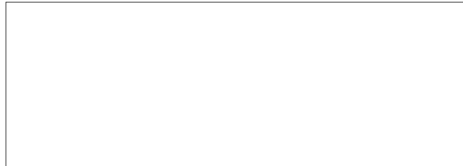




Directorate of Intelligence

~~Top Secret~~

**MASTER FILE COPY**  
**DO NOT CHECK OUT**  
**OR MARK ON**



# Prospects for Argentine-Soviet Relations

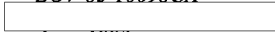


25X1

An Intelligence Assessment

~~Top Secret~~

ALA 83-10087CX  
SOV 83-10098CX



June 1983

Copy 278

25X1

**Page Denied**



Directorate of  
Intelligence

Top Secret



25X1

# Prospects for Argentine-Soviet Relations



25X1

An Intelligence Assessment

25X1

This paper was prepared by [redacted] Office  
of African and Latin American Analysis, [redacted]  
[redacted] Current Support Division, Office of Soviet  
Analysis. It was coordinated with the Directorate of  
Operations and the National Intelligence Council. [redacted]

25X1

25X1

25X1

Comments and queries are welcome and may be  
directed to the Chief, South American Division, ALA [redacted]  
[redacted] or the Chief, China-Third World Branch,  
SOVA, [redacted]

25X1

25X1

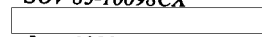
25X1



Top Secret

ALA 83-10087CX  
SOV 83-10098CX

June 1983



25X1

25X1

**Top Secret**

25X1

**Prospects for  
Argentine-Soviet  
Relations**

25X1

**Key Judgments***Information available  
as of 25 May 1983  
was used in this report.*

Argentine-Soviet relations have broadened considerably since 1980, particularly after Moscow supported Buenos Aires during the Falklands conflict. Grain trade still dominates the relationship, but dealings in other areas are expanding as reflected by:

- Improved and expanded bilateral diplomatic dealings and a less hostile Argentine position on some international issues which are important to the Soviets.
- Increased Argentine purchases of hydroelectric equipment from the USSR and interest in joint economic ventures.
- The expansion of pre-Falklands agreements on cooperation in the nonmilitary use of nuclear power.
- Moscow's success in opening a civil airlink to, as well as a Soviet news agency office in, Buenos Aires.
- Improved Argentine relations with Cuba and Nicaragua as well as more open dealings with Soviet Bloc countries.

In addition to using Moscow to shore up Third World and Eastern Bloc diplomatic support on the Falklands issue, the Argentines, in our view, see the thaw in their overall relations with Moscow as a means of inducing the West, especially the United States, to be more forthcoming on a variety of matters, including Falklands-related diplomatic initiatives. Moreover, Buenos Aires probably calculates that signals of its willingness to move closer to the Soviets demonstrate its independence of Washington and indirectly strengthen its standing in the Third World.

For its part, Moscow has welcomed Argentina's increased receptivity as an opportunity to make gains at Washington's expense and has cultivated an image of a distant but powerful supporter of Argentina's interests. The Soviets have tried to use their expanded political contacts with Buenos Aires to redress the trade imbalance that has resulted from their heavy food imports.

Despite the expansion in relations that has occurred, the Soviets are bumping into inherent limits in the relationship. Argentine military leaders, as well as most labor and political leaders, are anti-Communist, are suspicious of Moscow's intentions, and are resisting policies that would present the Soviets with opportunities for increased influence. Moreover, there appear to be clear constraints on Argentina's willingness and ability to alter its foreign political and import policies to favor the Soviets. Most of these constraints will apply equally to a successor civilian administration in Buenos Aires next year.

**Top Secret**ALA 83-10087CX  
SOV 83-10098CX

June 1983

25X1

25X1

**Top Secret**

25X1

Arms sales, in our view, represent the one area where significantly closer ties could develop. Moscow has lobbied hard for grain-for-weapons trade to offset Buenos Aires' favorable trade balance. Although we have no evidence that Argentina has accepted the USSR's arms offers, Buenos Aires has signaled—partly for impact on the United States—that it would be willing to deal with the USSR if full access to Western arms is impeded. We believe, however, that military leaders will continue to reject major Soviet purchases as long as they believe they have access to Western equipment such as air defense systems and combat aircraft. They are willing to go to considerable lengths, outside regular channels, to acquire such equipment, in preference to dealing with Moscow.

