

Seen MT
Trade with Argentina

I attach the text of Mr Biffen's reply to Sir Peter Emery's PMQ.

Sir Peter asked whether traders were advised to continue deliveries under existing contracts, and how companies should respond to Argentine efforts to obtain spares - especially military spares - from third countries. Mr Biffen asserted that he was not advising breach of contracts, but the ban on arms and spares as well was intended to be comprehensive.

For the Opposition, John Fraser, saw other sanctions as inevitable. He wanted to know what these would be and what compensation and protection there would be for British firms and workers. He also wanted to know what was expected from our EC partners and other friends. He insisted that the Government, not the firms, should meet losses on ECGD covered business. Mr Biffen said that we were consulting our partners. In this kind of situation, there would inevitably be trading losses. The conventions applied within the lifetime of previous Parliaments would apply now.

Russell Johnston wanted to know the trade figures. Mr Biffen told him that 3% of our exports went to Argentina, and a similar volume of thiers came to us. Eric Deakins asked about our trading relationships with other Latin American states. Mr Biffen replied that nobody could be confident that these would not be frustrated.

M. A. PATTISON

5 April, 1982

QUESTION

Peter Emery to ask

What advice, instructions, or regulations he is giving or introducing to cover those companies or organisations who are trading with or have contracts with Argentina?

It was announced on 3 April that the Government had frozen all Argentinian financial assets held in this country, that ECGD would not provide new export credit cover for Argentina and that exports of military equipment and arms to Argentina had been prohibited. Other economic measures are being urgently examined, and we are consulting our European Community and other allies. British citizens are advised not to travel to Argentina, and British companies to withdraw their non-essential British staff. British firms must decide what action they should take in relation to existing commitments in the light of the present circumstances, the measures which have so far been announced, and of the terms of their own individual arrangements with Argentinian firms. They are advised not to enter into new commitments.

The Prime Minister told the House on 3 April of the Government's intention to despatch a substantial naval task force to the Falkland Islands. I should like to take this opportunity to announce to the House that Her Majesty assented to an Order in Council enabling the Government to requisition any vessels that may be needed, under the long-standing contingency plans available to meet national emergencies of this kind. The P&O liner Canberra whose Captain is an officer in the Royal Naval Reserves, is being transferred to naval control this afternoon. Other ships will be requisitioned and chartered as necessary.