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DEPARTMENT OF STATE

Washington, D.C. 20520

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MEMORANDUM FOR DR. ZBIGNIEW BRZEZINSKI
THE WHITE HOUSE

SUBJECT: PRC Meeting on Argentina

Attached are the Issues Paper and the revised annex on the Evolution of Argentine-Soviet Relations, prepared by the Department, for this week's PRC Meeting on Argentina.

P. Tarnoff
 Peter Tarnoff
 Executive Secretary

Attachments:
As stated.

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ISSUES PAPER - ARGENTINA

I. THE SETTING

The United States has three major interests in Argentina: East-West relations, nuclear nonproliferation, and human rights. It also has significant interests in a peaceful solution of the Beagle Channel dispute, Argentine support in Hemispheric matters, and in trade and investment relations.

The Goodpaster, Hodges and Smith visits have introduced new balance into our relations with Argentina. They have substantially improved the tone of the relationship while making a promising start at reducing the differences. The current status of our interests is as follows:

East-West Relations. As part of its probings to expand political and economic influence in South America, the Soviet Union is consciously courting both Argentina and Brazil. Argentina has responded to a limited degree because of:

- a strong interest in Soviet trade opportunities;
- a strong desire for Soviet support in international fora on human rights matters;
- an interest in keeping open the possibility of nuclear supplies; and
- some desire for greater balance in its foreign relations between East and West.

However, the Argentine military regimes in prospect for at least the next four to seven years have no desire to emulate the Soviets or to align themselves with the Soviet Union, although there is a natural inclination for economic and political reasons toward warmer bilateral relations. Our improved dialogue with Argentina since January has produced:

- repeated affirmation of Argentina's basic commitment to the West;

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-- a degree of cooperation on grains exports despite our late start on consultations; and

-- greater evidence of Argentine desire to consult and cooperate on Hemispheric matters, such as accepting Cuban refugees and consulting on Central America.

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The dialogue also contributed to Argentina's decision to join the Olympics boycott.

Nuclear Nonproliferation. It is clear that Argentina will insist on the continued development of its nuclear technology capabilities, of which it is very proud, and the maintenance for the foreseeable future of a nuclear explosive option. It has demonstrated that it will not respond to pressure on these matters. Our best hope is that a calmer assessment of its own long-term self-interests will lead it more toward safeguards and away from keeping an explosive option open. Closer Brazilian-Argentine relations, symbolized by President Figueiredo's visit to Buenos Aires scheduled for May 13-15, may be helpful in this regard. Argentina is still considering whether to proceed now with the ratification of Tlatelolco. Although the Argentine interpretation that the Treaty permits the development of peaceful nuclear explosives is unhelpful, its ratification could be an important step. The Smith visit was useful, and we hope to reach agreement with Argentina on arrangements to maintain limited nuclear cooperation.

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Human Rights. The status of human rights remains a matter of deep concern. While there is broad agreement on the facts of the situation, views differ on the scope and significance of the improvements that have occurred, especially over the past year. Disappearances, a central human rights concern, have declined, as have the number of political prisoners. We are aware of at least 2 disappearances thus far in 1980. (There reportedly were 44 disappearances last year; 55 a month the year before.) Our Embassy recently reported, however, that suspected active terrorists would continue to be dealt with summarily. There is no present prospect that the Argentine Government plans to respond positively to pleas for information about the fate of the thousands of people who have disappeared in recent years. GOA officials recently told Ambassador Smith that about half of the 1300 remaining political prisoners would be tried or released by the end of the year. GOA officials say that, although there is insufficient evidence to try the others, the security forces regard

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them as dangerous and do not plan to release them. The latter group includes some persons who benefitted from the 1974 amnesty of President Campora (who, elected with Peronist support, opened the door for Peron's return) and therefore cannot be tried. The state of siege and lack of due process continue. The military government has committed itself to eventual return to civilian, democratic rule, but no one expects this to occur before the mid or late 1980s, and few in Argentina are pressing for a more rapid timetable.

Neither focus
Nor venue
for press

A basic issue that remains unresolved is the future form of Argentina's political party system, especially the future role and orientation of Peronism. A dialogue with political leaders is now beginning, although political party activity remains prohibited.

Party
Leaders

In the economic area, the government continues to reconstruct the economy on the basis of free market principles, to remove the burden of controls accumulated under Peronism, curtail the role of the public sector while strengthening the functions of provincial and local governments, progressively bring inflation under control, and encourage foreign investment as part of a drive for greater productivity and a higher rate of investment. In the short term, these policies have resulted in belt-tightening for lower and lower-middle income groups. However, full employment has been maintained as part of a deliberate government policy to cushion the impact of these measures. In the longer term, these policies could produce sustained dynamic Argentine economic performance and a decentralized economic system more compatible with a pluralistic political order than the statist centralism of the Peron period.