A turn to the Soviets could be precipitated if:

- The United States was perceived as thwarting Western purchases.
- Washington was perceived as unlikely to attempt to lift the Congressional ban on arms sales.
- The United States was viewed as tilting toward the United Kingdom on the Falklands.

Even then, in our view, the Argentines would most likely adopt an incremental approach—more purchases from Eastern Europe or an initial smaller scale purchase from Moscow—both to test the relationship and to place pressure on the United States to allow arms sales.



25X1

**Top Secret**

iv

25X1  
25X1

**Top Secret**

25X1

**Contents**

	<i>Page</i>
Key Judgments	iii
Introduction	1
Relations Before the Falklands Conflict	1
Soviet Support During the Conflict	2
Postconflict Relations	3
Commercial Dealings	3
Diminished Political Tension	5
Constraints on Further Strengthening of Ties	6
Sharp Ideological Differences	6
Limited Economic Flexibility	6
Competing Foreign Policies	7
Possible Arms Sales	7
Outlook	8

**Top Secret**25X1  
25X1

Top Secret



25X1

**Prospects for Argentine-Soviet Relations**



25X1

**Introduction**

Since their defeat in the three-month Falklands conflict in June 1982, the Argentines have worked to strengthen ties with those countries, including the Soviet Union, that supported their position during the war. For Moscow, the heightened anti-US sentiment in Argentina occasioned by the Falklands crisis has presented new opportunities to expand relations and ultimately influence. This paper examines the dimensions of pre- and post-conflict bilateral relations and assesses the prospects for the Soviets to gain a substantial foothold in Argentina, either through commercial activity or arms sales.



**Relations Before the Falklands Conflict.** Soviet-Argentine relations before the Falklands conflict were built around grain sales and nuclear cooperation. Moscow became a fairly steady customer for Argentine grain during the 1970s and has emerged as Argentina's leading buyer of foodstuffs as a result of the US embargo in 1980. Although the Soviets incurred large trade deficits, the arrangement helped them meet urgent economic needs and undercut the US embargo.

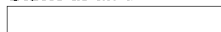


Cooperation in the nuclear field dates from at least 1975, when Argentina was motivated to approach the Soviets for reliable sources of nuclear technology and materials.<sup>1</sup> For their part, the Soviets hoped that expanding their involvement in the Argentine nuclear program—the most advanced in Latin America—would pave the way for sales of nuclear materials to other regional states, such as Brazil. In March 1982 Buenos Aires obtained agreement from Moscow for enrichment services and a ton of heavy water to complement earlier sales.



Politically, the two sides confined themselves to cooperating in blocking human rights investigations within their countries. To protect themselves at annual meetings of the UN Human Rights Commission,

<sup>1</sup> Buenos Aires is unwilling to satisfy US nuclear export criteria that require that all nuclear facilities in recipient countries be subject to international safeguards. Moreover, Argentina regards the United States as an unreliable supplier due to its nonproliferation policies.



**Argentine-Soviet Trade**

*Sales of grain and other foodstuffs have dominated bilateral trade since the late 1970s. Agricultural exports to the Soviet Union surged after the 1980 US grain embargo and Moscow's subsequent search for alternative sources of grain. After initial ad hoc purchases, the Soviets in 1981 entered into a long-term agreement regularizing their access to the Argentine grain market. To date Argentina has declined to extend credit for the purchases, and the Soviets have had to find their own financing to pay cash for the grain. At present, according to US Embassy reporting, the Argentines supply about 30 percent of the Soviet's grain imports, and Soviet purchases account for about 60 percent of total Argentine grain export earnings. Overall Argentine-Soviet trade levels since 1977, as shown in the table, illustrate the growing role of grain in Argentina's favorable balance of trade with the USSR.*



for example, the Soviets and Argentines worked to shape resolutions to address general human rights issues, such as detention of political prisoners, rather than condemning the situation within identified countries. Similarly, the Soviets and Argentines have cooperated at annual International Labor Organization meetings to head off inquiries into repression of their union movements.



