

355. Telegram From the Department of State to Secretary of State Haig in New York¹

Washington, June 19, 1982, 0126Z

Tosec 90052/169712. Stadis—For the Secretary from Blackwill, Enders, and Howe. Subject: Falklands: Analysis of Key Issues.

1. Secret—Entire text.

2. Begin text of Action Memorandum:

To: The Secretary

Through: P—Under Secretary Eagleburger

From: EUR, Robert Blackwill, Acting

ARA—Tom Enders

PM—Jonathan Howe

Subject: Falklands: Analysis of Key Issues.

Issue for Decision: What approach we should now take to sanctions against Argentina, materiel support for the UK and what line the President should take with Mrs. Thatcher should he see her next week.

Background: The change of government in Buenos Aires, the continuing euphoria in Britain, the rash of public statements on both sides, and Prime Minister Thatcher's pending visit and possible meeting with the President here make it imperative that we sort out our thinking on the key issues of sanctions, materiel support for the UK, and our approach to the Prime Minister. Although the situation is fluid, and our prescriptions will have to be reviewed in light of changing circumstances, we propose the following approach at this time. (We have sent separately a proposed message from you to the President with a draft letter to the Prime Minister;² also sent separately was our analysis of how we should respond to the current PDC initiative.³ The humanitarian issue appears on its way to being solved.)

Sanctions: The EC is likely to debate the sanctions issue either 20 or 21 June. Indications are that economic controls on imports from

¹ Source: Department of State, Under Secretary of State for Political Affairs, Miscellaneous Files, March 1981–February 1983, Lot 83D210, Falklands [Folder 1]. Secret; Immediate; Nodis. Drafted by Haass; cleared by Blackwill, Enders, Howe, Bremer, Gompert, and in S/S–O; approved by Eagleburger. Haig was in New York for the UNSSOD.

² For the message as sent to Reagan, June 19, see Document 356.

³ Not further identified.

Argentina will be lifted.⁴ If the EC does in fact go this route and the de facto cease fire holds, there would be a strong case for us to follow suit.

We should, however, hold off making any decision or announcement until after a meeting between the President and Mrs. Thatcher. Indeed, Pym asked as much in his letter which requested that we not act on this issue until after further “consultations” between us had taken place.⁵

On our part, any lifting of economic sanctions—which cover credit and financial guarantee arrangements—would be of major symbolic importance. As regards controls on dual use or military items that come under Commerce, Munitions List, or FMS regulations, we believe we ought to lift the April suspension on previously issued licenses of items on the Munitions List (which would permit about \$6 million in the pre-1978 pipeline to be exported) and resume normal Commerce Department licensing-procedures (which would still permit case by case review) for export of dual use equipment. We would also hold off certifying Argentina as eligible for new FMS or commercial sales of items on the Munitions List. This mix would open up some channels with the new government, but not give the UK very much cause for legitimate unhappiness.

—Materiel support for the UK: We believe we ought to make available to the UK the equipment it requests and not as a matter of principle oppose providing items useful to garrison the Islands. However, we should avoid approving major items for that purpose until we have assessed our talks with Mrs. Thatcher. In any event, we should not expect to exact any leverage from our arms supply relationship. US assistance for Falklands-related purposes is not so crucial that threats to reduce or terminate it would have any significant impact on UK capabilities but would reduce US influence. Moreover, the Argentines have already discounted our help for the UK; they are much more likely to be affected by our policy on sanctions and the

⁴ In telegram 169785 to Brussels, Rome, Dublin, Copenhagen, Athens, Luxembourg, and The Hague, June 19, the Department argued that the removal of EC sanctions against Argentina, “in absence of Argentine agreement to cessation of hostilities, could seriously undercut British at crucial time in Falklands crisis.” The Department therefore instructed the posts to contact Foreign Ministries “at highest possible level” to “urge that EC put off any decision at this time to remove sanctions.” The text of this telegram was repeated in Todep 30103/169785 sent from the Department to Stoessel in Canberra. (Department of State, Central Foreign Policy File, D850398–0438) Separate messages from Haig to the Foreign Ministers of France and West Germany urging the same were transmitted in telegram Tosec 90061/169787 to Paris and Bonn, June 19. (Department of State, Central Foreign Policy File, N820006–0077)

⁵ See Document 329.

larger diplomatic issues. We may, however, want to consider ending the emergency procedures that have been established and reverting to normal FMS practices. We would tell the British that the emergency is over and it would be hard to justify drawdowns of US stocks or our failing to meet our commitments to other purchasers.

—Approach to Mrs. Thatcher: Nothing we have seen or heard changes our impression that the Prime Minister remains euphoric and disinclined to compromise. She has made clear that something akin to the status quo ante bellum will be restored, and that the only arrangements the UK would consider would have to guarantee the security of the Islands against Argentine aggression and give the Islanders an upgraded role in the government of the Islands. She has said that she will not negotiate with Argentina about the future status of the Islands.

The above notwithstanding, we continue to believe that it is as much in Britain's interest as our own to reach a rapid political settlement of the Falklands dispute. In the current circumstances, however, the President's immediate aim ought to be modest, to keep things from getting worse, i.e., to reassure Mrs. Thatcher of our support and to dissuade her from taking irrevocable steps or making controversial statements which would preclude a future settlement and perhaps bring about highly nationalistic, xenophobic and inflexible leadership in Buenos Aires. Mrs. Thatcher should be encouraged to stress rehabilitation, reconciliation, and self-government; but self-determination, independence, and any rigid blueprint for the Islands' future ought to be discouraged.

We should avoid too ambitious a strategy. Pushing for negotiations or UK force withdrawals would fail, sour US/UK relations and make Thatcher even more intractable.

At most the President might explore her willingness to permit contact with the GOA on aspects of the issue other than the future status of the Islands. This might, of course, over time evolve into negotiations, or at least give encouragement to Argentine moderates.

Accomplishing even these limited aims with the Prime Minister could prove difficult. The fact that we will continue to provide materiel support and that we will not push now for negotiations should help. Lifting sanctions will make the President's task more difficult; he might assuage British concerns, however, by pointing out that the military impact of so doing would be negligible.

In short, we ought to damp down jingoism in Britain while encouraging moderation in Argentina. If we can manage to steer ourselves through the immediate situation to such a juncture, the opportunity may arrive for a more active diplomatic role by ourselves or others acceptable to both parties.

Recommendation: That you approve the above approach, which, in turn, would dictate the strategy we would recommend to the President should he meet with Mrs. Thatcher.

Agree

Disagree

Eagleburger