

374. Memorandum From Acting Secretary of State Stoessel to President Reagan¹

Washington, July 8, 1982

SUBJECT

Lifting of US Sanctions on Argentina

Based on your reaction to our earlier memorandum on this subject,² we advised the British that we were considering the possibility of lifting economic sanctions on Argentina but wanted their views before making a decision. In response, the British expressed the hope that we would maintain sanctions for the time being, while they attempted to clarify the Argentine position with regard to a formal ceasefire and return of

¹ Source: Reagan Library, Executive Secretariat, NSC Country File, Argentina (07/02/1982–07/15/1982). Secret. Fontaine forwarded the memorandum to Clark as the second of two tabs under a July 8 covering memorandum. The first tab is Document 375.

² See Document 370 and footnote 3 thereto.

prisoners.³ The British also asked that, if and when we lift sanctions, we continue our arms embargo and make clear that sanctions would be reimposed if the Argentines resume hostilities.

In the meantime, evidence has mounted that the Argentines will not explicitly accept a ceasefire, but also that they will not resume hostilities. In addition, the new government has made clear that our continuation of sanctions is a serious obstacle to US-Argentine reconciliation, which they profess to want.

We have just learned from the British that they are about to propose to the Argentines, via the Swiss, that the prisoners be returned without precondition.⁴ The British have asked us to make no public disclosure of this until they have worked out the modalities and made their own announcement. They also ask that we not lift sanctions until the prisoner problem is settled, which should take no more than a day or two; but they say they would understand if we lifted sanctions promptly thereafter. We will look for an opportunity to get some credit for the prisoner move with the Argentines. We have, in fact, been instrumental in convincing the British that they could not secure a formal ceasefire by holding the prisoners.

In view of these developments, we recommend that you authorize the Department to advise the British that we plan to announce the lifting of economic sanctions as soon as we receive word that the Argentines have agreed to arrangements for return of the prisoners. The announcement would specify that the sanctions will be reimposed if the *de facto* ceasefire is breached.

If there is a hitch in the prisoner deal, we should nevertheless lift the sanctions promptly, in view of the high political price we are paying in Argentina and the fact that our sanctions give us no useful leverage. Thus, we propose also to tell the British that even if the prisoner problem is not resolved we will lift sanctions by Tuesday, July 13.

Recommendation

That you authorize us to advise the British of our intention to lift economic sanctions on Argentina as soon as arrangements for the prisoner return are agreed, but in any event by Tuesday, July 13.⁵

³ The approach was made by Eagleburger in a July 2 meeting with Braithwaite. (Telegram 185205 to London, July 3; Department of State, Central Foreign Policy File, N820006-0286)

⁴ The text of the British message to the Argentines, conveyed through the Swiss, was given to Eagleburger by Braithwaite on July 2, and transmitted in telegram 184638 to Buenos Aires, July 3. (Reagan Library, Dennis C. Blair Files, Falklands (May 1982-September 1982))

⁵ The recommendation was neither approved nor disapproved.