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SECURITY AFFAIRS

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ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

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In Reply Refer to:
I-24946/82

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: Courtesy Meeting with New Argentine Ambassador Garcia del Solar

Date/Time: 0945-0955, Monday, 15 November

Place: Your Office, Room 3E880

Participants

DOD

The Secretary of Defense
Nestor Sanchez, DASD/IA
LtCol Chris Brown, Country
Director (if desired)

Argentina

Ambassador Garcia del Solar

Purpose: The Argentine Embassy requested a courtesy call on SecDef for the new Ambassador to the US. Ambassador Garcia del Solar has presented his credentials.

Office of the Secretary of Defense **5 U.S.C. § 552**
Chief, RDD, ESD, WHS +
Date: **28 MAR 2018** Authority: EO 13526
Declassify: X Deny in Full: _____
Declassify in Part: _____
Reason: _____
MDR: **17** -M- **2059**

cc: USD/P

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Date: MAR 28 2018

SEC DEF CONTR No. **X22937**

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Argentina

17 Nov 82

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Table of Contents and Issues for Discussion

(U) Theme/Goal To meet the new Argentine Ambassador to the US, Ambassador Garcia del Solar

~~(S)~~ Key Issues

Topics Ambassador Garcia del Solar May Raise

- Expect Ambassador to express thanks for US vote on UN Resolution on the Falkland/Malvinas Islands.
 - Resolution calls for peaceful settlement of the issue between UK and Argentina.
 - Did not prejudge sovereignty issue.
- Argentine military is concerned when Presidential certification will occur which will allow Argentina access to US military equipment and training.
 - Development of normal bilateral relations is restricted
 - Current human rights situation and movement toward elections in 1984 should make certification easier

Topics You May/Should Raise

- US was and remains neutral on the issue of sovereignty over Falklands/Malvinas Islands; however, US will not condone use of force to settle boundary/sovereignty disputes.

FYI: Beagle Channel dispute between Argentina and Chile, currently being mediated by the Pope, almost erupted into hostilities in 1978

- Hopefully, South Atlantic conflict is only a momentary setback in the efforts to improve bilateral relations between our countries.
- Our two States share many interests (strategic South Atlantic) and improved relations would benefit both countries.
 - DOD has supported certification for Argentina.
 - Issue for US is complex (historic balanced approach with Argentina and Chile).

FYI: State is working issue at this time; when State will propose sending certification to Congress is unknown (SIG/IA recommended November/December 1982).

Biography

TAB A

DIA Brief

TAB B

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BIOGRAPHIC SKETCH

Lucio GARCIA DEL SOLAR

(phonetic: garSEEH del sooLAR)

Born: January 31, 1922, Mar del Plata, Argentina

Education: Graduate of Colegio Champagnat, Buenos Aires
1958 - Graduated in Foreign Policy, International
Institute of Diplomatic Studies and Research, Paris

Career: Diplomatic Posts

1945 - Entered Foreign Service as attache and vice consul;
served in Ministry of Foreign Affairs in various
capacities, including Private Secretary to Foreign
Minister Amadeo and Chief of the Private Secretariate
of Foreign Minister Podesta Costa.

1956-61 - Assistant Permanent Delegate to UNESCO

1961-62 - Chief of Cabinet of Foreign Minister Carcano

1962-65 - Deputy Permanent Representative at UN

1965-66 - Ambassador to the USSR

Special Missions

Delegate to the Human Rights Commission and Chairman of the
Committee for the 20th anniversary of the Universal Declaration
of Human Rights; delegate to the Preparatory Committee for
UNCTAD; and delegate to UNESCO.

From 1967, he served in his private capacity in the Joint
Inspection Unit of the United Nations and from 1973 in the
Advisory Committee on Administrative and Budgetary Questions
of the United Nations.

Languages: Spanish, English and French

Marital Status: Divorced; four children.

Arrival in Washington: September 20, 1982

Other Information:

Advisor on Foreign Policy to Radical Party.

Member of

The Institute of the Malvinas Islands and Argentine Southern Territories

The Argentine Council on International Relations

The Center of Inter-American Relations in New York

He is also a contributor to the newspaper "La Nacion" of Buenos Aires on topics of his specialty.

He has been decorated with the Orden de San Carlos by Colombia.

