

Agreement could lead to Latin American common market

Brazil and Argentina in trade pact

From William Montalbano
in Buenos Aires

Setting aside two centuries of rivalry, Argentina and Brazil have signed an agreement on a programme of economic integration that could lay the foundation for a Latin American common market.

"This is a day of fiesta for Latin America," said President Julio Sanguinetti, of Uruguay, who joined President Raul Alfonsin of Argentina and Brazil's visiting president, Mr Jose Sarney, at a working lunch to express his support for the programme.

Mr Alfonsin and Mr Sarney, both reformers and leaders of civilian governments, signed 11 protocols that would more than double trade between the two traditional competitors to around \$3 billion by 1990.

The agreements grant mutual preferences in industrial and agricultural exports over goods from third countries and stress greater integration of energy, communications, and transport.

Implementation of at least one of the protocols, the supply of natural gas from fields in Patagonia to southern Brazil, would also involve Uruguay, which is sandwiched between its giant neighbours.

"Never have our two countries been closer than today," said Mr Sarney. "Never have so many conditions guided our history towards ever greater integration."

Mr Sarney stressed that the accords were made possible by the "happy coincidence that both countries restored democracy at almost the same time." For the past year, Argentina and Brazil have been ruled by democratic governments for the first time since 1963.

Addressing a joint session of the Argentine Congress, Mr Sarney promised further efforts to promote integration: "This is the first step of a difficult race. We are going to walk, we are going to fly, we are going to sail, we are going to grow together," he said.

Brazil and Argentina, South America's two largest economies, have a combined Gross National Product of \$300 billion and a population of 165 million.

The agreements signed on Tuesday favour local products over foreign competition. The agreements call for Brazil and Argentina to prospect jointly for oil and gas, and to consider construction of a \$2 billion gas pipeline from southern Argentina to Brazil.

— Los Angeles Times.

Marr plans bigger Falklands operation



Bearing the British fishing number M7 J. Marr and Son's, chartered squid jigger *Fuki Maru No. 51* comes alongside a reefer in Berkeley Sound in the Falklands.

By Leigh Smith

A BRITISH fishing company is planning to expand its operation off the Falkland Islands and could order new multi-role vessels capable of year-round service.

Following its successful venture into Falkland Islands squid fishing, J. Marr & Sons Ltd is seeking to increase the size of its fleet for next season but is looking to the UK Government for official endorsement and political support.

The company, along with marketing concern J. Marr (Seafoods) Ltd chartered ten Japanese squid jigging vessels for the last season from February to June.

Marr sent eight officers to the Falklands to observe and learn squid fishing techniques and now wants to expand its operation.

However, a spokesman for Marr said it was essential to have Government backing for its plans as activities on the grounds, said to be the world's largest unrestricted fishery, were still unregulated.

He said this lack of supervision

shrouded commercial operations in uncertainty.

If support is obtained, the company plans to send two British motherships to the Falklands next season with an increased fleet, the bulk of which would be vessels chartered in or operated on a joint venture basis.

Meanwhile, new ship designs are being evaluated to enable a year-round operation. Once the squid season was over, vessels could switch to other techniques.

Marr has already applied for grants from the EEC for two to four stern trawlers to be worked in northern waters but these could be sent to the South Atlantic if conditions permit.

The company is also discussing with British transport firms the possibility of employing UK vessels in the reefer side of the business at present dominated by Scandinavian interests.

The biggest market for squid is in Japan, but some exports would also go to the Mediterranean.

Argentina and Brazil seek wider trade pact

By Tim Coone in Buenos Aires

URUGUAY has been invited to join a Latin American common market, the first steps towards which were made on Tuesday evening with the signing of an economic integration pact between Brazil and Argentina.

President Julio Sanguinetti of Uruguay joined President Jose Sarney of Brazil and President Raul Alfonsin of Argentina, in their discussions over the pact during which he declared "determined support for these initiatives which are of fundamental importance for the future of the region and the process of integration of Latin America."

The three agreed to formalise a series of meetings between their respective Foreign and Economic Ministries to bring about Uruguay's inclusion into the integration process during the next 90 days.

A total of 12 protocols were signed by Presidents Alfonsin and Sarney which establish a customs union with zero import duties on bilateral trade in capital goods, create financial mechanisms for adjusting trade imbalances between the two and establish an investment fund for the promotion of binational companies. One protocol was also devoted to increasing co-operation in the aerospace industries of the two countries with special emphasis on breaking into the world market.

Speaking in a press conference yesterday morning, President Sarney said that no countries on the continent would be excluded from the process if they wished to join. "Our hopes are to eventually create a Latin American common market."

He said that foreign companies would not be at a disadvantage under the new accords and would continue to operate under the existing rules regulating foreign investment in Brazil and Argentina. He emphasised, however, that a greater role would also be played by Argentinian and Brazilian businesses through the creation of new joint ventures.

In Venezuela, President Jaime Lusinchi welcomed the signing of the accords between Brazil and Argentina, and said that Venezuela was prepared to form part of a future common market.

Argentina and Brazil sign accords for a 'mini common market'

From A Correspondent, Buenos Aires

Argentina and Brazil have formalized their intention to "grow together" by signing accords for economic integration and co-operation.

President Alfonsín of Argentina and President Sarney of Brazil were joined on Tuesday evening by President Sanguinetti of Uruguay for the ceremony. Uruguay's entry into what enthusiastic supporters are calling a "mini common market" is being studied and its participation is expected to be arranged within 90 days.

The accords, which will go into effect on January 1, 1987, are being seen as the opening act in a long process of increased economic ties that might, if successful, include all of Latin America in a true common market.

The accords are the initiatives of the new democracies, built on notions of mutual assistance rather than the geopolitical rivalry integral to the thinking of previous military governments.

Shared problems also have set the stage for the accords. Brazil and Argentina are the second and third nations ranking as debtors, and both are

fearful of increasing protectionist trade moves in the industrialized countries.

Speaking to the Argentine Congress before the signing, President Sarney said: "We have come to the conclusion that, isolated, our countries can do little or nothing to change the world order."

The most detailed protocols have to do with initial steps toward integration in the capital goods sector, an agreement by Brazil to increase grain purchases over the next four years, and the establishment of mechanisms for creating stocks of foodstuffs as a means of helping to control supply and pricing in the two countries which have long histories of inflation.

Growing caution on the part of the Argentine private sector delayed the elaboration of the list of capital goods products to be treated equally in both countries. The list is expected to be ready by the end of the year as assurances from economic authorities have calmed Argentine businessmen's fears of being overcome by their more dynamic Brazilian counterparts.

The protocols also included an agreement to set up means for immediate communication and assistance in the event of a nuclear accident.

Other clauses provide mechanisms to balance trade when disequilibria occur, to establish co-operation in biotechnology, to study policies for import duties for third countries, to set up commissions to study the exchange of technology, increasing trade and other potential areas of co-operation.

Businessmen are not the only group in Argentina to express concern over the agreements. The General Confederation of Labour in a statement criticized the trade accords for lacking a "social sense and a defence of labour".

The differential in wage scales between Argentina and Brazil, where pay is reported to be 20 to 30 per cent lower, has worried unions in Argentina which fear an effort to depress their earnings.

Some Brazilian businessmen also fear that workers there will try to catch up with their southern neighbours.

£9,000-a-day chartered ship to be scrapped

By Desmond Wettern, Naval Correspondent

THE NINE-YEAR-OLD Royal Fleet Auxiliary anti-submarine, helicopter carrier Reliant, 28,000 tons, one of the Navy's largest ships, chartered by the Defence Ministry in 1983, is to be bought outright from her commercial owners and sold for scrap.

Formerly the container ship Astronomer, she was chartered from Harrison Line of Liverpool and converted to operate five Sea King anti-submarine helicopters as part of the Falklands garrison at a cost of £25 million.

She was due to be returned to Harrison Line next January and restored to her original condition at the ministry's expense.

But a Ministry spokesman said yesterday that subject to the contract terms with Harrison Line, it would be cheaper to buy and scrap though she is a modern ship.

He claimed that the daily cost of chartering the ship since early 1983 had been £9,000 rather than £11,000 as reported in The Daily Telegraph on Monday.

But this may not include the cost of her flight deck section leased from the American Navy and now being returned, which it is understood from Whitehall sources put the overall fee paid to over £4 million a year.

About 50 more jobs for Hong-kong Chinese sailors in Defence

Ministry-owned ships of the Royal Fleet Auxiliary are to go as part of a policy to replace them entirely with British sailors by the 1990s.

The policy reflects the continuing contraction of the Merchant Fleet in which an average 5,000 jobs for seafarers are being lost every year.

When the Royal Fleet Auxiliary landing ship Sir Percivale completes a major refit next year her 50 Chinese will be replaced by British sailors under an agreement between the Ministry and the National Union of Seamen.

The agreement has already resulted in the loss of another 30 jobs for Chinese last October when the Sir Percivale's sister ship Sir Tristram re-entered service after being rebuilt following extensive damage in the Falklands War.

Last year 260 of the 1,410 ratings in the Royal Fleet Auxiliary were Hongkong Chinese. But now only one tanker and four of the Sir Percival's sister ships retain Chinese ratings and most of these jobs will have disappeared within the next five years.

Dangers in the Falklands

FISHING

Prospects for a multinational fishing agreement in the seas around the Falkland Islands had practically disappeared and the situation was now dangerous, Lord Shackleton (Lab) said in the House of Lords. Lord Shackleton's economic surveys of the islands were published in 1976 and 1982.

He said an agreement had been initiated between Argentina and the Soviet Union which would bring the Russians into bases in the Antarctic.

It is so serious now (he continued) that the Government should apply customary law and extend fishing rights at least within the exclusion zone.

Lady Young, Minister of State for Foreign and Commonwealth Affairs, said the agreement between Argentina and the Soviet Union was initialled earlier this month. But to suggest that the Government had done nothing was unfair and untrue because it still awaited the Food and Agriculture Organization study which would be valuable in telling the Government what was actually happening in the Falkland seas as opposed to what people might assume was happening.

She told the House that pending agreement on a multilateral conservation and



Shackleton: Russians in Antarctic bases

management regime under FAO auspices, voluntary restraint arrangements were made with the nations principally fishing for squid.

International recognition of the need for conservation had grown. Meanwhile, the FAO study, an essential preliminary for negotiations on a multilateral regime, had made progress and the first draft was expected in the autumn.

Lord Kennet (SDP) said that under the agreement 10 per cent of the crews of Soviet fishing vessels would be Argentine nationals and all Russian fishing boats would carry an Argentinian Government official. They would be entitled

to fish within Britain's exclusion zone.

Has the Government (he asked) not accepted the four year delay in getting an international regime in the hope of excluding the Soviet Union from these fisheries?

Lady Young pointed out that this was a protection zone, not an exclusion zone. Only Argentinian warships and military aircraft were excluded from it. It had always been possible for Argentine fishing vessels to enter it.

They have had to ask permission (she added) but there is no reason to think it would not be granted because peaceful activities by Argentinian and Russian fishing vessels pose no threat to the security of the islands.

Lord Campbell of Croy (C), who initiated the exchanges, said he was disappointed that little progress seemed to have been made.

Fishing vessels of many other nations (he said) have been sailing long distances to plunder the riches of these seas without any control.

Unless some action is taken soon, there will be few fish left to be protected.

Lady Young said Britain retained the right to have a unilateral exclusive fishing limit but it was best to work for the widest possible international support for conservation and management in the South West Atlantic.

Shooting, sea chase and two blockades in fishing disputes

THE PAST two months have seen arguments over fishing rights, limits and quotas erupt in shooting, sea chases, blockades and arrests.

Most serious of the incidents was that off Argentina and the disputed Falkland Islands.

The Argentinians have long laid claim to a 200-mile exclusive economic zone. But around the Falklands the British apply a 150-mile defensive exclusion zone. And the UK government has done nothing to protect the rich fishing waters around the islands with an EEZ.

Because of this, Falklands waters are being fished heavily for their squid and other stocks by a multi-national fleet which includes ships from Taiwan.

At the end of May, an Argentinian patrol vessel attempted to arrest two of these Taiwanese ships, whose skippers insisted they were fishing legally.

She then fired on the trawler *Shien Teh* No. 3. The attack left one crew member dead, a second missing and three others injured, reports *FNI* correspondent John Westbrook from Taipei.

The 20 surviving crew members were

taken by the Argentinian vessel to Puerto Deseado and were later transferred to Buenos Aires. The skipper Yen Chin-liang is being tried for alleged violation of Argentina's 200-mile zone.

But Yen Shou-tieh, president of the Nan An Fishery Company, which owned the trawler, said she was operating some 228 nautical miles off the coast of Argentina when intercepted by the cutter *Prefecto Derbes*.

The captain of the Argentinian vessel ordered the trawler to either sail to an Argentinian port or be fired on. When the

Taiwanese vessels refused, the cutter opened fire setting the *Shien Teh* ablaze. Her 22-man crew took to their liferafts and were picked up by the cutter.

In a communique relayed to Taipei, the Argentinian Coast Guard stated: "The *Shien Teh* ignored repeated orders from the *Prefecto Derbes* to halt and be boarded. Warning shots from the 12.7 mm machine gun were effected 200 metres in front of her bow, then at her structure. The trawler halted showing smoke and fire, presumably in the engine room, and the crew abandoned ship."

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FISHING NEWS
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Reports from Argentina say that crewman Hung Tien-lai died from a heart attack caused, most likely, by a combination of fear and exposure to the cold water when abandoning ship.

The 772-ton *Shien Teh* No. 3 was launched in December 1984. The ship left Kaohsiung for the South Atlantic on December 24 and was scheduled to return home in June or July. Her value with the gear she carried was about US\$2.5 million, according to her owners.

Taiwan and Britain, earlier this year, signed an agreement allowing 63 Taiwanese trawlers to fish in waters within the 150-mile exclusion zone declared by Britain, which controls the Falklands.

In light of the Argentine attack on the *Shien Teh*, however, Taiwan authorities have ordered the island's fishing vessels not to operate in waters near the Falklands.

One immediate result of the ban was a surge in the price of squid in Taiwan. An estimated 80 per cent of the squid consumed in Taiwan is caught in waters surrounding the Falkland islands.

Twenty years ago, the fast-growing Russian distant water fleet found a bonanza in the rich hake waters over the Patagonian shelf. By 1967, their catch of hake exceeded 500,000 tons.

Deeply concerned over what she saw as a threat to the Patagonian resource, Argentina declared a 200-mile limit and in November 1967 she proclaimed rules under which foreign ships would be allowed to operate under her control.

The Russians entered into negotiations but in 1968 these broke down. Although the USSR said that all its fishing ships had been withdrawn from the area, the destroyer *Santa-Cruz* in June encountered the refrigerated carriers *Golfstrim* and *Pavlovo* in company with three other Soviet vessels 125 miles off the coast.

When these ships made off, the destroyer fired on the *Golfstrim* holding her forward. The ship was then boarded and taken to Mar del Plata.

The Russians had more pressing international problems to attend to at that time, including Czechoslovakia, and the dispute ended

the fishing by the USSR of South-west Atlantic waters.

In 1968, her catch from the region had dropped to 100,000 tons, and in 1969 no catch was reported.

Squid ban

THE EEC has banned the import of certain species of squid from Poland and the USSR until the end of August.

The decision will affect species from the *Loligo* genus if they do not comply with the reference price of £722.59 a metric ton.

The ban will not apply to a shipment if it can be proved it was on its way before 6 May.

Brazil and Argentina build high hopes from Sarney visit

From Jeremy Morgan
in Buenos Aires

President Jose Sarney of Brazil arrived in Argentina yesterday to launch a new era of economic cooperation between two countries which have traditionally seen each other as rivals for regional leadership.

He and President Raul Alfonsin of Argentina hope to do rather more than bury the hatchet between their two countries when they sign several "economic integration" accords today.

Officials on both sides hint that the ultimate aim is a much bigger association taking in other Latin American countries — a grouping perhaps similar to the European Economic Community.

Diplomatic observers here regard that as a laudable objective but warn that it will remain a hazy possibility, not least because of opposition from industrial leaders in Argentina. A previous attempt at economic cooperation between Brazil and Argentina foundered within months of the signing ceremony 20 years ago.

Presidents Sarney and Alfonsin seem intent on making much more progress this time. Details of the economic pact have not been released in full, but reports say they will

be centred on specific areas including energy supplies, increased Brazilian purchases of Argentine grain, investment funds, and trade in capital goods such as heavy machinery, electronic equipment, and the like.

One accord will commit each country to giving the other preference for purchases by state companies. Both governments insist, however, that impetus for economic integration will have to come from the private sector.

Unfortunately for President Alfonsin, the plan to spearhead economic cooperation in capital goods trade has prompted particular opposition from his own industrialists. Recently they have lobbied to ensure that the accords will not allow a flood of imports from Brazil's rapidly expanding and energetic industrial export machine.

Argentine fears reflect a gloomy comparison between the two countries' economies: Brazil's Gross National Product, estimated at £183 billion last year, is already almost four times larger than Argentina's; Brazil showed economic growth of 8 per cent in 1985, while Argentina fell back by 0.4 per cent; and Brazil counts industrial goods for 66 per

cent of all its exports to Argentina, whereas shipments the other way are dominated by agricultural produce.

Trade analysts here say Brazil is already "well ahead" in the game. Argentine industry exported just £58 million to Brazil two years ago, while the Brazilians shipped £438 million, mainly capital goods.

On the eve of President Sarney's arrival, senior Argentine government officials went to some length to calm the fears of a business class long cocooned in heavy protectionism, trade barriers, and lucrative contracts from Argentine state companies.

Although the plan is for the two countries to move quickly towards a customs union on capital goods, the Argentine Economy Minister, Mr Juan Sourrouille, assured leading industrialists late last week there would be no abrupt moves.

A statement by the Trade Secretary, Mr Roberto Lavagna, that the accords would call for "symmetry" in economic policies, sparked machine tool manufacturers to demand that the two governments legislate equality in key items such as raw material costs as well as in market shares.

Coalite bids for Hargreaves

By Mark Milner

Coalite, headed by former Labour Minister Mr Eric Varley, has launched a near £82 million takeover bid for Hargreaves, the fuel processing, transport and quarries group.

Coalite wants talks with Hargreaves and Mr Varley indicated yesterday that his group would like an agreed deal but was determined to press ahead whether or not that could be achieved.

The initial response from Hargreaves was non-committal, with the group simply saying it was consulting its financial advisers and meanwhile urging shareholders to take no action.

Cash-rich Coalite is offering one of its own shares plus £6 in cash for every four shares in Hargreaves. News of the bid sent Hargreaves shares scurrying up 45p to 230p.

Coalite reckons Hargreaves would fit in well with its own operations which span smoke-



Mr Varley

less fuel, oil and chemical processing, vehicle distribution, warehousing and shipping as well as sheep-farming in the Falklands.

Hargreave's fuel distribution business, based mainly in Northern England, would dovetail with Coalite's Charringtons subsidiary which is operated in the South, East Anglia and the Midlands.

Putting the two together would create one of the largest fuel oil distributors in the UK, says Mr Varley.

The Hargreaves construction materials operations are seen as linking with Coalite's road surface dressing side while the bidder says it has considerable experience of waste disposal and would expand the Hargreaves operations in this area. There is also a fit between the two companies' heavy vehicle businesses, says Mr Varley.

Mr Varley denied that his group's move for Hargreaves, where it already has a 4.6 per cent stake, had been influenced by speculation that Coalite itself is vulnerable to a bid, with I.C. Gas mentioned as a possible predator.

Coalite has been looking at Hargreaves for over a year, long before any speculation about Coalite, says Mr Varley and there have been no takeover overtures to his group. "There is no way this is a defensive move," he says.

NC

Coalite bids £81m for Hargreaves

By Teresa Poole

Coalite Group, the cash-rich company with diversified interests in fuel, transport and builders' merchanting, yesterday launched an £81.3 million bid for Hargreaves Group.

A merger would create one of the largest fuel oil distributors in Britain, with about 6 per cent of the market.

Coalite, which controls the Falkland Islands Company, has itself recently been rumoured as a takeover candidate, with IC Gas, the owners of Calor, said to be a prospective bidder. Mr Eric Varley, chairman of Coalite, denied that the bid for Hargreaves was defensive and said he had received no approaches.

The board has requested a meeting with Hargreaves and is seeking a recommendation. But Mr Varley added: "Whilst it is desirable to have an agreed bid, if that is not possible we will still go ahead."

Hargreaves issued a holding statement telling shareholders to take no action while the

board consulted its financial advisers. Both companies hold their annual meetings this week.

The terms of the bid are one Coalite share and 600p for every four Hargreaves shares which is worth 224p a share. Coalite shares closed yesterday at 296p, down 4p. Hargreaves gained 45p to 230p.

Coalite already owns 4.6 per cent of Hargreaves and has for some time been looking for acquisitions. The £54.4 million needed to meet the cash element of the bid will be drawn from Coalite's £80 million cash pile.

The two fuel distribution businesses complement each other geographically with Coalite operating in London and the South-east and Hargreaves based in the North.

Hargreaves last month announced a 27 per cent increase in pretax profits to just over £9 million.

Coalite's latest results show profits up by 17 per cent to £39.4 million.

Sarney and Alfonsin to sign trade pact

BY TIM COONE IN BUENOS AIRES

A TRADE AGREEMENT with potentially far-reaching economic and political implications is due to be signed today between Argentina and Brazil during a three-day official visit by Mr Jose Sarney, the Brazilian President, to Buenos Aires.

Accompanied by an entourage of half a dozen ministers, their advisers, and several hundred leading Brazilian businessmen and journalists, President Sarney is being given a state welcome in a visit which is being acclaimed as representing an historical shift in international economic and political relations between the two countries.

The first of the 10 protocols to be signed today by President Sarney and President Raul

Alfonsin will eliminate customs tariffs and barriers to trade in capital goods between the two countries, and erect a common customs barrier to imports from third countries.

Other protocols establish mechanisms to ensure balanced bilateral trade by creating two funds for investment and finance, with a joint value of \$300m (£204m), to expand production in either country which experiences a trade deficit in capital goods. Specialised economic research institutes are to be financed in both countries to monitor the progress of the integration project.

One agreement commits Brazil to purchase larger volumes of grain from Argentina, reaching 2m tonnes annually in 1991. Another

facilitates bilateral trade in foodstuffs to avoid seasonal shortages in both countries. Co-operation in energy development is also to be studied.

According to Mr Jorge Romero, the Argentinian Vice Minister of International Economic Relations and one of the principal negotiators of the agreements, the customs union will later be expanded to cover a much wider area of trade in goods and services. "What we are creating this week is the embryo of a common market in South America," he said.

By embarking on a gradual course of integration and concentrating first on capital goods, he believes that the plan stands a greater chance of success where previous efforts have

failed: "The plan is audacious in its conception and will be cautious in its implementation," he said. "But the formation of a common market in South America is now not only a need. It is a necessity to give our nations a greater capacity to negotiate on equal terms with the economic and political power blocs which have developed in North America and Europe."

Intense discussions are now to be held over the coming months with Argentinian and Brazilian businessmen to define the precise areas of capital goods which will be initially included in the customs union. Bilateral trade in capital goods is expected to increase to \$750m a year by 1990 from \$200m.



Mr Alfonsin: move towards creating common market

NCL

Coalite springs £81m offer for Hargreaves

By COLIN CAMPBELL

COALITE Group, the fuel, chemicals and builders merchants concern, yesterday launched a share and cash bid for Hargreaves Group on terms that value Hargreaves at £81.6 million, or 225p a share.

But in the stock market Hargreaves' shares jumped by 50p to 250p to overtake the bidder's valuation, which presupposes that Coalite will improve its terms or that another bidder will step in.

Coalite—whose activities include sheep farming and trading series in the Falklands—has offered one of its own shares plus 600p in cash for every four shares in Hargreaves. Coalite shares yesterday closed 4p weaker at 296p.

Coalite has asked for a meeting with the board of Hargreaves, which has yet to be arranged, and has already had a preliminary talk with Hargreaves chairman David Peake.

Ironically, both groups hold their annual meetings this week, though Hargreaves' formal announcement yesterday only advised its shareholders to take no action ahead of a further announcement.

Coalite's chairman, Eric Varley, said last night he

believed his terms—despite the stock market's immediate reaction—were "fair." In 1984 Hargreaves stood at 80p (*Tailpiece* recommendation of the year) and in February were 151p.

"We're going to get it," he added, though he said Coalite would prefer to have its bid recommended by the board and shareholders.

"If they don't recommend our bid, we will persist," Mr Varley added.

Coalite already holds 1.68 million shares in Hargreaves, equivalent to 4.6 p.c., a stake built up with a bid in mind over the past 18 months. Coalite believes that certain Hargreaves operations would complement its own, while other interest would give Coalite the geographical spread it needs.

Coalite's fuel distribution subsidiary is largely in London and the South-East. Hargreaves' fuel distribution is primarily in the North.

A merger of the two would constitute one of the largest fuel oil distributors in the United Kingdom.

Other areas of common interest include construction materials and road surface dressing operations, and the distribution of heavy commercial vehicles.

NC

Nazi treasure ship found by divers

By Julian Isherwood in Anholt, Denmark

ONE OF the second world war's major mysteries is to be uncovered within a month following the discovery by Danish divers of the wreck of the German submarine U534 which was sunk by RAF Liberator bombers on May 5, 1945.

According to post-war records as well as published works on the final stages of the second war, U534 was one of three ocean-going submarines which sailed from the naval base of Kiel packed with cases of precious stones, metals and currency as well as high-ranking Nazis escaping justice.

The wreckage, lying 150ft down in the Kattegat, was found by a professional diver, Age Jensen, and his partner, Steen Johannsen at the weekend after a 10-year systematic search round the small Danish island of Anholt.

"We are certain that we've found U534 since she's the only C-9 class German submarine that sunk in Danish waters," said Johannsen, the first man to stand on the deck of the vessel for 41 years.

"I have been down there three times. The front hatch is open and the bomb has hit exactly where the photographs from the British bombers have shown."

RAF Liberators of 206 Squadron spotted and bombed U534 as she was heading for southern Norway.

The boat served most of the final stages in the war in Norway. Her captain, Herbert Nollau, served in the submarine until she was sunk a day after the capitulation of German forces in Europe, but two days before forces in Norway surrendered.

'Special' passengers

On April 15, 1945, U534 helped to convoy reinforcements to Horten, Norway, but upon her return on May 2 she received orders to reduce her crew to 14 in order that 38 "special" passengers could be taken on board. Nickel, diamonds, wolfram and gold were also reported to have been loaded in 11 cases.

Post-war German, British and Allied literature has consistently claimed that U534 had taken high ranking Nazi officials on board who were to make their way to South America under the leadership of a new submarine captain.

Apart from one short period off the Danish island of Funen, U534 sailed submerged, making for the more friendly waters of southern Norway. But her periscope was spotted by an RAF flight of 202 squadron which had been given orders to engage escaping German submarines and vessels.

Germany's SS Reichfuhrer Martin Borman as a haven for funds he smuggled out of the crumbling Third Reich.

Ludvig Freude, a German-born banker, industrialist and close friend of the President, Juan Peron and his wife Eva, was asked by Borman to invest the funds.

The fortune, put by the Allies at \$800 million, 4,600 carats of precious stones, 90 kilos of platinum and 2,600 kilos of gold is said to have been deposited in the Argentine Banco Aleman, Banco Aleman Transatlantico, Banco Germanico and Banco Tornquist by Freude in Eva Peron's name in order to prevent its redemption after the war.

According to an Argentine Naval Ministry communique of April 18, Eva Peron was instrumental in hiding the Nazi fortune. A further submarine load of valuables was due in Argentina in the beginning of 1946.

"Our officers controlling the Third Reich agent Ludvig Freude have discovered that there have been many heavy deposits in various (Argentine) banks in the name of the famous radio actress Maria Eva Duarte Ibarguren," the 945 naval memorandum said.

Earlier permit refused

"Freude has also told us that on Feb 7 next a U-boat will arrive in Argentina carrying out transport No 1744 and bringing a treasure to Argentina which will help to reconstruct the Nazi world empire," it continued.

Danish authorities have said that they intend to keep any valuables found on board U534 if permission is given for her to be raised from the sea bed.

In a similar case eight years ago permission for another submarine to be hauled up from the seabed was refused after the German authorities had asked for the vessel to be declared a sea grave due to the many who had perished on board and remained inside.

"But as far as we are aware there were at most only a couple of people who didn't get out of U534 and we do not expect the same problem this time," said Steen Johannsen. He added that he hoped the submarine could be raised in a month.

A spokesman for Jensen and Johannsen said that television rights for both sub-sea photography and the raising of U534 had already been bought by a British television company.

Coalite launches £81m bid for Hargreaves

By Martin Dickson

COALITE GROUP, with interests ranging from fuel manufacturing to Falklands sheep farming, launched an £81m takeover bid for Hargreaves Group yesterday. It would create one of Britain's largest fuel oil distributors.

Hargreaves, of Yorkshire, is involved in coal and oil trading, construction materials and the distribution of commercial vehicles. It said it was consulting its financial advisers and urged shareholders to take no immediate action.

Mr Eric Varley, Coalite chairman and a former Labour Energy and Industry Secretary, said he hoped he could get Hargreaves to agree to the terms, but Coalite intended to go ahead in any event.

Coalite, which made pre-tax profits of £39.4m on turnover of £445m in the year to March, manufactures Britain's best-selling brand of smokeless coal, distributes fuel through Charringtons, a subsidiary, and is involved in vehicle distribution and builders' merchants. The Falklands Islands Company, a subsidiary, operates sheep farms and trading services in the Falklands.

Mr Varley said Coalite had been trying for some time to expand its energy distribution business and Hargreaves—which made £9m pre-tax in the year to March, on £306m turnover—would provide a very good commercial fit.

Charringtons has a strong presence in London and the south-east—but is not represented in the north, the main operating area of the Hargreaves fuel distribution business.

A merged company would account for about 6 per cent of the market in fuel oil distribution. The strength of Hargreaves in industrial coal distribution would complement that of Charringtons in domestic fuels.

Coalite is a cash-rich company with about £80m on its balance sheet, and its offer contains a particularly large cash element of £54.4m to be met from its resources.

The offer is one Coalite share plus 600p in cash for every four Hargreaves shares. On the basis of Coalite's closing price last night of 292p, down 8p, the offer is worth 223p for each Hargreaves share. Hargreaves closed at 230p, up 50p on the day.

Coalite, which has built up a 4.6 per cent stake in Hargreaves over the past year, is advised by Morgan Grenfell. Hargreaves is advised by Kleinwort Benson.

Thompson shows his lesser side

By Michael Calvin

DALEY THOMPSON yesterday re-emphasised the unfortunate fact that his supreme athletic ability is matched only by his capacity to attract avoidable criticism.

The crass manner in which he placed himself in conflict with the Games organisers merely detracts from his flawless performance in the first half of his first decathlon in Britain for 10 years.

That will undoubtedly aggrrieve a complex character who, by earning 4602 points in winning each of his five opening events in Meadowbank Stadium, highlighted the apparent formality of progress towards a third Commonwealth gold.

It will confirm him also as a flawed sporting hero in the mould of Ian Botham. Both possess magnificent natural talent but lack basic sensitivity.

Thompson's insistence on avoiding some of the more mundane responsibilities of his position—at odds with his easy

MEDALS TABLE

	Gold	S	B	Total
England	17	11	14	42
Australia	15	16	11	42
Canada	15	10	7	32
New Zealand	2	6	6	14
Wales	2	3	4	9
N Ireland	0	2	1	3
Scotland	0	1	2	3
Singapore	0	0	1	1

manner when the television cameras are rolling—can have distressing consequences. This time he removed the Guinness slogan from his vest number.

His brusque rejection of an autograph request from a schoolgirl from the Falklands who offered a badge in return, shocked many observers in the Games village.

His supporters argue that, for all the flattering publicity generated by his all-round ability in track and field, he is conditioned to a solitary, essentially selfish, existence.

Certainly his obsessive approach towards his sport—he trains on Christmas Day to establish a psychological authority over his rivals—is well known among fellow decathletes.

Positions after 5 events: Thompson 4,602pts, 1: Steen 4,130, 2: Poelman 4,088, 3: Smith 3,959, 4: Shirley 3,940, 5: McStravick 3,922, 6: Andrews 3,912, 7: Orlikow 3,842, 8: Fossey 3,798, 9: Richards 3,698, 10: Miller 3,679, 11: Gilkes 3,328, 12: Oddie 3,128, 13.

STAR ROLE FOR CRASH SURVIVORS

A SURVIVOR of the Falklands helicopter crash which killed three men earlier this year came under the spotlight during the Gurkha display at the Royal Tournament, Earls Court, writes Mervyn Wynne Jones.

The display depicted a young Gurkha boy, acted by Rfn Ramchandra Dura who broke an arm in the crash, in the weeks before he becomes a recruit and leaves Nepal and his family to start his life as a Gurkha soldier.

Men of the 2nd battalion, 2nd King Edward VII's Own Gurkha Rifles, who celebrate their centenary this year, staged the colourful and action-packed display, acting out a potted history of the regiment.

It was well received by the audience, as was the musical drive by the King's Troop Royal Horse Artillery who tore across the arena at break-neck speed.

Ten minute soldiers

The tri-Service tournament was hosted by the RAF this year and the Army's main display featured a mock barracks offering children the chance to "join-up" for ten minutes and try out a number of activities such as drill, physical training, mine detecting and shooting.

The brainchild of Lt Col Richard S Corkran, Grenadier Guards, Commander Recruiting and Liaison Staff London District, the 'barracks' — which drew thousands of ten-minute recruits both young and not-so-young — was a departure from the normal Army display featuring the various regiments and corps.

"It seems to be working very well," said Col Corkran, "and has certainly achieved our aim of getting people involved in the Army display. Our target age group are the eight to 13-year-olds and the idea is to give people a fairly light-hearted idea of Army life."



Sapper Hill tribute

MEN from 52 Field Squadron Royal Engineers stood ankle deep in snow to remember those who fell during the Falklands War four years ago. The service on Sapper Hill was one of a number across the Islands marking the anniversary of the Argentine surrender



Sea King ship about to lose flight deck

By DESMOND WETTERN Naval Correspondent

WORK IS expected to start this week at Liverpool on removing the flight deck from the Navy's 28,000-ton Royal Fleet Auxiliary helicopter carrier Reliant, which has been laid up since her return from the Falklands in May at a daily cost of £11,000 in charter fees.

The Flight-deck sections will be returned to the American Navy, which leased them to Britain in 1983, although the Americans have no real use for them.

The ship, the former Harrison Line container ship Astronomer, was chartered by the Defence Ministry's supply and transport organisation in early 1983 for conversion into a mobile base for Sea King anti-submarine helicopters of the Falklands garrison. She sailed to the South Atlantic in October 1984, after rescuing British and other refugees from the Lebanon earlier that year.

Because of the expenditure cut from £552 million to £442 million for the garrison in this year's defence estimates, the ship was brought home in May and laid up after a record 560 days at sea. The £11,000 daily charter fee is still payable until expiry of the charter term next January.

Sea King helicopters from the Reliant are remaining in the Falklands for the time being, and one of the Navy's most modern store ships, urgently needed to keep warships supplied at sea in the Atlantic and elsewhere, has had to be detached to the south Atlantic to serve as their base.

Wapping arrests

Five people were arrested for public order offences when about 2,000 people marched on Rupert Murdoch's News International plant at Wapping.

Argentina and Brazil forge economic links

By Cristina Bonasegna in Buenos Aires

ARGENTINA and Brazil will sign a far-reaching economic integration agreement tomorrow which will lay the foundations of a common market between the once-rival nations.

President Alfonsín of Argentina, and Senhor Jose Sarney of Brazil, are due to sign the accord, aimed at tripling bilateral trade in the next five years.

Argentine exports to Brazil totalled £514 million last year, while Brazilian exports to Argentina stood at £367 million.

Senhor Sarney will arrive in Buenos Aires today for a three-day official visit, during which 10 protocols on economic integration will be signed.

For decades, Argentina and Brazil competed for the leading role in South America. But relations began to improve noticeably more than two years ago when both countries returned to democracy after years of military rule.

The accords are aimed at improving economic growth in both countries—which have taken similar austerity measures to curb inflation—at a time when protectionist measures and subsidies in the EEC and the United States have reduced their earnings from farming exports.

Trade barriers go

The agreements will initially include the removal of all trade barriers for certain products, mainly capital goods. The lists will be revised and expanded every six months, officials say.

They predict that capital goods trade between both countries will increase to £200 million next year and to £1,000 million in five years' time.

Some Argentine businessmen fear they may not be able to compete with a more dynamic Brazilian industry, which is three times Argentina's size.

N.C.

Brazil and Argentina close to tie

From A Correspondent
Buenos Aires

When President Sarney of Brazil arrives in Argentina today, the two nations will put the finishing touches to what is being hailed on both sides as an historic agreement to begin economic integration.

President Alfonsín of Argentina said at the weekend: "We should end forever the competition between Brazil and Argentina" given that the conditions to grow "in a joint way have been achieved".

The accord to be signed tomorrow, the General Agreement on Integration and Development, is said to include 11 protocols which specify areas in which trade is to be increased and complementation started.

President Sanguinetti of Uruguay will also attend, but Uruguay's projected entry into what enthusiasts call a "mini-Common Market" has yet to be discussed in detail.

The main objective is to expand and balance trade between Argentina and Brazil, which has declined and for the past five years has been in deficit for Argentina.

Specific areas included in the protocols are: capital goods, trade in primary products (wheat and iron ore), communications, gas, transport, petroleum and petroleum products, aircraft construction and perhaps nuclear energy.

The possibility of increasing Brazilian access to the historically-protected market in Argentina has caused concern among Argentine businessmen who pointed to gaps in subsidies and export experience.

Argentine private sector resistance led Señor Juan Sourrouille, the Economics Minister, last week to meet leaders of the Argentine Industrial Union, the principal business organization. He said "there will not be anything to surprise national industry in an unfavourable way."

The agreement, according to Argentine authorities, takes into account the imbalance between the two economies.



Out of harness

GP CAPT JOE SIM, the last Station Commander of Stanley and first commander of Mount Pleasant, has handed over the RAF's most southerly, and most operational, Station to Gp Capt Brian Johnson. Behind them is the ceremonial RAF Stanley Harness which now resides in the new SHQ at Mount Pleasant.

Gp Capt Johnson came from a desk job with the Central Trials and Tactics Organization at High Wycombe and will command for a four month period. Gp Capt Sim, having been "waylaid" on his return from a tour as Station Commander, Bruggen, to serve in the Falklands, has returned to the UK to become Group Captain Offensive Operations at HQ Strike Command.

The first of three Virgin Atlantic flights to the new airport at Mount Pleasant saw the arrival of the airline's 747 aircraft 'Malden Voyager'.

Virgin Atlantic won the contract to provide Ministry of Defence flights to the South Atlantic via Ascension Island while the RAF Tristar was undergoing routine servicing.

RAF Movements staff handled the turn round of the 747 and, although the aircraft type is no stranger to Mount Pleasant, the arrival of Richard Branson's airline attracted a good deal of attention from contractor employees still working at the airport, and RAF personnel.

Those passengers who disembarked from the Virgin flight were among the first to use the new airport passenger terminal which has only recently been opened. Previously, passengers travelling to and from the Falklands were processed inside the main hangar.

Falklands marks its liberation



The Vice Chief of Defence Staff, Air Chief Marshal Sir Patrick Hine (left) stands with the Governor, His Excellency Sir Gordon Jewkes (centre) and the Commander British Forces, Air Vice Marshal Kip Kemball at the Liberation Day wreath laying in Port Stanley. On Air Vice Marshal Kemball's left is the Falklands Financial Secretary, Mr Harold Rowlands.

The Vice Chief of Defence Staff, Air Chief Marshal Sir Patrick Hine led the military presence at ceremonies in the Falklands to mark the 4th anniversary of the surrender and the liberation of the islands from Argentine rule.

Sir Patrick, who was visiting British Forces to get an up to date picture of life in the garrison, attended a joint military and civilian service in Stanley Cathedral. This was followed by a wreath laying at the nearby Lib-

eration Monument. Wreaths were also laid by the Governor, His Excellency Mr Gordon Jewkes, and the Commander British Forces, Air Vice Marshal Kip Kemball.

Later Sir Patrick, the Gover-

nor, and Air Marshal Kemball together with other senior service officers and service padres flew by helicopter to Blue Beach Cemetery, San Carlos. There, as a lone piper played a lament, wreaths were also laid to honour those who fell during the conflict. The ceremonies, on June 14th, took place against a backdrop of leaden skies as the Falklands approached mid-winter.

WE WILL BE publishing in November the first of the books commissioned by the Trustees of the Fleet Air Arm Museum to tell the definitive story of the Falklands War.

The first of these "Operation Paraquat, the battle for South Georgia" tells of the first actions taken to ensure that the Falklands landings were successful and secure.

In order that all those who took

S. Georgia landings

part in the South Georgia Operation can avail themselves of the special price offer to all the participants, we are asking all those who crewed the planes in the South Georgia operation to write to us for a special order form.

Unfortunately except by appeal-

ing through your columns and your good offices we have no way of tracing those who actually took part.

D B PICTON-PHILLIPS
Picton Publishing
Citadel Works
Bath Road
Chippenham, Wilts SN15 2AB

Overseas Development Administration

Summer 1986 Review

The Falkland Islands

1985 saw the completion and opening of the new school hostel which provides accommodation for children from the rest of the Islands attending

secondary school in Stanley. Work was also completed on the extension to the power station and the commissioning of additional generating capacity, while improvements to the distribution are under way. Towards the end of the year the contractors responsible for the new hospital started work on site. This new facility, which will be shared by the civilian and military communities, is due for occupation in the early part of 1987.

The Falkland Islands Development Corporation (FIDC) completed the first full year of operations and approved assistance for some 70 projects in natural resources, industry and tourism, including help under a small grants pump-priming scheme to encourage the establishment of small service businesses. The FIDC also carried out detailed investigation of the possibilities for specialist tourism as a result of which a number of ventures are to be supported.

Throughout the year the ODA continued to provide essential manpower support, particularly in education, health and public works, including the activities of the Agricultural Research Centre.

New ideas sprinkled on the apple crumble

THEY do a very nice apple crumble at the English Club in the centre of town. Mr Edbrooke, the club's chairman, Sotheby's representative in Argentina, talks about the centenary this year of the Buenos Aires Cricket Club. There is a picture of Churchill at the entrance to the lift.

Membership has fallen off a little, though, from its peak of 900 members and the committee has to rely more these days on income from Jewish weddings. 'They do things in tremendous style,' says Mr Edbrooke wistfully. The old brass plate which said Club Inglés (English Club) has been changed for a more discreet brass plaque, bearing just the letters EC.

There was no celebration of the Royal Wedding on Wednesday night but Mr Edbrooke is sure that members will be interested to see the video cassettes when they arrive. Members want to keep a very discreet presence and wish that the club was in a taller building out of danger from bricks, or worse, thrown from the street.

Round the corner, Miss Brazier, who in England would be some county stalwart of the Women's Royal Voluntary Service or the Red Cross, presides over the fearsomely tidy office of the British Community Council.

The body represents the 46 Anglo-Argentine institutions here, including 30 British schools. Like the English Club, the Council prefers to reveal itself to the passer-by merely as

HUGH O'SHAUGHNESSY reports from Buenos Aires on changing styles of life and politics in Argentina

the BCC. Across town, the Hospital Británico is run with great efficiency by its director, Dr Lowe, its services much sought after by the Argentines, but it has thought better to remove its title from over the door of the outpatients department for fear of local susceptibilities.

The British community, which prided itself on being a cut above the Italians and the Spanish 50 years ago, when Argentina was an informal member of the British Empire, is slowly merging into Argentine society under the impact of the Falklands War, decades of British apathy towards Argentina and a sense of abandonment by the Old Country.

At the former British Embassy, once the source of enormous power and patronage, the Swiss flag flies. Colum Sharkey, the forceful Northern Irishman who represents British interests in Argentina as a titular member of the Swiss Embassy, was holding no Royal Wedding celebration. 'I'm going off to see the US Ambassador,' he said briskly.

Perhaps those with British connections are being over-cautious. Two-and-a-half

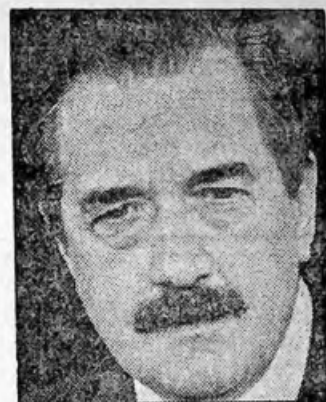
years into his presidency, Raul Alfonsín, the small-town leader of the middle-of-the-road Radical Party, voted into power after decades of military rule and political chaos, has succeeded in cooling many of the passions which tore Argentina apart for a generation.

'What pleases me is that you see Radical politicians and members of the Opposition having lunch together today. That never used to happen,' one leading banker remarked. 'Four years ago every colonel thought it was his duty to rush into print with his view of the political situation. Now they just sit in their barracks and we don't hear about them.'

The Government still has some enemies within the Church — especially now Alfonsín is trying to introduce divorce—in the unions and in the armed forces, but, in general, it has eclipsed the extremists on the Right and Left. The more excitable members of Alfonsín's Cabinet have been quietly dropped. The followers of the late General Perón are still vociferous but, as a political force, they are even more divided than they ever were and shrinking as a threat to the present Government.

Tomorrow President Sarney of Brazil arrives. For years the white Argentines regarded their northern cousins of more mixed race as very inferior beings. Today, Argentines realise that Brazilians have overtaken them in many walks of life. If Brazil can't be beaten, it will have to be joined.

A quieter, more realistic



Alfonsín : Cooling passions.

Argentina is clearly becoming a more promising negotiator when the time comes to discuss the future of the Falklands. The Alfonsín Government realises that little can be done while Mrs Thatcher remains in Downing Street.

Realistic though this view is, it has, at the same time, raised excessive hopes that any post-Thatcher Government in Britain would be willing to trade the Falklands to Argentina in short order.

Meanwhile, Argentine keenness to gain diplomatic victories over Britain on the Falklands issue may be about to bring on new crises. Alfonsín is going to Moscow shortly to sign a fishing agreement with the Russians which could lead, at best, to new problems for the Royal Navy patrolling the 150 miles protection zone round the Falklands and, at worst, to more sinkings of foreign trawlers by Argentine vessels such as happened last month.

The Foreign Office plan to resist the islanders' call for an extension of the territorial waters and to seek an international fishing regime for the south-west Atlantic looks like foundering. There could be new confrontations.

Chief Executive Falkland Islands Government

The Overseas Development Administration (ODA) wish to recruit a Chief Executive of the Falkland Islands Government to take up post not later than April 1987. The present Chief Executive completes his contract then.

The Chief Executive is directly responsible to the Governor for the management both of day-to-day Government and of the economic development of the Islands which are in receipt of considerable development assistance for Her Majesty's Government.

The Chief Executive is executive head of the Government, head of the Public Service, Executive Vice-Chairman of the Falkland Islands Development Corporation and a member of both the Executive and Legislative Councils. In both of these councils, which have an elected majority of Island Councillors, the Chief Executive is the leader of Government business.

The role played by the Chief Executive in initially shaping and executing Falkland Islands Government policy is critical and the job is very demanding, requiring energy, political sensitivity and powers of persuasion.

The successful applicant will probably be between 40 and 50 years old and is likely to have substantial senior management experience, the more varied the better, probably including some local or central government work.

A degree or professional qualification is desirable but more important is the ability to analyse complex issues concisely and clearly and to communicate clearly on paper and orally at all levels.

The appointment would be for three years. Salary would be negotiable around £30,000 in addition to overseas allowances and benefits.

Further information may be obtained from Ian Murray, FCO Overseas Development Administration, Abercrombie House, Eaglesham Road, EAST KILBRIDE, Glasgow G75 8EA. Telephone: 03552 41199.

NC

A nation cries for its last tango

by Maria Laura Avignolo
Buenos Aires

ARGENTINA has a new exile: the tango. Although "tangomania" is flourishing around the world, there is not a single tango hall left in Argentina. Exponents of the sensuous dance that put Buenos Aires on the map in the 1920s have been taking their talents to New York, Paris and Tokyo.

Some of the departing tango experts have been highly successful. Juan Carlos Copes and Maria Nieves dazzled President Reagan with their contortions in a show for the White House and are now whirling around the United States. Another six couples are loudly applauded every night on Broadway.

Felipe Yofre, a Buenos Aires tango specialist, is organising a show that will take him and his troupe to America and on to Europe. He will leave behind him a country where the music first sung by river-bank workers — usually descendants of European immigrants — is little more than a seedy tourist attraction.

Today the old dance halls are used as garages and pizza parlours. El Tabaris, El Chanteclair, El Tivadabo, luxurious cabaret spots in times gone by, are no more. Radio and hi-fi have replaced the orchestras which, 20 years ago, filled Buenos Aires with their throbbing tango beat every weekend.

Many believe that the decline of the tango started after the dictator Juan Peron fell from power in the mid-1950s. He was a strong advocate of tango music which he regarded as part of the ethos of Peronism.

Juan Cedron, a member of one of Argentina's most famous tango groups, says: "When the military seized



power they tried to wipe out everything that the Peronistas had done. This meant that people involved in the tango culture were scorned along with their music. Buenos Aires became tango-less."

The decline of the tango has proceeded apace. The songs are still sung, and there are people who dance to the music, but the average tango fanatic these days is aged about 50 and those who remember the old days claim that the soul has gone out of tango.

"The words should have something to say about fear of a nuclear holocaust," says Eladia Blasquez, one of the superstars who have taken their talents abroad. "They must stop being an evocation of the past and start describing the present. They should talk about the anxieties of everybody, not just Argentinians."

A few months before he died, the writer Jose Luis Borges declared: "I am leaving Buenos Aires because the city I knew no longer exists." The irony is that the tango, like Borges, fled abroad, leaving a vacuum in the land where it was invented.

Television's battle royal

THE other roles having been shared out long before, Ceefax was obliged to take on itself one of the most traditional of all. As the events in the abbey neared their climax, this remarkable service was carrying one bleak statement of fact. The Duke of York's Civil List allowance, it reported, was on his marriage about to be increased to £501,000. This, it underlined, was a rise of £600 a week. Ceefax had appointed itself Wicked Fairy to the Royal Wedding.

A curious development of royal occasions is the growing importance of the sub-plot, as in Shakespeare's history plays. As the actual events move more and more like clockwork, and television allocates more and more time to them, the drama has begun to shift from the leading actors to the commentators. A royal occasion probably affords more cruel fun to the nation than anything else on television.

For those familiar voices which nightly cope so easily with disaster and doom, which can without a flurry read out details of a massacre, are suddenly confronted with something so ineffably ordinary as a young man marrying a

young woman. What can they find to say? The one moment of potential drama, the bolting upper-class wife reunited with her family in public for the big day, is forbidden them, so how will they fill four hours of live television? Will Sir Alastair dry up? Will David Dimbleby jump out of his glass booth?

"You like our Royal Family?" Selina Scott on BBC1 asked a party of German tourists, addressing them like Chinese waiters. Then, remembering her notes, she added, "Of course they're half your Royal Family as well." Sir Alastair Burnet on ITV began to worry about the fate of the geraniums in the beds outside the palace. There were coachmen to be named, and their deputies. There was horticulture and heraldry and music and statues, and anything else that would fill a few minutes. There were the movements of royalty between Clarence House and the palace and the abbey to be plotted as precisely as those of the Bismarck. Odd facts surfaced. The Duke of York, it appears, is entitled only to six bars of the national anthem. He emerged from the palace and got his six bars. The

Duke was feeling, confided David Dimbleby from inside his head, something akin to awe.

The lovely thing about the ITV coverage was that no one had any doubts about what they were doing. Everything was treated in the old

TV REVIEW



Byron Rogers on both sides of the Wedding

breathless ITN way. "At the moment I think we're on course for a twenty to ten balcony appearance," said Martyn Lewis, evidently under the impression that he was covering another space launch.

Burnet went his lofty way, quoting

Lord Byron one moment, reflecting stonily on Mrs Thatcher's headgear the next. "She is wearing quite a large hat. Large hats are not encouraged on such occasions in the abbey." Burnet had no doubts of any kind and was even capable of reprimanding royalty for being slow in appearing on the balcony. They were, he said, preventing the nation from watching the News at One. But as the Life Guards trotted by he was also capable of quoting Hardy, "As if nothing but thoughts of crowns and empires ever troubled their immaculate minds."

BBC people by comparison were uneasy. Things went wrong. The sound failed when a reporter began interviewing the Falklanders. Standing stiffly in a Falklands tent at 4.00am, another young man enthusiastically asked some Yorkshire people what they thought their new Duke and Duchess could do for them and there was a long, terrible pause. And even Dimbleby seemed to have doubts about what he was up to in his glass cage. The crowds in The Mall, he muttered sourly, had not even been invited to the wedding breakfast.

But there were moments of real

humour. A troop of Life Guards in an empty Mall stopped obediently when the traffic lights went against them. In a million homes gardeners looked on wistfully, seeing the roads of London inches deep in their favourite compost, but the next moment unseen hands covered this with sand. The net curtains twitched in Buckingham Palace, just as they twitch in any respectable Welsh street.

It was a good week for the Welsh. On Tuesday night John Morgan presented a documentary about yet another Welshman "who had risen to the top of his chosen profession", as the HTV publicity had it. Llewellyn Humphreys was an associate of Al Capone, inheriting his title of Public Enemy Number One. "A great American gangster", said John Morgan proudly. And one of our boys. A Baptist, too.

There was a bit too much of this whimsy about *There Was a Crooked Man...*, but it was a charming film. There was a droll FBI man, dropping "Jahns" all over the place, and Humphreys' own daughter, who had also done well as a concert pianist, appeared ("because we were both

Welsh"). She allowed for the first time home movies to be shown of her camel-coated father waking her, a child, on Christmas Eve. The only thing was that it should not have been a charming film.

Tusitala (C4 Tuesday, Wednesday and Thursday) was an Australian drama series about Robert Louis Stevenson. The author, between bouts of coughing, had to put up with the discouragement of his father ("You believe in this writing of his?"), of his friends ("Just a rollicking tale"), and of his wife ("It's just badly written"). All this, the most creative part of his life, had to be got through at a run (the poet WE Henley was seen permanently in white tie and tails, and appeared to live in a brothel) because the film had been shot in Samoa.

The English were snobbish and awful, as in all Australian films, and Ray Barrett a good rough egg yet again. John McEnery as Stevenson had a Scots accent when he remembered ("Sa darrk tale, fu' o' demons"), and the whole thing was pleasant enough, allowing you to switch off whenever you wanted.

N.C.

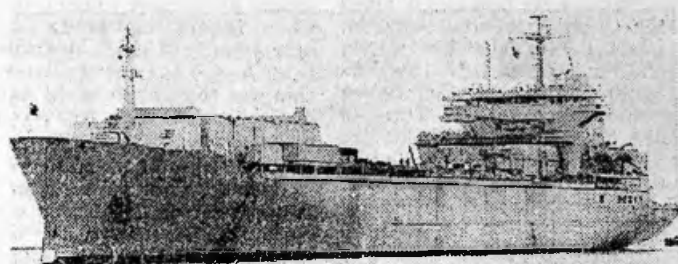
Unwanted ship costing £11,000 per day

By DESMOND WETTERN
Naval Correspondent

THE Ministry of Defence is facing what officials privately describe as a "hideous embarrassment" over the fate of one of the Navy's largest ships.

It is still paying out about £11,000 a day in charter fees for the Royal Fleet Auxiliary anti-submarine helicopter carrier Reliant (28,000 tons), although she has been lying idle at Plymouth since May when she returned from the Falklands after a record 560 days at sea.

The charter from her owners, Harrison Line of Liverpool, does not expire until January, but her role as a mobile base for a Sea King helicopter squadron, part of the Falklands garrison, has already been taken over by a more modern store ship.



The helicopter carrier Reliant

Reliant was formerly the container ship Astronomer, built in Poland in 1977.

After being chartered in 1985, she underwent a nine-month conversion for her naval role at a cost of £25 million.

Last week Reliant was steamed to Liverpool with a scratch crew for work to start on ripping out her helicopter deck for return to the American Navy which lent it. But the Americans have no real use for the deck and when returned it will probably be put in store.

Under the terms of the charter the Ministry has to restore

the ship to her original condition before returning her to her owners, a job that would be more expensive than buying her outright and scrapping her.

Harrison Line said it still had no idea if the ship would be returned next year or if the Ministry would seek to extend the charter or buy her. The Ministry said only that no decision had been made.

Reliant's withdrawal from service in the Falklands is part of the reduction from £552 million to £442 million planned in the expenditure on the garrison in this year's Defence Estimates.

