

CONFIDENTIAL

DTG

151539Z JAN 92

FROM

FM (b)(3):10 USC 424

TO

TO RUEKJCS/DIA WASHDC

RHLBAAA/USCINCSO QUARRY HEIGHTS PM (b)(3):50 USC 3024(i)

CONTROLS

~~CONFIDENTIAL~~ SECTION 01 OF 02 (b)(3):10 USC 424

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SERIAL: (U) IIR (b)(3):10 USC 424

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

BODY

(b)(3):10 USC 424

COUNTRY: (U) ARGENTINA (AR).

SUBJ: IIR ARGENTINE CONGRESS APPROVED

THE 1992 NATIONAL BUDGET IN A TIMELY MANNER (U)

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

FINALLY EVALUATED INTELLIGENCE. REPORT CLASSIFIED

~~CONFIDENTIAL~~.

- DEPARTMENT OF DEFENSE

DOI: (U) 911220-920114.

REQS: (U) (b)(3):10 USC 424

(b)(1);(b)(3):10 USC 424;(b)(3):50 USC 3024(i);1.4 (c);1.4 (d)

SUMMARY: (C) THE 1992 NATIONAL BUDGET WAS SIGNED INTO LAW ON 911219. THE BUDGET SHOWS MILITARY FORCES RECEIVING A 24 PERCENT INCREASE OVER 1991 AND THE ARGARM RECEIVING THE LION'S SHARE OF THE DEFENSE EXPENDITURES. (b)(1);1.4 (c)

TEXT: 1. (C) (b)(1);1.4 (b);1.4 (c);1.4 (d)

ACCORDING TO OFFICIAL FIGURES THE 1992 GDP WILL GROW 6.5 PERCENT, THE ANNUAL INFLATION RATE IS EXPECTED TO REMAIN AT 7 PERCENT AND GOVERNMENT EXPENSES ARE PROJECTED TO GROW BY 7.2 PERCENT. THE APPROVED NATIONAL BUDGET SHOWS THE TOTAL GOVERNMENT EXPENSES FOR 1992 TO BE 17,997,000,000

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PESOS. THE ENTIRE BUDGET IS REFLECTED IN PESOS, THE NEW MONETARY SYSTEM EFFECTIVE 1 JAN 92. ONE 1992 PESO EQUALS ONE DOLLAR.

2. ~~(C)~~ THE ANNEX TO THE NATIONAL BUDGET PLAN SHOWS THE DIFFERENT ACCOUNTS IN DETAIL. ACCORDING TO THE APPROVED BUDGET THE DEFENSE ESTABLISHMENT WILL RECEIVE A TOTAL OF 1,738,738,000 PESOS, AS REFLECTED IN THE PROPOSED BUDGET (CITE IIR (b)(3):10 USC 424), COMPRISING 9.65 PERCENT OF THE NATIONAL BUDGET EXPENDITURES. THE DEFENSE BUDGET SHOWS A 24 PERCENT INCREASE FROM THE 91 BUDGET.

3. ~~(C)~~ THE BUDGET DOES NOT REFLECT ANY SORT OF SALARY INCREMENTS FOR THE ARMED FORCES, NOR ANY OTHER STATE AND FEDERAL EMPLOYEES. ANY WAGE INCREASES IN 1992 WILL BE A DIRECT OUTCOME OF SAVINGS REALIZED THROUGH THE PRIVATIZATION PROCESS AND THE DOWNSIZING AND RESTRUCTURING OF THE ARMED FORCES (CITE IIR (b)(3):10 USC 424)

(b)(3):10 USC 424

(b)(1);1.4 (c)

2. ~~(C)~~ ALTHOUGH THE 1992 BUDGET FOR THE ARMED FORCES INDICATES A 24 PERCENT INCREASE OVER LAST YEAR'S DON'T EXPECT IT TO HAVE A SIGNIFICANT IMPACT ON THE FORCE. IN ESSENCE THE OVERALL DEFENSE BUDGET FOR 92 IS THE SAME AS THE 91 WITH THE ADDED INCREASE OF 60 MILLION PESOS TO PAY IN 92 FOR GOODS AND SERVICES RECEIVED IN 91.

(b)(1);1.4 (c)

THE ONLY SIGNIFICANT BUDGET INCREASE THE SERVICES WILL EXPERIENCE IS THROUGH THE SALE OF PROPERTY AND REDUCTION OF PERSONNEL WHICH IN TURN REQUIRE CAPITAL TO FINANCE THE ACTION.

(b)(1);1.4 (c)

(b)(1);1.4 (c)

3. ~~(C)~~ WITHIN THE SERVICES THE ARGARM UNDER THE LEADERSHIP OF LTG **MARTIN ANTONIO ((BALZA))** IS FORGING AHEAD WITH THE SALE OF ARMY PROPERTIES AND REDUCTION OF PERSONNEL. THE PROCEEDS FROM THE SALES OF PROPERTIES WILL BE ADDED TO THE SAVINGS REALIZED FROM UNPAID SALARIES OF SEPARATED OR RETIRED PERSONNEL TO FINANCE THE ARGARM RESTRUCTURING AND ANY POSSIBLE SALARY INCREASES.

(b)(1);1.4 (c)

// IPSP: (U) (b)(3):10 USC 424
//COMSOBJ: (U)
PROJ : (U) .

ADMIN
COLL: (U)
INSTR: (U) (b)(3):10 USC 424
PREP: (U)

(b)(3):50 USC 3024(i)

ACQ: (U) (b)(3):10 USC 424
DISSEM: (U) (b)(3):10 USC 424

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