

FALKLAND ISLANDS GENERAL

PS  
 PS/LADY YOUNG  
 PS/MR WHITNEY  
 PS/MR RIFKIND  
 PS/PUS  
 MR DEREK THOMAS  
 MR J FREELAND  
 SIR W HARDING  
 MR GOODALL  
 MR O'NEILL  
 SIR C TICKELL  
 MR D C THOMAS  
 MR WESTON  
 MR BAZZINGTON  
 HD/PUSD  
 HD/SAMD  
 HD/FID  
 HD/NEWS DEPT  
 HD/EED  
 HD/ECD (E)  
 HD/UND

PS/NO 10 DOWNING ST  
 PS/S OF S FOR DEFENCE  
 MR ~~RD~~ NICHOLLS, AUSD STAFF, MOD  
 NH

PS/CHANCELLOR }  
 MISS M E CUND } TREASURY  
 MR LITTLER }

SIR R ARMSTRONG }  
 MR ~~A D S~~ GOOBAIL } CABINET  
 DIO *Carledge* } OFFICE

MR POWER, SAD, ODA

MR A FORTNAM IAT/D. TRANSPORT

RESIDENT CLERK

(2)

UNCLASSIFIED

(FM BERNE 170900Z)

FM BISBA

TO IMMEDIATE FCO

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INFO PRIORITY MOD (SIC A3A), CBFFI BANK OF ENGLAND ASUNCION BRASILIA  
 CARACAS MEXICO CITY MONTEVIDEO SANTIAGO UKMIS NEW YORK  
 WASHINGTON PORT STANLEY

## PRESS SUMMARY

1. ALL PAPERS HIGHLIGHT PRESIDENT ALFONSIN'S INAUGURAL ADDRESS TO REPRESENTATIVES OF THE CARTAGENA CONSENSUS STATES MEETING IN MAR DEL PLATA. HE CALLED FOR A DIALOGUE BETWEEN THE GOVERNMENT'S OF CREDITOR AND DEBTOR COUNTRIES TO SUPPLEMENT SEPARATE NEGOTIATIONS WITH THE BANKS, AND STRESSED THE NEED TO AVOID DISRUPTING THE INTERNATIONAL FINANCIAL SYSTEM. HE ADDED A WARNING ON THE SERIOUS IMPLICATIONS OF THE POLICIES PRACTISED BY QUOTE THE BIG CREDIT CENTRES UNQUOTE, BUT REJECTED THE IDEA OF A DEBTORS' CLUB. (TEXT AND TRANSLATION OF SPEECH BY BAG TO FCO). THE US TREASURY IS MEANWHILE WIDELY REPORTED TO OPPOSE A SPECIAL SUMMIT OF DEBTOR AND CREDITOR NATIONS.
2. ECONOMY MINISTER BERNARDO GRINSPUN HAS NOTIFIED THE INTERNATIONAL BANKS THAT ARGENTINA LACKS THE FUNDS TO REPAY THE 750 MILLION DOLLARS OF THE BRIDGING LOAN THAT FALL DUE TODAY. THE LOAN IS EXPECTED TO BE ROLLED OVER ON A DAILY BASIS UNTIL AN AGREEMENT IS REACHED. GRINSPUN ALSO DECLARED THAT QUOTE THE FIRST

THE LOAN IS EXPECTED TO BE ROLLED OVER ON A DAILY BASIS UNTIL AN AGREEMENT IS REACHED. GRINSPUN ALSO DECLARED THAT QUOTE THE FIRST STAGE OF THE FOREIGN DEBT RENEGOTIATION WITH THE IMF, THE CLOSING OF PARIS AND CREDITOR BANKS WILL PROBABLY BE COMPLETED IN THREE OR FOUR WEEKS UNQUOTE.

