discovered: known reserves had tripled in the last three years. Pipelines would have to be built to transport this gas: one such pipeline was already contracted, and there were plans for a second 1200 km long. Concessions for further exploration were regularly on offer: exploration was generally carried out by joint ventures, and although exploitation had to be carried out by a locally-based company joint ventures were not excluded there either. Mr Bronstein then outlined Argentina's hydroelectric power programme. This relied on two sources: rivers rising in Brazil and those rising in the Andes; and the country's hydroelectric potential appeared to be sufficient for the country's requirements up to the year 2010 or thereabouts. By their nature, some hydroelectric projects were carried out on a binational basis with Brazil and Paraguay: work had just started on one such project - the Yacretá project on the Parana river, which when complete would provide 2700 MW of power. Also by their nature, hydroelectric plants would tend to be located all over the country, and frequently remote from population centres: so Argentina needed to develop a national high-tension electricity grid, which would require some 15,000 km of 500 kV cable together with transformers, substations, etc. All this had to be financed through reinvestment of profits, energy taxes and loans from suppliers and international banks. Hydroelectric power was of rapidly increasing importance in Argentina: it now supplied over 30% of the country's electricity needs, compared with 7-8% eight years ago. Mr Parkinson asked how active British companies had been in this development. Mr Bronstein replied that Bowings had engaged in much of the contracting work; and Ners and McLennan had been much involved on the consultancy side.

2 Mr Chick asked about the prospects for thermal power stations - especially in areas of occurrence of natural gas. Mr Bronstein said that expansion in this sector would be limited, although it was now proposed to build a 500 MW gas-fired thermal station to compensate for delays in the construction of the Yacretá station. The siting of this station presented problems, however: the source of

gas was in the west of the country, but the power was mainly needed in Buenos Aires and other coastal areas. Mr Jackson asked whether the station would be a conventional thermal station or a combined cycle gas turbine. Mr Bronstein replied that this would be decided in the next two months or so. On present projections, the additional power would not be needed until 1985, so there should be time to instal a conventional thermal station. But if the projections should be upset - if, for instance, there were delays to other projects in progress - a combined cycle station might be needed. Mr Jackson commented that a combined cycle station could be an elegant solution to the problem of power generation where gas was readily available. GEC, of course, had considerable experience of the technology involved - both in building combined cycle stations from scratch and in converting other manufacturers' existing gas turbines to combined cycle operations - and had created a particularly successful and efficient marriage of a 60MW gas turbine with a 40MW steam turbine.

3 Mr Dowding asked whether there was a central authority responsible for co-ordinating the power generation activities of the local utilities - especially load dispatch on to the Grid. Mr Bronstein remarked that under existing law one utility was responsible for co-ordinating the activities of the others. This was anomalous, and it was proposed to introduce a law to establish a single, higher-level, co-ordinating body. He added that he hoped it would be possible to send some Argentine engineers to the UK to study the National Grid. Mr Parkinson said that he would be happy to help in any way he could. Mr Jackson reported the CEEB's interest in the state of play on the study which Argentina had proposed into the structure of a future grid. Mr Bronstein said that this study was linked to the IBRD loan for the Yacyretá project; because the loan had not yet been paid, the study had been postponed. But the Government would expect whoever performed the study to do so in association with a local company: and he advised the CEEB to get in touch with an appropriate local company without delay - as several competitors had already done.

4 Mr Armstrong commented that his bank had financed supplies for a number of hydroelectric projects, and asked about the timing of the projected Corpus project. Mr Bronstein replied that two projects were planned to follow Yacyretá; they would possibly be constructed simultaneously. One was the Corpus project, with a total output of 4000 MW. COMIP was the responsible

utility for this project, which it was hoped would be completed by 1990 and which would require financing by the IADB, the IBRD and possibly others. The second project was at Piedra del Aguila: the output would be 1600 MW, and Hidronor would be the responsible utility. The project - estimated value \$730m - was due for completion by 1989 and was expected to be financed by an IADB loan. The consultancy contract for this project was on the verge of being awarded to a US company. Mr Parkinson then asked about the prospects for development of nuclear power. Mr Brunella replied that this was the responsibility of the Nuclear Commission and fell outside his Department's scope. In reply to a question from Mr Jackson, however, Mr Brunella confirmed that the Argentine Government proposed to standardise on the two reactor types it had already purchased. In conclusion, Mr Brunella emphasised the importance of gas pipelines in Argentina's energy development and expressed the hope that British companies would become more actively involved in such projects in the future. After closing courtesies the meeting ended.

MEETING WITH DR WALTER KLEIN, ARGENTINIAN SECRETARY OF STATE FOR THE ECONOMIC
PROGRAMME: 6 AUGUST 1980

Present: Mr Parkinson
Mr Williams
Mr Chick
Mr Owen
Mr Woods

Dr Klein
Mr Frasiisti

1 Mr Parkinson opened the discussion by recalling his interesting conversation in London with Dr Martinez de Hoz (who was prevented by illness from chairing this meeting himself). It had then been apparent that HMG and the Argentine Government shared a similar approach to economic policy and a recognition that economic problems could not be solved overnight. The economic debate in the UK had undergone an interesting shift in recent months. For several years there had been a broad consensus between the parties that the principal aim of economic policy was to bring down inflation: but now the Opposition was concentrating its criticisms on the level of unemployment, which was now higher than at any time for the last forty years (though still comparable with that of a number of other countries). Dr Klein asked why unemployment had risen so far. Mr Parkinson replied that there were four main reasons. First, the Government's tight monetary policies, which were essential if inflation was to be curbed, had led to interest rates higher than had been seen for many years; and this was putting a number of companies - particularly marginally profitable ones - under considerable pressure. Secondly, the strength of sterling made imports cheap and increased the difficulty of selling goods abroad. But there was no point in attempting to influence sterling downwards; its strength derived from its position as a petrocurrency, from the political stability of the UK, from high interest rates and from the widespread belief that HMG's policies would succeed in restoring the economy to health. Thirdly, the world recession had effects on employment everywhere; and fourthly, a number of problem industries (eg vehicles, steel) were being forced to shed their excess workforce rapidly. Dr Klein commented that Argentine industry had also had to shed excess labour, but all of those shed had found new work. He wondered how such large reductions in the workforce as, say, BL were achieving could be achieved without creating social and industrial unrest. Mr Parkinson replied that the system of redundancy payments and earnings-related unemployment benefit helped to ameliorate the effect of losing one's job; indeed, some said that benefits were over-generous when compared to the lower end of the wage scale. Part of the UK's unemployment problem arose because in some industries - especially steel - difficult questions had for political reasons been repeatedly ducked for many years, and the necessary adjustment was having to take place rapidly. Dr Klein asked how Mr Parkinson viewed the future of BSC: could it operate profitably? If not, would it be maintained for strategic reasons? Mr Parkinson replied that he was confident that BSC could be restored to profitability when it had rid itself of its older, less efficient plants and concentrated on its modern efficient ones. It was significant that the private steel sector was actually growing. The steel strike had demonstrated both the ingenuity of British management in sourcing its requirements from the private sector and from abroad and the limitations on union power in the industry. Mr Parkinson thought it quite likely that the private sector would purchase some of the plant BSC was proposing to sell. BSC currently made about 60% of the

steel produced in the UK; if this share were reduced to less than 50% the competitive pressures which would be introduced would produce useful disciplines on the Corporation.

2 Dr Klein asked about HMV's privatisation plans. Mr Parkinson replied that the present Government was doing more to return industry to the private sector than any of its predecessors. BA and BAE had already been given a share capital so that at an appropriate moment a substantial proportion of the shares could be sold to the workforce and the public. Although the Government would retain a holding it had made clear its intention of allowing the companies to operate freely without Government interference. While the Government had no plans at present to privatise BSC, it had announced its intention to privatise the NFC, the docks, ENOC, possibly BS and the non-railway interests of BR. The net result would be a substantial cutback in the size of the public sector. Dr Klein commented that prior to 1976 the Argentine Government had also become increasingly heavily involved in a wide range of industries, for several reasons. Some companies had been expropriated or nationalised; some had been taken over to avoid a collapse; some had been partly purchased to maintain their value; and some had been rescued from financial difficulties by the national bank. The present Government was determined to disengage itself from those areas of industry which would more efficiently be operated by the private sector and to concentrate on the proper tasks of Government: legislation, administration, justice and the provision of those services - eg medicine and education - which the private sector could not provide. This policy had already been demonstrated in practice: between 120 and 130 state-owned companies had already been sold outright. Sales of state shareholdings presented more difficulties because of the relatively small size of the Argentine capital market: but the Government had already disengaged from over 300 companies in which its shareholding had been between 1 and 40%. The Government was also decentralising control of the utilities and public services: in appropriate cases this could be the first step towards allowing private sector participation. Under previous Governments Argentina had become excessively centralised: now the provinces were allocated a proportion of national fixed receipts and were taking over responsibility for education, health, public transport and ultimately irrigation and power distribution. One way of introducing private sector participation into these services might be to encourage the development of construction contracts on a concessional basis, whereby the company who contracted to construct or provide the service were paid out of the receipts over a preset period. Such a system was being proposed for the Buenos Aires Metro and the gas pipeline network. It

was also important to disengage the armed forces from industry, although progress on this front was slow: the Air Force had been persuaded to sell its car factory, but the Army still owned a petrochemicals company. Mr Parkinson commented that the UK was fortunate in that control of many of the public services was and always had been decentralised. But this had disadvantages too: central Government provided some two-thirds of local authority expenditure but had as yet little effective power over that expenditure.

3 Dr Klein asked how the UK's economic integration into the Community was proceeding. Mr Parkinson replied that on the trade front huge changes were now apparent; although on the political front the Community was perhaps less of a unified force. Trade with the rest of the Community now accounted for 42% of the UK's total trade. The UK's non-oil trade with the rest of the Community had risen by 22% in value in 1979; the corresponding figure for the rest of the world was 5%. This year the UK would export some £22bn worth of goods to the rest of the Community. Dr Klein asked how this changed pattern of trade had affected relations with the Commonwealth. Mr Parkinson said that the UK tended to take the part of advocate for Commonwealth countries in the Community, both because of our historical responsibilities and because much of what the Commonwealth wanted to sell the UK wanted to buy. The UK was in no doubt about the dislike New Zealand and Australia, among others, felt for the CAP. Dr Klein said that Argentina shared this dislike. Argentina had in recent years made determined efforts to reduce its tariffs and to encourage investment by its traditional trading partners: but to maintain its performance it was essential to increase its food exports. The CAP meant that these exports were having to be sold to the Eastern bloc countries and China; and because these countries believed in bilateral rather than multilateral trade balance, Argentina was under increasing pressure to buy from them rather than from the West. Dr Klein recognised that the UK too suffered from the operation of the CAP. Mr Parkinson said that he believed the days of the CAP were numbered. Internal pressure against it was building up; and it was clear that the policy was having a damaging effect on the Community's trading relations with other countries. The UK certainly wanted to see the policy reformed, although it was not yet clear what sort of reform would prove acceptable to the whole Community. One possibility which had been mooted was national financing, which while it would not remove all the unattractive features of the CAP would at least mean that the policy's supporters had to finance from their own tax revenues its operation. After closing courtesies the meeting ended.

MEETING WITH SR JORGE ZORREGUIETA, ARGENTINIAN SECRETARY OF STATE FOR
AGRICULTURE AND LIVESTOCK : 6 AUGUST 1980

1 This was a short meeting, much of which was taken up with a general discussion (and mutual condemnation) of the CAP. Two specific points were raised:

a Sheepmeat. Mr Zorreguieta explained that the Argentine Government was planning a disease control programme which would extend further north the area free from foot and mouth disease. The Counsellor (Veterinary) for the Embassy commented that considerable progress had been made in resolving the question of Argentine sheepmeat exports to the UK, and he expected that when Mr Walker visited Argentina he would be in a position to make specific proposals.

b Vegetable oils. Mr Zorreguieta expressed disquiet at the proposal, apparently emanating from the Commission, that the Community should impose a levy on imports of vegetable oils. Mr Parkinson assured him that this proposal had not yet been formally made; that the UK was opposed to any interference with traditional trade; and that the UK would not accept any proposals which would adversely affect Argentina's exports of vegetable oils.

2 There was also a brief discussion of the prospects for agricultural production this year in Argentina. Mr Zorreguieta explained that conditions had been far from ideal. Droughts at a critical stage earlier in the year had led to the loss of 6m tonnes of corn, sorghum, soya etc; while more recently many cattle had been lost in the floods in Buenos Aires province. But despite the adverse conditions he was reasonably confident that production, though below record levels, would hold up well.

MEETING WITH ING MANUEL A SOLANET, TECHNICAL DIRECTOR OF THE ARGENTINIAN
NATIONAL INSTITUTE OF ECONOMIC PLANNING : 8 AUGUST 1980

Present: Mr Parkinson
Mr Williams
Mr Bates
Mr Hawes
Mr Chick
Mr Owen
Mr Woods

Rendell, Palmer and Tritton

Mr Solanet
Mr Frasiisti

1 Mr Solanet explained that when the present Government had come to power public investment had got out of control: it had risen to over 50% of total investment and was threatening to rise further. Considerable efforts had already been made to reduce the level of public investment: it now stood at 35% of total investment, and the Government's aim as outlined in its public investment programme (copies of which Mr Solanet handed over) was to reduce this figure to 23% by 1989. Savings would in some areas be made by financing projects by a tariff on their use: eg the construction of roads would be financed by tolls; and the company building the gas pipeline would finance the construction itself and recoup the investment from the tariff it charged. (The return would be assured by Government guarantees on the level of traffic, etc.) Mr Owen commented that it was proposed that a number of projects - eg the Buenos Aires Metro - should be financed in this way: and he asked whether similar guarantees were envisaged in those cases. Mr Solanet replied that without such guarantees it was unlikely that companies would be willing to accept the risk. The financing of the Buenos Aires Metro was an interesting amalgam: the civil engineering work would be paid for by the municipality in the normal way, while the equipment and operating costs would be recovered from the Metro's income over a 25-year concession (with guarantees). Four substantial companies had found the proposition attractive enough to bid for the contract. Mr Hawes asked whether a similar philosophy - cash for civil engineering work, with equipment financed through a concession - would apply to power generation projects. Mr Solanet thought that would be quite possible.

2. Mr Solanet then concentrated on investments in the energy field. Of the total public investment programme of US\$12 bn pa one-half was to be devoted to projects in the energy sector (thermal, nuclear and hydroelectricity, transmission, oil, gas and coal). One 500 MW thermal station was planned to come into operation by 1985 to offset the delay in the Yacretá project: but most expenditure was on hydroelectric developments. Medium-sized hydroelectric projects, costing perhaps \$500m - 1 bn, were commissioned fairly frequently - perhaps one every two years. Larger projects were also in hand or planned - eg Yacretá, with a value of some \$8bn, and Corpus, which it was hoped would be operational by 1989. Some early work on the Corpus project was already being carried out by a team of Russian consultants who had experience of similar conditions on the Volga; but the Government had no intention of placing the contract for the project itself with the USSR. There were also plans for three binational (Argentina/Brazil) hydroelectric projects - total capacity 3000 MW - on the River Uruguay. Plans for three hydroelectric stations in Santa Cruz, capacity 900 - 1500 MW, had been abandoned because of lack of demand in that region; instead there was now a plan for a linked hydroelectric station and aluminium smelter, worth perhaps \$2.5 bn in all. Mr Hawes asked

which would have higher priority: the proposed Santa Cruz smelter or the expansion of the existing Puerto Madrig smelter. Mr Solanet replied that half of Puerto Madrig's output already went for export, and it was likely that Santa Cruz would be entirely export-oriented: so it was quite possible that both projects would go ahead simultaneously. But in any event, since both would be private sector projects it was not for the Government to set priorities.

