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**Collection:** EXECUTIVE SECRETARIAT,  
NATIONAL SECURITY COUNCIL: COUNTRY  
FILE: Records, 1981-1985  
**Folder Title:** ARGENTINA (05/05/1982-05/20/1982)  
**Box:** RAC Box 26

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# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection Name** EXECUTIVE SECRETARIAT, NSC: COUNTRY FILE

**Withdrawer**

MJD 7/27/2007

**File Folder** ARGENTINA (05/05/1982-05/20/1982)

**FOIA**

F1637

**Box Number** 26

VEIGEL

13

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
39556	MEMO	OLIVER NORTH TO ROBERT MCFARLANE RE CONTINGENCY PLANNING <i>R 11/7/2017 NLR-748-26-14-1-3</i>	1	5/5/1982	B1
39557	MEMO	NORMAN BAILEY TO WILLIAM CLARK RE FALKLANDS CRISIS <i>R 11/7/2017 NLR-748-26-14-2-2</i>	1	5/5/1982	B1
39558	PAPER	RE FALKLANDS CRISIS	2	ND	B1
39559	PAPER	RE FALKLAND ISLANDS CRISIS <i>R 11/7/2017 NLR-748-26-14-4-0</i>	2	ND	B1
39560	MEMO	NORMAN BAILEY TO WILLIAM CLARK RE SANCTIONS <i>R 11/7/2017 NLR-748-26-14-5-9</i>	1	5/6/1982	B1
39561	PAPER	RE SANCTIONS	1	ND	B1
39562	PROFILE SHEET	RE 8203169 <i>R 11/7/2017 GUIDELINES</i>	1	5/6/1982	B1

**The above documents were not referred for declassification review at time of processing**

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

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B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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13

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
39563	CABLE	081530Z MAY 82 <i>R 11/7/2017 NLR-748-26-14-8-6</i>	1	5/8/1982	B1
39564	CABLE	111805Z MAY 82 <i>R 11/7/2017 NLR-748-26-14-9-5</i>	1	5/11/1982	B1
39565	CABLE	131534Z MAY 82 <i>R 11/7/2017 NLR-748-26-14-10-3</i>	3	5/13/1985	B1
39566	CABLE	150235Z MAY 82 <i>R 11/7/2017 NLR-748-26-14-11-2</i>	3	5/15/1982	B1
39567	CABLE	172045Z MAY 82 <i>R 11/7/2017 NLR-748-26-14-12-1</i>	2	5/17/1982	B1
39568	MEMO	ROGER FONTAINE/DENNIS BLAIR TO WILLIAM CLARK RE ARGENTINES <i>R 11/7/2017 NLR-748-26-14-13-0</i>	2	5/17/1982	B1
39569	MEMO	JAMES RENTSCHLER TO WILLIAM CLARK RE FALKLANDS <i>R 11/7/2017 NLR-748-26-14-14-9</i>	2	5/20/1982	B1

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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
39570	MEMO	SAME AS # 39568 <i>R 11/7/2017 NLR-748-26-14-15-8</i>	2	5/17/1982	B1
39571	MEMO	ALEXANDER HAIG TO THE PRESIDENT RE FALKLANDS <i>R 11/7/2017 NLR-748-26-14-16-7</i>	3	ND	B1
39572	MEMO	TOM ENDERS TO AMBASSADOR KIRKPATRICK, ET AL	1	5/20/1982	B1
39573	COVER SHEET	<i>PAR 11/7/2017 NLR-748-26-14-18-5</i>	1	5/21/1982	B1

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UNCLASSIFIED UPON REMOVAL OF  
CLASSIFIED ENCLOSURES

RECEIVED 06 MAY 82 11

TO MCFARLANE

FROM NORTH

*MTA  
7/27/07*

DOC DATE 05 MAY 82

KEYWORDS: CONTINGENCY PLANS

ARGENTINA

TERRORISM

MILITARY EXERCISES

SUBJECT: CONTINGENCY PLANNING

ACTION: FOR INFORMATION

DUE:

STATUS IX FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

MCFARLANE

POINDEXTER

COMMENTS

REF#

LOG

NSCIFID

( B / *B* )

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
	<i>C 5/17</i>	<i>Mcfarlane noted</i>		<i>ON ✓</i>

DISPATCH

W/ATTCH

FILE

(C)

*511*

National Security Council  
The White House  
RECEIVED

Package # 90286

MAY 6 A 9: 35

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	<u>1</u>	<u>[Signature]</u>	<u>  </u>
Bud McFarlane	<u>2</u>	<u>[Signature]</u>	<u>I</u>
Jacque Hill	<u>  </u>	<u>  </u>	<u>  </u>
Judge Clark	<u>  </u>	<u>  </u>	<u>  </u>
John Poindexter	<u>  </u>	<u>  </u>	<u>  </u>
Staff Secretary	<u>  </u>	<u>  </u>	<u>  </u>
Sit Room	<u>  </u>	<u>  </u>	<u>  </u>
<u>  </u>	<u>  </u>	<u>  </u>	<u>  </u>