Military relations were also limited. Reported Soviet offers of arms sales were rebuffed in Buenos Aires. Most typically, such offers were made during scheduled bilateral trade meetings which were used to negotiate grain sales. Tensions between Argentina and Chile over the Beagle Channel in 1978 also presented the Soviets with an opportunity to push their wares. Service-to-service relations, however, were restricted to one Soviet-initiated ship visit and an exchange of delegations of officers in 1979.



Top Secret



25X1

25X1

25X1

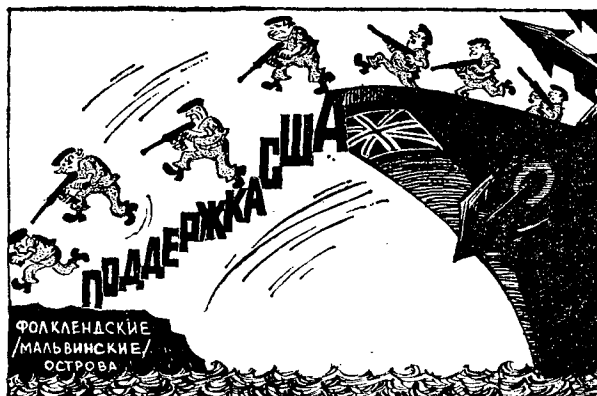
Top Secret

25X1

**Argentine Trade With the USSR**

	<i>(million US \$)</i>		Grain as a share of total bilateral trade <i>(percent)</i>	Grain Sales to USSR as a share of total grain sales <i>(percent)</i>
	Exports <i>(f.o.b.)</i>	Imports <i>(f.o.b.)</i>		
1978	385	33	81.2	20.0
1979	415	38	52.8	48.9
1980	1,790	47	65.0	61.9
1981	3,000	39	79.4	87.3
1982	2,160 <sup>a</sup>	18 <sup>a</sup>	58.4 <sup>a</sup>	57.5

<sup>a</sup> Estimated.



*Soviet propaganda effort during the Falklands conflict focused on attacking US support for the United Kingdom.*

Pravda ©

*Title: Ladder of convenience  
Gangplank: US support  
On rock: Falkland Islands*

25X1  
25X1

On the Argentine side, interest in maintaining contacts even at this low level waned in the months just before the conflict. Soon after coming to power in December 1981, staunchly anti-Communist President Galtieri moved his country firmly into the Western camp. Buenos Aires publicly condemned Soviet and Cuban involvement in Central America, and the remains of the military exchange program with the USSR were formally canceled. Furthermore, regime leaders told US Embassy officials that Argentina would impose unilateral sanctions against Moscow if the Soviet army moved into Poland.

**Soviet Support During the Conflict.** At the outset of the war Moscow disappointed the Argentines—who had assumed Soviet support—by failing to veto anti-Argentine resolutions in the UN Security Council. The Soviets, however, quickly reversed themselves and became strong supporters of Argentina both privately and publicly.

Throughout the conflict, however, Moscow's propaganda effort focused primarily on attacking the United States and Britain rather than defending Argentina's seizure of the Falklands by force. Moscow particularly charged that US support for Great Britain demonstrated the insensitivity of the United States to its hemispheric neighbors.

25X1

25X1

25X1  
25X1

25X1

25X1

Top Secret

25X1



Top Secret

25X1

Soviet Ambassador Striganov leaves presidential palace after meeting with Argentine officials to discuss diplomatic strategy during Falklands conflict.



25X1

Somos ©

[Redacted]

The Soviets also saw the conflict as an opportunity to renew their offers of military equipment to Argentina. Moscow undoubtedly hoped that the war and the Western arms embargo would combine to make its longstanding offers of fighter aircraft and missiles more attractive to the Argentine military.

