

Admiral sets his sights on yacht race sponsor



'SANDY' WOODWARD:
Still hopeful

THE Royal Navy's plan to enter the coming Whitbread round-the-world yacht race is in danger of foundering on the stormy issue of sponsorship.

Falklands hero Admiral Sir John "Sandy" Woodward has been trying to find a financial backer to build and finance a winning boat, but the only offers he has had so far have come from tobacco companies.

And the Navy's top brass have vetoed them all.

"They thought it simply wasn't on," Rear-Admiral Charles Williams, chairman of the race committee, said.

by Keith Dovkants

"Apparently Ministers feel the Navy can't be seen to be accepting sponsorship from cigarette companies."

Admiral Williams said three offers had been declined and the Navy's hopes of competing in the prestigious race rested on efforts to find an acceptable backer.

Frustrating

But time is running short to build and tune-up a potentially winning boat before the start of the race next year.

The Navy's problems are symptomatic of what the organisers see as a frustrating

lack of interest by major British concerns and their advertising advisers.

Admiral Williams said: "It's tragic that British industry doesn't seem to be willing to sponsor boats."

"This is a major international sporting event that attracts entries from all over the world. In other countries sponsors come forward with vast sums and the experience they have had is that it pays marvellous dividends."

"Why can't British companies see the advantages?"

Big sponsors have been found for entries from Scandinavian countries, Switzerland, France, New Zealand and even Ireland.

But so far there is only one certain British entry and this has been put together by two yachtsmen who raised a bank loan and are planning to take paying guests.

The Challenger UK effort contrasts sharply with the multi-million pound campaigns mounted by some crews from abroad and the two men behind it know they will be lucky to win a prize.

Wish

Tony Allen, a 29-year-old London solicitor, and his partner John Chittenden, a master mariner and former sea captain, are hoping to realise personal dreams, however.

They bought a neglected 80ft yacht and plan to put it into first class condition with a £50,000 refit this spring.

Then Challenger UK will be based in Docklands taking out charter guests at £300 a week "all in" until the race starts in September 1989.

Tony said: "John and I were working out ways to try to help other people take part when we were working at the Royal Yachting Association."

Then we thought 'why don't we do it ourselves?'.

"We discovered that we could buy Challenger at a ridiculously low price and John got a loan from his understanding bank manager."



HOPEFUL: Challenger UK is the only certain British entry.

Haringey report says gay issues should be taught

CHILDREN SHOULD learn about gay scientists, lesbian stand-up comics, the Nazi persecution of homosexuals, and how war "opens up space for closer same-sex relationships", a London council working party has recommended.

The working party on "lesbian and gay issues in education" was set up by Haringey education authority in September 1986. Some parents say that they will tell their children to walk out of lessons if teachers carry out the report's recommendations.

The education committee, which received the 103-page report this week, plans to produce a summary version and to consult parents next term.

Legal advice will be taken because the recommendations might breach clause 28 of the Local Government Bill, which is likely to come into operation from 1 June. The clause says that "a local authority shall not promote the teaching in any maintained school of the acceptability of homosexuality as a pretended family relationship".

Kenneth Baker, Secretary of State for Education, and the Labour-controlled council, have exchanged letters on the treatment of homosexuality in schools, after complaints from some parents.

Last July, he wrote that he was "reassured to learn that the authority entirely agrees with the Government's view that schools should not advocate or promote homosexuality or encourage or condone illegal acts". He asked to see the working party's report when it was completed.

The report puts the treatment of lesbian and gay issues in the context of the council's general equal opportunities policies, which also concern women and blacks. It argues that "it is not

By Peter Wilby
Education Editor

possible to promote a state of being lesbian or gay, any more than it would be possible to promote being black or a woman". No responsible employee of the education service should initiate a discussion about the sexual practices of either heterosexuals or gays.

Children's questions should be answered factually and objectively. "It is not the business of education service employees to offer their personal opinions." The report continues: "It would be unethical to attempt to persuade adolescents who are establishing their own identities that there is only one possible set of social, emotional and sexual experiences."

In primary schools, children should be encouraged to "explore a wide range of roles". Staff should not mock a boy who wants to be a nurse or a girl who wants to be a car mechanic. In dance, teachers should not insist that boys always partner girls. Pupils should be expected to follow a code of conduct outlawing offensive words, such as "poof", "queer" and "lezzie".

In secondary schools, pupils should be encouraged to refer to "partners" rather than to boy friends or girl friends. "Staff should be aware that young people who are lesbian or gay have not been provided with role-models for dating." Access to information about gay and lesbian groups should be available.

Pupils should examine whether single people or same-sex couples receive different treatment from social security offices; how many openly gay tenant organisers or elected councillors they know of and why such people do not

"come out"; and why same-sex households may have difficulty getting mortgages or tenancies.

When studying novels by James Baldwin, Christopher Isherwood and E M Forster, pupils "should be aware of the authors' sexuality and how far this influenced their writing". In essays, they might be asked to see things from the viewpoint of a lesbian or gay youth.

In history, they should learn about the war experiences of T E Lawrence, Wilfred Owen and Ivor Novello. The report adds: "Is it assumed that all the men who died in the Falklands conflict were heterosexual, and were mourned exclusively by wives and girl friends?"

Libertarian reforms for women and gays during the Russian Revolution should also be examined. Classical studies cannot exclude "attitudes towards sexuality in those Mediterranean societies". In geography, pupils should look at why lesbians and gay men are attracted to metropolitan areas.

The report says that, at each school, parents should take part in group discussions about the policy. Gay governors should be used to train other governors.

Financial incentives are to be given to Northern Ireland schools to educate Protestant and Roman Catholic pupils together in an attempt to bridge the sectarian divide, **Simon Midgley** writes.

This is one of the key proposals in a new government consultative paper on educational reform in Northern Ireland.

It proposes that in future, schools will be able to opt out of local education and library board control in favour of direct funding by the Northern Ireland Education Department providing most of the school's parents support such a move.

The paradox islands

Eduardo Crawley

ALEXANDER BETTS

La verdad sobre las Malvinas: Mi tierra natal
203pp. Buenos Aires: Emecé.
950 04 0696 9

OSCAR RAUL CARDOSO, RICARDO

KIRSCHBAUM and EDUARDO VANDER KOOY

Falklands: The secret plot

Translated by Bernard Ethell

327pp. Preston Editions, 5 Creek Road, East
Molesley, Surrey. £12 (paperback, £7.50).
1 870615 050

Few people who watched the television coverage of the Falklands War in 1982 can forget how quintessentially British is the urban landscape of Port Stanley, how unmistakably British are its people, the Kelpers; how alien, by contrast, is everything Argentine. The image is quite vivid: the islands may once have belonged to Argentina, long ago, before 1833, but since then they have been settled by generations of very British people, wishing only to be left alone to live in their very British fashion. All vestiges of the islands' Argentine past have vanished: language, customs, links with the mainland.

Most of what is known in Britain about the Falklands and its people has come either from television, in bursts of a few minutes at a time, or from the pens of journalists, academics and politicians, most of whom had, at best, only fleeting first-hand acquaintance with their subject-matter. If this sounds too sweeping, here is a simple test: how many books on the Falklands do you know offhand which have been written by native Falkland Islanders? In fact one is available – but written in Spanish, and published in Buenos Aires. The title could easily smack of a propaganda exercise by a renegade: *La verdad sobre las Malvinas: Mi tierra natal* (The Truth about the Falklands: My homeland). The author, Alexander Betts, is a Kelper who has been living in Argentina since the end of the 1982 war; indeed, last year he was elected municipal councillor in his new home town of Agua de Oro, in the province of Córdoba.

In fact Betts is sympathetic to Argentina's legal claim to the islands, though he is anything but laudatory about the 1982 invasion, or about the behaviour of the invaders. But these matters occupy little space in his book. Most of it is a homely portrait of the place where he was born and grew up – of his parents and his grandparents. It is largely because he can draw so far back on family memory that he is able, coherently and credibly, to paint into the conventional picture of the Falklands a number of unexpected features. He tells of his great-great-grandfather, twenty years after the British occupation of the islands, scouring West Falkland, with the assistance of a gaucho

called Llamosa, for the wild cattle which had to be exterminated to make way for sheep-farming; he tells of Carlos María Moyano, governor in the 1880s of the territory of Santa Cruz, on the Argentine mainland, who promoted the migration of Falklands farmers to southern Patagonia – and in the process acquired for himself a Falkland Islander wife; and of the first three-and-a-half decades of this century, when education on the islands was in the hands of a small band of Salesian nuns, the same Catholic congregation that was busy teaching throughout Patagonia. Spanish was then a mandatory part of the curriculum, and under Mother Superior Angela Vallese many of the older Kelpers learnt the language that today they are reluctant to use, or even to admit that they know.

By the time Britain and Argentina signed the Communications Agreement of 1971, rejection of Spanish had become a political issue. Thus, there were few pupils for the Argentine teachers who, Betts tells us, made a different kind of contribution to the intended *rap-prochement*. They were all female, usually unmarried, and "only one returned a spinster to Argentina".

Kelper culture itself has kept alive the language and the customs of the days when gauchos roamed the archipelago hunting down wild steers. The islanders call the countryside "The Camp", a straight translation of the Spanish *el campo*, and it is common to hear

Kelpers stitching their conversation with the untranslatable *che*, a word so closely identified with Argentina that in most of Latin America Argentines are called *los ches*. Other than in Argentina (and its former province of Uruguay), only in the Falklands can one hear the colours of horses given as *alazán* (sorrel), *zaino* (dark without spots), *malacara* (with a white stripe on the forehead), *manchau* (spotted), *rosillo* (roan), or *moro picaso* (piebald). And nowhere outside this triangle does one find preserved such terms as *bozal*, *cabestro*, *bastos*, *soga-cincha*, *cojinillo*, *maneas*, *tientos*, *pretal* – all reminiscences of the complicated *apero* used by the gaucho instead of the European saddle, bridle and reins.

The archipelago's much-vaunted isolation from Argentina is a myth, which Betts happily punctures with evidence of constant two-way movements throughout the years.

There have always been contacts Not a few Argentines have passed through the islands under assumed Chilean nationality Nor is there a lack of Falkland Islanders educated or trained on Patagonian *estancias* who later returned to manage their own establishments, like Barton, Miller and Pitaluga, or of Falkland Islanders who settled in Patagonia, or of Argentines who own properties on the islands, like the Feltons, the Blakes, the Wal-

Cont...1

drons, the Greenshields, the Camerons and the Munros. Or the long list of Falkland Islanders who emigrated to Argentina without property of their own, like the Aldriges, the Buses, the Bonners, the Bettises, the Hallidays, the Johnsons, the Morrisons, the Murphys, the McLeods, the McKenzies and the Scotts in the South; the Mintos, the Rozees, the Reids and the Turners in the province of Buenos Aires; the Bettises, the Newmans and the McLars in Córdoba, and the Couttses in Santa Fe.

Betts left the islands before the present isolation set in, so in a sense his book is a witness to a period that came to an end in 1982: the huge post-war military establishment has already changed the Falklands beyond recognition, and the new-found wealth from fishing licences seems likely to provide the islanders with the means to attempt a few of the many development projects offered to them since the war.

La verdad sobre las Malvinas was written for the Argentine public – a public which had already read, in Spanish-language editions, several British versions of the Falklands war: it is familiar with the work of Max Hastings and Simon Jenkins, Arthur Gavshon and David Tinker. In this respect Buenos Aires is ahead of London, where the only Argentine account of the war to be published, in 1983, was a translation of Daniel Kon's *Los chicos de la*

guerra. This compilation of the personal testimonies of Argentine conscripts had appeared in Buenos Aires in 1982, not long after the fighting ended. It represented one of the two moods prevalent in Argentina: the frustration and humiliation caused by defeat, and the anger at the military rulers who, after savaging one generation with their brutal "dirty war" at home, had inflicted upon another the cost of this new adventure. The other mood, that of trying to salvage some pride from defeat, was represented by a series of books reviewing the performance of particular military units, such as the air force and the commandos.

An important book that did not fit neatly into either category was *Malvinas: La trama secreta*. Published in 1983, it was the work of three young journalists from the daily newspaper *Clarín*. Able, after the war, to benefit from loose tongues among the military and a considerable number of classified documents (mostly leaked by officials wishing to shift responsibility), they produced the side of the story which is missing from British accounts. Five years on, after the book has gone through seventeen editions in Buenos Aires, it is finally available in Britain. The English title, *Falklands: The secret plot*, is misleading. "Plot" (*trama*) should not in this case be interpreted as "conspiracy", but as "script" or "story line".

The book contains little on the actual fighting, and much about the way in which the idea of the invasion was hatched; how Galtieri's junta slowly awoke to the realization that Britain would retaliate, and how all diplomatic initiatives to prevent the fighting came to nothing. Perhaps its most interesting contribution (and the most disturbing one for some British critics of the Thatcher government's conduct of the war) is the debunking of one Falklands myth: that the peace initiative promoted by Peru's President Fernando Belaúnde Terry was torpedoed by the sinking of the *Belgrano*.

Oscar Paul Cardoso, Ricardo Kirschbaum and Eduardo van der Kooy make it quite clear that the initiative did not stand a chance, even before Galtieri knew that the *Belgrano* had gone down. In passing, they also show, through excerpts from Argentine naval radio traffic, that the *Belgrano* had indeed been engaged in an attempted pincer-movement with two other Argentine task forces, which had been called off only when it became evident that their target, the British task force, was not where initial intelligence had suggested. The cruiser was hit, not on its way back to base, but on its way to a "safe area" from which to await a better chance.

This book, so far quoted only selectively by British authors, arrives rather late for the first round of debate on the Falklands war, late even as a tail-end to the debate over the sinking of the *Belgrano* – but in good time to contribute to a cooler assessment of the future of British-Argentine relations.

Alfonsin blames army for bombs

Jeremy Morgan
in Buenos Aires

A SHADOWY terrorist group unleashed a wave of bomb attacks in Buenos Aires amidst fears that the Easter weekend would see renewed military unrest, almost a year after the first rebellion led by the renegade Colonel Aldo Rico.

Four people, including two police officers, were injured as bombs went off at three cinemas in the city centre.

Police searched for two people, one of whom was taken to hospital with injuries but who later disappeared.

President Raul Alfonsin has already pointed the finger at military malcontents for the explosions. In an implied reference to the two unsuccessful uprisings led by Colonel Rico in

April last year and January this year, President Alfonsin said that the bombers had "been crushed twice and are not going to have any success."

All the bombs contained pamphlets bearing the legend "OAS-MRP", a group which emerged after last year's uprising and held responsible for recent attacks.

The name of the group has not halted speculation. OAS appears to allude to the French terrorists who fought General de Gaulle, while MRP is the acronym of the nationalist Revolutionary Peronist Movement.

Recent weeks have seen speculation that maverick officers plan an upheaval this Easter to mark the anniversary of Colonel Rico's first rebellion.

The city has been blitzed by graffiti hailing Colonel Rico as a real Peronist and a "hero of the people".

COMMENT David Brewerton

Standard is keeping its shareholders sweet

No point in rubbing shareholders up the wrong way if there is a rights issue around the corner, so Standard Chartered is maintaining its dividend, payable wholly out of reserves. But unless the group can push some earnings through to the bottom line in the current year, the next payment will have to go. After paying the £54.5 million dividend, there will be only £43.4 million of distributable reserves left in the balance sheet.

Sir Peter Graham, chairman of Standard Chartered until he is relieved of that onerous post by the Man from the Bank, Rodney Galpin, has a way with words even if his bank's numbers leave a lot to be desired. "It is our intention," he says, "to continue strengthening our capital ratios and the board will consider asking shareholders to participate in this at the appropriate time."

The appropriate time will not be long delayed, for the group is in dire need of better banking ratios and it would take too long to beef them up through retained profits. So once the half-year results are out of the way and assuming that the profits are heading in the right direction, shareholders are likely to be tapped for a minimum of £250 million. For that operation to stand any chance of being underwritten at a reasonable price, even with the Bank of England encouraging the institutions to support the home team, it was essential that the dividend is held, because the other props to a rights issue, earnings and assets, have been knocked away. Earnings are negative; assets per share have plunged from 800p to 460p.

Sir Peter admitted yesterday that he and his board are keen to take action which mirrors shareholders' desires. Holders do not like being diluted, he suggested. "And you ignore shareholders' wishes at your peril." Ignoring shareholders is more perilous for Standard Chartered than for most companies and not only because the three white squires sit with their strategic stakes. Even after all the write-offs and the two United States disposals, Standard is worth more as a break-up than as a going concern.

In the immediate future, its shareholders have the enticing prospect of a recovery in profits backed by a 10 per cent dividend yield, better than a long gilt. They will also have the choice, within months, of either facing dilution or putting up new capital. But even with the new capital and the improved ratios — the aim is for an equity to asset ratio of 5 per cent compared with the current 2.8 per cent within a year — it will still be a bank that can do little more than stand still, not one that can grow. The rights money will repair the damage, not pave the way for expansion.

The market is still to be convinced that the bank is undergoing the renaissance

that its restructured management claims for it. Over the past two years it has had more strategy changes than most banks go through in a decade and each one has seemed an illusion.

The strategy — since the abandonment of US regional banking which was the linchpin last year — is now to concentrate on British and Far Eastern operations. The Far East is, after all, looking somewhat healthier than it has for some time. And British earnings continue to rise, with an improvement in quality as the volatile foreign exchange dealing profits form a smaller proportion of the whole.

But even assuming that the general tightening of credit controls is effective and that Standard has sorted out the problem areas of Canada and Malaysia, it is still vulnerable to mishaps such as further increases in Latin American bad debt provisions and a further fall in the dollar against sterling. It also has a hard slog to return areas such as Europe to anything like a respectable return on assets.

Yesterday's package was about as good as the stock market could have expected. The £273.8 million pretax loss was well short of the worst estimates and the bank sounded bullish about this year's prospects. But its position is terribly fragile and a determined bidder could carry off the prize.

Secret success story of the air-travel world

One of Britain's biggest airlines — with a fleet three times the size of British Caledonian — has its headquarters in the unlikely setting of the Wiltshire town of Upavon.

The air line, known affectionately as Crabair, has three main bases, at Lyneham, Brize Norton and Northolt. Not only does it carry 140,000 passengers a year on its own network of scheduled and *ad hoc* "charter" routes, it arranges for other airlines to carry another 275,000 passengers in its name.

Technically it is known as the Air Transport Force, a modern development of Transport Command. Part of Strike Command, it is run on a day-to-day basis by No.1 Group at Upavon. Its fleet consists of 60 Hercules, 13 VC10s, 12 HS 125s, nine Tristars, four Andovers and two British Aerospace 146s.

Well over 6,000 men and women are "employed" directly by Crabair. About the same number work in the background, providing ground-movement facilities.

The Truckies, the Air Transport staff who run this unusual airline, not only provide all the flights to ferry the British military to their training grounds and operational bases around the world, but when space is available fly families out to visit their husbands serving overseas, and they must be ever ready to take part in providing the vital transport necessary in any emergency. Because of the ever-present need to be ready to go to war, the crews of the aircraft flying in Crabair colours are always more in number than their opposite numbers in civilian airlines. While most civilian airlines are now moving towards a two-man cockpit, the RAF still flies with a basic crew of five: two pilots, a navigator, an engineer and a load-master. Many crews claim this is largely because the navigational and other electronic equipment on an RAF transport jet is old-fashioned compared with that on a comparative civilian aircraft. To a certain extent this is true. The planes they fly are often airline cast-offs — such as the VC10 now taken out of civilian service, and

the Tristar which will soon be replaced entirely by British Airways and is no longer mass-produced by Lockheed.

Another, more important reason is that the RAF crews may have to fly through hostile conditions, often where electronic warfare is being waged and where only the so-called old-fashioned navigational skills can be expected to get the aircraft through. They also need cumbersome kit to protect them from any nuclear, biological or chemical attack.

The mainstay of the Transport fleet is the C130 Hercules based at Lyneham. Eighty crews are on permanent standby to provide the flights any of

the three services may want. This may not always involve carrying passengers. The Hercules is the ideal aircraft to lift heavy cargoes to be carried to reinforce units anywhere in the world, either by para-dropping them or by the plane's unique short-landing and take-off capability.

The Hercules joined the RAF in 1966 and became the work-horse of the four main Hercules squadrons. As well as making regular scheduled flights to the Falklands, the Hercules fly as regular as any civilian scheduled airline to Gibraltar, Cyprus, Belize and Sardinia.

About half the Hercules force has also been converted by lengthening the fuselage so they can carry an astonishing 171.5 cubic metres of cargo. They are able to carry four Land Rovers and three trailers in one lift.

The Hercules have also been fitted with refuelling probes to enable them to stay in the air and make non-stop flights from Ascension Island to the Falklands. Some Hercules crews have stayed on board for up to 28 hours on one hop. In the normal transport role, the Hercules can carry up to 92 fully equipped troops and 62 paratroops can jump from the rear of the aircraft.

At Brize Norton, home of the VC10 fleet, there are check-in desks and ticketing staff, airport lounges and bars not dissimilar to those found

in most big airports. Since they entered RAF service, the VC10s have been strengthened so they can take heavy pallets of ammunition and other military supplies with ease through a door.

Their role is to link all the many bases around the world with passengers flying in comfort in the rear-facing seats. They make regular scheduled runs from cities as far apart as Washington and Hong Kong. They have also made appearances in almost every country. Some have been converted so they can be both suppliers and receivers of fuel in flight.

Getting a seat on a VC10 depends on the monthly meeting of the tri-service transport-

allocation committee which studies the "bids" made by each of the three services, then tries to fit them into the VC10s crowded programme. As well as the regular trooping and family flights, the VC10s also provide vital exercise flying alongside the strike aircraft as the crews constantly improve their ability to operate the jets in both war and peace.

At Northolt are the 12 HS 125 executive jets used to fly VIPs such as government ministers and senior officers free of the problems of security in busy civilian airports.

Perhaps the proudest addition to the RAF's transport fleet is the BAe 146, two of which have been bought specifically for the Queen's Flight. These British designed and built four-engine jets are now looked after and flown by the 175 officers and men of the prestige unit based at Benson near Oxford.

With the remaining propeller drive Andovers the Flight is at the call of the Royal Family and can also be used by visiting heads of state or the Prime Minister. In their distinctive red white and blue the aircraft are always given priority in the airways and are designed not only as a convenient, fast and most important safe, vehicle for transporting the Sovereign on official business but also as a way of showing the British flag at its best around the world. The capability of the transport force was revolutionized almost overnight



Gun in hand, a soldier checks in for a Royal Air Force flight

in 1982 when the Falklands war showed the importance of a long-range plane capable of being refuelled in the air, of giving fuel, of carrying troops thousands of miles without stopping and of lifting vast quantities of supplies. The Ministry of Defence began to search the world for an aircraft which could fulfil these roles and began detailed discussions with McDonnell Douglas to buy KC10 "Extender" tankers. But the defence budget was already stretched to breaking point. Fortunately an alternative was immediately available. British Airways found it had six Lockheed L1011 Tristars it did not really want and were and was able to sell them to the RAF. Two years later

three more became available from Pan Am, enabling a powerful force of nine to be added to the fleet.

Each was stripped down and modified to enable them to be used in any of the roles which might be required. They have since been widely and effectively used all over the world.

Even with this huge fleet there is always a demand for more seats than the RAF can provide, so civilian airlines such as Britannia and British Caledonian are regularly chartered to shuttle families, troops and freight to West Germany, Hong Kong or any other military base where they may be needed.

Harvey Elliott

Army hospitals to cut the waiting lists

By Martin Fletcher, Political Reporter, and Jill Sherman, Social Services Correspondent

Thousands of National Health Service patients may be treated in military hospitals as the result of a new agreement between the Department of Health and Social Security and the Ministry of Defence.

The agreement, the result of a protracted dispute over money, will mean that an extra 18,000 patients could come off health service waiting lists and find themselves in beds in Britain's eight Service hospitals.

Mr Roger Freeman, the junior defence minister, announced yesterday that the two departments had reached

a financial settlement under which the Ministry of Defence will continue to pay for the treatment of a number of civilians in its hospitals because it needs them for training purposes.

Spare capacity above that basic level will be offered to local authorities at small marginal costs which have to be negotiated locally. Health managers yesterday said the charges could amount to about a third of the cost of treating a patient in a health service bed.

The deal comes in the wake of a recent report by the House

of Commons Public Accounts Committee which said the occupancy rate of Service hospitals was only 61 per cent compared to rates of more than 80 per cent in NHS hospitals.

Health authorities will now be encouraged to negotiate contracts with Service hospitals for fixed numbers of beds. Although the contracts will be cheaper than sending patients to private hospitals, some health authorities may find they have to pay out for patients who, until now, had been treated free in Service hospitals.

Cambridge Health Authority is the only one holding a contract with a Service hospital, paying £1.7 million a year for 65 beds at the Ely Hospital.

Yet 60 per cent of the patients treated in MoD hospitals are civilians referred by GPs, now treated at no cost to the NHS.

In its report, the Public Accounts Committee said it was "deplorable" that a Whitehall wrangle over who should bear a marginal extra cost should delay fuller use of Service hospital resources.

It is believed the Prime

Minister may have intervened to "knock heads together". In 1973 an independent report said more health service patients should be treated in military hospitals.

However, the DHSS maintained that the defence ministry should bear all the costs, as it needed the patients for training purposes. The ministry insisted that it was already subsidizing the DHSS and could not make extra funds available.

The MoD runs eight hospitals in Britain and 10 overseas at a total cost of £143 million.

Brazil Hopes to Reduce Its Debt by \$4 Billion in Auction

United Press International

RIO DE JANEIRO — As bankers awaited the start of a Brazilian auction Tuesday, they were hoping it would draw enough investors to cut \$4 billion from the country's troublesome \$113 billion foreign debt this year.

In the latest in a number of plans to convert Latin American debt, Brazil is seeking to transform existing debt into cut-price investments.

Last month, a plan to swap foreign debt for bonds reduced Mexico's debt by only \$1.1 billion, against the \$10 billion it had set as a goal.

Brazil's auction, on the Rio de Janeiro stock exchange, was expected to attract financiers and investors from around the world.

An auction benefits Brazil both by reducing its debt and giving a

boost to industry. Foreign investors benefit because they can build a factory or buy shares on the Brazilian stock exchange for less than the usual cost.

"This will be an extra factor tipping investments toward Brazil," said Willem Naves of Holland's NMB Sudamericano bank. "A businessman who is considering say, Argentina, Mexico or Brazil might well be swayed by this financing option."

The plan is attractive because of Brazil's low credit rating. Brazil has a shaky economy and it stopped paying interest on most foreign debt for much of last year.

Many bankers feel that Brazilian debts are not worth face value. They have been sold on the New York secondary bond market for as little as 50 cents per dollar.

The Brazilian government aims to take advantage of that low price, effectively splitting the difference with a potential investor.

If an American businessman wants to build a \$10 million factory in Brazil, for example, he can go to the auction and offer to convert perhaps \$12.5 million of debt into \$10 million of investment, thus giving Brazil a 20 percent discount.

If this offer is accepted, he then can buy the necessary \$12.5 million of debt paper in New York for perhaps \$8 million.

Thus the businessman saves \$2 million on the cost of his factory and Brazil wipes \$12.5 million off its foreign debt.

The first auction is limited to \$150 million of investment, split into minimum lots of \$100,000. Bankers predicted up to four bid-

ders for every lot. The winners will be those who offer to convert the most debt for every dollar of investment.

The only losers are the selling banks, which would receive less than they lent Brazil years ago.

Although many smaller banks have indicated they may cut their losses, bigger U.S. and Japanese banks have said they are unwilling to accept that their loans are worth less than face value.

The plan also allows foreign investors to buy into Brazilian companies both directly and through the stock exchange, although there are rules to prevent too much local industry falling into foreign hands.

Mr. Naves said many multinationals would use the plan to pump new capital into their Brazilian branches.



By SARAH
GIBBINGS

Living in the shadow of grief



Public sorrow . . . Sarah Lindsay mourns her husband



IT WAS one of the most poignant sights of this, or any year. Sarah Lindsay stood proudly outside the chapel at Sandhurst where her husband's funeral service had just finished, her face drawn by grief and her body blossoming with the baby they both wanted so much.

Major Hugh Lindsay had died in the avalanche at Klosters which so nearly claimed the life of Prince Charles. His end was brutally sudden, unexpected, such a waste. How could his widow cope? And what of their child, who will grow up without ever knowing a father?

The following day another woman who loved a soldier was facing the same tragedy. Janine Whitehouse even watched television pictures of a howling mob butchering her soldier fiancé David Howes in Belfast, knowing that her last contact with him was a letter telling him she was pregnant.

All deaths are hard to accept, but these two women are under a special stress and carrying a special burden. The men they planned to spend their lives with are never coming back, and not only their own futures, but those of their unborn children, depend on their ability to adapt to that harsh fact.

"The first and most important thing these women have to do is grieve properly and fully," says CRUSE, the charity set up in 1959 to help the bereaved to adjust to life after death.

"There is a danger that they will be so absorbed in the babies they are carrying—both the physical process of pregnancy and the knowledge that these children are all that they have left of the men they loved—that they will not allow themselves to mourn properly.

"Their mourning could be delayed until after they have given birth—and just imagine the traumatic effect of post-natal depression and overwhelming grief at the same time. They might find it very hard to cope with their new children, they might go completely to pieces."

ALREADY Janine has shown one of the classic reactions to sudden death.

"She keeps on blaming herself for David's death, for not talking him out of volunteering for Ulster," says her mother Brenda.

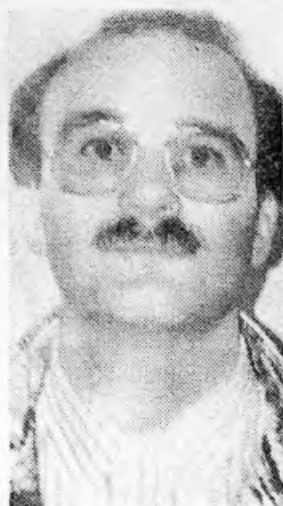
CRUSE advises anybody who has to cope after a death to bring in others to help—a solicitor to sort out the will and property matters, friends and relatives to help clear up personal belongings, counsellors to deal with any financial reorganisation and to talk through the worst mental anguish.

Both Sarah and Janine are lucky that Hugh and David's regiments will handle much of this for them instead of having to

seek advice from a doctor, the social services, or the Citizens' Advice Bureau.

Later, the Soldiers, Sailors and Air Forces' Families Association will take over, visiting, counselling and making sure they are taking full advantage of comprehensive pension and insurance packages which will ease their transition into widow and motherhood.

Perhaps the most important thing the Army can do is give these women the space and privacy in which to mourn fully. They have already had to endure more public attention in grief than most people experience in happiness.



CORPORAL HOWES
Murdered, Belfast
March 20, 1988



COLONEL 'H'
Killed, Falklands
May 29, 1982



MAJOR LINDSAY
Died, Klosters
March 11, 1988

Sarah and Janine also face the heart-rending task of bringing up children who have never known their fathers. "It's crucial they paint a realistic picture of the father for their children—warts and all," says CRUSE—a sentiment which is echoed by psychologists and Army counsellors.

"Show them your photographs and letters, talk about them do not sentimentalise them—make them real people—with faults as well as good points," says TV psychologist Simon Hunt.

"Little boys, in particular, can feel inferior if they feel their father was some impossibly great and heroic figure, who

they can never live up to or match.

"The widow may see it as a tribute to the man she loved, and may think she's building up a positive picture for the child, but he simply may not be able to cope with so much perfection."

It's certainly easy to see that the sons of Falklands VC Colonel Herbert 'H' Jones might face this sort of problem.

David was 16 and Rupert 12 when Colonel H died taking Goose Green with the 2nd Battalion of the Parachute Regiment in 1982. Their mother Sara's praise would be hard to match both boys now want to follow their father into the Army.

SHE said at the time: "He was a wonderful husband and partner, so devoted to the boys—and they worshipped him. Children loved him

because he treated them as equals, and he always knew the difference between right and wrong."

Janine, too, is showing signs of glorifying David. "My David was a warm, strong, caring man with a wonderful sense of humour. He was so kind and romantic, always buying me little presents," she has said.

Another danger is over-protecting the child. "Treat them as normally as possible, and resist the temptation to coddle them," says CRUSE.

"And don't ever try to pass off another man—even if he is a new husband, and the only father the child has ever known—as the biological father. Your child will feel betrayed when he or she eventually finds out the truth."

The children of widows also have an embarrassing tendency to solicit new fathers from male

friends and acquaintances. While this is upsetting, nobody should feel obliged to remarry to fill this role.

But eventually, say the counselling agencies and those who have themselves lost a partner, life becomes more bearable.

CRUSE says: "First, you must want to get better. Almost like a prayer, this may be no more than a call to the unseen. Its answer is the growth of hope, which in turn is shaped into belief, an inner certainty that you can re-emerge as the person you always were."

For Sarah and Janine, that point in time must still lie a long way in the future. But they have already shown their bravery, and they will surely confront the future with the same courage that they have summoned to face the tragic present.

● **CRUSE Bereavement Care**, 126 Sheen Road, Richmond, Surrey TW9 1UR: tel: 01-940 4818.

Spanish group in Argentine telecom move

BY TIM COONE IN BUENOS AIRES

PLANS TO form a joint venture out of Entel, Argentina's state telecommunications company, and CTNE, its 53 per cent privately-owned Spanish counterpart, have taken a step forward with the signing of a letter of intent between senior executives of both companies.

Approval for the deal has also been given by FOETRA, the Argentine telephone workers' union. This is especially significant as it will smooth the way for the proposal's passage through Congress, where a specific law will have to be drafted to authorise the venture.

Peronist opponents to the Government, which has strong trade union ties, were previously expected to try to block the deal, but may now give cautious approval if they can be assured that the local electronics industry will not be adversely affected.

The proposal will permit the formation of a new company, of which CTNE will own up to 40 per cent through the addition of between \$600m and \$900m in new investment. Some of this will be financed through debt-equity swaps.

The partial privatisation of

Entel follows last month's proposal to sell 40 per cent of the state airline, Aerolineas Argentinas, to SAS, the Scandinavian airline, as part of the new impulse given to privatisation plans under Dr Rodolfo Terragno, new Public Works and Services Minister.

Both deals are under detailed study and definitive agreements are expected within the next six months, with much hinging on the outcome of political negotiations to get the proposals through the Argentine Congress.

The Entel scheme has come about as a result of an economic

co-operation agreement signed between Argentina and Spain last month. This permitted the Spanish to gain access to the telecommunications market in Argentina, where a total of \$1.6bn in investments are tentatively planned over the next five years, depending on financing possibilities, to modernise and expand the country's antiquated telephone system.

CTNE is a minority shareholder in Alcatel (Spain) and the Spanish subsidiary of Telettra, the Italian telecommunications equipment manufacturer.

Daily Mail
29.3.88

RIP... the tragic Herald finally goes to her grave

From DAVID WILLIAMS in Taiwan

ONCE she was the pride of the Townsend Thoresen line, her decks filled with the excited laughter of holidaymakers.

But yesterday the Herald of Free Enterprise, her name crudely obscured by a splash of crimson paint, stood anonymously beneath the shadows of giant cranes in her final resting place – the biggest ships' graveyard in the world.

And in just three weeks, the tragic ferry in which 193 people perished off Zeebrugge last March will be nothing more than a mountain of scrap metal bound for the furnaces which dot Kaohsiung, the second largest city in the steel-hungry island of Taiwan.

'It's excellent quality,' enthuses Jing-Hung Wang, the ferry's new 29-year-old owner. 'We should get a very good price. This will make very good scrap.'

Battered

Jerry, his brother Jonathan, 31, and their father, paid around £800,000 for the Herald's corpse last autumn, plus a little over £350,000 for the towing fee. By then, for insurance purposes, her name had been changed to Flushing Range, although the distinctive lettering of the original name still shows through the paint splashed on it.

Ironically, the ship was again filled with laughter and chatter yesterday... this time from the army of workers who have already begun stripping her bare.

On the deck, cranes and ancient pulleys swung their sad loads on to a fleet of battered lorries waiting on the dockside. The distinctive yellow lifejackets, tragically



Jerry Wang with the Herald in Taiwan and (inset) the ferry last March

Picture: NEVILLE MARRINER

unused, were piled near what was once the information desk. A ball and part of a doll lay squashed nearby.

The Herald will, however, 'die' in illustrious company. The remains of the cruiser Uganda – the liner used as a hospital ship during the Falklands war – will be disposed

of there, too. 'It will not take long to break up and I think we will be very pleased with it,' enthused young Jerry Wang.

And when asked about the profit margin he grinned broadly behind his glasses and added: 'I cannot know yet, but it will be good...'

Whitehall Watch: Peter Hennessy looks at a new analysis of British power

Sober message for defence chiefs

EVERY SO OFTEN, a historian publishes a book which catches a mood among the politicians, officials, businessmen and general good and great who occupy the command posts of a nation's fortunes, achieving thereby a considerable, though usually temporary, influence.

Macaulay was the pioneer. In 1848, the first volume of his *History of England* went into five editions in little over a year. Not only was it a good read, it seemed to explain, in that year of revolution, why Britain was uniquely blessed with political stability and economic prosperity.

In our day, Correlli Barnett has performed the function of a Macaulay-in-reverse. Two years ago his *Audit of War* became an instant success with several Cabinet Ministers and captains of industry, by seeming to explain that, in putting the construction of a welfare state before the achievement of an industrial miracle, post-war Britain had set itself on the path to a stunning relative economic decline.

The latest to catch a tide is another English historian, Professor Paul Kennedy — ex-East Anglia now at Yale. His *The Rise and Fall of the Great Powers*, with its theory of imperial overstretch which occurs when a nation's economic base can no longer sustain its military reach, has agitated exposed nerve-ends in high places in the United States; as has its warning that the manage-

ment of decline must become a prized skill in Washington and its embassies round the world.

It is a theme all too familiar to Whitehall's equivalents of the men and women in the Pentagon, the State Department and the US Treasury. Ministers in the Thatcher administration still quote the private words of Sir William Armstrong, luminary of the post-war British Treasury and Head of the Civil Service during the Heath years, that the art of government was "the orderly management of decline".

Less well known, though more precise than Armstrong's statement of purpose, was that by Sir Paul Gore-Booth, Permanent Secretary to the Foreign Office 1965-69 — an official remembered for his enthusiastic impersonation of Sherlock Holmes in his alpine tussle with Moriarty.

Recalling the post-Suez years, Sir Paul wrote: "The object of policy had to be to ensure that a great nation could stop half way down and establish itself as a second-level power with real tasks to perform and obligations to fulfil."

The Armstrong/Gore-Booth formulation can be taken as a timely and sensible recognition of our inevitable reality, or an outbreak of defeatism leading to a self-fulfilling prophecy.

I shall long remember, for example, those wonderfully rich, Milner Kindergarten tones of Julian Amery telling the BBC's

Michael Charlton, for his gem of a radio documentary *The Little Platoon*, that "after Suez there was a great streak of defeatism [which] entered into the hearts and minds of the British civil service establishment". Against this psychological background, Mr Amery continued, the liberation of the Falklands in 1982 "was an element of redemption".

Professor Kennedy's theory is that great power might depend, in the end, on industrial and financial muscle, a scholar's re-formulation of Ernest Bevin's cry in 1947 that if the miners gave him another million tons of coal he could give the country a new foreign policy.

So, with something of an economic recovery sustained in Britain for the past seven years (though whether decline has been reversed or merely halted remains an open question), has the view of the "permanent government", the Whitehall machine, moved on from Gore-Booth's days? The Head of the Diplomatic Service, Sir Patrick Wright, who was Gore-Booth's private secretary in the 1960s, believes the landscape of British diplomacy has changed.

"For much of my career," he told me, "for post-imperial and other reasons, we have been in the business of managing decline and adjusting to Britain's position after the war. What encourages me, and I tell this to the new entrants to the service, it seems

to me that we are out of that period of managing decline. This is not a party political point. Our job is to promote the development of British interests in an era in which Britain has a new political and economic strength and respect in the world. This opens up new opportunities."

Has this decorous but distinct official bullishness found an echo in Professor Kennedy's analysis of contemporary British power? Hardly. Truncated though our responsibilities are we remain, according to him, substantially overstretched.

"The divergence between Britain's shrunken economic state and its overextended strategical posture is probably more extensive than that affecting any of the larger powers, except Russia itself... There looms, for Britain, a fundamental and (soon) unavoidable choice: either to cut allocations to all of the Armed Services, placing each of them in a less than effective state; or to cut some of the nation's defence commitments.

A less than encouraging message for the Ministry of Defence as it puts the finishing touches to this year's Defence White Paper. George Younger is unlikely to thrill to the Kennedy book in the way his former colleague, Lord Joseph, did to Mr Barnett's *Audit of War*, but he should read it just the same.

■ *The Rise and Fall of the Great Powers*; Unwin Hyman; £18.95.

Press Cuttings

from Broad Street Associates **The Daily Telegraph**

£1m Falkland ferry plan faces political problems

By Adela Gooch

PLANS FOR a ferry linking the Falklands with the South American mainland face delays because the two countries involved, Chile and Uruguay, have not yet given official approval.

Six fishing companies have raised £1 million to buy a roll-on roll-off passenger and cargo ferry which would operate between the Falklands, the Uruguayan capital of Montevideo and Punta Arenas in southern Chile.

However, the estimated start, some time in July, could prove optimistic.

Informal discussions between the fishing companies and the port authorities in Chile and Uruguay have been under way for some months, but the Falklands government has not made a request for docking rights.

Chile and Uruguay are unlikely to allow the plan to go ahead without some official approach.

The ferry service would be the first such link between the islands and Latin America since the 1982 conflict, and will not be welcomed by Argentina.

Falklands officials have stressed that it would be operated and financed entirely independently.

But they will almost certainly be forced to play a part in the final negotiations to reduce the diplomatic repercussions for the other countries involved.

Unofficially, Uruguay has been extremely helpful to Britain, providing a haven for aircraft that develop engine faults on the eight-hour flight from Ascension Island to the Falklands.

The ferry, which would carry fish from the Falklands and take back supplies for fishing fleet crews, is seen as a welcome development by the authorities, but they are maintaining a low-key response to the proposal, to avoid antagonising Argentina more than necessary.

Chile has a long-running dispute over borders with Argentina and is less concerned about face-saving devices.

Secret agent claims MI6 dumped him

Richard Norton-Taylor

A FORMER British intelligence officer and gun-runner has accused MI6 of cutting him off without proper compensation after West German police discovered an embarrassing connection with illegal arms deals.

Mr Anthony Divall, aged 64, now of Hamburg, has worked for MI6 since leaving the Royal Marines at the end of the war and has scored some spectacular successes for the secret service, including fooling an Argentine arms-buying mission during the Falklands conflict.

He claims he has not been paid for setting up expensive and elaborate spy networks to help the Government foil hostile groups.

He has sent a detailed account of expenses and loss of earnings, amounting to £200,000, to Sir Christopher Curwen, the director-general of the Secret Intelligence Service (MI6), and the Foreign Secretary, Sir Geoffrey Howe.

He said he felt disillusioned and was considering suing the Government. "I accept intelligence work has to be ruthless, but loyalty should be worth something."

Mr Divall provided the initial intelligence which led to the capture of the ship *Claudia* off the Irish coast in 1973, when it was seized with Joe Cahill, a former chief of staff of the provisional IRA and five tonnes of Libyan arms.

In May 1982, in the middle of the Falklands conflict, when the Argentines were anxious to get their hands on more Exocet missiles, Mr Divall was asked to penetrate the Argentine military mission in Paris. The plan was to convince Captain Alfredo Corti, head of the mission, that Mr Divall was an arms-

dealer who could provide the weapons, thereby preventing the Argentines getting the missiles from genuine suppliers.

With the help of a front man, a former American Vietnam veteran, he succeeded in persuading Corti that his company was buying 30 Exocets for \$1 million each from Libya and Iraq. But he had to show he had the money. In June 1982, MI6 arranged for £16 million to be made available to him through the Whitehall branch of Williams & Glyn's bank.

When the Falklands conflict was over, Mr Divall said he was told by his MI6 case officer to leak the story of this success for British intelligence to a quality British newspaper. Mr Divall seems to have convinced MI6 to pay his expenses for another operation, to discover if Argentina was still trying to buy Exocets. As a result of his connections with arms dealers, Mr Divall's Hamburg flat was searched in 1983 by West German police.

"The intelligence services are awfully afraid of being discovered getting involved in law-breaking as far as the arms trade is concerned," he said yesterday. Twice, in 1983 and then in 1984, MI6 had to intervene with the West German authorities, at one stage putting up Mr Divall and his wife, Sigrid, in London's Waldorf hotel to get him out of the way. Last December, MI6 decided to sever its connections with Mr Divall, leaving him, he says, with bills to pay and without money he was entitled to.

He says the Government got him off the hook as far as the German investigations were concerned, but only on condition that he did not engage in any future operations. An MI6 officer met him at Hamburg airport and handed him an envelope with £2,500. He was told that was his final payment.

SONS TO FOLLOW HERO 'H' INTO ARMY

**FALKLANDS war hero
Colonel 'H' Jones lives on—
in his two sons.**

They aim to follow in the
footsteps of their dad, who died at
Goose Bay six years ago.

And mum Sara isn't standing in
the way of ambitious
David, 21, and Rupert, 17.

David's already on his
way. With an Army
scholarship behind him he
hopes to join the Parachute
Regiment's 2nd battalion,
in which Col. H. served.

"They've always wanted
to go into the Army," says
Sara, 46. "They saw plenty
of it as children and I
suppose they found it
exciting.

"But if that's what they
want to do it's fine by me,"
she adds in *Woman*
magazine.

Memories of 'H' flood
back when Sara sees David
in uniform.

He bears an uncanny
likeness to his dad.

Learn

"There are certain
mannerisms, it's really
wierd," says Sara, whose
husband won a post-
humous Victoria Cross for
his valour in the South
Atlantic battlefield.

Sara has found a whole
new way of life since her
husband was killed, but it
wasn't easy at first. "I'd just
think, 'Oh bloody hell,
another day'.

"Then I made myself so
busy I didn't have time to
feel sorry for myself. There
was no point in sitting there
and feeling miserable.

"You never get over it,"
she says, "But you do learn
to live with it."



Sara Jones with her sons Rupert and David . . . now they aim to make the
Army their careers, following in the footsteps of their hero dad

ly Mail

The Type 22 frigate, with more firepower than a World War II cruiser, was being accepted by the Navy from her Tyneside builders, Swan Hunter. She will be commissioned on July 26 at Hull, the nearest major port to the city of Sheffield.

Barker and Sheffield are both good Navy names. Captain Barker carried with him a silver telescope handed down by five generations of Captain Barkers. And in World War II the cruiser Sheffield won 12 battle honours.

The new Sheffield... massive firepower

IN THE SHADOW OF THE ROCK

If Mr Joe Bassano, Gibraltar's new Chief Minister means what he says, the Rock is about to cast a lengthening shadow on Anglo-Spanish relations. Whether that is in the interests of its 30,000 inhabitants, however, is something to which he should give very serious thought. So too should they.

Mr Bassano's victory in last week's general election, with 58 per cent of the electorate supporting his Socialist Labour Party in a 76 per cent poll, can hardly be dismissed as a political accident. After 40 years or so of continuity, mostly under the skilled guidance of Sir Joshua Hassan, the 17,000-strong electorate has voted for change. The most popular interpretation is that he reflected the burgeoning nationalism of Gibraltarians, whose fear of being sold-out by Whitehall was sharpened by last December's deal which granted joint use of the airport facilities to Spain — in return for Madrid's acquiescence to the deregulation of airlines in Europe, more freedom for cross-border traffic and the resumption of the ferry to Algeciras.

The package was given the blessing of Sir Joshua, who himself had sat in on the talks. But there is little doubt that it was seen by many inhabitants on the Rock as the thin end of a wedge which would ultimately lead to Spanish sovereignty. By restating his opposition to the deal and refusing to take part in all further Anglo-Spanish talks based on the 1984 Brussels Agreement, Mr Bassano has exploited such fears.

If people did not actively support what he said, at least they did not actively oppose it to the extent of rejecting him outright at the polls. But Gibraltarians are opposed to almost any kind of concession to Madrid — which is

unreasonable. Admittedly Spanish sights remain fixed on the ultimate objective of regaining sovereignty over the Rock. But the colony's 1969 constitution reaffirms that no change in sovereignty will take place without the consent of the majority of its people — and Britain has painstakingly promised to abide by this. Whether it is wise for Britain to set its face so firmly against change is very questionable. There are good grounds for advancing towards what is known as the Andorra solution, which would involve flying both the British and Spanish flags above the Rock while retaining the British way of life and administration.

But to argue against compromise on such issues as airport rights is certainly counter-productive. Gibraltar at present depends upon Britain for development aid. If Mr Bassano wants to build up the Rock's economy he will have to rely on British help and/or the co-operation of Spain.

There is a siege mentality about Gibraltarians which historically may not be all that surprising. But places under siege tend at best to survive — rather than prosper. His early comment since the election indicates that Mr Bassano is not as opposed to compromise as his rhetoric has suggested. His chief objection seems to be to deals which are negotiated with Gibraltar's acquiescence rather than its active participation. He wants to do things on his own, not simply as an appendage of Whitehall. Britain and Spain have clearly to find a way of working with Mr Bassano, but he should realise too that he will have to learn to live with London and Madrid as well. There are political and economic realities that he will have to recognise and the sooner he does so the better for everyone concerned.

Storm deaths

Buenos Aires (AFP) — The death toll from five days of torrential rain here has reached 17. More than 55,000 people have left their homes.

Ex-agent of MI6 claims £200,000

By Michael Evans, Defence Correspondent

A former British MI6 agent who claims he is owed £200,000 in expenses for past secret operations for the Government, has come out into the open to put pressure on his former employers to pay up.

Mr Anthony Divall, a former Royal Marine now living in Hamburg, has written to Sir Geoffrey Howe, the Foreign Secretary who has responsibility for the Secret Intelligence Service, and Sir Christopher Curwen, director-general of MI6, demanding to be reimbursed.

Intelligence sources confirmed yesterday that Mr Divall, aged 64, had worked for MI6 as an agent after leaving the Royal Marines. The sources said that his

claims for expenses, which were disputed, would be "stonewalled".

Intelligence sources confirmed that Mr Divall had played an important undercover role in the Falklands conflict in 1982.

Posing as a black-market arms dealer, he deceived the Argentines by offering to sell them Exocet missiles for their bombers.

The MI6 plan was to encourage Argentina to rely on Mr Divall so that it would not try elsewhere to buy Exocets elsewhere. The plot worked.

Mr Divall was also involved in the seizure of an IRA gun-running ship, Claudia, off the Irish coast in 1973.

Top regiments urged to guarantee black recruits

By Our Political Staff

Mr George Younger, the Secretary of State for Defence, is to come under renewed pressure to guarantee black recruits a fair chance of joining famous British regiments or corps like the Royal Marines, the Life Guards or the Queen's Dragoon Guards.

The Commons Defence Select Committee is to urge him to switch policy and allow the monitoring of recruits to the Army, the Royal Navy and the Royal Air Force by cap badge or regiment.

The recommendation of the select committee, which has a Conservative chairman, Mr Michael Mates, and an in-built Conservative majority, is expected to be met in its report to be published shortly.

The Prince of Wales has been campaigning for ethnic minorities to be introduced into the traditional regiments since he noticed how absent they were from ceremonial occasions.

However, Mr Younger has repeatedly clashed with the select committee, denying that there is any colour bar in the armed services. Last April, under pressure from MPs, he introduced monitoring of new recruits by ethnic origin, but only total figures for the three services are to be produced.

The select committee is saying that this is not enough. Global figures can too easily disguise what is taking place inside particular regiments, and the committee has decided that the figures should be known, explanations given,

where these are needed, and the public reassured.

The select committee is including the RAF and Royal Navy in this more detailed monitoring. It wants to be satisfied that blacks are able to become submariners if that is what they want.

The suspicion that some elite regiments do exercise their own colour bar persists among MPs, supported by the evidence of what happened when records on the basis of cap badges were kept in the 1960s.

Mr Younger, aware of the unease, revised his guidance to recruiting stations last year and asked officers to guard against "the more subtle and unconscious varieties of discrimination".

The issue is topical as the Commission for Racial Equality has announced it is fighting the first case of alleged discrimination against a black soldier, Private Stephen Anderson of the Devon & Dorset Regiment, under the Race Relations Act but also under military law.

Last night, Miss Margaret Michie, a spokesman for the commission, said: "If what you say about the select committee wanting to monitor by cap badge is correct, it will go some way to giving a complete picture of black recruiting within the armed forces. Obviously the select committee action is welcome."

"We want to go further and to look at the promotion prospects and ensure that there are equal opportunities there."

Cabinet wards off Gibraltar fallout



Howe: damage limitation

A SECRET cabinet sub-committee has been set up by Mrs Thatcher to handle any political fallout from the forthcoming inquest in Gibraltar into the killing of three IRA terrorists by the SAS, writes David Hughes, Political Correspondent.

The sub-committee is composed of some of the most senior members of the cabinet — Sir Geoffrey Howe, the foreign secretary, Douglas Hurd, the home secretary, George Younger, the defence secretary, and Tom King, the Northern Ireland secretary.

Ministers want to be prepared in case the inquest, which is not expected before May, returns a damaging verdict, offering the IRA a propaganda coup and also souring Anglo-Irish relations. Anxiety has been caused in Whitehall by the attitude of Felix Pizzarello, the Gibraltar coroner.

Pizzarello, a barrister and prominent figure in the colony's legal hierarchy, has said that, as the inquest will be the only inquiry into the shootings, "I will be expecting every facility. It will be a heavy responsibility for both the jury and me." He expected "no impediment" to be placed in his way.

Pizzarello announced earlier this month that he plans to empanel an eight-man jury to hear the evidence and to hold the inquest in public "unless security implications demand otherwise".

The 57-year-old coroner said if the jury ruled that charges of murder or manslaughter were possible, it would be up to Sir Patrick Mayhew, the attorney-general, to make further investigations.

Pizzarello wants to call the SAS men involved in the operation to testify. The Ministry of Defence would prefer the men not to appear but has agreed to co-operate so long as their identities are protected.

SAS witnesses might give evidence *in camera* or from behind screens.

The Defence Ministry has not yet heard from Pizzarello. He will have to decide whether he wants to take evidence only from soldiers directly involved in the shooting or from other British personnel as well.

The inquest will be held under civilian jurisdiction. Gibraltar is a self-governing colony and has its own judiciary. The governor, however, has reserve powers over security matters.

Victor of the Rock flies flag of battle

Askold
Krushelnysky

GIBRALTAR

AS Gibraltar's first Socialist leader celebrates his landslide election victory this weekend in balmy Mediterranean weather, London and Madrid are bracing themselves for a political storm.

Joe Bossano, a fiery leftist trade unionist and leader of the Gibraltar Socialist Labour party (GSLP), won on an uncompromisingly anti-Spanish ticket.

He has promised to break the 1984 Brussels agreement negotiated between Britain and Spain that provides for co-operation on the colony and discussions about Spanish claims to sovereignty.

The first victim of Bossano's tough stand is likely to be a controversial agreement last December to allow Spain joint use of Gibraltar's airport.

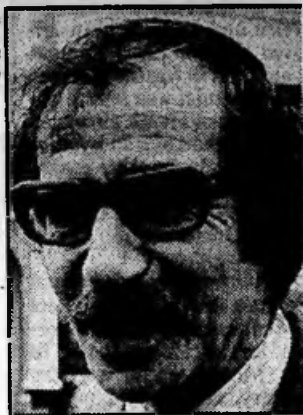
Unless Spain and Britain make extravagant assurances to Bossano, any further talks on the territory's future are likely to stagnate over the next four years.

The airport agreement was a death blow to the Association for the Advancement of Civil Rights (AACR), the party which has ruled the Rock for all but four of the last 40 years.

The party and Adolfo Canepa, its leader, who took over from the veteran Sir Joshua Hassan last December, had taken part in the talks which enraged most of the colony's 25,000 people.

The British government has been walking a tightrope, trying to normalise relations with its fellow European Community member, Spain, while not appearing to be about to ditch the Gibraltarians. Now Bossano is going to tug at the rope. He has already pledged that he will not sit in on the talks.

The GSLP gained eight of the 15 seats in the colony's



Bossano: anti-Spanish stand

assembly with nearly 60% of the vote. Gibraltar's election rules mean that parties can put forward a maximum of eight candidates. The AACR won seven seats while the Independent Democratic party failed to gain any.

As branch secretary of the Transport and General Workers' Union, Bossano, 49, a compact, wiry man who radiates energy, virtually controls the Rock's labour force. A graduate of the London School of Economics who lectured in linguistics at Birmingham University, he joined the trade union movement as a merchant seaman in the 1960s.

He became a local hero but was labelled anti-British when he led a successful fight to win Gibraltar's naval dockyard workers parity with their counterparts in Britain. He was first elected to Gibraltar's assembly in 1972.

Bossano has promised economic changes and more house-building, but the main issue during the three-week campaign was the Rock's relationship with Spain. Shortly after his victory Bossano reaffirmed his opposition to the Anglo-Spanish agreement.

He said: "As far as I am concerned, if there was a meeting tomorrow which was part of the Brussels process, we would not be part of it. I have asked the people of Gibraltar to support that view and they have done so."

The Brussels agreement led a year later to the end of a 16-year economic blockade by Spain. The rusty gates to the mainland were re-opened.

But Bossano, who had pledged to wreck the airport agreement by industrial action, will now use his political power to do so.

Madrid expected Bossano to win and is now waiting to hear how loudly he beats the anti-Spanish drum before deciding how to respond. There was no official Spanish foreign ministry reaction after the election but privately diplomats said there was no question of re-imposing any sanctions on the colony.

Bossano has rejected criticisms that his opposition to co-operation between London and Madrid would bring Gibraltar into conflict with Britain. He said: "I am not prepared to see a Spanish Gibraltar. But Britain has nothing to worry about the loyalty of Gibraltar."

MI6 saved Andrew from an Exocet

A FORMER British intelligence agent today reveals how he conducted a remarkable deception exercise during the Falklands war — preventing a possible Exocet attack on a ship carrying Prince Andrew — only to find that his services were rewarded in a niggardly manner.

In May 1982, at the height of the conflict, the British War Cabinet learnt that Argentina was desperately seeking more of the Exocet missiles which had devastated our shipping. Money was no object in the search for replacements on the

international arms market.

The Argentines knew they were losing the war, but thought they could reverse their fortunes by means of a spectacular attack on the British aircraft carrier, *Invincible*, on which Prince Andrew was serving as a helicopter pilot.

Tony Divall, a former Royal Marine who had maintained a relationship with British intelligence, was called in to help foil the Argentine plan. He devised a ruse, worthy of a Le Carré thriller, to make the Argentines believe they were about to clinch a missile deal, while all the time he was working for MI6.

EXCLUSIVE

by IAN MATHER

The Argentines were left waiting for the promised missiles until it was too late and the war was over.

But the hero of the operation now finds himself among the ranks of former agents who have become disaffected by treatment at the hands of the intelligence service. Mr Divall, who was based in Germany and has a German wife, found himself pushed into the cold.

He was investigated by the West German Federal Office of Criminal Investigation, and had to be brought to Britain until MI6 was able to satisfy the West Germans about his credentials.

Then the Hamburg police, investigating a shipment of Soviet-made surface-to-air missiles to South Korea, came across some documents indicating his role in the Exocet operation, and began to question him. The result was another enforced exile in London until the Germans were once again persuaded to leave him alone.

Finally, after a succession of MI6

case officers, came one who appeared to dislike the type of agent he represented, and also to paying him expenses.

The final scene occurred in Hamburg last December when his new controller, whose pseudonym was 'Tooley' announced to Mr Divall that MI6 was 'breaking contact'. 'Tooley' handed over an envelope containing £2,500.

A puzzled and embittered Mr Divall told him: 'At the end of the day, my God has feet of clay.'

■ Double-cross, page 21



THE ARGENTINES WANTED EXOCETS TO KILL
PRINCE ANDREW . . . THE BRITISH WERE GOING TO 'HELP' THEM

DOUBLE CROSS

THE MAN who could fairly claim to have helped save the Royal Navy from further devastating Exocet attacks during the Falklands War is now dejected and financially embarrassed in Hamburg, rejected he says by the British Secret Service who he has served on and off for 40 years and compromised by an arms deal he was pursuing on behalf of Britain.

Tony Divall is a gun-runner by trade, although he prefers the term 'entrepreneur'. Among his clients in the past have been the Algerians in their war of independence, the South Sudanese rebels, the Biafrans, and Unita in Angola.

He is also a former member of MI6 and a man used continuously over the years for freelance operations in the murky world of arms trading and the secret man: the chief player, in a brilliantly successful 'sting' on the Argentines six years ago.

'After more than 40 years of loyalty, faith and trust that I'd never be left to my fate, that's

just what's happened,' Divall said in Hamburg last week. 'I've been cut off.'

Yet at one time Divall had so delighted his case officer and MI6 that British Intelligence planted a carefully sanitised version of the operation against Argentina in a Sunday newspaper. 'Secret service mole foils Exocet black market deal,' the headline said.

On 24 May 1982, at the height of the Falklands war, Divall was called to London for a highly unusual assignment. Argentina was running out of French-made Exocet missiles, which were causing such devastation to the Royal Navy, and was seeking more. Argentina had to be stopped.

The meeting, at Heathrow Airport's Post House Hotel, was with his case officer, whom he refers to as 'Balham', on the grounds that serving officers should not be compromised.

'Balham' outlined the situation: the Argentines knew they were losing the war, but they were still desperately searching for Exocets through their Military Sub-Commission in Paris. Their probable aim was a spectacular attack, possibly to try to sink the aircraft carrier HMS Invincible with Prince Andrew on board.

They could not buy directly

from France because of a Common Market arms embargo. The War Cabinet urgently needed to know how far they had got. London did not entirely trust Paris, and there was always the black market. About 2,000 Exocets had been sold to 26 countries. Argentina had to be thwarted and money was no object.

Anthony Stephen Divall, 64, had a longstanding relationship with British intelligence. An ex-Royal Marine, he had 'drifted into' the Secret Service at the end of World War II. By 1958 he found service life 'too constricting', so he left. 'But they only let me out through the front door on condition I came in again through the back, as an unofficial agent,' he said.

The key figure in Argentina's search for Exocets was Captain Alfredo Corti, head of the Argentine mission in Paris. Someone had to gain his confidence.

The man Divall chose was an American, John Dutcher, a former Green Beret Vietnam veteran, who at that time was employed as a 'consultant' to an

Italian playboy who wanted to get involved in 'international entrepreneurial' operations.

Divall and Dutcher had worked together in several operations, and he was willing to be recruited by the London spooks.

On 27 May, Dutcher phoned Corti's Paris office from his office in Milan and asked to speak to whoever dealt with transactions concerning aircraft. Eventually he spoke to Corti himself, and a meeting was arranged.

It was a great success. Corti accepted Dutcher as being what he appeared and confided the entire Argentine military shopping list.

This in itself told British intelligence a lot about Argentina's total military situation. But at the top of the list was the Exocet.

Corti was prepared to pay \$1 million each — just over double the normal price — for 'any amount'. That meant there were none in the pipeline.

'Balham' flew to Frankfurt for a conference in the Sheraton Hotel. 'It was lobster and champagne all the way,' Divall said. 'Very unusual for the SIS (Secret Intelligence Services), which is normally the most miserly of all government departments. But it continued like that for the whole operation.'

Corti had to be convinced that if anyone could get him Exocets it was Dutcher, and quickly, so that he would not look elsewhere.

From his Milan office the American put word out on the international market. If the response was to be believed, the world was inundated with spare Exocets. Within a few days, Divall and Dutcher had sorted out the serious contenders. Iraq was a possible supplier of six missiles, but the most likely prospect was an Italian company which made a firm offer of 30 missiles. The head of the company gave the missile serial numbers. 'That means you have access,' Divall said. 'Those things are kept secret. We figured it was a bona fide offer.'

The next stage was to arrange transport. Divall contacted Wolf Wohlmuth, a German with whom he had conducted an Angolan gun-running operation. Wohlmuth had then owned a small Grenada-registered airline, Pearl Air, with another German, Dietrich Reinhardt.

Reinhardt, 'a superb pilot', was 'later recruited by the CIA', and established an airline called St Lucia Airways.

Corti was kept fully informed of all the leads, possibilities and the firm offer. 'He had to be kept in a state of constant expectation,' Divall said. 'He had to think that tomorrow or the day after tomorrow, we'd deliver.'

The head of the Italian company then introduced a Swiss arms dealer, 'Gerard', into the plot. It appeared he was the actual seller of the Exocets, and he wanted proof of Dutcher's funds.

Back in London, 'Balham' organised a transfer of £16 million to Divall. The Observer has seen the letter from Williams and Glyn's Bank to Divall's Swiss bank, which in the end did not want to touch the money. After various problems it arrived in an account in Hamburg.

The Observer has also seen telexes from that bank to Gerard's bank, the Credit and

Trade Bank in Lugano, saying the money — which by now had been raised to \$30 million — was available.

For their part Divall and Dutcher wanted the suppliers to put up a 'performance bond' of \$10 million, to prove that they could deliver. They also requested 'sight and touch' of the missiles.

The suppliers stalled. They could not raise the performance bond, and could not arrange an inspection, although they did say the missiles were in a French warehouse in Bourge. British intelligence already knew Bourge was used by Aerospatiale, the Exocet manufacturers.

None of these doubts, however, could be allowed to reach Corti in Paris. To persuade him

'It got nasty. They started to look at a whole number of things I'd done for M16.'

all was well, Dutcher presented the specification sheets on the latest model Exocet, provided, unknown to Corti, by the Ministry of Defence in London.

Even after the Falklands were retaken on 15 June, Corti stayed on the hook. A revenge strike against the British fleet seemed to be under consideration.

For Divall it was time to bring matters to a head. He and Dutcher thought a deal could still be on, and the Secret Service approved the plan.

Their intention was to buy the 30 missiles for \$1 million each, raise the price to Corti, collect the money from him, and then divert them to Britain. Britain would get its \$30 million back, plus the Exocets; Divall and Dutcher would take their profit; and Argentina would be the loser.

On 7 July 1982 Divall's Hamburg bank sent an ultimatum by telex to Lugano. It provoked an urgent meeting of all the principal characters at the Orly Airport Hilton in Paris on 8 July. The meeting broke up inconclusively. The suppliers still could not commit themselves, even though Dutcher, representing Corti, offered to waive the 'performance bond'.

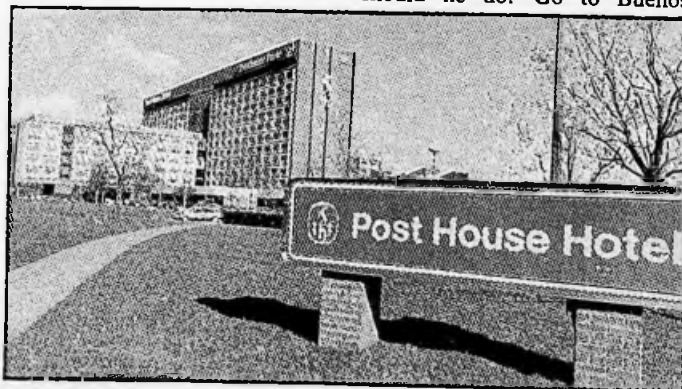
To put the pressure on he said his principals were ready to send an aircraft to Bourge to collect the Exocets. From another of his contacts, a French secret-service freelance agent, Divall had 'indications' that the French were prepared to let a number of Exocets evade the usual controls to trap those involved.

By concentrating only on Divall's M16 operation, which he says cost the British Government a mere £35,000 in pay and expenses, Argentina lost whatever chance it might have had of getting Exocets at a crucial time.

But that was not the end of the affair. It was thought possible that they could come back for revenge at any time, Divall said. So he was given a watching brief for any Argentine arms activities in Europe.

In January 1983 a group of Americans, headed by New York textile dealer Alex Klein, appeared in London looking for Exocets. According to Divall, Klein had done military business with Argentina for years. He was later to be jailed for illegal dealing in military equipment with Argentina during the Falklands conflict.

As well as Exocets, they were looking for transport, and found Wolf Wohlmuth. The German struck Klein as a good potential partner, and he suggested they should go to Buenos Aires together. Knowing Divall's connections from the Angolan gun-running and the Corti operation, Wohlmuth called him: What should he do? Go to Buenos



Post House Hotel, Heathrow: Settling for first meeting.

How an MI6 agent fooled the enemy and was left out in the cold

TONY CATTERALL ■ Hamburg

Aires, of course. But that involved expenses, and Wohlmuth was not sure there would be any business, and hence profit, at the end.

Divall persuaded London to pay the expenses on the grounds that the trip might produce some useful intelligence. For profit he put Wohlmuth on to a totally unrelated deal he'd been offered a few days earlier through John Dutcher.

A British arms-dealing firm had approached him about transporting 10 tons of 'merchandise,' mainly Soviet surface-to-air SAM-7 missiles, from East Berlin to Seoul.

'It stank,' Divall said. 'East Germany to South Korea? And they were offering only \$75,000 for the trip; that wouldn't cover costs. But Wohlmuth was game for anything, and it was supposed to be the first of eight shipments.'

He agreed, and Divall continued to coordinate the London end. Wohlmuth went to Argentina, where he made some contacts and gained some useful but not spectacular intelligence.

On 19 July 1983 Wohlmuth's Liberian World Airlines' Caravelle air-freighter developed a mechanical fault en route from East Berlin to Cairo, and made a forced landing at Saloniki for repairs. A few days later, just before take-off, a telephone caller from New York told the airport control tower that the Caravelle was carrying an illegal arms shipment.

The end-user certificates the two German crew members carried were judged not in order, and within a matter of days they were each sentenced to 49 months in prison.

The Greek police requested Interpol to issue an international investigatory warrant, and the West German Federal Office of Criminal Investigation (BKA) swooped on Wohlmuth's Frankfurt office. There they found telexes from Divall mentioning the Exocet operation.

'With the Exocets I was wide open under German law,' Divall said.

In October BKA officers arrived at his wife's Hamburg penthouse apartment with a search warrant. 'They took every scrap of paper they could find apart from the toilet rolls', said Divall. He phoned his MI6 control officer, a new one called 'Clitheroe', 'Balham' having dropped out after the successful conclusion of the Corti operation.

'Clitheroe' told him to leave Hamburg for London. After three weeks in the Waldorf Hotel with his wife the all-clear was sounded. MI6 had cleared everything with the Germans, except for one proviso: he was not allowed to engage in the arms trade.

