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FROM

FM (b)(3):10 USC 424

TO

TO RUEKDIA/DIA WASHDC (b)(3):10 USC 424

CONTROLS

~~CONFIDENTIAL~~ SECTION 01 OF 03 (b)(3):10 USC 424

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

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

BODY

COUNTRY: (U) CROATIA (HR); ARGENTINA (AR).

//IPSP: (U) (b)(3):10 USC 424

SUBJ: IIR (b)(3):10 USC 424 /CANNONS TO CROATIA (U)

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

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DEPARTMENT OF DEFENSE

DOI: (U) 970910-970926.

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

SOURCE: A. (U) DAILY NEWSPAPER, "CLARIN," BUENOS
AIRES, ARGENTINA, 970910; 970923, 970924 (U), IN
SPANISH. AN INDEPENDENT-MODERATE NEWSPAPER WITH
NATIONALIST ORIENTATION WHICH PRESENTS A WIDE RANGE OF
VIEWS AND INFORMATION. CRITICAL OF THE MENEM
ADMINISTRATION, PARTICULARLY IN ECONOMIC AND SOCIAL
MATTERS. INFLUENTIAL WITH TOP POLICY MAKERS,
POLITICIANS AND CONGRESSMEN.

B. (U) DAILY NEWSPAPER, "LA NACION," BUENOS AIRES,
ARGENTINA, 970910,(U), IN SPANISH. AN INDEPENDENT-
MODERATE NEWSPAPER WHICH APPEALS TO THE UPPER CLASS AND
INTELLECTUALS. TENDS TO REPORT U.S. ISSUES
OBJECTIVELY. INFLUENTIAL WITH TOP POLICY MAKERS,
GOVERNMENT OFFICIALS, POLITICIANS, AND THE MILITARY.

C. (U) DAILY NEWSPAPER, "PAGINA 12," BUENOS AIRES,
ARGENTINA, 970926,(U), IN SPANISH. A CENTER-LEFT
NEWSPAPER WHICH REPRESENTS LEFT-LIBERAL AND

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INTELLECTUAL SECTORS OF ARGENTINE SOCIETY. OFTEN CRITICAL OF THE ARMED FORCES AND THE MENEM ADMINISTRATION AND EXPRESSES SOME OPPOSITION TO U.S. FOREIGN AND ECONOMIC POLICY.

SUMMARY: (U) THE CONTROVERSY OVER ARGENTINE ARMY CANNONS IN CROATIA CONTINUES. THE ARMY CHIEF OF STAFF DENIES ANY ARMY RESPONSIBILITY WHILE FORMER TECHNICIANS EXPLAIN HOW THEY ERASED SERIAL NUMBERS AND CLAIM THE COS SHOULD HAVE KNOWN ABOUT THE ILLEGAL ARMS SHIPMENTS.

TEXT: 1. (U) A FEDERAL JUDGE AND A LAWYER INVOLVED IN INVESTIGATING ILLEGAL SHIPMENTS OF ARMS TO CROATIA FROM ARGENTINA HAVE ISSUED A CLAIM THAT UP TO THIRTY ARGENTINE ARMY CANNONS, 105MM OTTO MELARA AND 155MM ARGENTINE CITER ARTILLERY PIECES, WERE SHIPPED TO CROATIA IN 1995 IN VIOLATION OF THE U.N. ARMS EMBARGO ON THAT COUNTRY. (FIELD COMMENT. BESIDES THE NORMAL PROBLEMS OF THE U.N. EMBARGO ON ARMS TO EX-YUGOSLAVIA, THE SALE OF ARGENTINE WEAPONS TO ONE OF THE WARRING PARTIES IS ESPECIALLY SENSITIVE SINCE ARGENTINA SENT OVER EIGHT HUNDRED SOLDIERS AS PART OF THE U.N. PEACEKEEPING EFFORT IN CROATIA. A SENSATION AROSE WHEN A CROATIAN ARMY PARADE WAS FILMED AND TWO ARGENTINE 155MM CITER ARTILLERY PIECES WERE SEEN ON DISPLAY AS PART OF THE PARADE.)

