

359. Memorandum From Alfonso Sapia-Bosch of the National Security Council Staff to the President's Assistant for National Security Affairs (Clark)¹

Washington, June 22, 1982

SUBJECT

Lifting Economic Sanctions on Argentina

The sanctions on Argentina should be lifted without delay. As you know, the European Community has already done so.² From the U.S. perspective the sanctions are symbolic. The de facto ceasefire between the two belligerents probably will hold, as there seems to be little disposition on the part of Argentina again to take up arms. State's position is to use the sanctions issue to derive a larger gain from Prime Minister Thatcher, e.g., agreement to negotiate with Argentina over the final disposition of the Islands. Additionally, State would like to deal with a functioning government. Both of these are good points; State does not expect much success with Thatcher, however.

¹ Source: Reagan Library, Executive Secretariat, NSC Country File, Latin America/Central, Argentina (06/16/1982-06/30/1982). Confidential. Sent for action. A stamped notation at the top of the memorandum indicates that Clark saw it.

² See Document 357.

If we lift the sanctions after her visit with the President it will be viewed in Argentina and Latin America as if we needed her permission to go ahead. Alternatively, if we act now we would give a signal that we are taking a more neutral position on the sovereignty question. We will eventually lift the sanctions, so our objective should be to derive the most benefit for our side from the timing. By taking the initiative immediately we would: reduce strains between the U.S. and Argentina; strengthen the hand of the moderates in Argentina; assist the U.S. banking community, thereby speeding up the restructuring of the Argentine debt; perhaps bring some stability to the Argentine government, whatever it turns out to be; prevent a further shift toward anti-Americanism among the military; and, finally, remove sanctions as an issue.

Lifting the sanctions is not without danger. Mrs. Thatcher probably would not like it. She could hardly suggest that we have been unsupportive, however. There is always the danger that some Argentine leader will misinterpret our action. Notwithstanding these problems, I urge that you suggest to the President that the sanctions be lifted soon.

Blair and Fontaine concur.³ Rentschler does not.⁴ He believes that cancellation of the original sanctions decision, a product of inter-agency deliberations, is a significant step which needs to be thoroughly addressed in existing inter-agency fora, preferably NSC, but perhaps in this case the NSPG.

³ Blair and Fontaine initialed their concurrence by signing their initials over their typed names.

⁴ Rentschler wrote "Jim" above his typed name, indicating that he did not concur.