Argentina to reform economy 'this year'

BY TIM COONE IN BUENOS AIRES

IMPORTANT structural changes are to be made in the Argentinian economy before the end of the year, according to Mr Jose Luis Machinea, the country's Deputy Economy Minister.

Speaking at an international gathering of economists in northern Argentina this week, he said: "We must launch some kind of structural reform before the end of the year. Otherwise we shall have problems, not immediately but in the medium term."

The envisaged changes include a speeding up of the privatisation of state sector companies, capitalisation of the foreign debt to promote foreign investment, modifications to the systems of customs tariffs to open up the economy to greater trade and competition, expansion of incentives for exports and investments, and a scaling down of public sector employment.

In the latter case a voluntary redundancy scheme is under study. Public sector employees, although badly paid, are guaranteed security of employment in Argentina.

The proposed measures are contained in existing government plans as a second phase of the so-called Austral Plan, which was introduced in June 1985.

The first phase of the plan, the successful halting of runaway inflation, is running into difficulties through trade union opposition, the re-emergence of a monthly inflation rate of over 5 per cent and a continuing lack of interest in investment by the private sector.

Disputes between the Central Bank and the Economy Ministry over monetary policy have failed to rein in monetary growth adequately, while divisions within the ruling Radical Party, have set back privatisation plans for well over six months.

Why we still need the Navy

SIR—As one who served in the Royal Navy for 35 years—two of them in the same ship as Gidley Wheeler—may I take issue with his recipe for conventional naval and air forces (July 23), because I do not believe they are really relevant or realistic.

In my experience drooping morale on the services is usually more imagined by those who want to make a point, than real. Secondly, Trident is a red herring. Nuclear weapons are no longer the prerogative of super-powers and we should retain the ability to inflict unacceptable damage on any nuclear armed potential enemy in order to maintain deterrence. It is naive to believe that savings on Trident will be re-deployed within the defence budget.

The real issue facing defence planners is whether in future we invest declining resources mainly in British Forces Germany, or in our maritime capability. BFG are highly trained on specialised equipment in a particular area. They therefore tend to be inflexible.

No doubt they will put up a good show if the next conflict involves the Soviets, and if the Soviets conveniently strike in central Europe. But history suggests that war seldom

occurs the way you plan it. BFG's ability to affect the outcome of conflict in Europe is in any case limited, as they represent only a small proportion of Allied forces there. They are costly and carry an extensive back-up paid for in hard currency.

Maritime power is flexible, if rather slow to respond to unforeseen events. With its organic air and amphibious capabilities it can deploy military power over most of the world, without land bases or runways. It is valuable in peacetime diplomacy world wide. It is also the only means of ensuring that the sinews of war can be kept supplied in conflicts away from the United States or United Kingdom arsenals and bases. Without this maritime capability the Falkland Islands would now be part of Argentina.

The Government will, sooner or later, have to decide whether to put most of our eggs into the central European defence basket and hope that we do not have to defend interests elsewhere, or to retain the flexibility of major maritime forces. The decision is more likely to be made on the grounds of political expediency than on the needs of defence.

Capt. R. H. NORMAN
Faversham, Kent.

Attached is the article of the 23 July.

The Royal Navy: stretched beyond limit

SIR—I wonder how many people were as disturbed as I to read that a serving naval captain, the Director of Public Relations for the Royal Navy, has recently used a false name to advocate MOD policy in newspaper correspondence columns. I refer to captain Liardet, alias "Nicholas Wardel."

Perhaps I have better reason than many to raise my hackles over this, for I served in the Royal Navy from 1954 to 1979, and in that time had several letters on naval matters published in the Press. I signed myself Gidley Wheeler, which was what everyone knew me as.

These letters were written because I was becoming increasingly convinced that the Naval Chiefs of Staff were being manipulated by politicians and big business, to the detriment of the Service.

It is impossible to give 25 years of your life to the Royal Navy and then shrug them off as if they never happened and, in the last six years, I have been saddened at the way the standing of the Navy and its credibility as a fighting force have been, and are being, diminished. The message which I am getting now from my contacts with serving officers is quite clear: the Royal Navy is on the brink of a massive crisis in the "three M's"—material, manning and—most important of all—morale.

Because successive First Sea Lords have said "can do" when invited by politicians to stretch dwindling resources to meet unchanged commitments, the Navy is now stretched beyond its elastic limit. This means that ships are sailing with incomplete technical and operational teams and are staying at sea longer and longer. It means that individuals (especially junior officers and senior ratings) are weighed down with duties and responsibilities for which they are ill prepared.

The result? A snowballing crisis that will not be reversed until the Chiefs of Staff take some bold, radical decisions.

It is Trident, I believe, that lies at the root of the problem, for Trident is doing to the Royal Navy today exactly what the V-Bomber force of the fifties and sixties did to the R A F. It is sucking the energy, morale and will to fight out of the Navy.

Britain's politico-military structure is now so rigid that only a catastrophic war (as opposed to a lucky Falklands win) can shake our defence mandarins out of their complacency. My recipe for the salvaging of Britain's conventional naval and air forces is:

Cancel Trident immediately and abandon pretensions as a nuclear super-power;

Reduce naval exercise and operational commitments by 25 per cent *with immediate effect* and allow no RN ship to sail without a full peacetime complement;

Abolish the rank of Rear Admiral (the Navy, like its narrow-hulled ships, is top-heavy);

Put in hand a feasibility study for the formation of a new service, the "Royal Naval and Air Force" in place of the RN and R A F;

Cut out the deadwood in the Naval Procurement Executive and open up the way for private enterprise designers to break the hidebound design traditions of the RN Corps of Constructors.

Any one of these measures would have a salutary effect upon the Royal Navy. Together, they could release many billions and end the long decline in Britain's conventional defences.

CHARLES GIDLEY WHEELER
Winchester, Hants.

Blyton for fun

SIR—With reference to the proposed ban by Oxfordshire Council of Enid Blyton books, how soon will such authors as Dickens be accused of being out-dated? Do children's libraries only have books of modern, miserable happenings?

M. FORCER
Harrow.



Falklands' flowers for our Fergie



FERGIE: Special bouquet.

SARAH Ferguson's wedding bouquet will be gold and white, the perfect colours for a summer bride.

Like Princess Diana, who carried five Mountbatten roses as a tribute to Prince Charles's favourite uncle, Fergie is expected to include a personal touch—a Falklands plant to mark Prince Andrew's South Atlantic service in the navy.

The Falklands are not a florist's dream. The islands are rich in grasses and rushes, but there are also some lovely hardy plants.

Calceolaria falklandica has pure golden yellow slipper blooms and is a superb plant for a cool spot in the rock garden.

Quite easily raised from seed, like all calceolarias it is short-lived, so a supply should be grown each year.

Another candidate is a delicate fern with a big name, *Blechnum penna-*

marina, which would sound better called Fergie's Fern.

It will thrive anywhere in the garden which is shady and dry.

By tradition she will have the flowers of the Common Myrtle (*Myrtus communis*) picked from the plant at Osborne, Isle of Wight, which is said to have been grown from a cutting from Queen Victoria's wedding bouquet.

Slightly tender, it makes a neat ever-green shrub, smothered in white blossoms in the Summer. She will almost certainly have orchids. The Sussex growers McBean, provided two *Odontoglossum* hybrids—Royal Wedding and Royal Occasion, for Princess Diana.

These lovely spray orchids are not too difficult to grow under glass, in cool moist conditions. They must be protected from draughts and from March to October from direct full sunlight. They do need full light between November and February.

PURE GOLD: *Calceolaria falklandica*.

Perez poses successor problem

NEW YORK: The unexpected heart surgery performed on the UN secretary-general, Mr Javier Perez de Cuellar, raises a serious question about his availability for a second term.

Mr Perez de Cuellar's first five-year term expires on December 31. The world body will begin deciding this autumn who will be Secretary-General from 1987 to 1991.

Until his quadruple coronary bypass operation on Thursday, Mr Perez de Cuellar, who is 66, had been viewed as likely for a second term, despite his own disclaimers of second-term ambitions.

"Just about all the Western countries have told him they would like to see him stay on," a Western diplomatic source said. "There is no visible alternative."

The Soviet bloc was also expected to support the low-keyed Peruvian diplomat, who has trodden cautiously between the superpowers and avoided controversial stands.

A key UN aide said that any speculation on Mr Perez de Cuellar's future was premature. "It will depend on what the physicians tell him," the aide said.

After Thursday's four-hour operation at New York's Mount Sinai Medical Centre, UN spokesman, Mr Francois Giuliani, said he was expected back on the job in a few weeks and "should lead a completely normal life."

Mr Perez de Cuellar, the oldest of the five men to serve in the top UN post, had been pursuing a grueling travel schedule and complained of fatigue on returning last week from an 18-day trip to five European countries and Morocco.

He was to leave on Tuesday on a 10-day African tour, but cancelled that and entered the hospital on Wednesday to undergo what initially were described as routine tests. On Thursday morning came the surprise announcement that he had undergone by-pass surgery.

Mr Perez de Cuellar took office on January 1, 1982, succeeding Dr Kurt Waldheim, who had made an unsuccessful bid for a third term.

From the outset, Mr Perez de Cuellar insisted he would be a one-term Secretary-General. "The Secretary-General has to be a very independent person and, if I say that I will run for another mandate, then I will have to start pleasing the Soviets,

the Americans, the French, the British, and Chinese, in order to have their kind vote at the end of my mandate," he once told a reporter.

The five countries have veto power in the 15-nation Security Council, which nominates a candidate for election by the 159-nation General Assembly.

However, he did not completely close the door on a new term. The Peruvian diplomat, a former UN under-secretary-general for special political affairs, emerged as the dark-horse candidate for secretary-general in December, 1981, after a six-week election deadlock between Dr Waldheim and the Tanzanian Foreign Minister, Mr Salim Ahmed Salim.

As Secretary-General, Mr Perez de Cuellar has not scored any notable successes. He has been frustrated in his efforts to mediate the Afghan, Falklands, Iran-Iraq and Middle East conflicts, as well as the Cyprus problem.

But diplomats have given him high marks for effort, and top grades in discretion. Some doubted that Mr Perez de Cuellar could bring himself to retire while world body was in the midst of its current financial crisis.

If he rules himself out for a second term, a scramble for



Mr Perez de Cuellar: 'No visible alternative'

candidates is expected to ensue. Latin American diplomats already have said that, in such an event, someone from their region should get the job, because all previous secretaries-general were elected for second terms and Latin America still had another term coming to it. But no Latin American figure has emerged.

Africa, which felt cheated out of the job five years ago, is sure to make a strong claim.—Retuer.

SOMETHING very drastic is happening in the stratosphere over the Antarctic. While the combined wisdom of the world's atmospheric chemists currently concludes that the various man-made insults to our protective ozone layer will produce a thinning no greater than 1 per cent a decade, October ozone levels over the Antarctic have fallen by around 40 per cent in five years. Measurements of total ozone made by the British Antarctic Survey (BAS) since the 1950s confirm that, until 1979, the ozone layer was stable throughout the dark southern winter. Since then, for about a month each year, between September and November at winter's end, the total ozone concentration has fallen each year to an increasingly worrying low. None of the existing dynamic chemical models of the upper atmosphere predict a change of this kind, even as a result of the effects of man-made compounds such as aerosol propellants — the chlorofluorocarbons.

The upper atmosphere ozone layer is important as a filter which protects the earth from potentially damaging ultraviolet radiation. For over a decade scientists, industry and governments have been debating the various human activities that

seem set to erode it. Nitrogen oxides and various halogens have been implicated, but the chief suspect among several is chlorine from the chlorofluorocarbons, which are still increasing in the atmosphere. Although banned in the US, these compounds are still produced and permitted elsewhere, including the EEC.

The discovery of an Antarctic ozone thin-spot or "hole" by Dr Joe Farman and his colleagues of the BAS, has since been confirmed by US scientists from satellite records. Nasa is now rather hurriedly preparing a report for US Government agencies. At the most recent meeting of the American Geophysical Union, Dr Richard Stolarski of the Goddard Spaceflight Centre revealed that the ominous trend of the five years to 1981 was continued in 1985 and shows no sign of bottoming out.

Armed with balloons and various chunks of expensive gear, including the \$60 million infra red spectrometer which would have been employed in near-earth space on board the Shuttle, had the Shuttle been operating, US scientists are proposing to fly into the Antarctic in September. They will be able to determine at what height ozone is being depleted —

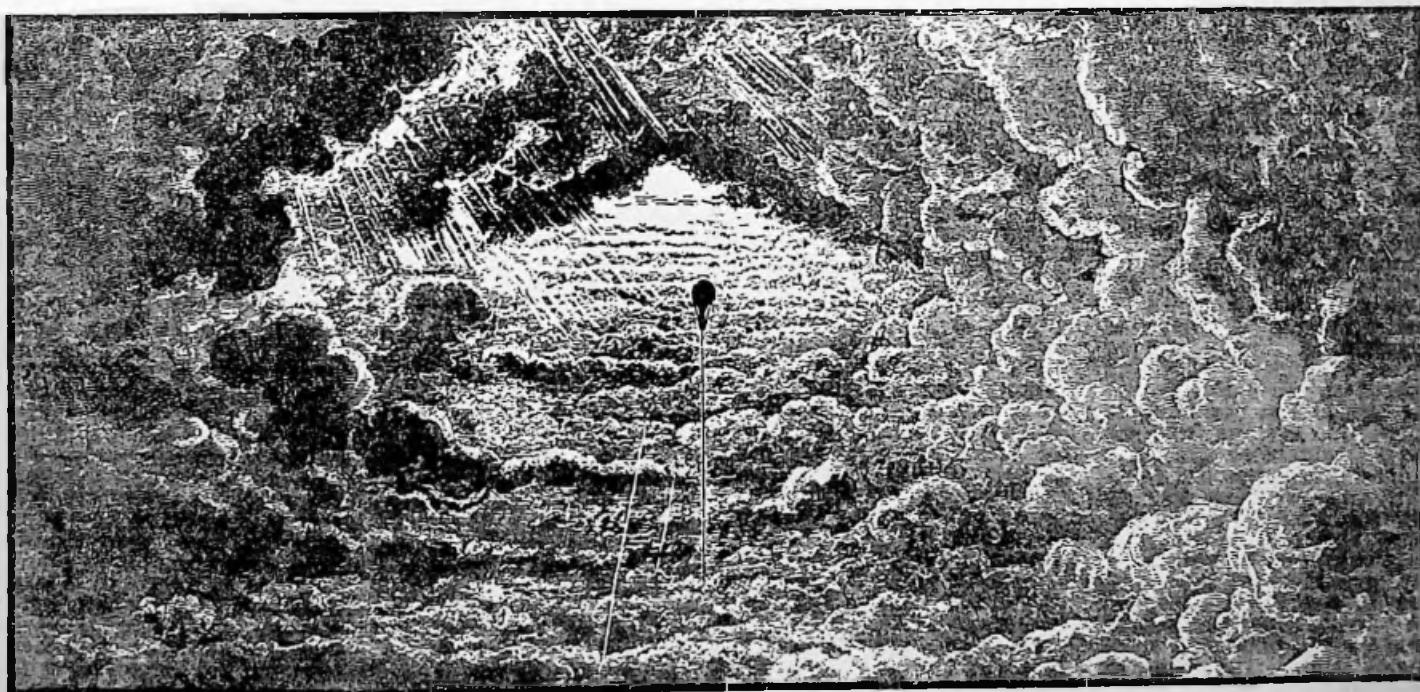
Ballooning into the unknown: who really cares?

The hole in the heavens

Suddenly the ozone layer is not as thick as we hoped it was. Anthony Tucker reports

something that the less well equipped British teams have been unable to do — and also what chemical molecules exist in the depleted zone. First results should be out before the end of the year.

The British team, biting stiff upper lips and concealing some envy for the rapid response of the US system,



are plodding on with the gathering of support and finance for a detailed investigation at the end of the Southern winter in 1987. A technical report on the situation and proposals for research are currently with the Natural Environment Research Council, which is responsible for the BAS. The

aspect which scientists find most worrying is the absence of any known mechanism for a systematic depletion of ozone over the polar segment of the southern hemisphere. The question is whether this segment, comprising perhaps a third of the area of the hemisphere, is an indicator of what might suddenly hap-

pen to the rest of the ozone layer if contamination does not stop.

Dr Joe Farman points out that only over the Antarctic does the winter coincidence of very low temperature and sunlight occur, a situation which might be responsible for conditions in which

ozone-depleting molecules could accumulate for sudden seasonal release. Conditions over the North Pole, where the stratosphere is relatively warm, are quite different.

If chlorofluorocarbons are to blame then, it is necessary to unravel the mechanisms which convert the chlorine

from a harmless to an active form during the winter and allow it to accumulate in the stratosphere so that, unlocked by the first spring sunshine, it can destroy ozone as soon as it is formed. But chlorofluorocarbons appear to be unfashionable as a possible cause, especially among scientists trying to get Government, EEC or industrial support. The EEC, with its soft attitude to aerosol propellants, has so far failed to notice that there is a distinctly worrying ozone problem along the lines predicted a decade ago, for which some additional research support would be invaluable at the present time.

There are, it needs to be stressed, a number of other theories, such as the effects of the volcanic dust veil, a natural variation in nitrogen oxides driven by the solar cycle, or some abnormal transient condition in the giant vortices of the upper atmosphere. But, as British scientists first pointed out, the downward ozone trend and the chlorofluorocarbon increase seem to relate remarkably well. Maybe they are finding support hard to come by precisely because they dared to say that. Yet this is the possible relationship which most urgently needs investigation.

Argentina seeks buyers for two of its submarines

BY TIM COONE IN BUENOS AIRES

SAUDI ARABIA may buy a submarine following President Raul Alfonsin's recent 13-day tour of the Far and Middle East, which took in a 38-hour stopover in Saudi Arabia and two meetings with King Fahd last weekend.

Prince Sultan, the Saudi Defence Minister, is to shortly visit Argentina.

Argentina presently has two TR-1700 diesel-powered submarines built by Thyssen of West Germany and is in the process of constructing four more under licence in Argentina. The first is expected to be completed shortly, and the second is at an advanced stage. Economic austerity plans have led the Government to decide to sell at least two of the submarines.

Approval from the German Government for their sale to third countries, including Saudi Arabia, was given following the visit to Argentina by Dr Manfred Woerner, the West German Defence Minister, at the end of last May, according to the West German embassy in Buenos Aires.

Indonesia is also being considered as another potential buyer for the submarines. Manufacturing work on the

TR-1700s is considered "very good" by German engineers attached to the Argentine shipyard.

The price tag for an Argentine built TR-1700 submarine has not been released although it is thought to be in excess of \$100m.

Argentine shipyards are also seeking contracts to repair submarines from other Latin American countries, though they face stiff competition from West German yards. A deal with the Colombian navy is thought to be close to completion.

Mr Dante Caputo, the Argentinian Foreign Minister, who accompanied President Alfonsin on his 13 days tour, has now flown on to Bonn where the issue of submarine sales and repaid contracts is expected to be raised.

Argentine-Saudi co-operation in armaments manufacture was also discussed in Jeddah. Argentina has an extensive armaments industry and is seeking to break into the world export market, though sales to the Middle East "will probably have to have the green light from Washington," said a presidential aide.



(The above cartoon illustrated an article about Prince & Princess of Wales about to visit the Shetlands where it is apparently very cold at present!)

NLC

Richard Evans previews the Commonwealth Games

Edinburgh staggers to the start line

A SPECTACULAR display ending with the formation of the Scottish flag from the capes of hundreds of schoolchildren will launch the 13th Commonwealth Games in Edinburgh today.

It will be a colourful start, beneath the craggy splendour of Arthur's Seat, involving 6,500 children, kilted bands, parachutists, and decorated floats, representing the competing nations.

The Duke of Edinburgh will read a message from the Queen and Mr Robert Maxwell, publisher of Mirror Group Newspapers, and joint organiser of the games, will wave and smile with relief. The games will be on, although it has been a close run thing.

The organisers are still punch-drunk from the series of blows that has reduced the numbers of competing nations to 27, with 31 having joined the boycott in protest at Britain's failure to support sanctions against South Africa.

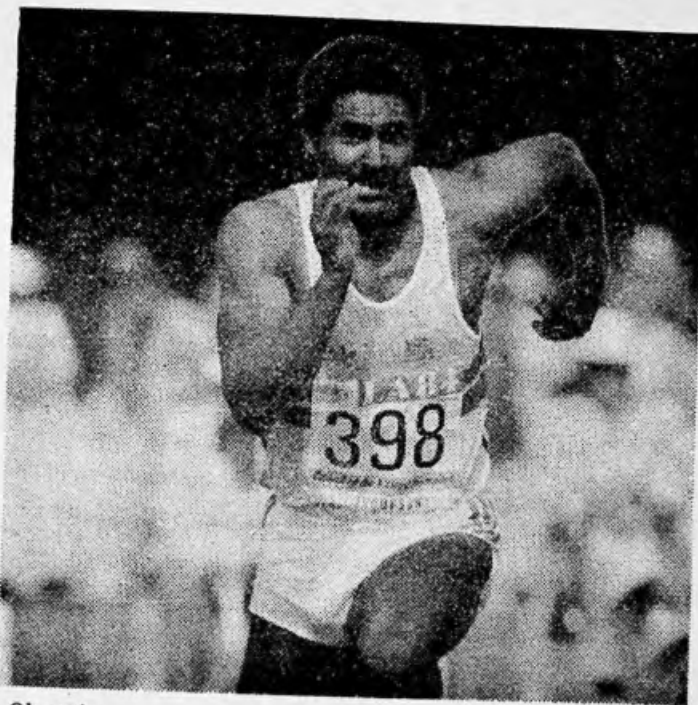
It came as light relief yesterday when members of the local Women's Royal Voluntary Service, who provide an emergency mending and sewing service for competitors, threatened to walk out unless they were provided with a television set to watch the royal wedding. The organisers capitulated. Enough was enough.

There is a determination to put on a brave face and to sume that once the competitive events start the political battering will be forgotten.

Any goods news has been grasped and overplayed. The decision of the Lesotho contingent to come to Edinburgh after previously withdrawing through lack of cash was greeted with rapture.

The routine raising of flags in the games village became a moving ceremony of gratitude as contingents registered from the Falklands Islands, Bermuda, Fiji, Gibraltar and Western Samoa.

There is no doubt, however, that the whole character of the games has been changed by the



Olympic decathlon champion Daley Thompson who will be competing at the Edinburgh games.

boycott. Its value as a sporting spectacle has been reduced. The absence of nations like Kenya and Jamaica in the athletics and Ghana and Nigeria in boxing have inevitably devalued the medals currency.

The boycott has also produced immense practical problems for the organisers. There are now too few competitors in some events, particularly boxing, wrestling and weightlifting.

On the track it will not be easy to avoid awkward gaps because fewer heats will be needed. This is particularly relevant to the BBC which plans to continue its saturation coverage, with more than 100 hours television, to the UK, Australia, New Zealand and Canada.

What strikes the visitor to Edinburgh is the apparent lack of interest away from the games village, Meadowbank stadium

and other games venues. The city simply does not seem to care.

It had been a fraught task for the hapless organisers to raise sufficient cash even before the boycott was mounted. The local evening paper recently conducted a survey of all 82 prosperous stores on Princes Street. Only two have come up with any sponsorship money as the city showed its tight-fisted side.

One explanation is that Edinburgh simply did not want the competition so soon after the highly successful 1970 Commonwealth Games. A bid was put in mainly to place a marker for the future, but it was the only bid and the games were Edinburgh's.

There was subsequently a change of control on Edinburgh City Council. The previous Tory administration had pledged backing of £8m, but

the present Labour majority preferred to spend the money in other ways.

Municipal support has been limited to a £4m improvement scheme for Meadowbank and other games venues, and no money has come from the Government. These are the first commercial Commonwealth Games.

When Mr Maxwell stepped in last month the games were heading for bankruptcy. There was a potential deficit of more than £4m and it is by no means certain that this gap will be bridged.

Mr Maxwell has raised some extra cash by a combination of persuasion, cajoling and bullying, but he has been obliged to threaten to bill the absent nations for £2m, the estimated cost of the boycott.

Fresh sponsors have been hard to find and, even more damaging, some already committed sponsors have been having doubts.

One leading sponsor commented yesterday: "The whole point was to back something nice and warm—the friendly Games. Frankly it has turned into something of a nightmare. I am very unhappy about it all." He admits, though, that it is far too late to pull out.

More positively, the games should benefit the Scottish economy by around £40m—probably 10 per cent down because of the effects on attendances of the boycott. Nearly 90 per cent of the tickets already available for athletics and swimming have been sold.

The purpose of the Commonwealth Games is to create a relaxed and friendly atmosphere in which excellent athletic performances can be achieved without the intense nationalism of the Olympics.

But the sight of Edinburgh staggering rather than sprinting to the starting line gives cause for concern about the future of the games. No one will envy New Zealand picking up the baton in Christchurch in 1990.

Argentine pilots call off strike

By Tim Coone in Buenos Aires

TWO INDUSTRIAL disputes that have seriously affected the Argentinian economy have ended. Pilots of the state airline, Aerolineas Argentinas, are to call off their strike and employees of the Foreign Trade and Industry ministry are to return to work.

The 22-day airline dispute has paralysed the company's 15 international flights a week to Europe and the US, disrupted domestic services, and inflicted losses on the company conservatively estimated at about \$12m (£8m).

The government has also agreed to bring Foreign Trade and Industry Ministry workers' salaries into line with those of Economy Ministry employees.

NC

Brazil and Argentina in market ties accord

By Tim Coone in Buenos Aires

THE ARGENTINE and Brazilian Governments have reached an economic agreement which could well lay the foundations for the development of a new regional common market in South America.

President Jose Sarney of Brazil is to meet President Raul Alfonsin of Argentina in Buenos Aires at the end of the month to ratify the agreement. Both presidents have repeatedly stressed the over-riding importance of regional co-operation to stimulate economic growth in South America.

A joint communique issued by the two countries' Foreign Ministries on Monday night states that future economic ties between the two countries will be based on:

- Extensive co-operation in development of high technology industries.
- Balanced trade in which neither country will become a specialised producer of goods for the other.
- Preferential treatment for industrial and agricultural produce of either country to the exclusion of products from third countries.
- Improvement of energy, communications and transport links.

The moves towards trade integration between South America's two economic giants have generated many expectations and conflicts among producers in both countries. Some welcome the possibility of an expanded market for their products, while others fear competition from their more efficient neighbours. The latter have usually held sway and undermined previous initiatives.

However the outline accord goes some way towards allaying these fears, by emphasising flexibility and a "dynamic equilibrium in trade with neither of the two countries becoming specialised in any sector, whether in production or in commerce."

No abrupt changes in trade patterns can be expected as many obstacles remain to be resolved, especially in relation to marked price differentials for similar products available in both countries due to subsidisation policies and bureaucratic inertia.

Labour sees £3bn prize in ending nuclear force

By John Carvel,
Political Correspondent

Abolishing Britain's nuclear deterrent and reducing defence commitments outside the Nato area could save nearly £3 billion, according to a draft policy paper for debate at the Labour Party conference in Blackpool.

The savings, amounting to 15 per cent of the Defence spending, would be made by the end of the first full term of office of a Labour government, but some would be spent on conventional forces.

The costs of transition to the non-nuclear strategy and

the possible need to increase conventional defences would mean that little saving would materialise in the first years of the policy.

These conclusions, which are in tune with the refusal of the Shadow Chancellor, Mr Roy

Leader comment, page 14

Hattersley, to promise spending without resources to back it up, are drawn from a confidential draft of a national executive statement which was broadly approved last week.

It notes that Labour's defence spokesman, Mr Denzil Davies, originally wanted to ensure that "most" of the savings from cuts in the nuclear and Falklands budgets should be retained for other defence purposes.

A national executive parliamentary Labour Party joint committee amended this to say that only "some" of the funds should remain within the defence budget.

The paper points out that defence spending has increased by 30 per cent in real terms under the Conservatives, dis-

torting the British economy and starving civilian industries of vital resources.

But the Government's defence growth has come to an end and Labour predicts that ministers' planned 6 per cent cut over the next three years will be concentrated on non-nuclear defence equipment, reducing it by 20 per cent.

"The priority of our policy is to achieve a non-nuclear defence policy for Britain and Nato" it says. Early cancellation of Trident would enable most of its £10 billion budget

to be released for other purposes.

Decommissioning Polaris and closing nuclear facilities at Aldermaston and elsewhere will eventually increase the savings, but dismantling costs would have to be incurred in the first year or two.

Reductions in defence spending outside the Nato areas, including the Falklands, where a negotiated settlement would be pursued, would produce other savings.

"By the end of Labour's first term, therefore, the sav-

Turn to back page, col. 4

Labour's £3bn prize in ending nuclear force

Continued from page one

ings from ending the nuclear role and reducing the 'out of area' role should amount to around 15 per cent of the total defence budget," the paper says.

The paper says that a Labour government would maintain the British Army of the Rhine to demonstrate to European allies its commitment to collective non-nuclear defence.

There would be a need to restructure the RAF away from offensive and towards defensive roles. The long-range nuclear strike bomber version of Tornado would be reallocated from its present deep strike role against targets in Eastern Europe. Labour would also oppose plans for the acquisition of a long-range stand-off missile for the RAF.

Labour would oppose the Royal Navy's plans for strategic anti-submarine warfare — the use of conventional forces to hunt and destroy Soviet submarines armed with ballistic missiles. It argues that this approach should be abandoned because it is provocative and

destabilising to the current naval balance in the Atlantic.

The paper calls for a thorough restructuring of the intelligence services to ensure that Britain develops sources of information more independent of the United States.

Labour is also proposing tighter controls on arms exports. It speaks of "the folly and short-sightedness of relying on the volatile and immoral arms trade as a means of preserving jobs."

A Labour government would institute an immediate review of all British arms sales. It would introduce break clauses into arms exports contracts to allow supplies to cease in the event of a military coup replacing the original customers.

The paper recognises that there would need to be special help in a few areas with jobs at risk in the switch away from nuclear weapons. These would include Barrow-in-Furness, Faslane, Rosyth, Coulport, Aldermaston and Burghfield.

Defence on the one hand

There were plenty of Labour smirks when the Davids Steel and Owen fell out, ever so slightly, over defence. Mr Kinnock, it was asserted, had no such difficulties over Polaris or any other matter of future defence policy. In one sense that is true enough. The party — witness the latest plank of executive thinking nailed into place at Walworth Road — is very anxious indeed not to fall out over anything. Mr Healey is silent as the grave in this area, if in few others. Mr Benn and Mr Skinner

aren't full of outrage. And yet the lack of a debate doesn't mean there isn't one — as today's leaked document on costs and strategies shows. The debate this time, however, won't be so much between conflicting wings of the party as between Labour and what may prove to be a sceptical electorate.

One sharp lesson was drawn from the shambles of 1983: that Labour was perceived to be pretty puny on any sort of defence. Thus, extrapolating forward, it would be possible to go non-nuclear, junking Polaris, booting out American bases, if there was concomitant commitment to strong conventional defence. Once or twice, as this trick was pulled, front bench spokesmen could be heard asserting that Labour might actually need to spend more on defence as a whole in order to bring conventional forces up to (non-nuclear) scratch. Today's new policy document, however, is rather more equivocal on such matters. Scrapping nuclear weapons and Aldermaston, it reckons, may save (net) around 10 per cent of the defence budget by 1990 or 1991; scrapping any out of area activities (the Falklands, far-flung exercises and the like) could bring that up to 15 per cent. But, then, who can possibly foretell what will be happening in Europe? "If the Soviet Union can be persuaded to reduce the level of its own spending on the military, then . . ." everything will be hunky dory. "On the other hand, if the Soviet Union chooses to build up its conventional forces further, it must be recognised that . . ." Not so hunky dory. Taking all the different factors into account, the document says, "our aim is that, whilst there will be some savings in the overall levels of military spending, there will also be some resources made available for the improvement of Britain's conventional defence."

Such on-the-one-handing and on-the-othering courses runs through the executive policy, from which nuggety little quotes to cheer Mr Norman Tebbit drop regularly. "The Soviet Union and its Warsaw Pact allies may have no intention of attacking Western Europe . . . Nevertheless . . . it would be prudent . . ." There is a need for a "major reform of the process of threat assessment," so that we, and all the other Nato allies, don't take what America says as gospel. The Tory government which, on the one hand, has brought "a reduction in Britain's real defences" has also "contrived to portray a picture of a large Soviet superiority in almost every field." And then there are the forces on the ground. Labour supports a "greater emphasis" on "tempo-

rary obstacles and barriers" on the East/West border. It wants no long-range strikes from the Tornado GRI, which will be "reallocated" to the North East Atlantic. It doesn't want the Navy to use "conventional forces to hunt and destroy Soviet ballistic missile armed subs." Too "provocative and destabilising."

The authors of the document — and all those who approved it — will doubtless consider such a piecemeal rendition extraordinarily misleading and unfair. So it is. So are general election campaigns. But the uncomfortable fact remains that Labour's policy — after 1983 — is now in a state of suspended evolution. Neither bullish nor doveish. It asserts things which are desirable — like a peace treaty with Argentina — whilst assuming the savings of that deal in its total costings. Such a deal is undoubtedly overdue and sensible. But would any experienced union negotiator tell the other side that he had to settle because he'd already spent the money? There are real and formidable difficulties at every turn: most of all the hop, step and jump which assumes that Americans in Britain can be sent packing without any slackening Washington resolve to keep its armies and nuclear shield intact on mainland Europe. What Labour is putting forward — stripping away the ambivalencies — is the biggest change in British defence policy in modern times. That will have to be cemented by arguments at every point — because a full-scale election debate cannot be avoided. Unhappily, at the moment, the argument seems to have stopped half-way; and, if it languishes there, Mr Steel and Dr Owen must fancy the chances of getting their own back.

War deflects the riflemen's aim

THE Falkland Islands' only competitors at this week's Commonwealth Games—two full-bore rifle marksmen—may not have become embroiled in the controversy over sanctions, but their preparations have not been without difficulties.

The two have been in Britain for more than a month, trying to make up for four years of virtually no practice. Their rifle range was destroyed during the Argentine invasion in 1982, and their efforts to rebuild it have been blocked by British officers who claim the site overlooks a vital strategic position.

To add to their problems, Brian Summers, a telex operator and a major in the local volunteer force who was on duty on the April night of the invasion, and 60-year-old Stan Smith, have had to borrow rifles for the event. One thing in their favour, however, will be the blustery conditions at the Barybuddon ranges near Edinburgh which should remind them of home.

Another reminder will be the presence of 19-year-old Margaret Butler, the Falklands 1985 beauty queen, who is representing the islands at the Games' opening ceremony. As this is the first time she has ever been out of the Falklands, I hope the weather doesn't make her homesick.

Southern cross

The RAF will find itself cast in the unusual role of package tour operator next year when a new attempt to turn the Falklands into a tourist attraction lifts off. A Leicester-based holiday firm has advertised a two-week excursion to the islands and claims to have had a good response, despite the £2,450 asking price. The package includes full board, a tour of the islands and return flight by RAF jet. Peter Beane, the firm's sales manager, tells me he hopes to book at least four parties of eight. He did not think the RAF would make much profit out of its fee, which he did not disclose. The MoD tells me it is happy to help out, when there are spare seats. Instead of the spartan inflight conditions one might expect, it says they are "rather better than on most commercial airlines."

Athletes and the art of political Gamesmanship

THE EIGHT running tracks stretch into the distance like white lines painted on a sandstone desert. Is this where it all begins to fall down — the house Lord Mountbatten, Pandit Nehru and Harold Macmillan among others built on foundations left by Cecil Rhodes and Clive of India?

That is the question — but it didn't get any answers from most of the 1,000 athletes already in Edinburgh yesterday for the 13th Commonwealth Games which start this week.

By definition the eye of the storm is where the storm doesn't happen. There has been a torrent of pity for the Papua New Guinea team which flew in here, only to learn 36 hours later that they had to find their way back to Heathrow.

But neither this withdrawal nor those of 15 or so other countries, as the leaders of the African "front line" States met in Harare, caused a single athlete to break his or her stride as they practised for the hurdles or the long jump.

Sir Sonny Ramphal, the Commonwealth Secretary General, came to Edinburgh to urge Mrs Thatcher to join South African sanctions in order to "save the Games." But the Games are already saved — anyway in the eyes of more than 2,000 competitors definitely lined up for the

opening ceremonies, irrespective of further team defections.

The Australian team manager, Arthur Tunstall: "Listen; I have no doubt that the Games will go on, and the next Games, and the Games after that. Boycotts have never stopped any Games."

But didn't some of his team think they might be left with so little opposition that the Games would be a sham? "It doesn't

'Those who stay away will only hurt themselves. They won't hurt anyone else'
—Jersey athlete

make any difference. They know their names are going into the record books. People don't like to say 'I won a medal, but so and so wasn't there'."

In fact didn't many athletes think of the Games as not so much a Commonwealth affair as simply another major event on the sporting circuit? "We strive to come to the Commonwealth Games because it is a stepping-stone to the Olympics. It gives

the youngsters a chance to get the feel of things in a more relaxed atmosphere."

His team, he said, didn't worry about politics—they left that to the politicians. A Malawi boxer, relaxing in the sunshine, made the same point. "I want to win a medal," he said.

But how did he feel about the boycott? A wary look flickered across his face, as though he had been warned his next opponent might flick resin in his eyes. "I don't know about that."

Jersey competitor: "Those who stay away will only hurt themselves. They won't hurt anybody else."

In the Meadowbank Press Centre, which has the shape and acoustics of an aircraft hangar, the Games Chairman, the newspaper proprietor Mr Robert Maxwell, held forth on the same theme, his normal thrusting delivery mostly lost in a microphone breakdown and the din of passing lorries.

"Opinion Poll . . . 86 per cent of British people say Games should go on regardless . . . more athletes than at Brisbane last time . . . people will remember . . . those who won medals gave their best . . . won't remember those who weren't in . . ."

Yes, yes, asked one journalist, but suppose they ended up as the White Commonwealth Games? Pause. That was impos-



Rajiv Gandhi: 'good at posturing without any intellectual substance'

sible. The team from Great Britain would be multi-racial.

Back at the Games Village — the University Halls of Residence now housing all the teams — its Commandant, Mr Cameron Cochrane, the good-humoured and outgoing headmaster of Fettes College, introduced the Falklands Islands entry, Mr Brian Summers, who in a rare moment of light relief said he was 50 per cent of his contingent, the other 50 per cent being his team manager.

He came 8,000 miles to compete — others came 12,000 miles — and they clearly all came to win, not to interest themselves overmuch in an Edinburgh Councillor's

demands that Mrs Thatcher should be refused a seat at the Games; or in the power struggle in which African and Asian leaders are using the Games as a pawn to put pressure on her to yield on sanctions,

But all the same, every day they walk past the 25 foot-high poles, anchored in concrete tubs and bearing the flags of the competing teams.

A lorry with a crane is on hand to cart away the pole of any country which pulls out. When I last looked there were 51 flags and six empty tubs. Now watch those spaces.

Ivan Rowan

Daily Mail
20 July 1986

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ATOL

Agent flees with codes

by Maria Laura Avignolo
Buenos Aires
and Tim McGirk

ARGENTINE intelligence services are investigating the possibility that one of their agents sold a secret code book to the British before vanishing from his post two months ago in Switzerland. There are suspicions that he has sought asylum in Britain, though yesterday the Foreign Office in London refused to confirm or deny this.

The presumed buyers of the code book, which is a key to Argentina's two-way telecommunications traffic with its diplomatic missions in Europe, are either Britain or, less credibly, Chile, which has also been at war with Argentina in recent years.

Britain has had a policy of routinely trying to intercept messages from Argentina's overseas posts, even before the Falklands war. Possession of the code book would greatly enhance its ability to do so.

The government's electronic eavesdropping centre, GCHQ at Cheltenham, would have been able to use the code book, a slender notebook of numbers corresponding to letters, to crack telexes between Buenos Aires and European capitals. It is doubtful that Chile has the electronic eavesdropping devices to make much use of it.

The agent, Pablo Valle, was posted to Geneva with orders to monitor international organisations in Geneva including the Red Cross, which has taken an active interest in past human rights violations in Argentina, and UN bodies. Valle, who was ranked as a counsellor, reported directly back to President Raul Alfonsin's own intelligence service, Side.

Side took the unprecedented step of publicly announcing last week that it was launching an "immediate investigation into the presumed sale of the code book". Valle, a married man of 50, was recalled to Buenos Aires after the foreign ministry was tipped off by a friendly country's intelligence agency that he had sold the code book to a foreign power. Valle has since disappeared.

It is believed in Buenos Aires that Valle had amassed debts in Geneva of over \$30,000 and may have disappeared with the proceeds from the code book sale.

On Valle's disappearance, the Argentines swiftly altered their codes for Europe. Nevertheless, according to intelligence experts, the pattern used may remain basically the same. With the aid of computers, the buyer of Valle's code book can then decipher the new code.

The scandal in Argentina over the missing agent has embarrassed Alfonsin, who personally appointed Valle to his Swiss post. It was a controversial appointment since Valle had no experience in intelligence and had been sacked, during the 1960s and 1970s, from various jobs in Latin America for suspected embezzlement.

Valle served as one of Alfonsin's campaign organisers in the elections that brought the Radical party to power over 30 months ago. Valle was described by a colleague as being "a knave". The colleague said: "Valle is good with numbers and very diplomatic. He wanted to be important and didn't mind humiliating himself."

Alfonsin's cabinet also has been anxious to contain the affair before it jeopardises Argentina's discreet attempts to improve relations with Chile and Britain.

Falklands fishing

Argentina has initialled a pact with Russia which asserts its right to regulate fishing in the waters around the Falkland Islands. Buenos Aires would issue permits for fishing within the 150-mile exclusion zone.

Dalyell is thwarted again by Tories

By Alan Travis

MR Tam Dalyell, the indefatigable Labour MP for Linlithgow, was blocked by Conservative MPs again yesterday when he made a second attempt to deliver his lengthy and detailed attack on the conduct of the Prime Minister.

The veteran Belgrano watcher was last month forced off the floor of the House of Commons after an all-night filibuster by Conservative MPs to prevent him delivering a 90-minute attack on Mrs Thatcher's role in the Falklands war and the Westland and Libyan affairs.

Mr Dalyell left for Scotland at lunchtime yesterday after Conservative MPs made it plain that they would continue speaking in a debate on new towns until it became impossible for him to get a chance to speak within the strict Commons timetable.

Ministers also turned the knife in the wound. An official from the Government whips' office trailed Mr Dalyell and ensured that he had left Westminster. Once he had gone, they cut short the debate to leave time for him to speak and then expressed mock surprise when he did not turn up in the chamber.

Mr Dalyell had seized his second chance on Thursday night when much of the business set down for the Commons was suddenly postponed. He applied for and was granted a second adjournment debate.

The debate on new towns assets should have been fairly short, but 10 Conservative MPs kept it going for three hours.

Just before 2.30 pm Mr Barney Hayhoe, the Health Minister, who was winding up the first adjournment debate, suddenly sat down, leaving two minutes for Mr Dalyell's debate to start. He said he was giving him the opportunity and was rather surprised not to see him in his place.

Mr Dalyell said last night in Edinburgh that he knew they had a contingency plan. "I have a surgery at 5.15 to 6.15, which I advertised last week in Blackburn, West Lothian. I have never cancelled a surgery yet, other than the morning of the outbreak of the Falklands war," he said.

Mr Dalyell had planned to repeat the substance of his banned speech and to update it to include recent leaks from the defence select committee inquiry into the Westland affair.



Tam Dalyell: trailed by party whip

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ATOL

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The silence at the heart of a right Royal row

"THE use of the Queen, in a dignified capacity, is incalculable," said Walter Bagehot. It is certainly difficult to calculate that influence now, even in the midst of what is alleged by some to be an embryonic constitutional crisis. The trouble is that only Mrs Thatcher knows what goes on.

Even by Whitehall's own high standards the weekly audience at Buckingham Palace can be said to be an extraordinary secret affair. Ministers believe they get a hint from time to time. Occasionally a senior Westminster figure will confide a trivial piece of information about a conversation long ago. Former prime ministers write in their memoirs of relaxed and well-informed discussions. But there is little more.

What is known is that the Queen is committed to the good health of the Commonwealth, and that Mrs Thatcher is pursuing a policy — at least in her interviews and public statements — which promises a coming chill. The result is

that the Queen's role as sovereign, and her views as a long-serving player of the political game, are the subject of proper speculation. It is a matter, as Sir Robert Armstrong might say, that is back "in the public domain."

The funny thing is that outside Parliament and Whitehall the Queen's influence on politicians, in a general way, is taken for granted but there is not much knowledge about how the system works. That is the effect intended. The dignity of the monarchy (at least in the person of the Queen, who has not yet appeared with Terry Wogan) is maintained, largely by the sustaining of the official mystery.

But you cannot work in Government without being aware of the working of an efficient machine. The Royal household, kept from the public gaze by its peculiarities, is tied to the cabinet office and Downing Street by links as strong as those which bind any Whitehall department.

Sir William Heseltine, the Queen's Private Secretary, has two principal contacts in Downing Street — Mr Nigel (Wickes, Mrs Thatcher's Principal private secretary, and Sir Robert, secretary to the cabinet and head of home civil service. They talk regularly, officially and informally, about the day-to-day business of government.

The Queen sees every cabinet paper — as does the Prince of Wales — and is reckoned to be better informed than some members of the Cabinet. Her office maintains direct contact with the main Whitehall departments, notably the Foreign and Commonwealth Office, as well as Downing Street and on a matter in which she must inevitably be directly involved — as in any Commonwealth row — the exchange of information is detailed, and constant.

But what passes between Mrs Thatcher and her sovereign is not known. Mr Wickes waits with Sir William in an ante-room while the weekly audience goes on.

There is no written agenda, and no minutes are circulated. In officialdom's holiest place, informality is preserved.

Lord Wilson used to arrive back from the encounters very jolly, having been well-entertained. Occasionally, after the scheduled conversation there was gossiping over drinks. The Queen, who sees most prominent politicians more regularly than most outsiders suspect, has a fine line in gossip. So we are told. But who can prove it?

There is a similar difficulty over the state of relations with Mrs Thatcher. It is the common currency of Westminster and Whitehall that there have been difficulties — but evidence is hard to come by.

Certainly, a certain monarchical frostiness has been sensed from time to time, as when the Prime Minister decided to take the salute at a Falklands victory parade in the City of London and the royal family was conspicuously not present. Some

members of the privy council who attend on the Queen for constitutional purposes, often arcane, have claimed to detect a distance between them — with Mrs Thatcher leading the conversation at one end of the room and the Queen hard at work at the other. Some of those who are in the unusual position of having seen both women at work are of the opinion that their temperaments do not naturally coincide. Lord Home is said to be the Prime Minister with whom the Queen felt most at home, not surprisingly, and the Earl of Stockton, as Harold Macmillan, the one whom she found most intriguing. When it came to gossip, Lord Wilson is said to have been *primus inter pares*.

However, the Queen's position as constitutional sovereign bound to accept advice rather than to control is caught in a tale told of the Wilson years. When the resignation honours list, notorious for its original inscription on Lady Falkender's lavender note-

paper, was taken to the Palace and shown to the Queen, she made no direct objection. But she said: "Are you sure that this is the Prime Minister's list?" so the story goes, and it is told by those who should know, but there is no proof.

The trouble with the Commonwealth imbroglio is that there will never be any proof either. Anyone who saw the Queen at work in Nassau at the Commonwealth Conference, listening to the heads of government one by one on Britannia, while Mrs Thatcher fought against sanctions at the other end of the island, can have no doubt about the involvement of the head of state in gathering opinions and, no doubt, in passing on her impressions and her feelings to her government.

Every recent prime ministerial memoir talks of the frankness of the weekly audiences. One recent prime minister asserts that the conversations are conducted in relaxed fashion, often in

high good humour. Jokes about cabinet colleagues, though milder than those passed on around Whitehall, are not ruled out.

It is because it is known that the Queen understands politicians, and perhaps enjoys the strangeness of their ways, that the issue of sanctions has been given its royal dimension. On past form, the Queen's instincts will be with the Commonwealth heads of government with whom she has spent so much time and her staff will be working for the solidarity of the organisation.

Faced with a British position — or, at least, a Downing Street position — which could threaten that unity, there is bound to be tension. No-one knows if there has been what we are supposed to call a clash — but the truth is that such a thing is probably not necessary.

The Prime Minister is less, probably much less, than two years away from an election which she hopes will give

her a third term in office. If she were to allow Mr Neil Kinnock, Mr David Steel and Dr David Owen to claim that they were the protectors of the monarchy and that she was threatening its survival by causing a rift with the government, even the Sun would have to take notice eventually.

The Queen hardly needs to spell it out in detail. If she maintains her enthusiasm for the survival of the Commonwealth and indicates her worries about a split, Mrs Thatcher is enough of a pragmatic politician to get the message, and will try to find the lowest common denominator for agreements on new measures against Pretoria.

The real question is whether she can get that judgment right, and avoid an ugly scene. It is in forcing Mrs Thatcher to consider that problem with great care that the use of the monarchy, to the rest of the Commonwealth, is still incalculable.

Dalyell fails again on his Falklands charges

By George Hill

Mr Tam Dalyell, the scourge of the Falklands Task Force, failed again in the Commons yesterday to plant his charges of deception against the Prime Minister and her colleagues into the official record of the House.

Mr Dalyell, Labour MP for Linlithgow, who was prevented from making his accusations last month by a Tory filibuster, was not in his seat when a government minister offered him half-an-hour of parliamentary time, and the House adjourned with Mr Dalyell's case still unheard.

Earlier a rumour went round that Mr Nick Raynsford, the new Labour member for Fulham, had agreed to hurry through his adjournment debate to give Mr Dalyell a chance to hold the floor.

Conservative MPs with marked protective feelings towards Mrs Thatcher, such as Mr Ian Gow and Mr Nicholas Soames, had settled down to a leisurely discourse on the planting of shrubberies in the new towns, and were plainly

capable of keeping it up until Mr Raynsford's moment arrived, or till the cows came home, whichever was sooner.

But many Conservatives feel unhappy about the way Mr Dalyell was thwarted in June; something almost unknown with a private member's motion.

The shrubberies were, indeed, finally cut through with a full hour to spare, and Mr Raynsford rose early to accuse the Government of malign intentions towards the North London Hospital.

Those on the government benches made no move to string things out, and Mr Barney Hayhoe, the Minister for Health, made a concise reply, ending with a polite invitation to Mr Dalyell to use the remaining half-hour to get the Belgrano off his chest.

But Mr Dalyell was nowhere to be seen.

Moments later, the adjournment had been moved, the mace had been whisked away, and Mr Dalyell had irretrievably lost his chance.

PULLOVER FROM FALKLANDS IS WEDDING GIFT

By Godfrey Brown, Agricultural Correspondent

A CREAM-COLOURED pullover that took 100 hours to knit from wool spun at the West Falkland mill, opened by Prince Andrew when he was serving in the south Atlantic last year, has been sent as a wedding gift to Miss Sarah Ferguson.

It is the forerunner of a range of Falklands knitwear that will soon be appearing in British shops, Mr Simon Armstrong, general manager of the Falkland Islands Development Corporation, said yesterday.

Some of the garments are already on their way here, he told a press conference in London to announce the results of the Corporation's first full year of operation.

West Falkland's first and only wool mill, at Fox Bay village, came into full production last year, and demand for its products has grown steadily, he said.

It is only recently that the mill has been able to consider exports, because its output has been bought by servicemen and civilians building the airport.

Prince Andrew has already been presented with a pullover.

Antique map

The wedding gift was hand-knitted by Mrs Rosemary Wilkinson, at Dunnose Head, also on West Falkland.

It is a present from those involved in developing the Falklands. The Islands' government and people are to present an antique map of the region.

Wool is the Islands' primary export, but to make more use of the sheep, the corporation asked the British Meat and Livestock Commission to carry out a preliminary market test of Falklands mutton.

However, the results proved, predictably, that the meat was only suitable for processing.

The establishment of the Development Corporation was a central recommendation of Lord Shackleton's 1982 economic survey. It began operating in July 1984 with a capital of £4 million for its first 30 months.

Falklands agency in cash talks

BY ROBERT GRAHAM

THE FALKLAND Islands Development Corporation invested £3m in its first full year of operation.

The corporation, formed in July 1984, has nearly exhausted its initial £4m capital and is negotiating with the Government for a fresh input of funds.

Mr Timothy Raison, Minister for Overseas Development, said yesterday: "I shall consider over the next few months what further contributions will be appropriate to make towards the corporation's budget."

A review of further funding is being conducted by the Falkland Islands Government and the ODA, which will also take account of the more general financial needs of the islands.

After the 1982 Falklands conflict, the Government pledged a total of £31m in aid to the islands, expected to have been disbursed by the end of the year.

The corporation was set up on the basis of a survey prepared by Lord Shackleton in 1982 and

it is intended to encourage small-scale commercial enterprises in the natural resources sector, industry and tourism.

More generally it is responsible for assistance to farmers and is also involved in housing.

The corporation's annual report yesterday identified the lack of housing in the capital, Port Stanley, as "the major obstacle to development."

Of the funds disbursed last year, £1.2m went on projects and £1.8m on tangible assets or wholly-owned subsidiaries. The largest project started last year involved three 10-bed lodges to expand the islands' small tourist capacity.

However, a significant slice of resources was earmarked for fisheries research and surveys, which totalled £497,000. Development of fisheries, especially inshore crab and salmon farming, are seen as important long-term sources of foreign exchange.

The first cargo of King Crab will arrive in London early next

month to test the UK market. The corporation believes its high value in the UK justifies the shipment over 8,000 miles in freezer containers. One pound of crab could retail in the UK at £1-£1.60.

The shipments also take advantage of containers sent to the islands, mainly for the Ministry of Defence, which would otherwise return empty.

The corporation would still like to see better consultation and integration with the Ministry of Defence, with the islands so far having received little economic benefit from the UK military presence that has cost some £2bn since 1982.

In an introduction to the annual report, Mr Gordon Jewkes, the corporation chairman and governor, says: "Certain much needed local services like dry cleaning are impossible to provide on the basis of the civilian market alone."

The population of the Islands is 1,925, which is half the size of the military garrison.

Land reform boosts productivity in the Falklands

By John Ezard

Land reform on the Falkland Islands has stimulated an improvement of up to 50 per cent in productivity on farms bought by ex-farm managers, shepherds and other islanders from large companies which owned them before the 1982 conflict.

This finding, from an Overseas Development Administration survey, was disclosed by the Falkland Islands Development Corporation yesterday in a cheerful and confident report on its first full financial year's work.

The reforms, inspired by two economic development studies by Lord Shackleton before and

after the conflict, have so far created 35 new farmers and redistributed more than a sixth of Falklands farmland.

The corporation's general manager, Mr Simon Armstrong, said the productivity gains were due to "better and more intensive land management" by the new owners. As an example of their enterprise, the report tells of one new farmer, Mr Bernard Betts, who manoeuvred his two-storey house on to a giant sledge and towed it six miles across a mountain to his family's new land.

In a statement welcoming the report, the Overseas Development Minister Mr Timothy Raison said the corporation

had established itself in only a short time as "a major force."

The corporation's executive vice-chairman, Mr David Taylor, said, "I am confident the Falklands can move closer and closer to true economic self-sufficiency, given the political will to see them develop." Among other initiatives listed in the report are:

- Tourism . . . the Falklands has overcome its bleak wartime image so well as to be called "the best new holiday destination for 1986" by the Financial Times. A reconnaissance party of tour agents late last year came home with sunburn. This season, starting in November, some 250 visitors will go on wildlife, diving and battlefield

holidays. Eventually the total is expected to rise to 2,000.

- Wool products . . . the Falklands first indigenous wool mill has built up a thriving local market among the garrison and contractors. It is about to start exporting sweaters and knitting kits and has provided one of Miss Sarah Ferguson's wedding presents.

- Fisheries — the development corporation was yesterday able to serve financial and trade journalists at the press conference on the report with some of the first Falklands crab exports.

It believes an inshore fisheries project and processing plant can be developed to the point of exporting 400 tonnes of

paralomis granulosa, a strong-flavoured red crab, a year — initially for upmarket caterers.

Revenue from a 200-mile offshore fisheries regime, now being discussed with the United Nations Food and Agricultural Organisation, is the Falklands' greatest single hope of income for major economic development.

Within the micro-economy, early next year sees the opening of a dairy using 60 Ayrshire cows on re-seeded grass capable of supplying much of the garrison as well as the capital, Port Stanley, with daily fresh milk. Also opening then is a high technology, hydroponic market garden yielding salad vegetables all the year round.