3 Turning to nuclear power, Mr Solanet explained that the Government had signed a contract with Kraftwerk Union (KWU) to provide one reactor which could lead to contracts for a further three reactors - each valued at about \$1.5 bn. Sulzer had been contracted to provide a heavy water plant. Mr Owen expressed his hope that GEC would not be at a disadvantage to KWU when the future contracts came to be negotiated. Mr Solanet said that it was open to British companies to bid for the later contracts. The Argentine Government in fact preferred British nuclear technology, but fuel and safeguard considerations had persuaded them to go to KWU. Mr Chick emphasised the concern that many British companies felt over the fact that KWU had an exclusive right to present a second bid for the later contracts. Mr Solanet assured him that this concern was noted. Turning to oil, Mr Solanet noted that almost all the exploitation of Argentina's oil resources would be carried out by private concerns; and after Argentina reached self-sufficiency in two to three years' time the companies would be free to export part of their output. The Government's investment in this sector was running at some \$1 bn pa, most of which would be invested in risk-sharing schemes with private companies. The next major project in the gas sector would be a pipeline from Chaco to Buenos Aires, with a branch to Brazil: this, like the first pipeline, would be financed through tariffs. Argentina's reserves of coal were of poor quality and were concentrated in the south of the country. The mine had now been modernised - with the aid of British equipment - and it was now planned to build a port (on a similar tariff-financed basis) to handle 1.5m tonnes of coal per annum. Mr Chick commented that a mission would be visiting Argentina in the near future in connexion with this contract. Mr Owen commented that Babcocks had a particular interest; and added that the mission would also be able to advise of the utilisation of low-quality coal, eg using fluidised bed combustion. Mr Solanet said that the IBRD had made a \$10m loan towards the cost of further exploration for coal. He added that the Government were also planning two fishing ports - also tariff-financed - incorporating jack-up steel jetties.

4. Mr Parkinson asked what investments were planned in the telecommunications sector. Mr Bates explained that Plessey were interested in supplying a satellite ground station. Mr Solanet replied that the feasibility of a domestic communications satellite system for Argentina was currently under study, and though he could see many advantages in such a system he suspected that the result of the study would be negative. Mr Bates explained that his main interest was in the existing project under which Argentina would lease channels on INTELSAT. At first the Government was apparently planning to install only a relatively small number (probably 32) of ground stations, and Mr Bates asked whether this was the first step towards a larger number - say 200 - of such stations. Mr Solanet thought this quite possible. He pointed out that telecommunications were a high priority in Argentina. Many international links had been brought up to date for the World Cup in 1978, and the main priority now was to modernise the rural network. Mr Bates said that on the face of it System X, which had been developed by British companies and would be available some time in 1981, would be ideally suited to this purpose. He then asked whether expenditure on air traffic control systems, which were operated by the armed forces, were included among the military expenditure of about £1 bn pa in the budget, and Mr Solanet confirmed that this was so. Mr Solanet went on to explain that the Government was also planning investment of some \$450m pa to modernise the railway system. The main projects were the electrification of the Roja railway (the contract for which had been awarded to a Japanese company) and the purchase of diesel electric locomotives (which were to be supplied by General Electric). The railway authority was also rationalising its activities in an attempt to stem losses, and the workforce had been cut from 150,000 to 100,000 in the past year and faced further cuts. Mr Hawes asked whether there were any plans for major investment in environmental expenditure - particularly bearing in mind the damage which had been caused by the recent floods in Buenos Aires province. Mr Solanet said that the main project in this field was likely to be an attempt to solve the serious problem of water pollution in Buenos Aires, which was currently under study. In conclusion, Mr Hawes asked whether there was any prospect of Argentina exporting liquefied natural gas. Mr Solanet thought there was: at present the country was a net importer, but a new plant was planned which should provide sufficient LNG to allow some to be exported. After closing courtesies the meeting ended.

GeraldNich

Could I have a copy
of Parkinson brief pl.

Mr Parkinson is to have a meeting
with Lord Montgomery about UK Trade
with Argentina and Chile. CRE 3
are preparing a brief and have asked
for an update on the brief we
provided for Mr Parkinson's visit.

The main item of interest would be
the Falklands task. Could you
please prepare a short para. by
4 December.

Ted.

26/11.

Brief provided.
to

28



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19 SEP 1980		
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Foreign and Commonwealth Office

London SW1A 2AH

ALA 026/3

18 September 1980

A J Williams Esq CMG
BUENOS AIRES

Sean Anthony

Mc Cole
to PA
cel
19/9

MR PARKINSON'S VISIT

1. Many thanks for your despatch of 19 August. It has been printed as a Departmental Report.
2. We have yet to see the records of Mr Parkinson's various calls but I understand that both he and the accompanying businessmen were well pleased with the visit: as you say, it put the seal of official recognition on the increasing appreciation here of the importance of the Argentine market. It remains to be seen whether British firms will accept the challenge.
3. It is gratifying to see the interest the Argentines showed in the visit and the lengths they went to to make it a success. Martinez de Hoz's reception here is paying dividends! I am sure that Mr Walker's visit will go down equally well and I hope that we shall, before too long, be able to persuade other Ministers to go and see for themselves in Argentina.

Yours ever
Robert

P R Fearn
South America Dept.

cc
M J Treble Esq
CRE3
DOT

17/9/9

(27)

ALA 026/3

REGISTRY NO. 18

19 SEP 1980

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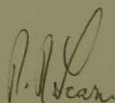
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PS/Mr Ridley

ARGENTINA: DESPATCH

WITH (26)

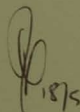
1. I submit a despatch from HMA Buenos Aires on Mr Parkinson's visit between 5 and 10 August. It has been printed as a Departmental Report. I propose to thank Mr Williams as in the attached draft. (26)
2. Mr Parkinson was warmly welcomed in Argentina and was able to meet a wide range of people, including the President and all the economic team (even calling on Dr Martinez de Hoz in hospital). The Argentines clearly mean what they say about wanting to see the UK play a larger role in their trade. What is not so clear is whether British firms have the determination to establish themselves in this potentially lucrative market. All the businessmen accompanying Mr Parkinson are already either involved in Argentina or tendering for substantial contracts there: DOT are making every attempt to persuade more companies to take the plunge.
3. I understand that Mr Parkinson enjoyed his visit and found it useful and that he will, in due course, be writing to the Secretary of State about it. DOT have at this stage no particular comments to offer.



P R Fearn
South America Dept.

17 September 1980

- 1) Letter ✓ and to issue
- 2) my Briefing.





Ministerio de Economía
Secretaría de Estado de Comercio y
Negociaciones Económicas Internacionales

PROGRAM OF ACTIVITIES FOR THE VISIT OF
H. E. THE MINISTER OF STATE FOR TRADE OF
THE UNITED KINGDOM, MR. CECIL PARKINSON

BUENOS AIRES

August, 1980

República Argentina

Tuesday 5th

7.40 AM

Arrival at the Ezeiza International Airport on Aerolíneas Argentinas flight N° 131 (V.I.P. Lounge). Transfer to the Jorge Newbery Metropolitan Airport.

H.E. the Minister of State for Trade of the United Kingdom, D. Cecil PARKINSON will be greeted by H.E. the Secretary of State for Commerce and International Economic Negotiations, Mr. Alejandro Manuel ESTRADA, H.E. Ambassador to Argentina, Mr. Anthony James WILLIAMS, the Commercial Counsellor, Mr. John Stephen CHICK and by the Economic and Commercial Minister Counsellor, Mr. Roberto FRASISTI.

Transfer to the residence of H.M. Ambassador.
Gelly y Obes 2301.

4.00 PM

Call on H.E. the Secretary of State for Commerce and International Economic Negotiations, Mr. Alejandro Manuel ESTRADA.

Avda. Julio A. Roca 621, 2nd floor.

Tel.: 33-0424.

5.30 PM

Call on H.E. the Minister of Foreign Affairs, Brig. My. Carlos Washington PASTOR, assisted by the Undersecretary of State for International Economic Relations, Com. Raúl A. CURA.

Arenales 761.

Tel. 32-2307.

8.30 PM

Dinner in honour of H.E. the Minister of State for Trade of the United Kingdom, Mr. Cecil PARKINSON, hosted by H.E. the Secretary of State for Commerce and Inter-

national Economic Negotiations, Mr. Alejandro Manuel ESTRADA.
El Repecho de San Telmo. Carlos Calvo 242.
Tel.: 34-4473.

Thursday 7th

Wednesday 6th

- 10.00 AM** Call on H.E. the Secretary of State for Industrial Development, Mr. Alberto Luis GRIMOLDI.
Avda. Julio A. Roca 621, 2nd floor.
Tel.: 34-2240.
- 11.00 AM** Call on H.E. the Secretary of State for Energy, Mr. Daniel A. BRUNELLA.
Avda. Julio A. Roca 621, 2nd floor.
Tel.: 30-3551.
- 12.15 AM** Call on H.E. the Minister of Economy, Mr. José Alfredo MARTINEZ DE HOZ.
Avda. Paseo Colón 135, 5th floor.
Tel.: 30-1460.
- 1.15 PM** Lunch in honour of H.E. the Minister of State for Trade of the United Kingdom, Mr. Cecil PARKINSON, hosted by H.E. the Minister of Economy, Mr. José Alfredo MARTINEZ DE HOZ.
Avda. Paseo Colón 135, 5th floor.
Tel.: 30-1460.
- 4.00 PM** Call on H.E. the Secretary of State for Agriculture and Livestock, Mr. Jorge ZORREGUIETA.
Avda. Paseo Colón 974, 1st floor.
Tel.: 30-7942.
- 5.00 PM** Meeting of H.E. the Minister of State for Trade of the United Kingdom, Mr. Cecil PARKINSON with the Council of the British Chamber of Commerce.
- 7.30 PM** Departure on Aerolíneas Argentinas flight N° 510 to Córdoba. (Aerolíneas Argentinas V.I.P. lounge).
Jorge Newbery Metropolitan Airport.
- 8.40 PM** Arrival at the Córdoba International Airport. H.E. the Minister of State for Trade of the United Kingdom, Mr. Cecil PARKINSON will be greeted by the Minister of Economy of the Province of Córdoba, Mr. Horacio José ALVAREZ RIVERO.
Residence: Hotel Nogaró Córdoba. San Jerónimo 137.
Tel.: 24001/5.
Telex: 51916.

- 10.00 AM** Call on the Minister of Economy of the Province of Córdoba, Mr. Horacio José ALVARES RIVERO.
R. Indarte 55.
Te.: 48158.
- 12.00 AM** Visit to the Perkins Argentina S.A. plant.
Ruta Nacional N° 9, Km 5.500.
Tel.: 58477.
- 12.30 AM** Call on H.E. the Governor of the Province of Córdoba, Gral. Brig. (R.E.) Adolfo SIGWALD.
Chacabuco 1300.
Tel.: 29083.
- 3.30 PM** Lunch in honour of H.E. the Minister of State for Trade of the United Kingdom, Mr. Cecil PARKINSON, hosted by H.E. the Governor of the Province of Córdoba, Gral. Brig. (R.E.) Adolfo SIGWALD.
- 5.30 PM** Press Conference.
Hotel Nogaró Córdoba.
San Jerónimo 137.
Tel.: 24001.
- 5.50 PM** Departure on Austral Líneas Aéreas flight N° 407 to Buenos Aires. Córdoba International Airport.
- 7.00 PM** Arrival at the Jorge Newbery Metropolitan Airport. (Austral Líneas Aéreas V.I.P. lounge).
- 8.00 PM** Reception in honour of H.E. the Minister of State for Trade of the United Kingdom hosted by Wimpey - Appleford.
Plaza Hotel, Florida 1005.
Tel.: 31-5011.
- Friday 8th
- 9.00 AM** Call on His Excellency, the President of Argentina, Tte. Gral. (R.E.) Jorge Rafael VIDELA.
Casa de Gobierno.
(Explanada Rivadavia Entrance).
Tel.: 30-3608.
- 9.40 AM** H.E. the Minister of State for Trade of the United Kingdom, Mr. Cecil PARKINSON will deliver a speech at the Seminar "Argentina, the worldwide economy and the 80's decade".
Avda. Leandro N. Alem 1067, 5th floor.

- 11.30 Am** Call on the Director of the National Institute of Economic Planning, Mr. Manuel SOLANET.
Avda. Paseo Colón 135. 8th floor.
Tel.: 34-3537.
- 1.00 PM** Lunch in honor of H.E. the Minister of State for Trade of the United Kingdom, Mr. Cecil PARKINSON, hosted by the British Chamber of Commerce.
- 4.00 PM** Call on the Argentine Business Council.
Avda. Leandro N. Alem 36.
Tel.: 34-4410.
- 5.00 PM** Press Conference.
Plaza Hotel. Florida 1005.
Tel.: 31-5011.
- 7.30 PM** Reception at H.M. Ambassador's Residence.
Gelly y Obes 2301.

Saturday 9th.

- 11.30 AM** Lunch at the Sociedad Rural Argentina with the presence of argentinien authorities.
Attendance to the opening of the "XXX Agriculture, Livestock and Industry Exhibition.
- 7.30 PM** Performance of the Lancashire Youth Orchestra.
Auditorio Belgrano.

Sunday 10th

- 12.20 AM** Departure on Braniff International flight N° 663.
H.E. the Minister of State for Trade of the United Kingdom, Mr. Cecil PARKINSON will be bidden farewell by H.E. the Secretary of State of Commerce and International Economic Negotiations, Mr. Alejandro Manuel ESTRADA. H.M. Ambassador to Argentina, Mr. Anthony James WILLIAMS, the Economic and Commercial Counsellor, Mr. Roberto FRASISTI and by the Commercial Counsellor, Mr. John Stephen CHICK.

Secretariat of State of Commerce and International
Economic Negotiations.
Public Relations Service



ALA 026/3

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15 SEP 1980

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26 AUG 1980

BRITISH EMBASSY,
BUENOS AIRES.

VISIT TO ARGENTINA BY MINISTER OF TRADE: 5 - 10 AUGUST, 1980

SUMMARY

1. Mr Cecil Parkinson's visit was the first to Argentina by a British Trade Minister in ten years. He called on the President, met nearly every member of the Economic Team, saw representatives of the private sector, visited a provincial capital, made several speeches and devoted time to the press. He was accompanied by a high level team of businessmen (paragraphs 1 and 2).
2. The Minister received a warm welcome from his Argentine hosts, and also from the press. The timing of the visit was good, following the restoration of Ambassadors. Discussions with the Argentines displayed the closeness of views on liberal trading policies and a market approach to economic management. The Argentine Government never referred to the Falkland Islands, although the press did (paragraphs 3 - 5).
3. The Minister, supported by the visiting businessmen, held a constructive dialogue with representatives of the British Chamber of Commerce. Our investment record in Argentina withstands close examination. Normal trading as shown by the 50 per cent increase in our exports is expanding strongly. We need more muscle and courage in going for large projects in the public sector (paragraphs 6 - 8).
4. A well received visit which put the seal of recognition on the revival of British interest in trade with Argentina (paragraph 9).

CONFIDENTIAL

BRITISH EMBASSY,
BUENOS AIRES.

ECO 121/35

19 August, 1980

The Right Honourable
The Lord Carrington PC KCMG MC MP
etc etc etc

My Lord

VISIT TO ARGENTINA BY MINISTER OF TRADE: 5 - 10 AUGUST, 1980

Mr Cecil Parkinson, Minister of Trade, paid an official visit to Argentina from 5 - 10 August 1980. With the support of five high-ranking businessmen he carried out a particularly intensive programme, as may be seen from the enclosures to this despatch. This was the first visit by a British Trade Minister to Argentina since 1970, when Mr Michael Noble came here to open a British Industrial Exhibition.