PERSONAL
ATTACKS ON
U.S.

Argentine officials and human rights activists have praised our human rights report this year as balanced and objective. There were difficulties between the Argentine and U.S. Delegations to the UN Human Rights Commission meeting in Geneva last February-March. These reflected honest differences over substantive issues such as the new disappearance procedure and the draft torture convention. The Argentines will be very sensitive to what occurs in OAS and UN considerations of their human rights performance later this year and early next year; they want to see an end to the Humphrey-Kennedy Amendment against military sales, and positive U.S. votes in the international financial institutions.

blocking
ON torture
- J. LAPACAN
& Sakhar

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The discussion paper previously distributed described our continued political and economic consultations and military and nuclear relations over the next few months. Is there more that could and should be done in this period?

II. ISSUES FOR THE NEXT SIX MONTHS

1. Significance of Argentine-Soviet Ties and the Appropriate U.S. Response:

The discussion paper draws a distinction between expanding trade ties and political cooperation. The expansion of bilateral trade is a normal phenomenon and will continue, irrespective of U.S. action. The Argentine interest in political cooperation with the Soviets, on the other hand, is related to the Argentine desire to assure Soviet bloc support on human rights issues and reduce the danger of censure in UN fora. A possible interest in Soviet nuclear supplies is related to U.S. safeguards conditions (this issue appears to be approaching solution).

US ARG
TRADE
UNAFFECTED
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US EXPORTS
DROPPED IN
79

The basic approach proposed in the discussion paper is a political one: to manage U.S.-Argentine relations in a way that strengthens Argentina's sense of identification with the West, to pursue U.S. interests in a balanced fashion and in a manner that takes into account Argentine deep-seated nationalism, and to achieve these goals without compromising our human rights objectives by diminishing or appearing to have diminished our interest in human rights conditions.

Is the approach advocated in the paper an adequate one, in terms of the significance of expanding Argentine-Soviet relations? In terms of the balance of the various U.S. interests?

2. How can the U.S. obtain meaningful Argentine cooperation in restraining exports to the U.S.S.R. for the 1980/81 crop year?

The Acting Secretary of State asked the Argentine Economic Minister on May 6 for GOA cooperation in a program of tighter restrictions on grain shipments to the U.S.S.R. in the coming crop year. Strategy and tactics for cooperation among all the major grain exporting countries are currently under consideration in the SCC, including the explicit ceilings we would seek from each exporter.

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a. An Argentine-U.S.S.R. grain agreement is in the offing (contrary to the discussion paper, it has apparently not yet been signed). Reportedly it will state Argentine intentions to supply certain minimum levels of grain. Can the U.S. take advantage of such an agreement to secure an understanding that Argentina will regard the minimum specified in the agreement as a maximum as well? Or would such levels be too high to constitute "meaningful restraint"?

b. How can the U.S. persuade Argentina to announce publicly any ceiling agreed upon? To do so would reinforce the commitment and would help reduce the current premium on prices on Argentine grain which have resulted in the loss of traditional Argentine markets. If the minimum levels contained in the Soviet agreement are consistent with a meaningful Argentine ceiling, the conclusion of the agreement could provide the pretext for a public announcement helpful to the cooperation effort.

3. What is the appropriate human rights stance for the U.S. in this period in the light of Argentine performance and our other interests?

a. In bilateral demarches and contacts with Argentina?

One approach would strongly press for improvements in all areas, including strong pressure for a serious accounting to families, either directly or indirectly, of the fate of disappeared persons; the other would proceed more selectively, with emphasis on further reform of current security and judicial practices rather than an accounting for the disappeared and other past violations. One approach would include occasional strong public criticism of the GOA's practices; *A bases* the other, while maintaining our public posture of criticism and concern, would do so in a lower key, and place greater emphasis on quiet but persistent dialogue to press for specific reforms, taking advantage of an improving atmosphere and closer bilateral relations.

b. In the OAS and the UN?

The GOA is greatly concerned over the potential work of the new group of experts on disappearances established by the UNHRC with strong U.S., West European,

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disclosure
of the GOA's story

and Canadian support. It feels that the group's principal effort will be directed at Argentina, for an accounting of the fate of disappeared persons. The GOA undoubtedly fears that specific data, if available, on disappearances (i.e., torture and summary executions) would lead to demands that those responsible be identified and punished. Although the methods of the working group remain to be worked out, the GOA fears that the group's work will be the basis of moves next year to seek the appointment of a special rapporteur on Argentina and the GOA's public condemnation in UN fora. This fear is a principal reason the GOA seeks to strengthen political cooperation with the Soviets in UN fora.