He could not continue this activity anyway. The BKA still had all his files, which were not returned until the end of July

1984, nearly three weeks after he was officially informed the investigation had been ended.

Much of 1984 was spent in writing a thriller (rejected by a number of publishers), until at the end of the year another knock came at the door.

This time it was not the BKA, but their Hamburg State counterparts, not investigating the Paramount deal, but specifically the Exocet one.

Over the next months Divall was questioned several times until in mid-1985 'it got nasty, and they were starting to look at a whole number of things I'd done for MI6.'

The result was another 'period of exile' in London, until the Germans could once again be persuaded to leave him alone. A 'clean' return was arranged towards the end of 1985.

By this time Divall had yet another case officer, 'Johnson'. During 1986 'Johnson' started persuading Divall he should perhaps retire and settle in his home county of Kent. MI6 would 'ease' the Inland Revenue and DHSS paperwork.

Despite the unattractiveness of this idea to a German wife, Divall was tempted. But nothing happened. Meanwhile Divall was living on depreciating capital.

In January last year another case officer, 'Tooley', appeared. His attitude was different. 'He gave the impression that he objected to people like me,' Divall said. 'He also started dissuading me from returning permanently to England.'

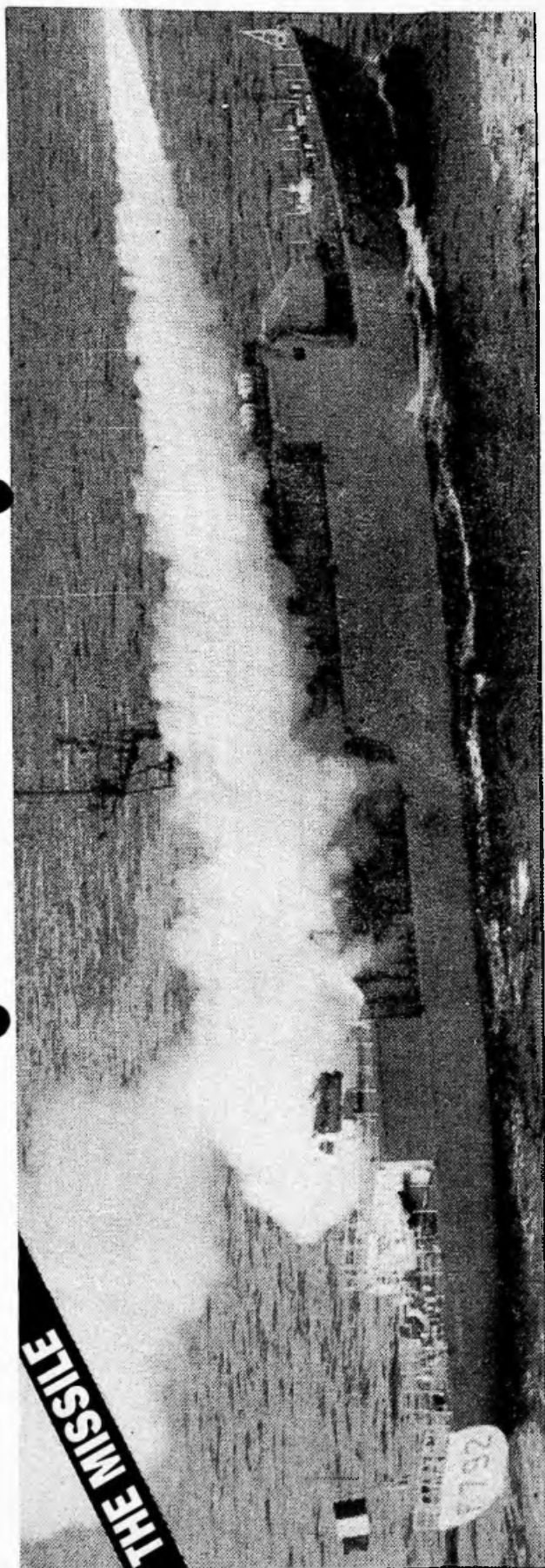
He also seemed to dislike paying Divall's expenses.

The crunch came in December. On a visit to Hamburg the case officer thrust across an envelope containing £2,500. 'This is your final payment. We're breaking contact,' he declared. After Divall's expenses had been deducted the 'final payment' came to £1,150.

'After all previous attempts to ensure my security, the severance as engineered by "Tooley" left me not only puzzled but also embittered,' Divall said. 'I said to him, "At the end of the day, my God has feet of clay." He looked bewildered.'

On 11 February this year Divall sent a telex to the 'Government Communications Bureau', the official cover name for the Secret Intelligence Services at the Foreign Office. It said: 'Meeting the Press... Herewith formal declaration of intent.'

27 MAR 1988



The heat is on: Facing defeat, the Argentinians were intent on a spectacular Exocet attack. In their sights was HMS Invincible.



..with Prince Andrew on board.

Security faces new embarrassment: fake arms dealer claims he wasn't paid for secret network MI6 spy in Exocet coup sues for 'exes'



In the shadows: Divall, who convinced an Argentine mission he could supply missiles

by Barrie Penrose
Hamburg

A FORMER British intelligence agent who masterminded several dazzling MI6 successes is suing the government for more than £200,000, claiming he has not been reimbursed for money spent running his spy network around the world.

Anthony Divall, who worked for MI6 from 1945 until December last year, was a secret service high-flyer who plotted the capture of an IRA gun-running ship and successfully fooled an Argentine Exocet-buying mission during the 1982 Falklands conflict. But last night he said: "Unfortunately, I have to sue HMG because MI6 seem unwilling to pay back funds I underwrote for some of the jobs I did for them."

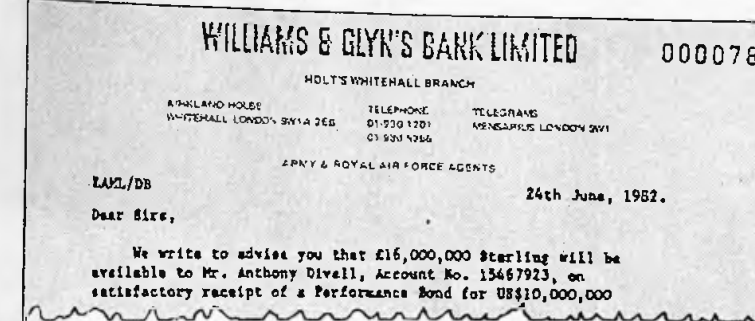
Recently Divall sent a detailed breakdown of his network's expenses to Sir Christopher Curwen, the director-general of MI6, and Sir Geoffrey Howe, the foreign secretary, who is responsible for Britain's overseas intelligence service.

Anthony Galsworthy, Howe's permanent private secretary, who has corresponded recently with Divall over his claims, said last night he was not able to comment.

Divall, 64, who joined MI6 from the Royal Marines, is best remembered in intelligence circles in London for his Falklands success and most of the money he says he is owed relates to undercover work then.

Days after Argentina had used Exocet missiles to sink HMS Sheffield and another ship, Divall fooled an Argentine arms mission in Paris into believing his company was buying 30 Exocets for \$1m each from Libya and Iraq — and was prepared to sell them to President Galtieri for a profit.

In a scam worthy of a Jeffrey Archer thriller, Divall convinced the mission's director, Captain Alfredo Corti,



Creative accountancy: evidence to show Divall could pay for arms

he could get the missiles to Buenos Aires. MI6's ploy was to divert Corti from approaching genuine under-world arms dealers who might well have Exocets.

Divall had also been involved in the capture of the gun-running ship Claudia off the Irish coast in 1973. It was seized with Joe Cahill, a former chief-of-staff of the Provisional IRA, on board, plus five tons of Libyan-supplied guns, mines and ammunition. The MI6 agent convinced the IRA he was a genuine gun-runner, planting direction-finding bugs on the Claudia which allowed British intelligence to monitor the ship's journey from Libya.

Divall, who lives in Hamburg, says his cover role over the years as a gun-runner gave him useful access to intelligence, particularly during the Falklands conflict. On May 23, 1982, the day the frigate Antelope was sunk, MI6 told Divall to fly to London.

There, his new case officer, using the cover name Tommy Balham, asked him to "penetrate" the Argentine military mission in Paris. As his front man, Divall used a former American marine to approach Corti, posing as an arms dealer.

To protect his network's cover by showing he was running a "legitimate" arms business, Divall regularly underwrote the initial cost of an operation,

later getting the money back from MI6. The British government also made substantial funds available.

In June 1982, MI6 arranged for £16m to be made available to Divall, organised through the Whitehall branch of Williams & Glyn's bank in London, to show the Argentinians his "company" had enough to buy Exocets.

A letter from Williams & Glyn's to Divall's bankers on June 24, 1982, confirmed that "£16,000,000 sterling will be available to Mr Anthony Divall, Account No 15467923 on satisfactory receipt of a Performance Bond".

Whitehall's creative accountancy ruse worked. The Argentines never got their Exocets and Divall did not need to draw on Whitehall's purse.

After the conflict Divall was told by his MI6 case officer to leak the Exocet story to a "quality British newspaper" so that British intelligence could take the credit. The story appeared in The Sunday Times in October 1982, although it did not name Divall.

The publicity led the West German police to Divall's door, however, for his name and telephone number were found in the diary of one of those involved.

On October 11, 1983, Divall's Hamburg flat was raided by the Federal German police who seized files relat-

ing to his British network. Divall was accused of arms-smuggling by officers baffled that a former British Army officer should apparently want to profit from selling Exocets to the Argentinians.

Later that day his London-based MI6 case officer, using the cover name John Clitheroe, flew to Hamburg. Divall and his wife, Sigrid, were told to leave Germany immediately. "We were put up at the Waldorf in London for a month while our people and the Foreign Office sorted matters out with Bonn," said Divall.

The couple returned to Hamburg and in July 1984 were informed charges had been quashed. MI6 told Divall to stop all his arms-dealing activities. Unable to pay his network, he began drawing on the £150,000 he had saved for his retirement. Sigrid Divall says MI6 case officers always assured her she and a husband would be "well looked after" for all their work.

Then in December 1984, the Hamburg police again raided the couple's flat. Again the Foreign Office persuaded the German authorities to drop any charges. "Back in London The Firm [MI6] was terrified my unlawful spying activities might surface in a grubby Hamburg court room and that Whitehall would be embarrassed," said Divall.

His new MI6 case officer, sometimes using the name Tony Bridger, suggested he might settle down in England, saying the £20,000 MI6 had loaned him in October 1986 had been "converted" as part of a severance payment.

"Last December Bridger asked me to meet him in Hamburg where he handed me £2,500 as a final payment," said Divall. "He said The Firm wanted to cut me off for good. I was left without a lifeline — no pension, no security and still without my expenses being paid."

VIEWS in search of a good laugh should probably avoid *Chelmsford 123* (C4), where the ancient British jokes appear to have been not so much written as excavated. Here, as in the futuristic comedy, *Red Dwarf* (BBC2), the writers seem to think that wit is a lot of one-dimensional characters being pointlessly rude to each other.

The same could, at times, be said of *Hot Metal* (ITV); but at least this programme knows what it is satirising. Greg Kettle (Richard Kane) embodies the self-righteousness of the gutter Press; Twiggy Rathbone (Robert Hardy) is a sharp portrait of a greedy, self-publicising newspaper proprietor under the insane delusion that he is a philanthropic Socialist; while Russell Spam (Hardy again) is a tabloid editor dedicated to the pursuit of highbrow exclusives like "20 WAYS TO TELL IF YOUR TEENAGER'S A TOY BOY".

Another comedy which accurately reflects its times is *Friday Night Live* (ITV), where Ben Elton speeds through more good material each week than most comedians do in a lifetime, and Harry Enfield's latest creation, a plasterer called Loads O'Money, is already an inspired embodiment of Eighties materialism.

★ ★ ★

Most unintentionally hilarious comedy of the week, though, was *The British Academy Awards* (ITV), notable this year for unseemly tiffs among the taffeta. For the first time, one of the ITV regions (Yorkshire) turned bloody-minded, decided to Geoff Boycott the awards and broadcast an old movie instead. The lads from oop north were duly denounced by Michael Grade, Channel 4's new Channel Führer. In return, Grade was booed by that small section of the audience not in search of a Channel 4 commission.

Bafta's game



Christopher Tooke

Yorkshire executives were miffed, apparently, that a documentary of theirs on the Falklands was not nominated for a current affairs award; and a casual observer might be inclined to dismiss such behaviour as sour grapes. After all, *Brideshead Revisited* and *Jewel in the Crown* won plenty of prizes in previous years; and both were the product of Granada, one of the other major ITV companies outside London.

Nevertheless, Yorkshire has a serious point. The BBC, in particular, dominates the Bafta awards to a comical extent. This phenomenon was referred to, none too obliquely, by ITN's Sir Alastair Burnet when he read out the nominations for Best Factual Series — "none of them", he added with the stony face of a latter-day Buster Keaton, "from ITV".

The BBC's domination of the craft awards is particularly entertaining. Members of the ITV craft unions are much better paid than are their equivalents in the BBC, and as a result many of the most skilled craftspersons in TV are attracted across to the commer-

cial companies. This fact, however, is hardly reflected in the craft nominations and awards, 72 per cent of which went this year to people working for the BBC.

The reason is hardly a mystery. Nominations for Bafta awards are made, not—as a casual viewer might think—by all who work in the TV and film industry, but by a small minority of such people: just the members of Bafta, the British Academy of Film and Television Arts, a private club in Piccadilly. Statistics on the make-up of the Bafta membership are hard to come by; but it would be surprising if most Bafta voters did not live in London or the home counties, for the very good reason that the centre of Bafta's operations (and the best of its facilities as a private club) is in London. The BBC is also based in London.

Bafta could point out that even the current system has checks and balances. Once the nominations have been made by members of Bafta as a whole, specialist panels are recruited to decide each award; and these panels do tend to be drawn from a wide regional cross-section.

But anti-regional bias is, arguably, the least of Bafta's faults. The most unsatisfactory characteristic of the Craft Awards (for make-up, costumes, sound, lighting, etc) is the way certain programmes sweep the board. The reason for this is that even workers inside the industry are, in the main, uninterested in whether the sound team on *Tutti Frutti* did a better job than the sound team on *Porterhouse Blue*. What obviously happens with craft nominations is that Bafta members who admire the writing, acting and direction in, say, *Tutti Frutti* tend to vote for those who worked on that series, right across the board. By the time a specialist panel of sound experts comes to sit in

judgment, they are quite likely to be judging between four nominations which they would not have chosen themselves, and are in fact quite arbitrary.

With regard to the major prizes, there are even more glaring faults. Actors and actresses are given four awards; but there is no recognition at all for presenters. You might argue that presenters are big-headed enough already; but I would have thought that Sir Robin Day's contribution to *Question Time*, Ludovic Kennedy's to *Did You See?*, Gus MacDonald's to *Right To Reply*, Keith Floyd's to *Floyd on France*, and Cilla Black's to *Blind Date* were all achievements worthy of commendation.

TV writers and directors also get a raw deal. In the area of films, there are three prizes: one for the best original screenplay, one for the best adaptation and one for the best achievement in direction. In TV, there is no director's award and only one "Writer's Award" which is not voted for, and for which there are no nominations.

Similarly, while it is hard to quarrel with *Network 7* receiving a special award for "originality", this is surely an important prize for which there should be nominations. Last year's television was notable for several other ground-breaking, highly original programmes (such as *After Dark*, *The Media Show*, *Dispatches* and *Floyd on France*) which—as far as the Bafta Awards ceremony was concerned—might never have existed.

I have always had a weakness for the Bafta awards, partly for their gallant pretence that we have a film industry, and because it is increasingly rare to see quality rewarded in any field, regardless of cost-effectiveness. The question is now whether British TV's most publicised prize-givers can prevent this annual celebration from becoming an ever more absurd charade. I watch with interest to see whether next year's awards are worth watching with interest.

—Galahad hero's mother— finds joy in the Falklands



Ann : Happiness

ANN GREEN'S life was shattered the day an Army officer called at her seaside home.

She listened stunned as he said her soldier son had been killed in the Falklands during the bombing of the landing ship Sir Galahad.

Yet out of her grief and despair emerged a story of great personal joy.

For Ann, then a divorcee struggling to raise a family by herself, has now found true happiness and security... in the Falklands.

Long after the conflict had ended Ann paid a visit to the sparsely-populated, wind-

by CHRIS LOGAN

swept islands in the South Atlantic.

And as she stood on the gentle green slope of San Carlos cemetery, where son Paul's name and those of others killed in the conflict are listed, she found herself falling in love with the beauty of the place.

Added to this was the knowledge that 21-year-old Welsh Guardsman Paul had died fighting for the freedom of the people who lived there.

"I was taken by the magic of the place," she recalls.

"We were attending the memorial service at the cemetery, a year after the

conflict had ended, and I was watching a large bird soaring and hovering and I thought: 'God, this is a lovely place'.

"I knew Paul would have felt exactly the same if he had been alive. I decided then and there to come back to live."

In November, 1983, six months after that first visit, Ann returned to the Falklands with her twins, David and Shiralee, who were 15.

Senior

She met former Falklands development officer John Reid—at 67 he is 21 years her senior—and in August last year they were married.

Home now is Pebble Island (pop 20), a 22-mile strip of land off the northern tip of

West Falkland where the SAS destroyed several Argentinian jets in the conflict.

Now Ann could not be happier, although she misses her eldest son Michael, 29, and eldest daughter Carol, 24, who stayed behind.

"I suppose there is some inconvenience—we can't pop down to Tesco's if we run out of something, for example.

"We get supplies by boat every three months and we have to take the air taxi, a light aircraft, if we want to leave the island."

It is only when she talks of Paul that her voice drops and the odd sigh betrays deep emotion.

"I think of him pretty often, every time I pass his picture in the hallway.

"Michael was also out in the Falklands with the Welsh Guards, but fortunately he had been seconded to the Scots Guards and he wasn't on the Galahad when she was blown up.

"People say I came out here just to be close to Paul, but that's not true. I couldn't feel any closer if I lived in Timbuktu.

"I know Paul would be pleased to see how happy I am now. If I hadn't come here I would probably still be back in Rhyl, thoroughly discontented.

"As for those people who feel the Falklands wasn't worth fighting for, I just feel very sorry. To me it is a beautiful place."



Paul: Guardsman

Frostbite forces British team to end polar trek

By Ronald Faux

Sir Ranulph Fiennes and his two companions yesterday abandoned their attempt to walk, hauling their supplies, 425 miles across the frozen Arctic Ocean to the North Pole.

The Great British Polar Quest, patroned by the Prince of Wales, ground to a halt after 15 days some 40 miles north of the starting point on Ward Hunt Island when Fiennes developed severe frostbite in two toes. The expedition had endured severe conditions, strong winds and temperatures below minus 50 degrees C which made the conditions of the ice impossibly difficult for hauling their three sledges and their 370lb loads.

Polar Control in London said yesterday that the three explorers were bitterly disappointed but had decided to stop because Sir Ranulph, leader of the team, was at risk.

Sir Ranulph said over the radio: "The chance of survival for long is remote and the chance of reaching the goal totally remote. We do not think the risk is warranted".

The decision to stop was unanimous between Sir Ranulph, Mr Oliver Shepard and Dr Mike Stroud. Sir Ranulph added: "If the Arctic Ocean doesn't want you to cross it then that is the way it has to be".

Shepard and Stroud suffered frostnip in their feet, the stage before full-scale frostbite which can lead swiftly to gangrene. That was despite the full Arctic boots with double insulation layers which all three wore. Sir Ranulph had twice suffered frostbite on previous expeditions and that probably made him more vulnerable in the unexpectedly severe conditions suffered by the polar expedition.

The three are camped near a flat stretch of ice waiting for the weather to clear so that a twin Otter aircraft can fly 700 miles from Resolute to their position.

The same aircraft will also rescue an American woman, Pam Flowers, who had hoped to become the first woman to make a solo trip to the Pole. She set out along a route parallel to the British team's, using dogs to pull her sledge.

Radio messages intercepted by the British base have disclosed that Miss Flowers fell from an ice ridge two days ago, knocked herself out and broke her glasses. Her re-supply aircraft was due to drop another pair of glasses with her stores but before that could happen her camp was attacked during the night by a polar bear.

The animal ate a lot of her food and

trampled on the tent in which she lay too terrified to reach for her rifle, with which she had already warned off a prowling wolf. The bear, which gorged itself at supper time, has reappeared for breakfast.

Polar Control understood that Miss Flowers was about four miles from Ward Hunt Island in a zone of broken ice on which it would be impossible for an aircraft to land. A spokesman for the British expedition said: "We expect that she will make her way back there". A solo Austrian polar trekker had already been evacuated from the Arctic Ocean suffering from a badly frostbitten ear.

The British team said in a joint statement: "No one wishes to continue as a separate unit. Further travel would be a waste of time and a great risk."

Baker promises review of new exam

School heads want GCSE publicity campaign

By Sarah Thompson
Education Reporter

The Government should buy television time and newspaper space over the next three months to reassure parents, pupils and employers that the new GCSE examination is valid and worthwhile, the Secondary Heads Association said yesterday.

A review of the examination is already expected and in his speech to the heads' association last night Mr Kenneth Baker, Secretary of State for Education, promised that it would "look at the way course work is set and managed, to make sure that the burdens are reasonable".

He said that the examining boards would be reviewing the much criticized syllabuses and assessment procedures.

Speaking just before the start of the association's conference in Reading yesterday, Mr Peter Snape, its

general secretary, said: "Now is the time that employers are beginning to think about recruiting school leavers. Now is the time for the Government to make a big push to explain the exam to them."

Mr Michael Pugh, the SHA education committee chairman, said that while the large employers now knew what the GCSE involved, small local concerns often did not.

Small employers were still refusing to accept the idea that any grade in GCSE equals an achievement. "They still just want to know which grades are equal to an O level", Mr Pugh said.

He added: "If you can sell British Gas and British Telecom on TV why can't you have a few moments on TV to sell GCSE?"

In his speech to the association Mr Baker said it would be impossible for anyone to make unfair comparisons between schools when the Government introduces standardized tests

and forces schools to publish their results.

"We shall require some aggregated results of assessment and testing to be published. But that information will be at a level of generality and will need to be presented in ways to stop unjust comparison."

Mr Baker also announced that he was going to set up a second working group on English teaching, which would "build on" the work of the committee chaired by Sir John Kingman.

The move will be seen as an attempt by Mr Baker to receive backing for his aim of traditional learning of grammar and spelling.

He has already been disappointed by the initial proposals by the working group on mathematics which, alongside the Kingman committee and the science working group is laying the groundwork for the proposed core curriculum for all schools. The

mathematics group did not lay enough stress on the acquisition of basic arithmetical skills.

Mr Baker said that recent amendments to the proposals for a national curriculum should "allay many fears" about it. "We have made it clear on the face of the Bill that an order cannot prescribe school timetables, or the amount of time which should be spent on a subject."

Earlier in the day, Mr Baker met Mr Neil Fletcher, leader of the Inner London Education Authority, for the first time since the Secretary of State announced Ilea's abolition.

During their 20-second confrontation at the Teaching as a Career exhibition at the London Business Centre in Islington, north London, Mr Baker simply nodded as Mr Fletcher angrily told him: "You should feel ashamed at the cuts you have deployed. You have a nerve coming here. I think it's a disgrace."

PROFILE: Sir Jeffrey Sterling, chairman of P & O

A landlubber on the bridge

The Peninsular and Oriental Steam Navigation Company has long occupied a special place in the hearts of the British. However those holidaymakers hoping to travel with P & O to the Continent over Easter are probably finding that any special affection they harboured for the company is now being sorely tested.

P & O, which last year celebrated its 150th anniversary and is now headed by Sir Jeffrey Sterling, has one of the highest profiles of almost any in the country. It has long been indelibly associated with the romantic aspects of Empire. For many years, P & O was the gateway to the India and the East as generations of colonials and their families boarded its liners, travelling port out, of course, and starboard home.

Progress and the passage of time dictate that such companies must adapt if they are to survive. The list of those which grew fat on the Empire, only to fail to adapt to the post-colonial era, is a long one. Often their names have disappeared from view altogether, or they have survived under the control of one of the modern conglomerates.

P & O just managed to survive as an independent entity. In 1984, with Sir Jeffrey Sterling on the bridge as the recently appointed chairman, P & O narrowly escaped being taken over by Sir Nigel Brookes's Trafalgar House, a rival shipping and property group which includes the Cunard shipping line. Since then, P & O has been transformed.

As a businessman, one of Sir Jeffrey's great strengths is his clarity of vision. It may not appear a particularly broad vision, and he himself will stress the solid, unexciting aspects of the businesses he is involved in — good asset backing, strong cash flow from service businesses — and the advantage of having companies which don't need particularly brilliant people to run them. Neither does he fit the model of some of today's successful tycoons who have built up empires through a string of aggressive takeovers.

Sir Jeffrey, by contrast, prefers agreed takeovers, when he makes them, and while his career has involved taking entrepreneurial risks, those risks tend to be taken after careful assessment. Having identified his objectives, he pursues them with great determination, enthusiasm and energy.

As an individual, he is friendly and known for an ability to charm. However, at the same time he can seem rather diffident, even cool, which may simply be the shield of someone who is in some respects a fairly straightforward but rather shy person. A complex private life may also contribute to this circumspection.

Educated at Reigate Grammar and Preston Manor County School, he trained as a classical violinist at the Guildhall School of Music. At one stage, he harboured ambitions to become a professional musician, before deciding that he was probably not going to make it. His interest in music is reflected in visits to the opera and a role as chairman of the governors of the Royal Ballet School.

P & O is now best described as a conglomerate, which — besides shipping — also embraces property and a range of service industries. But it is its ferry business — first with the Zeebrugge disaster, now with the seamen's strike — that has recently been earning it unwanted headlines.

This week, P & O announced that its cross-Channel ferries were unlikely to be

sailing over the Easter period because of the industrial dispute in which it is engaged with the National Union of Seamen. Like many such industrial disputes, the origins of the strike are complex.

At the centre of what seems to be becoming an increasingly protracted struggle, with diminishing room for compromise, is P & O's desire to achieve savings of up to £10m through new working practices and reduced manning levels. P & O says this is crucial in order to meet the challenge of the Channel Tunnel, which will pose stiff competition for the ferry operators, and that at present the cross-Channel ferry operation is simply not earning an adequate return on capital.

Ranged against P & O are the Dover seamen, reluctant to see their conditions of work worsened, and an NUS, headed by the crafty Sam McCluskie, which has its own internal political problems and is reluctant to see its membership base eroded through job losses or voluntary redundancies. To some of the Dover seamen, chairman Sir Jeffrey Sterling — an adviser to the Department of Trade and Industry and admired by the Prime Minister — represents the worst of capitalism incarnate.

Higher up the union hierarchy, they consider Sir Jeffrey rather engaging. He has gone to considerable lengths to explain the strategy for the ferry business and is keen to explain to union officials the role and aims of management. However, some senior officials in the NUS still remain suspicious about the argument that change is needed to compete with the tunnel, taking the view that the overriding motive is simply the businessman's desire for increased profit.

When the then Mr Jeffrey Sterling, already a board member, became chairman of the directionless, struggling P & O in November 1983, the company was already under threat from Trafalgar House whose bid for the company had been referred to the Monopolies Com-

mission. At the time, Trafalgar's chairman, also at that point still Mr Nigel Broackes, observed that the man who had made his fortune with a property and financial background would need some years to learn how to run a shipping company and, furthermore, he had "no experience of being an employer on this scale".

The criticism that he lacked experience as a large employer may seem an accurate one in the light of the present struggle with the NUS at Dover. However the idea that in other respects Sir

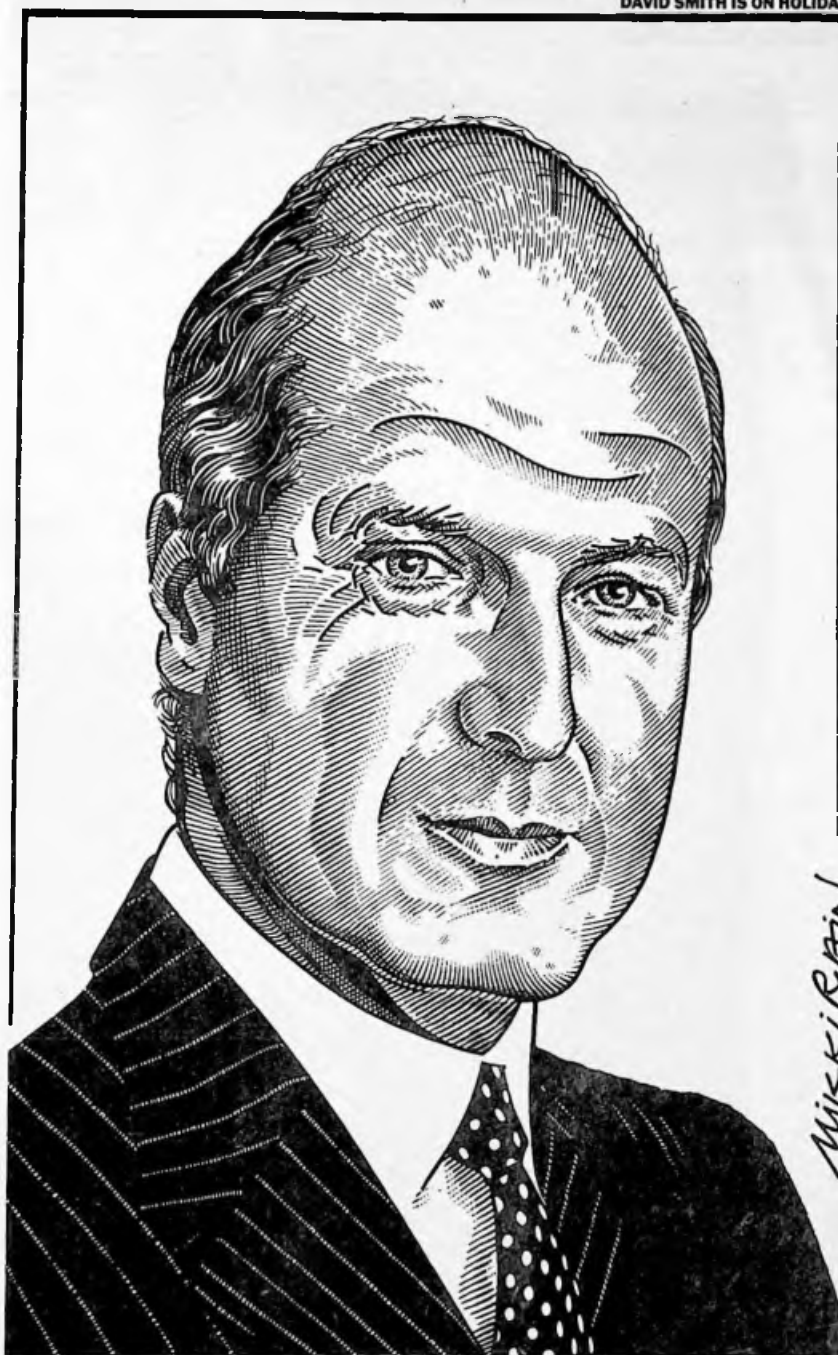
Jeffrey would have a long learning curve at P & O proved misplaced. It did not take him long at all to get to grips with a shipping company and the particular problems of P & O.

By the time the Monopolies Commission cleared Trafalgar's takeover bid in early 1984, Sir Jeffrey had already made his mark on the group. Trafalgar decided to withdraw and the way was clear for him to reshape and strengthen the group, partly through a series of carefully judged acquisitions. This included a

merger with Sterling Guarantee Trust (SGT), the company which Sir Jeffrey and his long-standing colleagues had built up and which included Town and City Properties and a range of service

companies including ownership and running of the Earls Court and Olympia exhibition centres in London.

The subsequent moves included the purchase of the outstanding 53 per cent of Overseas Containers — the big con-



tainer shipping company — and a £402m takeover of a property company, Stock Conversion, which helped to bolster the P & O balance sheet. Then at the end of 1986, only months before the Zeebrugge ferry disaster, P & O agreed the acquisition of European Ferries, owners of the since-renamed Townsend Thoresen ferry operation.

The Herald of Free Enterprise disaster has proved a public relations nightmare for P & O. However in the financial world, the P & O group is now viewed as a well-balanced and interesting business. Much of the credit for the rehabilitation and indeed for Sir Jeffrey's success, must go to Bruce MacPhail, the managing director and an accomplice of Sir Jeffrey's for the past 20 years. The two complement each other well. MacPhail is an excellent administrator and has played an important role in planning strategy on the property side.

They met back in the 1960s when MacPhail was working in the corporate finance department at Hill Samuel, the merchant bank. Sterling had already had a spell in stockbroking and working with Sir Isaac Woolfson from whom he learnt a lot. Lord Young, the Secretary of State for Trade and Industry, and a personal friend of Sir Jeffrey's, also passed through the Woolfson school at one stage.

With MacPhail, Oliver Marriott, a former *Times* financial editor, and soon after, Peter Ford, who now runs the P & O ferries operation, Sterling acquired an investment trust from Slater Walker, renamed it Sterling Guarantee Trust and set about building it up. The thrust was acquiring service businesses but usually with strong asset backing in the form of property. With exceptions such as the Gamages department store, which was closed and redeveloped, many of the businesses acquired in those days are now part of the P & O group.

The progress of SGT was interrupted

by the 1970s property and fringe banking crisis. In 1974, to protect loans outstanding to Town & City and help bolster the management of the second largest property group in the country, SGT was reversed into T & C. Although Sir Jeffrey and his colleagues did not realise initially the extent of the problems, T & C — set on a megalomaniac expansion programme — was virtually bust. Furthermore, both City institutions and the authorities were worried that if T & C went under, it would have a knock-on effect, further depressing property prices and hitting its creditors. Among those who stood to suffer particularly badly were the Prudential and Barclays Bank.

Sir Jeffrey had expected the sorting-out of T & C to take a couple of years. In fact, it took eight. However, it won Sterling and Bruce MacPhail the gratitude of many City institutions — and brought him into the corridors of power. He is undisguisedly proud of the fact that he heads a company such as P & O and proud too of his political links. Not only has he been an adviser to six Industry Secretaries, including the present one, he also sits on the cabinet sub-committees on both broadcasting and privatisation.

His close relationships with the Government — he is an acquaintance rather than friend of the Prime Minister — have led to criticism and sometimes charges of conflicts of interest. And in some quarters his role in the Dover seamen's strike has been represented as that of a Thatcherite supporter out to break the unions.

In fact, Sir Jeffrey appears to have a distaste for political ideologies. He supports what the Conservative Government has set out to do because he believes it has helped to provide businessmen with an environment in which they can get on with the business of managing. However as one who knows him well points out: "He may seem unpolitical. But he gets things done."

WORLD FOCUS



Falklanders worry over new-found wealth

Some fear booming fishing industry
is threatening their lifestyle



Falkland Islanders ... they have their own money now but the problem is where to start in spending it. — File picture.

By CLAUDIA RADER

PORT STANLEY (The Falklands) — "In the beginning," a veteran of the 1982 Falkland Islands war once said, "it was as though we'd landed on the other side of the moon."

Travelling to these remote, barren, but beautiful south Atlantic islands is like a journey back in time, with dirt roads, primitive communications systems, few of the amenities and even fewer of the hassles of modern living.

Some of the 1,900 islanders fear their lifestyle is under threat from a burgeoning fishing industry which has brought development, foreigners and a £14 million (\$51.8 million) windfall last year.

"I think what we are dealing with are the problems of success," Governor Gordon Jewkes told reporters who travelled to the islands last week to watch British troops carrying out a rapid military reinforcement of the Falklands garrison.

Britain, which fought a 10-week war on the islands in 1982 to oust invading Argentine forces, introduced a 240-km Falkland Islands Conservation Zone (FICZ) around the islands in February last year.

Last year, more than 220 fishing licences were granted to firms from Japan, South Korea, Spain, Taiwan, Poland and others to share out a goldmine of squid, blue whiting, hake and hoki worth £400 million a year.

Further profits from offshore oil deposits

"We woke up one morning and found a zone had been slapped on us. We're learning very rapidly (about administration)," said Falkland-born Terry Betts, a member of the islands' Executive Council which is responsible for licence allocation.

Mr Betts said he expects income from the fishing industry, the world's seventh largest, to increase by about 10 per cent a year.

Some islanders believe there are further profits to be made from substantial offshore oil deposits.

The Falkland Islands Development Corporation, a British government body which controls most of the islands' growth, is also trying to encourage tourists drawn to the unique penguin and sea bird colonies.

Officials say the 150 visitors last year could be increased if air links were established with the South American mainland. The only way to get to the islands now is by 18-hour military flights from Britain through the Ascension Islands.

For the Falklands, dependent on sheep farming and a British government aid package since the war of £31 million, the income is a welcome boon.

"I would like to see rapid development," said Mr Betts. "We're trying to get out of the British colonial system as Falkland islanders who can think and run things for themselves. We have our own money now and no one will tell us how to spend it."

The problem, however, is where to start. According to Mr Jewkes, top priority must go to housing. There is chronic shortage, with some 60

families on waiting lists for new homes.

The education system is also in desperate need of resources. Stanley's only junior and senior schools are bursting at the seams with 260 pupils. There are no facilities for students preparing university-entrance examinations and six are now in British boarding schools 12,800 km away.

Infrastructure is also begging for attention. There is only one gravel-covered road on the island, connecting Stanley with the new Mount Pleasant military complex 40 km away.

Getting anywhere else means tortuous rides in four-wheel drive jeeps over bumpy dirt tracks or flights in the light aircraft of the Falkland Islands government air service.

Communications across the Falkland archipelago — some 200 islands make up the territory — is by party-line radio telephone.

But development requires manpower. A chronic shortage of labour on the islands means the fisheries industry is being run almost exclusively by expatriates from Britain.

Foreign firms have based some of their workers in Stanley and some hospital and public works staff are being imported from the British-administered Atlantic island of St Helena.

"There is no desire to push the islanders apart ... But the problem is there are few islanders and the number of entrepreneurs is very limited," Mr Jewkes explained.

Some locals find it difficult to adjust to the influx of foreigners. Rumours circulate that St Helenians are paid lower wages which could undercut the local salary structure or that they are given special incentives to bring them to the islands.

Others worry that the pace of change will submerge the simple, old way of Falkland Islands life.

Danger of greed and reckless development

"In another five years, there won't be any Falkland islanders left, you won't have the close-knit community you once had," Mr Ian Strange, a British naturalist who has lived in the Falklands for 25 years, said.

Mr Strange, who advises the government on conservation, says greed and reckless development could endanger the Falklands' only natural resource by depleting the FICZ's fish stocks.

Officials say 40 per cent of the stocks replenish each year, but Mr Strange says estimates are based on mathematical models.

"I think we are playing around in the dark," he said. "We simply do not know where the marine stocks will go. Development is running ahead of itself, learning to run before it can walk."

Ironically, there is virtually no domestic fishing industry on the islands. Only one local company is licensed to fish in the FICZ and most islanders prefer to eat mutton.

Diners at Stanley's Upland Goose Hotel are likely to tuck into Pacific crab or shrimp and apart from some locally-caught mullet, most fare at the town's only fish and chips shop comes from Iceland. — Reuter.

'Shiny Sheff' joins Royal Navy



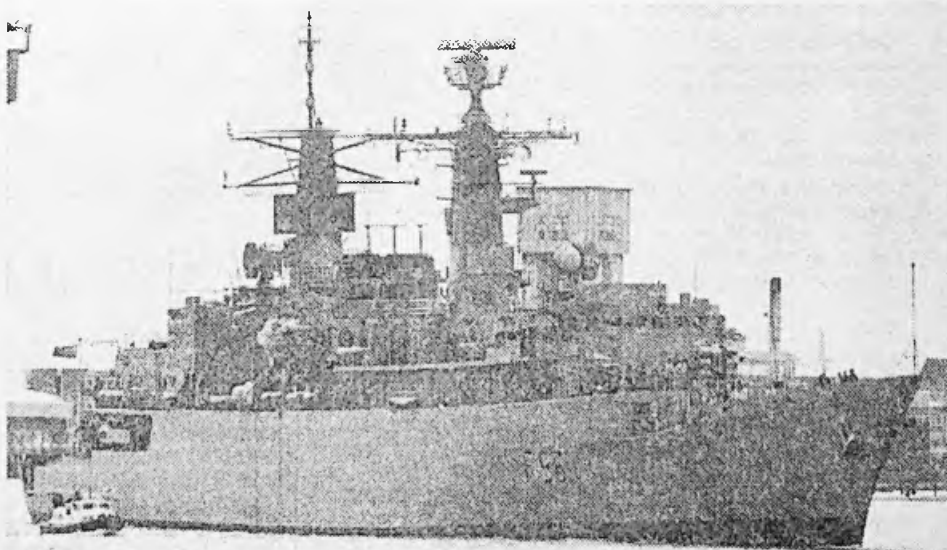
The new HMS Sheffield, a type 22 frigate, sailing into Portsmouth naval base yesterday to join the Royal Navy.

The "Shiny Sheff" sliced her way through grey seas yesterday to Portsmouth, where she was handed over to the Royal Navy.

HMS Sheffield, a type 22 frigate, revives the name of the destroyer which sank with the loss of 20 lives after being hit by an Exocet off the Falklands. Incorporating lessons learnt after that attack, the new Sheffield is to be commanded by Captain Nicholas Barker, a Falklands veteran.

The Sheffield is the third ship to bear the name; the first won several battle honours in the Second World War.

They were each called the "Shiny Sheff" because of gifts of stainless steel from Sheffield. The new frigate has gifts worth £50,000, including the ship's bell and cutlery.



Captain Nicholas Barker, her commander, on the bridge (Photographs: Peter Trievnor).

Socialist victory poses threat to Gibraltar deals

By Richard Wigg in Gibraltar and Michael Evans

The election victory in Gibraltar of Mr Joe Bossano, who immediately reaffirmed his total opposition to any *rapprochement* with Spain, is being viewed with considerable caution in London.

Sir Geoffrey Howe, the Foreign Secretary, sent off a telegram of congratulation, but ministers were adopting a policy of "wait and see" before testing Mr Bossano's stance on relations with Spain.

The most awkward of all Gibraltar's political leaders for both the British and Spanish Governments will take office now as the British dependent territory's first left-wing Chief Minister after winning 58 per cent of the votes cast on Thursday. He pushed the centrist Labour Party — which had held power for 16 years — down to 29 per cent.

● Bossano win does not alter dispute over sovereignty ●

There was a 76 per cent turn-out, two points up on the 1984 election, with the Socialist Labour Party winning eight of the 15 seats in Gibraltar's House of Assembly. The Labour Party, led by Sir Joshua Hassan until his retirement last December, took all the rest. The vote demonstrated that a majority of Gibraltarians, including several prominent businessmen, tired of successive government blunders, prefer a change.

Non-domestic issues, especially relations with neighbouring Spain, emphasized by the party which now goes into Opposition, thus took second place, although Mr Bossano's highly personalized standing-up to Spain was undoubtedly among the factors making for his victory.

For the British Government, the victory of Mr

Bossano, formerly Gibraltar's trade union leader, opens up the very real possibility that all the delicate negotiations with Spain that finally led to the Brussels Agreement in 1984 could now be undone.

Under the framework of that agreement, negotiations have been developing on three fronts: opening Gibraltar's airport to Spanish airlines, including the building of a terminal on the northern side so that passengers would have access to the airport from Spain; restarting the ferry service from Gibraltar to Algeciras on the Spanish mainland; and putting an end to the long delays at the frontier.

All these issues are seen as crucial in London for improving the atmosphere over the whole question of Gibraltar's future. Mr Bossano has placed himself firmly against these developments because he fears that any improved links with Spain would set the Rock down the slippery slope towards a handover of sovereignty to Madrid.

When Mr Bossano meets with British officials, he will be reassured that the Government has no intention of changing its often repeated position that nothing would be decided about the future of the Rock against the wishes of the Gibraltarians.

Madrid indicated officially yesterday that, in its view, Mr Bossano's victory "does not alter Spain's dispute with Britain over the sovereignty of the Rock".

At a press conference, called after the counting of 17,000 votes had lasted all night, Mr Bossano emphasized that it would be an error to interpret his stand as one of enmity towards Spain.

"With our own initiatives we will be seeking ways to work so that the prosperity of our people in Gibraltar is shared with the Campo across



A jubilant Mr Joe Bossano, Gibraltar's new Chief Minister, saluting his supporters yesterday after his election victory.

the frontier which suffered most from the shutdown and has benefited least from the frontier opening," Mr Bossano said, speaking in Spanish, and referring to the Franco regime's 13-year long blockade of Gibraltar before the Socialist Government began opening the frontier in 1982. "Independent of the fact

Gibraltar people do not want to be integrated into Spain, we want to show good will towards Spaniards," he added, directing his remarks to the Socialists who dominate the town councils of the Campo region.

Mr Bossano sounded adamant that his government would not accept an agree-

ment for joint use of Gibraltar's airport as devised by Britain and Spain last December, but gave an indication that he might be prepared to discuss the issue with Señor Felipe González, Spain's Socialist Prime Minister.

"That is a question I would expect him to raise, not me", Mr Bossano said. "If he

invites me to Madrid, it will be an honour to go." During the election campaign Mr Bossano, formerly Gibraltar's trade union leader, rejected the December agreement as an "awful deal" for Gibraltar and pledged that, in the unlikely event of a change in attitude, his government — and, he would expect, any other gov-

ernment — would consult Gibraltarians by holding a referendum.

Mr Bossano also made it plain after victory that he would not attend the regular top-level Anglo-Spanish meetings intended to seek ways of collaborating and as a forum for discussing Spain's sovereignty claim.

He has put on ice previous talk of independence for Gibraltar, saying that during his four years of office he does not want to seek any constitutional changes with Britain. But he refuses to acknowledge anyone's right to discuss the future of the Rock except the Gibraltarians.

The Bossano victory comes at the beginning of a year of exceptional importance in Anglo-Spanish relations, with official visits for the first time by the British Prime Minister and the Queen to Madrid.

The Queen is due next October to return the state visit by King Juan Carlos to London in April, 1986. Then, the Spanish monarch twice publicly expressed Spain's sovereignty claim to Gibraltar. Mrs Thatcher is expected to visit Señor González in Madrid in September.

London is the only European Community capital the Spanish Prime Minister has not visited since taking office in 1982 and his attitude to the Gibraltar problem undoubtedly lies behind that omission.

Talking with Mr Bossano on Spanish radio on election night, Señor Fernando Morán, the former Foreign Minister who concluded the Brussels Agreement with Sir Geoffrey Howe, recommended a frank dialogue in spite of their disagreement.

Mr Bossano visited Madrid on his single official visit to Spain during the past five years but confesses that the only figure he knows is the Spanish Socialist Party's top foreign affairs expert. Both

Señor González and Señor Alfonso Guerra, his deputy whom the Prime Minister often uses as a trouble-shooter, are Andalusians — from the region bordering Gibraltar — and yet neither has bothered to tackle Mr Bossano ever at the personal level.

The gesture of an invitation by Madrid would seem now appropriate to probe just what identity of approach as pragmatic Socialists Señor González and Mr Bossano might be able to find.

Madrid's legalistic stance — that it will only discuss Gibraltar with the British Government — ignores the Gibraltarians' emerging national feelings or, as Señor Morán put it, the fact of their "political weight", whatever the legal niceties.

● We want to show good will towards the Spaniards ●

The visits by the Queen and Mrs Thatcher in the autumn make it likely that the Spanish authorities will seek to refrain from serious negative reaction for the present, waiting perhaps to see how Mr Bossano mellows in office, exactly as the Spanish Socialists themselves have done.

Next autumn there will arise the sensitive problem of funding the continued payment of pensions to more than 4,500 elderly Spaniards, mostly from La Linea, who worked in Gibraltar before the Franco regime introduced the blockade.

Mr Bossano refused yesterday to contemplate "paying a single penny" when the three-year provisional funding agreement between the British and Gibraltar governments "runs dry" in about October.

US chemical firm to phase out gases

DU PONT, the US chemicals group, is to stop making controversial gases believed to damage the atmosphere, *Richard North writes.*

Responding to new evidence from the United States that a hole in Antarctica's ozone layer is caused by chlorofluorocarbons (CFCs) — rather than being just slightly worsened by them — Du Pont says it will stop making the gases as soon as possible.

It has also said that last autumn's Montreal agreement to reduce their use by up to 50 per cent by the late 1990s should now be reviewed.

ICI, Britain's biggest producer of CFCs, yesterday said it agreed that the gases should be phased out, but stressed that this was already enshrined in the Montreal protocol. Tony Foster, head of ICI's general chemicals division, said the firm also supports an early review of the protocol.

Yesterday was the first time ICI has indicated in public that it shares Du Pont's attitude. The company has been accused of having a poor record on responding to anxieties about the Antarctic ozone hole.

WOMAN REMEMBERS

SIX SAD, SAD,

With every year that passes, the memory of the Falklands fades a little. But not for Sara Jones, who lost her husband Colonel H in the fighting . . . and who now watches as her sons follow in their dad's footsteps. By Victoria Freedman



Six years ago this week, Britain's armed forces travelled more than 7,000 miles to fight in the Falklands War. While battles raged on the barren, windswept islands far away in the South Atlantic, anxious relatives back in Britain watched the real-life bloody horrors on television and waited . . .

Of those was Sara Jones, whose husband fought in the Falklands as leader of the Parachute Regiment's 2nd Battalion. Back home Sara was one of the army wives who accompanied the regimental colonel to break the bitter news to families that a loved one had been killed. Then, on the day after the battle of Goose Green, she saw a staff car outside her house. She knew instantly that there'd been another casualty and presumed that she had the unpleasant task of telling

someone's wife or mother that they'd become a victim of the war. When Sara heard it was her husband of 18 years, Colonel "H" Jones, who had lost his life, she was stunned. "I didn't realise they'd come to give me the bad news," she says.

Ironically, her husband wasn't even meant to be in the Falklands. But Lieutenant Colonel H Jones, VC OBE (known simply as H to his wife and friends), was a committed soldier who had made the army his life and he didn't intend to miss any of the action. "We were away skiing when it first started so we didn't really know anything about it until we got back, when they were beginning to talk about people going out. At that stage H's battalion was

due to go to Belize, so I presumed he'd still go. But H was determined, if anybody was going to the Falklands it would be him. And he got his way."

And if Colonel H hadn't insisted, he might still be alive today. In the battle of Goose Green as the British attack got bogged down, H broke away to launch his own charge on the enemy, only to fall in a hail of bullets. He died 10 minutes later, only moments before the Argentinians raised the white flag of surrender. The Colonel had lost his life but won the battle. He was awarded a posthumous Victoria Cross medal—and "H" came to stand for "hero" instead of Herbert, the Christian name he disliked so much.

Sara sighs. "I suppose I

would have to say it was typical of him. He was the sort of person who, when something had to be done, just got on and did it. Whether other people would have done what he did . . . probably not."

But she feels no bitterness that her husband had made sure he would go to the Falklands or that he had charged the enemy in what some might say was suicidal heroism. "He died as he'd lived," says Sara simply, "a soldier. He wouldn't have wanted it any other way. Had I felt bitter I would have to have fought it jolly hard, because it sours everything. I think it was because I knew that was what H wanted to do. He loved the army, adored it. It was his life, so apart from saying 'damn you' sometimes . . ."

Most of those whose relatives had died in the Falklands were left on their own to come to terms with their loss, but Sara was now the widow of a hero, and only a few hours after learning of her husband's death she had to face the press. The brave smile on her face would have made H proud. But while keeping up composure for the outside world and a stiff upper lip for the sake of sons David, then 16, and Rupert, 12, Sara was inwardly devastated. "I used to find the mornings the most difficult," she says. "I'd wake up and the realisation of it all would hit me and there seemed no point in getting out of bed. I'd just think, oh bloody hell, another day."

And Sara found it difficult to come to terms with the regret that she'd never really said goodbye to her husband. "He left so quickly," she says. "He flew out to the Ascension Islands to make plans and he was supposed to fly back and then go by sea to the Falklands with his battalion. So when he went he just said, 'See you in a few days.' But once he got to the Ascension Islands they said there was no point in his coming back. So we didn't actually say

I didn't realise they'd come to give me the bad news

Survivors: Sara and sons Rupert (left) and David. "I miss him not being around, not being able to see how well boys have done"



YEARS LATER...



goodbye." Sara has since been out to the Falklands three times to visit her husband's grave. "Obviously it was emotional, but quite peaceful in some ways. I think it was good to go and see where it all happened. When Mrs Thatcher said the bodies could be brought home it was the most difficult decision to make. But people are usually buried where they fall and I also felt it was slightly undignified; after all that's not the person you know," she says matter-of-factly.

She seems to have accepted

everything that has happened, determined not to show her softer, vulnerable side. She's even calm about her sons' choice of career—both boys are following in their father's footsteps. Now Sara lives with the fear that they could meet the same fate as H. "I suppose I should have reservations," she says "but if that's what they want to do, it's fine by me. They've always wanted to go in the army. They saw plenty of it as children and I suppose they found it exciting."

Seeing David, now 21, in his

uniform does more than bring back memories of H for Sara. "He's *terribly* like H," she says. "There are certain mannerisms—it's really weird, uncanny. Occasionally you get a fleeting glimpse . . . No, it doesn't upset me. I think it's nice."

Now 46, Sara Jones has made a new life for herself. She's moved from the army quarters she shared with H to her own house. "To still be on an army patch for no particular reason . . . and with all the men coming home in the evening . . . I was

well ready to move," she says.

Since her husband's death, she has forced herself to cope emotionally by being as physically active as she can. "I made myself so busy I didn't have time to feel sorry for myself," she says. So Sara is a JP, she works on various councils, helps with the Falklands Association, looks after the elderly in her village. She's even been trekking in Nepal with another war widow. But she refuses to accept any praise or admiration for the way she's held her head high and got on with life.

"There was no point in sitting there and feeling miserable. I'm

**He died as he'd
lived—a soldier.
He loved the army**

well aware I've got a lot of advantages. Because H died in the way he did, doors opened for me, and I thought I might as well grab the opportunities and get on with them. I enjoy what I do, it gives shape to my life and I meet lots of people. And I'm lucky because I don't easily get depressed.

"I am usually able to find a plus side to most things and I'm a great person for giving myself a jolly good kick and saying, 'Do something!' And, of course, I'm lucky enough not to have any money worries. So I jolly well should be able to cope," she says firmly.

She looks into the distance, obviously picturing her husband. "He was such a vibrant figure, he's not easily forgotten," she says. "He was quite shy, a bit eccentric and had a very good sense of humour. The boys and I talk about him a lot and often say, 'What would H have thought about that?' He was so devoted to the boys, and they worshipped him. He was a wonderful husband and partner," she says, the brave façade dropping a little. "I miss him not being around, and I miss that he wasn't able to see how well the boys have done."

It's six years and time may help, but it doesn't heal. "You never get over it," she says quietly, "but you do learn to live with it." ■

Press Cuttings

from Broad Street Associates THE ~~AGE~~ TIMES 25 MAR 1988

Falklands garrison

The cost of maintaining the garrison in the Falklands since the conflict in April 1983 worked out at about £700,000 an islander, Mr Ian Stewart, Minister of State for the Armed Forces, said.

He said that the additional cost of maintaining a garrison in the Falkland Islands from April 1983 to the end of the last financial year was estimated to be £1,425 million.

Press Cuttings

25 MAR 1988

from Broad Street Associates **The Daily Telegraph**

Falklands bill

By Our Political Staff

The cost of the Falklands garrison between April, 1983, and April last year was £1,425 million, Mr Ian Stewart, junior Defence minister, revealed last night.

Press Cuttings

from Broad Street Associates

LLOYD'S LIST

25 MAR 1988

Masterpiece

NICK Barker, who ruffled a few Admiralty feathers as commander of the Antarctic survey ship *Endurance*, is proving no less communicative in his new role as captain of the new Type 22 frigate *Sheffield*.

He told our man in the north-east of England that *Sheffield*'s builder, Swan Hunter, deserved "every success" in its bid to build the next four Type 23 frigates because of the high standard achieved in his new command.

"I have seen shipyard workforces in all the yards and could never recall a finer bunch of blokes as here on the Tyne," said the fulsome Barker.

Sheffield, built to replace the ship lost in the Falklands war, is due to be handed over in Portsmouth today.

She is packed with £50,000 worth of gifts from firms and individuals in her namesake city. In return, the ship will spend five pre-commissioning days in the River Thames in late May as part of the city's drive for new business.

The one thing that famous old city does not have is a coastline, so *Sheffield* will be commissioned into the Royal

Navy at Hull, the nearest port, in July.

Barker's "crime" back in 1982 was to suggest that Whitehall ignored his warnings that an Argentine invasion of the Falklands was imminent.

All now seems to be forgiven.

Higher wheat crop forecast for 1988-89

By David Blackwell

WORLD PRODUCTION of wheat for 1988-89 is set to rise to 525m tonnes, according to preliminary projections by the International Wheat Council.

This is well short of the record 535m tonnes set in 1986-87, but much higher than the 508m tonnes for 1987-88.

The 1987-88 harvest was 31m tonnes below estimated consumption of 539m tonnes, according to the IWC's latest monthly report. The smaller harvest is expected to lead to a 21m tonne decline in the stocks of the five major exporters (Argentina, Australia, Canada, the US and the EC) at the end of this year to 61m tonnes - the lowest level since 1981/82.

The low level of stocks, coming after five years of steady accumulation, could mean that in the coming year the international market could be significantly influenced by the size of the world harvest for the first time in several years, says the report.

"A crop below the level of consumption could result in a draw-down of stocks to levels that could push up prices and encourage the removal of limitations on output in the US, and stimulate production in other major exporting countries," says the IWC.

"Alternatively it is not impossible that a large world harvest could give rise to some modest replenishment of stocks."

Argentina puts services plan to Gatt talks

BY WILLIAM DULLFORCE IN GENEVA

AN INTERNATIONAL agreement liberalising trade in services must ensure developing countries a larger share in that trade and provide for a transfer of technology, Argentina has told the group negotiating on services in Gatt's Uruguay Round.

The importance of the Argentine proposals submitted this week is that they are the first real effort to spell out the view of a developing nation. They fill the intellectual vacuum left by the negative attitude to the negotiations of several leading developing countries, notably India.

Mr Michael Samuels, head of the US mission to Gatt, described the Argentine paper as "a positive initiative which moves the negotiating process forward."

The way in which the concept of development is treated in the agreement is crucial, Argentina emphasises. It must allow for active participation by developing countries in services trades and ensure their capability to adapt to new circumstances.

Developing countries have to be ensured of access to the relevant technology. The agreement must provide for trade in services to be accompanied by undertak-

ings to transfer technology, the Argentinians say.

Moreover, rules must be drawn up to make sure that legislation on intellectual property does not impose monopoly rights over the transfer of technology.

Provisions allowing countries to regulate services activities related to their economic development should be considered, Argentina urges. Developing nations should have an option to establish specific national policy objectives in individual service sectors.

Other points are:

- developing countries must be allowed activities aimed at stimulating exports of services.

- Advanced nations should facilitate imports of services from the Third World.

- Developing countries' need to import inputs for subsequent exports of similar or different services should be taken into account.

- Countries should have the power to regulate part of the flow of foreign exchange generated by specific projects connected with trade in services.

- Nothing in the agreement should hinder the promotion of joint ventures.

Press Cuttings

from Broad Street Associates

FINANCIAL TIMES

25 MAR 1988

Argentine urea plant go-ahead

By Tim Coone in Buenos
Aires

A DECADE-long battle for a contract to build a fertiliser plant in Argentina has been resolved by a presidential decree authorising a French-Argentine consortium to go ahead with a \$80m (£44m) urea project in the Andean province of Neuquen.

The plant will produce 100,000 metric tonnes of urea a year doubling urea output in Argentina.

Some 30 per cent of the finance will come from the consortium, with the remainder reportedly being negotiated with the Inter-American Development Bank and the World Bank.

The French partners are Spie-Batignolles and Gran Paribas.

Annual urea consumption in Argentina is 200,000 metric tonnes a year. Potential demand is three times greater.

Argentina strike goes on

BY TIM COONE IN BUENOS AIRES

ARGENTINE teachers rejected a pay offer on Wednesday as their strike entered its tenth day.

The teachers are demanding a minimum monthly rate of Aus770 (\$120). The government offered Aus550 (up from a present average of Aus425), with a phased increase to Aus700 in two-thirds of the 22 provinces.

Last week, Education Minis-

ter Mr Jorge Sabato said the government lacked resources to meet the teachers' demands. He said the rise would create inflationary pressure, as teachers' salaries comprised 25 per cent of government spending on personnel.

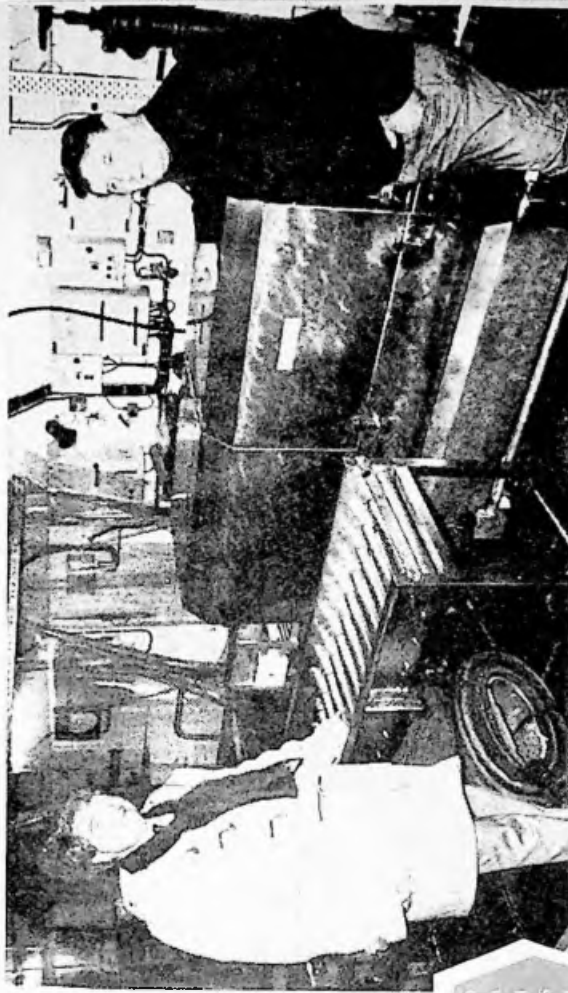
The problem is compounded by the fact that 80 per cent of teachers are paid by provincial governments, which face a financial crisis.

'HILL COVE'S' THREE LINE PROCESSING

THE handling and processing on board ship of the main finfish and squid species being caught in the South Atlantic off the Falkland Islands will soon take a new turn with the arrival on the grounds of the British freezer stern trawler *Hill Cove*.

Equipped with a state-of-the-art handling and processing layout designed by Danish firm Dantech, she is claimed to have the most flexible system yet devised for the Falklands.

Designed for efficiency, high yields and top quality, *Hill Cove's* fish handling and processing system is composed of three lines: one for *Loligo* and *Illex* squid, another for hake and hoki, and a third for southern blue whiting. These feed on to a multi-purpose packing line equipped with a high capacity block ejector and frame washer.



Skipper Trevor Doyle (right) with Dantech's Jørgen Joensen with the new Kronborg glazing machine. Like most of *Hill Cove's* equipment, this unit is made in stainless steel.

Cont../2 Fishing News 25 March 1988

close co-operation with Skipper Trevor Doyle and other members of the J. Marr company of Hull. *Hill Cove* is being operated by the joint venture fishing company Stanmarr of the Falkland Islands.

Before her recent conversion and refit by Humber Ship Repairers of Immingham, South Humberside, the vessel was equipped to catch and process blue whiting and scallops from the North Atlantic. She was then named *Vesttraal* and was owned by a Norwegian company.

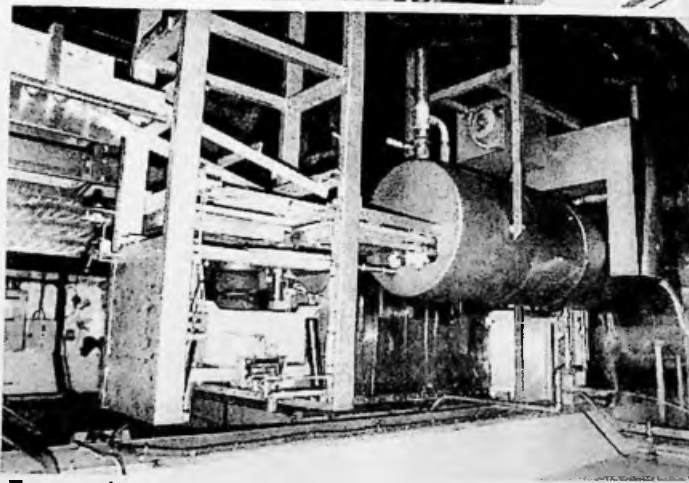
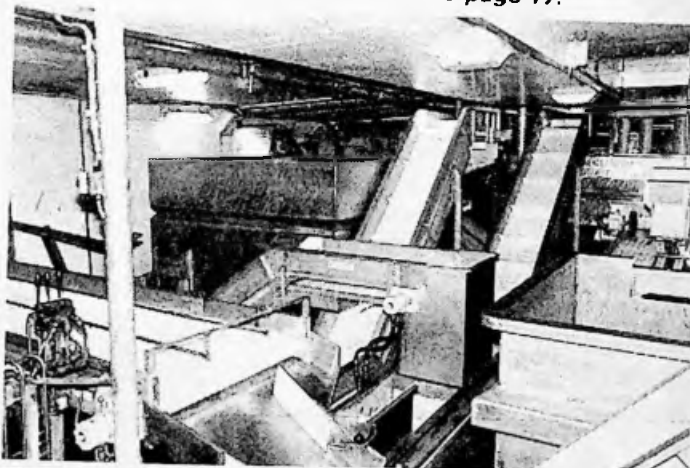
Some of the equipment — notably the VMK filleting machines, Baader skimmers and Kvaerner horizontal plate freezers — have been retained from that installation. But *Hill Cove's* new factory layout has been specifically designed to handle South Atlantic species, which will supply an international market.

Jogvan Joensen, Dantech's president, points out that his firm also carried out work on the Boyd trawlers *Arctic Ranger* and *Lord Shackleton*, the latter of which is now operating in the South Atlantic.

The experience gained with *Lord Shackleton* was, said Mr. Joensen, put to good use on *Hill Cove*, which has more

The system includes fish handling and processing machinery from some of Europe's most experienced and expert manufacturers including Baader of West Germany, Kronborg, Norfo and Iras of Denmark, VMK of Sweden and Kvaerner Kulde of Norway.

Dantech, the main contractors for the factory deck, is an engineering firm based in Holte, near Copenhagen. The firm designed the system in



Top: a view of part of the trawler's factory deck showing Kronborg conveyors, grading table and tanks and one of the three Iras lifting pounds. Above: the Norfo fish block ejector (right) and frame washer (left).

Handling 'Hill Cove's' catch

From page 15.

fish working machinery and is able to process, glaze, wrap and carton up to 40 tonnes of catch per day.

Close attention has been paid to hygiene on the factory deck. Most of the machinery is made of corrosion-proof stainless steel, bronze and plastic; there is on-line chemical and steam cleaning; and Marr has appointed an executive officer, one of whose tasks will be to ensure that the factory is maintained in tip-top condition.

Skipper Doyle told *Fishing News* that the factory layout is well designed, well put together and very flexible. "It's a professional job carried out by people who know about fish," he said.

Transport of the fish and squid through the system is carried out by Kronborg conveyors. Made in stainless steel with Intralox plastic belts, they are each driven by

means of a hydraulic motor. Kronborg also supplied a number of buffer tanks, which enhance processing flexibility and help maintain product quality.

The catch is first pre-sorted before being directed to the appropriate line. The squid is manually graded, the small ones being circulated in a buffer tank while the larger ones are cleaned and gutted on a table also supplied by Kronborg.

Convenient

Three Iras hydraulic lifting pounds are used at various points in the system. They raise the fish after washing so that it can be handled at a convenient working height.

The squid, after going into another tank where it is sprayed with water, is packed. The packing line is equipped with an electronic scale from Icelandic firm Polis Electronics and several new

"simple and inexpensive" weighing units specially developed by Dantech.

Once the squid is packed into freezing frames, the latter can be placed in a racked buffer store before being frozen in the vessel's four 10-station Kvaerner Kulde horizontal plate freezers, one of which is a new unit.

After being frozen, the blocks are removed from the frames in the Norfo block ejector, the frames being automatically washed in an attachment to this machine and returned to the packing line.

The blocks are carried by roller conveyor to a new glazing machine which was developed by Dantech in co-operation with Kronborg. After glazing the blocks are cartoned, strapped by a machine supplied by Gordian Strapping, labelled and transferred to the trawler's freezer hold.

Roughly the same proce-

sure is followed for hake and hoki, except that in this case most of the fish will be headed in one of two Baader 424 heading machines. The Baader 424 performs straight and various angled heading cuts suitable for almost all types of fish with an overall length of up to 110cm. Capacity is up to 60 fish a minute depending on size.

The fish is then de-tailed and cleaned, and can also be hand filleted. Larger sizes are frozen whole after cleaning.

Hill Cove's line for southern blue whiting includes a buffer tank, two VMK filleting machines, two Baader 51 skinning machines, another buffer tank, and a Baader 698 bone separator. The main product from this fish will therefore be high quality blocks of frozen minced fish flesh.

The two VMK filleting machines retained from the vessel's previous factory layout have been rebuilt by the manufacturer and given

the new designation VMK 19. Equipped with larger 90mm fish pockets, the re-built machines are claimed to be not only able to fillet southern blue whiting but also other fish species such as hake up to about 50cm in length.

Each VMK machine is manually fed, will produce single fillets, and has a capacity of up to 150 fish a minute. VMK has recently introduced a new in-line skinning attachment for its filleting machines, which could be fitted to new installations. Known as the VMK 42, it is reported to have performed well on the Faroese trawler *Polarfarid* on which it has been undergoing extensive testing.

However, on *Hill Cove* the fillets are led by conveyor to Baader 51 skinning machines. These well known units are capable of skinning fillets of any size cut using a reliable pulling system. Capacity is

up to about 140 fillets a minute depending on fillet size and operator's skill.

From Baader's high throughput 698 bone separator, the bone-free fish flesh is transferred by a special tube system to the weighing and packing line. There the material is ejected into frames for freezing in the horizontal plate freezers.

