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Foreign and Commonwealth Office

London SW1A 2AH

22 March 1983

*Dear John,*

Call by Professor Schweitzer, Chilean  
Foreign Minister

You told me in your letter of 2 March that the Prime Minister had agreed to see Professor Schweitzer at 5.00 pm on Wednesday 23 March.

I now enclose briefing material for this call. We have heard from HM Ambassador in Santiago that Professor Schweitzer's two current concerns are US human rights certification of Argentina for arms sales purposes and Chile's future economic prospects. The briefs cover these subjects, as well as providing material on other aspects of our relations with Chile.

As the Prime Minister will be aware, knowledge of the content of our defence relationship with Chile has been kept to a small circle.

It would therefore be preferable for the Prime Minister not to raise these subjects with Professor Schweitzer if this can be at all avoided.

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*Yours ever*

*John Holmes*

(J E Holmes)  
Private Secretary

A J Coles Esq  
10 Downing Street

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CALL ON THE PRIME MINISTER BY PROFESSOR SCHWEITZER: 23 MARCH

List of Briefs

Brief A: BILATERAL ISSUES

1. UK/Chile Relations
2. Defence Relations
3. Falkland Islands (Air Links)
4. Chile's External Debt

Brief B: REGIONAL/INTERNATIONAL ISSUES

5. US Certification of Argentina
6. Human Rights
7. Beagle Channel

CALL ON THE PRIME MINISTER BY PROFESSOR SCHWETIZER: 23 MARCH

A. BILATERAL ISSUES: POINTS TO MAKE

1. General

Welcome normalisation of our relations. Pleased to have been able to welcome General Matthei to this country last week.

2. Defence

HMG will continue to look sympathetically at requests for training assistance in the UK. If your finances allow, look forward to further defence sales. The quality of our equipment was well demonstrated in the recent conflict.

(ONLY IF RAISED) Naval Cooperation

Navy Department have been studying proposals put forward by Chilean Navy for future naval cooperation. Admiral Fieldhouse has recently written to Chilean Chief of Naval Staff proposing exploratory talks in Santiago.

3. Falklands (Airlinks)

Grateful for Minister's [redacted] attitude to UK wish to establish air links between Falklands and Chile. Hope decision possible before too long.

4. Chile's External Debt

UK banks will undoubtedly play their part in helping in the light of their own commercial judgement. How are discussions going in overseas banking sector? Can Chile maintain IMF January standby arrangements?

*Passages deleted and temporarily  
retained under Section 3(4).*

*Cl Wayland  
5 August 2014*



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CALL ON THE PRIME MINISTER BY PROFESSOR SCHWEITZER : 23 MARCH

UK/CHILE RELATIONS

Essential Facts

1. The present Government decided on coming to power to review relations with Chile in the light of her improved human rights record. Relations were restored at Ambassadorial level in February 1980 and in July 1980 the arms embargo imposed by the previous administration was lifted.

Visits

2. Mr Parkinson as Minister of Trade visited Chile in August 1980 and Mr Rees, Minister of Trade, in September 1982. Sr Luders, the then Chilean Minister of Finance and Economy came to London in February with Sr Caceres, the present Minister of Finance, to discuss Chile's financial crisis with the banking community. The first visit to the UK by a member of the Chilean Junta has just taken place with the visit by General Matthei, Commander in Chief of the Chilean Air Force, at the personal invitation of the Chief of Air Staff. Professor Schweitzer's present visit is in his capacity as Ambassador to the Court of St James to bid farewell to The Queen but he has already taken up office as Minister of Foreign Affairs in Santiago.

3. Mr Onslow, Minister of State at the FCO, has indicated informally that he would like to include Chile in a visit to South America; but no formal decision has yet been taken.

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## DEFENCE RELATIONS

Essential Facts

1. Our defence relations are cordial. We have sold ships and aircraft; we loan personnel; and the Chileans attend UK military courses. During the Falklands dispute Chile was not hostile in public. This strained her relations with her Latin American neighbours. But Chile benefits from Argentina's preoccupation with the Falklands, which she sees as diverting Argentine resources away from the Beagle Channel dispute.

2. Thus, for the UK, Chile is likely to remain a very useful counterbalance to Argentina in the South Atlantic. We are beginning to look at the scope for practical assistance in terms of establishing communications with the Falklands through Chile, eg for supply of raw materials or a civil air link.

3.