2. (U) IN THIS CONTROVERSY, THE ARMY CHIEF OF STAFF, GENERAL MARTIN ANTONIO ((BALZA)) HAS BEEN THE PRINCIPAL SPOKESMAN FOR THE ARMY. GENERAL BALZA HAS REPEATEDLY DENIED THAT THE ARMY WAS MISSING ANY OF ITS ARTILLERY PIECES. HE HAS BEEN EMPHATIC IN STATING THAT THE ARMY DID NOT SELL ANY ARMS TO CROATIA AND HAS DENIED ANY RESPONSIBILITY FOR ANY ACTIONS UNDERTAKEN BY MILITARY FABRICATIONS -- "FABRICACIONES MILITARES," THE MUNITIONS PRODUCING INDUSTRY THAT FORMERLY BELONGED TO THE ARMY BUT WHICH PASSED TO THE MINISTRY OF DEFENSE AND WHICH HAS NOW LARGELY BEEN PRIVATIZED. IT IS LARGELY BELIEVED THAT THE ARGENTINE ARMS SHIPPED TO CROATIA WERE DISPATCHED FROM FABRICACIONES MILITARES INSTALLATIONS. MOST RECENTLY GENERAL BALZA HAS ADMITTED THAT THERE MAY HAVE BEEN IRREGULARITIES AT THE RIO TERCERO PLANT AND THAT THE DISPATCH OF CANNONS TO CROATIA WAS "SUSPICIOUS" AND SHOULD BE INVESTIGATED BY ARGENTINE JUSTICE. HE HAS STEADFASTLY REFUSED TO

ACKNOWLEDGE, HOWEVER, THAT THE ARMY COULD HAVE ANY RESPONSIBILITY FOR THIS PROBLEM SINCE THE RIO TERCERO ARMS CENTER HAD BEEN REMOVED FROM ARMY JURISDICTION PRIOR TO THE EVENT IN QUESTION.

3. (U) GENERAL BALZA DID NOTE THAT THE ARMY HAD SENT

CANNONS TO RIO TERCERO FOR REPAIR. HE NOTED THAT EIGHT 105MM OTTO MELARA HOWITZERS WERE SENT TO RIO TERCERO, TWO WERE RETURNED TO THE ARMY AND SIX WERE KEPT AT RIO TERCERO. HE STATED THAT THE ARMY HAD MADE MORE THAN TEN COMPLAINTS ABOUT THE INCOMPLETE WORK ON THE REMAINING SIX 105MM HOWITZERS. ONE OF THE SIX IS STILL AWAITING THE FINAL REPAIR WORK AND THE OTHER FIVE ARE NOT IN CONDITION TO BE REPAIRED BECAUSE OF A LACK OF PARTS AND DAMAGE SUFFERED IN THE 3 NOVEMBER 1995 EXPLOSION THAT LARGELY DESTROYED THE RIO TERCERO PLANT. IN ADDITION SIX 155MM CITER HOWITZERS WERE SENT TO THE RIO TERCERO PLANT AND WERE TO BE REPLACED BY FOUR 155MM CALA CANNONS IN A PROGRAM BY WHICH THE ARMY DELIVERED OLDER EQUIPMENT AND RECEIVED BACK FROM FABRICACIONES MILITARES A SMALLER NUMBER OF IMPROVED EQUIPMENT.