□ Publishers are still turning a deaf ear to the demand for an anthology of the works of **Desmond Peck**, the McGonagall of the Falkland Isles, but a rare example of his pre-war poetry has fallen into our hands and we feel bound to pass it on. It was written for the crew of the World Discoverer on the occasion of a visit to the island and is reproduced here in excerpt only :

" It certainly was a
pleasure
To meet such nice people
as you
And to know we have
your backing
In keeping the Falklands
red, white and blue "
Negotiations are under way
for a collector's item, the
poem that the great bard
wrote on the occasion of Mrs
Thatcher's visit. Watch this
space.

PETERBOROUGH STANDARD
17 July 1986



● Brothers Neil and Andrew Holt meet up again — on the other side of the world.

FALKLANDS FIXTURE

TWO brothers from the city have had a surprise reunion - in the RAF eight thousand miles away from home on the bleak Falkland Islands.
They are the sons of Mr Ron Holt, systems manager for Sharman Newspapers, and Mrs Noreen Holt, of Orton Longueville.

Senior aircraftman Neil Holt is a telecommunications operator normally based at RAF Brampton. He arrived in the Falklands on March 25 to work in communications, first at RAF Stanley and later at Mount Pleasant.

Two months later he was joined by his older brother Andrew, a corporal technician, who has detached from RAF Coltishall to work on ground support equipment.

The meeting was a surprise for the brothers because Neil had twice been warned for a posting to Ascension Island and was given very little notice of the RAF's change of plans for him.

N.C.

Aquitaine casts a longing look back to days of English rule

From Paul Webster in Bordeaux

THERE is good news from the front in the Hundred Years War. The English are still heroes in Aquitaine more than 500 years after the wine-rich English province was seized by the French king, Charles VII.

Today is the 533rd anniversary of the battle that ended with the defeat of an English-led army at Castillon about 30 miles east of Bordeaux. To mark the event, the town of hardly 3,000 people has invested more than £300,000 in a month-long commemoration dominated by 10 realistic recreations of a combat in which the English general, Lord John Talbot, Earl of Shrewsbury, was killed. Until the middle of August, more than 600 villagers, assorted horses, hounds, carriages and cannon are restaging the destruction of an army effective artillery barrage in shattered by the first European warfare.

The original 6,000 strong army that Lord Talbot led was made up of about 2,000 English and 4,000 Gascons who, for 300 years, lived in a province administered loosely from London. But in a characteristic show of regional generosity, the commemoration is above all a tribute to English courage and a sly message to Paris that much of Aquitaine has still not swallowed the French invasion.

Castillon, which sits on the Dordogne river among some of the world's most famous vineyards, renamed its main street after Lord Talbot three years ago. This year's celebrations, the most lavish ever staged, merited a special high mass by the Archbishop of Bordeaux, while about 35,000 spectators were expected for the restaged battles which have taken two years to prepare.

In charge of the massive and spectacular production under the shadow of a mediaeval castle is the pre-school headmistress, Mrs. Claude Minvielle. Among the shopkeepers, winegrowers, housewives, and children who make up the acting team in mediaeval costume is the parish priest, whose broad, good-humoured red face is typical in an area of good food and exceptional wine.

Attempts to recreate the battle started in 1978 with a pageant outside Castillon's church. After being moved to a field in later years, the event was dropped in 1984 because of a local quarrel. Mrs Minvielle offered to lead a rescue operation, which has meant creating a huge earth stage under Castegens Chateau just beyond the original battlefield.

The organising body, Atilier 1453, is also proud that it has avoided the "son et lumière" style for what is described as "grand reportage," culmination in hand-to-

hand fighting and cavalry charges.

A Frenchman might feel he is in the wrong country, as the first half of the evening is devoted to an idealised view of life in Aquitaine during the 300 years after Duchess Eleanor married Henry Plantagenet and her dowry came under an English administration. The prosperous, well ordered bucolic life comes to a halt when the French occupy the territory three centuries later after capturing other English possessions in France.

The invaders are presented as boorish and cruel. After the French king's troops insult the local women of Castillon, one of the soldiers is stripped and thrown into a pond. When the rest of the occupying force roughed up the townspeople, there was a cry in the stands: "That's the CRS of the time," a reference to modern riot police.

In the second half, the valiant Lord Talbot arrives from England at the request of the Gascons on an ill-fated Falklands-style operation, but is crushed in a realistic attack on entrenched French positions under the castle wall in July, 1453. His moving burial and the recreation of nine years of terrifying French reprisals that laid the Bordeaux region to waste, maintain the atmosphere of nostalgia for better days when Aquitaine was English.

Pro-English feeling in the region, which depends so much on its wine trade with Britain, is a well-established fact and so is the unselfishness of the local people, where even the cafe owners insist on paying for the drinks.

At Castillon, whose postal address was recently changed to Castillon-la-Bataille, the main defender of historical precision is the head of the local research society, Mr Jean-Louis Grancoin.

What upsets Mr Grancoin most is that French history books still suggest that Aquitaine was liberated by Charles VII and the nineteenth century monument marking the battlefield refers to throwing off the "English yoke." Until the commemoration, little was done to correct that point of view, although in 1953 a statue of Jesus's mother was put up on the spot where Lord Talbot's mutilated body was identified.

But, as Mr Grancoin pointed out during a drive around the area, every vineyard, every village and possibly every soul in the area is still marked by the English connection. The Gascons insist that they still feel "uncomfortable" with Parisians, tempting the question whether life would have been better if the English had won.

"Well, at least we haven't got Madame Thatcher," was an almost universal reply.

Falklands fall-out

The Falklands death toll (animal, not human) continues to rise, according to the Russians. They are citing a growing number of penguin fatalities as evidence of the fact that disintegrating nuclear shells aboard British ships sunk during the 1982 conflict are contaminating this neck of the South Atlantic. The Moscow paper *Literaturnaya Gazeta* has claimed that four Royal Navy vessels which went down four years ago were carrying such devices — a claim since echoed by the Spanish journal *Cambio 16*. Meanwhile *Nature* magazine endorses the evidence, if not the conclusions, by reporting that the penguin death toll has risen markedly since mid-February. On May 25 more than 3,000 corpses

were found in a single rookery, on New Island. Three batches of bodies were sent to Britain for examination. Preliminary results show starvation, puffinosis — a viral disease that afflicts seabirds — and high lead levels in the liver and kidneys.

Daily Mail

17 July 1986

Tiniest team battles on

BANK CLERK Margaret Butler, 19, will carry the flag for the smallest team in the Commonwealth Games, two riflemen from the Falkland Islands, after answering an appeal on local radio. 'It's going to be thrilling,' she said yesterday.

Japan makes \$100m loan to Argentina

By Tim Coone in Buenos Aires

THE AUTHORISATION of a \$100m (£66m) subsidised loan from the Japanese Export-Import Bank to finance Japanese exports of capital goods and services to Argentina, has been the first notable success of President Raul Alfonsin's official 13-day tour of the Far and Near East.

The announcement was made in Tokyo on Monday by the Japanese Foreign Ministry following two hours of talks between Mr Yasuhiro Nakasone, and the Argentinian President.

The two leaders reached broad agreement to promote increased trade and economic co-operation

Soldier Magazine
16 July 1986

Relics of the Battle of the Somme are still being turned up in the cultivated fields of northern France and Belgium — including bones.

On another battlefield of more recent vintage but far from the cockpit of Europe, relics of another war are to be left alone — at least for the time being.

Four years after the fighting which brought the Falklands back to British possession, the MoD has decided to abandon for now efforts to clear all the mines which were laid during the conflict.

The boffins have been trying to find some means by which mines made of plastic, and consequently not detectable by normal means, can be found and cleared.

But, Secretary of State Mr George Younger told the Commons, there would still be a long time in terms of time and money before the Army could be given a practical, reliable and suitable solution.

Millions of pounds have already been spent looking for the solution, another £20 million might have to be spent to develop the solution and produce it.

Should there be further technological developments which might contribute to a solution, MoD will give them consideration. In the meantime, there will continue to be stringent safety precautions and the Royal Engineers will keep the minefields securely fenced off and marked.

Japan aids Alfonsín



Tokyo (Reuter) — The Japanese Prime Minister, Mr Yasuhiro Nakasone, yesterday promised President Alfonsín of Argentina that Japan would lend Argentina \$100 million (£66.6 million) to help it revitalize its economy, a Foreign Ministry spokesman said.

President Alfonsín is pictured above with Emperor Hirohito, who welcomed him here yesterday for a five-day visit.

The Foreign Ministry

spokesman said yesterday that Japan, which accounted for almost 15 per cent of Argentina's total foreign debts of about \$50 billion, wanted to encourage democracy in the country and boost its economy. He said the terms of the multi-purpose loan would be settled today.

The two leaders agreed to establish a small study group of non-governmental experts to discuss economic and cultural co-operation, the ministry spokesman said.



Woman to lead expedition to the South Pole

By Nicholas Beeston

Three quarters of a century after the Antarctic was conquered in a fierce polar contest between British and Norwegian explorers, a team from the two countries, led by a woman, is setting off to retrace the route over the world's most inhospitable continent.

Dr Monica Kristensen, aged 36, a glaciologist from Oslo, will lead three men, one Briton and two Danes, 1,800 miles on skis from the Bay of Whales to the South Pole and back in three months.

At the expedition's launch yesterday at the Royal Geographic Society

in London, Dr Kristensen said: "It is any explorer's dream to lead an expedition to the South Pole. We are still making hectic preparations and it is a formidable undertaking, but so far it is all going to plan."

The route was last taken in 1911 when Roald Amundsen, the Norwegian explorer, became the first man to reach the South Pole. His British rival, Captain Scott, and the men on his expedition perished.

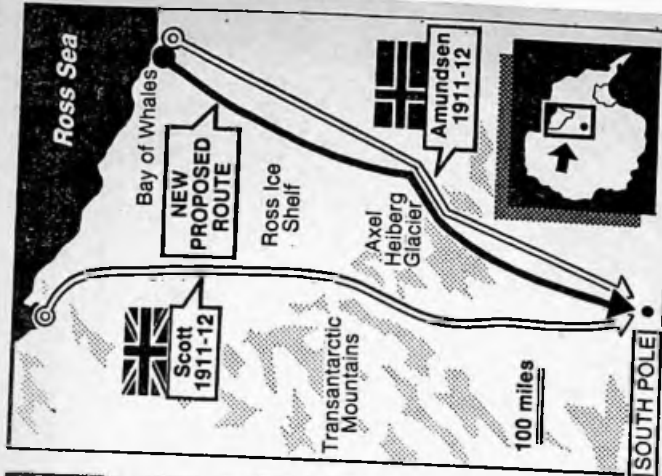
The idea for the commemorative expedition, called 90° South, was hatched five years ago by Dr Kristensen, when she was studying at Cambridge for her PhD in glaciology.

The British member is Dr Neil

McIntyre, aged 28, a scientist at the University of London's Mullard Space Science Laboratory, who was one of Dr Kristensen's student colleagues. He worked with her on the project from its inception. They hope to carry out research during the expedition, which sets off in November.

Dr McIntyre said: "We have worked very hard to get this project going. There will be many obstacles, but each of us is experienced and we have every confidence in Monica's ability."

The two other members are Sergeant Jacob Larsen, aged 26, and Sergeant Jesper Andersen, aged 25,



Dr Kristensen yesterday with (left) Lord Shackleton and Sir Vivian Fuchs; and the route.

(Photograph: Peter Trievnor)

specialist dog sledge handlers from the Danish armed forces' Sirius Patrol, which operates in Greenland. They will be in charge of two teams of 11 huskies, which will pull most of the provisions needed.

The £1 million project has been sponsored by about 50 companies, including British Airways and two Norwegian banks, and its advisers include Sir Vivian Fuchs. Its boat, the Aurora, will sail from Oslo on August 16.

The expedition's patron, Lord Shackleton, the son of Sir Ernest Shackleton, the polar explorer, said yesterday that the voyage would supply useful scientific information.

Island holiday

WITH names like San Carlos Bay, Goose Green and Port Stanley still fresh in the memory, the battlefield tours of the Falkland Islands, the first since the conflict four years ago organised by the specialist company Major and Mrs Holt's Tours—should prove a sell-out.

But military buffs who undertake the nine-day visit next March will have to be made of hardy stuff. Apart from staying in the island's only pub, the hardly luxurious Upland Goose, the trip will include walks to such landmarks as Mount Tumbledown, where the 2nd battalion of Scots Guards ignored heavy casualties to capture the summit, and Mount Harriet.

Those on the trip will also have the opportunity to hear the

views of the islanders at first hand, as a visit to Stanley led by locals who lived through the occupation will be included. But despite the hardships, the tour does not come cheap, at nearly £2,000 per person.

Sir Galahad

A new lifeboat, the Sir Galahad, commemorating the Royal Fleet auxiliary which was sunk in the Falklands War, arrived at its station at Tenby.

Argentina in trade pact with Brazil

From A Correspondent, Buenos Aires

President José Sarney of Brazil is expected to sign a set of trade and economic integration agreements with the Argentine Government during his state visit here beginning on July 28.

Senior government officials in Buenos Aires said details of the accords had aroused enormous interest in Argentina, where the potential advantages of a better structured relationship with Brazil was seen by many as a wedge to break a decade of low growth and stagnant export levels.

The seven areas to be covered by the accords are: communications; transport; gas; petroleum and petroleum by-products; nuclear energy; primary products exchange (wheat for iron ore); and capital goods.

It is anticipated that Uruguay, the southern cone's other new democracy, will be incorporated into the scheme when its leader, President Julio María Sanguinetti, travels to Brasília on August 8.

The first stage of the ambitious project seeks to triple annual trade within five years from less than \$1 billion (£0.64 billion) to \$3 billion (£1.9 billion).

In 1985 Argentine exports to Brazil totalled \$468 million (£298 million), while imports reached \$547 million (£348 million), leaving Argentina's trade with its southern neighbour in deficit for the fifth year in a row.

Wheat and iron ore are the main elements in the initial efforts to augment bilateral trade. Argentina, which has agreed to sell Brazil 1.4 million tons of wheat in 1986, is expected to increase shipments to two million tons by 1990, thus regaining a market lost in recent years to France and the United States.

According to Señor Roberto Lavagna, the Industry and Foreign Trade Secretary, efforts for integration will initially be limited to the capital goods project, which within a

year aims to increase trade from the current \$50 million (£9.5 million) a year to \$300 million (£191 million) a year, increasing to \$3 billion (£1.9 billion) within three years.

The complicated agreements basically divide the sector into serially produced mass-market products, which will be manufactured in Brazil, and more specialized, high unit value products, which will be produced in Argentina.

However, under the auspices of the pact but within the private sector, or as separate state enterprise projects, plans are advanced for the car and bio-technology areas and for aircraft and submarine construction.

The warm relations generated in the two nations by the return to civilian rule, and the increased contact resulting from the Austral and Cruzado adjustment programmes, are vital to the advance of the first efforts at Latin American regional integration since the flawed Andean Pact.

After centuries of rivalry, shared problems — including the foreign debt and the attendant necessity of increasing export earnings — have led South America's two most important nations to bury the hatchet and search for areas of potential co-operation.

Private sectors in both nations are divided in their reaction to the accords. Small segments of industry, long accustomed to high levels of protection, are fearful and sceptical of the impending increase in competition. But in Argentina, where growth has been limited by a small market, the pact has met with cautious enthusiasm from leading industrialists.

The problems are many, but general sentiment agrees with Señor Dante Caputo, the Argentine Foreign Minister, that "the objective is to unite in order to grow", as "the Latin American economic crisis cannot be overcome by confronting it separately".

Trade hopes

ARGENTINA and Australia said at the weekend they would explore greater trade cooperation. President Raul Alfonsin, who was visiting Australia, said: "We are in the same situation as regards prices for agriculture and cattle due to the policies of protectionism both by the European Community and the United States."—Reuter.

Sir, — Mrs Thatcher's epitaph? She retained the Falklands and lost the Commonwealth.—Yours sincerely,
May Loughlin.
Leeds.

Diplomatic poles apart

ON DETACHMENT from the Diplomatic Service, Andrew Palmer has just completed a year at Harvard's Center for International Affairs, writing a thesis on "International Politics and the Polar Regions."

It follows his three years at our Oslo Embassy and another three as head of the Falkland Islands department of the Foreign Office, during which he visited the Falklands and initiated abortive talks with Argentina in Berne.

Master of the Arctic and Antarctic alike, he is to put his formidable knowledge to use as our new Ambassador to Cuba.

Perhaps his appointment is not as capricious as it seems. Palmer began his diplomatic career in the American department of the Foreign Office at the time of the Cuban missile crisis of 1962 and later served in Latin America.

Since 1982 the writing has literally been on the wall that he would one day become Ambassador to Cuba.

In that year he and his wife bought a water-colour by Anthony Palliser, son of a former Permanent Head of the Diplomatic Service.

Painted soon after the artist had produced a portrait of Graham Greene for the National Portrait Gallery, it is a still-life consisting of a straw hat, spectacles, fruit—and a copy of "Our Man in Havana."



**Andrew Palmer:
in from the cold**

Falklands diversion

By R. H. GREENFIELD, Defence Correspondent

DEFENCE Ministry sources said last night they were baffled by Labour claims of a "sinister cover-up" over the diversion of an aircraft bound for the new £400 million military airfield in the Falklands.

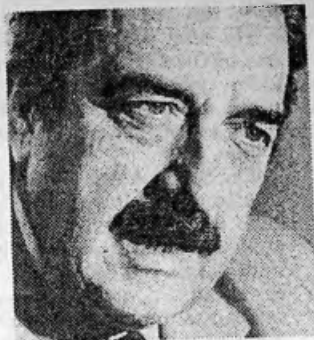
The sources said that with four Labour politicians on the flight "there could hardly have been a cover-up".

The aircraft, carrying 200 troops and 10 visiting politicians, was diverted to a Brazilian military airfield at Caneas on June 24 because of heavy snow at Mount Pleasant airfield, 30 miles from Port Stanley.

Mr George Foulkes, a Labour MP opposed to British sovereignty over the Falklands, claimed the diversion made the new airfield useless for reinforcing the islands against a renewed threat from Argentina.

Mr John Stanley, Armed Forces Minister, said Mount Pleasant had a full range of blind-landing aids, but in peacetime RAF trooping flights operated to the international safety rules for civil airliners. Less stringent rules would apply in face of a military threat to the island.

In bad weather, diversion arrangements to foreign airfields are routinely made "on humanitarian grounds."



Alfonsín: tough stance

Alfonsín grounds Cup fans

MORE THAN 2,000 Argentine football fans returning from the World Cup in Mexico have been stranded in Miami for a fortnight because President Alfonsín has sacked more than 500 striking airline pilots. He has also closed down the national airline, Aerolíneas Argentinas, writes Maria-Laura Avignolo.

The fans spent all their money on celebrations after the victory and cannot afford other air tickets. In Miami, no airline so far has been willing to honour tickets from Aerolíneas Argentinas, which has big debts.

An Argentine pilot on international routes earns, on average, about \$1,300 a month, compared with the going rate of \$12,000 earned by American jumbo jet pilots. The Argentines want a 36% increase. However, negotiations to end the strike, which began on July 1, broke down after the government informed the pilots that their demands would jeopardise Alfonsín's austerity programme.

July is Argentina's coldest month, and more than 35,000 people had booked holidays in Europe, the United States or the country's own ski resorts in the Andes. Despite daily losses of \$500,000, the state-run airline has no immediate plans for getting airborne again.

N.C.

Royal Navy markets its wares

From Jasper Becker
in Shanghai

GUNBOAT marketing is now the task for the Royal Navy force which steamed up the Huangpu river in pouring rain yesterday to dock at Shanghai's historic waterfront.

The goodwill visit by the navy is the first to China since the end of the Hong Kong negotiations when the Chinese had warned Mrs Thatcher against clinging to imperial dreams of gunboat diplomacy.

Now the two warships, a guided missile destroyer, HMS Manchester, and a frigate, HMS Amazon, will be hoping to impress the Chinese navy with its technology.

Admiral Liu, commander of the Chinese navy, and his men will be told how the Falklands war was won and salesmen from a dozen British companies are on hand during the four days' stay to push for orders.

Anti-air and anti-submarine weapons, including

the Sea Dart missile, will be on show but perhaps not all the ships' weapons. A symbolic first port call since 1949 by the US navy was sunk last year when Mr Hu Yaobang, general secretary of the Communist Party, said that the US had guaranteed that its warships would not be carrying nuclear weapons.

Chinese policy is to refuse entry to foreign ships armed with nuclear weapons, but a British diplomatic fudge may allow that visit to go ahead soon.

Britain simultaneously recognises China's policy while China acknowledges that British policy is neither to confirm nor deny whether navy ships are carrying nuclear weapons on any specific occasion.

The navy ships will later visit Papua New Guinea and Australia, but not New Zealand.

The task force will spend a lot of time in celebrations of the seventy-fifth anniversary of the Royal Australian Navy and this year's trip is a month shorter than usual,

Capt Richard Hastilow explained to journalists.

In Shanghai not only are its former Western masters now being welcomed back, but overlooking the navy ships, the Soviet Union is moving back into its old consulate building.

Britain's first consul general in Shanghai since 1949, Mr Trevor Mound, arrived in a blue London taxi to welcome the crew. The Russians now have the international seaman's club, but the sailors are to venture ashore to taste what excitement remains in the once notorious city of the East.

Behind the famous but now dated skyline of the waterfront, glittering skyscrapers appear. The Shanghai traditional spirit is re-emerging with them and on my arrival a taxi driver promptly offered to drive to the hottest disco in town. British sailors have been carefully prepared with briefings on how to say "How do you do?", "Pleas" and "Thank You" in Mandarin.

Prize for Alfonsín

Strasbourg (Reuter) — President Raul Alfonsín of Argentina and a former Austrian Justice Minister, Herr Christian Broda, have been awarded the Council of Europe Human Rights prize for 1986, the 21-nation Council announced in a statement.

Señor Alfonsín was chosen "for his activities to foster and protect human rights in Argentina". Herr Broda was named for his work in reforming the Austrian legal system and for his "firm stand on the abolition of capital punishment".

Mementoes of war

The links between the destroyer Glamorgan and the people of Wales are to continue despite the fact that the ship — hit by an Exocet during the Falklands war with the loss of 13 lives — has been "moth-balled" prior to either its sale or an altogether sadder fate under the breakers' hammer.

Among the ship's effects which are to find new homes will be the altar cross from the chapel which is to be presented to Llandaff Cathedral. The ensign will go to St David's Church, Merthyr Tydfil, and the ship's Falklands memorial plaque will find a resting place in St Mary's Church, Swansea.

Weather starts Falklands storm

By Kelvin Alexander

THE FORTRESS Falklands policy came in for renewed criticism yesterday because of an incident last month involving a group of parliamentarians caught in a snowstorm.

The row arose after a report that a party of MPs and peers did not disclose that they were forced to land in Brazil while on a flight to the Falklands, due to snow on the runway at the islands' new Mount Pleasant airport.

Their RAF Tristar, with 200 troops on board, was diverted to a Brazilian military airfield, where it apparently stayed for three hours.

Labour yesterday claimed that the June 24 incident was proof that the costly Mount Pleasant project had been a waste of taxpayers' money.

Mr George Foulkes, the shadow defence spokesman, said: "It means in effect that the £400 million spent on the airport, which was supposed to be usable in all weathers, was unnecessary. No wonder the Government wants to hush it up."

Mr Foulkes called for an official statement. "It has all the makings of a sinister, bizarre and scandalous cover-up," he said.

Mr Dale Campbell-Savours, Labour MP for Workington, joined the fray by tabling a series of Commons questions to Mr George Younger, the Defence Secretary.

Three Labour MPs were present on the flight, Dr Mark Hughes, Mr Frank Haynes and Mr Alan McKay, together with the Labour peer, Lord Ardwick. The rest of the party consisted of the Conservative peer, Viscount Mersey, and five Tory MPs, Mrs Carol Mather, Mr David Crouch, Mr Neville Trotter, Mr Martin Brandon-Bravo and Mr Colin Shepherd.

Mr Shepherd denied that troops on the aircraft were told not to discuss the incident. He said that the Tristar was refuelled during the stop-over. No one left the aircraft, he said.

Lord Ardwick, the former journalist John Beavan, might have been expected to mention the landing in Brazil in an article written for the Westminster magazine, House.

He says only: "The RAF Tristar was most comfortable, and a good job too. As we prepared to land at the new Mount Pleasant airport we learned they were desperately clearing snow from the runway, and an hour later they had not succeeded. When approached again nine hours later, there was more snow on the runway and we had to hover."

Inevitably, the affair attracted the attention of Labour's Falklands-conscience Mr Tam Dalyell, MP, who said he believed the MPs had a "moral obligation" to reveal the truth.

The Ministry of Defence was unable to comment as the incident is the subject of parliamentary questions.

General strike called off in Argentina

By Tim Coone in Managua

ARGENTINA'S powerful trade union confederation, the CGT, has called off a general strike originally planned for the end of July after settlements on pay were achieved with the important metal workers', state employees', teachers and construction workers' unions over the past week.

The decision, made by the CGT leadership on Thursday night, will give a few months of breathing-space to the Alfonsín government to continue with its embattled economic stabilisation programme, the Austral plan.

By relaxing pay restraints and allowing across-the-board increases over the coming three months, ranging from 7 to 11 per cent, plus a further 2 per cent for productivity increases, the government has effectively headed off an imminent confrontation with the most powerful unions in the country and the threat of a creeping paralysis of the economy through strike action.

Larger pay increases, some exceeding 40 per cent, have been authorised for the powerful metal workers' construction workers', teachers' and state employees' unions. The intervention of the Economy Minister, Mr Juan Sourrouille, in the metal workers' dispute, resulted in an unprecedented personal message of thanks being sent from the leader of the metal workers' union, Mr Lorenzo Miguel, to Mr Sourrouille.

● Pilots of the Argentine state airline Aerolineas Argentinas yesterday voted to continue a strike over pay which has halted all its flights since July 1, a union spokesman said. Reuter reports from Buenos Aires.

July 11-24 1986

New squadron is given 78 number plate

THE Royal Air Force has a new operational squadron. The Air Force Board recently awarded the Joint Helicopter Squadron at Mount Pleasant — the RAF's newest station — the number plate of 78 Squadron.

It was early in April when No. 1310 Flight Chinook Detachment arrived at Mount Pleasant from Kelly's Garden near Port San Carlos. It has been operating there for the past four years in support of the British Forces in the Falkland Islands.

A few days later it was joined by No 1564 Flight Sea King Detachment

which had been operating in the SAR role from Navy Point across the harbour from Port Stanley. Navy Point is situated just two miles away from Stanley airfield which closed at the end of April.

No 78 Squadron was first formed in November 1916 as a Home Defence Squadron and disbanded in December 1919. It was reformed in November 1936 as a bomber squadron with the Whitley until early 1942 when it became a Halifax squadron and took part in the bomber campaign until the end of World War 2. Post war it was transferred to Transport Command and operated in the Middle

East until September 1954 when it was again disbanded.

After a rest of two years the squadron was again reformed, in the Middle East, as a light transport / communications squadron. Nine years later, in 1965, the squadron was re-equipped with Wessex helicopters and operated from Sharjah in the SH and SAR role up to its latest disbandment in 1971.

It is therefore fitting that the Mount Pleasant Helicopter Squadron, which operates Chinook and Sea Kings in the support helicopter and search and rescue roles, should have been awarded the 78 Sqn number plate.

DAILY TELEGRAPH

Thursday 10th July 1986

T.A. IN FALKLANDS

By Our Political Staff

Members of the Territorial Army and Volunteer Reserve will shortly be training in the Falklands for the first time. A hundred individually selected "terriers" will train alongside regular units for a minimum of two weeks.

10 JULY 1986
Wednesday 10 July 1986

Daily Mail 10 July 1986

Cash battle on Falklands fund

FAMILIES of Falklands victims may take legal action to get hardship money from the South Atlantic Fund.

A dossier of cases of relatives said to be in need was sent to the Fund five months ago but none has yet received help.

Mrs Christine Robinson-Moltke, of the Falklands Families Association, said: 'There are six families who are definitely deserving cases yet they have been turned down or ignored.'

'The man-in-the street gave money to help the victims and their families, the money isn't getting to them.'

'We plan to take legal advice to see whether we can start court action if necessary, to get money from the Fund.'

Commander Ken Steven, secretary of the £3 million Fund, said some claims are still being investigated. He added: 'Once we can prove need and quantify it then they would certainly get grants.'

Wednesday 9th July, 1986

EX-WREN WINS CLAIM OVER PATERNITY

A former Wren, who gave birth to a baby son by a Royal Marine commando six months after he was killed in the Falklands, won the right to have the father's name on the birth certificate yesterday.

Miss Kristina Greig, 21, was granted a declaration of paternity in the Edinburgh Court of Session after Michael Nowak's mother and sister dropped their opposition to the petition.

Miss Greig, of Nevis Gardens, Openicuik, Midlothian, was also granted custody of her son Michael David, who was born in November 1982.

Tuesday 8 July 1986

Tim Coone reports on an obstacle to Alfonsin's reform plans

Divorce debate divides Argentina

THE Catholic Church hierarchy in Argentina this weekend brought out its biggest gun yet in its campaign to keep the faithful on the straight and narrow and prevent divorce from plunging Argentine society into immorality and alienation from the Church. Argentina's most venerated symbol of the Catholic faith, the virgin of Lujan, was placed atop a pick-up truck and brought from her shrine the 40 miles to the capital, for only the second time in 350 years, to lead a 50,000 strong march to the presidential palace in protest at government plans to introduce divorce.

Lujan is the location of a huge twin-spired gothic cathedral jutting out of the surrounding Argentine pampas, where shortly after the introduction of Christianity in the continent in the sixteenth century, an image of the Virgin Mary became bogged in mud while being transported by ex-cart.

In spite of successive efforts to move it, the cart became even more firmly stuck. This was taken as a sign by those present that a shrine should be built there. And so it was. The Government's divorce bill seems likely to be similarly bogged down.

A recent opinion poll suggested that two-thirds of Argentina's 28m mainly Catholic population are in favour of divorce. Separation already exists under civil law, and is recognised by the Church, but



Alfonsin: staying quiet on divorce issue

nullification of the marriage and remarriage are prohibited. A study published last month by the Catholic University strengthening the pro-divorce lobby's case, estimates that over 1m Argentinians would benefit from modernised legislation of the issue. A law allowing divorce would regularise the *de facto* situation of 4m children who have been born to unmarried parents, many of whom have left their original spouses but are unable

to remarry because of the existing law.

President Alfonsin's Government aims to introduce divorce as part of its efforts to modernise the country's economy and political institutions as a whole.

Legislators from the ruling Radical Party and progressive segments of the Peronist opposition who are promoting the divorce bill, have come under strong attack from the country's spiritual leaders.

Msrgr Emilio Oggenovich, a bishop of the Buenos Aires province presiding over the shrine and president of an episcopal commission on the family, has said the divorce bill is "a generalised attack on the family" and is supported by groups linked to foreign ideologies and drug traffickers."

Such outbursts from the clergy have caused irritation in government circles and, although President Alfonsin has remained tactfully quiet on the issue, other Radical Party leaders are now hinting at the possibility of holding a referendum. Such a move would break a gentlemen's agreement made earlier in the year in return for the church not involving itself publicly in the issue.

The Church's attempts to influence the parliamentary debate, scheduled for the end of the month, is seen as the thin end of the wedge of a wider involvement by the church in the country's political affairs.

The Church is already actively involved in building links with the more conservative sectors

of the trade union movement, and successfully obtained the support of the "62 organisations," a powerful sector of the Peronist-controlled trade unions, in its fight against the proposed divorce bill.

The unions are a particularly touchy area for the Government. Both left-wing and right-wing unions have become increasingly restive under tight wage controls imposed by the Government over the past year as part of its economic stabilisation programme — the Austral Plan.

A series of strikes this month is threatening to undermine the foundations of that plan, and with it the Government's long term plans for the modernisation and restructuring of the Argentine economy. Modernisation necessitates the growth of new industries and the rationalisation of older ones, which in turn signifies an erosion of the political and economic base of the traditional trade union leadership.

Furthermore, the military and security forces have found common cause with these other conservative sectors of Argentine society and were present in the anti-divorce march at the weekend.

The forces against modernisation in Argentina have clearly manifested their ability to mobilise and ally themselves around the divorce issue. The Government now has to decide whether it is worth fighting the matter in parliament or taking it to a referendum. It could quietly let the whole issue drop.

LLOYDS LIST

Monday 7th July, 1986

Pilots sacked

ARGENTINA'S state airline, Aerolineas Argentinas, has sacked 450 of its 560 pilots in response to a strike that has idled all its domestic and international flights, general manager Mr Oscar Cicales.

The walkout, called by the Argentine Airline Pilots Association for an indefinite period beginning last Tuesday, is in support of pay increases of nearly 100% spread over 18 months. The airline has said it cannot afford the increases.

Battle intensifies for \$200m Argentine grain port contract

BY TIM COONE IN BUENOS AIRES

A LUCRATIVE \$200m (£131m) deal to dredge Argentina's principal grain port at Bahia Blanca is the subject of intensive last minute bargaining between the Argentine Government and competing foreign contractors.

A Soviet company, Technostroyexport, recently managed to obtain Argentine initialing of a "memorandum of intention" for the work, but rival bids are now also being considered from Japanese and Dutch contractors, according to Argentine engineers involved in the project.

The work involves the dredging of the harbour area and a 100 km long access canal which will allow bulk carriers of up to 70,000 tons to enter at all tide levels—potentially doubling the port's capacity. Work on the project is expected to take almost three years until completion.

Bahia Blanca is located at the heart of Argentina's wheat-growing Pampas zone, and is an important port not only for the export of wheat but also of sunflower seeds, maize and soya beans.

According to economic specialists at Argentina's national grain board dredging the port will permit a substantial reduction in port charges by increasing throughput and make Argentinian grains increasingly competitive on the international market.

The port's difficulties stem from the relative

shallowness of the long approaches to Bahia Blanca, the lack of manoeuvring and anchorage space in the port area and because the access canal has a depth of only 38 feet at low tide. Large grain ships can therefore only enter and leave on favourable tides.

The project envisages deepening the access canal to 45 feet involving the removal of an estimated 36m cubic metres of sand and consolidated materials from the sea bed.

Local dredging companies complain they were not invited to tender for the contract and were told that all negotiations were being dealt with at a government to government level between Argentina and the Soviet Union.

Negotiations with the Soviet Union are at an advanced stage but according to the Soviet Embassy in Buenos Aires, agreement has still to be reached over the final price tag and financing of the project. The Soviet Union has offered financing over a 10 year period at a 6 per cent interest rate and is apparently prepared to accept payment in grains.

An official visit by President Raul Alfonsin to Japan later this month, aimed at promoting Japanese investment in Argentina, has raised speculation that the Soviet bid may yet fall through.

The Soviet Union is especially anxious to win the contract, in order to reduce its large trade deficit with Argentina.

World Economic Indicators

	UNEMPLOYMENT			
	June '86	May '86	Apr '86	June '85
US 000's	8,443	8,554	8,342	8,423
%	7.10	7.30	7.10	7.30
W. Germany 000's	May '86	Apr '86	Mar '86	May '85
%	2,122.0	2,230.0	2,447.6	2,192.6
France 000's	7.8	8.2	9.0	8.1
%	2,317.9	2,371.6	2,394.9	2,282.6
Italy 000's	10.0	10.2	10.3	9.8
%	3,172.2	3,190.3	3,207.4	2,885.5
UK 000's	13.9	14.0	14.1	12.6
%	3,270.9	3,325.1	3,323.8	3,240.9
Netherlands 000's	12.2	12.4	12.4	12.1
%	685.8	697.9	725.0	737.0
Belgium 000's	12.2	12.4	12.9	13.0
%	481.7	490.6	504.7	528.5
Japan 000's	11.7	11.9	12.2	12.8
%	Apr '86	Mar '86	Feb '86	Apr '85
	1,820.0	1,830.0	1,640.0	1,570.0
	2.86	2.72	2.55	2.44

Source (except US and Japan): Eurostat

Argentine bishops' war on divorce rallies the right

From Jeremy Morgan
in Buenos Aires

Leaders of the Catholic Church in Argentina have taken the offensive against growing pressure for a divorce law, although rather more than the sanctity of marriage may be at stake.

The church hierarchy, led by the Archbishop of Buenos Aires, Cardinal Juan Carlos Aramburu, may have misread public opinion as Argentina's Congress prepares to debate several legislative proposals.

With opinion polls suggesting that most Argentines favour divorce, a mass protest "in defence of the family" called by Cardinal Aramburu on Saturday drew 50,000 people at most.

While the size of the crowd was respectable, it fell far short of the standards expected in Argentina — and the church's own confident forecasts that perhaps a quarter of a million or at the very least 100,000 people would turn out.

That may count for quite a lot in the coming months of debate. "Winning the streets" or getting out the crowd has long been an essential element of Argentine politics.

Rightwing bishops have pulled out all the stops in recent weeks to whip up support for the demonstration, bitterly attacking the idea of letting Congress settle the issue.

Advocates of a change in the law were condemned as a mixture of drug addicts, pornographers, sexual perverts and social misfits out to destroy the foundations of Argentine life.

The rhetoric has left the church open to accusations of trying to rally the political right. The crowd was a curious mixture of the devout poor and the well-heeled: As Cardinal Aramburu warned of the doom that divorce would bring, one observer remarked: "I've never seen so many fur coats

at a political rally in Argentina."

The Catholic hierarchy has long been a centre of authoritarianism and usually barely a step away from nationalism. Cardinal Aramburu took particular aim at changes in Argentine society since the end of military rule 31 months ago. He complained about the rising incidence of drug addiction, violence, teenage delinquency and abandoned children as if none of these problems existed three years ago.

Not just divorce is at issue. The privileged and powerful position traditionally accorded the church outside the democratic institutions as the arbiter of national morals is now also in question.

Perhaps aware of the long-term implications of the church losing a heated battle over divorce, some bishops pointedly dissociated themselves from the rally and insisted it had not been called by the Church as such.

Ecology big guns train on the army

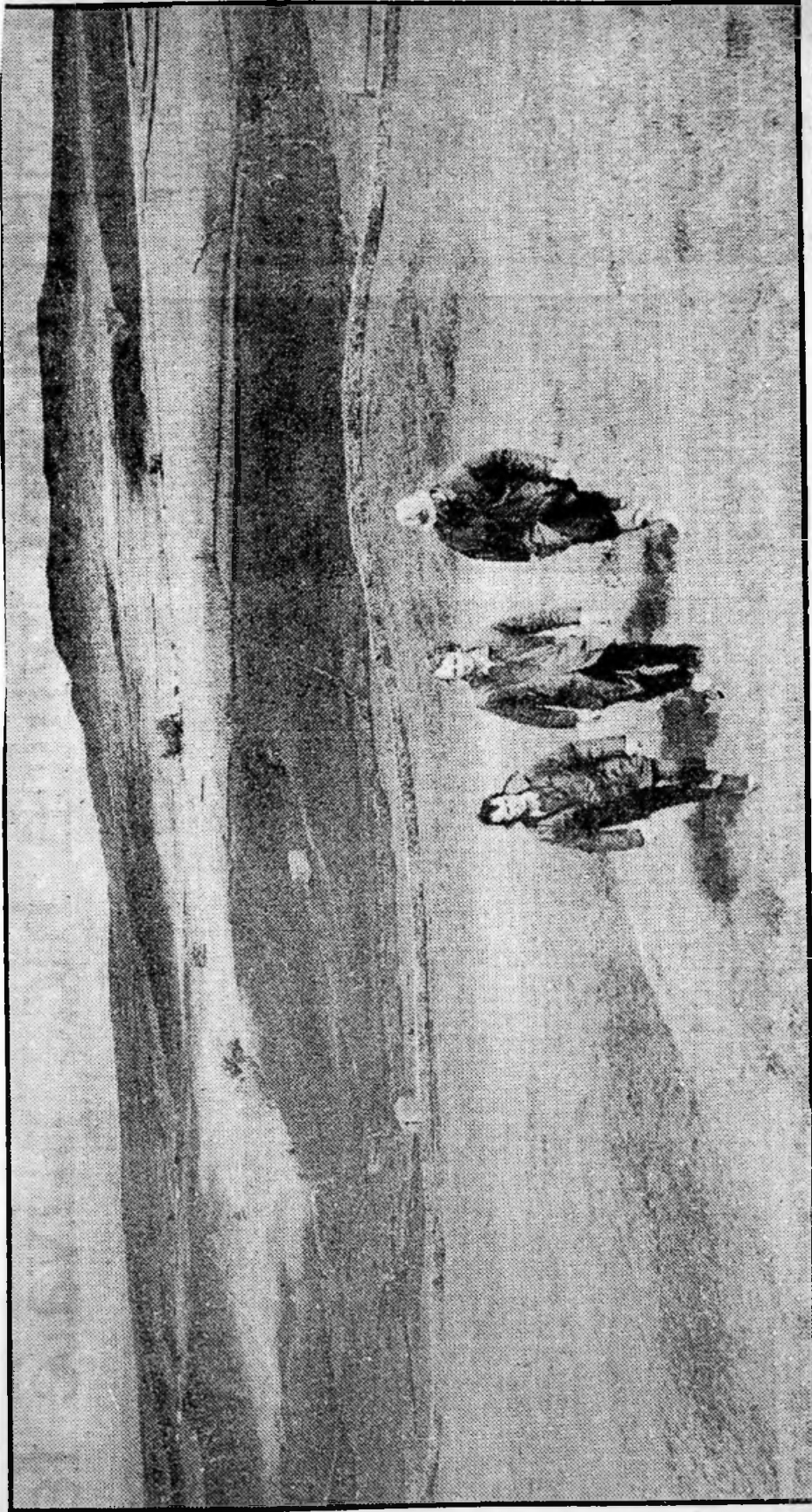
By Michael Morris
A PUBLIC inquiry opens tomorrow into army plans to turn 800 acres of grazing land in Cumbria into a training exercise area.

Protesters who will attend the inquiry at Stainmore, near Brough fear that the site could be the first step in linking Stainmore to the 24,000-acre ranges at Warcop, to the west of Brough.

A statement signed by Alfred Wainwright, the author of the fell walking guides, says: "The determination of the military to have this land in the face of all opposition is out of proportion to the value of the land itself — and signals a much broader plan."

But an army spokesman responded: "We have said until we are blue in the face that there are no plans whatsoever for linking Stainmore with Warcop."

At Stainmore, the army would deploy up to a full battalion strength of 650 troops, plus helicopters, for training only in the event of a Falklands-type national emergency. At all other times only a maximum of



Farmers walk across moorland near Stainmore where the army plans to use grazing land for training

100 troops would be there, using rifle-calibre weapons firing blank ammunition, with a few thunderflashes and flares.

The army wants to acquire the site because of the inability of Warcop to accommodate tactical manoeuvres with blank ammunition. It

would maintain the land better than before, since drystone walls and a barn would be restored and open moors preserved.

But many residents feel resentment at their treatment by the Ministry of Defence. A Brough resident, Ailsa McKenzie, speaking for

the group, said that the army had consistently tried to suggest that there was no opposition to its proposals.

Yet the group had a dozen national organisations on its side, including the National Trust, the Countryside Commission, Open Spaces, Friends of the Lake District,

and local authorities, such as the Cumbria and the county councils and the Eden district council.

The mountaineer, Chris Bonington, David Bellamy, and Melvyn Bragg, are on the group's side, and about 50 individual protesters, from Portsmouth to Aber-

deen, are expected to give evidence to the inquiry.

Mr Wainwright's statement said that the protesters knew what effect a military presence could have on unspoiled countryside — and the reverberation effects of mock battles in a natural amphitheatre.

Picture by Denis Thorpe

Saturday 5th July, 1986

Reappraisal of an underrated marine artist

Nicholas Pocock, 1740-1821 by David Cordingly. 120 pp
Conway Marine Artists series. £12.95.

The Making of a War Artist. David Cobb: the Falklands Paintings
95 pp. £14.95.
(Both published by Conway Maritime Press, 24 Bride Lane, Fleet St
London EC4Y 8DR)

DAVID Cordingly of the department of pictures at the National Maritime Museum has produced an account of the life and work of a marine artist virtually ignored by the art world and which is satisfying in all ways.

It provides a sympathetic appraisal of the work of a self-taught artist and sets this evaluation against both Pocock's career at sea and as a successful artist, and against the mercantile and naval history of the period.

He reminds us, for example, that in 1788 five out of every six ships registered at English ports were under 200 tons. His other supporting research of this aspect of the history of the development of wet docks, for example and provides contemporary evidence of the merchant community's condemnation of the Government folly in connection with the events which led to American independence.

Pocock, as a sea captain, understood the absolute necessity of accuracy in marine paintings and went to considerable trouble to ensure it. He reminds one, in this respect, of the present-day marine artist, the late John Chancellor.

Pocock was happiest with water colours and artists today will warn to the letter of water-colour instruction he wrote for a young acquaintance. He was also a founder member of the Old Water Colour Society in 1804. David Cordingly points out that it was when Pocock tackled large, commemorative oils of such subjects as naval battles that there appear occasional hints of his late start as an artist (at 40 years of age).

But this slight stiffness and fixity were not always evident in these carefully-wrought canvases; the ordinary member of the public would probably scarcely notice. The naval people, such as Hood, who commissioned many such pictures were more concerned with historical and nautical accuracy.

David Cobb gives us an artist's working diaries, sketches, notes and impressions as he drew and painted all aspects of the Falklands affair. He, like Pocock, had sea experience. But there, the similarity ends.

His comments on his Falklands experiences also add to the literature of that episode in British history.

Chinese court fines Argentine ship firm

By Peter Green

A CHINESE maritime court yesterday ordered an Argentine shipping company to pay \$373,000 in fines and legal costs to two Spanish companies for whom it carried a cargo of chemicals through the Suez Canal.

It is the first time a Chinese court has passed judgment in a shipping case involving only foreign firms.

The court at Tianjin was said by the People's Daily to have found in favour of Compania Espanola de Petroleos SA of Madrid and its subsidiary, Petrochemica Espanola, which paid \$337,000 in anchorage and passage fees when the Argentine ship, *Lago Alumine* (6,129 tons gross), transited the Suez Canal with a consignment of chemicals.

The two companies said the owner of the vessel, Traftuem Compania Armadora of Buenos Aires, was liable for the canal fees.

The reports said the defendant, who was not represented in court, had 60 days in which to appeal the judgment.

The *Lago Alumine* was impounded in Tianjin last year when the fees were not paid and sold in August for \$460,000 to a Chinese firm.

A spokesman for Incoteco, agent for the two Spanish shipping firms in Peking, said he did not know how the judgment would be enforced.

There was no immediate comment from the ship's owner or the Argentine embassy. The *Lago Alumine* is the only vessel listed under Traftuem's ownership.

A spokesman for Companie Espanola de Petroleos said yesterday he was unable to comment on the case until a full report of the proceedings had been received from Peking. "But obviously we are delighted with the outcome of the court hearing," he added.

Saturday 5th July, 1986

True worth of the aircraft carrier

SIR.—Group Captain David Green's letter (July 3) typifies the obsolete R.A.F. arguments which have already proved so disastrous.

In the '60s, the R.A.F. succeeded in achieving the abolition of the aircraft carrier by assuring the Government that they were capable of carrying out all foreseeable maritime air requirements. The implicit financial savings were enough to convince Denis Healey.

As a result, in the Falklands Campaign, the lack of carrier-borne airborne early warning aircraft resulted in the unnecessary destruction of ships and men. The promised R.A.F. support consisted of one raid on the Port Stanley runway mounted at enormous trouble and expense. It

missed. I doubt if the widows of the Argentine pilots would agree with the Group Captain that the Sea Harrier "cannot seriously be considered as a modern air defence fighter".

Surely it would be better to let the professionals do their own jobs, leaving Maritime Air to the Navy and Ground Defence to the Army. A few squadrons of fighters would not then, by themselves, justify the vast costs of a third Service and its abolition would produce really worthwhile savings for the Defence Budget and, probably, a more efficient whole.

C. C. ANDERSON
Rear Admiral
Sherston, Wilts.

EX-MINISTER BACK TO FACE MURDER TRIAL

By Buenos Aires Correspondent

Argentina's former Welfare Minister, Senor Jose Lopez Rega, the alleged founder of an anti-Communist death squad, arrived in Buenos Aires yesterday to face trial after a decade on the run.

Senor Lopez Rega flew in from Miami following his extradition by the American courts. In March he unexpectedly gave himself up to the FBI in Miami.

Now he faces trial on eight separate counts of murder and two of fraud. He also faces charges over his involvement in the creation of the sinister Right-wing Triple A-Squad.

SNOW DELAYS TROOP FLIGHT

By Our Air Correspondent

The first of Virgin Atlantic's three trooping flights to the Falkland Islands ran into difficulty yesterday when the second of the airline's two Boeing 747s was delayed at Mount Pleasant airport by heavy snow.

A further complication arose when an engine fault threatened to prevent the aircraft from returning with its load of troops to Gatwick in time to operate the next scheduled flight to New York.

Friday 4th July

NC.

The debt to Borges

SIR—Professor Livermore in his admirable tribute (June 19) to the late Jorge Luis Borges makes a plea for a

suitable memorial in England to this great Argentine and Anglophile.

May I just say that at least one memorial to Borges is already in existence in England. This is the Jorge Luis Borges Annual Lecture of the Anglo-Argentine Society which was founded in 1983 with the object of making "a significant contribution to the understanding between the English and Spanish speaking peoples in general and between the peoples of Great Britain and of Argentina in particular."

The lecture was started with the blessing of Borges who, indeed, gave the memorable inaugural address, and who was followed in the more recent years by Graham Greene and Professor H. S. Ferns. This year the lecture will be given by Alicia Jurado, biographer of Borges and Robert Cunninghame Graham, at the Royal Society of Arts on September 30.

ROBIN MAJDALANY
Chairman, The Anglo-Argentine
Society,
London, SW1

Family and friends thought I was crazy to go on this MoD trip to the Falklands. Our late June is their late December. Expect, they said, sullen skies, bitter winds, icy rain, snow. I dug out two pull-overs, my beaver hat, bought a quilted and waxed anorak, thermal long johns and fleece-lined Wellingtons.

Thus prepared for the worst I consulted Eddie Shackleton who knows more than anyone at Westminster does about this part of the world. 'Don't worry,' he said 'it will not be as cold as it was in Bournemouth last winter.'

★ ★ ★

There were ten of us in the party. Our leader was Carol Mather—Col Mather MC, formerly of the Welsh Guards. And there was David Crouch, a bit of a swell on such a trip because he is Chairman of the British IPU and was preparing himself for the conference in Buenos Ayres next month when the hosts will be pressing their claim to sovereignty over the Falklands.

The other MPs were Martin Brandon-Bravo, Mark Hughes, Frank Haynes, Allen McKay, Colin Shephard and Neville Trotter. The other peer was Richard Mersey. Half the party were in or beyond their sixtieth year and only one of the rest is under fifty. Yet this was no pensioners' outing. In the 110 hours we were out of England, we flew nearly 20,000 miles, spent one day jumping in and out of Landrovers and another in and out of a Sea King helicopter. From dawn to midnight we were totally immersed in the military scene.

★ ★ ★

The RAF Tristar was most comfortable—and a good job too. As we prepared to land at the New Mount Pleasant airport, we learned that they were desperately clearing snow from the runway, and an hour later that they had not succeeded. And when we approached again nine hours later, there was more snow on the runway and we had to hover. We had been on the go for hours since leaving Westminster. I have never felt fresher after a long journey, possibly because the RAF don't serve strong drink in an aircraft or let you drink your own.

Next morning as we crept out to feel the cold of Port Stanley our television memory came to life—the Upland Goose Hotel where we were staying, the Catholic Church, the Anglican Cathedral, Government House. On television Government House used to look pathetically modest.

By Lord Ardwick



For photographs of the Falklands trip please turn to page 7.

And is modest compared with our Embassy in Washington! But it is not pathetic.

Gordon Jewkes, the Governor, showed me round a capacious Victorian vicarage, with a sizeable drawing room, and elegant dining room, private sitting room and study. The pictures are Victorian engravings (Edward VII and Alexandra) and nineteenth-century Pollard prints.

There was surprisingly a television set and they do not have television in the islands. Then I noticed the video recorder and a collection of cassettes. Video is the best source of entertainment there for civilians and for the forces too. (The crew of the frigate Brilliant told us, how they wait impatiently for the next instalment of East Enders) The pride of Government House is a sixty foot long conservatory which was full of flowers until a few weeks ago and even now had bunches of luscious black grapes. Bournemouth could do no better.

★ ★ ★

Over the last two days we saw everything the Forces had to show; the Post Office which distributes mail three times a week only a few days since it was posted in Britain; the pay office which explained a complex grouch about Falklands bonuses; the education office whose services are in strong demand because there are no rival distractions; Fipass, (Falkland Intermediate Port and Storage System) this generation's Mulberry harbour.

There was some New Zealand lamb at

the food counter. Only half of the lamb is bought locally and then largely as a friendly gesture, not as a bargain. For killing a sheep in the Falklands means forfeiting a wool provider. The cod I ate at lunch in one of the three great coastals that house thousands of servicemen had come from Iceland. There is no local fishing fleet because the market is not there, because the catch consists largely of squid which no one likes, and, as an islander said, 'Who would go to sea when there is a good living on land?' It is the Japanese, and others from Asia who enjoy the stuff, who are fishing these waters hard, or those such as the Eastern Europeans seeking a source of protein.

★ ★ ★

Leaving Brilliant in the dark, we found our tender rocked by a Force 11 storm that drove torrential rain into our faces. Yet, next day was a mild Bournemouth winter

day, perfect for helicoptering. We went first to lay a wreath at Blue Beach cemetery, a green plot facing the sea and all the more poignant for its smallness. Then on to the Neck, Saunders Islands, to see a flock of gentoo penguins and – unexpectedly – a king penguin with two enormous fluffy chicks. Next to the top of a Byron height to see the radar station. Then to Fox Bay to lunch with the Ghurkas and gaze on a scene of tranquil beauty I will never forget. Why does nobody say that the Falklands are beautiful – at least to us Northerners habituated to keen-aired, treeless uplands. Finally to Mount Pleasant the spectacular new airport which cost £300m and can take wide bodied aircraft. It will have civilian uses as well as strategic importance.

★ ★ ★

We met servicemen and women of all ranks and all services. They spend four months in the Falklands and are soon longing for the day when the Gazomey Bird, as they call the Tristar takes them back to the

UK. Yet morale is high. Everyone was cheerful. Every one is kept hard at work and perfecting his professional skills in the modern *armée du metier*, as de Gaulle named it, and maintaining a state of readiness 'MINJO' is written by the name of a man whose spirits are low. Man in Need of Joyful Outing. And he gets one. As the forces are brought in and concentrated around at Mount Pleasant there will be even more difficulties of providing the forces with a change of scene. But it will be easier when there are fewer numbers; how many fewer nobody can yet say, for it is a political as well as a military equation.

★ ★ ★

The Falklands councillors we met made clear their mistrust of the Argentine and their simple desire for things to stay just as they are. After all it is only four years since they were invaded, occupied and miraculously liberated. But things cannot stay as they are and the next Parliament will have some big decisions to make about the future of the Falklands.

★ ★ ★

A few Falklands Facts. There is no women's hairdresser in Stanley. And there is no Anglican priest, at the moment. There is only one road and transport to the settlement is by light aircraft. The population is believed to be 1,800 but nobody is sure, so they are having a census. The average winter temperature is 37 degrees; annual rainfall is 25 ins. The Forces do not touch a drop of liquor until evening falls. The water supply is produced by reverse osmosis. Sixty men on Byron Height are under the command of WRAF squadron leader. There is good angling for sea trout and a hard mouth grey mullet. Servicemen praise the hospitality and kindness of the islanders. Nobody is out of work. Falklands newspaper: *Times* price 40p. Motto 'Desire the Right'. Sixteen pages, appearing when Editor, John Smith, thinks fit.

★ ★ ★

Friday morning – a continuous brilliant sun. Sat on the sea front and basked, coatless, hatless. Just like spring in Bourne-mouth – on a good day!



From left to right: Neville Trotter MP, David Crouch MP and Lord Ardwick watching a cook in HMS Brilliant, anchored in Port Stanley, making cottage pie



Pictured above are members of a recent Parliamentary delegation to the Falkland Islands. From left to right, paying homage to those who died at Port San Carlos are: Major Michael Butler, Allen McKay MP, Dr Mark Hughes MP, Martin Brandon Bravo MP, Neville Trotter MP, Colin Shepherd MP, Carol Mather MP, Viscount Mersey, Frank Haynes MP, David Crouch MP, Lord Ardwick, Michael Berkeley (MoD), Brigadier Derek Brownson, Chief of Staff.

