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FM MONTEVIDEO

TO IMMEDIATE FCO

TELNO 090

OF 111323Z APRIL 86

AND TO IMMEDIATE UKMIS NEW YORK, BERNE, CARACAS, UKREP BRUSSELS

FROM SHARKEY IN MONTEVIDEO

UK/ARGENTINA - RESTRICTIONS

SUMMARY

THE ARGENTINE GOVERNMENT SEEMS TO BE TRYING TO EASE RESTRICTIONS APPLIED TO UK VISITORS AND TRADE. THIS IS ENCOURAGED MORE BY CRITICISM OF ITS POLICY THAN BY ANY WISH TO RISK POLITICAL CRITICISM BY REMOVING SUCH RESTRICTIONS. ON FISHING IT PRIVATELY PAYS LIP SERVICE TO THE POSSIBILITY OF A MULTILATERAL AGREEMENT BUT WILL PRESS AHEAD WITH BILATERAL AGREEMENTS IF IT CAN ACHIEVE THESE INSTEAD.

1. THE U.N. SECRETARY GENERAL HAD A BRIEF TETE A TETE WITH THE SWISS AMBASSADOR BEFORE HE LEFT BUENOS AIRES. THE LATTER SPOKE TO ME ABOUT IT YESTERDAY ON HIS RETURN FROM URUGUAY.

2. PEREZ DE CUELLAR WAS IMPRESSED BY PRESIDENT ALFONSIN'S SINCERITY AND HIS WISH TO WORK FOR A SOLUTION TO THE PROBLEM OF THE FALKLANDS. HOWEVER THE PRESIDENT SEEMED PESSIMISTIC ABOUT PROGRESS WITH THE PRESENT UK GOVERNMENT AND THOUGHT THERE WAS LITTLE MORE HE WOULD DO IN THE FACE OF BRITISH QUOTE INTRANSIGENCE UNQUOTE. WHEN PEREZ DE CUELLAR POINTED OUT THE BRITISH VIEW THAT THEY HAD BEEN MAKING THE CONCESSIONS, CAPUTO SAID THAT THEY WERE REVISING THEIR POSITION ON VISAS FOR UK CITIZENS. IT WAS PEREZ DE CUELLAR'S VIEW THAT THEY WOULD TAKE A MORE FLEXIBLE POSITION, LEADING PERHAPS TO THEIR ABOLITION IN DUE COURSE.

3. THE SECRETARY GENERAL MADE NO COMMENT ON TRADE RELATIONS BUT THOUGHT THAT THE ARGENTINE POSITION ON A MULTILATERAL FISHING AGREEMENT WAS NOT ENTIRELY NEGATIVE. HE HAD EMPHASISED THAT HE HAD NOT COME TO MEDIATE, ALTHOUGH HIS OFFER OF QUOTE GOOD OFFICES UNQUOTE WAS OPEN. HE HAD EMPHASISED THAT HIS LATIN AMERICAN BACKGROUND IN NO WAY WOULD AFFECT HIS IMPARTIALITY IN THE MATTER. HE WOULD BE EMPHASISING THE LATTER POINT DURING HIS VISIT TO LONDON. THIS HE SAW AS A SEPARATE SERVICE RATHER THAN A SECOND HALF OF THIS VISIT.

4. THE SWISS AMBASSADOR HAS REPORTED HIS TALK WITH PEREZ DE CUELLAR TO HIS MFA IN BERNE, FROM WHOM HM AMBASSADOR MAY BE ABLE TO OBTAIN FULLER DETAILS (WITHOUT REVEALING SOURCE OF THIS TELEGRAM).

5. I DISCUSSED THE QUESTION OF THE ARGENTINE TRADE EMBARGO WITH /THE

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THE VISITING EUROPEAN COMMISSION REPRESENTATIVE FOR LATIN AMERICA AMB. BOSELLI WHO LEFT BUENOS AIRES LAST NIGHT. HE HAD RAISED CAPUTO'S DENIAL IN BRUSSELS OF AN ARGENTINE TRADE EMBARGO, WHEN VISITING LAVAGNA THE ARGENTINE SECRETARY FOR COMMERCE. LAVAGNA SAID THAT THERE WAS NO EMBARGO BECAUSE THERE WAS NO LAW TO THAT EFFECT AND THAT HE HAD RECENTLY APPROVED THE IMPORT OF SOME BRITISH SPARE PARTS. I EXPLAINED THAT IN PRACTICE THERE WAS A CLEAR TRADE EMBARGO BUT THAT INDIVIDUAL APPLICATIONS HAD ALWAYS BEEN APPROVED WHEN THEY WERE CONSIDERED TO BE QUOTE IN THE MATERIAL INTEREST UNQUOTE. HOWEVER THESE WERE FEW AND FAR BETWEEN. BOSELLI AGREED AND SAID THAT PERONIST POLITICIANS HAD NOT ONLY CONFIRMED THE EXISTENCE OF AN EMBARGO BUT SAID THAT THEY WOULD RESIST MOVES TO LIFT IT UNLESS BRITAIN DISCUSSED SOVEREIGNTY.

