

U.S. Aims To Loot Oil, Undercut Argentina's Nuclear Program

ARGENTINA

In the last month the Carter Administration has drastically altered its political posture toward Argentina. The monetarist diagnosis had been that the country was a "lost cause" due to its unstable political situation; therefore, no one was willing to risk investment. Now, the official Carter Administration political line has taken a sudden 180 degree turn, dropping the "human rights" posture which had so aggravated Argentina's political instability.

In this connection, it has suddenly been discovered that Argentina possesses the greatest offshore oil reserves in the Western Hemisphere. According to the Mexican Daily *Excelsior*, the U.S. Geological Office estimates that 200 billion barrels of oil are located on the Argentine Atlantic coast and off the coast of the Falkland Islands.

By claiming that Argentina possesses such vast oil reserves, the Carter Administration is attempting to achieve two things. First, loot whatever oil reserves do exist, using Argentina as a "strategic reserve" against the "unstable" Arab oil countries. Second, force Argentina to abandon its advanced nuclear development program in favor of exploration, for these allegedly vast reserves, and force it to sign the nuclear Non Proliferation Treaty.

The zero growth and "energy conservation" policies behind the Carter Administration changed line were made clear by a top officer of the World Bank, who recently stated that "...Latin American experts on energy think that known reserves of crude petroleum in Latin America are enough to keep production going at its current levels (i.e. zero growth) for the next 20 years..." In other words there is no necessity to develop nuclear energy since industrial production is not to expand in the future.

In order to make its policies work the Carter Administration has been forced to bail-out "moderate" Argentine president General Jorge Videla from the constant threat of a fascist military coup. On May 25, *The New York Times* wrote: "...the regime now urgently needs some American help to block the fascist movement stirring in the wings." The Times added that if the hardliners seize power, they will "further disrupt Argentina's economy."

In the case of Argentina, the Carter advisors have gone so far as to retreat from their human rights bluff, formerly policy against all the Southern Cone countries of Latin America. On June 1, Brzezinski met for one hour in Washington with Argentine Finance Minister Jose Alfredo Martinez de Hoz, a personal friend of David Rockefeller. After the meeting, Brzezinski stated that the U.S. has a complete understanding of the Argentine

situation. He praised the success of the de Hoz-IMF program, while naming some generals killed by the guerrilla movement in the last few years to show he understood the need for right "violations" in Argentina. The Venezuelan daily *El Nacional* reported June 10 that de Hoz offered a "package deal" for joint exploitation of Argentina's oil reserves in exchange for such a "comprehensive" position of toleration from the Carter Administration. The article also pointed out that all three people with whom de Hoz held high level secret meetings were member of David Rockefeller's Trilateral Commission.

The Oil Rush

Since December 1976, when the Rockefeller forces announced through a Commission for Critical Choices report that Argentina possesses vast oil reserves, a domestic battle has been waged between nationalist forces and those who want to facilitate oil looting by the U.S. Early this year, retired general Juan Carlos Reyes, then head of the state enterprise Yacimientos Petroliferos Fiscales (YPF), made a statement opposing the government's open door policy and denouncing Exxon and Shell as the "monopolies" seeking to "take over Argentina's oil." Immediately afterward, Reyes was forced to resign, while the government issued Decree-Law 1080 transforming YPF from a state enterprise into a "mixed" corporation. The decree allows the private sector ownership in YPF for the first time since its 1923 creation, and authorized private formulation of oil policy and private development, processing, and marketing of the country's hydrocarbon resources. Reyes' post was taken over directly by de Hoz through the Finance Ministry, naming a Board of Directors formed of five people: one representative of each of the three Armed Forces branches and one representative of the Interior and Finance Ministries.

On June 1, while de Hoz met with Brzezinski a new decree to "return" gas retail services to U.S.-owned Exxon and Dutch-owned Shell was issued. In 1973 Exxon and Shell were nominally placed under YPF control but only for domestic political reasons.

From now on Exxon and Shell signs can go up at service stations, but this will be delayed 18 months for fear of nationalist protest and guerrilla attacks!

Argentina is going to open up for international bids for exploration starting in the second half of this year; and offer risk contracts for offshore exploration in the beginning of 1978. Well informed sources as well as the Argentine press however, are reporting that oil exploration and exploitation have already begun as shown by the rising trend of oil production starting in January of this year.

