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Argentina: Condor Missile Program At a Critical Juncture

Summary

Argentina's controversial Condor ballistic missile program--a major irritant in US-Argentine relations--is at an important juncture in its 10-year history. Despite considerable pressure from Argentine nationalists to continue with the Condor II missile's development, the Menem government apparently has decided to initiate steps to abandon the troubled program to enhance its international image and to forge a closer relationship with the United States. Menem's success to date in improving civil-military relations should help him and his defense advisers weather what will probably be stiff resistance from those in the military opposed to cancelling the Condor program. Given Iraq's renewed interest in Argentina's assistance in completing the development of the missile, some Air Force personnel and firms involved in the program may attempt either to move their operations to the Middle East to market their experience and know-how or to operate clandestinely in Argentina in hopes of selling missile technology to Middle Eastern clients.

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Menem is likely to have high expectations for a US-Argentine cooperation agreement in the aerospace field to compensate for the loss of Condor research and development. We believe his resolve in clamping down on potential rogue Condor operations will be dependent, to a large extent, on the degree to which he believes Washington is providing opportunities for the Argentine aerospace industry to engage in joint space and aircraft development and is supporting his broader economic reform efforts. [redacted]

Background

In 1980, the Argentine Air Force embarked on an ambitious ballistic missile development program--code named project Condor--to provide it with a significant strike capability, encourage technological advances in weapons and space development, enhance Argentina's international prestige, and generate export revenues. The program encompassed the development of three missile systems: the [redacted] Alacran (designed to be both an operational missile and a testbed for the rocket motor and aerodynamics and structural integrity of follow-on missiles); the [redacted] Condor II missile (a two-stage version of a Condor I testbed); and a [redacted] Alcon missile. Research and development has been centered largely on the Condor II. [redacted]

[redacted]

[redacted]

[redacted]

[REDACTED]

Current Development Status

Over the past two years, however, progress on the Condor II has been stymied by technical difficulties, funding shortfalls, and international scrutiny, bringing the program to a virtual standstill [REDACTED]

[REDACTED] International scrutiny of the Consen consortium--prompted by the formation of the Missile Technology Control Regime (MTCR) in April 1987--as well as MTCR restrictions on the transfer of advanced technology have also disrupted development of the missile.* [REDACTED]

Iraq, meanwhile, has made indigenous missile production a high priority and apparently has renewed its interest in Argentina's program. [REDACTED]

[REDACTED] We believe that, using an elaborate technology and materials procurement network [REDACTED] Iraq could manufacture Condor II prototypes in the early 1990s and begin series production by the mid-1990s. [REDACTED]

[REDACTED] Production of the missiles, however, might be delayed until the mid-to-late 1990s if the flow of technology and components--particularly in the area of guidance and control--is interrupted. [REDACTED]

The Menem Administration's Policy on Condor

Argentine President Menem, along with Defense Minister Romero and Foreign Affairs Minister Cavallo, recognize that addressing US concerns about missile proliferation will be an important factor in their ability to improve relations with Washington and obtain support for the government's economic

[REDACTED]

reform program. For their part, the chiefs of the armed services- [REDACTED] believe that, in light of the country's bleak financial situation, defense and missile policy should parallel Menem's pragmatic orientation towards the West to secure military assistance and orders for Argentine military technology [REDACTED]

As a result, Menem and his top advisers apparently have decided to take steps to abandon the development of the Condor II. Romero and Cavallo [REDACTED] expect Menem to sign a decree ending Argentina's involvement in the Condor program, which would be the clearest statement to date of the administration's intention to abandon the missile. Meanwhile, the government has asked a US technical team--originally scheduled to visit Argentina in late July to confirm that Condor operations have been shut down--to postpone its visit until after the decree is issued to allow time to work out legal arrangements for the cancellation of contracts with the Consen Group. [REDACTED]

Menem reportedly will play up the decree as a unilateral decision to head off allegations from nationalists that his administration is bowing to US pressure and selling out 10 years of research and development, but cancelling the Condor program will still encounter stiff resistance. The missile has been a source of national pride and many private firms have vested interests in the program. Menem has faced strong pressure from influential nationalists, including Peronist Party conservatives and some members of the opposition Radical Party, to continue with the Condor II's development, as well as from congressmen who represent private sector interests involved in the Condor project. Romero has acknowledged to US officials that he and Cavallo have been asked to appear before a congressional committee to discuss the Condor program and the Menem administration's policy toward it. [REDACTED]

Strong opposition to cancellation will also come from within the military--particularly the Air Force. [REDACTED] Air Force officers with personal stakes in the missile's development have used political contacts to try to sway the administration toward continuation of the program. Moreover, despite support from Romero and the service chiefs for cancellation, other high-level military planners, [REDACTED] have argued that Argentina must preserve its research and development in ballistic missile technologies for strategic reasons [REDACTED]

Prospects for Condor and Implications for the United States

Buoyed by successes in economic reform and the privatization of state-owned enterprises, Menem currently appears to be in a stronger position politically to resolve the Condor issue than he

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was a year ago. Improved civil-military relations should help him and his defense advisers weather the potential fallout from those in the military opposed to cancellation. Moreover, negotiations with a US firm for co-production of Argentina's Pampa trainer aircraft have improved prospects that the Air Force, which stands to gain financially from Pampa sales, will be amenable to abandoning Condor [redacted]

