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**REAGAN ADMINISTRATION GIVES GO-AHEAD TO WEST GERMAN SALE
OF "HEAVY WATER" TO ARGENTINA; NRC NOT CONSULTED**

- Administration Approval of Sale of 143 Metric Tons of U.S.-Produced heavy water to Argentina by West Germany A Dangerous Step*
- In spite of Washington's Contention, Argentina's Nuclear Program Not Under Strict International Supervision*
- Official Argentine Comments and Recent Territorial Disputes with England and Chile Point to Argentina's Undoubted Decision to Build a Bomb*
- Sale of Heavy Water Will Enhance Argentine Military Government's Ability to Manufacture Nuclear Weapons*
- West Germany Denounced for Sale*

The Council on Hemispheric Affairs (COHA) today issued a statement denouncing the Reagan administration's approval of a sale of 143 metric tons of heavy water to Argentina by West Germany. The Washington-based research group, which monitors U.S.-Latin American relations, noted that the sale "will assist the Argentine military in its barely concealed decision to move ahead with its nuclear weapons development program."

COHA STATEMENT

"We recognize that West Germany, and not the United States, is primarily accountable for this transaction. But the U.S. government, as one of the two great nuclear powers, has the grave responsibility of attempting to slow and eventually halt the proliferation of nuclear weapons to the Third World as much as possible. A chronically unstable government like Argentina's, with a military establishment that commissioned the murders of at least 15,000 of its own citizens, might resort to developing a nuclear weapon in a regional conflict or one against an outside power, as in the case of the Falklands dispute, with disastrous results. White House approval for the sale is clearly irresponsible and detrimental to the hemisphere's, if not global security. Furthermore, the fact that the administration proceeded without consulting the Nuclear Regulatory Commission

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as is normally done, further illustrates its lack of prudence and disregard for non-proliferation norms."

ARGENTINA HAS NOT SIGNED NUCLEAR ACCORDS

With two commercial power reactors and a fuel fabrication facility already operating, and the region's most sophisticated cadre of atomic physicists, Argentina has emerged as Latin America's most advanced nuclear nation. At the same time, however, it has been the most insistent nation about reserving the right to manufacture and test nuclear weapons. Accordingly, it has never signed the Non-Proliferation Treaty or the Treaty of Tlatelolco, which makes Latin America a nuclear-free zone. Also, several of its nuclear facilities, including a reprocessing plant, are not even under international safeguards.

Argentina's reluctance to open its nuclear plants to inspection has not hidden the fact that it is perfectly capable of manufacturing a nuclear bomb. Indeed, officials of Argentina's National Atomic Energy Commission (CNEA) along with many Western analysts believe that, hitherto, the only constraint on weapons production is a political one. In fact, there is every reason to believe that such production already has begun. In May of this year, the CNEA director, Admiral Castro Madero, was compelled to respond to rumors that Argentina would soon test a nuclear bomb.

It is at this critical point where the West Germans, with U.S. acquiescence, have sold Argentina 143 metric tons of heavy water. Heavy Water, so-called because its hydrogen atoms contain an extra neutron, is necessary to produce enriched uranium, which in turn can be used to manufacture nuclear weapons. Argentines--although they are in the process of constructing a heavy water producing plant, in cooperation with a Swiss firm, due to be operational in 1985--have long had problems in obtaining sufficient heavy water. Previously, they have turned to various sources, including the Soviet Union, to meet their requirements. Their most recent purchase is merely another step in facilitating the manufacture of plutonium, and a reflection of the fact that despite their rhetoric, Western nations--and in particular, the Bonn government, which has consistently shown a disregard over the ethical nature of its nuclear clients--have been indifferent to whether a country has bound itself by the Non-Proliferation Treaty in supplying the materials needed to build nuclear weapons.

CRS REPORT POINTS TO FUTURE WEAPONS CAPABILITY

Since the inauguration of its first nuclear power plant in 1974, Argentina has been one of the most vocal defenders in the Third World of its right to build nuclear weapons, although it has always claimed that it would never do so in order to calm worried observers. But many Western officials and scientists believe, especially in the wake of the Falklands war, that the Argentine military is committed to attaining a nuclear weapons capability.

A Congressional Research Service report, published in 1982, indicated that Argentina "might be able to test a nuclear explosive by the mid-1980s, but could not produce a nuclear arsenal until the 1990s...." This development, coupled with a comment by Vice Admiral Castro Mader, that "we reserve the right...to undertake the development of euphemistically so-called non-proscribed military uses" of its nuclear capacity, is, to say the least, alarming. Castro Madero justified this stance by pointing out that Great Britain had used nuclear submarines during the Falklands conflict.

Indeed, the humiliating defeat in that conflict, and the need to regain international prestige, make possession of the bomb a tantalizing prospect for the Argentine military. Some analysts contend that in retrospect, the Argentine military believes that if it had the bomb in 1982, it might have dissuaded the British from attempting to reclaim the Falklands. Even if the British decided to go ahead, in that eventuality, Argentine deployment of nuclear weapons against British naval units, Buenos Aires is now reasoning, would not invite an immediate British response in kind. World public opinion would have prevented British retaliation against the Argentine mainland, with the large-scale loss of civilian life and destruction of private property.