I-Information A-Action R-Retain D-Dispatch

DISTRIBUTION

cc: VP Meese Baker Deaver

Other \_\_\_\_\_

COMMENTS



~~SECRET~~

SYSTEM II  
90286

MW  
3

-1006

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~SECRET~~

INFORMATION

May 5, 1982

MEMORANDUM FOR ROBERT C. McFARLANE  
JOHN M. POINDEXTER

FROM: OLIVER NORTH *N*  
SUBJECT: Contingency Planning

NOTED

Although Chris Shoemaker and I spent most of the day involved with the RISING STAR Nuclear Incident/Terrorist exercise at State, we did take an hour (1530-1630) to meet with Ambassador Sayre's Argentine Evacuation Working Group. The following issues were discussed:

- Problems with Montevideo As Safe Haven: Ambassador Shlaudeman has recommended that Montevideo no longer be used as Safe Haven. He cites problems with security, housing and schools. He recommends that we use Montevideo as an enroute transit point for further move to CONUS. Discussions focused on the trade-offs, domestic and diplomatic, of such actions. Bottom line is that State will go back to AMEMB and approve dual Safe Havens -- CONUS and Montevideo.
- State is providing three additional Consular Officers to Buenos Aires to assist, in the event that we have a spontaneous evacuation of AMCITS.
- Ambassador Shlaudeman has recommended that we continue a "go-slow" approach to the evacuation and the Working Group concurred that it should proceed in accordance with his own best judgement.
- Registration and improved warden and contact system has been activated to provide for U.S. citizens remaining in Argentina. U.S. companies, Chamber of Commerce, American Legion, etc., are cooperating.
- State has prepared and will forward press guidance regarding evacuation. Will pass to you when it arrives.

~~SECRET~~

Review on 5/5/1988  
Classified by O.North

~~SECRET~~

DECLASSIFIED  
AUTHORITY 148-748-26-14-13  
BY *UN* NARA DATE 11/7/17

39857 3377 4

MEMORANDUM

NATIONAL SECURITY COUNCIL

May 5, 1982

~~SECRET~~

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

FROM: NORMAN A. BAILEY *NB*

SUBJECT: Falklands Crisis

Considering the immense damage we have already suffered from the Falklands crisis and the likelihood of continuing damage in the future to our relations not only with Argentina but with Latin America in general, I believe the time has come now that we have stated our position and the British have demonstrated their military capacity to urge the British to declare a cease-fire to declare that the question of eventual sovereignty over the islands is one to be negotiated and that although the wishes of the islanders will be taken into consideration, they will not be controlling with reference to the final settlement.

Roger Fontaine concurs.

RECOMMENDATION:

That you urge this course of action on Secretary Haig.

OK \_\_\_\_\_

No \_\_\_\_\_

*not for now*  
*WPC*

~~SECRET~~

Review May 5, 1988

DECLASSIFIED  
Authority *NLE-740-26-14-2-2*  
BY *CV* NARA DATE *11/7/17*



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<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restric-</i> <i>tions</i>
39558	PAPER  RE FALKLANDS CRISIS	2	ND	B1

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Freedom of Information Act - [5 U.S.C. 552(b)]

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DECLASSIFIED

Authority NLR-748-76-14-46

BY CW NARA DATE 11/21/77

Falkland Islands Crisis

There is no argument that the overriding US interest is to end the conflict. The US interest in the terms of sovereignty, long-term disposition of the islands, etc., is minimal.

- The question is what the US can do to terminate the conflict.

- Even a relatively successful military operation by the British would not avoid long-term damage to the UK.

- Cost of continued military operation will eat into economic recovery in the UK.

- Cost of losses will eat into British defense role in NATO.

- Psychological reaction at home will reduce chances of conservative re-election.

- Prolonged conflict will lead to broad anti-defense reaction in Britain (comparable to the Vietnam reaction in the US). The British objective in the war will appear increasingly silly to British opinion. (Only 58 percent of British opinion last week agreed to sinking Argentine ships.)

- The longer the war continues, the more likely a major adverse change in the Argentine government.

- The reaction throughout Latin America is bound to be increasingly damaging to US interests, providing openings for Cuba and the Soviets. President Reagan's objective for Latin American Accord will be unobtainable.

- What can be done? The facts are that it would be easier for the US and more effective to put more pressure on the UK than on Argentina (although pressure on Argentina should probably be continued as well). The fundamental fact in this conflict is that the UK cannot have permanent victory: in the end UK has to negotiate to give the Falklands away. This is not denied by the British government and fully absorbed by British opinion. The US Government could use its means of influence, public and private, to bring this fundamental fact into full view; that is to say, to make more acceptable a quick turnover of sovereignty, since a delayed turnover will purchase very little in political symbolism and may cost immensely in terms of this conflict.

