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See Trace of interview & W&C submitted original section

Revised 2/17/78

7803232



DEPARTMENT OF STATE
ACTION MEMORANDUM

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FEB 15 1978

Handwritten initials and notes: MS, HA, Feb, Argentine

ORIG: O/FADRC

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TREASURY

RF:vhd

[Redacted]

TO: The Deputy Secretary
FROM: ARA - Terence A. Todman
SUBJECT: U. S. Reaction in IFIs to Argentine Human Rights Actions

DELIVERED DIRECTLY TO D
NOT REVIEWED BY S/S

ISSUE FOR DECISION

Whether recent human rights actions by Argentina are sufficient grounds for revising your earlier decision to vote against two Argentine loans in the World Bank, now scheduled for a vote on February 21.

ESSENTIAL FACTORS

A vote is expected on February 21 on two Argentine projects which, before the developments outlined below, you decided to vote against: a \$109 million silo project in the IBRD and a \$9 million cement plant loan in the International Finance Corporation. The Argentine Ambassador has mentioned publicly that the silo project was developed after discussions with the U.S. Department of Agriculture, referring to our possibly negative position on it as an indication of mixed and confusing positions being taken by the U.S. government. Even if we follow current instructions on voting, we need to know what to say to Argentine feelers about our response to human rights actions which they believe are positive.

A progress report on the human rights situation in Argentina was sent to the Department by our Embassy on February 7 and is attached.

-- Prisoner releases. Approximately 440 prisoners have been released from the state of siege powers of the Argentine Executive since December 20, 1977.

-- Prisoner lists. On February 3, in a significant, long sought after step, Argentina published a list of 705 state of siege prisoners. A second list of 795 prisoners appeared on February 13; further lists are expected.

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ARGENTINA PROJECT (S20000044)
U.S. DEPT. OF STATE, A/RFS/IPS
Margaret P. Grafeld, Director
 Release Excise Deny
Exemption(s):
Declassify: In Part In Full
 Classify as Extend as Downgrade to
Date _____ Reason _____
Declassify on _____

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-- Right of option. Our Embassy believes that the right of option program, whereby prisoners may opt for exile, is now "definitely" being implemented, and the Argentine government has told foreign embassies that it will cooperate in helping prisoners meet visa requirements. The Embassy has underscored the importance of this measure to prisoner releases.

-- Treatment of prisoners. The International Committee of the Red Cross resumed prison visits in December and has reported that political prisoners are being held in the same physical conditions as other prisoners. This is an improvement.

-- U. S. interest cases. The Argentines have authorized the departure of certain high U. S. interest cases recently, including Guillermo Vogler and one of the Panero sisters.

-- Intangibles. The attached cable reports that the Argentines are becoming more "sensitized" to the importance of human rights steps and are no longer "stonewalling" the subject. The cable states also that there is an attempt underway to reorganize counter-subversive forces in order to achieve tighter control over them by the central government.

On the other hand, and as the same cable reports, there continue to be many problems. While disappearances may have declined in 1977, more recently they appear to have run at the same rate as a year before. According to our Embassy, it has heard of 39 disappearances since December 1, including two French nuns and mothers of the disappeareds who were abducted without a trace in mid-December. The Embassy adds that reports of secret detention centers persist, and that there is no evidence to suggest that torture for information is no longer practiced. In addition, the GOA admits that it is holding over 3600 prisoners under executive detention. Human rights groups estimate that many thousands more are being held secretly, in non-official detention centers. To date the GOA has answered few of our requests for information on missing persons. The International Committee of the Red Cross has not visited military camps where unaccounted for prisoners may be under detention. Few

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prisoners have been released by the right of option program to date. In the case of high U. S. interest cases such as Timerman or Deutsch, they remain detained. Internationally, the Argentine government has mounted a campaign in the United Nations against Amnesty International and the International Commission of Jurists.

However you decide to handle this issue, our response will come very shortly after Under Secretary Benson decided against the sale of any further military training to Argentina. This means that we have continued to get progressively tougher with Argentina.

Under Public Law 95-118 (FY 1978 IFI authorizing legislation), opposition to a loan may consist of either a no vote or an abstention. Neither of the proposed options recommend support for Argentine loans at this time.

THE OPTIONS

1. Follow current instructions but acknowledge change privately. We would advise the Argentines that we decided to vote no on the \$109 million silo loan and the \$9 million cement plant because of continuing concern with the human rights situation in Argentina. We would note that improvements in human rights will be factored into the stance we take on future projects. We would acknowledge privately, however, to both the Argentine and other bank directors that we have noted favorable signs and express the hope that they indicate a new trend.

Pro:

-- This would demonstrate our ongoing serious concern over continuing disappearances and other human rights abuses but inject an element of hope into our IFI voting pattern in return for further human rights performance. We would not run the risk of suggesting that we are willing to alter our policies in response to minor improvements.

Con:

-- This would fail to recognize sufficiently or encourage actively Argentine human rights change, which may seem minimal to us but is important in the Argentine view of things. It risks signaling, especially when we have just decided to deny all military training requests, that we remain opposed adamantly to the government, and in the context of our posture, our action might not only serve as a

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human rights disincentive but impact negatively on other major interests, notably non-proliferation.

2. Abstain on both loans in recognition of limited progress but make clear our continuing concern over the serious human rights situation, particularly in light of recent disappearances. In informing the Argentines here and in Buenos Aires, we would make a demarche to this effect and our press guidance would take the same tack.

Pro:

-- This represents a prompt revision of our earlier negative stance in the IFIs, signaling our willingness to change as the Argentines change. It could also: a) help to stem human rights regression, because the Argentines would not wish to precipitate a return to no votes in the banks and, b) it would strengthen the hand of those in the government who are seeking human rights improvement and who would be able to point to our action as indicating acknowledgment of steps being taken.

Con:

-- The publication of two lists and some prisoner releases represent only the beginning of what is needed for real improvement in the human rights situation; to reverse our position with alacrity would undermine the seriousness with which we have viewed past violations, including very recent disappearances.

RECOMMENDATION

That you approve Option 2, to abstain on both the silo and cement projects, making clear to the Argentines, and through our replies to press queries, that we have done so in recognition of the limited progress that has occurred but that we remain very concerned at the human rights situation, particularly in light of the continuing disappearances (favored by ARA, S/P, Treasury, and the U. S. Director to the IBRD).

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Approve _____

Disapprove _____

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ALTERNATIVELY, that you approve Option 1, (favored by HA) maintaining your earlier decision to oppose the two projects but authorize representations to the Argentines recognizing hopeful human rights developments.

Approve _____ Disapprove _____

Attachment:

Cable - Buenos Aires 965

Drafted: ARA/ECA:FERondon:jc
2/14/78:x22401

Concurrences: EB/OF:FNash (draft)
S/P:JWalker (draft)
HA:MBova (draft)
Treasury:WEscoube (draft)

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