

Directorate of Intelligence
Office of African and Latin American Analysis

26 May 1988

NOTE TO: Deputy Director for Intelligence



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Attached is a typescript on Argentina's search for new fighter aircraft that you wanted for Barry Kelly at the NSC, per your note of 17 May. Also attached is a typescript prepared by OEA, OSWR and ALA analysts that you might also want to pass to Barry. As you will see from the distribution list, it was given fairly wide distribution, although Barry himself did not get a copy.

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Central Intelligence Agency

Washington, D.C. 20505

DIRECTORATE OF INTELLIGENCE

26 May 1988

ARGENTINA: The Search for New Fighter Aircraft



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Summary

Since the Falklands debacle of 1982, the primary weapons requirement concern for the Argentine armed forces has been the acquisition of new aircraft to replace their aging, poorly maintained inventory of US A-4s and French Mirage III/Vs. Efforts to fill these requirements from traditional suppliers in Western Europe have been thwarted by a lack of funds, and by Washington's refusal to override British objections to US aircraft sales--including the transfer of US aircraft in Israel's inventory. The staunchly anti-communist Argentine military has rejected Soviet efforts to exploit their isolation, fearing that an arms relationship with Moscow would jeopardize Argentina's national security. We believe Buenos Aires is more serious about Beijing's recent offer to sell Chinese fighters, primarily because Beijing is willing to consider a barter arrangement. Nonetheless, in our view, the Argentines probably still perceive the Chinese offer largely in terms of leverage on the US and the UK and will delay a firm commitment to China for several months, while trying one more effort to

This typescript was prepared by



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Comments and queries are welcome and may be directed to the Chief, South America Division



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press for a US policy reversal. Beyond that, however, many senior Argentine officials probably have concluded that their best prospects for obtaining US aircraft and other weapons lie with a new US administration. [redacted]

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Background

Argentina's armed forces, battered by the Falklands defeat, have suffered further from the steady budget cuts administered under the Alfonsin government as part of the country's overall austerity program. Since 1983, the military's budget has been cut by about half and funds available for equipment procurement, maintenance, and training have shrunk as the services have struggled to stay within the new constraints. The Argentine Air Force and Navy Air Wing have been especially hard hit as most of their aircraft are of 1960s and 70s vintage. We estimate that five years of tight budgets have left only about one third of the Air Force's current inventory of 74 French Mirage III/V fighters and 20 US A-4 attack aircraft in operational status. The Navy is even worse off, recently retiring the last of its 4 remaining A-4 aircraft for safety reasons, [redacted]. In addition, some of its 14 Super Etendards experienced unspecified problems during Argentina's reactive alert to the British Falklands reinforcement exercise in March. The poor operational status of their aircraft has been a major blow to prestige in both services and has compounded morale problems in the military. [redacted]

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Traditional Supply Lines Blocked

The Argentine military strongly prefers Western equipment and has traditionally turned to the United States and Western Europe for arms supplies. British protests about the threat to the Falklands and Argentina's dire financial straits, however, have thwarted a number of attempts to purchase aircraft from the West.

- In 1983, the Argentine military junta paid Israel \$80 million for 12 A-4s, but the transfer stalled after Washington denied reexport approval at Prime Minister Thatcher's request.
- The Air Force also opened talks with the French a few years ago to replace their Mirage III/Vs with the updated Mirage Vs or the Mirage 2000s. Negotiations stalled

almost immediately, however, when the French made it clear that they were unwilling to finance the purchase.
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- The Argentines have even considered coproduction as a possible solution. The Italian firm, Aeritalia, last year became part owner of Argentina's sole military aircraft production facility. As part of the purchase agreement, Aeritalia guaranteed production at the Argentine facility of parts for the Italo-Brazilian AMX aircraft, which Buenos Aires hoped to purchase eventually for its own military forces. Production commitments make this only a long-term solution, however, since the first 300 AMXs are earmarked for the Italian and Brazilian Air Forces and none are likely to be available to other buyers before the mid-1990s. [redacted]

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Soviet Overtures Rejected

The Soviets have tried unsuccessfully over the past few years to exploit the Argentine military's frustrations over budget cuts and a lack of access to US equipment by trying to establish an arms transfer relationship with Buenos Aires. The Soviets have staged promotional demonstrations of at least two types of transport aircraft and have offered to sell MiG-23 and MiG-25 fighters at attractive credit terms and at prices well below that of any comparable fighter on the international market.