2. Mr Parkinson was declared an official guest and was very warmly received by the Argentines, with whom he achieved a considerable personal success. His programme embraced meetings with President Videla, with the "overlord" Minister of Economy, Dr Martínez de Hoz (in hospital recovering from a hernia operation) and with seven of the Secretaries of State with ministerial responsibilities who work in his economic team, covering trade, industry, finance, energy, maritime interests, agriculture and livestock, economic planning and coordination. A new and rewarding addition to normal visit programmes was a

/visit



visit to the provincial centre of Córdoba and to the Perkins motor plant there, with which British capital is associated. There were discussions with the British Chamber of Commerce in Argentina and the élite Argentine Business Council, three public speeches, including an address to an officially sponsored Argentine seminar on trading conditions in the 1980s, two press conferences and innumerable press interviews. The level and fullness of the programme reflected the personal support given to it by the Argentine Minister of Economy, following his highly successful visit to London in June when, as you will recall, he separately saw the Prime Minister, four Cabinet Ministers and two Ministers of State in one day.

Timing

3. The timing was just right. Diplomatic relations have now been restored at Ambassadorial level for six months and the British profile in Argentina has risen considerably. The present Argentine régime who have so far received few visits from European ministers, were delighted to acknowledge the recognition implied that the country is now emerging from the isolating self-absorption of the last four years. British exports to this market stood at £ 83 million over the first six months of this year which represents an increase of 50 per cent over 1979 and makes Argentina Britain's second largest market in Latin America. It was no surprise that the

/President



President, when he received Mr Parkinson, dwelt on the theme of our improving relations. At no point was a note of official Argentine disquiet about the Falkland Islands struck. The press repeatedly asked questions about the Islands, but the Government evidently thought it discourteous to raise the subject. On the other hand, Mr Parkinson was able to convey to the Argentines in a discreet manner on various occasions our hope that they would listen carefully to criticisms of human rights violations.

Press

4. Press coverage of the visit was extensive and almost without exception very favourable. This was no mean achievement in a country where we have a long standing difference (the Falkland Islands) and where it is so easy for suspicions to be aroused or offence given. Typically, the only note of press criticism came from the Argentine Navy's newspaper which is hostile to the Government's economic policies and saw Mr Parkinson's visit as lending support to the policies and those responsible for them.

Major Points

5. Argentina's unusually liberal trading policies formed the basis for a number of interesting points arising in the various discussions;

- (a) the Common Agricultural Policy of the European Community was driving Argentina to increase trade with the Soviet Union, Eastern Europe and

/China



China, countries with agricultural deficits which Argentina could help to cover. It was unfortunate that Argentina should be prevented in this way from trading with her friends and in traditional markets. It was doubly unfortunate that Argentina found herself competing with the subsidised surplus products of the Community in other markets, such as Egypt and Brazil;

- (b) the Argentines detected a growing realisation by governments of Latin America of differing political complexion, that their earlier policies, of high level protection for domestic industry within an unworkable framework for inter-American trade, stood in need of change. The old Latin American Free Trade Association (LAFTA) was being replaced by the new Latin American Association for Integration, with active support from Argentina, Mexico, the Andean Pact, and one of Argentina's traditional partners in the River Plate basin, Uruguay. Particularly if Argentina's differences with Chile over the Beagle Channel can be resolved, foreign firms could soon find that they were selling or investing into a much larger Latin American market than before even if

/Brazil



Brazil must stand aside until remedies are found for the weakness of her balance of payments situation which at present precludes her participation in tariff reduction programmes;

- (c) Argentina was particularly anxious to make up the ground lost in industrial efficiency, the fruit of thirty years of protectionism. The Government's liberal trading policies were designed first to reduce the level of inflation but secondly to bring about this change in industry. British technology was welcomed, it could best be transferred through joint ventures, there were openings in capital goods, in mining equipment, machine tools and agricultural processing plant.

6. The Argentine economic team follow developments in Britain closely, in the belief that very similar policies are being put to the test in both countries. They welcomed Mr Parkinson's expressions of support for their liberal trading policies, whilst recognising the difference that there is little or no unemployment in Argentina. Dr Walter Klein, the Secretary of State for Economic Planning and Coordination (who stood in for Dr Martínez de Hoz whilst the latter was in hospital) was keenly interested to hear about the rate at which British Leyland was

/reducing



reducing its work force, and how the British Steel Corporation would cut its employees by seventy thousand. His colleague for Industrial Development acknowledged that the team's liberal trading policies, reinforced by an exchange rate designed to make imports cheap, were exciting a lot of criticism: "We are going through the worst transition period of the policies". (These criticisms were forcefully expressed to Mr Parkinson by the Chairman of ICI's Argentine subsidiary at his meeting with the British Chamber of Commerce in Argentina). But the Secretary for Industrial Development was adamant. Investment would no longer be sought by offers of tariff protection. Even the "Buy Argentine" law would be reformed.

Large Projects

7. Argentina's public sector investment programme for 1980-89 is estimated to cost £ 43,000 million. The predominant role in it of energy justified the preponderance of representatives from this sector among the businessmen accompanying Mr Parkinson. The numerous interviews they had both with the Minister and on their own helped them, according to their own account, to clarify various areas of doubt and to advance the interest of their companies. The Minister meanwhile, took several opportunities to point to the benefits which would flow from having some new and large public sector project go to a British contractor, since projects of this nature typically bring in large numbers of sub-contracting firms who would thereby acquire

/a vested



a vested interest in Argentina's development. Such firms were, of course, a valuable vehicle for the transfer of technology. When, as in the Argentine Navy's re-equipment programme, we lose the main contract, these sub-contracts can provide scope for British exports, even if some of the goods may never be reflected in the figures of bilateral trade. We are not supplying the frigates; but we are supplying helicopters and propulsion systems worth approximately £ 54 million.

8. As repeatedly became apparent during Mr Parkinson's discussions, the principal difficulties the United Kingdom has to overcome, if we are to win large projects in Argentina, appear to be

- (a) reluctance of British firms to bid for projects which are offered as concessions for fifteen years or longer, such as the construction and operation of a toll gas pipe-line or the extension, modernisation and operation of the Buenos Aires underground system;
- (b) our willingness to cover the risks in the way that others have, eg by extending credit to include performance guarantees.

Investment Opportunities

9. The British record of recent investment in Argentina looks much more considerable than on first appearances, if

/account



account is taken of the British share in Shell, their investment in offshore oil exploration, and in Unilever. Shell drilling is about to start off the Patagonian coast. If oil or gas are struck in commercial quantities we shall not only see a further and larger inflow of funds for the development of Shell's fields, but possibly a revolution in Argentina's trading position - she could even find herself a net exporter of oil. The Argentines, who claim that 40 per cent of their sedimentary basin lies offshore, are already contemplating the export of gas to Brazil and Uruguay. They may not have the reserves of the Mexicans or the Venezuelans, but they suffer neither from an inability to feed themselves, nor a lack of industrial and technological capabilities. It was in this context of investment potential that the British Chamber of Commerce in a valuable joint discussion with Mr Parkinson and his accompanying businessmen urged the importance of a brick by brick approach. A steady increase in exchanges with local firms had been the means for British exporters to build up a position, moving from the supply of low technology goods to the transfer of know-how and the acquisition of a fuller status as trading partners, perhaps investors. This discussion also gave Mr Parkinson an opportunity to meet and respond to expected criticisms of the inability of British firms to meet delivery dates and of the carelessness of despatch clerks in the preparation of documents.

/Conclusion

Conclusion

10. Over the last two or three years British firms have demonstrated through individual visits, through outward trade missions and through actual sales, an increasing appreciation of the Argentine market. Now the visit of a British Minister for Trade has put the seal of official recognition on this new interest. Mr Parkinson's visit was most welcome not only to those working this market but to the Argentine administration and it made a very favourable impact. It should do much to ensure that British firms generally enjoy a fair opportunity to compete for business in this country.

11. I am sending copies of this despatch (without enclosures) to Her Majesty's Representatives in Asunción, Brasilia, Caracas, Mexico City, Montevideo, Port Stanley and Santiago.

I am

Sir

Yours faithfully

*L.S. Chick
for*

Anthony Williams

Enclosures



BRITISH BUSINESSMEN WHO ACCOMPANIED

MINISTER OF TRADE

Mr C R Armstrong	-	Manager, Lloyd's Bank International
Mr P E G Bates	-	Deputy Chairman, Flessey Electronic Systems
Mr R J Dowding	-	Executive Director, Hawker Siddeley International
* Mr E T Haws	-	Partner, Rendel, Palmer & Tritton
Mr H W Jackson	-	Director, General Electric Company
Lord Hill-Norton	-	Chairman, Wimpey Appledore

* From 7-10 August only

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DS(L) 1594

Departmental Series
South America DepartmentVISIT TO ARGENTINA BY MINISTER OF TRADE: 5-10 AUGUST 1980

(Her Majesty's Ambassador at Buenos Aires to the Secretary of State for Foreign and Commonwealth Affairs)

SUMMARY

- Mr Cecil Parkinson's visit was the first to Argentina by a British Trade Minister in ten years. He called on the President, met nearly every member of the Economic Team, saw representatives of the private sector, visited a provincial capital, made several speeches and devoted time to the press. He was accompanied by a high level team of businessmen (paragraphs 1 and 2).
- The Minister received a warm welcome from his Argentine hosts, and also from the press. The timing of the visit was good, following the restoration of Ambassadors. Discussions with the Argentines displayed the closeness of views on liberal trading policies and a market approach to economic management. The Argentine Government never referred to the Falkland Islands, although the press did (paragraphs 3-5).
- The Minister, supported by the visiting businessmen, held a constructive dialogue with representatives of the British Chamber of Commerce. Our investment record in Argentina withstands close examination. Normal trading as shown by the 50 per cent increase in our exports is expanding strongly. We need more muscle and courage in going for large projects in the public sector (paragraphs 6-8).
- A well received visit which put the seal of recognition on the revival of British interest in trade with Argentina (paragraph 9).

Buenos Aires
19 August 1980

My Lord

- Mr Cecil Parkinson, Minister of Trade, paid an official visit to Argentina from 5-10 August 1980. With the support of five high-ranking businessmen he carried out a particularly intensive programme, as may be seen from the enclosures to this despatch. This was the first visit by a British Trade Minister to Argentina since

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1970, when Mr Michael Noble came here to open a British Industrial Exhibition.

2. Mr Parkinson was declared an official guest and was very warmly received by the Argentines, with whom he achieved a considerable personal success. His programme embraced meetings with President Videla, with the "overlord" Minister of Economy, Dr Martínez de Hoz (in hospital recovering from a hernia operation) and with seven of the Secretaries of State with ministerial responsibilities who work in his economic team, covering trade, industry, finance, energy, maritime interests, agriculture and livestock, economic planning and coordination. A new and rewarding addition to normal visit programmes was a visit to the provincial centre of Córdoba and to the Perkins motor plant there, with which British capital is associated. There were discussions with the British Chamber of Commerce in Argentina and the élite Argentine Business Council, three public speeches, including an address to an officially sponsored Argentine seminar on trading conditions in the 1980s, two press conferences and innumerable press interviews. The level and fullness of the programme reflected the personal support given to it by the Argentine Minister of Economy, following his highly successful visit to London in June when, as you will recall, he separately saw the Prime Minister, four Cabinet Ministers and two Ministers of State in one day.

Timing

3. The timing was just right. Diplomatic relations have now been restored at Ambassadorial level for six months and the British profile in Argentina has risen considerably. The present Argentine régime who have so far received few visits from European ministers, were delighted to acknowledge the recognition implied that the country is now emerging from the isolating self-absorption of the last four years. British exports to this market stood at £83 million over the first six months of this year which represents an increase of 50 per cent over 1979 and makes Argentina Britain's second largest market in Latin America. It was no surprise that the President, when he received Mr Parkinson, dwelt on the theme of our improving relations. At no point was a note of official Argentine disquiet about the Falkland Islands struck. The press repeatedly asked questions about the Islands, but the Government evidently thought it discourteous to raise the subject. On the other hand, Mr Parkinson was able to convey to the Argentines in a discreet manner on various occasions our hope that they would listen carefully to criticisms of human rights violations.

Press

4. Press coverage of the visit was extensive and almost without exception very favourable. This was no mean achievement in a country where we have a long standing difference (the Falkland Islands) and where it is so easy for suspicions to be aroused or offence given. Typically, the only note of press criticism came from the Argentine Navy's newspaper which is hostile to the Government's economic policies and saw Mr Parkinson's visit as lending support to the policies and those responsible for them.

Major Points

5. Argentina's unusually liberal trading policies formed the basis for a number of

interesting points arising in the various discussions:

- (a) the Common Agricultural Policy of the European Community was driving Argentina to increase trade with the Soviet Union, Eastern Europe and China, countries with agricultural deficits which Argentina could help to cover. It was unfortunate that Argentina should be prevented in this way from trading with her friends and in traditional markets. It was doubly unfortunate that Argentina found herself competing with the subsidised surplus products of the Community in other markets, such as Egypt and Brazil;
 - (b) the Argentines detected a growing realisation by governments of Latin America of differing political complexion, that their earlier policies, of high level protection for domestic industry within an unworkable framework for inter-American trade, stood in need of change. The old Latin American Free Trade Association (LAFTA) was being replaced by the new Latin American Association for Integration, with active support from Argentina, Mexico, the Andean Pact, and one of Argentina's traditional partners in the River Plate basin, Uruguay. Particularly if Argentina's differences with Chile over the Beagle Channel can be resolved, foreign firms could soon find that they were selling or investing into a much larger Latin American market than before even if Brazil must stand aside until remedies are found for the weakness of her balance of payments situation which at present precludes her participation in tariff reduction programmes;
 - (c) Argentina was particularly anxious to make up the ground lost in industrial efficiency, the fruit of thirty years of protectionism. The Government's liberal trading policies were designed first to reduce the level of inflation but secondly to bring about this change in industry. British technology was welcomed, it could best be transferred through joint ventures, there were openings in capital goods, in mining equipment, machine tools and agricultural processing plant.
6. The Argentine economic team follow developments in Britain closely, in the belief that very similar policies are being put to the test in both countries. They welcomed Mr Parkinson's expressions of support for their liberal trading policies, whilst recognising the difference that there is little or no unemployment in Argentina. Dr Walter Klein, the Secretary of State for Economic Planning and Coordination (who

stood in for Dr Martínez de Hoz whilst the latter was in hospital) was keenly interested to hear about the rate at which British Leyland was reducing its work force, and how the British Steel Corporation would cut its employees by seventy thousand. His colleague for Industrial Development acknowledged that the team's liberal trading policies, reinforced by an exchange rate designed to make imports cheap, were exciting a lot of criticism: "We are going through the worst transition period of the policies". (These criticisms were forcefully expressed to Mr Parkinson by the Chairman of ICI's Argentine subsidiary at his meeting with the British Chamber of Commerce in Argentina). But the Secretary for Industrial Development was adamant. Investment would no longer be sought by offers of tariff protection. Even the "Buy Argentine" law would be reformed.

Large Projects

7. Argentina's public sector investment programme for 1980-89 is estimated to cost £43,000 million. The predominant role in it of energy justified the preponderance of representatives from this sector among the businessmen accompanying Mr Parkinson. The numerous interviews they had both with the Minister and on their own helped them, according to their own account, to clarify various areas of doubt and to advance the interest of their companies. The Minister meanwhile, took several opportunities to point to the benefits which would flow from having some new and large public sector project go to a British contractor, since projects of this nature typically bring in large numbers of sub-contacting firms who would thereby acquire a vested interest in Argentina's development. Such firms were, of course, a valuable vehicle for the transfer of technology. When, as in the Argentine Navy's re-equipment programme, we lose the main contract, these sub-contracts can provide scope for British exports, even if some of the goods may never be reflected in the figure of bilateral trade. We are not supplying the frigates; but we are supplying helicopters and propulsion systems worth approximately £54 million.