Marr sees *Hill Cove* as the forerunner of a fleet of specifically designed multi-purpose fishing vessels to be based permanently in the Falkland Islands, the Dantech showed *Fishing News* the factory design of a proposed new Marr trawler, which would be equipped with an even more sophisticated fish handling and processing system.

There are clearly many things yet to learn about handling and processing the variety of commercial fish species available in the South Atlantic.

23 MAR 1988



NURSING HER HOME... tugs take the Nordic Ferry to Felixstowe

Blaze ferry towed home

EMERGENCY services and coastguards were put on full alert after a fire broke out on a passenger ferry carrying 347 people off the Essex coast today.

Helicopters from RAF Manston in Kent and RAF Coltishall in Norfolk were flown in and three lifeboats were launched as coastguards activated an emergency plan to tackle the fire on the Nordic Ferry.

The blaze broke out in the

by Paul Cheston

generator room of the ferry which was five miles out of Harwich on its way from Zeebrugge to Felixstowe, where it had been due to dock at 7am.

Crew members on the ship said the fire was a small one which broke out at 6.30am and was eventually put out by dousing the flames with inert gas. The generator room was sealed off while the ship

stopped and dropped anchor for two hours.

With the threat of a worsening weather, it was decided the ferry would be towed into Felixstowe by tug.

Fire chiefs were examining the generator room to discover the cause of the fire but it is believed an electrical fault was to blame.

Falklands

One of the passengers, Travis Monk, from London, said: "I was queuing for breakfast when the lights went out. There was a bit of concern among passengers especially when we found out later there had been a fire.

"Thoughts of the Herald of Free Enterprise crossed everyone's minds. But there was no panic."

The Nordic was one of the boats called into service during the Falklands War in 1982 as a troop carrier.

Why it still pays executives to work abroad

TO JUDGE by some accounts of the tax concessions announced in last week's United Kingdom Budget, the British Isles may soon sink under an influx of income-maximising executives from abroad. But I doubt that those of us who live in the UK need take to the boats quite yet.

The reason lies in the table alongside, which is compiled from a survey made last autumn of the pay and perks of British executives working overseas. The findings have just been published by the P-E Inbucon management consultancy, and anyone wanting full information on them should contact the consultancy's Tom Raftery at Park House, Wick Road, Egham, Surrey TW20 0HW; telephone 0784 34411, telex 933783 Pegg G.

For whereas my figures are confined to 20 territories, P-E Inbucon's report spans 51. What is more, the full survey gives information on up to five ranks of expatriates as measured by the gross salary they would typically have in their homeland: £12,000, £15,000, £18,000, £22,000, £32,000, and £42,000. But my table refers to only one - someone married with two dependent children, who in the UK would gross £32,000.

That in itself serves to expose some of the ballyhoo there has been raised about the riches the Budget's cuts in income tax will lavish on people hazily described as "executives".

In Britain as a whole, £32,000 is still above the average gross salary for executive work. As things stand before the tax changes take effect, the resulting net pay for someone married with two children in the UK would typically be £21,760. Mr Raftery says the Budget's concessions will raise that "take-home" pay to just £23,506.

Even when the survey was made on October 1 last year, the new UK take-home figure was exceeded by the average net pay of similarly ranked Brits working in every one of the 20 countries in the list. And the material advantages of the overseas jobs

were still greater in terms of purchasing power - which the consultancy calculates in line with the prices and foreign exchange rates prevailing in the various places last autumn.

Since the calculations are standardised on Britain, the purchasing power of executives there is taken to be the same as their net pay. So the £78,768 buying capability of the person working in China compared with the stay-at-home counterpart's £21,760.

In most of the 51 territories surveyed, including even New York, the living expenses as

estimated by P-E Inbucon were at least a little lower than in the UK. The two exceptions were Cameroon and Japan, where the costs were respectively higher by 28 and 81 per cent. As a result, although the Brits working in Japan did well for take-home pay - £75,450 average for the rank of executive referred to by the table - the purchasing power was dragged down to £41,685.

Even so, considering the fringe benefits that also go with jobs overseas, one thing seems clear. While the thoughts of British expatriates may be turning to home as April approaches, the

Budget's concessions cannot be expected to bring many of them rushing back to work in their native land.

Germany

AS IT happens, headhunter Anthony Nevile is seeking to add to the executive-export trade - although not to any of the places covered by P-E Inbucon's survey, and for a stay abroad of only a year.

He is offering a marketing job which starts with a 12-month stint in Germany, where the recruit will be brand manager in charge of a mainstream product of an international fast-moving consumer-goods group. Being unable to name his client, Mr Nevile promises to abide by any applicant's request not to be identified to the employer at this stage. The same applies to the other recruiters to be mentioned later.

In addition to having at least two years experience in brand management work of similar kind, candidates should be top-notch linguists in German.

Earnings indicator is £30,000, with company car among the perks.

Inquiries to Anthony Nevile International, 31 Castle Street, Farnham, Surrey GU9 7JB; tel 0252 711311, telex 858902 Baron G.

At the same headhunting consultancy's Scottish branch, Graham Walker is looking for a marketing-minded technical director. The employer, however,

is based the other side of the Border in the North-west.

The company has sales of £30m in specialised electronic systems incorporating infra-red widgeetry and such. The newcomer will be responsible for providing broad technical guidance, as well as for leading about 150 design and development staff.

Applicants should have senior-level success in a comparable business using computerised manufacturing, and a relevant paper qualification to boot.

Pay around £40,000, also with car among the other benefits.

Mr Walker's address is 69 Midton Rd, Ayr, Scotland KA7 2TW; tel 0292 287969, telex again 858902 Baron G.

Finance

LASTLY today to a batch of finance jobs offered through recruiter John Williams (43-45 St Mary's Rd, London W5 5RQ; tel 01-579 1082). Three - for a senior futures broker and two juniors of same ilk - are with a money-broker's City of London branch marketing to banks. Pay £30,000-£40,000 for the senior, £25,000-£30,000 for the others, all with cars and bonuses.

The remaining job is with a multinational company in the Thames Valley, which wants someone with money-market and foreign-exchange experience to develop the financing role of its UK and Continental subsidiaries.

Salary up to £25,000, plus car.

Press Cuttings

from Broad Street Associates

23 MAR 1988

FINANCIAL TIMES (2)

| Country of residence | Net pay £ | Buying power £ | % of expatriate executives | | Costs of utilities | In each country whose fringe benefits included: | | | |
|----------------------|-----------|----------------|----------------------------|-------|--------------------|---|----------------|-----------|---------------------|
| | | | Accommodation Free | Aided | | Company car | Domestic staff | Club fees | Help with education |
| China | 54,901 | 78,768 | 100 | - | 71 | 6 | 6 | 35 | 100 |
| Argentina | 34,051 | 76,348 | 30 | 70 | - | 48 | 4 | 78 | 100 |
| Egypt | 42,359 | 72,657 | 78 | 22 | 59 | 34 | 16 | 31 | 100 |
| Qatar | 53,734 | 59,904 | 100 | - | 83 | 29 | 29 | 38 | 100 |
| Saudi Arabia | 46,296 | 54,723 | 96 | 4 | 82 | 73 | 18 | 16 | 91 |
| India | 36,873 | 53,987 | 100 | - | 77 | 85 | 77 | 54 | 92 |
| Singapore | 45,323 | 52,336 | 85 | 15 | 55 | 60 | 29 | 56 | 89 |
| Oman | 43,796 | 52,076 | 100 | - | 73 | 55 | 15 | 27 | 97 |
| Thailand | 39,792 | 51,611 | 77 | 23 | 64 | 50 | 14 | 41 | 95 |
| Botswana | 35,960 | 49,059 | 93 | 7 | 73 | 47 | 33 | 33 | 93 |
| Bahrain | 42,927 | 48,505 | 100 | - | 89 | 56 | 31 | 56 | 100 |
| Swaziland* | 30,109 | 48,485 | - | 100 | 44 | 67 | 44 | 44 | 100 |
| Nigeria | 34,759 | 47,746 | 70 | 30 | 85 | 88 | 61 | 76 | 82 |
| Hong Kong | 38,071 | 47,118 | 91 | 8 | 65 | 56 | 19 | 55 | 88 |
| Zimbabwe | 31,664 | 46,910 | 80 | 20 | 60 | 90 | 60 | 35 | 75 |
| Indonesia | 34,736 | 46,751 | 93 | 7 | 72 | 60 | 32 | 53 | 82 |
| Abu Dhabi | 42,515 | 45,715 | 98 | 2 | 78 | 44 | 17 | 22 | 93 |
| Malaysia | 34,760 | 44,507 | 73 | 25 | 54 | 60 | 23 | 44 | 81 |
| Mexico | 26,366 | 44,313 | 71 | 29 | 19 | 76 | 5 | 62 | 100 |
| Papua N.G. | 38,638 | 43,268 | 42 | 58 | 42 | 47 | 5 | 37 | 100 |
| *Small sample | | | | | | | | | |

Argentine link

From Mr E. P. Carlisle

Sir, Sir Rex Hunt (March 12) is again encouraging the Falkland Islands Government to maintain hostility to the Argentinians against the strategic and trading interests of this country and our historical good relations.

Contrary to his assertion of no material trade or contacts between the islands and Argentina before 1982, all oil and fuel supplies were bought from Argentina. Many islanders went there for medical operations and secondary education and could take a holiday using the weekly air service at £50 return. Few can afford £1,000 to this country and few have relations here. Also cattle and sheep were shipped to Chile and Argentina intermittently over the years.

Having been assured by the Foreign Office that our Government wished to promote trade with South America, this company has tried for three years to ship sheep from the islands, where 10,000-20,000 are wastefully destroyed each year, to the mainland but has been prevented by the refusal of the Falkland Islands Development Corporation to give any financial support from the £30million they received from the British taxpayer for just such development projects.

Without an export market for meat or livestock the islands' farms are deteriorating through keeping too many old sheep till

they die; and far too few cattle, which are essential to improve the grazing for the sheep by eating the large percentage of grass which grows too long and coarse for sheep and so goes to waste, or is disastrously burned, causing peat fires.

Yours faithfully,
E. P. CARLISLE, Director,
E. P. Carlisle & Co Ltd,
Penywrllodd,
Hay-on-Wye,
Hereford and Worcester.

General fights trial

By Frank Taylor in Los Angeles

A RETIRED Argentine general who fled to America has been described as "the essential lynchpin" in the systematic torture, murder and kidnapping of thousands of civilians.

Dressed casually in a sweater, shirt and trousers, the balding General Carlos Suarez Mason, 64, appeared in federal court in San Francisco to fight extradition home.

He is accused in documents read in court of 43 murders and 24 kidnappings. But it was also stated that in Argentina he has been charged with a total of 400 crimes, all committed when he was commander of the First Army Corps, which is responsible for the capital of Buenos Aires.

In 1983, he fled to the United States, using a false passport. He was arrested in California in January last year.

Mr Mark Zanides, Assistant US Attorney, representing Argentina, said that Suarez Mason was an integral part of the "illegal institutional repres-

sion" during the worst of the "dirty war" against Left-wingers and their sympathisers.

During his command, soldiers kidnapped 5,500 people, many being dragged off the streets, and took them to secret interrogation centres.

In the first year, at least 1,078 people disappeared in the Buenos Aires area. He had direct control over army intelligence officers who conducted interrogations and signed directives under which subordinates operated.

Suarez Mason was "a tough, hands-on commander with a keen interest in the details of implementing the dirty war."

The former general, who opposes the extradition request on the grounds that it is politically motivated, called on Señor Maximo Gainza, editor and publisher of the Buenos Aires newspaper La Prensa, for his defence.

Señor Gainza said Suarez Mason faced a "political circus" of a trial if he is returned to Argentina.

Falklands ferry

A CONSORTIUM of six fishing companies operating in Falklands waters have announced plans to start up scheduled ferry services carrying cargo and passengers between the islands and Chile and Uruguay early next July.

U.S. fears rise over Falklands exercise

WASHINGTON was worried last night by growing friction between Britain and Argentina over the Falkland Islands.

The United States fears that hopes of a peaceful, democratic future for Argentina have been dimmed by recent events.

And the U.S. would have preferred Britain's exercise in the islands to have been more low-key from the start.

President Reagan is in an awkward position over the

From PETER HITCHENS
in Washington

issue, because he wants to stay on friendly terms with both countries.

He would also like a more normal relationship with Argentina, including some arms sales.

But Mrs Thatcher, fearing a repeat of the 1982 attack on the island, has managed to block any American moves to supply modern weapons to the Buenos Aires government of President Raul Alfonsin.

Even Whitehall sources now

admit that the Fire Focus exercise in the Falklands was mishandled.

It was announced several weeks ago as a major operation, and it took some time before Forces chiefs were ready to reveal that fewer than 1,000 troops were actually involved.

But it is unlikely that the Argentines will risk an open clash with the well-equipped British forces now in the islands.

It would weaken their friendship with Washington, and almost certainly show their inability to take serious military action.

● A full-scale air-sea training

operation was declared by Argentina yesterday just as British forces were conducting the Falklands reinforcement exercise.

Argentina, has already protested over Britain's "provocative" manoeuvres.

Yesterday's announcement is seen by diplomats as a tit-for-tat move.

Argentinian fighter bombers, backed by helicopters, will be carrying out search and rescue operations in waters bordering the Falklands exclusion zone.

Last week the British garrison on the island was joined by 1,000 soldiers flown in by the RAF.

IMF frees Argentina loans despite bankers' doubts

Jeremy Morgan
in Buenos Aires

THE International Monetary Fund has unblocked \$542 million in long-delayed loans for Argentina even as foreign bankers harbour serious doubts about the Government's economic policy.

The loans, which financial sources here suggest will be paid during the next week, include a \$225 million tranche due as long ago as last September under the \$1.425 billion dollars standby accord signed by Argentina over a year ago.

Payment of the loan has been repeatedly halted by the government's inability to meet agreed economic goals.

IMF approval means 300 international bank creditors now have to disperse a further \$500 million in pledged loans.

The other \$317 million is to compensate Argentina for a sharp slide in export earnings.

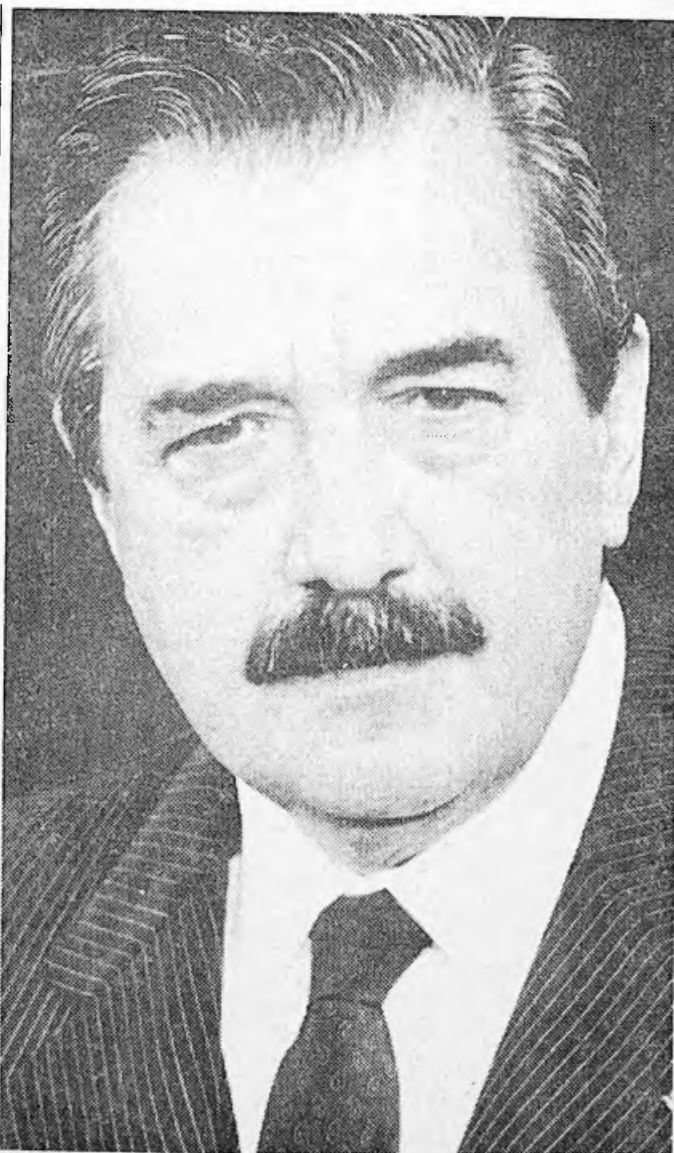
But neither does this bring any comfort to the bankers: it only adds to their misgivings about Argentina's trade surplus, the prime source of hard currency to service the \$52 billion foreign debt.

In the absence of official figures, private estimates suggest that the trade surplus plunged 70 per cent to a maximum \$700 million last year, when the Government had hoped for \$2.75 billion.

Forecasts for \$2.5 billion this year meet outright scepticism.

Bankers believe the IMF freed the standby loan to break the impasse with the government — a move implying tacit acceptance there is little chance of hitting targets on inflation and the budget deficit, both of them key targets in negotiations in the past.

Instead, bankers say, the IMF appears to have unbent on the



President Alfonsín of Argentina: making economic reforms

grounds that the Government is pushing through economic reforms, even if these are likely to boost inflationary and budgetary pressures in the short-term.

Measures include selling off

state assets, allowing private and foreign capital into some of the heavily loss-making public corporations, and opening up the economy by lifting the freeze imposed on prices and pay as monthly inflation all but

reached 20 per cent last October.

The defreeze includes increases of 15 per cent to 25 per cent in public-sector tariffs. But this only adds to growing nervousness about the policy in government ranks.

The Economy Minister, Mr Juan Sourrouille, is badgered on all sides for a drastic switch to reflation.

In a bid to mollify trade unions controlled by the opposition right-wing Peronists, the government is about to introduce free collective wage bargaining for the first time in over a decade — and amid fears that a new hyper-inflationary spiral is just around the corner.

Prices jumped by over 10 per cent in February after falling to 3.4 per cent at the height of the freeze last December. Estimates for this month alone range between 12 per cent and 16 per cent.

The good news, quipped one cryptic cartoon, was that March's figure would be lower than next month's.

Government efforts to curb the deficit also appeared to be going awry. The Government has not yet disclosed last year's accounts, but claims spending fell while revenues held steady.

Bankers insist that, once inflation is taken into account, the trend was the other way round.

One estimate has it that the deficit equals at least 500 million dollars in the last quarter of 1987.

The Government is still drawing up its 1988 budget bill, but bankers suspect it is already behind the times.

Officials are said to be assuming an inflation figure of between 110 per cent and 130 per cent for the whole year.

This is even though the annual rate already stood last month at a worrying 189 per cent.

Falklands ferry to sail again

John Ezard

A REGULAR ferry between the Falkland Islands and Uruguay and Chile is to start in June, it was announced in Port Stanley yesterday. It will be the first commercial link to be restored between the islands and the mainland since the 1982 war.

The Falklands government stressed that the ship will not be locally registered or display the islands' flag and that it is being introduced chiefly to serve foreign fleets in the area's £250 million a year fishing industry.

It is also likely to be used to bring in fresh food, timber and building materials and other goods which now have to travel

8,000 miles expensively from Britain.

The ferry, with space for 12 passengers, has been bought for £1 million by a consortium of six companies fishing round the Falklands. The governments of Uruguay and Chile — which have formally sided with Argentina over the sovereignty issue — have not been involved in the scheme but they are understood not to have objected.

Last night the Foreign Office in London said it warmly welcomed the link: "We see no reason why it should antagonise Argentina. Our policy is to secure more normal relations with them. The establishment of any link with the Latin American mainland is a welcome development."

'Disbelieving' fiancée recalls soldier's pledge

John Ezard

THE romance between Miss Janine Whitehouse and Corporal David Howes of the Royal Corps of Signals began with a 'squadies' prank while he was serving in the Falklands.

His friends sent a letter to the Nottingham Evening Post saying he wanted penfriends.

Three hundred girls replied but Miss Whitehouse's was one of 30 letters he kept. They wrote to each other every week.

Miss Whitehouse, a secretary, said yesterday: "We discovered we had similar interests — music and mystery novels. He said in his letters that there was something special about me. We started with 'yours sincerely' but gradually it became 'all my love, kisses and can't wait to see you.'"

It was not until 18 months after first writing that the couple, both 23, met on October 31 last year. Cpl Howes proposed next day. She accepted within five minutes.

They were due to marry in August at St Mathias Church, Nottingham, but the wedding was postponed until May of next year after he successfully applied for a tour of duty in Northern Ireland.

"He said he wouldn't go if I didn't want him to. I didn't, at first. But then he sat down and explained it to me," Miss Whitehouse said.

"He said he would be working the whole time in an office at the army headquarters in Lisburn and would never be on the streets. In fact, he would never have to wear a uniform."

She watched Saturday's horrific scenes on television. "I felt desperately sorry for the two soldiers and their families. After what David told me, I never even considered I would be learning later that he was one of them."

As she lay in bed listening to the radio later that night, she heard his name. In a daze, she got dressed and went down the street to a call box to phone her fiancé's father in Milton Keynes. He confirmed it.

"I don't know why he was out on Saturday or what he was doing," she said. "I didn't think he was in any danger. I still can't believe he's dead."

His fiancée's mother, Mrs Brenda Whitehouse, of Carlton, Nottingham, said: "Janine's whole world has fallen apart. David's father confirmed that her worst nightmare had come to life."

"We just don't know what to do now. I honestly don't think Janine will ever get over it."

According to army headquarters at Lisburn, which was preparing his funeral yesterday, Cpl Howes, from Northampton, was returning after carrying out maintenance at the North Howard Street army post.

His body and that of Cpl Derek Wood, aged 24, of Carshalton, Surrey, will be flown home either today or tomorrow for burial in their home towns.

It is expected that the two men, who were praised for their bravery and the restraint they showed in not using their guns, will be buried with full military honours.

● Three men were gaoled yesterday for abducting a young Territorial Army soldier in a Republican area of Belfast and holding him for 13 hours. The soldier was bound, blindfolded, had his jaw broken and was reduced to a state which had left psychological scars, Mr Justice Carswell told Belfast Crown Court. He was saved by a timely and well-directed operation by security forces.

The soldier was abducted by the three Belfast men in the Republican Ardoyne area of the city in July 1986.

Martin Meehan, aged 42, of Elmfield Street, was gaoled for 15 years after the judge was told he had committed the offences only ten months after being released from prison on licence, having served half of a 12-year term for a similar offence.

John Thomas, aged 40, of Stratheden Street, and Kevin McGuigan, aged 26, of Seaford Street, were sentenced to 12 years and ten years respectively.

All three denied abduction and false imprisonment.



**P-P-Picking a new home:
Scott the penguin**

particularly pleased with his performance and she should know. A veteran of numerous animal performances, she appeared as one herself in the Tarzan film, Greystoke—dressed as a gorilla.

Incidentally, the broadcasting authorities were unhappy with the original wording of the Hamptons ad. They felt that the company's description of its warranty offer was unsuitable.

A second version was produced, but the new wording seemed clumsy and, eventually, the warranty bit was removed altogether. Scott, though, remains unedited and should be on course for at least one BAFTA award next year.

Cool customer warms to his rôle

THE star behind the current television ads for estate agents Hamptons is, in fact, one of Britain's earliest captives from the Falkland Islands.

Scott, a King penguin, was captured in the South Atlantic in 1958 and has since resided at Lingleat where he shares digs in Pets Corner with two Humbolt penguins and a Malaysian otter.

Scott, an old hand at TV having promoted the eponymous biscuits, appears in the ads as a househunter who finds, via Hamptons, the perfect igloo.

His trainer, Rona Brown, is

Chris Sherwell examines the background to a record-breaking five weeks

Wool price surge confounds experts' predictions

AUSTRALIA'S RESURGENT wool industry again has its eyes focused keenly on the market this week, hoping the price surge which has defied all predictions will not lose momentum.

Records were smashed for the fifth consecutive week in last week's trading as strong demand, limited supply and dwindling stocks combined to push prices of most wool types still higher.

The market indicator, a benchmark measure, rose another 15 cents to finish at 1,165 Australian cents (463p) a kilogram (clean). The price passed through the psychological 1,000 cents barrier only two months ago.

The soaring trend means some wool categories have more than doubled in price since the start of the 1987-88 selling season. In 1986-87 the average auction-price was about 626 cents, itself a record level.

One result is that wool has easily overtaken coal as the country's biggest export-earner and is now forecast to bring in close to A\$6bn in 1987-88, about 50 per cent more than in 1986-87.

Wool-market economists say

the obvious main factor behind the unexpectedly persistent trend is the diminished availability of wool in the current second half of the selling season.

They say more wool than usual was sold in the first half, apparently to take advantage of the rising market when its durability was uncertain.

At the same time Australian Wool Corporation stocks were also sold down. At the season's start they stood at 382,000 bales, hardly large by comparison with the 1974 record of 1.6m. By December they were cut to 145,000.

This factor continues to influence the market. At the start of last week the corporation's stocks were 34,450 bales. They have since fallen to 27,950.

However, also important is the ongoing strength of consumer demand, notably from Japan and the UK where strong economic growth is continuing.

Japanese buyers have returned to the market after buying heavily early in the season and then backing off. Their counterparts from Britain and Italy have



shown consistently strong demand.

How long all this might continue is the great imponderable. Analysts now acknowledge that the market's strength has lasted longer and pushed the wool price higher than any of them dreamt, let alone predicted.

In particular, they underestimated the impact of the fall in the value of the Australian dollar after it was floated and the coun-

try struck severe balance of payments problems.

No such decline had been seen before and it made wool relatively cheap for foreign buyers. Manufacturers also appear to have undertaken less substitution than expected of cotton and synthetics for wool - thanks in part to the great effort spent on promoting wool and developing new lightweight wool-products.

Coupled with this the US-led

strength of the world economy stimulated customer demand more than expected, and the rise of new markets, China particularly, was simply unforeseen.

Apart from the currency the uncertainties now focus on how long growth will continue in these markets and the likelihood of manufacturers substituting other fibres for wool, whether because of price or fashion.

Australian woolgrowers thus face a dilemma of deciding where they go from here. Farmers in less profitable activities, like wheat, have an even tougher problem, working out whether it is too late to switch to wool.

Because short-run incentives are so potent most woolgrowers are expected to use their gains to apply more fertiliser to their pastures, not only to grow more grass and thereby hold more sheep but for tax reasons, too.

Longer-term they are expected to invest in more stock and, to increase productivity, to renovate pastures, and to improve fencing and water-supplies.

Because such moves take time, forecasts of Australian wool supply do not show dramatic rises. The government Bureau of Agricultural and Resource Economics projects a further 3.4 per cent rise in wool output to 955,000 tonnes (greasy) in 1988-89, following a 4.2 per cent rise in the current year to 924,000 tonnes.

Sheep number about 164m, up about 3.1 per cent on a year ago. A similar rise is projected for the 12 months to next March, bringing the total to 169m, the highest since 1971-72.

As for other wool-producing countries, New Zealand growers have profited less from the surge, partly because their currency has strengthened and partly because the wool they produce, being coarser, is used for carpet-type applications rather than clothing, which is where the biggest gains have been scored.

The other main producers - Argentina, Uruguay and South Africa - are expected to show output rises no greater than those of Australia.



Tit-for-tat Falklands war game

A FULL-SCALE air-sea training operation was declared by Argentina yesterday just as British forces were conducting a Falklands reinforcement exercise.

Argentina, has already protested over Britain's "provocative" manoeuvres.

Yesterday's announcement is seen by diplomats as a tit-for-tat move.

Argentinian fighter bombers, backed by helicopters, will be carrying out search and rescue operations in waters bordering the Falklands exclusion zone.

Last week the British garrison on the island was joined by 1,000 soldiers flown in by the RAF.

Press Cuttings

21 MAR 1988

from Broad Street Associates

Herald ^{INTERNATIONAL} Tribune

Telefónica Wins Contract

Will Renovate Argentine Phones

Reuters

MADRID — Spain's telephone company, Telefónica, has agreed to take over the management of Argentina's telecommunications company and invest hundreds of millions of dollars in upgrading the country's ailing telephone system.

Telefónica won the contract against competition from a consortium led by the West German electronics company Siemens AG.

Luis Solana, chairman of Compañía Telefónica Nacional de España, said an agreement would be signed on Thursday.

The agreement was a breakthrough for Telefónica, in which the Spanish state has a minority stake, in its quest for an international role, Mr. Solana said.

Telefónica failed last December in a joint bid with a French-owned company, Comunicaciones Chile, to acquire a controlling stake in Chile's state telephone company. The stake was awarded to the Australian businessman Alan Bond, for \$271 million.

In the Argentine venture, a consortium led by Telefónica would acquire up to 40 percent of a new venture that would take over the assets of Argentina's state telephone company, Entel.

The balance would be held by the Argentine government, local investors and employees.

Mr. Solana said the consortium would invest \$750 million "give or take 20 percent" over three to five years to renovate the phone system.

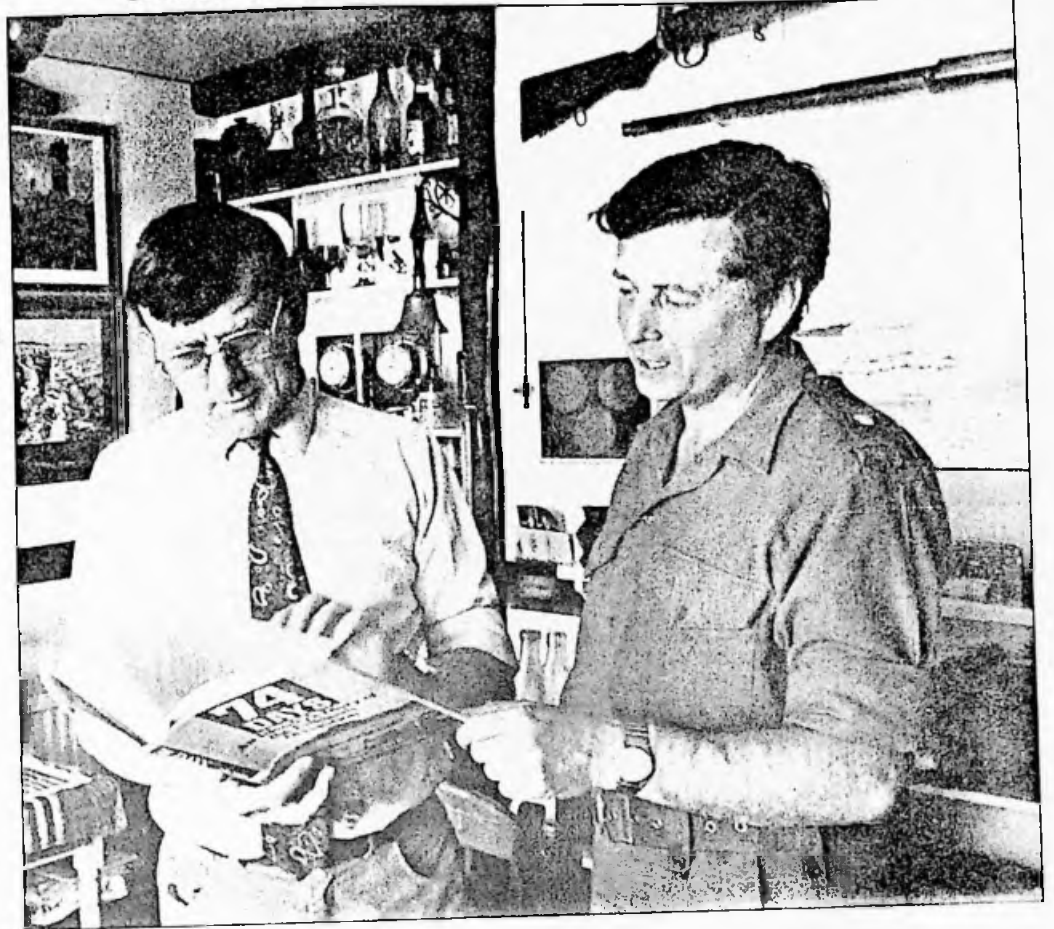
As a condition of the agreement, the Argentine government has agreed to write off Entel's debts, Mr. Solana said.

The World Bank will nominate consultants to evaluate Entel's assets, while Citibank will draw up a financial package, he said.

The agreement was another step in Argentina's program of privatizing unprofitable state companies, Telefónica officials said. In February, Aerolineas Argentinas said it had a conditional agreement to sell a stake of up to 40 percent to Scandinavian Airlines System.

He's the link
between the
military and
the Falkland
Islanders . . .

MAN IN THE MIDDLE



Words: Mervyn
Wynne Jones
Pictures:
Mike Weston

Maj John Edgar (right) meets
historian Mr John Smith who
holds a copy of his book *74
Days*, a personal diary of the
Argentine occupation of 1982

THE EYES and ears of the Commander British Forces, Falkland Islands, in all matters relating to the civil community is the liaison officer whose job it is to forge and maintain links between Servicemen and islanders.

Holders of the post since 1982 have been kept busy sorting out the aftermath of war and easing the stresses and strains between the two communities.



A vital cog in the Falklands communications network is Mrs Nellie Hewitt who, with other volunteer helpers, mans the radio shack in Stanley - hub of the Falklands radio-telephone system

Recently however, with the transfer of the Falklands garrison from the outskirts of Stanley to the new complex at Mount Pleasant, there has been a shift in emphasis.

Now Maj John Edgar, Royal Signals, finds himself liaising with tourism chiefs and conservation experts and becoming involved in other similar ventures.

He is the link between CBF and all agencies of the Falkland Islands from the Falklands government down to individual farm and settlement managers.

The move to RAF Mount Pleasant met with mixed reactions among the islanders, many of whom miss the proximity of the garrison to Stanley.

Local historian Mr John Smith told **SOLDIER**: "Their moving away was quite sad. We are now in the situation of not knowing which units are here looking after us and they of not knowing who they are looking after."

Maj Edgar said: "I see a large part of my job as simply going round and meeting as many islanders as possible. If anyone wants to contact the military they can let me know and I will introduce them to the appropriate person.

"It works the other way, of course, and if we need to patrol across an islander's land I make sure that we have the necessary clearance.

"By getting to know people I can identify problem areas and sort out any wrinkles early on. Relations between the garrison and the islanders are very good and the locals are very friendly," said Maj Edgar.

TV 'Oscar' for PM's favourite

MRS Thatcher's favourite television comedy, *Yes Prime Minister*, won a British Television "Oscar" last night for Nigel Hawthorne, one of the BBC show's three stars.

There were also awards for TV's soap opera *EastEnders* and *That's Life* consumer campaigner Esther Rantzen when the British Film and TV Oscars were presented at a ceremony in London.

Sean Connery was best film actor and Anne Bancroft best film actress, while there was a double coup for Emma Thompson—named best TV actress for her roles in *Fortunes of War* and *Tutti Frutti*.

Nigel Hawthorne, who plays devious civil servant Sir Humphrey Appleby, won the British Academy of Film and Television Arts award for the best light entertainment performance. He was at the ceremony with Paul Eddington, who plays Prime Minister Jim Hacker.

The show has just finished what is likely to be its last series as there are no plans for more of the real Prime Minister's favourite comedy.

There were more awards for the programme when Jonathan Lynn and Anthony Jay, creators of *Yes, Prime Minister*, won the writers' award.

EastEnders' creator Julia Smith, who is also its executive producer, won the Bafta award for outstanding creative contributions to television.

Esther Rantzen, whose *That's Life* was on BBC TV in competition with the British Academy Awards—shown on ITV—won the Richard Dimbleby award for her contribution to television.



Emma Thompson and Robbie Coltraine arriving for last night's awards ceremony in London

Comedian David Jason was named best actor for his role in Tom Sharpe's look at university life, *Porterhouse Blue*.

Tutti Frutti picked up a second prize when it was named best drama series or serial, giving the BBC a majority of awards over ITV.

● Jane Thynne, Media Correspondent, writes: Controversy

over the status of the BAFTA Awards arose last night as Mr Michael Grade, managing director of Channel 4, attacked the decision of Yorkshire Television not to screen the ceremony.

He said Yorkshire's decision, based on its anger that a documentary about the Falklands was not selected for the best factual series category, was "deplorable".

IMF endorses Argentina austerity programme

BY STEPHEN FIDLER, EUROMARKETS CORRESPONDENT

THE BOARD of the International Monetary Fund has endorsed an economic austerity programme for Argentina, thereby releasing almost \$1.1bn in loans for the country.

The programme, which aims to bring down inflation to 4 per cent by the year end and to reduce the current account deficit to \$3.1bn in 1988 from \$4.3bn in 1987, was agreed between officials of the IMF and Argentina last month.

The IMF itself will provide \$543.3m of the funds, \$225.6m of which was the third tranche of a \$1.4bn standby loan agreed last year but delayed for three months because of the country's failure to meet the terms of an earlier IMF programme.

The rest is being provided to offset a shortfall in Argentina's revenues from cereals and oil-

seeds exports in 1987 because of heavy rains and flooding.

The IMF move also releases \$550m in funds from commercial banks, which will be available for drawdown on Friday. These funds are part of a \$1.95bn financing pledged last year by the banks, of which two tranches totalling \$1.25bn were drawn last year.

Part of the new money will be used to repay a \$550m bridging loan granted by the US last month to help the country stave off a foreign exchange crisis.

Argentina has been building up arrears on interest payments to commercial banks since the beginning of the year and is expected to need substantial extra foreign finance before the year is out.

Argentine phone contract battle takes fresh turn

BY TIM COONE IN BUENOS AIRES

THE BATTLE over highly lucrative telephone contracts in Argentina took another dramatic turn at the weekend, with the announcement that the state telephone company, Entel, is to be partially privatised with up to 40 per cent being sold to the Spanish state-owned telephone company, Compania Telefonica Nacional de Espana (CTNE).

Over the past year, Alcatel of France, Siemens of West Germany, and NEC of Japan have all put forward proposals to modernise and expand Argentina's telephone system, offering attractive long-term financing packages, which together total almost \$1bn (£611m). No decision has been taken yet on any of the proposals.

CTNE has now entered the fray as a result of the preferential economic cooperation agreement signed between Argentina and Spain last month and which envisages new investments in Argentina of up to \$3bn over five years, through a mixture of new credit lines, repatriation of capital and debt-equity swaps.

Significantly, Mr. Rodolfo Terragno, the Argentine Minister for

Public Works and Services, who announced the Entel privatisation plan, said that the debt-equity swap mechanism will be utilised in CTNE's buy-in to the company.

This is a major departure from earlier government policy which has until now prohibited the use of debt-equity swaps in privatisation projects.

Mr Terragno explained, however, that the Entel plan involves an expansion of the company, through new investment of between \$600-\$900m by CTNE rather than a sale of existing assets.

A senior Entel official last year estimated the gross assets of the company to be about \$3.7bn. The company at present operates 2.9mn telephone lines and is unable to satisfy a demand for a further 1m lines.

For the privatisation to go through, the legal status of Entel will have to be changed which will require a special law to be passed by congress.

As the government no longer holds a majority in either House of the congress, an intense political battle is anticipated.

Latin American loans fall sharply

By Alexander Nicoll
in Caracas

LOANS advanced by the Inter-American Development Bank, Latin America's multilateral financing body, fell sharply last year because of a long dispute over its future funding.

The bank was starved of lending power by the two-year wrangle between the US and Latin American countries about voting control.

In 1987 the bank approved only \$2.36bn of new loans, according to its annual report published today. That was well below the \$3.04bn of 1986 and the record \$3.57bn of 1984.

Officials met in Caracas during the weekend before the annual meeting which begins formally today.

They opted to defer discussion of capital replenishment for several months.

They felt nothing could be achieved until Mr Enrique Iglesias, recently elected as the bank's president, had spelled out his ideas about its future direction.

Mr Iglesias, Uruguay's former foreign minister and a renowned diplomat, is due to address the meeting today. Hopes are high that he will bring a fresh sense of urgency and efficiency to the bank.

He is expected to bypass the bitter debate on voting, in which the US and Latin American countries hold deeply entrenched positions.

The US has made its support of a capital increase conditional on being able to veto any new loan with the support of one other country.

Latin American nations have been prepared to accept a 40 per cent veto, comprising the US and two other executive directors on the bank's board.

The Latin American nations now hold 54 per cent of the votes.

Mr Iglesias is likely to seek a broad consensus on the aims of the bank before pushing to a final resolution of the funding question.

He will find plenty of support for his general aim.

"This institution has drifted on to the rocks," said an official from one industrialised country. He voiced doubts about the effectiveness of the bank's loans and criticised its slow, bureaucratic procedures.

Mr Angel Gurria, Mexico's director of public credit, said it was "something worse than paradoxical" that the bank should have negative net transfers to Latin America.

According to the annual report, new loan disbursements were only \$1.92bn, the lowest since 1983.

This meant that net transfers were negative during a year in which Latin America's economic growth rate sagged to an estimated 2 per cent from an average of 3.8 per cent in the three previous years.

None of the four largest countries - Argentina, Brazil, Mexico, and Venezuela - achieved 4 per cent growth. After taking population growth into account, per capita income was about the same last year as in 1986, the report said.

Higher interest rates in 1987 meant that overall net transfers of financial resources from Latin America remained negative, though lower than in 1986. That was despite a rise in the net inflow of capital estimated at \$14.4bn by the United Nations Economic Commission for the region.

The drop in new loans from the bank was accompanied by a sharp fall in its own borrowings on international capital markets from \$1.91bn in 1986 to \$1.16bn.

It is now very close to its permitted borrowing and lending ceilings.

Mexico's director of public credit: a man much in demand,

Page 3

PRESS AND JOURNAL MONDAY MARCH 21 1988

Falklands' war 'best thing to happen' says islander

By our special correspondent
in the Falkland Islands

ONE OF THE Falkland Islands' leading administrators has claimed that the Argentine invasion in 1982 was "the best thing that ever happened to the Islands" and suggested that General Galtieri be given a medal.

Mr Harold Rowlands, financial secretary to the Islands' governor, said the aftermath of the war had brought new-found wealth and regeneration to the remote South Atlantic community and laid the groundwork for economic development in the future.

Speaking at the height of Exercise Fire Focus, Britain's 13,000,000 attempt to prove it could reinforce the Fortress Falklands garrison rapidly by air in an emergency, he said Argentina had only to drop its claim to sovereignty to "become good neighbours again".

He added: "Galtieri should be sent a medal. Without the invasion and the British counter-attack to liberate the islands, we would not be in such a promising situation today. The invasion was the best thing that ever happened to the Islands."

The Falklands' governing council have tripled their income to £21 million this year by selling licences to foreigners to fish the waters under their control.

Earlier governor Gordon Jewkes sounded a warning note about plans to trim back the islands' permanent garrison. He said it had "already been reduced as far as it can safely go", and voiced his fears about maverick action by elements in the Argentinian armed forces.

"There are already

fault-lines in the civilian administration, and between that administration and the military in Argentina, that sort of instability could give the military the upper hand.

"I don't think they would consider all-out invasion, but there is always the danger of maverick action. That's what we worry about," he said.

Mr Jewkes, one of Britain's last few colonial governors, said he believed the Falklands needed a three-legged economy based on the traditional wool industry, the benefits of fishery and support of the British garrison.

The Islands' economy would never be in "the oil-gusher bracket", but a quiet revolution was already taking place in buying farms from overseas companies and transferring them to native Falklanders.

The revenue from granting fishing licences was welcome, but it was vital to maintain a balance to protect the long-term survival of squid and other species hunted by foreign boats.

The governor admitted that many islanders were worried by the increasing outside influence in Falklands' economic affairs, but it should be remembered that the islands' representatives had the last word on licences and locations for future projects.

He reacted angrily to suggestions that the big-business influence of the Falklands Islands Company, which controls most of the sheep farming and other industry, would lead to the import of cheap labour from St Helena or result in complete disregard for preservation of the islanders' way of life and the conservation of natural resources.

Falkland ferry

Port Stanley (Reuter) — A group of fishing companies here intends to launch in June a ferry service from the Falkland Islands to Montevideo in Uruguay and Punta Arenas in Chile.

Press Cuttings

from Broad Street Associates

FINANCIAL TIMES

21 MAR 1988

Falklands ferry plan

A group of fishing companies in the Falkland Islands is this year to launch the first ferry service to South American ports since Britain's 1982 war with Argentina over the archipelago, the consortium said yesterday, Reuter reports.

Press Cuttings

from Broad Street Associates SUNDAY TELEGRAPH

20 MAR 1988

New lifeline to the Falklands

The Falkland Islanders' isolation from the South American continent is to be eased with a ferry service with Chile and Uruguay, which is expected to lead to a further deterioration of relations with Argentina.

Companies in the Falklands fishery have independently raised about £1 million to buy a ferry for a passenger and cargo service between the islands, the Uruguayan capital of Montevideo and the southern Chilean port of Punta Arenas, starting in July.

The Falklands government said the service would transport fish north and bring in crewmen and supplies to the fishing fleets.

Couple quit heartbreak hotel

A BRITISH couple who spent £60,000 on building an hotel in the Falklands are selling up—after failing to attract a single tourist since opening two years ago, *writes Chris Logan.*

Fred Clark and his girlfriend Liz Saunders claim they were "misled" into believing the nearby £400 million Mount Pleasant Air Base would lead to a tourist boom.

They blame the Ministry of Defence and local development officials.

The only guests to have stayed at the picturesque hotel, set among rugged green hills, have been occasional Army officers anxious to escape the drab military complex.

Now the couple say they cannot afford to squander any more cash on the six-bedroom hotel—called the Great Britain—and are

trying to sell it, with ten acres of land, for £80,000.

Mr Clark, 45, a former helicopter engineer, accused the MoD and the Falkland Islands Development Corporation of failing to fulfil promises to make Mount Pleasant a thriving civil airport.

When the Falkland Islands government announced plans to encourage holiday trade they decided to build the hotel, helped by a £15,000 loan from the development corporation.

Miss Saunders, 40, said: "The idea seemed to have great potential and we worked very hard. It really has broken our hearts."

A Falkland Islands Development Corporation spokesman angrily denied they had been misled.

General manager Simon Armstrong, blamed the hotel's flop on its lack of appeal and said it "could be a goldmine."



Not such a great hotel for Britons Liz and Fred

Lessons for Falklands Army chiefs

BRITISH military chiefs have hailed last week's massive exercise in the Falklands as a great success, and said that valuable strategic lessons have been learned.

When the 1,000 troops involved in Operation Fire Focus return home at the end of this month, the military presence in the islands will be at its lowest level since the end of the war in 1982.

Yet as a result of Fire Focus, strategists believe that the islands can in future be defended by a handful of combat troops, a single warship and as few as four fighter aircraft.

DEFENCE

GAO highlights the ATF challenge

WASHINGTON D.C.

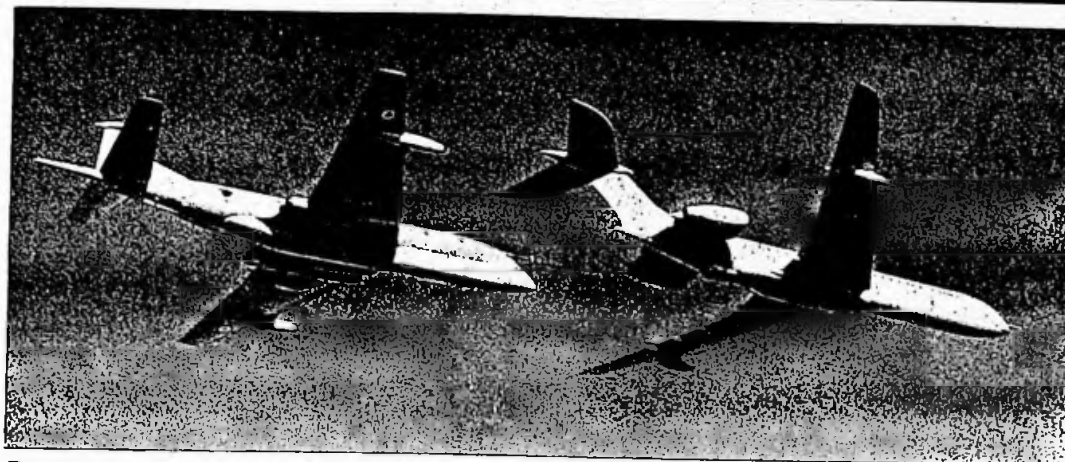
The US Air Force and its contractors in the Advanced Tactical Fighter (ATF) programme still face a considerable challenge in meeting cost and performance goals, according to a recent report by the General Accounting Office (GAO), reports **Julian Moxon**.

The report highlights trade-offs between cost, schedule, and performance may have to be made as the design matures, says the GAO. The USAF is still aiming for a unit ATF flyaway cost of \$35 million (1985 dollars), and has reduced the cost of the 750-aircraft programme from \$69.7 billion to about \$44.3 billion.

Further reductions of around \$2 billion will accrue, says the GAO, if the Navy's F-14 follow-on is based on the ATF, since a total of around 1,000 aircraft would then be needed. The report also notes that the Navy would save around \$7 billion on development.

The GAO points out that all three main ATF development areas (airframe, propulsion, and avionics) are risky, and because of their parallel development, are particularly sensitive to delays in any one area. This is illustrated, says the report, by the fact that the window for prototype first flights now extends from October 1989 (the original deadline) to March 1990, because of a possible delay in engine deliveries.

Neither Pratt & Whitney nor General Electric has committed itself to the October 1989 delivery date, notes the GAO, although that remains their aim.



En route to Mount Pleasant Air Base BAe Nimrod MR.2s will be refuelled by BAe VC 10s

Further risk comes from the decision to enter low-rate initial production one month before the aircraft resulting from the full-scale development programme has flown, and also before a developmental aircraft with a fully integrated avionics system has been tested.

The USAF apparently plans to base its production decision on: extending flight-testing of the winning prototype aircraft into the full-scale development (FSD) phase (Northrop and Lockheed lead the competing ATF teams); testing the avionics functions on the prototype aircraft as they become available; and ground-testing the integrated avionics system a year before the production decision is made.

It is still not clear, says the GAO, whether supportability—which in the ATF is meant to rank equal in priority to performance—will, in the end, be sacrificed in the name of performance. In general, the aim is to reduce the supportability requirements (see table below) to about half of the F-15 and F-16.

Before General Dynamics and McDonnell Douglas won the initial \$241 million design contract for its ATA, US Navy engineering teams had been meeting with ATF contractors to ensure carrier compatibility.

Fire Focus revealed as low key

LONDON

The United Kingdom's Falkland Islands Reinforcement Exercise, Fire Focus 88, has been described by the Commander-in-Chief United Kingdom Air Forces, Air Chief Marshal Sir Peter Harding, as "a modest exercise... no more than a practice of our procedures to reinforce the Islands in case of an emergency". Ever since the exercise was announced on February 11, South American countries and Argentina in particular, have described it as provocative and timed to encourage internal difficulties on the continent.

Briefing journalists at RAF High Wycombe, Air Chief Marshal Sir Peter Harding stated that Fire Focus 88 had been planned for more than a year, and would involve the deployment of fewer than ten aircraft and 1,000 men to the Islands. "This is a reasonable figure to practise what is necessary... it is almost a roulement exercise," he added.

Fire Focus, which will be conducted in four phases, will

run from March 7 to March 31. Following the deployment of control personnel in Phase 1 and 2, the third phase from March 16 will see the reinforcement commencing in earnest. The 3rd Battalion of the Light Infantry, together with elements of the Royal Artillery, Royal Engineers, and Royal Signals will be flown the 8,000 miles by BAe VC-10, Lockheed TriStar, and Lockheed C-130 Hercules transport aircraft. They will be accompanied by unarmed McDonnell Douglas F-4 Phantoms and BAe Nimrods which will be refuelled en route by VC-10 and TriStar tankers.

Once in theatre, the aviation assets and troops become the responsibility of the Commander British Forces Falkland Islands. After the reinforcement exercise has been completed, the new forces will be involved in manoeuvres on the Islands and with individual unit training. The fourth phase covers the return of men and equipment to the UK.

The Ministry of Defence is also taking advantage of Fire Focus 88 to revolve some of the garrison's personnel and equipment. The total cost of the exercise is put at £3 million, which will come out of the MoD's general exercise budget, rather than being added to the cost of maintaining the garrison.

Foreign Office spokesman Robin Fearn pointed out that, since the opening of Mount Pleasant Airbase, the Falkland Islands garrison had been reduced by half. He described Fire Focus 88 as "routine and non-provocative" and part of the "overall policy to reduce tension".

ATF Reliability, Maintainability, and Availability Requirements Compared with Current Fighters

| Requirements | ATF* | F-15 | F-16 |
|--|-----------------------|--------------------|--------------------|
| Integrated combat turnaround time | 15min | 35min | 27min |
| Break rate | 8-10 per cent | 15 per cent | 12 per cent |
| Fix rate | 75 per cent in 4hr | 42 per cent in 4hr | 50 per cent in 4hr |
| | 85 per cent in 8hr | 74 per cent in 8hr | 84 per cent in 8hr |
| Average number of maintenance personnel per aircraft | 8-7 people | 20-6 people | 19-6 people |
| Airlift support for 24 ATF squadron | 6-8 C-141B equivalent | 17-3 C-141Bs | 14-6 C-141Bs |
| Total non-mission capable for maintenance rate | 8 per cent | 11-8 per cent | 7-5 per cent |
| Total non-mission capable for supply rate | 2 per cent | 7-9 per cent | 5-3 per cent |

* As described in the Air Force's November 9, 1984, Statement of Operational Need for ATF

Martin-Baker modifies Harrier GR.5 seat

DENHAM

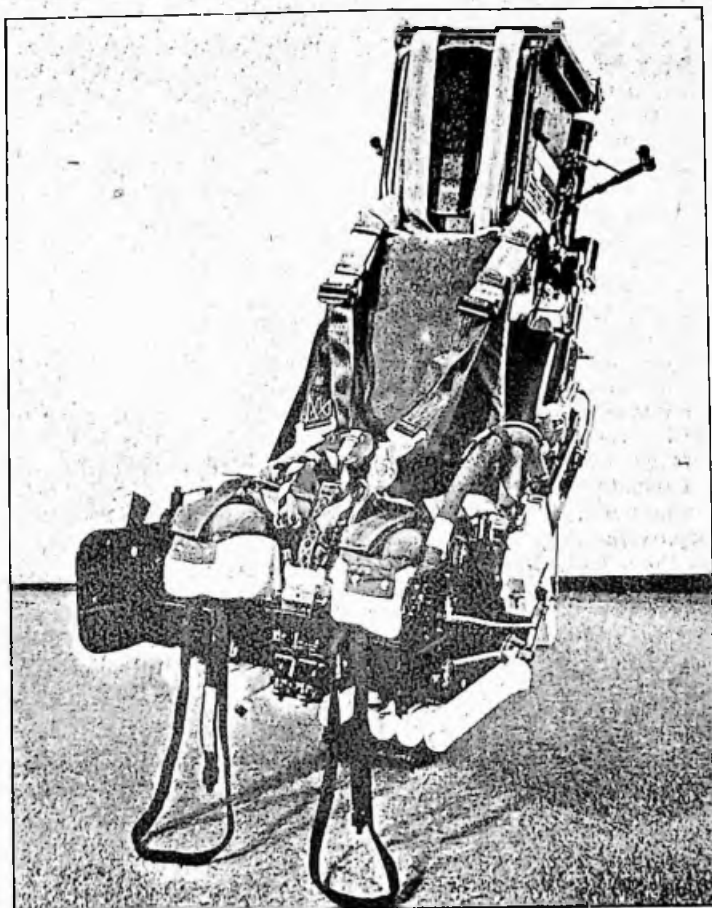
Following the fatal accident to British Aerospace test pilot Taylor Scott, ejection seat manufacturer Martin-Baker has modified its Mk.12 seat.

Scott was killed on October 22 last year, during a test flight of a Harrier GR.5. He was pulled from his aircraft, which crashed into the Atlantic, some hours later. The wreckage, which lies in deep water, has not been recovered.

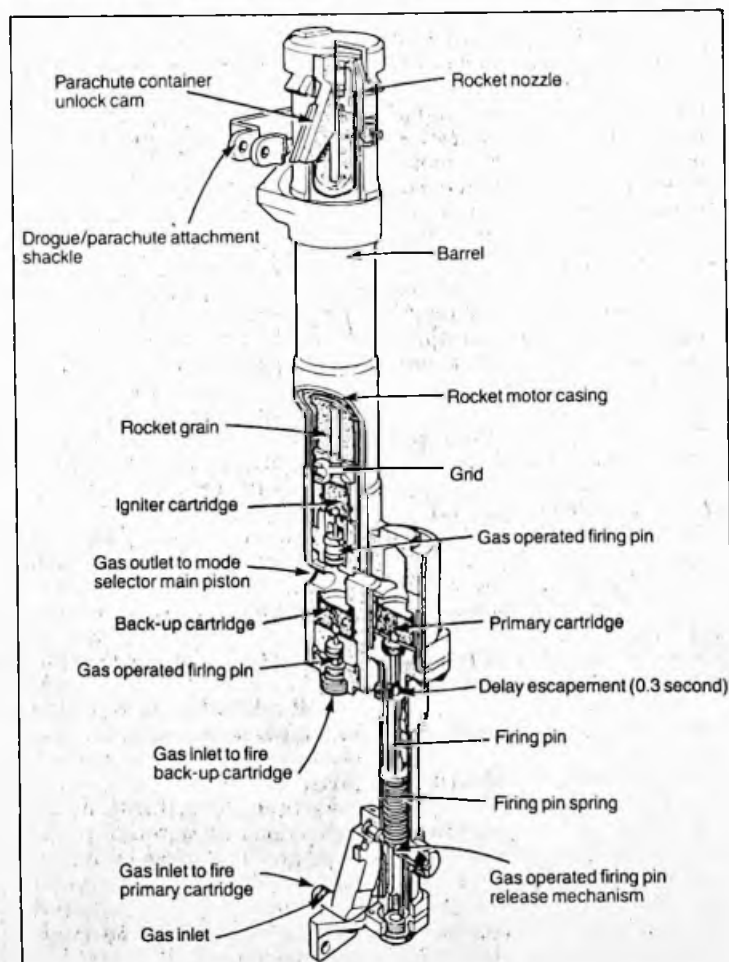
The cockpit canopy frame remained on the aircraft, and the seat was seen to be in the Harrier by a USAF Galaxy which intercepted it. The Mk.12 seat's headbox which contains the main parachute and drogue parachute, has a positive lock, and opens when the parachute drogue rocket (PDR) fires as the seat leaves the aircraft. Operating the manual override handle would fire the secondary PDR cartridge, but this handle cannot normally be operated unless the main firing handle has been pulled (see *Flight*, November 7, 1987, page 9).

The two modifications centre on possible accidental firing of the PDR. The first modification is the fitting of a guard on the manual override linkage on the righthand side of the seat. This mechanical linkage connects the manual override handle to the PDR's secondary cartridge.

It was thought that a foreign object could be caught in the linkage and, if the seat was then motored down, the object could possibly bend the linkage and fire the secondary cartridge, although this was not positively identified as the cause of the accident. This would fire the PDR, shattering the cockpit canopy and deploying the parachute, and effect man/seat separation practically instantaneously. Martin-Baker has tried repeatedly to reproduce this



Left Martin-Baker's Mk.12 seat, as fitted to the Harrier GR.5. The manual override handle is on the righthand thigh guard, behind the seat-safety handle. The main firing handle is the striped loop between the pilot's legs. Bottom the parachute drogue rocket assembly



sequence, but without success.

The second modification concerns the interlock which prevents operation of the manual override handle until the main firing handle has been actuated. Martin-Baker says that very close examination of this linkage indicates that it could possibly be mis-rigged, and the linkage has been modified to make incorrect assembly impossible. The company stresses that no instances of this linkage being mis-rigged have been found on any of the Mk.12 seats, all of which have been thoroughly checked. The seat in Scott's aircraft had passed Martin-Baker's quality assurance and pre-delivery checks.

Delivery to the RAF of Harrier GR.5s with the modified seats is now under way. *Flight* understands that a civil inquest on Taylor Scott's death will be held in late April.

CASUALTIES...

● A South African Air Force Atlas Impala 2 was shot down on February 22 while attacking Cuban/Fapla positions in Angola in support of Unita forces. The pilot, Maj Richard Avery, is listed as missing believed killed.

● A Royal Australian Air Force CAC Winjeel T.1 trainer crashed 30 n.m. west of Wauchope in New South Wales on February 27. Both pilots were killed. The aircraft was based at RAAF Williamtown.

● A Royal Air Force British Aerospace Bulldog T.1 of Manchester and Salford University Air Squadron crashed on to a beach at Southport on March 2, reportedly while low flying. The pilot, Acting Pilot Officer Mark Davies, was killed.

● An Indian Air Force Antonov An-12 Cub crashed near Cuttack in eastern India on March 8. Twelve persons were killed and 12 injured.

Swiss drop Mirage 2000

BERNE

Switzerland has eliminated the Dassault-Breguet Mirage 2000 from its current evaluation to select a new air defence fighter. The General Dynamics F-16 Fighting Falcon and the McDonnell Douglas F-18 Hornet are now left to compete in the full evaluation phase, ending in an order for 40 aircraft.

Dassault-Breguet had offered its new Flex Mirage 2000 version with Thomson-CSF RDI radar to replace Switzerland's ageing Mirage III/Rs and Mirage IIIB/Ds in the air defence role. However, Swiss Defence Minister Arnold Koller says "The Mirage 2000 does not at present offer a version likely to satisfy our military demands". It appears that the French believed they had more time to develop their proposal. *Flight* understands that the misunderstanding might be attributed to poor staff work on Dassault's part, or indirectly to Swiss concern that the "Mirage scandal" of the mid-1960s should not be repeated.

The Flex version of the Mirage 2000, which is mainly for export, still required more developments to the radar and electronic warfare equipment, according to Koller. The Swiss are also believed to be unhappy with the Mirage 2000's current power and cockpit configuration.

Although no price tags have been given, the Mirage 2000 Flex is estimated at \$23/25 million apiece, compared with \$18/20 million for the F-16 and \$20/22 million for the F-18. However, in spite of the lower Dollar, the price consideration has not been crucial in rejecting the Mirage 2000. Dassault-Breguet, it should be noted, twice offered 15 per cent price cuts before being eliminated from the race.

Serge Dassault, president and chief executive of Dassault-Breguet, speaking for the French industrialists group involved, explains: "The

proposal which we presented to the Swiss Federal Military Department is specific to the needs of the Swiss Air Force. It differs from the requirements of the French Air Force, which today operates more than 200 Mirage 2000 combat aircraft." Dassault-Breguet says that the "schedule imposed by the Swiss authorities, while not permitting the French industry to present in time the aircraft configuration satisfying the Swiss specific military requirements, was thoroughly compatible with production aircraft deliveries beginning in 1993".

Loss of the Swiss contract means that a \$1,000 million deal has now slipped away from Dassault-Breguet. The company hopes to make it up shortly with two new contracts now under negotiation with Kuwait and Jordan.

However, *Flight* understands that a second Swiss purchase of 40 air defence fighters will be made in the future. Such an opportunity would give the Saab JAS39 Gripen and, if the French choose, a revised Mirage 2000, the chance to compete.

Lavi avionics may still fly

TEL AVIV

The Israeli Ministry of Defence (MoD) will decide, before the end of the month, whether to allocate more money for the further development of the third Lavi prototype, reports Arie Egozi. This prototype is planned as the testbed for the full avionics suite of the scrapped Israeli fighter.

Shortly after the Israeli Government decided to terminate the Lavi programme the MoD decided to let Israel Aircraft Industries (IAI) complete the avionics development. This was done to preserve the technologies involved in the new systems and to improve the chances of exporting parts of the complete system. "You can only try and sell a system that is flying. Only if we can complete the development and test it in the air will we

have the ability to export it," an IAI source tells *Flight*. Before the Lavi was scrapped, some potential customers showed interest in some of the avionics systems developed for it. These customers indicated their wish to start negotiations if these systems were flown in the third prototype.

The Israeli MoD has so far allocated \$25 million for continued work on the third prototype, although another \$60 million is needed to complete the development. The Israeli Air Force opposes further investment in the third Lavi prototype and calls it "a total waste of money".

Luftwaffe upgrades more Phantoms

BONN

The original plan calling for the modernisation of only 75 aircraft of the Luftwaffe's 160-strong F-4G fleet has been modified, reports Stefan Geisenheyner.

Because of the favourably low Dollar-Deutschmark exchange rate, the already allotted funds have been found to be worth more, and the Luftwaffe has decided to increase the number of Phantoms to be reworked to 110.

The refurbishment centres on the installation of the Hughes APG-65 radar, a central computer, a databus system, and providing compatibility with the Harm and Amraam missiles. AEG has already prepared for the licence production of the radar in Germany.

The upgraded Phantom is intended to serve as the Luftwaffe's mainstay in the air-to-air role from 1992 onwards. The decision mirrors the doubts of the Luftwaffe in respect to EFA and its availability by the late 1990s. It is also not known whether certain software features of the APG-65, which the Luftwaffe wanted, have been cleared for export to foreign countries by the Department of Defence. This seems doubtful, because the Australian McDonnell Douglas F-18s have APG-65s of slightly reduced capability.

RAF Hercules diverts to Uruguay

LONDON

A Royal Air Force Lockheed C-130 Hercules en route from Ascension Island to the Falkland Islands diverted to Uruguay on March 9 after poor weather conditions closed Mount Pleasant Airbase. The aircraft was on a routine resupply mission and was not part of the "Fire Focus 88" Falklands reinforcement exercise.

The Hercules was 85 miles from the Falklands when the decision to divert was made. Before reaching Uruguay the aircraft developed a propeller fault, and the landing at Montevideo's Carrasco Airport was made on three engines. After landing the Hercules was not impounded and the crew was free to leave the aircraft.

A Ministry of Defence spokesman said that the UK Government was, "grateful to Uruguay for its humanitarian assistance and, in recognition of the sensitivity surrounding Exercise Fire Focus, we have acceded to the Uruguayan request not to send the aircraft to the Falkland Islands".

TRACER...

Weber has been selected to design, build, and test an advanced ejection seat for the Lockheed YF-22, one of two competing prototypes for the US Air Force's Advanced Tactical Fighter.

Wallop Industries has received a £30,000 order for its Rampart passive air defence system. Rampart uses fast-ascent balloon barrages, chaff, infrared decoys, and smokescreens to protect airfields against low-flying attackers.

Negretti Aviation has acquired the airborne hand-held camera company Aeronautical and General Instruments, which produces the Agiflite range of cameras.

Falklands alert

Mount Pleasant (Reuter) —
Troops on high alert awaited
reinforcements flying from
Britain to join them in mili-
tary exercises in the Falk-
lands, which are bitterly op-
posed by Argentina.

Press Cuttings

from Broad Street Associates **The Daily Telegraph** 19 MAR 1988

Falkland forces feel the heat

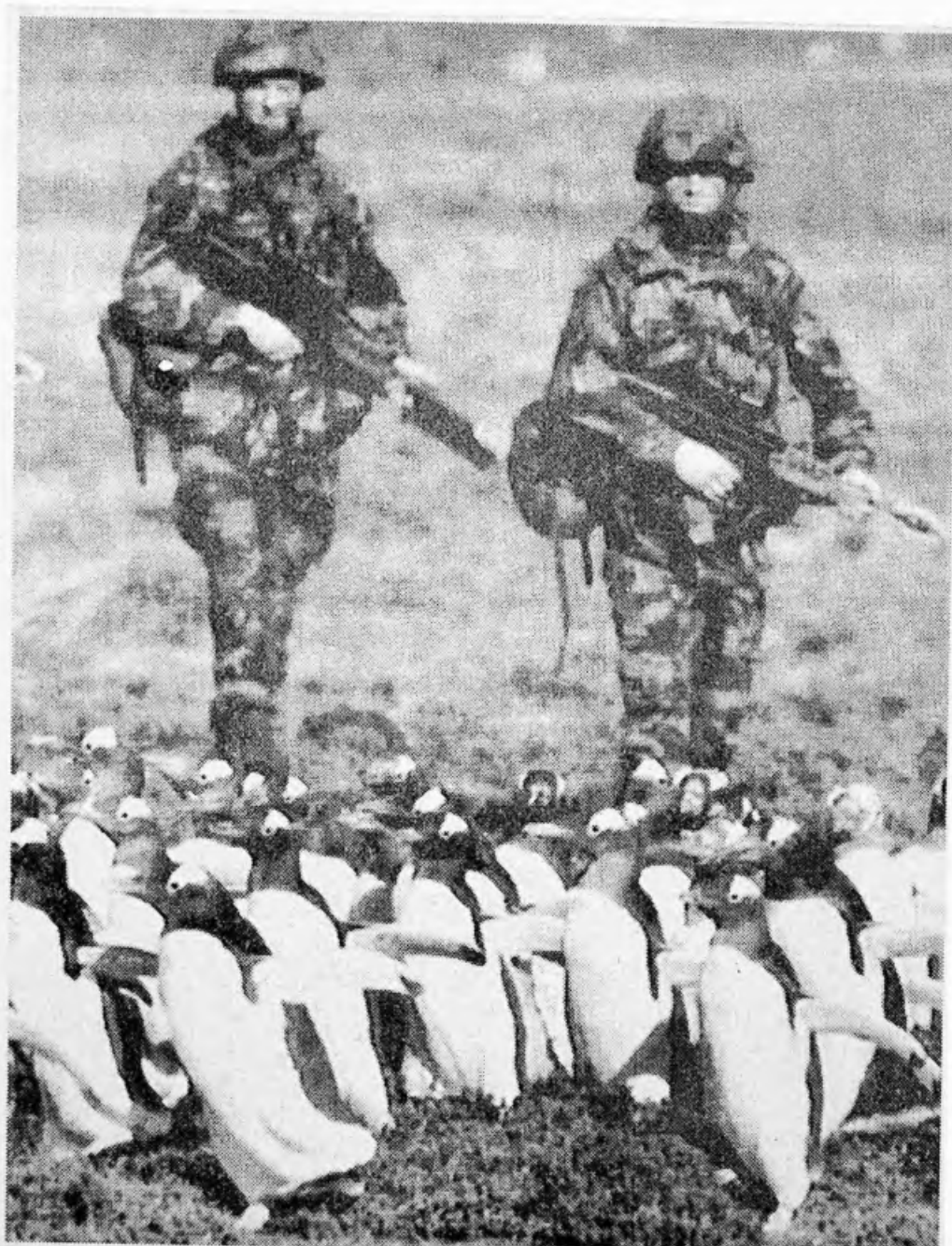
**By Our Defence Staff
in the Falkand Islands**

Hundreds of troops, cursing their thick socks and thermal underwear, flew into the Falklands yesterday to temperatures in the 70s.