THE TIMES

Friday 4th July, 1986

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1

Pilots sacked

Buenos Aires (Reuter) —
Pilots striking over pay and
conditions shut down the state
airline, Aerolineas Argentinas,
for the second day. The com-
pany responded by sacking 45
pilots, bringing total dismiss-
als to 118, company source
said.

Friday 4th July, 1986

Russian fishing pact near

From Jeremy Morgan
in Buenos Aires

SOVIET officials are in Argentina negotiating an agreement on fishing rights in the South Atlantic, where an Argentine gunboat sunk a Taiwanese trawler just over a month ago.

Argentine officials are already talking of the two sides signing an agreement under which Soviet trawlers would hand over a share of their catch — perhaps 15 per cent — in exchange for fishing licences, port facilities and other services. Talks are also taking place with the EEC.

Diplomatic sources say that the accord would include Soviet recognition of Argentine rights within a 200-mile economic zone from the mainland, including waters lying within the 150-mile British exclusion zone around the Falkland Islands.

Argentine concern over excessive fishing in the South Atlantic has grown rapidly in recent years, as the number of foreign fishing vessels operating there grows. According to one estimate, 530 ships from 12 countries have fished without Argentine permission on the Continental platform in the past two years.

With an estimated 150 trawlers and factory ships, the Russians are the Argentine's biggest problem — but they are also by far the largest trading partner.

Fishing sources say other fishing countries, in order of importance, include Japan — which President Raul Alfonsín will visit later this month — Poland, Spain, Bulgaria, South Korea and Taiwan, with which Argentina does not have diplomatic relations.

Peru army blamed for massacre

From Mike Reid
in Lima

Peruvian congressmen have been told that police, accused of massacring guerrilla prisoners in Lima's Lurigancho gaol last month, were acting under armed forces orders.

President Alan Garcia has accused the police of shooting "more than 100" prisoners in cold blood. The incident occurred during a military operation to crush rebellions in three Lima gaols. Between 250 and 400 prisoners associated with the Sendero Luminoso guerrilla group died.

The Interior Minister, Mr Abel Salinas, who is responsible for the police, told a congressional committee that all information on the incident was in the hands of the armed forces. The 95 police accused of the Lurigancho killings were being investigated by the military.

The minister's comments implied that the Government has abandoned earlier attempts to pin all the blame for the massacre on the police.

Negotiations continued on Wednesday between Mr Garcia and armed forces chiefs with no apparent agreement on how to solve the crisis unleashed by the killings. Parliamentary sources said that the President has asked for the resignation of at least one senior army officer.

Meanwhile, the naming of a new justice minister has been delayed. The official news agency has denied that Senator Carlos Enrique Melgar had been officially appointed.

Pilots dismissed

Buenos Aires: Striking pilots have shut down the state airline Aerolineas Argentina for the second day running and the company responded by sacking 45 pilots, bringing total dismissals to 118. The strike has been declared illegal by the Government. — Reuter.

THE TIMES

Thursday July 3rd 1986

Falklands aid

Brussels (Reuter) — The Falkland Islands will get EEC development funds under an aid programme for the overseas territories of member states which came into operation on Tuesday.

Wednesday July 2nd, 1986

NC

**£35m order
for missile**

THE British Aerospace Sea Skua anti-ship missile, which saw its first action during the Falklands war, has been ordered by the West German navy in a £35 million contract.

It will be the first British missile to enter services with the German armed forces, who plan to equip their Sea King helicopters with it. The missile will be supplied by BAE's Hatfield factory.

Argentina is offered share in airliner venture

Embraer, the Brazilian aircraft manufacturer, is planning a new 19-passenger turbo-propeller powered airliner to replace from 1990 its existing Bandeirante aircraft, of which more than 460 have been sold so far, Michael Donne reports.

Embraer is offering Argentina a collaborative share in the development programme, under an agreement between the two countries signed earlier this year.

Designated the EMB-123 (no name has been given to the aircraft yet), the new aircraft will be an advanced turbo-prop, involving extensive use of new technology, including materials such as carbon fibre, in its construction.

The total programme cost, including funding for development, prototype construction, testing certification, and tooling for series production, is estimated at \$292m (£194m).

Argentina is being offered a one-third share in the programme. The Argentine Government has agreed in principle to participate.

Embraer is planning a unit price of \$3m per aircraft, and expects export orders for the new type until the year 2000 will generate sales of \$750m.

Falklands to receive EEC economic aid

THE Falkland Islands will receive EEC development funds under an aid programme for the overseas territories of member states which came into operation yesterday, Reuter reports from Brussels.

European Commission officials said French overseas territories, including New Caledonia, French Polynesia and Mayotte, would receive a total of Ecu 27.5m (£17m) distributed according to population. The same amount is destined for Dutch overseas territories.

British dependencies will receive just over Ecu 12m. The package also covers British islands in the Caribbean and territories in the Indian Ocean and the Antarctic.

The aid programme aims to give the territories the same development funding and preferential trade access as that accorded the 66 independent African, Caribbean and Pacific nations linked to the Community by an aid and trade pact.

SALAMI TACTICS

Mr George Younger is not the first Defence Secretary to wish that he had come to the job some time before. Nor will he be the last. A period of seven fat years has just given way to seven lean ones, and it is he who will have to eke out the diminishing resources in his granary to keep the armed forces in condition. Can he manage it?

The problem is the gap between income and expenditure — or between happiness and misery in Mr Micawber's terms — and it was foreseen during the time of his predecessor. To Mr Heseltine fell the lot of announcing that Britain would stop raising its defence budget by an annual three per cent in real terms as soon as its Nato commitment to do so ended in 1985-6. By that time the defence budget, after its longest period of sustained growth for 30 years, had been swollen by £3 billion.

Now comes the moment of truth as the forces, not for the first time, have to tighten their belts after seven years of relative affluence. Mr Younger announced in this week's Commons debate that £800 million would have to be saved from planned spending over the next three years, in addition to about £200m which can be found by reductions in the Falklands garrison.

The White Paper in May ruled out the need either for a fundamental reappraisal of priorities or to drop or reduce any principal commitment. Mr Younger has now confirmed this by detailing a list of readjustments to the procurement budget. The Royal Navy will forfeit a new towed-array sonar for its Type-22 frigates; the Army will lose a new anti-armour mine; while the RAF must brace itself for a reduction in its latest batch of 18 Harriers and for late delivery of its fleet of Tornado strike/reconnaissance planes.

The services may not like these but they can live with them. The delay in the delivery of Tornados is indeed prompted as much by the requirement to fulfil the large order for Saudi Arabia as that to hold down defence spending. The Army will have cause to regret the cancellation of the LAW anti-tank equipment. But the decisions so far disclosed are bearable. The unease which has followed Mr Younger's statement arises from the suspicion that these may not be all.

The Defence Secretary's reference to a surface escort fleet for the Royal Navy of "about 50" frigate/destroyers conceals the fact that the number is most likely to be 48. There are few observers who do not fear that further delays will creep into the warship building programme — a device which is irresistible for Defence Secretaries in Mr Younger's shoes. (One way to save more than £100m in a hurry is to nudge a new frigate into the margins).

Senior officers themselves admit that their appetite for "salami slicing" grows with age and experience, if only because when faced with the need to cut costs, it is generally preferable to the alternative. That alternative is to opt out of a commitment — which nowadays would generally mean a commitment to Nato — in order to ensure that one can carry out all other tasks unimpaired.

To argue that Mr Younger should wield an axe rather than a carving knife is to preach a policy which requires more justification than pressure from the Treasury. Thus to reduce the Navy's presence in the Eastern Atlantic, to bring home a substantial part of BAOR, or to cut back severely on the RAF would provoke serious political repercussions in the Western alliance. It is politically useful,

if militarily risky, for troops to remain at their posts with yesterday's weapons rather than for them not to remain there at all. At least it reflects the political commitment which underpins the alliance.

There is, however, a cut-off point beyond which the argument might start to swing the other way. One wonders if future governments, faced by the conundrum which has faced Mr Younger, might feel the same way. The glib answer is that they would solve it quickly by getting rid of the Trident missile programme. But this would leave Europe without a Nato-committed deterrent of its own. Not only that, but the abandonment of Trident would take Britain out of the nuclear big five — almost certainly for ever — while the substitution for it of an alternative system would not necessarily cost less. Indeed, a submarine-launched cruise missile would probably cost more.

The answer must be, as we have said before, for Nato to re-examine its own priorities in greater depth. That would at least clarify in Whitehall the areas of top priority and indicate those in which some flexibility might be found. Nato is still largely configured for the kind of war it feared in 1949 — an advance by the Red Army on the central front — when most of the challenges to the West and the NATO alliance are being mounted outside the strict NATO area, mainly in the Third World. Surely NATO's future planning should begin to take this inconvenient fact into account?

The awkward truth, however, is that the alliance will not move unless it is pushed. If Mr Younger finds he has to start carving thicker slices off the salami, he should consider giving Brussels a shove in the right direction.

Tuesday July 1st 1986.

Argentinian envoy claims immunity

AN Argentinian envoy who crashed his car and failed a breath test following his country's World Cup victory on Sunday night will not be prosecuted after claiming diplomatic immunity.

Thames Valley Police confirmed last night that Juan Eduardo Fleming, aged 39, had given a positive breath test after his car crashed on the M25 near Denham, Buckinghamshire.

The Last Farewell

by Neil McCart

For a year *Uganda* lay rusting at her mooring in the River Fal, for most of the time flanked and hidden by one or more merchant vessels in a similar state of idleness. There was a faint hope that she might be saved from the breaker's yard; in October 1983 a devoted band of followers had formed the "SS Uganda Society", their principal aim being the long term preservation of the vessel 'as a classic example of British passenger shipping'. It was a commendable idea, even though, since her rebuilding in 1967, the *Uganda* was hardly a classic example of a British passenger ship. The Society worked tirelessly in an effort to realise their aims. At one time they had hoped to preserve the ship as a sea-going vessel, but whilst her hull and machinery were in a reasonably good condition, the *Uganda's* upper works had taken a battering in the last few years of her operational service, and the cost of refitting and converting her would have been prohibitive. Right from the start the Society was fully aware of the considerable financial hurdles which would have to be overcome.

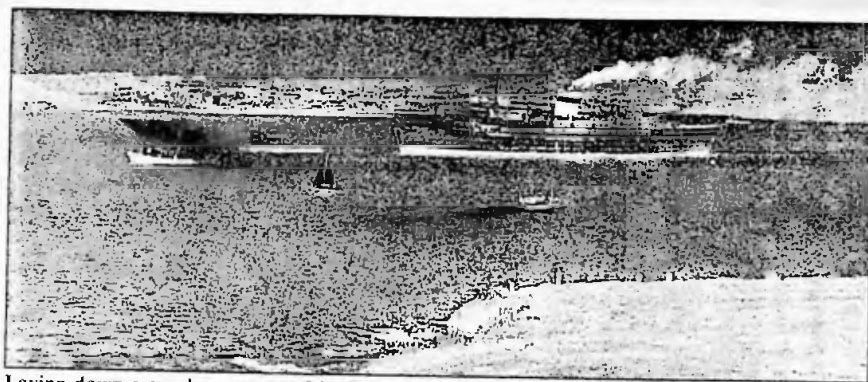
Whilst the "Uganda" Society's members tried hard to find ways to save the ship, P&O themselves were active in trying to find a viable alternative to scrapping her. It seems that interest was shown in the *Uganda* by the Peoples' Republic of China which wanted to turn her into a floating leisure centre. However, the negotiations came to nothing, and perhaps it is just as well because this sort of fate is probably what Lady Hall, the *Uganda's* sponsor, had in mind when she said, 'I think I would rather she went to the breakers than be sold for a possibly sordid life'.

Faced with no prospect of a sale and with the continuing

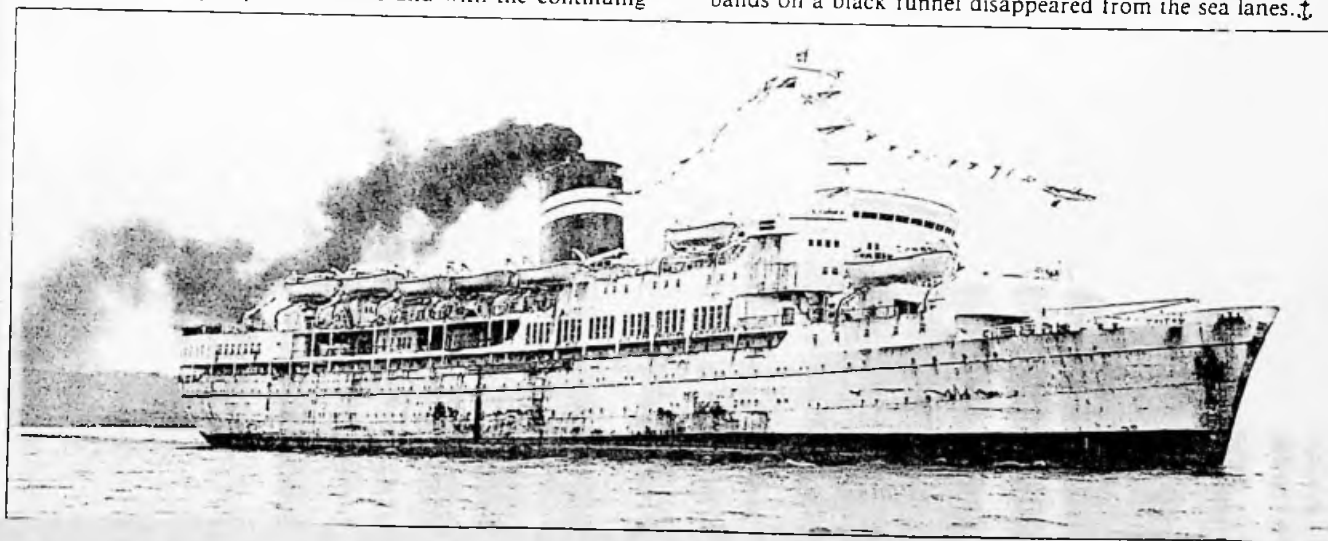
need to pay lay-up costs, in March, 1986 P&O placed the *Uganda* on the demolition market. Soon after this, at the end of April, she was sold for breaking up in Taiwan with delivery expected to be within six weeks. She had been bought by the Jamaican-owned Triton Shipping Company and was registered in Jamaica, being renamed *Triton* for the delivery voyage.

Originally, the ship was scheduled to leave on Wednesday, 14th May, but the long lay-up had taken its toll, and in the event, departure was delayed with boiler troubles. But the reprieve was only short-lived and the *Uganda* (alias *Triton*) sailed on her final voyage to oblivion on Tuesday, 20th May 1986. Coincidentally, over the intervening weekend, the World Ship Society held its Annual General Meeting at Falmouth. The delay in the *Uganda's* departure therefore enabled many ship enthusiasts to see her for the last time. In the words of one onlooker, Mr Tony Atkinson, 'She laid down such a good smoke screen that at times it was difficult to see her.'

At first it was thought the ship would sail via Cape Town, but this was changed to by way of Suez — a route with which the old liner was familiar. In any event it was the end of a proud ship, and the final chapter in the history of the British India Steam Navigation Company, a shipping line which could trace its roots back 130 years to 1856, when the young Scotsman, William Mackinnon, first formed the Calcutta & Burmah Steam Navigation Company. With the passing of the *Uganda*, British India's once familiar colours of two white bands on a black funnel disappeared from the sea lanes.†



Laying down a smoke screen and looking bedraggled, *Uganda* made her last farewell on 20th May — above — passing Falmouth and — below — heading seaward with the name *Triton* on her bow for the voyage to Taiwan. (Photos — Tony Atkinson & Lester McCarthy)



Argentina's military rattles sabre

by HUGH O'SHAUGHNESSY

PRESIDENT Alfonsín of Argentina has been put on notice by senior military officers that they still consider themselves the final arbiters in the country's politics.

Statements issued in Buenos Aires by senior air force and navy officers are sapping the President's claim—made in an interview with *The Observer* earlier this month—that a military coup is unthinkable now that democracy has been restored in his country.

This new defiant attitude by senior officers coincides with growing diplomatic tension between Britain and Argentina over the Falklands.

In a statement to the Senate, which is debating a new law regulating the armed forces, Brigadier Ernesto Crespo, the tough air force chief of staff, announced that his colleagues considered it their duty to intervene against terrorism, drug trafficking and 'ideological subversion.'

In a written statement, circulating in Buenos Aires last week, Crespo echoed the arguments used by the Argentine army when it overthrew President María Estela 'Isabelita' Perón in 1976. Crespo quoted in his support Pope John Paul's remark that armies 'should participate in the preservation of each country's domestic peace, as an instrument of the common good.'

Crespo's choice of quotation is calculated to rally to his side many conservative Catholics and win the support of the majority of Argentina's bishops, who backed the 1976 putsch and avoided criticism of military atrocities during the subsequent 'dirty war.' The Catholic church has bitterly opposed President Alfonsín's plans to introduce divorce into Argentina.

The new threat to President Alfonsín comes as Argentina's foreign minister, Dante Caputo, pushes ahead with plans to try to isolate Britain over the Falklands and drive a wedge between Whitehall and its partners in the European Community.

Community sources in Brussels revealed last week that Argentina has written to the European Commission underlining the fact that Buenos Aires does not accept that the Falklands has been the territory of the Community since Britain's accession to the Common Market in 1972.

In a display of diplomatic nit-picking, the Argentine representative in Brussels claimed that in the articles of Britain's accession the islands were 'erroneously denominated' the Falklands when they should have been called the Malvinas.

■ Argentina devalued its currency yesterday by 3 per cent as part of an austerity package to combat a renewed surge in inflation.

FRIDAY AUGUST 29, 1986

Falklands ship hit by typhoon

Taipei (Reuter) — The former passenger liner, Uganda, which was used as a hospital ship by Britain during the Falklands war, is lying on its side in southern Taiwan after being battered by a typhoon.

A spokesman for the ship's owner said yesterday that the vessel, now known as the Triton, was swamped by heavy seas after being blown over by Typhoon Wayne.

He said the 12,261-ton ship had been waiting to be scrapped in the southern port of Kaohsiung.

Meanwhile, Typhoon Vera cut across China and South Korea yesterday, killing at least 13 people and leaving thousands homeless.

South Korean relief officials said the tourist island of Cheju was badly hit, with tidal waves destroying homes and breakwaters and damaging port and irrigation facilities.

In Peking, the New China News Agency said seven people were killed by the typhoon in Shanghai.

DAILY TELEGRAPH

FRIDAY AUGUST 29, 1986

**Falklands ship
hit by typhoon**

The former P. & O. passenger liner Uganda, used as a hospital ship during the Falklands war, and now named the Triton, is lying on her side in southern Taiwan after being battered by Typhoon Wayne last week. She was awaiting scrapping.

Another typhoon—known as Vera—killed six people yesterday in South Korea and seven in Shanghai. South Korean officials reported hundreds of tourists stranded on the island of Cheju.—Reuter.

Road to the isles

Johns Rpt 26/8/88

THE office in York may not be impressive, but the title of the man sitting behind the desk certainly is. Mr. Steve Green, 29, is the Falkland Islands representative for tourism for the Northern Hemisphere.

The Falklands government has decided that carefully-controlled tourism could improve and diversify the Islands' economy and Mr. Green, a native of Hull, has been given the job of finding the customers. His office in York is shared with a group of other travel organisations and he got the job, he says, after a chat in a hotel bar with a representative of the English Tourist Board.

Mr. Green is the first to admit that the Falklands, 18 hours away by air, is not going to be a fast-selling item in the tourist market. The Falkland Islanders themselves would shudder at the prospect. Even if tourism takes off in the Falklands it is anticipated that only some 40 or 50 tourists will ever be on the islands at any one time. The shortage of beds and the smallness of the Islands' three local aircraft will see to that.

Mr. Alistair Cameron, the Falkland Islands' government representative in London, says they are looking for a special type of tourist — a person who is interested in wildlife and lonely places. "We have set a target for five years hence of about 2,000 tourists a year. Hopefully, they could bring in something like £1m. towards the Islands' annual budget of some £7m."

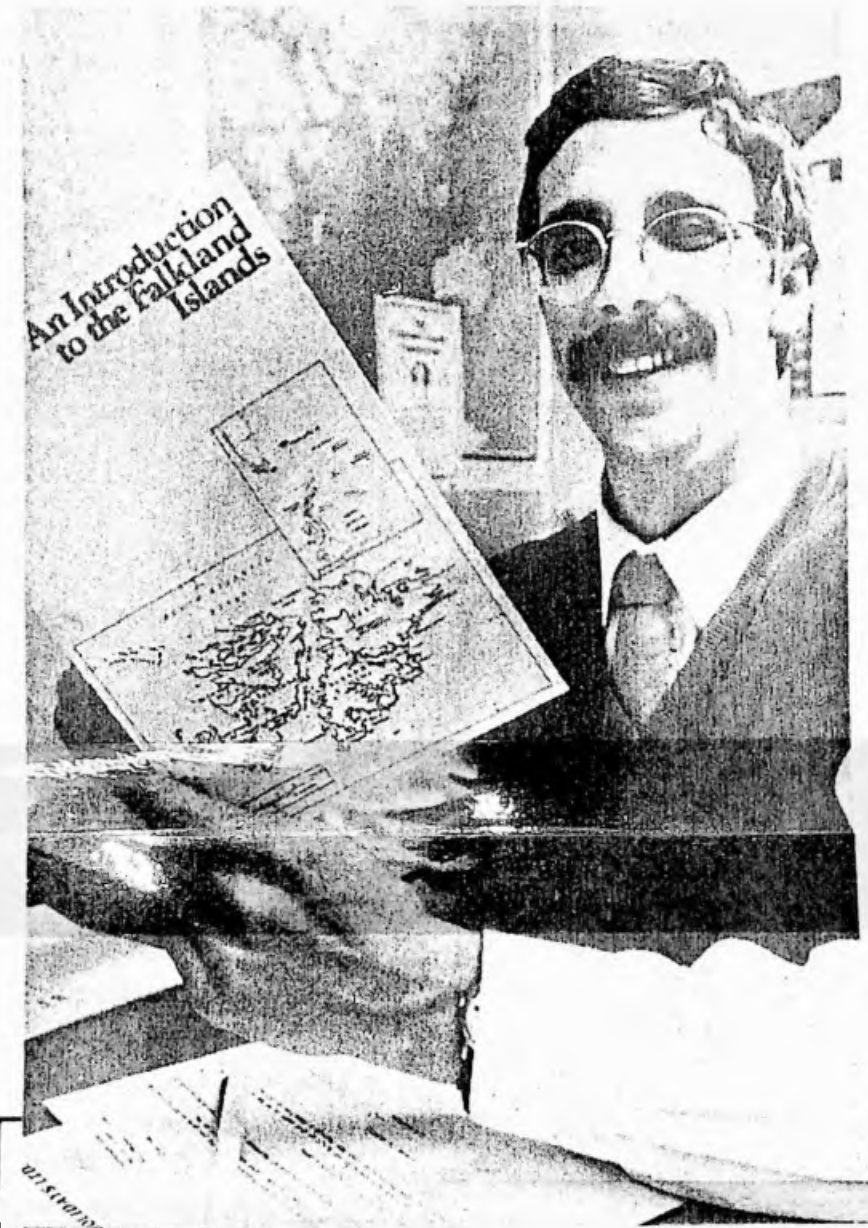
Tourism on this small scale, he thought, should not upset the social balance of the islands, nor its wildlife. The penguins, for instance, were not afraid of man, but the government would build hides and keep the visiting groups to small numbers so as not to disturb them. Visitors would be excluded from very sensitive areas such as the penguin rookeries.

The Islands were trying to diversify their economy, said Mr. Green — "The stronger we make it, the more valuable we become and the more secure we are."

Mr. Green, who has a wide experience of the holiday trade, found himself with the Northern Hemisphere as a selling area almost by chance. A former rugby captain at his school in Hull, he has taken a particular interest in adventure-type holidays. About a year ago, the Falkland Island Development Corporation decided on tourism as a way of achieving economic growth. They approached the English Tourist Board for expert help.

Some time later, Mr. Green was at a holiday conference in York and got into conversation with an ETB representative in the bar. The conversation turned to adventure holidays and the challenge of marketing the Falklands. Mr. Green was asked to prepare a report on how he would tackle the job. "I did so and suggested that someone should co-ordinate all the Northern Hemisphere selling from Britain. I put in my report and some time later they offered me the job."

Mr. Green has so far persuaded five tour operators to organise visits to the Falklands. The market they have been aiming at includes people wanting to see wildlife in their natural habitat and those who want to visit obscure distant places. "I con-



The Falkland Islands are trying to tempt the tourist. JOHN SCOTT meets Steve Green, pictured above, the man with the job of persuading people that the South Atlantic is the ideal spot for an away-from-it-all holiday

tacted the tour operators I considered most likely to be interested. The ETB took some to the Falklands to show what the Islands had to offer. Everyone was very impressed."

The tourist target for this winter (the Falklands summer) is a modest 150, and so far about 70 people have booked. There are a number of limiting factors for Falkland tourism. The Islands have only two hotels and a few guests. The hotels are of three-star standard but between them they can offer only 50 beds. With the absence of roads, transport over any distance has to be by air. The islands' three aircraft can carry only ten passengers at a time.

But extra accommodation is being arranged for the tourists. A prefabricated

hostel is being assembled on Sea Lion Island, some 40 minutes' flying time from Port Stanley. Parties of ten will join the warden and his family on the island whose only other inhabitants are elephant seals and penguins.

From there, the tourists can visit one of the larger settlements, Port Howard, in West Falklands, where they can see something of island life with horse-riding, trout fishing and walks.

The third centre will be Pebble Island, scene of an SAS raid on the local airfield, where there are large breeding colonies of penguins. On both these sites existing accommodation is being adapted for the visitors.

In recent years, says Mr. Green, there has been increased awareness

of the Falklands and the attractiveness of its wildlife. "People did not realise what a unique way of life exists over there. There is even a distinctive Falklands cuisine based on generous supplies of beef and mutton."

Mr. Green believes it could be five years before Falklands tourism reaches its full potential with the season concentrated into the summer of November to March. "The weather is quite good, similar to London, but slightly drier."

In London, Mr. Cameron says the environmental impact of tourists would be carefully monitored by the Falkland government. They were aware of potential problems and keen to avoid them. "We do not want to create an industry which will disrupt the wildlife. We feel there could be spin-off benefits with perhaps small shops opening as part of the tourism attraction." He thought the type of people likely to visit the Islands would take a responsible attitude towards the environment. Nor did he think that a steady stream of visitors would unsettle or create discontent among the islanders.

There had been fears of social disruption because of the large number of troops on the Islands but the effects had not been as disruptive as expected. As a result few problems were expected in catering for a small number of tourists. Mr. Cameron emphasised however, that no-one should go to the Falklands for the night life. The once-a-week cinema at Port Stanley had closed in favour of home videos and homegrown entertainments like dances usually took place in the winter. There had been talks about organising sports meetings and gymkhana events.

Eighteen hours by fast jet was not as fearsome as it sounded. Mr. Cameron, a Falkland Islander himself, had made the journey many times. There was only a three to five-hour time difference, and no problems with jet lag. A longer stop at Ascension Island would make the tour attractive, but Ascension had no indigenous population interested in such a development. Getting to the Falklands was in any case much easier than it used to be before the war. The journey could take four days and involve three flights, two of them in South America. "It will be nice to get an air link with South America, but it is difficult to set one up at the moment, although the problems are more economic than political. It is doubtful if such a link could be economically justified."

The justification may come as Mr. Green in his office at York starts to exploit other sections of his territory in the Northern Hemisphere. He is taking a stand at the World Travel Market at Olympia in London this autumn, and, as his next objective, he has set his sights on wildlife lovers in America and Canada.

After that, Scandinavians might be coaxed into exploring the far-away places in the South Atlantic. In November, the Northern Hemisphere's representative will be heading south himself, taking another party of tour operators to see the Islands. Mr. Green has led skiing and walking parties in Switzerland, Alaska and Iceland, but it will be his first trip to the Falklands.

Footnote: A 10 or 17-day visit to the Falklands will cost between £2,000 and £2,750, depending on the duration of the trip and the number of excursions taken.

Argentine ministers discuss economic package

BY TIM COONE IN BUENOS AIRES

THE APPOINTMENT of Dr Jose Luis Machinea, the deputy Economy Minister, as the president of Argentina's central bank, has raised expectations about the launching of a package of economic measures shortly to combat the unexpected growth of inflation in the Argentinian economy in July and August.

Economic ministers held lengthy discussions over the weekend to analyse the principal causes of the acceleration

in the rate of inflation and to adopt measures which are expected to include a relaxation of import controls on basic consumer items, especially foodstuffs, a continuation of a policy of regular mini-devaluations and further tightening of monetary controls.

Following the announcement of his appointment, Dr Machinea said that the economic team "will now act with greater coherence having

clearly defined the monetary policy to be followed."

Mr Juan Sourrouille, the Economy Minister, told bankers and economists gathered for the inauguration of an Argentinian banking conference yesterday that the rise in the inflation rate was a result of current seasonal food shortages.

He acknowledged that the inflationary reaction was greater than predicted but dismissed claims that the Austral Plan, the Government's economic

stabilisation programme, had collapsed. "We are now in better condition to combat inflation than we were over a year ago when the Austral Plan was launched as the fiscal deficit and balance of payments are now under control. This gives us room for manoeuvre to stabilise prices," he said.

He added that Argentina's financial system also needed "cleaning up" through the "institutionalisation of transactions," a reference to the

black market in foreign exchange and credit dealings that have mushroomed over the past year due to tight restrictions on credit creation by the official banking system. Many of the black market operators stand to lose heavily on unsupported futures deals in US dollars which have to be closed on Friday. The 30 per cent drop in the value of the Austral against the US dollar this month has left many dealers heavily exposed.

Bank chief replaced

From Jeremy Morgan
in Buenos Aires

President Alfonsín has replaced the head of Argentina's Central Bank, and in the process confirmed that he is moving ever further from his own ruling Radical party on economic issues.

The outgoing Central Bank president, Mr Alfredo Conception, was the last member of the Radical old guard on President Alfonsín's economic team, and he was forced to resign last Friday after a protracted dispute with the Economy Minister, Mr Juan Sourrouille.

Mr Conception was replaced by a senior member of Mr Sourrouille's team at the Economy Ministry, Mr Jose Luis Machinea, and the entire board at the Central Bank submitted its resignation.

Falklands myths are perpetuated

By such letters as M. R. Meadmore's (17 August) are myths perpetuated. Forget about Argentina's claim to the Falklands, and listen to the facts about Britain's claim.

We claim the islanders have a right to self-determination. 'Peoples' have the right, under the UN Covenant. Whether an artificially-sustained colonial community of 1,800, a quarter of whom are non-native to the islands, could be said to constitute a 'people' is dubious in the extreme.

Equally dubious is the claim's implication that, armed with that right, the islanders have also the right to dictate

who their islands belong to.

Sovereignty is claimed and exercised by the British Crown — the islanders neither claim it, exercise it nor want to do either. They have no say whatsoever on that subject. The dispute is between Britain and Argentina, two sovereign, independent nations. Colonies don't come into it. The fact that 99 per cent of them support some position is of no legal relevance. They are the subject of the dispute, not the arbiter of it.

We claim their wishes are paramount: a constitutional nonsense and a deliberate misquotation of Article 73 of the UN Charter, which charges this country with making their *interest* — the word used by President Alfonsín — paramount. Britain has a duty to

advance their self-government: after 153 years they still do not directly elect a single member of their Executive Council. Is that supposed to be evidence of the advance of democracy?

They don't want — nor are they fit for — independence, they have no right to a veto on sovereignty, they have no right to demand a nationality that's conferred on them. Even if they do have a right to self-determination, they certainly don't exercise it, and never have done.

This country's claim is an insult to the UN Charter and to common sense, if that's the basis of it. Why doesn't Argentina take it to the International Court? Because they know Britain would do the same as President Reagan

did last month over Nicaragua — refuse to accept its jurisdiction.

As for the seas around the islands, not to mention Antarctica, they are no more British than they are Argentinian. Which is why they're being stripped of their resources by international fishing vessels, despite the paramount wishes and/or interests of the Falklanders. This is the mythology of the madhouse, and I for one want out of it.

L. Raphael,
Strathclyde.

Britain to get new warships

By Our Defence Staff

MR YOUNGER, the Defence Secretary, has given the go-ahead to build as many as four new warships, at a cost of £450 million, to replace the assault ships Fearless and Intrepid, which four years ago stormed the Falklands beaches.

His decision marks an important victory for the Admirals over the other Service chiefs.

It will bring big new orders for the Swan Hunter yard on Tyneside and Harland and Wolff in Belfast. It also ensures that Britain will hold on in the 1990s to its capability to land troops almost anywhere in the world.

The Royal Marines, whose future was threatened once the amphibious assault ships were scrapped, now has an assured future. But heavy spending cuts will be necessary to pay for the new ships and the Army and RAF could suffer most.

Mr Younger's decision reverses an earlier Government announcement, made after the Falklands War, that Fearless and Intrepid would be scrapped in the early 1990s without being replaced.

It is the culmination of a four-year campaign by the Admirals, led by Admiral of the Fleet Sir John Fieldhouse, to ensure that the Navy would be capable of fighting another Falklands-style campaign.

Treasury sources have confirmed that the £450 million has been set aside in the Defence Ministry's long-term costings after drawn-out "horse-trading" between the two Departments over the defence budget. A recent underspend of £400 million on the budget has helped Mr Younger gain Treasury approval for the programme.

The decision means that Britain can maintain its Nato commitment to the amphibious reinforcement of northern Norway and engage in "out-of-area" conflicts almost anywhere in the world.

Bank president quits in Argentine inflation row

BY TIM COONE IN BUENOS AIRES

MR ALFREDO CONCEPCION, president of Argentina's Central Bank, resigned yesterday together with the bank's entire board.

Mr Concepcion is to be succeeded by Dr Jose Luis Machina, Deputy Economics Minister.

The resignations, which come a day after an economic revitalisation package was announced, follow increasing tension between the Economics Ministry, headed by Mr Juan Sourouille, and the Central Bank directors over the course of the Argentine Government's stabilisation programme—the Austral Plan—and especially over monetary policy.

The economic team led by Mr Sourouille promised the IMF in June to limit money supply growth to only 3 per cent of GDP and the Central Bank board has been blamed because this figure has not been adhered to.

Talks with the IMF over the new standby loan are due to

begin later this month and rescheduling discussions with Argentina's creditor banks are expected to start in September, according to high level officials of the Economics Ministry.

Mr Concepcion is a long-standing political ally within the ruling Radical Party of President Raul Alfonsin. He was appointed to head the Central Bank by the President in February last year—a few months before the Austral Plan was launched.

Mr Concepcion's resignation has been rumoured for several weeks, leading at one point to President Alfonsin declaring that the Central Bank president enjoyed his personal support and backing and that no resignation was to be expected.

It was confirmed yesterday, however, that the President had accepted Mr Concepcion's resignation.

Reaction to the resignations was immediate in local and financial stock markets with the rates of the local currency

firming against the dollar and stock prices rising slightly.

Both markets have been extremely volatile in the past two weeks following the announcement of last month's inflation figure of 6.8 per cent. This figure fuelled speculation of an imminent collapse of the Argentine Government's economic policy and the Austral Plan.

A package of export incentives was announced by Dr Roberto Lavagna, Trade and Industry Minister, on Thursday. He said it was intended to produce, "a deep structural change in the Argentinian economy."

The package includes tax changes to help exporters of industrial goods. Exchange rate stability will also be guaranteed to industrial exporters.

Dr Lavagna said the package was designed to give an "export bias" to Argentine industry which would "be permanent and have far-reaching effects."

Argentine holidays

Britons are to be offered package holidays to Argentina for the first time since the Falklands conflict.

Melia Travel aims to launch tours from next January after the relaxation of visa restrictions. The cheapest one-week holiday will cost £765.

THE TIMES - FRIDAY 22 AUGUST 1986

Death inquiry

A military board of inquiry is to investigate the deaths of four soldiers whose Gazelle helicopter was believed to have been shot down in the Falklands conflict by the destroyer HMS Cardiff six days before hostilities ended.

Argentina trips

Two-week package holidays to Argentina, from £765, are to be offered by Melia Travel, of London, thought to be the first company to feature the country since the Falklands war.

Holiday rush—P 10

Plane protest

Washington — Argentina yesterday delivered a formal protest to the UN Secretary-General about British warplanes flying low over an Argentine fishing vessel in the South Atlantic on August 11 (Michael Binyon writes).

Inquiry into Falklands war tragedy

By KENNETH CLARKE

AN official inquiry is to be held into the shooting down of an Army helicopter by the Royal Navy during the Falklands War. The four passengers and crew were killed.

The mother of one of the victims claims there was "a cover-up" of the incident, and the Ministry of Defence yesterday admitted her pressure "was one of the factors taken into account" in launching the inquiry.

It was officially confirmed in May this year that the Gazelle helicopter was brought down on June 6, 1982, by a Sea Dart missile fired from the destroyer Cardiff, and not by the Argentines.

Earlier, it had been said the four crewmen died as a result of enemy action.

Mrs Winifred Cockton, 62, of Aylesbury, Bucks, whose 22-year-old son Lance Cpl Simon Cockton was one of the victims, said: "The initial cover-up was a disgrace, and now I must make sure that the findings of the inquiry are made known."

The Gazelle was on a resupply flight between Darwin and Mount Pleasant when it entered an area in which the destroyer's commander had been told there would be no "friendly" planes.

The other victims were Maj Michael Forge and Staff Sgt John Baker of the Royal Corps of Signals, who were passengers, and Staff Sgt Christopher Griffin, of the Army Air Corps.

Protest by Argentina on 'buzzing'

**By Our Buenos Aires
Correspondent**

Argentina has sent a note of protest to the United Nations against British planes buzzing Argentine fishing boats said to have been outside Britain's "attempted exclusion zone" around the Falkland Islands.

In two similar incidents on Aug 11 and 15, two Japanese trawlers flying the Argentine flag are said to have been "harassed" by British planes flying low over their masts a few miles outside the zone.

Falkland critic gets new ship

AFTER FOUR years in the wilderness following his critical remarks at the end of the Falklands war, Captain Nicholas Barker, then skipper of the ice patrol ship *Endurance*, has been given command of the Royal Navy's newest Type 22 frigate—the replacement for the *Sheffield* which was lost in the conflict.

Barker, who signalled the first warnings to the MoD of the Argentine military build-up before the war, incurred the wrath of the Admiralty when he said on television: "All the signs were there—we could see it was going to happen: why couldn't anyone else?"

At the time and in the succeeding years it was widely believed that his career had been terminally blighted. Initially he was put out to grass and went on a defence fellowship to Cambridge before taking up his present job in fishery protection in Scotland.

But the new command, which begins shortly before the latest *Sheffield* is completed at Swan Hunters next year, indicates a change of heart in Whitehall. "I suppose this could be interpreted as forgiveness for my naughtiness," Barker told me yesterday. "I'm obviously delighted to have *Sheffield* although since I'm near the top of the Captain's list and I don't think for a moment I will be promoted to Rear-Admiral, this will be my last command."

But although the post-Falkland years have been unkind, Barker has been busy completing *Red Ice*—a thriller set in the South Atlantic which is published by Constable next month. He began it during the Falklands war, making notes on a

clip-board on *Endurance*'s bridge on the long hours dodging the Argentine air patrols.

Sensibly, in the light of his reconciliation, Barker has set the book in 1989.

Argentina to complain to UN over 'buzzing' incident

BY TIM COONE IN BUENOS AIRES

ARGENTINA is to make a formal protest through United Nations channels over an alleged incident in which an Argentinian trawler was "buzzed" earlier this month by a British jet close to the Falkland Islands.

According to the Argentinian Foreign Ministry, the trawler, which has been fishing on behalf of a Japanese-Argentinian joint venture, was "buzzed" several times on August 11 by a British jet when it was "seven to eight miles" outside the Falkland Islands Protection Zone (FIPZ).

The Protection Zone was created in 1982 after the Falklands war to keep potentially hostile Argentinian ship from

approaching too close.

When he arrived in port last weekend, the captain of the trawler gave an exact longitude and latitude south-west of the islands where, he claimed, the incident occurred. If his location was correct it would place the trawler just outside the 150-mile zone. The FIPZ is measured not from the territorial limits of the islands, but is a circle encompassing Falklands archipelago and centred on a spot between the two main islands.

The British version of the incident is that the trawler was inside not outside the FIPZ and that the jet's over-flight was nothing more than a "routine surveillance."

Falklands holiday push at Travel Market

The Falklands Islands are this year making their first concerted effort to break into the UK tourism market, with the new Tourism Council putting in an appearance at the World Travel Market in November.

Holidays in the Falklands are rapidly becoming a practical possibility, says the Council, with the opening of

Mount Pleasant International Airport and organised tours of the battlefields.

Already five tour operators are offering the Islands in their brochures and Falklands' UK representative Steve Green is confident that a concerted PR effort will convince more people of their potential.

Buenos Aires accuses UK

Buenos Aires (Reuter) — British military planes had made a series of "aggressions" against Argentine fishing boats in the South Atlantic, Señor Dante Caputo, the Foreign Minister, said.

Señor Caputo said he was gathering information on the alleged harassment of an Argentine trawler by British jets last week, but did not say whether Argentina would make a formal protest about the incident.

Aggression claimed

BUENOS AIRES: British military planes had made a series of "aggressions" against Argentine fishing boats in the South Atlantic, the Foreign Minister, Mr Dante Caputo, said yesterday.

Mr Caputo said he was gathering information on the alleged harassment of an Argentine trawler by British jets last week but did not say whether Argentina would make a formal protest over the incident.

"The aggressions on Argentine trawlers are repetitive," Mr Caputo said. He said he would gather details on the incident near the Falkland Islands before "taking any kind of decision."

A Coast Guard official said that the Coast Guard command was conducting an investigation into the incident. The conclusions would probably be handed by mid-week to the Foreign Ministry, which was then expected to issue a statement.

British planes based on the Falkland Islands flew low over the Argentine fishing trawler Rokku Maru on Monday last week seven miles outside Britain's 150-mile exclusion zone around the disputed islands.

The boat had been contracted by a Japanese company but its flag and crew were Argentine.—Reuter.

Robert Graham reports on pressures which are putting the country's economic stabilisation plan at risk

Argentina's inflationary fires threaten to flare again

THE SPECTRE of high inflation has returned to haunt Argentina, and the credibility of President Raul Alfonsín's economic policy is being given a rough ride.

The July inflation figures published last week showed a sharp jump up from 4.4 per cent to 6.8 per cent. This is the highest monthly rise since the stabilisation programme, the so-called Austral Plan, was introduced 13 months ago. The public has reacted with visceral reflexes inherited from the not so distant days of hyperinflation. There has been a rush to buy dollars, at one stage pushing up the parallel rate for the Austral against the dollar by 10 per cent.

Mr Jose Luis Machinea, under-secretary for economic policy and a key co-ordinator of the Austral plan, admits ruefully, "We didn't expect the figures to be so high."

The Government, however, reacted quickly and without any sense of panic. Interest rates were raised by as much as 25 per cent and the Austral devalued by 3.22 per cent against the dollar. This was the twelfth and largest exchange rate adjustment since the Austral Plan was introduced. Yesterday the Austral was devalued a further 1.54 per cent against the dollar.

By remaining firm and

already warning that the August inflation figures could be equally high but then peak, the Government appears to have weathered the immediate crisis of confidence.

Fighting inflation has been the central feature of the Austral Plan. But for the first seven months of this year, there is now an accumulated inflation rate of 33 per cent and the July figures give an annualised rate of 119 per cent. The Government blames seasonal rises in foodstuffs, the need to placate a militant and highly unionised labour force, and deteriorating terms of trade. The business community puts a slightly different emphasis. While accepting these elements, blame is also attached to the limitations of the original Austral Plan and the inability to provide adequate follow-up measures when it was relaxed in March.

According to Mr Roberto Favalevic, President of the Argentine Industrialists' Association, the Austral Plan's price freeze lasted too long. "I accept that the Government had to break our inflationary habits; but they became enamoured with the results of the price freeze and prolonged it unnecessarily," he says.

This nine-month-long period of frozen prices allowed considerable repressed inflationary tendencies to build up—especi-



Raul Alfonsín—his economic policy is having a rough ride

ally as not all prices had been properly adjusted when the Austral Plan was introduced. The moment prices were relaxed in March, inflation jumped from 1.7 per cent to 4.6 per cent and has not fallen below 4 per cent since then.

Mr Favalevic also maintains that the Government has failed to hold spending sufficiently in check.

The public sector deficit has been kept on target as a result of increased tax receipts but all the while public spending has risen in real terms by about 60

per cent. The Government has allowed high wage settlements among public sector employees, and continues to have difficulty sorting out the complex debt-ridden finances of the provincial governments. Many of the latter's budgets are overspent but little has been done because of the political sensitivities of provincial hierarchies.

More generally wages have been allowed to recoup their lost spending power. Wage settlements since March have been at or above the Government's 11 per cent ceiling for quarterly rises. The Government has been anxious to head off industrial action, from the opposition controlled Peronist trade unions, who have been behind a series of large politically motivated protest strikes.

In addition, the Government has wanted to stimulate demand paving the way for a broad-based economic recovery. GDP this year is set to increase 4 per cent (recovering the ground lost in 1985) and industry is now running at over 75 per cent of capacity. In some sectors, like textiles, it is closer to 100 per cent.

The business community after nine months of low inflation found itself in a substantially improved financial position and at a company level wage demands have not been strongly resisted since March.

The demand for higher wages has been prompted by price rises in the service sector. This is precisely the area of the economy which most escaped the control of the Austral Plan price freeze.

Even with the new squeeze on liquidity through higher interest rates, government officials believe that August inflation figures will also be high perhaps close to 7 per cent.

Mr Machinea concedes: "We now face a credibility problem. For the next few months monetary policy will be tougher, and interest rates will rise until the market is convinced we are serious."

The Government has to rely on monetary policy as its principal weapon. To resort once again to a price freeze, or slap soon after being relaxed would cause serious political damage to President Alfonsín.

It remains to be seen what influence the IMF will have upon Government policy. Conversations with the Fund are due to begin on a new standby arrangement before the end of the month. The Government's macroeconomic calculations have been sent away by the decline in prices for agricultural exports which account for 80 per cent of total export earnings. These could be down 15 per cent, trimming back the

1985 trade surplus of \$4.5bn.

The IMF is expected to urge Argentina to speed up structural reforms in the economy, which were promised as part of the Austral plan. Government officials themselves admit that the process of privatisation has been slower than hoped for largely because of difficulties in co-ordinating the necessary legislation. However, the private sector remained sceptical of the value of investing in the few companies so far brought forward as candidates for privatisation.

More effort will also be made to trim bureaucracy and control provincial government budgets, but here too there are practical limits to what can be done.

The July inflation scare will hopefully prove a healthy stimulus to move quicker on structural reforms. This is the most positive interpretation being put by the optimists among the business community in Buenos Aires.

However, the Government has little more than a month or two to demonstrate that it can retain control of the economy. At the moment, it retains people's confidence largely on the basis that no-one wants to return to the days of hyperinflation, and therefore there is a degree of consensus about measures that need to be taken, even if they might hurt.

LLOYD'S LIST - MONDAY 18th AUGUST 1986

Trawler 'buzzed'

The skipper of an Argentine trawler complained that his vessel, the *Rocco Maru*, was buzzed by British military aircraft from the Falkland Islands while fishing in international waters.

Falklands myth perpetuated

SIR, — President Alfonsín, in his interview with Hugh O'Shaughnessy on the future of the Falkland Islands (last week), is quoted as saying '... in no way could the principle of self-determination come into play. That's clear. That's accepted by the United Nations. They didn't allow us in. Because they took away the governor we had [in 1833] in the islands. ...' By such statements are myths perpetuated.

The UN designates the Falkland Islands a non-self-governing territory, whose self-government Britain is obliged to advance. Argentina's challenge to this definition was mounted in 1965 in the UN General Assem-

bly, when Alfonsín's party was last in power, and has failed thus far.

At the most recent General Assembly debate on the Falklands, the opposition to the British amendment on self-determination did not secure a two-thirds majority. The very large abstention vote (47) further undermines Alfonsín's assertion which, anyway, would have to be proved before the International Court of Justice, not in the General Assembly. Why, one wonders, does Argentina avoid the ICJ?

In 1833 the newly-arrived garrison returned with Captain Pinedo to Buenos Aires on the *Sarandi*. Pinedo was *not* taken

away; nor was the governor, for he had been killed in a revolt by the garrison. The various attempts by Buenos Aires, between 1820 and 1833, to secure effective occupation of the islands all failed. None was recognised by Britain or Spain, which were the only two States with a legitimate claim to the islands.

Hugh O'Shaughnessy's suggestion of 'lease-back' is the means by which Argentina would take possession of all islands and their seas in the South Atlantic; a recent survey of the Falkland Islanders shows that 99 per cent of them are against it.

M. R. Meadmore,
W12.

Falklands 'drug crop' demand

Mr Tam Dalyell, Labour MP for Linlithgow, yesterday demanded an urgent ministerial statement about allegations that servicemen had been growing cannabis plants in the Falkland Islands.

The allegations emerged on Thursday after five Gurkha soldiers were convicted of smuggling drugs into Britain.

However, the Ministry of Defence said that it had no evidence that cannabis had been grown by troops in the Falklands since the enlarged garrison was established after the conflict of 1982.

UN calls on Britain to renew Falkland talks

New York (Reuter) - The UN Decolonization Committee has urged Argentina and Britain to resume negotiations to find a quick, peaceful solution to their sovereignty dispute over the Falkland Islands.

A resolution, sponsored by Chile, Cuba and Venezuela, noted with satisfaction that Argentina had reiterated its intention to comply with UN General Assembly resolutions on the matter.

It regretted that, despite this, implementation had not yet started.

Thursday night's vote was 20 in favour and none against, with abstentions by Fiji, Sierra Leone, Sweden and Trinidad and Tobago.

The vote was identical to one a year ago on a tougher resolution blaming Britain for refusing to enter negotiations on the issue, as called for by the General Assembly.

Last year's draft also noted with concern that the "militarization of the area" by

Britain was detrimental to the climate of confidence needed for the resumption of talks.

This year's resolution, like last year's, reiterated that "the way to put an end to the special and colonial situation in the question of the Falkland Islands (Malvinas) is the peaceful and negotiated settlement of the dispute over sovereignty".

Britain is not a member of the 24-nation Decolonization Committee and, in a departure from past practice, did not exercise its right to take part in the discussion.

Argentina is also not a member, but in a speech to the committee Señor Marcelo Delpech, the Argentine Ambassador, said: "I would point out that the British Government's lack of flexibility is not backed up by all sectors in the United Kingdom. In truth, the British intransigence is patently becoming increasingly isolated, both domestically and internationally."

LLOYD'S LIST - SATURDAY 16th AUGUST 1986

Falkland talks urged

The UN decolonisation committee has voted 20-0 to urge Britain and Argentina to resume negotiations on their sovereignty dispute over the Falkland Islands. Britain did not participate in the debate. The UK Government maintains that the Falklands sovereignty is "not negotiable."

Daily Mail
15.8.86

THE Army was at the centre of a new drugs controversy last night after claims that soldiers have been growing cannabis in the Falklands.

The allegations were made as five Gurkhas began jail terms for smuggling heroin and cannabis into Britain.

They were caught red-handed trying to bring the drugs, worth more than £190,000 through Heathrow in false-bottomed suitcases.

But last night it emerged that the affair may be just a part of a barrack room drug problem that is far greater than previously imagined.

An Army source disclosed that some soldiers had started growing small quantities of cannabis plants during tours in the Falklands as supplies were difficult to take in. He said: 'It is beginning to be a problem. In fact, the "grass" they are growing is of a very good quality.'

Campaign

Senior officers are aware of the increasing menace in the ranks—the numbers convicted of drug-related offences trebled from 1982 to 1984 — and have started a major campaign against drug abuse.

The Ministry of Defence said in an official statement that it had no knowledge of cannabis being grown in the Falklands.

A spokesman added: 'It would be very difficult to grow cannabis in that climate anyway.'

But it is not the first time soldiers in the South Atlantic have been linked with drugs.

In 1984, five sappers were discharged and jailed after admitting that parcels of drugs, ranging from cannabis to LSD, were posted to them from friends at home.

The Army's Special Investigation Branch is known to be concerned about drug abuse in the Falklands.

As in the depressed Central American state of Belize, formerly British Honduras, where the drug threat is much greater, boredom is considered a major factor in turning young servicemen to drugs.

In the crackdown on drug abuse, servicemen suspected of using drugs will be asked to take a urine analysis test; and special undercover squads are investigating discos and pubs frequented by soldiers, sailors and airmen to try to pinpoint suppliers.

Daily Mirror
15.8.86

Bored Falkland troops grow pot

By KEVIN O'LONE

BORED British soldiers are growing cannabis in the Falklands.

An official on the islands said: "Drugs are beginning to be a problem here."

His revelation comes as the Army steps up its fight against the drugs menace.

The Army's Special Investigation Branch is

concerned about drug abuse on the Falklands—called "the island of the damned" by the squaddies.

Amazingly, a Ministry of Defence spokesman said last night there would be no investigation.

He added that they had not been told there was a drug problem.

Crackdown on drugs in Services

THE MINISTRY of Defence is staging a major offensive against drug abuse in all three Services, prompted, among many examples, by the claim that troops have been growing cannabis while on tours of duty in the Falklands.

An official source said that soldiers had begun to grow small quantities of the plant because supplies were difficult to import.

"It is beginning to be a problem out there," he said. "In fact, the grass they are growing is of a very good quality." An official MoD statement said however there was no knowledge of cannabis being grown on the South Atlantic islands but the army's Special Investigation Branch is known to be concerned about drug abuse on the Falklands.

As in the depressed Central American state of Belize, formerly British Honduras, where the drug threat is much greater, boredom is considered a major factor in turning young servicemen to drugs.

Contraband drill

Now British servicemen have started smuggling drugs into Britain, sometimes in military mail, sometimes in kit bags, sometimes in equipment, even gun barrels.

The number of British servicemen and women convicted of drug-related offences in military and civilian courts almost trebled from 122 in 1982 to 353 in 1984.

But following years of rivalry between the services, all affected, although the Army is reckoned the worse case, they are now cooperating in an anti-drugs campaign.

Among the steps being taken are: recruits being shown films illustrating how they can be lured into drug-taking; servicemen going to known drug-havens like Belize being given specific warnings; the number of specially trained sniffer-dogs being increased; establishment of a services body on drug abuse prevention, including lawyers, doctors, educationists and military police; the introduction of urine analysis kits for drug testing; the setting up of special undercover SIB squads to frequent servicemen's off-duty haunts.

Times Friday 15 August 1986

Falklands vote

The United Nations Decolonization Committee voted 20 to 0 yesterday to urge Britain and Argentina to resume negotiations on the Falkland Islands. Four members abstained.

Alfonsin wants Saudi planes

From Jeremy Morgan
in Buenos Aires

Argentina hopes to buy second hand military surveillance aircraft from Saudi Arabia to strengthen its forces in the south Atlantic, according to sources in Buenos Aires.

However, suggestions that Saudi Arabia might sell two of the Airborne Warning and Control Systems (Awacs) aircraft supplied by the United States at the beginning of the 1980's have been discounted.

Instead, diplomatic observers and defence specialists believe Argentine interest is focused on a much more modest ground surveillance aircraft, the Orion P-3. Saudi Arabia has an extensive squadron of the aircraft, which would be more suited to Argentina's defence needs than Awacs, observers say. The Saudi aircraft would be used to replace Argentina's rapidly-ageing British-made Nimrod aircraft to patrol the 200-mile "economic zone" claimed by Argentina in the south Atlantic.

The Argentine Government,

pressed by nationalist opinion and the local fishing industry, is keen to be seen to be protecting Argentina's fishing rights in the area. Earlier this week, a Spanish trawler was arrested for fishing in the zone without Argentine permission.

The aircraft sale would also help answer criticism of the Government's austerity cut-backs within the air force. The sale is understood to have been discussed during President Raul Alfonsin's official visit to Saudi Arabia a month ago, but it appears that talks have not yet dealt in detail with a number of issues.

Although officials hint that an agreement could be signed later this month, other sources say negotiations have not settled how much the aircraft would cost or how Argentina will pay for them. There is some talk of grain sales or supplies of small arms by Argentina, although one diplomat pointed out: "The Argentines do not have very much in the way of weapons that the Saudis want."