During the first quarter of 1977 there was an important increase in oil production. The First National Bank of Boston's newsletter reports that extraction during the first quarter reached 6,140,800 cubic meters, exceeding

last year's same period output by 10.3 percent. The country's oil imports provide 10 percent of the total oil consumption, but the president of Hughes Tool Co. of Buenos Aires stated June 13 that by 1980 Argentina will be self-sufficient in oil and could, soon after, start exporting. Sources from Nelson Rockefeller's Commission for Critical Choices estimate this will happen even sooner.

One incentive has been de Hoz's new Foreign Investment Law, approved December, 1976. One of the outstanding aspects of the law states that Argentina's oil reserves are *not* strategically vital, and are therefore open for foreign capital investments. Despite the fact that Wall Street sources labeled the law as "the most liberal" in Latin America, during the first quarter of this year absolutely no one attempted to make use of it.

Nuclear Program

By pushing this oil-looting policy toward Argentina the Carter Administration is trying to undercut Argentina's nuclear program, the most ambitious and advanced in Latin America. This year Argentina has already started to export nuclear technology within the continent, becoming the first developing country to do so. That is a slap in the face to the Non-Proliferation Treaty forces.

The country's nuclear policy was started in 1950 and is based on pushing the development of nuclear energy for peaceful industrialization uses. Currently, Argentine nuclear development is under the supervision of the Navy and the Atomic Energy Commission (CNA). The state corporation that runs the program is headed up by Captain Carlos Castro Madero, an atomic physicist strongly committed to scientific development. Castro Madero is backed by the country's nationalists, industrialists and allied military men. This group of nationalists and industrialists is linked to the Buenos Aires newspaper *Clarín*; they supported Brazil's rights to complete a nuclear deal with West Germany opposed by the Carter Administration.

The first nuclear plant, Atucha I, started operating in 1974, with a capacity of 320 megawatts. The reactor's heavy-water, supplied by the U.S., is cooled in a process fueled by natural uranium. The natural uranium comes from the country's own vast reserves, estimated at 24,000 tons, "enough to fuel six reactors for over 30 years," as Castro Madero stated recently. In February of this year, his CNA made a breakthrough when they initiated the implementation of a plan for the "examination and preventive readjustment" of the Atucha I reactor which

has been functioning for three years in a row. The Cuban news service *Prensa Latina* praised the breakthrough, stating that "this is the first time that scientists from an underdeveloped country are taking on their own readjustment of a nuclear reactor." After the readjustment takes place, the reactor capacity will increase by 8 percent to 544.5 megawatts.

Currently, CNA efforts are divided between several projects, among which the most important is the construction of a second nuclear plant to be located in the state of Cordoba. The Embalse Plant is a joint effort between Argentina, Canada and Italy. The Italian firm, Italiampianti, is in charge of the civil construction, 40 percent of which is already completed. Also, Argentina and Canada signed in 1974 a deal for the sale of a *Candu* reactor (Canadian-deuterium-uranium) at a capacity of 600 megawatts. The overall work is to be completed by 1980 and is said to be on schedule, despite attempts to create an international scandal around alleged bribe money when the deal was signed. The purpose behind the "scandal" became clear when the Canadian and U.S. press increased pressure on Argentina to sign the Non Proliferation Treaty. Canadian official sources stated that the *Candu* reactor deal was the last unless Argentina signed the treaty.

Argentina's goal is to reach self-sufficiency in nuclear energy and be able to export nuclear technology outside the continent. In this connection, the country has already started to build the first plant to domestically produce heavy water for its reactors. The plant will produce 20 tons of heavy water per year and is to be provided with water from the Pampa region, rich in deuterium.

A key advantage of the Argentina nuclear program is the fact that its nuclear reactors are fueled with heavy water and natural uranium; they do not have to depend on enriched uranium imports (primarily from the U.S.) which the Carter Administration has threatened to ban. This is obviously one of the reasons why the U.S. has put the screws on Argentina to sign the Non Proliferation Treaty.

Scientific and technical training is a key aspect of the CNA's program. Castro Madero often refers to the danger of massive "brain drain," and has demanded higher wages for the scientists and physicists now being hit hard by the IMF austerity program. Among other priorities that the extensive CNA nuclear program contemplates for the future are the construction of a "multi-national" plant, aimed at exporting enriched uranium, and, by the year 2000, producing 15 thousand megawatts.

Argentine Nuclear Plants

Nuclear Plants	Energy Capacity	Partners	Year of Completion	Located
Atucha I	320 megawatts	BRD-Canada	1974	Buenos Aires
Embalse Rio Tercero	600 megawatts	Italy-Canada	1980	Cordoba state
Atucha II	600 megawatts	BRD-Canada	1983	Buenos Aires
3 others	600 megawatts each one	90 percent Argentine	1990	Mendoza and Bahia Blanca (estimations)