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INFO SAVING WASHINGTON, PARIS, UK MIS NEW YORK, BIS BUENOS AIRES

MY TELNO 296: FALKLANDS: ITALIAN REPORTING ON ARGENTINA

1. BARBARANI TODAY SHOWED US A FURTHER SERIES OF TELEGRAMS FROM BUENOS AIRES, DATED 2-7 JUNE.

CUBA

COPIES

2. KOCIANCICH COMMENTS THAT COSTA MENDEZ WAS CAREFUL ABOUT THE WAY HE PRESENTED HIS TRIP TO HAVANA FOR THE NON-ALIGNED MEETING, STRESSING TO HIS DOMESTIC AUDIENCE THAT IT IMPLIED NO CHANGE IN ARGENTINA'S FOREIGN POLICY. HIS STATEMENT ABOUT POSSIBLE READMISSION OF CUBA TO THE OAS HAD DELIBERATELY BEEN GIVEN LITTLE PROMINENCE INSIDE ARGENTINA. HIS FRIENDLINESS TOWARDS CASTRO HAD NEVERTHELESS BEEN CRITICISED IN THE ARGENTINE PRESS: MANY ARGENTINES REGARDED CUBA WITH REPULSION AS A SOVIET TOOL.

ECONOMY

3. KOCIANCICH SAW ALEMANN ON 3 JUNE. ALEMANN SAID THAT THERE WAS NO ALTERNATIVE TO HIS POLICY OF AUSTERITY. THE FIGHT AGAINST INFLATION (30 PER CENT IN THE FIRST FIVE MONTHS OF 1982) HAD GONE WELL. BUT BECASUE OF THE WAR, THE ATTEMPT TO CONTAIN PUBLIC SPENDING HAD BEEN GIVEN UP, AND HE COULD NOT NOW PREVENT INFLATION RISING. HE HOPED FOR A RAPID RESOLUTION OF THE CRISIS TO PERMIT HIS ECONOMIC PLAN TO BE RESUMED.

4. ALEMANN DESCRIBED US AND EUROPEAN SANCTIONS AS INEFFECTIVE. ARGENTINA HAD DIVERTED EXPORTS OF GRAIN, AND TO A LESSER EXTENT OF MEAT, TO THE USSR, VENEZUELA, IRAN, AND PANAMA. EXPORTS FOR 1982 SHOULD BE DOLLARS 9.5 BILLION AND IMPORTS DOLLARS 6.5 BILLION. THE SURPLUS WOULD PAY INTEREST ON ARGENTINA'S DEBTS. THE GOVERNMENT WOULD NOT TOUCH RESERVES TO DEFRAY DEBTS. BUT WOULD

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GALTIERI

5. THE WELL KNOWN ITALIAN JOURNALIST, ORIANA FALLACI, GAVE KOCIANCICH AN ACCOUNT OF HER RECENT INTERVIEW WITH GALTIERI, SOON TO BE PUBLISHED IN THE WASHINGTON POST AND THE TIMES. GALTIERI WAS TENSE AND TIRED. HE SAID THAT HE WOULD RESIGN BEFORE THE END OF HIS MANDATE IN 1984 IF THAT WERE IN THE INTERESTS OF ARGENTINA. HE ADMITTED TO HAVING MISJUDGED THE BRITISH AND US REACTION TO THE ARGENTINE INVASION. PRESSED TO DEFEND HIS CHARGE OF BRITISH COLONIALISM, HE FELL BACK INSTEAD ON THE ARGUMENT OF GEOGRAPHIC PROXIMITY TO JUSTIFY ARGENTINA'S ACTION. ASKED TO SAY HOW LONG ARGENTINA WOULD WAIT FOR RECOGNITION OF HER SOVEREIGNTY THROUGH NEGOTIATION, HE MERELY SAID "NOT ANOTHER 150 YEARS". WHEN FALLACI TOOK THE FALL OF PORT STANLEY FOR GRANTED, HE DID NOT CORRECT HER, COMMENTING ONLY THAT THE BRITISH HAD LOST AT DUNKIRK BUT WON FOUR YEARS LATER.

6. ASKED ABOUT ARGENTINA'S INTERNATIONAL ALIGNMENT, GALTIERI SAID THAT ARGENTINA WOULD NOT SPURN ANY OFFER OF ASSISTANCE, BUT HAD NOT YET BEEN OBLIGED TO SEEK IT. HE WOULD NOT BE DRAWN ON ARMS SUPPLIES FROM LIBYA OR ISRAEL.

7. ON INTERNAL AFFAIRS, GALTIERI ADMITTED THAT THE NUMBER OF DISAPPEARANCES HAD DAMAGED ARGENTINA'S IMAGE ABROAD, BUT SAID THAT THIS "DIRTY WAR" HAD BEEN FORCED ON THE COUNTRY BY THE TERRORISTS. HE IMPLIED THAT THE ISSUE WAS CLOSED. HE PROFESSED A DESIRE TO RETURN TO DEMOCRACY, BUT GAVE NO DETAILS.

8. FALLACI SPOKE TO KOCIANCICH IN STRICT CONFIDENCE, AND HIS REPORTING TELEGRAM IS CLASSIFIED SECRET. IT IS ESSENTIAL THAT OUR KNOWLEDGE OF THIS SHOULD NOT BE REVEALED, EVEN AFTER THE INTERVIEW HAS BEEN PUBLISHED.