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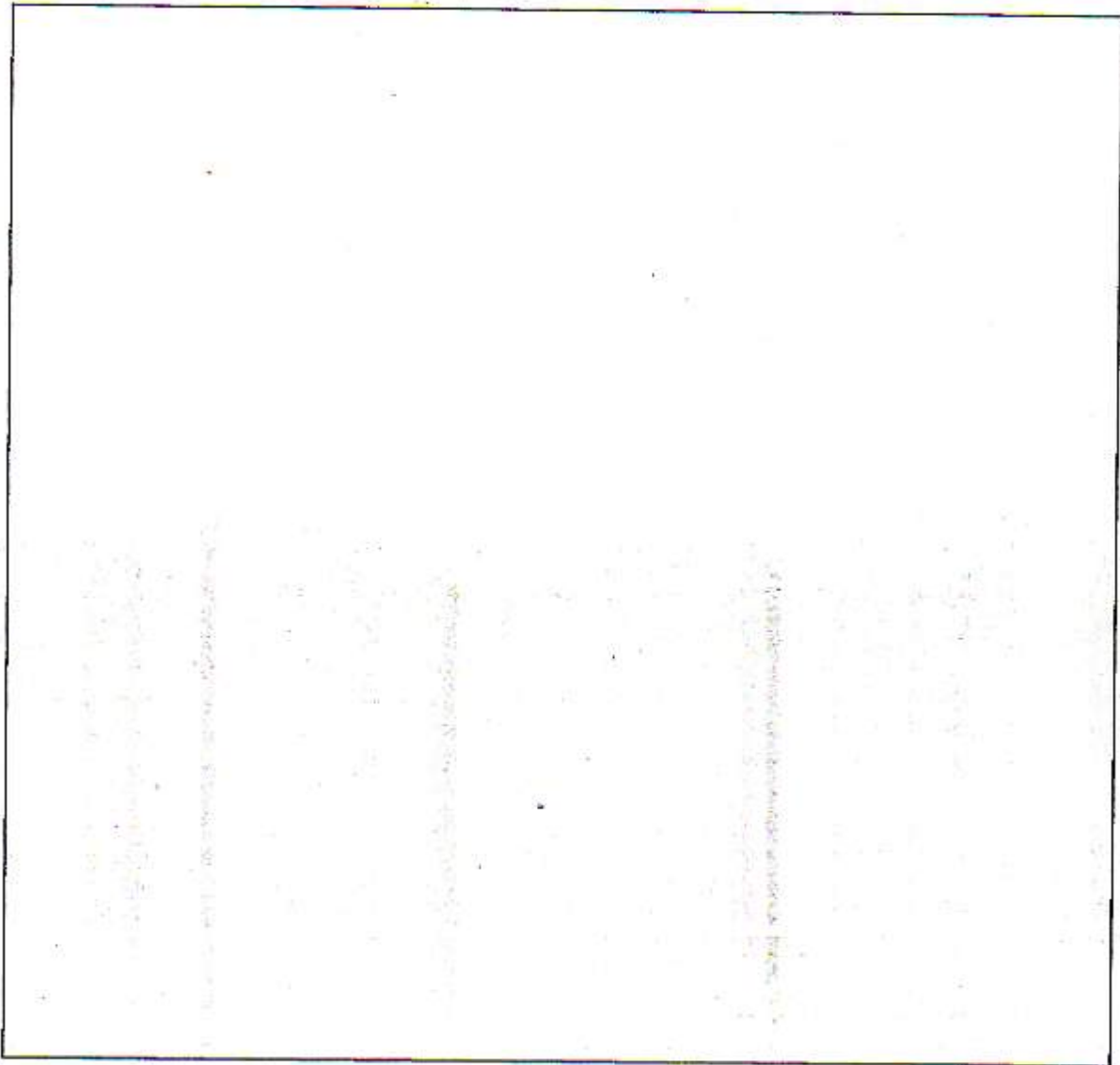
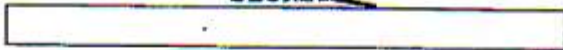
It is possible, although we believe doubtful, that Menem's apparent readiness to cancel Condor is designed for US consumption and to mask his intention merely to go through the motions of ending it or even of allowing it to continue covertly. In our view, however, Menem realizes that discovery of either course by the United States would seriously damage bilateral relations. [redacted]

A more likely scenario is that, in the event of cancellation, retired and active duty Argentine Air Force officials who run the Condor program and are accustomed to operating independently will try to keep the project alive clandestinely. Given Baghdad's renewed interest in Argentina's assistance, these officials and related firms may try to move their operations, experience, and technical know-how to Iraq. [redacted]

[redacted]

Should Menem follow through with cancelling Condor, we believe he will have high expectations for a bilateral agreement--probably with regard to space cooperation--that would help compensate Argentina's aerospace industry for the loss of the program, when President Bush visits in September. Working out a formula for US assistance probably will be on Romero's agenda when he visits Washington this month. Moreover, Menem's resolve in reining in potential rogue Condor operations is likely to be dependent, to a large extent, on the degree to which he believes the US is helping him engage his aerospace industry in peaceful ventures, such as aircraft and space development, and providing support for his economic reform program, including assistance on the debt and trade fronts. At the same time, Menem will look to Washington for help in downplaying any US connection to the cancellation of the Condor to prevent inflaming nationalistic sentiment. [redacted]

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