



U.S. – ARGENTINA MONITOR

Leadership

John J. Hamre
*CSIS President
and
Chief Executive Officer*

Sidney Weintraub
*Director
CSIS Americas Program*

Phillip McLean
*Senior Associate
and
Deputy Director*

Miguel Díaz
*Director
South America Project*

Carlos M. Regúnaga
*Director
CSIS Argentina Office*

U.S.-Argentine relations are undergoing an important metamorphosis at the moment. The agreed objective is to move to a mature relationship from one characterized in the past by discordant expectations, and periodic rhetorical excesses. Mature relations between countries entail a civil, studied, and regular interchange of views among those actors who shape the relationship, whether they are diplomats, businesspeople or mere think tankers. With this newsletter, CSIS hopes to provide a space for the articulation of a wide range of perspectives on issues that impact the bilateral relationship. To get this bilateral dialogue going, we are honored that Argentina's Foreign Minister, Rafael Bielsa and the U.S. Ambassador to Argentina, Lino Gutierrez, have generously offered their perspective on the state of U.S.-Argentine relations. In their respective pieces, they have set a high standard for future editions of this newsletter, employing a constructive tone that is sure to benefit all readers. Moreover, CSIS Argentina office director Carlos Regúnaga has enriched this first issue by putting the spotlight on an aspect of the relationship – high tech cooperation – that is seldom covered in the mainstream media. The onus is now on the rest of us to follow in their footsteps. We invite readers to submit contributions to help this U.S.-Argentine Monitor become a forum for dialogue between our countries. To do so, please send submissions to mdiaz@csis.org. Thank you.

Sincerely,
Miguel Diaz.

Contents:

- **Assessing U.S.-Argentine Relations** by Rafael Bielsa, Minister of Foreign Affairs, Argentina
- **The U.S. and Argentina: Natural Partners** by Lino Gutiérrez, U.S. Ambassador to Argentina
- **1991 Space Amity** by Carlos M. Regúnaga

U.S. - ARGENTINA MONITOR AMERICAS PROGRAM

Assessing U.S.-Argentine Relations

by Rafael Bielsa

It is a great pleasure for me to be able to participate in this new undertaking of the prestigious CSIS which, through research, will particularly devote itself to the follow-up and development of contributions intended to enrich the highly diverse bilateral relationship between Argentina and the US and become a new link in the complex interdependence network bringing both societies close to each other.

Countries, like individuals, have a fundamental need for direct contact with their counterparts in order to develop to the full. Often, however, their approaches do not go beyond the scope of the public and official realm and fall short of true familiarity between the peoples.

This is why we must find all possible means in order that, from different approaches and perspectives, we may enhance all fields of the relationship, highlighting that, deep analysis and the exchange of views (all of which will be boosted by this publication) will undoubtedly be one of the main tools for mutual understanding and acceptance within a framework of friendship and respect.

Since May 2003, we have embarked upon the task of giving new life to our position in the world, valuing our traditions, strengthening actions with our neighbours and with the continent as a whole, consolidating our historical fraternity with the European countries, which have shaped much of our idiosyncrasy and customs, and expanding our presence and ties with the Arab world, with Asia and with African countries.

As regards the United States, we are pursuing a mature, candid and serious relationship, with the features and commitments this involves; i.e. we may have different views and perspectives on some specific issues, but share and defend the common foundational values that have guided and ruled our societies all along.

These values, such as the defense of democracy, respect for human rights, rule of law, full development

Valorizando Relaciones Entre los EEUU y Argentina

por Rafael Bielsa

Es para mí muy grato poder participar en este nuevo emprendimiento encarado por el prestigioso CSIS que, desde la investigación, estará particularmente dedicado al seguimiento y a la elaboración de aportes para enriquecer la muy variada relación bilateral entre la Argentina y los EE.UU., constituyéndose en un nuevo eslabón de la red de interdependencia compleja que aproxima a ambas sociedades.

Los países, como los individuos, necesitan imperiosamente mantener un contacto directo con sus contrapartes para desarrollarse en plenitud. Sin embargo, estos acercamientos suelen en muchos casos no trascender del ámbito público y oficial, manteniéndose alejados del verdadero conocimiento entre los pueblos.

