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ODO(SA)(82) 18

COPY NO

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14 April 1982

CABINET

DEFENCE AND OVERSEA POLICY (OFFICIAL) COMMITTEE

SUB-COMMITTEE ON THE SOUTH ATLANTIC AND THE FALKLAND ISLANDS

CONTROL OF THE EXPORT OF STRATEGIC GOODS TO ARGENTINA

Note by the Secretaries

1. In accordance with the Sub-Committee's conclusions at their meeting on 7 April 1982 (ODO(SA)(82) 2nd Meeting, Item 3, Conclusion 5), the Department of Trade have prepared the attached note on the control of the export of strategic goods to Argentina.
2. Departments are invited urgently to consider the request in the final paragraph of the note.

Signed C H O'D ALEXANDER
G R G MIDDLETON
S D SPIVEY

Cabinet Office

14 April 1982

CONTROL OF THE EXPORT OF STRATEGIC GOODS TO ARGENTINA

(Note by Department of Trade)

The Sub-Committee invited the Department to report on the question of banning exports to Argentina of strategic goods other than arms.

The Import, Export and Customs Powers (Defence) Act 1939 provides the powers to control by Order the export of goods from the United Kingdom. The current instrument of control is the Export of Goods (Control) Order 1981. The Schedule in the Order contains a list of goods which are controlled for security or strategic reasons. The list includes aircraft; arms and related materiel; ammunition; military stores and appliances and para-military equipment; atomic energy minerals, materials, facilities, equipment and appliances; and certain industrial equipment and material of strategic importance. Mainly for COCOM reasons the list also includes inter alia a wide variety of goods such as metal working machinery, chemical and petroleum equipment, some electrical power generating equipment, electronic equipment, scientific instruments, certain metals, minerals, chemicals and petroleum products.

As explained in ODO(SA)(82)11, action has already been taken to ban exports of arms to Argentina, and we are checking licences already issued for any goods which might have a possible military application. Any such licences will be revoked.

The Order does not control a wide range of other goods which could conceivably assist the Argentines at the present time. It does not, for example, control the export of most civil ships (only a very limited range of merchant ships is caught by the control in support of COCOM arrangements); mobile generating equipment, civil vehicles and motor cycles; nor crude and refined hydrocarbon oils (no North Sea oil is exported to Argentina, but it is possible that oil from third countries could be transhipped in the United Kingdom for re-export to the Argentines).

Exports to third countries made with the intention of subsequent re-export to Argentina would be an offence under the Act, but there are obvious practical difficulties in making this control effective.

Now that the Argentines have banned all imports from the EC the problem may have resolved itself. It is, however, just conceivable that they may still wish to buy certain key components and spares which it would not be in our interests to supply. Departments are therefore asked to consider whether there are any particular items of military potential which should be denied to the Argentines. These could then be brought within the scope of the licensing system.

Department of Trade
14 April 1982

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12 May 1982

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Note by the Secretaries

Attached for the information of the Sub-Committee is a Note by the Department of Trade reporting the outcome of the further work called for at paragraph 2 of ODO(SA)(82) 18. It will be seen that Ministers in OD have been advised in correspondence of the proposed areas for licencing control and that the Department of Trade holds ready the necessary Order.

Signed C H O'D ALEXANDER
G R G MIDDLETON
S D SPIVEY

Cabinet Office

12 May 1982

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CONTROL OF THE EXPORT OF STRATEGIC GOODS TO ARGENTINA

Note by the Department of Trade

As a result of the Note prepared by the Department of Trade and circulated under ODO (SA)(82)18, work was set in hand in consultation with other interested Departments to identify goods which were not currently subject to the export licensing procedure, but which had a possible military application. The agreed list is a Annex A. It has been broadly drawn so that in marginal cases the decision would rest with Government as to whether or not licences should be given.

On 23 April the Secretary of State for Trade wrote to the Foreign Secretary and OD and other Cabinet colleagues drawing attention to this list but saying that for political reasons he did not propose to proceed immediately with an Order to introduce licensing. The Foreign Secretary replied agreeing with the proposed line but saying that as the situation could change quickly it would be as well to have an Order ready to put into effect.

An Order has been drawn up and can now be put into effect immediately should Ministers so decide. EEC goods being transhipped through the UK would not be affected by the Order for the reasons given in the Foreign Secretary's minute.

Department of Trade

12 May 1982

GOODS TO BE SUBJECT TO LICENSING CONTROL

- 1 Machinery and equipment for any purpose which is powered by electricity, battery, steam or oil or its derivatives; and parts for such machinery and equipment.
- 2 Hydrocarbon oils, crude or refined.
- 3 Ships of any description; marine equipment; and parts for ships and marine equipment.
- 4 Powered vehicles of any description; and parts for such vehicles.