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Military Assistance

4. In 1981/82 Chile sent 170 students on Navy and RAF courses

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in the UK. A number of RAF personnel have spent time in Chile. Chile has been made a priority one targetted country for military training funds under the 1983/84 Defence Policy Fund. Some flying and naval training proposals have already been mooted.

#### Defence Sales

5. Leander frigates and Oberon class submarines were purchased in early 70s. Since the lifting of our arms embargo on July 1980 the UK has slowly been climbing back into the market. Sales to date amount to some £30 million, notably the sale of surplus RN ships (HMS Norfolk and RFA Tidepool) and RAF aircraft (12 Ground attack Hunters/3 Canberras PR9's). All three Chilean Armed Services have purchased Blowpipe. Chile's current economic problems are likely to rule out large scale purchases for the immediate future.

#### Naval Co-operation [Not for use with Professor Schweitzer]

6. During visit by Admiral Staveley (now CINCFLEET) to Chile last Autumn, Chilean Navy presented a memorandum containing proposals for co-operation between Royal and Chilean Navies. Some could be helpful. The proposals have been assessed in detail and the First Sea Lord has written to Admiral Merino welcoming the Chilean approach and proposing that a naval Captain go to Santiago for exploratory talks. Chilean Navy are playing this matter close to their chest so Professor Schweitzer may well not be aware of it.

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## ESSENTIAL FACTS

Air links with Chile

1. A Chilean airline, Linea Aerea Aeropetrel, have shown an interest in either a charter or even a regular air service for both passengers and cargo between Punta Arenas and Port Stanley. There has been a separate approach by Mr Benjamin Davis, a Chilean businessman who claims to have been charged by President Pinochet to explore the possibilities of an air link between Punta Arenas and Port Stanley.
2. It is important that air links should be developed with the South American mainland, but there is unlikely to be sufficient passenger or cargo traffic to make a regular air service viable. Ad hoc chartering is a more realistic possibility.
3. HM Ambassador in Santiago has already raised the Aeropetrel offer informally with Professor Schweitzer, whose reactions were:
  - (a) The Chileans would find it helpful if the flight could be presented as a 'humanitarian' gesture;
  - (b) He was reviewing Chile's foreign policy. He would find it difficult to advise the President on our request before the necessary policy framework had been established, probably not before the end of March, and would prefer us not to put in a formal bid for the time being;
  - (c) Chile's first priority in foreign policy would continue to be the Papal mediation in the Beagle Channel dispute.

Supplies for the Garrison

4. MOD and ODA are investigating the possibilities of obtaining supplies from Chile, particularly of fresh foods.

## CHILE'S EXTERNAL DEBT

Essential Facts

1. Total Chilean debt at end 1982 was \$18 billion. Two thirds of this is private sector debt. Claims by British owned banks at end June 1982 totalled \$1.1 billion. ECGD has an estimated £24.4 million at risk under Section 1 and £13.4 million under Section 2. Chile remains on cover.
2. Chile is negotiating with an Advisory Group (including Midland) of Creditor Banks for the rescheduling of \$2.8 billion of commercial bank debt, owed by the public and by the private (financial) sector. Negotiations have been moving slowly. Chile seems certain to ask for a further \$300 million of new money. Chile also obtained in January an IMF standby of SDR 300 million. But some easing of IMF conditionality is likely to become necessary.
3. Chile now looks unlikely to meet the credit ceilings for March and June set by the IMF in January; an IMF mission is currently in Santiago considering with the Government, fiscal measures which would allow Chile to meet the September ceilings. The IMF believe that if international confidence in Chile can be restored there should be no major need for additional external finance.
4. Professor Schweitzer is reported as hoping to persuade with influence in the financial community in the UK and US that the renegotiation of Chilean debt might not be dealt with purely as a commercial matter for the private banks. But such matters are precisely for the commercial judgement of the banks. Non-intervention by government is a long-standing policy, as seen in other cases. Professor Schweitzer should aim to give authoritative and coherent assessment of Chile's prospects to the banks.





## B. REGIONAL/INTERNATIONAL ISSUES : POINTS TO MAKE

5. US Certification of Argentina

Aware that Chile, like us, is watching this keenly. Will US "decouple" Argentina from Chile? We have told US that to supply arms to Argentina would not be understood in Britain. Our understanding is no immediate prospect of certification; hostility in the US Congress and general public is strong and difficult to overcome. We do not agree that a democratic government in Argentina should mean the lifting of restrictions. A change of heart is needed from Argentina.

