

270. Memorandum From Roger W. Fontaine and Dennis C. Blair of the National Security Council Staff to the President's Assistant for National Security Affairs (Clark)¹

Washington, May 17, 1982

SUBJECT

Pressure on the Argentines

The overriding objective of the United States in regard to the crisis in the South Atlantic remains the peaceful resolution of the dispute without at the same time alienating either our principal ally Great Britain or our good friend and for the first time, cooperative ally in Central America, Argentina.

In recent days we have taken steps that are throwing us off course. First, we sent our Ambassador to Italy around to the parties in the government coalition to urge them to support a continuation of EC economic sanctions against Argentina. We argued that the ending of the sanctions would encourage the extremists and undercut the moderates in Argentina. The Italian politicians told us they would not change their position, and told the press that we had strong-armed them. So we ended up with the worst of both worlds: the Italians fell off their sanctions, and everyone knows the Americans asked them not to.²

We doubt that the unanimous application of EC sanctions would have the desired effect within Argentina—they have so far not had any noticeable effect in encouraging moderates and discouraging extremists. But more importantly, the Argentinians will feel that, in carrying water for Britain in the EC (of which we are not even a member), we have gone beyond appropriate support for any ally. Our action will be seen as a further act of betrayal and will help harden not soften Argentine attitudes. It will make an even rapprochement

¹ Source: Reagan Library, Roger W. Fontaine Files, Subject File, Argentina (May 1982). Secret. In a May 20 memorandum to Clark, Rentschler “reluctantly” took issue with points raised by Fontaine and Blair and outlined his objections to their characterization of the Rome démarche, of Argentina’s perceived flexibility, of Italian actions regarding the EC sanctions, and of the extent to which Reagan could go to further encourage flexibility on both sides. (Reagan Library, Executive Secretariat, NSC Country File, Latin America/Central, Argentina (05/05/1982–05/20/1982))

² Italy took this step at a May 17 meeting of EC Foreign Ministers to discuss the renewal of economic sanctions against Argentina. According to telegram 739 from Luxembourg, May 18, the Italian and Irish representatives at the meeting had “agreed to avoid ‘distortions of trade’ which they and most others interpret to mean that Italy and Ireland may resume imports from Argentina, but not for cross-trade purposes.” (Department of State, Central Foreign Policy File, D820258–0902) The EC, except Ireland and Italy, renewed the sanctions for another week.

with Buenos Aires by us all the more difficult if not impossible. Britain is expected to do this kind of thing—not us. Thus the matter of continuing EC sanctions should be a matter of the members only.

Second, the President's May 13 press conference statement that heretofore only one party has proven intransigent³ has greatly irritated the Argentine government, which—rightly or wrongly—feels it has shown recently a certain amount of flexibility. We believe it is important that the Argentines be encouraged by a more positive statement in the near future. We do not believe a "correction of the record" is in order—only an amplification. Such a statement from the President would be as follows: "The South Atlantic situation remains very dangerous. We all have a great deal to lose. In the last few days, both sides have shown flexibility, but both sides need to do more if we are to avert war."

Unless we begin to provide more in the way of incentives for the Argentines we will make them more inflexible and make more difficult the improvement of bilateral relations when this issue is resolved.

*RECOMMENDATION:*⁴

1) Cease any further attempts to persuade the EC on the sanctions question—for or against.

2) Amplify the President's remarks on the South Atlantic question by encouraging further flexibility on both sides.

³ As part of his response to a question about the progress toward a negotiated South Atlantic peace settlement asked at his May 13 press conference, Reagan stated: "Up until now the intransigence had been on one side, and that is in wanting a guarantee of sovereignty before the negotiations took place, which doesn't make much sense. I understand that there's been some agreement now on, awaiting negotiations on that. So, we'll continue to hope and pray." (*Public Papers: Reagan, 1982*, Book I, p. 620)

⁴ Clark neither approved nor disapproved either recommendation.