- An opportunity today is the Irish cease-fire resolution in the UN. We should get behind it, in which case it would have massive support. It probably can be combined with

~~SECRET~~

~~SECRET~~

2

a reiteration of Resolution 502, which would help the British. To further help the British, we might get the EEC and Japan to join us in promising to maintain the economic sanctions until Argentina goes along with UN proposed arbitration or transition arrangements. But the essential thing today is the cease-fire.

~~SECRET~~



National Security Council  
The White House

Package # SYS I

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	<u>1</u>	<u>[Signature]</u>	<u>I</u>
Bud McFarlane	<u>2</u>	<u>m</u>	<u>I</u>
Jacque Hill	<u>          </u>	<u>          </u>	<u>          </u>
Judge Clark	<u>HAS SEEN</u>		<u>          </u>
John Poindexter	<u>          </u>	<u>          </u>	<u>          </u>
Staff Secretary	<u>3</u>	<u>          </u>	<u>Log</u>
Sit Room	<u>          </u>	<u>          </u>	<u>          </u>
<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

I-Information A-Action R-Retain D-Dispatch

DISTRIBUTION

cc: VP Meese Baker Deaver

Other \_\_\_\_\_

COMMENTS

NSC/s  
Log in & out mtr



THE WHITE HOUSE  
WASHINGTON

Bud

1-4-52

Wes

JP:

I have to assume that this package  
was given to WC by Norm Bailey.

It was in WC's out box.

Should Brian log it?  
J



RECEIVED 13 MAY 82 17

TO CLARK

FROM BAILEY

DOCDATE 05 MAY 82

UNCLASSIFIED UPON REMOVAL OF  
CLASSIFIED ENCLOSURES

*WJ  
7/27/07*

KEYWORDS: FALKLAND ISLANDS GREAT BRITAIN  
ARGENTINA

SUBJECT: RECOMS RE FALKLAND ISLANDS

ACTION: FOR DECISION DUE: STATUS C FILES PA

FOR ACTION FOR CONCURRENCE FOR INFO  
CLARK

COMMENTS

REF# LOG NSCIFID ( M / M )

ACTION OFFICER (S) ASSIGNED ACTION REQUIRED DUE COPIES TO

*C S/B [Signature] 11/15/82*

DISPATCH \_\_\_\_\_ W/ATTCH FILE \_\_\_\_\_ (C) *WJ*

~~CONFIDENTIAL~~

39560

MW

13

3169

MEMORANDUM

NATIONAL SECURITY COUNCIL

May 6, 1982

CONFIDENTIAL with  
TOP SECRET/CODEWORD ATTACHMENT

INFORMATION

NOTED

MEMORANDUM FOR WILLIAM P. CLARK

FROM: NORMAN A. BAILEY *NB*

SUBJECT: European Violations of the EC Argentine  
Sanctions

I draw your attention to the attached intelligence item (Tab I) detailing wholesale European violations of the EC sanctions involving arms shipments to Argentina. The lessons to be drawn from this with reference to anything they agree to with reference to the Soviet Union are obvious. The European Parliament itself has detailed similar wholesale violation of the post-Afghanistan sanctions.

cc: Richard Pipes  
Gus Weiss

Attachment  
Tab I Intelligence Item

CONFIDENTIAL with  
TOP SECRET/CODEWORD ATTACHMENT  
Review May 6, 1988

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Authority *NLR-748-2674-59*

BY *CV* NARA DATE *11/7/17*

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39561	PAPER  RE SANCTIONS	1	ND	B1

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165

National Security Council  
The White House

RECEIVED

Package # 3169

02 MAY 7 A 9: 03

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	_____	_____	_____
Bud McFarlane	_____	_____	_____
Jacque Hill	_____	_____	_____
Judge Clark	_____	_____	_____
John Poindexter	<u>1</u>	<u>✓</u>	<u>I</u>
Staff Secretary	<u>2</u>	_____	_____
Sit Room	_____	_____	_____
_____	_____	_____	_____

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cc: VP Meese Baker Deaver

Other \_\_\_\_\_

COMMENTS

*Judge has info.*

RECEIVED 06 MAY 82 19

TO CLARK

FROM BAILEY

DOCDATE 06 MAY 82

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OF CLASSIFIED ENCLOSURES

U 11/7/17

KEYWORDS: ARGENTINA  
EUROPE  
SANCTIONS

EC  
ARMS SALES

SUBJECT: EUROPEAN VIOLATIONS OF THE EC ARGENTINE SANCTIONS

\*\*\*\*\*

ACTION: FOR INFORMATION DUE: STATUS IX FILES

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FOR ACTION	FOR CONCURRENCE	FOR INFO
CLARK		PIPES
		WEISS

COMMENTS

REF#	LOG	NSCIFID	( M / )
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*c 5/7* *founder notes* *noted* *AB*