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DEB-124-82
17 September 1982

Defense Estimative Brief: Prospects for Argentina (U)

(U) Summary

(S//NOFORN) Argentina's defeat in the Falklands conflict provoked a wave of public disillusionment with the military government, caused serious divisions and strains within the Armed Forces themselves, and intensified economic problems and financial pressures. These conditions will cause serious potential instability in the Bignone government, which assumed office in July 1982. Sentiment within the three services to punish those responsible for the Falklands disaster is likely to lead to a widespread purge of senior military officers. The military will probably also increase demands for new and more sophisticated arms to replace equipment lost during the war and further modernize the Armed Forces. Argentina's severe recession and financial problems are likely to persist. The UK's lifting of financial restrictions against Argentina should ease pressures to some extent, but international bankers are likely to remain nervous about rescheduling Argentina's huge debt repayment. Argentina's dispute with the British over the Falkland Islands will remain a major focus in Argentine international relations, and the Government will maintain pressure on the United Kingdom to negotiate seriously over Argentina's claim. The Argentines will probably seek to improve relations with the United States to help them, both with the international bankers and with the British. However, serious strains will persist for an extended period over US support for the UK and imposition of sanctions on Argentina during the war. The Soviets have attempted to exploit the Falklands crisis to develop closer ties with Argentina, but Argentine authorities recognize the Soviet subversive threat and would be very unlikely to turn to the Soviets for military equipment unless other sources were unavailable. Strong commercial ties, however, are likely to remain.

1. (S//NOFORN) Political Prospects. Argentina's defeat in the Falklands conflict has provided a wave of public disillusionment with the military government and the military leadership's handling of the war. It has also

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caused serious disarray within the Armed Forces. These factors will remain a source of political weakness and instability for some time to come. In July 1982, retired Army General Bignone replaced President Galtieri, and the three Service chiefs who were most responsible for the conduct of the war have also been replaced. President Bignone's cabinet is composed largely of civilians, many of whom have good connections with political parties. He has also sought to mollify civilians by promising elections in 1984 and agreeing to lift the ban on political activity. Over time, newly formed political parties are likely to increase pressure on the Government. However, because of the prohibition of political and union activities during the past 6 years, political parties and politically active unions are likely to remain divided internally and be a relatively weak political force, at least for the near term. Nevertheless, severe economic problems, coupled with public disillusionment, could lead to demonstrations that might further isolate the Bignone government and threaten his ability to remain in power.

2. ~~(S,NOFORN)~~ Disarray within the Armed Forces over the Falklands war will persist and have a serious impact on the Argentine military institution. The refusal of the Navy and Air Force to participate in the ruling Junta reflected their opposition to Bignone's selection as President. Such a situation will remain a potentially serious destabilizing factor in the Government. There is also growing sentiment within each Service that those responsible for the Falklands disaster must be punished by being retired. So far, all three Service chiefs identified with the war have been forced to retire. The Air Force--the Service that acquitted itself best in the war--has also removed a dozen general officers and another 40 or so may have to go by year end. Many in the Army believe a similar purge is required. The criticism is not merely against those directly responsible, but those who had the opportunity but did not speak up against the errors of the war. Any attempt to whitewash Service investigations of the war could backfire with increasing unrest in the officer corps. Bignone's promise to return the Government to civilian rule in 1984 could also become a serious point of contention with the Armed Forces. Many leaders are apprehensive over the specter of civilian reprisals for repressive measures taken during the "dirty war" against the terrorists in the 1970s.

3. ~~(S,NOFORN)~~ Military Developments. The Armed Forces are likely to press for substantial budget allocations, both to replace Falklands losses and to correct deficiencies made apparent during the fighting. Despite the severe current economic crisis, the need to restore national pride, a desire to maintain pressure on the British, and the continuing specter of a confrontation with Chile over the Beagle Channel will ensure that military requirements receive high priority. The Air Force, which sustained the brunt of the materiel losses, will press for restoration of its fighter and attack inventory. The Navy is expected to seek replacement of its lost surface units, an increase in its submarine force, and upgraded training. The Army will give top priority to helicopters, associated aviation equipment, and higher technology weapons such as computerized artillery fire direction centers and air defense systems. All Services will give strong preference to Western weapons and training, and will continue to avoid any dependence upon Soviet/Eastern Europe.

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4. ~~(S//NOFORN)~~ Economic Prospects. The Falklands conflict intensified Argentina's economic problems, and the country's continuing severe recession and financial pressures made it unlikely that economic progress will be made in the near term. Argentina's inflation--which could reach 200 percent this year--is among the world's highest, fed by the relaxation of tight money policies, increased military spending, and a devaluation of the currency. The loss of foreign exchange reserves and the near-cessation of longer term foreign credit continue to imperil the country's ability to service its debt, which is owed mainly to US bankers. Interest payment on Argentina's some \$35 billion debt will be about \$4.5 billion this year.

5. ~~(S//NOFORN)~~ International bankers could reschedule Argentina's debt repayment, but Mexico's financial crisis has made them nervous. There has been concern that Argentina might default on repayments, but Britain's lifting of financial restrictions against Argentina in mid-September has unfrozen some \$6.8 billion in Argentine assets which should ease international financial pressures to some extent. The economy is exposed to an external shock should foreign banks declare Argentina in default or should banks begin refusing to open letters of credit. Ironically, Argentina's balance of payments is one of the best in the developing world. Partly because of record exports, war-induced constraints on imports, and domestic recession, the balance of trade is about \$43 billion in Argentina's favor. Trade surpluses will diminish, however, unless offset with further devaluations.