[redacted] however, Moscow has also tried to attach a number of restrictions on the sale that proved unacceptable to the Argentines, including stipulating that all Argentine officer training must take place in the Soviet Union; that Argentina must offer Moscow all of its agricultural exports before placing them on the international market; and that Buenos Aires must host a large Soviet support mission, including pilots. The staunchly anti-Communist Argentine military remains suspicious that an arms relationship would give Moscow an opportunity to establish an unwanted permanent presence in Argentina--views almost certainly reinforced by the reported stipulations. Military leaders have also observed Peru's relationship with the Soviets and want to avoid the maintenance, training, and logistics dependence inherent in a weapons agreement with Moscow. [redacted]

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Exploring New Avenues

In addition to exacerbating morale problems within two of the three services, Argentina's inability to obtain new aircraft has led to further strains between the military and the Alfonsin government. Many officers see the failure to purchase new

aircraft as a symbol of the government's ineffectiveness in meeting a key military requirement. Some senior civilian officials, while wary of strengthening the military, acknowledge the acuteness of the problem and are frustrated by their inability to use the Alfonsin government's legitimate status to gain a more favorable response from the US and the UK. [redacted]

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In our view, Argentine hopes for a US policy reversal peaked early this year when US officials made it known to the Argentines that Washington would look favorably on some pending arms requests. After the US again refused to agree to aircraft sales following the British Falklands reinforcement exercise, however, we believe the Argentines decided to reexamine other options more seriously. [redacted]

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This change in policy was underscored, in our view, by the decision to formally cancel the five-year-old deal for the Israeli A-4s* and the subsequent opening of negotiations with the Chinese. Beijing has offered to sell Argentina as many as 70 F-7 fighters, [redacted] or 60 A-5 ground attack aircraft, [redacted] (See Tab A for specifications). A group of Argentine pilots went to China recently to test fly the F-7 and examine the A-5. According to the US defense attache, the delegation considered the F-7's technology to be outdated, but was favorably impressed by the A-5. Beijing has offered to consider a barter arrangement to facilitate the deal. At the same time, the Chinese are wooing the Argentines with a ballistic missile technology transfer agreement in which Beijing would swap guidance and control componentry for access to the Western solid propellant technology Buenos Aires uses in its CONDOR SRBM development program. [redacted]

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[redacted] may use its down payment for other, as yet unspecified, equipment and the Israelis have in the past offered Kfir fighters. Tel Aviv is aware that the fighter's standard US engine makes it subject to the same reexport restrictions that prevented transfer of the A-4s. We believe the Israelis, however, would be willing to consider reengining the aircraft if the Argentines agree to buy a sufficient number to justify the expense or if a second country shows interest in the reengined model. [redacted]

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[redacted] Tel Aviv has already approached the Chileans with such an offer. In our judgment, the Kfir would address the Argentine Air Force's fighter needs, but would not address the Navy's requirement for a carrier-capable aircraft. [redacted]

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[redacted]

We expect the Argentines to deliberate for several months before making a firm commitment to buy the Chinese aircraft. Although the US Embassy reports the deal was discussed during Alfonsin's visit to Beijing this May, Argentine officials declined to make a decision. They did agree to send a second trade delegation to China in October for further talks. [redacted]

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The Argentines are also taking another look at indigenously produced aircraft as a possible longer-term solution. [redacted] the Ministry of Defense has asked the navy to evaluate possible modification of the IA-63 jet trainer for carrier use. Navy commanders, however, are not enthusiastic about this project. They believe the modifications are technically infeasible and would, in any case, probably be too costly to be justifiable for the 12 aircraft the navy is seeking to acquire. [redacted]

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Outlook

While negotiations continue with China, we believe Buenos Aires will make another effort to pressure the US to reverse its decision on arms transfers. One trump card the Argentines believe they hold is to announce a unilateral cessation of hostilities with the UK--a move which Buenos Aires may see as a US prerequisite to an expanded military relationship. They would very likely expect a favorable decision on US aircraft sales at that point. Over the medium term, however, some in the Alfonsin government probably have concluded that they have little prospect of obtaining US aircraft until there is a change of US administrations. In our view, if still unresolved, the issue is likely to be at or near the top of Alfonsin's agenda in bilateral relations early next year. [redacted]

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Chinese Aircraft Being Considered by Argentina

F-7M Airguard Fighter



Based on Soviet MIG-21 Chinese engine features British avionics, including radar with range of 12 miles (19 km) maximum range with air-to-air missiles and drop tanks estimated at more than 1,000 miles (1,740 km) not subject to international reexport restrictions

A-5 Ground Attack Aircraft



Variant of Chinese F-6 fighter (based on Soviet MIG-19) Chinese engine maximum range with drop tanks estimated at 1,250 miles (2,000 km) features Chinese-designed radar Beijing proposes to use Italian avionics package that includes US inertial navigation system and weapons data computer transfer to China of avionics package would require COCOM approval

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