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FM WASHINGTON 122207Z JUL 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 2482 OF 12 JULY 1982

INFO IMMEDIATE WELLINGTON PRIORITY UKMIS NEW YORK, PARIS, BONN

FALKLANDS: US SANCTIONS

1. THE WHITE HOUSE ISSUED THE FOLLOWING STATEMENT ON BEHALF OF THE PRESIDENT THIS MORNING:

QUOTE I HAVE ORDERED TERMINATION OF ECONOMIC SANCTIONS AGAINST ARGENTINA EFFECTIVE TODAY, JULY 12. THESE SANCTIONS WHICH WERE IMPOSED APRIL 30 INCLUDED WITHHOLDING OF NEW EXPORT/IMPORT BANK CREDITS, INSURANCE AND GUARANTEES AND NEW COMMODITY CORPORATION GUARANTEES.

I HAVE MADE THIS DECISION AFTER A THOROUGH REVIEW OF THE SITUATION IN THE SOUTH ATLANTIC FOLLOWING THE CESSATION OF HOSTILITIES. IT IS IMPORTANT NOW FOR ALL PARTIES INVOLVED IN THE RECENT CONFLICT TO PUT THE PAST BEHIND US AND TO WORK FOR FRIENDSHIP AND CO-OPERATION. THE UNITED STATES FOR ITS PART WILL DO OUR BEST TO STRENGTHEN ITS HISTORIC TIES AMONG NATIONS OF THIS HEMISPHERE. UNQUOTE

2. THE STATE DEPARTMENT SPOKESMAN REFUSED TO ELABORATE BEYOND EMPHASIZING THAT ECONOMIC SANCTIONS AGAINST ARGENTINA HAD BEEN LIFTED IN THE CONTEXT OF THE CESSATION OF HOSTILITIES. THE AMERICANS HAVE ASSURED US THAT THE ARGENTINES ARE BEING WARNED THAT ANY FURTHER ACTS OF AGGRESSION WOULD CAUSE THE REIMPOSITION OF SANCTIONS.

3. THE U.S. EMBARGO ON THE SUPPLY OF ARMS TO ARGENTINA WHICH HAS BEEN IN FORCE SINCE 1978 WILL REMAIN IN PLACE; THIS WAS ORIGINALLY IMPOSED AS A WEAPON AGAINST ARGENTINA'S INTERNAL POLICIES. TO REMOVE IT THE ADMINISTRATION WOULD BE REQUIRED TO PROVIDE CONGRESS WITH CERTIFICATION THAT THE ARGENTINE HUMAN RIGHTS SITUATION HAD IMPROVED SUFFICIENTLY TO JUSTIFY THE RESUMPTION OF ARMS SUPPLIES. THE STATE DEPARTMENT HAVE ALSO ASSURED US THAT FOR THE TIME BEING THE COMMERCE DEPARTMENT WILL MAINTAIN THE ADMINISTRATIVE MEASURES TAKEN SINCE THE BEGINNING OF THE FALKLANDS CRISIS TO BLOCK THE FLOW OF SPARE PARTS ETC WHICH CONTINUED INSPITE OF THE 1978 LEGISLATION, THOUGH PRESSURE IS LIKELY TO INCREASE FOR THE RELEASE OF EQUIPMENT ALREADY IN THE PIPELINE WHICH IS NOT SUBJECT TO LICENSING RESTRICTIONS.

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