According to one view, Argentina would like to swap the aircraft for two missile frigates it once planned to sell to Iran until President Alfonsin ruled that out on "humanitarian grounds."

The Argentine air force seems to have been the source of the Awacs rumour, but any such sale would probably run into serious objections in the US, the original supplier of the aircraft to Saudi Arabia. Asked about the report, a US Embassy spokesman said: "As far as I know, we have not been consulted."

Other observers noted that President Reagan had to battle for six months in the US Congress to win approval for loans on the original Awacs sale.

As to Argentina's prospects of financing any aircraft purchase, let alone the acquisition of Awacs, priced at several hundred million dollars each, a diplomat remarked: "If money is going to change hands, it would have to come from the Saudis, and I don't see that happening."

Daily Mail
14 August 1986

Falklands clash with Russians

By Diplomatic
Correspondent

BRITAIN faces a clash with the Soviet Union over a deal with Argentina which could mean Russian trawlers fishing off the Falklands.

Sir Bryan Cartledge, Britain's Ambassador in Moscow, has asked to see the terms of the agreement, which allows Russia to catch 150,000 tons of fish a year.

In London, the Foreign Office warned that if the deal claimed to regulate fishing in Falklands waters, it would be denounced as having 'no basis in international law.'

The agreement also raised fears that it would give the Kremlin an excuse for extra bases in the Antarctic.

Falklands warning for Russia

By Robin Gedyo East
European Correspondent

BRITAIN told the Soviet Union yesterday that a fisheries agreement signed with Argentina recently would have no validity under international law if it encroached on Britain's rights in waters surrounding the Falklands.

A sharply-worded statement delivered by Sir Bryan Cartledge, Britain's Ambassador in Moscow, warned the Soviet Foreign Ministry that "Her Majesty's Government wish to make it clear that if this agreement purports to regulate fishing activities in the waters surrounding the Falkland Islands, it would have no basis in international law."

The Foreign Office is understood to have been angered over the lack of response to a request by Britain for details of fishing agreement signed between the Soviet Union and Argentina on July 28.

Sir Bryan's request, two weeks ago, for a copy of the text has been met with silence from the Kremlin resulting in rumours about back-door negotiations between Buenos Aires and Moscow that could affect Britain's sovereignty over the islands.

The agreement allows Soviet vessels to fish within 200 miles of the Argentine coast under license. Britain operates a 150-mile military protection zone around the Falklands and allows foreign vessels to fish there only after they have sought permission.

But since Argentina claims the Falkland Islands as its own territory, any fisheries agreements, as far as Buenos Aires is concerned, would include the 200 miles surrounding the "Malvinas Islands." The Falkland lie 250 miles off the south-east coast of Argentina.

Exports increased

The fisheries agreement is the latest in a series of moves by Moscow to strengthen its links with Buenos Aires and includes the renewal of a five-year grains agreement.

The Soviet Union and Argentina have concluded separate agreements for the supply of road maintenance machinery and hydroelectric equipment and Moscow is making serious bids for various public works projects in Argentina. In the first six months of 1985 Soviet exports to Argentina increased by 50 per cent over the same period in 1984.

On June 24 the Soviet Embassy in Buenos Aires held a press conference at which it presented a fresh package of anti-British and anti-American propaganda seen by observers as deliberately seeking to curry favour with the Argentine population.

At the time the Soviet charge d'affaires, Mr Viktor Tkachenko, and the air force attaché, Col Viktor Toplashov, alleged that the four British warships sunk during the Falklands war had nuclear bombs on board and that their outer housings had corroded leading to the deaths of a large number of penguins around West Falkland.

They hinted that the British military base on the Falklands would shortly be equipped with nuclear weapons and presented a major threat to world peace and security.

Britain warns Argentina over fishing agreement

BY OUR FOREIGN STAFF

BRITAIN, taken aback by a fishing agreement between the Soviet Union and Argentina which Buenos Aires says covers the Falkland Islands, has issued a warning that it will not tolerate any breach of British sovereignty over the islands.

Britain has requested, but so far not obtained, a copy of the agreement signed on July 28 and reported in the Soviet and Argentinian press. "If this agreement purports to regulate fishing activity in the waters surrounding the Falkland Islands it would have no basis

in international law," the British Foreign Office said in a statement.

"British sovereignty over and administration of the Falklands confers on the British government and the Falklands authorities the right to exercise fisheries jurisdiction over these waters," it said.

Argentina's claim to the Falklands led to its invasion of the islands and eventual defeat by Britain in 1982. Britain maintains a 150-mile military exclusion zone around the islands in the south Atlantic.

Fears over Falklands fish deal

The Foreign Office has asked Moscow for details of an agreement thought to involve fishing rights around the Falkland Islands which has been signed by Argentina and Russia.

The British Ambassador in Moscow, Sir Brian Cartledge, has officially asked to see the text of the document, which it is feared could be some form of back-door attempt to undermine British sovereignty over the Falkland Islands.

The Foreign Office said yesterday that any agreement on fishing rights between Argentina and Russia would have "no basis in international law".

A 150-mile "protection zone" is still maintained around the Falklands and naval vessels are prohibited from the area.

Britain and the Falklands authorities control fishing rights in the waters.

Apart from the possible security threat, the Foreign Office is also anxious to prevent over-fishing of the waters.

Alfonsin backs capital flight plan

BY TIM COONE IN BUENOS AIRES

A CONTROVERSIAL proposal to grant an amnesty to owners of capital deposited outside Argentina is being introduced into the country's legislature by the Government this week despite opposition to the idea within President Raul Alfonsin's own economic team.

The proposal is being pushed by the Finance Ministry with the backing of the president with the aim of attracting back to Argentina sums thought to run into billions of US dollars presently deposited abroad and undeclared to the tax authorities.

The amnesty would allow the

return of the capital free of any taxes owed, and on condition that the funds are directed towards productive investments. One possibility is that the Government plan to privatise a large part of the state sector could be financed by such funds.

Estimates of the level of capital flight vary but it is widely thought that the equivalent of about half the country's \$52bn (£35bn) foreign debt is deposited abroad.

Foreign bankers in Buenos Aires estimate that about \$25-27bn left the country between 1976 and 1982, the

period of military rule during which the economy was opened up.

The UN Economic Commission on Latin America estimates that only \$9bn is actually registered as foreign investments outside the country. The rest could reasonably be assumed to be undeclared deposits which have evaded the taxman's grasp.

Critics of the amnesty proposal, including some within the president's economic team, argue that it will only be successful if the authorities subsequently crack down on tax evaders.

Spanish trawlers held

Three Spanish trawlers were arrested—two off Ireland for fishing with under-size nets, and one by Argentina for fishing in its waters. Irish fishermen said one Spanish trawler cut their nets and stole their catch.

Argentina's airline to be floated

BY TIM COONE IN BUENOS AIRES

AUSTRAL, the Argentine state airline, is to be publically floated within the next 15 days according to Dr Norberto Bertaina, one of President Alfonsin's top officials charged with organising the privatisation of Argentina's state sector companies.

The sale of Austral "is very important to us as the success or failure of the sale will influence the future of the

whole privatisation plan," he said. Presidential approval of the decision is expected before the end of the week.

The airline was incorporated into the state sector in 1980 under the former military dictatorship, in circumstances which fuelled accusations of corruption and financial bungling against Government officials of that time.

The company ran up a debt estimated at about US\$200m,

which has now been absorbed by the state.

Austral operates a score of routes within Argentina with eight BAC 1-11s which were purchased between 1970 and 1973, and three leased DC 9/80 aircraft.

A previous attempt to sell the company in 1983 came to nothing. Then a base price of US\$40m was fixed for its aircraft, spares and ground equipment.

New Zealand drummed out of ANZUS

By Ian Brodie in Los Angeles

NEW ZEALAND was formally drummed out of the ANZUS Pact yesterday. At the end of a two-day meeting between Australia and the United States in San Francisco a final communique put an imprimatur on the breach which has been widening since New Zealand banned nuclear-armed ships from its ports.

The communique said the United States was suspending its security obligations to New Zealand because unfettered access for ships and aircraft was essential to the effectiveness of ANZUS.

In short, America no longer has an obligation to go to the defence of New Zealand in the event of war.

Choice of the word "suspending" rather than "ending" reflected the hope that an election defeat for Mr David Lange, the Labour Prime Minister, could bring New Zealand back under the umbrella of ANZUS. The mutual defence treaty signed by Australia, New Zealand and the United States in 1951.

The Reagan Administration came down hard against New Zealand as a warning to other allies in Europe and Asia which might yield to pressure from domestic anti-nuclear groups and be tempted to impose similar limits on American nuclear forces.

Global strategy

A ban on American nuclear weapons in Japan or Western Europe would have far greater consequences for Washington's global strategy than New Zealand putting its harbours off limits.

The United States Secretary of State, Mr George Shultz, underlined the peril during a speech in San Francisco: "New Zealand's ban can only encourage those who hope to tear at the fabric of Western co-operation."

Certainly, the Kremlin has been eyeing its options in the South Pacific while echoing calls by New Zealand and tiny island nations for a regional nuclear-free zone.

Australia, meanwhile, has been trying to strike a middle ground between its two closest allies while disagreeing with New Zealand's prohibition on nuclear ships.

Australia's Foreign Minister, Mr Bill Hayden, said he was "deeply disappointed" that

America and New Zealand had been unable to settle their differences.

But he went on to attack the United States over its sale of tax-subsidised wheat to the Soviet Union together with legislation pending in Congress to extend the subsidy to other farm products and other nations.

He asked Mr Shultz to tell President Reagan and Congress that Australia feels "genuine outrage" over the subsidies which could exacerbate Australia's economic ills by severely damaging its own agricultural exports.

Mr Reagan agreed to the grain sales for compelling domestic reasons which overrode any concerns about foreign alliances.

Republican party leaders convinced him that America's hard-hit farm states needed urgent help if the party was to hold its own and retain control of the Senate in next November's congressional elections.

Polar base threat

John Andrews in Auckland writes: Mr Lange believes the formal withdrawal of United States security guarantees to New Zealand could herald American abandonment of their Operation Deep Freeze base at Christchurch, in New Zealand's South Island.

Mr Lange said the United States could be "telegraphing" a further review of the New Zealand-United States relationship. While a United States withdrawal from Christchurch was unlikely and illogical, it could not be ruled out.

He suggested that Operation Deep Freeze could be relocated to a site such as the Falkland Islands which now offered a large air strip as a result of the 1982 conflict.

Spokesmen for the Foreign Office and Ministry of Defence said they had no knowledge of any approaches made by the United States to use the Falklands as a base.

Editorial Comment—P14

Falklands study says Government understated manipulation

MoD to review press censorship

By Alan Travis

A Whitehall review of the role of government information services in times of tension or war has been set up four years after the end of the Falklands crisis.

The departmental working party, chaired by a senior Minister of Defence official, follows an unpublished study into relations between the government, the armed services and the media in times of armed conflict.

The study was commissioned in the aftermath of the Falklands war by the MoD and submitted a year ago. In the last week of the parliamentary session a copy was placed in the Commons library and the authors, based at the Centre of Journalism Studies at University College, Cardiff, intend to publish extracts in a book next year.

The report says censorship during the Falklands war was greater than the Government acknowledged at the time or subsequently to the Commons defence select committee. It adds, however, that the deception practised by Britain was intended primarily to dupe the enemy while Argentina used

press manipulation to deceive its own people.

The report makes more than 100 recommendations mainly on technical aspects of information policy and contingency planning.

It says the Government should declare as an aim of policy for tension or war the need to give the British people as much information as promptly as possible without jeopardising operational security or British lives.

The report itself was vetted by MoD officials, who deleted references to Cabinet committees and satellite communications capabilities. The Ministry also objected to references to an understanding between the BBC and the Government on broadcasting policy at times of tension, which were also cut.

Mr George Younger, the Defence Secretary, has said that the recommendations are being considered in parallel with those of the report on military censorship by General Sir Hugh Beach's committee, which urged in 1983 that in wartime there should be "field censorship" and "home censorship," as happened during the Second World War.

The Government has accepted the need for "field censorship" but has rejected "home censorship" as too costly and involving the need to enclose Britain in an information net. Ministers seem to be moving towards the idea of a system of accreditation for selected journalists, who would accept constraints on their reporting in return for access to sensitive information.

The report finds that the separation of military and political command during the Falklands crisis meant there was an "information gap" between Fleet headquarters at Northwood, Middlesex, and the MoD. With no clear guidelines this led to information being delayed and sometimes withheld from the MoD.

The study says that this lack of guidelines was in part responsible for inaccurate statements being made in Parliament by Mr (now Sir) John Nott, then defence secretary, claiming that the General Belgrano was closing on the Task Force when it was sunk.

The report concludes that the Belgrano affair was a public relations disaster for the

Government born of excessive secrecy.

It goes on: "The MoD understated the extent of censorship which occurred during the Falklands war. It was not confined to the front line; it began in London earlier than stated; it involved deletions rather than suggestions; and it was imposed for reasons outside the 10 guidelines initially specified in a signal to the Task Force."

The report says that in a short and successful war this may not have mattered unduly: no journalist returned from the South Atlantic to publish sensational secrets which had been censored in the field. In a longer war, however, the restrictions might have become crucial, it suggests.

The report recommends that in a longer conflict a select committee of privy councillors should be established to question ministers and officials about the conduct of the war.

It says the Government should accept that the rapid growth of communications technology will make it increasingly difficult for one nation to exercise control over the flow of information.



Secret atom site 'found in Brazil'

By Our Correspondent
in Sao Paulo

A SECRET military base in the Amazon forest has been uncovered by a Brazilian newspaper that claims it is a test site for nuclear weapons.

The heavily-guarded site in the Cachimbo Hills, South of the river is equipped with a shaft 500ft deep and lead-lined underground galleries, according to government-contracted geologists.

Though Brazil is not a signatory to the nuclear non-proliferation treaty and has always said it reserves the right to develop nuclear technology for military ends, it has denied any weapons programme.

The Presidential Palace issued a formal denial at the weekend after the Folha De Sao Paulo newspaper showed pictures of the base. It said Brazil had "neither the technological development nor the test programme for this."

But it admitted that the base was used for testing equipment "in the interests of national security."

The revelation comes at an embarrassing time for President Sarney, who has made significant strides in laying to rest deep rivalry with Argentina's armed forces.

Last month he initialled a nuclear energy cooperation agreement that effectively banishes any India-Pakistan style nuclear rivalry between the two countries.

Presidents Sarney and Alfonsin also agreed to begin a diplomatic initiative aimed at ensuring that the south Atlantic remains free of nuclear weapons by pressuring the big powers. And their first target is Britain.

Mr Sarney is expected to discuss the matter with President Reagan next month.

Diplomats are worried about reports that nuclear-armed British submarines are stopping over in the Falklands, even though Britain initialled the still-unratified treaty.

A visit to Mr Alfonsín

THE Argentine State lodges President Raul Alfonsín in the residence of Olivos, a modest suburban property in a small park amid the mock Tudor mansions of northern Buenos Aires.

The atmosphere, amid the mainly single-storey buildings, lawns, flower beds and monkey puzzle trees, is that of a reasonably prosperous country club in the Home Counties. Nothing fancy. No soldiers in early-nineteenth-century uniforms as there are at the Casa Rosada, the seat of government in the centre of town. It seems to suit Alfonsín, a country solicitor.

The Argentine State has just given him a rise. He earns a salary of £10,500 a year, including expenses, and there is no hint that he augments this modest sum with payments on the side, as many of his predecessors did.

He has certainly earned his money. In the two and a half years he has been in power he has reduced the feverish tensions in a mercurial and highly-strung society, occupied and extended the middle ground of politics, reduced the shaky Argentine Left to virtual insignificance and eclipsed the Peronistas, those increasingly disoriented followers of the late egregious caudillo.

He has had a fair stab at stabilising the currency. He has espoused the cause of divorce against a powerful and reactionary Catholic Church. He has even put generals behind bars for their crimes, a feat seldom, if ever, pulled off by a mere civilian in a land infatuated with uniforms and the profession of arms.

Provided he fends off military challenges to his rule, which he is determined to do, he will be a powerful adversary when a post-Thatcher government eventually comes to discuss the future of the Falkland Islands—leading to an agreement perhaps on some sort of lease-back arrangement under which titular sovereignty passed to the Argentines but the islanders continued their present way of life. He is relaxed, affable and civilised. But he is predictably unyielding on what he sees as his country's manifest right to sovereignty over the islands.

Yes, he said, he thought it very good when he received a telegram of congratulation from Mrs Thatcher when he took office in 1983. 'I thought we were going to be able to start the

HUGH O'SHAUGHNESSY went to Buenos Aires to talk to the Argentine President, Raul Alfonsín. He here reports on their conversation—and in particular on its implications for the future of the Falklands.

dialogue on the most important problems we were facing. But unfortunately things turned out differently. . . . We came up against a very firm attitude by the Prime Minister.'

Didn't the will of the Falklanders come in somewhere, I asked. Alfonsín, speaking in Spanish, sidestepped the word '*voluntad*.' The Falklanders' will to stay British is utterly at odds with Argentina's will to achieve sovereignty. Time and again, he said, Argentina had undertaken to consult the interests of the inhabitants. 'We want no aggression. We want to look for solutions, the most diverse solutions, whatever are wanted, without anyone having to take on their shoulders the weight of the solution.'

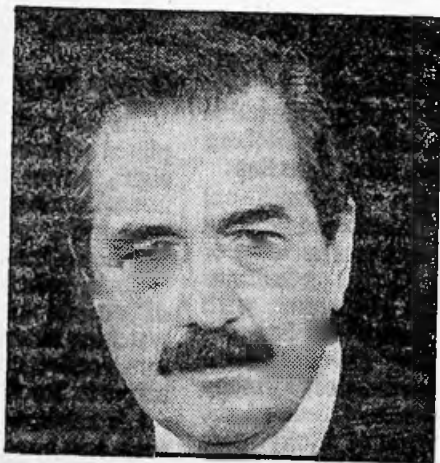
I remembered that divorce had assumed the status almost of a national sport in the Falklands and that a previous military dictator had decreed that divorce would never be allowed if the islands passed to Argentina. And now? 'But possibly there could be divorce for mainland Argentines.' A quick laugh.

But how could any Falklander have confidence in the maintenance of a decent Argentine government in the light of Argentina's grim history of military dictatorship? Alfonsín mustered all the conviction of a politician willing the future to be different from the past. Military governments were over. For good. And anyway Argentina was party to treaties which enable people to have recourse to international courts.

'But we are talking about something that will not happen,' he emphasised, conscious that his convictions about the likelihood of a return to military dictatorship might not be shared by everyone. The Malvinas could have a *maximum* of autonomy, their own authorities, Argentine federalism taken to its ultimate conclusions. The United Nations could oversee the whole thing.

But what about some effective outside guarantor of Argentine good faith towards the islanders? Alfonsín cut in, unwilling to contemplate the awful prospect of his country once again under military rule. 'But,' he said, 'you're talking about an extreme situation, absolutely improbable and remote, right?'

I persisted — what about outside guarantors: armed soldiers from other countries guaranteeing on the ground that Falklanders' rights would not be violated by a repressive government in



Raul Alfonsín: Tricky task.

Buenos Aires? In the tone of a prosecuting counsel, faced with the suggestion that police conduct might be less than perfect, Alfonsín hastened to say that foreign troops in the Malvinas, once they were reunited with the Fatherland, would not be fitting.

There was a moment's hesitation. 'But there could be for some period Blue Helmets, eh, of the United Nations. I don't think that for some period of transition that would be a thing that Argentina could not think about.' The double negative betrayed a politician's unwillingness to contemplate the possibility that Argentina's

own pledged word might not be enough to satisfy all sides. But there, for the first time, was an Argentine President accepting publicly that there could be an outside military guarantee of Falklanders' rights.

If Falklanders were to come into the orbit of Argentina, Alfonsín said, 'I would say that they are going to live better, much better.' But if they still wanted to live under a British flag? 'Well, we'd do anything they wanted. We'd buy their lands. We'd say to them, "How much are they?" And we'd give them all the facilities to go and settle anywhere in the world. They could even come to our country if they wanted to settle on the mainland.'

And if, ultimately, they want to live under a British flag in the country they were born in? Here Alfonsín the unyielding replaced Alfonsín the accommodating. 'In that case in no way could the principle of self-determination come into play. That's clear. That's accepted by the United Nations. They didn't allow us in. Because they took away the governor we had [in 1833] in the islands. They never allowed us back in.'

A century-and-a-half of Argentine resentment at British rule welled up. But the lawyer-politician wanted to reassert the appeal of reason. 'I think we must sit down at a table and solve the problems. It will suit both peoples very well, the people of Great Britain and the Argentine people, to find solutions.'

Beneath Alfonsín's *bonhomie* the calculating politician within him is fully conscious that his handling of the Falklands' issue could yet mean the difference between his own political survival and his extinction.

After the meetings with Neil Kinnock and David Steel many Argentines have convinced themselves that Mrs Thatcher has only to quit Downing Street for an immediate deal to be struck between Britain and Argentina over the islands. Alfonsín in his suburban retreat knows better than that. He realises that public opinion exists as much in Britain as it does in Argentina.

He knows he is faced with the tricky task of convincing his countrymen that he is keeping the sacred flame of Argentine nationalism alive while he dampens down their immediate expectations of seeing the Argentine flag flying over the Falklands tomorrow.

Seamen rush for Falklands jobs

By DAVID BROWN, Agriculture Correspondent

TRAWLERMEN are queuing up to take part in what could be Britain's last sortie into long-distance deep-sea fishing.

They want to take on the Japanese, the Spanish, the Russians and other Eastern bloc countries plundering the shoals of squid and other fish off the Falkland Islands.

J. Marr and Son of Hull, one of Britain's best known deep-sea trawler companies, is to embark on a fishing expedition to the South Atlantic next year after carrying out commercial trials over the past 12 months.

The project has so captured the imagination of trawler skippers and deckhands that the company has had to insist on written applications only for berths on the trip.

J. Marr has decided to open

an administration office in Port Stanley. The move follows a successful experiment which ended in June in which the company chartered the Japanese fishing boats and crews with British skippers and mates to fish for squid.

These vessels, known as jiggers, are custom-built to fish for squid, which fetches high prices in Japan. The ships are equipped with bright lights to attract the fish at night and mechanically operated baited fishing lines which jerk the squid into captivity.

Now the company plans to send British "mother ships" to the Falklands to service a new fleet made up of more chartered Japanese vessels and possibly some specially-built British vessels. About 200 jobs could be provided initially.

A royal Gibraltar?

Ex 'Tiger' leads battlefield tour

A former CO of 1 Royal Hampshire Regiment, the Tigers, Lt Col Mike Martin, is organising and leading a tour to the Falklands battlefields in the South Atlantic.

Advertised as the "first ever battlefield

tour" of the islands, there are 16 vacancies for the March 9-18 trip at £1,995.

The price includes a return flight, full board, internal flights, insurance, talks and trips.

...the tour will be a unique opportunity to visit the battlefields of the Falklands War, which took place in 1982. The tour will be led by Lt Col Mike Martin, a former CO of 1 Royal Hampshire Regiment, the Tigers. The tour will include a return flight, full board, internal flights, insurance, talks and trips.

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A royal Gibraltar?



If the Spanish and British royals remain friendly after holidaying with each other's children, they should consider our proposal for the last colony in Europe

On 2½ square miles of rock on the edge of Spain live 20,000 British Gibraltarians (mostly of multi-mixed Portuguese-Italian-Maltese-and-other descent), 6,000 other Britons and 4,000 aliens. Their constitution accords full local autonomy to the democratic government they keep re-electing under the jovially anti-Spanish Sir Joshua Hassan, supported by a British Governor who waves the Union Jack over them.

Harold Wilson's government promised they could always have the cover of that Union Jack if they wanted it, and at referendums 99.6% of Gibraltarians proclaim that they do. Spaniards call the Gibraltarians:

Camp followers of the military and smugglers all. These people should be allowed to continue their cultural traditions, their legal system and their own administrative organisation. But they should not dispose of a territory that is not theirs.

To the annoyance of successive British governments, the Americans and most other people increasingly agree with Spain, because the other three British arguments—the defence argument, the incomes argument and the precedents argument—have rapidly become the reverse of the truth.

As regards defence: Spain is a member of the Atlantic alliance which allows American bases, and most military and naval things can be done more cost-effectively in Spain than in Gibraltar. As for incomes: Gibraltarians will soon be poorer than neighbouring tourist-sunbelt Spaniards, because about 60% of Gibraltar's GDP comes from the British taxpayer, including subsidies for ship repairs that would be done more economically in job-hit Merseyside.

As for precedents: Mrs Thatcher is Hillsborough-scared and South Atlantic-scared about Gibraltar,

friendly even after Prince William has this week holidayed with the former, they should dare to consider this suggestion: let the next Governor of Gibraltar be one of the British princes (Charles, Andrew or Edward), and let a simultaneous announcement from Madrid say he is also the choice of the Spanish Crown. Let some garrulous royal press secretary (if there are any such) hint that his successor will be one of the King of Spain's daughters; it will not even be necessary for Prince Edward to marry an Infanta, though one could envy him if he did. The royal Governor should have no powers whatever, but should bring in many Spanish and British constitutional advisers (such as the shrewd men who advised King Juan Carlos about Spain's return to democracy, plus some British ex-decolonisers).

The job of these advisers should be to keep on

because in Ulster and the Falklands exactly the same promise (no change in your status unless you vote for it) has been made. Actually, after any Gibraltar agreement, Spain and Britain could truthfully say:

If Franco Spain had caused lasting bitterness by invading Gibraltar in 1940, that would have made this deal impossible, just as the Argentines will probably have to pay for Galtieri by a century of de-Malvinising their politics. We could make this pact only because neither side bred terrorists to murder the other's people, unlike the Irish and Basques.

Gibraltar could, except for one obstacle, be a good forum for exploring the "diverse alternatives" for similar troubled postage-stamps. These diverse alternatives include dual nationality, condominium, leaseback, freeport, tax haven, things you haven't thought of. The obstacle is that no conference would succeed because, at the first mooted of any concession, Gibraltarian and Spanish politicians would guard themselves from nutty nationalist voters by indignantly walking out.

Our shocking proposal

So there is need for some device more long-lasting than a conference of democratically elected politicians, for which consider two clues. First, postage-stamp tax havens are regarded as romantic instead of intolerable when they have a Prince or Grand Duke to make them so (Monaco, Liechtenstein, Luxembourg). Second, one helpful Spanish suggestion has been that "Sir Joshua Hassan's Gibraltar government could be allowed to function exactly as now, provided the Governor was appointed by the Spanish instead of the British Crown."

Provided "exactly as now" means what it says, and provided the Spanish and British royal families remain

publishing possible versions of the diverse alternatives, while emphasising that there is no hurry since neither of the extreme alternatives is intolerable. One extreme alternative is to continue the colonial structure as now: the other is incorporation of the Rock as a Spanish province, giving the 30,000 Gibraltarians the same rights as the 40,000 other Britons who happily choose to live in Spain today. In practice, some amalgam of the diverse alternatives would emerge as preferable to both: certainly preferable to the decaying status Gibraltar will otherwise have as a colony on which British taxpayers will not willingly spend much more money. A good date for a joint announcement of a royal Governor would be the 400th anniversary of the Armada in July 1988, a week after the last possible date for the next British general election.



This way to Mars

A cooling thought for hot holiday beaches: at the South Pole it is now pitch dark at midday and about 60° below freezing. The 17 scientists working there have not seen a fresh lettuce since February and will not see another until November. They have only each other for company. They might as well be on Mars.

Which prompts another cool thought. Why not use the white continent as a dry run for a joint American-Russian mission to the red planet? This would capitalise on the extraordinary success of the Antarctic Treaty, 25 years old this year, and suit the ambitions of both superpowers in space. A manned mission to Mars is an increasingly popular plan within NASA. It is also something at which the Soviet experiments of long spells in space seem to be aimed. Russia and America could save money and time by getting together on Antarctica for a much needed exploration of the practical and psychological problems of remote expeditions.

Scott, Amundsen and Shackleton would not qualify

Beyond some of the standard carps from "excluded" third-world countries, Antarctica has remained peaceful and uncontroversial, mainly because nobody needs to militarise it and nobody has found gold or oil there. In 1961, the nations that claimed segments of it agreed to sink their differences beneath a treaty that, in effect, meant that the continent's only inhabitants would be scientists. To become a full member of the Antarctic Treaty, a country must send a scientific expedition there. The 1,000 or so people who spend each winter on the continent, at a cost of some \$200m a year, are all there in the name of science. At the poles, a knowledge of geophysics is now of more use than a taste for pemmican (see pages 71-73).

The scientists have taken good care of their legacy. Co-operation between even Soviet and American teams has emerged quite naturally. Some of their discoveries are fascinating-but-useless: fossil marsupials prove that such mammals got from South America to Australia via Antarctica during warmer epochs. Others are dull-but-important: the recent discovery of an alarming hole in the ozone layer during spring over the Antarctic is an early warning of a dangerous new effect of pollution.

Antarctica now needs a scientific role that is big enough and international enough to keep the treaty alive. A training ground for interplanetary travel would

fill the bill. Wernher von Braun went to Antarctica in the 1960s and concluded that much could be learnt for space missions from the management of its bases. Since then most of the technical difficulties of getting into space have been solved. The psychological and logistic difficulties of living in space have not. Where better than an inhospitable continent that belongs to nobody?

Consider what a mission to Mars entails. The astronauts will have to stay for several years—the trip alone will take at least six months and they will have to wait two years before the earth is so close again. They will be on the end of a radio telephone, but beyond the reach of a rescue mission. The temperature outside will be far below freezing for most of the time.

Mars and the South Pole in winter have much in common. The big difference is that the South Pole is much cheaper to get to and much easier to rescue people from than Mars. Buried beneath the snow for insulation, as a Martian base might well be buried beneath the surface, a station on the Antarctic plateau would have the advantage over a Martian base of not having to generate its own oxygen and water, but the disadvantage of not being able to use solar power in winter. Otherwise, life would be much the same. The inhabitants would not be able to venture out without elaborate equipment. They would have to grow their own food and recycle their own waste.

The experiment would not be physical so much as psychological. Although a few Antarctic programmes are willing to sacrifice a physicist's place on the team to a psychologist, again and again the same worry emerges: the cold and deprivation are easier to tolerate than the claustrophobia, boredom and petty jealousies of living with a few people from whom there is no escape. Submariners can provide some of the answers, but much research is needed to find the right combination of personalities for an interplanetary mission. How many doctors? How many plumbers? Should all of them teach each other their jobs in case they die? What happens if both the computer expert and the cook fall in love with the doctor—a problem so insuperable that some Antarctic programmes, such as Britain's, have dodged it by taking only heterosexual men? If there is to be a manned station on Mars in the next century, America and Russia should start the Antarctica experiment now. Dive in together, superpenguins.

Argentines warned on Falklands

From Jeremy Morgan
in Buenos Aires

Argentina should beware of assuming that a change of government in Britain would necessarily help it recover the Falkland Islands, a private study group has warned here.

In what local diplomatic observers see as the first "pragmatic" assessment of Argentina's prospects in the Falklands dispute since the 1982 war, the Centre for South Atlantic Studies has also cautioned that Mrs Thatcher, or at least the Conservative Party, might retain power after the next elections in Britain.

The centre, which includes former Argentine government officials, diplomats and businessmen, said there were few possibilities of a change in British policies before the elections. But, it added, even though opposition politicians in London are more inclined to negotiate, the "real margins of change" for a future British government's position on the Falklands "will not be significant."

Although opinion polls suggest that 70 per cent of Britons favoured renewal of relations with Argentina, there was also a minority, "which cannot be discounted," opposed to talks on the Falklands, the group said.

The report commented that much the same could happen in Argentina, and it warned it was not "advisable" for the Buenos Aires Government to base its Falklands policy exclusively on seeking a confrontation with the Conservative Party and attempting to isolate Mrs Thatcher's view.

I-SPY

Bangkok

FOURTH OF JULY VASECTOMY FESTIVAL
FREE HOTDOGS AND BUFFET
9.00 AM. - 5.00 PM.

Submitted by D.A. Rogers. £10 paid for similar submissions. (SAE required for return of photographs. No transparencies.)

Thrush Job

Sir,

Old Muckspreader is misleading (Eye 641) when he implies that the beneficial effect of yoghurt against that nasty little ailment, thrush, is a result of contamination by antibiotics which are injected into our poor unfortunate dairy herds. In fact the soothing effect results from the action of the yoghurt organism, which kills off the thrush.

Yours faithfully,
DR GEORGE WOLFF,

Institut de Chimie, Universite Louis Pasteur de
 Strasbourg, France.

Esperantson

Estimata Sinjoro,

En via inda organo no. 640 aperis de Hilary Chapman letero donanta iomete da informo kaj demandanta alian informon, se posedatan, el viaj legadantoj, rilate la internacia lingvo Esperanto. La letero ne estis iel ajn eksterordinara, sed lau la titola vorto ("Desperanto"), kiun vi aldonis al gi, ni devas supozi ke gi ial elvokis en vi sencon de nervoza senesperienco.

Ci tio estas, por esperantistoj, malfelica kaj mistifikanta stato de aferoj, kaj do ni volus helpi vin - se ni sciis la precizan esencon de via problemo. Mi pensas ke ni devus esti aldirataj...

Fidele via,

DOUGLAS KERSHAW,

Kirklands, Howdale Lane, Beadlam, York.
 PS: Traduko plikostos.

Czech Snub

Sir,

There you go again! You are ignorant about the geography of Central Europe. You refer repeatedly to Capt. Maxwell as a Czech (Eye 641) or even as a Bouncing Czech. I do not presume to judge whether he bounces, but I do know that he was born in a province known (from Prague) as Sub-Carpatho-Ukraine; and (from Moscow) as Trans-Carpatho-Ukraine.

Thus, if he bounces, he is a 'Bouncing Sub/Trans-Carpatho-Ukrainian'.

Yours v. Sincerely,
ALAN STANWAY,

3 Milner Close, Sawston, Cambridge.

A Taxi Driver Writes

Sir,

There's nothing remotely amusing in your 'A Taxi Driver Writes' column: and the way it consistently depicts cab-drivers as gibbering idiots. As one myself, I'd like to get hold of the smirking Richard Ingrams - so called star of the 'News Quiz', and string 'im up - that's the only language the tipsless twat understands.

Yours faithfully,
I.S. JONES,

27 Rodney Gardens, Eastcote, Middlesex.

Colemanbells

£5 paid for contributions

"And there's the Victoria Memorial,
 built as a memorial to Victoria"
DAVID DIMBLEBY, BBC1
 (P. Whincup)

"... a sweet little procession of
 brides and bridesmaids..."
DAVID DIMBLEBY, BBC1
 (Patrick Rickards)

"Marble Arch was outside the palace
 but now Marble Arch is at Marble Arch"
DAVID DIMBLEBY, BBC1

INTERVIEWER: Will you be nervous
 this afternoon?

DRESSMAKER: Definitely, yes.

INTERVIEWER: About what in
 particular?

DRESSMAKER: Well there's nothing I
 can put my thumb on at the moment.
LBC

(E.J. Ruane)

"And the Abbey is awash with a blaze
 of colour"

DICKIE ARBITER, IRN

(Roger Harvey & Martyn Healy)

Letter From
**The Turks and
 Caicos
 Islands**



from Our Own Correspondent

FROM here it looks as if the Foreign Office has pulled another fast one - feeding Fleet Street's tired hacks the conclusions and a bit of 'guidance' instead of the meat of its fat report on corruption in our little bankrupt colony. If only the dreary hacks had asked for the full report!

Then they would have learned what we already know, that our 'pretty boy' Governor Chris Turner and his dogged, motorscooter-riding Attorney General David Lang are Tired Men. They've already overstayed the usual posting, and we won't be missing them when they wave bye-bye before Christmas.

Look at the record. It was the American Drug Enforcement Agency in Miami - not Turner - which last year busted the lucrative cocaine-running and money-laundering traffic of our previous chief minister, Norman Saunders, and his cronies. Then, just before Christmas, Turner and 'Slogger' Lang were presented with evidence that our rag-tag opposition politicians were going to torch one of our few historic public buildings.

What did the intrepid duo do? Sweet nothing. So on New Year's Eve the Philatelic Bureau was burned to the ground. Nice one Guv! By March, people were making speeches calling for open revolution against Norman Saunders' buddies who were still running what little government we've got.

Could the governor deal with that one? No way. Louis Blom-Cooper QC had to be sent out by the Foreign Office to find out what was going on and bail him out.

So we all traipsed down to Hibiscus Square and told 'Louis Baby' about all the little fiddles in our Public Works Department. Including the biggest one of all - charging \$7000 to do up the governor's kitchen for a job that was originally quoted at \$2500. Some kitchen! Boy was it hot in that inquiry room.

Then there's the big fish that got away. Terry Donegan. Terry used to be the Attorney General. That was when he wrote the companies ordinances which made us an attractive off-shore financial hideaway for the Vegas mob and other similarly unattractive comen. Now he's picking up fees as our leading off-shore corporate lawyer for setting up some very curious paper companies.

The Guv and Lang hate Terry. But they can't get rid of him. Terry's too close to Norman Saunders' mob, who protect him. Terry's also good for a laugh. Why had one of Saunders' buddies in the public works department had been paid \$300 by a building contractor, Blom-Cooper asked. Could it have been a kick-back on a contract? 'No way,' said Terry defending. It was just the bill for a little casual drinks party. Even the crabs were laughing at that one.

But Louis is no fool. And tucked into his report he calls for a public inquiry into what we call the 'North Creek Affair'.

This involved some nifty plans to sell Crown lands and provide other benefits to companies to which Terry and his chums were awful close when he was still Attorney General, and the government's chief negotiator.

It ain't no secret here that Scotland Yard has a large dossier on this and other deals. And that the FO has been legally advised that there are grounds for prosecution. So what is it waiting for?

Life to cool down, one supposes. The Governor's come back and sacked most of our crooked government. But Blom-Cooper recommended that our only opposition politicians - who are fed up to their crawdads at the corruption - are not fit for public office. Which neatly scuttles them more surely than Saunders' mob ever could.

Those of us drinking sundowners at the Turk's Head Inn think the FO is clearing the way for its next tame native - Ariel Misick - to run the show. If it does that we'll just have to write another letter to let you folks know about some of the murky waters where he's been fishin'. Ain't nobody too clean in these islands.

**HAM.SAP.**

by David Austin



I WANT YOU ALL
 TO KNOW...

THAT I'M A
 CARING CAPITALIST...

... AND YOU'RE
 ALL FIRED!



Modern media communication could affect war censorship

Rodney Cowton, Defence Correspondent

A warning that advances in communications technology will make it difficult to enforce censorship during a war is contained in an unpublished study which was compiled for the Ministry of Defence.

A book based on the study, and prepared by one of the principal authors, Mr Derrick Mercer, is to be published next spring by Secker and Warburg.

The study, entitled, *"Relations between government, armed services and the media during times of armed conflict"*, points out that at the start of the Falklands conflict the ministry had no policy or plan for dealing with the flow of information in war.

While the report recognizes that the Government may feel the need to impose censorship in war, it says the Government should accept that the rapid growth of new communications technology will make it difficult for one nation to exercise control over the flow of information.

It says that the acquisition of emergency powers to control the media should be sought only as a corollary of a declaration of war in a crisis which directly affects the national survival.

It advocates continuing study of a voluntary bargain, which would operate in war-time, under which the services

would offer information and facilities to journalists in return for compliance with guidelines.

It notes that in the Falkland conflict there were difficulties about the provision of communications facilities for the media, and suggests that for any future operation largely based at sea, the Royal Navy should investigate the feasibility of concentrating media communications facilities on a single ship of the Royal Fleet Auxiliary, and also the possibility of having designated transport to enable journalists to move around the Fleet.

The report was commissioned by the ministry after problems with the media in the Falklands. It was prepared by the Centre for Journalism Studies at University College, Cardiff.

Although submitted to the ministry more than a year ago, the report has not been published, although a copy is in the library of the House of Commons.

The report ends with more than 100 recommendations. The ministry is thought not to accept some of the more detailed ones on the internal organization of the ministry and the Armed Forces, but sources say that many changes have already been made.

Argentina in fishing deal with Russia

By Cristina Bonasegna
in Buenos Aires

AN AGREEMENT allowing the Soviet Union to fish off the Argentine coast has been signed by the two countries, but will reduce the number of Soviet fishing boats in the area from 80 to 18, a Government official said this week.

Senor Luis Jaimes, Fishing Under-Secretary, said that the accord will help protect the maritime fauna within the 200 miles Argentina claims as its continental waters.

He said that foreign vessels operating in the area without licences fished 500,000 tons last year.

The Soviet Union, which accounts for half that catch, will now be allowed to fish 180,000 tons.

Argentina's total catch last year was 200,000 tons, 90 per cent of which were exported. Fish is not a favourite with beef-loving Argentines.

'Unfair competition'

The signing of the accord coincides with Moscow's failure to comply with commitments to buy 1½ million tons of Argentine grain, excluding wheat.

Argentina, which relies heavily on its farming exports to repay its \$50 billion (£54.2 billion) debt is concerned about President Reagan's decision to sell subsidised grain to the Soviet Union.

The Economy Ministry has called on its creditors—mostly American banks—for special treatment of the foreign debt because of "unfair competition that violates both the letter and the spirit of international trade".

Alfonsin plans sweeping reform of labour laws

BY TIM COONE IN BUENOS AIRES

THE GOVERNMENT of President Alfonsin has revealed plans for a sweeping reform of labour legislation in Argentina, aimed at reducing the strength of the powerful opposition trade union federation the CGT. The federation groups the majority of salaried and wage labour in the country.

The plans would throw the focus of wage disputes back onto management rather than the government. In addition existing government wage controls are expected to be abandoned by the end of the year and replaced by negotiating "bands." These establish a ceiling and floor to wage increases, and will be included in a series of new collective agreements between managements and employees.

A "social peace" will be included in the collective agreements in which the unions will forego strike action during the period of the agreements.

In the event of "severe prejudice" to the economy by a strike and in the interest "of maintaining essential services" the Government may order strikers back to work or outlaw strikes in certain but as yet unspecified, areas of the economy.

To sweeten the legislation's expected rough passage through Congress, the Government is also proposing to introduce worker-directors onto the management boards of state and private enterprises, and to enforce an "open-books" policy on managements to reveal vital financial information and planning goals to their workforces.

Tim Coone in Buenos Aires on a negotiating battle between the Government and foreign companies

Argentine oil exploration plans hit by price collapse

THE RECENT collapse in world oil prices, while possibly only temporary, may nonetheless have a lasting impact on the future of Argentina's oil and gas exploration programme.

Most crucial is whether the Government is prepared to make important concessions to prospective foreign oil companies or whether it tries to ride the oil price recession in the hope of obtaining better exploration terms.

The dilemma is straightforward. Argentina's oil and gas reserves are being exhausted at twice their rate of discovery. There are no resources for the state oil company, YPF, to expand exploration, and foreign oil companies are unenthusiastic about getting involved in risky exploration contracts under present market conditions.

In March last year, President Raul Alfonsín announced to a gathering of international oil industry executives in Houston, Texas, that Argentina is to be opened up to foreign investment to expand oil production.

The so-called Houston plan was seen by the country's economic planners as a method of financing the restructuring of the economy, remodelling the nation's outmoded industry and of making the \$52bn foreign debt burden more manageable. Speaking shortly before the launch of the first licensing round of the Houston plan last September, President Alfonsín said that the new oil policy "will constitute without a doubt, a prominent contribution to the take-off of the entire economy."

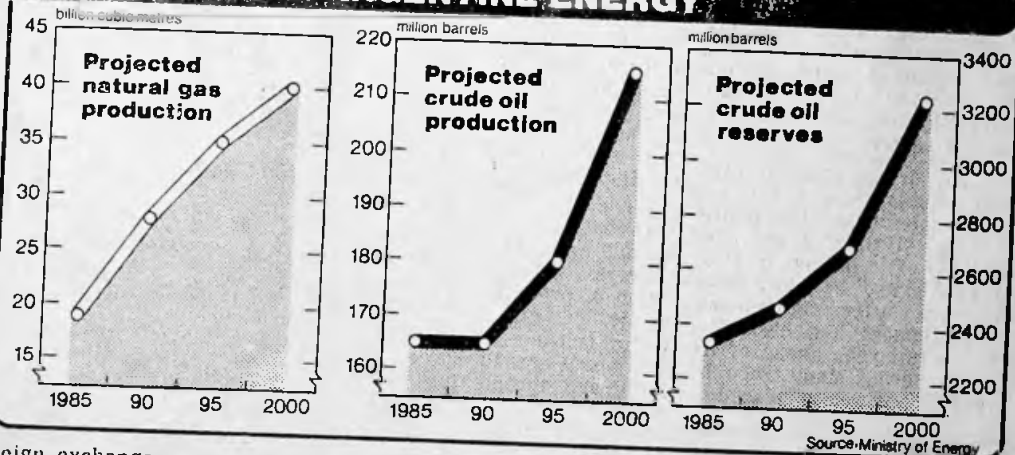
Production presently stands at 165m barrels a year of oil and 19bn cubic metres of gas, making Argentina self-sufficient in oil and nearly so in natural gas. The national energy plan until the year 2000, on which the Houston plan is based, envisages a doubling of gas production as an industrial feedstock, and a 30 per cent increase in oil production. Oil exports would become an important new

foreign exchange earner.

To achieve these aims, 3,000 exploratory wells need to be drilled, 18,000 development wells sunk and 800,000 km of seismic lines have to be measured, an investment of \$25bn over the next 14 years.

The Houston plan was drawn up in the balmy days when North Sea crude was changing hands at almost \$30 a barrel.

ARGENTINE ENERGY



With prices now less than \$9 per barrel and still falling, the Government's negotiations with the foreign oil companies are under strain.

A total of 165 blocks, 15 of them offshore, are to be offered in five licensing rounds which will cover most of Argentina's unexplored sedimentary basins. The first 32 blocks placed on offer last September attracted

an offer of only \$40m of investment from a foreign consortium led by Exxon.

The closure of the second licensing round has been postponed until the end of October so that the terms of the exploration contract with the Exxon consortium can be finalised. This contract will be the model for all the others on the remaining 133 blocks.

The fall in world oil prices could not therefore have occurred at a worse time. The oil companies are driving a hard bargain which would produce benefits for them when the oil price rises once again. If Government remains adamant, the exploration programme will stagnate.

Agreement remains elusive for two reasons. First, YPF, the nominal owner of any crude oil extracted, is proposing to pay the extracting company in dollars, crude or refined products, at YPF's discretion.

The companies are insisting that payment be in either dollars or crude as the market for sub-products is very poor. Secondly, YPF reserves the right to declare a discovery commercially viable and then to take up to a 50 per cent share in its development.

One foreign oil company executive said: "We are asking not only for better terms given the poor market conditions, but also for the best geological areas. It is the only way to offset the low prices." The

areas on offer are of medium and high risk, which has led to accusations that YPF is keeping the best areas for itself. YPF is also accused of being grossly inefficient.

Mr Rodolfo Otero, the president of YPF, says that Argentina's terms are similar to those on offer anywhere in the world. "We are not hiding anything up our sleeve and as for inefficiency, we simply lack the resources to maintain our exploration effort or adequately to develop the areas already explored."

The June agreement between Argentina and the International Monetary Fund resulted in a restructuring of YPF's finances, which has cut its exploration budget by a third and forced it to make economies. YPF is Argentina's largest company and has a debt of over \$5bn, one tenth of the national total. It presently produces 70 per cent of Argentina's total oil and gas.

Mr Otero is not prepared to be pressured into conceding the low risk areas, or areas it already has under production, to foreign companies and rejects their arguments based on low world oil prices. "The big oil companies take a longer term view of prices. They know the prices will go up again," he says. YPF is prepared to give up areas it has abandoned or in which it has no plan of action, but not the areas it already has under production.

Everything now hinges on the Exxon negotiations. Despite the differences, Mr Otero remains confident. "In four to five years exploration will be taking place in practically all the parts of the country that have not yet been explored," he predicts with a disarming confidence.

His optimism is not shared by private oil industry executives unless better terms are offered and the companies are in no rush to make compromises. After all they can afford to wait, and they know Argentina cannot.

Farm wife hopes brides will flock to Falklands

By Andrew Moncur

FARMERS in the Falklands, whose lonely hearts a crowd of 600,000 sheep cannot ease, are turning to a British marriage bureau skilled in leading brides to isles.

Their match-maker is Mrs Patricia Warren, a farmer's wife who specialises in introducing farmers' daughters to farmers' sons — and other people whose roots are in the country — for friendship, with a view to marriage. For many of them, it emerges, the countryside can be a land without love.

Her bureau is based, naturally, at the family's Mere Farm, a 250-acre dairy unit at Bakewell, Derbyshire. Already, probably 300 couples in the rural byways of Britain have, for better or worse, been brought together by Mrs Warren. Many had previously been love-lorn in the highlands and islands.

Now, her services are being sought by the Kelpers, who suffer from a shortage

of marriageable women within a radius of thousands of miles.

"I have farmers down there in the Falklands who are very cut-off and want to meet someone, a lady, in the hope of developing a friendship which will lead to marriage," she said yesterday.

"One man is coming over from the Falklands next month

The reception will consist of introductions to four or five women, selected as suitable. This is a departure for Mrs Warren, who usually likes to proceed more gently, matching candidates on a one-to-one basis and waiting to see what transpires.

Her bureau charges £30 when a newcomer, who must be associated with farming or the country, first joins and is provided with details of a likely match. A second similar sum is due when he or she is happy to go ahead with a meeting. The fee covers 10 introductions

Drinking in the Falklands factor

Kugh Hebert on chess and patriotism on TV

YOU need a metaphor for the state of the nation? Why look further than the neighbourhood pub? After all, no one else does: this is where the cosy cliques eye the loneliness of the long distance drinker.

The Queen's Arms (BBC-1) is a depressing hostility in the decaying inner city. Dennis, a sad put-upon Irish barman (Dermot Crowley) tries to hold the business together while upstairs the nominal landlord (Robert Urquhart), a former sergeant in the Paras, lies mostly drunk and wholly cuckolded by his fork-tongued wife.

The barman mediates as best he can, chatting up the rare customers, sending the first brandy bottle of the day up the lift shaft on the dumb waiter that — as in Pinter's play — is a menacing source of unwelcome orders. Here, though, it's

also a metaphor for the national obsession with spying. It's the conduit of whispered secrets, a surveillance man's listening hole, where the drunk crouches to check on wife and customers.

Life falls apart in this dusty corner of GB — "Gutless Britain," as the drunken sergeant calls it — until the Falklands task force sets sail, when renewal runs through the populace like liquor in the veins. The landlord dons his old uniform and returns to his rightful place in a bar now thronged to cheer the Gotecha! news, the white flags over Port Stanley, before they turn against the hapless Dennis, the man who hated violence.

It was a scorchingly black and angry view of mob chauvinism and saloon bar Rambo sentiment; but not of the politics that feed and feed off them. Its blunt hammer-head attack is not on British policy but on those

for whom television has made war the ultimate spectator sport. And though I endorse the play's view, I wish the writer, Alan Berrie had chosen to sting rather than batter his audience.

A bit dour and humourless, but it's a brave, hard-hitting play that just tries to pack too much into 75 minutes. It leaves the Irish theme represented by poor, sad Dennis — a good if over-saintly performance by Crowley — hanging out like a shirt tail. Berrie seems to say, "We all get worked up about those islands 8,000 miles away, but can't stir ourselves over John Bull's own offshore island. We leave it to Denis to outface the IRA collectors who invade the bar, and then betray him as an un-British Paddy when we get the taste of foreign blood."

If the pub metaphor does not suit you, how about chess, a game that unfortunately does not lend itself

much to the incidental pleasures of the Colemanballs quote. Though there was, in BBC-2's World Chess Report the bubbling Professor Nathan Divinsky with his character sketches of the two heavyweight title sluggers now locked in their 10-week bout.

Karpov, the careful strategist: "It's like paying 300 payments monthly over the years and eventually the automobile is yours. It may be a rust bucket, but it's yours. He is... the perfect son-in-law, and as the father of three beautiful idiot daughters, I speak with some authority about that."

Kasparov, on the other side of the table, is flamboyant, takes risks, will go where no chess player has set paw before. "On the other hand, he is cocky, he is arrogant, he is young, and sometimes I wish I would give him a good, swift kick in the rear end."

At the weekend, it began to look as though Thatcher's determined dogged Karpov-like game on sanctions was beginning to pay off. And on the eve of the mini-summit, Channel 4 gave us South Africa — Decision Time, one of the most persuasive television accounts so far of what sanctions might mean for the countries whose leaders clamour most loudly for them. For India, for instance, which imposed sanctions on South Africa 30 years ago but still for its thriving diamond-cutting export business has to buy stones through the South African controlled selling organisation.

Still, we saw a bit of the Kasparov spirit amid the gloom and pain of unemployment in People to People (C4), if mainly among the young or the unattached, not yet having to spend the day at the benefit office with a squalling gaggle of kids hanging on. The optimists

refused to accept the stigma: "We're like an elite, far from being ashamed, it's something of a status thing," or "More and more are realising that you have time, or you have money." Fine upbeat sentiments. Yet to call of the work ethic, it does sound a bit like the anthem of banana republics the world over: Manana, manana...

The Real World (TVS) pointed out that a planet orbiting the star Zeta Herculis, 31 light years away, would just be catching up with the very first week's transmissions by British ITV in 1955. Like Hughie Greene with Double Your Money. Of all the theories about whether there are other intelligent beings out there in space, the one I liked most was the one that said they certainly were there, but left us alone so they could study us in peace. It's called the Zoo Hypothesis.

Russians cut Argentine grain imports

**By Our Buenos Aires
Correspondent**

The Soviet Union has dramatically cut its grain imports from Argentina, but Buenos Aires expects compensatory trade next year. Russia is Argentina's biggest trading partner.

A senior economic official said yesterday it was "probable" the Soviet Union would not comply with bilateral trade agreements committing Moscow to buy 4,500,000 tons of grain (excluding wheat from Argentina). Russia had ordered only 700,000 tons of grain so far this year.

Last week the Argentine Government delivered a formal note of complaint to the United States, following a Bill in Congress to allow President Reagan to extend existing sales subsidies to countries including the Soviet Union, China and Japan.

Foaming away a war zone

IT'S a risky life being a sheep in the Falkland Islands. Large tracts of land are no-go areas because of the minefields laid by the Argentinians.

But scientists at the Royal Military College of Science, Shrivenham, believe they have the solution to safer grazing — an exploding foam carpet.

The Falkland mines are made of plastic and so cannot be picked out by metal detectors. High-tech methods such as radar have recently been abandoned by the Ministry of Defence and it is far too dangerous for the traditional sapper prodding around on hands and knees.

Even indiscriminate clearance techniques, flailing chains or controlled explosions, are no help on the Islands because so many of the mines are hidden among rocks and tussocks, and some would be missed.

But Dr Tony Port and colleagues at Shrivenham have found a way to get a blanket of explosive into every nook and cranny: they use a fire-fighting foam. These foams are usually water-based, stabilized with animal protein, and the bubbles blown up with air.

Port is a specialist in explosive fuel-air mixtures, and he has developed an old idea of using bubbles of air mixed with a flammable

gas — typically acetylene.

Small-scale field trials have shown that the exploding foam exerts enough ground pressure to detonate or destroy the Spanish and Italian anti-personnel mines used by the Argentine army. It should also destroy booby-traps and unexploded munitions.

The foam carpet can be easily laid, with a modified airfield crash truck, for example. Once pumped out it hugs the ground, keeping the gas in place even in wet and windy weather.

It can be remotely detonated when the sappers are ready, or allowed to disperse if they decide not to go ahead.

Dr Port's work at Shrivenham has been carried out using the college's own research funds. However, Professor Alan Bailey, chemistry group leader at Shrivenham, says that there has been official interest and he has hopes of seeing the research in future defence estimates in the Commons.

The foam is bio-degradable and would only leave a bit of sticky mess if it were not fired. When it is fired, the gas explosion is mostly air and water and would disperse into atmosphere.

It takes off the vegetation but doesn't make a hole. The land is then safe for sheep to walk across.

Richard Stevenson

Big hopes, small expectations

BUENOS AIRES

Presidents Raul Alfonsín of Argentina and Jose Sarney of Brazil want their erratic economies to cuddle closer. The two men signed a dozen accords on July 29th in Buenos Aires covering things like trade in capital goods, computers and nuclear energy. This is supposed to be a first step towards much fuller economic integration of the two countries, with Mr Sarney seeing it as a move towards a Latin American common market. One trouble is that the two presidents expect the trade pact to be propelled by the private sector—and while Brazil's industrialists have learnt all about exports in recent years, Argentina's have not.

