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THE WHITE HOUSE
WASHINGTON

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July 3, 1980

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ACTION

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI
SUBJECT: Report on US-Argentine Relations (U)

ZS-

Attached is Warren Christopher's memo to you detailing the steps we are planning to take over the remainder of this year to strengthen ties with Argentina. This action program was worked out by the Latin American Interdepartmental Group and reflects your injunction to move more rapidly. (U)

There is no mention of Navy Secretary Hidalgo's trip, which was a bit of private initiative on Hidalgo's part unrelated to the program elaborated by the Interdepartmental Group. (In fact, DOD never even mentioned it at the meeting.) The Hidalgo trip can be a useful contribution, however, and State has briefed him carefully. (C)

Assistant Secretary Bill Bowdler will be going to Buenos Aires in late July. His visit and the attendant consultations will be symbolically the high point of our actions with Argentina this year and also the vehicle for tough bargaining, not just on human rights, but to pin down the Argentines on other issues of importance to us, especially their relations with the Soviets. (S)

There are two significant omissions in Christopher's report: A strategy for dealing with Argentine grain sales to the Soviet Union; and an understanding of the implications of a new US policy to Argentina on our overall approach to Latin America. (S)

With regard to grain sales, we have received intelligence reports indicating that Soviet trade officials will soon be in Buenos Aires to sign a long-term grain agreement (LTA) with the Argentine Government for a minimum of 3 million tons. As this will be Moscow's first new LTA with a western supplier since the US embargo was announced on January 4, this will be

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Review on July 2, 1986

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a significant positive development for the Soviets and a setback to our embargo policy; it will make it more difficult to keep the Canadians on board. We have already informed the Argentines of our concerns about such an agreement; they claim it is necessary economically, given their large trade deficit with the US and the fact that they are being squeezed out of other markets. (S)

We probably have little hope of turning the Argentines around on this, but should give one more try as a means of demonstrating our concern. In addition, we could argue that they should agree (as Australia, the EC and -- questionably -- Canada have done) not to exceed this year's sales. If we are to have any prospect of success, this will have to be done at a high diplomatic level -- preferably by Secretary Muskie calling in the Argentine Ambassador. Bowdler could follow up on this later in the month.

RECOMMENDATION:

Therefore, I recommend that you approve the steps in Christopher's memo with the following additional points:

-- Secretary Muskie would summon the Argentine Ambassador to urge once more that the Argentines not sign (or at least delay signing) a long-term grain agreement with the Soviet Union and, failing that, that they hold sales to current levels. (S)

-- That as we proceed to develop closer relationships, DOD/JCS and other agencies involved with Argentina would continually reaffirm the importance which the Carter Administration attaches to human rights and democratization. (S)

Approve Disapprove

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