Es por ello que debemos articular todos los medios posibles para que, desde diversos ámbitos, podamos abonar todos los campos del relacionamiento, destacando que el pensamiento, el análisis profundo y el intercambio de perspectivas – actividades todas éstas que se verán potenciadas con la presente publicación- serán, sin dudas, unas de las principales herramientas para una comprensión y aceptación mutuas, en un marco de amistad y respeto.

Desde mayo de 2003 nos hemos abocado a dar nueva vida a nuestra inserción en el mundo, valorando nuestras tradiciones, fortaleciendo el accionar con nuestro vecinos y con el continente todo, afianzando nuestra histórica fraternidad con los países de Europa, que han alimentado gran parte de nuestra idiosincrasia y costumbres, y ampliando nuestra presencia y vínculos con el mundo árabe, el Asia y los países del Africa.

En el caso de los EE.UU., estamos desarrollando una relación madura, sincera y seria, con las características y compromisos que esto implica, a saber, que podemos diferir en apreciaciones y perspectivas en algunos temas puntuales, pero que compartimos y defendemos los comunes valores fundacionales que orientaron y rigen a nuestras sociedades desde sus orígenes.

U.S. - ARGENTINA MONITOR AMERICAS PROGRAM

development of individuals and, generally, the fight against social exclusion, hunger and illiteracy, are pillars of our government action on which we wish to work and cooperate with the US and with all friendly nations.

In this regard, we recognize the rise of new threats, such as international terrorism, drug trafficking and organized crime, which have become scourges for peaceful coexistence. We are fighting indefatigably against them and I am pleased to highlight the joint actions we are undertaking with countries on the continent with a view to building a harmonious global community, which is essential to ensure the domestic development of peoples.

Without a doubt, personal links between our political leaders is an essential component, as it paves the way for serious dialogue to level out our differences, clarify our positions and make our aspirations known. This is fully evidenced by the recent meeting between Presidents Kirchner and Bush in Monterrey.

It is our strong belief and determination to continue laying down the foundations for lasting, stable friendship between our governments and peoples, based on maturity and understanding, so as to enable -through joint action- the full development and progress of our countries.

I wish the CSIS all the best of success in this initiative, the results of which are certain to serve as a source of inspiration and debate for those seeking to identify and make the most of the great opportunities afforded by this century and, at the same time, to rise to the challenges it brings.

Estos valores, como la defensa de la democracia, el respeto por los Derechos Humanos, la vigencia del Estado de Derecho, el desarrollo pleno del individuo y, en general, la lucha contra la exclusión social, el hambre y el analfabetismo, son puntales de nuestro accionar de gobierno en los que queremos trabajar y cooperar con los EE.UU. y con todas las naciones amigas.

En este sentido, reconocemos la aparición de nuevas amenazas, como el terrorismo internacional, el narcotráfico y el crimen organizado, que se han convertido en flagelos para la convivencia pacífica. Contra ellas luchamos incansablemente, y me complace destacar el accionar conjunto que llevamos adelante con los países del continente tendiente a construir una comunidad global armónica, fundamental para garantizar el desarrollo interno de los pueblos.

El relacionamiento personal de nuestros gobernantes, es sin dudas una componente esencial, ya que permite un diálogo franco que allana nuestras diferencias, puntualiza nuestras posiciones y hace conocer nuestras aspiraciones. El reciente encuentro entre los Presidentes Kirchner y Bush en Monterrey es plena prueba de ello.

Es nuestra firme convicción y determinación continuar estableciendo bases fundacionales para erigir una amistad perdurable y estable entre nuestros gobiernos y nuestros pueblos, que se sustente en la madurez y la comprensión, y que permita -mediante el accionar común- el pleno desarrollo y el progreso de nuestros países.

Deseo el mayor de los éxitos al CSIS en esta iniciativa, cuyos resultados serán -sin dudas- fuente de inspiración y debate para quienes buscan identificar y aprovechar las grandes oportunidades que este siglo nos ofrece y afrontar, al mismo tiempo, los desafíos que nos depara.

