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SIR PERCY CRADOCK

ARGENTINE ARMS PURCHASES

Thank you for your minute of 29 January.

The Prime Minister regards the purchase of 28 Mirages, the Boeing 707 converted for Sigint purposes and the attempted purchase of Skyhawks from Israel as significant and evidence that Argentina is determined to rebuild its military strength. As you will know, efforts are being made to dissuade the Israelis from making further sales to Argentina.

CSP

30 January 1985



Prime Minister 15

Not entirely consistent with the evidence of Israeli/Argentine dealings (attached). CD 29/i

Jp.010

Mr Powell

Argentine Arms Purchases

I noticed in your record of the United Nations Secretary General's call on the Prime Minister on 23 January that the Prime Minister and the Foreign and Commonwealth Secretary suggested that Argentine defence spending was still high and that significant arms contracts were still being signed. This does not accord with the evidence we have. The JIC on 24 August 1984 (attached) reported the reduction of the military budget by 34 per cent between 1983 and 1984, reducing it from 6 per cent of GDP to 3.9 per cent. For 1985 a further reduction to at most 3.5 per cent is forecast.

Then re-read the JIC report! Especially on the 707. The purchase of the ship

2. Argentine arms purchases since the war fall into two main categories. The first is the completion of pre-war contracts which proved too expensive to cancel and includes the whole of the German ship order and the Exocets. The second category comprises orders made by the Junta after the war to make good losses and include the purchase of 28 Mirages. In addition there is the Boeing 707 which was sent by the Junta to Israel in June 1983 to be converted into a Sigint aircraft and has just been delivered. There is no evidence of any major arms deals being signed since Alfonsin came to power.

It was to this that we referred.

3. So stretched are the Argentine armed forces for funds that a significant number of ships and aircraft are up for sale.

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PERCY CRADOCK

29 January 1985

Israeli Arms Sales to Argentina

1. An emissary could be briefed in the following terms:

"Our extensive and normally reliable contacts operating in the international arms market continue to note that Israeli defence manufacturers and sales agencies are supplying and marketing a wide range of arms and equipment to the Argentine armed forces. For example -

→ - 22 Mirage III aircraft (19 single seat CJs and 3 twin seat BJs) were delivered in late 1982/early 1983. This deal went a long way towards replacing Argentine losses of combat aircraft. We are also well aware that Israeli firms are supplying equipment to improve the performance of existing aircraft (eg advanced Avionics and Air-to-Air refuelling (AAR)).

→ - Modification of an Argentine air force Boeing 707 to perform an Electronic Warfare (EW) role is under way in Israel. We are particularly concerned about the improved intelligence collection capability provided by this aircraft.

→ - Our sources report Israel's intention to go ahead, despite a US embargo, with a deal to supply A4 Skyhawks to the Argentine navy and, if possible, to conclude a second deal with the air force. The supply of aircraft which were used so successfully against our forces in the South Atlantic causes us a great deal of concern.

|| We also believe that Israeli firms are actively promoting the sale of more modern combat aircraft to meet Argentine needs in the 1990s, a very ominous medium-term prospect.

These examples alone show that not only is Israel supplying Argentina with equipment which will improve existing capabilities but it is concentrating on equipment which directly enhances Argentina's offensive capabilities."

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