[Redacted]

assistance to the Argentines even with the elevation to power of the less hardline General Bignone. At that time, a Soviet official in Moscow lamented to US officials that he did not anticipate any important overtures from the new government and was wary that the Argentines might even look for ways to limit Moscow's opportunity for gains.

25X1

25X1

**Commercial Dealings.** In the months immediately following the conflict, the Argentines have showed greater flexibility in commercial and trade matters in response to Soviet demands that Moscow's trade deficit be reduced.

25X1

25X1

25X1

25X1

**Postconflict Relations**

Since the conflict in the South Atlantic, Argentina has sought to improve relations, in our view, to ensure Moscow's continued propaganda and diplomatic support and, perhaps more important, to broaden Argentine political options. Focusing on areas it believes would work to its maximum advantage, Argentina has tried to expand trade beyond traditional grain sales, increase nuclear cooperation, and reduce prewar political tensions.

- An agreement for a joint venture to exploit krill beds in the South Atlantic was signed in July 1982.

[Redacted]

25X1

- In March 1983 the two governments initiated a civil air service between their countries providing a weekly Aeroflot flight to Buenos Aires, making Argentina only the second South American country after Peru to have such an arrangement.

25X1

25X1

For its part, Moscow seems to believe it has enhanced the chances of improving its position in Argentina and elsewhere in the region, although the Soviets appear to have a fairly realistic appreciation of the constraints on the relationship. According to US Embassy reporting from Moscow, some Soviets were skeptical that they could substantially capitalize on their

Top Secret

25X1

Top Secret



25X1

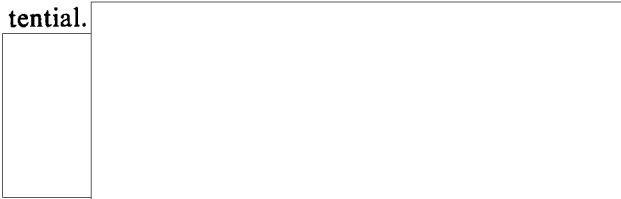
Argentine Secretary of Commerce Alberto Fraguio (left) greets head of Soviet trade delegation, Boris Gordeev, while Soviet Ambassador to Buenos Aires looks on.



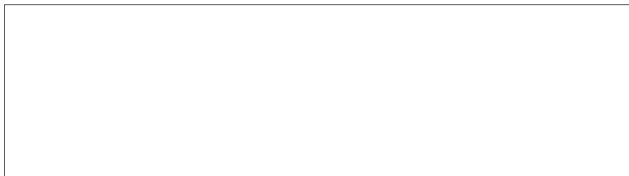
25X1

La Nacion ©

Soviet participation in Argentine hydroelectric projects has also grown since the war. Although both governments have long viewed Soviet export of hydroelectric equipment as an effective means of partially redressing the huge trade imbalance, negotiations stalled and sales were—and to some extent still are—restricted because of Buenos Aires reluctance to allow a significant Soviet technical presence in Argentina. Although these concerns remain, Argentina's Economy Minister traveled to Moscow last October to discuss joint ventures in several hydroelectric projects. In December the Argentine press reported that Soviet technicians had prepared a comprehensive plan for exploitation of the Parana River's hydroelectric potential.



to buy Soviet exports worth at least 10 percent of the value of Soviet imports as a first step in reducing the trade imbalance. In addition to reaffirming the purchase of hydroelectric equipment, Buenos Aires agreed to purchase East German cranes for \$25 million, Polish coal, and 30 Soviet trolley cars for the city of Mendoza. The Soviets have also produced a feasibility study for the electrification of a railway line, and they are negotiating an agreement under which the Argentines would purchase \$200 million worth of Soviet crude oil for refinement at local facilities and reexport. To further spur Argentine purchases from the Soviets, a permanent exhibition of Soviet industrial goods is reportedly scheduled to open later this year.