3. HENRY KISSINGER YESTERDAY DISCUSSED THE FOREIGN DEBT PROBLEM WITH ALFONSIN AND STATED THAT ARGENTINA WAS QUOTE MAKING A TREMENDOUS EFFORT UNQUOTE IN FIGHTING INFLATION. THE PRESIDENT HAS ALLEGEDLY ACCEPTED KISSINGER'S INVITATION TO A DINNER AT HIS NEW YORK APARTMENT ON 26 SEPTEMBER WHERE TALKS WITH IMPORTANT US BANKERS WILL BE POSSIBLE.

4. KISSINGER'S PLANNED ADDRESS TO THE ARGENTINE INTERNATIONAL RELATIONS COUNCIL (CARI) HAD TO BE CANCELLED, SINCE HIS SECURITY COULD NOT BE GUARANTEED AS A RESULT OF THE PRESENCE OUTSIDE THE ORGANIZATION'S HEADQUARTERS OF DOZENS OF PROTESTING "COMMUNISTS, PERONISTS AND ACTIVISTS". DEMONSTRATORS HAD INULTED AND SPAT AT US AMBASSADOR FRANK ORTIZ AND THE PAPAL NUNCIO AS THEY ARRIVED FOR THE MEETING.

5. AN INTERIOR MINISTRY DOCUMENT CIRCULATED TO PARTICIPANTS IN THE SOCIAL CONTRACT TALKS ACKNOWLEDGES ERRORS IN THE GOVERNMENT'S MANAGEMENT OF THE ECONOMY. IT CONCEDES THAT QUOTE A TRUE REACTIVATION CANNOT BE BASED ON A SIMPLE INCREASE IN CONSUMPTION AND REAL WAGES UNQUOTE AND CALLS FOR EVERYONE TO ACCEPT QUOTE THE EVENTUAL DISTRIBUTION OF THE COSTS OF THE REQUISITE ADJUSTMENT UNQUOTE. TAXATION INBALANCES AND A MAJOR DECLINE IN INVESTMENT ARE ALSO ADMITTED.

6. BANK CLERKS INTEND TO RESUME STRIKE ACTION NEXT WEEK IN SUPPORT OF WAGE CLAIMS, BUT WILL NOT PROTEST ALFONSIN'S DECISION TO VETO CERTAIN ARTICLES OF THE RECENTLY PASSED BILL GIVING THEM JOB SECURITY.

7. IN MAR DEL PLATA FOREIGN MINISTER CAPUTO YESTERDAY MET PRIVATELY WITH HIS CHILEAN COUNTERPART TO DISCUSS THE BEAGLE DISPUTE. ON THE FALKLANDS ISSUE, SEVERAL PAPERS NOTE THAT DR DAVID OWEN HAS REQUESTED EXPLANATIONS FROM THE PRIME MINISTER CONCERNING REPORTS THAT HER PRESS SECRETARY HAD EXPRESSED A PREFERENCE FOR A RELATIVELY SEVERE JUDGE TO TRY THE CASE OF CLIVE PONTING.

8. FOLLOWING THE EXPLOSION AT THE "ENGLISH TOWER" ON WEDNESDAY NIGHT, A SECOND BOMB, REPORTED MADE WITH THREE KILOS OF TROTYL, WAS DISCOVERED INSIDE THE BUILDING AND WAS SAFELY REMOVED. THE HAND-BILLS FOUND CLOSE TO THE SITE ANNOUNCED THAT QUOTE THE CONTINENTAL AREA INVADDED (BY THE BRITISH) COMPRISES SOME 5,000,000 HECTARES, WHICH IS THE EQUIVALENT OF MORE THAN TWICE THE PROVINCE OF TUCUMAN UNQUOTE AND THAT THE NAMES AND TELEPHONE NUMBERS OF THE ENTITIES WHICH OWNED THE

E LANDS WOULD BE MADE KNOWN IN FUTURE

"RAIDS".

JOY  
POWELL-JONES

PP. MODUK (SIC A3A)