

MR ALEXANDER

Ref: A01976

CHILE: ARMS SALES

You asked for advice on the proposals in the Foreign and Commonwealth Secretary's minute of 14 April to the Prime Minister.

2. I understand that no other department is likely to disagree in principle with the Foreign and Commonwealth Secretary's conclusion that it is right that the embargo on arms sales to Chile should be lifted. The only minor difference of view is that the Defence Secretary has suggested that there should be a modest relaxation of the embargo now in order to permit the supply of spares for equipment that we have already supplied, particularly warships. Even on this point the only immediate action that the Defence Secretary wishes to take is to send an official from the Defence Sales Organisation to Chile to assess the situation. This could be done without any publicity.

3. This continues to be an area of potential political sensitivity. Although the embargo on arms sales was introduced in 1974, the issue was still causing trouble as recently as 1978 because of trade union action at the Rolls-Royce factory in East Kilbride to prevent the delivery to the Chileans of some aircraft engines which were being refurbished for them. For the Labour Party Chile has been a special case to be seen in a quite different light from other countries with bad human rights records. On the other hand UK policies towards Chile have led to a marked decline in our share of their market and a four to one imbalance in our bilateral trade in Chile's favour.

4. Against this background we recommend that the Prime Minister should agree to the Foreign and Commonwealth Secretary's proposal and that she should express support for the qualification to it proposed by the Defence Secretary. She might however care to express her willingness for the matter to be discussed at OD if the Foreign and Commonwealth Secretary sees difficulty in accepting the Defence Secretary's suggestion.

*D. J. Wright*

D J WRIGHT

21 April 1980

*Agree that arms embargo be lifted in principle subject to modest relaxation of the embargo now in order to permit the supply of spares for equipment that we have already supplied, particularly warships.*

*Prime Minister*

*Agree para 4 below? (100)*

*and think the Foreign Secretary is likely to feel strongly on the point. You may also like to glance at para 10 of the attached which looks a little way ahead.*

*Paul*

*Y*

*(1)*



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Chile

*From the Private Secretary*

23 April 1980

Chile: Arms Sales

The Prime Minister has seen the Foreign and Commonwealth Secretary's minute to her of 14 April on this subject. She has also seen the Defence Secretary's minute of 21 April.

The Prime Minister agrees with the Foreign and Commonwealth Secretary that it is right in principle that the embargo on sales of arms to Chile should be lifted but that the timing and presentation of the decision will need further consideration. She also agrees with the Defence Secretary's proposal that an official from the Defence Sales Organisation should pay a low key visit to Chile in due course to assess the situation.

I am sending copies of this letter to the Private Secretaries to the members of OD, to Ian Ellison (Department of Industry), Bill Beckett (Law Officers' Department), Ian Maxwell (Lord Chancellor's Office) and David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

G.G.H. Walden, Esq.,  
Foreign and Commonwealth Office.

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