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Argentina

MULTILATERAL ASSISTANCE TO ARGENTINA IN IDB & IBRD

I. STATEMENT OF PROBLEM

We are required to take human rights factors into consideration when deciding how we will vote in the IDB and IBRD. In the former case, we warned Argentina last September that it was unlikely that we would be able to support loans which did not benefit the needy because of the Harkin Amendment. Since then, it appears that Argentina has deliberately kept certain loans out of the IDB. In the World Bank, in March we voted for a \$105 million highway project after making a mild statement on human rights; Argentina reacted angrily to our words. A new crunch will come later this month or in June when the IBRD takes up a \$100 million industrial credits project. There will be pressure to make a strong statement or vote against Argentina. This loan is the most effective leverage we have to apply against Argentina in the next few weeks.

II. FOREIGN GOVERNMENT POSITION

The GOA knows fully that the social cost of economic recovery will rise sharply if international credits are not available. It will therefore try hard to retain such credits, charging that the U.S. is violating the charters of multilateral lending institutions by introducing political factors. It will also try to mobilize sympathetic IBRD members against the U.S. position.

III. OUR POSITION

The international lending institutions are part of the UN system and UN membership entails respect for the Universal Declaration of the Rights of Man. Furthermore, it is unrealistic to think that Congress will permit U.S. taxpayer money to appear to be used on behalf of repressive regimes.

IV. TALKING POINTS

- We believe your government knows already how difficult it was for us to vote for the \$105 million highway loan last March.

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ARGENTINA PROJECT (S200000044)
U.S. DEPT. OF STATE, A/RPS/IPS
Margaret P. Grafeld, Director
 Release Excise Deny

Exemption(s): _____
Declassify: In Part In Full *RECONTROL*
 Classify as _____ Extend as _____ Downgrade to _____
Date _____ Declassify on _____ Reason _____

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- It will obviously be even more difficult for us to support the upcoming \$100 million industrial credits loan in the World Bank, unless the human rights situation changes perceptibly.

- It is not pleasant for us to deny support in the economic field when this is the area we most wish to be involved in. However, we are committed to using our voice and vote in the international financial institutions and intend to do so. We believe that Article 55 of the United Nations Charter gives us the legal basis to raise human rights concerns in any UN affiliated institution. (Article 55 "...UN shall promote ... universal respect for and observance of human rights and fundamental freedoms for all ...")

- We hope of course that events in Argentina will permit us to take a positive rather than negative stance in the World Bank and IDB.

- If raised by GOA: Eximbank appeared close to liberalizing its lending practices in Argentina but has held back due to Congressional sensitivities about human rights in Argentina. Eximbank of course depends on Congress for funds.

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