

(d) Approve no Argentine development projects;

(e) Permit no exports of Fourdrinier phosphorus bronze screens until the Argentine Government desists from its present practice of purchasing locally manufactured newsprint for distribution to totalitarian mediums;

(f) Subject to the above and following limitations, permit Argentina to acquire materials in the United States:

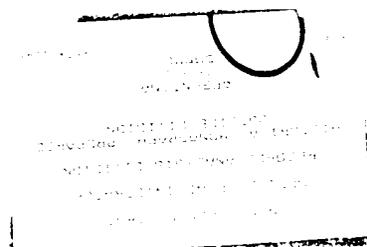
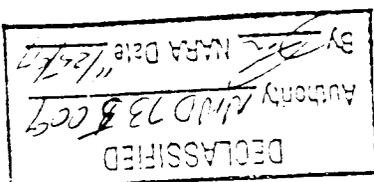
(1) Limit allocations of materials in scarce supply to the requirements of those industries in Argentina whose products are necessary to the United Nations war effort, plus minimum amounts in other fields for the maintenance of public health and safety. Such minimum allocations to be made with due regard to stocks available in Argentina;

(2) Limit allocations of bulk materials, not in scarce supply to tonnages consistent with transportation facilities within the United States and shipping facilities between the United States and with due regard to stocks available in Argentina.

All certificates of necessity covering commodities under (1) and (2), with the exception of frigorifico and other shipments not subject to the certificate of necessity, will be marked with the symbol X and will either be recommended for approval or rejection by the Embassy. Such recommendations will not be overruled without prior consultation with the Embassy;"

I shall appreciate it if you would call the particular attention of the licensing officers to the final sentence of the concluding paragraph quoted above reading as follows:

"Such



"Such recommendations will not be overruled without prior consultation with the Embassy".

Sincerely yours,



Dean Acheson
Assistant Secretary

Enclosure:

Economic Policy towards Argentina
(Revised as of March 4, 1943)

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By [Signature] NARA Date 12/27/77

REPRODUCED FROM THE NATIONAL ARCHIVES
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December 15, 1942

Economic Policy towards Argentina

(Revised as of December 15, 1942)

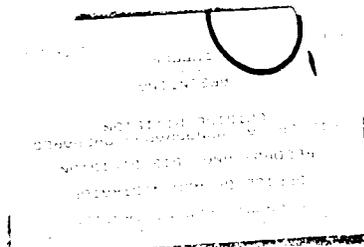
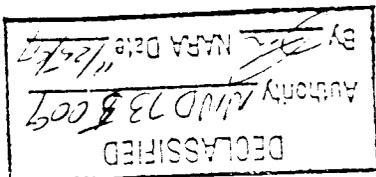
Objectives of Policy

1. Optimum utilization of critical materials and ships for the war needs of the United Nations, including those needs which are supplied by Argentina, and the requirements of the other American republics which are meeting their inter-American commitments.
2. Prevention, within the limits of United States control, of economic operations beneficial to the Axis.
3. Avoidance of pressure not relating to the achievement of items 1 and 2, and within such limits, extending assistance to interests favorable to the United States.

Implementation of Policy

1. Purchases of Argentine products.
 - (a) The British to continue their purchases of meat and other critical items. Purchases carried on by the British for the account of the United States Army, including meat and other foodstuffs, to be made in Brazil and Uruguay and other countries as much as possible, so as to reduce to an absolute minimum such purchases to the United States Army account in Argentina.
 - (b) The United States to continue to purchase such Argentine strategic commodities as can be shipped in Argentine vessels. However, it may be necessary for United States ships to transport some Argentine commodities, inasmuch as Argentine ship operations leave something to be desired with respect to regularity and number of vessels engaged in the trade.
 - (c) Ships controlled by War Shipping Administration in general will touch only at Montevideo

in the



in the River Plate area, lifting some of their cargo from South Brazil, Uruguay and Paraguay. These vessels will not accept Argentine cargo transhipped through Montevideo nor will they make stops at Buenos Aires except to the extent necessary (point b).

2. Exports to Argentina.

(a) Permit no exports to the Argentine armed services, including maintenance items and parts, and coal for the Argentine Navy.

(b) Permit no export of railway locomotives or rolling stock, or automotive vehicles.

(c) Subject to the above limitations, permit Argentina to acquire in the United States coal, newsprint, paper and materials not in scarce supply.

