



CONFIDENTIAL

Prime Minister.

To see, pending OD discussion:

A.J.C. 17.

JH 543

PRIME MINISTER

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ARGENTINA - SALE OF GENERATING SETS

The Secretary of State for Northern Ireland has raised the question of a major export to Argentina in the form of two unused 300 MW generating sets belonging to the Northern Ireland Electricity Service. I understand the total project including installation would be worth about £100 million.

2 My officials are already in touch with GEC and NIES and have pointed out that ECGD cover is not at present available and that the restoration of trade relations would not of itself result in the renewal of medium or long term cover. ECGD's policy towards Argentina would be based on their assessment of the Argentine economy, and as Argentina will almost certainly reschedule her debts it is unlikely that ECGD would recommend reopening cover in the near future. I am told that the gist of this message has been conveyed by GEC to their Argentine contacts yet the other side remain keen to negotiate.

3 The urgency which the Argentines have suddenly introduced into the discussions is also a little curious and it has been said that the Argentine Vice President is now taking a personal interest.



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4 We can only speculate as to what the Argentines have in mind. If they are hoping we would grant credit for the project we would have to disabuse them. Until our own proposals for renewing trade relations are sufficiently far advanced, I think it would be imprudent for a nationalised body like NIES to become closely involved. If time permits I think it would be helpful if the matter could be discussed briefly on 25 January when OD considers our relations with Argentina generally.

5 I am copying this to the Secretary of State for Northern Ireland, other OD colleagues and Sir Robert Armstrong.

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16 January 1984

Department of Trade and Industry