The OAS has recently released a report on the human rights situation in Argentina based on the visit of the Inter-American Commission on Human Rights last September. The report is highly critical of Argentina and has been attacked by the GOA as biased and an interference in Argentina's internal affairs. The IAHR report will be taken up at the OAS General Assembly this fall.

The Argentine position on how to deal with the IAHR report is still under study in Buenos Aires. One view circulating within the regime -- reportedly angered by the report's alleged failure to properly acknowledge the history of pre-1976 terrorism and the improvements accomplished since 1978 -- is that Argentina should withdraw from the OAS, thus perhaps triggering an exodus by other countries, including Brazil. In private conversations, Argentine diplomats have warned of this possibility, stressing the depth of feeling on the issue in Buenos Aires. We have no evidence as of this time, however, that this view is about to be adopted as the Government's policy.

How should we deal with these matters in OAS and UN fora?

c. With our NATO Allies?

One approach would be to initiate a series of high-level consultations with our NATO Allies for the purpose of sharing information about human rights developments and about the Soviet-Argentine relationship, and of discussing the most effective way of dealing with these matters, including possible joint or parallel demarches, public statements, and coordinated action in international institutions (including the multilateral

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banks).

d. With regard to sanctions (vote in the IFI's, military training, and military sales)?

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Our abstentions in the IFI's have not prevented ordinary capital loans to Argentina. The prohibition of military sales has shifted Argentine purchases of new equipment to European sources; it is, however, beginning to create problems for the Argentines with respect to spare parts for U.S.-supplied equipment.

*MAKES CLEAR
WE'RE NOT
S-PPO-M-Y*

On the other hand, our measures have considerable political significance as a tangible expression of disapproval of Argentine human rights violations. Any possible modification of our posture in this area would have to take into account the implications for our stance toward other countries with major human rights violations, as well as the message this would send to human rights groups in Argentina and to other countries who have joined us in criticizing human rights violations in Argentina.

4. How far should we carry military-to-military contact and cooperation under present circumstances?

Cooperation involves three possible levels:

- visits, joint exercises, consultations on security matters;
- the sale of military training;
- a military supply relationship (new equipment and spares).

The sale of training under FMS and military supplies (FMS and Munitions List items) are prohibited by the Humphrey-Kennedy amendment. In addition, under current policy, the U.S. Executive limits sales of non-Munitions List items to the Argentine military and the police through the Commerce export control licensing system.

The PRC discussion paper argues for limited contacts (visits, joint exercises) but opposes a change in our military supply policy at this time.

A second view is that we should avoid the political

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symbolism of support which these contacts imply, or minimize them until there is a definitive breakthrough on human rights. A third view, on the other hand, argues that, because of our strategic interests and the improvement in human rights, we should streamline, liberalize, or lift altogether, the restrictions on the military supply relationship. This would involve a) an elimination of restrictions on Commerce export licences; and/or b) the modification or elimination of the Humphrey-Kennedy Amendment.

Nobody holds strong view
embassy

The denial of training (the sale of training under FMS is now prohibited by the Humphrey-Kennedy Amendment) involves a separate issue: Argentine officers traditionally sent to the U.S. are officers with promising careers. (Videla, Viola, and Galtieri all received training or served in the U.S.) Shortly the Argentine Armed Forces will have no officers of the rank of major or below who have received U.S. training. One view questions whether the U.S. should continue to deny itself this avenue of influencing the outlook of the next generation of Argentine military leaders. Another view argues that the present generation of military leaders is responsible for the government's repression of the past four years and questions the premise that U.S. training has had a significant positive influence on their outlook. It also argues that a military training relationship is a clearly visible high-profile means of demonstrating U.S. political support for a government.

A lot of good ideas

5. Are our present policies with regard to nuclear relations with Argentina adequate?

The issues are:

- At what level can we and should we pursue nuclear cooperation?
- Is there anything more we can and should do to encourage Argentine ratification of Tlatelolco and acceptance of full-scope safeguards?
- How would possible actions in these areas impact on our general relationship and would they be worth the cost?

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The discussion paper argues:

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-- Nuclear Cooperation. We should try to resolve the pending safeguards issue on the basis of what is required by U.S. law. Official Argentine interest in further cooperation, beyond the research fuel, appears to be modest at this time. Once the safeguards issue is resolved, we would probe to see what interest there might be in Argentine nuclear circles in U.S. cooperation (see also below).

-- Tlatelolco. We should continue a dialogue with Argentina's most senior leaders on global and regional proliferation concerns. Nothing more specific to encourage Argentine ratification appears feasible or desirable at this time. (We should, of course, on appropriate occasions, continue over the next few months to remind the GOA of President Videla's commitment to ratify.)

