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/\*\*\*\*\* THIS IS A COMBINED MESSAGE \*\*\*\*\*/

BODY

COUNTRY: (U) ARGENTINA (AR); SOUTH AFRICA (SF).

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SUBJECT: PERCEPTIONS

REGARDING SOUTH AFRICAN MILITARY AND POLITICAL SITUATION (U)

WARNING: (U) THIS IS AN INFORMATION REPORT, NOT FINALLY EVALUATED

INTELLIGENCE. REPORT CLASSIFIED--~~SECRET NOFORN~~--WJNINTEL.

DEPARTMENT OF DEFENSE

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SUMMARY: ~~(S/NF/WN)~~ THIS REPORT FORWARDS INFORMATION PERTAINING TO ARGENTINE AND SOUTH AFRICAN RELATIONS AND PERCEPTIONS REGARDING THE SOUTH AFRICAN MILITARY REDUCTION AND THE INTERNAL POLITICAL SITUATION.

TEXT: 1. ~~(S/NF/WN)~~ ARGENTINE AND SOUTH AFRICAN RELATIONS: THE RELATIONSHIPS BETWEEN ARGENTINA AND SOUTH AFRICA ARE CONSIDERED GOOD AT THE PRESENT MOMENT. THE SA AMBASSADOR TO AR WILL PRESENT HIS CREDENTIALS AND BE RECOGNIZED BY THE AR FOREIGN MINISTRY ON 5 NOT 91. THE RENEWED DIPLOMATIC AND ECONOMIC RELATIONS ARE SEEN AS

AN IMPORTANT STEP DUE TO THE STRONG NEED FOR GROWTH AND FOREIGN INVESTMENT BY BOTH COUNTRIES. ONE OF THE FIRST SIGNS OF IMPROVED RELATIONS WAS DURING THE RECENT INTERNATIONAL ARMS FAIR IN BUENOS

AIRES, (10-23 OCT 91), WHERE THE SA ARMS COMPANY "ARMSCO" HAD A BOOTH SET UP UNDER THE NAME OF "MUSGRAVE MANUFACTURERS AND DISTRIBUTORS (PTY) LTD." P.O. BOX 183, BLOEMFONTEIN 9300, REPUBLIC OF SOUTH AFRICA, GENERAL DIRECTOR MR. ABIE KOCH. WHILE THE REASON GIVEN FOR THE NAME CHANGE WAS NOT TO FLAUNT "ARMSCOR" BEING ARGENTINE, ALL THE BROCHURES HAD THE ARMSCOR LOGO AND NAME IN FINE

PRINT AT THE BOTTOM. ANOTHER SIGN OF BILATERAL RELATIONSHIPS WAS DEMONSTRATED WHEN AR NAVAL PERSONNEL APPROACHED SA MILITARY OFFICIALS REGARDING THE POSSIBILITY OF PURCHASING TR-1700 SUBMARINES

CURRENTLY UNDER VARIOUS STAGES OF CONSTRUCTION AT THE DOMECCO GARCIA

NAVAL SHIP

YARDS, AVENUE ESPANA 2591, BUENOS AIRES/ [REDACTED] AR. CURRENTLY THIS COMPLEX HAS FOUR SUBMARINES, AT 75, 50 AND 25 PER CENT COMPLETE AND ONE STILL IN CRATES. AR OFFICIALS OFFERED THESE SUBMARINES TO THE SA NAVY FOR APPROXIMATELY 230 MILLION USD EACH. HOWEVER, DUE TO THE CURRENT SHORTAGE IN THE SA MILITARY BUDGET AND THE FACT THAT THE SUBMARINES HAVE SAT FOR SO

LONG, APPROXIMATELY SEVEN YEARS, THE PROPOSAL WAS TURNED DOWN.

