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27 JUN 1984

MEMORANDUM FOR: (See Distribution)

FROM: [redacted] Director of Global Issues

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SUBJECT: Argentine Nuclear Policy: Resisting International Controls [redacted]

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1. The attached memorandum examines Argentine nuclear policy under the Alfonsin government with the objective of determining Buenos Aires' commitment to nonproliferation. The proliferation threat associated with the continued existence of unsafeguarded nuclear facilities in Argentina provides the context for analysis of long-term policy implications.

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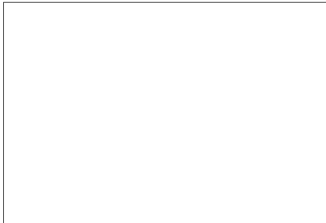
2. This memorandum was prepared by [redacted] International Security Issues Division, Office of Global Issues.

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3. Your comments and suggestions on this memorandum are welcome and may be addressed to the Chief, Weapons Proliferation Branch, OGI, [redacted]

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Attachment:

Argentine Nuclear Policy: Resisting International Controls
GI M 84-10115, June 1984 [redacted]

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GIM 84-10115

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[Redacted]

SUBJECT: Argentine Nuclear Policy: Resisting International Controls [Redacted]

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OGI/ISID/WP/[Redacted] (25 June 84)

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Central Intelligence Agency



Washington, D.C. 20505

DIRECTORATE OF INTELLIGENCE

25 June 1984

Argentine Nuclear Policy:
Resisting International Controls

Summary

The Alfonsin government over the past few months has made several policy statements that convey a strong reluctance to make any major nonproliferation commitments. Although the nuclear program is coming under greater civilian control and may experience some cutbacks due to financial constraints, the government wants to deflect domestic criticism that it is sacrificing Argentina's nuclear independence. As a result, Alfonsin is refusing to make international legal commitments that would bring Argentina's entire nuclear program under IAEA safeguards. Alfonsin is likely to honor his electoral campaign to prohibit nuclear weapons development, but the Argentine effort to obtain a complete nuclear fuel cycle outside international safeguards is reinforcing concern in neighboring Latin American countries (particularly Brazil) and could disrupt relations with Western supplier states, particularly the United States which have rigorous nonproliferation policies. [redacted]

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This memorandum was prepared by [redacted] International Security Issues Division, Office of Global Issues. This analysis is based on information as of 25 June 1984. Comments and queries are welcomed and may be addressed to the Chief, Weapons Proliferation Branch, OGI, [redacted]

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GI M 84-10115
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Argentine Nuclear Policy:
Resisting International Controls

The first six months of Alfonsin's presidency clearly indicate that although he remains personally committed to nonproliferation objectives, the president does not intend to make major changes in Argentina's longstanding policy to achieve nuclear independence. Policy formulation in general was complicated by the outgoing military junta which revealed in late November 1983 that the country's nuclear scientists had made a breakthrough in the area of uranium enrichment technology--a crucial step in the ability to make nuclear weapons-grade material. Popular support for Argentina's achievements in advanced technology remains strong because it is one area where the nation has been able to demonstrate its superiority over other Latin American countries. With the exception of India, no other developing nation possesses as sophisticated a nuclear energy program and the industrial-technical infrastructure to sustain it. [REDACTED]

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We believe that the preservation and protection of the country's nuclear independence has become an overriding national security objective in the minds of most Argentines. The opposition Peronist party has embarked on a media campaign to make certain that Alfonsin does not stray from this goal. The words and actions of Alfonsin and his nuclear advisors toward the following four issues provide a gauge for measuring the prospects for change in Argentine nuclear policy:

- Buenos Aires' attitude toward the Nonproliferation Treaty,
- The prospect of Argentine participation in the nuclear free weapons zone established by the Treaty of Tlatelolco.
- Argentine willingness to consider international safeguards on indigenous nuclear facilities, particularly the Pilcaniyeu enrichment facility.
- Buenos Aires' commitment to require IAEA safeguards for all Argentine nuclear exports. [REDACTED]

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The Nonproliferation Treaty (NPT)

The Argentines have always been skeptical, if not hostile, towards the Nonproliferation Treaty because it requires signatories to place all future nuclear facilities under IAEA safeguards. We believe the Falklands War in 1982 reinforced Buenos Aires' hostility to the NPT because the presence of nuclear-powered British submarines in the South Atlantic highlighted in a public manner what the Argentines feel is the "discriminatory" nature of the treaty. This criticism of the NPT, however, is largely rhetorical because the NPT does not prohibit any signatory from utilizing nuclear energy for naval propulsion. [redacted]