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11. I am sending copies of this despatch (without enclosures) to Her Majesty's Representatives in Asunción, Brasilia, Caracas, Mexico City, Montevideo, Port Stanley and Santiago.

I am, Sir,
Yours faithfully,

Anthony Williams

Anthony Williams

BRITISH BUSINESSMEN WHO ACCOMPANIEDMINISTER OF TRADE

Mr C R Armstrong	-	Manager, Lloyd's Bank International
Mr P E G Bates	-	Deputy Chairman, Plessey Electronic Systems
Mr R J Dowding	-	Executive Director, Hawker Siddeley International
* Mr E T Haws	-	Partner, Rendel, Palmer & Tritton
Mr H W Jackson	-	Director, General Electric Company
Lord Hill-Norton	-	Chairman, Wimpey Appledore

* From 7-10 August only

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VISIT OF MINISTER FOR TRADE TO ARGENTINA. 5-10 AUGUST

1. MR PARKINSON'S VISIT TO ARGENTINA TOOK PLACE IN A NOTABLY CORDIAL ATMOSPHERE, THE ARGENTINES MAKING EVERY EFFORT TO ENSURE SUCCESS. MEETINGS WITH MINISTERS INVOLVED NEARLY ALL THE MEMBERS OF THE ECONOMIC TEAM IN ADDITION TO MR PARKINSON'S OFFICIAL HOST, THE SECRETARY OF STATE FOR TRADE, LIC. ALEJANDRO ESTRADA. BECAUSE OF AN EMERGENCY OPERATION, THE MINISTER OF ECONOMY, DR MARTINEZ DE HOZ, WAS UNFORTUNATELY UNABLE TO PARTICIPATE, BUT MR PARKINSON CALLED ON HIM IN HOSPITAL WHERE HE WAS RECOVERING. OTHER CALLS INCLUDED A CORDIAL INTERVIEW WITH THE FOREIGN MINISTER, BRIGADIER PASTOR AND AN AUDIENCE WITH PRESIDENT VIDELA, WHO SPOKE WARMLY OF BRITISH FRIENDSHIP AND UNDERSTANDING. THE MINISTER'S EXCURSION TO CORDOBA WAS PARTICULARLY WELL-RECEIVED, BEING THE FIRST VISIT BY A EUROPEAN MINISTER FOR MANY YEARS.

2. THE ARGENTINE AUTHORITIES CONSISTENTLY TOOK PAINS TO SHOW THAT THEY SAW THE VISIT AS A MANIFESTATION OF OUR CONFIDENCE IN THEM AS TRADING PARTNERS AND TO RECOGNISE THE CLOSE SIMILARITY BETWEEN OUR ECONOMIC POLICIES. THEY MADE PLAIN THEIR DESIRE TO SEE AN INCREASE BOTH IN THE GENERAL LEVEL OF CONTACT WITH BRITAIN AND IN OUR BILATERAL TRADE. SEVERAL OPPORTUNITIES WERE TAKEN BY THE MINISTER TO EMPHASISE THE BENEFIT WHICH WOULD DERIVE FROM PARTICIPATION BY THE UK IN ONE OR MORE MAJOR CONTRACTS, SINCE THIS WOULD DRAW IN FURTHER LARGE NUMBERS OF BRITISH COMPANIES. HE WAS ABLE TO CONFIRM THAT THE IMPRESSIVE RANGE AND SCALE OF THE ARGENTINE PROJECTS NOW FIRMLY PLANNED FOR THE NEXT DECADE COULD PROVIDE SCOPE FOR BRITISH COMPANIES IN A NUMBER OF SECTORS. SIMILARLY, THE BUSINESSMEN WHO ACCOMPANIED THE MINISTER WERE ABLE TO FOLLOW UP SEVERAL LEADS WHICH EMERGED FROM THE VISIT AND TO MAKE VARIOUS CONTACTS AT HIGHER LEVEL THAN WOULD OTHERWISE HAVE BEEN POSSIBLE.

3. THIS VISIT, LIKE YOUR OWN TO BRAZIL, VENEZUELA AND MEXICO HAS SERVED TO DEMONSTRATE THE GENUINNESS OF OUR INTEREST IN THE REGION AND TO EMPHASISE THAT IT IS THE UK WHICH HAS TAKEN THE INITIATIVE. IN ARGENTINA IT WILL CERTAINLY OPEN UP PROSPECTS WHICH I HOPE WE WILL BE IN A POSITION TO EXPLOIT.

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4. NEITHER THE FALKLAND ISLANDS NOR HUMAN RIGHTS FEATURES ST-ONLY
IN DISCUSSIONS. THERE WAS ACCEPTANCE THAT DISCUSSION ON THE
FALKLAND ISLANDS WERE PROCEEDING SEPARATELY. HUMAN RIGHTS WERE
RAISED INDIRECTLY AND INFORMALLY ON A NUMBER OF OCCASIONS, BUT AT
NO TIME BECAME AN ISSUE.

5. THE ARGENTINES WERE READY TO BE PLEASED, AND WERE PLEASED.

THE VISIT WAS A GREAT PERSONAL SUCCESS FOR THE MINISTER.

FCO PLEASE PASS SAYING TO DOT (CRE3), DOT (S OF S'S OFFICE),
ECOD (COTTERILL), DOT (PEP - BENJAMIN).

WILLIAMS

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MR HAYES

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TELEGRAM NUMBER CRED A 102 OF 4 AUGUST 1980

MR PARKINSON'S VISIT

YOUR CRED A 85 :

FROM WOODS PRESS OFFICE DOT

1. THANK YOU FOR THIS HELPFUL SUGGESTION. HOWEVER, THIS IS A
QUESTION OF PRIORITIES. THE FEELING HERE IS THAT GIVEN THE
SENSITIVITY OF THIS VISIT IN THE UK IT IS IMPORTANT THAT I STAY
WITH THE MINISTER PARTICULARLY DURING THE IMPORTANT MINISTERIAL
CALLS LIKE THAT WITH MARTINEZ DE HOZ. (YOUR CRED A 68 MENTIONS
PRESS BRIEFING BY ARGENTINE OFFICIALS AFTER THAT MEETING AND I
SHALL WANT TO STAY CLOSE TO ANY SUCH BRIEFING). IT IS ALSO LIKELY
THAT THE UK CORRESPONDENTS WHO WILL SEE THE MINISTER AT 0900
HOURS WILL WANT BRIEFING ON THE SUBSEQUENT MORNING CALLS.
2. I THINK IT BEST, THEREFORE THAT I STAY WITH THE MAIN PARTY
AND COPE WITH ANY PRESS PROBLEMS IN CORDOBA EITHER ON WEDNESDAY
NIGHT OR THURSDAY AM.

PA
CEB
5/8

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AFD 2/31

DO DOT

CC FCC (EIDE)(TRED)

CC MAFF

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TO IMMEDIATE DOT

TELNO CRED 80 OF 31 JULY 1980

RFC IMMEDIATE FCC (EIDE)(NIPATUSHBY)

YOUR TELNO CRED 80 PARAGRAPH FIVE.

MR PARKINSON'S VISIT TO ARGENTINA : BRIEFING

1. MURRAY, UNDER-SECRETARY OF INTERNATIONAL ECONOMIC NEGOTIATIONS IN THE ARGENTINE TRADE SECRETARIAT, TOLD COMMERCIAL COUNSELLOR ON 30 JULY THAT THE ARGENTINE SECRETARY OF STATE FOR TRADE COULD RAISE TWO SPECIFIC MATTERS REGARDING EUROPEAN COMMUNITY TRADE IN MEAT AND AGRICULTURAL PRODUCTS :

(1) THE REQUEST BY THE COMMISSION THAT ARGENTINA, WITH NEW ZEALAND AND AUSTRALIA, VOLUNTARILY ACCEPT A QUOTA ON EXPORTS OF SHEEP MEAT. THE ARGENTINES WOULD AGAIN ASK HMS TO TAKE SHEEPMEAT FROM SOUTH OF THE FORTY SECOND PARALLEL. THEIR RELATIVE WEIGHT AS EXPORTERS OF SHEEPMEAT WAS LIGHT, HOWEVER THEY WANTED A FAIR SHARE UNDER ANY VOLUNTARY QUOTA SYSTEM.

(11) THE POSSIBILITY THAT THE COMMISSION IMPOSES, IN THE CONTEXT OF SPANISH ACCESSION, RESTRICTIONS ON ARGENTINE EXPORTS OF VEGETABLE OILS. THE ARGENTINES FEAR THAT SPANISH OLIVE OIL PRODUCERS WILL BE PROTECTED BY QUOTAS AND LEVIES.

2. YOU MAY WISH TO SHARPEN THE BRIEFING ON THE FIRST POINT AND BRING THE SECOND POINT WITHIN THE SCOPE OF THE BRIEFING.

3. WE WILL PREPARE A NOTE ON ARGENTINE AIMS FOR REFORM OF THE LATIN AMERICAN FREE TRADE AREA. YOU SHOULD KNOW THAT A MEXICAN DELEGATION WILL BE IN BUENOS AIRES AT THE SAME TIME AS MR PARKINSON FOR NEGOTIATIONS WITH THE ARGENTINES ON BILATERAL TARIFF REDUCTIONS.

WILLIAMS

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Mr. Cole
u

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Mr. Bignall

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TO IMMEDIATE BUENOS AIRES

TELEGRAM NUMBER CRED 101 OF 1 AUGUST.

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SAM
TRED
JK/29

FROM WOODS DOT PRESS OFFICE.

YOUR CRED 82. MR PARKINSON'S VISIT, AIRPORT PRESS.

1. THANKS FOR YOUR DRAFT. HOWEVER, MR PARKINSON WOULD PREFER THE TEXT TO READ AS FOLLOWS:

QUOTE

ALTHOUGH ARGENTINA IS ONE OF BRITAIN'S OLDEST TRADING PARTNERS IN LATIN AMERICA THE LEVEL OF TRADE BETWEEN US IN RECENT YEARS HAS NOT BEEN AS HIGH AS WE WOULD HAVE WISHED. THE PRESENT CIRCUMSTANCES ARE RIGHT FOR US TO REJUVENATE OUR COMMERCIAL RELATIONS. I BELIEVE BRITAIN HAS MUCH TO OFFER ARGENTINA, ESPECIALLY IN THE HIGH TECHNOLOGY FIELDS OF ENERGY, COMMUNICATIONS, TRANSPORT AND MINERALS. I KNOW TOO THAT ARGENTINA HAS MUCH TO OFFER BRITAIN.

money

I LOOK FORWARD TO MEETING SENIOR MINISTERS OF THE ARGENTINE GOVERNMENT, TALKING TO BUSINESSMEN HERE AND SEEING SOMETHING OF THE COUNTRY. IT IS, OF COURSE, MANY YEARS SINCE A BRITISH TRADE MINISTER PAID AN OFFICIAL VISIT TO ARGENTINA SO PERHAPS THE NEXT FEW DAYS WILL HERALD A MORE DYNAMIC PERIOD IN OUR RELATIONS AS MAJOR TRADING COUNTRIES.

UNQUOTE

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From the
Minister for Trade 's office

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1 VICTORIA STREET
LONDON SW1H 0ET

TELEPHONE DIRECT LINE 01 215 5012
SWITCHBOARD 01 215 7877

S. America Dept to pa please
Security Dept.

Def

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Kubigw. 28 July 1980

P. 191

Malcolm Adams Esq
Private Secretary to the
Foreign & Commonwealth Secretary
Foreign & Commonwealth Office
Downing Street
London
SW1A 2AL

PROPOSED VISIT BY THE MINISTER FOR TRADE TO ARGENTINA AND CHILE:
4-15 AUGUST

Further to your recent request for details of the flights that
the Minister will be taking, I have pleasure in enclosing same.

Heathrow - 18.10 (4 August) AR131 - Aerolineas Airport
7.40 (5 August)

Aerolineas Airport - (10 August) BR663 - Santiago Airport

Santiago Airport - 21.30 (14 August) LA144 - Miami Airport
8.25 (15 August)

Miami Airport - 10.00 (15 August) UP241 - Nassau Airport
10.45.

Bernadette Flynn (Min)

BERNADETTE FLYNN
Assistant Private Secretary to the
Minister for Trade (CECIL PARKINSON)

00 BUENOS AIRES

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FM DTI 301526Z JUL 80

TO IMMEDIATE BUENOS AIRES

TELEGRAM NUMBER CRED A 99 OF 30 JULY

FROM OWEN CRE3

MR PARKINSON'S VISIT

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1 AUG 1980

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S.A.M.D

TRED

CEB 3/1

31/7

YOUR CRED A 72 72 AND 77 (NO SIGN OF INTERVENING NUMBERS)

1. THANK YOU FOR HELPFUL INFORMATION. AMBASSADOR'S INVITATION TO BUSINESSMEN TO LUNCH ON 5 AUGUST GRATEFULLY ACCEPTED. ALL WOULD LIKE TO COME TO CORDOBA AND WOULD BE GRATEFUL IF YOU WOULD BOOK HOTEL. I MENTIONED THAT ARGENTINE EMBASSY HAVE RELAYED INVITATION FROM MINISTER OF AGRICULTURE TO ATTEND AGRICULTURAL SHOW IN BA ON SATURDAY 9 AUGUST WHEN PRESIDENT WILL BE THERE. ALTHOUGH MINISTER PREVIOUSLY INDICATED THAT HE DID NOT WISH TO ATTEND THIS EVENT HE CAN CLEARLY NOT DECLINE SUCH AN INVITATION. WE SHALL HAVE TO RESPOND SOON. GRATEFUL FOR ADVICE. IF VISIT TO IGUAZU DOES GO AHEAD THREE BUSINESSMEN DEFINITELY WISH TO GO AND ONE IS NOT SURE.

2. DELIGHTED THAT ERIC CAMPBELL WILL JOIN FOR VISIT TO CORDOBA. PROPOSALS FOR THAT DAY LOOK FINE.

3. AS TO BUSINESSMEN ACCOMPANYING ON CALLS GRATEFUL IF YOU COULD PRESS WHEREEVER YOU FEEL POSSIBLE TO INCLUDE THEM IN MINISTERS PROGRAMME AS INDICATED IN MIPT. THUS THIS IS MR PARKINSONS PERSONAL WISH (BUSINESSMEN ARE INCLUDED IN ALL CALLS IN SANTIAGO) BUT WE REALISE YOU MUST IN LAST RESORT MEET ARGENTINE'S WISHES IN THIS RESPECT. WE SHOULD CERTAINLY LIKE THEM TO ATTEND THE BUSINESSMENS COUNCIL ON 8 AUGUST.

4. WE SHALL BRING PRSESENTS WITH US.

5. YOUR COMMENTS ON BRIEFING IN CRED A 77 HELPFUL. YOUR POINT ABOUT THE BALANCE OF THE BRIEFING IS TAKEN AND WE SHALL DRAW MORE ATTENTION TO FACT THAT OUR EXPORTS OWE LITTLE TO PROJECTS. BUT WE FEEL THE MINISTER SHOULD PRESS FOR FURTHER UK INVOLVEMENT IN PROJECTS AND THAT IS WHY SO MUCH ATTENTION IS PAID TO THIS IN THE BRIEF.

5. YOUR COMMENTS ON BRIEFING IN CRED A 77 HELPFUL. YOUR POINT ABOUT THE BALANCE OF THE BRIEFING IS TAKEN AND WE SHALL DRAW MORE ATTENTION TO FACT THAT OUR EXPORTS OWE LITTLE TO PROJECTS. BUT WE FEEL THE MINISTER SHOULD PRESS FOR FURTHER UK INVOLVEMENT IN PROJECTS AND THAT IS WHY SO MUCH ATTENTION IS PAID TO THIS IN THE BRIEF.

6. WE SHALL BRING BRIEFING ON BRITISH NATIONALITY BUT WE HAVE BEEN ADVISED NOT TO RAISE INSURANCE. GRATEFUL IF YOU COULD PROVIDE SOMETHING SHORT ON NEW FRAME WORK TO SUCCEED LAFTA.