UPCOMING ARGENTINA EVENTS

February 19, 2004 – 8:30-10:00 am. Rodolfo Gil, Argentine Ambassador to the OAS, Rosendo Fraga, Director of the Centro de Estudios, Union Para la Nueva Mayoría, and Claudio Loser, Visiting Fellow at the Inter-American Dialogue will be discussing the first 9 months of the Kirchner government.

March 5, 2004 – 8:30-10:00 am. Adolfo Franco, Assistant Administrator, Latin American and Caribbean Bureau at the U.S. Agency for International Development will be discussing AID's agenda for Latin America.

U.S. - ARGENTINA MONITOR

AMERICAS PROGRAM

The U.S. and Argentina: Natural Partners by Lino Gutiérrez

The United States and Argentina have much in common. Both are pioneer nations, in whose veins runs the lifeblood of people from many lands. Both are cultural pioneers as well, contributing more than their share to the fine arts, the world of science, and every realm of thought. Our two countries share a strong belief in the free market system as a way of opening the doors of economic opportunity to all, as well as a strong commitment to democracy and human rights.

The relationship between two countries that share so much should be vital and strong. Happily, that is now the case. From the U.S. point of view, the bilateral relationship is solid and healthy – better than ever, in fact, given the strong chemistry between President Bush and President Kirchner and the way our two countries have worked together on many issues.

We consider Argentina one of our closest friends and one of our most important allies. Our goal for Argentina can be expressed in one simple phrase: we want Argentina to succeed. For us, Argentina's recent economic upturn is very good news indeed, as is its agreement with the IMF. We look forward to more of the same. For us the ideal situation would be a newly prosperous Argentina where every citizen gets up in the morning knowing that a job is waiting for him.

Our relations with Argentina, once contentious, have entered a more mature phase. There will always be issues on which we don't see eye to eye – and that's no different from any relation we have with any friendly country. But we also know the U.S.-Argentine relationship goes beyond crises and the occasional disagreement. Our ties continue to be based on shared values - especially on our joint commitment to freedom and democracy. Argentina has already served as a powerful ally for Western and democratic values in regional and multilateral fora. We expect to continue working with Argentina on issues such as the campaign against terrorism, Colombia, and free trade.

Like you, we're aware that Argentina's recent economic improvements do not mean the end of its troubles. There's a lot left to do. But my government has faith in the Argentina's ability to solve those problems. We're confident that Argentines of all persuasions will be able to find a way to work together within the context of democratic stability to meet this country's pressing needs.

The U.S. welcomes the steps Argentina has taken so far in putting its economic house in order. Measures like these, along with continued work with the IMF, will help restore consumer and investor confidence in Argentina and speed the return of growth and prosperity. We expect that the strong relationship already formed between President Kirchner's new government and the Bush Administration will build on the ties that already link our two countries to form a new and effective partnership.

This cooperative bilateral relationship is a logical consequence of the clear and consistent U.S. policy toward the region. We are well aware of the many problems that have surfaced as this hemisphere seeks to make progress. And we don't think change will come easily. But the U.S. sees opportunities as well as problems; we see the potential for this hemisphere to thrive as a haven for democracy and prosperity. And that is just where our policy for Argentina – and our other partners in the hemisphere – is aimed: at supporting (and helping, where we can) this country and others to take the steps that will make that potential a permanent reality.

U.S. - ARGENTINA MONITOR

AMERICAS PROGRAM

Democratic solutions will be key in unlocking the region's potential. U.S. warmly welcomes Argentina's active role in regional and multilateral institutions like the OAS and the UN. Argentina's initiative in supporting the OAS's democracy clause and the important role it plays in supporting UN peacekeeping operations worldwide are demonstrations of the positive role Argentina can and must continue to play internationally.

The United States will continue to work in partnership with Argentina and other nations in multilateral fora to reduce trade barriers, strengthen the global security framework, and reinforce democracy in this hemisphere and beyond. Together we can help the diverse and deserving peoples of this hemisphere restore prosperity and preserve democratic stability in what we know will truly become the Century of the Americas.

1991 SPACE AMITY

by Carlos M.Regúnaga

Argentina is well known as a large producer and exporter of agricultural goods. And disputes between Argentina and the Cairns Group with the United States and other countries on the issues of subsidies and market restrictions for such goods has plagued trade negotiations and received great attention in the media for many years.