The exercise, codenamed Fire Focus, which Argentina has criticised as being aggressive, has shown that a major reinforcement of the islands can be completed in less than 72 hours. "It is now proved that with the technology we've got and the aircraft we've got we can reinforce in a very short time," said Maj Gen Neil Carlier who commands the 1,800-strong force on the islands.

Press Cuttings

from Broad Street Associates **THE GUARDIAN** 19 MAR 1988



Penguin patrol. . . Soldiers of the 3rd Battalion Light Infantry put a group of penguins into retreat while on patrol during exercise Firefocus in the Falkland Islands yesterday



TELLEX

THE BROADCAST REPORTING SERVICE

REPORT

SUDDEN GOOD FORTUNE

RUSH

For : BROAD STREET ASSOCIATES

KATE WALLACE

Prog: ONE O'CLOCK NEWS

Service : BBC TV1

Serial: 031322/AP

Date: 18.3.88

Time: 1300

Duration: 2mins25secs



47 Gray's Inn Road, London WC1X 8PR Telephone: 01-405 7151 TELEX 27688

MICHAEL BUERK

About a thousand British troops have begun the main stage of Operation Fire Focus, the military exercise which is testing a new system of rapid reinforcement for the Falkland Islands.

Argentina has condemned the operation as, "provocative, and unjustified." Our defence correspondent, David Shukman, is in the Falklands.

-FILM-

DAVID SHUKMAN:

This is the start of the central phase of Operation Fire Focus. Extra Phantoms, direct from Britain, followed minutes later by a Tristar Tanker, struggling in the cross-winds, part of a mock reinforcement that's generating genuine diplomatic hostility - but not among the Falkland Islanders.

For them it's a welcome sign that Britain's as committed as ever to keeping them British. For the moment they have far more on their minds; notably the problems of sudden good fortune!

The seas around them are alive with fish, here crill, but further out, hugely popular, squid. Trawlers from nearly a dozen nations come to fish for them, and their licence payments have trebled the Island's income.

With Japanese trawler crews now a common sight, stretching their legs in Stanley, everyone's aware an economic revolution is underway. And that for the children of the Falklands, the fishing may radically change the community they'll come to know.

But this huge boost to the income of the Falklands has brought with it anxieties among many of the Islanders about where the bonanza will lead them. They know that to develop means imported labour, and that's something that many are resisting.

This lush hydroponic vegetable garden is one new development, but it's desperate for workers, and no-one is

available to fill the jobs. At the new docks they've had to bring in these men from the Island of St Helena, among a hundred here altogether, and more will follow soon.

It's a sensitive issue at Government House. In a briefing for journalists the Governor even lost his temper at suggestions that immigrant labour was receiving special terms, as some locals have suggested.

He described the labour shortage as critical. And his hope is the new houses being built, outside Stanley, will at least be a start in allowing in the people who can help the islands improve.

As the practice reinforcement, to deal with the Falklands external threat, gets under way attention is now focussed on the irreversable changes inside the islands as well.

This is David Shukman, for the One O'clock News, in the Falklands.

Press Cuttings

from Broad Street Associates **THE TIMES**

18 MAR 1988

Britain 'threat to Falklands peace'

New York — Britain's current military exercise around the Falklands created tension and insecurity and was evidence of an attitude in London that threatened international peace, Señor Dante Caputo, the Argentine Foreign Relations Minister, told the UN Security Council yesterday. He called again for a negotiated settlement (Zoriana Pysariwsky writes).

In response, Sir Crispin Tickell, the British delegate, said: "What the Argentines want is not negotiations but talks about a handover date." Recourse to the Security Council, he added, had been decided in Buenos Aires for internal reasons, since the furore there over the "Fire Focus" exercises was not reflected among UN states.

Para plays it again

By Adela Gooch, Defence Staff, in the Falklands

SIX YEARS ago Paratrooper Len Carver lay covered in blood and close to death during the Falklands War. Yesterday he was back again, covered in red ketchup pretending to be a casualty.

He is one of 3,000 British troops taking part in exercise Fire Focus 88, designed to test the speed with which the Falklands garrison can be reinforced.

As army engineers detonated an explosion to simulate a helicopter crash, Cpl Carver, 28, said: "I thought I'd come back some day, but never like this."

"To be honest, if we hadn't come down here and fought for the Falklands, I wouldn't have bothered about the place—they could have had it for all I cared."

"But when you've fought for it and seen your best mates killed... Well it's ours, and we have to keep it. I wouldn't want my mates to think that what they did was a waste."

Cpl Carver, from the Channel Islands, was taking part in the final push on Port Stanley when he was felled by a bullet in the back from an Argentinian ambush.

He lay on the slopes of Mount Longdon for nine hours before being evacuated.

"I just kept telling myself

that I wasn't going to die," he said. First aid from his comrades saved him. Two of them later died.

Cpl Carver, fully recovered from his wound, is back with his old unit, the 3rd Bn the Parachute Regiment, which was pretending to be the enemy yesterday.

Soldiers lay on a slope near smouldering wreckage, feigning injuries.

This time help for Cpl Carver arrived after three-quarters of an hour.

"Are you the one with the chest injuries?" a medical officer asked. "No sir, I'm dead," he answered jovially.

United Nations attack

Our United Nations Correspondent writes: Argentina complained to the Security Council yesterday of Britain's unwillingness to negotiate an end to the Falklands dispute.

Senor Dante Caputo, Argentine Foreign Minister, said Fire Focus was "a clear expression of a will not to negotiate, not to solve the dispute in a peaceful way..."

It was a threat to international peace, he said.

Britain's ambassador, Sir Crispin Tickell, said that the exercise was aimed at coping with wartime disasters, and denied that it threatened anyone.

Press Cuttings

from Broad Street Associates **THE GUARDIAN**

Falklands move 'threat to peace'

Argentina went before the UN Security Council yesterday to say that the current British military exercises around the Falkland Islands constituted "a serious threat to international peace" and to Argentine's security, *writes Jane Rosen in New York.*

At the Council meeting, called at Argentina's request, the Foreign Minister, Mr Dante Caputo, declared that Britain's real objective in staging the manoeuvres was to demonstrate its military force and to "consolidate its colonial domination of the Islands."

He pointed out that both the Organisation of American States and the non aligned group at the UN have condemned the manoeuvres as provocative and dangerous.

Ice plant now open

THE renewed confidence at Hull was reinforced on Monday when a new ice plant was commissioned.

The plant is a Finsam unit which can produce 65 tonnes of plate ice a day and has a 100 tonne bunkering capacity. It was erected in only two weeks after completion of the concrete base.

The plant produces ice to any thickness required and when this is reached the ice is released from the plates and shatters.

It cost £350,000 and was privately financed by the port's trawler owners, merchants and agents.

One of the first vessels to be iced up by the new plant was Marr's *Thornella*, and Marr director Charles Marr commented: "It is a very encouraging development for Hull and an added incentive for our vessel building programme."

"There are all the signs of Hull developing as a more compact, but nonetheless flourishing port, able to sustain a growing Hull fleet as well as efficiently handling supplies from throughout the UK and overseas."

The plant was officially opened by councillor Marjorie Smelt, the deputy lord mayor of Hull.

Thornella — the largest trawler to be built for Humber owners for more than a decade — has been delivered to her new owners, J. Marr (Fishing) Ltd. by Cochrane Shipbuilders of Selby.



HULL BACK IN BUSINESS

£5m. trawler boost

J. MARR'S *Thornella*, the first new middle and distant water trawler to be built for Hull owners for well over a decade, was due to sail on her maiden voyage on Wednesday this week.

She is the first of a pair of identical ships representing a £5m. investment by J. Marr (Fishing) Ltd., and has been built by Cochrane Shipbuilders Ltd. of Selby.

The second vessel is due to be launched next month and delivered in June.

The building of the two ships represents a return to a

class of building for which Cochrane was once famous.

Thornella completed her fishing trials in the North Sea on Monday this week and they went without a hitch.

The 38.5m. (126ft.) vessel is powered by a 1,725hp Ruston engine and has a Hydraulik Brattvaag deck gear package, including an autotrawl system.

She can work two trawls, switching instantly if one is

damaged so no fishing time is lost and her deck layout has been designed for maximum crew comfort and safety. She is also rigged for pelagic fishing.

Thornella has two gutting machines and a conveyor system for fish handling. Her refrigerated fish room is rigged with shelf pound only, not for boxing, and is expected to turn out 3,000 kits plus.

Thornella will be skippered by Ken Grubb, formerly in *Norina*, and a skipper with Marr for six years.

Norina and *Idena* (Skipper Dave Wright) have operated very successfully as a pair team on the Westerley grounds in recent years, and when Marr's second ship is completed the two new vessels could well team up again as a pair.

Skipper Grubb will be taking *Thornella* to the Westerley grounds on her maiden voyage to fish for coley. This will probably be landed at Cuxhaven, West Germany, following Marr's usual practice with coley in recent years.

She is expected to do one trip there and then to switch to the Norway coast for the summer months.

The thinking behind the new vessels was to develop modern versions of the Marr middle water class which has successfully fished both home waters, and the Norway Coast during the summer months. A full report on *Thornella* will appear in *Fishing News* on April 8.

ALSO ON: BBC TV 1 NEWS 2100

For: BROAD STREET ASSOCIATES

JOHN WALLACE

Prog: 9PM 0'CLOCK NEWS

Service

BBC TV 1

Date: 18.3.88

Time: 1800

Duration

21:00-21:55

TELLEX

THE BROADCAST REPORTING SERVICE

REPORT

FALKLANDS EXERCISE ANGERS ARGENTINA

ALSO ON: BBC TV 1 NEWS 2100

For : BROAD STREET ASSOCIATES

KATE WALLACE

Prog: SIX O'CLOCK NEWS

Service : BBC TV 1

Serial: 031392/CF

Date: 18.3.88

Time: 1800

Duration: 2mins50secs

ANDREW HARVEY:

A thousand British troops have begun the main stage of Operation Fire Focus, the military exercise to test the new system of rapid reinforcement for the Falkland Islands. They're practising emergency wartime procedures such as repairing bombed runways, rescuing aircraft and defending military installations. Argentina has condemned the exercise as provocative.

- FILM -

DAVID SHUKMAN:

This is the start of the central phase of Operation Fire Focus, extra Phantoms direct from Britain, followed minutes later by a Tristar tanker struggling in the crosswinds, part of a mock reinforcement that's generating genuine diplomatic hostility, but not among the Falkland Islanders. For them it's a welcome sign that Britain's as committed as ever to keeping them British. For the moment they have far more on their minds, notably the problems of sudden good fortune. The seas around them are alive with fish, here krill but further out hugely popular squid. Trawlers from nearly a dozen nations come to fish for them and their licence payments have trebled the islands' income. With Japanese trawler crews now a common sight stretching their legs in Stanley, everyone's aware an economic revolution is under way and for the children of the Falklands the fishing may radically change the community they'll come to know.

But this huge boost to the income of the Falkands has brought with it anxieties among many of the islanders about where the bonanza will lead them. They know that to develop means imported labour and that's something that many are resisting. This lush hydroponic vegetable garden is one new development but it's desperate for workers and no one is available to fill the jobs. At the new docks they've had to bring in these men from the island of St. Helena, another hundred here altogether and more

will follow soon. For many established local figures like Nick Hadden, it's a move that could prove disastrous.

NICK HADDEN: (FALKLAND ISLANDS COMMITTEE)

We're less than 2000 native population, if you like to call them that, and that would be very very easily swamped, very easily swamped - to the detriment of the local people, obviously.

D.S.:

It's a sensitive issue at Government House. In a briefing for journalists the Governor even lost his temper at suggestions that immigrant labour was receiving special terms, as some locals have suggested. He described the labour shortage as critical and his hope is the new houses being built outside Stanley will at least be a start in allowing in the people who can help the islands improve. As the practice reinforcement to deal with the Falkands' external threat gets under way, attention is now focused on the irreversible changes likely inside the islands as well. This is David Shukman for the Six O'Clock News in the Falklands.

TELLEX

THE BROADCAST REPORTING SERVICE

REPORT

FALKLANDS EXERCISE ANGERS ARGENTINA

For : BROAD STREET ASSOCIATES

ADRIAN KING

Prog: ANALYSIS

Service : RADIO 4

Serial: 031247/CF

Date: 17.3.88

Time: 2015

Duration: 6mins40secs



47 Gray's Inn Road, London WC1X 8PR Telephone: 01-405 7151 TELEX 27688

During a programme on the economic prospects of Argentina:

ROLAND DALLAS:

But first, the biggest example of Argentine mismanagement in recent years, the invasion of the Falklands in 1982. To help us to understand their gut reaction about the Malvinas, as they call the Falklands, the Argentines ask us to imagine this. In the 1830s the Argentine Navy seized the Channel Islands and Argentines proceeded to raise sheep there. The British complained continuously to no effect. Eventually the British seized the Channel Islands. They were promptly ousted by an Argentine task force which set sail in a blaze of publicity from Buenos Aires. What would we have thought? Argentina's humiliation and embarrassment, anger and exasperation persist today. But one of the engaging characteristics of Argentines is their willingness to admit to bad management. Lucio Garcia del Solar is Director General of the Foreign Ministry.

LUCIO GARCIA DEL SOLAR:

I've been always and very firmly committed to the peaceful arrangements, so I do not hesitate to admit - and I did this very often in the United States whenever they asked me the question - that taking the islands by force was a monumental mistake.

R.D.:

That mistake is now being compounded by a bit of mismanagement on both sides. The British Government is now carrying out an exercise to make sure that the Falklands can be reinforced quickly if Argentina tries to recapture them. It's a positive move because it follows a British withdrawal of troops and fire power and seems to end the so-called Fortress Falklands policy. It ought to start an era of lower tension in the South Atlantic, but it hasn't. The exercise is called Fire Focus and that of course upsets the Argentines. "Who are the British focusing their fire on?" they ask. The fact that Fire stands for

Falkland Islands Reinforcement Exercise, F-I-R-E, got lost in the rhetoric. To the Argentines it's another unwanted intrusion of British force in the South Atlantic, a finger in the eye, and it gives the generals an excuse to ask for more money and more guns.

Marcello Stubrin is a leading member of the ruling Radical Party in the Chamber of Deputies. He's usually affable, not on the Malvinas.

MARCELLO STUBRIN:

This is a bad joke. The Malvinas fortress strategy shows an absolute lack of responsibility of the United Kingdom and its Foreign Office and its Armed Forces and Thatcher. It's dealing against the thinking of the whole continent in Latin America. I mean, the absurd, crazy and irresponsible attitude of the United Kingdom of denying us the possibility of sitting at a table and debating all the concerns, all the problems concerned with the Malvinas. What means that? What means "Don't discuss it" because the sovereignty is not present or absent or what can we discuss or what we cannot discuss? What means the United Nations constitution? Means that when two countries has any kind of problems, they must look for the pacific solution of this problem and the United Kingdom is not looking for getting this pacific solution, it's answering to the world, showing the world that Fire Focus is their presentation card, their sign to the world and these are not peaceful signs.

R.D.:

Britain is isolated in both the United Nations and the Organisation of American States. Everybody wants Britain to agree to discuss sovereignty. Britain, which hasn't forgotten 1982, refuses. Garcia del Solar again.

L.G.DEL.S.:

I remember that President Alfonsin, with whom I had a talk two days or three days after he was elected - he was in a hotel here in Buenos Aires, I was Ambassador to the United States, I

had come to vote, I had a personal relationship with him - I went to see him and of course the subject came up and he said - and this was only a year and a half after that war, so wounds were very open and feelings were very very sore - and he said: "If we can sit down, if we can come back to the situation of April 1st, 1982 and resume those talks, I would go as far as sending an ambassador to London". Now he still feels that way. He would face criticism but if he feels that a solution to the problem is put on a good track when he leaves, meaning there are negotiations, this is one of his greatest ambitions because this is one of the most traumatic feelings that the Argentine society has.

R.D.:

So you're saying then that your Government is prepared to return to the old negotiations which were held in New York between the two sides on all subjects including sovereignty, with both sides reserving their rights to their own positions on sovereignty?

L.G.DEL S.:

That's it.

R.D.:

And that once the meetings were started, the question of sovereignty would be set aside for the moment and other matters would be discussed and left like that?

L.G.DEL S.:

Not left like that. That doesn't mean left like that. That means making progress towards a solution of the problem. Now the solution to the problem for us is the return of the islands to our possession, but we know that this issue, if we want to improve relationships, cannot be faced in a table of negotiations at the very start. There are other things that we want to talk, but it has to be very clear, very clear that you don't exclude the subject of sovereignty at a certain point.

R.D.

When would that point come?

L.G.DEL S.:

Well, that is up to the parties to set the pace and this can be agreed upon but not at the beginning. How long it would take until you get to talk about sovereignty I don't know.

R.D.:

There was one attempt to do this at Berne in May 1985. It was mismanaged. Both sides accused the other of bad faith. It hasn't been repeated. Diplomatic relations remain broken. All that's happening now is that the two sides are talking to each other via the Americans about protecting fisheries in the South Atlantic and they're trading quietly. Last year Britain sold £10 million worth of goods to Argentina and bought £64 million worth from Argentina and there this mismanaged matter rests.

British soldiers get Falklands warpaint



The military art of camouflage being practised by soldiers of the 3rd Battalion, The Light Infantry, on their arrival in the Falkland Islands yesterday as part of the controversial rapid reinforcement exercise which is code-named "Fire Focus".

About 1,000 British troops began yesterday an 8,000-mile flight to the islands, which are claimed by Argentina (Reuter reports from Mount Pleasant in the Falklands). Before the first began arriving at the new Mount Pleasant airstrip, Gen-

eral Neil Carlier, commander of the British forces in the Falklands, said he expected stepped-up Argentine naval patrols outside the 150-mile protection zone declared round the islands last year.

● NEW YORK — The United Nations Security Council group of non-aligned states strongly criticized Britain's decision to hold military exercises in the Falklands area in a communiqué and called the action provocative.

Press Cuttings

from Broad Street Associates **The Daily Telegraph** 17 MAR 1988

Fire Focus Paras feel the heat on Falklands beach

By Our Defence Staff

British troops in the Falkland Islands for Exercise Fire Focus have suffered their first casualties—from sunburn.

Several men of the 3rd Bn The Parachute Regiment, who will be the "enemy" when reinforcements arrive, are being treated in hospital and may have to drop out of the exercise. They arrived in the Falklands last week and have been enjoying the freakishly warm weather on Port Stanley's Furs Beach.

The Paras, who played a key role in the Falklands conflict, have been made welcome in Port Stanley, but the reception is a dry one. The pubs are out of bounds for the duration of the exercise.

Press Cuttings
from Broad Street Associates **THE GUARDIAN** 17 MAR 1988

Falklands exercise

About 1,000 British troops began an 8,000-mile flight to the Falkland Islands yesterday to practise rapid reinforcement of the remote islands. — Reuter.

Press Cuttings

from Broad Street Associates **The Daily Telegraph**

16 MAR 1988

The new Falklands?

OPEN WAR may soon break out between China and Vietnam, we are told, following "exchanges of fire" over the Sprattley Islands, a collection of "reefs, atolls and shoals" in the China Sea which are claimed by both countries. Since we are told that Malaysia, Thailand and the Philippines also claim these islands, the prospect looms of one of the most complex international imbroglios for years.

This is not, however, the first time in history that a major crisis threatening world peace has arisen over the Sprattley Islands.

Sir Laurens van der Post recalls in his book *Yet Being Someone Other* how, when he was a journalist in the Thirties, he and a French colleague were summoned one Friday afternoon to the Foreign Office for an urgent press conference, taken by the Foreign Secretary, Lord Halifax himself.

The Japanese, it seemed, had seized the Sprattley Islands, which in those days were claimed by the French, and Lord Halifax wished to inform the world that Britain was outraged by this act of aggression.

The British and French Governments would be making a *demarche* to Tokyo in the strongest terms. Who knows — war might follow.

When this impressive tirade had finished, Van der Post asked the Foreign Secretary: "Could you please tell us, Sir, exactly where the Sprattley Islands are?"

For a moment Lord Halifax looked utterly taken aback and then replied with a smile: "I'm afraid I cannot do that. You must ask the Head of the South-east Asia desk for that."

It turned out that this august personage had already left for the weekend, so it was not until the next morning that Van der Post and his colleague at last managed to locate the Sprattley Islands on an old map. They were clearly marked as being "British".

Since research shows that we have never granted the islands their independence, does this not mean that we have a solemn duty to join in the forthcoming Sino-Franco-Vietnamese-Malay-Thai-Filipino war?

Could Sir Geoffrey Howe please make a statement?

Mexican debt swap proves that gimmicks won't solve the crisis

Economics



Christopher
Huhne

THE Mexican debt swap, hailed by bankers and their debtors as an inspired solution to Third World debt, flopped resoundingly last week. The failure demonstrates again that there are no gimmicks which can easily resolve the debt crisis. The scandal of flows of funds from the poor debtors to their rich creditors amounting to \$87 billion since 1983 will continue unless more radical solutions are tried.

The deal was designed to give the Mexicans some relief from their \$103 billion foreign debt, by getting the banks to trade in Mexican debt at below face value in exchange for new debt whose principal was backed by the United States government. After all, the banks sell debt to each other on the so-called secondary market for only 47 cents in every dollar. Why not, the Mexicans argued, capture at least part of the discount for their own benefit?

In practice, only 139 banks out of more than 500 with Mexican debt actually bid for the new debt. The amount of debt cashed in was \$3.7 billion, with \$2.6 billion of new debt issued in exchange. Mexico will save only \$29.2 million a year of debt service, according to the International Mexican Bank's calculations. The debt swap is so insignificant that a mere one thirty second of a per cent rise in London interest rates would wipe out the gain. For comparison, the total flow of resources from Mexico to its creditors last

year (interest payments and principal less fresh lending) was \$12.9 billion. Moreover, this comes after several years of large outflows. Mexico's net outflow averaged more than 4 per cent of total national income each year between 1983 and 1986.

The bankers would like to believe that the reason why the Mexican debt swap flopped was because their fellows thought that the discounts on Mexican debt were excessive. The truth is different. Whether or not the banks cash in Third World debt depends more on the banks than the Third World. Small banks with little lending cashed it in, because their capital was relatively high. They could afford to take the losses. The big banks with big Latin American exposures, which include our own Midland and Lloyds, still cannot afford to sell their debt at large discounts. To do so would be to admit that their balance sheets are far weaker than they look.

If the main money centre banks in the United States increased their capital to allow for bad Third World debt to the same extent as their smaller regional cousins, at least one — Manufacturers Hanover Trust — would be simply insolvent. Others would look pretty sickly, losing between 27 per cent and 86 per cent of their shareholders' equity. In Britain, even more modest provisioning pushed Midland and Lloyds into their first full year losses for a century.

There have been enormous increases in capital provisions needed to meet the banks' losses (for they cannot use our deposits to do so) since the debt crisis first broke in 1982. But the banks' fragility is still manifest. The latest figures — for end 1986 — suggest that outstanding loans to just four debtor countries (Brazil, Mexico, Argentina and Venezuela) outstripped the value of shareholders' equity in the case of seven out of the nine leading US money centre banks. Standard and Poor's, the leading credit rating agency, recently announced that it was downgrading the debt of five leading US banks below that of many of the industrial customers they are supposed to support. Ten years ago, a leading bank with a BBB credit rating would have been extraordinary.

Nevertheless, the risk of a crisis affecting the whole financial system is passing, simply because it is clear that the major banks enjoy an implicit public sector guarantee. What if Midland and Lloyds pushed up their provisioning to the same level as the US regionals? "But they won't because the Bank of England does not require it," comes the ready reply. The balance sheets, provisions, profits and even the dividend policies of the major banks are determined as never before by the guidelines set by their financial authorities.

Sadly, those authorities are not yet prepared to give serious relief to the debtors. Provisions against loss are one thing, but forgiveness of the debt in the same measure is quite another, as the Mexicans found. With the Third World expected to meet its obligations in full, it has had to generate the necessary foreign exchange in major part by cutting its imports and increasing its exports. The main way of cutting imports is by stemming domestic demand growth and that has meant real hardship.

The overall transfer of resources from the Third World in fact disguises much larger transfers from a number of key debtors, offset by flows to many others. On the International Monetary Fund's figures the reverse transfer from countries with debt servicing difficulties totalled \$189.5 billion between 1983 and 1987. Meanwhile, their external debt rose from \$494 billion to \$586 billion as they at least managed to extract some new lending to meet a part of the interest and principal payments.

The consequences for these economies continue to be dire. For the 17 most highly indebted countries, imports have contracted at an average annual rate of 6.2 per cent since 1980. Gross Domestic Product has grown by only 1 per cent a year, about half of the growth in population. Consumption per person has fallen by 1.6 per cent each year. Much of the burden of under and unemployment has fallen on precisely those groups which benefited least from debt-led growth, and which are least able to bear it.

The results of this debt-imposed poverty are none too good for us either. The Federal Reserve Bank of New York esti-

mated that the 40 per cent drop in US exports to Latin America in the wake of the Mexican crisis in 1982 cost 250,000 American jobs. UNCTAD estimates are far higher. Just as war reparations, on Keynes's argument, impoverished the victors after the First World War, so reverse flows from the debtor countries cause our own markets to diminish.

Nor can there be any real hope that the US current account deficit, the proximate cause of the dollar's weakness and the crash on Wall Street in October, can be reduced unless exports to Latin America pick up. The United States trade balance in manufactures with developing countries swung from a surplus of \$26.4 billion in 1981 to a deficit of \$28 billion in 1982. This enormous swing, in large part attributable to the collapse of Third World purchasing power and the enormous pressure to increase exports to earn money for debt service, has made a big contribution to the deterioration in the overall US current account over the same period from a \$6.9 billion surplus to a \$141 billion deficit.

The best way out of the problem remains a co-operative solution backed by western governments, rather like the ill-fated Baker plan of 1985 but with fiscal and monetary support. The costs need not be large, if only because much could be achieved by a package of new lending, backed by contingent state guarantees (which do not count as spending and which would not be called). At the same time, there should be a programme of write-offs and forgiveness over a period which the banks can sustain.

If western governments are

not prepared to play that role, however, the options for the debtors must increasingly include gentle, conciliatory but firm default. Given the failure of gimmicks and the continued pain of reverse transfers, defaults are anyway bound to occur more frequently just as they did at the time of the last debt crisis in the Thirties and Forties.

True, Brazil's moratorium on interest payments, which lasted nearly a year, is a classic example of the paradox of default. Because Brazil did not have adequate official foreign exchange reserves to make up its loss of trade credit when it declared its moratorium, its imports had to collapse, with disruptive effects on domestic production. So Brazil is again trying to service its debt. Yet if debtors do have adequate foreign exchange reserves to default without pain, they are also tempted to pay up instead.

But that paradox is unlikely to stop the gradual process of debt fatigue, or the increasingly desperate slide into moratoria as economic performance withers. Once the initial pain of cutting imports is undergone, the process of default yields tangible benefits to the debtors. The legal remedies of the banks are frail in the extreme and the existence of the implicit public sector guarantee for the western financial institutions also provides some assurance against crisis. Exporters in the developed world would also benefit, as would the stability of the dollar. The alternative — an enormous reverse flow nevertheless failing even to reduce the debtors' obligations — is morally, economically and politically unsustainable.

**Ian
BRUCE**



Britain flexes fire power on Fortress Falklands

FOR the next two weeks, the 1900 inhabitants of the Falkland Islands will be the best protected civilians in the world. The arrival of an air armada of RAF transports carrying 900 reinforcements for the permanent garrison today means that each islander has 1.5 servicemen for his or her personal protection.

The 8000-mile airlift of a battalion group marks the live phase of Exercise Fire Focus, a £3m test of Britain's ability to put its muscle where its mouth is at short notice in the event of any future aggression by Argentina.

Faced with mounting pressure on the defence budget, and the unending financial drain of maintaining Fortress Falklands, the Ministry of Defence believes it can cut corners by pruning the current 1800-strong military presence on the islands — provided the concept of rapid reinforcement by air can be demonstrated as a credible compromise.

To that end, the UK taxpayer has invested almost £400m in the building of a strategic airport at

Mount Pleasant capable of handling large transport jets. It lies 25 miles south-west of Port Stanley, the islands' capital and only large town.

Theoretically, the airport represents a guaranteed 'airhead' for intervention by British forces in a crisis. Lack of a suitable runway in 1982 forced the UK to mount a major amphibious operation to recapture the islands from the Argentine invaders. It took six weeks to ship enough men and equipment to the South Atlantic to stage a counter-attack.

The 74-day war cost Britain four warships, a number of

aircraft, one cargo vessel, a troopship, and 258 dead. A further 700 servicemen were seriously injured. Argentina lost the cruiser Belgrano, more than half of its airforce, an official 712 dead — although the true total is probably more than twice that figure — and hundreds of wounded. Defeat and the humiliating surrender of 11,000 troops also led to the fall of Argentina's military junta.

No declaration of war between the two countries was ever made, and no peace treaty marking the end of hostilities has ever been signed. Recent convulsions within the Argentine army have

only served to ram home the point that a nation whose national philosophy is based on *machismo*, a frequently fatal combination of aggressive pride and misplaced faith in their own ability to enforce it, might be tempted to try to redress the balance.

Another full-scale invasion is probably out of the question. The presence of a single British nuclear hunter-killer submarine in the area, or at least the perceived presence of such a lethal predator, would tend to rule out a naval riposte.

But Argentina has managed to replace most of the aircraft it lost

during the 1982 campaign. It could field more than 150 combat jets against the nine Phantoms known to be based on the Falklands. And while mainland Argentina is a mere 400 miles away, the nearest British supporting base is at Ascension island, almost 4000 miles distant.

Aircraft for aircraft, the Phantoms are more than a match for anything in the Argentine inventory, but a concerted blitz aimed at cratering the runways and leaving the RAF with no base on which to land is just possible. Given the Argentine air force's proven willingness to accept casualties, courageously

demonstrated six years ago, it is a factor which must worry military planners.

A far more credible method of restoring national pride would be small-scale commando raids against isolated radar or Rapiere anti-aircraft missile sites around the islands. Argentina has four diesel-electric submarines capable of landing small teams of special forces.

There is some speculation that the Fire Focus deployment of a battalion of The Light Infantry, artillery support and engineers may not be entirely due to the MoD's enthusiasm for cost-efficiency. Nor is it likely that the

Foreign Office would be so ham-fisted as to condone a major exercise which virtually coincides with the sixth anniversary of the original Argentine invasion.

Argentine forces have already been placed on "defensive alert", and the reinforcement of Fortress Falklands has been roundly condemned by the majority of South American nations as an act of provocation.

Allowing for the fact that the UK was caught with its camouflage trousers round its combat boots in 1982, it must be assumed that the intelligence services have now pieced their act together on the South American

mainland. The British Government would be unlikely to survive another lapse in warning time if it led to British losses.

It is conceivable that some inkling of a raid by maverick Argentine officers in a country where anniversaries are important has trickled back to Whitehall. Fire Focus would have been staged this year in any case, but its timing may have been advanced as a deterrent to any adventurous souls across the water to the west. The MoD will not be drawn on the issue.

Glasgow Herald 15/3
Cont.

British reinforcements left RAF Brize Norton in Oxfordshire last night in a fleet of Tristar, VC10, and Hercules transports, supported by refuelling aircraft. On the final approach to the Falklands, they were joined by a squadron of Phantoms which had flown from RAF Leuchars to ride shotgun on the airbridge.

The exercise, which includes live firing, is being staged through Ascension Island in mid-Atlantic. It is due to end on March 31.

Falklands debate in two days

New York (Reuter) — The Security Council will hold two meetings on Thursday at Argentina's request to discuss ongoing British military manoeuvres around the Falkland Islands.

Council sources said the two-session debate would probably be confined to speeches, without any resolution being submitted.

In London, the Royal Air Force said Phantom fighters and a battalion of light infantry would take off tomorrow for the manoeuvres, designed to test Britain's "rapid-reinforcement" strategy.

Countries progress at varying pace

Contrasting pictures are presented by Venezuela, Argentina and Peru, underlining the fragile nature of progress in the debt crisis. One has returned to the capital markets. One faces a new liquidity crisis. The other has cut itself off from most of its creditors. FT writers report:

VENEZUELA has made considerable progress since it declared a moratorium on foreign debt principal repayments in 1983, writes Joseph Mann in Caracas.

It is repaying some principal – the only Latin American country to do so out of reserves – and recently returned to international capital markets with a \$100m Eurobond issue. Last year, the Government obtained almost \$1bn in foreign credits linked to projects in heavy industry and transportation and trade lines to Venezuelan importers have moved from zero in 1984 to approximately \$2.5bn to \$3bn today.

However, the debt situation is bound to undergo changes next year with a new president due to be elected in December to begin a five-year term in February. Both leading candidates have said they will revive the debt structuring agreement.

In the light of falling oil prices and declining international reserves, some Venezuelan politicians are more concerned than ever about debt-service payments that consume 50 per cent or more of export revenues.

ARGENTINA faces another tough year in negotiations with creditors, writes Tim Coone in Buenos Aires. A senior Central Bank official said some \$2bn in fresh money would be required in 1988, over and above funds earmarked for Argentina by the International Monetary Fund, World Bank and commercial banks.

The \$5.35bn in new loans agreed last year has proved insufficient due to the sharp fall in the balance of payments surplus to less than \$1bn from a projected \$2.5bn. Although there is expected to be an upturn in the trade balance this year, official projections of a surplus in excess of \$2bn are considered optimistic.

The official said: "If we are forced to a moratorium it would not be an act of political will but a result of the force of circumstances. We shall undoubtedly see a repetition of the eleventh hour arrangements that we have seen over the past year."

PERU'S policy on foreign debt is to pay out only 10 per cent of export income on medium and long-term obligations, writes Barbara Durr in Lima.

Peru has differentiated among creditors, preferring to pay those that continue to extend credit, such as suppliers. The only remaining multilateral institution that continues to disburse loans and get paid is the Inter-American Development Bank.

Peru has not paid even token amounts to its commercial bank creditors for nearly two years and arrears are estimated at \$2.9bn. In contrast, short-term trade credit lines have been diligently paid.

Peruvian authorities argue that repayment must be according to the country's capacity to pay. They have refused to consider an IMF adjustment plan because they contend it would sacrifice the country's economic growth and place too great a burden on the poor.

Alexander Nicoll reports on a shift of mood evident among heavily-indebted nations and their creditors.

A return to tradition of 'muddle-through'

IT IS possible to paint two completely different pictures of the state of the 5½-year-old debt crisis of developing countries.

Picture one: though it is a slow business, debt strategy is paying off with many debtor countries enacting economic reforms which will return them to creditworthiness. Some are again beginning tentatively to tap international capital markets.

Picture two: debtor countries are faced with impossible debt servicing burdens which will lead to massive write-offs of their loans. According to this view, any visible progress is an accounting fiction which merely puts off the evil day for banks while delaying much-needed benefits to debtor countries.

There can be no doubt that for the world's poorest countries, the second picture is correct. Initiatives such as that of Mr Nigel Lawson, British Chancellor of the Exchequer, to ease terms for them – though bogged down in bureaucracy – have already recognised this.

The issue for debate is the outlook for middle-income heavily-indebted countries, mostly in Latin America. Are they on a road back to creditworthiness or not?

This will be the focus for both creditors and debtors as they gather in Caracas this week for the annual meeting of the Inter-American Development Bank.

Debt strategy has changed in emphasis since Mexico's insolvency in 1982 put the rest of Latin America into a similar predicament but it has essentially remained the same. The pattern has been for countries to negotiate economic programmes with the International Monetary Fund which would form the basis for new finance from official and private creditors, as well as for the stretching out of debt principal repayments.

This time last year, the

so-called "muddle-through" approach appeared to be utterly in disarray.

In February, Brazil had just become the first major debtor formally to withhold interest from banks. It had already refused to deal with the IMF. It sought a radical new approach from official and private creditors. At the same time, a package of new money and rescheduling for Mexico was proving extremely difficult to get together.

Until then, most of the world's banks had not reflected doubts about eventual repayment of Third World debt in their balance sheets. But in May, Citicorp, the largest private lender and top bank negotiator with the developing world, responded to these two situations by adding \$3bn to its loan loss reserves.

Its share price rose in response and banks across the US, in Britain, Canada and the Middle East were forced to follow suit. Continental banks were generally already more heavily provisioned and Japanese banks remain much less so.

Banks argued that provisioning strengthened their negotiating hand with debtors. But debtors inevitably saw it as formal recognition by banks that their debt would never be repaid. Since Citicorp made much of the fact that it planned to "liquefy" its loan portfolio, debtor countries looked more closely at the value of their debts in the secondary market, where Brazilian loans are quoted at 46 cents on the dollar, Mexican at 48 cents and Argentina's as low as 28 cents.

The result was an intensification of the desire of debtor countries to "capture the discount" – benefiting from the depreciated value which banks themselves put on the their loans. Brazil, still in militant mood, caused consternation with a plan to convert compulsorily loans into bonds which would have a lower

face value or a lower interest rate. This was rejected as a "non-starter" by Mr James Baker, the US Treasury Secretary.

Mr Baker did, however, later lend the Treasury's name to a Mexican scheme with essentially the same format, but with the important difference that it was voluntary for banks. They were invited to tender their loans in exchange for bonds with a lower face value but with the attraction of higher interest and principal collateralised by Mexican holdings of a special issue of US government securities. In addition, the new bonds were "exit" vehicles, exempting holders from future calls for new "forced" loans.

The Mexican proposal could have been an important step towards widespread debt forgiveness, since participating banks would in effect be forgiving the amount of the discount to face value which they put on their

loans in tendering them.

Two events, however, have shifted the mood of the debt crisis.

First, the Brazilian Government returned to the negotiating table with an essentially traditional approach. Mr Mailson da Nobrega, its new Finance Minister, has admitted that the costs of its moratorium outweigh the benefits. It has already made big strides in negotiating a new loan and rescheduling with the banks and plans an economic accord with the IMF.

Secondly – perhaps emboldened by Brazil's change of heart – banks essentially snubbed Mexico's offer. Only 139 out of more than 500 creditor banks tendered any of their exposure and only 95 of them at discounts which Mexico could accept. The response was such that Mexico accepted discounts as low as 25.01 per cent, far narrower than it had hoped. Instead of retiring a

Press Cuttings

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FINANCIAL TIMES

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15 MAR 1988



piners and some other debtors are much healthier.

The death of the US-sponsored Baker Plan is frequently declared. It was designed to keep the rescheduling process going in concert with growth-oriented economic adjustment policies. But its principles are still being applied, with the crucial exception that substantial new financing flows which it foresaw have not materialised.

The "menu of options", by which banks are allowed to put up new financing in a variety of ways, is being expanded. This worked well in Argentina's deal last year, and is likely to be amplified in Brazil's: for example, an "exit" vehicle similar to Mexico's, but learning from that experience, is almost certain to be included.

A key debate in Brazil's talks is whether banks will have the option to capitalise their interest – add it on to existing principal – as an alternative to putting up new money.

Elsewhere, there are signs of greater flexibility which could also shore up debt strategy. Mr Michel Camdessus, IMF managing director, is talking of lengthening the monitoring periods of debtor countries' economies.

Cynics would say that all this is mere whistling in the wind. Developing countries face huge negative net transfers if they continue to service their debts and this will be increasingly politically unacceptable. What will happen when the industrialised economy turns downwards, reducing the debtors' export potential?

Much depends on whether Brazil, as the largest debtor, can back its change of heart with public spending cuts and other economic reforms. If it cannot, and fails to win an agreement with the IMF, the outlook will perhaps be even bleaker than it was a year ago.

net \$10bn as it wished, it managed to cancel \$1.1bn.

Critics of the banks say they missed a golden opportunity to engage in orderly and realistic debt forgiveness. They would have had a stronger asset and the debtor would have been in a stronger economic position.

The outcome of Brazil's decision and Mexico's offer – as well as Argentina's avoidance of confrontational moves despite a severe liquidity crisis – is a reaffirmation of previous debt strategy with the long-term aim of returning the debtors to the capital markets.

For adherents of this approach, Venezuela's decision to issue a \$100m Eurobond last month could not have come at a better time. It was the first Latin American country which has rescheduled its debts in the 1980s crisis to return to the capital markets. At the same time, Mexico has substantial reserves and the economies of Chile, the Philip-

LOS ANGELES TIMES

15.3.88

Clouds Over the Falklands

ed
3-15-88
Los Angeles Times

Argentina has turned to the United Nations Security Council in its anger about British military exercises around the Falkland Islands—a move that demonstrates the continued commitment of Argentina's democratic government to a peaceful solution of the 155-year-old dispute. It is appropriate and also a reassurance that the lessons of the war, launched by Argentina's military rulers, have not been forgotten.

Perhaps Britain will be able to justify these exercises when the council convenes. On their face, however, they seem an unnecessary provocation hardly designed to strengthen the hand of Raul Alfonsin as he struggles to consolidate democratic forces in Argentina.

Britain remains adamant in its refusal to negotiate the sovereignty of the Falklands, which the Argentines call the Islas Malvinas. Its options are obviously limited by the apparent determination of

the 1,800 residents of the islands to remain there as subjects of the British crown. But the six years since the war have been marked by no British initiative to create a better climate in relations. The imposition of the 150-mile fishing zone in 1986 and now the Fire Focus military maneuvers have served to make matters worse.

There is one faint hope that the effect of the maneuvers will not be entirely negative. The object is to test London's ability to reinforce its garrison in the event of hostilities. There were only 43 on duty when Argentina attacked in 1982. An enlarged airport has now been completed to facilitate resupply. But the garrison also has been expanded to 2,000, a number that seems as excessive as it is menacing. Perhaps the maneuvers, and Alfonsin's clear commitment to the peaceful resolution of the historic dispute, will serve at least to bring substantial cuts in the number of troops.

Falklands fishing zone 'cannot offer guarantees'

BY ROBERT GRAHAM

THE 150-mile fishing zone around the Falklands, declared unilaterally by Britain in 1986, cannot guarantee effective conservation of the main fish stocks, according to a study published by the South Atlantic Council, an independent body designed to foster understanding between Argentina and the UK.

The study, by Dr Peter Willetts of the City University, London, argues that the bulk of the fishing in the South Atlantic takes place outside on the high seas - out of both the Falklands fishing zone and Argentina's 200-mile territorial limit.

Dr Willetts maintains that the Falklands Islands Interim Conservation and Management Zone (FICZ) covers an area where less than half the total South Atlantic catch was taken before 1986. Strict controls in the FICZ of the most valuable catch, the illex squid, will only increase fishing for this species on the high seas, he says.

Only a multilateral regime covering Argentine mainland waters, the waters around the islands and the high seas to the north of the Falklands can monitor and control the whole ecological system.

Dr Willetts says Britain failed to give the Food and Agriculture Organisation of the United

Nations sufficient time to come up with a multilateral regime for the fisheries - the last area rich in resources where international fishing conservation measures do not apply.

Equally, he takes the Argentine Government to task for paying insufficient attention to conservation measures.

Dr Willetts emphasises the need for an understanding between Buenos Aires and London because of the large overlap between Argentina's 200-mile economic exclusion zone and Falkland waters - a claim separate from Argentina's demand for sovereignty over the islands.

The study does not mention, however, that indirect contacts are continuing between the UK and Argentina over working towards a multilateral fisheries regime. Despite the diplomatic row over Fire Focus, the current military exercise in the Falklands, Britain remains hopeful these contacts will continue.

The illex season in the FICZ opened this month with 180 licences on offer, all but two of which were taken up. The total catch from the FICZ is estimated at about £450m.

Fishing in the South Atlantic, Dr Peter Willetts, South Atlantic Council, London, £1.



Anti-Nazi Ireland

Dear Sir,

The letter from General Sir Walter Walker is lamentable (11 March). If he had been in Ireland at any time during the Second World War, as I was, he could not possibly have gained the impression that the people and parliament were anything but overwhelmingly anti-Nazi. And he might have discovered that there were more volunteers in the British armed forces, including me, from the Irish Free State, as it was then, than from Northern Ireland.

I suppose even he would agree that Germany was the least bit more "hostile" to Britain than Ireland was, yet I doubt whether he still feels such a pathological hatred for this Nato ally.

As to the Falklands, there was certainly no more opposition in Ireland to British policy than there was in Britain itself.

Yours,
KILBRACKEN
House of Lords

£3m Falkland exercise 'good value for money'

**By Patrick Watts
in Port Stanley**

THE £3 million cost of Fire Focus, the Falklands reinforcement exercise, is good value for money, according to the exercise commander.

Maj-Gen Neil Carlier said: "When you compare £3 million with the cost of maintaining a larger garrison of forces in the Falklands, it is quite insignificant."

A Royal Engineer who has risen from the rank of lieutenant-colonel to major-general in six years, Gen Carlier, a popular figure in the Falklands, has spoken of the way in which farmers can help him during the islands' first major exercise since the 1982 conflict.

With some "in theatre forces" acting as enemy, he suggested to the islanders that "if they see someone they don't recognise walking around Lafonia (a large area of farmland on East Falkland) then they should phone in".

He spoke of the "wild speculation about the exercise, which some people in the press have wrongly called an operation. The reinforcements will consist of less than 1,000 men to supplement the troops here".

● **Michael Kallenbach** writes: Argentina's decision to call for a United Nations meeting to protest against Fire Focus is likely to cause a division among members of a mostly pro-Western Security Council. British diplomats have begun lobbying for support.

Mensun Bound, underwater archaeologist and Falkland Islander, talks to Jane Green. Photograph by Simon Dobbs

A LIFE IN THE DAY OF

Mensun Bound

“My life is split between Oxford, where I work and where we have a house, and London, where my wife Joanna works for Erna Low Travel Consultants and where we have a small flat off Kensington Church Street. I try to spend three nights a week in London and Jo tries to spend two or three nights in Oxford. During the summer I direct the underwater excavation of ancient Mediterranean wrecks.

These days I worry a lot about my heart. We all check out early in my family. So in an attempt to coax out a few more years I have been trying to eat proper breakfasts. I like muesli, but Jo has this almost pathological compulsion to cherry-pick at all the nice lumpy bits, so I have to hide it from her all the time.

Once I get started I work solidly until I go to bed, but I never like to rush the first hour and half of my day. I like to... well, think about things. Watch the news, address a few letters from the night before, plan my day. I always water my plants and give each one a little tug by its leaves, which I, at least, believe makes them grow faster. Jo calls this



Mensun Bound, 34, is a Falkland Islander born and bred. He went to school in Uruguay and, after a spell at sea, won a scholarship to read archaeology in the States. After working at the Metropolitan Museum of Art, New York, he moved to Oxford and married Joanna Yellowlees. He is archaeological director of Oxford University's unit for maritime archaeological research. He and his team are currently working on a wreck off Sicily – which can be seen in BBC 2's *Discoveries Underwater* on March 27

my 'pottering' phase. She says I have developed it into an art form. I loathe getting mail as it usually means more work, and I live in fear of invitations to cocktail parties. I malfunction in any social situation.

There's no way I can potter in the field. Up at first light to go over the morning's dive order with the chief diver, I throw back whatever food the cook has prepared and then brief the team and give them their terms of reference for the morning.

I love my work, my university and my wife - although that should not be taken as the order of billing. My favourite times are the quiet moments of excavation life which are spent with the draughtsmen, trying to tease every last little drop of information from an artefact.

Back in England I love it when once every two or three weeks I can snuggle up on the sofa with Jo and watch an old Forties or Fifties movie. Paul Muni, George Raft, the great Edward G: I love 'em. Jo and I have this thing about last lines of old movies. We always sit there transfixed waiting to see what the very last line will be.

I think about the Falklands quite a bit. I have a sort of love-hate relationship with them. Whenever I step over a fresh cow-paddy near my house outside Oxford I get these Proustian evocations of Falklands' cowsheds at 5.30 in the morning. The smell of the gorse outside Government House in Port Stanley, and the lovely stench and babble of the penguin rookeries are things I can conjure up without even trying.

And yet I resent the Islands a bit, too, because they are so restricting for me. I cannot live there and practise the things which I like most and do best.

My father was raised on Saunders Island, the site of the first British settlement, and my mother was born in a stone cottage on what was to become the battlefield at Goose Green. I am 4th and 5th generation, so it is deep within me.

I would like to take Jo there and show her all the places where I ran wild as a boy, but they are all Argentine minefields now. And this makes me sad.

I harbour no resentment towards the

Argentine people, but I am British, and some day when some person, somewhere, sits down to write the final definitive page of Falkland Islands history, I, as much as any kelper, want that page written in English.

The isolation of the Falklands and the absence of outside stimuli made me a dreamer. As a boy I used to read a lot. I would read *A Tale of Two Cities* and then

fantasise about standing up and haranguing the rabble. And then I would read *Far from the Madding Crowd* and see myself as the dashing Sergeant Troy.

After school, stories of the sea led me into the engine room of a tramp steamer in the South Atlantic. I soon found out that life at sea wasn't all it was cracked up to be and so jumped ship in a place called Punta Arenas in the Straits of Magellan. I think there is more than a dash of the dreamer in all archaeologists and that people often become archaeologists because of an inability to cope with the modern world.

But of course it was the hulked Cape Horners of the Falklands that first gave me my

fascination with wrecks. As a 10-year-old I used to read wreck articles in the *National Geographic Magazine*, and then I'd write to them. Recently I was working with *National Geographic* and I told them about this, and now they are trying to locate those letters. Jo says I am a case-book study of arrested development: most little boys are fascinated by shipwrecks, and grow out of it. With me it just went on and on.

When Jo and I are diving we always try to go down together because the tension and utter helplessness you feel when one is under and the other is above can almost make you sick. Three years ago one of our team died underwater. It has profoundly affected both of us. He was a good man, with a wife and family. They say I cannot blame myself because accidents do happen in diving, but the undeniable bottom line is that he would still be around today if it hadn't been for me starting it all.

I relive that awful day again and again. For both Jo and me the sound of someone shouting my name, people running, people gathered in a group, turns our blood to ice. We both have nightmares. That day, and the efforts to revive our friend, is repeated again and again - the ultra-realism is incredible. Grains of sand in the dream seem as big as boulders. When I wake up I am sometimes too scared to go back to sleep for fear of a replay, so I get up and work.

But generally I seem to be mellowing with age. I even seem to be developing a sense of humour, whereas before what humour I had was about as dry as my mother's toast. I now find myself laughing out loud at things, particularly myself. All jealousy and vanity seem to have evaporated in recent years.

Being a field archaeologist is a bit like being a sponge: for three months of the year you absorb information until you are sodden and then the rest of the year you spend wringing yourself dry as you put it all down

on paper. I try every year to complete one report, a popular article, an investigative monograph and a couple of reviews.

My problem is that I tend to tinker a lot with my writing, and this may prove in the end to be my tar-baby; I hate to let anything go. My house is a sea of semi-finished papers in which whole chairs and things have been known to go missing for weeks on end.

When I am in Oxford there is usually a panic at 5pm as I dash to the Ashmolean Museum library to change books and look up references before it closes. If I don't have to be at the university the next morning, or at the London apartment with Jo, then I will usually stay up all night working and only go to bed after catching the 6am news headlines on TV-am. Jo says that if I continue at this pace I will destroy my mind. I tell her that I did that years ago - now I'm working on my nervous system.

”

Next week: Alan Garner, children's writer

New cash fight for soldiers

By WILL BENNETT

A SPECIAL Government fund for injured ex-servicemen is being demanded by campaigning Labour MP Jack Ashley.

The fund financed by the Ministry of Defence would give ex-gratia payments to people injured by negligence in accidents while they were in the Forces.

Now Mr Ashley's plan — similar to the one introduced for Falklands War veterans — is to be studied by Defence Secretary George Younger.

It would ease the financial problems being faced by injured ex-servicemen who have not benefited by a change in the law.

As a result of a campaign by Mr Ashley the law preventing servicemen from suing after such



CAMPAIGN: Ashley

accidents was repealed, but only those injured since the change can benefit.

People involved in earlier accidents cannot sue.

Last week The Mail on Sunday highlighted the tragedy of former Royal Marine, Martin Kettrick, crippled in an abseiling accident, whose case led to the change in the law.

Helicopter tragedy

Crash kills Duke of York's pupils

By David Sapsted

A two-man helicopter crew undergoing instruction by the Duke of York have been killed in a crash off the Portuguese coast, the Ministry of Defence disclosed yesterday.

The Duke looked on as the bodies of the pilot and observer were recovered after the accident on Thursday evening, a few hours after the Prince of Wales narrowly escaped a Swiss avalanche that killed his close friend.

A board of inquiry was set up by the Ministry of Defence yesterday to discover why the Lynx helicopter crashed into the sea three quarters of a mile from the Royal Fleet Auxiliary ship Engadine, about 50 miles north-west of Lisbon at 9.30pm.

The dead men, Lieutenant Commander Anthony Davies, the pilot, aged 37, from Barry, Glamorgan, and his observer, Acting Sub-Lieutenant Richard Cawthorne, aged 23, from Stanton, near Bury St Edmunds, Suffolk, were on attachment to 702 Squadron

at Portland, where the Duke of York is a helicopter warfare instructor. Neither of the dead men were married. Acting Sub-Lieutenant Cawthorne's father is a former top security adviser to Mrs Thatcher.

The Engadine is an aviation training ship. Lt Cdr Davies was undergoing a conversion course to the Lynx helicopter. The Duke is fully trained on the Lynx, which he flew in the Falklands. On the Engadine he was teaching tactics and how to get the most from both the Lynx and its weapons systems.

The defence ministry would not say whether the Duke was involved in the planning of the fatal operation. "It is normal practice not to reveal who is involved in the planning of operations," a spokesman said.

On May 10, the Duke is scheduled to join the crew of HMS Edinburgh, a Type 42 destroyer, to gain his watch-keeping and ocean navigation certificates.

Press Cuttings

from Broad Street Associates **THE GUARDIAN** 12 MAR 1988

News in brief

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Argentina calls for UN debate

Argentina yesterday called for a Security Council meeting on British exercises around the Falklands, the Argentine ambassador to the UN, Mr Marcelo Delpech, said.

He said he expected the Foreign Minister, Mr Dante Caputo, to attend the council meeting next Thursday. The debate would focus on "the military manoeuvres now in course of action in the islands" which prompted Argentina to sound a defensive alert.

Britain began exercises on Monday which are designed to test its ability to rapidly reinforce the reduced garrison on the Falklands. — Reuter.

Falklands appeal

New York (Reuter) — Argentina called yesterday for a United Nations Security Council meeting on the British military manoeuvres around the Falkland Islands.

The Argentine Ambassador to the United Nations, Señor Marcelo Delpech, said that he expected the council would meet on Thursday, when the Foreign Minister, Señor Dante Caputo, would be present.

Britain began an exercise on Monday to test its ability to reinforce the Falklands garrison. Argentina, which has its troops on "defensive alert", says the manoeuvres violate its sovereignty and run counter to resolutions by the UN and the Organization of American States calling for talks to resolve the sovereignty. **Letters, page 9**

Little need for Argentine link

From Sir Rex Hunt

Sir, Your assertion (leading article, March 7) that the resumption of the air and sea bridge between the Falkland Islands and Argentina would contribute towards the islanders' prosperity and well-being is based upon a misconception of the situation before 1982.

Communications with Argentina did not exist until 1971, when the weekly sea link with Montevideo was discontinued and the Argentine Air Force introduced a twice (latterly, once) weekly air service from Comodoro Rivadavia.

It took the best part of a day to fly to Buenos Aires from Stanley and 16 hours from London, which meant an overnight stop. Islanders never wanted to fly through Argentina to get to the rest of the world. Now they can fly twice weekly to Britain (their homeland) in 18 hours.

The "sea bridge" consisted of an occasional (two or three times a year) visit by an Argentine naval support vessel, its main load being aviation fuel for the Argentine Air Force. It took nothing away from the islands except empty fuel drums and gas cylinders.

Over 95 per cent of Falklands trade has always been with Britain. The main export, wool, goes to the Bradford auctions and the ship bringing it takes back virtually all the islanders' imported needs.

A sea link with Argentina would not replace this: Argentina does not want Falklands wool and islanders want British, not Argentine, goods.

Your assumption that "at some point the subject of sovereignty must be raised" is reasonable only if linked with the islanders' right of self-determination.

Yours faithfully,

REX HUNT,
Old Woodside, Broomfield Park,
Sunningdale, Berkshire.
March 9.

Aircraft turned back

A British military plane which made an emergency landing in Uruguay on Tuesday night returned to the Ascension Islands after being refused permission to continue its journey to the Falkland Islands.

Press Cuttings

11 MAR 1988

from Broad Street Associates **The Daily Telegraph**

R A F Hercules allowed to leave Uruguay

By Our Buenos Aires
Correspondent

AN RAF Hercules transport aircraft took off from Montevideo last night after permission to leave was granted by the Uruguayan government.

The Hercules, which was forced to land on Tuesday because of propeller problems while flying to the Falklands for the Fire Focus exercise, was repaired by its seven-man crew.

The government said earlier it would be allowed to fly to Ascension Island and would not be forced to return to Britain, as press reports had claimed. But the foreign ministry said it should not fly direct to the Falklands.

Operation Fire Focus puts defence of islands to the test

British forces on Falklands 'at about turn, Hercules



TO avert a political row the Government has agreed that the RAF Hercules forced to land in Uruguay because of engine trouble will head back to Ascension Island and not continue its trip to join the British military exercise in the Falklands.

CHIEF of the Falklands Islands, Sir John Young, today said the defence of the islands was being put to the test by the arrival of the RAF Hercules, which is expected to land in the islands today.

The Hercules, which is the largest military transport aircraft in the world, is expected to land in the islands today.

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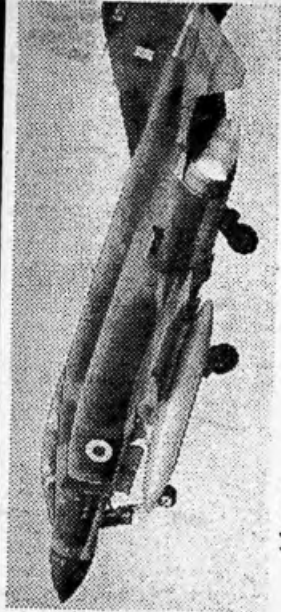
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Operation Fire Focus puts defence of islands to the test

British forces on Falklands 'alert'



Above: A phantom jet, three of which will be flown out to the Falklands (left)

CIVIL servants yesterday signalled the start of the Falklands reinforcement exercise, codenamed Fire Focus.

They alerted military authorities to an imminent 'enemy' invasion of the islands and more than 1,000 troops drawn from the Light Infantry were put on stand-by.

The Royal Air Force will send three Phantom fighters to join the three already stored in bombproof hangars at Mount Pleasant. And Nimrod Maritime patrol aircraft will fly in non-stop to search the sea around the 150-mile protection zone which still surrounds the islands.

By PAUL MAURICE
Defence Correspondent

The troops themselves will leave early next week on TriStar and VC-10 troop transporters.

They should arrive ready to fight and will be deployed for exercises in areas like Fox Bay, Port San Carlos and Goose Green where the battles for the recovery of the islands took place.

Right

The manoeuvres are designed to show that the tiny South Atlantic colony can be rapidly re-inforced if it is attacked again.

The 1,900 Falkland Islanders have been pressing the Government to test its defence capability.

The Ministry of Defence is emphasising that it is only an exercise and has rejected Labour charges that it is 'unnecessarily provocative.'

Minister of State for the Armed Forces, Mr Ian Stewart, said: 'I do not see how something which is purely a defensive exercise can be seen as provocative.'

'We have to defend the Falklands. We not only have a right to have a defensive garrison in the Falklands, we have a responsibility to do so.'

Britain has, however, been attacked in the United Nations and Brazil has withdrawn an invitation for Foreign Office Minister Tim Eggar to visit.

The exercise involves only about a fifth of the troops and aircraft which would be sent in a real emergency.

In the last six years the Government has spent more than £2,500million in defending the islands. But now as the total cost is absorbed into the defence budget it should cost less than £150million a year.

Runway

The key is the £300million airport at Mount Pleasant about 40 miles from Port Stanley. When the Argentine forces invaded in April 1982 the tiny airstrip at Port Stanley could not take large aircraft and the RAF's Hercules troop transporters did not have the range or the air-to-air refuelling facilities to reach the Falklands.

Now Mount Pleasant has two long runways, both of which can take Boeing 747s and the RAF's newly acquired TriStars.

Daily Mail
10 March 1988

RAF plane held after emergency landing

By PAUL MAURICE
Defence Correspondent

AN RAF Hercules was under military guard in Uruguay last night after being forced to make an emergency landing at the start of the Falklands reinforcement exercise Fire Focus.

It was not immediately known if the giant transport plane was carrying British soldiers or equipment into one of the biggest exercises mounted since the 1982 war.

The moment it landed it was surrounded by Uruguayan troops - but the Defence Ministry insisted that this was normal procedure since Carrasco airport, near Montevideo, was used by civil airlines.

The Hercules developed propeller trouble on a flight from Ascension Island in the South Atlantic. It was 85 miles short of the Falklands when the crew were told that sharp cross winds at Mount Pleasant on the Falklands would put a landing beyond the Hercules limit.

According to one report from Montevideo the Uruguayan President and Foreign Minister were holding an emergency meeting to decide whether the plane should be allowed to continue its flight after repairs had been carried out. But this may be a diplomatic subterfuge to keep up appearances.



HARRY BARRETT'S INSIDE TRACK

IN this column, last week, I wrote that the Hughes Food Group was stirring up some of the entrenched names in the business. Further evidence of this is a letter which has just been circulated to the staff of Andrew Marr International from the chairman.

Referring to the resignation of two senior and three junior staff from subsidiary Peter & J Johnstone in Scotland, and the general manager of the Canadian office "to join an aggressive new competitor", the letter points out that there are predators on the prowl.

Mr. Marr says that approaches have been made to sell off parts of the business and the letter emphasises that these had been rejected with an "emphatic no" and this would continue in the future.

Outlining the expansion of Marr International activities in Canada, USA, Falkland

Islands and Scotland, Mr. Marr said that this was a total commitment to the future.

The letter concludes: "When predators are around we will not be the only ones subject to attack."

"You do not need reminding that the international fishing industry these days is entirely dependent upon quotas and, as in the past, we know quotas are only obtained by newcomers if existing fishermen give them up, or have them taken from them. We may yet have a greater service than we know to render to our fishermen clients and customers."

Press Cuttings

from Broad Street Associates

FINANCIAL TIMES

10 MAR 1988

Emergency landing

RAF aircraft, carrying Falklands supplies, landed in Montevideo with engine trouble. Uruguay said it was in custody; the UK Foreign Office denied this. Argentina accusations, Page 5



LIBERATION DAY: But now the islanders seem too busy making money to welcome British visitors with open arms

How my sentimental journey went flat



NICHOLSON, 1982

TV war correspondent
MICHAEL NICHOLSON
returns to the Falkland
Islands six years later

IT was a most unlikely second seaborne invasion of the Falklands. Six years ago we had slipped ashore at San Carlos by night with blackened faces and our hearts in our mouths.

This time it was a direct daylight frontal assault on Port Stanley from the cruise ship Astor, anchored in Berkeley Sound. Not with Marine Commandos this time alongside me but ageing passengers clinging to handbags and personal videos.

I went ashore with 300 or more, mostly British, all excited at setting foot on Falklands soil. Many had joined the cruise just for this. Already I could see familiar landmarks; the tiny Christ Church Cathedral, the sloping road up from the Globe Inn, where the Argentinians had placed their heavy guns to delay the Paras' final assault. And the War Memorial, new and sparkling, beyond Victory Green, the names of the dead cut deep into the granite.

Nostalgia

But so familiar are these islands now to our national psyche that my fellow-passengers felt they had been here before.

Such is our affection for the Falklands, all of six years old, that whether they had come from Torbay or Frinton, Jersey or Manchester, they all said they felt they were coming home!

I think they even expected a welcome. Perhaps they thought they deserved one. After all, the islands have been a drain on our emotions as well as our Exchequer so it was common to hear people aboard say the Falklanders were in our debt,

mortgaged by that British sacrifice in the spring of '82.

But, despite the expectations, the quayside was not bristling with a forest of Union Jacks and welcoming faces.

Here were hundreds of well-heeled Brits, brimming with collective nostalgia, already a little tearful, ready to scuff their shoes along Stanley's muddy roads, wanting to experience a little of that much-reported sense of isolation and shared adversity.

But there was no one, or almost no one, to help them ashore, or help them spend.

What had the cruise brochure promised? A visit to a Bluff Cove sheepfarmer, a flight over the islands, a trip to the penguin colony. But an apologetic man from the Tourist Office explained that the sheep farmer was too busy shearing, the aircraft was being serviced, and anyway the pilot was not feeling too well.

However, the penguins were on just as soon as the Stanley Bus Company released the coaches. Both of them.

Those many people who were looking forward to a change in diet after weeks of luxury liner food would need to queue at the Upland Goose, offering scampi and chips, gammon and chips and sweet and sour pork and

chips — traditional Falklands fare.

All of which made many wonder, that is those who did not have more than a passing interest in penguins, whether the Astor's 12-hour anchorage was not ten hours too many.

And there were many who left, the Falklands disappointed, feeling let-down and unwelcomed. And wondering why. Perhaps, had they stayed longer, had they found an islander with enough time to spare to explain why, they would have understood.

The feeling of family, of fraternity, of shared sovereignty is not heartily reciprocated here. The islanders do not feel it the way we apparently do. Nor, to my recollection, have they even since the heady days of victory six years ago. No one here is too shy to tell you they do not feel desperately British or part of the last outpost of Britishness.

Ancestors

Here they tell you that their ancestors didn't come to the Falklands to be closer to Britain. 'We are still 8,000 miles away,' they say, 'and it still suits us that way.' There is no umbilical cord, except in our imagination.

If the islanders cannot cope with tourists in numbers, it's because they don't want to cope. If the visitor feels ignored, it's because the islanders are too busy going about their business and that is not the business of pandering to the occasional ship-load of tourists.

But I do not think we should be too harsh on these people. Perhaps we expected too much.

After all, we admire the independence and hardy spirit of islanders in the Outer Hebrides. Born with the same in-bred determination to survive and stand on their own two feet, the Falklanders are picking up the pieces of their lives ... on their own.

They have found a new life support. Not us. Not oil. Not minerals. But two little visitors who are changing the face and politics of the Falklands more

than General Galtieri could ever have guessed.

Their names are Illex and Loligo. We call them squid and a sudden change in their migratory habits is bringing wealth to the Falklands where all but the dreamers had considered there was none. The Falklands face has changed and the squid is changing it.

These midget cephalopods have suddenly made the 150-mile protected zone around the islands the finest fishing grounds in the world. And the world's fleets are here, from Russia, Japan, Taiwan, Korea, Poland, Spain and Chile. And they're paying handsome dues to the islanders to be here — £20 million in revenues this year and they're rising.

This year over £400 million worth of squid will be harvested, much more than Britain's entire North Sea catch of all fish.

Bonanza

All of which is astonishing and unexpected good luck for the Falklanders. Plans are afoot to persuade the international fleets to operate out of Stanley, to dredge the harbour, to provide a modern port with re-supply facilities of fuel, water and food. Even to finance a home fishing industry.

With the revenue and interest from overseas investments of some of it, the islanders can expect a better life than many in Britain could hope to achieve — better housing (already mini-estates are being built here), bigger and better schools, hard-track roads, and an expensive Flying Doctor service.

Everyone's a winner. Except us, the nation who sent its men and boys out here six years ago. The nation who made this bonanza possible. The nation who, even now, is struggling to get its own trawlers out here to take some of the pickings.

Perhaps we should have been a little more understanding a long time ago.

When I was here last in 1985 for the opening of the Mount Pleasant Airfield, I was flown by helicopter over the islands.

My pilot was Prince Andrew. Below us we could see many trawlers flying the flags of many nations. We could not see the flag of our own.

We had fought for the Falklands. We created a cordon around them. But only now have we realised the wealth we are protecting.

Among other things, as my fellow passengers and I discovered, we were protecting a fierce independence. And though it is hard for us in Britain now to do so, that too is something to cherish.

TELLEX

THE BROADCAST REPORTING SERVICE

REPORT

FISHING THE FALKLAND ISLANDS

For : BROAD STREET ASSOCIATES

ADRIAN KING

Prog: SEVEN SEAS

Service : BBC WORLD SERVICE Serial: 030816/BG

Date: 10.3.88

Time: 2315

Duration: 3minutes30seconds



47 Gray's Inn Road, London WC1X 8PR Telephone: 01-405 7151 TELEX 27688

MALCOLM BILLINGS:

Although there's been a bit of a fuss about the British Military exercise now taking place in the Falklands, the Ministry of Defence in London says that the international fishing fleet in Falklands waters will not be affected. They are down there for the season to fish within the 150 mile Falkland Islands fishing zone, which is under British jurisdiction. And among the scores of smaller vessels there are six large refrigerated cargo vessels, reefers, owned by the Greek company, Lavinia. These ships are between seven and twelve thousand tons and are riding at anchor at Barclay Sound, gradually filling their holds with squid. But although these are Panamanian flagged Greek owned ships, five of them have Korean crews, as shipping correspondent George Yemenakis* told me when he returned from a visit to the fleet.

GEORGE YEMENAKIS:

The crews, the Korean crews, including the captain, are prepared to work as stackers transporting the catch from the trawler into the river,

M.B:

So they are manhandling?

G.Y:

They are manhandling,

M.B:

Crates of fish?

G.Y:

Yes

M.B:

All the officers?

G.Y:

Yes, the radio officer, the first engineer, all of them. But they get an extra bonus. On the other hand no Greek seaman, no professional seaman, is prepared to do that and no European seaman is prepared to do that either.

M.B:

What are conditions like?

G.Y:

They are working non-stop when there is work but then there are long periods of waiting, we are being battered by Force 6, Force 8, Force 10, Force 12, winds.

M.B:

How many trawlers are bringing fish to these refrigerated cargo vessels, that then take the fish on to Europe and other parts of the world?

G.Y:

There can be up to 150, there are some Greek, but mostly from Japan and Korea.

M.B:

What sort of quantities of krill and squid are being lifted out of the waters round the Falkland Islands?

G.Y:

Each trawler takes, on a good day, between 25 and 30 tons and it is estimated that over a year they take about half a million tons.

M.B:

Is there any sign that these waters could be over-fished?

G.Y:

No, but there are fears and for this reason exactly they do take samples and they send them to the Imperial College to study, the movement of the krill and the squid. But there are people there from the environment lobby who are fearful for the krill especially because it is taken in great quantities and because, as they point out, it is towards the bottom of the chain of the food of all the other predators and if this goes, then a lot of species will be left without food.

