

PS
 PS LADY Young
 PS MR WHITNEY
 PS MR RIFKIND
 PS/PUS
 SIR J BULLARD
 SIR I SINCLAIR
~~MR GIFFARD~~
 MR WRIGHT
 MR ADAMS
 LORD N G LENNOX
 MR EVANS
 MR URE
 MR CARTLEDGE

PS/NO 10 DOWNING ST. (3)

PS/S OF S FOR DEFENCE
 MR J STEWART AUSD STAFF MOD

PS/CHANCELLOR)
 MISS M E CUND) TREASURY
 MR LITTLER)

SIR R ARMSTRONG)
 MR A D S GOODALL) CABINET OFF
 DIO)

MR M A PATTISON, FID, ODA

ED/PUSD (2)

ED/SAMD

ED/FID

~~ED/DEFENCE DEPT~~

ED/NEWS DEPT

ED/EEB

ED/ECG(E)

ED/UND

ED/PLANNING STAFF

MR A FORTNAM IAT/ D. TRANSPORT

RESIDENT CLERK

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TO IMMEDIATE FCO

ELNO 24 OF 09 JANUARY

INFO ROUTINE MOD BANK OF ENGLAND ASUNCION BRASILIA CARACAS
 MONTEVIDEO SANTIAGO UKMIS NEW YORK WASHINGTON CIVIL COMMISSIONER
 PORT STALEY

PRESS SUMMARY

1. IN THREE DAYS OF VARIED HEADLINES, THE MAIN ITEM OF INTEREST WAS PRESIDENT ALFONSIN'S STATEMENT TO REPORTERS ON FRIDAY ABOUT THE FALKLANDS (PLEASE SEE OUR TELNO 22 OF 6 JAN).
2. ALFONSIN REPEATED THAT ARGENTINA IS NOT WILLING TO NEGOTIATE SOVEREIGNTY OVER THE FALKLANDS AND ADDED THAT THE BRITISH DEFENCES ON THE ISLANDS QUOTE MAY BECOME A SERIOUS PROBLEM NOT JUST FOR ARGENTINA BUT ALSO FOR THE SOUTH ATLANTIC UNQUOTE. HE SAID THAT THE PRIME MINISTER'S RECENT STATEMENT ABOUT THE EXCLUSION ZONE WAS A QUOTE VERY IMPORTANT STEP UNQUOTE AND REITERATED ARGENTINA'S WILLINGNESS TO IMPLEMENT THE UN RESOLUTION CALLING FOR NEGOTIATIONS.
3. SUNDAY'S 'CLARIN' REPORTS THAT THE BRITISH GOVERNMENT DOES NOT CONSIDER THAT ALFONSIN'S DECLARATIONS POSE AN OBSTACLE TO THE NORMALISATION OF RELATION. BRITISH GOVERNMENT SOURCES ALLEGEDLY BELIEVE THE TONE OF ALFONSIN'S MESSAGE COINCIDES WITH MRS THATCHER'S STATEMENTS.
4. 'TIEMPO ARGENTINO' REPORTS THAT THE URUGUAYAN FOREIGN MINISTER HAS REAFFIRMED HIS GOVERNMENT'S SUPPORT FOR ARGENTINE SOVEREIGNTY OVER THE FALKLANDS AND ALSO QUOTES A SWEDISH UNION OFFICIAL, FOLKE HAVIC, AS SAYING THAT HIS GOVERNMENT FIRMLY BELIEVES THE ISLANDS SHOULD BE RETURNED TO ARGENTINA.
5. WHEN QUESTIONED ABOUT ECONOMY MINISTER BERNARDO GRINSPUN'S

5. WHEN QUESTIONED ABOUT ECONOMY MINISTER BERNARDO GRINSPUN'S TRIP TO THE UNITED STATES FOR NEGOTIATIONS ON ARGENTINA'S FOREIGN DEBT, ALFONSIN SAID THE GOVERNMENT'S POLICY WILL BE YO QUOTE REFINANCE THE DEBT ACCORDING TO THE NATION'S CAPABILITIES, WHICH ARE DIRECTLY TIED TO OUR EXPORT POSSIBILITIES UNQUOTE. HE ADDED QUOTE WE HAVE ALWAYS SAID WE WON'T PAY ANY ILLEGITIMATE INTEREST CHARGES, NOR ACCEPT RECESSIONARY MEASURES UNQUOTE.

6. AN AGREEMENT BETWEEN ARGENTINA AND CHILE OVER THE BEAGLE DISPUTE WILL BE SIGNED THIS WEEK ACCORDING TO RUMOURS CIRCULATING IN THE VATICAN. 'LA NACION' CLAIMS THAT THE POPE WILL REFER TO THE BEAGLE IN A MEETING WITH THE DIPLOMATIC CORPS ON 14 JANUARY AND WILL MENTION THE AGREEMENT. TODAY'S PAPERS QUOTE A REPORT IN CHILE'S 'EL MERCURIO' THAT THE CHILEAN FOREIGN MINISTER HAS ALSO SAID A SOLUTION TO THE DISPUTE WILL BE ANNOUNCED IN THE NEXT FEW DAYS.

7. FORMER PERONIST DEFENCE MINISTER JOSE DEHEZA HAS EXPRESSED HIS SUPPORT FOR THE GOVERNMENT'S BILL TO REFORM THE MILITARY CODE OF JUSTICE AND CRITICISED THE JUSTICIALIST PARTY'S OPPOSITION TO IT. THE BILL WILL BE DEBATED IN THE SENATE THIS WEEK.