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SECRET

39563

17

WHITE HOUSE SITUATION ROOM

PAGE 01 BUENOS AIRES 5/11 2904 DTG: 081530Z MAY 82 PSN: 019542  
SIT641 DATE 05/11/82 TOR: 128/1729Z

DISTRIBUTION: REPT /001

WHTS ASSIGNED DISTRIBUTION:

SIT: MCF JP VP WHLR SIT FONT RENT EOB  
EOB:  
WHSR COMMENT:

MESSAGE ANNOTATIONS:

NO MESSAGE ANNOTATIONS

MESSAGE:

IMMEDIATE  
DE RUESBA #2904 1281532  
O 081530Z MAY 82  
FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC NIACT IMMEDIATE 3645

~~SECRET~~ BUENOS AIRES 2904  
NODIS  
EO 12065: GDS 5/8/88 (SHLAUDEMANN, H. W.) OR-M  
TAGS: MILI, PBOR, AR, UK  
SUBJECT: US TANKER AIRCRAFT FOR BRITISH

1. S - ENTIRE TEXT.
2. THIS MORNING'S PRESS CARRIES REPORTS FROM WASHINGTON THAT THE USG IS CONSIDERING A REQUEST FROM HMG FOR KC-135S TO BE USED IN REFUELING BRITISH AIRCRAFT. THIS COMES IN THE MIDST OF WIDESPREAD SPECULATION HERE THAT THE BRITISH MEAN TO BOMB ARGENTINE AIR BASES ON THE MAINLAND IN THE NEXT ROUND OF HOSTILITIES.
3. I HOPE THE DEPARTMENT WILL KEEP ME ADVISED ON THIS REQUEST AND WILL GIVE ME AS MUCH ADVANCE NOTICE OF A DECISION AS POSSIBLE. THE ISSUE OBVIOUSLY BEARS IMPORTANTLY ON OUR SECURITY SITUATION HERE. SHLAUDEMANN

DECLASSIFIED

Authority NLR 746-2674-8-6

SECRET

BY CN NARA DATE 11/7/87



~~SECRET~~

39564

18

WHITE HOUSE SITUATION ROOM

PAGE 01 SECSTATE WASHDC 7718 DTG: 111805Z MAY 82 PSN: 023785  
SIT806 DATE 05/19/82 TOR: 131/1900Z

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WHTS ASSIGNED DISTRIBUTION:

SIT: MCF WHLR JP VP SIT EOB  
EOB:  
WHSR COMMENT:

MESSAGE ANNOTATIONS:

NO MESSAGE ANNOTATIONS

MESSAGE:

IMMEDIATE  
DE RUEHC \*7718 1311845  
O 111805Z MAY 82 ZFF6  
FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES IMMEDIATE 5384

INFO SECDEF WASHDC IMMEDIATE 6276  
AMEMBASSY LONDON IMMEDIATE 4409  
WHITE HOUSE IMMEDIATE 7542  
BT

~~SECRET~~ STATE 127718  
NODIS  
E. O. 12065: RDS-3 5/11/02 (HOWE, J.)  
TAGS: MILI, BA  
SUBJECT: US TANKER ASSISTANCE FOR UK

REF: (A) BUENOS AIRES 2904, (B) STATE 126082

1. SECRET - ENTIRE TEXT.
2. UK HAS RAISED POSSIBILITY IN GENERAL TERMS OF US AERIAL TANKER SUPPORT. NO FORMAL REQUEST HAS BEEN RECEIVED, HOWEVER. MOREOVER, WE KNOW OF NO RPT NO REQUEST THAT WOULD INVOLVE U. S. IN DIRECT SUPPORT OF UK COMBAT OPERATIONS.
3. WE WILL OF COURSE KEEP YOU INFORMED OF ANY UK REQUEST FOR ASSISTANCE AND US RESPONSE WHICH COULD AFFECT THE SAFETY AND SECURITY OF US NATIONALS OR INTERESTS IN ARGENTINA.

MESSAGE (CONTINUED):

HAIG

SECSTATE WASHDC 7718 DTG: 111805Z MAY 82 PSN: 023785

DECLASSIFIED

Authority NIJ-740-26-14-9-5

BY LN NARA DATE 11/2/17

~~SECRET~~

RECALLED

~~CONFIDENTIAL~~

39565

19

WHITE HOUSE SITUATION ROOM

PAGE 01 OF 02 BUENOS AIRES 3019  
SIT513 RECALLED

DTG: 131534Z MAY 82 PSN: 026983  
TOR: 133/1641Z

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DISTRIBUTION: RCAL /001  
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OP IMMED  
UTS4241  
DE RUESBA \*3019/01 1331550  
O 131534Z MAY 82  
FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC IMMEDIATE 3719

