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2/4/80

INCOMING TELEGRAM

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INFO OCT-01 ADS-00 IHR-10 SS-15 CIAE-00 EB-08 ICA-11
DODE-00 AID-07 HMO-01 NSC-05 NSAE-00 SY-05 MED-05
HA-05 L-03 DLOS-09 TRSE-00 PH-05 PA-01 PC-01
PER-01 COME-00 OMB-01 INM-05 CA-01 SIG-03 COMP-01
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R 041949Z FEB 80
FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC 4113
INFO AMEMBASSY ACUNCIÓN
AMEMBASSY BRASÍLIA
AMEMBASSY LA PAZ
AMEMBASSY MONTEVIDEO
AMEMBASSY SANTIAGO

SECTION 1 OF 2 BUENOS AIRES 1032

E.O. 12055: GDS 2/4/36 (HALLMAN, WILLIAM H.) DR-P
TAGS: GORM, PINT, PINS, MILL, SHUM, ETRD, SHAR, AR
SUBJECT: 1980-82 GOALS AND OBJECTIVES: AMBASSADOR'S POLICY
ASSESSMENT

REF: A) 79 STATE 310299; B) 79 STATE 316945

1. ENTIRE TEXT.)

2. A. SETTING. WE BASE OUR OUTLOOK FOR 1980-82 ON THE
ASSUMPTION THAT THE PRESENT MILITARY GOVERNMENT WILL
REMAIN IN PLACE AND CONTINUE TO DEVELOP THE COUNTRY'S
ECONOMIC AND TECHNICAL CAPACITIES. THE GOVERNMENT WILL
BE TESTED SEVERELY IN ITS ECONOMIC AND LABOR POLICIES,
AND IN THE LIMITATIONS UPON POLITICAL PARTICIPATION IT WILL
CONTINUE TO IMPOSE. IT HAS, NEVERTHELESS, BETTER THAN A
50 PERCENT CHANCE OF ENDURING.

3. CONTROL OF DOMESTIC INSTABILITY -- PERENNIAL WRECKER
OF THIS RICH COUNTRY'S ASPIRATIONS -- WILL ENABLE ARGENTINA
TO PLAY A SIGNIFICANT ROLE IN WORLD AFFAIRS. IT BECAME
EVIDENT THIS JANUARY THAT ARGENTINA'S IMPORTANCE
IN AGRICULTURE COULD DEAL A BLOW TO THE UNITED
STATES POLICY OF LIMITING GRAINS SHIPMENTS TO THE
SOVIET UNION. ARGENTINA HAS WITHIN ITS GRASP THE
TECHNICAL ABILITY TO TORPEDO U.S. NON-PROLIFERATION
GOALS. THE COUNTRY IS PRACTICALLY SELF SUFFICIENT
IN PETROLEUM. INCONVENIENCED BY OUR ARMS CUTOFF,
IT HAS SHOWN ITSELF ABLE TO BUY ELSEWHERE. TEN
BILLION DOLLARS IN GOLD AND FOREIGN EXCHANGE RESERVES
ADD TO ARGENTINA'S CONFIDENCE. ARGENTINA'S NEW
STRENGTH WILL CONFRONT US WITH TOUGH NEW POLICY
PROBLEMS. ALTHOUGH ANXIOUS FOR UNITED STATES
APPROVAL AND SUPPORT, ARGENTINA WILL BE LITTLE
DEPENDENT ON US FOR ANYTHING ELSE.

4. RELATIONS ARE DEEPLY TROUBLED BECAUSE OF HUMAN
RIGHTS. YET WE DO NOT BELIEVE THIS WILL REMAIN THE
PRINCIPAL ISSUE IN BILATERAL RELATIONS. IN 1979 THERE
WAS VAST IMPROVEMENT IN ARGENTINA HUMAN RIGHTS
OBSERVANCE. WE EXPECT THAT THIS WILL CONTINUE, BUT
WE DO NOT PREDICT A PERFECT RECORD. VERY HARSH METHODS
WILL CONTINUE TO BE USED AGAINST PEOPLE LINKED WITH
TERRORISM, BUT TARGETTING OF THESE WILL BE CAUTIOUS.
HARASSMENT AND SKULDUGGERY, ALWAYS A HALLMARK OF
ARGENTINE POLITICS, WILL BE USED BY SECURITY OPERATIVES
AGAINST THOSE WHO OFFEND THEM. BUT THERE SEEMS NOW
NO PROSPECT OF A RETURN TO THE TERRIBLE DAYS OF
1976-1978.

