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TITLE: MILITARY EQUIPMENT/MILITARY POLITICAL AFFAIRS - HUMAN RIGHTS POLICY LEADS TO EUROPEAN ARMS SALES BONANZA IN ARGENTINA
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DEPARTMENT OF DEFENSE
JOINT CHIEFS OF STAFF
MESSAGE CENTER

CONFIDENTIAL

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10. ORIGINATOR:

11. REQUEST EVALUATION:

12. PREPARING OFFICER:

13. APPROVING AUTHORITY:

14. SOURCE:

15. SPECIAL INSTRUCTIONS: (b)(3):10 USC 424

16. (U) SUMMARY: THIS REPORT RELATES THE VIEWS OF AN ARGENTINE BUSINESSMAN ON RECENT EUROPEAN SALES TO ARGENTINA AND THE RESULTANT DECLINE IN US INFLUENCE. SOURCE IS EXTREMELY WELL CONNECTED WITH MILITARY AND CIVILIAN ORGANIZATIONS, AND IS IN A POSITION TO ANALYZE THE EFFECTS OF US ARMS SALES RESTRICTIONS. HE POINTS TO THE LONG-RANGE DISADVANTAGES OF THE HUMPHREY-KENNEDY AMENDMENT, WHICH ARE ALREADY BEING FELT IN ARGENTINA.

22. (CONFIDENTIAL) DETAILS:


B. (CONFIDENTIAL) SOURCE THEN POINTED OUT THE STRIKING SUCCESSES OF THE WEST GERMANS IN RECENT MONTHS IN PENETRATING THE ARGENTINE MARKET. THE ARGENTINE NAVY'S FRONT-LINE FRIGATES ARE NOW GERMAN, THE ARMY'S FRONT-LINE TANK (TAM) IS BASICALLY GERMAN.
The Air Force's new jet trainer will be German, the Atucha II nuclear reactor will be German, and the Argentine communications and electronic systems are heavily dependent upon the Siemens Corporation from Germany. The US, he said, has foolishly abdicated its position in all of these areas, and Germany has gained, as a result, an insurmountable position of influence which will last for decades.

The status of arms sales by the USSR, source noted that several purchasing commissions had made visits to Russia to investigate arms sales potential, but that no equipment had so far been bought. He was concerned, however, that such feelers were even taking place. He was even more concerned, however, about the recent visit to Argentina by the delegates from the Soviet army. He noted that the visit had been supported and approved at "the highest levels" of the Argentine government. He felt that Argentina was setting a dangerous precedent, although noting concrete resulted from the visit. The only significant Soviet agreement with Argentina at this point is in the area of hydroelectric energy development, but Russian attempts to sell arms to Argentina are continuing.

A. These observations by source are typical of the concern voiced by numerous contacts on basic issue is whether or not the human rights policy, as applied to Argentina, has been of long-range benefit in terms of our military relationships.
IT COULD PERHAPS BE ARGUED THAT US PRESSURES HAVE BEEN THE KEY FACTOR IN PUSHING THE JUNTA TOWARD A RETURN TO NORMALCY. ON THIS, RS IS NOT CONVINCED, SINCE THE JUNTA HAS CONSISTENTLY STATED SINCE 7603 THAT IT WAS COMMITTED TO A RETURN TO DEMOCRACY, REGARDLESS OF US OPINION ON THE MATTER. IN PUSHING FOR A MORE RAPID RETURN TO RULE OF LAW, ACCOUNTING FOR PRISONERS, ETC, AND BY USING ARMS SALES AS A LEVER, IT NOW APPEARS THAT US POLICIES HAVE SUCCEEDED NOT ONLY IN ALIENATING THE ARGENTINE MILITARY BUT ALSO IN CREATING A HUGE INFLUENCE VACUUM WHICH OTHER COUNTRIES HAVE BEEN QUICK TO FILL. MOREOVER, THE LOSS OF US INFLUENCE AND PRESTIGE CANNOT BE REGAINED OVERNIGHT, AND INDEPENDENTLY OF
US pressures toward Argentina, the country is slowly recovering from its war against the terrorist guerrillas, its courts are being rejuvenated, the majority of its citizens are safe. Its political institutions are being worked out for the future, and the threat of a communist takeover has been eliminated for the present. This is not to say that the picture is necessarily bright for the near-term. On the contrary, the country's leadership is still grappling with severe internal economic problems, labor union demands, a decline in the educational system, obsolescence in public transport and communications, and so on. But, as Source correctly points out, US restrictive policies toward Argentina have been self-defeating. Our traditionally strong influence among the Argentine armed forces has now diminished to a dangerous level. Yet the Argentine Republic continues its forward march, receiving help along the way from other countries which perhaps can see more clearly the worthwhile objectives of the present government. When the recovery has been completed, as No is convinced it will be, Argentina will undoubtedly look back to consider which countries assisted them in their efforts; and which hindered it.

EMBASSY COMMENTS: Arguments presented herein are often heard in some sectors, but do not reflect a consensus of Embassy's country team.