Unfortunately, much less attention is usually given to areas of prolonged, fruitful cooperation between the two countries and to Argentina's capabilities in high tech endeavors. For that reason, this column will be devoted to cases of joint efforts between U.S. agencies and companies and their Argentine counterparts in non-traditional fields, as well as to trade opportunities that such enterprises might catalyze. I start today with an item placed at the opposite end of the technological spectrum: instead of agricultural commodities, satellites for scientific research.

Within the framework of an agreement entered into in 1991, the U.S. National Aeronautics and Space Administration (NASA) has cooperated extensively with the Argentine Comisión Nacional de Actividades Espaciales (CONAE). The prime contractor for CONAE is INVAP, an enterprise that belongs to the Province of Río Negro, dedicated to the design and construction of complex technological systems, including nuclear reactors, chemical plants, industrial automation devices and Earth observation and research satellites.

Fruits of such agreement have been the Argentina-US SAC satellite joint missions. In particular, the operational SAC-C was placed in orbit from Vandenberg, California, on November 21st, 2000, together with EO-1, on the first dual payload launch of a Boeing DELTA II rocket. The early orbits campaign was conducted from the Mission Operations Control Center at Córdoba, Argentina, in collaboration with a network of NASA and European Ground Stations.

This satellite provides data for the study of terrestrial and marine ecosystems, atmospheric temperature and water vapor monitoring and carries instruments of Argentina, US, Denmark, Italy and France.

INVAP is also the main contractor for the Aquarius SAC-D satellite, a joint effort between CONAE and NASA's Goddard Center and Jet Propulsion Laboratory.

Its purpose is to obtain information about the salinity of the Earth's oceans and the humidity of large land surfaces. The former is very important in helping predict the weather. In particular, it may help to foresee events like El Niño, while the latter will help prevent, or react to, forest fires. It is due to be launched in 2007 and will carry in its payload instruments of Argentina, US, Italy and France.

U.S. - ARGENTINA MONITOR AMERICAS PROGRAM

These examples of scientific and technological cooperation could turn into a commercial partnership if legal obstacles would be eliminated or could be circumvented. Due to the excellent ratio achieved between size of platform and payload, as well as the low cost of highly skilled labor in Argentina, Argentine satellites are cheaper than any available alternative within their small-size category, i.e. RSDO (Rapid Spacecraft Development Program). INVAP is ready to sell them in the U.S. market but the Buy American Act (BAA) and the Trade Agreements Act (TAA), block such efforts.

The latter, in particular, provides that “only U.S.-made end products or eligible products” can be purchased in cases to which this act is applicable “unless offers for such end products are either not received or are insufficient to fulfill the requirements”. Purchases by NASA, or made by other agencies or private companies, with federal funds are subject to the TAA. Eligible products are those of designated countries, a list that does not include Argentina.

The search for a solution has been on the negotiating table for some time. Within the present U.S. legal structure, a bilateral treaty is the only way that would make Argentina “a designated country” in the wording of the TAA, thereby waiving the application of the BAA and the Balance of Payments Program.

As far as the balance of trade is concerned, it should be remembered that the United States has consistently enjoyed surpluses for more than a century. The few years when Argentina showed a surplus are those marked by drastic reductions in Argentine imports as a consequence of great deep recessions rather than caused by increases in Argentine exports.

Argentina has offered to enter into a bilateral reciprocal agreement referred to space, but the United States has refused, on the grounds that space programs should be included in the larger framework of a bilateral or multilateral treaty encompassing government procurement in general. Such broader arrangement would be very positive but, unfortunately, comes under the discussions regarding the integration of the Free Trade Area of the Americas, with its drawn-out agenda, and its “hard” or “light” alternatives, that may or may not in the end include government purchases.

Greater cooperation and trade between the two countries in general, and the opening of the U.S. market to Argentine-made satellites in particular, would benefit both countries: Argentina would gain from the commercial transactions themselves plus the prestige involved in selling such a high tech product in the most demanding market in the world. The United States could use satellites that contain a large proportion of U.S.-made component parts at a price that is a fraction of what the whole device would cost if totally made in the United States. It would also benefit from the political fallout in Argentina of giving the long years of cooperation between NASA and CONAE a culmination that would surely have a great favorable impact in public opinion.