5. THE POLICY DILEMMAS WE WILL FACE DURING 1980-82
WILL INVOLVE DEALING WITH A STRONGER, INDEPENDENT
ARGENTINA AND RESPONDING TO THOSE GENUINE HUMAN RIGHTS
IMPROVEMENTS THAT ARE MADE. RESPONDING REASONABLY ON
THE HUMAN RIGHTS FRONT WILL BE MADE DIFFICULT AS
NEW DETAILS ABOUT EARLIER HORRIFIC ABUSES ARE REPORTED
AND DISCUSSED.

6. B. BILATERAL ISSUES.

1) HUMAN RIGHTS. OUR EXISTING OBJECTIVES REMAIN:
TO INSIST THAT ARGENTINA LIVE UP TO ITS OFTEN STATED
AIM OF ENDING SUCH UNCONSCIONABLE ACTS AS DISAPPEARANCES,
TORTURE, SUMMARY EXECUTION; TO URGE CONTINUED REDUCTION
OF PEN PRISONERS THROUGH OUTRIGHT RELEASE, RIGHT OF
OPTION, OR JUDICIAL PROCEDURES; TO PUT ALL POLICE AND
PUNITIVE ACTIONS STRICTLY WITHIN A CODE OF LAW; TO
CONTINUE TOWARDS DEMOCRATIZATION OF THE COUNTRY THROUGH
GREATER OPENNESS, CONSULTATION, AND REPRESENTATIVITY.

MODALITIES OF OUR HUMAN RIGHTS POLICY POSE SIG-
NIFICANT NEW QUESTIONS. OUR VOICE MUST BE HEARD IN
PUBLIC AND PRIVATE DIPLOMACY. OUR ATTEMPTS TO REINFORCE
OUR WORDS WITH ACTION MUST BE GAUGED AGAINST ARGENTINA'S
DIMINISHED NEED FOR OUR ARMS, OUR TECHNOLOGY, OUR MONEY.

A SPECIAL PROBLEM DERIVES FROM HOW WE AND ARGENTINA
ITSELF COPE WITH ITS SAD LEGACY. THE REGIME APPEARS
TOTALLY UNWILLING TO UNVEIL THE PAST, TO ATTEMPT
RESTITUTION OR EVEN AMELIORATION -- WHATEVER ITS NEW
RESOLVE REGARDING THE FUTURE. IT REFUSES STILL, FOR
EXAMPLE, TO INFORM FAMILIES OF THE DICAPPEARED WHAT
HAS HAPPENED TO THEIR RELATIVES.

THERE IS LITTLE WE CAN DO TO SWAY THIS, AND OUR
OPEN INSISTENCE THAT THE REGIME CHANGE THIS ATTITUDE
ADDS AN EXTRANEEOUS ISSUE: THAT OF OUTSIDE PRESSURE.
IN OUR PRIVATE DEALINGS HOWEVER WE MUST CONTINUE TO INSIST
THAT THE PROBLEM BE HUMANELY AND FAIRLY DEALT WITH.

ARGENTINA PROJECT (S200000044)

U.S. DEPT. OF STATE, A/RPS/IPS

Margaret P. Grafeld, Director

Release Excise Deny

Exemption(s): _____

Declassify: In Part In Full

Classify as ___ Extend as ___ Downgrade to ___

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2) NUCLEAR AFFAIRS. OUR NUCLEAR COOPERATION WITH ARGENTINA -- AND WITH IT OUR ABILITY TO CONTAIN ARGENTINA AMONG RESPONSIBLE NUCLEAR POWERS -- HANGS IN THE BALANCE. PRESSURE OF RECENT U.S. LEGISLATION COUNTER TO ARGENTINA'S WILL (AND INCREASING ABILITY) TO MAINTAIN A COMPLETELY INDEPENDENT NUCLEAR POLICY AND PROGRAMS HAS BROUGHT US TO THE POINT OF RUPTURE.

AGAIN, BASIC OBJECTIVES REMAIN: ARGENTINE RATIFICATION OF TLAELOLCO, WAIVER OF PEACEFUL NUCLEAR EXPLOSION, FULL SCOPE SAFEGUARDS.