Argentine companies have remained protected by trade barriers and comforted by such state favours as low-cost development loans for nearly 40 years. Most of them are not fit to survive in any foreign market, let alone compete in Brazil. Farm exports still account for 72%

of Argentina's overseas earnings.

Argentina repeatedly boasts that its leather goods are the best in the world, yet barely 3% of total output is sold abroad. In contrast, Brazilian industrial exports leapt by 57% in the five years to 1984, and now account for 66% of total exports. Brazilian exports to Argentina were worth \$831m in 1984 (the latest year for which figures are available) and included \$644m in manufactured goods, the greater part of it capital goods. Argentina's shipments to Brazil, worth \$478m, included only \$85m of industrial goods.

Trade in capital goods has been chosen to spearhead the new co-operation. The first accord says that this should rise to \$350m in 1987 (against last year's estimated \$200m, just \$50m of it from Argentina) and then in steps to \$750m in 1990. Plans for the gradual elimination of cus-

toms duties on a rapidly expanding list of capital goods have prompted protests from Argentine industry—including the country's fledgling electronics industry. Contracts are in the offing to revamp Argentina's atrocious telephone system, and Brazilian producers are said to be working at 40% of capacity while austerities are imposed on their state telephone entity, Telebras. Some comfort is derived from the vague wording of the accord on capital goods. Many of the details on this, and on other parts of the pact, will have to be hammered out by the end of this year.

Mr Alfonsín's critics say that he has signed a thinly disguised "machinery-for-grain" barter deal. One of the accords specifically commits Brazil to increase its imports of Argentine wheat from 1.375m tonnes in 1987 to 2m tonnes in 1991. Argentina also hopes to sell natural gas to

Brazil, but that carries a risk. It invites Petrobras, the Brazilian state oil company, to explore Argentina for oil, a task now reserved for Yacimientos Petrolíferos Fiscales, Argentina's loss-making equivalent. Another accord will allow in Brazilian eggs, beef and chickens.

NEW LATIN-AMERICAN RHYTHMS

The economic accord which has been signed by Argentina and Brazil raises questions which few have so far dared try to answer. By and large it has been welcomed in the New World (cautiously in some cases, enthusiastically in others) and greeted with lofty scepticism in the Old. Reactions mirror the mixed experiences of those who have trod the awkward path towards a common market before.

In theory there is much to say for it, encouraging comparison with the coal and steel agreement reached by France and West Germany after the Second World War. In South American terms it might be seen as more important even than that, since the partners represent two-thirds of the Southern continent and something like half of its people. Between them they make up more than the nucleus of a regional market — to which Uruguay looks like being the first outside adherent.

In practice the only thing common about Latin American markets so far has been their abject failure. Economic agreements whether bilateral or multilateral have collapsed, chiefly because neither party has been inspired by any visionary sense of purpose.

Without any guiding light or supra-national ideal, they have foundered amid conflicting interests and acrimony. Governments have either been reluctant to abandon protectionist policies in support of traditional industries or have been seduced by outside powers — offering cut-price goods which the other market partners cannot match.

Yet the future could be different. Brazil and Argentina are both under new management and have been struggling to overcome not dissimilar economic problems, including heavy debts and protectionism overseas. If common experience is the foundation for true togetherness, a case might be made out for their living together quite well. After several generations of tense rivalry they would certainly seem to be closer than ever before — or certainly for very many years. President José Sarney travelled to Buenos Aires to sign the new pact and became the first elected Brazilian leader to visit the Argentine capital for a quarter of a century.

But common experience is not enough. The agreement established a customs union with mutual preferences for each other's exports, while also laying down the ground rules

for technical cooperation in such areas as energy and agriculture. It envisaged a bilateral trade in capital goods worth some \$2 billion by 1990.

But questions are already being asked in Brasilia about the agreement by President Sarney to purchase an annual two million tonnes of Argentine wheat. At the same time businessmen in Buenos Aires are concerned about the preferences which will now be allowed Brazilian industry — which is fitter and livelier than Argentina's. Can Argentine industry withstand the challenge?

Bilateral agreements are possibly more difficult to operate than multilateral; reaction to the accord in the two countries already indicates areas in which problems will lie. Yet much favours the two most powerful countries in South America seeking each other's hand in a fiercely competitive outside world.

What they need is an inner conviction that they are doing the right thing and perhaps, too, some still more distant goal of integration. Without this their pact will be no more than a marriage of convenience — and the survival record for these is less than happy.

Argentina seeks Soviet grain sales boost

By Tim Coone in Buenos Aires

ARGENTINA is to press the Soviet Union to increase grain purchases in 1987 at talks to be held later this year.

Mr Ramon Da Bouza, the national director of economic policy in Argentina's Economy Ministry, said yesterday that the precipitous fall in Soviet purchases of Argentinian grain this year was seen "with great concern."

The sale of subsidised grains by the EEC and the possible extension of US export subsidies to the Soviet Union has worried Argentinian economic planners, who are facing the loss of their principal customer since the early-1980s.

In January this year, the Soviet Union signed an agreement with Argentina to purchase 4.5m tonnes of grains per year over the next five years, already well down on the peak figure in 1981 of 15m tonnes, and Mr Da Bouza said: "It is likely that the Soviet Union will not even keep to this agreement this year."

To date, grain sales to the USSR from Argentina have only reached 800,000 tonnes this year. Argentina normally exports some 20m tonnes of grain per year and has plans to double this figure by the end of the century.

Mr Da Bouza said that Argentina had made efforts to respond to Soviet requests to increase its own purchases from the Soviet Union to balance their bilateral trade and has increased its imports from \$20m in 1980 to \$70m last year. Further trade agreements currently being negotiated, including the purchase of turbines for a hydro-electric plant, electrification of parts of Argentina's railway system, and the dredging of Argentina's principal grain port at Bahia Blanca, would be worth a further \$300m to the Soviet Union over the next three years.

Squids in

Squid fishing could provide a boost for the Falkland Islands, with the expansion of a British firm in the region. At least 200 more jobs for islanders and British fishermen are forecast by J Marr Trasler, of Hull, which began fishing for squid earlier this year in a joint venture with a Japanese company.

Brazil's pact with Argentina

TRADITIONALLY Latin American leaders have had a poor record in translating words into deeds, especially where economic integration is concerned. National self-interest and poor planning have undermined the Andean Pact and rendered moribund the once-promising Central American Common Market.

Thus this week's commitment by President Alfonsín of Argentina and President Sarney of Brazil to lay the basis for closer economic integration, with the eventual aim of a broader regional common market, is bound to be greeted with a degree of scepticism.

At present less than 5 per cent of their combined exports is channelled towards each other, and their industries are more competitive than complementary. Added to this, the two countries have long been political rivals, with two different cultures and languages, and great differences in terms of economic diversification and population size. Brazil has proved a far more dynamic society with a more aggressive attitude towards enterprise and external markets.

Trade barriers

Yet to dismiss the initiative out of hand would not only impugn the integrity of two leaders who are proving models of a new and welcome type of pragmatism in Latin America. It would also underestimate the stirrings of a genuine move in the region to provide greater self-help in the face of what is seen as insufficient understanding by the industrialised nations of its debt problems.

Throughout the four-year-old debt crisis, the industrialised nations and the international financial community have been grudging in their assistance. The need to finance debt repayments through greater emphasis on exports has not been met by any easing of trade barriers either in North America or the EEC, the main markets—if anything the contrary. With protectionism on the increase, there is every incentive for greater self-help and integration.

In a quiet way, Argentina and Brazil have already begun to co-operate more closely. The two

countries' austerity packages, the Austral and Cruzado Plans, reflected a considerable interchange of ideas and policy. Discussions have been held on tie-ups between Argentine and Brazilian aeronautical technology and recently both Ford and Volkswagen have been talking of integrating their respective automotive operations.

Capital goods

The most promising aspect of the 12-point protocol lies in its initial narrow focus. The capital goods sector has been singled out as the spearhead for eliminating tariff and non-tariff barriers and reducing third country imports. This is backed up by a series of objectives ranging from moves towards mutual self-sufficiency in foodstuffs and the realignment of export credit policies.

The emphasis on capital goods is particularly important for Argentina because it should concentrate attention on the need to make better use of its technology, improve labour productivity and remove heavy protectionism. It also should be a reminder that Argentine trade cannot rely on agricultural products alone. However, it is of considerable advantage to the two countries that shortfalls in production of Brazilian foodstuffs, such as wheat, can be met from Argentina.

Clear dangers

With Brazil selling to Argentina twice as much as it buys, there are clear dangers of Argentina being absorbed or swamped by Brazilian industry. Naturally, Argentine industrialists are uneasy but the principle behind the protocol is not that Argentina can compete with Brazil across the board, but that freer trade should bring about a more rational distribution of production—as is already being discussed privately in the automotive industry.

These changes need not be utopian if there is political will at the top, domestic stability in these fledgling democracies and a determination by industry in the two countries to take advantage of the opportunities which freer trade could offer.

Brazilians await impact of trade deal

By Ivo Dawney in Rio de Janeiro

THE diplomatic hullabaloo and acres of press coverage that have greeted the signing of the Brazil-Argentina accords has raised expectations in Brazil that this might at last be the real thing. According to one report it is the 79th rapprochement since the war of 1828.

The climate of genuine enthusiasm, however, is heavily tempered by a collective sense of *deja-vu*.

The scale and ambition of the proposals has been greeted with some surprise both by the media and the industrial and agricultural community, where the protocols, if fully carried through, should have the most concrete impact.

However, the over-riding first is a wish to see the politicians deliver what they have promised.

Mr Benedito Pires de Almeida, head of the international trade department at Fiesp, the powerful Sao Paulo industrialists' federation, said until more flesh was put on the political bones of the agreement, he preferred to wait and see.

"At the moment the political impact is much the most important element in the accords," he said. "The economic climate is favourable, but everything depends on giving it a legal basis. It is now up to each country's civil servants."

To most Brazilian industrialists, the logic of the deal would have to lie in a trade-off between Brazil's clear advantages in manufactured goods and its need to import Argentinian primary agricultural produce—a prospect that provokes horror in highly protectionist farming circles.

The question uppermost in the mind of Brazilian industrialists is whether the elaborate safeguards envisaged by the accords to prevent serious trade imbalances and a swamping of Argentine industry will render the whole process meaningless.

Certainly, Brazil's industrial advantages — most obviously substantially lower costs — could be compensated for by its pressing need for substantial imports of farm produce. Co-operation deals are also attractive in energy and technology.

After 20 long years of an almost isolationist foreign policy under the military dictatorship, there is genuine excitement in Brazil that Latin America's sleeping giant now seems ready to play an active role on its own doorstep.

Argentina and Brazil set sights on common market

BY TIM COONE IN BUENOS AIRES

THE DUST is settling after this week's Argentinian-Brazilian agreements to lay the basis of a future common market in Latin America, and industrialists in both countries are digesting what has just been thrust upon them by their political leaders.

However, a pertinent question remains hanging in the air: is such a common market feasible where previous attempts have failed?

The 12 protocols signed on Tuesday night are focused primarily on eliminating all tariff and non-tariff barriers to bilateral trade in capital goods.

Mr Pedro Didiuk, one of Argentina's bright technocrats from the Foreign Trade Ministry who negotiated the Brazil accords, says: "The first aim is to reduce capital goods imports from third countries, the second is to balance trade in capital goods between Brazil and Argentina."

"Having laid this foundation, the rest of industry can grow more rapidly allowing a more generalised expansion of trade and allowing an extension of the customs union to other sectors such as consumer durables, non-durables and agricultural produce."

This cautious approach has won the support of Argentina's leading industrialists, normally the first to protest vociferously at the prospect of unbridled competition from outsiders.

"The first reaction here was one of timidity," said Mr Roberto Favelevic, the president of the Union of Argentinian Industrialists, whose first sight of the complete text of the 12 protocols was on the very day they were signed by Presidents Alfonsín and Sarney.

THE 12 PROTOCOLS

- 1 Creation of a customs union in bilateral trade in capital goods with removal of all trade barriers and promotion of balanced trade.
- 2 Planned growth in Brazilian wheat purchases from Argentina.
- 3 Promotion of food security in both countries through increased trade in food products to eliminate seasonal shortages.
- 4 Promotion of overall trade levels between the two countries, with emphasis on eliminating trade imbalances.
- 5 Promotion of joint ventures between industrialists of both countries.
- 6 Financial support from central banks to support adjustments to trade imbalances.
- 7 Investment fund of \$200m (£135m) to be created to expand production.
- 8 Co-operation in energy development to expand oil and gas production in Argentina and joint electricity generation.
- 9 Promotion of biotechnology.
- 10 Creation of economic research centres to monitor the integration project.
- 11 Co-operation in the event of nuclear accidents.
- 12 Co-operation in aerospace to develop joint export potential.

"The Brazilians are more accustomed to change than the Argentinians. They have grown substantially over the past 20 years, while industry in Argentina, for various political and economic reasons, has stagnated."

"However, after the first moments of surprise had passed, there was a recognition that Argentina has to get out of its isolation and its stagnation and grow. That necessitates change, and integration with a complementary economy like Brazil is the best way to do it," said Mr Favelevic.

The Brazilian-Argentinian accords essentially set up the political framework for an economic integration plan. The finer details remain to be worked out.

It is left to the industrialists of the two economic giants of South America — the "protagonists of the plan," accord-

ing to President Sarney—to sit down and thrash out which products are to be included in the common list of capital goods on which no customs duty will be levied in trade between the two countries from January 1 onwards.

Mr Carlos de Koller, of the Argentinian Metal Industries Association—who has to draw up that list on behalf of the Argentinian producers — says the agreements are “very, very positive for Argentina.

“They open up an enormous market for Argentinian producers and the protocol concerning equilibrium in trade will signify a very significant growth in exports of Argentinian capital goods to Brazil.”

However, not all are so happy. Agricultural machinery producers have asked to be left out of the common list, fearing that they will be swamped by their Brazilian counterparts. The cost of steel in Argentina is much higher than in Brazil, because production is on a smaller scale, so machinery producers face higher raw material costs with a low added value.

By the end of December, some 200 categories of capital goods are expected to be included in the common list “which will primarily be of machinery for sectors such as the paper, textile and plastics industries,” predicts Mr de Koller.

One area where both Argentinian government and private

sector circles recognise change is needed is in export and credit incentives—the country's industrialists have appealed for the same support enjoyed by Brazilian producers.

“These differences amount to a 6 per cent difference in interest rates in favour of the Brazilians,” says Mr de Koller. “Forty per cent of Argentinian exports do not receive financial support,” says Mr Didiuk.

It is still early days to predict whether the Brazilian-Argentinian accords will permit their effective expansion to include other Latin American countries. Uruguay has indicated its willingness to join within the next 90 days and discussions are to be held shortly with Mexico, Colombia and Venezuela.

The bottom line, however, is “the political will to go ahead with economic integration,” according to Mr Jorge Romero of Argentina's Foreign Ministry, one of the principal negotiators of the accords.

Politics aside, everything now hinges on the narrower interests of the industrialists in Brazil and Argentina. If both groups are willing to adapt to the prospects of larger markets, but also to the rigour of greater competition, there is reason to believe that a common market in South America may become a reality by the end of the century.

Editorial comment, Page 16

Marr's plea to government on Falklands: Back our big squid venture

TWO HULL companies are calling on the government to back them so they can mount an expanded venture next year to exploit the Falklands squid stock. They want their political blessing to help get the scheme under way.

Their successful private venture into Falkland Islands fishing earlier this year could be expanded next year with "a substantial number of new, long term, jobs for British fishermen and Falkland Islanders."

J. Marr and Son Ltd. and J. Marr (Seafoods) Ltd. chartered ten Japanese squid-jigging vessels for the season which ended in June.

Now, after further investigation of fishing prospects and marketing results, firms are seeking discussions with the British and Falkland Islands governments on plans for an expanded operation.

More ships — including British mother ships —

would be employed and 150 to 200 jobs provided in what is seen as a long-term growth industry.

A Marr spokesman said: "By having our own officers working at sea for the whole of the Falklands squid fishery season, we have gained invaluable practical experience."

"Adding this to our traditional fishing knowledge, vessel management exper-

tise and international marketing skills, we can see a great opportunity to provide employment which would benefit both the UK and Falkland Islands' economies."

The spokesman emphasised that the squid fishing would remain a private venture, but added: "It is essential to have Government endorsement and political support for our plans in what is the world's largest unrestricted fishery."

"There are at last the first signs of control on a voluntary basis, but the activities on the grounds are still unregulated and unsupervised which shrouds commercial operations in uncertainty."

"Above all, we don't want to find ourselves in the same situation as that which nearly crippled us at home when, because of the common fisheries policy, our investments were devalued by the loss of fishing rights and fish being given to our competitors."

Marr opened an office in Port Stanley for this year's squid fishery and Marr Falklands Ltd. is being registered in the Falkland Islands to facilitate next year's operations.

In the absence of shore facilities, a mother ship operation will be provided for safety, health, engineering and other back-up services, together with loading personnel for the transfer of the frozen fish from the catching vessels to reefers.

Marr says that, with a distinct threat of a foreign monopoly emerging on the reefer side, it is also discussing transport operations with British companies to give the UK a share of this trade.

G. A. Reay could be one of the British ships to sail south.



A heavy squid catch pictured by bosun Frank Gordon of Fleetwood on one of the Japanese squid jiggers chartered by J. Marr for this year's Falkland Islands squid season. The deck is bathed in the light from the powerful halogen lamps strung above it. Unbaited lines with barbed lures are reeled in with a jerking motion by the hexagonal reels on the ship's side. As the lines come over the rollers at the end of the jigging booms, the squid — which have been attracted on to the hooks by the bubbles and the light reflected off the brightly coloured plastic lures — fall off into the basket below the boom and then slide into special scupper channels. Constantly flowing water moves them into the washer and processing area below deck.

A role for FAD

Falklands venture succeeds

UK FIRMS

TO STAY

IN SQUID

FISHERY

BRITAIN'S long neglect of the deepsea fishing opportunities around the Falkland Islands may be ending with the venture there into squid catching by two UK companies.

This began earlier in the year when J. Marr and Son Ltd. and J. Marr (Seafoods) Ltd. chartered ten Japanese squid jigging vessels for the season which ended in June.

They have been encouraged by the results and have decided to go back in 1987 and will probably expand the operation.

This is now being discussed with the British and Falkland Islands governments. More vessels, including British mother ships, may be used in an expanded operation and 150 to 200 jobs might be created.

In this year's fishing, the Marr companies had their own officers working in the venture and have gained valuable experience.

"Adding this to our traditional fishing knowledge, vessel management expertise and international marketing skills," said the companies, "we can see a great opportunity to provide employment which would benefit both the UK and the Falkland Islands economies."

"But it is essential to have government endorsement and political support for our plans in what is the world's largest unrestricted fishery. There are at last the first signs of control on a voluntary basis but the activities on the grounds are still unregulated and unsupervised, which shrouds commercial operations in uncertainty."

Marrs opened an office in Port Stanley for this year's

squid fishery. Marr Falklands is being registered in the islands to facilitate operations in 1987.

While British vessels have already been earmarked for mother ships, the specialised squid jiggers will again be chartered. However, designs are being evaluated for longer-term development of a year round fishery with vessels switching to other methods and species after the squid season.

A role for FAO

ESTABLISHMENT of a South-west Atlantic Fishery Commission under the aegis of an international organisation such as FAO may be one way round the problem of setting suitable limits to protect Falkland fish stocks.

The Falkland Islands Development Corporation (FIDC) has been carrying out a study into the effects on squid stocks of the current heavy levels of fishing by a number of countries.

Preliminary results have been submitted to the UK

government and will have been passed on to FAO.

In its second annual report, the FIDC notes that FAO is studying the problem of the conservation of fish stocks in the South-west Atlantic.

"We hope that this will lead as soon as possible to the establishment of an appropriate control regime in the vicinity of the Falkland Islands."

● For more news of FIDC fishing projects in the islands, turn to Page 4.

Atlantics for pilot farm in Falklands

FISH farming is seen as one of the promising development prospects for the Falkland Islands, and a start is being made with the rearing of Atlantic salmon for on-growing in cages.

Feed for this and other projects will be made from local raw materials, and Simon Hardcastle, a Falkland Islander, spent most of 1985 working on the technology with the Institute of Aquaculture at the University of Stirling in Scotland.

In its second annual report, released last month, the Falkland Islands Development Corporation (FIDC) said that laboratory

and farm trials had been very encouraging.

The FIDC is setting up a pilot farm at Fox Bay in West Falkland. It will also be carrying out a small oyster rearing trial.

Speaking at the presentation of the report in London, FIDC general manager Simon Armstrong, said that Institute had sent out the salmon eggs and the young fish were being raised in a small hatchery.

Smolts would later be put into the cages and in about two years it was hoped that the first Falklands salmon would be ready for shipment, possibly by container to markets in Europe.

the great OUTDOORS



The Walkers Magazine

August 1986 £1.10

**Lightning strike
in the Dolomites**

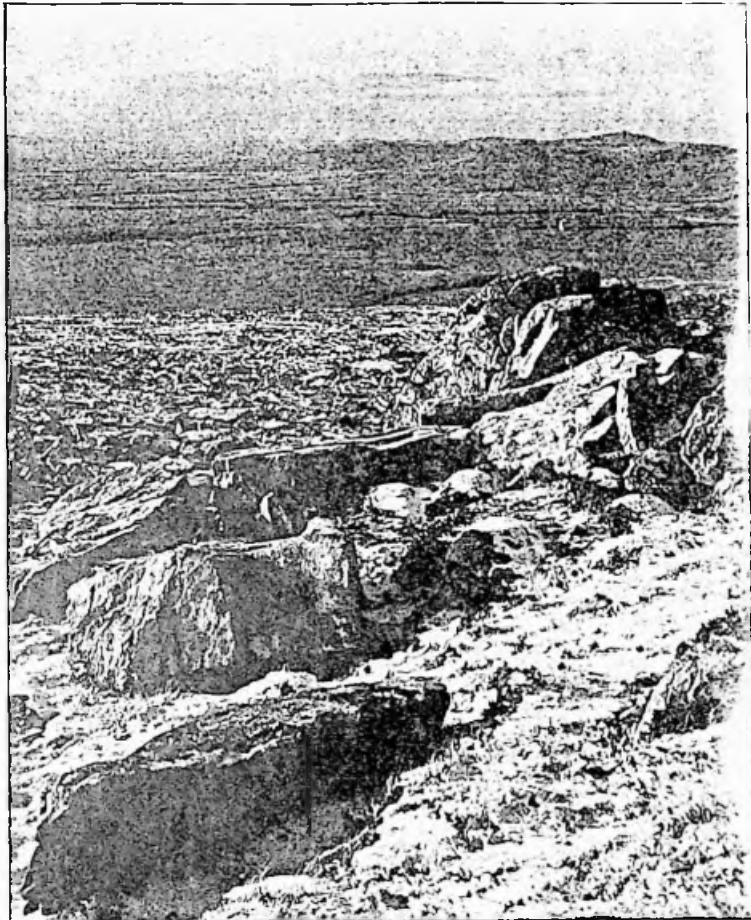
**Walking the
Dales with
Mike Harding**

**The Falklands
in colour**

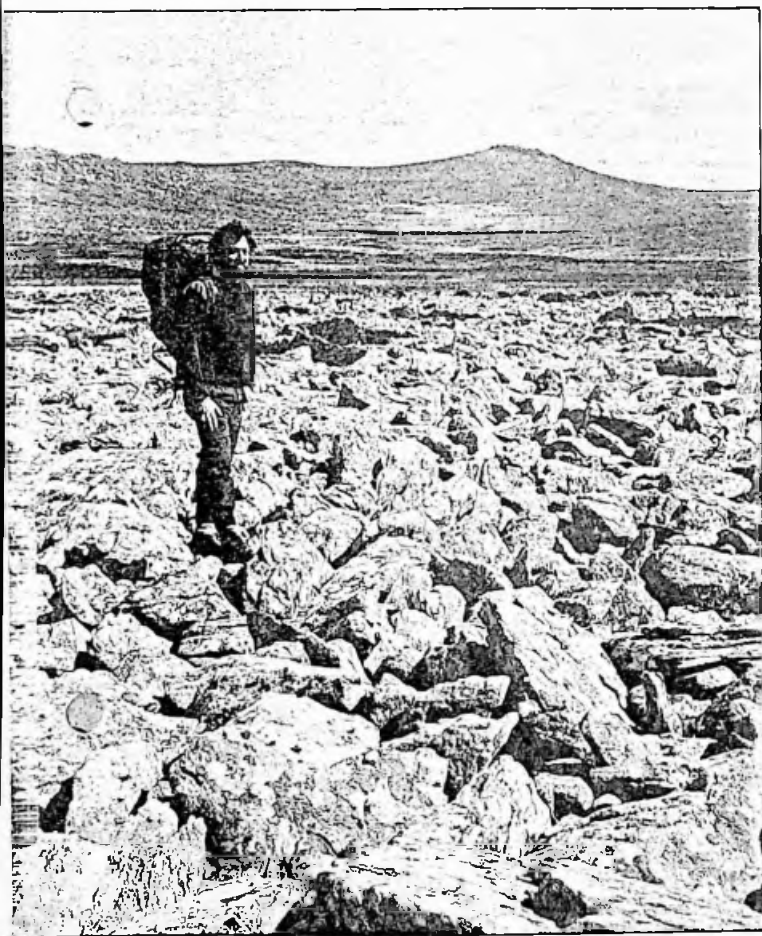




On the summit of Smoko Rocks and (below) Falklands rock with Mt Challenger in the distance. Photos by the author



Above: Looking down a typical stone run to the shoreline. Below: Port Pleasant — site of the Sir Galahad and Sir Tristram sinkings, and right Mt Kent is visible from this rock outcrop



FALKLANDS ON FOOT

Allan Hartley captures the colour of the South Atlantic.

BEFORE the invasion of the Falkland Islands by Argentina and Britain's subsequent retaliation, few people knew where the islands were and even fewer had heard of Stanley, Goose Green and Fitzroy. Fewer still knew of Mount Wickham, Tumbledown or Challenger — apart from the odd dozen Royal Marines

who garrisoned the islands and maybe one or two hardy souls going to South Georgia or beyond, to the Sandwich Islands and Antarctica.

After the conflict and since that time, with the ensuing fortification of the islands — particularly the East Falklands — many of these places have become

household names. But the hills and the land somehow still cling to their anonymity.

The Falklands are ruggedly beautiful, generally moorland, with lots of peat and tussock grass, interspersed with limestone outcrops. The hills rise to a maximum height of 2,312ft at Mt. Wickham on East Falkland and 2,297ft at Mt. Adam on West Falkland.

Many of the hills are characteristically strewn with long stone runs of boulders.

FALKLANDS ON FOOT

whose origins are a mixture of glacial debris and erosion. Another characteristic of the Falklands is the lack of trees. The indigenous plantations were cut down long ago, and because of the ever-present wind, young saplings soon die off.

For the outdoor enthusiast the Falklands offer plenty of opportunity for backpacking and walking. For bird lovers, too, the islands must surely be one of the most pleasing places to visit in the world. All the sea birds are resident, including lots of penguins, albatross, skuas, petrels and many water fowl.

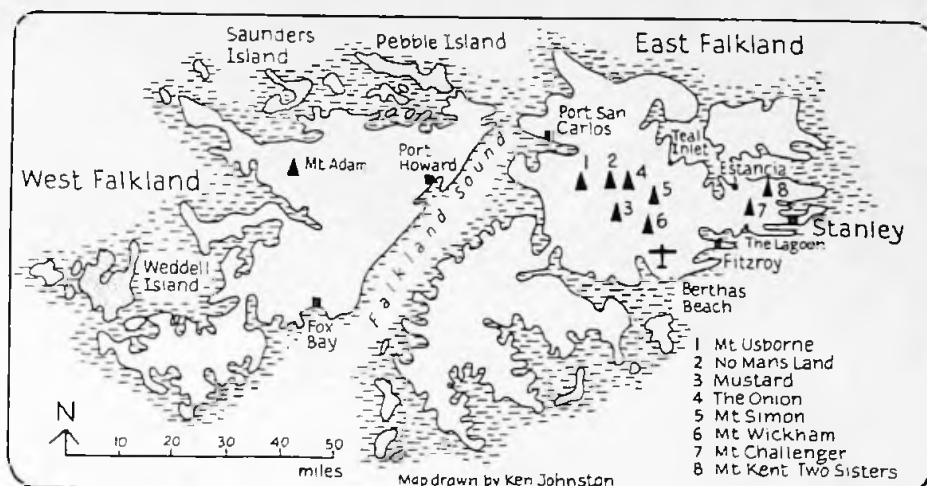
Prior to the Falklands War, in 1982, there was no such thing as a road network in the islands outside of Port Stanley. Travel was either on foot, by horse or four-wheel drive vehicle. Any journey undertaken was therefore literally a safari without wild beasts to contend with — the Falklands' ever-changeable weather which can encompass the seasons in one day, even in summer.

On the day I arrived, during the early summer of 1984/85, which is Falklands Christmas time, the day dawned with sunshine. By mid-day it was snowing and by evening sunny again. Freak, and you cannot afford to be caught out in the hills without protective clothing. On the other hand, rain and snow soon blow themselves out and leave a fair share of golden sunshine — but the wind is always there.

No Man's Land

Even today there is only one major road, and that links Port Stanley with the new airport complex at Mount Pleasant. Whilst this development in our eyes might be viewed as progress, the islanders are not convinced. After all, everyone was quite happy with the way things were until Argentina had other ideas.

The general terrain of the Falklands



offers good hill and coastal walking, though there is little of significance in the way of rock climbing or mountaineering. The army lads christened walking in the Falklands "yomping", though a similar style is known to everyone who has ever tramped the peat moors as "bog-trotting".

On East Falkland the main hills occupy an area known as "No Man's Land" — not because it was mined, or anything sinister like that — simply because no-one owns it. No man's land is generally high, with much of the ground being over 1000ft above sea level. It stretches for about 30 miles east to west and offers the best walking and backpacking opportunities.

Here are the wonderful hills of Usborne, Mustard, Wickham, Simon, Buffalo, Onion, Challenger and perhaps most famous of all, Mount Keep, where a fierce battle was fought. Further towards Stanley are the peaks of Tumbledown, Harriet and Longdon hills that offer great walks in fine scenery.

The coastal walks offer similar interest, being ideal when the weather's none too good for the hills, with plenty of

diversionary wildlife interest to pass the time. All along the coast are cormorants, geese, ducks and occasionally seals and dolphins. At places like The Lagoon and Bertha's Beach are gentoo penguins, joined occasionally by king penguins.

At Fitzroy through to Stanley you can imagine the various battle scenarios, including the sinking of the Sir Galahad and Sir Tristram troop ships, with great loss of life.

The Falklands are also renowned for their shipwrecks — boasting (if that's the right word) more than any other place in the world. It was here the SS *Great Britain* lay beached for many years before being refloated and towed back to England, where she is now exhibited at Bristol.

On West Falkland the scenery is predictably similar. The islands west of West Falkland, particularly places like Saunders, Carcass and Jason islands, are home to an abundance of wildlife. Saunders Island, for example, contains large colonies of penguins, together with elephant seals, sea lions and lots of birds.

Should you fancy a trip to the Falklands, the best time to visit is December through to February. There is now a direct flight link from RAF Brize Norton in Oxfordshire to the new Mount Pleasant airport 30 miles west of Port Stanley.

Booking of flights is done through Government House in Port Stanley and the RAF. The flight time is 18 hours via the Ascension Islands. Alternatively you can travel the long, dead man's run of a sea journey through the Atlantic on any cargo vessel — sailing time three weeks.

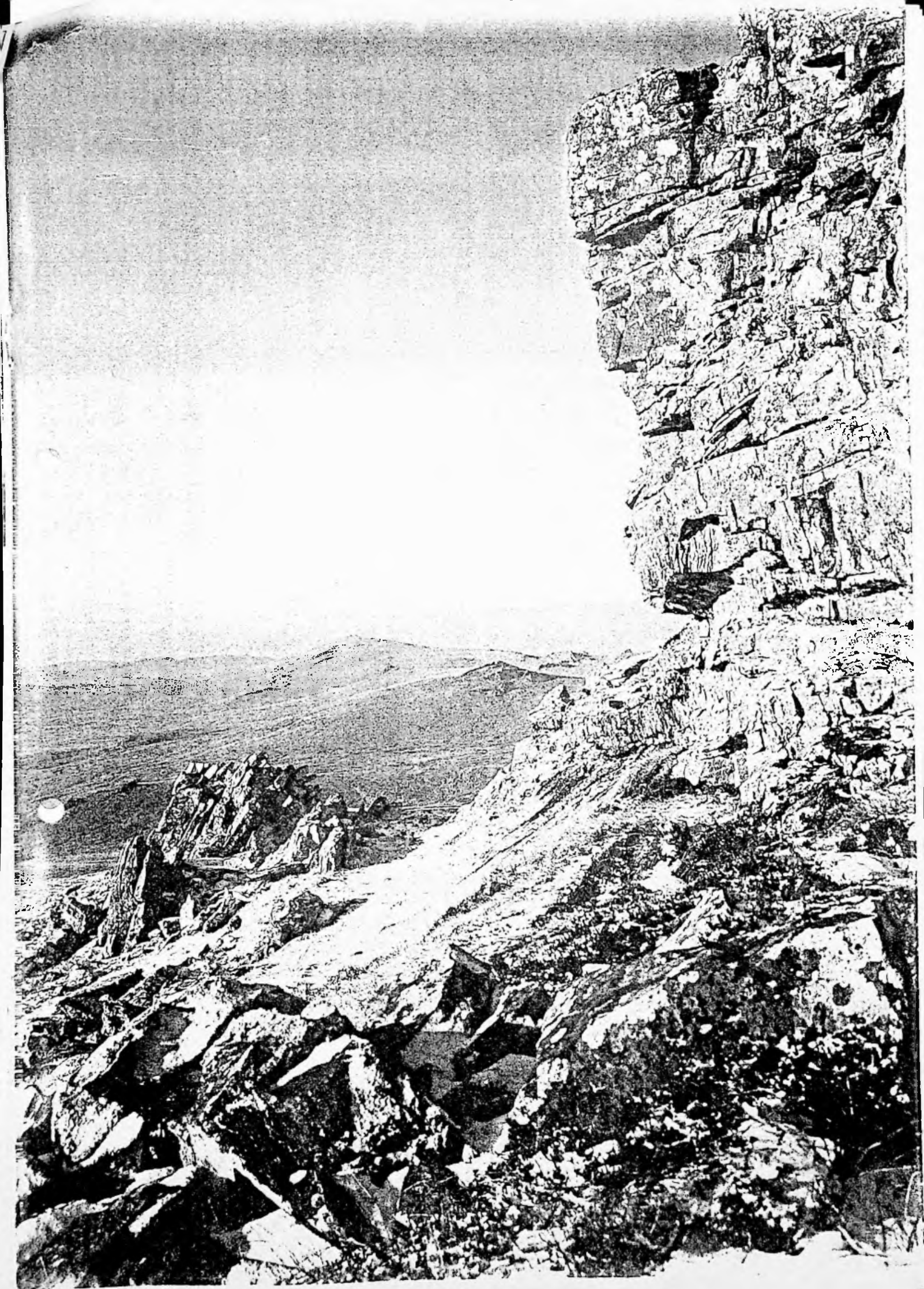
Once in the Falklands, your normal backpacking gear will suffice, providing it is of good quality. Your tent in particular should be able to withstand gale force winds. Good boots and gaiters are a must, as is a good windproof jacket and woollen hat.

If you plan travelling between centres then sufficient food should be carried for three days — there are no shops outside of the settlements.

If you've backpacked in the far north of Scotland then the similarity is common. ■

Victims of the war — the memorial on Mt Pleasant





August 1986

Falklands crab to be sold in UK

PRODUCTS of the soft shell red spider crab, abundant around the Falkland Islands, will soon be test marketed in British shops. A 20 ft container load from the pilot factory there is on its way by sea, and more loads are expected to follow.

The Falkland Islands Development Corporation reported progress on this and other fishery projects at a press conference in London where the red crab featured in the seafoods served afterwards.

Introducing the report, FIDC general manager, Simon Armstrong said it was the first progress account of activities begun by the Corporation in the islands.

The FIDC continued to

see the fish resources within 150 miles of the islands as offering the outstanding possibility for economic growth. During the year, it had initiated the research work essential if the resource is to be tapped.

Work in coastal waters led to the harvesting of "very large numbers" of the red crab (*Paralomis granulosa*), which was already the basis

of a successful industry in Chile.

Encouraging results of test processing in the UK led to construction of a pilot plant in Stanley.

The 62 ft exploratory fishing boat *Coastal Pioneer* has been working up to 150 pots a day, yielding around 1000 crabs of acceptable size. These are delivered to Stanley and East Cove three times a week for processing in the plant.

"We expect that the processed meat of this crab will compare favourably with similar products," says the FIDC, "and that its high value will justify shipment over 8000 miles in freezer containers."

The Corporation has also been looking into salmon farming, with the help of the Institute of Aquaculture at Stirling University.

Simon Hardcastle, a Falkland Islander with fish farming qualifications, spent most of last year working with the Institute to produce salmon feed based on local raw material.

A pilot farm is being set up at Fox Bay in West Falkland. This will hatch and rear fry from Atlantic salmon eggs flown out from Scotland. The smolts will then be put into sea cages in the bay. In about two years, says the FIDC, it is hoped to ship grown salmon to markets in Europe.

The FIDC has also been working towards establishing a local company to supply the need of foreign fleets fishing around the islands.

"The opening of the airport at Mount Pleasant makes feasible the use of the Falkland Islands as a fisheries support base," says the report. "It seems possible that the islands may also develop a key role in Antarctic research."

Russians move to Argentina

SOVIET fishing vessels are reported to have moved from Peru to Argentine waters because the Peruvian government did not renew their contract on time.

Under a contract with the Argentine government, Soviet fishing vessels will have a limited annual catch and will have to buy part of the Argentinian catch.

In addition, some ten per cent of the crews of the Soviet vessels will have to be Argentinians and the Russians will have to use Argentine ports for the supply and maintenance of their vessels, according to the Peruvian journal *El Comercio* in Lima.

Ships

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August 1986

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Falmouth Farewell

British Pacific Fleet in
WWII

Royal Odyssey

Bullard King's Natal
Direct Line

Cruise Ship Review

Under Sail



Falmouth Commentary

When this report was compiled at the beginning of June the following vessels were laid up in the Fal — *Methane Progress*, *Methane Princess*, *Norleader*, *Golden Hawk*, *Cape Avanti Due*, *Crestbank*, *Strider Crystal* and *Capricorn*.

Since my last report, in May's issue, there have been nine movements in the river.

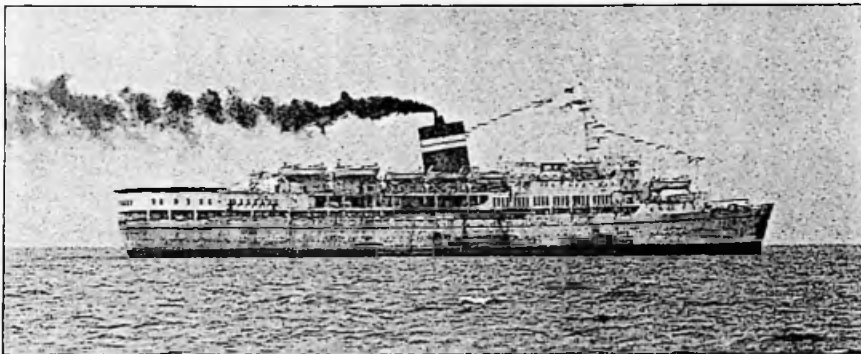
There is no doubt that the most memorable departure of all time from the Fal came on the afternoon of 20th May, when the once gracious and splendid British India liner *Uganda* (now a rusty hulk and sadly a relic of a bygone age) sailed on her final voyage. For the voyage to the breaker's yard in Kaohsiung, Taiwan, she was renamed *Triton*, and registered at Kingston, Jamaica by the Triton Shipping Co, London.

The weather was fairly good with long sunny intervals, with a force 3 from the West. Just after midday, Falmouth's four harbour tugs arrived in King Harry Reach. As each tug arrived in the river, the pilots aboard the *Triton* told them where they would be required. The *St Budoc* and *St Piran* on the bow, the *St Eval* on the stern and the *St Gluvias* used to hold the dredger *Norleader* away from the side of the *Triton*, as she was pulled away from her moorings.

A little after 1.30 pm the bow tugs were connected, the last lines between the liner and the *Golden Hawk* were let go and the *Triton* slowly edged forward picking up her anchors as she made way at the entrance to Coombe Creek. The river was alive with small vessels, with the Truro Harbour Master's launch keeping them out of the way of the tugs. At every vantage point people had come to see the liner and say farewell. As the anchors came clear of the water, both bow tugs quickly pulled her first towards the Tolverne side of the river, then gently turned her bow downstream. At this point a quay punt from Falmouth took away a dehumidifier that had kept the ship's humidity down while laid up. This was done to prevent deterioration inside the *Uganda*.

The *Triton* made her way slowly down river past the *Golden Hawk* (which she had laid alongside since last September), past the two methane tankers, past the King Harry Ferry that had to halt its schedule for her to pass by. Steadily, she was pulled downstream towards Turnaware, where the beach was crowded with people who had come to see her off.

AUGUST 1986



Uganda leaving Falmouth for the last time on 20th May. (Eclipse Photography)

For nearly the next hour the *Triton* made slow progress down the Carrick Roads, past Feock, Mylor and St Just-in-Roseland.

It was at St Just that the tug *St Eval* let go, and the *St Gluvias*, which had finished her work upriver, joined the flotilla proceeding down towards St Mawes and Falmouth. At Pendennis Point, St Mawes Castle and St Anthony Head a sea of cars and people watched the liner's approach.

As the ship passed St Mawes the two bow tugs let go, first the *St Budoc* and then the *St Piran*, while, at the same time, the *St Gluvias* gave the old liner a water display with her firefighting equipment. Ships and tugs hooted, cars sounded their horns, and the liner replied with a blast on her siren.

The *Triton*, now under her own steam, headed out into Falmouth Bay and the open sea, black smoke pouring from her funnel, which, at one time, completely engulfed her as she steamed out of the harbour.

I have never seen or experienced so much emotion at the departure of a ship — a day I will never forget.

Apart from the departure of the *Triton*, there have been three other departures and five arrivals in the Fal.

The Liberian-registered *A.E.S. Challenge* (5,311 grt) (ex-*Strider Exeter-85*, *CCNI Austral-85*, *Strider Exeter-84*, *CCNI Antartico-82*, *Opal Bounty-77*) arrived on 13th March and laid up alongside the *Cavara* at the southern end of King Harry Reach. Both vessels are operated by Seaco Holdings Ltd. Three days later the *Miss Maria* (19,061 grt) sailed after only one month idle in the river. She had found a cargo and sailed for Ventpils in Latvia.

April 1st may be 'April Fools Day', but it also saw the arrival during that morning of the Liberian bulk carrier *Cape Avanti Due* (13,436 grt), owned by Compania Maritima G & C Inc, Piraeus. Many will remember this vessel as

Sugar Lines *Sugar Producer*, built in 1968 by Lithgows Ltd, Port Glasgow.

On the 11th April, the ro-ro *A.E.S. Challenge* came down from lay up and went into dry dock at Falmouth. She sailed a few days later for Rotterdam, being renamed yet again, this time *Klang Reefer*. The following day after the departure from the river of the *A.E.S. Challenge* the other Seaco Holdings vessel, *Cavara*, also came down from King Harry Reach and went into the docks for a few days before proceeding to Tilbury.

On April 18th, the British cargo vessel *Crestbank* arrived from Leixoes in Portugal and laid up alongside the *Cape Avanti Due* at Tolverne. The *Crestbank* (12,238 grt) was built for Bank Line by Sunderland Shipbuilders Ltd, Sunderland, in 1978. She arrived following her purchase by the British company, Tamahine Shipping.

The *Strider Crystal* (3,498 grt) arrived in the Fal on May 3rd and laid up at the southern end of King Harry Reach. The *Strider Crystal* is an identical sister to the *A.E.S. Challenge*, being operated by Seaco Holdings under the British flag. The *Strider Crystal*, like the *A.E.S. Challenge* before, has been through quite a few names. She was built as the *Aquaba Crown*, but, in 1979, became the *Strider Crystal* for the first time. A year later she became the *Nedlloyd Crystal*, reverting back to her present name in 1982.

The final arrival was the Greek refrigerated cargo ship *Capricorn*. She arrived on June 2nd and laid up alongside the *Strider Crystal* at the southern end of King Harry Reach. The *Capricorn* (12,059 grt) is one of six reefers recently purchased by Kappa Maritime from Cunard. She was originally the *Chrysantama* built in 1973 for Island Fruit Reefers, a subsidiary of the Israeli company Maritime Fruit Reefers. In 1976 the company collapsed, and Cunard purchased ten of their vessels including the *Chrysantama*. At the time the *Chrysantama* and her three identical sisters *Gladiola*, *Iris Queen* and *Orchidea* all came to Falmouth to be handed over to Cunard.

Tony Atkinson

BBC postpones Falklands play

'Unacceptable dramatic risk'

By Gavin Bell
Arts Correspondent

The BBC has postponed production of a play about the Falklands conflict because it was considered to be "an unacceptable dramatic risk" in the run-up to the next general election.

The statement issued by the corporation yesterday came after allegations by Mr Ian Curteis, the scriptwriter, that the £1 million production had been shelved after he had refused to make political changes.

Mr Curteis said that Mr Alasdair Milne, director general of the BBC, had commissioned the historical play three years ago and had complimented him on the script when it was completed last April.

However, Mr Peter Goodchild, BBC Television's head of plays, later requested him

to make political alterations to the text.

"He asked me if I would consider changing certain War Cabinet scenes to give the clear impression that some decisions were taken in the light of forthcoming elections at the time. In other words, to suggest that they were taken for political gain."

"I thought it was an ugly idea, and said so. I could find no historical evidence to support it, and a member of the War Cabinet, who is not a politician, assured me that domestic political issues played no part in the military decisions."

Mr Curteis said he had also been asked to delete scenes portraying Mrs Thatcher weeping at the loss of HMS Sheffield, and writing personal letters to the bereaved.

Mr Milne then informed him in July that Mr Bill Cotton, managing director of

BBC Television, and Mr Michael Grade, director of programmes, both had reservations about the play, and it had been decided not to produce it until after the next elections.

The director-general said in a letter that he personally thought much of the play, but that it would be "greatly compromised if it got caught up in pre-election frenzy."

"What it amounts to is that I was asked to falsify the historical records to project a political view," Mr Curteis said.

"I am sad beyond words that a great institution like the BBC should be reduced to cancelling meticulously researched historical plays because they do not coincide with the political views of the television establishment. There can be no other explanation for their decision."

The BBC said yesterday it

had had "creative discussions" about the script, and that that kind of dialogue between producer and writer was a routine matter in any big drama production.

The decision to proceed with the play, subject to script, after the next general election, was taken "after it was concluded that characterizing an incumbent Prime Minister, and serving members of the Cabinet and other active politicians in a television drama would be a difficult enough challenge at the best of times."

"But to attempt it during the run-up to a general election was considered to be an unnecessary dramatic risk."

● Mr Michael Meadowcroft, a Liberal MP and a member of the committee which advises the BBC director general and his board of governors, said yesterday he would raise the controversy over the play at the next meeting of the corporation's advisory committee.

Mr John Carlisle, MP for Luton North, said: "Bias at the BBC is like autumn leaves falling. There are many of us who seriously consider there must be a big shake-up. We are heartily sick of the left-wing influence in the organization."

Mr Bill Cotton, managing director of BBC Television, last night defended the decision not to make a film of Mr Curteis's play.

"It would be irresponsible of the BBC at a time when the country is leading up to an election to embark on a play portraying a Prime Minister in office, other serving ministers and MPs, at such a sensitive time... it would have been an improper subject for the BBC to undertake and potentially damaging to the producers and performers it employs," he said.

BBC denies bid to alter Falklands play

BY RAYMOND SNODDY

THE BBC last night denied that the scriptwriter of a three-hour drama on the Falklands conflict had been asked to make political changes in the script affecting the portrayal of Mrs Thatcher, the Prime Minister.

Mr Ian Curteis, the scriptwriter, claims that Mr Peter Goodchild, BBC Head of Plays, visited him at his home in Gloucestershire on July 7 and asked for changes of a political nature.

In a letter to Mr Alasdair Milne, the BBC director general, Mr Curteis claimed that Mr Goodchild had suggested cutting out aspects of Mrs Thatcher's character that showed her as womanly and caring "while leaving in those aspects that projected her as hard and domineering."

The correspondence and allegations have been published in the current issue of *The Free Nation*, the newspaper of the right-wing Freedom Association.

Mr Curteis, author of *Churchill and the Generals*

and *Suez 1956*, said that after the visit he received a letter from Mr Goodchild saying that "certain suggestions" made would have to be addressed "before we proceed with production."

The BBC subsequently decided not to make the play before the next general election.

Mr Bill Cotton, managing director of BBC Television, said last night that Mr Curteis had completed the first draft of his play 3½ years after it was commissioned. "In our professional opinion it was not a completed commission."

Because of the timing, the BBC decided it would be irresponsible to show a play portraying the Prime Minister, other senior ministers and MPs during the lead-up to a general election.

The BBC rejected any suggestion that the postponement had been for any other reason or that Mr Goodchild had in any way attempted to alter the political slant of the play.

BBC 'was biased in Falklands play ban'

By Dennis Barker

A TELEVISION writer, Mr Ian Curteis, yesterday accused the BBC of cancelling his £1.75 million play about the Falklands war because he refused to make political changes.

Mr Curteis said he had refused BBC requests to show Mrs Thatcher less sympathetically, and to portray the Cabinet as being influenced by general election prospects when making decisions in the campaign.

But BBC Television's managing director, Mr Bill Cotton, denied the claims.

He said: "It would be irresponsible of the BBC at a time when the country is leading up to an election to embark on a play portraying a Prime Minister in office, other ministers and MPs."

Mr Cotton denied that there had been any request "to alter the political slant of the play — an absurd proposition at any time."

The three-hour play was due to be shown on April 2 next year, the fifth anniversary of the Falklands war.

But Mr Curteis, writer of many distinguished TV plays and series, including Churchill and the Generals, and Suez 1956, said he doubted whether the play would ever be seen.

He claimed in the monthly journal of the rightwing Freedom Association that several other suggested plays and been blocked by the BBC in the past five years. They included one on Lord Mountbatten, showing the good and bad side of the British Raj in India.

"The only thing for me to do now is to put it in the hands of the incoming BBC



Ian Curteis: 'refused to make changes'

chairman," said Mr Curteis.

Mr Curteis, who describes himself as centre-right, said that the Falklands play was requested by the director-general of the BBC, Mr Alasdair Milne, shortly after the war. But Mr Curteis had thought it too soon, and had only taken it up a year ago.

The BBC TV head of plays, Mr Peter Goodchild, had visited him for five hours at his home in Gloucestershire after seeing the script. "He said: 'I would like you to consider rewriting some of the War Cabinet scenes to show the decisions being taken by politicians on military matters and tailoring them in order to win the next general election or to influence the next general election'," said Mr Curteis.

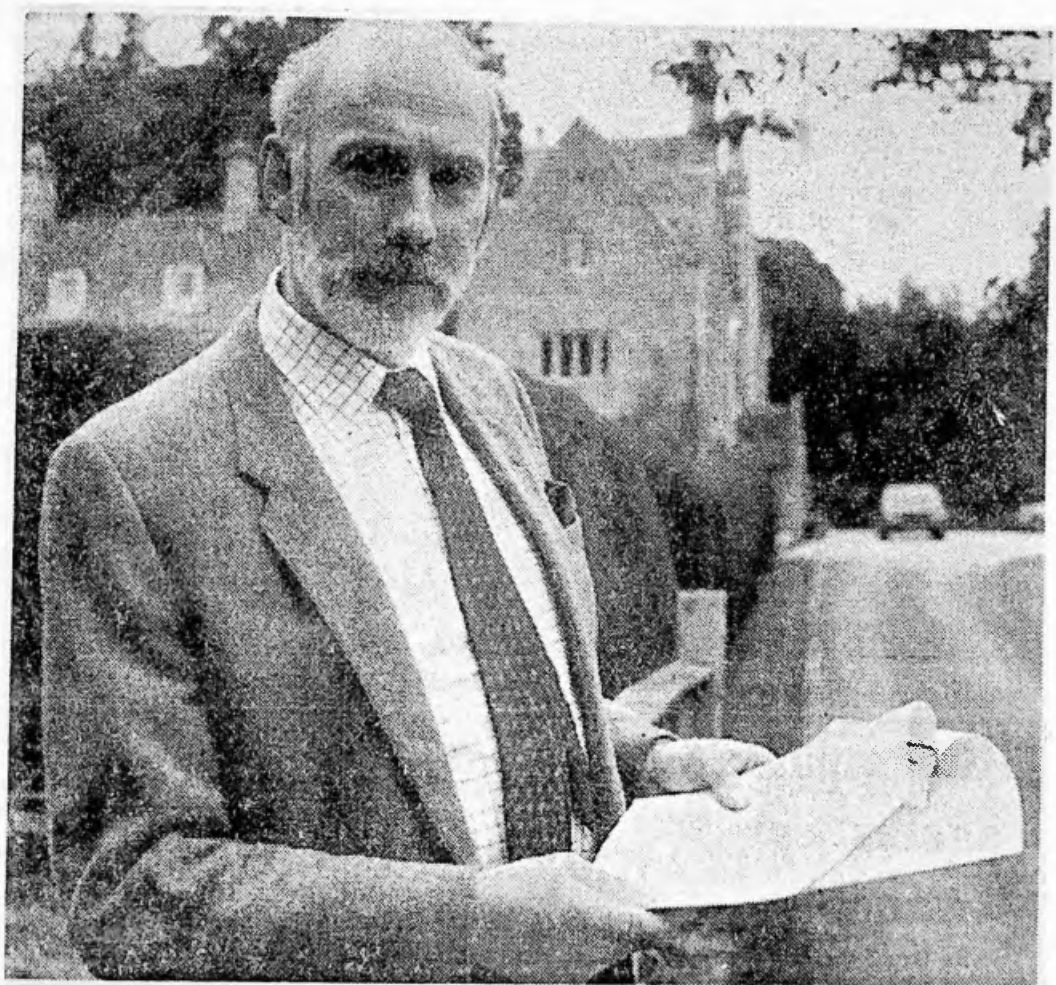
Mr Goodchild had also sounded him out "about cutting those aspects of Mrs Thatcher's character that showed her as womanly and caring — writing personal, handwritten letters to the relations of those killed, quietly weeping on the loss of HMS Sheffield — while leaving in those aspects that projected her as hard and domineering."

Mr Curteis refused to make the modifications on the grounds that his research had been impeccable.

The production had then been called off, although a studio at BBC TV Centre had already been booked from January 24 to February 8 and a producer signed up, said Mr Curteis.

A BBC spokesman, who denied that studios had been booked, said there had been "creative discussions" about the programme which were quite usual.

Daily Telegrpah Tuesday 30 September 1986



Mr Ian Curteis in the garden of his millhouse home at Coln St Aldwyn, Glos, yesterday.

BBC accused of Falklands play censorship

By Harvey Lee and Paul Stokes

THE BBC has postponed a major film drama about the Falklands War after the author refused to make changes which would have shown Mrs Thatcher and the Government in a less favourable light.

Mr Ian Curteis, 51, yesterday described as "terrifying" the corporation's demands that he alter his script of the production costing more than £1 million to show the War Cabinet tailoring military decisions to winning the last election.

He also claimed that Mr Peter Goodchild, BBC Television's head of plays, had asked him to cut scenes which brought out the softer, more caring side of Mrs Thatcher.

He said that within days of his refusal "to falsify the record," the three-hour film was cancelled by Mr Alasdair Milne, the BBC director-general, on the ground that it would be unsuitable for transmission in the run-up to a general election.

The production, which was personally commissioned by Mr Milne, from Mr Curteis, author of similar drama-documentaries such as "Churchill and the Generals" and "Suez 1956," was due to be screened on BBC-1 next April, on the fifth anniversary of the Argentine invasion.

'Dramatic risk'

But a BBC spokesman said last night that the play would be shown after the General Election.

It was being put back because of the "dramatic risk" of characterising the Prime Minister and other politicians during the run-up to an election.

And Mr Bill Cotton, BBC Television's managing director, said: "It would be irresponsible of the BBC at a time when the country is leading up to an election, to embark on a play portraying a prime minister in office, other serving ministers and MPs.