6. I ASKED HIM TO CLARIFY FURTHER THE POSITION WITH CAPUTO WHO HE WOULD SEE BEFORE LEAVING BUENSO AIRES. I DID NOT HEAR FURTHER FROM HIM BUT UKREP BRUSSELS OR HM AMBASSADOR, CARACAS MAY BE ABLE TO FOLLOW UP.

7. DURING THE LAST WEEK WE HAVE HEARD UNOFFICIALLY THAT (I) ARGENTINE EMBASSIES WERE INSTRUCTED ON MONDAY 1 APRIL TO ISSUE VISAS TO UK TOURISTS AND TO ISSUE VISAS WITHOUT REFERENCE TO BUENOS AIRES IN FUTURE.

(II) VISAS FOR UK CITIZENS ARE LIKELY TO BE ABOLISHED IN THE FUTURE EXCEPT FOR UK DIPLOMATS. THERE WAS SOME INTERNAL SQUABBLING IN THE MFA ABOUT RETAINING REFERENCE FOR DIPLOMATS BECAUSE OF THE DANGERS OF REPROCITY. THERE WAS A VIEW THAT HOLDERS OF DIPLOMATIC PASSPORTS (OF WHICH THERE ARE VERY MANY CIRCULATING IN ARGENTINA) SHOULD NOT FACE GREATER RESTRICTIONS THAN COMMON CITIZENS IF THEY WISHED TO VISIT BRITAIN. THIS SOUNDS VERY TRUE TO FORM.

(III) SECRETARY OF COMMERCE LAVAGNA HAS INSTRUCTED HIS STAFF TO ACCEPT INDIVIDUAL APPLICATIONS FOR IMPORTS FROM BRITAIN IF THE PRODUCT IS QUOTE DEFENSIBLE UNQUOTE.

(IV) A LEADING MEAT PACKING PLANT HAS SAID THAT THEY EXPECT TO BEGIN EXPORTING CANNED BEEF DIRECTLY TO BRITAIN BY AUGUST/SEPTEMBER (IE AFTER THE EC HYGIENE INSPECTION REPORT IS APPROVED).

(V) A LEADING FIGURE IN THE LOCAL FISHING INDUSTRY TOLD ME THAT NO AGREEMENT HAD YET BEEN SIGNED WITH ANY IRON CURTAIN COUNTRY BUT THAT THE MFA WAS TRYING HARD TO ACHIEVE ONE WHICH COULD ACT AS A PRECEDENT. HIS PERSONAL PREFERENCE WAS FOR A UK/ARGENTINE BILATERAL TREATY ON FISHING IN THE FIPZ, SETTING SOVEREIGNTY TO ONE SIDE, BUT THE POLITICIANS WOULD NOT HAVE IT BECAUSE OF SOVEREIGNTY IMPLICATIONS. HE SAID THAT HE AND MANY OTHERS IN THE INDUSTRY DID NOT WANT SOVIET AND OTHER FOREIGN FLEETS IN THEIR WATERS, THESE WERE UNDEREXPLOITED BUT THE ENORMOUS CATCHES OF FOREIGN FLEETS WERE DEPRESSING PRICES IN WORLD MARKETS WHERE MOST OF THE ARGENTINE CATCH WAS SOLD.

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8. THE ARGENTINE GOVERNMENT, TRAPPED IN A WEB OF RESTRICTIONS OF ITS OWN MAKING, SEEMS TO BE SEEKING A WAY OUT. IT WILL HESITATE TO LIFT VISA AND TRADE RESTRICTIONS ENTIRELY AS THIS WOULD PROVOKE POLITICAL CRITICISM. INSTEAD IT WILL SEEK TO IMPROVE ITS IMAGE WITH THE UN, THE EEC, AND ITS OWN EXPORTERS BY EASING THE BEAUROCRACY, OR IMPROVING THE EFFICIENCY WITH WHICH THEIR CONTROLS ARE APPLIED. IF THERE IS A POLITICAL OUTCRY THEY WILL STOP AT THAT POINT. IN THE MEANTIME WE CAN EXPECT SOME LIMITED IMPROVEMENT. ON VISAS WE SHOULD BE READY TO RESPOND IMMEDIATELY WITH LOCAL DELEGATION OF AUTHORITY FOR CASES NOW REFERRED TO LONDON AND, IF APPROPRIATE, COMPLETE ABOLITION. IF THE VISA REQUIREMENT IS STILL IN PLACE WHEN PEREZ DE CUELLAR VISITS LONDON NEXT MONTH, YOU MAY WISH TO PROPOSE THEIR RECIPROCAL ABOLITION. THIS WOULD RECOGNISE HIS QUOTE GOOD OFFICES UNQUOTE IN ENCOURAGING CONFIDENCE BUILDING MEASURES, WITHOUT ENTERING MORE POLITICALLY SENSITIVE AREAS.

9. I HAVE ASKED THE SWISS AMBASSADOR TO CLARIFY THE POSITION ON VISAS AND TRADE RESTRICTIONS WITH DELPECH (UNDERSECRETARY FOR SOUTHERN AFFAIRS) AND TO EMPHASISE THE NEED FOR CLEAR INSTRUCTIONS TO THOSE RESPONSIBLE FOR IMPLEMENTATIONS.

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