M.B:

George Yemenakis, presenter of the BBC Greek Service programme for Seafarers, just back from the Falklands. Apparently, the Falkland Islanders themselves are beginning joint ventures with some of the foreign companies down there to exploit their remarkable fishing grounds.

10 MAR 1988

RAF aircraft forced down in Uruguay by oil leak

BY TIM COONE

A ROYAL Air Force transport aircraft bound for the Falkland Islands was forced to land in Uruguay on Tuesday night after an engine failure.

The incident comes just after the start of the "Fire Focus" military exercises in the islands, which have produced a sharp diplomatic response and a "defensive military alert" in Argentina.

Various Latin American countries, including neighbouring Uruguay, have expressed support for Argentina, and have questioned the political timing of the British manoeuvres.

According to the British Embassy in Montevideo, the Uruguayan capital, the C130 Hercules aircraft developed a serious oil leak in one of its four engines around midnight GMT on Tuesday, and had to land at Carrasco, just outside the capital, to carry out repairs.

The embassy said: "We are extremely grateful to the Uruguayan authorities for their humanitarian assistance. The aircraft had very little fuel left."

It said the Hercules was "on a routine flight carrying general supplies and is not directly

involved in the manoeuvres."

The aircraft and its crew of seven were still in Uruguay yesterday and it remained unclear when the aircraft would be able to continue its journey to the Falklands.

The Argentine Foreign Ministry in Buenos Aires said: "We have no comment."

The Uruguayan Foreign Ministry said: "We have no official information at present."

Meanwhile, the Argentine government news agency Telam reported the aircraft's emergency landing and said it contained "a shipment of bombs and explosives." It did not elaborate.

The news agency, citing Foreign Ministry sources, said the transport aircraft remained on Wednesday afternoon under "Uruguayan military custody" and that Brazil had denied it permission to make an emergency landing.

Telam also said without elaboration that the Argentinian Foreign Minister, Mr Dante Caputo, a critic of the military manoeuvres, was "in telephone communications with his Uruguayan counterpart, Enrique Iglesias."

Argentina, UK in accusations over Falklands

BY TIM COONE IN BUENOS AIRES

A WAR of words has broken out between Buenos Aires and London over the "Fire Focus" military exercises which began in the Falkland Islands on Monday.

On Tuesday evening the Argentine Foreign Ministry denied UK Foreign Office statements made earlier in the day that Argentina had been informed with "due anticipation" of the manoeuvres, that they would be "a modest exercise", and that only three Latin American countries had as yet protested to the UK.

"All these points are untrue," said the Argentine Foreign Ministry, adding that the first knowledge Argentina had of the exercises was the announcement in the British Parliament on February 11 "which described the manoeuvres in terms which left no doubt as to their magnitude."

Argentina also said "all the Latin American countries, together with six English-speaking Caribbean nations, expressed their disapproval in the Organisation of American States, called for restraint and urged negotia-

tions."

The Defence Minister, Mr Horacio Jaunarena, meanwhile sent a bellicose telegram to military units stationed in the south of the country in which he said that the manoeuvres were "a clear provocation" and that "the reluctance of the British Government to sit at the negotiating table . . . demonstrates its lack of justification to continue the situation of territorial occupation."

Argentina "is ready to defend its rights over the Malvinas against all claims," he added, "rendering honour to those who fought with courage and who generously offered their lives in the face of an enemy which was materially superior."

In a television interview on Tuesday night, however, the Navy commander-in-chief, Vice-Admiral Ramon Arosa, appealed to the local press to tone down its reporting of the conflict and said that as yet the navy's activities were limited to monitoring British radio transmissions around the Falklands.

Falklands plane lands in Uruguay

A British military Hercules transport plane flying to the South Atlantic was forced to divert to Montevideo in Uruguay yesterday because of appalling weather conditions at Mount Pleasant, the new strategic airport on the Falkland Islands (Michael Evans writes).

Special diplomatic clearance was requested and granted because of the sensitivity in several South American countries over the Falklands reinforcement exercise, "Fire Focus", which begins next week. Uruguay is one of those who have protested to the British Government.

The Ministry of Defence said yesterday that the Hercules developed propeller problems as it was flying to Montevideo and had to land with only three engines. It added that, despite some reports, the plane had not been placed under military arrest by the Uruguayan authorities.



Falklands plane has to land in Uruguay

A BRITISH Hercules C-130 made an emergency landing in Uruguay yesterday after it was unable to put down on the Falklands, Mark Urban writes. The plane was surrounded by troops.

It was not involved in the Fire Focus 88 exercise intended to demonstrate Britain's capability to reinforce the islands, but on a routine supply flight, a Ministry of Defence spokesman said.

The plane requested permission to land in Montevideo when it was 85 miles from the Falklands, after bad weather closed the Mount Pleasant Airbase. As it was making its way to Uruguay it developed a propeller fault and so had to land on three engines.

Reports from Montevideo said the crew of seven were not being allowed off the plane. The Ministry of Defence denied reports that it had been refused permission to land in Brazil but would not comment on claims that it was carrying ammunition.

Bad weather at Mount Pleasant can normally be anticipated, allowing planes to return to Ascension Island or land at the smaller Port Stanley airfield in the Falklands. The RAF says that in a genuine period of tension pilots would take risks in landing which would they would not otherwise consider.

10 MAR 1988

Press Cuttings

from Broad Street Associates **The Daily Telegraph**

RAF plane has to land in Uruguay

By Our Defence Staff

An RAF Hercules flying to the Falklands for the Fire Focus exercise was forced to make an emergency landing yesterday in Montevideo, Uruguay.

The plane developed propeller problems after bad weather forced it to turn back to Ascension Island when it was 85 miles from the Falklands. Uruguay is one of the Latin American countries which have protested about the exercise.

Press Cuttings

10 MAR 1988

from Broad Street Associates **THE GUARDIAN**

Emergency landing

An RAF Hercules transport plane which yesterday made an emergency stop in Uruguay while heading for the Falklands was leaking oil and landed at Montevideo airport on three engines, according to a British embassy spokesman in Uruguay. The aircraft, he said, was not part of military manoeuvres due to begin soon around the Falklands and was carrying a "mixed cargo" of supplies, including tyres and oxygen.

Press Cuttings

from Broad Street Associates **The Daily Telegraph**

9 MAR 1988

Falklands exercise part of new policy

SIR—Your editorial *An Act of Folly* (March 5) seems flawed both in its submissions and its omissions:

After the heavy expenditure incurred in building the airport at Mount Pleasant for the specific purpose of making rapid reinforcements possible it is hard to understand how

you can doubt the importance of holding a reinforcement exercise. We do it all the time in Nato. Time spent on reconnaissance is seldom wasted!

Latin American countries have, of course, to put in a show of solidarity. But as we saw during the Falklands campaign, they are not inclined to do much about it.

The underdevelopment of the Falklands has been largely due in the past to a general reluctance to invest there because of uncertainty as to the political destiny of the islands. The building of the airport has already encouraged a good deal of investment. So has the strong if belated line taken by the Foreign Office over fishing rights. Prosperity is growing; but future investment depends on confidence that the islands will remain British.

You show no perception of part the islands could play in the development of the Antarctic continent where Britain, along with the Argentine and Chile, has important, if conflicting, claims. It is surely in the joint development of Antarctica that our differences with the Argentine should be reconciled and our eventual co-operation established.

From: Rt.Hon. Julien Amery MP
House of Commons,
London SW1



Solitary vigil – Cpl Dickon Robinson on the summit of Mount Kent



Sig Dave Sharpe (foreground) with RN and RAF colleagues at the Mount Pleasant communications centre

BLEAK HOUSE

ON a cloudless summer's day, Stanley can clearly be seen some 15 miles distant beyond the necklace of mountains surrounding it, but on a bleak winter's day one might just as well be standing on the South Pole as blizzards rage and temperatures plummet.

This is the summit of Mount Kent – one of three mountain-top radar sites on the Falkland Islands – where, it is said, one can experience all four seasons within an hour.

Manned by 303 Signals Unit RAF, the detachment also has a solitary Royal Signalman permanently on strength trained as a communications technician and responsible for making sure all communications are working.

Drafted from 8 Signals Regiment, Cpl Dickon Robinson – incumbent at the time of SOLDIER's visit – said: "I have never known anything like it. It is very different and life is pretty basic up here but on the other hand it is fun because

everyone is someone and the motivation is high."

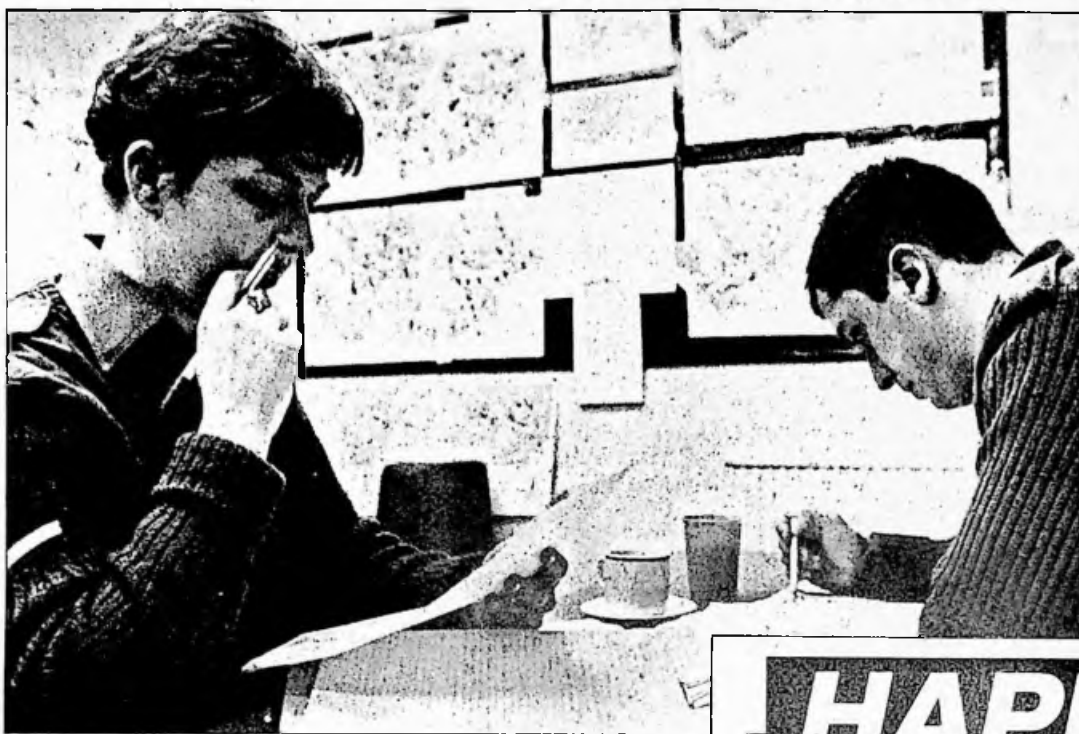
He, and his colleagues on Mount Byron and Mount Alice, are given back-up both in terms of welfare and equipment by the Mount Pleasant based Joint Communications Unit Falkland Islands (JCUFI).

OC Maj Moray Martin-Rhind R Sigs said: "It is a very interesting tour for the lads because they see how the other Services operate. They are on the go all the time and we see four months here as the equivalent of a year's experience elsewhere."

Royal Signals personnel serving with JCUFI are drawn from both the UK and BAOR and serve alongside colleagues from the RAF and RN. This tri-Service mix has been dubbed "jointery" by all involved with it.

Capt Jack Cowen R Sigs said: "Jointery works very well because we take the best of each Service's procedures and adopt them to the best advantage."

On this and the next four pages writer Mervyn Wynne Jones and photographer Mike Weston report on some of the support units serving in the Falkland Islands



LCpl Mandy Knight and LCpl Steven Wiltshire, TA members of the Intelligence Corps, sift through their paperwork

The mail prerogative

GARRISON morale soars with the arrival of each aircraft and its precious cargo of mail.

As soon as each flight has taxied to a halt the men of the Falkland Islands Postal and Courier

Troop RE leap into action.

They know that everyone is relying on them to deliver their mail as soon as possible – if not quicker – and the sorting office is soon at fever pitch.

That over they then have to sort the outgoing mail which often amounts to 10,000 "blues" – aerogrammes – and 3,000 assorted other types of mail each week.

"It can be pretty hectic," said Cpl Glyn Rees RE, "but we get a kick out of it because we know that morale is high as a result."



Popular sorts! RE posties deal with the incoming mail

HAPPY HOOK



POPULARLY known as the "Hookers" – with trophies befitting their nick-name emblazoned across their rest room – the Joint Helicopter Support Unit find their services much in demand.

Their job is to prepare underslung loads for carriage by helicopter, a task demanding precision and good judgement to conform with flight safety standards.

Just seven strong, the mixed RCT and RAF team are ready at a moment's notice to put a load together ranging from rations and fuel to heavy machinery and BV over-snow vehicles.

Last year they moved 8,000,000 kg of freight across the islands, hooking up loads beneath Wasps and Lynx, Sea Kings and Chinooks.

The Army team members are a mix of RCT personnel from

"NEVER in a month of Sundays," said LCpl Mandy Knight, "did I imagine I would end up here when I joined."

LCpl Knight, Intelligence Corps, is a member of the Territorial Army and is one of a handful of Intelligence and Security volunteers serving their annual camp in the Falkland Islands.

Posted in groups of four, the TAs are tasked by a Regular warrant officer permanently on station who monitors their nuts and bolts security work.

Unemployed LCpl Steven Wiltshire, who was doing his second South Atlantic stint, said: "It is an ideal opportunity to

the helicopter support units at RAF Odiham, Hampshire, and RAF Gutersloh, West Germany, and RCT specialists from 45 Air Dispatch troop based at RAF Lyneham, Wiltshire.

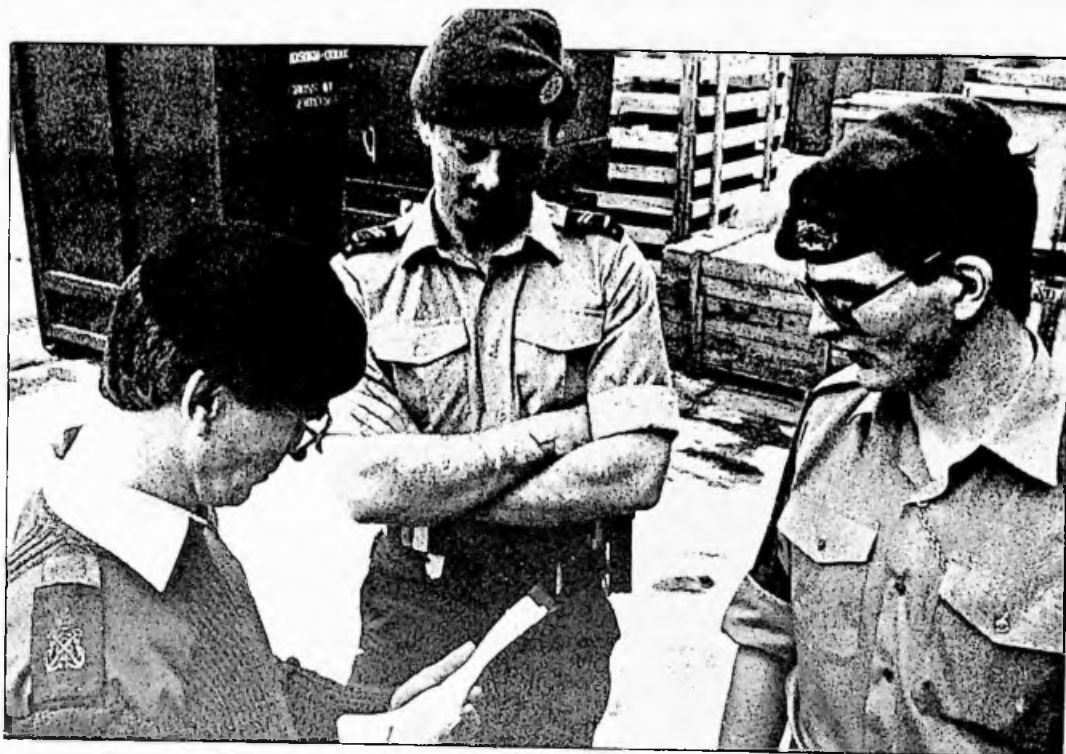
The latter's role in the Falklands is the preparation of pallets of mail, rations and supplies to be dropped by parachute from a Hercules to the detachment based on the

Odd spot for TA Int Corps

practise training which you do not get much of a chance to do back in the UK."

Tasks such as the protective security of military installations are padded out with a lot of paperwork during a typical two or three week Falklands camp.

KERS!



Hello, hello, hello! LCpl John McFaul RMP (right) with Regulating Petty Officer Laurence Lamden of the Royal Navy and Cpl Tony Hall RAFF

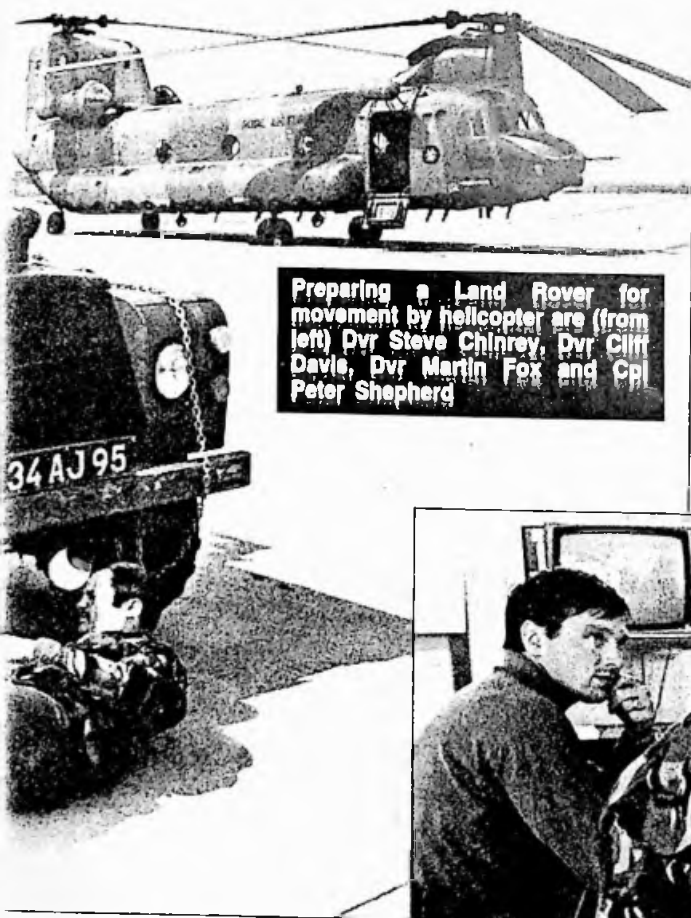
ON THE BEAT DOWN SOUTH

KEEPING an eye on the garrison and maintaining a round-the-clock presence at the Mount Pleasant complex is the Joint Services Police Support Unit.

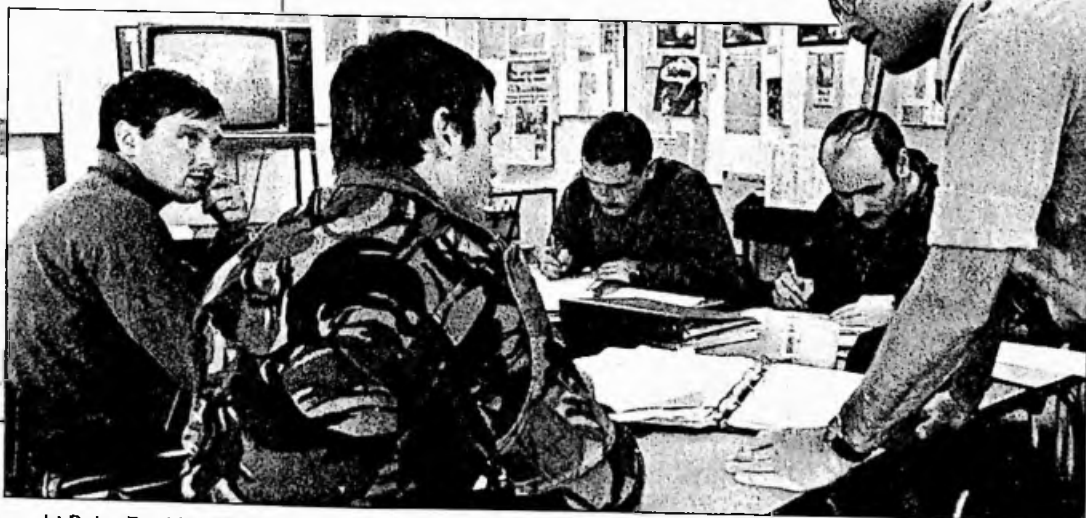
Encountering little trouble apart from traffic accidents and the odd case of petty crime and speeding, the 36-strong unit includes an RMP input of one WO2 SIB, a WRAC corporal attached, a

sergeant, a corporal and a lance corporal.

The SIB do a lot of crime prevention work while the others pitch in with the RAF and RN in day to day shift cover.



Preparing a Land Rover for movement by helicopter are (from left) Pvr Steve Chinnrey, Pvr Cliff Davis, Pvr Martin Fox and Cpl Peter Shepherd



Lt Peter Buckley RAEC (right) takes a class at Mount Pleasant

LANGUAGE ON DEMAND

LANGUAGE cassettes are much in demand from the Joint Forces Education Centre by Servicemen intent on getting to grips with tongues as diverse as Greek and Russian.

"If we have not got the course they want then we will send off for it," said Maj John Higgins RAEC who heads a team of Army and RAF educators.

Providing one of the main welfare functions in Mount Pleasant and the garrison as a whole, the centre stocks a wide variety of books, music cassettes and films.

remote island of South Georgia.

Escorting their cargo on the regular 1,600 mile round trip to South Georgia, they brave blizzards and poor visibility to deliver.

"The scenery is pretty dramatic around Grytviken," said Cpl Peter Shepherd, who served with the 1982 Falklands task force, "and we flew over an iceberg several miles long the other day."

Inside Stanley's new hospital Spr George Cheyne RE (foreground) has his pulse taken by Capt Angle Martin QARANC while islander William Hall is treated by Maj Kay Foster (left) and Pte Liz Coker of the QARANC

Angels of the South Atlantic

SOUTH Atlantic gales wreak havoc among the fishing fleets that ply those treacherous waters but injured sailors are assured of expert attention at Stanley's new hospital.

The King Edward VII Memorial Hospital was opened last year and is unique in being the only British hospital staffed and jointly run by both military and civilian personnel.

Here some 25 RAMC and QARANC surgical, medical and nursing staff double up with civilian counterparts in the treatment of a wide variety of patients from expectant mothers to injured Servicemen.

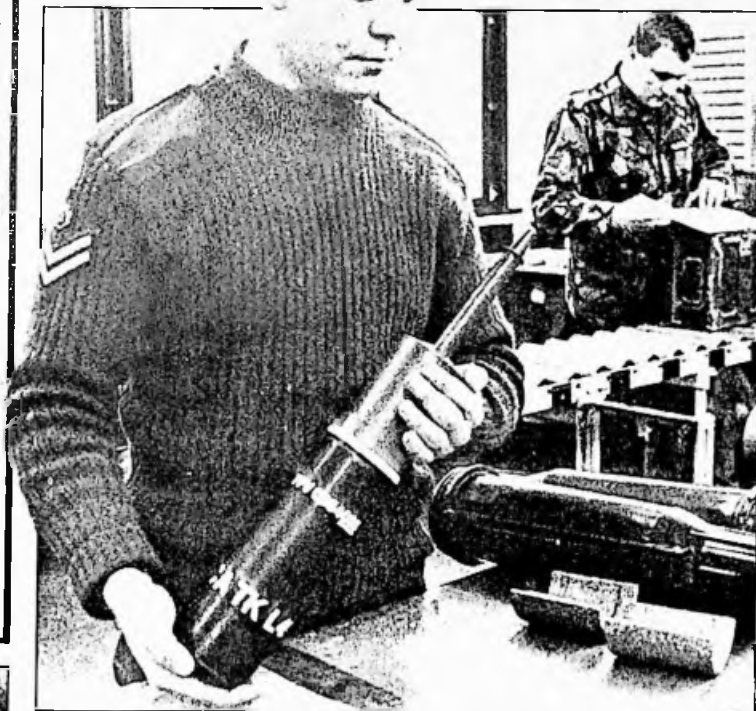
Maj Stuart Paine RAMC said: "It is not a busy hospital from the surgical point of view but the nursing side is active and this is good because the Army staff are picking up experience that they would not

normally have, such as geriatric care and some pretty horrific fishing injuries.

"The military and civilian mix works remarkably well and they participate in, and indeed contribute to our in-service training," said Maj Paine.

The tri-Service medical centre at RAF Mount Pleasant caters for Servicemen and MoD contracted civilians and works hand in glove with the hospital at Stanley.

"Anything serious or involving laboratory work and surgery is dealt with at Stanley," said Capt Julian Smith RAMC. "Our bread and butter work here involves such things as sports injuries and various minor ailments."



Cpl Craig Turner and LCpl Marcus Reed of the supply and movements wing check ammunition stores

A hard road for REME

PERFORMING minor miracles daily, the REME tradesmen of the Joint Force Workshop keep the Falklands vehicle fleet roadworthy against all odds.

Poor roads, rutted tracks and boggy hill-sides take their toll of Land Rover and BV206 alike.

Nevertheless, morale is high along the benches and in the workshops, and at the end of the day they have their very own bar - *The Slab and Sprocket* - to toast their success.



Sgt Peter Rowe (foreground), Cpl Andy Dubber and Sgt Dave Porter at work in the avionics section of the engineer wing

They provide a stock answer!

MORE than a thousand tons of provisions, supplies and equipment pour into the Falkland Islands each month, and there to sort it out is the tri-Service supply and movements wing.

Currently under the command of Lt Col Paddy Cairns RCT, the wing is split into supply and port and movements squadrons and an ordnance company.

Lt Col Cairns said: "When you are 8,000 miles away you have either got it right or you have not anticipated properly

and you have got it wrong."

The ordnance company runs what is essentially a mini depot and hold ammunitions, rations and reinforcement stock.

Ammunition combat stocks are held and checked frequently by company OC Maj Dick Oldham RAOC who as SATO is responsible for all Army types and all stocks under 20mm calibre.

Maj Oldham is also responsible for all stocks of training ammunition.

Reserve stocks of rations are



Movement controller Cpl Mike Wingent RCT counts containers being unloaded from the supply ship *Asifi* at Mare Harbour



Pte "BJ" Spiers RAOC and colleague Tom Roberts of the RAF sort out a batch of fresh fruit arriving in the Falklands

held and monitored by the company whose job it is to supply the garrison and Royal Naval ships with provisions.

Fresh food in particular must be dispersed quickly soon after the arrival of each flight into RAF Mount Pleasant.

The ordnance company runs a bakery whose RAOC staff of eight produce more than 400 loaves and 5,000 rolls each day.

Men on shift work!

PLYING the Falklands coastline to deliver countless tons of stores to military outposts, the soldier sailors of 460 Port Troop RCT find themselves seaborne almost daily.

Based at Mare Harbour, the garrison's new port complex some four miles south of RAF Mount Pleasant, the troop operates a variety of vessels including a coastal lighter called the *Saint Brandon*.

Tasked with unloading and loading the supply ships that berth at the harbour, the troop shifts more than 5,500 tons of material inward and 2,500 tons outward during a typical four months tour. Their landing craft are also much in demand for military exercises.

SOLDIER MAGAZINE
7 March 1988

It's a small world

LITTLE did Rfn Christian Smith, 3 RGJ, realise when he met girlfriend Ingrid Jaffrey in a Buckinghamshire pub last summer that he would soon be meeting her parents in the South Atlantic. Rfn Smith met Ingrid, a Falkland Islander, when she was working on a farm near Wrislow and promised he would try and meet her parents at North Arm settlement while on patrol. Ingrid is now working in New

Zealand until the spring by which time 3 RGJ will have returned from the Falklands and the couple can meet up in the UK.



● The fifth reunion and AGM of the Falkland Families Association takes place at Chelsea Barracks, London on Saturday, April 23. It will be attended by the Duke and Duchess of York. More information from D Keoghane, 6 Penrose Court, Hemel Hempstead, Herts HP2 6NP (tel 0442 69383).

LI to join airlift to the Falklands

EXERCISE Fire Focus, to be held from March 7 to 31, is intended to test the UK's capability for rapid reinforcement of the Falklands Islands.

It will involve the deployment of significant numbers of troops, including elements of the Light Infantry, who will be airlifted to the Falklands to join soldiers currently serving with the garrison there.

The ability to mount a rapid response operation forms the basis of contingency plans to ensure the security of the islands and has allowed reductions to be made in the strength of the normal peacetime garrison.

UK seeks to defuse row on Falklands exercises

BY LYNTON MCLAIN

THE BRITISH Government and the Royal Air Force yesterday sought to reassure South America of the "modest scale" of the UK exercise to practice reinforcement of the Falkland Islands.

The exercise builds up this week with preparations for an airlift of troops and the deployment of Royal Air Force Phantom fighters and Nimrod aircraft, in the face of sharp criticism from Argentina and other South American countries.

The deployment to the Falklands will take place on March 17/18.

Air Chief Marshal Sir Peter Harding, the commander in chief of RAF strike command and UK air forces, was joined by Mr Robin Fearn, an assistant under secretary of state at the Foreign Office, at strike command headquarters, High Wycombe, to explain the "very modest exercise" to an international press conference.

Air Chief Marshal Harding said

the announcement of the Falkland Islands Reinforcement Exercise, Fire Focus, in the House of Commons on February 11, had created "enormous ructions around the world, but the exercise was no more than a practice of our procedures for rapid reinforcement".

Mr Fearn said Argentina "may still be seeking a debate in the United Nations Security Council on the exercise, although such an exercise threatens no-one".

He said the reinforcement exercise was "an integral part of our policy of reducing tension in the region". The Government had also offered to return war dead to Argentina, to permit visits by Argentina next of kin to the Falklands and had proposed, in co-operation with the US, a "low key" exchange of personnel with Argentina, Mr Fearn said.

The Government faced criticism at the press conference from UK journalists who questioned why the Government needed to

be so modest about its reinforcement exercise.

Tim Coone adds: In Argentina, criticism of the government's foreign policy and its handling of the Falklands Islands issue, is mounting from across the political spectrum.

A claim made at the weekend by Mr Dante Caputo, the Foreign Minister, that the manoeuvres had been scaled down and postponed as a result of Argentine diplomatic pressure, was attacked by a leading daily paper yesterday as being a "capricious interpretation" of British intentions.

Political groups from the far-right and far-left held separate demonstrations in the capital, condemning not only "British imperialism" but also the Argentine government for its supposed weak posture and a seeming lack of clear military contingency plans.



Softer line taken on Falklands exercise

THE ARMED forces and the Foreign Office yesterday defended their decision to press ahead with an exercise to practise reinforcement of the Falklands despite protests from South American nations.

"From the political point of view there is probably no ideal time to hold an exercise," said Robin Fearn, an Assistant Under-Secretary at the Foreign Office. But the language used at yesterday's press conference at RAF Strike Command headquarters near High Wycombe contrasted with the tone of the Government's announcement last month that the exercise was going ahead.

At that time it was stated that "significant numbers" of troops would be involved. Yesterday it was described during a presentation by an RAF officer as "a relatively small force". Fewer than 1,000 troops and 10 combat aircraft will be sent to the islands.

The exercise began this week. The movement of the 3rd Battalion, the Light Infantry, and supporting forces will take place mainly next week. Phantom interceptors and Nimrod patrol aircraft will also make the journey.

It was also revealed yesterday that Argentina was not formally told about the exercise until the day it was announced in the House of Commons. Officers yesterday dismissed suggestions that the exercise was timed to em-

By Mark Urban
Defence Correspondent

barrass the government in Buenos Aires. They said planning started one year ago.

None the less, it is understood that the Americans were only informed a week before the announcement in London, causing them considerable difficulties with Argentina.

The cost of the reinforcement exercise was estimated by Air Chief Marshal Sir Peter Harding, who will be in overall charge, at about £3m. He emphasised that this would come from normal training allocations and would not be an additional burden on the defence budget.

Mr Fearn pointed out that the garrison in the islands had been halved since the opening of the Mount Pleasant Airbase two years ago. He described these developments as "an important contribution to the lowering of tension in the area".

■ BUENOS AIRES — About 400 people demonstrated outside Lloyds Bank in Buenos Aires yesterday in protest at the British manoeuvres, AP reports.

The protesters, who included Argentine veterans of the 1982 war, sang anti-US and anti-British songs and demanded that British commercial interests be expelled from Argentina.

Argentini- ans in demo over war exercise

By Adela Gooch
Defence Staff

ARGENTINIAN veterans of the Falklands campaign marched through the streets of Buenos Aires yesterday protesting against Britain's Falklands reinforcement exercise, Fire Focus.

Joined by political youth groups, the veterans chanted "English out of Malvinas", increasing pressure on President Raul Alfonsin to take the issue to the United Nations Security Council.

Britain described the exercise as "modest" and said it did not expect Argentina to translate its opposition into military action.

The exercise involves the 3rd Bn The Light Infantry, backed by the Royal Engineers and Royal Artillery.

Soldiers from the 3rd Bn The Parachute Rgt are also taking part, ironically to play the role of the enemy they helped defeat nearly six years ago.

In total, fewer than 1,000 troops will travel to the Falklands next week when the main reinforcement phase of the three-week operation starts, travelling from RAF Brize Norton in Tristars escorted by Nimrod search and rescue aircraft.

They will be joined by the Falkland Islands' own 30-man Defence Force.

Air Chief Marshal Sir Peter Harding, who is co-ordinating the reinforcement operation from RAF Strike Command at High Wycombe, yesterday called Fire Focus "a very modest exercise indeed".

He acknowledged that all the manoeuvres to be carried out, including in-flight re-fuelling of a number of Phantom jets, were well tried and tested, but added: "There is no substitute for the real thing."

Official reluctance to provide information on Fire Focus led to reports that as many as 8,000 troops and 35 aircraft were involved. The exercise has been denounced by the Organisation of American States and Mexico, Peru and Brazil have expressed concern to the Foreign Office.

Diplomats believe, however, that Britain's long-term relations with Latin American countries other than Argentina have not been seriously damaged.

The exercise is the first to be held since completion of the airport and longer runway at Mount Pleasant two years ago made rapid reinforcement possible and enabled the government to cut the size of the Falklands garrison to around 1,800 troops.

It is mainly an Army and Air Force operation with the Navy playing a small part.

The exercise ends on March 31, and will cost a total of £3 million.

Press Cuttings

from Broad Street Associates **The Daily Telegraph**

9 MAR 1988

Falklands defence

● The exercise designed to test the reinforcement process of the Falklands was defended by Mrs THATCHER as "no-one else's business."

The Prime Minister concurred when Mr JOHN STOKES (C, Stourbridge and Halesown) said the United Kingdom had every right to hold a military exercise in the Falkland Islands and that Argentina and other South American countries had no grounds for complaint.

Press Cuttings

from Broad Street Associates **THE GUARDIAN**

Military defends Falklands action as 'modest necessity'

David Fairhall
Defence Correspondent

THE Defence Ministry's approach to this month's Falklands' reinforcement exercise which has so upset the Argentinians was "neither wimpish nor provocative", the Commander-in-Chief Strike Command, Air Chief Marshal Sir Peter Harding, insisted yesterday.

It had been planned a year ago on a sensible but modest scale, involving just sufficient men, equipment and aircraft to test the reinforcement procedures and demonstrate that the military knew what they were doing.

Mr Robin Fearn, an assistant secretary from the Foreign Office, who attended the air marshal's press conference, said the manoeuvres had not been prompted by protests in Argentina, Brazil, Uruguay, and Mexico. In fact they should help reduce tension by demonstrating that, with the ability to reinforce the islands through the new Mount Pleasant airport, Britain could afford to halve the size of the permanent garrison.

The exercise's crucial deployment of a battalion group, as-

sembled round the 3rd Battalion the Light Infantry, normally based in Lancashire, comes next week.

At the same time the islands' air defences will be reinforced by a detachment of unarmed Phantom fighters from RAF Leuchars, Fife, helped on their 8,000-mile journey by in-flight refuelling tankers and accompanied by Nimrod search and rescue aircraft.

Air Chief Marshal Harding said that fewer than 1,000 troops would be involved — not the 5,000 suggested by Argentinian officials — and there was no direct naval involvement.

The exercise will cost about £3 million to mount but the Commander-in-Chief said that in any case this was not an extra sum; it would have been spent anyway as part of the RAF's financial allocation for training.

Press Cuttings

from Broad Street Associates



THE INDEPENDENT

MILES KINGTON

THE touring England cricket XI, that modern version of the Flying Dutchman, has now completed the New Zealand leg of its journey and is setting off to Antarctica to face the hardest stage of its bid to become the first round-the-world team. No England cricket team has yet played a Test series against the hard men of the Antarctic. Our lads are tired. They are battle-worn. But they are happy that the halfway stage of their monumental journey is now in sight.

Playing cricket on snow-rutted pitches is nobody's idea of paradise. In a month or two, they'll be past the worst of the ice and raring to have a go at the one-day matches planned for them in the Falklands. Then the West Indies and on target for landfall in the UK in 1990.

The epic saga of this attempt by eleven men to bore their way round the world started about a year ago in India. It moved on to Pakistan, then Australia and then New Zealand, so the intrepid travellers of the MCC have seen some very different conditions and cultures, as we found out when we talked to the journey's chronicler, Christopher Somebody-Something.

"It was pretty damned hot in India, but we couldn't help noticing that it sort of got cooler as we came south. The MCC has a lot of experience of this sort of thing, so they flew out fresh sweaters and jerseys to us whenever we needed them, if we asked often enough.

"It's actually boredom which has probably been the worst enemy, for player and audience alike, and the men have had to dig deep into their own resources. In Pakistan, for instance, they tended to withdraw to their hotels and play cards and watch videos. In India, they

Frost bite
in the nets
stops play

did the same. In Australia, they withdrew to their hotels and drank, played cards and watched videos, and much the same was true in New Zealand, except on Sundays, when no hotels are open in New Zealand.

"Now, in Antarctica, it's going to be very different. There are no hotels. But the lads are nothing if not adaptable, and I suspect that as one man they will withdraw to their tents and play cards and watch videos. Well, in the absence of videos they'll probably read a book. Well, a magazine. Well, a comic. Let's just hope the MCC can fly enough comics out here in time."

One of the aims of this test of endurance is to find out how well the human mind can stand up to exposure to endless cricket, umpiring, being polite at receptions, playing cards and watching all the videos that Burt Reynolds ever made. Statistics so far show that the human mind can't take it at all, and will relapse into anger, mindless violence, compulsive swearing, withdrawn moodiness and even crying fits. Some men on the trip have even suffered from a long coma during which they displayed no reaction to their surroundings at all except the occasional forward prod. What has been learnt so far? Christopher Somebody-Something:

"We've all learnt two things. One, never to undertake a tour like this again. Two, to bring more comics if we do."

And how are the English lads looking forward to their first matches in Antarctica?

"Well, of course, conditions here are very different from what they are used to. They'll have to master the art of sliding between wickets, not running, and as the ball will roll across the fast outfield for five or six miles before stopping, tactics may well have to be modified. But I think we will approach the games here just as professionals would do anywhere."

And that is?

"To wake up in the morning and pray devoutly that the weather will be bad enough to wipe out play for the day."

These men have now been on the road for well nigh a year, away from their homeland. In some ways they are like men on a space flight, staying the same while the world grows older. Black Tuesday came and went without them, the October hurricanes blew trees down in their absence, and they have no idea that a woman has been called in to put *Desert Island Discs* together again. They have never heard of Robert MacLennan or Eddie Edwards. If they wrote a letter to Michael Grade, they would send it to the BBC.

"Yes, it's strange," says Christopher Somebody-Something. "They are still 1987 Man. By the time they get home, they will be three years out of date — priceless examples of what humanity was like in the mid-80s. The other day Antarctica TV requested an interview with one of them, and he demanded last year's interview fee. I've never known a cricketer make that sort of extraordinary mistake before."

Regular reports on the MCC v. Antarctica series will appear exclusively here. Don't miss them!

Press Cuttings

from Broad Street Associates **THE GUARDIAN**

8 MAR 1988

Falklands fears

The US State Department yesterday said that it hoped the British military manoeuvres in the South Atlantic, involving the Falkland Islands, would not lead to a clash with Argentina. The manoeuvres started yesterday. — AP.

Argentine protest over manoeuvres

Buenos Aires — A group of about 300 demonstrators shouting: "England out of the Malvinas!" converged on the Lloyds Bank building here yesterday to protest at the beginning of Fire Focus, the British military exercise in the Falkland Islands (Mac Margolis writes). They were stopped by barricades and cordons of military police.

At the same time, the Government of President Alfonsín continued its diplomatic offensive against the exercises. Señor Dante Caputo, the Minister for Foreign Relations, claimed that Britain had delayed the beginning of the exercises and had reduced the number of troops involved, presumably in response to pressure from other Latin American countries. Any change of plan was denied by the Foreign Office in London who also insisted that it was never intended that large numbers of men would be involved.

Press Cuttings

from Broad Street Associates

FINANCIAL TIMES

7 MAR 1988

Racing car kills 11

At least 11 spectators were killed and 15 injured when a racing car overturned into the crowd at Necochea, Argentina.

Press Cuttings

from Broad Street Associates

GUARDIAN 8.3.88



FALKLAND
ISLANDS
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CLOSING DATE: 31st MARCH, 1988.

Argentina renews offer on Falklands

By Tim Coone in Buenos Aires

ARGENTINA repeated its offer at the weekend to declare a formal end to hostilities with the UK, in return for discussion of the sovereignty issue over the Falkland Islands.

Mr Dante Caputo, Foreign Minister, said after returning from New York on Saturday from talks with Mr Javier Perez de Cuellar, UN Secretary-General, that Argentine diplomatic pressure on the UK was paying off. He claimed the British manoeuvres, due to begin on the Falkland Islands today, had been reduced and their start postponed for one week.

In London, however, there has been no indication that the Fire Focus exercises, aimed at testing the rapid reinforcement capability of the garrison on the islands, have been changed in any way.

British Foreign Office officials argued last week that Argentina's refusal to declare a formal end to hostilities since the 1982 war over the islands made the manoeuvres necessary.

Mr Caputo said at the weekend that, because there was never a formal declaration of war, a formal declaration of an end to hostilities was unnecessary: "But, if that is the problem, we are prepared to declare a formal end to hostilities, if Britain is prepared to sit down and discuss everything, including the sovereignty issue."

It is an offer that Argentina has made on several occasions in the past two years but which has been rejected by the UK.

Falklands protest

Buenos Aires (AFP) — A laboratory owned by the American pharmaceutical company, Parke-Davis, was bombed yesterday in a protest against British military exercises in the Falkland Islands. No one was injured but the front of the building was blown out.

The previously unknown Che Guevara Brigade said that it planted the bomb to express opposition to the "Fire Focus" manoeuvres, due to start today with the complicity of the US Government. Their communiqué also said that the group wants Argentina to expropriate British capital and suspend debt repayments.

Leading article, page 13

BACK TO THE ISLANDS

Today sees the opening of Operation Fire Focus, in which Britain will test its ability to reinforce the Falkland Islands in a crisis. The decision by Argentina to put its own troops on alert, has added some verisimilitude which might or might not have been wished for — but was always a predictable reaction. The long-term impact of the exercise however, is more uncertain and one must question whether the ground was well-prepared.

The decision to stage Fire Focus was quite defensible. In deference to Argentine sensitivity and a hard-pressed British defence budget, the size of the Falklands garrison has been substantially reduced since the 1982 war. The most significant cuts were enabled by the opening of Mount Pleasant airfield (at a cost of £400m) three years ago. The airfield (which also has a civil application) ensures that long-haul troop transport aircraft can land on the islands, thus rapidly bringing the garrison up to strength.

As a result, the number of servicemen on or around the islands has been reduced to about 1,500, less than half the figure it used to be. The £3m exercise, makes military and economic sense, and is certainly not before time. Nor is it a very extravagant show of strength. A battalion group, comprising a battalion of the Light Infantry regiment with artillery and other supporting arms, will be flown to the Falklands in Tri-Stars, to test the logistics and the system for in-flight refuelling. The Royal Navy will not be involved.

The exercise has been criticised for provoking Argentina and spoiling all attempts to reopen a dialogue with this country. But most attempts to construct such a dialogue have been made by Britain. This Government has consistently proffered an olive branch to Buenos Aires, proposing talks to normalize relations on virtually every level of activity. Such efforts have not always been welcomed by the Falkland islanders themselves — although the resumption of the air and sea bridge between themselves and Argentina would contribute towards their prosperity and well-being.

It is principally Buenos Aires though, which has turned its back on such approaches, because of the continuing British refusal to discuss the main issue of sovereignty. A form of words was agreed to enable negotiations to start in Berne four years ago. But the Argentines walked out almost as soon as the meeting opened.

It is reasonable to assume that at some point

the subject of sovereignty must be raised. But Mrs Thatcher has so far been adamant and, whatever one's views of the strengths and weaknesses of the Argentine claim on the islands, the British case in making sovereignty non-negotiable, is not unreasonable. It is after all, only six years after an Argentine invasion of the Falkland islands — which was followed by a war in which many were killed. The chorus of protest from Latin American countries, ignores the fact that Argentina started it — and that far from opposing a dialogue between them, it is Britain which has made most of the running.

The Argentines were not taken entirely by surprise. They were informed of the forthcoming exercise, through Switzerland, Britain's protecting power, some time ago. They immediately saw fit to protest publicly. President Alfonsín, who still has intermittent trouble with the military, was probably obliged to do so — and to follow this up by placing forces on "defensive alert". But he undoubtedly saw the prospect of a propaganda coup and has exploited it at the UN and elsewhere.

The only contacts between the two governments in recent months, have been made through the United States and have involved technical issues over fishing. This oblique relationship was seen as encouraging when it started some time ago — but has so far failed to develop into anything more fruitful. Whether these contacts will continue now is debatable, but their breakdown should cause no great angst on either side.

More serious is the diplomatic impact on other Latin American states. No doubt Argentina's allies felt obliged to support President Alfonsín. The disapproval of the Organization of American States (OAS) was not surprising — though the strength of it was. And it is hard to see why Brazil should have felt compelled to withdraw its invitation to a Foreign Office minister. Still, that is a fact of life which has to be lived with.

The conclusion must be that, however short-lived this display of South American umbrage, it leaves the Foreign Office with some catching up to do — and at a time when Britain is anxious to raise its trading profile on the South American continent. One must question therefore whether the ground was well enough prepared through Britain's embassies in Argentina's Latin neighbours. If the anger in Buenos Aires was predictable, then so was the show of empathy elsewhere. Britain should act to repair this damage quickly.

Alfonsín confers on Falkland exercises

From Rex Gowar
of Reuters

BUENOS AIRES — The Argentine President, Raúl Alfonsín, was to meet with senior military and government officials yesterday to discuss British military exercises around the Falkland Islands.

Government sources said the meeting would analyse the "defensive alert" Argentina declared last week and its call for a UN Security Council meeting to protest at the manoeuvres scheduled to begin today.

The Argentine Foreign Minister, Dante Caputo, told reporters the meeting would decide when and on what basis Argentina would convene the UN Security Council to air its protest over the manoeuvres. Government sources said Mr Caputo, the Defence Minister, Horacio Jaunarena, and the joint chiefs of staff of the armed forces would attend the meeting with President Alfonsín.

Argentina, which launched a diplomatic offensive against the manoeuvres, said its armed forces would carry out "tight surveillance" of the South Atlantic during the exercises. European and Latin American countries see the manoeuvres as provocative, Mr Caputo said after a tour of Europe and a meeting in New York with the UN Secretary General, Javier Pérez de Cuéllar.

Mr Caputo described Britain's decision to stage the manoeuvres, due to end on 31 March, as "a provocative move that generates tension in the South Atlantic." He said Argentina's diplomatic offensive was successful because Britain had reduced the number of men involved and postponed their start for a week. Britain had not expected such a strong reaction from the international community, he added.

Last Thursday Britain said the exercises were defensive, involved less than 1,000 men and were not meant to provoke Argentina, which claims sovereignty over the Falklands. Some accounts of the scale of the manoeuvres had been exaggerated, the Armed Forces Minister, Ian Stewart, said.

A modest exercise misrepresented

EXERCISE Fire Focus, designed to practise the reinforcement of the Falklands garrison, is a sensible and legitimate military measure. Its object is to test the defensive policy developed for the islands since the Argentinian surrender. This policy involves the smallest possible permanent garrison and its "rapid reinforcement" in time of trouble. Such a posture is the most economic available to this country, but it is also intended to be the least disturbing to Argentina, where an unstable civilian regime still fears to end the formal state of hostility which its military predecessor initiated.

There are only two alternatives to "rapid reinforcement". They are to maintain a huge garrison on the Falklands so that any further attempt at invasion could be beaten off by sheer weight of numbers, or to deter by the well-advertised stationing of nuclear weapons there. But basing between 10,000 and 20,000 men on the Falklands, rather than the current 2,000, would distort British military imperatives, as well as inflaming a smouldering sense of grievance on the mainland. As for the nuclear option, it is patently unthinkable and is rightly rejected by this Government as well as by the United Nations. In 1986 the General Assembly declared the South Atlantic to be a zone of peace and co-operation and stated that "above all, nuclear weapons" should be excluded from the area. This was, according to the UN, more important even than "a conventional arms race" or the presence of "foreign military bases".

In context, rapid reinforcement ought

surely to be accepted by the Argentinians as the most tolerable option. But the Alfonsín government has predictably exploited regional anxiety at the British exercise. Fire Focus was prepared with considerable secrecy, and Washington, like most Latin American capitals, assumed that this relatively modest exercise was to be far larger. Britain's absolute commitment to the Falkland Islands is not easily understood abroad. It is therefore important that modest and defensive military decisions are explained early and in detail by British diplomats. On this occasion undue secrecy made it difficult to do so. A ministerial visit to Brazil and Uruguay has been cancelled, the Organisation for American Unity is restive and the United States has gone further than ever in distancing itself from Britain's Falklands policy.

That Argentina has chosen to make the most of what it describes as British "sabre rattling" should come as no surprise. If it is to survive, the Alfonsín government cannot afford to appear less sensitive to national slights than the restive officers in their clubs and barracks. Moreover, Argentina's current diplomatic posture depends on the international pretence that it is British intransigence and recklessness which is destabilising the area. In Whitehall, there will be some surprise and unease that Argentina should have been relatively successful on this occasion. But it would be naïve to suggest, as some opposition MPs have done, that the exercise would have been greeted with any less hostility by Argentina had its modest scale been indicated more openly.

'Fire Focus' games begin for Falklands

By Adela Gooch, Defence Staff

BRITAIN'S CONTROVERSIAL test of rapid reinforcement plans for the Falklands, Fire Focus, gets under way today with Headquarters Strike Command in High Wycombe preparing to fend off an imaginary attack on the islands.

During the next week Air Chief Marshall Sir Peter Harding, overall commander of the exercise, will monitor intelligence reports of "an impending crisis" before the final decision is made to send more troops to the South Atlantic.

The Ministry of Defence has played down the exercise, describing it as "purely defensive". Officials have refused to identify the "aggressor".

Argentina assumes it is the "enemy", and Señor Dante Caputo, Foreign Minister, called the exercise a "real provocation". The Argentine armed forces are on a state of alert.

The exercise has been denounced by virtually all Latin American countries.

On Monday, March 14, a 900-strong force from the Light Infantry, the Royal Artillery and the Royal Engineers will be airlifted 8,000 miles in 18 hours to the new airport at Mount Pleasant.

They will fly from Brize Norton in RAF TriStars and Hercules, refuelling at Ascension Island.

Simultaneously, a squadron of Phantom fighter jets from RAF Leuchars, accompanied by tanker aircraft, will take off for the Falklands, providing cover for the troop carriers.

On the ground, command will pass to Maj-Gen Neil Carlier of the Royal Engineers, commander of the Falklands Garrison believed to have been reduced from 4,000 men two years ago to between 1,500 and 1,800 now.

Fire Focus is the first full exercise to be carried out since completion of the airport and longer runway at Mount Pleasant rendered rapid reinforcement possible and enabled the Government to cut the size of the Falklands garrison and more than halve the number of aircraft based on the islands.

Powerful radar systems on high ground in the westernmost islands can detect a low-level air attack, and provide the first level of defence. The Phantom jets are also equipped with look-down radar.

The radar systems could be needed to warn of a long-range missile attack. Recent reports have suggested that Argentina may have acquired such a surface-to-surface missile with a range of 400 miles, capable of reaching targets in the Falkland Islands.

The exercise ends on March 31 and will cost a total of £3 million.

7 MAR 1988

Press Cuttings

from Broad Street Associates **THE GUARDIAN**

16 die in race crash

A racing car blew a tyre and plunged into a crowd of spectators in Necochea, Argentina, yesterday killing at least 16 people and injuring more than a dozen others. The car, a Dodge driven by the Argentine driver, Edgardo Caparros, was taking part in a tourism class race for modified stock cars. — AP.

Press Cuttings

from Broad Street Associates **THE GUARDIAN**

Falkland 'peace signal'

Jeremy Morgan
in Buenos Aires

ARGININA'S Foreign Minister, Mr Dante Caputo, yesterday claimed to have forced Britain to reduce and delay its military manoeuvres in the South Atlantic, and hinted that his Government might be willing to meet London's demand for a formal end to hostilities in the Falkland Islands.

"It seems Great Britain did not expect such a virulent reaction on the part of the international community and particularly Latin American countries," Mr Caputo said on returning from a week of lobbying at the UN and in several West European capitals. Countries such as Brazil, Uruguay, and Mexico had "directly expressed their disapproval" to the Foreign Office, he said.

Mr Caputo insisted that his diplomatic offensive had made Britain postpone the Fire Focus exercise until March 15. Argentine officials have repeatedly claimed that the manoeuvres, which start today, involve 5,000 men. Latest British figures of between 700 and 800 troops represented a drastic cut back, Mr Caputo said.

Diplomatic observers here, however, commented that neither this nor the previous Argentine version of events bore much relation to earlier British statements.

Formally ending the war has been a key British demand since the Argentine surrender in June, 1982, but Buenos Aires argues that this is irrelevant under international law because war was never declared.

Mr Caputo again stressed this point, but went on to add that Argentina might declare a formal end to hostilities if "this served to start negotiations" with Britain. Although most of the Argentine media ignored the remark, official sources later indicated that the gist of the report was basically correct. Any such declaration, they insisted, would require Britain agreeing to full talks.

Mr Caputo said he had pressed the UN Secretary-General, Mr Javier Perez de Cuelar, to use his "good offices" to persuade Britain to suspend the manoeuvres. This was seen as a preamble to raising the issue at the UN Security Council. However, it also emerged that Argentina — now one of 10 rotating members of the Security Council — prefers to push for an "informative meeting" rather than a debate and a vote at the council, where Britain has a permanent veto.

Mr Caputo's return was marked by criticism of the Government's response to Fire Focus, amid some doubt as to when Argentina's "defensive alert" would go into force and what it might involve.

Falklands 'invasion' imminent

TOMORROW the government will receive the first intelligence suggesting that an invasion of the Falkland Islands is imminent.

As the tension mounts, the 1,800-strong Falklands garrison will be reinforced with a battalion of light infantry and RAF Phantom fighters to prepare for war. Exercise Fire Focus, the controversial Ministry of Defence plan to practise the reinforcement of the Falklands, will be under way.

Since the completion of a new airport at Mount Pleasant, near Port Stanley, the MoD has reduced the Falklands garrison and has relied on being able rapidly to reinforce the islands in an emergency. This will be the first time that the islands have been publicly reinforced with troops from Britain since the end of the war in 1982.

The exercise, which will cost £3m, has raised a storm of protest: Britain has been attacked in the United Nations, Brazil cancelled a visit there by Tim Eggar, a Foreign Office minister, and Labour MPs say it is unnecessarily provocative.

Although the MoD has refused to say just where the

**by James Adams
Defence Correspondent**

threat to the islands is supposed to come from, the government in Argentina has assumed that it is the invader. When the exercise was announced last month, the Argentines claimed that it would involve 8,000 troops and 35 aircraft and was a provocative "show of strength".

The MoD and the Foreign Office were surprised by the Argentine response, which received widespread support among countries in Central and South America. Against the wishes of some MoD officials, the government was persuaded to say that "under 1,000" men would be involved.

In fact, about 900 men, including the battalion of light infantry and some engineers and sappers, will be flown to the islands.

Argentina has announced that its forces will be put on "defensive alert" this week after military pressure on President Alfonsín.

But the Argentine response is little more than a cosmetic gesture for internal political consumption as the 200-mile

exclusion zone around the Falklands is rigidly enforced and the Argentines have shown no inclination to test British resolve.

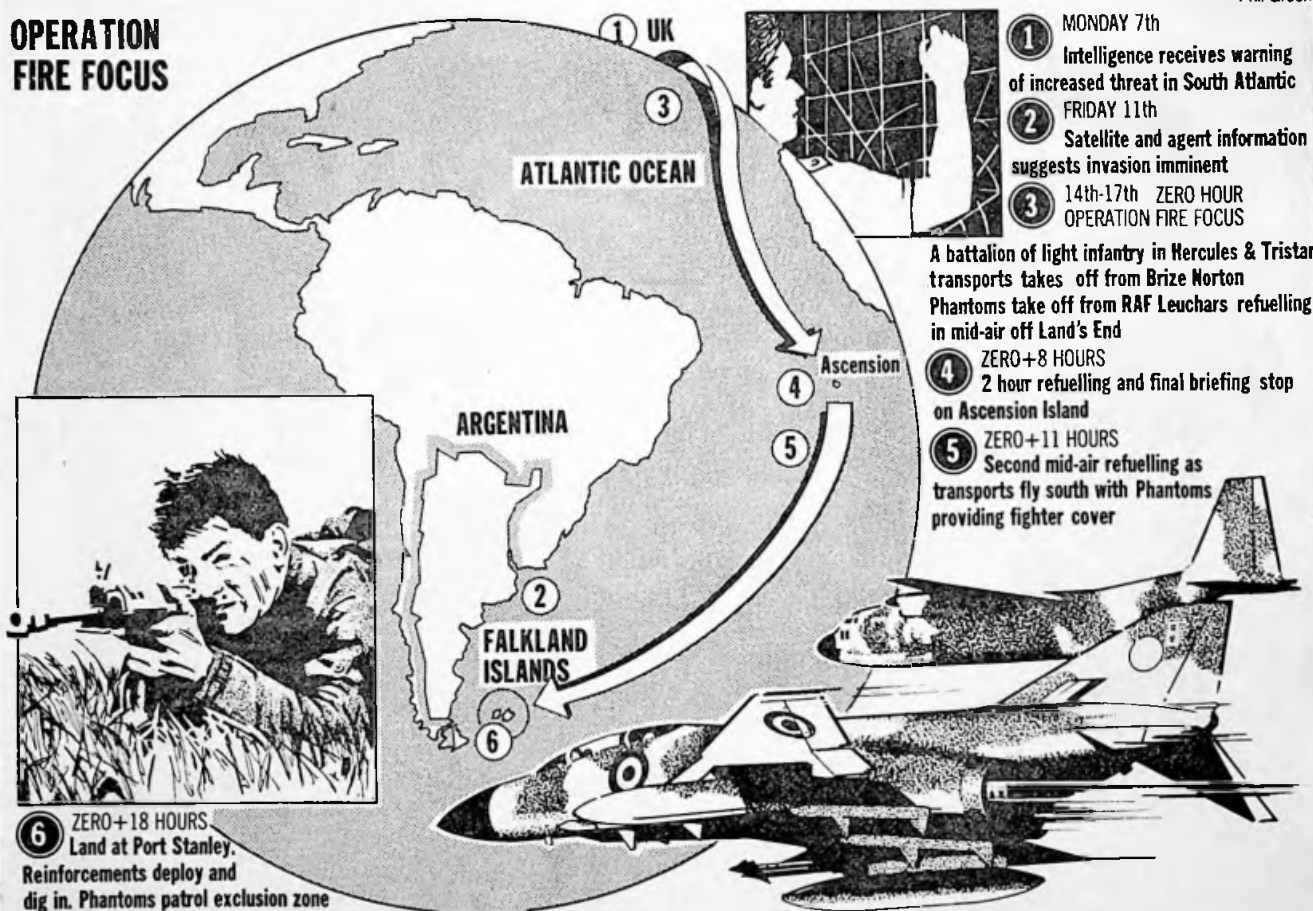
The exercise has also further strained relations with the United States, which gave considerable support to Britain during the war at the ex-

pense of its relations with Argentina. For some time it has wanted to normalise relations with Buenos Aires and resume arms sales.

However, during last week's Nato summit, Mrs Thatcher stressed in a private talk with President Reagan that the arms embargo must remain.

Phil Green

OPERATION FIRE FOCUS



Press Cuttings
from Broad Street Associates

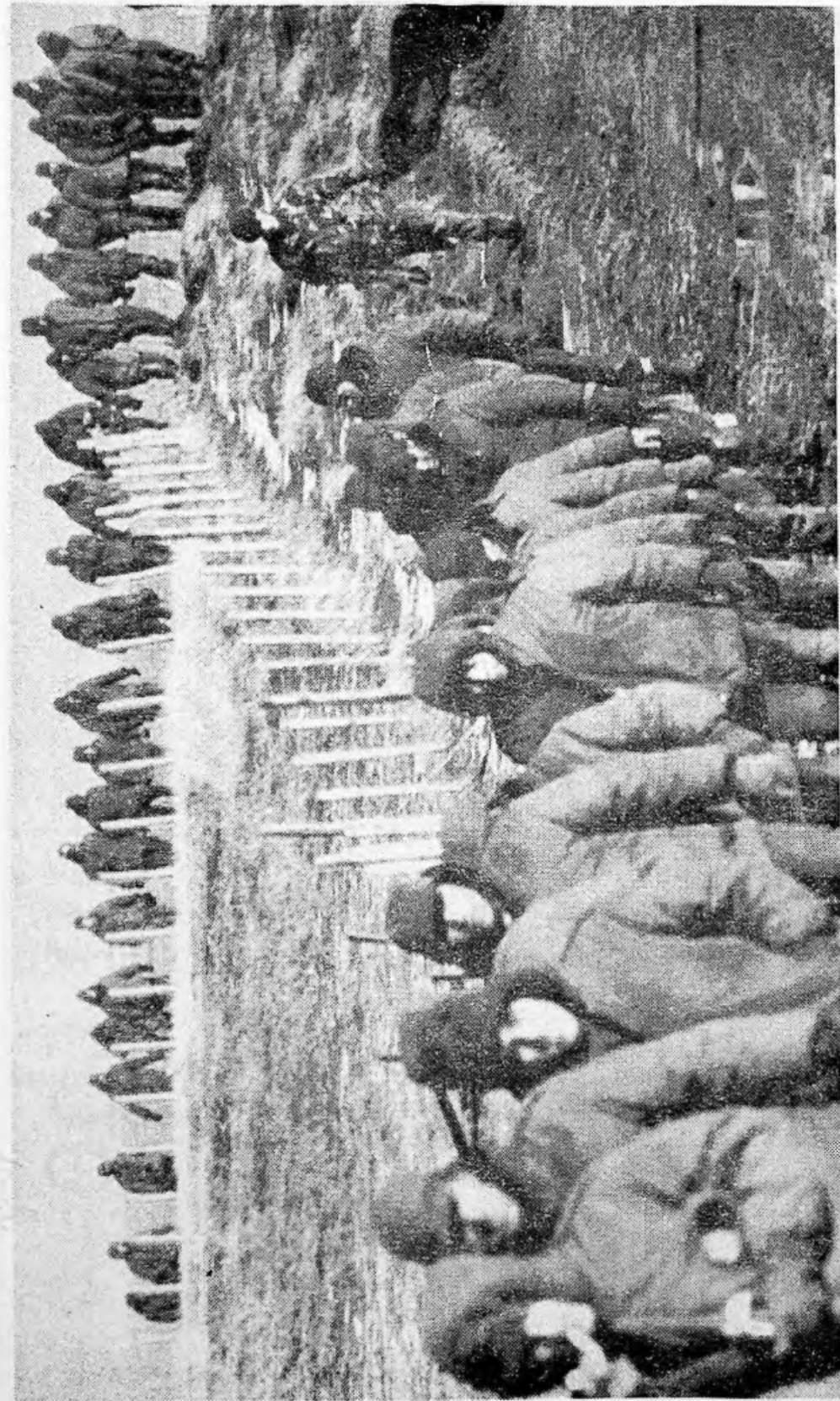
SUNDAY EXPRESS (1) - 6 MAR 1988

Buenos Aires fumes over Britain's
biggest exercise since the Falklands War

Warhorse Rex is longing to get back at the old enemy



Raising the victory
flag back in 1982



Defeat... soldiers march into captivity. But who's the enemy in Operation Fire Focus? British strategists are staying coy

Press Cuttings

from Broad Street Associates

SUNDAY EXPRESS (B)

- 5 MAR 1988



Wish I was there . . . fiery ex-Governor Sir Rex

Picture: TONY WEAVER

by GERARD KEMP

SIR REX HUNT is in fighting form. All right, so life in the heart of Berkshire's stockbroker belt is all very cosy.

But given half a chance, he would be off like a shot tomorrow to the rugged, rocky Falklands.

Just for the chance to watch British troops beating hell out of the "baddies".

"I missed the British liberation last time," he told me yesterday. "The Argentines kicked me out the day they invaded. I didn't get back until ten days after they surrendered to our troops."

Sir Rex, former Governor of the Falklands, has never forgiven the Argentines for invading the islands in 1982.

Which is why he will be taking a keen interest in Operation Fire Focus, involving nearly 1,000 British troops setting out to establish how quickly the Falklands garrison can be reinforced in case of attack.

The exercise is causing a political furore with the old

Ian keeps quiet



IAN McDONALD (left) will NOT be giving out the news about Operation Fire Focus.

Six years ago the bespectacled Scotsman became world-famous when he was chosen by the Ministry of Defence to tell Britain's side of the Falklands war at televised Press conferences.

He is remembered for the measured, unemotional way he presented the news, whether it was of victory or defeat. Today he still works in the Ministry—"in a senior capacity," according to a spokesman, but stays out of the limelight. "He has especially asked us not to give out any information," said the spokesman.

enemy—the Argentines. But, diplomatically, senior strategists are coy about identifying the "enemy" in the manoeuvres. One officer said: "We certainly don't want you to refer to them as the Argentines." But he added: "We don't expect the baddies to win."

BOMBS

The three-week exercise is Britain's biggest show of strength on the islands since the conflict six years ago. Jets will be scrambled, face-blackened troops will yomp through places like Goose Green and the islands will echo to live ammunition and exploding bombs.

On the face of it, the exercise is straight-forward. But the conflict is in many ways just as real as it was in 1982.

For the Argentines are seething with anger. They have put their forces on full alert and are asking at the United Nations for Britain to cancel the operation.

But Sir Rex has no time for Argentine sensitivities. Now living in a comfortable detached house on a private estate at Sunningdale, Berkshire, he says: "It is quite absurd for the Argentines to say that these manoeuvres are provocative. They are purely defensive."

The £3 million exercise, which starts tomorrow, will involve airlifting men from

the Third Battalion Light Infantry, the Royal Artillery and the Royal Engineers from RAF Brize Norton, Oxfordshire, to the new Falklands airfield at Mount Pleasant. Phantom fighters and Nimrod maritime patrol aircraft will also take part.

The Defence Ministry stresses that the basic reason for the exercise lies in the cost of keeping a garrison in the islands.

Immediately after the war, this was costing £391 million a year. Even today the bill is £141 million a year.

If the exercise proves substantial numbers of troops can be flown in at short notice, the islands' defence budget could be reduced even further.

REFUSED

An Argentine Government spokesman in Buenos Aires said: "These military exercises of the British can only increase tension in the South Atlantic. They are extremely provocative and dangerous."

But Britain has no intention of backing down.

And nor has Sir Rex, who refused to shake the hand of an Argentine general at Port Stanley Town Hall on invasion day in 1982, saying:

"It is very uncivilised of you to invade my country. You have landed here illegally. I order you and all your troops to leave."



Falklands '82 . . . Don with Governor Hunt

Flying tribute to dogged Don

SUNDAY EXPRESS
reporter Chris Logan will
be flying 8,000 miles to
the Falklands in a RAF
Tri-star jet transport to
cover Operation Fire
Focus.

And he will be taking with
him personal messages from
Sir Rex Hunt to his old
friends still living on the
islands. They include Mr
Don Bonner, Sir Rex's for-
mer chauffeur who still
drives the official car, a

London taxicab, for the
present Governor, Mr Gor-
don Jewkes.

It was Mr Bonner who tied
a Union Jack to the bonnet of
the car when he drove Sir
Rex to the island's radio
station for his farewell
broadcast after surrender.

As Sir Rex, resplendent in
full uniform and white
plumed hat, stepped into the
car, Mr Bonner said: "I'll
throttle any bloody Argle
who tries to take that flag off
my car."

Armchair pundits who betray the Falklands heroes

ONCE again Britain is facing snarls of outrage from the United Nations and across Latin America over its policy towards the Falkland Islands. Once again the armchair pundits are wringing their hands over what they are pleased to describe as an "act of folly" by the Government.

The focus of their complaint is exercise Fire Focus which begins tomorrow, when Britain will demonstrate its ability to reinforce the islands if ever another crisis should arise.

The critics argue that this modest military effort, which will be carried out only in battalion strength, is an act of "provocation" against Buenos Aires, and will damage Britain's reputation in the world.

That is rubbish, and perverse rubbish at that.

While the Alfonsin Government in Argentina refuses formally to end hostilities, and while that country's generals continue to dream of conquest, the Falkland Islanders continue to live under threat.

It would be madness for Britain to ignore that threat, however remote it may appear today. For we have given too many lives to preserve freedom in the Falklands to put it at risk now.



Press Cuttings

from Broad Street Associates

FINANCIAL TIMES

- 5 MAR 1988

Argentine alert eased

Argentina was reported to have declared only a limited state of alert in response to British military manoeuvres around the Falkland Islands. Defence Minister Horacio Jaunarena said troops would not be mobilised.