At such a sensitive time, all political sides would be entitled to take issue with us," not only on the script, but the direction and even the choice of actors.

"The BBC utterly refutes any suggestions that it has postponed this play for any other reason. It also refutes the allegations that Peter Goodchild went to see the author to alter the political slant of the play. He went as part of the normal process of developing a script from first to second draft."

Mr Curteis said his script, which was submitted to Mr Milne in April, was completed after 10 months of "meticulous research" including references to Commons debates recorded in Hansard, the Franks Report on the war, biographies of Mrs

Thatcher and Lord Carrington, and a book on the war.

He also personally consulted members of the War Cabinet, Mr Cecil Parkinson, Sir Michael Havers, Q.C., the Attorney-General, and senior civil servants and army officers.

But a BBC source, who has seen the script, said last night that the decision to postpone the production was taken because "the BBC was terribly frightened of the Left" and was worried about offending Labour politicians in case the general election brought a change of government.

He said the decision "smacked of censorship."

Rewrite demands

Mr Curteis said he was visited at his home in Gloucestershire in July by Mr Goodchild, who suggested that he rewrite the script because it was "too one-sided."

He said Mr Goodchild asked him to cut scenes showing Mrs Thatcher:

- writing personal letters to the families of those killed in the war;
- in tears, grieving quietly while walking alone in the gardens at Chequers; and
- swathed in black, in the House of Commons, mourning the losses aboard HMS Sheffield.

Mr Curteis said the BBC asked him to add scenes critical of the Government and to depict more unrest about the conduct of the conflict.

"Mr Goodchild sounded me out about cutting those aspects of Mrs Thatcher's character that showed her as womanly and caring, while leaving in those that projected her as hard and domineering.

Feeling about people

"But all my research showed that there are two sides to the Prime Minister, and that she shared with Churchill an instinctive feeling about people."

Mr Curteis said he was chiefly concerned about attempts to have him rewrite crucial War Cabinet scenes to show ministers taking military decisions with an eye on the coming general election.

"I consulted someone who was present at every single meeting of the War Cabinet, and he pointed out that an election was more than two years away at the time. [In fact, the General Election was called for June, 1983, 14 months after the Argentine invasion.]

"He also insisted that no such considerations would be taken when so many lives were at stake.

"I repeatedly asked Mr Goodchild to show me the grounds for making changes which would have falsified the record."

Mr Curteis said he was told by the BBC that these were "matters which must be addressed before we can proceed with the production.

Heavily biased

"I find it simply terrifying. Sometimes I wonder how much things can happen at the dear old BBC.

"But there is no shortage of writers who will tell you that it has become infinitely more difficult to get anything into production that reflects the Establishment line.

"In my opinion all BBC drama is now heavily biased against the Establishment and particularly against this Government."

Mr Curteis, who lists his hobbies in Who's Who as Avoiding Television, added: "The BBC is actually being run now not by the governors and the chairman, not by the director-general, but the next rung, the board of management, who feel they have got a monopoly and can virtually get away with anything, and it does need a very tough chairman to pull that back into order."

The BBC had reached a stage where playwrights like himself found it impossible to get their work produced.

"Others seem to slide into place very quickly, irrespective of accuracy; there have been many examples of that recently."

Mr Curteis, who describes his own political views as "gently Right of Centre," has been chairman of the censorship committee of the Writers' Guild of Great Britain since 1981.

Few who depend on the relatively small world of television for their livelihood have been prepared to speak out as openly.

But he has a distinguished track record on both BBC and ITV, with plays on Beethoven, Sir Alexander Fleming, "Mr Rolls and Mr Royce", "Philby, Burgess and Maclean", Hess, "The Atom Spies" and the Milford Girls.

Producer's tribute

Mr Cedric Messina, the play's producer, said: "It is a very good play and I would like to see it produced".

Mr Curteis's case has been taken up by the Freedom Association, a Right-wing pressure group, whose journal, the Free Nation, this month carries a front-page report on the controversy.

It says: "It is plain, in the light of these facts, that the board of governors and its director-general are only nominally in charge of an organisation which appears wedded to the transmission of protest plays, such as the Marxist class warfare play, "The Monocled Mutineer", and to the non-transmission of positive and patriotic dramas."

Daily Mail
30 September 1986

The BBC 'tried to distort Maggie role in war play'

By CORINNA HONAN and GORDON GREIG

A MAJOR new play about the Falklands war is being shelved by the BBC amid allegations that it tried to make the author distort Mrs Thatcher's role in the conflict.

Writer Ian Curteis claimed he was asked to cut scenes which showed Mrs Thatcher as 'womanly and caring'.

Last night, a direct confrontation between Downing St. and the BBC was threatening.

After the row about the BBC treatment of its series *The Monocled Mutineer*, where it was accused of historical distortion, the vibrations of even more Left-Wing bias have reached Number Ten itself.

The three-hour, £1,170,000 production about the Falklands war had been personally commissioned by Director General Alasdair Milne.

But Mr Curteis claims that in an astonishing visit to his Gloucestershire home, the BBC's head of plays, Mr Peter Goodchild, asked him to reinterpret Mrs Thatcher's role in the crisis 'as tailoring military and political decisions to winning the next election.'

Mr Curteis, who wrote the acclaimed series *Churchill and the Generals*, refused to change his version of Mrs Thatcher as a 'warm and caring' leader into a 'hard and domineering' personality!



IAN CURTEIS
Visit to home

Different

A few days later, Mr Curteis was told *The Falklands Play*, which was due to start production yesterday, had been indefinitely postponed because it was too risky to transmit with a General Election in the offing.

But the Daily Mail can reveal that the BBC is going ahead with another play about the Falklands, by playwright Charles Wood, with an entirely different political slant.

Tumbledown, the story of a Scots guardsman's growing 'disappointments' after he is partially paralysed in the final Mount Tumbledown battle, has been one of the BBC's best-kept secrets.

It has a budget twice the normal for a 90-minute play. It will be filmed in January and shown next October. And there is no indication by the BBC that it should not be

Cont.../

Cont../

Daily Mail 30 September 1986

screened so close to a possible General Election.

Tumbledown author Charles Wood openly admits he feels the Falklands war was 'pointless' while Ian Curteis considers it a fine episode in Britain's history.

Mr Curteis said: 'I find it extremely disturbing that a great national institution like the BBC should find extra funding for doing a strong anti-establishment, anti-Government play in what everyone agrees is the run-up to the next General Election.'

'At the same time they have cancelled a play that is a celebration of what this nation achieved only five years ago. The two views are absolutely irreconcilable.'

Praised

His own play had been due for screening on April 2 next year—the fifth anniversary of the Argentinian invasion of the Falklands.

The Falklands Play is the political and diplomatic story of the crisis set in London, Buenos Aires, Washington and New York, and featuring a cast of more than 100 real characters, including Mrs Thatcher, President Reagan, General Galtieri, Lord White-law and General Haig.

It was commissioned three years ago after Mr Milne had

praised Curteis's play, Suez 1956.

Curteis, author of more than 80 plays and series on TV over 20 years, spent a year writing and researching. He interviewed many of the major participants in the war, including Cecil Parkinson, Lord Lewin, Attorney General Sir Michael Havers, ambassadors and soldiers.

Milne wrote to Curteis on June 23 this year: 'I have now read The Falklands Play and it makes a terrific story, as one would expect.'

Changes

But the following month, Curteis said, Michael Grade, Controller of Programmes, phoned him with a list of reservations about the play.

He complained Curteis did not show enough opposition to the Government's policies during the crisis — a point that Curteis strongly refutes, pointing out that all parties were united behind the war.

The crunch came when Peter Goodchild announced he was coming down to see Curteis. Insiders claim this is 'virtually unheard of'.

Curteis went on: 'Goodchild arrived asking for political changes. Chief among these was that I should rewrite scenes to show Ministers taking 'the coming election' into account during the Falklands crisis, and tailoring military and political decisions to winning that election. This was a novel and ugly idea.'

'He also sounded me out about cutting those aspects of Mrs Thatcher's character that showed her as womanly and caring, such as the personal handwritten letters she sent to relatives of those killed, and scenes of her weeping quietly after the loss of the HMS Sheffield.'

Creative

On July 21, Milne wrote Curteis: 'I've decided not to make the play before the next election... I'm sure that your work would be greatly compromised if it got caught up in a pre-election frenzy and I do believe we will have an election next year.'

Last night, the BBC refused to answer specific questions on The Falklands Play.

● Tory MP Ian Gow, principal private secretary to Mrs Thatcher throughout the Falklands crisis, last night angrily dismissed as 'rubbish' allegations that she or the War Cabinet were governed by electoral considerations.

And Tory MP Nicholas Soames is to ask Home Secretary Douglas Hurd to investigate the charges and ensure there is no Left-Wing bias in the BBC programmes.

My message may be subversive

CHARLES Wood, author of the alternative Falklands play, said: 'If the play has a subversive message it is: 'Think twice before you elect to serve in an army.'

'I fear most of the time a soldier doesn't understand what he's doing. Is it right to ask people to die, particularly for something like the Falklands?

'People aren't particularly interested in the Falklands War any more. There was a kind of jingoistic interest at the beginning then suddenly people began to think about it seriously... and felt a bit ashamed about all the flag-waving. Now there's a kind of revulsion against it.'



ALASTAIR MILNE ...
letter to author

BBC 'BIAS', HALT'S WAR DRAVA

A BBC play about the Falklands War has been cancelled after the script-writer refused to make political changes.

BBC TV's head of plays, Mr Peter Goodchild

by Steve Clarke

visited writer Ian Curteis at his Gloucestershire home and asked him to make changes to the £1,170,000 play.

Mr Curteis said: "He suggested to me that I make certain political, not dramatic alterations to the text.

"Chief among those was that I should rewrite scenes to show Ministers taking 'the coming election' into account during the Falklands crisis, and tailoring military and political decisions to winning that election.

"Mr Goodchild also sounded me out about cutting those aspects of Mrs Thatcher's character that showed her as womanly and caring, while leaving in those aspects that projected her as hard and domineering."

BBC director general Mr Alastair Milne, who had personally commissioned the play, later told Mr Curteis that it was not going ahead because of the next general election.

In his letter Mr Milne told Mr Curteis that the play was being dropped because he thought "the work would be greatly compromised if it was caught up in a pre-election frenzy."

Mr Curteis suggested that recording of the play could go ahead and transmission could be delayed until after the election.

The three-hour drama was due for screening on April 2 next year—the fifth anniversary of the Falklands War.

Mr Curteis, whose many successful television plays include Churchill and the Generals, and Suez 1956, said that his script was "meticulously researched".

He had consulted someone—"not a politician"—who was present at every meeting of the War Cabinet.

His source told him there was no truth in the claim that military decisions had been taken for domestic reasons and that anyway the next general election was two years away.

Mr Curteis, who has "right of centre" views, claims that the BBC has "consistently blocked his plays for the past five years".

The London Standard
29 September 1986

Argentine father at funeral in Falklands

By Maria Laura Avignolo
Buenos Aires

THE father of a 28-year-old Argentinian pilot killed in action during the Falklands war has been given permission by the British government, over Argentinian objections, to attend his son's funeral in Port Darwin cemetery.

He will be the first Argentinian to visit the islands since the end of the war four years ago, and his proposed trip has created tension between London and Buenos Aires.

Isaias Lenin Gimenez, whose son, Miguel Angel, died when his Pucara aircraft crashed in East Falkland on May 28, 1982, is expected to



Grieving: Isaias Gimenez



Son: pilot Miguel Gimenez

leave for the islands on Thursday from RAF Brize Norton. He is due to arrive in Britain early this week. That is the only way he can reach the islands from Argentina.

Sympathisers in Britain have been trying to raise funds to pay the £1,600 return air fare from Brize Norton for him and his daughter, Maria Carolina.

Both Britain and Argentina appreciate that the visit by Gimenez has important political implications. The Argentinian government has tried to dissuade Gimenez from going. Britain has been as helpful as possible.

Argentina feels that allowing relatives of its war dead to pay visits to the islands, by courtesy of the British, compromises its sovereignty claim to the "Malvinas". Britain would like Argentina to take back the bodies of its dead servicemen.

Gimenez has seen the exercise as a distraught

father's search for his lost son. Yesterday in Buenos Aires, he told The Sunday Times: "The Argentinian government is playing with our feelings."

His request to have his son's remains brought back to his home town of Parana, 250 miles from Buenos Aires, was rejected by the Argentinian government. He was particularly critical of the Argentinian foreign minister, Dante Caputo.

The official Buenos Aires view is that his son's body "will be a permanent testimony to Argentinian sovereignty".

But Gimenez, who has financially stretched himself, selling his small hotel and car rental business, in pursuing his aims, strongly disagrees. "I believe it is a mistake to consider the corpses of soldiers on the island a re-affirmation of sovereignty. The transfer of the body to Argentina is a private family decision, not a political one."

He argued that Argentina did not want to remember its war dead. "Nobody wants to remember the war. It was an absurd war." Gimenez has raised no objection to a Foreign Office request that the British press be allowed to cover his son's funeral.

"I hope all this will help to bring us closer to an understanding. I don't feel a traitor to my country. I am in the middle of a political conflict only because of my grief for my dead son. I don't want to compromise my country's interest. My case is exclusively humanitarian."

Gimenez came to Britain once before, in April, 1983, when his son's body was still missing. He heard of the discovery in a television news bulletin on September 6.

Miguel had been happy to go into combat. "At last I am no longer an amateur pilot, dad," he wrote to his father. Gimenez has pieced together the last moments of his son, flying a mission in his Argentinian air force Pucara a day after his 28th birthday. He had apparently brought down a British helicopter near Port Darwin when suddenly, with fog reducing visibility to 150 yards, he reported instrument problems.

More than four years later, it was hard identifying the body, which was found still strapped to his seat. There was no name tag. Next weekend, his funeral, already postponed once to allow his father to attend, will take place with full military honours not far from where British soldiers lie buried.

Gimenez does not think the British government is taking advantage of his sorrow. "I don't want to be the only one who can visit the dead boys on the island. It is a right all bereaved families should have."

Demand for Younger's resignation

THE ASSEMBLY unanimously called for the resignation of Mr George Younger, the Defence Secretary, and a review of the decision to halve the workforce of the Royal Dockyard at Plymouth Devonport.

Mr David Penhaligon, MP for Truro, moving an emergency motion in the job cuts, said that the Argentinians would have been wise if they had waited a couple of years before invading the Falklands because Britain would not have been able to respond.

He praised the historic role of Devonport as one of the most "competent and efficient" installations.

Mr Penhaligon said the job losses—from 12,300 to just over 6,000—were a direct result of Mrs Thatcher's "obsession" with Trident

(Liberal Party Address Conference)

Argentine walkout

From Jeremy Morgan
in Buenos Aires

FOUR former Argentine police officers facing trial in Buenos Aires for human rights abuses stormed out of court yesterday after the judge refused their demand to read out a statement condemning the trial.

The four are among seven former officers facing charges of violating human rights including General Ramon Camps, who headed the Buenos Aires police force during the military government's "dirty war" in the 1970s.

General Camps, who faces the most charges and is in hospital for cancer treatment, is alleged to have set up a network of secret detention centres in which torture was routine.

Mr Miguel Etchecolatz, a former senior police officer who served under General Camps, shouted that he was being "refused the guarantee of defence."

Several hundred demonstrators outside the courthouse in central Buenos Aires demanded stiff sentences for the defendants,

Argentine Central Bank uncovers \$110m fraud

BY TIM COONE IN BUENOS AIRES

AN ARGENTINIAN bank fraud involving \$110m (£76m) has been uncovered by the country's Central Bank and may eventually produce political repercussions within the Government itself.

The recently appointed Central Bank President, Mr Jose Luis Machinea, told a parliamentary finance commission on Thursday that the investigation is under way and "will be carried through to the ultimate

consequences."

To date, 12 directors and managers of the private bank, Banco Alas, have been taken into police custody.

According to officials in the Federal Police fraud department, several of those arrested persons were preparing to flee the country. About \$1m in cash and documentation of numbered accounts in Switzerland and the US were found in one of the bank director's cars.

The lads keep very healthy

The King's Regiment at Fox Bay has given the tiny settlement, clinging to the edge of Doctor's Creek, an unofficial GP during their four months stay.

A small well equipped medical centre staffed by two medics is available to the company's MO, Captain Simon Richards, but it is seldom under pressure.

"The lads keep very healthy and I don't get problems there," he said.

His staff are Cpl Stephen Boyd, 25, of Belfast, and King'sman Martin Stokes, 25, of Nantwich.

Captain Richards' wife Vanessa, A schoolteacher near Cambridge, formerly lived at the White House, Goostrey, Cheshire.

In an emergency he is available to the settlement nearby whose regular medical advice is normally given over a radio network or via a flying doctor.

But to reach the settlement in winter, often through deep snow, entails a three-mile ride in a tracked all terrain vehicle.

The track passes the grave of another doctor who helped to

cure the community of smallpox in the 19th century and then succumbed himself.

"I am their unofficial GP and am delighted to treat anyone with a health problem," said Captain Richards.

"The locals have very little immunity and suffer from colds and flu and bronchial troubles. Treating them gives me the chance to do something for the community."

Fox Bay is one of the Falklands growth areas with three new houses providing a building boom, a woollen mill, post office, inshore fishing and farming.

The mill owned by Richard and Grizelda Cockwell in partnership with Falkland's development corporation process the famous Falkland wool. It has taken over the home where they live with their children Adam, 12, Ben, 11, and Sam, 18 months as well as a new factory extension.

Among the small workforce is Alan Jones, from Newcastle, who has settled in Fox Bay with his wife, Jennifer, the local schoolteacher.



Capt Richards on his way
to see a patient

Work party earns praise from the Falklanders

By JOHN
WILLIAMS

A work party of soldiers from the King's Regiment have earned the praise of Falklanders because of their efforts to save one of Stanley's landmarks.

Since 1870 the Jhellum, a British-owned barque built in Liverpool in 1849, has been beached at Packe's Jetty and used variously as a storage hulk and workshop.

Last voyage in 1870

But following a survey of the wreck two years ago by Merseyside Maritime Museum and Falkland Islands Trust it was decided to preserve the life of the vessel as long as possible.

The Jhellum is thought to be the only surviving example of a

Liverpool-built wooden sailing ship to have survived.

The 428-ton vessel is now a skeleton but a project by six Kingsmen and their lance-corporal in off-duty hours could save it for at least another 10 years.

Using simple tools and materials shipped to the Falklands by the museum, they are inserting steel hawsers to prevent the timbers from further collapse.

The ship began her last voyage from Callao to Dunkirk on July 13, 1870, in a much overloaded state and after difficulty in rounding the Horn put into Stanley in a sinking state on Aug 18.

Her condition was such that the crew refused to put to sea again and was beached where she now lies as an abandoned and deteriorating hulk.

Link with history

The men from the regiment volunteered to spend their free time working on the Jhellum project under the supervision of Mr John Smith, the Falkland's leading maritime historical expert.

Leading the party is Lance-cpl George Unwin, 37, of Kirkby, Liverpool, who has also recovered many old bottles discarded inside the vessel.

"It is a fascinating link with history and is especially inter-

esting to me because it was built in Liverpool," said the Lance-corporal.

"It would be nice if one day it could be taken back to Liverpool but I understand this would cost about £2 million."

Another member of the party, Kingsman Andrew Smith, 20, of Speke, Liverpool, was also enthusiastic about the project despite working in conditions only a few degrees above freezing.

"When they asked for volunteers I flew at the chance," he said. "As well as doing something worthwhile it helps us to get away from the routine."

Won a lot of friends

Others involved were Kingsmen David Bramwell, of Denton, near Manchester, Kenneth McNaghten, Litherland, Liverpool, Michael Quayle, Kirkdale, Liverpool, Andrew McCarthy, Skelmersdale, Lancashire, and Anthony Sullivan, Runcorn, Cheshire.

The volunteers were congratulated by Rear Admiral Christopher Layman, commander British forces in the Falkland Islands who said: "It has won them a lot of friends and reflects great credit on the King's."

There are more wrecks around the Falklands than almost anywhere in the world and interest in them is a pastime of islanders.

Cont.../

Daily Telegraph
26.9.86
(Manchester Edition)



Some members of the 'Jhellum' working party

FT
26.9.86

Order sought in free-for-all over South Atlantic fish stocks

BY TIM COONE IN BUENOS AIRES

IT IS a truism from the study of oceanic food chains, that the big fish always eat the little fish. The relative size of their mouths prevents the reverse from happening.

But in the increasingly problematic dispute between the UK and Argentina over South Atlantic fisheries, human competition seems to be getting in the way of this process. The big fish, caught mainly by trawlers, face a reduction in their food supplies due to exploration of the region's stocks by smaller fish by foreign fleets.

At the beginning of August, Argentina announced it had finalised negotiations with the Soviet Union and Bulgaria to regulate the catch of their trawler fleets operating in the south-west Atlantic. The move gives tacit recognition of Argentine sovereignty claims over the fishing grounds off the Falkland Islands, and will also bring important economic benefits to Argentina.

According to Mr Luis Jaimes, Argentina's fisheries minister, the Soviet Union has agreed to limit its catch to 180,000 tonnes a year and Bulgaria to 28,000 tonnes south of the 46th parallel. A tax of between 3 per cent and 5 per cent will be levied on the value of their catches. In addition, the trawlers must buy 30 per cent of their total catch from Argentine trawlers or processing plants and carry 10 per cent Argentine crews. In turn the agreement gives free access to Argentina's 200-mile exclusive economic zone by the two countries' trawler fleets.

As such, the deal is an important one for Argentina's flagging fisheries industry. Its deep sea fleet, now having almost 200 deep sea trawlers and factory ships, has expanded considerably since the mid-1970s, its catch growing from 124,000 tonnes in 1975 to a peak of 450,000 tonnes in 1979. Over 50 per cent is exported, earning between \$100m and \$150m in foreign exchange each year.

However since the 1979 peak, the annual catch has oscillated between 300,000 tonnes and 350,000 tonnes. Not least because of the creation of the 150-mile protection zone around the Falkland Islands by Britain following the 1982 war.

Within this are the main fishing grounds for the two most important commercial species, whiting and squid, attracting foreign trawlers to the South Atlantic. Argentine trawlers must seek permission to enter the zone, which they refuse to do, arguing it is an

unacceptable infringement of Argentina's sovereignty claim.

Argentina's deep sea fisheries employ about 15,000 people, ashore and at sea, many of them in the depressed Patagonian region. The deal with the Soviets and Bulgarians has therefore opened up new export markets for the Argentine trawlermen and given access, through third parties, to the fish shoals within the protection zone where foreign fleets are free to fish without regulation under British jurisdiction.

It is this lack of regulation and subsequent overfishing that has alarmed politicians and fisheries experts at both ends of the Atlantic and which has resulted in two studies on the region's fish stocks over the past nine months.

The first, known as the Beddington Report, was produced

within the Falklands zone and squid caught mainly by Japanese, South Korean and Polish trawlers both within and without the Falklands zone and by Argentine trawlers to the north.

Both the Beddington and Argentine reports coincide in their assessments that the blue whiting is now being seriously overfished. It is a low-valued species, but is caught mainly by the Polish fleet for converting into fishmeal. The new agreement with the USSR and Bulgaria will therefore not go far in protecting this species, especially as the Soviet Union is committed to expanding its own livestock production, and Polish fishmeal from the South Atlantic will figure as an important element in these plans. Furthermore the catch limitations amounting to 208,000 tonnes for the first year of the agreement are already well above the existing levels of Soviet and Bulgarian catches in the South Atlantic.

Assessment of squid stock exploitation presents greater difficulties: the squid is a short-lived species, as stocks vary sharply from year to year. Over 200,000 tonnes are presently being caught annually, over half by Polish trawlers and the Argentine report suggests that the maximum sustainable yield has already been reached.

A further complicating factor, ignored by the Beddington report, is the high level of interdependence of the commercial species in the food chain. The common hake, upon which the Argentine fishery depends, feeds upon squid and anchovies. Any increase in the squid catch to ease pressure on the whiting, may substantially reduce an important food source for the northern hake shoals. The whiting is also an important food source for other valuable hake species found around the Falkland Islands.

The diminutive anchovy is the only species which is barely exploited in the region and which could be fished as an alternative to the whiting. But it, even more so than the squid, is the principal link in the food chain for the common hake.

The problem of overfishing has thus not even been partially resolved by the recent Argentine-USSR agreement. Inclusion of Poland in the accords, with a substantial reduction in its whiting catch, would therefore be a necessary step in this direction.

According to Mr Luis Jaimes,

such discussions are presently taking place with the Polish, and with the Japanese and Koreans over the squid catch, but even if agreement were to be reached, the question remains as to whether policing the agreements could be effective if the UK was not party to the accords and Argentine coast guard vessels were not permitted to enter the Falklands zone.

Meanwhile the British Government, worried about the sovereignty implications of Argentina's bilateral deal (the UK is seeking a multilateral agreement through the UN) sees the fishery issue looming as a serious threat to its whole Falklands policy. Pressure on the fish stocks seems likely to continue in the absence of British resolve to impose its own 200-mile zone around the islands, a tacit recommendation of the Beddington report and strongly echoed by the Falklands and fisheries lobbies in the UK. The fisheries are seen as a key economic resource with which the islands could be developed, thereby reducing the islands' dependence on the UK taxpayer.

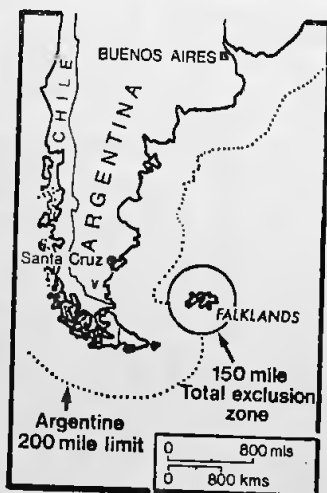
However declaration of a British 200-mile exclusion zone around the Falklands would not only impinge greatly on Argentina's own and potentially exclude Argentine trawlers from practically all of the best fishing ground in the South Atlantic apart from the common hake, it would also be an extremely difficult political step to take, inviting international opprobrium and inflaming nationalist sentiment within Argentina.

The Argentine fishing lobby has in contrast had considerable success, wielding the sovereignty banner and arguing for good measure that two-thirds of its shore-related industries are idle and that its deep sea fleet is working at only 50 per cent capacity.

In response President Alfonsín's government has managed in its negotiations to net the Soviets and Bulgarians in what are essentially unpoliceable deals, and will now be looking for the prize catch—the Polish.

As long as any potential deal does not unduly interfere with the materialist practicalities of meeting the Comecon targets for meat production, it would seem that Argentina may soon have bilateral fishing agreements setting limits on the bulk of the present catch around the Falklands.

To a relatively big fish in this part of the world like Argentina, such issues must appear like small fry.



NATIONAL CATCHES IN S ATLANTIC (all species)

		'000 tonnes			
	1981	1982	1983	1984	
Arg'ntina	253	341	299	320 +	
Poland	73	248	348	438	
USSR	17	19	66	54	
Japan	20	38	38	68	

at the end of last year for the UK Foreign Office by Imperial College's Centre for Environmental Technology. The second was produced in reply this year for the Argentine government by its National Institute of Marine Investigation and Development.

At stake is the future of the three principal species being fished in the region — the common hake, caught almost exclusively by Argentine trawlers within Argentina's exclusive economic zone, well to the north of the Falklands, blue whiting caught mostly by Polish and Soviet factory ships

The Times - 26th September, 1986

Falkland fishing pacts defended by Argentina

From Our Correspondent, Buenos Aires

Argentina has strongly defended its bilateral agreements with the Soviet Union and Bulgaria allowing those countries to fish in the waters round the Falkland Islands.

Replying to recent criticism of the agreements by Sir Geoffrey Howe, the Foreign Minister, the Argentine Fisheries Under-Secretary, Señor Luis Jaimes, said on Wednesday that they "guarantee without a doubt the conservation of the area's fishing resources (and regulate their exploitation

in the economic zone that is exclusively Argentine". He said the agreements recognized Argentine claims to sovereignty in the zone.

The British position, reiterated by Sir Geoffrey at the United Nations this week, is that the issue should be resolved through multilateral negotiations. London also supports a study of fishing resources in the area by the UN Food and Agricultural Organization.

Our man for the Nobel



If it were up to *The Economist*, this year's Nobel prize for peace would go to . . .

Five citizens of one of the world's least strife-torn countries will spend the next few weeks in Oslo deciding who will get this year's Nobel peace prize. They will choose from a secret but partly-leaked list of 99 people. Some of them are, maybe rightly, supporting violence in their own country (Winnie Mandela) or subsidising it in neighbouring Nicaragua (Ronald Reagan). Others include the usual collection of symbols (Bob Geldof) and saints (Dr Anatoly Koryagin, who has bravely written about the abuse of psychiatry in the Soviet Union). We think the committee ought to choose somebody this year who has helped his country to move from violence towards Oslo-like tranquillity.

This would be a change from some recent practice. The Vietnam peace agreement, for which Henry Kissinger and Le Duc Tho were honoured in 1973, was followed by a massacre (proportionally worse than Hitler's) in Kampuchea, and by the transfer of the rest of Indochina into a communist desert.

The committee was right five years later to dignify Anwar Sadat, who risked, and later lost, his life to try to make peace with Israel—even though he prepared for this by locking his political opponents up. Perhaps it was also right to co-award the prize to Menachem Begin for the rather easier task of responding to Sadat, even though Begin's terrorist group had once murdered innocent Britons. But since national leaders are not often notable contributors to world peace, the committee sometimes likes to give its prize to the good (Mother Teresa in 1979) or to the symbols (Bishop Tutu in 1984)

or to causes, which can mean not awarding the prize to a person at all.

The office of the United Nations High Commissioner for Refugees won it in 1981, the Organisation of International Physicians for the Prevention of Nuclear War in 1985. The UNHCR helped fish the victims of Nobel laureate Le Duc Tho out of the South China Sea. The international physicians included a member of the Soviet Union's Politburo, which had been responsible for persecuting, and sending into internal exile, another Nobel laureate, Andrei Sakharov.

The moral is not just that the committee can sometimes get things wrong but that it has been encouraging a lop-sided notion of what peace is. Peace is not an abstract of human rights, disengagement and anti-poverty work, carried out by figureheads or saints. The five wise men ought to conceive of it in a more down-to-earth way, by awarding the prize to somebody who has encouraged a peace that makes daily life civilised. We will even write the presentation address:

"Five years ago, President Raul Alfonsin of Argentina, your country was governed by military officers who thought they could exterminate all the world's communism on Argentine soil. Around 9,000 people were murdered, sometimes for no other reason than that they had the same surname as somebody the military police were looking for. In the three years since you took over, you have persuaded the soldiers to stay in their barracks and you have ensured that those respon-

sible for the years of terror got a full and fair trial. The generals, even the top ones, were then convicted after due process of law by civilian courts for their crimes—the first time such a thing had happened in Latin America. Thanks to achievements like this, your countrymen are again free to speak to whom they please, read what they please, and enjoy their peculiar habit of beginning their enormous restaurant meals at one o'clock in the morning.

"It is true that your government claims what the British call the Falklands in clear opposition to the wishes of those islands' inhabitants. But maintaining a claim without trying to enforce it is common practice, like the Queen of England calling herself Defender of the Faith. You have settled the dispute with Chile over the Beagle Channel—a settlement which eluded even the Pope when he was appealed to in 1981.

"One of the biggest burdens on the countries of southern South America is that they maintain enormous armies which—apart from undesirable Falklands wars—are there mainly to fight against their own peoples. A former South American finance minister has said: 'I cannot cut my budget deficit without abolishing my unnecessary army; but the unnecessary army exists largely to stop people like me cutting the budget deficit by abolishing the army.' We believe that you are starting to tackle this. These are the reasons a British newspaper has nominated you, and expects flak for doing so."

Howe in UN protest over Argentine fishing deal

By Our UN Correspondent

SIR GEOFFREY HOWE, the British Foreign Secretary, expressed grave concern yesterday over reports that Argentina had concluded a fisheries agreement with the Soviet Union which covered Falklands Islands waters.

In a memorandum to the United Nations, he said this undermined prospects for a multilateral solution to the Falklands question.

Sir Geoffrey submitted the memorandum shortly before he addressed the UN General Assembly on behalf of the European Community, of which Britain is the current chairman. Because of differences among the 12 members over the Falklands he made no mention of it in his UN speech.

But in the memorandum he reiterated Britain's wish to improve relations with Argentina. "At the same time, we stand by the principle of self-determination, our commitment to respect the wishes of the Falkland Islanders and their desire to maintain their constitutional links with Britain," he said.

He was confident that the British approach was the right one, and it would be pursued "with determination and vigour." The question is expected to be debated later in the UN session, when Britain is certain again to come under attack for its refusal to use the good offices of the UN Secretary-General, Mr Javier Perez de Cuellar, in accordance with UN resolutions.

On international terrorism, he said no country that supported it could expect to have normal relations with the Community, which this week would consider further action on the matter.

Times Wednesday 24 September 1986

Falklands fish concern

United Nations (Reuter) — Britain said yesterday it was gravely concerned to hear that Argentina recently signed a fishing agreement with the Soviet Union interpreted by Buenos Aires as extending to the waters around the Falkland Islands.

In a letter to the UN Secretary-General Señor Javier Pérez de Cuéllar, Sir Geoffrey Howe, the Foreign Secretary, expressed regret that so little progress had been made towards restoring normal bilateral relations between Britain and Argentina.

He said a particular area where international co-operation would be beneficial was over the conservation of the South Atlantic fishery.

Britain was encouraged to note last year that Argentina supported a technical study by the Food and Agriculture Organization aimed at providing a scientific basis on which governments concerned could begin early discussion on suitable long-term conservation measures.

"We have, however, been gravely concerned to hear that Argentina has recently concluded a bilateral fisheries agreement with the Soviet Union which, on the Argentine interpretation, purports to extend to the waters around the Falkland Islands and which therefore undermines prospects for a multi-lateral solution," Sir Geoffrey said.

The Daily Telegraph Wednesday 24 September 1986

Anti-debt strike

Argentina's General Confederation of Labour has announced an 11-hour general strike for Oct 9 to protest at Government economic policies said to favour "foreign usury". The confederation leadership wants a moratorium on payments of Argentina's \$50,000 million (£34,600 million) foreign debt.—Reuter.

No shift on Falklands

From Our Correspondent, New York

Señor Dante Caputo, the Argentine Foreign Minister, yesterday accused Britain of intransigence over the Falkland Islands and said that the dispute was the central impediment to the resumption of an Anglo-Argentine dialogue.

Addressing the United Nations General Assembly, he did not indicate any shift in the Argentine position which maintains that the sovereignty

of the islands must be a subject for negotiations.

Citing his Government's recognition that the interests of the islanders would be taken into account in any final settlement, Señor Caputo pointed to Argentina's willingness to search for an imaginative solution to the dispute.

But Britain's attitude, he said, only prolonged a situation which was as detrimental as it was unacceptable.

Argentina's economy

Ministers burn midnight oil

By Tim Coone in Buenos Aires

SEPTEMBER has brought Buenos Aires good things from the North. The warm air currents have ushered in the first balmy days of a Southern hemisphere spring, lending a festive air to the celebration of "1,000 days of democracy" under President Alfonsín. And from the creditor banks has come the news that Argentina has been granted another six-month stay of execution on its obligation to make some \$7.5bn in principal repayments on its \$50bn foreign debt.

Solvency has been assured at least until 1987: short-term trade credits are to be extended until the end of the year; and government and the banks will have until March 1987 to negotiate a 10 to 12-year re-scheduling for principal payments on the medium to long term debt.

That such a rollover would occur was never seriously in doubt. Most of the country's large foreign bank creditors recognise that renegotiation is the only alternative to a dramatic debt write-off which could send their shares plummeting. Although short, the breathing space provided by the rollover may nonetheless prove vital for the survival of the Government's long-term economic strategy.

President Alfonsín is now almost half-way through his six-year term. He can claim two major successes: the restoration of democratic government after almost a decade of military rule, which had become synonymous with economic mismanagement and political violence; and the implementation of the so-called "Austral" plan launched in June last year, a programme of wage and price freezes coupled with limitations on money supply growth which put an end to a prolonged period of hyperinflation.

The latter achievement has recently appeared to be in jeopardy as a surge in inflation over the past two months, after a year of relative price stability, has shaken the Austral plan. The speculative panic which gripped the financial markets for a couple of weeks in August was an uneasy reminder that old habits die hard.

Economic crises are inevitably the spark of political crises, and the chiefs of staff of the three branches of the Argentine military have made it clear recently that they still consider themselves the final arbiters of power.

Economic stability is thus an overriding priority for the Alfonsín government. In fact, last month's economic mini-crisis created an opportunity to eliminate a major institutional weakness in the economy: a long-standing dispute between the central bank and the Economics Ministry over monetary policy. The appointment of Mr Jose Luis Machinea as the new President of the central bank in place of Mr Alfredo Conception, an old political ally of the President, is expected to resolve this conflict. His first weeks in office have already been marked by tighter monetary controls and reliable estimates show inflation since the beginning of September on a downward curve.

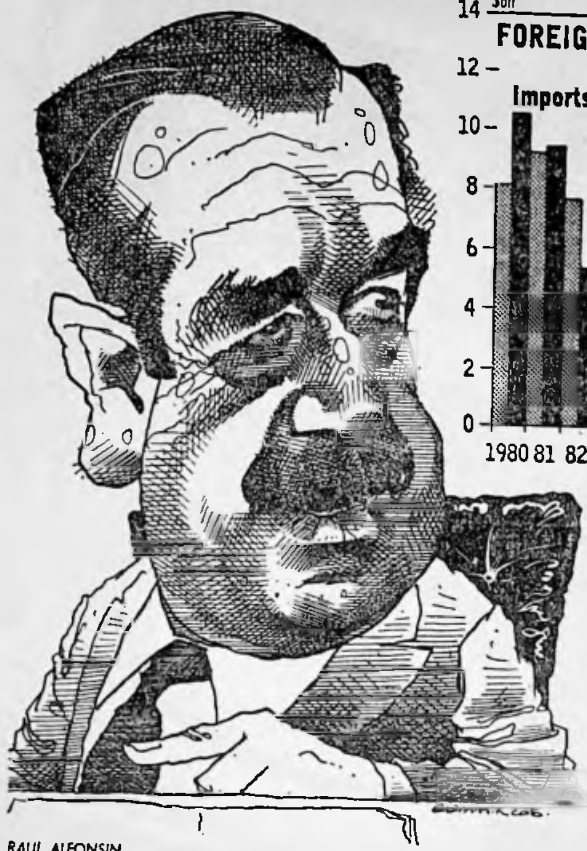
The restructuring of the central bank's executive board with technocrats instead of political appointees was a clear response to the need for greater coherence in government economic policy.

Tighter monetary controls alone, however, will not cure Argentina's economic ills. The economy's performance over the past two decades has proved disappointing.

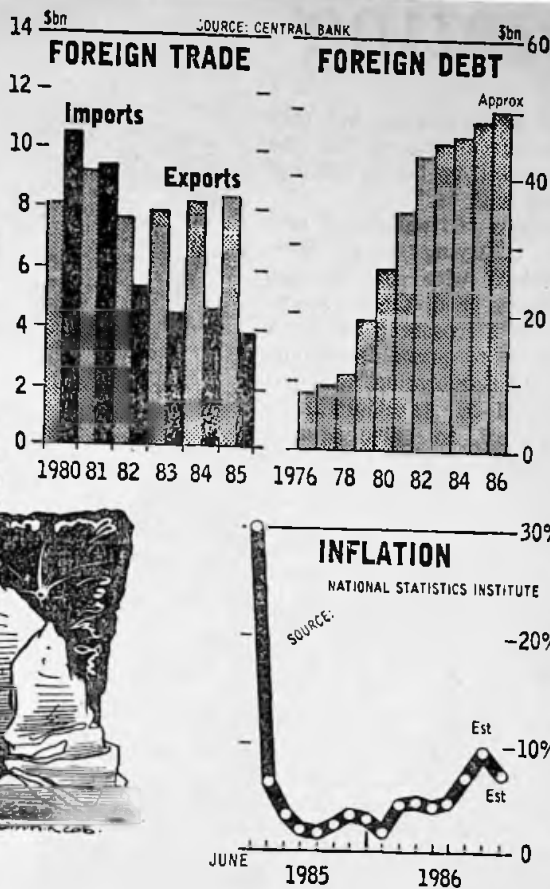
According to one leading Argentine industrialist, Mr Roberto Rocca, growth in annual per capita income in Argentina has lagged well behind that in Brazil, rising only from \$2,425 to \$2,617 between 1964 and 1985, while per capita income in Brazil increased from \$1,148 to \$2,568 over the same period.

Mr Jorge David, a private sector businessman, told a recent manufacturers' conference that per capita industrial output is now 30 per cent lower than in 1970.

However, the first signs of a clear industrial strategy have begun to emerge from the present government. Speaking at the same conference, the Trade and Industry Minister, Mr Roberto Lavagna, outlined a policy based on export-orientated industrial growth,



RAUL ALFONSIN



the development of a regional common market with Brazil, and technological modernisation.

"The model based exclusively on import substitution and the domestic market can no longer guarantee either the conditions for growth or a more adequate distribution of income," he said.

Fundamental changes in fiscal policy are being implemented which will benefit industrial exporters: customs duties have been eliminated on imports of raw materials used to produce 11,000 categories of exportable goods, and efforts are being made to remove bureaucratic delays.

In addition, the steel, sugar, aluminium and leather sectors are also to enjoy more freedom in their purchases of raw materials on condition that they sell their products to exporting industries at a quality and price equivalent to those available on the international market.

Meanwhile, the recently adopted policy of implementing a series of steady mini-deregulations appears clearly aimed at a gradual realignment of prices relative to the international market, while minimising the social pressures which would result from a sharper devaluation and the unsettling effect this could have in the financial markets.

The other major constraint on industrial growth is the lack of credit available from the banking system, which is required to hold high levels of

reserves thus restricting available credit and resulting in high interest rates.

The high reserve requirements, amounting to 72 per cent of deposits have resulted in a phenomenal growth of an officially tolerated black market, a parallel financial system which operates illegally with no reserves.

Few long-term loans for investment are available, as most deposits are only of a short term nature.

Financial reform has been promised by the new central bank president, Mr Machinca, but vested interests and political pressures will ensure that this will be a slow and gradual process.

Argentina's position in the foreign debt debate is hardly likely to meet immediate agreement from its creditors: it is proposing that creditor banks link the level of its debt service payments and new lending to the price of the country's main exports, cereals and beef (following in the steps of Mexico, which is seeking to link its debt service payments to the course of world oil prices). Asked whether the banks were ready to concede such a principle, a top executive of one major western bank in Buenos Aires recently replied "Not yet."

Argentina's difficulties in competing on world cereals and beef markets with subsidised exports from the US and the EEC have led to a fall in the country's foreign exchange

earnings from exports. The combined trade deficit for 1986 and 1987 is expected to exceed \$3bn.

The Government is not prepared to countenance any new recessionary economic measures, as it has made clear in recent talks with the IMF. Important mid-term elections are due next year for the governorships of the country's 22 provinces, which will prove a crucial test of the Government's popularity. The trade unions are already threatening renewed strike action against the recent anti-inflation measures. Growth must therefore be the economic objective from now on.

The Government therefore sees its way forward by asking forbearance and patience from its international creditors, despite the occasional hiccup.

The trade unions and the Peronists would be only too happy to see an end to the Austral plan. Economic restructuring, they argue, could be financed from the foreign exchange saved through a debt moratorium.

The Government is therefore working on two fronts: to head off confrontations with the unions, which will require some flexibility on wages; and to convince the banks and the IMF that its long-term economic plans have a chance of success.

Spring may have come to Buenos Aires, but the lights are still burning late into the night at the Economy Ministry.

Bank fraud rocks Argentina

By Our Business Editor

ARGENTINA has been rocked by a financial scandal about a \$110 million (£74.5 million) "swindle" involving Alas Bank, the country's main co-operative bank.

The bank has been put under Government control following the discovery that the money was channelled to "ghost" companies and unrelated businesses.

"Something is evidently wrong here," an Argentina Central Bank official was quoted as saying in Buenos Aires.

Disclosure of the fraud, believed to have been going on for two years, comes as Argentina seeks new loans from the World Bank and follows a breathing space given by creditor banks on debt repayments.

Argentina's foreign debt stands at around \$50,000 million (£35,860 million). The money involved in the swindle involving Alas Bank is estimated to be enough to cover 10 days' interest payment.

Observer Sunday 21 September 1986

UN IMPOSTOR

A 23-year-old man claiming to be the son of UN Secretary-General Perez de Cuellar was arrested as an impostor in Argentina.

Argentinian to Falklands for son's funeral

The father of an Argentinian airman killed in the Falklands war is to be allowed to attend his son's funeral in the Falklands, the Foreign Office announced last night.

He may be the first Argentinian to set foot on the islands since they were invaded in 1982. Flight Lieutenant Miguel Gimenez's body was discovered in his crashed Pucara fighter on Blue Mountain at the end of August.

Falklands funeral visit

The father of an Argentinian airman killed in the Falklands conflict has been given permission to attend his son's funeral there after four years. Mr Isaias Gimenez will be the first Argentinian to visit the islands since his country's troops were expelled in 1982.

Falkland burial visit permitted

Britain yesterday gave an Argentine father permission to travel to the Falklands for the burial of her son, killed during the Falklands war.

A Foreign Office spokesman said Britain had agreed to a request by Mr Isaias Gimenez to fly to the Falklands with his daughter.

British servicemen spotted the wreckage of Flight Lieutenant Miguel Angel Gimenez' ground-attack Pucara jet fighter on a remote mountain top in East Falkland island on August 29 and recovered the body two days later.

The spokesman said Mr Gimenez and his daughter would be the first Argentines to set foot on the Falklands since Britain drove out an Argentine invasion force in a 10-week war in 1982. The funeral would be held in the week beginning September 29.

British and Argentine officials stressed the humanitarian nature of the visit, but diplomats from both countries said it had unavoidable political

significance. "This could be a useful development," an Argentine diplomat working in Europe said.

The two countries have had no diplomatic relations since the war and Argentines have not been able to visit the graves of those killed during the war.

The British buried 233 Argentines in Darwin cemetery, west of the capital Port Stanley. The Argentine authorities refused to bring their bodies home on the grounds that they were already on Argentine soil.

Argentina applied the same argument when Mr Gimenez asked for his son to be returned to his home town, Parana. Mr Gimenez then decided to ask Britain for permission to attend the funeral.

Previous arrangements for Argentines to visit the cemetery have foundered over Argentina's refusal to accept conditions which it said implied recognition of British rule.

Pool resources to mount

BRITAIN should develop a distant water fishing operation to exploit the waters of the Falklands, Iceland, Labrador and other distant water grounds, says Captain Nicholas (Nick) Barker, who signed-off on Wednesday last week after two years as Captain Fishery Protection (Offshore Flotilla).

"We need a system for fishing the Falklands, Iceland, Labrador and other distant waters that includes the catchers, factory ships and a mother ship for repairs and re-fuelling, but there must be government sponsorship. I know it hasn't been done before by Britain, but why not give it a go?" he asks.

Captain Barker told *Fishing News* as he prepared to hand over the command of the protection squadron that the South Atlantic is generally an untapped source of numerous resources and not just fish.

He was the captain of HMS *Endurance* in the Antarctic and has spent time at Cambridge University completing a study of the geographical scene around the Falklands.

He pointed out that the political side is obviously difficult because a state of hostilities exist between Britain and Argentina.

"We have a lot of support in the area from other fishing countries which feel that the grounds should be managed, but management involves describing limits and that would be provocative to Argentina."

At present there are no controls except that the countries which are fishing there have been asked to restrict the number of vessels in the area at any one time. Japan, for instance, has agreed to limit her fleet to 50 ships.

Any official control would

was established at 200 miles, it would introduce the problem of median lines conflicting with Argentina's own 200-mile limit.

Also, the restriction on the number of vessels is only a 'gentleman's agreement' and, therefore, has no teeth. Last year, J. Marr chartered 10 Japanese squid-jiggers from Japan and the Foreign Office expected this to be included in the Japanese vessel allowance.

The ships were crewed by the Japanese with at least one Marr man aboard, usually a skipper acting as observer.

The British have learned the squid-jigging skills very readily and would like to operate more vessels, but



Report
by HUGH
ALLEN

Falklands venture

— says former 'Captain Fish' Nick Barker

under what flag? It can't be Japanese or British, so perhaps it may be Falkland Islands.

It is also considered by commercial companies that there are several other species such as Patagonian hake, blue whiting and notothenia in the South Georgia area that are worth exploiting and Captain Barker agrees with this.

He is particularly knowledgeable on the types of fish and their potential that exist in the Southern Ocean

since a study of this subject, and the movement of krill, were included in HMS *Endurance's* terms of reference.

If the fishing zone was to be established, then the income of the Falkland Islands would be substantially increased since it would receive the revenue from licence fees rather than just transshipping fees. Then they would be expected to pay for a fishery protection service.

Various companies, including Marr, have quoted £3 to £4 million a year as being

the 'ball park' figure for fisheries protection around the islands.

Should a regulated fishery be introduced, there is great potential for demersal and pelagic trawling, in addition to squid-jigging, and Captain Barker holds strong views as to how this should be exploited by British companies.

He has great respect for the entrepreneurial spirit of the fishing families such as the Marrs, the Boyds and the Salvenses.



Rio Oitaven — the first Spanish vessel to fall foul of new EEC-Spanish rules — under arrest by HMS *Guernsey* in January.

He admires the way they go about their business: "If there is money to be made, you can't knock it. If it is going to employ more skippers, more crews and more shore staff."

He would like to see a regulated fishery and said: "If this were done, perhaps some incentive might emerge for large companies to rebuild. Some of our bigger vessels could be used for klondyking perhaps."

"We've got all the Eastern bloc countries carrying out this operation in our own waters in the mackerel and herring season and at other times of the year they are in different parts of the world doing the same thing."

"It seems crazy to me.

There could be a whole new living for places like Humberside that have the expertise for operating bigger ships and this should be put into practice before it dies."

They are used to big ships, he says, and it wouldn't take long to set up a whole new scene from the Humberside ports that would absorb much of the fantastic expertise that we had in the days of the Silver Cod.

Owner Tom Boyd says that it can't be done without government subsidy, but Captain Barker believes that there ought to be government subsidy.

If British klondyking operations can't be carried out with British money, then the larger firms should be look-

ing to Europe for a combined operation. It would be far better if the money came from Britain alone and, perhaps, the threat to combine with the EEC might be used as a lever to spur the government.

Illustrating his belief in the Southern Ocean's potential, Captain Barker recalls Sir Vivian Fuchs telling him before anyone thought about fishing the Falklands: "Give me a trawler and give me 20 years of my life back and I'll go out there and make a profit!"

"But we must have a spokesman for the industry." What we need is a British Kent Kirk. Kent Kirk is an outstanding man and the Danish ships hardly move an inch without consulting him.

Command handed over last week

CAPTAIN Nicholas Barker CBE, FRGS, Royal Navy, terminated his command as Captain Fishery Protection (Offshore Flotilla) on Wednesday last week at 15.30. He had held the post for two years.

After handing over command to Captain B. J. Clarke, he has assumed command of the Navy's newest frigate, HMS *Sheffield*, currently nearing completion at Swan Hunter's shipyard.

He will be responsible for her acceptance and induction during the next 12 months before she joins the fleet in October 1987.

Several of the crew destined for *Sheffield* have already served with him on HMS *Endurance* in the Antarctic and during the Falklands war, or in the Fishery Protection Squadron.

Since his boyhood in the fishing village of Kingsand, Cornwall, Captain Nick Barker has held a strong affection for fishermen.

Career

Although he comes from a Naval background — his father was killed in action while commanding the destroyer *Ardent* in 1940 — he had originally wanted to become a marine biologist. However he embarked upon his Naval career via National Service in 1951.

Over the years his relationship with the fishing industry has matured into a professional status, which he has attained without losing old friendships.

He regards many personalities in fishing with great respect that is undoubtedly mutual.

His first warship command in the early sixties was HMS *Squirrel* of the Fisheries Protection Squadron, a commission he regards as a

"piece of pure luck as I might have got anything."

When he was later transferred to HMS *Brereton*, he requested that his patrols be concentrated in the south-west, from the Isle of Wight westward around Trevoise and up to St. Davids, as this was an area that he knew well from a fishing point of view.

He spent his boyhood free-time fishing for mackerel from an open boat off the Cornish coast. He took the job more seriously after a visit to Hull in the early seventies.

He was first Lieutenant on the Tribal-class frigate HMS *Nubian* and received instruction from a Danish skipper on how to shoot a seine net.

He and the ship's company then went out and bought a seine net which they shot in the Persian Gulf a few times and hauled back on the warping drum of the winch on the fore'sle deck!

Apart from a welcome diversion from Naval duties, this endeavour also succeeded in keeping the ship's company full of protein! Since then he has always been after some method of fishing from warships.

Tom Boyd of Boyd Line was clearly impressed because, in 1971, he offered Nick Barker a job to set up a middle-water trawling fleet.

Although Captain Barker considered the proposal seriously, he decided to stay in the Navy.

It was, therefore, with the greatest pleasure that he learned of his appointment in Rosyth as the "Boss" of the Fishery Protection Squadron some 15 years later after he left HMS *Endurance*.

The intervening years highlighted numerous alterations in the fishing industry and the protection service, including an increase in the size of the fleet from six ships to sixteen around the coast of the British Isles.

This has now been reduced to 13 vessels, but Captain Barker pointed out that the

whole situation had totally changed since he was in the Squadron in the mid-sixties.

"Now we're really hell-bent on conservation rather than anti-poaching patrols, although to some extent we were concerned about conservation then because there were a number of net offences even in the sixties."

Also the limit has been extended in two stages from three miles to six to 12. Several countries, particularly the French and the Belgians in the south-west, have got traditional rights to fish for various species.

Sympathy

This situation has evolved through EEC legislation to the current system, which Captain Barker admitted that even the Squadron found difficult to follow: "So God knows what the fishermen must think," he says.

He has every sympathy with fishermen trying to plan their operations to comply with European rulings.

"My view, as someone who has been interested in particularly the British industry for a number of years, is that it is difficult to stomach a situation where, for all good reasons, we joined the EEC and every European comes and fishes on what used to be our patch, but we don't do too much fishing off the French, Dutch, Belgian, Danish or any other European coast with the exception of Norway, which isn't even in the EEC."

Considering some of the agreements that have been achieved on the agricultural side, Captain Barker felt that the fishing industry had definitely received the "rough edge."

"Whereas you find in political circles there are politicians who have a vested interest in agriculture because they have probably got a farm or some land, bloody few of them have anything to do with fishing, and I think that the fishing industry

Cont.../

needs more spokesmen, be they peers, or be they MPs."

He said that the Navy considered that DAFS has a very good grip on the industry. The DAFS inspectors are almost invariably ex-fishermen, or have known the industry in other capacities for a number of years. They are concentrated much more neatly than the English industry and they work extremely well with the Navy.

Since the DAFS is located in Edinburgh, there is constant contact with the Squadron and, having their own cruisers, they are able to appreciate the Navy's problems at sea. Therefore, there are many advantages to working with DAFS.

MAFF is much more fragmented around the coast because, in general, the English industry does not comprise the same close community that exists in Scotland. Fraserburgh is not comparable to Fleetwood for example, although similarities perhaps exist between Malgig and Brixham.

"The English industry needs a Willie Hay. The local

sea fish committees are quite strong in their own right, but there isn't much that grabs the fisherman and his problems in the same way that Willie Hay does. I think that Willie Hay does a bloody good job, as does his partner Bob Allan."

With regard to the suggested privatisation of fishery protection, Captain Barker was clearly very gratified at the tremendous outcry from the industry against this. The response was nationwide.

Smuggling

Fishery Protection deploys ships very neatly all around the coast. Through this medium they are well placed to react rapidly to vessels in distress, drug smuggling, an errant Soviet or to their specific responsibility to mount deterrent patrols around the energy installations.

"All these things were for the price of one. I think that we have an awful rod for our own backs with one Ministry charging another Ministry the rate for the job, as if we

were the contractors. It is all taxpayers' money and only serves to cause animosity between the ministries."

He suggests that the Treasury should evaluate the cost of fishery protection, give the money to the MOD and tell them to get on with it.

While speaking about ministries, he had a further criticism on the subject of communication. Apart from the problem of interpreting the EEC legislation, fishermen are confronted with the whens and wheres of closures and, although this information is available from fishery officers, it is not always easy or possible for individual skippers to seek it out.

"I would like to put in a plug for the *Fishing News*," he said.

