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Prime Minister

To note, pending OD.

PM/84/12

A.S.C. 16/11.

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PRIME MINISTER

Argentina: Possible Sale of Electricity Generating Sets by Northern Ireland Electricity Service

1. I agree with the proposal in the Northern Ireland Secretary's minute of 9 January that the possible sale of two electricity generating sets by the Northern Ireland Electricity Service should be discussed at the OD meeting on 25 January when we are already due to discuss the next steps in our relations with Argentina. It is however important that we should reach clear decisions on the main paper and, if the question of the generators looks like holding this up, I hope we can refer it to officials for detailed study.
2. A failure by us at least to explore further how much substance there is to these Argentine feelers would be wrong. Quite apart from the potential loss of a major contract, the credibility of our professions of willingness to normalise commercial relations with Argentina would be destroyed. A positive response, conducted with suitable caution, might help our broader aim of persuading the Argentines to lift all their outstanding commercial and financial restrictions.
3. The need for caution is clear. The scale of the deal, its need for export credit cover, and the prospect of early contacts between representatives of a UK public body and Argentine Government officials make the matter politically sensitive. Moreover, financing would require most careful handling in view of the present economic difficulties facing the Alfonsin Government. They may be hoping to negotiate a broader credit arrangement or to persuade us to restore credit facilities. There can be no realistic prospect of early resumption of medium or long-term ECGD cover for Argentina: this would be generally true in any country which is rescheduling its debts.

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4. Despite the obvious difficulties it remains my view that it would be wrong to dismiss the possibility of this business. I hope that the OD meeting will agree at least to instruct officials to explore the ramifications of the proposed deal.

5. I am copying this minute to our colleagues on OD.

A handwritten signature in blue ink, consisting of a stylized, cursive 'G' followed by a series of loops and a final flourish.

GEOFFREY HOWE

Foreign and Commonwealth Office

~~16 August 1983~~ ?

16 January 1984

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ARGENTINA
Relations
Pt 36

116 ... 1984

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