

388. Telegram From the Embassy in Argentina to the Department of State¹

Buenos Aires, September 3, 1982, 2052Z

5148. Subject: Lifting Falklands Military Sanctions Now. Ref: (A) Buenos Aires 5133,² (B) Bonn 19076.³

1. S-Entire text.

2. Strongly urge that hold on FMS pipeline established at end of April be lifted with public announcement made Sept. 8 after notification to British and GOA.

3. As indicated Ref A, struggles within each Argentine military service continue. Lack of any US move to indicate we are prepared to renew relationships, provided of course Argentines follow responsible and peaceful policies, cuts against our interests of maintaining peace and blocking the Soviets and their friends. Those within the services who argue against strong nationalistic policies (for example keeping economic sanctions against the UK) are undercut by the lack of a clear US signal to the military that we are prepared to move toward cooperation. We serve all our interests here (and we believe thereby UK interests as well) by lifting our Falklands sanctions before the EC takes a decision to lift on Sept. 9.

4. There have been several small signs from all three services in the past 10 days that they want closer relations with the US. The most significant move was yesterday's long-delayed air force authorization to return the attache aircraft. Contacts with official Americans have recently been more extensive and frank. But in many cases those moderate officers who talk with our attaches and who are critical of the irrational nationalistic line indicate they simply cannot understand why we cannot take a much smaller step than those already taken by France and the FRG (shipment of spares).

5. In Washington consideration of this issue we believe the following additional factors have considerable weight:

¹ Source: Reagan Library, Roger W. Fontaine Files, Argentina (September 1982). Secret; Immediate; Exdis. Sent for information to Bonn and London. Printed from a copy that was received in the National Security Council Message Center.

² In telegram 5133 from Buenos Aires, September 3, the Embassy provided a lengthy assessment of the state of the new Argentine Government. (Department of State, Central Foreign Policy File, D820459-0807)

³ In telegram 19076 from Bonn, September 1, the Embassy summarized an August 30 meeting between Pym and West German Foreign Minister Hans-Dietrich Genscher. (Department of State, Central Foreign Policy File, D820454-0396)

A. our sanctions are of very limited military significance with only \$6-7 million of spares in the pipeline, much of which will not be delivered for many months. EC sanctions are of great military significance as the delivery of FRG major ships and modern French aircraft and missiles (underway) will have a major effect on Argentine military capabilities. There will probably be more UK rpt UK components by value in the first frigate delivered by the FRG than the value of the US FMS pipeline. New orders to the US are foreclosed by Kennedy-Humphrey legislation⁴ and it is not clear that the EC decision will foreclose new orders.

B. The only military item which the UK has indicated particular interest in blocking to our knowledge is A-4 engines and none are in the FMS pipeline. We understand Commerce licensed the export of 32 excess A-4 engines on July 19 and they are being shipped (not under sanction because used engines are not on the Munitions List). Thus we are in the ludicrous position of supplying Argentina with the one item the British have urged we not supply while we deny ourselves the positive leverage of lifting the formal restraint which blocks normal contact with the Argentine military.

C. Our April sanctions have out-of-proportion psychological and political effect with the Argentine military because they were taken by the Reagan government while H-K is understood as a policy of the Carter administration tied into complex congressional and Chilean considerations which had made change difficult. Should the Reagan administration fail to move on this matter of minor practical significance when the UK's European allies who had applied tougher sanctions during the war remove the military sanctions moderate and constructive military officers will have little basis to support movement towards the US with all the constraint that implies. With major promotions and retirements in each service to be decided in the next couple of weeks, a US move now might well help the careers of those leaning toward international cooperation. Lack of any US move could contribute to the advancement of nationalistic and isolationist officers with long-term negative implications for both peace in the South Atlantic and the political opening. Not to mention such short-term issues as a mutual lifting of financial sanctions.

6. We believe a strong case should be made to the British immediately that our lifting of the FMS hold is in their interest because:

- The items affected have minimal military significance;
- The lifting of the sanctions will strengthen moderate groups within the military and enhance US leverage for movement toward

⁴ See footnote 5, Document 50.

permanent peace. (We should not, however, overpromise; lifting our sanctions will not cause the air force to provide immediately British Airlines with overflight rights for example. Although it will help on such issues in the medium and long run.)

7. We need to lift the pipeline sanction by September 8 in order to achieve the desired effect. The FRG Ambassador confirmed to me that his government will lift the ban on delivery of the naval units irrespective of what action the EC takes on the 9th and has so informed the GOA. We are thus in effect already behind the French and the Germans, just as we lagged behind all the Europeans except the British in lifting our economic sanctions. It does great harm to our position in general here, not just to our military relations, to be seen as the most compliant of HMG's allies. There is simply nothing to be gained in this case by reinforcing the Argentine myth that the US has from the outset been HMG's indispensable ally in the South Atlantic.

8. The timing is critical. Now is the moment to make the small but important gesture of opening the pipeline. Doing so will advance the cause of normalization, and thereby the prospects for a more stable peace.

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