Press Cuttings
from Broad Street Associates

- 5 MAR 1988

THE ~~NEW~~ TIMES ①

Andrew McEwen on the

thinking behind Operation Fire Focus

Force signal to Argentina

Argentina simply does not believe Whitehall's statements that it will not discuss sovereignty of the Falkland islands. As one Argentine official told me this week: "Now that we have seen the concessions you have made in Gibraltar and Hong Kong, we reckon it's only a matter of time in the Malvinas". President Alfonsin thinks that "no" means "not yet". If words have failed to convey Britain's resolve, perhaps the point will be made more effectively by Operation Fire Focus, the £3 million British military exercise beginning on Monday.

Though not its stated purpose, the exercise is, or should be, the most convincing demonstration since 1982 that the Falklands will remain British until the Falklanders decide otherwise. If the British government wants to be taken seriously in Buenos Aires, it is vital that it should not be put off by the extraordinary effort Latin America is making to get it cancelled, postponed or scaled down.

Nearly every country in the American hemisphere has made diplomatic representations in some form. The Organization of American States passed a resolu-

tion in Washington urging Britain to reconsider and open talks with Buenos Aires instead. Argentina's armed forces have been placed on "defensive alert" and the Peronist opposition has been pressing for simultaneous Argentine exercises. There has also been some opposition in Britain from those who think it ill-timed, insensitive, potentially harmful to Argentina's fledgling democracy, and incitement to extreme elements in the military.

Given the scale of the fuss, one might think that it would do little harm, and earn much goodwill, to defuse the row by at least inviting Buenos Aires to send observers. But the history of Anglo-Argentine relations suggests that this would be seen as a sign of weakness. One might think that the 1982 war would have taught Buenos Aires not to underestimate Britain's resolve.

Not so: it has consistently misinterpreted British policy for the last few years.

The Foreign Office tried to rebuild a working relationship, beginning with joint management of South Atlantic fishing stocks. Over the last 14 months it has had a series of indirect contacts with Argentina via the US State Department. But this approach seems to be making little headway, and the signs are that Argentina will not settle for a limited relationship. Nor will it declare an end to hostilities unless Britain agrees to discussions on an open agenda, which would implicitly reopen the sovereignty question.

It appears to want an arrangement similar to the 1984 Brussels agreement under which British and Spanish ministers meet regularly. Any subject can be discussed, but Madrid and

London reserve their respective positions on the sovereignty of Gibraltar. In practice the talks have provided the Spanish press with a regular opportunity to raise expectations.

To the Argentine mind, Britain began to yield sovereignty of Gibraltar last year when it agreed to joint use of the airport. Buenos Aires also sees a connection with the 1982 agreement under which Britain agreed to hand back Hong Kong to China in 1997. But no one with a detailed knowledge of the issues could regard these as precedents. The Gibraltar deal was subject to the approval of the Gibraltarians. Hong Kong's New Territories were always due to return to China under the terms of a 99-year lease, and the part of the colony over which Britain had sovereignty would not have been viable without them.

But such objections cut no ice in Buenos Aires. "You'd never get the average person to accept any of that", said the official.

Whether intended as such or not, Operation Fire Focus should convince the Argentines of Britain's continuing determination. In military terms it is a sideshow, especially if compared with routine Nato exercises involving tens of thousands of troops. The highly emotional public response in Argentina bears no relation to the facts. A little over 600 men are to be flown in RAF TriStars to Mount Pleasant, the £400 million airport Britain built after the 1982 war. At least one is likely to make the 8,000-mile journey non-stop, to prove mid-air refuelling capability.

The Government, perhaps disingenuously, has based its public justification of Fire Focus

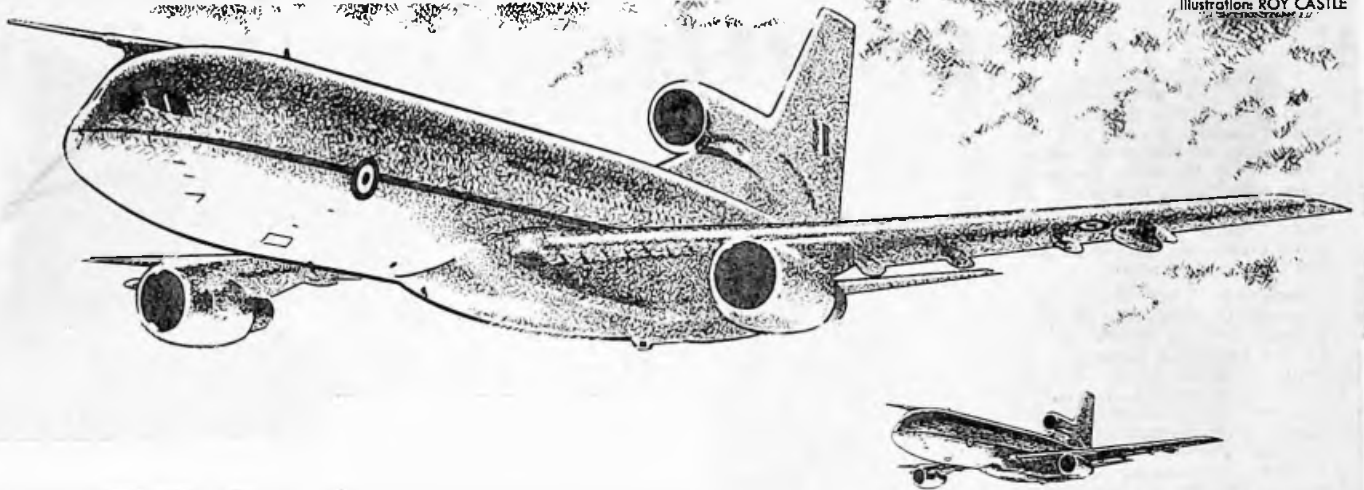
on military cost-effectiveness with the aim of reducing the size and cost of the garrison as the perceived Argentine threat declines. That goal depends on ensuring that Argentina knows that Britain *can* reinforce the garrison rapidly in response to heightened tension.

The economic argument is compelling: Britain is spending £257 million a year on Falklands defence, equivalent to £130,000 a year for every islander. This could be reduced by cutting the size of the garrison, which is thought to number between 1,200 and 1,800 men. (The exact figure is classified).

The desire to demonstrate the rapid-reinforcement capability is no bizarre military fetish, as some have suggested. Those who accept it include the Opposition's spokesman on the Falklands, George Foulkes.

But the Labour Party believes Britain should be seeking a long-term solution in the Falklands. Laudable though that aim may be, no one has yet found a way of achieving it while also respecting the islanders' wishes. It was precisely that dilemma which precipitated the 1982 war, and nothing has changed.

Flying down to Stanley



MAURICE WEAVER on what awaits the latest force to be sent to the Falklands

EIGHT dedicated British anglers and one woman tourist arrived at Mount Pleasant Airport on the Falkland Islands yesterday, having spent £2,450 each for two weeks of calm and silence on the edge of the world. They should have settled in nicely by the time the British military let rip with Operation Fire Focus on Monday morning.

The situation may seem to have all the makings of a holiday disaster, or at best a classic Ealing comedy, but the Falkland Islands Tourist Office was philosophical about the prospects yesterday. "They might see a few more Phantoms overhead," said tourism official Rene Anderson, "but we hope

to get them far enough away from the land exercises not to spoil the fishing."

It summed up the attitude of the Falklanders to the defensive manoeuvres with which the three Services are going to shake their windswept rock for the rest of this month. While politicians in London, Washington and Buenos Aires have been working themselves into a furore over the idea of three weeks of sabre-rattling, the islanders themselves are nothing if not laid back about it.

As Robert Fiddes, manager of Port Stanley's principal hospitality, the Upland Goose, put it in his downbeat Scots brogue: "I think they have more on their minds than a few more troops flying in. The talk in the bar is about sheep and fish, what else? And the soldiers who come by for their bar lunches tend to chat about home, anything but talking shop."

So far the island's newspaper, Penguin News, has carried only a brief item about the exercises, based on the original Ministry of Defence announcement. Desmond King, 64, who is prominent in the 1,900-strong island



Cameron: economic growth

Picture: PETER MARLOW/MAGNUM



Pack up your troubles: the British garrison in Port Stanley is set to expand next week

community, mused: "It is over five years since the war. I think it is about time the British did something like this and what the devil has it got to do with anyone else?"

Exactly how many troops and how much equipment are about to converge on the islands remained unclear yesterday. The Ministry of Defence, oblivious of allegations that its preoccupation with secrecy has made the Argentines unnecessarily hot under the collar, would say only that the influx would be a Light Infantry force "of battalion strength", which could mean anything between 600 and 1,000 men.

Their task is to demonstrate how efficiently "Fortress Falklands" can be reinforced should the Argentines get restless. They will augment the existing garrison, now cut to fewer than 2,000 men, and the RAF is believed to be despatching four Phantom interceptor fighters for the exercises to add to the four already stationed at Mount Pleasant. The Phantoms, armed

with Skyflash and Sidewinder missiles plus cannon, will be refuelled in flight during the 8,000-mile journey.

The Government has emphasised that there is no question of mounting a simulated attack on the islands but it is understood that the 3rd Battalion, the Parachute Regiment, will be playing the enemy in what promises to be a good old mêlée with enough fireworks to add realism.

One of the nicer touches of whimsy about the affair is that the nine holidaymakers who are destined to take their relaxation amid all this commotion actually found themselves flying out from Brize Norton, Oxfordshire, in an RAF TriStar. Their fellow passengers were troops, presumably destined to participate in the mock defence of the islands. Military planes are the only way to get there.

At least one other TriStar, from among nine bought secondhand from British Airways and Pan American Airways, and maybe a VC10 will be

making the two-stage journey. They will break the journey with a refuelling stop at Ascension Island. The cost of the operation is believed to be £3 million, a mere bagatelle compared with the annual cost of maintaining the Falklands garrison, currently estimated at around £270 million.

The Falklanders themselves undoubtedly view Operation Fire Focus as a timely demonstration of Britain's commitment to defending its sovereignty over the islands. At the offices of the Falklands Islands Government in London yesterday, spokeswoman Sukey Cameron said: "We are always aware of the financial factor, which is why the growth of our economy is so important to us. It means we don't have to go running to the British so frequently."

The £14 million in annual licensing fees paid by international fishing conglomerates to operate in Falklands territorial waters, as well as wool exports and the vast sums poured in by

the British taxpayer, have led to radical changes in Falklanders' lifestyle. The islands have new roads, new public buildings, a boutique, even their first bistro and pizza restaurant, called Monty's.

The population, increasingly addicted to video imports but still avid radio listeners and acutely aware of world developments — a reaction to the suddenness of the 1982 invasion — declare themselves unimpressed by the Buenos Aires Government's decision to put its troops on token alert.

As Desmond King put it over the telephone from his house in Port Stanley: "I just hope the Argentines will get the message. They keep up their ridiculous claims and all this talk about the Malvinas. We haven't much time for them here."

"Of course, if they made some overtures of friendship to the British and accepted the situation we might feel different. As it is, I am not the slightest bit concerned whether they feel offended or not. To the devil

with them. If they want another bloody nose they can have it."

It may not sound the place to get away from the cares of the world but that is how the Falklands is being sold to the affluent holidaymaker seeking something different. Miss Anderson at the island tourist office said the numbers had increased from just 35 in the first 12 months to 150 last year. Mostly they go sightseeing, to places like Salvadore, Pebble Island and Sea Lion Island to see seals and penguins. Then, of course, there are the battle sites such as Tumbledown Hill and Goose Green.

But there is also the fishing and the birds. As the troops begin arriving, there are five ornithologists, two men and three women, out on the blasted heath spotting the unique island bird life.

As for the eight anglers and one woman sightseer, all despatched by the Edinburgh firm of Ian Dickson Travel, they should have an interesting time. Lindsey Anderson, who works for the travel agent, said the clients had not known about Operation Fire Focus when they booked, but were informed when the Ministry of Defence made its announcement.

The anglers will be going out into the Camp (the islanders' name for the rural outback) in search of good trout rivers and sea inlets. Places called Swan Inlet, the Murrel River and Fry-ing Pan are on their itinerary. The solitary tourist, whose husband is an angler but who finds fishing dull herself, has paid an extra £225 for a general tour.

What with Phantoms overhead, parachutists dropping in and the full panoply of the British military doing its stuff she should not find it boring at all.

□ Additional reporting by Adela Gooch

Anger in Brazil at Falkland exercise

By Andrew McEwen in
London and Mac Margolis
in Rio de Janeiro

Britain showed no sign yesterday of bowing to pressures from almost the whole of Latin America to call off "Operation Fire Focus", a test of its ability to reinforce the Falklands garrison rapidly.

Whitehall is likely to have calculated that Argentina's move in putting its forces on "defensive alert" is no more than posturing.

But there is a recognition that the diplomatic damage with other Latin American countries will take time to repair. The impact on Anglo-Brazilian relations will cause particular concern.

Mr Timothy Eggar, Under-Secretary of State at the Foreign Office, should have been in Brazil this week reinforcing a relationship which had been improving. Brazil's decision to postpone the visit and to criticize Fire Focus as "unjustified and inopportune" has left British officials smarting.

"These are manoeuvres in a disputed area," said a Brazilian diplomat, who drew a semantic distinction between manoeuvres and exercises. "They have a clear political connotation."

But the decision has been criticized by some Brazilian newspapers. Under the headline "Inopportune and illogical", the daily newspaper *O Globo* wrote that it made no sense to cancel Mr Eggar's visit, and said that exercises were routine for any armed forces. The *Jornal do Brasil*, another influential daily, chastised Brazil's Foreign Ministry for savouring "a taste for eccentricity".

But if one thing has changed, it is the attention Brazil is paying to its Argentine neighbours. Brazil has long had a reputation as an inward-looking nation. Through much of this century it has nursed a popular rivalry with Argentina. Relations changed, however, when after a long period of military rule, civilians returned to power in both countries — with Señor Raul Alfonsín's election in Argentina in 1983 and Senhor José Sarney's in Brazil in 1985.

Britain's message, page 8

Argentina hedges bets on UK exercises

AN ARGENTINE communiqué issued ahead of next week's British military manoeuvres in the Falkland Islands has declared a "state of vigilance and defensive alert".

The wording of the declaration suggests, however, that the government, though under pressure from the strongly nationalist Peronist opposition, is hardly spoiling for a fight.

Horacio Jaunarena, the Defence Minister, said there were secret plans for "each of the hypotheses that could arise" in the South Atlantic, but also said that

From Judith Evans in Buenos Aires

Argentine troops would not be mobilised. The Argentine moves appear to stem from the government's desire to be seen to be tough, while doing very little.

Pressure from the Peronists has been growing since the British exercises were announced. They now appear eager to forge closer ties with the military and would happily see the defeat of Foreign Minister Dante Caputo's insistence on a purely diplomatic solution to the Falklands issue.

Meanwhile, in liberal — some would say pro-British — circles, there is growing criticism of the failure to declare an official cessation of hostilities. These critics claim that economic opportunities, such as access to fishing, have been lost.

In purely military terms, the communiqué's uncertain tone is only a realistic recognition of the armed forces' dubious capacity. The military's budget has been heavily cut, and its operational

strength is limited.

Even more damaging is the evaluation of the performance of loyal troops during an officers' rebellion in January. Tanks broke down, and weapons tests are said to have showed a dismal record of mechanical failure.

■ NEW YORK — United Nations Secretary-General Javier Pérez de Cuéllar summoned Britain's UN ambassador, Crispin Tickell, after Argentina sought Mr Pérez de Cuéllar's help in the rising tension over the planned Falkland exercises, **Reuter** reports.

Act of folly

THE 1982 Falklands War was fought for the excellent purpose of demonstrating that Britain still possessed the means and the will to resist armed aggression. Since the war, vast sums of taxpayers' money have been expended in the much more questionable cause of fortifying a strategic interest in the South Atlantic whose existence we did not recognise before 1982, and which seems to have been invented simply to justify the campaign post factum. But it is widely acknowledged at Westminster and abroad that as long as Mrs Thatcher is Prime Minister, no useful negotiations with Argentina about the future of the Falklands are likely. She regards the maintenance of British sovereignty over the islands as a personal trust, an act of faith towards those who died or suffered for their recapture.

All this is understandable, and most British people feel in no hurry to oblige the Argentines, whose reckless and bloody adventure was responsible for the war. But it must be desirable for Britain to keep the Falklands issue at the lowest possible international temperature. It thus seems an act of folly to allow the Ministry of Defence to conduct its impending reinforcement exercise in the South Atlantic. It is difficult to believe that the services will learn anything of much value from loading a battalion group on to aircraft and flying it to Mount Pleasant. If the real purpose is to underline for Argentine consumption the state of British military preparedness, then the diplomatic cost of doing so is high. The Brazilians — who, like almost all the rest of South America, are unsympathetic to the British cause — have responded by cancelling the forthcoming visit to their shores of the Foreign Office Minister, Mr Eggar. The exercise has stirred unfriendly UN members once more to bang the drum against Britain, and restored the issue to international prominence. We support every Government measure that seems designed to strengthen Britain's defences, and to assert her interests abroad. But the Falklands exercise seems merely an insensitive piece of sabre-rattling.

Falklands exercise 'defensive'

By Adela Gooch
Defence Staff

THE Government yesterday dismissed Argentinian claims that Exercise Fire Focus, designed to test Britain's ability to reinforce the Falklands garrison, was provocative, describing it as purely defensive.

"There will be a movement of no more than one infantry battalion group and a small number of aircraft, fewer than 1,000 men," Mr Ian Stewart, Armed Forces Minister, said on BBC radio.

The 24-day exercise, starting on Monday, had been made necessary by Argentina's refusal to end hostilities and the withdrawal of half the Falklands garrison in the last two years, he said. The garrison is believed to number about 2,000.

The Organisation of American States has called on Britain to drop the exercise and begin negotiating with Argentina and the Brazilian government has postponed a visit by Mr Timothy Eggar, Under Secretary of State at the Foreign Office.

Argentina alert

● Cristina Bonasegna in Buenos Aires writes: Argentina's armed forces will be in a state of "vigilance and defensive alert" during the exercise.

The defence and foreign ministries said the manoeuvres would be monitored to avoid the risk of "incidents". The ministries also warned third flag ships in the area that they would be subject to Argentinian visits, inspections and capture.

Señor Dante Caputo, Argentina's Foreign Minister, said in New York yesterday he might request a meeting of the United Nations Security Council to call for condemnation of Fire Focus.

Flying down to Stanley — P9
Editorial Comment — P8

News in Brief
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**Tensions ease
over Falklands**

Argentina has decided to declare only a limited state of alert because of British military manoeuvres around the Falkland islands, a military source said in Buenos Aires yesterday.

A Defence Ministry spokesman in London had said on Thursday that the exercises, due to start around the disputed islands on Monday, were purely defensive and would involve less than 1,000 men, against earlier expectations in Argentina of at least 5,000.

The Argentine military source said he doubted the alleged reduction in scale of the exercises was due to his Government's diplomatic offensive. He said the United States must have discussed the issue with Britain. Argentina's Foreign Minister, Mr Dante Caputo, met the UN Secretary General, Mr Javier Perez de Cuellar in New York yesterday morning to discuss the issue. — Reuter.

Argentines put troops on red alert

TENSION mounted over the Falklands last night as Argentina put its forces on alert in response to British plans to fly out extra troops and Phantom fighters for an exercise next week.

The Argentine government warned "ships under other flags" of possible incidents and said the manoeuvres would be kept under close watch.

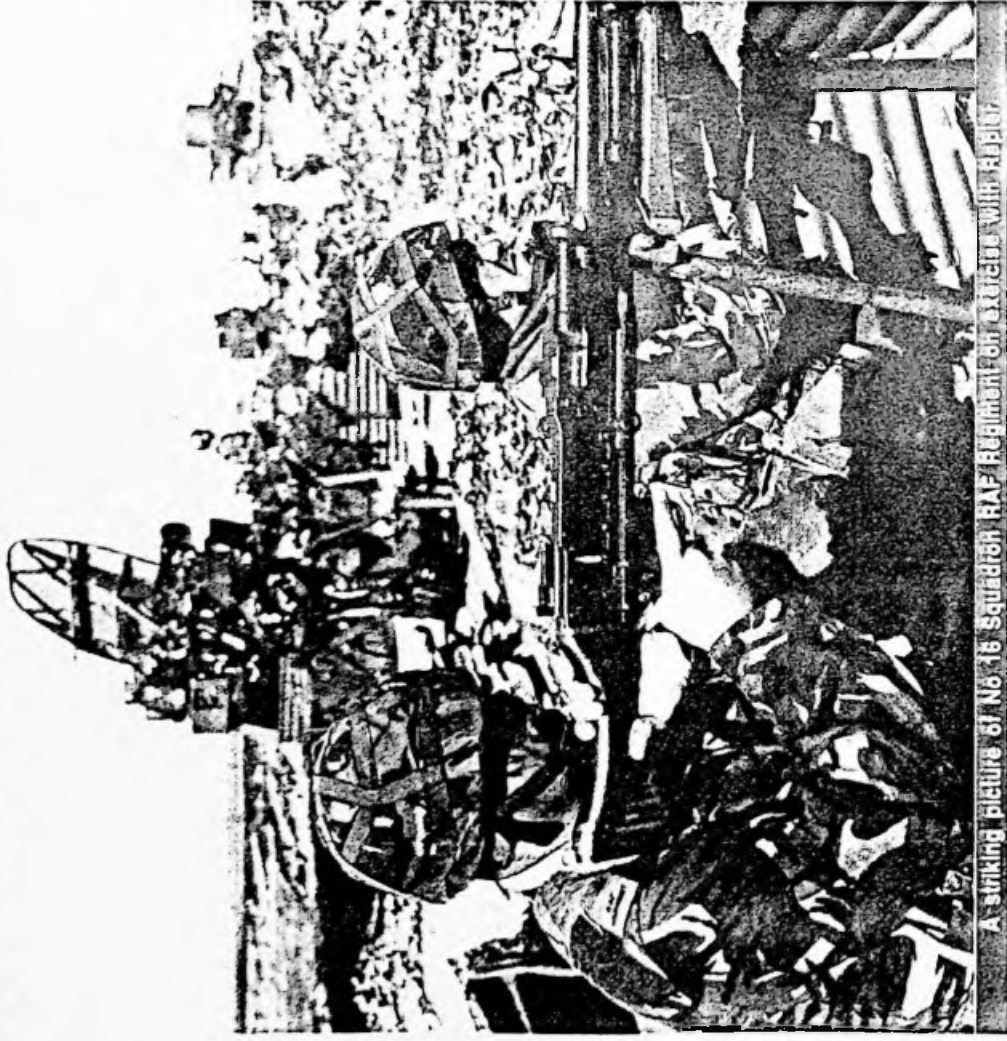
In Whitehall, the Defence Ministry said Britain had to practise rapid reinforcement of the Falklands to reduce its permanent garrison.

There was no significance in the timing of the manoeuvres, which end days before the anniversary of Argentina's 1982 invasion.

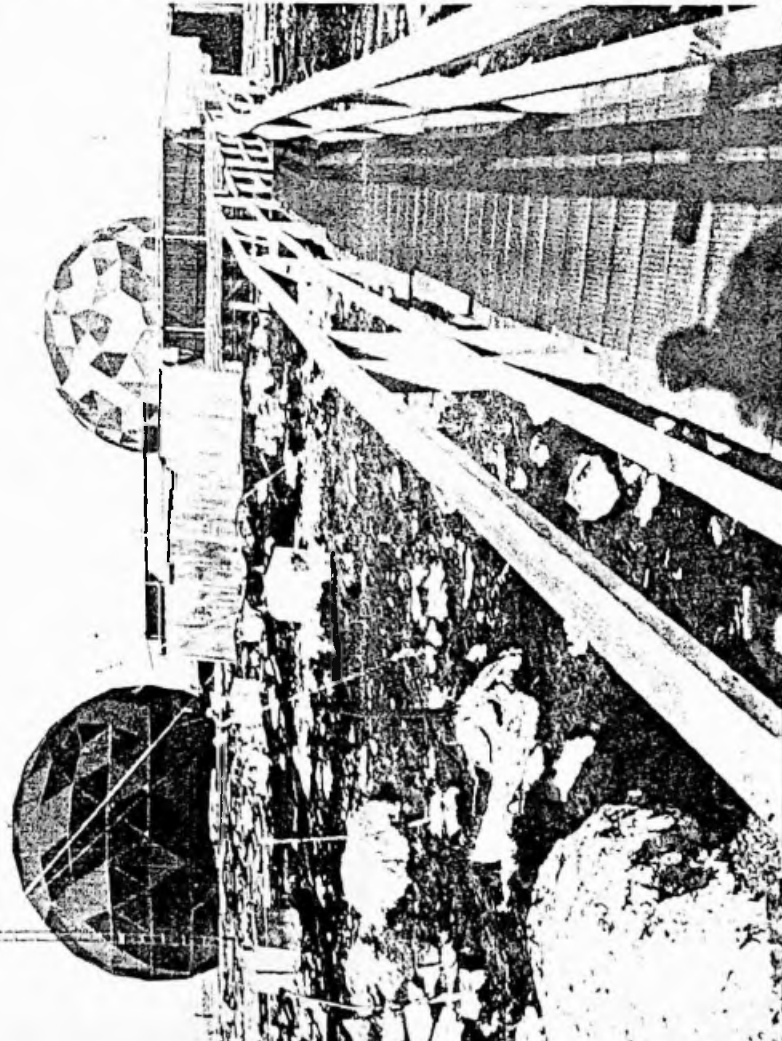


VIEWING FROM MOUNT KENT

Looking out from the summit of Mount Kent on the Falkland Islands, trying to decide which way to trek, are four members of 303 Signals Unit who spend an isolated existence at the radar station: SAC Martin Thirlaway and Cpl Alex Kundi (rear) and Sgt Ray Gibson with Flt Lt Chris Franklin (front). Falkland feature — pages 12 and 13.



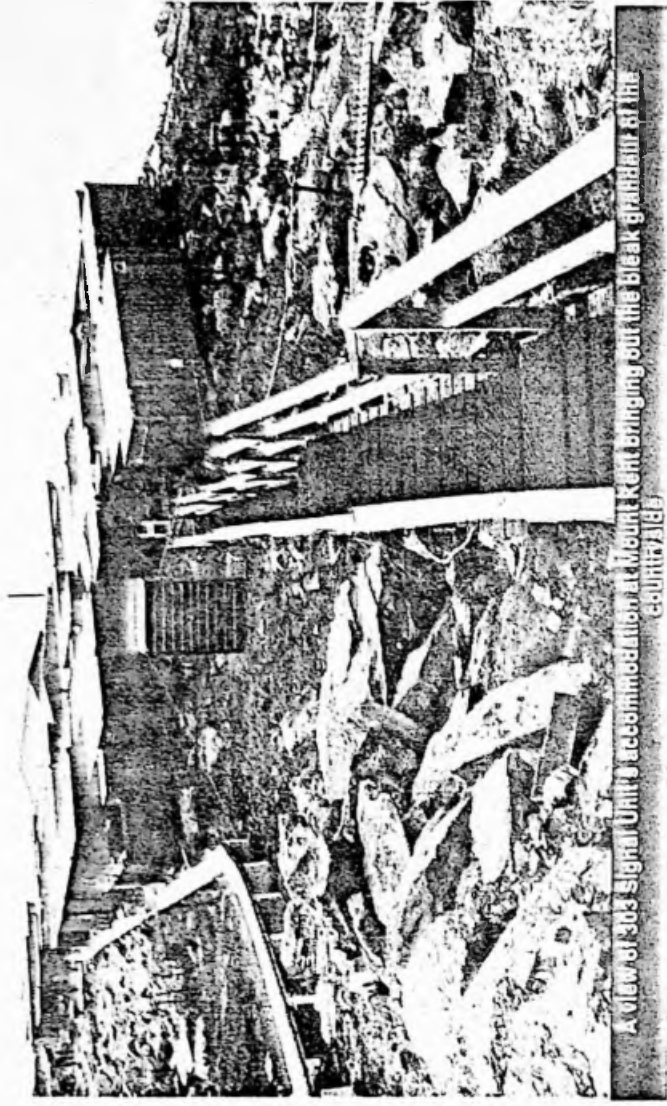
A striking picture of No 16 Squadron RAF Regiment on exercise with a Royal



New shapes on the landscape — the radomes at Mount Kent.



As part of Mount Pleasant's Engineering Wing, Cpl Tony Ragett and Jnr Tech Richard Smith service a Phantom gun.



Avalon's Black Signal Unit's accommodation at Mount Kent bringing out the Black grandeur of the country side.

Reporter Susan White and photographer Alan

SOUTHERN SEA

A PHANTOM streaks past the control tower at Mount Pleasant exhibiting its flying supremacy and in that split second the station's motto, Defend the Right, is brought sharply into focus.

For this is the real stuff. These formidable aircraft are in a state of high readiness day and night to do just what the motto says. They mean business, and seeing one roar overhead at low level leaves one in no doubt about that.

The British forces are now well established at their Falkland Islands base, and, with awesome machines like the Phantom scaring through the sky, their reason for being there, to deter aggression, is mightily supported.

In the words of the Station Commander, Cpl Capt Martin Widdowson: "As we move further away from the conflict of 1982 there might have been a tendency to relax our guard but I can assure you that this is not the case. In all respects we are ready to defend the islands and there is no doubt that this message is clearly heard."

The last time RAF News went down south, the majority of personnel were living in floating "coastals" at Stanley, but four years on, how things have changed.

These days, when an airman is deployed south for a four month tour, he climbs out of the Tristar and finds himself at a huge, purpose-built military complex with all mod cons. All the accommodation and indoor recreation facilities are interlinked by wide corridors — so let it rain, who cares?

Cpl Capt Widdowson was at Stanley in the early days after the Falklands War and he said of the enormous changes: "First of all living day to day is much more comfortable, and we now have a much better operational facility. It was a case of make do and mend at Stanley. We have got ourselves a monumental increase in the capacity of the airfield, and altogether there are just far better facilities for working here."

The sheer scale of development is breathtaking bearing in mind that work started from scratch in 1983. To be honest, the land around is pretty inhospitable looking and inside, those incredibly long, concrete-surfaced corridors are a chilly reminder that this is not home, BUT... just swing open any of the double doors and British warmth of spirit comes out to greet.

Shortly after arrival we were catapulted into one of the excellent gyms which, as usual, was a hive of activity. There were men on exercise bikes, some in the "beasties" exercise class (for those super-fit show-offs) and others taking it a little easier in the "wimps" class.

Physical Education staff told us how important it was for personnel to keep fit not only because of the front-line role of the station but also because of the notorious weather. Apparently most people take full advantage of the physical education facilities on offer and the three gyms are in use from early morning to late at night.

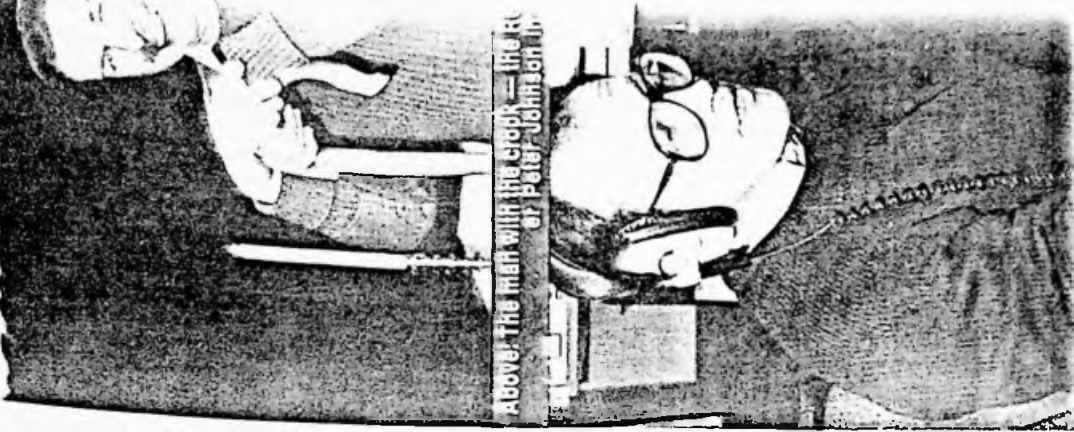
Social and recreational facilities have to be good because it's an independent community and Stanley is a fairly long journey away on that infamous bumpy road. Consequently, R and R is regarded as extremely important so a lot of time and effort is put into making it possible. The Forces serving on the Falklands have developed their own abbreviations and nicknames known as FISP/FAK and according to this, Minjoes (men in need of jolly outings) get out as much as possible.

The island is a nature lover's paradise and "bimbling" (gentle walking) is a good way to make use of off duty hours. With penguins, seals, and some amazing birdlife to see as well as interesting flora and fauna, airmen are encouraged to go and investigate. The jobs they do, after all, are extremely important and it's vital for them to get away occasionally from the inevitable pressure.

What did they think about serving in the Falklands? Yes, most were missing their families and home seemed a long way away (it's 8,000 miles) but some seemed more content than others — mainly those who were determined to make the most of it. Interestingly enough, several men said that the four length of four months was too short. They said that a nine to 12 month tour with a four week home break mid-way would allow people to "get into the job" to a greater extent.

The men at the top know the difficulties their men face and seem to try their utmost to listen and be aware of their needs. One got the impression that they are always thinking ahead and trying to provide what the grapevine told them has needed. Of course though, it's not always that simple.

OC Admin, Wg Cdr Alec Harris seemed to sum it up when he said:



Above: The man with the crop — the R

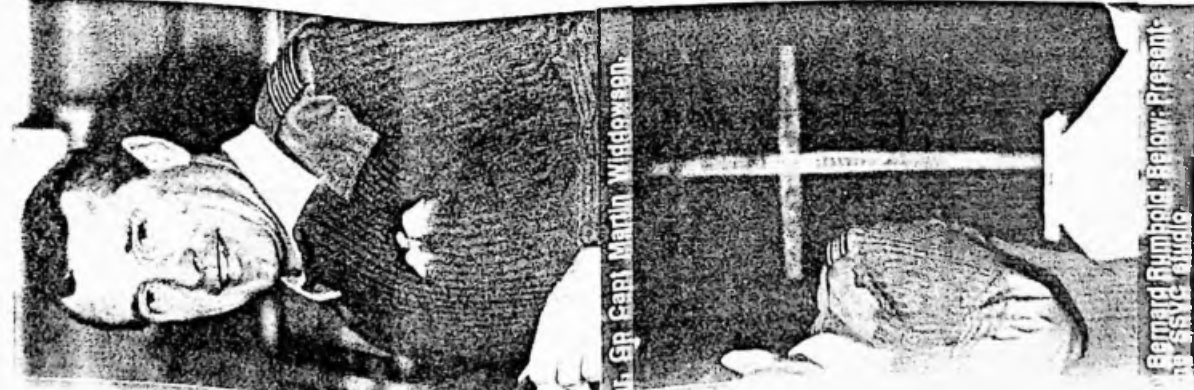
of Peter Johnston



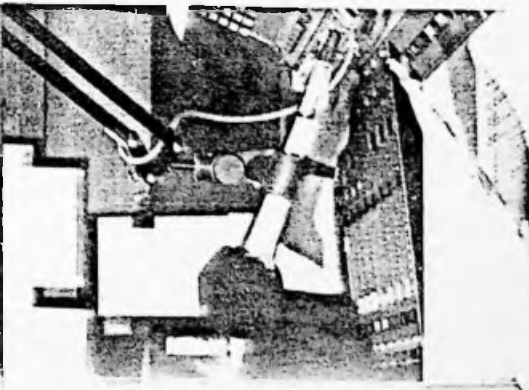
Members of a Hercules crew from 1412 Flight braving the Falklands wind with their trophy aircraft in the background.

House find Falkland Forces ready to defend

BASTION



Grt Capt Martin Widdowson in 1412 Flight.



Bernard Rumbold in 1412 Flight.

"Make no mistake, coming down here is a challenge and, yes, every-one has to work on morale, but we think it is kept high. It's a demanding, challenging job but a very worthwhile one."

The Commander British Forces Falkland Islands, Maj Gen Neil Carter stressed the importance of the tri-service structure which has operated at Mount Pleasant since April last year. "It's a totally inte-grated structure. We all work side by side learning from each other. The Falklands is a unique posting and it's valuable learning from joint service procedures." He added: "The RAF is kept on its toes all the time."

Being kept on their toes is something that the Phantom lads of No 23 Squadron know all about. We visited the crewroom where the on-duty pilots and navigators were watching TV in their immersion suits ready and waiting to go. These crews only do a five week tour but, of course, that means many of them go down south several times and when they are in the "hot seat" they are on Quick Reaction Alert 24 hours a day, 365 days a year. They are airborne within six minutes.

The Phantom's aerial athleticism is kept at a peak by the engineer-ing personnel on the ground who work shifts to keep these front line defence aircraft flying. It's very much team work. Air to air refuelling and maritime reconnaissance is the work of the Hercules 1312 Flight and they also find themselves called out on airlift missions. When RAF News was at the station a crew from the squadron dashed to the Antarctic to pick up a member of the British Antarctic Survey who had been badly injured. A mere 600 mile trip but all in a day's work.

Logistics air support is the work of 78 Squadron with its mighty Chinooks and Sea Kings which again have engineering personnel on hand to keep them flying and a joint helicopter support unit. As a guide to the workload undertaken by the Chinooks, it's interesting to note that in November last year Mount Pleasant's aircraft carried a total of two million pounds of freight and 1100 passengers.

The Sea Kings are, of course, involved in Search and Rescue and while we were there, one crew went out to South Georgia to rescue a soldier who was injured in a serious fall on a crag. Both types of aircraft are sometimes involved in helping the local community and as the British Forces at Mount Pleasant are keen to maintain close ties with local people, a Chinook's ability to carry a thousand gallons of South Atlantic Ocean so that it can douse a raging peat fire is extreme-ly valuable.

Another group of people who are pleased to see the arrival of a Chinook are the men who live on Mount Kent — one of the radar sites. The helicopters deliver all sorts of vital goods on a regular basis. Mount Kent takes some getting to. Over 1,000 feet in height, the only way up is by tracked vehicle called a BV — unless one is lucky enough to catch a lift in an aircraft. Believe me, it's rough going. Once at the top though there's a really special warm atmosphere.

The men here are part of 303 Signals Unit and they love the life. The site looks out onto spectacular views across the predominantly yellow and brown terrain — but a few steps will take a walker into the heart of a battle field, which now acts as an aircraft graveyard. The men of Kent, who are rightly proud of their vital work, are keen charity supporters and raise hundreds of pounds every month for all sorts of needy causes. Every man we spoke to told us how much he liked the life and work up there. Yes, they are isolated, but there is a great feeling of comradeship and all are looking forward to the build-ing of new facilities which will make life more comfortable.

Back down the mountain we got the chance to call in at a Rapier site where men from 16 Squadron RAF Regiment were involved in an exercise with the Phantoms. Absolute deadly precision, and it was fascinating to watch.

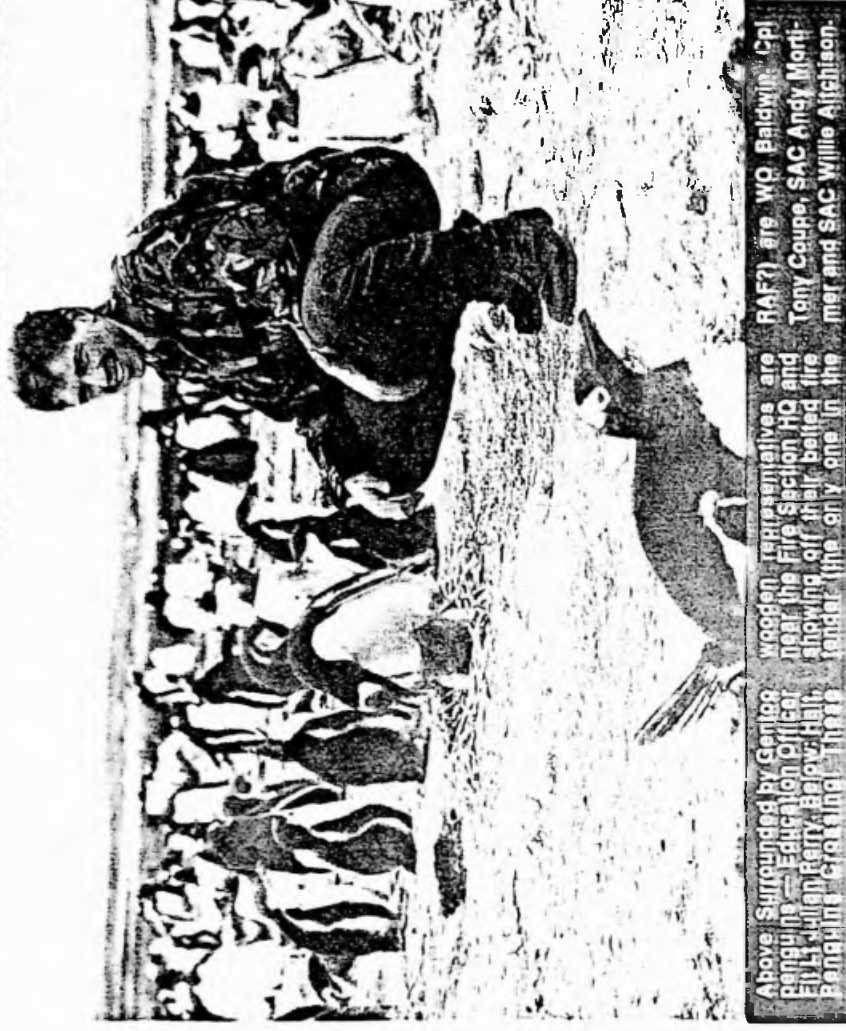
Security, as one would expect, of great importance and covers a wide range of activities. RAF Police use highly trained dogs in regular security patrols.

A brief call to the Engineering Wing revealed the diversity of their work and brought home again that this was a real theatre with real objectives. Standing next to an armed Phantom, or in this case, watching one of its guns being worked on, leaves a visitor with no doubt about that.

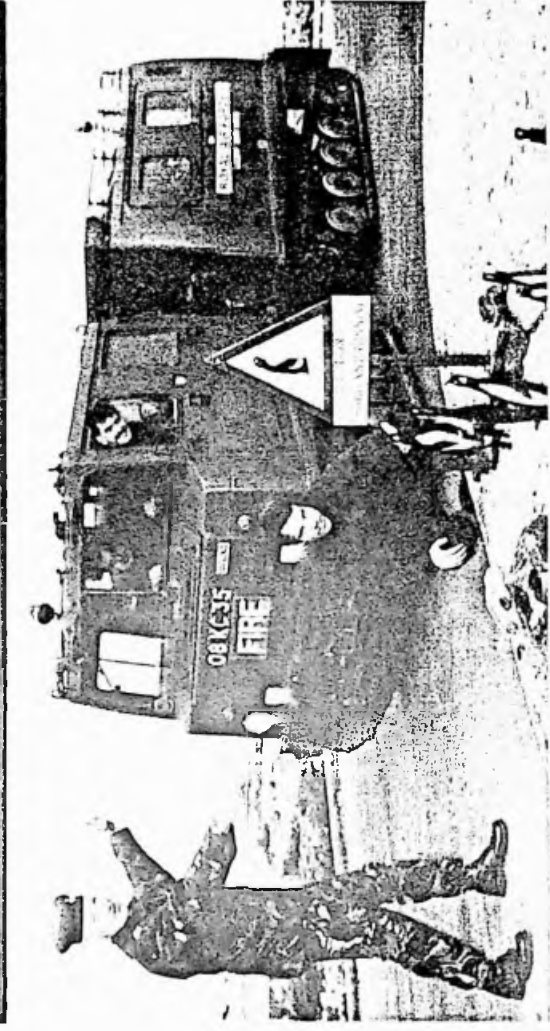
In the Supply and Movement Wing the sheer gargantuan size of Mount Pleasant becomes quickly apparent. OC, Lt Col Paddy Carris, said that they were still trying to rationalise everything. It was a major task but they were getting there! Size of operation was also obvious in the Catering Squadron with all three messes on site feeding hundreds of people three times a day.

A newcomer to Mount Pleasant turned out to be the Chaplain, the Rev Bernard Rumbold, who had decided to introduce himself to everyone in a most imaginative way. He carried a crook and it made him immediately recognisable. "I have been here since Tuesday and I have to say that I am enjoying it tremendously," he said.

Still on numbers, it is interesting to note that the ratio of men to women at Mount Pleasant is 30 to one, so it's an ideal place to be detached if you're a woman and like being spoilt!



Above: Surrounded by Gentoo penguins. Below: Representatives of the Fire Section HQ and Tony Coupe, SAC Andy Mortimer and Willie Aitchison, showing off their belted fire tender (the only one in the RAF?) are WO Baldwin, Cpl.



Falkland Islands exercise stories 'exaggerated'

Stories about the British exercise, Fire Focus, starting on Monday in the Falkland Islands, had been enormously exaggerated, Mr Ian Stewart, Minister of State for the Armed Forces, said.

The exercise would involve the movement of one battalion group and a small number of aircraft, he said. Fewer than 1,000 men were involved.

Mr Martin O'Neill, an Opposition spokesman on defence and disarmament, said that the small-scale exercise that MPs had heard about today was very different from the first full-scale reinforcement exercise described so fulsomely in the RAF debate only a few weeks ago.

The somewhat gung-ho approach taken by the minister then and his retraction today would not do anything to quieten anxieties that the Ministry of Defence was trying to blow up what was quite a modest exercise.

It was evidence of the bellicosity of this Government that the most puny little exercise was blown up by the tin-pot generals among Conservative MPs who took every opportunity to preen and inflate themselves.

Opening the annual debate on the Royal Navy, Mr Stewart said that after allowing for inflation, defence spending was now 20 per cent higher than in 1979.

This additional expenditure was reflected in the comprehensive shipbuilding programme that the present Government had followed. During the past eight years, 61 ships had been ordered for the Royal Navy with a cost at current prices of more than £6 billion.

This year, four more Type 22 frigates were due to be accepted from their builders, the first of which, HMS Cornwall, had joined the fleet two weeks ago.

The training ship, RFA Argus, had today been accepted from

ROYAL NAVY

the builders, leaving 26 major ships and submarines on order.

The acid test of the Royal Navy's ability to perform its role effectively was not simply ship numbers but its overall capability.

History, including quite recent history, was full of illustrations of the usefulness and flexibility of seapower. The Royal Navy's Armilla Patrol in the Gulf was just the latest example.

In 1987, the patrol had accompanied 405 merchant-ship movements through the Straits of Hormuz.

The four Royal Navy mine counter-measure vessels had successfully disposed of 10 mines in its support of the patrol.

The Royal Navy would be making a group deployment later in the year to the Far East and Australia. The task group was set to leave the United Kingdom in June and the focal point of the deployment would be the Fleet Review in Sydney early in October.

Exercise Fire Focus would provide the first opportunity to exercise the procedure for reinforcement of the islands. Completion of the airfield and development of contingency plans for rapid reinforcement of the Falkland Islands had meant a halving of the size of the resident garrison.

Mr O'Neill said that as long as Britain was spending massively on Trident everything else in the naval field would be severely limited. That would have a deleterious effect on Britain's contribution to the Alliance and it weakened the defence of these islands.

The deployment of so much of the fleet to northern waters brought into question its ability to meet other requirements, including its convoy-support role. That role was being gravely

stretched by the small size of the navy.

Mr Cecil Franks (Barrow and Furness, C) said that Trident's cost had fallen and he believed that it would fall further.

Mr Patrick Duffy (Sheffield, Attercliffe, Lab) said that the Soviet maritime capability had been increasing at an unprecedented rate. Nato had not kept pace.

Within Nato, Britain had prime responsibility for anti-submarine warfare. More and more people were questioning whether she had adequate forces. In 1980, a £1 billion programme was intended to replace Britain's mine-warfare vessels with 50 new hulls. Today, only half had been ordered and remaining contracts had been deferred to next year.

Mr Cyril Townsend (Bexleyheath, C) said that Britain must continue to modernize its nuclear forces, but there was no case for acquiring new missiles to compensate for those negotiated away in the intermediate-weapons agreement.

Mr John Cartwright (Woolwich, SDP) said that the defence-estimate figure of a 54-vessel fleet was arrived at only by including some ships already pensioned off and others that had not yet left the builders.

That figure had been revised downwards to 49. There was still an argument on how many were available immediately. His estimate was 36 which could be available within 48 hours.

Mr Timothy Sainsbury, Under Secretary of State for Defence Procurement, reaffirmed the Government's commitment to maintain a force of about fifty escorts.

The Trident programme was proceeding satisfactorily and was on schedule. Despite reported difficulties of some building work at Aldermaston, the Government's assessment was that warhead deliveries would be on time to achieve the planned in-service date for the Trident system in the mid 1990s.

Argentine forces on alert

Buenos Aires (Reuter) — Argentina put its armed forces on "defensive alert" yesterday in response to Britain's plans to stage military manoeuvres around the Falkland Islands next week.

A government communiqué said: "The military activities which could be carried out in the South Atlantic during the announced British exercises will be

kept under tight vigilance."

In London, the Foreign Office said there was no justification for the alert. The Armed Forces Minister, Ian Stewart, had earlier told Parliament the manoeuvres were purely defensive and would involve less than 1,000 men.

On Monday the UN Security Council is likely to be convened to consider the issue.

Inquiry over Marconi's MoD profits

Exclusive

David Hencke
Westminster Correspondent

THE Ministry of Defence and Royal Navy appeared to have overpaid for equipment in the wake of the Falklands War which allowed GEC-Marconi to make additional profits on orders overseas, according to documents being examined by the MoD police as part of their 20-month inquiry into company contracts.

Internal company memoranda and work sheets, obtained by the Guardian, point to complex switching of equipment and costs between domestic and export orders ostensibly at the expense of the Ministry of Defence and the Royal Navy.

The documents have been passed by Mr Dale Campbell-Savours, Labour MP for Workington, to Mr John Bourn, Comptroller and Auditor General, and Mr Allan Green, Director of Public Prosecutions.

The orders involve more than £1 million worth of signals intelligence equipment ordered by the Ministry of Defence and the Royal Navy. The equipment was for 234 vocoders — an invention which changes voice into code — and proved invaluable when 12 prototypes were tested during the Falklands War.

The Ministry of Defence paid over £400,000 for vocoders ordered as four separate batches in 1982 and 1983. Separately, the Royal Navy ordered 100 vocoders to equip all their ships on a contract called Growler at a provisional cost of £748,650.

Internal memoranda show, however, that the four MoD contracts were actually produced as two batches with profits substantially higher than the officially-allowed contract figures of 6.4 and 5 per cent.

An internal company memorandum recording a meeting between the MoD and the company claims that three different prices were charged for equipment produced on the same production line — £2,900, £2,573

and £2,673 per unit — producing an unofficial profit of 34 per cent. The fourth batch, charged at £2,693 each, produced a gross profit rate of 103 per cent.

But internal company work sheets show that between October and December, 1983, the two MoD contracts were merged by Marconi. The first, project 43237 — combining the first three batches for which the Ministry of Defence paid £352,826 — was heading for final cost, including allowable profits, of just over £303,000.

The second contract — number 43263 — for which the ministry had paid £56,553, had only cost £32,166 including allowable profits. The second contract was, however, abolished and its costs transferred to the first. In addition, computer software costs on the Growler contract were also transferred to the first MoD contract.

The Royal Navy Growler contract was for 100 vocoders. But according to company work-sheets, 150 were able to be made under the contract.

The company then transferred the surplus vocoders to other export orders where the client was already paying, as is permitted, much higher prices.

An order for seven vocoders for Syria — where the price charged was £19,590 a unit — was already facing penalty charges because of late delivery. An internal company schedule records: "Vocoder packs from Project 43253 (NAVY) urgently required."

Another order for 10 vocoders for the Thai Navy, at a cost of £170,000, records the same message.

The company also exported two of the vocoders to another company, Cincinnati Electronics, on the original MoD order and supplied the Australian Navy with two vocoders from the Royal Navy order. The Australians had agreed to pay £15,000 each.

An internal company memorandum on the Cincinnati and Australia vocoders asked: "Will you please confirm that you are happy to allow these charges to remain in these projects and that you will believe that MoD will not object to this?"

War games prompt alert in Argentina

Jeremy Morgan in Buenos Aires

ARGINTINA's decision to put its armed forces on alert during Britain's military manoeuvres in the South Atlantic was seen paradoxically as a bid to avoid confrontation almost six years after the Falklands War, diplomats said last night.

By emphasising that the military would maintain "strict vigilance" in the South Atlantic, the Government was trying to allay demands for action before the start of the British exercises on Monday.

Most Argentinians show no enthusiasm for a return to the belligerence of five years ago. But opposition calls for Argentina to stage its own war games have been growing since the Peronists called last week for a show of force to rival the British exercises.

The Peronists' demand has variously been seen as a response to pressure from their own nationalist rightwing, a bid to build bridges with similar sentiment within the armed forces, or an attempt to embarrass the Government over its supposed indecision in the face of the British move. The Government's reaction has been cautious, although it has yet to rule out any plan to stage manoeuvres.

The Government emphasises that its own military alert will be purely "defensive". Military sources said a similar non-provocative attitude had been adopted by both the army and navy high commands.

However, the evident caution in the military and the Government did not dispel concern among some observers that maverick military officers might decide to take action into their own hands.

Cynics suggested the Government's "strict vigilance" should be applied to them as much as the British during the next few weeks.

Senior members of the ruling Radical party have criticised the proposal.

Senator Adolfo Gass, a senior Radical who chairs the Foreign Affairs Committee in the upper house of Congress, warned that Argentina's armed forces had neither the capability nor the weapons to confront the British. Peronists replied that Sena-

tor Gass might just as well talk about dismantling the armed forces.

The leader of the lower house, Mr Juan Carlos Pugliese, another prominent Radical, voiced outright opposition, arguing that a solution to the Falklands dispute did not lie in a military challenge to Britain.

But despite clear signs the Government was focussing its efforts on international diplomacy, speculation has continued that President Alfonsín might yet bow to Opposition pressure.

Even as the Foreign Minister, Mr Dante Caputo, flew to New York this week to try and persuade the UN Security Council to debate the question, reports persisted that the Defence Ministry was studying plans for some form of military exercise in the south.

The Defence Minister, Mr Horacio Jaunarena, was circumspect when asked about such plans, acknowledging only that officials were considering "several possible hypotheses." He declined to say what action the authorities might take if a British warship or aircraft entered territory claimed by Argentina.

The head of the air force said it would keep an "alert watch" during the British manoeuvres.

Meanwhile in London, the British Armed Forces Minister, Mr Ian Stewart, told Parliament yesterday that the military manoeuvres involved a troop airlift and were part of a defensive strategy to keep a minimum of British soldiers in the Falklands.

He said development of contingency plans for a massive airlift had enabled Britain to halve the size of the garrison in the islands.

"Such a substantial reduction of the military presence... serves to confirm that our purpose is entirely defensive," he said.

The exercise involved movement of no more than one battalion group and a small number of aircraft, he said, with less than 1,000 men in all. He suggested that accounts of the scale of the exercise had been exaggerated.

The Foreign Office spokesman said Britain had recently notified Argentina, through Swiss diplomatic channels, that the manoeuvres were "purely a reinforcement exercise".

Argentina on alert

Buenos Aires (Reuter) — Argentina yesterday put its armed forces on "defensive alert" in response to Britain's plans to stage military manoeuvres around the Falkland islands from Monday to the end of the month.

A communiqué by the defence and foreign ministries said: "The military activities which could be carried out in the South Atlantic during the announced British exercises will be kept under tight vigilance", and declared a defensive alert, which means that the country's troops would be mobilized.

The Foreign Minister, Señor Dante Caputo, meanwhile flew to New York to try to raise the issue the UN Security Council, foreign ministry sources said.

Press Cuttings

from Broad Street Associates

FINANCIAL TIMES

4 MAR 1988

Argentine forces on alert

Argentina mobilised its armed forces, putting them on defensive alert in response to Britain's plans to stage military manoeuvres around the Falkland Islands in the South Atlantic. Page 4

Argentina reacts on Falkland exercises

Argentina last night declared a state of "defensive alert and surveillance" in response to the British manoeuvres in the Falklands which begin on Monday, writes Tim Coone in Buenos Aires.

The Defence and Foreign Ministries said there would be tight surveillance of the exercises and that efforts would be made "to avoid the risk of incidents".

Argentina says its measures

are justified because the UK is violating United Nations resolutions declaring the South Atlantic a zone of peace and co-operation and because Argentina has the "obligation to protect the life and the property of those who inhabit Argentine soil".

None the less considerable confusion existed last night as to whether military units were

being placed on alert around the country, or whether the announcement was aimed simply at assuaging nationalist sentiment and putting pressure on the UK to cancel the exercises.

The Defence Minister, Mr Horacio Juanarena, said there was no intention of sending troops to the south of the country, but he also said military contingency plans were being put into operation.

Argentina tries to staunch public sector haemorrhage

THE SUCCESS or failure of one man could determine whether Argentina will finally be able to shed the curse of chronic inflation and return to the road of steady economic growth and stability.

Last week, Argentina presented a letter of intent to the IMF. One of its key targets was a reduction of the fiscal deficit from 7.5 per cent of GDP last year to 2.9 per cent this year. A big reorganisation in the state sector involving privatisations, tight financial controls, management shake-ups and an end to Treasury support is the linchpin of the new plan and it falls to Dr Rodolfo Terragno to implement it.

Since last September, Dr Terragno has been at the helm of one of Latin America's mightiest enterprises. As Minister of Public Works and Services (MOPS), his empire embraces all the key industries in Argentina: oil and gas production, hydro-electricity, transport, telecommunications, shipbuilding, ports, water, and petrochemicals, to name just the most important.

The satirical press has dubbed him ET, after the character in Steven Spielberg's film, for his sudden ascent from obscurity to one of the most important ministerial posts in Argentina. Now in his mid-forties, he is a lawyer by training, and journalist and publisher by vocation.

MOPS is not an empire which has flourished. On the contrary, last year it was responsible for just over half of the entire government fiscal deficit. In the words of Dr Terragno, "it is a financial haemorrhage that sterilises resources and does not even fulfil the purpose of having a state sector. It does not accumulate capital, but consumes it."

"The unconditional financial support given by the central government to the state-run companies is one of the origins of hyperinflation in Argentina," he says. Last year the companies

under MOPS ran up a \$2.5bn deficit which had to be financed from the Treasury. "This year we are reducing spending by \$500m and it is our intention to have a zero deficit," he said.

The surprise announcement last month of the intention to sell 40 per cent of Aerolineas Argentina to SAS, the Scandinavian airline, is one of the first steps. It is likely to be followed shortly by an announcement that a minority holding in ELMA, the large

Last year state-owned companies ran up \$2.5bn deficits.

Tim Coone talks to the man charged with eliminating the losses

state-run shipping company, is to be sold to the private sector. Numerous other companies are also earmarked for privatisation.

As part of the financial restructuring, \$1.1bn in annual interest payments on the state enterprises' debt are to be taken over by the central government, in exchange for an end to Treasury subsidies. Meanwhile, all the companies are now being subjected to rigorous financial controls. "Many of them have never previously produced annual trading accounts," said Dr Terragno, "and Ferrocarriles Argentinas [the railways], for instance, do not even have an inventory of stocks."

All this is to be changed this year, and managers who fail to come up to standard will be replaced. The power of hiring and firing managers was returned to MOPS as one of Dr Terragno's first acts of taking office. Previously, an inter-ministerial committee, and in the last instance the President, appointed state company managers. One of the first casualties of this policy was the Energy Secretary, Dr Jorge Lapena, who was forced to resign

this week in a dispute with Dr Terragno over future oil policy.

Dr Terragno says that MOPS has also won back control over public services' tariff policy, which was formerly under the control of the Ministry of Economy. As such, it has tended to be managed with an eye on the inflation figures rather than the state companies' financial health.

Together with a fund to be established from certain taxes derived from the state sector, Dr Terragno believes these measures will be sufficient to achieve zero deficit this year. "It is going to be a shock to the sector and it is going to be very difficult, but it is the only way, otherwise no targets will be respected."

But Dr Terragno's tough management style does not make him a crusader for free markets and privatisation. "Privatisation is just one of several mechanisms to make the state sector more efficient, it is not an end in itself," he says. "Technologically obsolete companies with little goodwill such as Ferrocarriles cannot possibly be privatised. We shall start there by reducing the 40 per cent fare evasion."

"The role of the state is very important, and is indispensable in a policy geared towards development. I am not a supporter of free market policies, nor of a passive state. On the other hand the present state sector does not even serve the purposes for which it was created," he said.

A book he published in 1985 is now reaching the 100,000-sales mark and its 13th edition, something of a record in Argentina. It is a modest 180-page treatise of proposals for revitalising Argentina through the rapid incorporation of science and technology into Argentine culture, which he says has been sorely lacking. The book has, he says, "been largely responsible for the sudden advance in my political career." Prophetically, perhaps, it is entitled "Argentina in the 21st century".

4 MAR 1988

Argentine alert on Falklands

Jeremy Morgan
in Buenos Aires

ARGENTINA last night announced it was putting its armed forces on "defensive alert" during the British military manoeuvres that are to start in the South Atlantic on Monday.

Accusing Britain of violating Argentina's "sovereign rights" over the Falkland Islands, the statement said Argentina would maintain "strict vigilance over military activities" in the region.

A Foreign Office spokesman said there was no justification for, or threat in, the Argentine action.

FISHING NEWS
4 March 1988

Seaboard ship sails

MOUNT KENT, the former Hull stern trawler *St. Jason*, set off from the Tyne for the Falklands grounds on Tuesday this week to become the first trawler in the fishing fleet to be operated by Seaboard Offshore of Scotland (*Fishing News*, February 12).

The ship has had a new factory deck installed as part of

a refit at the Tyne Dock Engineering yard carried out under the supervision of consultants Shiptech of Hull.

Seaboard's second stern trawler, the former West German factory ship *Wein* which has been renamed *Mount Challenger*, is due to set sail for the Falklands in about three weeks' time.

signals
shift
ation

Resignation signals Argentinian shift on oil exploration

BY TIM COONE IN BUENOS AIRES

MR Jorge Lapena, Argentina's Secretary of State for Energy and president of the state oil company YPF, resigned yesterday after a request from President Raul Alfonsin.

His resignation is likely to lead to greater foreign and local oil company participation in gas and oil exploration at the expense of the state oil company YPF.

Mr Lapena's resignation had been requested the previous day by President Alfonsin to put an end to a simmering dispute between Mr Lapena and his immediate superior, Dr Rodolfo Terragno, the new Minister of Public Works and Services, over the future of oil policy and in particular the role YPF should play in exploration and production plans.

After his resignation, Mr Lapena said that he had conflicting views with Dr Terragno over private sector participation in oil production and over the budget allocated to YPF.

He said: "The new methods of private capital participation should not be at the expense of YPF."

Dr Terragno took over the ministerial post last September as part of a Cabinet shake-up and embarked on a financial clean up of the state-run enterprises which account for more than 50 per cent

of the Government's annual fiscal deficit.

Dr Terragno's target is to reduce Treasury support for the state-run companies to zero this year.

YPF is Argentina's largest company and has been run at a loss for decades. Mr Lapena assumed the presidency of YPF last year, in addition to his Energy Secretary post, after the ousting of Mr Rodolfo Otero (a friend of President Alfonsin) who was also opposed to ceding exploration areas controlled by YPF to the private sector.

Mr Lapena was considered the right person to accelerate oil and gas exploration by the private sector and to some extent this has happened through a significant advance in exploration risk contracts being signed with foreign oil companies.

The dispute seems to have centred on short-term targets to boost gas and oil output from existing fields, mainly through secondary recovery, which would involve private sector participation in YPF-operated oilfields.

Last year Argentina was obliged to import oil because of a fall in production by YPF which, in turn, was blamed on budget cuts made in 1986 as part of negotiations to obtain an International Monetary Fund standby loan.

Military response urged to UK Falklands exercise

BY TIM COONE

ARGENTINA'S principal opposition party, the Peronists, called on Tuesday night for a military response to the British manoeuvres in the Falkland Islands, scheduled to take place from March 7 to 31.

The Peronist leadership said the Argentine Government's policy over the islands had been "insufficient" and called for the "urgent preparation of a plan of operations for preventive defence of the national territory" in response to the exercises.

The manoeuvres are designed to test the UK armed forces' ability to carry out a rapid reinforcement of the garrison on the Falklands. The British Government has justified its decision to go ahead with them despite wide-

spread international criticism, arguing that the size of the garrison can be reduced if a strategy of rapid reinforcement can be shown to provide a viable defence for the Islands.

In a show of support for Argentina, the Organisation of American States (OAS), based in Washington, passed a resolution on Tuesday expressing its "deep concern" over the manoeuvres and urging the UK to reconsider its position. The resolution was approved by 25 votes, with none in opposition and only two abstentions - the US and Santa Lucia.

Argentina is expected to request an emergency meeting of the UN Security Council to debate the manoeuvres.

Falkland exercise smaller than Latin Americans feared

By Andrew McEwen, Diplomatic Correspondent

"Operation Fire Focus", the British military exercise in the Falklands which has aroused a storm of protest in Latin America, is to be much smaller than expected, involving just over 600 men.

The previously secret figure was announced yesterday by Labour's spokesman on the Falklands, Mr George Foulkes, who said he got it from Mr George Younger, the Secretary of State for Defence.

The exercise, a test of Britain's ability to reinforce the Falklands garrison rapidly, begins on Monday. When the Ministry of Defence announced it last month it said "substantial" numbers would be involved. This was taken in Latin America to mean 1,000 or more and prompted fears of a military threat.

The Ministry continued to refuse to give the figure yesterday, but said that forces would be of "battalion strength", which could mean about 600 men.

Mr Foulkes said that the Ministry had stirred up exaggerated fears in Latin America through an unnecessary secrecy. "The MoD has boobed," he said. "It (the situation) is not nearly as serious as was first thought."

Mr Foulkes previously opposed the timing of the exercise, on the ground that coming in the run-up to elections in Argentina it could weaken President Alfonsín's fragile democracy and play into the hands of extreme elements in the military.

But, after learning of its

small scale, he reversed his position. He said he accepted that it was necessary to test Britain's capability for rapid reinforcement.

"The fault for the misunderstanding lies entirely with the MoD, and they should make a major attempt to repair the diplomatic damage," he said.

Exactly such an effort was under way. British diplomats throughout Latin America were trying to explain that Fire Focus was never meant to be threatening. But relations have already suffered considerable harm.

Virtually every Latin American government, except

Oslo (Reuter) — A big Nato exercise aimed at testing the rapid deployment of alliance forces in winter conditions gathered pace yesterday as many of the 14,000 troops involved arrived in northern Norway. Forces from eight countries, including the US, Britain and Italy, will participate in the three-week event.

Chile, has made representations to Britain, either directly or through the Organization of American States.

The Brazilian Government postponed a visit which Mr Timothy Eggar, Under Secretary of State at the Foreign Office, was to have begun today.

The OAS approved a resolution on Tuesday urging Britain to reconsider the exercise and instead open negotiations with Argentina.

Argentina rejects military response

By Our Buenos Aires
Correspondent

Argentina's opposition Peronist party has urged President Alfonsín to stage defensive military manoeuvres in response to Britain's air and sea exercise in the Falkland Islands beginning on Monday.

However, a government spokesman said Argentina would confine itself to a diplomatic offensive against Exercise Fire Focus, which is to practise rapid reinforcement of the garrison in the Falklands.

The cost of the Falklands

VIEWS differ as to the wisdom or not of Britain's costly retention of her legal rights in the South Atlantic (ie, in the Falklands, South Georgia, etc, or the supposed terra irredenta which provides a cohesive ingredient to the idea of Argentine nationhood).

Happily, the picture is less bleak than is suggested in describing the Falkland garrison costs (February 27) as "thought to be about £400 million a year, more than 50 per cent higher than Government targets." Garrison costs in the current financial year are £141 million. After a peak of £400 million a year in the period 1983-86, when the airfield, etc, were being built, costs from this April onwards will be just over £100 million a year. Such is the cost of a rapid reinforcement capability, which requires occasional rehearsal.

Oddly, since 1983, the Treasury and the Ministry of Defence have published annual Falkland defence costs as a series of composite figures that includes war costs as replacing ships that were sunk. War costs are 37.7 per cent of costs in the period 1983-88, a figure ascertained from the unpublished, separate costs that are available by going to the trouble of writing in for them.

M. R. Meadmore.
8 Penhard Road,
London W12.

2 MAR 1988

Press Cuttings

from Broad Street Associates

 THE INDEPENDENT

Falklands plea

Geneva (AFP) — Argentina's representative at a UN disarmament conference denounced British plans to hold military manoeuvres in the Falklands as threatening and provocative and said Britain could "contribute to the climate of international détente" by cancelling them.

Cairns Group bridges the farm surplus gap

THE DELIBERATIONS of 14 agricultural and trade ministers at the lakeside resort of Bariloche in southern Argentina last week must rate as a gastronomic landmark in the history of agricultural trade negotiations.

Subsidies on mundane staples such as wheat, milk and olive oil were discussed over platters of wild boar, venison and fresh trout plucked from the breathtaking Andean mountain surroundings.

"You never hear of an agriculture minister going hungry" was the colic remark of one of the assembled 14, confronted with yet another banquet after a hard day of speeches and bargaining.

But the ministers had some reason to be in a self-congratulatory mood. Countries with interests as apparently diverse as Canada (\$5bn in agricultural trade subsidies last year) and Argentina (which continues to tax some of its agricultural exports), not only maintained their unity, but came up with firm proposals on how to go about trade reform.

The Cairns Group, which met for four days at Bariloche, is composed of Argentina, Australia, Brazil, Canada, Chile, Colombia, Fiji, Hungary, Indonesia, Malaysia, Philippines, New Zealand, Thailand, and Uruguay. It

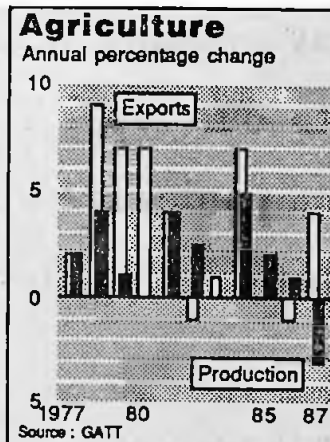
is a non-aligned group of agricultural exporters committed to achieving liberalisation of agricultural trade within the Uruguay Round of negotiations on the General Agreement on Tariffs and Trade (Gatt).

The hero's role at Bariloche must go to the Australians. By bringing the concept of "downpayment" into the talks, they hope to bridge the gap between the negotiating positions of the US, the EC and the Cairns Group.