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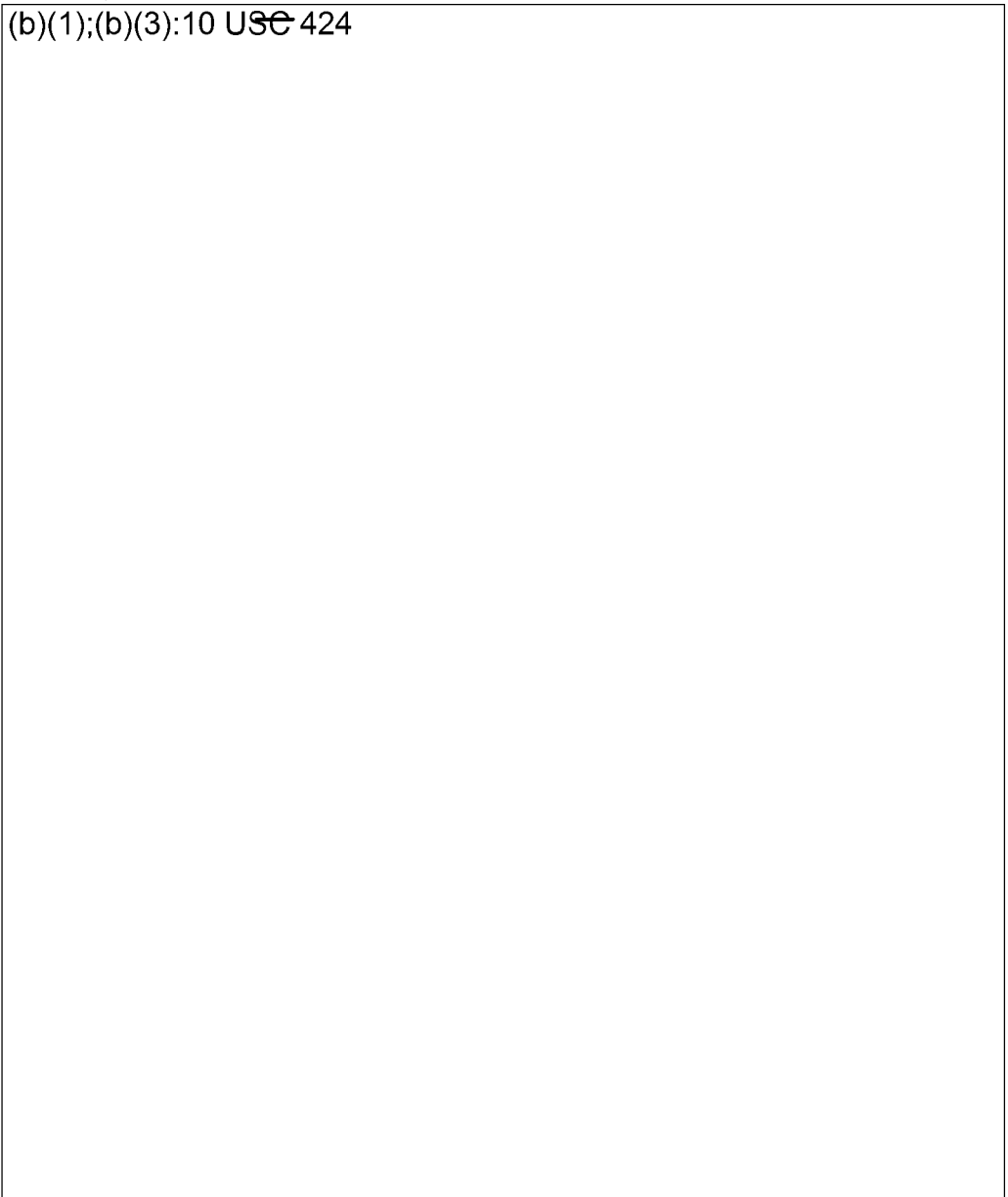
4. (U) BASED ON THIS, IT IS NOW BEING HYPOTHESIZED THAT SOME OF THE CANNON SENT TO CROATIA WERE PUT TOGETHER FROM PARTS ON HAND AT THE RIO TERCERO PLANT OF FABRICACIONES MILITARES, WHILE OTHERS WERE OBTAINED FROM THE ARMY IN THE ABOVE MENTIONED TURN-IN OF OLDER EQUIPMENT IN EXCHANGE FOR FEWER ITEMS OF MODERNIZED EQUIPMENT.

5. (U) THE FORMER CHIEF OF OPERATIONS OF THE RIO TERCERO ARMS PLANT/MUNITIONS FACTORY, OMAR ((GAVIGLIO)), AND THE FORMER CHIEF OF THE MECHANICAL SHOP AT THE RIO TERCERO INSTALLATION, OMAR ((BRUSSA)), HAVE NOW COME FORWARD TO TESTIFY AS TO HOW THE SERIAL NUMBERS AND OTHER IDENTIFYING MARKINGS WERE ERASED FROM ARGENTINE ARMY CANNONS SO THAT THEY COULD BE SECRETLY SOLD TO CROATIA. ACCORDING TO THEM, NINE 105MM

HOWITZERS AND FIFTEEN 155MM CITER HOWITZERS WERE SENT TO CROATIA BETWEEN 1993 AND 1994. THEY ALSO STATE THAT TWO TECHNICIANS FROM FABRICACIONES MILITARES WERE SENT TO CROATIA UNDER CONTRACT BY AN URUGUAYAN INTERMEDIARY FIRM, "DEBROL S.A.," TO MAKE SURE THAT THE ARGENTINE CANNONS THAT ARRIVED IN CROATIA WERE IN WORKING CONDITION.

6. (U) BRUSSA CLAIMED IN A NEWS INTERVIEW ABOUT THE SHIPMENT OF ARGENTINE WEAPONS TO CROATIA THAT "BALZA KNEW, AND IF HE DID NOT KNOW THEN THEY FOOLED HIM."

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Withheld pursuant to exemption

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of the Freedom of Information and Privacy Act