

THE PRESIDENT'S DAILY BRIEF

U.S. 3
7

19 July 1978

1

~~TOP SECRET~~



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Table of Contents

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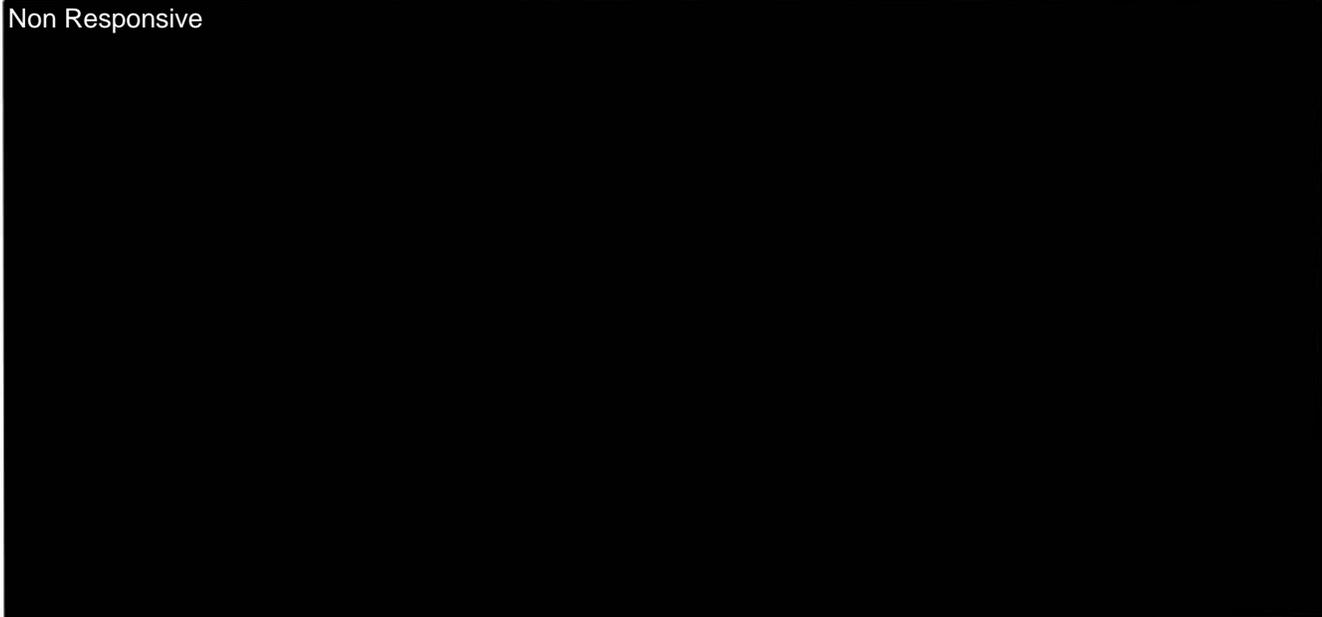
Argentina: New foreign policy directions (Page 5)

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~~TOP SECRET~~

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ARGENTINA: New foreign
policy directions

The Argentine Government, increasingly irritated by US criticism of Argentina's human rights practices and US advice on how to develop a nuclear program, is seeking to strengthen its ties with France and several Communist and Arab countries.

Argentina recently purchased 170 jet engines from the French, who-- despite their own disagreements with the Argentines over human rights--are apparently willing to sell arms and may provide the military training previously given

--continued

5

~~TOP SECRET~~

~~For The President Only~~

by the US. Junta member Admiral Massera recently visited Romania and claims to have opened up new possibilities for bilateral trade. Foreign Minister Montes will travel to Romania this month and to the USSR later in the year. An Argentine economic delegation is currently visiting Libya, Algeria, and Iraq.

The USSR, a relatively minor trading partner for Argentina, imports far more from the Argentines than it exports to them and would welcome an opportunity to correct this imbalance. Moscow has expressed strong interest in providing turbines for Argentina's massive Yacyreta hydroelectric project, for which the Export-Import Bank turned down concessionary financing on human rights grounds.

The Argentines are obviously posturing to some extent about strengthening relations with Communist nations. Their conservative political bias and their fears regarding potential subversion probably preclude any close diplomatic alignment or the purchase of Soviet military equipment. Nevertheless, Argentine

--continued

6

~~TOP SECRET~~

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willingness to turn to the Communists on economic grounds is likely to increase if the US Congress denies supplier credits through the Export-Import Bank of approximately \$800 million for US exports to Argentina.

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7

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