(d) Continue allocations of materials in scarce supply, including iron and steel and tinplate in amounts which will furnish the requirements of those industries in Argentina whose products are necessary to the United Nations war effort, on the minimum basis necessary for the maintenance of public health and safety, and with due regard to the availability of those various materials to the other American republics which are contributing to the war effort.

(e) Approve no Argentine development projects.

(f) Limit shipments in accordance with the general schedule indicated below under "Merchant Shipping". The production of commodities for export to Argentina should accordingly be planned taking into account existing stock in the United States ready for export to Argentina.

(g) Expand joint export programming with the United Nations and Canada in order to effect the maximum diversion of their east coast

exports

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exports to Brazil and Uruguay, especially of coal, and to prevent overlapping in the minimum supply of scarce materials to Argentina. Continue discussions with the Brazilian Government with a view to obtaining its concurrence in a similar program to prevent the undue diversion of scarce materials to Argentina.

(h) Continue present discussions with Sweden looking towards the limitation of Swedish trade with Argentina with regard to newsprint and certain paper and pulp products. When these are concluded, the shipping program should be modified accordingly, if necessary.

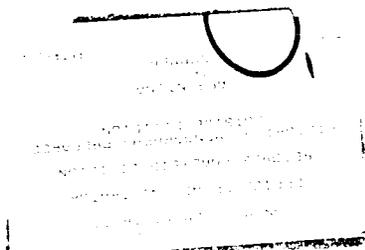
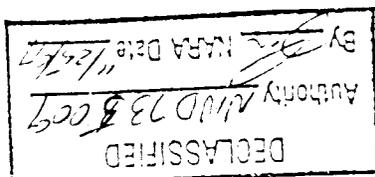
(i) Control, through navicerts and any other appropriate means, trade between Argentina and European neutrals.

3. Merchant Shipping.

(a) Allocate no United Nations-controlled ships to the United States-Argentina run, and continue to request the Swedes not to place any of their vessels in this trade.

(b) Operate on the basis of the agreement informally concluded between Admiral Stewart and Mr. Franz Schneider of the War Shipping Administration with the following program for southbound cargoes. (It is assumed that the Flota Mercante and Mihanovich can carry southbound approximately 40,000 tons per month when all of the Flota Mercante ships are in operation.)

| <u>Product</u> | <u>Short Tons</u> |
|---|-------------------|
| Iron and Steel | 5,000 |
| Tin plate | 2,000 |
| Chemicals and medicinals | 4,000 |
| Raw materials and industrial equipment | 1,925 |
| Industrial equipment and spare parts | 1,000 |
| Coal and coke | 15,000 |
| Newsprint and other paper | 8,000 |
| Wood pulp | 325 |
| Miscellaneous | 2,750 |
| Total | 40,000 |



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The item "Raw materials and industrial equipment" consists of:

| | <u>Tons</u> |
|---|-------------|
| Graphite electrodes | 8 |
| Asbestos | 166 |
| Explosives | 34 |
| Spices for Packing houses | 20 |
| Abrasive paper and cloth | 40 |
| Refractory brick | 835 |
| Electrical incandescent lamps material | 166 |
| Other materials for radio and electricity | 20 |
| Unprinted films | 10 |
| Cardboard and paper Kraft for containers | 585 |
| Cotton and rayon yarn | <u>41</u> |
| Total | 1,925 |

(c) Since the policy discussions in September, the cases of the Vlasov ships and the Lloyd Argentino ships have been settled on a generally satisfactory basis. If the Delfino question is satisfactorily resolved, the agreement with Admiral Stewart might properly be made formal.

4. Petroleum.

(a) Press the current negotiations for full participation in the tanker pool of all Argentine tankers other than those engaged in taking argentine crude to Argentine refineries.

(b) Until Argentina participates in the tanker pool, deny her petroleum equipment.

5. Financial Measures and Proclaimed List.

(a) Extend no government credits of any kind to Argentina. (The proposed Export-Import Bank special credits have already been eliminated.)

(b) Continue present policy of denying United States

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States credit facilities to the Banco de la Nacion and the Banco de la Provincia.

(c) Increase effectiveness of Proclaimed List and related work in Argentina by reorganization of Embassy staff (already nearing completion) and the expansion and improvement of intelligence work.

(d) In collaboration with the Treasury Department, strengthen measures designed to cut off transactions involving assets within the United States or United States concerns, when such transactions may directly or indirectly benefit the Axis. An example of such measures would be the suspensive ad hoc freezing, pending investigation, of "Argentine accounts" in the United States which are believed to be beneficially owned or controlled by undesirable elements in Argentina or abroad.

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