25X1

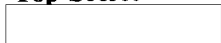
25X1

25X1

25X1

In early March, largely as a result of lobbying by a visiting Soviet trade delegation, Argentine officials announced that a "political decision" had been made

Top Secret



25X1

Top Secret  
[Redacted]

25X1

[Redacted]

25X1

**The PCA: Target of Opportunity?**

Although the Soviets probably hope that the Argentine Communist Party will benefit from increased anti-US and anti-British nationalism, they recognize that the party is still a minor political force. Accordingly, the Soviets have been careful in their dealings with the party so as not to jeopardize state-to-state relations. [Redacted]

25X1

**Diminished Political Tension.** Both Moscow and Buenos Aires have worked to reduce strains that existed between them before the Falklands conflict. The USSR's aim has been to discredit US policy toward Argentina while gradually expanding its own influence. To this end, the Soviets have continued a vigorous media campaign charging the United States with complicity in the Argentine defeat. They have also employed "active measures," that is, spreading disinformation about US motives for siding with Britain and depicting US policy as hostile to regional interests. [Redacted]

Over the longer term, however, the Soviets could use the PCA to advance their own interests. The party has some 50,000 members and is the most unified and tightly organized party in the country. The PCA appears to operate entirely with domestic funds; we have no evidence of Soviet aid beyond moral support. Under the new 1982 party law, the Communists have been allowed to engage in political activity and have been conducting an aggressive nationwide recruitment drive. [Redacted] the party's aim is to expand its membership to some 200,000—of an electorate of roughly 18 million—in order to qualify for legal participation in the national elections promised for next October. Potential targets include disillusioned workers and students. [Redacted]

25X1

25X1

25X1

25X1

25X1

The Soviets used the occasion of leadership changes in Moscow to push for better relations. [Redacted]

[Redacted] The Soviets almost certainly will encourage these efforts and would see them as an opportunity for the party—and through it the USSR—to exert influence on political developments in Argentina. [Redacted]

25X1

25X1

25X1

[Redacted] Andropov particularly sought to reassure the staunchly anti-Communist Argentine military leaders that they had nothing to fear from Moscow's ties with the Argentine Communist Party (PCA). [Redacted]

[Redacted]

25X1

25X1

Argentina, for its part, sent a high-level delegation—headed by the Minister of Defense—to Moscow for Brezhnev's funeral last November; only three other South American countries—Brazil, Peru, and Venezuela—made such a gesture. We believe the Defense Minister's trip was aimed at signaling the West that Buenos Aires was willing to deal with Moscow for weapons purchases. [Redacted]

Although the Argentines so far have been steadfast in supporting a UN resolution condemning the Soviet occupation of Afghanistan, they recently backed Afghanistan's bid for a seat on

25X1

25X1

[Redacted] The Argentines also approved the establishment of a Soviet news agency office in Buenos Aires, which began operating in March this year. [Redacted]

25X1

25X1

Top Secret  
[Redacted]

25X1

Top Secret

[Redacted]

25X1

the Coordinating Bureau of the Nonaligned Movement (NAM). Buenos Aires also accepted an invitation from Kabul to participate in a potentially controversial UN-sponsored discussion of the Afghanistan situation. Furthermore, the Argentines approved a strong anti-US resolution at the NAM's summit meeting in New Delhi in March. We believe these recent diplomatic moves may reflect a tacit agreement that includes Soviet Bloc support in the UN for Argentina's initiatives on the Falklands issue. [Redacted]

[Redacted]

25X1

Buenos Aires has also been more open in dealing with Moscow's allies. For example, Argentina signed its first wheat and beef sales pact with Czechoslovakia

• Most recently, the Navy rejected a proposal by an Argentine firm to undertake a joint fishing venture with the Soviets, according to US Embassy reporting. [Redacted]

25X1

25X1

[Redacted] The agreement called for the Czechs to purchase about 30,000 metric tons of grain over the next three years and about 5,000 metric tons of beef, all at prevailing market prices. [Redacted]

Many leading Argentine civilians share the military's concern about the Soviets, and the leadership that will head the civilian government slated to take power in early 1984 will almost certainly be wary of Moscow. Leaders of both the Peronist and Radical political parties—one of which will win elections scheduled for October—are strongly anti-Communist, as is Argentina's massive labor movement, which is sure to have an important role in the next government. Several influential newspapers in Argentina have lashed out at what they term the regime's "growing economic dependence on Moscow," especially after the government in early March announced its plans for a substantial increase in imports from the USSR. The opening of the Aeroflot office—which influential journalists believed would be used by the Soviets for intelligence purposes—brought additional criticism. [Redacted]