2. ~~(S/NF/WN)~~ THE SA MILITARY REDUCTION: THE SA MILITARY IS EXPERIENCING SOME PROBLEMS DUE TO THE REDUCTION PLANS BROUGHT ABOUT

BY THE DEFENSE BUDGET. WHEN THE SA MINISTER OF DEFENSE TOLD THE ARMED FORCES THEY HAD TO MAKE SOME HARD DECISIONS IN ORDER TO WORK WITHIN THE NEW BUDGET, THE SA NAVY, WANTING TO KEEP

CERTAIN RESEARCH AND DEVELOPMENT PROGRAMS ALIVE, IE. NEW SHIP DESIGNS, NFI, DECIDED TO MAKE A 30 PER CENT CUT IN PERSONNEL IN ORDER TO MEET THEIR FISCAL ALLOTMENT. THE CUTS WERE HARD ON

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PERSONNEL UNDER TEN YEARS OF SERVICE, WHO ONLY RECEIVED SEVERANCE PAY, WHILE PERSONNEL OVER TEN YEARS RECEIVED SEVERANCE PAY PLUS THEY MAINTAINED THEIR MEDICAL AND OTHER MILITARY SERVICES BENEFITS. NAVAL PERSONNEL WITH LESS THAN TEN YEARS OF SERVICE, ESPECIALLY FEMALES WHO HAVE CHILDREN, WERE AND WILL CONTINUE TO BE THE HARDEST HIT BY THIS SYSTEM. THIS POLICY IS CAUSING SOME MORALE AND PERSONNEL PROBLEMS, BUT IT IS BEING SUPPORTED IN ORDER TO SAVE FUTURE PROGRAMS THE NAVY CONSIDERS ESSENTIAL. WITH THE DOWN-SIZING HOWEVER, FEWER COMMAND BILLETS WILL BE AVAILABLE, MAKING COMPETITION FOR THESE SLOTS VERY FIERCE AND WILL MORE THAN LIKELY FORCE EARLY RETIREMENTS.

3. ~~(S/NF/WN)~~ PERCEPTION REGARDING THE CURRENT INTERNAL POLITICAL SITUATION: POLITICAL STABILITY IN SA IS CURRENTLY VERY FRAGILE. THE AFRICAN NATIONAL CONGRESS UNDER NELSON ((MANDELA)), IS CAUSING SOME PROBLEMS BOTH INTERNALLY AND EXTERNALLY. THE AREAS OF MOST CONCERN ARE: OPEN SUPPORT TO CUBA AND ENDORSEMENT OF FIDEL ((CASTRO'S)) STRONG COMMUNIST STANCE; SUPPORT TO NATIONALIZE THE EXISTING INDUSTRIES; AND A RECENT STATEMENT REGARDING THE USE OF "MATCHES AND SA NECKTIES" TO FIGHT AGAINST THE EXISTING GOVERNMENT (A SA NECKTIE IS A TIRE FILLED WITH GAS, THROWN OVER A PERSON AND THEN LIGHTED). INTERNALLY, MILITARY LEADERS ARE CONCERNED ABOUT THE REACTION TO MANDELA'S STATEMENTS AND ACTIVITIES IN LIGHT OF A REDUCED FORCE AND CONTINUED PROBLEMS BETWEEN THE WARRING TRIBES. IF THE CURRENT SITUATION CONTINUES ON ITS VIOLENT PATH, THE MILITARY MAY FIND ITSELF UNABLE TO CONTROL THE SITUATION. EXTERNALLY, PRIVATIZATION OF SA INDUSTRIES IS SEEN AS A MUST TO ENSURE A STRONG AND GROWING NATIONAL ECONOMY. HOWEVER, TALK ABOUT NATIONALIZING SA BUSINESSES AND RETURNING TO A SOCIALIST ECONOMIC SYSTEM WILL ONLY STIFLE FOREIGN INVESTMENT. SHOULD FOREIGN INVESTMENT NOT BE FORTHCOMING, SA MAY FIND ITSELF LEFT OUT TO DRY, ESPECIALLY WHEN THE EUROPEAN COMMON MARKET TAKES EFFECT AND UNDOUBTEDLY WILL TAKE TRADITIONAL TRADING PARTNERS AWAY FROM SA.

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