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CONFIDENTIAL

DESKBY 290820Z

FM WASHINGTON 282320Z APR 82
TO IMMEDIATE FCO
TELEGRAM NO 1504 OF 28 APRIL
INFO IMMEDIATE MODUK, OTTAWA
PRIORITY ROME

IMMEDIATE

ADVANCE COPY

MY TELEGRAM NO 1486: ARMS SUPPLIES TO ARGENTINA

1. THE STORY ABOUT THE SALE TO ARGENTINA OF 32 SKYHAWK ENGINES IS STILL RUNNING. IT HAS BEEN FOLLOWED UP BY A CONGRESSIONAL STAFFER WITH STRONG BRITISH SYMPATHIES, WHO HAS GIVEN FURTHER DETAILS TO THE WASHINGTON CORRESPONDENT OF SOUTHAMS PRESS (PUBLISHERS INTER ALIA OF THE OTTAWA CITIZEN.)

2. WHAT HE HAS TOLD US IS THAT THE US FIRM INVOLVED IS TURBINE ALLIED OF WASHINGTON NEW JERSEY. THEIR CONTRACT WAS EFFECTIVE FROM 8 APRIL AND SINCE THE ENGINES WERE NO LONGER ON THE MUNITIONS LIST THERE WAS NO BAR TO THEIR EXPORT. SIX PACKAGES HAVE ACCORDINGLY BEEN EXPORTED TO ARGENTINA SINCE 8 APRIL. IT IS NOT CLEAR WHETHER EACH PACKAGE CONTAINED A COMPLETE ENGINE, OR PARTS FOR AN ENGINE. RESULT OF OUR ACTION YESTERDAY WITH THE STATE DEPARTMENT, A

BEEN EXPORTED TO ARGENTINA SINCE 8 APRIL. IT TO NOT BE A
EACH PACKAGE CONTAINED A COMPLETE ENGINE, OR PARTS FOR AN ENGINE.
AS A RESULT OF OUR ACTION YESTERDAY WITH THE STATE DEPARTMENT, A
FURTHER CONSIGNMENT OF 12 PACKAGES HAS BEEN HELD UP BY US CUSTOMS
AT SAN FRANCISCO. ASSUMING EACH PACKAGE REPRESENTS ONE ENGINE, THERE
IS NO INFORMATION ABOUT THE REMAINING 14.

3. ACCORDING TO OUR SOURCE ALL THE ABOVE ENGINES ARE J65-16S. A
FURTHER CONSIGNMENT OF 12 J65-5S (WHICH DO NOT FIT SKYHAWK) ARE DUE
TO GO TO ARGENTINA UNDER A CONTRACT WITH A SEPARATE FIRM, ALLIED
TECHNOLOGY.

4. THE US FIRMS ARE APPARENTLY NOW TRYING TO GET THE CONSIGNMENTS
TREATED AS QUOTE ENGINE PARTS UNQUOTE RATHER THAN QUOTE ENGINES
UNQUOTE IN THE EXPECTATION THAT THIS WILL GET ROUND THE CONSTRAINTS
WHICH US CUSTOMS HAVE IMPOSED.

5. MINISTER HAS TAKEN THIS UP WITH EAGLEBURGER IN GENERAL TERMS
AND GIVEN DETAILS TO BURT WHO HAS UNDERTAKEN TO PURSUE THE MATTER
AND TO REPORT BACK. IT SHOULD NOT BE BEYOND THE COMBINED SKILLS OF
THE DEPARTMENT OF COMMERCE AND US CUSTOMS TO DEVISE ADMINISTRATIVE
DELAYS EVEN IF THE IMPOSITION OF AN FORMAL BAN IS DIFFICULT.

6. IF WE ARE PRESSED FOR COMMENT, WE PROPOSE TO TAKE THE LINE THAT
THE WHOLE QUESTION HAS BEEN RAISED WITH THE STATE DEPARTMENT: THAT
WE UNDERSTAND THAT THESE ENGINES ARE NO LONGER TECHNICALLY ON THE
MUNITIONS LIST: BUT THAT WE UNDERSTAND NO FURTHER EXPORTS ARE
TAKING PLACE FOR THE TIME BEING: AND THAT THE STATE DEPARTMENT ARE
INVESTIGATING URGENTLY.

HENDERSON

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