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20 May 1982

CABINET

DEFENCE AND OVERSEA POLICY (OFFICIAL) COMMITTEE

SUB-COMMITTEE ON THE SOUTH ATLANTIC AND

THE FALKLAND ISLANDS

ARGENTINA:

EC ECONOMIC MEASURES

Note by Foreign and Commonwealth Office

1. The Foreign Ministers of the Ten agreed on 17 May on the following arrangements which were implemented by a Council regulation approved and published on 18 May:

(a) the Council regulation of 16 April imposing an import embargo on Argentina is extended for seven days until 24 May;

(b) Italy and Ireland will not however apply the regulation but will urgently consult the Commission in order to prevent diversion of trade;

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(c) Denmark will apply the regulation pending the introduction of equivalent Danish national measures under Article 224 of the EEC Treaty (the article which covers national action inter alia in the event of war or serious international action constituting a threat of war, under which the UK imposed its own import ban).

2. The effect of this decision is that Ireland and Italy have ceased to ban Argentine imports, although in practice there should be none at least before 24 May both because of the distances involved and because of the consultations with the Commission.

3. Foreign Ministers of the Ten will meet again on 24 May to consider what further measures to take. We are now urging our partners to agree to a renewal of the 18 May regulation (with its exemption for Italy and Ireland, and a special provision to cover Denmark's national measures which should by then be in place). In case of need we are also asking those member states who continue to support the Community embargo to be ready to take immediate national measures instead to prevent any gap in the measures after 24 May.

4. The decision of 17 May does not affect the position on export credits nor, of course, the position on arms sales. Community member states and a number of other countries agreed earlier that no new government-supported export credits would be made available for Argentina in present circumstances. The ban on imports imposed by Canada, Australia, New Zealand and

Hong Kong remain in force. The Norwegian import ban came into force on 18 May. The duration of the Canadian and Norwegian bans are in practice linked to that of the Community's sanctions.

5. The UK import ban (which was also imposed under Article 224 of the Treaty) is not affected by the Community decision and does not require renewal.

Foreign and Commonwealth Office

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