25X1

25X1

25X1

25X1

25X1

25X1

**Constraints on Further Strengthening of Ties**  
**Sharp Ideological Differences.** Argentina's military establishment, despite its willingness to accommodate Moscow on some issues, remains strongly anti-Communist and is chary of Soviet meddling in the country's domestic affairs. [Redacted]

**Limited Economic Flexibility.** The Argentines' decision to increase purchases of Soviet goods could result in significant increase in imports from Moscow, but it will do little in the near term to redress significantly the overall trade imbalance. We believe that Argentina's economic problems—which are almost certain to continue over the next year or so—and the need for hard currency will make Buenos Aires reluctant to alter its longstanding policy of selling for cash by entering into the type of barter agreements the USSR traditionally seeks. At a meeting last October, for example, a Soviet military delegation met with its Argentine counterparts to discuss a weapons-for-grain deal. A similar offer was made in December. [Redacted]

25X1

25X1

25X1

Top Secret

[Redacted]

25X1

Top Secret

[Redacted]

25X1

The poor quality and the narrow range of Soviet industrial products also limit Moscow's export prospects to Argentina. According to US Embassy reporting, the Argentines generally consider Soviet goods inferior to those of Western suppliers, and the government has had to issue direct orders to state enterprises to buy from the Soviets. Moscow could try to make political points with the financially strapped Argentine regime by increasing grain imports and incurring even larger deficits, but we believe such a move is unlikely in view of the USSR's own hard currency shortages. In fact, in our view, the USSR's recent decision to reduce grain purchases from Argentina was intended to demonstrate Moscow's concern over the large trade imbalance and indicates that the Soviets are not eager to employ generous economic concessions for potential political gains. [Redacted]

[Redacted]

25X1

**Possible Arms Sales**

For the Soviets, establishment of an arms supply relationship would be the most efficient way to build influence and reduce their trade imbalance. Since the Falklands conflict, therefore, the Soviets have been more aggressive in making a sales pitch. [Redacted]

25X1

25X1

25X1

25X1

[Redacted]

[Redacted]

**Competing Foreign Policies.** We judge that cooperation on foreign policy issues is also likely to be limited. Although the Argentines have moved closer to Third World positions on a variety of issues, they have protected their traditional policy positions. For example, Buenos Aires is a strong advocate of arms reduction and publicly criticized Moscow's "obstructionist" behavior at last September's UN disarmament conference. At the recently ended UN Human Rights Commission meeting, the Argentines—fearing for their reputation within the International Labor Organization—backed away from fully supporting the Soviets' efforts to block an investigation into the repression of Polish labor unions. [Redacted]

Although there have been no reports of any Argentine commitments to buy Soviet arms, Buenos Aires is clearly anxious to appear receptive, partly for the effect on the West. In late November, for example, Argentina announced that exchanges of military delegations would be renewed. In early December, the Argentine Air Force Commander made headlines when he piloted a Soviet fighter aircraft during a visit to Peru; other Argentine pilots have also reportedly made test flights in such planes. [Redacted]

25X1

25X1

25X1

[Redacted] the Argentines have maintained close relations with Central American governments that strongly oppose Soviet and Cuban interests in the area. [Redacted]

[Redacted] The US Embassy has reported that the Air Force Commander has commissioned an examination of problems that would be posed by integrating Soviet aircraft into the Argentine inventory and that the junta is reportedly studying the results. [Redacted]

25X1

25X1

25X1

25X1

25X1

[Redacted]

25X1

Top Secret

[Redacted]

25X1

Top Secret

[Redacted]

25X1

[Redacted]

25X1

Notwithstanding the Peruvian example, we believe the staunchly anti-Communist, US- and Western-trained Argentine military establishment would be reluctant, for practical as well as political reasons, to turn to the Soviets for major arms purchases. Because the Argentine military is unfamiliar with major Soviet weapons, integration into Argentina's operational inventory would be difficult unless accompanied by sufficient numbers of Soviet advisers and technicians, which, as noted, are unacceptable to the Argentines.

