

383. Information Memorandum From the Assistant Secretary of State-Designate for European Affairs (Burt) to Secretary of State Shultz¹

Washington, August 11, 1982

SUBJECT

British Economic Sanctions on Argentina and Position on Belize

As a result of discussions I had with Tom Enders regarding a strategy to get movement on the British/Argentine economic sanctions issue, I met with British Charge Derek Thomas this afternoon to urge that HMG phase its lifting of financial and trade sanctions in order to accommodate Argentine political constraints. I also took the opportunity to verify that HMG has no immediate plans to withdraw its military forces from Belize (Prime Minister Price had told the Vice President that the British planned to pull out September 21, which was in conflict with what UK Minister of State Cranley Onslow told us last week).

Given Argentina's inability, for political reasons, to accept simultaneous lifting of financial and trade sanctions and its assurances that it could accept removal of the trade embargo within 30 days of lifting of the financial sanctions,² I urged that the British try to accommodate the Argentines by separating the two issues and moving quickly on the financial part. In the absence of any movement, the entire debt rescheduling effort would be endangered, threatening banks in both our countries. Thomas described the political constraints facing the Thatcher Government and its skepticism regarding the GOA's ability to live up to its commitments. He understood our position, however, and promised to report our concerns and recommendations to the FCO promptly. He also noted that if HMG accepted our recommendation, it would probably be necessary to obtain a more formal commitment for follow-on action on the trade side from the GOA.

[Omitted here is discussion of British policy on Belize.]

¹ Source: Department of State, Bureau of European Affairs, United Kingdom Political Files, Lot 89D489, POL-15(h) Country Political 82—Latin America. Confidential. Drafted by J.R. Binns (EUR/NE). Printed from an uninitialed copy.

² On August 10, Shlaudeman met with Dagnino Pastore on the issue of Argentina and the United Kingdom mutually lifting sanctions, a proposal the latter viewed as "impossible." Shlaudeman transmitted a summary of the meeting to the Department in telegram 4632 from Buenos Aires, August 10. (Department of State, Central Foreign Policy File, D850588-0150)