8. RECENT REPORTS OF MILITARY UNREST OVER THE GOVERNMENT'S INVESTIGATION INTO THE 'DIRTY WAR' WERE DENIED YESTERDAY BY RADICAL DEPUTY MARCELO STUBRIN. THIS FOLLOWS SIMILAR DENIALS BY ALFONSIN ON FRIDAY WHO SAID HE WAS CONFIDENT THAT THE ARMED FORCES WERE AT THE SERVICE OF DEMOCRACY.

9. THE THREE NEW MEMBERS OF THE ARMED FORCES SUPREME COUNCIL ARE EXPECTED TO BE APPOINTED THIS WEEK, THUS ENABLING THE COURT TO BEGIN THE TRIAL OF THE NINE FORMER MILITARY JUNTA LEADERS FOR ALLEGED PARTICIPATION IN ILLEGAL REPRESSION.

10. EX-PRESIDENT BIGNONE IS TO APPEAR IN FEDERAL COURT TODAY TO TESTIFY ON HIS ALLEGED INVOLVEMENT IN THE DISAPPEARANCE OF PHYSICIST ALFREDO GIORGI WHO WAS KIDNAPPED IN 1978. OTHER FORMER MEMBERS OF THE MILITARY JUNTA, INCLUDING EX-PRESIDENT VIDELA, HAVE BEEN BANNED FROM LEAVING THE COUNTRY BY A FEDERAL JUDGE IN CONNECTION WITH THE CASE OF CARLOS ESTEUTAN WHO DISAPPEARED IN 1976.

11. ACCORDING TO MILITARY SOURCES THE POSITION OF JOINT CHIEF OF STAFF WILL IN FUTURE BE KNOWN AS THE ARMED FORCES CHIEF OF STAFF AND ITS PRESENT HEAD, BRIG GEN JULIO FERNANDEZ TORRES IS TO BE PROMOTED TO LIEUTENANT GENERAL.

12. THE FOREIGN MINISTRY HAVE ANNOUNCED THAT THE WEST GERMAN FOREIGN MINISTER HANS DIETRICH GENSCHER WILL ARRIVE IN ARGENTINA ON 8 FEBRUARY FOR A TWO DAY VISIT.

13. AN OFFICIAL STATEMENT HAS GIVEN THE COST OF LIVING INCREASE FOR DECEMBER AS 17.7 PER CENT. INFLATION FOR 1983 WAS ESTIMATED AT 433.7 PER CENT, THE HIGHEST IN THE HISTORY OF THE COUNTRY.

JOY

POWELL-JONES

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PRIME MINISTER'S INTERVIEW

Falklands/Argentina

1. Argentine Foreign Ministry statement. Text not yet received. According to press reports main points are:
 - (i) Call for renewed negotiations for peaceful transfer of Falklands to Argentine sovereignty;
 - (ii) an offer of improved guarantees for the Islanders (reference to their "interests" not "wishes").
2. FCO statement in response made today: along lines of Line to Take below.

Line to Take

3. Not yet received text of statement: we will study it carefully when we do, but does not seem to contain anything very new.
4. Statement appears to be based on the premise that the outcome of negotiations must be transfer of sovereignty to Argentina regardless of the wishes of the Islanders. I have made very clear that I am not entering into negotiations about sovereignty. In our view, the way ahead for Anglo/Argentine relations is to start in practical areas where agreement should be possible. Several British suggestions for this already on the table, for instance:
 - (i) proposals made by Community on our behalf on restoration of commercial relations;
 - (ii) repeated statements of our readiness for a next-of-kin visit.

FALKLAND ISLANDS GENERAL (ADVANCES)

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PS
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PS/MR RIMMOND
PS/PCS
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SIR I SINCLAIR
~~MR [unclear]~~
MR FRICHT
MR ADAMS
LORD H G LERNOX
MR EVANS
MR URS
MR CARTLEDGE

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~~ED/RESEARCH DEPT~~
ED/NEWS DEPT
ED/ERD
ED/ECD(E)
ED/URD
ED/PLANNING STAFF

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TO IMMEDIATE FCO
TELNO 22 OF 6 JANJARY

PRESIDENT ALFONSIN'S RESPONSE TO PRIME MINISTER'S ITN INTERVIEW
1. ACCORDING TO A NOTICIAS ARGENTINAS REPORT, PRESIDENT ALFONSIN COMMENTED THIS MORNING THAT QUOTE WHAT THE PRIME MINISTER SAID YESTERDAY (SIC) IS AN IMPORTANT STEP UNQUOTE. HE ADDED THAT QUOTE SHE INDICATES THAT SHE IS NOT PREPARED TO NEGOTIATE ON SOVEREIGNTY OVER THE ISLANDS. WE SAY THAT WE ARE NOT PREPARED TO NEGOTIATE ON SOVEREIGNTY OVER THE ISLANDS EITHER, BUT WE ARE PREPARED TO IMPLEMENT THE UN RESOLUTIONS UNQUOTE.

2. A TELAM DESPATCH ALSO HIGHLIGHTS ALFONSIN'S STATEMENT THAT ARGENTINA WILL NOT NEGOTIATE SOVEREIGNTY AND THAT HIS GOVERNMENT IS READY TO HOLD TALKS WITHIN THE FRAMEWORK OF UN RESOLUTIONS. HE IS FURTHER CITED AS DECLARING THAT QUOTE THEY HAVE BEEN REQUESTING THE CESSATION OF HOSTILITIES FOR A LONG TIME. BUT MEANWHILE THEY CONTINUE WITH THE MILITARY FORTIFICATION OF THE FALKLAND ISLANDS AND WITH THE UTILIZATION OF THE EXCLUSION ZONE UNQUOTE. HE CONTINUED, QUOTE THIS SITUATION CAN PROVE DANGEROUS NOT ONLY FOR ARGENTINA BUT ALSO FOR THE SOUTH ATLANTIC UNQUOTE.

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