INFO AMEMBASSY BRASILIA 5247  
AMEMBASSY CARACAS 4851  
AMEMBASSY LIMA 4247  
AMEMBASSY LONDON 1295  
AMEMBASSY MONTEVIDEO 8154  
AMEMBASSY PARIS 1681  
AMEMBASSY SANTIAGO 5894  
USCINCSO QUARRY HTS PN

~~CONFIDENTIAL~~ A L SECTION 1 OF 2 BUENOS AIRES 3019

E. O. 12065: GDS 5/12/88 (RUSER, C. W.) OR-M  
TAGS: ECON, EFIN, AR  
SUBJECT: A VIEW OF ARGENTINE'S EXTERNAL PAYMENTS SITUATION

1. C- ENTIRE TEXT
2. SUMMARY: SENIOR OFFICIAL IN US BANKING COMMUNITY TAKES RELATIVELY RELAXED VIEW OF ARGENTINA'S EXTERNAL PAYMENTS SITUATION. KEY PROBLEM FOR ARGENTINE OFFICIALS IS TO OBTAIN ROLL OVER OF ARGENTINE SHORT-TERM DEBT, WHICH OFFICIAL THOUGHT WOULD BE FORTHCOMING. GRAINS EXPORTS HAVE BEEN AT NEAR RECORD LEVELS IN APRIL. CENTRAL BANK EXPECTS HIGH EXPORT REVENUES REPATRIATION IN MAY AMOUNTING TO SOME \$800 MILLION. NEW NEW FINANCING REQUIREMENT, WHILE MODEST, MAY HOWEVER BE THE RUB. END SUMMARY.
3. DURING ONE OF PERIODIC CONVERSATIONS, TBCAL HEAD OF MAJOR US BANK GAVE RELATIVELY OPTIMISTIC ASSESSMENT OF ARGENTINA'S EXTERNAL PAYMENTS SITUATION, "EVERYTHING CONSIDERED". HE WAS IMPRESSED BY THE HIGH EXPORT VOLUME IN APRIL--2.5 MILLION TONS IN GRAINS AND OIL SEEDS, COMPARED WITH 2.1 MILLION TONS IN APRIL LAST YEAR. OUTLOOK FOR MAY CONTINUES GOOD. THE CENTRAL BANK NOW ESTIMATES THAT REPATRIATION OF EXPORT PROCEEDS IN MAY WILL REACH \$800 MILLION. (UNDER THE REGULATIONS, EXPORT PROCEEDS MUST BE REPATRIATED WITHIN 15 DAYS AFTER THE BILL OF LADING IS ISSUED.)
3. IN THE OFFICIAL'S VIEW, THE KEY TO ARGENTINA'S PAYMENTS PROBLEM IS THE CONTINUED ROLL OVER OF ARGENTINA'S SHORT-TERM DEBT. MOST OF THE LARGER BANKS WERE WILLING TO DO SO, HE THOUGHT, BUT HE CONCEDED SOME OF THE SMALLER BANKS MIGHT TRY TO REDUCE THEIR EXPOSURE. ECONOMY MINISTER'S "JAW-BONING" THIS WEEK IN HELSINKI, ZURICH AND THE US WAS HELPFUL AND TIMELY.
4. THE OFFICIAL SAID HIS BANK HAD BEEN REASSURED THAT ORDERLY DEBT SERVICE WAS A HIGH PRIORITY FOR THE GOVERNMENT. THE CENTRAL BANK'S PRIORITIES WERE:
  - PUBLIC-SECTOR LOANS
  - SYNDICATED LOANS
  - PRIVATE -SECTOR LOANS
  - LETTERS OF CREDIT
  - OTHER COLLECTIONS.
 THE OFFICIAL (WHO IS SYMPATHETIC TO ARGENTINA) ADMITTED THAT PAYMENTS ON "OTHER COLLECTIONS" MIGHT BE SLOW SINCE IT DEPENDED ON RESERVE AVAILABILITY.

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Authority NUZ-748-2674-103

BY CN NARA DATE 11/7/19

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## WHITE HOUSE SITUATION ROOM

PAGE 02 OF 02 BUENOS AIRES 3019

DTG: 131534Z MAY 82 PSN: 026983

5. THE OFFICIAL THOUGHT THAT FREE RESERVES WERE OFF BUT HE WAS UNABLE TO SAY BY HOW MUCH. (COMMENT: THE CURRENT CONVENTIONAL WISDOM IN THE FINANCIAL DISTRICT IS THAT FREE RESERVES CONTINUE TO BE ON THE ORDER OF \$500 MILLION. THIS FIGURE, HOWEVER, IS INCONSISTENT WITH REPORTED LOSSES IN MARCH AND APRIL.) THE CENTRAL BANK, THE OFFICIAL SAID, ALSO WAS STRESSING ITS "FUNDS" HELD ON "DEPOSIT" WITH INTERNATIONAL FINANCIAL INSTRUCTIONS, IT WAS NOT, HOWEVER, PLANNING TO CALL ITS FIRST IMF TRANCHE. THE MAJOR PAYMENT PROBLEM FACING ARGENTINA WOULD COME NEXT JANUARY WHEN THE 18-MONTH LOANS WITH CENTRAL BANK FORWARD COVER FALL DUE. (THESE LOANS WERE INCURRED PARTLY UNDER THE SO-CALLED CAVALLO PLAN DURING GEN. LIENDO'S INTERIM PRESIDENCY.)

