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FM WASHINGTON 272304Z APR 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 1486 OF 27 APRIL

AND TO IMMEDIATE MODUK

INFO PRIORITY ROME

MA

ARGENTINA: ARMS SUPPLIES.

1. TODAY'S EDITION OF AEROSPACE DAILY REPORTED THAT THE U S DEPARTMENT OF COMMERCE SHORTLY AFTER THE ARGENTINE INVASION OF THE FALKLANDS APPROVED THE SALE TO ARGENTINA OF 32 WRIGHT J65 SKYHAWK ENGINES TO BE USED AS REPLACEMENTS FOR THE ARGENTINE A4S. SALES OF MILITARY EQUIPMENT AND SPARE PARTS TO ARGENTINA HAVE BEEN UNDER EMBARGO SINCE 1978. BUT J65 ENGINES ARE NOT SUBJECT TO MUNITIONS CONTROL.

2. WE RAISED THIS REPORT IMMEDIATELY THIS MORNING WITH BURT (DIRECTOR FOR POLITICO-MILITARY AFFAIRS IN THE STATE DEPARTMENT). BURT HAS NOW TELEPHONED TO SAY THAT LICENCES FOR THE EXPORT OF THE ENGINES WERE ISSUED BY THE DEPARTMENT OF COMMERCE BEFORE THE ARGENTINE INVASION. HE CONFIRMED THAT THE J65 ENGINES ARE NOT ON THE MUNITIONS LIST AND THE STATE DEPARTMENT WAS NOT AWARE OF THE TRANSACTION. THEY HAD INVESTIGATED URGENTLY, AS REQUESTED BY US. THEY HAD DISCOVERED THAT THE ENGINES WERE AT PRESENT INOPERABLE. THE EXPORT LICENCES HAD BEEN ISSUED FOR THEM TO BE SHIPPED TO FIAT IN ITALY TO BE PUT INTO OPERATING CONDITION. THE SHIPMENT HAD BEEN STOPPED TODAY BY THE U S CUSTOMS AUTHORITIES AND THE SHIP HAD LEFT WITHOUT THE ENGINES. EAGLEBURGER SUBSEQUENTLY CONFIRMED THIS TO THE MINISTER.

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