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27 November 1990

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MEMORANDUM

SUBJECT: Status of Argentina's Condor II Missile Program*

1. In recent months, we believe, President Carlos Menem has moved deliberately to terminate the Condor II short-range ballistic missile project in Argentina. In late August, [redacted] he signed a [redacted] decree canceling Argentina's contracts with the Consen Group, a complex network of [redacted] firms which managed the development of the Condor II on behalf of Argentina [redacted]. The project has been shut down per orders of Defense Minister Romero and Air Force Chief of Staff Julia [redacted]. Moreover, [redacted] missile production equipment from the Cordoba aircraft plant has been moved to the Cordoba solid propellant plant at Falda del Carmen and placed under tight security with instructions that no further movement of equipment or missile parts be permitted. In the meantime, Consen has been closing its operations in Argentina and trying to retrieve equipment that it claims it owns, [redacted].

2. Some senior active duty and retired Air Force personnel, however, continue efforts to retain their vested interests in the project as well as to seek foreign financing for its continuation. [redacted]

[Large redacted block]

[Redacted block]

CL BY: [redacted]
DECL: OADR
DRV FR: MULTIPLE

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[Redacted]

3.

[Redacted]

In recent months, the Foreign Ministry has been seeking US assistance in formulating legislation and regulations to control high technology exports. In addition, Presidential Science Adviser Raul Matera has formed a panel of senior civilian and retired Air Force engineers to propose to Menem the creation of a new civilian organization responsible for development of space and missile technology to replace the CNIE, [Redacted] in the hopes easing foreign concerns about missile proliferation and attracting foreign investment in Argentina's fledgling space program. [Redacted]

4. Menem, however, is likely to proceed cautiously in promoting stringent export control laws and instituting civilian control over Air Force projects for fear of provoking a backlash from nationalists in the military and Congress who believe that Argentina should pursue a capability to produce technologically advanced weapons. Polls show that Menem's decision to send Argentine forces to the Persian Gulf is unpopular. It has already drawn fire from nationalists for being too responsive to US interests, and Menem is likely to face similar criticism in negotiating international safeguards for Argentina's nuclear

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facilities. Testifying before the Argentine Congress in September, Cavallo played up the presidential decree canceling the Condor II project as a unilateral decision taken last year, probably in an effort to head-off allegations from nationalists that the government had bowed to US pressure. Moreover, Romero, concerned about inflaming nationalist sentiment, has asked the United States to limit the number of its technical inspectors scheduled to visit Condor facilities in the next few weeks and to include US Air Force personnel, so that the team would appear to be engaged in constructive service-to-service talks. In any event, Menem's, as well as Romero's and Chief of Staff Julia's, resolve in clamping down on potential rogue Condor operations will largely be dependent on the degree to which they believe the United States is helping them redirect Condor research into peaceful ventures, such as aircraft and space development.

This memorandum was prepared by
South America-Caribbean Division, Office of African and Latin
American Analysis. Comments and queries are welcome and may be
directed to the Chief, South America-Caribbean Division, ALA,

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