6. ON SERVICING DEBT TO BRITISH INSTITUTIONS, THE OFFICIAL SAID THE CENTRAL BANK WAS LOOKING THE OTHER WAY, I. E. DID NOT TAKE CONGNIZANCE OF PAYMENTS MADE BY MEMBERS OF SYNDICATES TO THE BRITISH MEMBER. THE CENTRAL BANK WAS SATISFIED IF THE PORTION OF DEBT SERVICE DUE THE BRITISH FIRMS WAS DEPOSITED IN ESCROW. IT DID NOT TRY TO INTERFERE WITH A REALLOCATION OF THE REMAINING PAYMENTS AMONG THE MEMBERS OF A SYNDICATE. SOME OF THE RECENT CASES WERE DIFFICULTY HAD ARISEN--E. G. A SYNDICATED LOAN TO CNEA-- AROSE BECAUSE THE SYNDICATION AGREEMENT DID NOT CONTAIN CROSS DEFAULT/PAYMENT CLAUSES; THIS LEFT THE BRITISH MEMBER WITHOUT ANY PAYMENTS, A SITUATION THE BRITISH FIRM  
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WHITE HOUSE SITUATION ROOM

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~~CONFIDENTIAL~~ SECTION 2 OF 2 BUENOS AIRES 3019

INVOLVED IN THE CNEA LOAN HAS CONTESTED.

7. COMMENT: THE OFFICIAL'S VIEWS SEEM SOMEWHAT OPTIMISTIC ALTHOUGH BASICALLY SOUND. IN ESSENCE, THE INTERNATIONAL BANKING COMMUNITY, DESPITE ITS REASSESSMENT OF THE ARGENTINE COUNTRY RISK, WILL HAVE TO ROLL OVER ARGENTINE LOANS IF IT WISHES TO AVOID A MASSIVE DEFAULT. ARGENTINA'S SITUATION REMAINS IN SOME RESPECTS BETTER, OF COURSE, THAN THAT OF, SAY, POLAND. ARGENTINA HAS ANOTHER VERY SUBSTANTIAL HARVEST. UNDER ANY REASONABLE ENFORCEMENT OF ITS EXCHANGE CONTROLS, ITS EXPORT REVENUES SHOULD BE SUFFICIENT TO COVER IMPORT REQUIREMENTS AND PART OF CURRENT SERVICE PAYMENTS. WHILE IT NEEDS TO REFINANCE ITS EXTERNAL DEBT, ITS NEED FOR NET EXTERNAL FINANCING SHOULD BE RELATIVELY MODEST. BEFORE THE FALKLANDS CRISIS, THE EMBASSY HAD ESTIMATED ARGENTINA'S CURRENT ACCOUNT DEFICIT TO BE ON THE ORDER OF \$2.5 BILLION THIS YEAR, REFLECTING THE HEAVY BURDEN (\$4.5 BILLION) OF INTEREST PAYMENTS ON ITS EXTERNAL DEBT. BUT TO FIND TWO BILLION UNDER CURRENT CONDITIONS COULD BE THE RUB. IF THERE ARE PROBLEMS, ARGENTINA WILL BE DRIVEN INTO PROGRESSIVELY MORE SEVERE IMPORT AND EXPORT CONTROLS. BUT IT IS AN OPEN QUESTION WHETHER A COUNTRY PLAGUED BY SUCH A LOW LEVEL OF PUBLIC MORALITY CAN ADMINISTER EXCHANGE CONTROLS EFFECTIVELY FOR VERY LONG.

SHLAUDEMAN  
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Department of State

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FOR THE SECRETARY FROM THE ACTING SECRETARY  
E.O. 12065: RDS-3 (BREMER, L.P., III)  
TAGS: OVIP (HAIG, ALEXANDER M. JR.)  
SUBJECT: FALKLANDS

1. I THOUGHT IT MIGHT BE USEFUL TO GIVE YOU A SENSE OF WHERE LARRY AND I SEE THE SITUATION AT THE END OF THE DAY.
2. FIRST, IT IS CLEAR THAT IF HENDERSON IS EVEN REMOTELY INFORMED ON THE NEW YORK TALKS, THE TWO PARTIES ARE A VERY LONG WAY AWAY FROM AN AGREEMENT. THE ARGENTINES, AND TO SOME EXTENT PEREZ, ARE TRYING BY THEIR PUBLIC STATEMENTS TO CONVEY THE IMPRESSION THAT THE ARGENTINES HAVING MADE A CONCESSION ON SOVEREIGNTY, ALL THAT REMAINS IS A FEW DETAILS ON WHICH HMG SHOULD COMPROMISE AND THE DEAL WILL BE DONE. WE KNOW THAT THOSE "FEW DETAILS" ACTUALLY RAISE FUNDAMENTAL POINTS FOR LONDON ABOUT THE NATURE OF THE INTERIM AUTHORITY. THEY WILL NOT LIGHTLY

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BY CA NARA DATE 11/7/17





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PAGE 02                    STATE 132510 T0SEC 070088

BE SOLVED.