7. YOUR POINTS IN PARA 5 NOTED. GRATEFUL IF YOU COULD PROVIDE SHORT NOTE ON RECENT EXPORT SUCCESSES SUCH AS GKN WHICH WE HAD NOT HEARD OF.

8. BUSINESSMEN TRAVELLING WITH MINISTER EXCEPT FOR MR DOWDING WHO EXPECTS TO ARRIVE FROM MIAMI LATER ON MONDAY 4 AUGUST.

NNNN

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FM BUENOS AIRES 291503Z JULY 80

TO IMMEDIATE DOT

TELEGRAM NUMBER CRED A 77 OF 29 JULY

INFO FCO (SAMD)

OUR TELLO CRED A 72: MR PARKINSON'S VISIT (NOT TO ALL) FOR OWEN (CRE 3) FROM CHICK

1. WITHOUT SIGHT OF THE STEERING BRIEF OR THE FULL SET OF SUPPORTING BRIEFS, I HAVE THE FOLLOWING COMMENTS ON THOSE WHICH MISS DAVIES SENT ME ON 24 JULY.
2. THERE IS A NEED TO REDRESS THE PRESENT BALANCE OF BRIEFING: TOO MUCH WEIGHT IS GIVEN TO PROJECTS, TOO LITTLE TO OTHER FORMS OF BUSINESS AND TRADE. AS REGARDS PROJECTS, WE HAVE THE PROPULSION SYSTEM FOR THE FRIGATES, THE LYNX HELICOPTERS (THOUGH NEITHER IS LIKELY TO FEATURE IN BILATERAL TRADE FIGURES) AND THERE IS OUR INTEREST IN SHELL'S OFFSHORE AREAS. IF WE PRESS HARD FOR MORE PROJECTS WE MAY HAVE TO EXPLAIN WHY BRITISH FIRMS ARE RELUCTANT TO TAKE PUBLIC SECTOR CONCESSIONS. YOU SHOULD KNOW THAT MANY MONTHS AFTER THE AWARD OF CONTRACT, THE EXECUTION OF ONE OF THE MOST NOTABLE OF THESE CONCESSIONS (THE CENTRAL WEST PIPE LINE) STILL REMAINS BLOCKED BY DIFFICULTIES OF FINANCE AND IMPORT PRIVILEGES.
3. OUR EXPANDING EXPORTS OWE LITTLE TO PROJECTS. GUEST, KEEN AND NETTLEFOLDS, FOR INSTANCE, HAVE JUST WON BUSINESS WITH THE ARGENTINE SUBSIDIARY OF FORDS TO SUPPLY ONE THOUSAND ALUMINIUM ROAD WHEELS A WEEK FROM BRITAIN. THEY HAVE ALSO NEGOTIATED A LICENSING AGREEMENT WITH AN ARGENTINE FIRM FOR THE MANUFACTURE OF THESE WHEELS, AND WILL SUPPLY PLANT TO THE FIRM, REPRESENTING BUSINESS TO THE ORDER OF FOUR HUNDRED THOUSAND POUNDS. THE ARGENTINE FIRM WILL SUPPLY FORDS IN ABOUT TWO YEARS TIME

ALTA 026/3
30 JUL 1980
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BUSINESS TO THE ORDER OF THE GOVERNMENT
FIRM WILL SUPPLY FORDS IN ABOUT TWO YEARS TIME

4. SUBJECTS WHICH YOU MAY WISH TO COVER IN THE BRIEFING ARE:

1) THE DEVELOPMENT OF LATIN AMERICAN TRADE SYSTEMS, PARTICULARLY IN VIEW OF THE MEETING OF A NUMBER OF FOREIGN MINISTERS IN MONTEVIDEO IN THE WEEK FOLLOWING MR PARKINSON'S VISIT WHEN IT IS EXPECTED THAT DOCUMENTS WILL BE SIGNED REGARDING INTEGRATION OF LATIN AMERICAN ECONOMIES, THE NEW FRAMEWORK TO SUCCEED EARLIER LATIN AMERICAN FREE TRADE AREA AGREEMENTS:

11) BRITISH NATIONALITY. THE EFFECT ON EXPATRIATE BRITISH BUSINESSMEN OF THE PROPOSALS WHICH HMG WILL ANNOUNCE ON 30 JULY.

111) INSURANCE

5. THE FOLLOWING ARE MY COMMENTS ON THE DRAFTS WHICH REACHED ME ON 25 JULY:

1) BACKGROUND BRIEFING ON ECONOMY, PARAGRAPH TWO: I DO NOT RECALL A REPORT THAT ARGENTINE IMPORTS GREW BY SEVENTY FIVE PERCENT IN THE FIRST FIVE MONTHS OF 1980. SHOULD THIS FIGURE NOT REFER TO THE FIRST THREE MONTHS, AS IN OUR QUARTERLY ECONOMIC REPORT DATED 2 JULY?

11) ANNEX ON RECENT ECONOMIC MEASURES: AS YOU MAY SEE FROM OUR TELEGRAMS NUMBERS EISER 30 AND EISER 31, IT IS IMPORTANT TO STATE THAT THE MEASURES ARE A PACKAGE OF PROPOSALS YET TO BE IMPLEMENTED.

6. IN THE LIGHT OF LATEST DEVELOPMENTS, SUCH AS THE VIRTUAL AWARD TO IECC, THE US CONSULTING FIRM, OF THE CONTRACT FOR PIEDRA DEL AGUILA, I SUGGEST WE COULD USEFULLY PREPARE IN THIS DEPARTMENT SUGGESTIONS FOR THE LINE OF APPROACH AT EACH OFFICIAL CALL AND THE POINTS TO MAKE. THESE SHORT NOTES COULD BE COMPARED AGAINST THE STEERING BRIEF AND OTHER SUPPORTING BRIEFS, PERHAPS AT THE MEETING AT 12.00 HRS ON 5 AUGUST.

WILLIAMS

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TO PRIORITY BUENOS AIRES

TELEGRAM NUMBER CREDA 97 OF 29 JULY

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FROM OWEN CRE 3

MR PARKINSON'S VISIT

AT A BRIEFING MEETING YESTERDAY WITH THE BUSINESSMEN, MR PARKINSON SAID HE ATTACHED IMPORTANCE TO THE BUSINESSMEN ACCOMPANYING HIM ON CALLS TO MINISTERS AND IN OFFICIAL ENTERTAINMENT AND STAYING WITH HIM FOR AS MUCH OF THE PROGRAMME AS THEY WISHED. ALL BUSINESSMEN SAID THEY WISHED TO PARTICIPATE IN THE PROGRAMME AS FULLY AS POSSIBLE. GRATEFUL IF YOU COULD INDICATE THIS TO THE ARGENTINES AND LET US KNOW BEFORE WE DEPART HOW FAR THIS CAN BE ARRANGED.

IN VIEW OF OUR INTEREST IN TELECOMMUNICATIONS IT WOULD BE HELPFUL IF A MEETING COULD BE ARRANGED WITH THE MINISTER RESPONSIBLE IF THIS IS SOMEONE NOT ALREADY IN THE PROGRAMME. WE APPRECIATE THAT THE SUBJECT MIGHT BEST BE RAISED WITH DR MARTINEZ DE HOZ OR SR ESTRADA. GRATEFUL IF YOU COULD ALSO CONFIRM WHEN MEETING WITH ING BRUNELLA WILL TAKE PLACE AS MR PARKINSON REGARDS IT AS IMPORTANT.

YOU SHOULD KNOW THAT MR ET HAWS, PARTNER OF RENDEL PALMER TRITTON WHO WILL BE JOINING THE PARTY IN CHILE, HAS SAID THAT HE WILL BE IN BUENOS AIRES ARRIVING 23.00 ON 6 AUGUST AND LEAVING 20.30 ON 9 AUGUST STAYING AT THE PLAZA. HE WOULD LIKE TO ATTEND THE LUNCH AND RECEPTION ON 8 AUGUST BUT IS NOT YET SURE IF HE CAN JOIN IN THE REST OF THE PROGRAMME THAT DAY.

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Are these Dept aware of the ...

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Mr. [Signature] (17)

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TO PRIORITY BUENOS AIRES

TELEGRAM NUMBER CRED A 93 OF 25 JULY

DOT/CRE

S.A.M.D

T.R.E.D

K129

FROM CRE3

MR PARKINSON'S VISIT

PRESS RELEASE WILL BE MADE ON MONDAY 28 JULY. TIMING HAS BEEN DETERMINED BY ENDING OF CHILE ARMS EMBARGO ANNOUNCEMENT. AND P.Q. HELPFUL IF ANNOUNCEMENT IN BUENOS AIRES COULD BE MADE SAME DAY.

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Mr. [unclear] H6

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TELEGRAM NUMBER CRED A 89 OF 25 JULY

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TOP SECRET (CRG)

YOUR TELNO CRED A 89: MR PARKINSON'S VISIT

1. GRATEFUL IF YOU WOULD TELEX TEXT OF DRAFT PRESS PRESS
ANNOUNCEMENT TO REACH US BY 1000 HS (LOCAL) ON 28 JULY.

SAND

(120)

WILLIAMS

K127

NNNN

SENT/RECD AT 25/1855 TAW/CS

FINE CARRY ON ALL YRS KTKS

C C Bright Esq
SAMD FCO

ECO 121/35



With the Compliments of
COMMERCIAL DEPARTMENT

J S Chick
Counsellor

us
Mr Cole
Mr Fegan

*Subsequent letters have
already taken this a
little further.
But it looks
quite a good
programme.*

BRITISH EMBASSY
BUENOS AIRES

25.7.80

28/7 CCB:W

(15)

ECO 121/35

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BRITISH EMBASSY
BUENOS AIRES

25 July 1980

H R Owen Esq
CRE 3
Department of Trade
1 Victoria Street
London SW1H 0ET

MR PARKINSON'S VISIT, 5 - 10 AUGUST

1. I am taking advantage of today's classified (and fast) bag to let you have the latest draft of the programme for Mr Parkinson's visit. It is still a provisional programme, but I will telegraph in the course of next week any amendments of significance. The mid-winter school holidays end this week-end, officials will be back at their desks on 28 July, and we should be able to make more rapid progress. You may like to note that the air freight weekly, non-confidential bag, which should have reached us on 18 July was held up in Madrid, though it is expected to-day.
2. For my part I am most anxious for confirmation of the identity of visiting businessmen, and to know whether they wish to go to Córdoba or Iguazú.
3. You may like to know that Eric Campbell, the Chairman of the British Chamber of Commerce in Argentina, who manages a local galvanised and structural steel firm in which the British Steel Corp have a share-holding, has offered to accompany the Minister to Córdoba. This is an idea that I support for a number of reasons. One of them is that it will allow me to stay in Buenos Aires and help with the programmes for those accompanying businessmen who decide against a visit to Córdoba.

J S Chick
Counsellor (Commercial)

enc

cc: CC Bright Esq
SAMD FCO

VISIT TO ARGENTINA OF MINISTER OF STATE FOR TRADE

5 - 10 AUGUST 1980

Tuesday 5 August

- 07.40 hs - Arrival by flight AR 111
- Met by Licenciado Alejandro Estrada,
Secretary of State for Trade and
International Economic Negotiations,
HM Ambassador, Commercial Counsellor,
Information Officer (Embassy)
- Minister and Private Secretary to
HM Ambassador's Residence.
- Mr Woods and Mr Owen to Plaza Hotel
- 12.00 hs - Briefing meeting at Embassy
- 13.00 hs - Lunch at Residence for Minister and
party and accompanying businessmen
- 14.30 hs - Minister's private interviews with
correspondents of leading Argentine
newspapers and periodicals.
- ? Businessmen present
- 16.00 hs - Call on Licenciado Alejandro Estrada,
Secretary of State for Trade and
International Economic Negotiations
Avda Julio A Roca 651
- HMA and CC to accompany
- 18.00 hs - Call on Brigadier Mayor (R)
Carlos W Pastor, Minister of
Foreign Affairs
Palacio San Martín
Arenales 761
- HMA and CC to accompany
- 20.30 hs - Dinner offered by Licenciado
Alejandro Estrada

Wednesday 6 August

- 09.00 hs - Interviews with correspondents of
The Times, Financial Times and Reuters
in Conference room in Chancery.

- Calls on: - Sr Jorge Zorreguieta,
Secretary of State for Agriculture
and Livestock
Paseo Colón 974
- Licenciado Alberto Grimoldi
Secretary of State for Industrial
Development
Avda Julio A Roca 651
- Ing Daniel Brunella
Secretary of State for Energy
Avda Julio A Roca 651
- HM Ambassador and Commercial Counsellor
to accompany

- Lunch: - Offered by Dr José A Martínez de Hoz,
Minister of Economy -
Speech
HM Ambassador and Commercial Counsellor
to accompany

- 16.00 hs - Meeting with Council of British Chamber
of Commerce
Commercial Counsellor to accompany

- 17.30 hs - Depart for HM Ambassador's Residence,
internal airport (Aeroparque) and
Córdoba.
HM Ambassador to accompany to Aeroparque
and thereafter

- Quiet dinner - ? Mr Deakin (Renault), Miss Robertson
(Cultura Inglesa)

Thursday 7 August

- Call on Governor of Córdoba
- Visit to Perkins Argentina S A
- Lunch with Governor of Córdoba
- Return to Buenos Aires
- 20.00 hs - Call at Wimpey - Appledore reception
(Plaza Hotel)

Friday 8 August

- 09.40 hs - Departure for Ministry of Economy
Seminar
- 11.30 hs - ? Call on President Jorge R Videla.
HM Ambassador to accompany

13.00 hs

- Chamber lunch and speech
HM Ambassador and Commercial Counsellor
to accompany

16.00 hs

- Call on Consejo Empresario
HM Ambassador and Commercial Counsellor
to accompany

17.00 hs

- Press Conference - Plaza Hotel

19.30 hs

- Minister's Reception at Residence

Saturday 9 August

?

- Fly to Iguazú returning in evening.
Commercial Counsellor to accompany.

19.30 hs

- Lancashire Youth Orchestra
Auditorio Belgrano
HM Ambassador to accompany

Sunday 10 August

12.20 hs

- Departure by Flight BR 663 to
Santiago.
HM Ambassador and Commercial Counsellor
to accompany.

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GR 325

R E S T R I C T E D

FM DTI 241233Z JUL 80

TO ROUTINE BUENOS AIRES

TELNO.CREDA 91 OF 24 JULY.

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YOUR CREDAS 69 AND 71 : MR PARKINSON'S VISIT.

1. FINAL LIST OF BUSINESSMEN ACCOMPANYING MINISTER IS:-

MR R.DOWDING HAWKER SIDDELEY

MR P.BATES PLESSEY

MR C.ARMSTRONG LBI

MR H.W.JACKSON GEC

WITH LORD HILL NORTON TO JOIN IN BUENOS AIRES.

2. VISIT TO IGUAZU ACCEPTABLE IF WEATHER GOOD. WE SHALL BE GUIDED BY YOU. HAVE ASSUMED THIS IS FOR MINISTER'S PARTY ONLY. IS THIS CORRECT ?

3. MINISTER AND PARTY WILL DEPART ON BR663.

4. WE ARE EXPLAINING TO BUSINESSMEN THE CONTENTS OF PARA.3 OF CREDAS 69 AS AMENDED BY PARA.4 CREDAS 71. THEY HAVE CONFIRMED THAT THEY WOULD LIKE TO SEE ING FREDERICO DUMAS. IF IT IS POSSIBLE THEY WOULD ALSO LIKE TO VISIT CORDOBA, BUT ARE THEY INVITED ?