OUR PRESENT POLICIES SMACK OF COERCION THROUGH DENIAL. THIS PUSHES ARGENTINA TOWARD OTHER SUPPLIERS, INCLUDING SOVIET UNION. OUR NEW POLICIES MUST BE AIMED TOWARD REBUILDING CONFIDENCE, RECOGNIZING ARGENTINA'S NUCLEAR LEADERSHIP IN SOUTH AMERICA, COMPLYING WITH EXISTING COMMITMENTS FOR URANIUM EXPORTS AND CONTINUING WITH SUCCESSFUL COOPERATION IN THE FIELD OF LOW ENRICHED URANIUM FUELS.

TOWARD THIS WE MUST PURSUE HIGH LEVEL, CANDID CONVERSATIONS EXPANDED TO THE POLITICAL LEVEL, BEYOND THE NARROW BAND OF TECHNICAL PEOPLE WHO CONTROL ARGENTINA'S PROGRAM. OUR PUBLIC DIPLOMACY MUST GAIN PUBLIC UNDERSTANDING OF ISSUES INVOLVED. THESE TALKS SHOULD INCLUDE TECHNOLOGIES ALLOWABLE UNDER THE U.S. NON-PROLIFERATION ACT AND AIM TOWARD AN AMENDED NUCLEAR COOPERATION AGREEMENT. COMPREHENSIVE SAFEGUARDS ARRANGEMENTS WILL BE ATTAINED WITH ARGENTINA'S CONVICTION OF THEIR GLOBAL NECESSITY, AND NOT WHILE ARGENTINA SEES THESE AS A CURIOUS U.S. IMPOSITION.

WE MUST TAKE ADVANTAGE OF BURGEONING NUCLEAR COOPERATION BETWEEN ARGENTINA ON BRAZIL, AS THIS DIMINISHES THEIR SUSPICION AND RIVALRY.

3) THE MILITARY RELATIONSHIP. ARGENTINA HAS RESPONDED TO OUR ARMS AND MILITARY TRAINING CUTOFF BY GOING TO OTHER SOURCES -- AND SOUNDING OUT THE SOVIET UNION. THIS HAS ERODED OUR RELATIONSHIP WITH A SEGMENT OF THE SOCIETY WHICH FREQUENTLY GOVERNS AND, WHETHER WE LIKE IT OR NOT, WILL FREQUENTLY DO SO IN THE FUTURE. WE WILL NOT SEEK TO CHANGE RESTRICTIVE U.S. POLICY, WHICH HAS LARGER GOALS THAN PERMITTING ACCESS TO THE ARGENTINE MILITARY. UNTIL CHANGES IN HUMAN RIGHTS PRACTICES WERE PERMIT A REHEMED SUPPLY RELATIONSHIP WE WILL EXPLOIT THE DESIRE OF THE ARGENTINE MILITARY ESTABLISHMENT FOR TIES WITH US THROUGH JOINT EXERCISES LIKE UNITAS,

PERSONNEL AND PROFESSIONAL EXCHANGES AND "AMPART" PROGRAMS. WHERE POSSIBLE WE WILL EXPAND PERMITTED PROGRAMS.

4) ECONOMIC-COMMERCIAL. RELATIONS ON THE ECONOMIC-COMMERCIAL FRONT ARE EXCELLENT -- ALTHOUGH THE BASES ON WHICH THEY STAND, THE LIBERAL ECONOMIC POLICIES OF ECONOMY MINISTER MARTINEZ DE HOZ, ARE UNDER FREQUENT ATTACK BY VIRTUALLY EVERY ARGENTINE SECTOR, HANDERING FOR PROTECTION AND PERQUISITES. THESE POLICIES INSURE INCREASING U.S. EXPORTS AND INVESTMENT -- UP FROM THE \$2 BILLION THE U.S. SOLD ARGENTINA LAST YEAR. PERIODIC CONSULTATIONS WILL BE NECESSARY ON AVIATION AND MERCHANT SHIPPING, WHERE WE HAVE DIFFERENCES WITH THE GOA.