In addition, looking beyond the issue of safeguards assurances, the Administration must also address the issue of licensing of U.S. components for Argentine nuclear projects. This issue carries with it the possibility of a continuing role of U.S. industry in Argentina's nuclear program even though the position of prime contractor has been lost to German, Canadian, and Swiss companies. For example:

-- the U.S. firm, Combustion Engineering, working with the Argentine firm, Pescarmona, wishes to bid as a subcontractor for the pressure vessel for Atucha II. Siemens/KWU argues against Combustion Engineering's qualifications on grounds that the U.S. firm, in view of the uncertainties of whether a U.S. export license can be obtained, is not a reliable supplier.

-- Sulzer Brothers, the Swiss prime contractor for the heavy water plant, has approached Canadian firms about components, some of which may be U.S. controlled.

The issue is whether the U.S. should encourage or discourage such industrial collaboration. The current U.S. stance has been to discourage Combustion Engineering, partly because of our concern to keep good faith with the Canadians who -- unsuccessfully -- insisted on full-scope safeguards as a condition of the sale of a nuclear power reactor and heavy water plant.

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Significant U.S. exports, the future of U.S.-Argentine industrial cooperation in this important sector, and U.S. nonproliferation policy are at stake in this issue.

III. THE BROAD CHOICES

Option A. Continue strong concentration on human rights.

We would maintain a cool and correct posture until the human rights situation shows substantial further progress, making clear that we are prepared to improve relations when and to the degree that fundamental human rights problems are solved. Military relations would be kept to a minimum; political relations should be cool and correct.

Rationale: The human rights situation remains exceedingly grave and outweighs the practical significance and relevance of other interests in our relations with Argentina. The essential elements of Argentine human rights violations -- the apparatus of repression, the lack of due process, the prohibition of meaningful political and labor union activity, and the failure to provide information about disappeared persons -- all remain in place. Expanding Argentine-Soviet cooperation thus far has been pragmatic and self-limiting. It is not now a significant threat to U.S. strategic interests, but we should continue to watch Argentine-Soviet relations closely.

Option B. Continue the current level of effort for more balance in the treatment of our interests in Argentina.

to dilute OUR HR CONCERNS

We would continue the present efforts to strengthen working relations with the GOA, principally through stepped-up political consultations, but also through some increase in cooperation and increased military contact. We would continue to stress the importance of human rights, but need to establish priorities in terms of benefits to Argentine society and attainability. We should seek further specific improvements through dialogue in the improved atmosphere, but maintain our present policy on votes in the IFI's and the restrictions on military supplies. We should, however, seek to reopen the sale of training (which would require modification of the Humphrey-Kennedy Amendment). Our general approach, especially in the UNHRC, should seek to avoid pushing Argentina into cooperation with the Soviets.

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Rationale: Our approach to limit Soviet influence should be basically a political one. There has been *Some* progress in human rights -- notably, few new security cases and a new assertiveness by the judiciary and in public expression and a general decline in violence and repression. Our approach should acknowledge this progress. Certain issues in the relationship which have not been linked in the past should be kept delinked. There is no strategic need to relax military supply restrictions at this time. Training, however, is important to try to influence the next generation of Argentina's military leaders. We do not want to create too much of an imbalance in our relations with Argentina and with Chile, however, while the Beagle Channel issue is still outstanding.

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Option C. Move a step further toward normal *ARA*
relations.

We would seek further to strengthen working relations with the GOA by lifting the restrictions on Commerce licences and by initiating a move to lift the Humphrey-Kennedy Amendment restrictions on the military supply relationship. We would stress to the GOA that human rights remain important to us and would continue our abstention on IFI loans. But we would more explicitly and unconditionally reaffirm General Goodpaster's general assurances that we were not interested in seeking the GOA's public censure at the 1980 UNHRC meeting, and would not support future moves for censure in UN or OAS fora in view of current and prospective progress.

extend

Rationale: The deteriorating international security situation makes Argentine cooperation important. We must take seriously Soviet probes to establish influence in Argentina and Brazil and to foster mutually profitable economic relations. Argentine fears of public censure in the UN, essentially for past human rights violations, are a principal reason for increasing Argentine-Soviet political cooperation. Many political observers agree that a solution to the problem of past disappearances is not feasible at this time and will come, if at all, as part of a broader political settlement, including a general amnesty. The Smith mission, in its report, noted that no major Argentine political leader is pressing for an accounting at this time. The measures contemplated under this approach are the strongest card we can play to counter Soviet probing for influence, to reestablish close working relations, to obtain Argentine cooperation on grains and other East-West issues, and to elicit further Argentine cooperation in Hemispheric matters.

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