

KILLING TRADE WITH CHILE THRIVES

BRITISH COMPANIES are continuing to sell arms which could be used for internal repression and nuclear equipment to Chile, despite the introduction of a brutal 'State of siege' nearly six months ago by dictator General Augusto Pinochet. According to British government documents, handed to the *New Statesman* earlier this week by a Ministry of Defence source, two British companies are now actively trying to win Chilean contracts, reports **DUNCAN CAMPBELL**

ONE CONTRACT is for the refurbishment of a nuclear reactor, and the other, quite separate contract is for the supply of up to 300 armed vehicles for the Chilean army. The Department of Trade and Industry, the documents show, issued an export licence last year for a demonstration model of the gun-carrying half-track vehicle, called Centaur, for Chile. The DTI admitted this week that this was issued in January 1984.

The other contract being pursued is for Fairey Engineering of Stockport, Cheshire to refurbish and reconstruct an experimental nuclear reactor at Lo Aguirre, near Santiago. The company's sales executive, Brian Lenaghan, was pursuing this contract in Santiago on Monday this week. He acknowledged he was involved in financial negotiations with the Chilean regime.

The DTI and the Ministry of Defence generally refuse to answer press or even parliamentary questions about such sales, aware that dramatically increasing repression of human rights in Chile is likely to make arms or nuclear sales controversial in Britain or Europe.

The Centaur contract is only part of a big recent effort by the Ministry of Defence's arms sales subsidiary, the Defence Sales Organisation (DSO), to sell arms to Chile. According to a recent classified summary of DSO's efforts, which we have obtained, the MOD in concert with UK manufacturers has in the last years got the Chilean military to express interest in Rapier, Swingfire, Sea Wolf, Blowpipe and Seacat missiles; Harrier, Jaguar and Hawk aircraft; Lynx helicopters; the Centaur armed vehicles; and one frigate, and five other Royal Navy ships, most of which are not in fact for sale. But most of these projects have foundered because of the recent rapid deterioration of the already battered Chilean economy.

Fairey Engineering was given



Centaur military vehicle: Pinochet wants to buy 300 for his army

official permission over six months ago to tender for the Chilean nuclear reactor 'refurbishment' contract. Fairey's attempts follow more ambitious efforts by the British nuclear construction industry — in particular the National Nuclear Corporation — to sell Chile one or more Magnox type nuclear reactors (NS 18 February 1983).

The head of the Chilean nuclear programme, Lieutenant General Herman Brady, came with his deputy

to Britain on a government-sponsored 'trade promotion visit' in September 1982. A few months later, Brady defined the purpose of the Chilean nuclear programme to be to 'achieve the technical capacity...to solve any problem related to nuclear activity in the world'. And, although described as a civil reactor, the Lo Aguirre complex is entirely under military direction. In September 1982, in return for secret Chilean military assistance to Britain during

Top secret Belgrano report for MPs?

BRITISH INTELLIGENCE services did not pass on to the Ministry of Defence information about a vital signal recalling the Argentine cruiser, the General Belgrano, shortly before it was sunk, members of the House of Commons Foreign Affairs Committee have discovered.

But they have not yet been told about the top secret report on the mystery signal by Sir Brian Tovey, Director of GCHQ Cheltenham — Britain's codebreaking headquarters. The Tovey report reveals whether or not analysts succeeded in breaking the code of this vital message and reported its contents to Whitehall.

The missing signal may be the most critical document of the entire Falklands war. Copies may exist in the few departments authorised to see Cheltenham's output of 'sigint' (signals intelligence). MPs would then find that, contrary to the government's repeated allegations of

the *Belgrano's* — and Argentine Navy's — belligerent intent, there was complete evidence available to the government, before the order was given to sink it, that the *Belgrano* and the rest of the Argentine fleet were safely on a course for home.

News about the missing signal has been one of Whitehall's most closely guarded secrets. During 1983 intelligence officials feared — because of parliamentary questions asked by Tam Dalyell MP — that the news had got out. A special report about the signal was then prepared by Sir Brian Tovey for the personal attention of Cabinet Secretary Sir Robert Armstrong.

Not even Defence Secretary Michael Heseltine has been shown the Tovey report, despite the enquiry he mounted last year into the circumstances of the *Belgrano* sinking. During the Falklands war, he was not a member of the 'war cabinet' and may have been held not to have the 'need to know'. The official version given by GCHQ to Heseltine states that the recall signal from Argentine naval headquarters to the *Belgrano* has never been decoded, even to this day. This would be unusual, since GCHQ's huge

the Falklands war, the government agreed to allow the supply of enriched uranium fuel rods to Chile for the Lo Aguirre reactor.

'State of siege'

The Centaur half-track vehicle, which with official British permission is already in Chile on demonstration to the Chilean army, is a lightly armoured gun carrier described by its makers as suitable for a wide range of internal security activity. In a brochure issued to a Chilean delegation at a recent arms show, manufacturers Laird (Anglesey) Ltd boasted that Centaur had 'outstanding potential in both fighting and support roles ... speeds up to 100 kph and a choice of weapons systems, bodies, equipment fits, cargo personnel... result in a versatility unequalled by any other current vehicle design'. Laird (Anglesey) Ltd is a subsidiary of the Laird Engineering group. A group spokesman refused to comment on whether the proposed Centaur deal would now go ahead.

Pinochet first declared the 'state of siege', which allows him unlimited powers of detention and control over public meetings or information, on 6 November 1984, and renewed it in February this year. Since the declaration, there has been a marked increase in murders of trade unionists, human rights activists and others who in the last three years had become increasingly vociferous in their opposition to the regime. ●

Research by Patrick Forbes

computers could usually achieve a 'break' against Argentine naval codes in a matter of hours.

Members of the Foreign Affairs Committee closely questioned Ministry of Defence officials about the missing signal last month when they were shown the once top secret report, known as the 'Crown Jewels', prepared by former senior official Clive Ponting. In the covering minute attached to the now widely circulated Crown Jewels — which the MPs as well as trial lawyers and the jury have seen — Ponting wrote that an unsuccessful search had been conducted in the MoD to see if the missing signal had in fact been located, and if Britain had had information about the recall signal to the *Belgrano*. This information about the Crown Jewels was leaked last week to a literary magazine, *Granta*, which also published a number of hitherto secret details from Ponting's report. But the truth of Ponting's report must depend on whether or not he, like Michael Heseltine, was told the truth about the missing signal in the first place.

Duncan Campbell with Patrick Forbes