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Buenos Aires subsequently demonstrated its contempt for the NPT in late 1982 by notifying the IAEA that it would no longer permit IAEA inspectors from NPT states to visit safeguarded Argentine nuclear facilities. More recently, the Alfonsin government has used anti-NPT rhetoric to strengthen its public image of "toughness" in defending Argentine national security interests. Foreign Minister Caputo in press interviews and his address before the Geneva Disarmament Conference in February 1984 harshly condemned the Treaty as "discriminatory", characterizing it as a farce in view of the massive nuclear arms build up of the Soviet Union and the United States. [redacted]

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We believe Caputo's focus on the issue of nuclear disarmament contained in Article VI of the Treaty has telegraphed Argentine interest in a confrontational approach with the nuclear weapons states. In conjunction with Caputo's address in Geneva, President Alfonsin sent a letter to the Chairman of the Nonaligned Movement--Indian Prime Minister Gandhi--pleading for a special NAM ministerial meeting in Buenos Aires to organize a Third World effort to focus criticism of the nuclear weapons states. We believe this action is particularly significant because Argentina and India, prior to the 1980 NPT Review Conference, mobilized developing countries party to the NPT to attack the superpowers for their failure to make progress on nuclear disarmament. This effort succeeded in preventing the Review Conference from drafting a final declaration reaffirming the Treaty's effectiveness--an outcome which, if repeated at next year's Review Conference, could seriously weaken confidence in the NPT. [redacted]

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The Indians have not yet called for a special NAM ministerial meeting, but they joined the Argentines in public support for the new "four continent peace initiative" which calls for the nuclear weapons states to halt the testing, production, and deployment of nuclear weapons. This initiative which was announced on 22 May received the public support of four other countries--Mexico, Greece, Sweden, and Tanzania. It could lead

to a summit meeting of Third World leaders to discuss nuclear disarmament issues along the lines originally suggested by Alfonsin. [redacted]

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The Tlatelolco Treaty

The Tlatelolco Treaty, which outlines the basic elements for a nuclear weapons free zone for Latin America, has caused concern among Argentine leaders since it was open for signature in the late 1960s. The basic Argentine fear stems from concern that Article 13 of the Treaty might require Argentina to open all its nuclear activities to IAEA inspection (comprehensive safeguards). Argentine governments have rationalized the failure to ratify the treaty on the grounds that the United States and the IAEA have interpreted its provisions--such as the one allowing "peaceful nuclear explosions--in ways that Argentina finds unacceptable. [redacted]

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We believe the Alfonsin government shares this longstanding fear that the Tlatelolco Treaty compromises Argentine nuclear independence but, for political purposes, does not want to appear hostile to the idea of a nuclear weapons free zone in Latin America. As a result, the Alfonsin government is following the practice of its predecessors by playing a cat-and-mouse game with supplier states concerning the conditions under which Buenos Aires might ratify the Tlatelolco Treaty. For example, the Argentines have informed Washington that they are willing to hold preliminary discussion with IAEA officials to explore ways to reach a safeguards arrangement that would not "discriminate" against Argentina or violate its nuclear independence. According to US diplomatic reports, another option that has received some consideration is the possibility of Argentine ratification without putting the treaty into force until other non-signatories--Brazil, Chile, and Cuba--take the same step. Argentine officials have also indicated to the United States that they are open to the idea of a special safeguards system for Latin American countries modelled on the EURATOM safeguards system in Western Europe. [redacted]

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Despite the appearance of some forward movement, we believe the Alfonsin government will refuse to make any firm commitments. It is under intense political pressure from the opposition Peronistas who have claimed that the Tlatelolco Treaty is worthless because it does not prevent outside nuclear weapons states from introducing nuclear weapons into the region. To support this argument, the Peronistas and several newspapers have revived the issue of Britain's use of nuclear-powered submarines during Falklands War. The Peronistas have also suggested that the United States has made debt renegotiations conditional upon acceptance of international safeguards, an accusation that has generated a strong nationalistic reaction. [redacted]

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The Pilcaniyeu Enrichment Facility