6. Human Rights

Chile's record, including such cases as William Beausire, still remains a sensitive issue in the UK. Hope that improvements can be made. Prospects for return of exiles?

Professor Schweitzer will be aware of UK help at UN over selectivity of Chile's treatment. Regret amendment on Special Rapporteur we promoted did not, in the event, succeed. We also worked hard behind the scenes in Geneva over the Special Item; but again there was not enough international support.

(If asked about the death of Rapporteur) we have not yet been involved in any consultations about a new Rapporteur.

7. Beagle Channel

Will the Argentine Military try to reach a settlement or hand the problem over to the Civilians? Will they, or Chile, press for a new Papal mediator?

The UN's series of reports on international arbitral awards does not include the Beagle Channel award. As organisers of the 1977 arbitration, we have asked the UN Secretariat informally why this is. We shall keep in touch with you.



## US CERTIFICATION OF ARGENTINA

Essential Facts

1. In 1978 the US prohibited the supply of most military equipment on human rights grounds. A total embargo was enforced after April 1982. The existing restrictions can only be lifted if Congress 'certifies' that the human rights situation in Argentina warrants this.
2. Similar Congressional restrictions apply to Chile. Until now, American policy has assumed a linkage between the certification of Argentina and Chile, because of possible danger to the US in being identified with support for one of the two antagonists in the Southern Cone. Chile is seeking to dissuade US from 'decoupling'. HM Ambassador Washington has advised that given the Chilean Government's reputation in Washington, it would be unwise for us to liaise too closely with them, despite our joint interest.
3. But elements in the State Department and Congress now want to re-establish close ties with Argentina, and believe this should be done by arms sales before military regime hands over power in October. US Administration also sees that arms sales could help nurture a new democratic government and would not want the Falklands issue to interfere in this.
4. State Department's annual report on Human Rights in February 1983 recorded a marked improvement in Argentina's record, but not in Chile's. We do not support the assessment on Argentina: the regime has not yet produced a report on the 'disappeared'.
5. State Department have assured us at senior level that there will be no decision to resume US arms sales to Argentina without proper consultations with us.



## HUMAN RIGHTS: CHILE AT THE UN

Essential Facts

1. Because of her human rights record, Chile is singled out at the UN for selective treatment in two ways:

- (i) A Special Rapporteur produces an annual report on abuses in Chile. There are a few other countries which are reported on in this way, but Chile is the only one where the Rapporteur's mandate is derived from the UN General Assembly and not from the Human Rights Commission (HRC). The present Rapporteur (a Senegalese) died on 18 March. The HRC Bureau (Britain is not a member) have now to decide about a successor.
- (ii) Chile is dealt with at the annual Human Rights Commission meeting as a 'Special Item' and not under the more general item which covers human rights abuses in all parts of the world.

2. We have said at the UN that Chile should not be singled out in either of these ways when her record, although still not good, is no worse than that of many others. At the UNGA in New York last December, the British delegation sponsored an amendment to the Chile resolution intended to give the Special Rapporteur's mandate to the HRC. At the meeting of the HRC in Geneva this month, we were active amongst delegations who wanted the special item deleted. This was not put to a vote because the Germans who were in the lead, decided not to table an amendment. We finally voted, along with our Western partners in favour of the resolution expressing concern over human rights in Chile.

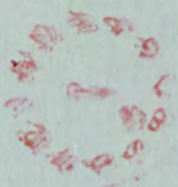
3. The Chilean Government is aware of the helpful role we have played behind the scenes at the UN over the last few months on her behalf. The Chilean authorities have also intimated that they understand why we have not been able to vote against UN resolutions expressing international concern at Chile's human rights record.



## BEAGLE CHANNEL

Essential Facts

1. Britain organised an international arbitration in 1977 which found in favour of Chile. It was accepted by Chile but denounced by Argentina. Thereafter, the two countries tried and failed to reach a bilateral agreement. A threat of war between them was averted by a Vatican offer of mediation. At the end of 1980 the Papal mediator produced a solution which, again, favoured Chile. The Argentines have avoided giving any direct response. There the matter rests. The recent death of the Papal mediator has not helped. Speculation now centres on whether the Argentine military will try to settle the dispute before they leave government or, instead, hand the problem over to the civilians. Meanwhile the dispute remains a source of major concern to Chile.



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