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THE SECRETARY OF DEFENSE  
WASHINGTON, D. C. 20301

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Date: SEP 01 2017  
Honorable Cyrus R. Vance  
Secretary of State  
Washington, D. C. 20520

Office of the Secretary of Defense 5 U.S.C. §552  
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MDR: 17 -M- 2316

Dear Cy:

As a follow-up to the August 17 discussion between you, Zbig, and me concerning our deteriorating relations with Argentina, I would like to recommend some positive steps which I believe should be taken on an urgent basis to reverse the recent sharp downturn in those relations.

I believe there was general agreement between us that our relations with Argentina have very seriously deteriorated. I believe the recent Argentine Navy decision to withdraw from UNITAS may represent just the first of negative steps which the GOA will feel forced to take unless we moderate our approach. While our human rights policy is very important, we need also to take into account that Argentina is a key nation with respect to our non-proliferation policy and that a go-it-alone Argentina -- whether that might mean formation of destabilizing ties with Peru, a more provocative stand on the Beagle Channel issue, withdrawal from the Rio pact, or enhanced relations with Soviet bloc countries -- is not in our interest. Further, it may well be at this point that some modification of our approach, if properly explained, will actually help on the human rights issues.

I welcome Secretary Vaky's proposed September visit. But in addition, concrete actions are needed. On the military side, I recommend we moderate our position by approving before September 30 all the pending Argentine spare parts requests, including but not limited to those which are safety related, offering this as a gesture of U.S. good faith at a time when what Ambassador Castro characterizes as "outraged nationalism" seems to be the governing factor in Argentine politics. Also, to the extent our law allows, I believe we should approve the pending requests to purchase DoD training courses.

There have been several developments since a hold was put on these transactions. Argentine public reaction to the denial of the \$270 million EXIM Bank loan for the hydroelectric project and to the public testimony by Pat Derian before the House Subcommittee on Inter-American Affairs has been, as we understand it, very negative.

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The terrorist bombing of Admiral Lambruschini's residence, resulting in the death of his teenage daughter, has also served to strengthen the argument of minority hard-line elements of the Argentine military that reforms are premature. The alleged Tyson statement reflecting USG support for the Montonero terrorists, even though totally false, has done further serious harm to our efforts to promote democratization. The GOA has, in fact, taken some positive steps to meet the conditions laid down during Dave Newsom's visit by initiating an invitation to the IAHRG, by agreeing to a majority of conditions necessary for such a visit, and by continuing to consider the remainder. Finally, in view of the new junta-president power relationship established August 4, power plays between the president and junta, and within the junta itself, will probably continue for the near term, delaying the resolution of key policy issues.

Unlike the EXIM Bank decision, our decision to withhold training and spare parts has not been made public here or in Argentina. For this reason, I think we could safely modify our current position without seeming to vacillate. We need to do this immediately -- or at the latest by the time of the Vaky visit because of the administrative lead-time prior to the legislated embargo date of September 30 which would be needed to implement any go-ahead decision. In connection with such a decision we could inform the GOA privately that: (1) we recognize the internal political difficulties which have recently developed, (2) we are offering these approvals as concrete evidence of our good faith and determination to work together toward mutual objectives, and (3) we hope and expect they will see fit to develop and implement a set of substantial human rights initiatives soon.

Sincerely,

*Harold*

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