It is feared that such cold-blooded logic might come into play should Argentina's present dispute with Chile over the Beagle Channel islands ever heat up. The precariousness of the military government's position in Argentina makes this prospect all the more likely. During the Falklands crisis, many noted that in one sense, the war provided the Argentine people with a nationalist distraction to their economic woes, to the short-term benefit of the government. The military, even more so now, needs a highly-visible prestigious event to renew its tarnished image. Possession of the bomb could do this.

POPULACE SUPPORTS NUKE DEVELOPMENT

Even when Argentina installs a civilian government at the beginning of next year, the country's forward motion on nuclear development will not automatically end. The Argentine nation does not oppose the country's possession of the bomb. This spirit is exemplified in the words of Juan Taccone, leader of the powerful utility workers union and an important figure in the Peronist Party, who has stated that "Argentina must have the atomic bomb," and that the next Peronist government--since the Peronists are expected to win the October elections--will be committed to such a course. It is also important to note that there are virtually no anti-nuclear groups in either the Argentine scientific or civilian communities.

PROGRAM NOT UNDER STRICT INTERNATIONAL SUPERVISION

Although a German sale of nuclear material to the Argentines would not normally involve the United States, U.S. approval was mandated by the fact that the heavy water was produced in the U.S. The British government, once a party to the transaction, absolved itself of all responsibility when it sold its share of the heavy water to Germany.

White House officials have based their approval of the West German sale on the "U.S.-Argentina agreement for peaceful nuclear cooperation, the applicable safeguard agreement with the IAEA (International Atomic Energy Agency), and additional non-proliferation assurances and guarantees from the Government of Argentina," according to one State Department official. However, the administration was less than honest when it failed to note that in many cases the safeguards have not been accepted by Argentina, or do not hold for particular contracts. Because of this, Washington's decision, based upon said agreements and safeguards, is fundamentally flawed. Also, it is well known that the IAEA inspection procedures are narrowly defined and, in fact, do not provide adequate safeguards against illicit routing of plutonium supplies.

Today, Argentina operates three nuclear power plants. The first, Atucha I, came on line in 1974, under contract with the West Germans. The second, Embalse, followed this summer, and was built in cooperation with Canada. The third, Atucha II, slated for completion in 1987, came under a German-Swiss contract.

It is highly revealing that in deciding between a West German and Canadian contract for the Atucha II plant, Buenos Aires chose Germany because it did not require Argentina to sign the NPT, or agree to "full-scope" safeguards. The German willingness--a similar policy was followed with its nuclear sales to Brazil--is characteristic with Bonn's policy of flooding weaponry into Latin America, irrespective of whether the recipient is a democracy or a repressive military regime.

INSPECTIONS DON'T INCLUDE ITEMS PRODUCED AT HOME

The Argentines, although not a signatory to the Non-Proliferation Treaty, have accepted IAEA safeguards, which include on-site inspection, for all of their research and power plants. But they steadfastly refuse to accept full-scope safeguards, that is, those which govern nuclear items produced at home. This includes spent fuel, one item used to produce bombs. It is true that the regulations govern plutonium, which would ultimately be needed to manufacture any nuclear weapon. However, the Argentine government has often been less than honest about operations of its plants, and still has not accepted safeguards on its pilot process plant or for its uranium milling and conversion activities. State Department officials still contend that the plutonium could not be routed out of the safeguarded, inspected plants to those that are not safeguarded. But this contention, at the very least, still rests on the hope that an aggressive and irresponsible Argentine military establishment will always abide by its earlier statements.

There are additional problems with Washington's contention that it is safe to provide heavy water to the Argentine government because its plants are all safeguarded. Many argue that the IAEA safeguards with respect to heavy water technology need to be updated because of changes in technology. The new Atucha II heavy water processing plant, for example, is not adequately controlled, according to this argument. And although the State Department calls the IAEA safeguards "the finest set anywhere," they are often considered inadequate, or too easily by-passed.

Meanwhile, despite repeated assurances that it will do so, Argentina is no closer to signing the Non-Proliferation Treaty or the Treaty of Tlatelolco. There is no document holding Argentina to its pledge that it will not build a bomb.

The State Department has also stated that approval of the sale does not represent a reversal of U.S. policy because the Carter administration also sold nuclear components to Argentina. But these sales did not include fuel reactors or materials such as heavy water, they were confined to "dual-use" items: computers and related equipment.

Therefore, the German sale, authorized by Washington, is indeed a reversal of U.S. policy, as it helps put nuclear weapons capability in the hands of an unstable and potentially aggressive Third World power. An Argentine nuclear capability would also tempt its neighbors, Chile and Brazil, to pursue similar nuclear policies.

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