5. MAFF HAVE BRIEFED US ON DISCUSSIONS ABOUT FRIGORIFICOS. PROJECTS TO BE TAKEN UP IN TELECOMMUNICATIONS SECTOR ARE THE ATC PROJECT (MARCONI, PLESSEY) DOMESTIC SATELLITE EARTH STATION (PLESSEY) AND CONSULTANCY FOR HIDRONOR (MERZ AND MCLELLAN). IN TRANSPORT FIELD - RAILWAY CONSULTANCY (TRANSMARK) AND OTHER TRANSPORT CONSULTANCIES, PUERTO MADRYN (WIMPEY APPLIEDORE) AND AIRCRAFT (BAC AND RR). WE ARE ALSO DRAWING TO THE MINISTERS ATTENTION THE FAILURE SO FAR BY A UK CONSORTIUM TO COME FORWARD ON THE BA MEMO BECAUSE OF THE REQUIREMENT TO OPERATE. BUT THIS WILL BE AS MUCH

BECAUSE OF THE REQUIREMENT TO OPERATE. BUT THIS WILL BE AS MUCH FOR PRIVATE DISCUSSION WITH GEC AND H S REPRESENTATIVES.

6. OUR RECORD SEEM TO INDICATE THAT NO TRADE MINISTER HAS VISITED SINCE MR NOBLE IN 1970.

7. COOPERATION AGREEMENT. YOUR PARAS 1 AND 2 OF CRED 71 MOST USEFUL. BUT WE SHALL COME ARMED.

8. COPY OF INCOMPLETE SET OF BRIEFS AND DRAFT SPEECH FOR CORDOBA WILL BE SENT IN TODAY'S BAG. OTHER SPEECHES AND DRAFT PRESS STATEMENT NOT YET READY.

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RR DOT (CHIEF PRESS OFFICE)

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FM BUENOS AIRES 22/1914Z JUL 80
TO PRIORITY DOT

TELNO CRED 71 OF 22 JULY 1980
(INFO DOT CHIEF PRESS OFFICE)

YOUR TELEGRAM NO CRED 96 : ANGL-ARGENTINE COOPERATION AGREEMENT
AND MR PARKINSON'S VISIT.

1. IN DISCUSSIONS ABOUT MR PARKINSON'S PROGRAMME THE ARGENTINE MINISTRY OF FOREIGN AFFAIRS HAVE HAD AMPLE OPPORTUNITY TO RAISE THE SUBJECT OF A BILATERAL CO-OPERATION AGREEMENT. BUT THEY HAVE YET TO REFER TO THE SUBJECT WHICH WE HAVE NOT OURSELVES RAISED.
2. THERE HAS BEEN NO DISCUSSION BETWEEN OURSELVES AND THE SECRETARIAT OF TRADE ON THIS SUBJECT SINCE THE ARGENTINE MINISTER OF ECONOMY RETURNED FROM EUROPE LAST MONTH.
3. BEFORE MR PARKINSON ARRIVES WE HOPE THAT YOU CAN LET US HAVE SIGHT OF BRIEFS AND ANY DRAFTS THAT MAY HAVE BEEN PREPARED FOR SPEECHES AND THE OPENING STATEMENT AT THE PRESS CONFERENCE ON 3 AUGUST. WE WOULD LIKE TO OFFER ADVICE BETWEEN 1240 NOON AND LUNCHTIME ON 5 AUGUST ON TACTICAL POINTS REGARDING CALLS AND PRESS.
4. REGRETTABLY THE ARGENTINE CHAMBER OF COMMERCE HAVE TOLD THE BRITISH CHAMBER OF COMMERCE THAT THEY ARE UNABLE TO ACT AS JOINT HOSTS AT THE LUNCHEON ON 3 AUGUST BECAUSE OF THE PRESSURE FROM OTHER TRADE MISSIONS. THE BRITISH CHAMBER WILL CONTINUE WITH

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Mr Cole

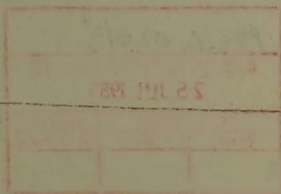
Mr Baper

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4. REGRETABLELY THE ARGENTINE CHAMBER OF COMMERCE HAVE TOLD THE
BRITISH CHAMBER OF COMMERCE THAT THEY ARE UNABLE TO ACT AS JOINT
HOSTS AT THE LUNCHEON ON 8 AUGUST BECAUSE OF THE PRESSURE FROM
OTHER TRADE MISSIONS. THE BRITISH CHAMBER WILL CONTINUE WITH THE
ORGANISATION OF THE LUNCH AND WITH OUR HELP WILL WIDEN THE RANGE
OF THOSE INVITED SO THAT THE ARGENTINE PRIVATE
AND PUBLIC SECTORS ARE WELL REPRESENTED. IF IT IS CLEAR THAT ALL
THOSE COMING TO THE LUNCH HAVE A SUFFICIENT KNOWLEDGE OF ENGLISH
WE CAN DISPENSE WITH INTERPRETATION ON THIS OCCASION.

WILLIAMS

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FM DTI 221015Z JUL 80

TO PRIORITY BUENOS AIRES

TELEGRAM NUMBER CRED A 90 OF 22 JULY

FOR CHICK FROM OWEN CRE3

POSSIBLE ANGLO-ARGENTINE COOPERATION AGREEMENT.

IN ORDER TO ASSIST US WITH BRIEFING FOR MR PARKINSON, GRATEFUL
TO KNOW IF YOU HAVE HAD FURTHER TALKS WITH FOREIGN MINISTRY AS
AGREED FOLLOWING LORD LIMERICK'S MEETING WITH CURA (YOUR LETTER
OF 13 JUNE) AND IF SO, WHAT WAS THE OUTCOME.

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S.A.M.D

T.R.B.D

Mr Briggs
all pm
CEB
28/7
(23/7)

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FROM WOODS DOT PRESS OFFICE

YOUR CRED A 68, MR PARKINSON'S VISIT, PRESS

1. I SPOKE TO CHICK, BY TELEPHONE, ON TIMING OF ANNOUNCEMENT WHICH, AS OF NOW, IS SCHEDULED FOR JULY 29.
2. YOUR PARA 2. THESE ARRANGEMENTS ARE ALL ACCEPTABLE. HOWEVER, THE MINISTER WOULD LIKE A SESSION WITH THE RESIDENT BRITISH PRESS ALONE. THEREFORE, YOUR FINAL SENTENCE SHOULD INCLUDE ONLY TIMES, FT AND REUTERS BUT NOT THE LOCAL ENGLISH LANGUAGE PRESS (UNLESS THEY ALSO ACT AS STRINGERS FOR BRITISH NEWS OUTLETS).
3. YOUR PARA 3. PLEASE GO AHEAD WITH ARRANGEMENTS.
4. DO YOU EXPECT THE LOCAL PRESS TO BE COVERING MR PARKINSON'S CALLS ON ARGENTINE MINISTERS. DO THEY NORMALLY EXPECT ON-THE-SPOT PRESS CONFERENCES AFTER SUCH CALLS. IF THIS IS THE NORMAL PRACTICE IT WILL BE QUITE ACCEPTABLE TO US.

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S. Am. D.

TRED.

FOR CHICK

FROM OWEN CRE3

⑥

YOUR CRED A 67 OF 14 JULY: MR PARKINSON'S VISIT

1. BUSINESSMEN ACCOMPANYING MINISTER ARE:-

MR R J DOWDING - HAWKER SIDDELEY INTERNATIONAL

MR P BATES - PLESSEY

GEC - NAME TO BE CONFIRMED

LBI - NAME TO FOLLOW

BRITISH SHIPBUILDERS - NOT YET CERTAIN. TO BE CONFIRMED.

LORD HILL NORTON IS BEING ASKED TO MAINTAIN CONTACT WITH YOU
IN THE HOPE THAT HE CAN TAKE PART IN SOME EVENTS. UNFORTUNATELY
HILL SAMUEL DEVELOPMENTS, SHELL AND DAVY HAVE ALL CRIED OFF.

2. WE HAVE DISCUSSED WITH MR PARKINSON THE POSSIBILITY OF NOT
GOING TO YACYRETA AND IGUAZU IN LIGHT OF DOUBT OVER FLIGHT
AND ALSO IN LIGHT OF POSSIBILITY THAT BOYINGS NO LONGER IN
RUNNING (YOUR CRED A 66). MR PARKINSON DOES NOT FEEL STRONGLY
ABOUT VISIT. AS WE PROBABLY HAVE NO IMMEDIATE PROJECT INTEREST
IT MAY BE PREFERABLE TO MAKE ALTERNATIVE ARRANGEMENTS IE
LEISURE FOR SATURDAY. MINISTER WOULD PREFER ORCHESTRA ON
SATURDAY EVENING AND TRAVEL TO SANTIAGO ON LUNCH TIME FLIGHT
ON SUNDAY UNLESS YOU ADVISE THAT IT WOULD BE PARTICULARLY
ADVANTAGEOUS TO GO TO PERFORMANCE ON SUNDAY ATTENDED BY
PRESIDENT.

3. THERE ARE NO OTHER ENERGY PROJECTS TO BE TAKEN UP SPECIFICALLY
THOUGH PROJECTS SUCH AS PIEDRA DEL AGUILA AND POSADAS AND THE
QUESTION OF POSSIBLE NUCLEAR COOPERATION CAN BE DISCUSSED DURING
MEETING WITH ENERGY SECRETARY.

Mr Cole
CEB
18/7
Mr. [unclear]

[Signature]

QUESTION OF POSSIBLE NUCLEAR COOPERATION CAN BE DISCUSSED DURING MEETING WITH ENERGY SECRETARY.

4. YOUR PARA 2. WE DO NOT ADVISE FURTHER MEETINGS FOR MINISTER BUT SUGGEST MAXIMUM POSSIBLE INVOLVEMENT BY OTHER BODIES SUCH AS PUBLIC AUTHORITIES EITHER AT RECEPTION OR AS APPROPRIATE WITH BUSINESSMEN.

5. YOUR PARA 3. WILL AIM TO SEND BOOKS BY NEXT WEEKS BAG. PRIVATE SECRETARY WILL BRING EXTRA SMALL GIFTS.

6. YOUR PARA 4. IF BUSINESSMEN CANNOT BE INVITED TO DINNER ON TUESDAY IT WOULD BE HELPFUL IF THEY COULD BE INVITED TO LUNCH ON WEDNESDAY. BUT WE RECOGNISE THIS IS IN HANDS OF ECONOMY MINISTER. PS WILL TAKE NOTES BUT WOULD WELCOME HELP FROM EMBASSY.

7. YOUR PARA 6. MINISTER WOULD LIKE TO ATTEND WIMPEY APPLIEDORE RECEPTION.

8. YOUR PARA 7. MINISTER WILL TALK ON SUGGESTED THEME. EMBASSY HERE HAVE GIVEN SLIGHTLY DIFFERENT TITLE QUOTE RELATION BETWEEN INDUSTRIAL COUNTRIES AND THEIR LINK WITH DEVELOPING COUNTRIES IN PARTICULAR THE SEMI-INDUSTRIALISED COUNTRIES UNQUOTE BUT THEME SEEMS TO BE MUCH THE SAME. IF FINAL TEXT IS AVAILABLE (WHICH WE CANNOT GUARANTEE) PUBLICATION WOULD BE WELCOMED.

9. YOUR PARA 9. APOLOGIES FOR MISUNDERSTANDING ABOUT CARDS. AUTHORISATION GIVEN FOR PRINTING LOCALLY. STILL AWAITING AUTHORISATION FOR COST OF RECEPTION TO BE MET FROM DOT FUNDS.

10. SUBJECTS TO BE RAISED BY MINISTER (MY CRED 84) ARE:-
UK AND EEC/ARGENTINA TRADE RELATIONS

DOUBLE TAXATION AGREEMENT

GATT MTNS

UNCTAD AND N/S DIALOGUE

HIDES AND SKINS

MINERALS

AGRICULTURE

PROJECTS - UK INTERESTS IN

TELECOMMUNICATIONS

DOMESTIC EARTH SATELLITE SYSTEM

MINERALS

PORTS

ENERGY

TRANSPORTATION

THESE HAVE BEEN NOTIFIED TO EMBASSY HERE.

11. GRATEFUL FOR DETAILS AND BRIEF ASSESSMENT OF FINANCIAL MEASURES ANNOUNCED ON 11 JULY.

12. WILL CONFIRM NAMES OF BUSINESSMEN AS SOON AS POSSIBLE AND IF THEY WISH TO GO TO CORDOBA.

Mr Roberts this was checked by LEO personally
be note possible required on 85.
hpr Sargent

he may be asked for help on para 1

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OO DOT DESKBY 21/1000Z

GRPS 525

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FM BUENOS AIRES 18/2000Z JUL 80

TO IMMEDIATE DOT

TELNO CRED 69 OF 18 JULY 1980

YOUR TELNO CRED 67 : MR PARKINSON'S VISIT

1. AS REGARDS THE PROGRAMME ON SATURDAY 9 AUGUST THE MINISTER MAY WISH TO KNOW THAT IT SHOULD BE POSSIBLE TO REACH IGUAZU IN ABOUT NINETY MINUTES FLIGHT. LUNCH WOULD BE OFFERED AT THE ARGENTINE HOTEL THERE AND ROOMS WOULD BE AT THE DISPOSAL OF THE MINISTER AND HIS PARTY. A WALK FROM THE HOTEL TO THE FALLS AND BACK WOULD TAKE APPROXIMATELY TWO HOURS. THIS HAS BEEN FOUND A REWARDING SPECTACLE AND AN AGREEABLE OUTING IN THE SUBTROPICAL CONDITIONS OF THE AREA AT THIS TIME OF THE YEAR. WE COULD OF COURSE SHORTEN THE EXCURSION BY DROPPING THE SEPARATE VISIT TO YACARETA. EQUALLY, IF THE WEATHER WAS DOUTFUL THE ARGENTINES WOULD RECOGNISE THE NEED TO CANCEL THE VISIT TO IGUAZU. IN THAT CASE WE WOULD FIND A SUITABLE OCCUPATION FOR THE MINISTER IN BUENOS AIRES.

2. AS REGARDS THE MINISTER'S DEPARTURE, AS HE WILL PROBABLY BE CALLING ON THE PRESIDENT, WE SEE NO STRONG GROUNDS FOR RECOMMENDING THAT HE ATTEND THE SUNDAY CONCERT. IN THAT CASE HE COULD LEAVE FOR

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SAMD
T.O.G.D.

SENT THRU 034 AT 18/21027 HR

4. WE DOUBT WHETHER WE CAN PUT TO GOOD ADVANTAGE SHORT MESSAGE FROM THE MINISTER IN THE RUN-UP TO THE VISIT.

5. IT WILL BE DIFFICULT TO AVOID THE PRESS AT THE AIRPORT. ESPECIALLY AS THE ARGENTINE TRADE SECRETARY WILL BE THERE. WE WILL TELEGRAPH THE TEXT OF A STATEMENT FOR THE AIRPORT PRESS WITH WHICH THE MINISTER MIGHT SPEND TEN OR FIFTEEN MINUTES, AND OURSELVES TAKE A COPY IN SPANISH.

WILLIAMS

NNNN

SENT RECD AT 1515Z TAW

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Foreign and Commonwealth Office
London SW1A 2AH

Telephone 01-233 4077

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H R Owen Esq
CRE 3
Department of Trade
1 Victoria Street
London SW1

Your reference

Our reference ALA 026/3

Date 15 July 1980

Dear Hal

ARGENTINA: MR PARKINSON'S VISIT

1. We spoke about Harding's letter of 3 July to you, enclosing a brief on defence sales to Argentina.
2. As promised, I enclose, in draft, a couple of paragraphs which could replace paragraphs 4 and 5 of the original brief. There is no need to include any of the material in Harding's covering letter in the brief.

Yours ever
Colin

C C Bright
South America Department

CONFIDENTIAL

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

PRIVACY MARKING

.....In Confidence

CAVEAT.....

