



IMMEDIATE

ROUTING SLIP

PS
PS/LADY YOUNG
~~PS/MR RIFKIND~~
PS/MR RIFKIND
PS/PUS
MR DEREK THOMAS | MR JENKINS
MR J FREELAND
SIR W HARDING
MR GOODALL
MR O'NEILL
~~MR D C THOMAS~~
MR D C THOMAS
~~MR WATSON~~
MR BRIDGINGTON
ED/PUSD
ED/SAMD
ED/FID
ED/NEWS DEPT
ED/EED
ED/ECD (E)
ED/UND

PS/NO 10 DOWNING ST
PS/S OF S FOR DEFENCE
MR J NICHOLLS, ASED STAFF, MOD
NH

PS/CHANCELLOR)
MISS M E CUND) TREASURY
MR LITTLER)
SIR R ARMSTRONG)
MR D S COBBATE) CABINET
DIO *Cartridge*) OFFICE

MR POWER, SAD, ODA
MR A FORTNAM IAT/D. TRANSPORT
RESIDENT CLERK

(2)

UNCLASSIFIED

(FM BERNE 040800Z)

FM BISBA

TO IMMEDIATE FCO

TELNO 001 OF 2 JANUARY 1985

INFO PRIORITY MOD (SIC A3), CBFFIN BANK OF ENGLAND BRASILIA
MONTEVIDEO SANTIAGO UKHIS NEW YORK WASHINGTON PORT STANLEY

PRESS SUMMARY

1. SUMMARY

TODAY'S VARIED HEADLINES INCLUDE FALKLANDS OIL EXPLOITATION RIGHTS, THE OFFICIAL RELEASE IN THE UK OF 30 YEAR-OLD SECRET DOCUMENTS AND LOCAL SALARY INCREASES.

2. FALKLANDS

Howe?

ACCORDING TO THE NOTICIAS ARGENTINAS PRESS AGENCY, BRITAIN HAS GRANTED OIL EXPLOITATION RIGHTS IN THE FALKLANDS TO THE AMERICAN FIRM FIRSTLAND OIL AND GAS. THE CONTRACT WILL ALLEGEDLY ALSO ALLOW THE COMPANY TO EXPLOIT OTHER NATURAL RESOURCES. "AMBITO FINANCIERO" SUGGESTS THAT IT COULD BE A PRECEDENT FOR FUTURE CONCESSIONS ON NATURAL GAS AND FISHING RIGHTS. ALL REPORTS NOTE THAT IF THE CONTRACT IS CONFIRMED, IT WILL "BREAK THE ECONOMIC MONOPOLY" EXERCISED BY THE FALKLAND ISLAND COMPANY. "TIEMPO ARGENTINO" HEADLINES THE SUPPOSED AGREEMENT AS GREAT BRITAIN'S ASSERTION OF HER POWER IN THE FALKLANDS AND, IN A SIGNED ARTICLE, CLAIMS THAT IT DEMONSTRATES THE FIRM DECISION BY MRS THATCHER TO CONTINUE WITH A HARD LINE POLICY IN THE SOUTH ATLANTIC.

THE ARRANGEMENT WAS REPUTEDLY ENVISAGED BY THE CONSERVATIVE GOVERNMENT AS A MEANS OF JUSTIFYING ITS COLONIAL RULE OVER THE ISLANDS. "CLARIN" CONTENDS THAT THE ARGENTINE FOREIGN MINISTRY HAS KNOWN FOR TWO MONTHS THAT HMG WAS STUDYING SUCH CONTRACTS.

GOVERNMENT AS A MEANS OF JUSTIFYING ITS COLONIAL RULE OVER THE ISLANDS. 'CLARIN' CONTENDS THAT THE ARGENTINE FOREIGN MINISTRY HAS KNOWN FOR TWO MONTHS THAT HMG WAS STUDYING SUCH CONTRACTS, WHICH IT WILL NOT RECOGNISE AS VALID. (HERALD P 7, TIEMPO P 1, AND 7, CLARIN P 6, AMBITO P 1).

IN RECORDING THE RELEASE OF OFFICIAL DOCUMENTS IN THE UK, 'LA NACION' HEADLINES CHURCHILL'S DISTRUST OF THE PERON GOVERNMENT'S INTENTIONS IN THE SOUTH ATLANTIC. THE REPORT REFERS TO CABINET DOUBTS AND DISCUSSION OVER ARMS SALES TO ARGENTINA WHICH, THOUGH APPROVED, WERE FOLLOWED SHORTLY BY AN ARGENTINE INCURSION INTO BRITISH ANTARCTIC TERRITORY. (NACION P 1, CLARIN P 9, LA VOZ P 4).

SEVERAL PAPERS NOTE THAT TAM DALYELL HAS TABLED A PARLIAMENTARY QUESTION CONCERNING THE ALLEGED INVOLVEMENT OF THE FBI IN THE MURDER OF HILDA MURRELL. (HERALD P 3, NACION P 3, TIEMPO P 7, RAZON P 13).

'LA RAZON' CARRIES AN ARTICLE ON THE RECENT VISIT OF A DELEGATION OF ARGENTINE PROTESTANT CLERGYMEN TO THE UK. THEY ARE SAID TO HAVE DESCRIBED THEIR DISCUSSIONS AS 'FRANK AND CORDIAL'. THE ARTICLE FURTHER CLAIMS THAT SOME LEADING BRITISH POLITICIANS AND CHURCHMEN RECOGNISE THAT THE UK HAS HAS NOT ACTED IN GOOD FAITH IN THE FALKLANDS NEGOTIATIONS AND THAT THERE IS A SLOW SWING IN BRITISH PUBLIC OPINION TOWARDS SUPPORT FOR TALKS ON SOVEREIGNTY. THE WISHES OF THE BRITISH PEOPLE ARE APPARENTLY WINNING PRECEDENCE OVER THOSE OF THE ISLANDERS. (RAZON P 13).

3. ECONOMY/COMMERCE

'CLARIN' SPECULATES THAT THE GOVERNMENT WILL ANNOUNCE NON-ACCUMULATIVE SALARY INCREASES OF 11 PER CENT PER MONTH FOR THE FIRST QUARTER OF 1985. SALARY ADJUSTMENTS DATING FROM 1984 COULD BE PAID IN TWO QUOTAS, AND THE AUTHORITIES ARE CONSIDERING FURTHER POSTPONEMENTS IN THE PAYMENT OF DECEMBER PUBLIC SECTOR WAGES. (CLARIN P 2).

4. FOREIGN DEBT

CITIBANK'S WILLIAM RHODES HAS APPARENTLY CONFIRMED THE PAYMENT OF BY ARGENTINA OF 850 MILLION DOLLARS IN OVERDUE INTEREST. PART OF A FRESH 4.2 BILLION DOLLAR CREDIT FROM THE COMMERCIAL BANKS WILL BE USED TO REPAY 750 MILLION DOLLARS OUTSTANDING FROM A 1.1 BILLION DOLLAR BRIDGING LOAN SIGNED IN DECEMBER 1982. (HERALD P 7, RAZON P 16).

5. VISITS

'LA NACION' DETAILS FORTHCOMING VISITS TO BE MADE BY PRESIDENT ALFONSIN AS FOLLOWS: 23-29 JANUARY INDIA, 31 JANUARY GREECE, 1 MARCH MONTEVIDEO, 15 MARCH BRASILIA, 18 MARCH WASHINGTON. A VISIT TO MEXICO IS REPORTEDLY POSSIBLE AFTER ALFONSIN'S TRIP TO THE US

JACKSON-HOULSTON

POWELL-JONES

NNNN