a. Section 620(B) would have no effect on supply support arrangements for which FMS contracts were concluded prior to October 1, 1978;

b. Exports of munitions list items procured under supply support arrangements (or any other FMS contract) could take place after October 1, 1978, without export licenses where export is carried out by the USG itself or actual transfer of possession is effected in the United States by a USG agency to the Argentine Government or its carrier.

By memo (Tab 3) dated September 21, 1978, Assistant Secretary Vaky advised the Acting Secretary that while no new FMS letters of Offer and Acceptance could be issued after October 1, 1979, the FMS pipeline could be delivered, as long as no private commercial freight forwarders are involved. Deliveries of material to Argentina from the FMS pipeline and under FMS supply support arrangements have continued since September 30, 1978. The case in point involves an FMS aircraft supply support arrangement concluded between the US and Argentine Navies in 1975 under which the Argentines requisitioned fourteen J-65 engines in August 1979 and picked them up at Alameda, California, Naval Air Station and transported them back to Argentina. An export license was not required since an Argentine carrier was utilized.

This is gravy —

The foregoing confirms the Curtiss Wright claim that while they were refused permission to export J-65 engines to Argentina prior to the embargo, the USG provided the same engines to Argentina subsequent to the embargo. It is quite possible that other items of A-4 support equipment denied for commercial export have been made available since the embargo under this supply support arrangement. This and other supply support arrangements will continue in force until their dollar values are exhausted.

Attachments:

1. Tab 1 - Letter to Curtiss Wright
2. Tab 2 - Cable to Embassy Buenos Aires
3. Tab 3 - Briefing Memorandum to The Acting Secretary

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Concurrence: PM/SAS - Mr. Farber
ARA/ECA - Mr. Adams
DOD/DSAA - Mr. Jameson (substance)