3. SECOND, LOOKING AT THE DYNAMICS AND TIMETABLE SET OUT IN NEW YORK, IT IS UNLIKELY THAT PEREZ'S MISSION WILL EITHER SUCCEED OR FAIL BEFORE TUESDAY. THE BRITISH WILL NOT BE MAKING THEIR FUNDAMENTAL DECISIONS BEFORE SUNDAY'S CABINET MEETING, AND NICKO AT LEAST CLEARLY UNDERSTOOD OUR POINT THAT THE BRITS SHOULD AVOID BEING SEEN AS BEING THE CAUSE OF A BREAKDOWN OF THE PEREZ EFFORT.

3. WE DOUBT THAT THE BRITISH WILL UNDERTAKE A MAJOR STEP-UP IN MILITARY ACTION BEFORE THE CABINET MEETING OR BEFORE THEY HAVE GOT THE EC SANCTIONS RENEWAL SAFELY INTO PORT, EITHER LATE SUNDAY OR MONDAY.

4. IT FOLLOWS FROM THE ABOVE THAT OUR BEST STRATEGY OVER THE NEXT 48 HOURS SHOULD BE TO PLAY IT VERY COOL AND LET THE NEW YORK EFFORT RUN ITS COURSE. THE TIME FOR A HARD LOOK AT NEXT STEPS WILL BE IN YOUR MEETING WITH PYM SUNDAY WHEN YOU WILL BE ABLE TO GET A BETTER SENSE OF HOW THE BRITISH ARE MOVING AFTER THEIR CABINET MEETING.

5. IT COULD BE ARGUED THAT WE SHOULD GET BACK TO THE BRAZILIANS TO HAVE THEM GO TO THE ARGENTINES FOR MORE FLEXIBILITY ON THE INTERIM ARRANGEMENTS. AFTER ALL THE TWO PRESIDENTS SAID THEY WOULD EACH CONTACT THEIR RESPECTIVE ALLIES, AND PRESIDENT REAGAN DID SO THURSDAY. TOM HAS ARGUED THAT WE OWE THE BRAZILIANS AN ANSWER AND SHOULD GET BACK TO THEM FAST. WE DISAGREE. WE CANNOT SEE HOW WE CAN ASK THE BRAZILIANS TO PRESS CONCILIATION ON THE INTERIM ARRANGEMENTS WHEN THEY WILL IMMEDIATELY ASK IF MRS. THATCHER TOLD THE PRESIDENT SHE, TOO, WOULD BE FLEXIBLE ON THIS ISSUE. AS YOU KNOW, THE CALL WENT

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PAGE 03 STATE 132510 T0SEC 070088

QUITE ANOTHER WAY.

6. WE FIRMLY BELIEVE WE SHOULD HOLD THE BRAZILIANS IN RESERVE, TO BE USED AT A TIME WHEN THEY CAN MAKE A DECISIVE DIFFERENCE IN THE OUTCOME -- I.E., WHEN THE TWO PARTIES ARE MUCH CLOSER THAN THEY NOW ARE. I TOLD PRESIDENT FIGUIREDO THURSDAY WE WOULD BE BACK IN TOUCH, HE ACCEPTED THIS POINT AND WE SHOULD LEAVE IT AT THAT FOR NOW.

7. FINALLY, WE SHOULD BE WARY OF BEING STAMPEDED INTO A STERILE EFFORT TO SAVE PEREZ'S MISSION AT GREAT COST TO THE US. OUR SENSE IS, AND HAS BEEN, THAT PEREZ'S EFFORTS WILL RUN INTO THE SAND. WHEN IT DOES, THE PARTIES WILL NECESSARILY HAVE TO COME BACK TO US FOR HELP. WE SHOULD RESERVE OURSELVES FOR THAT MOMENT.