Last year, the US committed itself to eliminate all agricultural trade subsidies by the year 2000 – the so-called Zero-2000 proposal. It is now pressing the EC and countries such as Japan, which have high protective barriers against imported foodstuffs, to adopt a similar long-term commitment.

Both the EC and Japan, however, are extremely reluctant to make the step beyond short-term measures. The US and the Cairns Group exporters fear these could be quickly reversed under domestic political pressure, in the absence of an explicit long-term commitment to cut subsidies.

Equally, the US is concerned lest its own Zero-2000 proposal should fail in the face of US congressional pressure to maintain and extend farm support pro-



grammes.

Developing countries in the Cairns Group consider that immediate steps have to be taken to reduce subsidies, which are creating financial crises at home due to the foreign debt burden. They want the date for Zero-2000 brought forward. The US is apparently willing to consider the possibility, but only if the EC commits itself to long-term reform.

"Downpayment" is the Australian answer. Short-term measures adopted by the EC, say, to reduce protection for certain products and crops could be considered as

a down payment on a long-term commitment to reduce overall subsidy levels. This "would be a means of bringing the EC into a political commitment" said one of the Australian negotiators.

The Cairns Group have tabled firm proposals for the 1989-90 period. These are that trade and export subsidies be reduced, that quota and other restrictions be relaxed, giving increased market access, and agreement sought on the management and disposal of surpluses.

In the coming months, these basic ideas are to be developed in Geneva with the back up of econometric studies carried out in Australia and the US. By the time of the mid-term review of the Uruguay Round, to be held in Montreal in December, the Cairns Group should have specific proposals on the levels of reduction in farm support, a timetable for carrying them out, and a means of standardising and measuring the various forms of farm subsidies - a so-called aggregate measure.

The US role will continue to be pivotal. The Cairns Group, which accounts for about 25 per cent of world agricultural trade, cannot hope to influence the EC alone. Equally, the US needs the support of the Cairns Group.

Mr Mike Moore, the New Zealand Trade Minister said "the Cairns Group and the US are natural allies". He added: "The US has lost 50 per cent of its agricultural export markets over the past 10 years as a result of the EC farm protection policies."

His Australian colleague, Mr Michael Duffy, was equally emphatic about the US role: "Its political credibility is at stake. The US can and should take a lead in this Gatt round because of its very ambitious Zero-2000 commitment. But it is no use breast-beating about long-term reform if at the same time the US Government cannot carry these reforms with its own Congress."

But with the "downpayment" mechanism as a possible means of reconciling short- and long-term goals, "decoupling" of subsidies from production could provide the next key area of compromise.

Mr Moore said: "It is legitimate to support farmers, but not farming. Nobody is questioning the right of a government to support a rural family, but it should be as a family unit and not on the basis of what they produce. It is production subsidies that are presently causing the huge distortions in world agricultural trade."

Royal Air Force Police Land Rovers



- Above: ¼ tonne Soft-top
- Below: ½ tonne Air portable Station Wagon



● Below: Shorland Armoured Personnel Carrier



ROB MORRISON



Regulating
Petty Officer Larry
Lamden, with an Airportable ½ tonne Soft-top Land-Rover

Bob Morrison



- Sergeant Ted Lockyer RMP and a Soft-top ¾ tonne Rover.

● Corporal John Hartley RAFP with a Hard-top ¾ tonner. Note the new 'un-breakable' rear view mirror.



INTERNATIONAL MARITIME MAGAZINE **Seascope**

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Maritime
Heritage
Competitions

Backing our maritime mission

THIS issue of *Seascope* — No 11, might have a little more colour pages within it, but outwardly looks much as its ten predecessors did. But it is something of a milestone for us, as the March issue will be available on news stands as well as to our faithful subscribers. To our subscribers, thank you for your support, for buying an “unseen” magazine and in demonstrating in so many ways that you liked what we were producing. You were, in effect, confirming what we see as our maritime mission.

Part of this mission, as we see it, is to help to convince our political leaders that the sea is an essential part of our future, and not just confined to a glorious past. Your average politician, especially those who occupy transport and technology posts, have been apt to dismiss maritime matters because they do not perceive sufficient votes in the sea to keep their interest sharp! A transport minister can get very exercised about a motorway extension, or demonstrating his commitment to road safety. An energy minister sees the public at their petrol pumps, not the supply boats out among the rigs. Even ministers in charge of the Navy tend to look at their portfolio in terms of the money they can screw out of the Treasury this year and seldom are able to demonstrate an intelligent interest in why a Navy is needed, or what its long term strategic aims must be.

Let us give you just one cruel example of what we mean. Seven years ago the Falkland Islands were dying on their feet. They were thought, by various unimaginative politicians, to be an economic drain and a political embarrassment. Despite scientific evidence of mineral wealth under their seas and the fish teeming in their waters, there was no enthusiasm in the United Kingdom government for their support. Then a war was fought over the islands and from this expression of fierce political will we have an increasingly prosperous mariculture industry, ships being built for what had been a dying UK deep water fishing industry and a great deal of long term optimism, despite the ongoing Argentine threat. But the UK did not have to fight a war to do this. If only the warnings of naval officers had been heeded, if only the investment potential of the marine

industries which had been recognised by scientists, had been acted upon, if only the *political will* to get the Islands out of an economic morass had been expressed.

Maybe, to the ambitious there are apparently few votes in the sea, but it is necessary to just look a little harder for them. Shipping is not a twilight industry, no matter what is said in certain quarters by computer crazed advocates of the financial services sector, or Channel Tunnel construction companies. You don't often *see* ships, but there have been revolutions in maritime transport technology during the past twenty years that affect us all. This issue will tell you just a little about the development of the modern bulk carrier — ships which can carry cargo half way round the world cheaper and more efficiently than the same cargo can be moved twenty miles.

Navies are not quite so self-effacing as commercial interests, but even they tend not to be noticed. We forget about the way in which peace is maintained by the missile submarines on their lonely patrols, a guard against the unthinkable, and it is only when the television reporters are attracted to the Gulf that we see why, like Nelson, we desperately need frigates, or how a few maniacs with mines can wreak such havoc.

But that's very much in the present. We like to think, indeed we really do *believe*, that there is a tremendous future in the maritime world. It represents virtually the last untapped resource on Earth, a source of food, renewable energy, minerals and other wealth. And it is still almost unexplored.

There is a future in the deep oceans and on the coasts for every conceivable expression of science and technology, for the marine biologist and the skilled seaman, for both work and leisure. What it needs, above all, is more marine *consciousness*, and that, dear reader, is part of our *mission*.

Seen outward bound on her recent maiden expedition, is the Soviet Antarctic ship Akademik Fedorov. Built in Finland last year, this fine vessel demonstrates the Soviet commitment to oceanographic and polar research. The vessel is fitted with accommodation for 250 crew and scientists, ten laboratories and complete facilities for the support of large expeditions. (Photo by Peter Voss.)



Naval Review

Richard Osborne

ROYAL NAVY NOTES

Orders • It has been announced that the Swan Hunter yard at Wallsend-on-Tyne has received the order to construct the second Auxiliary Oiler Replenishment (AOR) ship for the RFA. The new ship is likely to be named *Fort George* and, like her sister *Fort Victoria*, which is under construction at Harland & Wolff's Belfast yard, will be equipped with Seawolf missiles as well as various passive anti-torpedo and anti-missile devices.

With regard to the four single-role minehunters ordered in 1987, it has been announced that they are to be named *Bridport*, *Cromer*, *Inverness* and *Walney*, thereby continuing the seaside town nomenclature initiated with the lead ship *Sandown*. The latter is scheduled to be launched this year for completion in 1989.

Laid Down • During December, the Defence Secretary George Younger laid down the keel of HMS *Victorious*, the second Trident ballistic missile submarine. For the ceremony, a section of the hull, 42 feet in diameter, was moved into position inside the covered VSEL complex at Barrow-in-Furness.

New Ships • The new logistic landing ship RFA *Sir Galahad* arrived at Marchwood on 3rd December and was commissioned for service the next day. She will replace the STUFT (Ship Taken Up From Trade) *Sir Caradoc* which will probably be paid off for disposal in April.

Berkeley (M40), the twelfth of thirteen 'Hunt' class MCMVs, was due to be commissioned for service in January leaving just one ship, *Quorn* (M41), to be completed later in the year.

Coventry, the last of six Batch 2 Type 22 frigates, began her initial contractor's sea trials late in 1987. Launched from Swan Hunter's Wallsend-on-Tyne yard on 8th April 1986, *Coventry* is due to commission in June 1988.

Harry Wilkinson reports that the Batch 3 Type 22 frigate *Chatham* was launched from Swan Hunter's Wallsend-on-Tyne yard on 20th January.

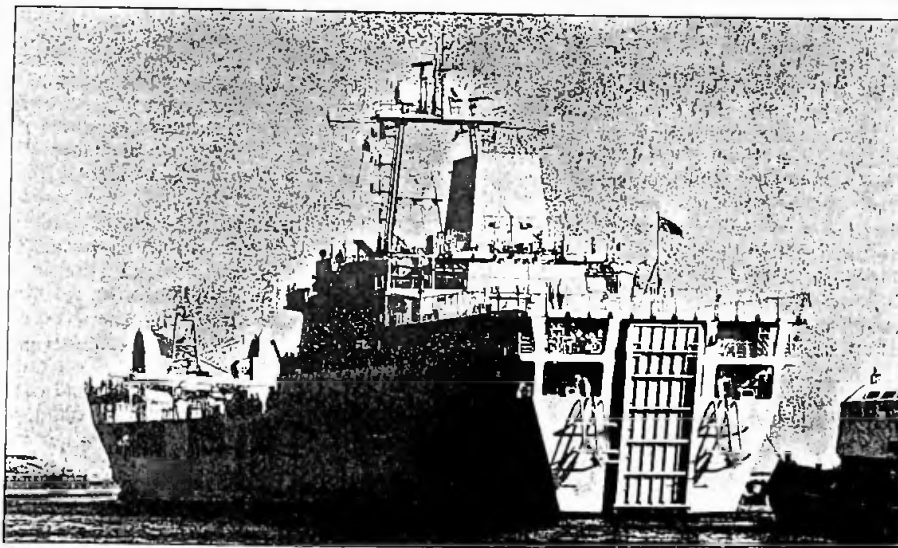
For Disposal • *Sealion*, the last of eight 'Porpoise' Class submarines completed for the Royal Navy during 1958-61, arrived at Portsmouth on 14th December and paid off for disposal four days later. *Sealion*, which was in service for 26 years, outlasted *Oberon* (sold to commercial interests in 1987 for resale and refit for service with another navy) and *Orpheus* (reduced to a static training ship in 1987) of the succeeding and highly successful thirteen-strong 'Oberon' Class. On 16th November, *Fin-whale*, another 'Porpoise' Class submarine, was moved to lay up buoys in Fareham Creek to await her final demise.

mer Falkland Islands Patrol Vessel *Guardian* left Portsmouth on 8th December en route for Venezuela, but *Protector* remained in harbour, her sale to Venezuelan owners having been cancelled.

Refits • The 700-ton fast patrol craft *Peacock* recommissioned at Hong Kong on 8th October following a refit in the Colony's dockyard.

Graham Atkinson reports that the 1,036-ton 'Roysterer' Class tug *Rollicker* was seen dry-docked at Wear Dockyard on 16th December.

Jack Worth reports that ships refitting at Devonport during November in-



The logistic landing ship RFA *Sir Galahad*, which was commissioned in December. (N.J. Cutts)

It is understood that the 'Ton' Class MCMVs *Bronington* and *Maxton* may be paid off for disposal at Portsmouth, during 1988. The hard-worked *Upton* is also a possible candidate for deletion from the active fleet. Mike Bevan reports that *Bossington* may be attached to HMS *President* as a static training ship. HMS *President* is shortly to move to a shore HQ in St Katharines Dock near Tower Bridge.

Meanwhile, on 12th December, *Glaserton*, another 'Ton' Class MCMV, was towed into Pounds yard at Portsmouth for demolition. Recently, Pounds purchased the MFVs 1048 and 119 for demolition, with the former being towed into the yard on 25th November for immediate demolition. Other vessels still in Pounds yard include the 'A' Class submarine *Artemis*, the cable layer *St Margarets*, the former inshore minesweeper/training ship *Waterwitch*, as well as the hulks of the Type 15 frigate *Volage* (small section of the lower amidships hull area), *Fordham*, *Aveley* and *NST 6554*. Finally, the for-

cluded the frigates *Avenger*, *Cleopatra*, *Brilliant*, *Broadsword*, the light aircraft carrier *Invincible*, the submarines *Spartan* and *Opossum* and the RFAs *Olwen*, *Fort Grange* and *Orangeleaf* (completed 13/11/87). The Batch 1 'Leander' Class frigate *Arethusa* completed an eleven-week docking period on 13th November and while in dockyard hands was fitted with a five-ton boat crane on the port side as well as a completely new type of flexible coupling to the starboard main engine. In addition, the 'Ton' Class MCMV *Upton* underwent a short maintenance period at Devonport from 20th-30th November.

Earlier in that month, during exercise 'Purple Warrior', the GMD *Manchester* had to put into Plymouth for emergency radar repairs. The dockyard also had to make good the slight damage suffered by *Active* following a collision with *Juno* off Ailsa Craig during this exercise. *Juno* appears to have sustained no damage but *Active* suffered damage to her flight deck guardrails and one set of ASW torpedo tubes.

SHIPS MONTHLY

It is understood that the assault ship *Fearless*, which is laid up in reserve at Portsmouth, is to be refitted at Devonport in 1988 and brought up to the same standard as her active sister *Intrepid*. If so, then she is likely to lose her after Seacat missile launchers and receive two twin 30mm and two single 20mm guns as well as improved communications and other equipment. The post-Falklands War Defence White Paper implied that both ships would be fitted with the Phalanx (or similar CIWS) and it remains to be seen if either ship is ever thus equipped.

Major work is to be carried out at Devonport's covered frigate complex to enable it to accommodate the next generation of Type 23 frigates with their bow-mounted sonar domes. In order to allow these ships to be refitted at Devonport, a trench will be cut through the bottom of one of the three 440-foot long dry-docks to cater for the new style bow sonar domes. Even with these new sonar pits, the Type 23 frigates, which are only 4 feet shorter than the docks, will be a tight fit.

Brian Stenhouse reports that ships under refit in Rosyth during November and December included the submarines *Renown*, *Ocelot*, *Oracle* and *Valiant*, the MCMVs *Hubberston* and *Maxton* (completed late November), the Batch 3 'Leander' Class frigate *Hermione*, the OPV *Orkney*, the patrol boat *Redpole*, the tug RMA *Pointer* (completed 11/87) and RFA *Gold Rover* (completed late November). The Type 42 GMD *Glasgow* arrived at Rosyth in mid November to prepare for a long refit while the logistic support ship RFA *Sir Tristram* arrived about two weeks later to prepare for a refit. The 'Ton' Class MCMV *Sheraton* recommissioned at Rosyth on 20th November on completion of a refit, while the 'Hunt' Class MCMV *Ledbury* has been fitted with a single 30mm gun forward in lieu of the ancient 40mm gun fitted since completion.

The refit of the 21-year-old submarine *Valiant*, which was due to be completed in June, will now not be finished until December and this delay has been reported as resulting in a £25m increase to the cost of her estimated £100m refit. This is likely to be *Valiant's* last major refit before she pays off for disposal in 1998.

Brian Stenhouse reports that the 'River' Class minesweeper *Helmsdale* arrived at Hall Russell's Aberdeen yard in November to be refitted.

Richard Lindfield reports that the 'County' Class GMD *Kent*, which has been serving as a static training ship in Portsmouth Harbour, was moved into the Dockyard's No 3 basin on 18th November for a survey prior to starting

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a refit. Ships seen docked in Portsmouth during November and December included the Type 42 GMDs *Gloucester* (15 dock until 18/11), *Manchester* (15 dock from 1/12), *Nottingham* ('C' lock 2/12-20/12) and *Cardiff* (14 dock from 18/11), the Royal Yacht *Britannia* (13 dock from 13th November), the OPV *Alderney* (10 dock; 23/11-11/12), the submarines *Opportune* (9 dock; 24/11-7/12) and *Onslaught* (12 dock from 29/9). Ships refitting alongside during 8th November to 4th December included *Gloucester*, *Exeter*, *Achilles*, *Manchester*, *Iveston* and the 'River' Class minesweeper *Dovey*. The latter seems to be suffering from surface rust problems as well as damaged gearboxes plus shaft and propeller defects.

On 16th December, the Type 42 GMD *Exeter* hit a buoy in the Solent during exercises damaging her steering gear and had to be towed into Portsmouth Dockyard for repairs. It has been estimated that these could cost £2m and involve a new propeller shaft and gearbox.

Illustrious to Enter Reserve • When the light 'carrier' *Invincible* rejoins the Fleet in late 1988, on completion of a refit that will have brought her up to the same or higher standard as *Ark Royal*, her sister *Illustrious* will be placed in a state of reserve known as 'preservation by operation'. While in this condition, which would seem to be comparable to the old maintained reserve, *Illustrious* will have a reduced ship's company but could be brought to an active condition at fairly short notice if required. *Illustrious* will be maintained in this condition until taken in hand for a two-year refit in 1991.

DEPLOYMENTS

South Atlantic • The recently modernised ice patrol ship *Endurance* left Portsmouth on 25th November en route for the South Atlantic to resume her role as guardian of Britain's Antarctic inter-

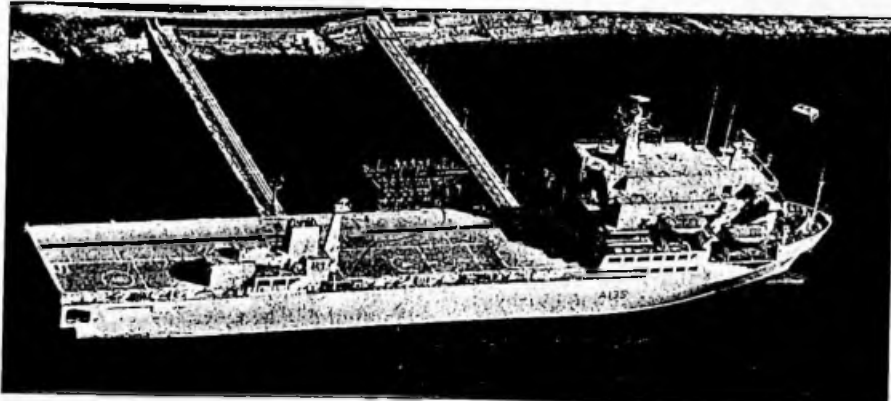
ests. *Endurance* is now celebrating her twentieth year in Royal Navy service, having been completed as mv *Anita Dan* in 1956 and converted into an ice patrol ship in 1967-68. The return of *Endurance* has released *Herald* from South Atlantic patrol duties and she was recently repainted white (after five years in a grey colour scheme) for further service with the survey fleet.

West Indies • The Type 12 frigate *Plymouth* left Rosyth on 16th November en route for the West Indies for service as the guardship. Her sister *Rothsay* was scheduled to sail from Rosyth on 11th January to become the West Indies guardship. *Rothsay* is due to return to Rosyth on 22nd March to pay off for disposal on completion of her final deployment.

Hong Kong • The UK Government confirmed on 4th January that it plans to eliminate two of the five 'Peacock' Class fast patrol craft from the Hong Kong garrison because their role as anti-illegal immigrant ships no longer exists. It is understood that two of these fine ships will be brought back to the UK during 1988 where, hopefully, they will be re-employed on patrol duties rather than sold to a foreign buyer.

Armilla Patrol • The frigates *Andromeda* and *Brazen* returned from the Gulf to their home ports of Portsmouth and Devonport respectively on 10th December. RFA *Brambleleaf* also arrived in Portsmouth on the same day while the Type 42 GMD *Edinburgh* returned to Rosyth on 11th December. Their replacements, the Phalanx-equipped Type 42 GMD *York*, the Type 22 frigate *Battleaxe*, the Batch 3 'Leander' Class frigate *Scylla* and RFA *Tidespring* took up station on 16th November. One of the first duties of this new flotilla was undertaken by *York* when escorting the joint Belgian-Dutch MCMV squadron through the Straits of Hormuz on 19-

The new air training ship *Argus*, photographed alongside at Loch Striven, is due to replace *Engadine* in the RFA. (MOD)



Ship

Sales,
Losses and Casualties

Laurence Dunn

Worst Ship Disaster

As is already well known, the greatest peacetime maritime disaster occurred a few days before Christmas when the Filipino ferry *Dona Paz* (1963/2,602grt) was run into and sunk by the small local tanker *Vector*. The tragedy occurred off Marinduque Island, some 100 miles south of Manila. The exact loss of life will never be known, since no record was kept ashore of those who boarded her. Said to be licensed to carry 1,493, reports suggest that she was carrying very many more. Of all these only about two dozen survived.

Her owners, Sulpicio Lines Inc, of Cebu, form part of the very considerable fleet controlled by Carlos A. Go Thong Lines Inc. Go Thong operate about eight under their own name and about 20 under the Sulpicio banner, while the Lorenzo Shipping Corporation, of Manila have another 14 or so. In addition, several small subsidiaries own another handful of ships. These figures, it should be noted, do not include vessels of under 500grt. Nearly all bear *Don-* or *Dona-* names, are of ferry type and operate in or near Filipino waters.

To turn to the *Dona Paz* herself, she measured 93 x 13.6m (305 x 44 ft) and had a draught of 4.6m (15ft). A single Niigata diesel of 4,500bhp gave a speed — when new — of around 17 knots. Of Japanese origin she had been built, as the *Himeyuri Maru*, at Onomichi by the shipyard of that name, and for the first 12 years was owned by the Ryukyu Kaiun K K (Ryukyu Marine Transport Co) of Naha. This is one of the Ryukyu group of islands, which form the southern outpost of Japan and stretch towards Taiwan (Formosa) some 500 miles away.

Bought by Sulpicio Lines in 1975 and renamed *Dona Sulpicio* (the second of that name), her new sphere of operations was some 1,000 miles further south. Four years later, on 5th June 1979, she was bound from Manila to Cebu when she caught fire. Her passengers were taken off and a day later she was beached. The fire was eventually extinguished and a week or so later she was brought to port — where she was

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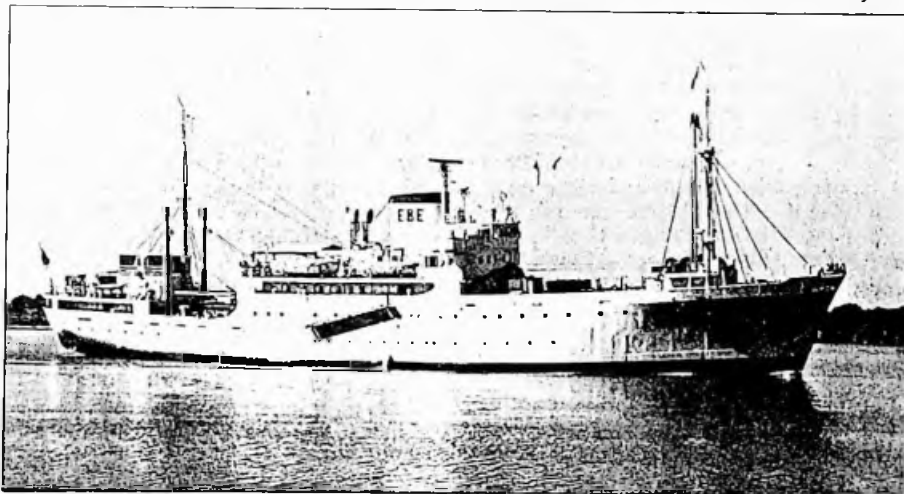
written off as a constructive total loss. Despite this, she was rebuilt, to become the *Dona Paz*, a ship whose name will surely feature in the Guinness Book of Records.

While the Ryukyu Company is listed as having been disaster-free, the same cannot be said of the Go Thong fleet which, from 1955 to date, is officially shown as having incurred 28 total losses. Some of these have special points of interest, including the repetition of certain names. On 5th March 1977 an earlier *Dona Paz*, of 756grt, capsized and sank in heavy weather when some three miles off Laguindinan, this while she was taking passengers and cargo from

Logos Lost

The first major maritime loss of the year was that of the *Logos* (1949/2,319grt), one of the most unusual ships to be owned in Britain. Since her purchase in 1970 this Singapore-registered vessel has toured the world, owned by Educational Book Exhibits Ltd, of Bromley, Kent, a charity run by a German evangelical group named Operation Mobilisation. Her name, for the record, is the Greek for "the living word".

It was at 0005 hours on 5th January that the *Logos* struck a rock while negotiating the Beagle Channel which separates Chile from Argentina. All 135 passengers and crew were rescued by the



The ill-fated *Logos* (1949/2,319grt) which sank in the Beagle Channel between Chile and Argentina in January. (Laurence Dunn)

Cagayan de Oro to Ozamis. A former US war-built vessel, she was one of the several twin-screw "FS" type ships owned by the group. A little later, on 30th June 1977, the cargo ship *Dona Julieta* (1951/2,353grt) caught fire at Manila, this soon after her arrival from Zamboanga. A day later the fire was put out, but her remains were deemed fit only for scrap. Differing from most in the fleet, she was the former North German Lloyd reefer *Liebenstein* which, with her sister *Lichtenstein* (now the *Don Camilo*), had been bought in 1973.

Another, once well known in European waters, was the *Don Carlos Gothong* (1949/2,918grt) which, on 12th October 1978, capsized and became partially submerged at Cebu. Previously known as the *Don Sulpicio* — the first of that name — she had been bought in 1969 as the Iceland SS Co's *Dettifoss*. The largest of the group's losses was a US-built C-1 type ship, the *Iligan Bay* (1943/5,203grt), which left Antwerp on 20th January 1971 bound for Manila, but disappeared after passing the Spanish coast. However most of the ships lost were small ones, of around 1,000 tons or less.

Chilean Navy and were taken to its base at Puerto Williams, but their possessions, 200 tons of books and several vehicles were lost. The ship, which was soon regarded as unsalvageable, had left Ushuaia only a short while before and was bound for Puerto Madryn at the start of a six-month tour of Argentinean ports. The two local pilots who had been with her had left about half an hour earlier — this because of the bad weather — and merely given instructions as to her future course. These were later described by the Admiral responsible for the rescue as "the least advisable for navigation at night and in bad weather".

The ship, which had been bought in 1970 as the Danish *Umanak*, had previously seen long service on the arduous run between Denmark and Greenland which, at that time, was a Danish colony. A product of the Elsinore shipyard, she was the first post-war ship to be built for the State Administration of Greenland. Her ice-strengthened hull measured 82 x 13.4m (269 x 44ft) and was powered by a B&W diesel of 2,300bhp which gave a speed of 10 knots. Of her three holds the trunks for

the two forward ones were flanked by cabins for 62 passengers, whose public rooms occupied the base of the superstructure. Such ships are rare — especially when one wishes to buy — and her purchasers were fortunate in finding one so readily convertible to their needs.

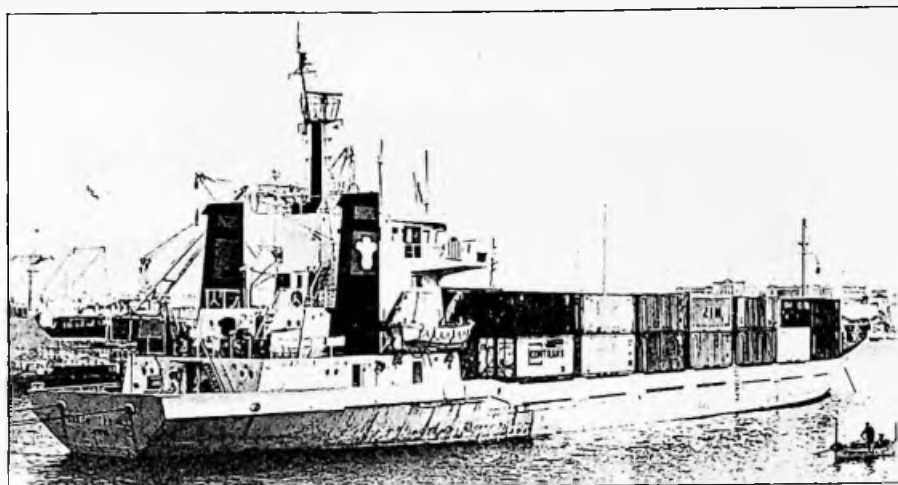
The *Umanak*, which was named after an important mine in north west Greenland, was to be joined by a companion ship, but her career was tragically brief. This was the Frederikshavn-built *Hans Hedtoft* (1958/2,875grt) which, on 3rd January 1959, was commencing the return half of her maiden voyage. Passing from the sheltered western side, she was 30 miles SE of Cape Farewell — the southern tip of Greenland — when she ran into a gale and heavy snow squalls and in these she hit an iceberg and sank. Rescue vessels, delayed by the weather, found nothing, either of the ship, or of her 55 passengers and 39 crew members. However traumatic their experiences, those on the *Logos* did at least escape with their lives!

Notable Recent Transactions

Yet another former Bank Line ship to change hands is the Peruvian *Unicosta* (1973/11,405grt) which until 1984 was known as the *Corabank*. Now she has been sold by the Navieros Universal SA, of Lima to unidentified Far Eastern interests. A product of Swan Hunter's Readhead yard at North Shields, she was the first of a series which relied on both cranes and derricks. A ship measuring 162 x 23m (531 x 74ft), she has Doxford machinery of 15,000bhp which gives a listed speed of 18.75 knots.

One of Britain's best known container ships, and certainly one of the best looking, has been the *California Star* (1971/19,095grt) which was sold last year by Blue Star. Her disposal to that company's associate, Austasia Line, was followed by a very thorough refit by the Singapore Jurong Shipyard. That completed, she was chartered to the P&O Container Line and renamed *Mulbera*. She now forms part of a trio which is currently operating between ports in New Zealand, Australia, the Indian sub-continent and the Arabian Gulf. Eastward calls include Singapore and Thursday Island, the round voyage taking about two months. The other two employed are the Belfast-built *Australia Star* (1978/17,082grt) and the *Mandania* which, like her sister *Mulbera*, was built in Germany. The former *Columbia Star*, she joined Austasia in 1986.

The Austasia Line has traditionally favoured M-names, but the choice of *Mulbera* is somewhat surprising, recalling as it does memories of the now long



Photographed at Malta as the *Sailor Prince*, the twin-funnelled container ship *Transporter* has been purchased by Turkish breakers. (Laurence Dunn)

extinct British India fleet. The first *Mulbera* (1922/9,100grt) which had no exact sisters, saw long service on the UK-East African passenger service until withdrawn and scrapped in 1954. The second one (1971/11,142grt) was the last of a quartet which were later given *Strath*-names and sold out of the P&O fleet in 1982. Of the three which went to Thailand only one, the *Jumpa*, ex-*Strathmay*, ex-*Manora*, still exists. As for the *Mulbera* (II), she became one of the great Mexican State fleet and as the *Sonia M* is still trading. Registered in Bermuda, she has, somewhat surprisingly, been managed by a Cardiff company.

Turkish breakers have bought the Cypriot-registered container ship *Transporter* (1971/1,571grt) which arrived at their yard at Aliaga on 19th November, three days out from Piraeus. More interesting than her size might appear to suggest, she had a length of 86m (282ft) and the modest draught of only 4.9m (16ft). A product of the IJsselwerf shipyard at Rotterdam, she was given a Stork Werkspoor diesel of 3,200bhp which gave a speed variously listed as 13 and 15.5 knots.

As the *Pennine Prince* she was delivered in July 1971, a "Prince" in name and livery, even though she was officially owned by Pacific Marine Services Ltd, management however being vested with the Shaw Savill & Albion Co — another member of the Furness Group. She was essentially a Mediterranean trader and her maiden voyage, from Manchester on 22nd July, was to Ashdod etc. Probably the only ship ever to bear three *Prince* names, she kept her first one for only a year, after which she became the *Sailor Prince* and then, in 1977, the *Soldier Prince*. Two years later she became the Greek flag *Alpha*,

owned by the Unicorn Ocean Shipping Ltd of Monrovia, but managed from London by Intershipping Management Ltd. Sold again in 1984, she was then given the name *Phaedra*, this by the Wandia Navigation Co Ltd (Britannicus Maritime SA) of Piraeus, firms headed by G. Frangoulis. In August of that year she was laid up near Piraeus and there she remained until last autumn. Efforts to re-activate her were hampered by engine trouble and were soon followed by her sale for scrap.

Despite her original name, she was not one of the Prince Line's 'Hills' Class — the *Mendip/Cheviot*, *Chiltern*, *Cotswold* and *Malvern Princes*. Instead, appearance-wise she resembled rather some of the Group's *Cairn*-ships. But this was misleading, since besides being more beamy and shallower as to draught, she had double their horsepower and was thus that much faster.

Study the Prince Line's fleet through the years and she stands out as the only two-funnelled ship ever to feature on their services. Early this century the company planned to commission two two-funnelled passenger ships which would have been the finest ever on their Mediterranean-New York passenger service. They were ordered from Laings of Sunderland and provisionally named *Piedmontese Prince* and *Sardinian Prince*. However, a decline in traffic coupled with political pressure from Italy caused them to be completed instead (in 1907) as the 6,560grt *Re d'Italia* and *Regina d'Italia*. So they became the first two to be owned by the Lloyd Sabaudo, whose final order was for the famous *Conte Di Savoia*.

Useful information concerning new Soviet ships and the corresponding outflow of old is notoriously difficult to obtain. One of their older passenger

SHIPS MONTHLY

Less krill for Japan

AN operation and production plan by Japan for the Antarctic krill fishery in the summer of 1987/88 reduced the number of large trawlers by two to seven. And the production quota was cut by 13 per cent to 25,250 metric tons.

This was to consist of 11,760 tons of raw frozen krill, 7940 tons boiled and frozen, 2430 raw peeled and frozen and 3070 tons of meal.

The cuts were introduced because of the over supply of Antarctic krill in Japan in recent years.

Manager in Port Stanley



Captain John Kinnear

SEARA (Pacifica) Ltd has appointed a resident manager to head its logistics operations in the South Atlantic islands.

He is Captain John Kinnear, who has commanded May, currently, with the company's cargo handling operations in the 1987/88 season.

He has been in the service of the company since 1975 and is based in Port Stanley, where his duties are to be based on the company's shore-based staff.

With over 20 years of experience in the shipping industry, and also a former general manager of the company, he has been a key figure in the development of the company's operations.

Captain Kinnear, who has a long association with the company, has been in the service of the company since 1975 and is based in Port Stanley, where his duties are to be based on the company's shore-based staff.

Oil firm to fish off Falklands

A SCOTTISH company which has converted stern trawlers into North Sea oil industry ships has now started fishing. The company, Seaboard Offshore Ltd., sailed its first factory stern trawler to the Falklands grounds towards the end of February and is aiming to have a fleet of at least four ships fishing.

The first ship is the former *St. Jason*, a factory stern trawler the company bought with a view to turning her into an oil ship before the crash came several years ago.

The trawler was laid up, but has recently undergone a refit at the Tyne Dock Engineering yard, in north-east England, where her factory deck was gutted and rebuilt. She has been renamed the *Mount Kent*.

Being refitted alongside her and due to sail for the Falklands later this month is the *Mount Challenger*, the former West German DFFU trawler *Wein*.

Seaboard has formed Seamount Ltd., a joint venture company with Stanley Fisheries Ltd., the Falkland Islands government company, to work the ships in the South Atlantic.

Former fishing vessel operator Andrew Lewis is the company's operations manager and naval architect Shiptech Ltd. of Hull has been overseeing the conversions of the vessels, as it

did the firm's five rig standby ships.

The two ships are around 245 ft long and will carry fishing advisers experienced in working the Falklands grounds. Some 80 British crew members, mainly from Hull, have been recruited for the venture.

The trawlers will catch mainly squid, hake and blue whiting for Continental Europe markets, principally in Spain. The *Mount Kent* and *Mount Challenger* can

each freeze 50 tons of fish a day.

"The Falklands government has one of the most comprehensive policies in the world for the management of fishing and we are most impressed by the arrangements for the conservation of stocks," said Seaboard managing director Kenneth MacKenzie.

"Participation in the joint venture is an important diversification for Seaboard," he said.

Manager in Port Stanley



Captain John Kultschar

MARR (Falklands) Ltd. has appointed a resident manager to head its business activities in the South Atlantic islands.

He is Captain John Kultschar, who has commanded Marr scientific vessels and was the group's cargo shipping superintendent for the 1987 squid season.

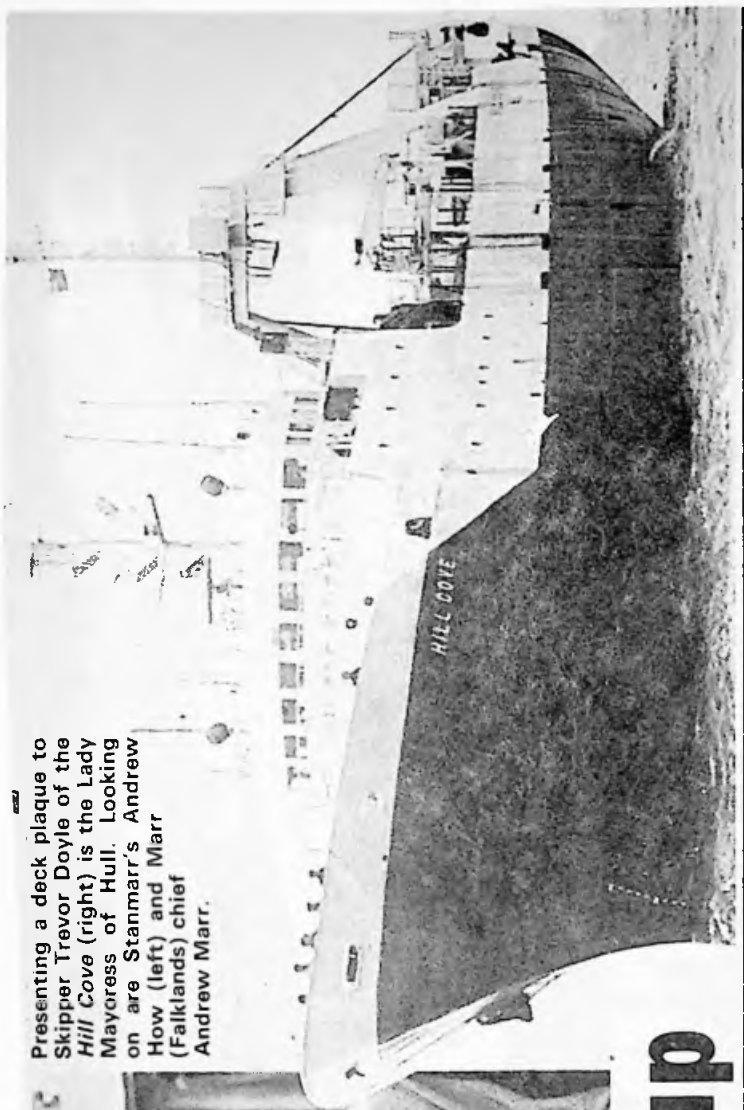
He has taken up his duties in Port Stanley, where houses are being built for the group's shore-based staff.

"Apart from overseeing the current operations," said Marr (Falklands) general manager Andrew How, "we feel we need a senior executive on the ground in readiness for the longer term development of a multi-purpose fishing fleet."

Captain Kultschar's immediate task is liaison with Marr's Japanese and Taiwanese joint venture partners in the squid season, and the operation of the trawler Hill Cove.



Presenting a deck plaque to Skipper Trevor Doyle of the *Hill Cove* (right) is the Lady Mayoress of Hull. Looking on are Stanmarr's Andrew How (left) and Marr (Falklands) chief Andrew Marr.



Freezer builds up fleet in Falklands

A BRITISH-built freezer stern trawler which has operated for UK, Faroe Islands and Norwegian owners is now on her way to the South Atlantic to start a new career with the joint venture fishing company Stanmarr of the Falkland Islands.

She is the 55 metre *Hill Cove*, built in 1976 as the *Junella* for the British distant water freezer owners J. Marr and sold on to Greenland to catching cod and redfish as the *Siku*. Then, she was sold to Norway and refitted to process blue whiting and scallops as the *Vesttraal*.

Last year she came back to her original base of Hull, England, to undergo yet another conversion to fish inside the 150-mile Falklands fishery zone for Stanmarr, a joint venture company formed by Marr (Falklands) Ltd. and Stanley Fisheries, the Falkland Islands government company.

As the *Hill Cove*, she is being fished by Skipper Trevor Doyle and 20 of her 24-man crew hail from the centre of Hull.

Both Skipper Doyle and a number of her crew have worked off the Falklands before.

Now, she has been re-equipped by the Humber Shiprepair yard at Immingham, South Humberside, to carry out year-round operations on the major South Atlantic species.

Andrew How, general manager of Marr (Falklands) Ltd, said: "The *Hill Cove* is a Falkland Islands ship specifically equipped to conduct a year-round operation on the particular species found in the Falklands fishery. We see her as the forerunner of a fleet of specially designed multi-purpose fishing vessels to be permanently based in the Falkland Islands".

The *Hill Cove* is fitted as a conventional demersal and pelagic trawler.

Major changes on the factory deck include division into wet and dry areas. Flake ice piped to all main processing points, plus on-line chemical and steam

cleaning and general standards of hygiene are equal to shore factories.

New VMK machines have been installed to handle the larger variety of blue whiting found in the South Atlantic and samples of the species were flown in for processing tests. A Baader 693 mincing machine was added.

Other Baader equipment installed includes two 424 heading machines and there are lines for filleting hake and similar round fish species, also for sorting and grading squid.

The factory is equipped for glazing, wrapping and cartoning the product and her Kvaerner horizontal plate freezer installation has been extended to give a capacity of up to 40 tonnes a day.

Scallop dredging equipment, also the associated holding and cleaning tanks, have been removed from the working deck to restore the safer, uncluttered, sheltered working area which was a feature of the original ship.

This deck carries the large pelagic net drum but the powerful Hydraulik Brattvaag main trawl winches — with Brattvaag's 10/10 warp equalising synchro system — are on the extended bridge deck.

The *Hill Cove* will bottom trawl for squid (*Loligo* and *Illex*), hake, hoki and other species and bottom and mid-water trawl for blue whiting.

Other additions to her are two Furuno 1800 colour radars, a Saturn 3s satellite communications system and Shipmate RS5100 and RS5200 satellite navigation and global positioning systems.

The Atlas fishfinding equipment has been supplemented with a Furuno FCV-140 multi-window sounder and Furuno CN-10in colour netsonder with acoustic link.

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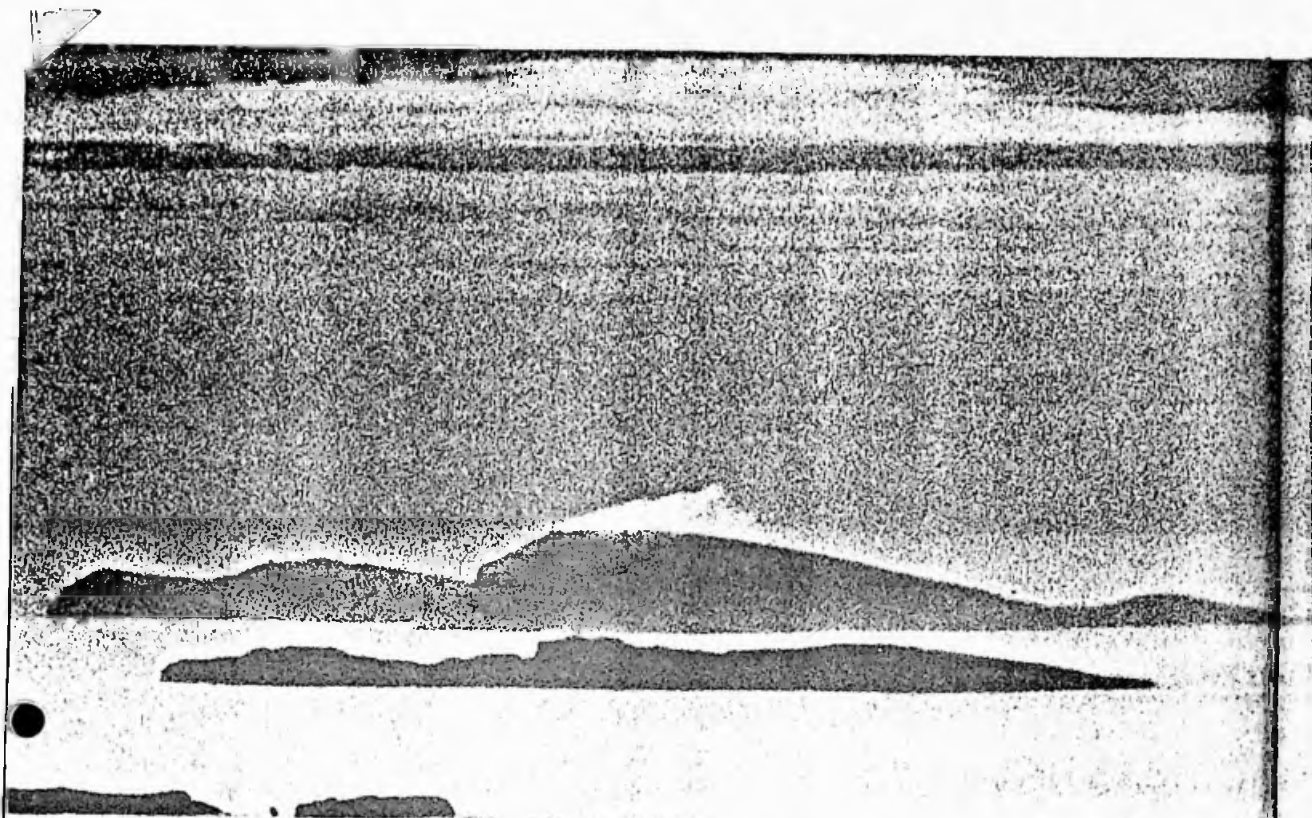


ANNOUNCING
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OFFICIAL JOURNAL OF THE NATIONAL GEOGRAPHIC SOCIETY WASHINGTON, D.C.



The serene look of faraway islands belies the dangers that remain in the Falklands. Thousands of mines were sown by Argentine soldiers during their disastrous war with Great Britain in 1982. A lucrative fishing industry now bolsters British resolve to keep the Union Jack flying.



The Falkland Islands

LIFE AFTER THE WAR

By BRYAN HODGSON

Photographs by STEVE RAYMER

BOTH NATIONAL GEOGRAPHIC STAFF



TOTEMS OF THE HOMESICK tacked up near the old Stanley Airport show the long way home for many in the Falklands, whose population of 1,900 has been effectively doubled by British troops garrisoned there since the 1982 war.

PENGUIN WALK is one of the prettiest beaches in the Falkland Islands, a crescent of crystalline sand where solemn groups of gentoo penguins stroll among grass-covered dunes, and the prevailing west winds unfurl glistening tapestries of spray from the South Atlantic surf. One visit instantly dispels the myth that the islands—called in Spanish *Islas Malvinas*—are merely a frigid rubble of rocks stranded on the continental shelf 300 miles northeast of Tierra del Fuego, Argentina.

But the beach carries less agreeable messages as well. Skull-and-crossbones signs warn that Penguin Walk is seeded with high-explosive antitank and antipersonnel mines. It is one of 120 active minefields left by Argentine troops who invaded the islands in 1982.

"They planted about 18,000 plastic mines, which are invisible to metal detectors," I was told by a young Royal Engineers captain named Colin King. "We found about 3,000, plus 1,400 trip-wire booby traps. But after two of my predecessors lost legs to antipersonnel mines, we fenced the minefields off. Amazingly we've had no civilian casualties—yet."

I had come to the islands not to study war, but because they had suddenly become the center of one of the world's richest fisheries. Britain had just declared a 150-nautical-mile-radius conservation zone around the islands, where hundreds of vessels from Asia and Europe were catching squid worth 500 million dollars a year. Argentina protested that the zone infringed on her territorial waters, including areas she had licensed to the Soviet Union and Bulgaria. And some scientists questioned whether fishing might damage a little-understood food supply for seals and seabirds, repeating the pattern of whaling and sealing that devastated the South Atlantic's natural wealth in the 19th century.

In many ways, I discovered, the war had been about that wealth. In April 1982, when Argentina's military rulers sent 11,000 troops to assert their claim to the archipelago, they also vaulted 800 miles east of the Falklands to capture South Georgia. Argentina has long claimed that as part of the Andes chain both South Georgia and the South Sandwich

Islands are national territory. Possession of those islands, with their fisheries and potential minerals, is a geographic justification for competing British and Argentine claims to a giant wedge of Antarctica.

What might be called the First Antarctic War was savage and brief. On May 2, two torpedoes from the nuclear-powered attack submarine H.M.S. *Conqueror* sank the Argentine cruiser *General Belgrano* 250 miles southwest of the Falklands, killing 368 of her 1,100-man crew. Two days later, in an attack that eerily prefigured the Iraqi strike against U.S.S. *Stark* in the Persian Gulf, a French-made Argentine Super Etendard jet fired an Exocet missile to devastate the ultramodern destroyer H.M.S. *Sheffield*, killing 21 sailors. Argentine pilots sank five other British vessels and damaged many others with bombs that failed to explode, but suffered 45 aircraft shot down. Draftees were no match for 5,000 highly trained British assault troops. On June 14 Argentina surrendered.

At the end 635 Argentines, 255 Britons, and three Falkland Islanders were dead.

Argentina's dictators resigned in disgrace. They were later court-martialed and jailed for losing the war. A new democratic government has yet to declare an end to hostilities, and it continues a political battle in the United Nations to force Britain's withdrawal.

AS THE WAR's fifth anniversary neared, I joined staff photographer Steve Raymer on a 17-hour, 8,000-mile flight from England via Ascension Island. Our Royal Air Force Lockheed L-1011 landed in a savage crosswind at a new, 500-million-dollar air base at Mount Pleasant, which Britain has built to allow rapid reinforcement of the islands.

"There is still a threat to the Falklands," we were told by Brig. Graham Coxon, Chief of Staff of British forces. "The Argentines are better equipped now. They have at least 114 jet fighter-bombers, including a squadron of Super Etendards equipped with Exocets. Our aim is to deter aggression."

Mount Pleasant, with its hangars, revetments, and bunkers, has earned the nickname



ISLAND ARCHIVIST Sydney Miller, 83, at home with his wife, Betty, in Stanley, edits the annual Falkland Islands Journal, essays about the islands' history and wildlife. The son of an immigrant father, Miller was educated in England and considers it home.

"Death Star" from the 2,000-man garrison.

By contrast Stanley, the capital and only town, still wears a frontier look, its harbor dotted with hulks of old sailing ships, and its weatherworn houses softened by brightly painted roofs and flower-filled conservatories. But to the north, in Berkeley Sound, a fleet of anchored refrigerator ships and squid-fishing vessels lights up the night sky like a major city.

We sailed there on a brilliant morning aboard the 1,500-ton *Falkland Desire*, flagship of the newly formed Falkland Islands Fisheries Protection Service. Aboard was Terry Plum, acting director, who explained why Britain had declared the 150-mile conservation zone late in 1986.

"Squid fishing has developed only in the past two or three years," he said. "These waters were in dispute, and between 600 and 700 vessels were fishing with no limits at all. In 1987 we licensed 220 vessels. Under the new law they must file daily reports by radio or telex. Unlike most of the world's fisheries, this one was controlled before it became highly developed."

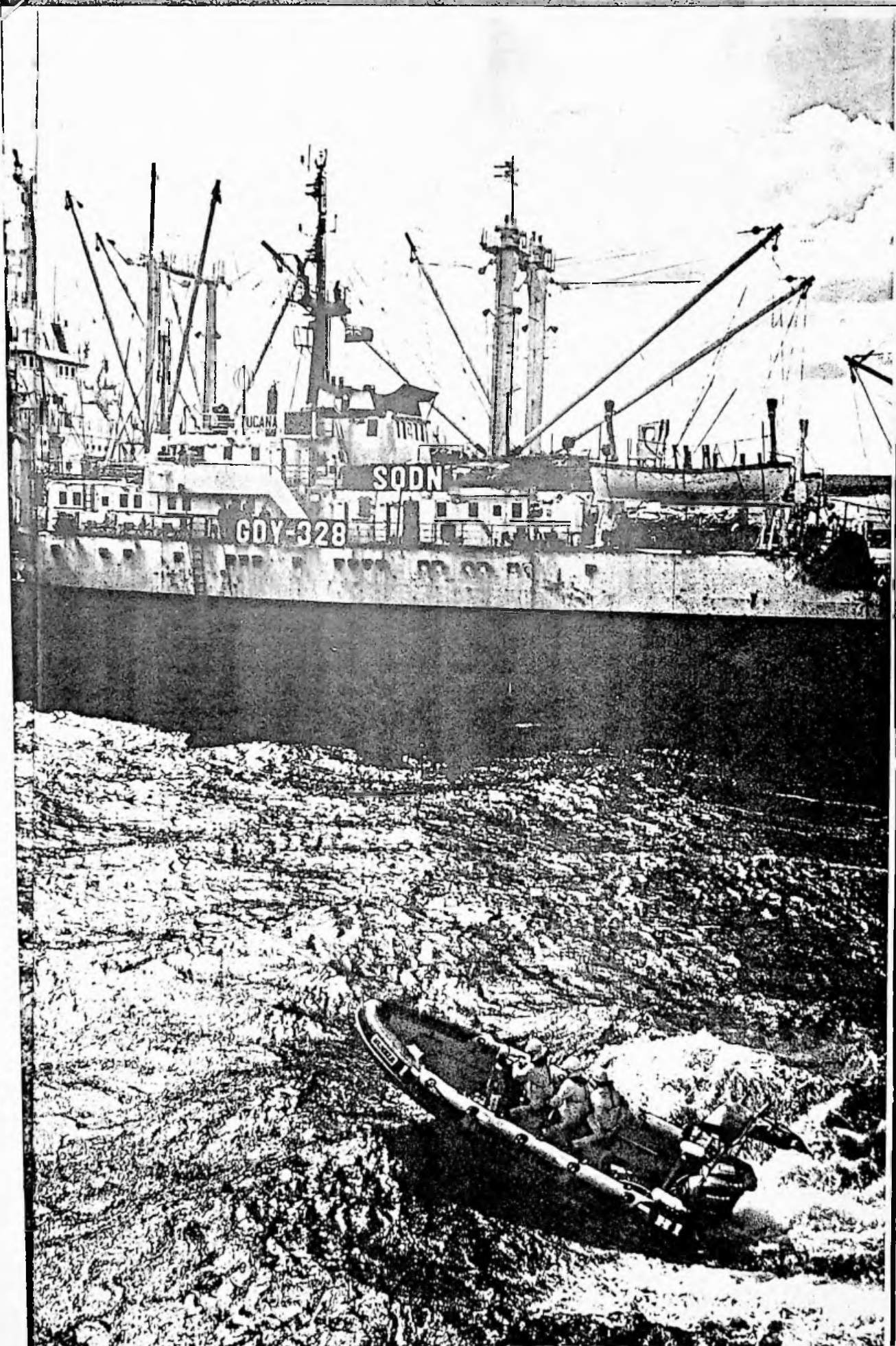
Fishing limits are based on a two-year study for the British Overseas Development Administration by fish-population specialist Ken Patterson, 28. "There are two kinds of squid fished here, *Loligo gahi* and *Illex argentinus*," he told me. "*Loligo* is found to the south and is fished by the Spanish, Italians, and Poles. Asians favor the *Illex*, which can bring \$1,800 a ton in Japan."

"We know from fishing reports that *Illex* inhabits the continental shelf as far north as Uruguay. There are several populations, but they all spawn at the same time and appear to have a one-year life span. So we can follow the decline in numbers through a season. If they are fished hard, you see an immediate effect. At least 40 percent of the stock must be left at the end of each season. If necessary, we can quickly shut down the fishery."

For Dr. Paul Rodhouse, squid biologist for the British Antarctic Survey, the new fishery has provided a bonanza of scientific data.

SCUDDING OVER CHOPPY SEAS, a Falklands government boat delivers a fishing license to a Polish trawler tied up to a larger refrigerator ship. The government collects fees from foreign fleets, which catch 500 million dollars' worth of squid a year within 150 nautical miles of the islands.





"These are bizarre, fascinating creatures," he told me. "We know almost nothing about their breeding and growth rate, or the size and location of populations. Some Antarctic squid species are known only from their undigestible beaks found in whale stomachs—and they include the largest animals in the world still unseen by man. After 20 years of work an English researcher, Malcolm Clarke, estimates that predators eat about 34 million tons of squid a year in Antarctic waters alone.

"The average world fishery—of all fish—is only 80 million tons, and there's little opportunity to increase that. But major squid resources are known to exist in Antarctic waters. Which means that fishing pressure on the Antarctic food chain will soon become a very hot political issue."

HOWEVER MYSTERIOUS the animal, there is no mystery about its value, as I learned from Simon Armstrong, 36, general manager of the Falkland Islands Development Corporation.

FIDC was inaugurated after the war under a 45-million-dollar grant and a mandate from Parliament to develop the Falklands economy by starting new industries and by purchasing the islands' huge, absentee-owned sheep

ranches so they could be broken up and sold to local farmers, thus keeping profits at home.

But it is squid fishing that has put economic independence within reach. Through a subsidiary, the government formed 12 joint ventures with fishing companies based in Britain, Taiwan, Japan, South Korea, and Spain.

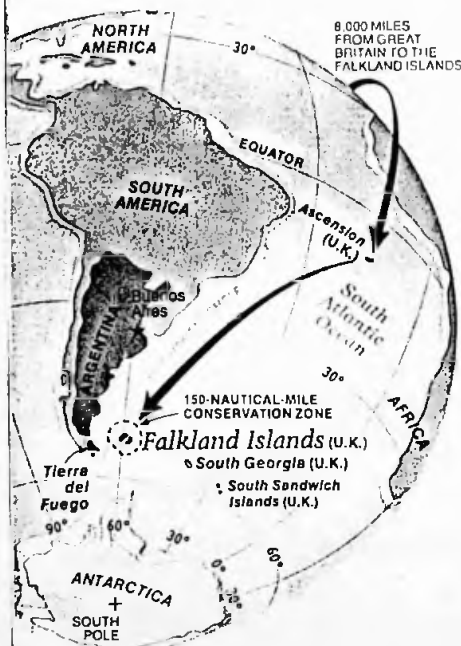
"Our income in the first five months of 1987 was 11 million dollars, plus another 11 million dollars in license fees," Mr. Armstrong told me. "We give licensing preference to our joint-venture companies. If they invest 90 percent of profits in the Falklands, they pay no corporation tax. Otherwise we whack them with a 52 percent tax.

"A squid boat costs two million dollars and catches 1.5 million dollars' worth of squid in a season. Multiply that by 200 boats, and you can see that the Falklands are well on their way to becoming economically independent. You might say we'll be living on Squid Row."

FIDC's land purchases have helped create 35 to 45 new farms, but many islanders say that the program is also destroying a traditional way of life in which workers live in small, self-contained settlements.

How isolated the settlements are I learned on my first flight with Ian McPhee, a pilot for FIGAS, the islands' three-plane government

Conflict brings new attention to an often forgotten land



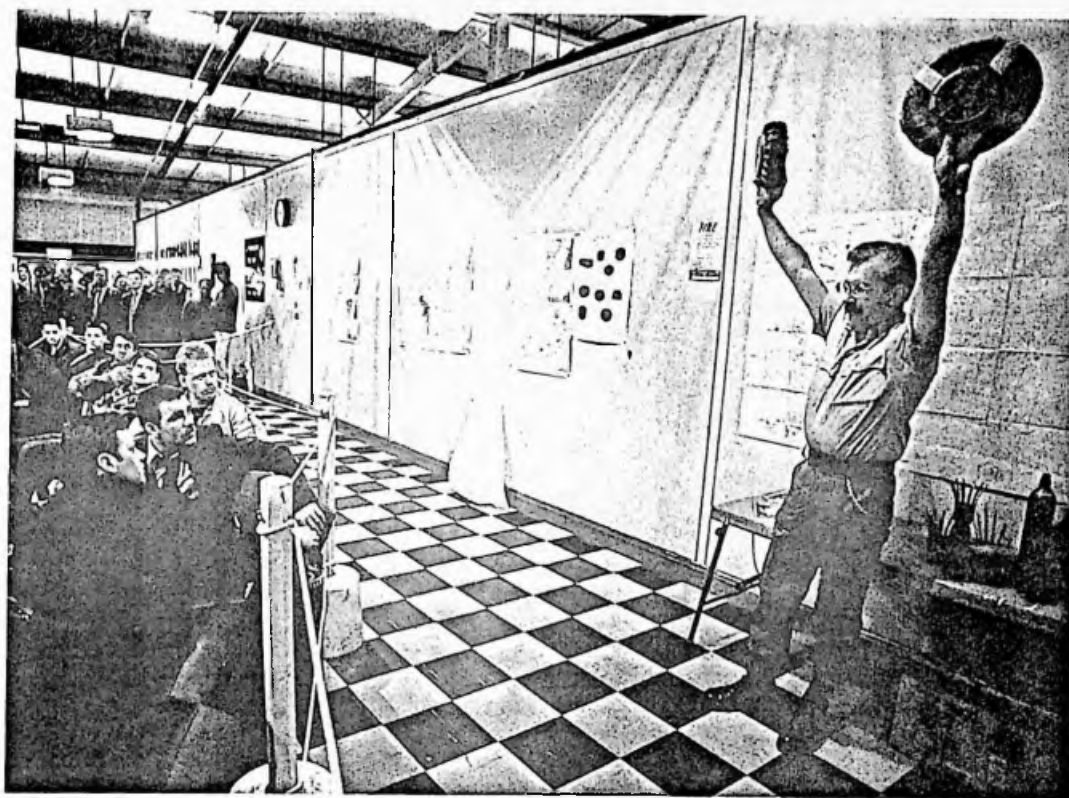
LONG OVERLOOKED and isolated in a far corner of the South Atlantic Ocean, the Falklands were wrenched from obscurity by the 1982 war, which brought British troops 8,000 miles from home via Ascension Island.

Though soundly defeated, Argentina has not abandoned her claim to the Connecticut-size archipelago. She also claims South Georgia and the South Sandwich Islands, as well as a large section of Antarctica. A 1959 treaty holds all Antarctic claims in abeyance and guarantees free access for scientific purposes.

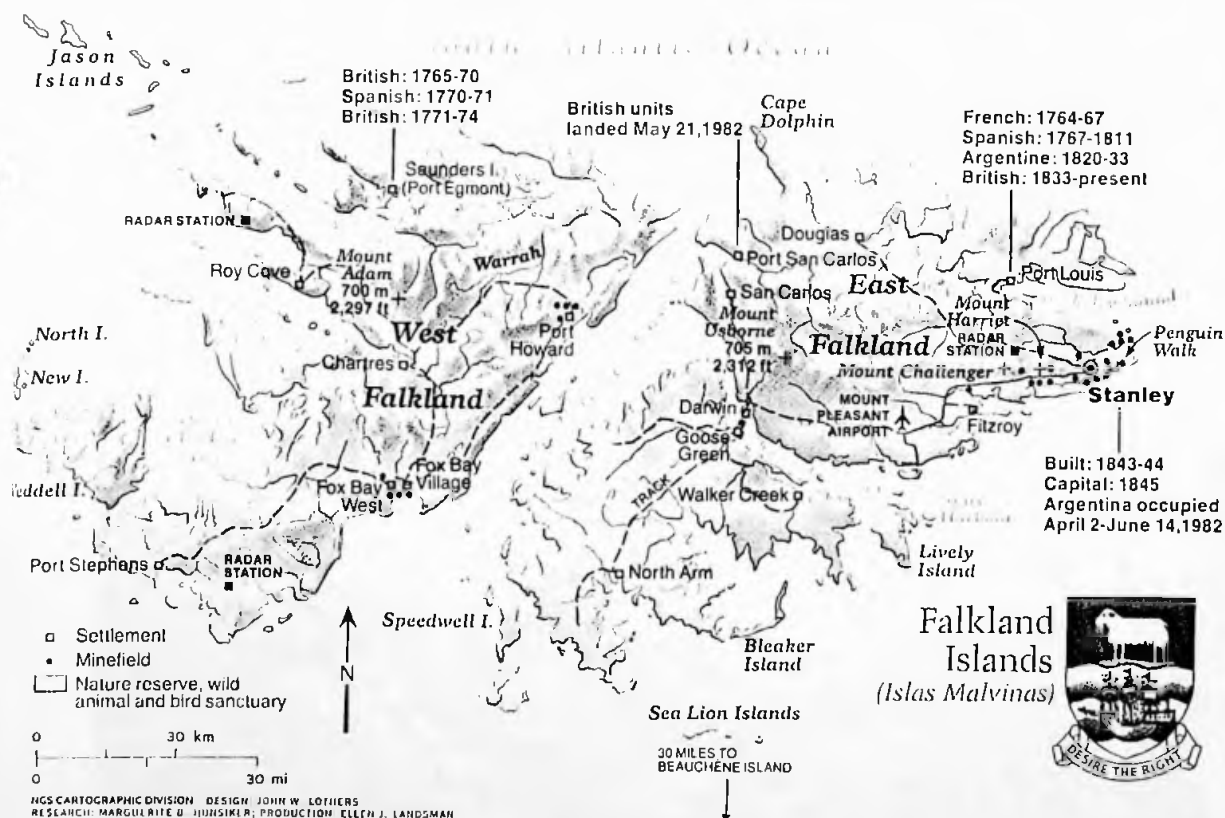
The Falklands were named by a British captain who landed there in 1690. Argentina, which calls the islands Las Malvinas,

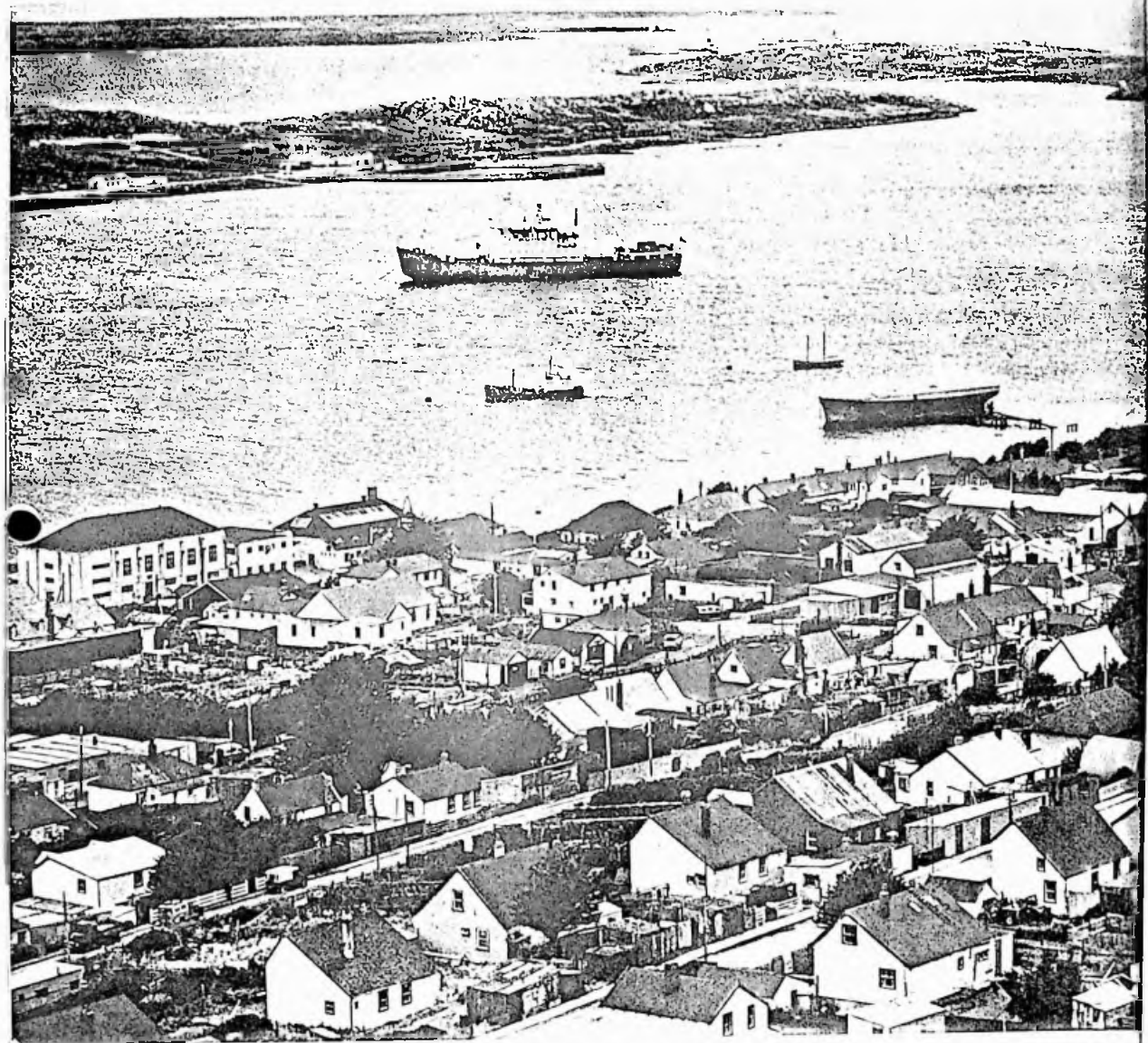
dates her historical claim from Spanish colonial holdings. Beginning in 1764 a succession of short-lived settlements were established by the French, British, Spanish, and Argentines. Great Britain reasserted her sovereignty in 1833, and the Falklands remain a British colony.