Argentine opposition to international treaties that are designed to further nonproliferation objectives has become a more urgent issue within the past year in view of recent Argentine achievements in the field of advanced nuclear technology. The unsafeguarded uranium enrichment facility in Pilcaniyeu now highlights the proliferation threat. Buenos Aires' reluctance to open this facility to IAEA inspections reinforces concern, particularly among other Latin American countries, about long-term Argentine intentions. [redacted]

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A resolution to this problem would not necessarily require Buenos Aires to ratify the NPT or the Tlatelolco Treaty. The Alfonsin government could unilaterally accept IAEA safeguards on the Pilcaniyeu facility and still preserve its right to develop other indigenous nuclear facilities in the future. We believe that such a gesture would help assuage concern in neighboring countries and constitute a big step in creating the conditions for the resumption of US nuclear assistance to Argentina. [redacted]

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Despite these factors, the Alfonsin government is unlikely to reverse its opposition to safeguards for the enrichment facility. According to [redacted] diplomatic sources, the Argentines do not want to reveal the "technical secrets" associated with their version of gaseous diffusion technology. The fear of negative public reaction to anything that might compromise Argentine nuclear independence no doubt plays a role in the government's attitude. [redacted]

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Argentine Nuclear Exports

Argentine's long-term interest in becoming a nuclear exporter poses a challenge to the nonproliferation regime in view of the technical sophistication of the national nuclear program. The Argentines have already built a small research reactor for Peru and, before the end of this decade, may be in a position to export nuclear materials such as enriched uranium and heavy water. The possibility that Buenos Aires might actually share some of its indigenous technology magnifies the proliferation threat. [redacted]

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Although the Argentines resist comprehensive safeguards over their own nuclear program, the Alfonsin government appears willing to adhere to international norms in the nuclear export field. One of Alfonsin's top nuclear advisors in discussions with US officials in March reaffirmed an earlier Argentine commitment to require IAEA safeguards for all nuclear transfers. This commitment may soon be put to the test.

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Prospects

We believe that the rigid Argentine opposition to international controls over the domestic nuclear program will continue. We believe any Argentine leader who considers placing the entire nuclear program under IAEA safeguards faces the prospect of a serious political backlash. [REDACTED]

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There is, however, an outside possibility that Buenos Aires might reassess its goal of completing an indigenous nuclear fuel cycle outside safeguards if:

- The nuclear rivalry with Brazil appeared to be getting completely out of hand; or
- The Argentine plan to purchase additional nuclear power reactors required acceptance of comprehensive safeguards. [REDACTED]

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Signs of nuclear rivalry have developed within the past six months. According to diplomatic reports, Brazilian officials have grown more mistrustful of Argentina's nuclear intentions and now seem determined to equal Argentine achievements in certain advanced nuclear technologies such as uranium enrichment. A full-scale nuclear arms race in terms of active weapons programs, however, is still probably several years down the road. We doubt Buenos Aires will embrace comprehensive safeguards unless the benefits of pushing Brazil to take the same step simultaneously are clear and unambiguous. The risk for Argentina in holding back is that the longer it maintains indigenous nuclear facilities outside IAEA safeguards, the greater the motivation for Brazil and perhaps Chile to move ahead in exploring their own nuclear options--outside safeguards--that have potential military applications. [REDACTED]

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Argentine plans to purchase more nuclear power reactors will depend on the country's ability to solve its serious financial problems, but such plans, if they materialize, will pose problems for Buenos Aires' policy against comprehensive safeguards. In keeping with their nonproliferation policies, the United States and, in all likelihood, Canada, will prohibit firms from submitting bids for future Argentine contracts in the absence of comprehensive safeguards. Under these circumstances, Argentina

might turn to West Germany which does not insist on as rigid safeguard requirements for its nuclear exports. For example, Bonn agreed in the late 1970s to build Atucha II without insisting on comprehensive nuclear safeguards. Under established international norms, supplier states are not required to insist on comprehensive safeguards. [REDACTED]

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The Argentines may believe that they can once again successfully play suppliers against one another to obtain additional power reactors without having to accept rigorous safeguards requirements. We believe, however, that Buenos Aires will find this objective more difficult to achieve in the future because:

- The unsafeguarded Pilcaniyeu enrichment facility now symbolizes in graphic terms the persistent Argentine desire to preserve a nuclear weapons option.
- The West Germans will come under greater pressure in the London Suppliers Group to refrain from any new supply commitments to Argentina in view of the direction of its nuclear program. [REDACTED]

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