[Redacted] the military is generally satisfied with the performance of US- and Western-supplied weapons. [Redacted]

In our view, however, the military's position could change substantially if Argentina encounters major difficulty in obtaining the equipment senior officers believe is needed to make up for losses incurred and weaknesses demonstrated during the Falklands war. Military analysts generally agree that the Argentine Army has placed a priority on upgrading its battle-field air defense capability—a critical gap during the Falklands conflict—as well as additional helicopters; the Air Force seeks additional ground attack aircraft.

[Redacted]

Thus far the Argentines have tried to obtain desired equipment without turning to the Soviets.

[Redacted]

**Outlook**

We believe that the Soviets hope their support during the Falklands conflict has made dealings with Moscow more attractive to Buenos Aires and that the USSR will continue to cultivate the image of a distant but powerful supporter of Argentina's regional interests. Moscow will continue to press for additional trade concessions. Moreover, the Soviets will continue to push arms sales but, in deference to Argentine sensitivities, may employ intermediaries. In keeping with the pattern elsewhere in the Third World, Moscow could enlist its East European allies to play this role. [Redacted]

25X1

Although the Soviets have accounted for up to 60 percent of Argentina's foreign exchange over the past several years, they have not been able to exert effective pressure on Buenos Aires to shift its import policies or to make significant military purchases. Moscow apparently puts relatively high store on keeping Argentina as a reliable long-term grain supplier and is willing to keep the question of military sales separate. In addition, Moscow apparently calculates that Buenos Aires's deep-seated suspicions will only be broken down over time. The Soviets are well aware of the ideological differences at work and recognize that the initiative for any significant improvement and bilateral ties must come from Buenos Aires. [Redacted]

25X1

25X1

25X1  
25X1

For now, Argentina sees its relationship with the Soviets as a diplomatic lever on the West, especially the United States. In our view, Buenos Aires probably calculates that the specter of growing Soviet influence in Argentina will have an important short-term payoff in leading the United States to end its embargo and to press London to resume negotiations on the Falklands dispute. [Redacted]

25X1  
25X1

25X1  
25X1  
25X1

[Redacted]

25X1

<sup>2</sup> Under US law, Argentina, since the late 1970s, has been unable to purchase US-made equipment either directly or through other countries. Buenos Aires may also be unable to arrange favorable financing from other Western suppliers. [Redacted]

25X1

Top Secret

[Redacted]

25X1

Top Secret  
[redacted]

25X1

Nonetheless, we believe that, if the Argentines become convinced that they will be denied long-term access to Western military equipment in the quantity or at the level of sophistication they believe they need, they could be compelled to purchase Soviet weapons. They could be further impelled to do so if they believed the United States were blocking purchases from other countries, did not intend to lift arm sales restrictions, or failed to press the United Kingdom to resume negotiations on the Falklands. The Argentines, [redacted] believe they have a clear shortfall in their Air Force inventory as a result of Falklands losses and are determined to acquire more ground attack aircraft. The aircraft inventory is not only critically important for strategic planning vis-a-vis the Falklands, but has represented the Argentines' principal advantage over Southern Cone rival Chile, with which it has an unsettled border dispute. [redacted]

25X1

25X1

Even so, the Argentines would, in our view, probably choose an incremental approach to expanding military ties with the Soviets, considering the probable Western and Latin American responses. Buenos Aires would probably begin with small purchases of selected equipment followed by more substantial orders, perhaps including anti-aircraft missiles. Such purchases, while filling a defense need and sending a clear signal to the West, would not require the politically risky long-term presence of Soviet technical personnel in Argentina. As a further step, Buenos Aires might also accept Moscow's offer to place aircraft—including MIG-23s—in Argentina for a year or so for test flights. Only as a last resort, in our judgment, would the Argentines commit themselves to a long-term arms relationship with the Soviets. [redacted]

25X1

Top Secret  
[redacted]

25X1

**Top Secret**



**Top Secret**