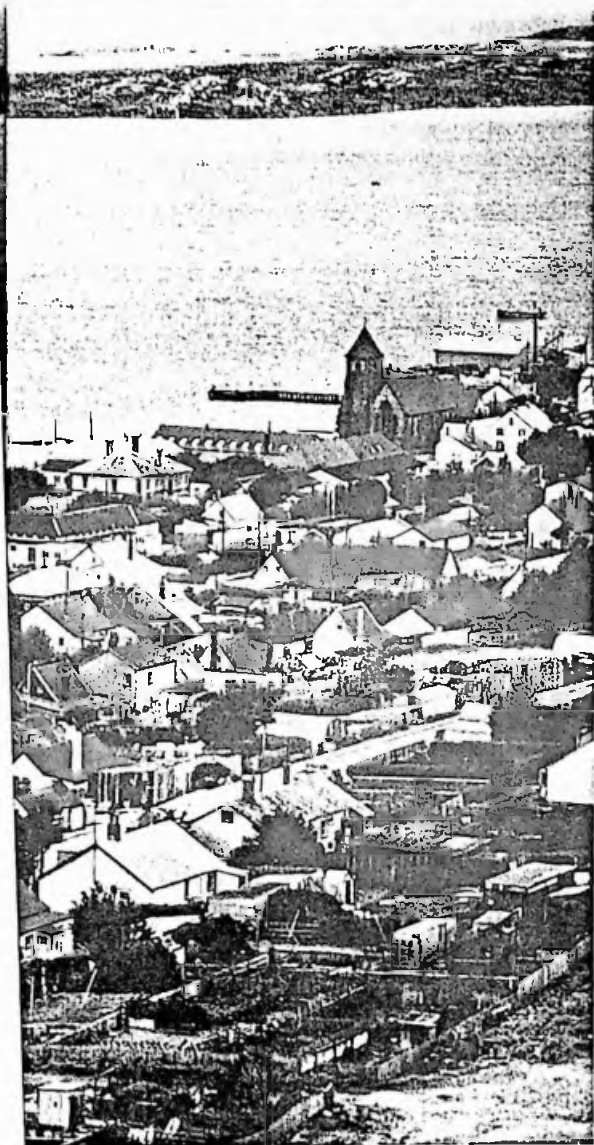
Wool production is still the major livelihood, but income from licenses required for fishing within the 150-nautical-mile-radius conservation zone promises to transform the local economy and make the Falklands self-supporting. Intensified fishing raises environmentalists' concerns about the possible disruption of the food chain that supports the Falklands' diverse array of wildlife.



WELCOME WITH A WARNING greets passengers at Mount Pleasant Airport. Before claiming baggage, arrivals must attend a lecture that includes a firsthand look at an antitank mine and a smaller antipersonnel mine. Difficult to find and dangerous to disarm, some 15,000 mines riddle the landscape, threatening humans and livestock.







ENGLISH IN EVERYTHING but location, Stanley is the Falklands' only town, housing more than half the population. Everyone else lives in the "camp," or countryside. Dominating the harbor, the research ship R.R.S. Bransfield calls on her way to Antarctica. The beer flows freely at the Globe Hotel pub (left), where locals mix with the islands' sizable military contingent.

air service. Our twin-engine Britten-Norman Islander droned over sharp peaks and ridges, where strange patterns of gray-white quartzite run down like rivers of rock. Capillary sheep trails and the wheel tracks of countless lonely journeys bite through grasslands to the underlying peat, bisected now and then by purposeful lines of fence.

The Falklands cover 4,700 square miles, roughly the size of Connecticut. It seemed a

bleak, lonely land to me. To Ian it all makes sense. He reminisces about growing up at Douglas, free as a bird, until the dreadful day when, at age 12, he was sent away to school at Stanley.

"I'd ride out with farmhands to round up sheep, and we'd camp out of sight and sound of the rest of the world. It was a shock to go to town and live among so many people," he said. "Worse, in the seventies Britain decided to turn us slowly over to Argentina. Our air service and fuel were provided by the Argentines, and we were sent there for secondary education, medical treatment, supplies. That's why I left for England to get a pilot's license.

"One thing I'd never blame the Argentines for is thinking that Britain didn't care about the islands. If they had waited a couple of years, they'd have had the place. And I won't be surprised if they take over anyway if Britain ever changes governments."

IAN MCPHEE'S burst of pessimism was the first of many I would hear in the Falklands, whose 1,900 citizens lived for years in a limbo of British ambivalence and inattention until the 1982 invasion aroused national pride.

But good cheer was the main order of business when we arrived at Port Stephens, a cluster of red-roofed homes and farm buildings on West Falkland. We had come to witness the annual Sports Week and found a crowd of visitors from other settlements gathered to watch four sheep-shearing finalists separating fleece from bewildered animals in a single piece, like thick and somewhat scruffy coats.

Afterward, over a lunch of fresh sea trout and spicy empanadas in the huge farmhouse, I met Peter Robertson, who has managed the 239,000-acre Port Stephens farm for the Falkland Islands Company for 17 years. His wife, Ann, is Argentine born. They met in Buenos Aires, where he attended school before spending eight years on a Patagonian sheep ranch.

"Port Stephens is a traditional settlement," he told me. "We employ 16 workers, including a full-time schoolteacher for three children, ages 6, 8, and 12. The average wage for farm workers runs from \$5,000 to \$7,000 a year, plus free housing, free meat and milk, and free air passages to Stanley every so often.

"We're sheep ranchers, not shepherds. Native grasses are very low in nutrients, and it takes five acres to feed one sheep. We lose

between 5,000 and 6,000 sheep a year, trapped on beaches by the tides, or fallen into ditches. For all that, we ship about 330,000 pounds of wool to England every year.

"This whole community will disappear if this farm is broken up. There will be more owners, but they will move out to separate farms. That's not the same as preserving what they call 'our way of life.' "

IF THERE is a new way of life developing in the Falklands, it will begin at the community of Fox Bay Village, where Richard and Grizelda Cockwell are struggling to make a success of a woolen mill and knitting factory, partly financed by a government loan. Mr. Cockwell was Fox Bay's farm manager for 18 years until the property was sold to FIDC and split up into eight farms.

"We borrowed \$200,000 to buy and install used machines. The first equipment arrived in July 1984, but we discovered that two tons of critical parts had been sent to Pakistan. It took six months to get them back, and that put us in a cash bind we've not escaped yet.

"Falklands wool has a very soft 'handle' and is so white that bleach isn't needed," he told me as we watched machines carding and spinning gossamer fibers into thread. "A good knitter, on a hand-operated machine, can do 50 sweaters a week. These retail in the islands, mainly to British soldiers, for about \$45.

"We have ten workers now, including ourselves, but we've had reasonable production only in the past 18 months. At present all our sweaters are sold in the islands. But we're working to develop an export market."

Later, walking through the village, I came upon an abandoned building containing dusty old radio transmitters and teletype equipment dating from the 1920s. I turned the knobs, half-hoping for some message from the past. Nearby, in a quiet schoolhouse, I learned how Fox Bay had sent a message of the future to Alan Jones, 44, and his wife, Jennifer, who left their native Newcastle upon Tyne with their two children, Philip, 7, and Simon, 6. Now he runs a guesthouse; she works as a teacher at the village school and also conducts classes by radio for children on isolated new farms.

"Things in the U.K. were at the bottom of the hill. I'd been 12 months out of work," Mr. Jones had told me. "Here there's no unemployment. It looks like the land of opportunity."

I met Mrs. Jones in the schoolhouse, empty

now since older children had departed for boarding school in Stanley. She teaches ten children at other settlements by radio, a half hour daily for each. A traveling teacher also visits each of the remote settlements for about ten days a month.

"The education level depends a lot on parents. The brighter students compare well with those in Stanley and can't wait for the radio lessons. Those who don't want to learn have excuses, like 'My battery is going dead.'

"My family at home think we're mad for coming here. And it is rather like living on a different planet. I worry now, because so much depends on the woolen mill. Without it we won't be able to stay."

From Fox Bay we flew to Port Howard, where the 200,000-acre Waldron Farm was founded in 1867. Members of the Lee family have helped run it since 1890, when Jake Lee sailed from England with a flock of sheep, married a girl he met aboard, and settled down to live happily ever after.

Something of that happiness shows in the immaculate settlement, where two brothers, Robin and Rodney Lee, are attempting to preserve old traditions in a new way. When the farm, with 42,000 sheep, was sold to FIDC in 1986 for 1.2 million dollars, the brothers proposed buying a 60 percent interest, with farm workers becoming shareholders. Aware of growing criticism about breaking up settlements, the corporation agreed to support the plan with low-interest loans.

"There are no fortunes in this for us," Robin Lee told me. "Gross income is \$500,000 a year. That means tight management. But we saw other communities being pulled to pieces, and feared its happening here. We have 58 people. Many did not want to become owners living in isolation outside the settlement. Now we've taken away the fear."

With government financial help has come technical help as well. To curtail high winter losses among lambs, the British Agricultural Service is experimenting with feeding weaned animals on closed pastures seeded with high-nutrient English grasses at a cost of about \$3,000 an acre.

"We've been testing 200 animals," Robin told me. "But we're finding that if they are packed close while feeding on lush grass, they get worms and parasites far more easily and don't gain weight at any greater rate than those fed on range grass. The management question



TAKING A BREAK from his army duties, Sgt. James Grant displays a brown trout he caught to two-year-old Sam Cockwell. The Cockwell family, operators of a woolen mill, open their home on West Falkland to soldiers on rest and recreation leave.

is whether the extra costs are worth it. Falkland sheep are relatively disease free because they aren't confined."

AMONG PORT HOWARD'S AMENITIES is the comfortable old manager's house, now a guest resort. The nearby Warrah River, like other Falkland streams, offers fine trout fishing. There is a golf course and thousands of acres of grasslands and hills for horseback riding. For the contemplative there is a small war museum to commemorate Port Howard's occupation by a thousand Argentine troops.

And in the graveyard where Jake Lee rests in peace, another stone marks the burial place of Capt. John Hamilton of the Special Air Service, who was killed in action at Port Howard on June 10, 1982.

For two centuries before the Falklands war, nobody had actually died in the vehement and tangled disputes over possession of the islands. British historians say they were first seen by Capt. John Davis in 1592, blandly ignoring a 1522 Portuguese chart that clearly shows the archipelago off the Strait of Magellan. In 1690 Capt. John Strong of the British ship *Welfare* landed on one of the two main islands and named the channel between them Falkland Sound, after an Admiralty official.

But the most frequent visitors were French mariners from Saint-Malo. They called the islands the Malouines, which gradually gave rise to the Spanish name Malvinas. The first colony was established by a Frenchman, Louis Antoine de Bougainville, who built a fort at Port Louis on Berkeley Sound in 1764. A year later, unaware of the French colony, British

Commodore John Byron formed a settlement named Port Egmont on Saunders Island and claimed the Falklands for George III.

There followed a game of colonial musical chairs. Spain protested the French colony. France evacuated in 1767 after Spain volunteered to reimburse expenses. Next, Spanish ships and troops from Buenos Aires evicted the British from Port Egmont in 1770. Britain threatened war, and Spain backed down, allowing the colonists to return. But in 1774 the British withdrew, leaving a metal plate warning visitors that the islands were still an outpost of empire. Spain occupied the islands until revolutions in South America forced her to abandon them in 1811.

And in 1820 a U. S. citizen named David Jewett was appointed governor by the newly independent United Provinces of the Río de la

Plata, as Argentina was then called. He observed some 50 American, British, and French sealing vessels in island waters and warned them that hunting and fishing were forbidden.

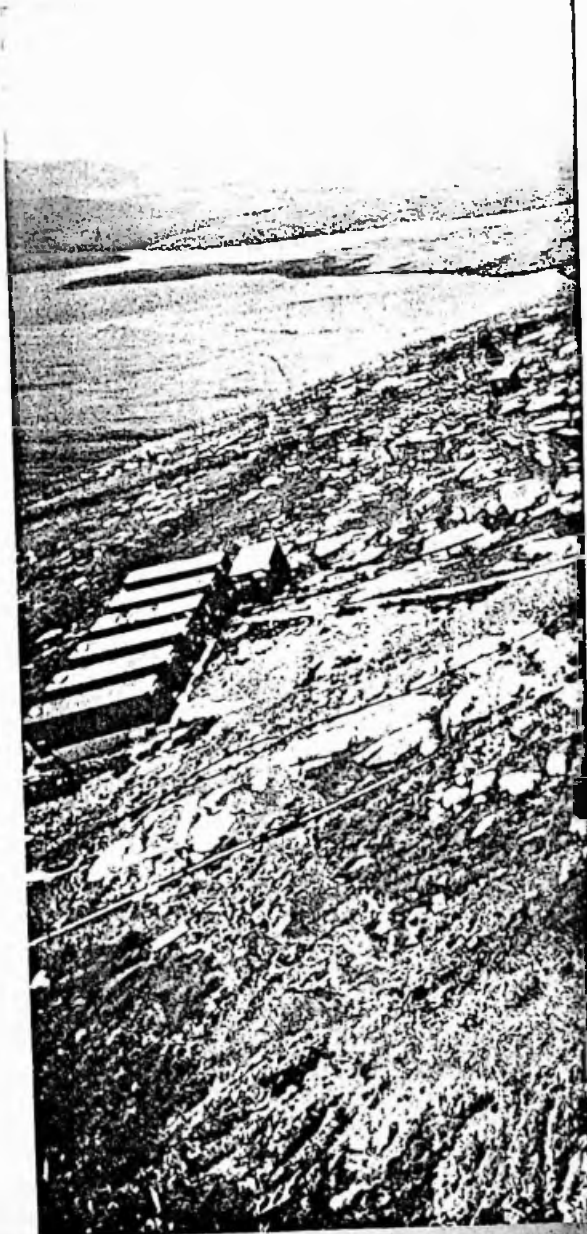
In 1828 a successful colony was founded by a Frenchman named Luis Vernet, who had studied business in Philadelphia before seeking his fortune in Argentina. The new colonists included at least 14 Englishmen, 7 Germans, 10 citizens of Buenos Aires, and some 30 indentured black laborers. In 1829 Vernet issued the first Malvinas currency, prompting Britain to utter a formal claim of sovereignty.

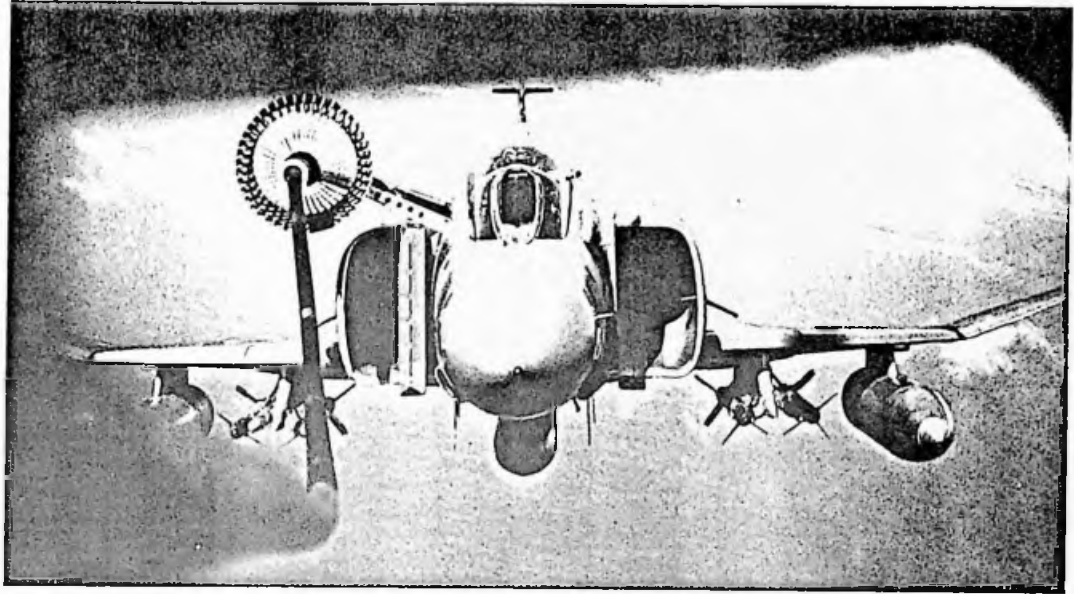
But it was the United States that precipitated Argentina's eviction from the Falklands.

In 1831 Vernet's government seized the U. S. sealing ships *Harriet*, *Superior*, and *Breakwater* in Berkeley Sound. In response, at the urging of U. S. Consul George W. Slacum,



HUDDLED LIKE BOXCARS, modular housing units accommodate British airmen at a radar installation on a gusty mountaintop on West Falkland. A Royal Air Force Phantom fighter armed with cannon and Sidewinder missiles takes on fuel while on patrol over North Island (above right). Cozied up with a kitten and a book, a helicopter crewman passes the time at Mount Pleasant Airport.







the corvette U.S.S. *Lexington*, under Capt. Silas Duncan, sailed to the islands on December 28, 1831, spiked the Argentine guns, and arrested seven men on charges of piracy.

The incidents prompted a savage exchange of protests. Slacum was declared persona non grata. President Andrew Jackson asked Congress for a military force to protect U. S. ships in the South Atlantic and appointed Francis Baylies as chargé d'affaires. Baylies informed Argentina that the U. S. government "utterly denied the existence of any right in the Republic [Argentina] to interrupt, molest, detain or capture any vessels belonging to

citizens of the U. S. . . . engaged in taking seals or whales or any species of fish or marine animals in any of the waters, or on any of the shores or lands of any or either of the Falkland Islands, Terra del Fuego, Cape Horn or any of the adjacent Islands in the Atlantic Ocean."

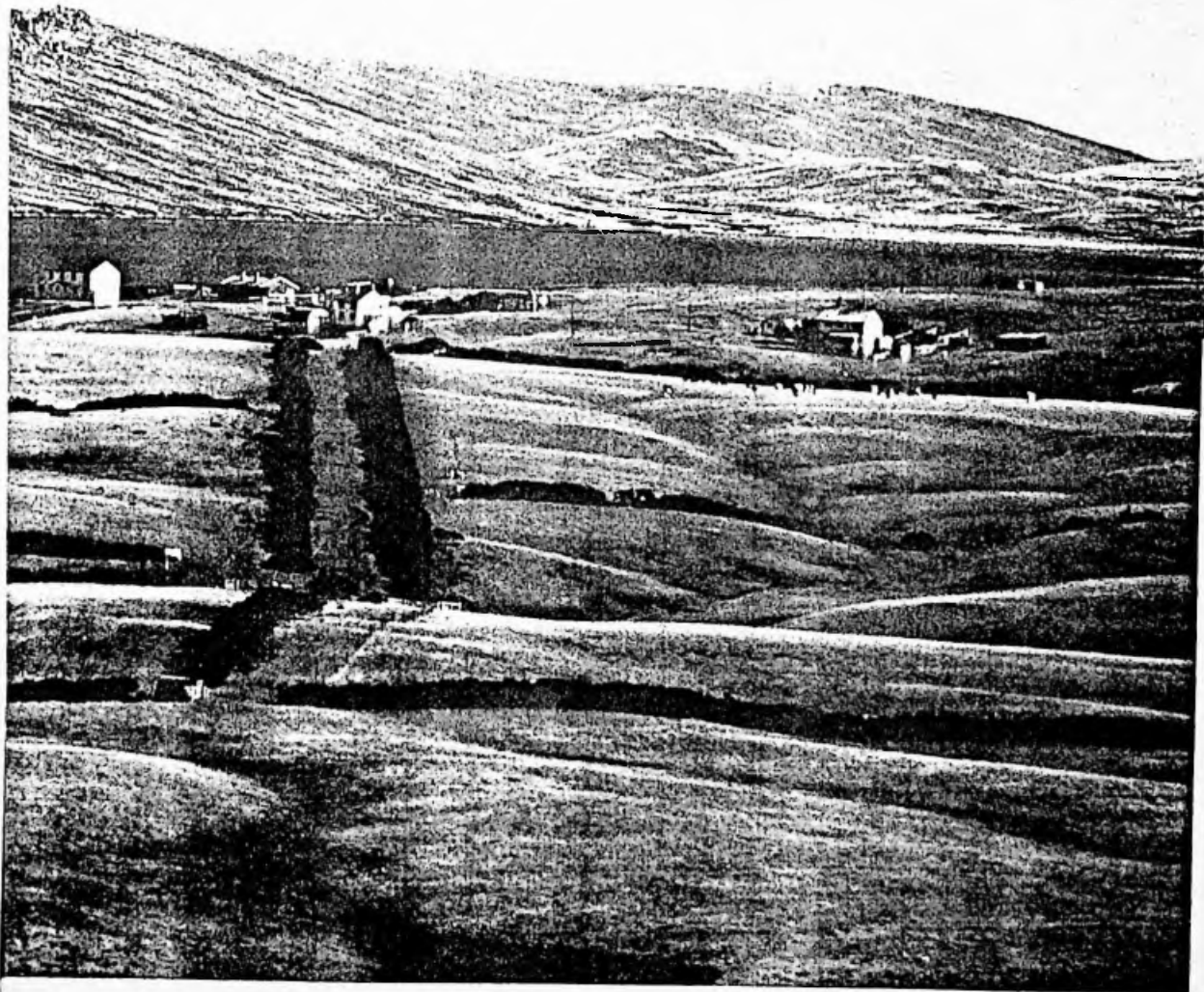
Demanding reparations, Argentine foreign minister Manuel V. de Maza charged that "injustice — insult, and violence have been on the side of Señores Slacum and Duncan — but especially on that of the latter; he having carried his turpitude and ferocity to the last extremity, destroying with unspeakable inhumanity and perfidy the Islas Malvinas colony. . . ."

The two nations broke off relations.

On January 3, 1833, a British ship sent a landing party to strike the Argentine flag. The blue-and-white banner was not to fly in the islands again until April 2, 1982.

In Stanley, Detective-Constable John

LONELY OUTPOST, Waldron Farm embraces some 200,000 acres devoted to sheep raising. On many such ranchlike "settlements," all-terrain cycles and border collies team up to handle sheepherding.



Adams remembers that regaining the islands was a dangerous and costly business.

Detective Adams was a member of 42 Com-mando Royal Marines, one of several elite combat units that drove Argentine defenders from some 50 miles of rugged hills between Port San Carlos and the capital. He took part in a night assault on Mount Harriet, a 900-foot hill topped with a natural fortress of ridges. On a brilliant morning, in a 50-knot wind, he went with me to retrace the path of the attack.

We climbed past shell craters and remnants of cluster bombs. To the west lay Mount Challenger, where on June 11, 1982, the 240-man unit began the night march along a track that had been pronounced clear of mines simply by walking on it.

"We waited while artillery pounded Argentine positions for about three hours," Detective Adams recalled. "At midnight we moved uphill behind a creeping barrage. It was snowing. They had night-vision glasses, but they were expecting a frontal attack. We hit their flank and rear. It was over in a few minutes. We killed 30 Argentines and captured 380. We lost one, killed in the assault."

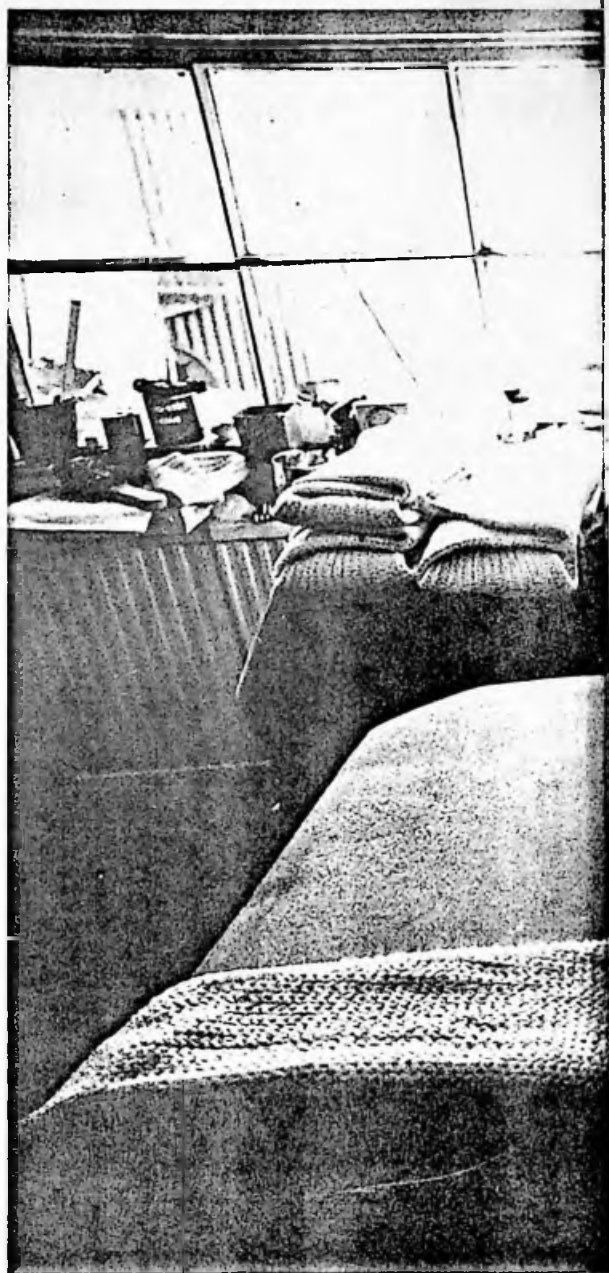
On the summit we walk amid the sad detritus of a very recent war—disposable razors, broken toothbrushes, rusty ration tins, and a scattering of charred field dressings and blankets where a first aid station was destroyed by a white phosphorus shell.

"I was glad to be part of the task force," Detective Adams said. "I was stationed in the Falklands for a one-year tour in 1974. My wife, Marjorie, is a Falklands girl. When we marched into Stanley, it felt like coming home. So I decided to come back for good."

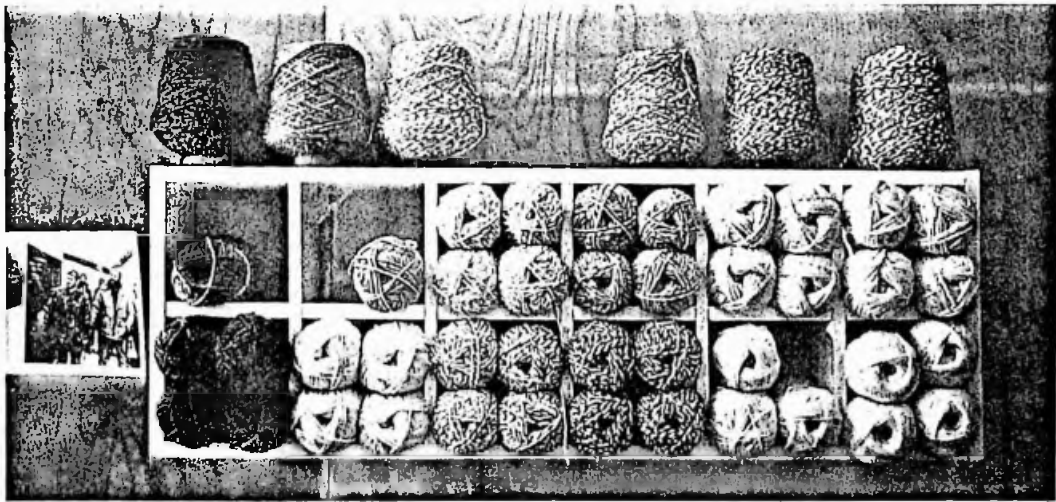
Today, as a member of Stanley's 12-man police force, he deals with more predictable violence. "We had 360 crimes reported in 1986 and solved 65 percent. The usual lot—thefts, burglaries, assaults. A lot stems from drinking. We have a list of people legally prohibited from drinking. Anyone who serves them can be tried for the offense. With only 1,900 residents, it's not hard to keep track."

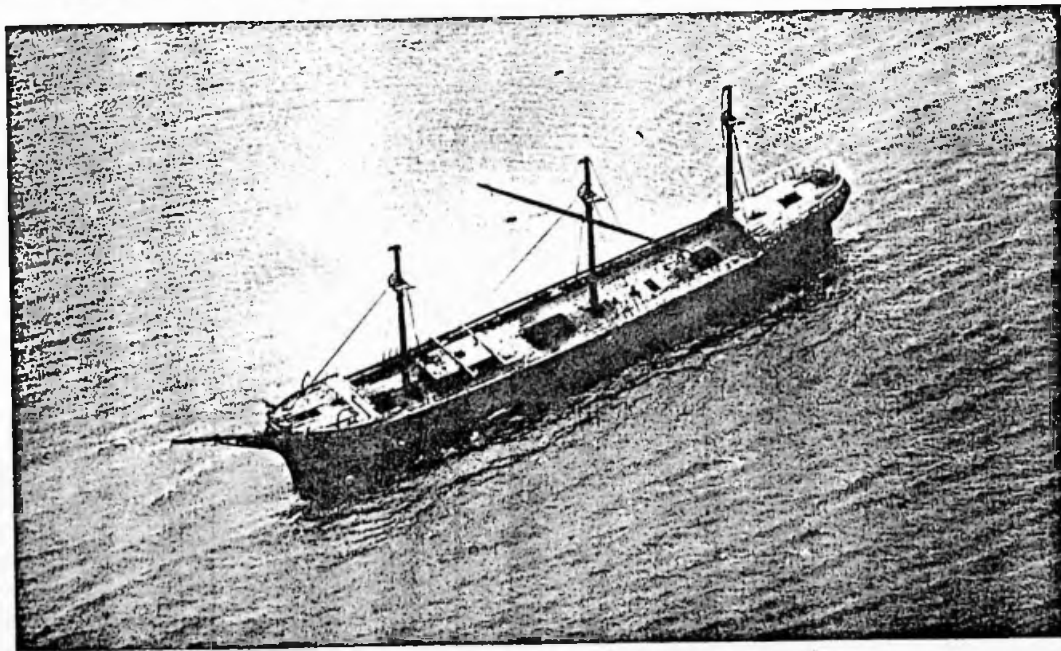
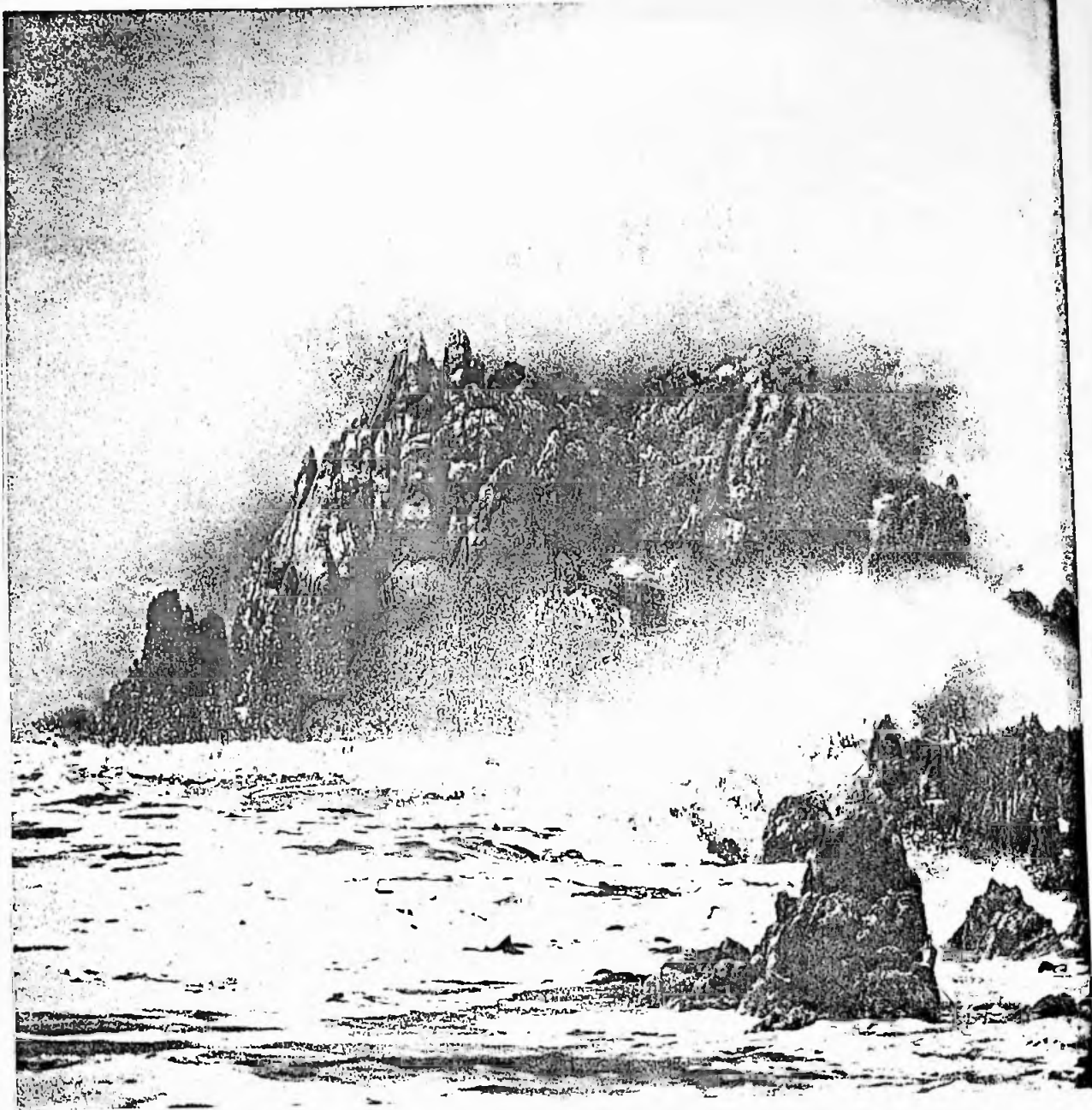
THROUGH THEIR HISTORY the islands have seldom been inhabited by more than 2,000 people, but their environment has been changed by human activities. The appetites of sheep have destroyed much of the native vegetation.

Seal populations have never recovered from



MULTITUDED HANDWORK of Falkland Island spinners fills a display case at the Falkland Mill. Using no dyes, workers produce different shades by blending naturally colored wool that commands top prices from foreign buyers. White Falklands sheep have been carefully bred to produce a snowy wool that requires no bleaching. One of the mill's ten workers puts the finishing touches on a sweater as part of a program to make the Falklands economy self-sufficient. Islanders also depend on sheep for food, and most eat mutton daily, leading to the term "the 365 diet."







SAVAGE SEAS kicked up by 50-knot winds send 20-foot breakers cascading over the rocks. Harsh weather is the norm on the islands. Snowfall—though usually light—is frequent, cloudless days are rare, and winds average 16 knots. Such harsh conditions often thwarted sailing ships attempting to round Cape Horn. Many foundered. The British bark *Lady Elizabeth* (left) struck a rock en route from Vancouver, British Columbia, to Mozambique in 1913, and limped into Port Stanley. She later drifted and grounded at her current resting place in Whalebone Cove, near Stanley Airport.

the hunting bloodbaths of the early 19th century. Until minefields made Stanley's beaches once more safe for nesting, most penguins had sought refuge in the outer islands.

On New Island, at the archipelago's western edge, Ian Strange, an author, artist, photographer, and naturalist, is attempting to regenerate the rich and exotic sub-Antarctic wilderness that sealers and whalers found some two centuries ago.

Mr. Strange came to the Falklands 27 years ago to run an experimental mink farm. The animals didn't prosper on a diet of greasy mutton. "I shudder to think what could have happened if we'd been successful," he said. "If a pair of mink had escaped and bred, it would have been a disaster for bird life."

Ian walks with us to the Settlement Rookery, a great amphitheater where some 100,000 rockhopper penguins stand like proprietors on a majestic balcony of rock, contemplating their antipodean empire through ruby eyes beneath bright yellow eyebrows.

Amidst the crowd are nests of the black-browed albatross, a majestic black-and-white bird whose giant offspring sit enthroned on pedestal nests, plumed elegantly in down like infant maharajas. Flying around the colony are a score of caracaras, rare birds of prey noted both for omnivorous tastes and insatiable curiosity. One of them keeps station within six feet, regarding me intently with an anthropologist's eye.

Mr. Strange has published five illustrated books on the Falkland Islands, as well as scientific papers on both rockhoppers and thin-billed prions, burrowing petrels that live in nest colonies like ground squirrels. More recently he has studied the striated caracara under a research grant from the National Geographic Society.

"Banding studies indicate that rockhoppers mate for life. And we now know that the black-browed albatross returns here to mate after seven years. The female lays one egg. If it is lost, she will not lay again that year. The nests themselves are used year after year."

In 1986, when thousands of dead rockhoppers were found washed up on Falkland shores, scientists became concerned that overfishing of squid had destroyed the birds' food supply. Zoologist Kate Thompson and her partner, Dann Hale, were assigned to do a two-year study of bird feeding habits on New Island for the Falkland Islands Foundation, a

PLEDGE OF ALLEGIANCE to the crown, proclaimed from a window in Stanley, reflects the sentiments of an overwhelming majority of islanders. In the 1982 conflict the ultimate price for pressing a competing claim was paid by 635 Argentines, some of whom lie in a lonely cemetery on East Falkland (facing page), a reminder of ambitions that have yet to be laid to rest.



conservation group headquartered in London.

"It's what you might call basic science," Miss Thompson told me. "We chase the birds after they come ashore from feeding, flush their stomachs with a few pints of water, empty them out, and then spend hours counting squid beaks and krill. Chasing a very angry gentoo penguin could be classed as a new Olympic athletic event."

So far the studies indicate no lack of food for the bird population. Although the cause of the penguin die-off is still a mystery, it seems less threatening than mid-19th-century penguin hunters, who killed millions of birds for oil.

"People tend to exaggerate some problems and ignore others," Ian told me. "One of the great depredations has been the elimination of tussock grass, which was once the dominant vegetation on the islands."

Tussock is a strange plant that sprouts each year atop the matted growth of previous seasons. Undisturbed, individual plants can grow as high as 12 feet, which led early mariners to conclude that the Falklands possessed coastal woods.

On New Island, Ian has nurtured a stand that grows man high. As we walk through it, the sharp wind is cut to a whisper, and I can hear the plaintive cries of Magellanic penguins from burrows around the roots.

"Forty-six species of birds use tussock as a nesting or feeding area," Ian said. "When whalers set pigs to breed on the islands, the tussock became a natural habitat for them. But hunters burned the grass to drive them out. Ironically, tussock is one of the most nourishing foods there is for cattle and sheep, but it must be managed properly. Sheep farmers have simply grazed it out of existence. Now they're trying to improve grazing by importing other grasses from England."

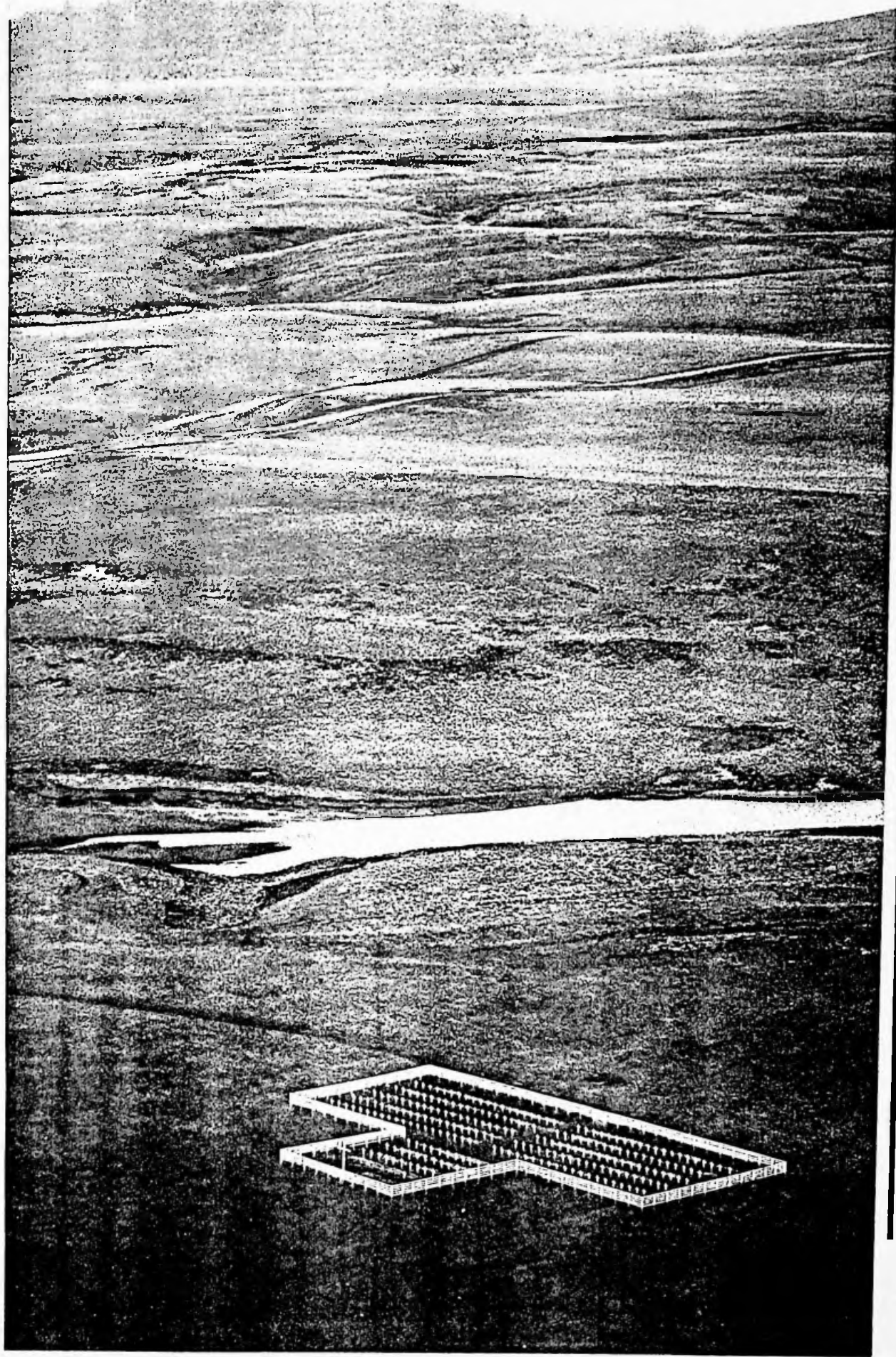
IMPROVING the Falklands has always been a chancy business. Before I returned to Stanley from New Island, I visited the ruins of a whaling station that failed in the early 1900s. Lathes and drill presses stand where machinists manufactured and repaired the huge harpoons. Some lie scattered on the beach, their shafts bent with the force of penetrating a whale's body. In the water lies a boiler that exploded, killing several men. On the hillside above, a stone slab commemorates one of them: SWERT PEDERSEN DOD 15-2-1915. The stone is yellow now with lichen, and nesting prions burrow there among his bones.

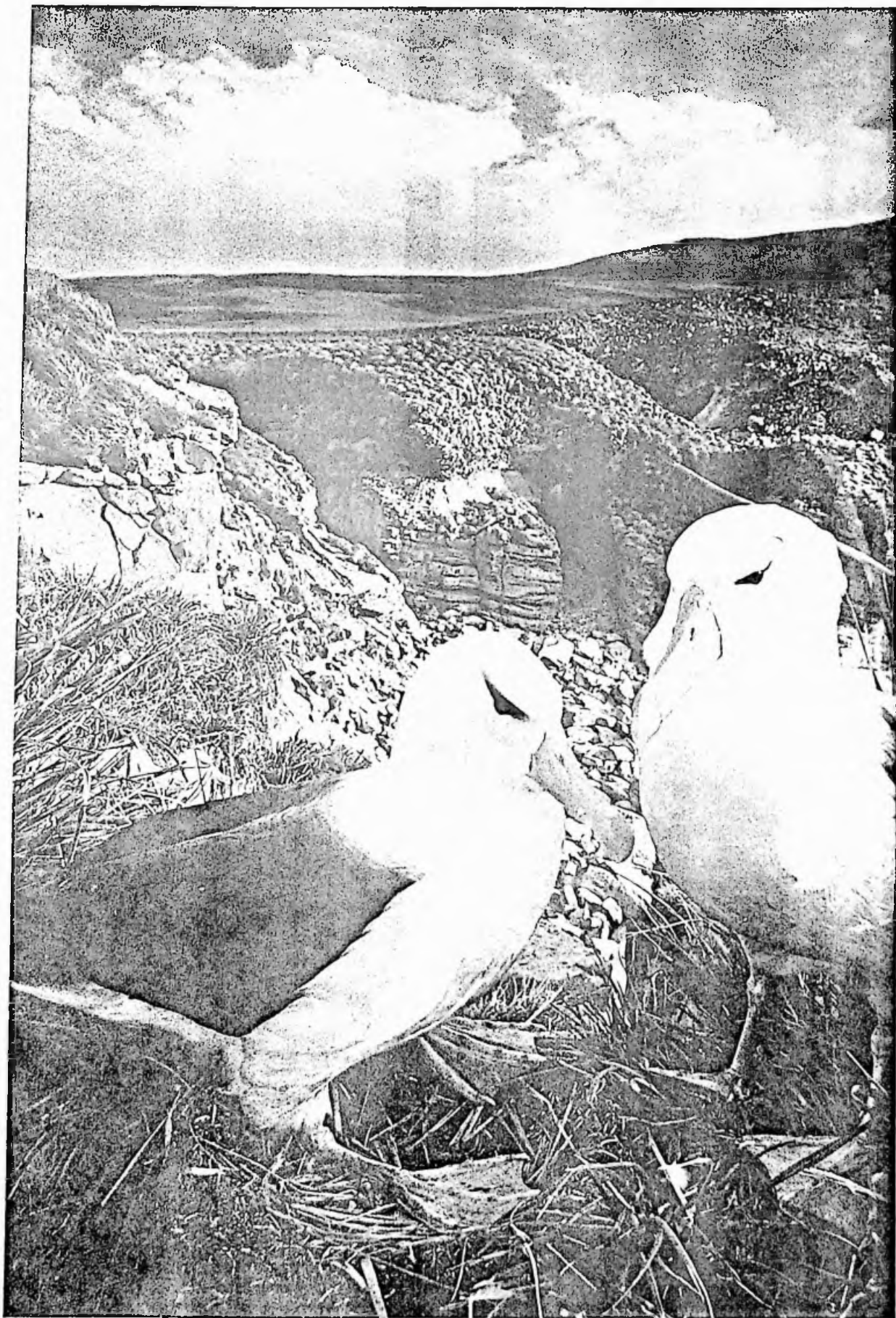
As I flew back to Stanley, I found myself thinking not about geopolitics and war, but about surf and kelp and tussock grass, and multitudes of birds heralding the enormous energy and bounty of the sea.

Among other things, I had learned that seals do not merely bark. I had visited a colony and heard them croon and yodel to each other, and utter basso profundo territorial claims, like maritime grand opera on a sunny stage of rock.

If there is ever a South Atlantic peace conference, I thought, perhaps the participants might find instruction there.

* * *



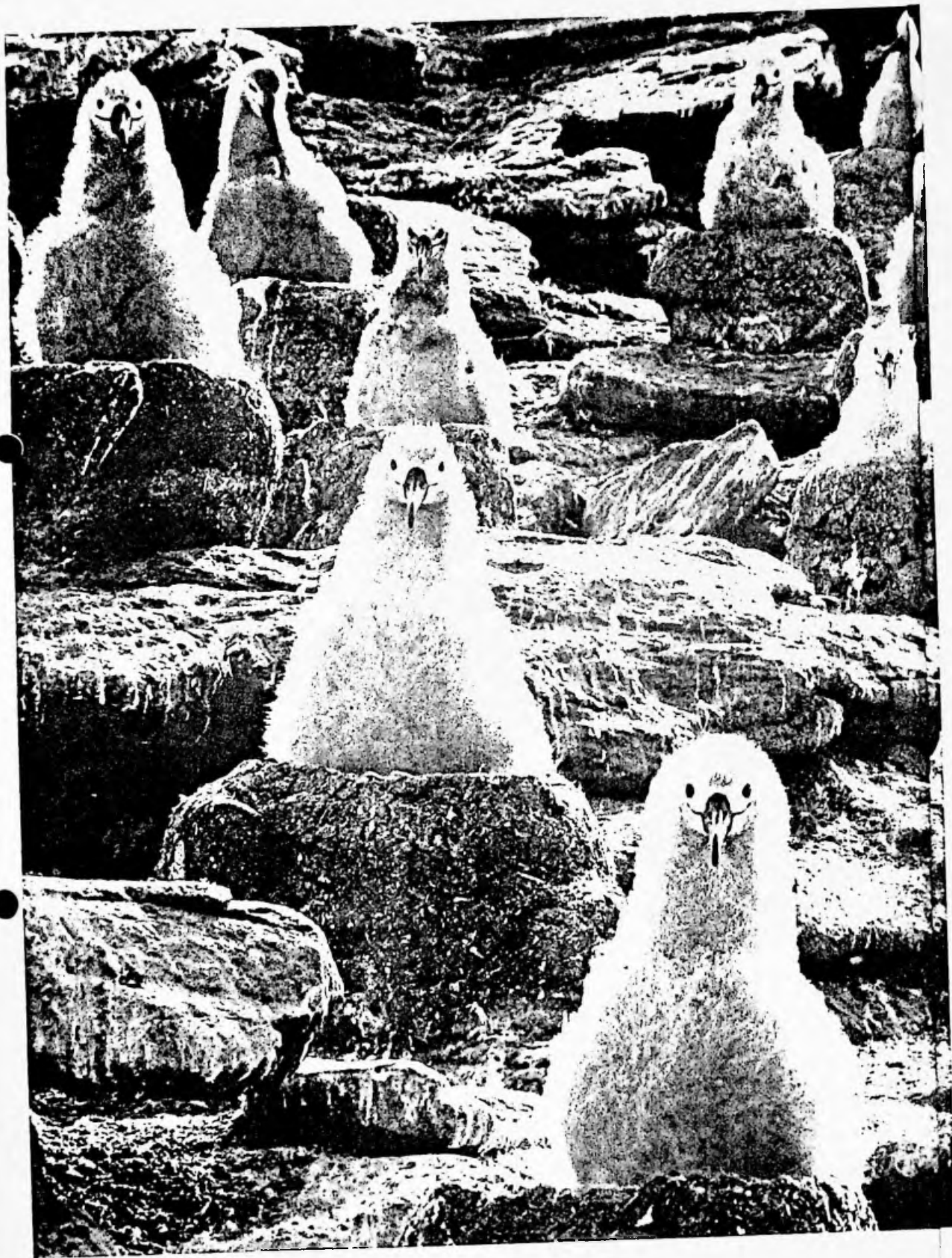




A PORTFOLIO

Photographs by FRANS LANTING

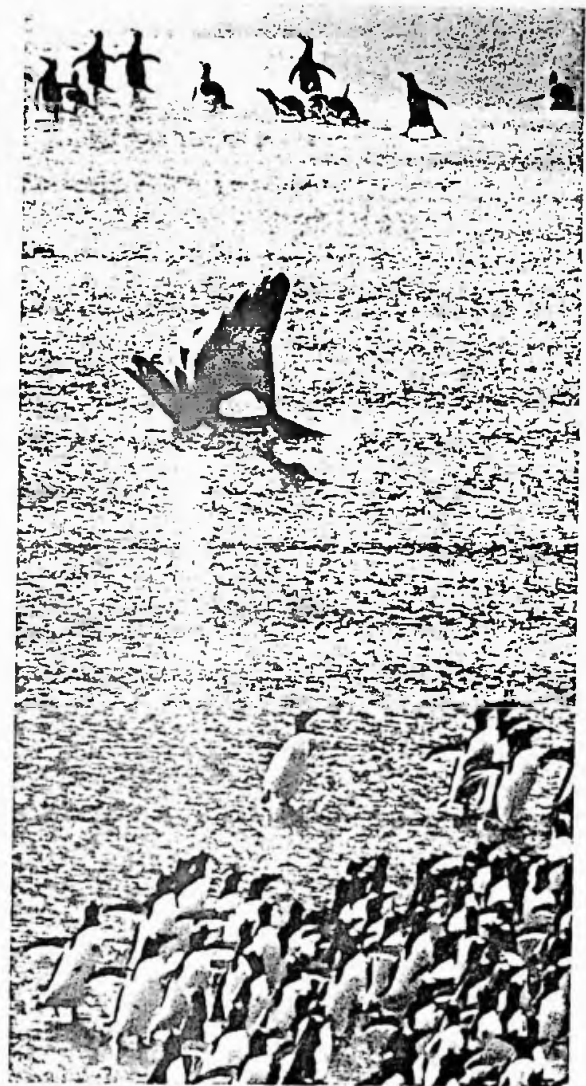
*ugged coastal cliffs
provide a roost for a pair of
courting black-browed albatross,
which usually mate for life.
Waters rich in seafood surround-
ing the Falkland Islands help
sustain a wildlife population
diverse in nature and often
astonishing in number.*





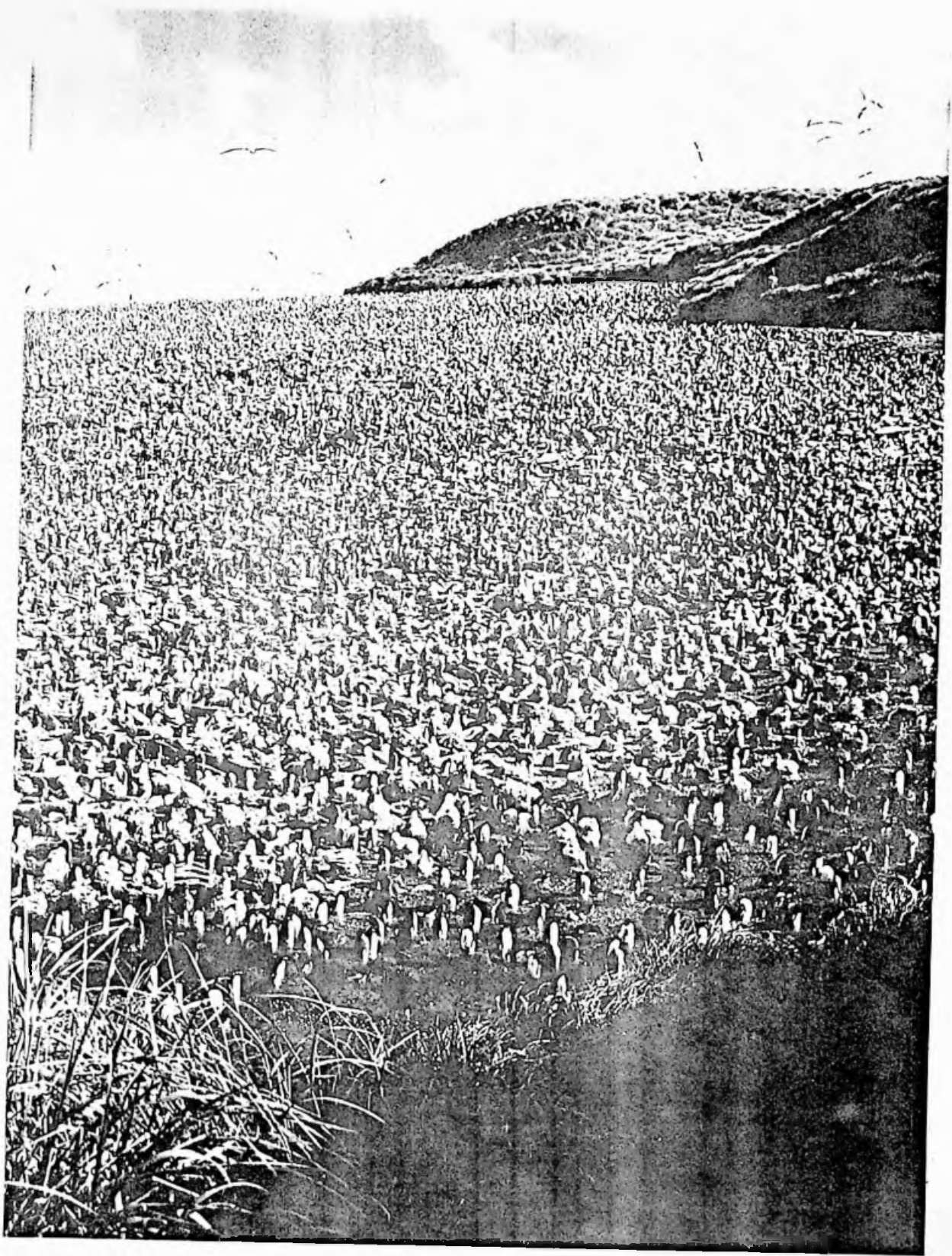
*P*atiently perched on nests of mud and grass, black-browed albatross chicks await the return of parents offering meals of regurgitated squid, lobster krill, and other marine animals.





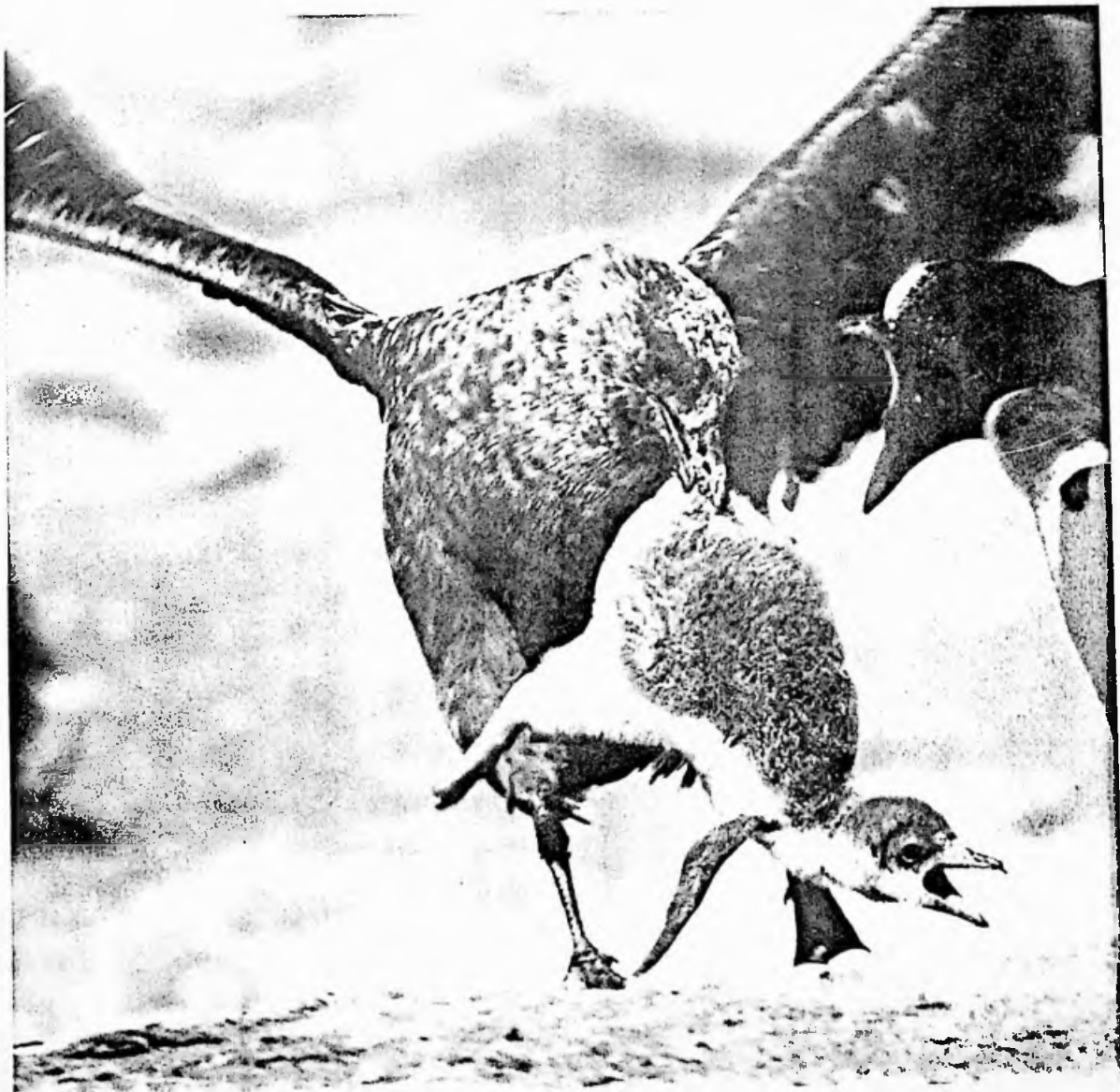
Showing disdain for skin and feathers, a South American sea lion flays a penguin before feeding as giant petrels stand by for leftovers. A luckier Magellanic penguin escapes a sea lion's charge (above) amid a fleeing crowd of gentoo penguins.

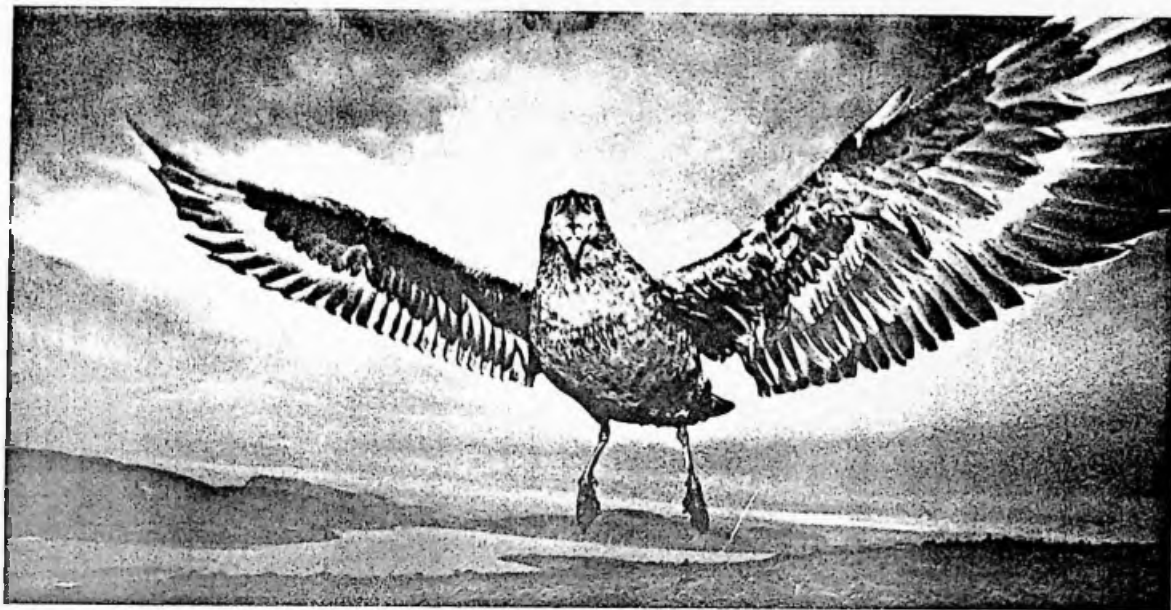




Living landscape of nesting black-browed albatross and rockhopper penguins blooms each January on Beauchêne Island, a nature preserve 40 miles south of the main islands.

*P*roximity does not always mean harmony. Rampant and scolding, a skua makes an aggressive dive (right) when the photographer ventures near its nest. Another skua swoops low to snatch a young gentoo penguin as a parent brays in protest (below). A penguin egg becomes a meal for a striated caracara (below right), also called the Johnny rook, a scavenger and predator found only in the Falklands region.





FRANCISCO ERIZE





*C*lumps of tussock grass provide a bed for a South American sea lion and a hunting ground for a striated caracara. Although sharply depleted by sheep grazing and once burned by hunters to flush out seals and feral pigs, the rich grass still supplies crucial shelter for the islands' unique panoply of wildlife. □



price 25p

Guernsey Birds

The newspaper of the Royal Society for the Protection of Birds
Guernsey Bailiwick Members' Group
Covering Alderney, Guernsey, Herm and Sark



Issue no. 5
Spring 1988

Tourist Board to support RSPB programme

OFFICIAL support for the group's entire spring programme has been given by the States Tourist Board following the response from visitors to Operation Seabird in 1986 and Birdwatch Europe last year.

All 12 events in this year's spring programme have been adopted by the board who will pay for posters and an illustrated programme to advertise the events. These will be available from the board's information centres in St Peter Port and at the Airport.

The announcement follows discussions between local RSPB representative John Bishop and States special events and conference officer Michael Paul.

Large numbers of visitors attended the week-long events, commenting favourably on the facilities for birdwatching offered by local members of the RSPB, and on the warmth and friendliness of participants.

The group committee are delighted with the offer of assistance from the board and feel confident that even more visitors will enjoy this year's outings.

"It gives us the opportunity of promoting

Turn to page 2 column 3...



Falkland Islands - fantastic

STEPPING on your first five-ton elephant seal, a monster slumbering on white sand and looking for the world like a huge black boulder, is a shattering experience.

So too is being chased up a cliff-face by a sea lion, or watching the 6ft-high black,

triangular fin of a killer whale rolling through waves in which you have been swimming with penguins hours before.

Suddenly you realise the truth of the Falklands Islands' claim that they are 'where nature is still in charge'.

Tim Earl reports in page 4....

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Guernsey RSPB members beat 200 UK groups

GUERNSEY topped last year's RSPB membership recruitment drive beating more than 200 UK groups, including several metropolitan areas, to take the coveted position.

Figures released by the RSPB show that Guernsey recruited 10 members more than their nearest rivals Enfield. South Dorset, with whom the local group are twinned, came equal sixth in the league.

Less than a year after its formation the local group came fourth in the league table, but at the end of their first full year have taken the lead.

"(It was) a marvellous performance by any standards,' the society say in Volunteers' News which is distributed to all local groups in the UK. "And (it is) one which has contributed to a staggering 34 per cent increase in RSPB members in the Guernsey Bailiwick during the last 18 months."

Local RSPB representative John Bishop hopes that the result may encourage more of the society's half a million members to visit Guernsey and sample the obvious pleasure island conservationists and birdwatchers get from wildlife.

The Falklands - 'where Nature is still in charge'

IT WOULD be wrong to portray the Falklands' wildlife as dangerous - it is not. The animals and birds occupy well defined areas, are tame and approachable and can only harm humans if obvious safety rules are broken. But it would also be incorrect to show the islands as some unfenced zoo in which you wander among domesticated creatures.

The Falklands are one of the least accessible areas of the globe, touring them is a temperate safari adventure, and the sense of achievement - gained when discovering some of the rarest animals, birds and plants in the world - is quite thrilling.

Take the first sight of a southern giant petrel - this will probably be as you drive onto the sea front in Port Stanley. These huge birds, with a 7ft span and a body the size of a small torpedo, cruise rapidly but along the sea wall, their wing-tips an inch away from the concrete.

They make diversions to avoid people walking along the harbour, but the swish of their passing is clearly audible and even on the last day of a Falkland holiday an involuntary gasp of admiration cannot be stifled.

A flock of about 250 giant petrels, mostly young birds, feed in Stanley harbour, and their comings and goings can be watched from the comfort of the sun-lounge at the waterside Upland Goose Hotel - named after the most common Falkland bird.



The hulk of the Charles Cooper - one of the many wrecks in Stanley Harbour - is used by rock shags as a nesting platform. They can be watched from the Upland Goose Hotel



Rockhopper penguins and king cormorants nest together in large colonies. This colony is on Cape Bougainville 20 miles, or two-hours cross-country drive, from Salvador Settlement, East Falklands.

Shot

Each eats the same as five sheep according to some farmers and the geese are shot in large numbers. Some farms in 'the camp', as the outback is called, are strewn with the corpses of geese which have been shot and left to rot where they drop - a policy deplored by many islanders.

The Falkland Islands Government are working hard to encourage tourists, especially Americans, on birding and wildlife holidays and this policy will have

to stop if the visitors are to feel happy. The shotgun cartridge and tourist dollar are incompatible.

Visiting the camp is the highlight of a Falklands holiday but Port Stanley gives a good introduction to the islands' wildlife, particularly the birds.

Unique

About 20 species, a few unique to the islands, can be seen in the capital and becoming familiar with them before visiting the settlements is a good idea. Our Flightless steamer duck, Falklands pipit and Cassin's falcon, a race of the peregrine - all unique to the islands - can all be seen in Stanley. Government House gardens are a good place to catch up with the fieldfare-sized Falklands thrush while long-tailed meadowlark sing from the masts of ships, used as convenient song posts.

Antarctic skuas harry the resident kelp and dolphin gulls and pretty rock shags nest in the wrecks of vessels which line the sea shore.

Tides in the Falklands are small, but the beaches reveal beds of huge mussels, cockles and marine worms, at low water. Falklanders are not seafarers or fishermen and these beds of shellfish are left for the black oystercatchers and steamer ducks to feed upon.

Stanley is also a good base from which to

"Flightless steamer ducks in Port Stanley Harbour"

take day trips to the islands of Kidney and Saunders. The former is a superb example of an unspoiled tussock island - the original Falklands habitat in which the giant and white-chinned petrels nest.

White-chinned petrels are called shoemakers or cobblers after their calls which make the island sound like a huge shoe factory as the birds create a tapping noise from their burrows.

Saunders Island is the home of thousands of black-browed albatross nesting on top of pudding-shaped structures which are literally egg cups - at least until the chicks hatch. With a wing-span of 'only' 8ft the black-browed albatross is one of the smallest albatrosses - they dominate any view taken out to sea.

A telescope will reveal anything up to 30 in the field of view at one time, the birds closer inshore showing off a white stripe which runs along the underside of their wings.

Occasionally glimpses can be had of much larger birds - the wandering and royal albatrosses, each with a wing-span of more than 10ft. The two wandering albatross seen on my trip were both juvenile and appeared all brown.

The seascape is also punctuated by hundreds of smaller, black-coloured sooty shearwaters which fly rapidly



through the field of view. These are the same birds which, after nesting in the Falklands and other Antarctic islands, migrate up the coast of south and north America, past Greenland and Iceland to come down through British and Irish waters, fly off France, Spain and Portugal before following the coast of Africa back to their breeding grounds.

Sea watching is the area of natural history in which great strides will be made. Few telescopes have been seen in the Falklands, yet they are the key

which will help to unlock the mysteries of life on the southern oceans.

Beside the airborne fauna the backs of dolphins, porpoises and killer whales can often be seen rolling in the waves.

An early morning walk along a vast strand on Pebble Island attracted the attention of surfing dolphins which followed me for an hour as I strolled around the bay. They were rarely more than 100 metres away.

Even closer, torpedoing penguins coming ashore to take over egg incubating duties can be watched. The penguins can be seen 'flying' in the crystal clear green breakers rolling up the white beaches to drop them in the foaming surf.

How to get there

The islands are served by RAF Tristar from Brize Norton, Oxfordshire. Although the flight takes 18 hours, it touches down in Ascension Island (where Ascension Frigate bird and fairy tern may be seen) breaking the flight nicely. The islands are a must for all wildlife enthusiasts, walkers, photographers and those who want a real 'away-from-it-all' holiday. If you have children or grandchildren who are interested but cannot afford the trip do try to send them. However, the going is as hard or easy as you want - there is no age limit.

Tour operators serving the islands include Twickers World, Cygnus Wildlife Holidays and Page and Moy. Further details can be obtained from the Falkland Island Tourism Service, 294 Tadcaster Road, York, YO2 2ET. A superb colour brochure is available from them, price £1.



Antarctic skuas harry the kelp and dolphin gulls in Port Stanley. They look like our great skuas and have the same method of feeding. Many feed with turkey vultures on the tip at the end of Stanley Sound.