"It is so often *Fishing News* that gives the warning and, also, boosts the value and expertise of the British fishing industry which I think is quite something in all its aspects. Then, of course, it gets transmitted to national newspapers if it is of general interest."

Times Friday 19 September 1986

Falkland plea

The Foreign Office is considering an appeal by Mr Isaias Gimenez, father of an Argentine officer killed in the Falklands, who wants to attend his son's funeral next week and become the first Argentine to set foot on the islands since the end of the conflict. His son's body was discovered last month.

Falklands funeral appeal

THE FATHER of an Argentine officer killed in the Falklands war has asked Britain for permission to attend his son's funeral and become the first Argentine to set foot on the islands since the two countries went to war four years ago.

A Foreign Office spokesman said Britain was considering the request urgently and sympathetically.

Previous attempts by Argentine relatives to visit the graves of the dead left behind on the islands failed. —
Reuter.

An open letter from the 're-shuffled' Minister for Overseas Development to his successor

'DEAR CHRIS...

CONGRATULATIONS on becoming Minister for Overseas Development. The Overseas Development Administration are lucky to have you — and I'm sure that you will find that you are lucky to have them. There is a great deal of skill, experience and commitment in that department. The more you see it in action overseas, the more you will appreciate it.

So, my advice to you is, travel a lot. In particular, if you ever have a sinking feeling that too much aid is simply propping up corrupt or incompetent regimes, go and see it on the ground. Not always, but usually, you will be reassured. There is something peculiarly satisfying about a good aid project in a remote place.

I must admit I was surprised to hear that you were to have the job. I had seen you as continuing to be involved in the social policy battlegrounds of education or health or employment. The *Guardian* over-stated it when they said that you seem "to have been sadly despatched to the saltmines of overseas aid." But there is a problem you will face as a rising politician: The ODA has remarkably little parliamentary business — and it is still ultimately in Parliament that political success is determined.

For a start, you will have virtually no legislation. During my three-and-a-half years at the ODA, I had no Bill whose second reading was taken on the floor of the House, and no more than a handful of late-night orders. Nor will you be plagued with adjournment debates. As I had found previously with immigration at the Home Office, Opposition Members may feel passionately about the subject — but not to the extent of risking hanging around half the night for an adjournment debate. Indeed, I do not think you will find that the Opposition troubles you too much.

Full-scale debates on aid are also rare. Even at the height of the African famine we had virtually nothing beyond Friday or private members' debates — though they were often rather good when they happened. Your 10 minutes of questions every three weeks should not stretch you unduly. You will have to work hard to keep on the parliamentary scene.

Where you will find it easier to make an impact is through the media.

I remember that, when I went to the ODA from the Home Office in January, 1983, I felt that it was like going from the Bay of Biscay into a backwater. In October, 1984, however, the African famine changed that. Television was ablaze with terrible pictures of suffering, public concern was aroused to an extent which has only partly died down, and the Geldof phenomenon was born.

Geoffrey Howe has been particularly impressed by Geldof, and I have no doubt that he sees you as having the flair to bring the Geldof generation alongside the Tory Party. I wish you success in this. I don't think the public ever quite took on board how very substantial and effective



Patten



Raison

has been the Government's contribution to famine relief — quite rightly, way ahead in quantity of the nevertheless impressive amounts spent by Band Aid.

But if you are to get off to a good start, one thing will help — a good public expenditure outcome this autumn. It is not a question of big money — I am talking in tens of millions, rather than hundreds of thousands — but a further boost ahead of the rate of inflation would be a real help. We simply don't have a large enough programme by international standards.

I've no doubt Geoffrey will fight the battle well. I only hope that the Prime Minister, having put you there, will be sympathetic. She has many qualities, but I can't say that over-enthusiasm for the aid programme is one of them. I couldn't help thinking, as we had our amiable farewell chat last Wednesday, that it was about the first time that I had ever had a conversation with her about what I'd been up to at the ODA.

There will be times when you will have to work hard to keep your end up. Our aid pro-

gramme is concerned not only with the first task of helping poorer countries develop, but also with British interests, whether diplomatic or commercial. This is perfectly reasonable. I do not see why we should not be more likely to help our friends than our enemies (or occasionally try to convert the latter to the former). Nor do I object to the policy of tying the bulk of British aid to British goods and services, so long as the aid still helps to strengthen the poor country.

But that proviso is important. There are those who see the aid budget as simply a big pot, to be used for buying business or impressing foreign rulers. They get very shirty when ODA economists apply the rigorous standards of appraisal — as opposed to dishing out subsidies — to aid projects that the Thatcher Government have sought to apply at home to public-sector investment. They ignore the fact that the euphoria surrounding a High-Level Visit can lead to projects which do more harm than good (in India and Mexico, for example).

There are enough people around seeking to snipe at, or raid, the aid programme; but I'm sure you will be able to cope with them. You will deal with the occasional swipe of the arch-protectionist, Alan Clark, your opposite number at the DTI, about the out-of-date rectitude of the ODA, and you are close enough to Jim Prior to contain the idea that the ODA should be primarily seen as a supportive club for GEC.

There is a real job to be done. Southern Africa is bound to take up much of your time. The actual organisation and management of projects is worth looking at closely. The good working relationship with the voluntary agencies deserves nurturing — and don't worry too much if they say, sometimes, provoking things. (It is the Charity Commissioners' job to keep charities out of politics.) But don't be put off by accusations of conditionality or interference from the aid lobby from working with the IMF, the World Bank and others to use aid as a means of encouraging the African countries to face economic realities.

One way or another, you will find plenty to absorb you. Our aid programme, if we run it properly, is an important part of Britain's stance in the world. But don't forget about Parliament.

Yours ever,
TIM RAISON

CHILE SHIP DOUBTS

Britain is reconsidering its decision to sell HMS Glamorgan, a destroyer which played a major role in the Falklands war, to Chile and train a Chilean crew to man her, *writes Hugh O'Shaughnessy*. A delegation of senior Chilean police officers is understood to be in Britain to buy radio equipment from Pye, the British subsidiary of the Dutch Philips telecommunications giant. (Pinochet profile, page 9).

Argentina rebuffs a father

From Jeremy Morgan
in Buenos Aires

Political considerations in Argentina seem likely to override humanitarian feelings in the case of the Argentine fighter pilot whose body was found in the Falkland Islands a week ago.

In an official statement released after several days of speculation, the air force confirmed that the body was that of Lieut. Miguel Angel Gimenez, whose father has long campaigned for information about Argentines missing after the South Atlantic conflict.

Mr Isaias Gimenez, who founded a commission of relatives of missing Falklands combatants after Argentina's defeat in June, 1982, said several days ago that he wanted the Government to ensure that Britain repatriated his son's body from the islands.

The British are credited here with identifying Lieut. Gimenez.

But the air force said the body would be buried "with his fallen comrades" in the Argentinian war cemetery on the Falklands, and claimed the decision reflected the "disposition of the direct relatives."

The head of the air force, Brigadier Ernesto Crespo, dismissed Mr Gimenez's wish to have the body brought back as a "very peculiar form of thinking."

The majority of relatives "showed their expressed desire that the dead remain in the land for which they fought and which we, the Argentines, consider our own territory," he said.

Although Brigadier Crespo denied returning the body would negate Argentina's claim to the islands, it appears this was precisely the view at the foreign ministry.

Falklands burial for pilot

By Our Buenos Aires
Correspondent

The body of an Argentine pilot found in the Falkland Islands last week—four years after he was killed during the war with Britain—will be buried in the islands "as permanent testimony of Argentina's sovereignty over the Malvinas Islands," the Argentine air force said.

British diplomats at the Swiss embassy in Buenos Aires had assured relatives of the pilot, Lt Miguel Angel Gimenez that London "would be prepared to facilitate the return of the Argentine dead on the islands." The burial will take place on Sept. 17 after a Roman Catholic ceremony, according to provisional arrangements by Britain.

Daily Mail

11 September 1986

□ **RED ICE** (Constable, £9.95) is a sea thriller, set in 1991, concerning the struggle for the Antarctic's mineral wealth. The action and background are convincing — not surprisingly since the co-author with Anthony Masters is Captain Nick Barker, who commanded HMS Endurance in the Falklands.

Argentina gains delay in \$10bn debt repayment

BY TIM COONE IN BUENOS AIRES

ARGENTINA has obtained a 180-day roll-over of principal payments, valued at \$7.5bn, due during 1986 on the medium- and long-term portions of its foreign debt.

Mr Mario Brodersohn, the Foreign Minister, made the announcement after five days of negotiations in the US with the steering committee of Argentina's creditor banks, the US Treasury, the IMF and other multilateral finance institutions. Short-term trade credits worth \$2.5bn have also been extended.

Mr Brodersohn said no agreement had been reached with the IMF on a new standby loan. "We have simply had preliminary talks with the Director General, Mr Jacques de Larosiere," he said, but added that an IMF team would be visiting Argentina later this month to continue discussions. Argentina is seeking approximately \$1.2bn as a standby credit and a further \$300m in compensatory finance due to a fall in its terms of trade.

According to foreign bank sources in Buenos Aires, Argentina was due to make \$7.8bn in principle repayments during 1986, \$5.6bn of which is owed to some 320 commercial foreign banks. A further \$4.5bn comes due in 1987 which will also have to be renegotiated in due course.

The terms and spread charged by the banks on the long-term refinancing of the principal payments are to be discussed during the six-months roll-over period. A previous six-months roll-over agreed to earlier this year was to have expired at the end of September. The banks charged a 1.38 per cent spread on this over London Interbank Offered Rate (Libor). The refinancing period is expected to

Britain yesterday denied harassing Argentine fishing vessels in Argentine waters, outside the British-proclaimed "protection zone" around the Falkland Islands. Reuter reports from the United Nations.

In reply to an Argentine complaint, Mr John Birch, Britain's deputy permanent UN representative, said a Royal Air Force aeroplane approached two Argentine fishing boats in August to identify them but did not harass them. Both were inside the 150-nautical mile radius of the Falkland Islands Protection Zone.

be between 10 and 12 years.

The size of the spread charged by the banks is one of the principal points Argentina is seeking to reduce in its negotiations.

The Mexican precedent to obtain compensatory financing for the fall in oil prices is being used to back Argentina's case. However, banking reaction in the US to the proposal is reported to be "lukewarm."

● Cuba is still some way from reaching a fresh rescheduling agreement with its main creditor banks despite further talks at the end of last week between Mr Hector Rodriguez Llompert, Central Bank Governor, and the Credit Lyonnais-led committee of major clearers, Peter Montagnon writes.

Among the issues to be settled is the amount of fresh money the banks will lend. Cuba has asked for \$300m but the banks have offered only \$50m, which is roughly equivalent to the interest Cuba owes them this year on its \$3.5bn foreign debt.

British denial

BRITAIN yesterday denied recently harassing Argentine fishing vessels in Argentine waters, outside the British-proclaimed "protection zone" around the Falkland Islands. The denial was made at the UN. — Reuter.



The Pacific Islands? No, it's the Falkland Islands . . . where the sun (nearly) always shines.

The real Falklands . . .

STERLING PR continues to break down some misconceptions on behalf of one of its more unusual clients.

The firm has just published the 1985 annual report for the Falkland Islands Development Corporation.

It outlines the islands' potential and the tremendous growth being made in agriculture and fishing following the conflict with Argentina — even noting that three 10-bed tourist lodges have been built and the first trial cargo of seafood to be sent by sea arrived in the UK last month.

"We don't often meet this particular overseas client" explained Steven Olivant of Sterling.

"Sterling's John Brill went out to the Falklands in April, but usually we just communicate by telecopier or telephone — the lines are excellent."

Sterling is FIDC's only PR link with the UK. The consultancy is also keen to point out that the Falklands' war was fought during one of the worst winters on record. Usually the weather is similar to London's but with much less rain!

"Last December, we helped organise a visit to the Falklands for a team of journalists and a couple of cases of sunburn were reported," said Olivant.

Falklands settlement

Labour would concentrate spending on "legitimate defence interests within the European area" and on non-nuclear weapons.

It also proposes:

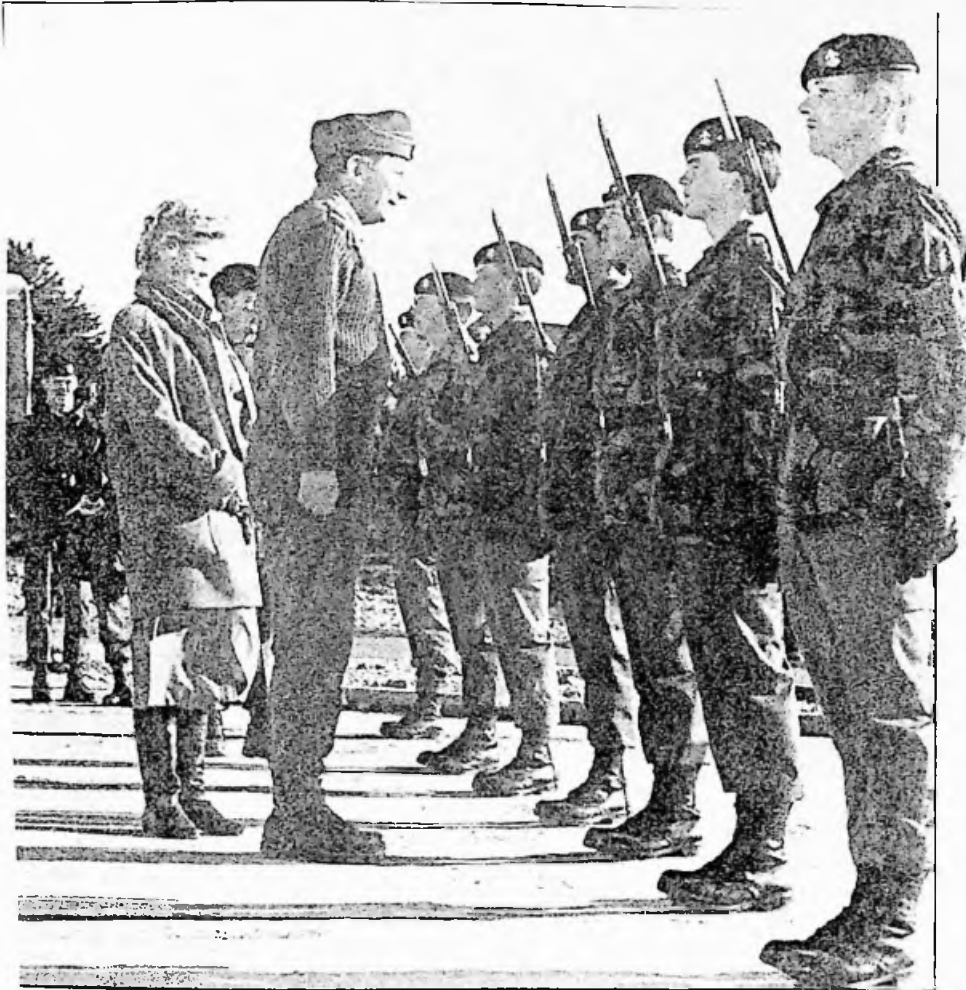
- The seeking of a negotiated settlement with Argentina over the future of the Falklands;
- An end to "showing the flag" exercises in the Pacific and Indian Oceans;
- No major military exercises outside the Nato area;
- The Army's airborne brigade to have a "Nato only" role;
- A thorough review of the structure of the Navy's surface fleet in line with the localisation of defence commitments.
- The Royal Ordnance Factories and Royal Dockyards to be returned to the public sector.

The document estimates that savings from such a policy would amount to 15 per cent of the total defence budget by the end of the Government's first term.

It promises that defence spending will be influenced by the overall health of the economy but says that savings from the cancellation of nuclear weapons like Trident will be directed towards conventional weapons spending.

A gloomy forecast

SOLDIER MAGAZINE
8 September 1986



A quarter guard mounted by the 1st Bn The King's Regiment, the resident infantry unit, was the Army's contribution to a tri-Service salute to outgoing Commander British Forces Falkland Islands, Air Vice Marshal Kip Kemball, when he and his wife, Val, left Port Stanley for their flight home.



Maj Gen Sir David Thorne, accompanied by the Commanding Officer, Lt Col John Charteris, Royal Scots, talks to members of Tangier Platoon, the Scottish Junior Leader platoon passing out from the Junior Infantry Battalions (Scottish and King's Divisions) at Albermarle Barracks, Newcastle upon Tyne.

BFPO delivers the goods!

WHEN a visitor asked Katie Bonner's birthweight, neither her Mum Susan, nor Pte Diane Patterson of the QARANC could say. They could only guess.

For the British Military Hospital at Stanley in the Falkland Islands had no baby scales.

But the problem was soon sorted out when Force Chaplain Brian Elliot called.

He came up with the brilliant idea of nipping into the BFPO and borrowing their electronic scales on which to weigh baby Bonner.

Tragically the first Falkland Islands baby to weigh in like this, Katie is certainly the first baby born in the temporary BMH in Stanley which is being used until a new combined civil and military hospital is completed.

The original corrugated iron clad King Edward Memorial Hospital burned down about 18 months ago.

Incidentally, Katie's weight is not known. Our Falkland correspondent forgot to mention it in the report!



SUSAN BONNER, BABY KATIE, DIANE PATTERSON: electronically weighed

A gloomy forecast

Hugh O'Shaughnessy

924

Since the Falklands war in 1982, Britain and Argentina have contested the sovereignty of the islands in bilateral talks and international forums. The Latin American correspondent of the *Observer* sees no signs of the issue being resolved.

The prospects for Britain and Argentina resolving the Falklands issue are getting worse rather than better. The risk of another war over the title to and possession of the islands will become progressively stronger unless both sides take active measures to diminish it. There is little sign of any being taken before a general election in Britain and it will not be easy to take any even after an election. Such are the gloomy but, I think, realistic conclusions that must be drawn by anyone who has talked to the policy-makers in London and Buenos Aires in recent months.

On the British side, Margaret Thatcher is in power today to a large extent because the British electorate approved her action in reconquering the islands after the brief Argentine occupation of 1982. Though there are many in Britain who would like to see a resumption of Anglo-Argentine talks on the issue the number of voters who would be willing to see sovereignty over the islands relinquished to Argentina is small.

Given that a future British government is likely to have a small majority in Parliament — or even no majority at all — its capacity to go against the wishes of the well organised Falklands lobby would be circumscribed, even if it had the wish to do so.

On the Argentine side, similar political obstacles exist. Despite the defeat of the Argentine forces in 1982, the discrediting of the generals and the subsequent election of the civilian President, Raúl Alfonsín, there has not been much creative thought in Buenos Aires about new ways of tackling the "Malvinas" issue. President Alfonsín is a convinced democrat and a brave politician. He showed his mettle when, almost alone of political leaders, civilian or military, he criticised the decision of General Galtieri to invade the islands. When he became president he announced that he would continue by diplomatic means the fight for what he sees as the restoration of Argentine sovereignty over the islands, usurped by the British in 1833.

countries. But, as a recent study by the Buenos Aires-based Centro de Estudios del Atlantico Sur (Centre for South Atlantic Studies) points out, "This kind of situation may tend to get worse and not merely remain frozen".

There is in fact every sign that this is happening. The Argentine President is going to Moscow shortly, where he is expected to sign a bilateral fishing agreement with the Soviets which would recognise Argentine rights to dispose of licences to fish in Falklands waters and disregard the 150-mile British Protection Zone round the islands. According to British officials, if this were to take place it would increase the risk of naval confrontation in the South Atlantic. A confrontation between naval vessels, accompanied by legal and diplomatic wranglings, would, for Anglo-Argentine purposes, be even worse than was the sinking of a Taiwanese fishing vessel by the Argentines in June.

Nor can Britain rely on Argentina continuing to be a civilian parliamentary democracy. Despite the assurances President Alfonsín offered in an interview I had with him in Buenos Aires last month that military rule had been banished from Argentina for ever, the senior officers are still claiming that they have the right in the last instance to intervene in domestic politics "against internal subversion". The idolising of the profession of arms has been both a psychological prop and a major defect in Argentine society since the days of the liberator, San Martín, in the early 19th century, and it is clearly too strong to be eliminated by the mere survival in power of a civilian president for a few years in the mid 1980s. Indeed, military continue to see themselves as the final repository of Argentine nationalism, and are modernising their strategies, conscious that they must in some way expunge the failures and humiliations of 1982. Moreover, Argentina has the capability of making a nuclear bomb, perhaps even of delivering it. Who can predict with certainty that no general could seize power in Argentina and make use of an atomic device?

Seen from the vantage point of September 1986 the future course of Anglo-Argentine relations looks bleak indeed if things continue as they are. There is some legitimacy in the view that Britain can set too much store by relations with Argentina. It is a distant country with which our trade, even before the 1982 war, was negligible, our fixed investments large but not vital or expanding, and our cultural and personal ties weakening. The 1930s, when Argentina was an unofficial member of the British Empire, are a blurred memory for those few who remember them at all. The political and economic importance of Argentina in the world is minor compared to that of Brazil.

Why then trouble ourselves about what the Argentines think? For no reason really — apart from the possibility that as things stand there might sooner or later be another Anglo-Argentine war which would be a lot bloodier than the last one.

The political will has got to be generated on both sides for Britain and Argentina to talk to each other again in an adult fashion.

This has worked out in practice as the conduct of a policy of unremitting political hostility towards Britain in bilateral and international forums. Little thought has been given in Buenos Aires to the various formulas of international law — shared sovereignty, trusteeship, leaseback, the "Åland Islands solution" and others — which have been explored by study groups in Britain. Argentina is perfecting its tactics to cause Britain the maximum embarrassment at the United Nations General Assembly later this month. The Argentine diplomats may with some justice argue that the era of limited cooperation with Britain over the islands and the attempt to woo the Falklanders, which started with the agreement of 1971 on bilateral communications, brought little benefit to Buenos Aires, serving merely to encourage the British to prevaricate, and that a tough diplomatic stance is the only choice left.

A further factor that makes for rigidity in the Argentine position is that President Alfonsín must have an eye to the powerful military lobby and emotional nationalism among his countrymen. If he is bent on reducing the role of the military in Argentine politics he must at least demonstrate that he is no less set than they are on the great national goal of recovering the Falklands.

The foregoing is a brief explanation of — though not an excuse for — the present bleak state of relations between the two

The Tablet
6.9.86.

FISHING NEWS
5 September 1986

Dutch to fish Falklands

THE DUTCH are to start fishing Falklands waters with a 328ft. freezer stern trawler just launched in Poland.

The Dutch firm Kennemerland announced plans to fish off the Falklands when the vessel recently slid down the slip at the Lenin shipyard in Gdansk, Poland.

The ship is equipped with filleting machines and powered by a Zgoda Sulzer main engine.

It is understood that several more factory trawlers currently under construction for Dutch owners will follow the new giant Polish-built ship to the South Atlantic and another deepsea trawler is under construction at the Ysselwerf yard near Rotterdam for Jaczon of Scheveningen.

She is named *Friesland* and is longer than *Holland* and *Zeeland* built for the same owners at the yard in 1984.

Alfonsin told to hold trade ban

From Jeremy Morgan
in Buenos Aires

The Argentine senate has voted for a resolution urging President Raul Alfonsin not to authorise the resumption of trade with Britain.

The move is seen as a pre-emptive strike against discreet moves by the Government to lift the ban on British imports imposed by General Galtieri's regime during the Falklands War in 1982.

The decision was said to have been unanimous, although voting figures were not disclosed. The motion, submitted by Luis Leon, a senator from President Alfonsin's ruling Radical Party, said that the Government should not renew trade unless Britain agreed to discuss sovereignty over the islands.

Diplomatic observers noted that the resolution fell short of calling for an outright ban on British imports.

Recently, senior trade officials privately said that the position on imports from Britain had returned to normal since the Government had relaxed official curbs starting last April.

However, it appears that General Galtieri's ban remains in force and could be resurrected at any.

The Foreign Ministry line for several months has been to refer inquiries about trade with Britain to recent press reports and to decline further comment. Ministry officials were not available for comment yesterday.



The Pacific Islands? No, it's the Falkland Islands . . . where the sun (nearly) always shines.

The real Falklands . . .

STERLING PR continues to break down some misconceptions on behalf of one of its more unusual clients.

The firm has just published the 1985 annual report for the Falkland Islands Development Corporation.

It outlines the islands' potential and the tremendous growth being made in agriculture and fishing following the conflict with Argentina — even noting that three 10-bed tourist lodges have been built and the first trial cargo of seafood to be sent by sea arrived in the UK last month.

"We don't often meet this particular overseas client" explained Steven Olivant of Sterling.

"Sterling's John Brill went out to the Falklands in April, but usually we just communicate by telecopier or telephone — the lines are excellent."

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"Last December, we helped organise a visit to the Falklands for a team of journalists and a couple of cases of sunburn were reported," said Olivant.

British MPs to visit Argentina

By Our Political Staff

A British delegation of eight MPs and a Peer will fly to Buenos Aires next month to attend the 76th Conference of the Inter-Parliamentary Union, which re-admitted Argentina after its military junta was overthrown following the Falklands conflict.

The visit follows smaller and less formal exchanges of British and Argentine parliamentarians under the auspices of the IPU, giving British MPs the chance to establish contacts in Buenos Aires.

Financial Times Friday 5 September 1986

Falklands move

The Argentine Senate asked President Raul Alfonsin not to authorise trade relations with Britain until Britain agrees to talks on the Falkland Islands urged by the UN.

Yomping test for Marines

By Rodney Cowton
Defence Correspondent

Four years after the Falklands conflict, which reintroduced trench foot to the public mind as a hazard of war, the Armed Forces are still trying to get their boots right.

In the boggy ground of the Falklands, soldiers and Royal Marines found that their ankle-high boots left their feet constantly wet and cold. Some developed trench foot, which is distantly related to frostbite. But relief was at hand.

The Army had been working on a new boot, known as the combat high boot, which reached up to the calf. Some were shipped out to the Falklands, but the fighting ended before they could be issued.

These boots are now standard issue, but already the Army has produced, although not yet issued, a "mark two" version, and the Royal Marines suspect that the new boot is giving rise to more stress fractures and other injuries among recruits.

So now instructors at the Royal Marines base at Lympstone, near Exmouth, are using four groups of Royal Marines, two groups wearing the high boot and two groups wearing the old boot, to monitor the incidence of injury and see whether it is worse with the high boot.

Next week Prince Edward will be resuming his training with the Royal Marines, and is expected to wear the high boot, although he will not be taking part in the experiment. The Royal Marines' boot is almost identical to the Army boot, the only difference being that the Royal Marines' boot has a sole that is screwed on and is more suitable for mountain work than the Army's moulded sole.

There is one school of



The Royal Marines combat high boots, with special sole for climbing, being put through their paces yesterday.

thought that the leather to which the sole is fixed is not strong enough to withstand the strains caused by the twisting and flexing of the sole.

It was the Army's own *Soldier* magazine that disclosed just over a year ago that it was having trouble with the new boots, with complaints of poor bonding of the sole to the upper, problems over the sizing system and criticisms of the length of time it took to break in the boot.

Yesterday the Ministry of Defence said that, apart from

improving the sole bonding, it had made only minor changes to the boot, which was generally satisfactory.

A survey had shown that more than 80 per cent of soldiers preferred the new boot to the old one.

The Royal Marines are also concerned about the general quality of their boot. After an exercise in Norway last autumn involving 3 Commando Brigade, it is said that about 10 per cent of the boots used had to be replaced.

Body of pilot found 4 years after war

More than four years after the Falklands War the body of an Argentine pilot has been discovered strapped in his crashed Pucara aircraft. It was spotted by a British helicopter crew flying over the remote Blue Mountain on East Falklands.

Positive identification seems almost impossible although under international regulations the body will first be offered back to the Argentine government.

The Times Thursday 4 September 1986

Body found

Port Stanley (Reuter) — British troops have found the body of an Argentine Air Force officer still strapped in the cockpit of his crashed plane four years after the end of the Falklands conflict.

Times
3.9.86

Extract from Guardian Report
on the conference in Harare
of Non-Aligned Countries.

3.9.86

Khamenei silenced by Mugabe

From A Correspondent
Harare

Mr Robert Mugabe, the Prime Minister of Zimbabwe, faced his first problems yesterday as incoming chairman of the Non-Aligned Movement when he asked President Khamenei of Iran to cut short an hour-long diatribe against Iraq and the superpowers.

President Khamenei, a grimly forbidding figure in his grey and black Muslim clerical robes, demanded the expulsion of Iraq from the Movement and rejected any attempt at mediation in the six-year Gulf War which "lacked necessary attention to the important element of justice".

The sudden arrival on Monday of Colonel Gaddafi, the Libyan leader, threatened to raise tensions when he reportedly said that he had come to put an end to the Movement's pretensions to neutrality between East and West.

Referring to Monday's appeal by the chairman of the Palestine Liberation Organization, Mr Yassir Arafat, for Iran to turn its guns on Tel Aviv and Pretoria, President Khamenei scornfully accused the PLO of toying with a compromise with Zionism.

Mr Oliver Tambo, president of the African National Congress, confirmed that he is prepared to meet Sir Geoffrey Howe, the Foreign Secretary, next month.

"We will be making the point that the people of southern Africa are astounded by the attitude of the British Government to apartheid," he said.

President Castro of Cuba pledged to keep his country's troops in Angola "for as long as apartheid exists".

President Alfonsín of Argentina denounced Britain's continued occupation of the Falkland Islands and appealed to the international community to press for a peaceful solution to the sovereignty dispute.

Leading article, page 13

PRESIDENT Raul Alfonsín of Argentina denounced Britain for its continued hold over the Falkland Islands and accused the country of a huge military build-up in the South Atlantic. "My government wants to denounce once again the maintenance of the illegal occupation of part of Argentine territory by the United Kingdom," he said in his address to the summit.—AP.

Daily Mail
3 September 1986

'Argentina renews call for Falklands

HARARE: Argentina renewed calls to Britain yesterday to reopen negotiations over the Falkland Islands.

Argentine president Raul Alfonsin, speaking at the conference of non-aligned nations in Zimbabwe, said talks should be held to give the islands' sovereignty to his country. In exchange, Argentina would protect the rights of the present inhabitants. The continued British military presence 'endangers stability in the region,' he said.

At the conference's general debate Zimbabwe television pulled the plug on Iranian president Ali Khamenei at the peak of an hour-long emotional tirade, and replaced him with a rock video. Zimbabwe premier Robert Mugabe was said to have ordered the cut.

Libya's Colonel Gaddafi arrived at the conference saying he wanted to 'show solidarity with Zimbabwe in its battle against the racists.'

Gaddafi's heir apparent — PAGE SIX

Tim Coone in Buenos Aires describes efforts to cope with inflation and debt

Argentina's economists fight on two fronts

AFTER a turbulent month, the Argentine Government's battles with inflation and its foreign debt face two further critical tests this week.

In New York, Mr Jose Machinea, the new head of the central bank, and Mr Mario Broderson, the Finance Minister, will begin talks on negotiating a new standby agreement with the International Monetary Fund and a fresh rescheduling package from commercial banks.

In Buenos Aires Mr Juan Sourouille, the Economy Minister and Mr Hugo Barrionuevo, the Labour Minister, will try to persuade the trade unions to accept the new package of austerity measures announced at the weekend.

Positive results from both sets of talks will be vital if confidence in the economy is to return. The Argentine public is now once again mesmerised by the return over the past two months to an annualised inflation rate of approximately 150 per cent. The future of the Government's economic stabilisation strategy, the Austral plan, launched 14 months ago, hangs in the balance.

The Trade union federation, the CGT, has already fired its first warning shots. "Time and patience have run out" said its communique. "The CGT will not accept the prolongation of the hopeless and useless sacrifice of the Argentine people," Mr Saul Ubaldini, the CGT leader said that the

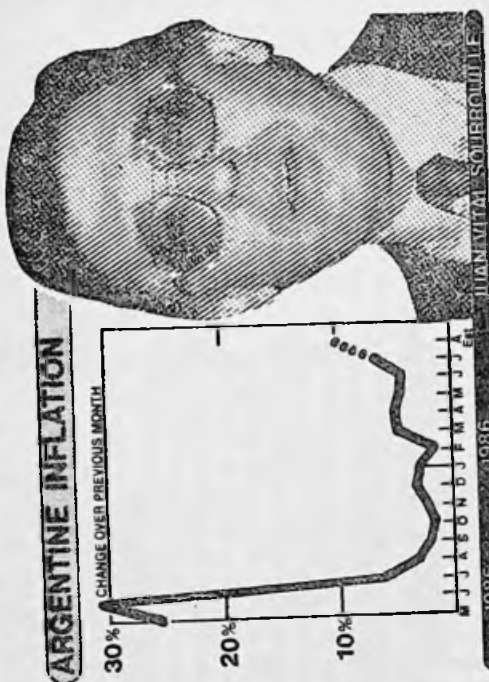
Austral plan had already reduced the level of real wages by 27 per cent.

Wages are likely to have to head the brunt again, however. Mr Sourouille's deflationary package includes steady devaluations of the Austral which has been officially devalued by 6 per cent against the US dollar in the past nine days; increases in charges for gas, electricity and transport and no compensation for the inflationary erosion of wages during July and August—thought to be in excess of 20 per cent.

Mr Sourouille will clearly need all the persuasive power he can summon if Argentina is to avoid being plunged into a wave of labour unrest before the end of the year. He will adopt a two-pronged approach, promising the unions a return to free collective bargaining next year and an end to the wage controls practised since the launch of the Austral plan and appealing to them to remain at work while the debt talks are continuing.

A return to free collective bargaining has the added advantage for the Government of shifting the focus of union militancy onto the private sector where profits and losses will be used to determine wage levels rather than Government decrees.

Argentina's strategy at the New York debt talks is likely to focus on interest rates. The average rate paid on Argentina's



\$50bn debt is 9 per cent, according to Mr Juan Sommer at the Economy Ministry. "We are looking more at the possibility of a reduction in interest rates as a way forward out of the debt crisis, rather than an increase in the total debt burden through refinancing the interest payments," he said.

Officials believe Argentina could reasonably be expected to pay a rate in real terms of 2 per cent. Given an average 2 per cent annual inflation in Argentina's main OECD creditor countries, this would imply an interest rate of around 4 per cent, or 2 per cent below the existing Libor rate.

Mr Sourouille made no mention of a reduction in interest rates in his weekend speech,

team will point to the country's problems with foreign exchange earnings, expected to be down \$1.5bn on 1985, due primarily to the loss of markets and lower prices for cereals and beef, Argentina's main exports.

The US and EEC are blamed for their aggressive selling of subsidised grains and beef on the world market.

At the same time, officials will say, Argentina is trying to reduce its dependence on commodity exports. A package of incentives designed to give an "export bias" to Argentine industry was announced 10 days ago and aims to raise industrial exports by \$1bn over the coming year.

The Government is also trying to speed up privatisation plans and to introduce a tax amnesty on undeclared capital assets with the aim of attracting back potential investment funds presently deposited outside the country. These plans are highly contentious however, and will require congressional approval, a process guaranteed to stretch well into 1987.

Mr Sourouille's immediate battle is to win time. If inflation can be controlled, the longer term restructuring plans will have the breathing space they need to take effect. If it cannot, the hoped-for return of confidence at home and abroad in the Government's economic policy will vanish into thin air.

The Argentine negotiating

Mugabe raises debt spectre

By David Adamson
Diplomatic Correspondent
in Harare

THE non-aligned movement confronted "imperialism" on two fronts in Harare yesterday with calls to end apartheid and the international debt crisis.

"Our success will be judged by the extent to which we can hasten the liberation of South Africa and the emergence of Namibia as an independent nation," the outgoing chairman, Mr Rajiv Gandhi, Prime Minister of India, declared to about 50 Third World leaders.

The new chairman, Mr Robert Mugabe, Prime Minister of Zimbabwe, quoted the World Bank for an estimate that the accumulated debt of the developing countries had risen to \$812,000 million (£545,000 million).

'Voracious beast'

Rich countries were increasingly protecting their markets and at the same time reducing the amount of aid they gave to poor countries, he said.

Combined with other factors, this had led to an unprecedented "bleeding" of poor countries, which, he claimed, were now subsidising rich nations.

The debt crisis was a "voracious primordial beast gobbling up all the export earnings of developing countries."

President Castro of Cuba told the meeting that in the Falklands conflict Washington sided with Britain, which had reminded Latin America it could not count on United States support.

□ Des Peck, the McGonagall of the South Atlantic, was evidently at his poetic peak when our great leader visited the Falklands. We have just received a rare and much-thumbed copy of his encomium entitled Hearty Welcome to the Falkland Islands, Prime Minister and Denis, and his metre and rhyme is unusually tight and breathless. Sample verse: " We wondered what our fate would be/ If another Government had been in power/ So to me, Winston Churchill re-lives again/ And this must be your finest hour." If the late lamented Stanley Holloway were still alive, the new Tory marketing organisation, Blue Rosette, could have made a tidy sum with a recording in the style of Albert and the Lion.

Argentina launches fight against inflation

BY TIM COONE IN BUENOS AIRES

THE ARGENTINE Government has acted to stem inflation with measures including a further 3 per cent currency devaluation, a 1 per cent interest rate reduction and increases in utility tariffs of between 3 and 10 per cent.

Mr Juan Sourouille, the Finance Minister, said the Government planned to impose more rigid control on inflationary wage demands and price rises in industrial goods.

Until three weeks ago, prices and the exchange rate had remained reasonably stable following the implementation of the Government's Austral plan for economic stabilisation in June 1985.

But the announcement of a 6.8 per cent rise in the consumer price index for July sent confidence tumbling and led to a heavy buying of foreign currency and to widespread

speculative price rises in consumer goods. The official inflation rate for August is expected to be close to 10 per cent.

Mr Sourouille blamed the sudden leap in prices on seasonal food shortages, recent wage rises, and inflexibility in the supply of goods, as well as inadequate government controls over money supply. The appointment last week of Mr José Luis Machinea, the new central bank chief who closely shares Mr Sourouille's views on economic policy, is expected to result in a much tighter monetary policy.

Interest rates will be cut in line with reduced inflationary expectations during September but the central bank will absorb a greater proportion of bank deposits, thereby tightening credit availability.

The Austral has been devalued by 12.1 per cent against the US dollar since the begin-

ning of August in a series of six mini devaluations, which will continue "as long as necessary" according to Mr Sourouille. Industrial prices will be allowed to rise by only 3 per cent during September, and this will be reduced to 2 per cent by December.

Existing wage agreements—which partly compensate for the earlier inflationary erosion of salaries—are to be respected. But Mr Sourouille insisted there will be no return to an indexation of wages which, he said, had fuelled earlier inflation cycles.

The implication is that the loss in real wages during July and August will not be compensated. This is bound to upset the main trade union body, the CGT, whose secretary general, Mr Saul Ubaldini said last Friday that real wages had fallen by 27 per cent since the introduction of the Austral Plan, not counting the fall dur-

ing August.

Mr Sourouille has warned that Argentina will take a tougher stance in coming talks with the IMF and foreign banks to refinance interest payments coming due on its US\$50bn foreign debt.

"Growth of the economy is not negotiable, as it is the only way out of the foreign debt problem," he said, rejecting deflationary measures. For the first time Argentina was entering renegotiation talks without overdue debt service payments, he added. "Now we will not be discussing an emergency programme but an integrated plan of growth."

He said he expected the foreign banks to accept a "substantial" reduction charged on the refinancing packages, long term refinancing of upcoming payments covering more than one year, as well as fresh loans to finance new developments

Dutch ship bound for the Falklands

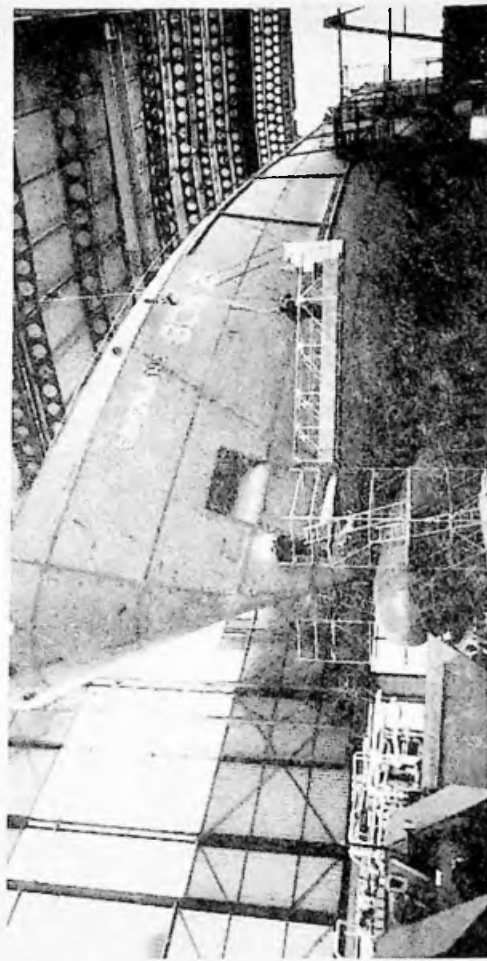
THE NETHERLANDS is preparing to move into the Falklands fisheries. At least one factory vessel is destined for the south Atlantic, and several more currently under construction could follow.

The vessel which is definitely on its way is the new 100 metre freezer trawler, the KW 32, built at the Lenin shipyard in Gdansk, Poland for the Dutch firm Kennemerland. The company announced that it will fish around the Falklands at the official launch.

The KW 32 is equipped with an onboard filleting plant and is powered by a Zgoda Sulzer main engine.

Recent years have seen several problems for the Dutch distant water fleet, which suffered from its exclusion from US fishing grounds. The Ministry of Agriculture and Fisheries recently announced that it will pay compensation for the laying up of 11 to 13 freezer trawlers, though the Falklands could provide some outlet for the pressures which led to this measure.

This has not prevented



The freezer trawler *Friesland* under construction in Ysselwerf's building hall. She is one of the new trawlers building in Holland.

INSTITUTE TEAM QUESTIONS KRILL

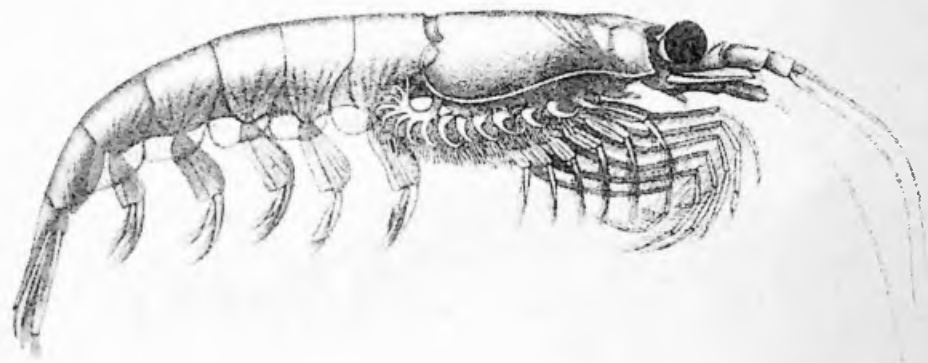
HOPES for the future of krill as a major source of food have suffered a blow with the assertion by two US scientists that original estimates were inaccurate.

Robin Ross and Langdon Quetin of the Marine Science Institute at the University of California, Santa Barbara, have been studying krill resources for five years. They wanted to test the validity of forecasts that up to 150 million tons of the shellfish could be harvested each year.

They discovered two factors which they say cast severe doubt on this projection.

First, the krill are not evenly dispersed throughout the southern oceans as was presumed, and second, the availability of food limits reproduction. These suggest that the catch which would not deplete stocks is much smaller than originally thought.

The figure of 150 million tons was largely based on an estimate of what was eaten by whales at the turn of the century. As the number of whales declined, many people thought that krill stocks would increase. But it has been discovered that krill's lifespan is quite long, up to



The Antarctic krill: vital in the Antarctic food chain.

eight years, and that natural population growth has been lower than expected.

Krill is also regarded as a key element in the Antarctic food chain, and some scientists have argued that large catches could easily upset the southern oceans' ecosystem, especially if a large number of reproducing females are caught.

The current annual catch is around 127,000 tons, most of which ends up in Eastern Europe or Japan. This figure was agreed at the Convention for the Conservation of Antarctic Marine Resources in 1982, but the new findings could create pressure for the catch to be reduced to as little as 50,000 tons.

A British Antarctic survey scientist, Nigel Bonner, responded to the Americans' assertions by saying they are

not extreme, but that they still leave a number of unanswered questions about krill resources.

FIDC

The Falkland Islands Development Corporation has been fully operational for two years, and its second Annual Report describes the progress of a wide range of projects and activities which it is funding from the £4 million capital provided to it by the Overseas Development Administration for its first 30 months. Among the projects for which the FIDC has made substantial commitments are a market garden (*see below*), a woollen mill,

a dairy and tourism facilities.

"In a short time the FIDC has established itself as a major force for development in the Falklands," commented Minister for Overseas Development Timothy Raison in a statement marking the publication of the report in July. He would, he said, be considering over the next few months what further contributions it would be appropriate to make towards its budget, on the basis of the report of a review of its operations by representatives of the Falkland Islands Government and the ODA which was expected shortly.

Falklands hydroponic market garden



The photograph above shows a market garden under construction east of Stanley in the Falkland Islands which before the end of the year should be providing salad crops for local people, the military community and foreign fishermen. The crops will be cultivated quickly under glass and in electronically-controlled solutions of nutrients rather than soil — the system known as hydroponics.

The project — an excellent example of the application of modern technology to the special conditions of the Falklands — is under the direction of Peter Henderson, a 35-year old New Zealander who had arrived in the Islands in 1984 with the intention of becoming involved with more conven-

tional agriculture.

Today, although he stresses that there have been and will be difficulties to overcome, Peter talks with confidence of the future for market gardening without soil in the Falklands. His aim, he says, is "to introduce some basics of the 20th century which are taken for granted elsewhere, and bring some foreign revenue into the Islands."

The project is receiving full financial support from the Falkland Islands Development Corporation, which expects to invest around £500,000 in building, labour, and heating equipment which will be fuelled by the local peat. After completion of the buildings and installation of equipment, Peter will lease and manage the complex and will be given the option to buy after a successful initial period of operation.

The first crops planned are tomatoes, lettuce and cucumbers, with peppers and aubergines to be introduced at a later stage. Potatoes and other root crops, which require less care, will eventually be grown in eight hectares of soil around the greenhouses.

Hydroponic culture of delicate crops is ideally suited to the Falklands because, as Peter Henderson says, "We do not have very good top soil. With this method we can go into full production straight away without worrying about fertilising and sterilising the soil each year."

● *ODA Agricultural Engineering Adviser Bob Bell comments:* "Although many people do not realise it, the latitude of the Falkland Islands is similar to that of the Midlands of Britain, so sunshine and daylight hours should be similar. But with clearer air, the light intensity will be higher. The technique described here might be very useful for other island communities in extending the season for some crops, and particularly for production of crops of good marketable quality for supply to, for example, cruise ships and hotels."

As building of Falklands hospital progresses, Islands get a new CMO

The joint civilian and military hospital now being constructed at Port Stanley in the Falkland Islands, which will replace the building destroyed by fire in 1984, is scheduled for completion in January. It will comprise an acute care wing and a civilian health centre and administrative facilities which are being converted from existing buildings. There will also be sheltered housing for the elderly and staff accommodation on the site.

The overall cost of the project will be £11.3 million. Contributions towards the cost of the sheltered housing have been made by Mr Jack Hayward (£1 million) and the States of Guernsey (£100,000). The remaining costs are being shared between the Overseas Development Administration (with £6.1 million from the British aid budget) and the Ministry of Defence (£4.1 million).

The contractors for the project are Fairclough-Miller Joint Venture. Site supervision is being provided by Building Design Partnership, who carried out the detailed design work and prepared the tender documentation.

A British doctor previously serving as a ship's surgeon with the Royal Fleet Auxiliary, who has been appointed Chief Medical Of-

ficer for the Islands, will play an important role in determining the operating policies of the hospital. Dr Derek Murphy, who was recruited by the ODA, took up his new post at the end of June.

His job will be a challenging one. In addition to his responsibility for administering the hospital and the Islands' dental and social services, he will also act as port and airport medical officer, medical officer of health, and civil aviation medical examiner. His clinical duties will include visits to outlying settlements, to vessels at sea or inshore, and to any emergencies that occur within the Islands.

Dr Murphy, who is 56 and lives in Bristol, began his career as a house surgeon at London's Westminster Hospital and then spent two years National Service as a medical officer with the Royal Air Force in Hong Kong. His subsequent career has included about four years as a hospital registrar in Birmingham, ten years with the Medical Research Council in London, and several years in general practice both in England and in the Scottish highlands. He joined the Royal Fleet Auxiliary last year.



Building Design Partnership's model of the hospital complex.



Royal Marines make a fast ship-to-shore transit from HMS Guardian.

GUARDIAN OF THE ISLANDS

HMS GUARDIAN, one of three former North Sea oilfield supply vessels forming the Falkland Islands Patrol Squadron, has completed two years of operations "down South," where she is now a familiar and welcome visitor to remote settlements around the islands.

With her two rigid inflatable boats — RIBs — and her embarked party of Royal Marines, the ship, with her sister ships HMS Sentinel and HMS Protector, is well equipped for her task of inshore patrolling and observation.

The Guardian's commanding officer, Lieut.-Cdr. Malcolm Brown, sees his task as twofold — to maintain a high degree of operational readiness and to carry out a continuous programme of community relations.

"We maintain regular contact with the people we are here to protect, and that is particularly rewarding," he said. "The sailors all get plenty of opportunity to go ashore and see life in the settlements and, of course, we are made to feel extremely welcome, so morale on board remains high."

Although the Guardian has contact with few other ships as she makes her way around the

islands, careful navigation of the jagged coastline, with its hundreds of submerged rocks, is essential, and an excellent training opportunity and experience for officers of the watch.

And while the UK enjoys late

summer temperatures (however variable), HMS Guardian continues her vigilance in heavy seas and 40-knot winds.

Meanwhile, HMS Sentinel arrived in the UK on August 14 for a Rosyth refit.

HMS Guardian pictures by Sgt. Rick MacDonald RAOC, HQ BFFI photo section.

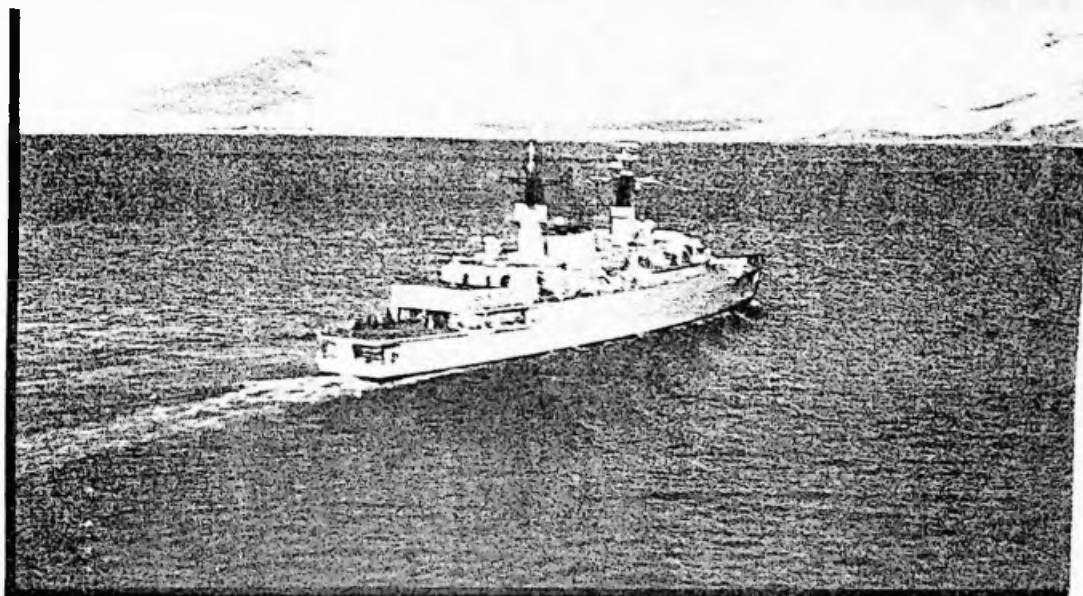
ROYAL AIRFORCE NEWS
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Mercy Helilift

THE CREW of a 78 Sqn Sea King based in the Falkland Islands was called out to airlift a comedian suffering from a suspected heart attack.

Comedian Mr Martin Jackson, had been performing in the Combined Services Entertainment Show all around the Falklands, and was at Mount Kent when the attack occurred. He complained of tingling on his left side and chest pains.

The crew consisting of captain, Flt Lt Harrison, co-pilot, Flt Lt Williams, radar operator Sgt Scott, and winchman MALM Monmuit, airlifted him to the British Military Hospital in Stanley.



HMS Brilliant approaches Grytviken during her visit to South Georgia.

Picture: Lieut.-Cdr. Simon Thomas

BRILLIANT IN 'EPIC' DUTY

HMS BRILLIANT, a member of the first task force to sail for the South Atlantic in 1982, returns home to Devonport this month after her second Falklands Patrol since the war.

The patrol, in which she had headed a task unit including HMS *Rothesay*, RFA *Fort Austin* and RFA *Blue Rover*, was also one of the longest — about 16 weeks in all.

After she relieved HMS *Liverpool* in April incidents between Argentine warships and foreign fishing vessels on the Protection Zone boundary ensured that the *Brilliant* had a busy time. More than once she had to sail with all dispatch from stand-offs at Port Stanley.

Despite all the activity, many members of the ship's company were able to make use of the varied facilities afforded in the Islands, most popular being the Joint Services Adventurous Training Centre at Hill Cove, where up to six can be accommodated at a time for up to a week, taking part in such pursuits as hill walking, canoeing, rock climbing and abseiling.

The new complex at Mount Pleasant Airport also has many amenities, including a large gymnasium and squash courts, which can be used by ships while in Mare Harbour.

Away from the Islands, most interesting feature of the *Brilliant*'s patrol was her mid-deployment visit to South Georgia with RFA *Blue Rover*.

Before the ship arrived at Grytviken the commanding officer, Capt. Nigel Goodwin, was taken by Lynx helicopter to visit the British Antarctic Survey base at Bird Island.

The station is manned continuously by a team of three who stay there for about 2½

years each, studying local wildlife, particularly albatrosses and elephant seals.

When the ship reached Grytviken the ship's company were able to go ashore to visit this fascinating deserted whaling station and to pay their respects to the grave of the explorer Ernest Shackleton.

Breathtaking

Visits were also made to Stromness and Leith, where safety teams were put ashore to monitor the sightseers — the winter weather in the South Atlantic can be both unforgiving and changeable.

The glacial scenery was breathtaking and the clear, blue daylight hours enabled everyone to see South Georgia in all its snow-covered and sunlit glory. The sea was dotted with ice-

bergs as though they were forming for some great exercise.

Courtesy of "Brilliant Airways," many of the ship's company were able to visit St Andrew's Bay, where Cindy Buxton and Annie Price sat out the Argentine occupation, and which is populated by thousands of king penguins and many elephant seals. Luckily for the photographers it was not the breeding season, so the seals were quite docile.

While the *Brilliant* was anchored at Stromness, the ship's missile division, "guided" by LS Andy Coppell, enjoyed a wood-fire banyan in blizzard conditions and sub-zero temperatures — followed by a Sods Opera produced by LS Yorkie Summers in the old village hall which, having been silent for over 20 years, once again rang with applause.

Rothestay pays her respects

A SMALL team led by HMS Rothestay's first lieutenant, Lieut.-Cdr. Andy Lister, climbed Campito Hill above Ajax Bay in the Falklands to visit the memorial to HM ships Ardent and Antelope.



In glorious weather the team watched the Rothestay's chief shipwright, CPO Bob Rawling, fix a brass badge to join the many others at the memorial to those killed in the Type 21 frigates.

Earlier in the patrol, HMS Brilliant and RFA Diligence held a service at the memorial exactly four years after the sinking of the Ardent and the Antelope.

The Rev. Richard Madders, task unit chaplain, officiated at the May 22 service and Capt Nigel Goodwin, the Brilliant's commanding officer, read the lesson.

Two members of the Antelope ship's company during the war, POMEA Cowper and LS Hannon, also took part — the latter laying a wreath on behalf of the Royal Navy.

Picture: LACMN N. Cunningham, Rothestay Flight, 829 Squadron

Doing it on porpoise . . .

NOSY seallions and porpoises proved something of a distraction for HMS Brilliant's diving team during the South Atlantic deployment.

The inquisitive sea creatures, playing around the ship, often gave the divers a little extra to contend with as they carried out routine maintenance of the hull.

During the deployment the team dived at Santa Cruz, Ascension, in the Falklands and at Grytviken, South Georgia, where they took the opportunity to carry out some recreational diving in the scenic bay's sub-zero waters.