Enclosures—flag(s).....

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Reference

DEPARTMENT:

TEL. NO:

TO:

Your Reference

Copies to:

SUBJECT: ANGLO-ARGENTINE RELATIONS IN THE DEFENCE FIELD

4. Government policy is not to sell to Argentina equipment which could be used:

- (i) for internal repression; or
- (ii) against the Falkland Islands.

The enforcing of these guidelines has led to the loss of substantial potential business, ranging from machine-guns to ships. The Argentine Government have not been informed about the criteria we operate, but they are probably aware of the outlines of our policy.

5. On the personal ^{nel} front, it remains awkward for the British Government to be seen to have too much to do with the Argentine armed forces. Thus, we attempt to discourage visits by senior members of the military establishment and have refused to sanction official invitations at high level to eg, Farnborough ~~on~~ the BAEE. Some interchange does take place at lower level. For example, members of an RCDS course are visiting Argentina this year and some 80 members of an Argentine training college will be visiting the UK.

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GRPS 790

RESTRICTED

DESKBY 15/1000Z

FM BUENOS AIRES 15/2000Z JUL 80

TO IMMEDIATE DOT

TELNO CRED A 67 OF 14 JULY 1980

YOUR TELNO CRED A 84 : MR PARKINSON'S VISIT

1. TIME WILL BE FOUND FOR MR PARKINSON TO MEET THE ARGENTINE SECRETARY FOR ENERGY. IT IS UNLIKELY THAT THE LATTER WILL ACCOMPANY THE MINISTER ON THE VISITS TO YACYRETA AND IGUAZU FOR WHICH ARRANGEMENTS ARE NOW BEING MADE FOR SATURDAY 9 AUGUST DESPITE EARLIER RESERVATIONS ABOUT THE WEATHER. THE ARGENTINE GOVERNMENT WILL PUT AN AIRCRAFT AT THE MINISTER'S DISPOSAL (AS THEY WILL FOR THE VISIT TO CORDOBA) AND ARE LOOKING INTO THE POSSIBILITY OF A SEPARATE HELICOPTER FLIGHT OVER THE YACYRETA SITE. WOULD YOU LET US KNOW WHICH OTHER ENERGY PROJECTS THE MINISTER WISHES TO TAKE UP DURING HIS VISIT ?

2. WE WOULD ALSO WELCOME ADVICE AS TO THE OTHER PROJECTS WHICH THE MINISTER WISHES TO SUPPORT. HE CAN INDICATE THE FULL RANGE OF OUR PROJECT INTEREST IN CONVERSATIONS WITH MEMBERS OF THE ECONOMIC TEAM, BUT DIRECT RESPONSIBILITY LIES IN SOME CASES OUTSIDE THE ECONOMIC TEAM EG IN THE AIR FORCE AS REGARDS AIR TRAFFIC CONTROL OR IN THE ARGENTINE FEDERAL WATER BOARD (OBRAS SANITARIAS) AS REGARDS THE TRUNK WATERWAYS. IN SUCH CASES ACTION BY THE MINISTER IN SUPPORT OF THE BRITISH BID WOULD BE MORE USEFULLY DIRECTED AT THE BODY WITH EXECUTIVE RESPONSIBILITY.

3. AS REGARDS BOOKS, OUR ADVICE IS THAT YOU TAKE CARE TO SEE THAT THEY LOOK WELL. THE MINISTER OF ECONOMY MIGHT LIKE ONE ABOUT HORSE-RACING OR BREEDING : THE SECRETARY OF TRADE (ESTRADA) COULD BE OFFERED A WORK OUTLINING THE CURRENT PHILOSOPHY OF THE CONSERVATIVE PARTY, ESPECIALLY IF IT BEARS THE PRIME MINISTER'S AUTOGRAPH : THE FOREIGN MINISTER AND THE GOVERNOR OF CORDOBA COULD SUITABLY BE OFFERED A WELL-ILLUSTRATED WORK ABOUT THE ATTRACTIONS OF BRITAIN FOR THE OVERSEAS VISITOR. YOU MAY ALSO LIKE TO HAVE SOME SMALLER PRESENTS WITH YOU AGAINST ANY UNEXPECTED REQUIREMENT. FOR THESE THE PORCELAIN BOX AND ASHTRAY BEARING THE PORTCULLIS OF THE HOUSES OF PARLIAMENT WOULD BE SUITABLE.

4. YOU SHOULD NOTE THAT THE MINISTER OF ECONOMY IS TAKING A CLOSE PERSONAL INTEREST IN MR PARKINSON'S PROGRAMME. HE DINNER ON TUESDAY EVENING WILL BE RESTRICTED TO MR PARKINSON, ACCOMPANYING OFFICIALS AND REPRESENTATIVES OF THE EMBASSY. NO

AA 026/3

15 JUL 1980

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INDEX	PA
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SAND

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BUSINESSMEN. IT IS NOT YET CLEAR WHETHER LATTER MAY BE INVITED TO THE LUNCH WHICH DR MARTINEZ DE HOZ WILL GIVE ON 6 AUGUST WHEN MANY OF THE ECONOMIC TEAM ARE LIKELY TO BE PRESENT AND ACCOMPANYING OFFICIALS AND EMBASSY REPRESENTATIVES WILL AGAIN BE INVITED. WE SHOULD LIKE CONFIRMATION THAT YOU WILL PROVIDE A NOTE-TAKER AS NECESSARY.

5. WE WOULD WELCOME VERY EARLY CONFIRMATION AS TO THE IDENTITY AND NUMBER OF ACCOMPANYING BUSINESSMEN. WILL THEY WISH TO GO TO CORDOBA WITH THE MINISTER AND ALSO TO YACYRETA/IGUAZU ? ACCOMMODATION HAS BEEN RESERVED FOR SIX TO SEVEN BUSINESSMEN, AS FOR OWEN AND I, IN THE PLAZA HOTEL , BUENOS AIRES.

6. ON 7 AUGUST WE UNDERSTAND THAT WIMPEY APPLIEDORE WILL GIVE A RECEPTION IN THE EVENING. LORD HILL NORTON WILL BE THERE AND THE MINISTER MAY LIKE TO LOOK IN AT THE RECEPTION SHORTLY AFTER HE RETURNS TO THE INTERNAL AIRPORT FROM HIS VISIT TO CORDOBA.

7. THE MINISTRY OF ECONOMY WOULD LIKE MR PARKINSON TO SPEAK AT THE SEMINAR ON THE MORNING OF 8 AUGUST. WE UNDERSTAND THAT THEY HAVE SUGGESTED A THEME ON THE LINES OF QUOTE ARGENTINA IN THE 1980'S, AS SEEN BY A EUROPEAN TRADE MINISTER UNQUOTE. IF THE MINISTER HAS A TEXT , THIS COULD BE PUBLISHED LOCALLY AFTER THE EVENT.

8. IF MR PARKINSON DECIDES TO TAKE EVENING FLIGHT TO SANTIAGO ON 10 AUGUST, HE COULD TAKE ADVANTAGE OF THE CONCERT WHICH THE LANCASHIRE YOUTH ORCHESTRA WILL GIVE IN THE COLON OPERA HOUSE AT 11 O'CLOCK THAT MORNING, WHEN IT IS HOPED THAT THE PRESIDENT OF THE REPUBLIC WILL BE PRESENT, RATHER THAN GO TO THE CONCERT IN THE EVENING OF 9 AUGUST AND AT THE END OF A LONG DAY.

9. WE HAVE RECEIVED NO INVITATION CARDS IN THE MINISTER'S NAME (PARAGRAPH 2 OF CHICK'S LETTER ECO 121/35 OF 27 JUNE). SINCE HOSPITALITY IN THE AMBASSADOR'S RESIDENCE ON THE EVENING OF 8 AUGUST WILL TAKE THE FORM OF A RECEPTION TO WHICH AROUND 150 (INCLUDING WIVES) MIGHT COME, SINCE THE CARDS SHOULD ISSUE BY FRIDAY, AND WOULD BE BETTER IN SPANISH THAN ENGLISH, WE WOULD BE GRATEFUL FOR YOUR AUTHORITY (BY TELEGRAM) TO HAVE THEM PRINTED LOCALLY AND DEBIT THE DOT ACCOUNT. WE SHOULD ALSO LIKE TO KNOW WHETHER, IN THESE CIRCUMSTANCES, THE MINISTER WOULD WISH THE BILL TO BE MET FROM THE DOT FUNDS. IT IS LIKELY TO BE IN THE REGION OF SEVEN HUNDRED AND FIFTY POUNDS STERLING.

WILLIAMS

NNNN

SENT AT 14/2052Z HR

RECD AT 14/2052Z ZZZZZZJB

RR DOT

RR SANTIAGO

GRPS 120

RESTRICTED

FM BUENOS AIRES 16/2015Z JUL 80

TO ROUTINE DOT

TELNO CRED A 55 OF 14 JULY 1980

INFO ROUTINE SANTIAGO

YOUR TELNO CRED A 81 : MR PARKINSON'S VISIT (NOT TO ALL)

1. WE WERE WORKING ON THE BASIS THAT MR PARKINSON WOULD TAKE FLIGHT BR 662 ON SUNDAY 16 AUGUST FROM BUENOS AIRES TO SANTIAGO. THIS, AS STATED IN YOUR TELEGRAM NO CRED A 18 TO SANTIAGO LEAVES AT 1200 HRS AND ARRIVES AT 1300Z HRS.

**THIS TELEGRAM
WAS NOT
ADVANCED**

2. THE MINISTER'S PROGRAMME ON 9 AUGUST, AS YOU WILL SEE FROM OUR TELNO CRED A 54, IS NOT YET SETTLED. IF IT IS FOUND THAT WEATHER CONDITIONS MAKE A VISIT TO IGUAZU AND YACYRETA PROBLEMATIC, THE MINISTER MAY WISH TO LEAVE HIMSELF MORE TIME IN ARGENTINA. THE FOLLOWING FLIGHTS LEAVE BUENOS AIRES FOR SANTIAGO LATER IN THE DAY ON 16 AUGUST :

ETO 1955 HS FLIGHT 604 AEROPERU	ETA 1955 HS
ETO 1900 HS FLIGHT 128 LAN	ETA 2000 HS
ETO 1940 HS FLIGHT 202 BRANIFF	ETA 2030Z HS

WILLIAMS

NNNN

SENT/43/RECD AT 10 2029 TAW/RM

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REGISTRY NO. 18

15 JUL 1980

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263565 PRODRME 000 CRE-DOT

GPS 458

UNCLASSIFIED

FM BUENOS AIRES 081315Z
TO IMMEDIATE CRE-DOT
TELNO CREDA 64 OF 8 JULY/80.

REPEATED FOR INFORMATION TO FCO (SAND)

YOUR TELNO CREDA 24 TO SANTIAGO;

MR PARKINSON'S VISIT

BUENOS AIRES
CREP 44 4
✓ D/HO M2 04/FF 11/80
D M2 04/FF 11/80 ✓ 723B
✓ M2 04/FF 11/80 FCO

ALA 026/3		
RECEIVED IN REG. NO. 18		
15 JUL 1980		
DESK OFFICER		
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		Action Taken

1. MURRAY OF ARGENTINE TRADE SECRETARIAT SUMMONED COMMERCIAL COUNSELLOR ON EVENING OF 8 JULY TO DISCUSS PROGRAMME. SECRETARIAT WERE HAPPY TO WORK WITHIN OUTLINE ATTACHED TO CHICK'S LETTER ECO 121/35 OF 27 JUNE TO OWEN.
2. ON AFTERNOON OF 5 AUGUST IT WAS HOPED TO ARRANGE CALLS ON SECRETARY OF TRADE AND FOREIGN MINISTER. FORMER WOULD THEN ACT AS HOST AT DINNER (DARK SUIT). THIS WAS MORE LIKELY TO BE THE OCCASION FOR A TOAST THAN A SPEECH.
3. ON 6 AUGUST THE ARGENTINES WOULD LIKE MR PARKINSON TO CALL IN THE MORNING ON THE SECRETARIES FOR INDUSTRIAL DEVELOPMENT (GRINOLDI) AND FOR AGRICULTURE (ZORREGUIETA). THE MINISTER OF ECONOMY (MARTINEZ DE HOZ) WOULD GIVE A LUNCH AND PROBABLY MAKE A SPEECH TO WHICH MR PARKINSON WOULD BE EXPECTED TO REPLY. IN THE AFTERNOON THERE WOULD BE TIME FOR MINISTER TO MEET THE BRITISH CHAMBER OF COMMERCE IN ARGENTINA BEFORE TAKING A FLIGHT TO CORDOBA. HERE HE COULD DINE QUIETLY.
4. THE GOVERNMENT OF THE PROVINCE OF CORDOBA WOULD ARRANGE THE PROGRAMME FOR 7 AUGUST. THIS WAS LIKELY TO INCLUDE CALL ON THE GOVERNOR, VISIT TO MOTORES PERKINS (WHICH HAS TRADING LINKS WITH THE PETERBOROUGH PLANT) PERHAPS ANOTHER PLANT AS WELL, A LUNCH (WHERE THERE WOULD BE SPEECHES) AND A TOUR OF THE CITY.
5. THE MINISTER OF ECONOMY WILL ARRANGE WHEN MR PARKINSON WOULD CALL ON THE PRESIDENT AND COULD WELL ACCOMPANY HIM ON THAT OCCASION. WE HAVE SUGGESTED THE MORNING OF 8 AUGUST AS

THE BEST TIME.

6. THE ARGENTINES NOW HAVE DOUBTS ABOUT FLYING TO IGUAZU AND YACYRETA ON SATURDAY 9 AUGUST. A CHINESE DELEGATION WAS STRANDED THERE BY BAD WEATHER AT THIS TIME OF YEAR. THE TRADE SECRETARIAT WILL LOOK INTO THIS MATTER FURTHER.

7. ACCOMPANYING BRITISH BUSINESSMEN COULD APPROPRIATELY ATTEND THE MEETING WITH THE BRITISH CHAMBER OF COMMERCE, THE JOINT LUNCH OF THE BRITISH AND ARGENTINE CHAMBER OF COMMERCE, AND THE MEETING WITH THE BUSINESSMEN'S COUNCIL (CONSEJO EMPRESARIO). OTHER POSSIBILITIES WERE THAT SOME OF THE BUSINESSMEN MIGHT BE INVITED TO THE MINISTER OF ECONOMY'S LUNCH ON 6 AUGUST, AND THAT THE UNDERSECRETARY FOR FOREIGN INVESTMENT (FEDERICO DUMAS) MIGHT SPEAK TO THEM AS A GROUP. THERE SHOULD ALSO BE ROOM FOR THE BUSINESSMEN AT THE DINNER OR RECEPTION THAT IS GIVEN IN THE EMBASSY ON THE EVENING OF 8 AUGUST.

8. OUR RECOMMENDATION AS REGARDS PRESENTS, BASED ON DISCUSSION WITH MURRAY, IS THAT MR PARKINSON BRING SOMETHING FOR THE MINISTER OF ECONOMY, THE SECRETARY OF TRADE, THE MINISTER OF FOREIGN AFFAIRS AND THE GOVERNOR OF CORDOBA. BOOKS OF FRAMED PRINTS WOULD BE SUITABLE.

9. WE HAVE NOTED YOUR WISHES REGARDING PRESS AND TELEVISION COVERAGE (YOUR TELNO CREDIA 82) AND WILL LET YOU HAVE DETAILED COMMENTS AS SOON AS POSSIBLE.

10. MURRAY ASKED WHETHER MR PARKINSON WOULD RAISE PARTICULAR POINTS. COMMERCIAL COUNSELLOR REFERRED TO THE EXCHANGE OF CORRESPONDENCE FOLLOWING THE MINISTER'S MEETING WITH ESTRADA IN MANILA LAST YEAR AND SAID THAT HE WOULD SEEK ADVICE.