6. ~~(S//NOFORN)~~ The Government is likely to find little political support for needed stabilization measures, including stricter budget discipline needed to revitalize the economy. Easing austerity to spur economic recovery would smooth initial discontent, but it would set the stage for even higher discontent that would further erode Bignone's tenuous civilian support. The new economic team appears more solid and less political, but it faces serious obstacles. The Government will have continuing problems in rebuilding business confidence, encouraging capital repatriation, and maintaining its international credit worthiness.

7. ~~(S//NOFORN)~~ International Relations. The dispute over the Falkland Islands is likely to remain a major focus in Argentine international relations for the indefinite future. Although the British Government has unfrozen Argentine assets and both countries appear likely to lift other economic sanctions--except for a British embargo on military sales--serious antagonism is almost certain to remain between the two countries as long as the Falklands dispute remains unresolved. It is extremely doubtful, however, that Argentina would again resort to armed force--in the near future, at least--as a means of regaining control of the Islands. Rather, the Argentines undoubtedly intend to pursue their claim to the Falklands in the United Nations and other international fora, such as the Organization of American States and the Nonaligned Movement, as a means of seeking broad international support to pressure the United Kingdom to negotiate seriously over Argentina's claim to the islands. There appears little chance, however, that significant progress will be made on the issue any time soon.

8. ~~(S//NOFORN)~~ The Falklands defeat has also made it very unlikely that Argentina would initiate military action during the next year or so to settle its Beagle Channel dispute with Chile. Rather, Argentina will probably

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continue its delaying tactics that have thus far frustrated Papal mediation. Argentina has agreed to a Vatican proposal to renew the 1972 arbitration treaty with Chile which expires in December 1982, probably as a means of preventing confrontation with Santiago at a time when Argentina is politically and militarily weakened. Moreover, the Argentines probably do not want to appear intransigent in the Beagle Channel negotiations when they are trying to gain diplomatic support for future United Nations debates on the Falklands.

9. ~~(S//NOFORN)~~ Relations With the United States. Argentine relations with the United States were improving in 1981 following earlier strains over US human rights policies, but reached a new low point during the Falklands crisis when the United States openly supported the UK and imposed sanctions on Argentina. Nevertheless, Buenos Aires' unwillingness to break relations with Washington reflected recognition of the importance that Argentine leaders attach to ties with the United States. Faced with growing political and especially economic pressure, Argentina is expected to seek ways to improve its relations with Washington. Argentine leaders will undoubtedly be interested in economic and military aid and in using US good offices with the international banking community regarding the country's external debt, as well as with the UK to gain progress toward resolving the Falklands issue in Argentina's favor. Overall, however, serious strains are likely to persist in bilateral relations for an extended period over the US support for the UK and imposition of sanctions against Argentina during the war. On the issue of nuclear proliferation, Argentina will continue to pursue its own national goals despite US displeasure.

10. ~~(S//NOFORN)~~ Relations with the USSR. Argentine-Soviet trade has grown sharply since the 1980 US grain embargo against the USSR--with the Soviets becoming one of Argentina's major export markets--and such commercial ties are likely to continue. Moscow attempted to exploit the Falklands crisis with limited aid in hope of developing broader relations with Argentina, to include a military arms supply relationship. Moscow's efforts are unlikely to meet with significant success. The Argentine military are staunchly anti-Communist and consider the Soviet Union a threat to Western Hemispheric security. It is highly doubtful that they would turn to the Soviets for military equipment unless no other sources were available--a situation that appears very unlikely. Argentine Governments have consistently rejected political collaboration with Moscow, and if Argentine officials believed that broadening commercial ties presented Moscow an opportunity to subvert Argentine security, they would probably break off those ties as well despite the economic costs involved.


11. ~~(S//NOFORN/NOCONTRACT)~~ Nuclear Proliferation Prospects. Argentina will probably have the capability to develop and test a nuclear device by the end of the decade. Since the mid-1960s, Argentina has been acquiring nearly all the ingredients needed for an independent and unsafeguarded plutonium production capability. There has been speculation that Argentina's defeat in the Falklands might give a boost to its nuclear program by encouraging the belief in Buenos Aires that nuclear weapons--or merely a foreign perception that Argentina had such weapons--could have made a difference. It is difficult to predict whether Argentina will choose to explode a nuclear device, although at the present time it appears unlikely. Elements of the Argentine military probably support nuclear testing and weapons development for national security

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purposes, but considering the nature of Argentina's defense requirements, the military utility of such a program probably would not be worth the effort. Diplomatic and domestic political purposes might be as easily served by a demonstration of nuclear weapons capability, but most of the benefits of nuclear testing probably could be gained without actually exploding a device.

Prepared by: Dr. William A. Naughton
Mr. Edward J. Heaton.
CDR Blake Field
Western and Third World Division
Directorate for Estimates

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APPROVED BY: 
DONALD C. HILBERT
Brigadier General, USA
Assistant Vice Director
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