5) LABOR. THERE COULD BE LABOR PROBLEMS IN THE NEXT TWO YEARS AS THIS GOVERNMENT'S ECONOMIC POLICIES AND NEW LABOR LAW BITE AGAINST WHAT HAS BEEN SOUTH AMERICA'S MOST POWERFUL LABOR MOVEMENT. TROUBLES WILL AUGMENT AS THE REGIME "DECOMPRESSES" AND ALLOWS A GREATER MEASURE OF POLITICAL DIALOGUE.

THIS PRESENTS DILEMMA. THERE ARE MANY POINTS OF CONTACT BETWEEN U.S. AND ARGENTINE LABOR ORGANIZATIONS, BILATERALLY AND IN INTERNATIONAL ORGANIZATIONS WHICH WE HAVE ENCOURAGED -- EVEN TO THE POINT OF HAVING A LOW KEY A.I.F.L.D. PRESENCE HERE. HOWEVER, THESE RELATIONSHIPS COULD DRAW US INTO ARGENTINE LABOR'S BATTLE FOR ITS RIGHTS -- AND PRIVILEGES. WE SHOULD NOT INTERFERE WITH GOA EFFORTS TOWARD GENUINE DEMOCRATIZATION, AND TO THE MAXIMUM DEGREE FEASIBLE SHOULD USE OUR INFLUENCE SO THAT THE QUESTION OF ARGENTINE LABOR RIGHTS IS CHANNIELED THROUGH THE I.L.O. AND HANDLED IN ACCORDANCE WITH THE DUE PROCESS NORMS OF THAT BODY. A.I.F.L.D. SHOULD LOOK TO CULTIVATING THE NEW GENERATION OF GRASS ROOTS LABOR LEADERS LIKELY TO EMERGE IN THE COMING YEARS.

6) NARCOTICS CONTROL. BETTER ENFORCEMENT IN BOLIVIA AND OTHER NARCOTICS SENDING COUNTRIES INCREASINGLY REDIRECTS PRODUCTS THROUGH ARGENTINA. WE WILL ENCOURAGE ARGENTINA TO RECOGNIZE THIS, TO UNDERSTAND THAT TRAFIC SPURNS USE (NOT MUCH OF A PROBLEM NOW) AND TO TIGHTEN CONTROLS.

7. C. MULTILATERAL ISSUE.

1) THE SOVIET LURE. IN ARGENTINA, IDEOLOGY INCREASINGLY IS OVERCOME BY COLD ECONOMIC AND POLITICAL INTERESTS. THERE ARE MANY REASONS FOR COOPERATIVE RELATIONS BETWEEN ARGENTINA AND THE SOVIET UNION, ESPECIALLY ON THE TRADE-AID FRONT. FURTHER, THE U.S.S.R. IS EXPLOITING THE DOWNTURN IN U.S. ARGENTINE RELATIONS. OUR GRAINS SHIPMENTS CONCERNS ARE ONLY THE LATEST SYMBOL OF THE PROBLEM. THE U.S.S.R. IS A SIGNIFICANT ARGENTINE TRADE PARTNER. THE U.S.S.R. HAS ASSISTED WITH EQUIPMENT AND MANPOWER IN HYDROELECTRIC PROJECTS, AND IS INCREASINGLY VIEWED AS AN AMIABLE DEFENSE AND NUCLEAR SUPPLIER. THE U.S.S.R. AND THE COUNTRIES IT INFLUENCES PROMISE SHELTER -- AND VOTES IN INTERNATIONAL FORA -- ON THE HUMAN RIGHTS FRONT. (ARGENTINA SUPPORTED CUBA'S CANDIDANCY FOR THE U.N. SECURITY COUNCIL PRECISELY FOR THIS.)

2) MULTILATERAL DIPLOMACY. ARGENTINA'S TENUOUS RELATIONS WITH THE U.S. AND WESTERN EUROPE, -- AGAIN, TRACEABLE TO ATTITUDES OF THOSE COUNTRIES TOWARD ARGENTINE HUMAN RIGHTS VIOLATORS -- HAVE ALSO REINFORCED

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GOA ADHERENCE TO THE NON-ALIGNED MOVEMENT. THIS IS NOT
A RELATIONSHIP THAT COMES NATURALLY TO THIS ELITIST
MILITARY GOVERNMENT.) THIS ADHERENCE WILL CONTINUE TO
MADE DIFFICULT OBTAINING ARGENTINE SUPPORT FOR U.S.
VIEWS AT INTERNATIONAL FORA.
CASTRO

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