11. MR PARKINSON'S PROGRAMME IS FILLING UP FAST. IF YOU WISH TO KEEP TIME FREE FOR PROJECT BUSINESS (E G AIR TRAFFIC CONTROL - AND AIR FORCE SUBJECT) WE NEED TO SAY SO SOON. COMMERCIAL COUNSELLOR WILL SEE MURRAY AGAIN ON 11 JULY AT 1700 HS (LOCAL).

WILLIAMS

NNNN

SENT AT 10/1630Z I.D.

27366 DTHG G
263565 PRDRME G

GOT THAT ON EOK ?? KK



Foreign and Commonwealth Office
London SW1A 2AH

Telephone 01- 233-4705

H R Owen Esq

CRE5

Department of Trade

1 Victoria Street

LONDON

SW1

Your reference

Our reference MEN 166/325/1

Date

7 July 1980

AL A 026/3		
10 JUL 1980		
DESK OFFICER		
INDEX	PA	Action Taken

Dear Hal

MINISTER FOR TRADE'S VISIT TO ARGENTINA AND CHILE, 4-14 AUGUST 1980

1. As requested in your letter of 17 June, I enclose a draft brief on Argentina nuclear for this visit.

2. As we agreed on the telephone, I will draft a brief on Chile when we have clarified some outstanding technical points which will have an important bearing on the prospects for any nuclear business with Chile in the short term.

Yours ever,

Jeremy Thorpe

J W Thorp

Joint Nuclear Unit

cc: (with draft brief)
Miss B J Parkin
AE2 Division
Department of Energy

SAMD

Mc Cole
8 p. a.
CER
7/7

MINISTER FOR TRADE'S VISIT TO ARGENTINA, AUGUST 1980

ENERGY - NUCLEAR

Points to Make

1. We would like to explore the possibilities of nuclear co-operation with Argentina. UK experience could be very useful in developing Argentina's nuclear programme. Are there particular areas in which Argentina is looking for an external partner?
2. Hope Argentina will reconsider her intention of giving substantial preference to the existing supplier when future contracts for power reactors are awarded. Not to her own advantage to penalise other suppliers.

Background

1. Argentina has probably the most sophisticated nuclear programme in Late America, and seeks to become an exporter of equipment and technology in the region. We would like to develop co-operation with her in non-sensitive areas provided this brings a useful commercial return (Latin America could be the principal market for the nuclear industry in the 1980s). But last year she chose a German firm to supply her next power reactor at a substantial premium over an alternative offer from Canada and GEC, who would have supplied the turbines and generating equipment); and she recently signed a wide ranging co-operation agreement with Brazil. Possibilities for the UK may exist eg on research reactors, fuel fabrication, liquid metals technology, quality control, safety, training). Admiral Castro Madero, the Head of the Argentine nuclear agency may visit the UK later this year. This would provide a suitable opportunity to explore the possibilities of co-operation.

We want to ensure UK firms are not penalised in bidding for the next power reactor contract (likely to be awarded in [1984]). The Argentines have said that while others including GEC can bid for future reactor contracts, the existing German supplier will have first refusal and the right to make an amended tender.

3. Argentina has not relinquished the option of developing nuclear explosives (though she insists that her programme is for peaceful purposes only). She insists on the right of developing nations to use all forms of nuclear technology for civil purposes. Supply of items which will strengthen Argentina's capacity to produce plutonium is likely to be the only area of co-operation which would cause us difficulty. But it is important that a country which possesses virtually the whole nuclear fuel cycle such as Argentina should give a formal undertaking on peaceful non-explosive uses and ^{to} accept "full scope" IAEA safeguards on all existing and future nuclear activities. Despite intense international lobbying Argentina exploited differences between suppliers to evade a formal commitment to full scope safeguards as a condition of supply of the reactor. Failure of nuclear suppliers to agree on safeguards arrangements probably lost UK a significant commercial opportunity in Argentina (GEC's bid was in practice tied to a Canada who insisted on full scope safeguards).

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TO IMMEDIATE BUENOS AIRES
TELNO CRED A 77 OF 1 JULY

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ALA 02613	
RECEIVED IN THE 9 JUL 1980	
DESK OFFICER	REGISTRY
LETTER OF 27 JUNE	

- MR PARKINSON'S VISIT. YOUR CREDAS 56 AND 60 AND LETTER OF 27 JUNE.
1. THANK YOU FOR YOUR COMMENTS ON BUSINESSMEN WE SHALL NOTIFY YOU AS SOON AS POSSIBLE OF THE FINAL LIST. THE INVITATION WILL BE ON THE BASIS OF THEIR CONDUCTING THEIR OWN PROGRAMMES BUT THAT THEY WOULD JOIN PARTICULAR ENGAGEMENTS IN THE MINISTER'S PROGRAMME. WE WOULD SEE SUCH OCCASIONS AS BEING LUNCHEON(S), RECEPTIONS AND, SAY, ONE OR TWO CALLS ON ECONOMIC MINISTERS. DR MARTINEZ DE HOZ WELCOMED THE IDEA OF BRINGING BUSINESSMEN WHEN MR PARKINSON MENTIONED IT. APART FROM SOME ADMINISTRATIVE HELP ON AN AD HOC BASIS WE DO NOT ENVISAGE THE EMBASSY BEING INVOLVED IN ARRANGING BUSINESSMEN'S PROGRAMMES.
2. MR PARKINSON SPEAKS NO SPANISH BUT WOULD BE HAPPY TO MAKE A SPEECH AND WOULD EXPECT TO GIVE A PRESS CONFERENCE IN ENGLISH. WE SUGGEST THE IDEAL OCCASION FOR A SPEECH WOULD BE LUNCH AT THE CHAMBER OF COMMERCE. YOUR IDEAS FOR POINTS FOR INCLUSION IN THE SPEECH WOULD BE WELCOME.
3. MR PARKINSON HAS DECIDED AGAINST TRYING TO SEE HIS RELATIVES NEAR MAR DEL PLATA. THERE IS NO NEED TO PURSUE THIS FURTHER. YOU SHOULD BE AWARE THAT MARTINEZ DE HOZ HAS ORDERED ROBERTO FRASISTI (MINISTER COUNSELLOR) BACK FROM LONDON A WEEK OR SO BEFORE THE VISIT TO HELP ENSURE SUCCESS. HE WPL DOUBTLESS CONTACT THE EMBASSY AND YOU WILL FIND HIM HELPFUL. OUR RELATIONS WITH HIM ARE EXCELLENT.
4. WE HAVE CONSULTED MR PARKINSON REGARDING YOUR PROPOSALS FOR PROGRAMME. HE DOES NOT WISH TO ATTEND AGRICULTURAL SHOW BUT WOULD LIKE TO HEAR THE LANCASHIRE YOUTH ORCHESTRA. HE WOULD ALSO WELCOME VISIT TO IGUAZU AND YACYRETA.
5. NAMES OF OFFICIALS WILL BE NOTIFIED AS SOON AS POSSIBLE. PROBLEM IS COINCIDENCE WITH FOREIGN SECRETARY'S VISIT TO LATIN AMERICA.
6. BIOGRAPHICAL NOTES IN MIFT.
7. GRATEFUL FOR YOUR ADVICE ON ACCOMMODATION. MR PARKINSON WOULD GLADLY ACCEPT AN INVITATION TO STAY AT RESIDENCE BUT WOULD BE EQUALLY HAPPY WITH ANY ARRANGEMENT YOU CARE TO MAKE.
8. MR PARKINSON WOULD LIKE INVITATIONS FOR RECEPTION OR DINNER ON FRIDAY EVENING TO GO OUT IN HIS NAME.
9. THE BBC OVERSEAS SERVICE SUMMARY OF THE BRITISH PRESS WILL BE SUFFICIENT.
10. WE ARE SEEKING AUTHORITY FOR THE USE OF AN INTERPRETER AND WILL CONFIRM AS SOON AS WE HAVE IT.

*Mr Cole has 1 Bright
3/1/81*

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DESKBY 19/1700Z
FM BUENOS AIRES 19/1545Z JUN 80
TO IMMEDIATE DOT
TELNO CRED A 56 OF 19 JUNE 1980

YOUR TELNO CRED A 70 : MR PARKINSON'S VISIT

1. I BELIEVE THAT A TEAM OF BUSINESSMEN ACCOMPANYING MR PARKINSON WOULD BE WARMLY RECEIVED, ALTHOUGH THEIR PROGRAMME WOULD PRESUMABLY DIVERGE FROM THE MINISTER'S, NOR WOULD THEY BE TREATED AS GUESTS OF THE ARGENTINE GOVERNMENT.

2. AS REGARDS THE FIRMS YOU SUGGEST, WE HAVE IT IN MIND THAT THE ELECTRICAL SECTOR HAS BEEN WELL COVERED BY THE RECENT BEAMA SYMPOSIUM : THAT THE UK HAS NOT BEEN SUCCESSFUL IN RECENT PROJECT BUSINESS IN ARGENTINA WHICH APPEARS TO CONTRIBUTE LITTLE TO OUR CURRENT EXPORTS : THAT IT IS DESIRABLE TO INCLUDE AT LEAST ONE REPRESENTATIVE FROM A FIRM WHICH HAS INVESTED IN OR MAY BUY FROM THE ARGENTINE ECONOMY, AND ANOTHER FROM THE INVISIBLES SECTOR. WE ARE MEANWHILE UNCERTAIN HOW FAR THE MINISTER WISHES TO GO IN PURSUING DEFENCE SALES.

3. THOUGH WE HAVE NATURALLY NOT BEEN ABLE TO CONSULT LOCAL REPRESENTATIVES, WE HAVE THE FOLLOWING COMMENTS :

I. GEC. THE MAIN INTEREST LIES IN THE AIR TRAFFIC CONTROL SCHEME FOR WHICH THE PRELIMINARY STUDY SHOULD BE COMPLETED BY US CONSULTANTS IN SEPTEMBER. PLESSEY ARE ALSO INTERESTED IN THIS.

II. BALFOUR BEATTY WERE REPRESENTED AT BOARD LEVEL (O'HARA) AT THE BEAMA SYMPOSIUM.

III. DAVY MCKEE. IF THE INTEREST IS SIDINSA THAT IS A PROJECT FOR THE FUTURE, AFTER THE PRESENT ADMINISTRATION STEPS DOWN IN MARCH 1981.

IV. BOVING. A VISIT WOULD SEEM VERY TIMELY. TENDERS FOR YACYRETA ARE TO BE PRESENTED IN JULY.

V. BRITISH AEROSPACE HAVE ALREADY SOLD SEVERAL FEEDLINER 146 AND MAY SHORTLY SELL ONE 125 AIRCRAFT IN ARGENTINA. UNLESS ON BEHALF OF THE DYNAMICS DIVISION AND IN PURSUIT OF A SEA SKUA AND RAPIER SALES THE CASE FOR A VISIT IS NOT STRONG.

VI. WE SEE NO STRONG GROUND FOR A ROLLS ROYCE VISIT.

VII. REPRESENTATION OF CIVIL ENGINEERING AND CONTRACTING FIRMS WOULD BE MOST WELCOME. WE HAVE SEEN NO SIGNS OF RECENT ACTIVITY BY MCALPINES OR WIMPEY OVER THE TRUNK WATERWAYS SCHEME. BUT IF THEY ARE STILL BIDDING STRONGLY FOR THAT, A VISIT IN AUGUST WOULD APPEAR OPPORTUNE. LAINGS IS ANOTHER FIRM TO BEAR IN MIND, THOUGH THEY OPERATE PRINCIPALLY THROUGH THEIR SPANISH SUBSIDIARY.

VIII. LORD HILL NORTON OF WIMPEY APPLEDRE WILL ALREADY BE IN ARGENTINA FOR THREE WEEKS FROM MID-JULY TO EARLY AUGUST.

IX. WE HAVE NOTHING TO ADD TO EARLIER REPORTS ON THE HILL SAMUEL MINING PROPOSALS.

1 only flight file
TA 2
Buenos Aires R. 2376
Cred A 56 R. 24/6
A/O M. Owen 1/367
2 Y. Duggan SAND/Fco
3 PS/MGT 1/835

ALAO26/3	
RECEIVED IN	
24 JUN 1980	
DESKBY	
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OUR OWN SUGGESTIONS IN ORDER OF PRIORITY ARE :

- I. INVISIBLES : COMMERCIAL UNION : LLOYDS BANK INTERNATIONAL :
- II. ENERGY : SHELL : BRITISH PETROLEUM (WHO RECENTLY BOUGHT OFFSHORE TENDER DOCUMENTS FROM THE ARGENTINE STATE OIL COMPANY - YPF) OR AN ENTREPRENEUR CAPABLE OF PUTTING TOGETHER A PACKAGE WHICH WOULD ENABLE ARGENTINA TO MAKE BETTER USE OF GAS RESOURCES :
- III. MANUFACTURING : GKN (FRONT WHEEL DRIVE GEAR BOX) : TUBE INVESTMENTS : BRITISH SHIPBUILDERS (AIRCRAFT CARRIER REPLACEMENT):
- IV. INVESTORS AND TRADERS : BRITISH AMERICAN TOBACCO (WHO MIGHT TAKE AN INTEREST IN ARGENTINE EXPORTS): UNILEVER - THE BIRDS EYE DIVISION HAVE BEEN BUYERS OF PROCESSED ARGENTINE MEAT.

5. IF YOU HAVE FRESH IDEAS ABOUT THE CONTENT OF THE MINISTER'S PROGRAMME WE SHOULD BE GRATEFUL TO KNOW THEM BY 24 JUNE FOR WE MUST IN THE COURSE OF NEXT WEEK PUT TO THE ARGENTINES AS FIRM AN OUTLINE AS POSSIBLE. THE MID-WINTER SCHOOL HOLIDAYS WHICH RUN ROUGHLY OVER THE SECOND AND THIRD WEEKS OF JULY WILL TAKE MANY OFFICIALS OUT OF BUENOS AIRES AND WE SHOULD HAVE OUTLINE ARRANGEMENTS WELL IN HAND BEFORE THEN.

6. WE ARE DOUBTFUL WHETHER MR PARKINSON'S RELATIONS, THE CAMERONS, WHO FARM NEAR NECOCHEA (SEVEN HOURS DRIVE SOUTH FROM BUENOS AIRES) WILL BE IN ARGENTINA IN AUGUST. THEY HAVE CHILDREN AT SCHOOL IN ENGLAND AND MAY WELL, WE UNDERSTAND, JOIN THEM THERE RATHER THAN BRING THEM OUT TO ARGENTINA IN MID-WINTER. WOULD YOU LIKE US TO ENQUIRE?

7. YOU SHOULD NOTE THAT THE MAJOR ARGENTINE SHOW OF THE YEAR, THE PALERMO AGRICULTURAL SHOW IN BUENOS AIRES, WILL BE OFFICIALLY INAUGURATED ON SATURDAY 9 AUGUST. AS ON PREVIOUS OCCASIONS THE ARGENTINE RURAL SOCIETY HAS INVITED THE MINISTER OF AGRICULTURE TO ATTEND. PROCEEDINGS ARE A LITTLE SLOW AT FIRST BUT THERE IS NORMALLY AN ATTRACTIVE EXHIBITION OF THE WINNERS IN VARIOUS BREEDS OF CATTLE, SHEEP, PIGS, ETC. AND OF ARGENTINE (GAUCHO) HORSEMANSHIP. IT COULD ATTRACT COMMENT IF, BEING IN ARGENTINA SO NEAR THE EVENT, MR PARKINSON DID NOT ATTEND. THE LANCASHIRE YOUTH ORCHESTRA WILL ALSO BE GIVING FIRST PERFORMANCES IN BUENOS AIRES ON 9 AND 10 AUGUST.

WILLIAMS

NNNVN

SEMT AT 19/1714Z RAF

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