8. LATE NOTE: TOM HAS JUST CALLED TO SAY HE SPOKE TO THE BRAZILIAN FOREIGN MINISTER IN NEW YORK. THE BRAZILIAN HAD SPOKEN TO ROS, WHO CONFIRMED TO HIM THAT SIGNIFICANT DIFFERENCES REMAIN (ON INTERIM ARRANGEMENTS, THE NUMBER OF ISLANDS INVOLVED, THE FREEDOM OF MOVEMENT, ETC., ETC). THE BRAZILIAN ADDED THAT PEREZ'S STATEMENT AT TODAY'S INFORMAL SC SESSION WAS NOT AT ALL UPBEAT. TOM THANKED THE BRAZILIAN AND SAID WE WOULD STAY IN TOUCH. THIS ONLY STRENGTHENS OUR ANALYSIS ABOVE.

STOESSEL

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# WHITE HOUSE SITUATION ROOM

PAGE 01 OF 02 BUENOS AIRES 3118  
SIT367 DATE 05/18/82

DTG: 172045Z MAY 82 PSN: 032544  
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E. O. 12065: RDS-1 5/17/02 (SHLAUDEMANN, HARRY W.) OR-M  
TAGS: PEPR, PBOR, MILI, FA, UK, AR  
SUBJECT: SOUTH ATLANTIC CRISIS: A SENSE OF DOOM IN ARGENTINA  
REF: LONDON 10913

1. (S- ENTIRE TEXT)

2. THE GOA SEEMS TO BE FULLY AWARE THAT WHAT PARSONS IS BRINGING BACK WITH HIM WILL NOT DO THE TRICK. FOREIGN NEWSMEN ARE GETTING EXPRESSIONS OF DEEP PESSIMISM ON BACKGROUND AT THE FOREIGN MINISTRY. ONE OF GALTIERI'S MILITARY AIDES TOLD ONE OF OUR PEOPLE TODAY THAT -- THE ARGENTINES CAN GIVE NOTHING MORE IN NEW YORK; -- THE BRITISH WILL INVADE THE ISLANDS SOON AND WILL DEFEAT THE ARGENTINES BECAUSE THEY HAVE THE TECHNOLOGY AND THE MILITARY CAPACITY. THERE WILL BE GREAT LOSS OF LIFE; -- ONLY THE U. S. CAN PREVENT THIS DISASTER BY "IMPOSING" A CEASE-FIRE.

2. THE ARGENTINE GAME OF TRYING TO OBTAIN A CEASE-

MESSAGE (CONTINUED):

FIRE IN PLACE CONTINUES. BUT I AM PERSUADED THAT THE AIDE WAS SPEAKING HONESTLY. ALL THE SIGNS POINT TO THE ONSET OF THAT FATALISM GALTIERI WAS EXPRESSING WHEN HE TALKED THE OTHER DAY ABOUT 40,000 DEAD AND YEARS OF FIGHTING. THE ARGENTINES HAVE NO IDEA WHAT TO DO NEXT BEYOND HOPING THAT WE WILL SOMEHOW MAKE MRS. THATCHER STOP. I SCARCELY NEED TO SAY THAT A BLOODY BATTLE ON THE ISLANDS LEADING TO ARGENTINE DEFEAT WOULD PRODUCE GRAVE CONSEQUENCES FOR U. S. INTERESTS HERE AND ELSEWHERE IN LATIN AMERICA.  
SHALUDEMANN

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Authority NW 748-261472-1

BY GN NARA DATE 11/7/17

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WHITE HOUSE SITUATION ROOM

PAGE 02 OF 02 BUENOS AIRES 3118

DTG: 172045Z MAY 82 PSN: 032544

BUENOS AIRES 3118

DTG: 172045Z MAY 82 PSN: 032544

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27

MEMORANDUM

3411

NATIONAL SECURITY COUNCIL

~~SECRET~~

May 17, 1982

RCM HAS SEEN

MEMORANDUM FOR WILLIAM P. CLARK

FROM: ROGER FONTAINE/DENNIS REAIR

SUBJECT: Pressure on the Argentines

DECLASSIFIED

Authority NLP 748-2674-30

BY [signature] NARA DATE 11/21/7

The overriding objective of the United States in regard to the crisis in the South Atlantic remains the peaceful resolution of the dispute without at the same time alienating either our principal ally Great Britain or our good friend and for the first time, cooperative ally in Central America, Argentina.

In recent days we have taken steps that are throwing us off course. First, we sent our Ambassador to Italy around to the parties in the government coalition to urge them to support a continuation of EC economic sanctions against Argentina. We argued that the ending of the sanctions would encourage the extremists and undercut the moderates in Argentina. The Italian politicians told us they would not change their position, and told the press that we had strong-armed them. So we ended up with the worst of both worlds: the Italians fell off their sanctions, and everyone knows the Americans asked them not to.

We doubt that the unanimous application of EC sanctions would have the desired effect within Argentina - they have so far not had any noticeable effect in encouraging moderates and discouraging extremists. But more importantly, the Argentinians will feel that, in carrying water for Britain in the EC (of which we are not even a member), we have gone beyond appropriate support for any ally. Our action will be seen as a further act of betrayal and will help harden not soften Argentine attitudes. It will make an even rapprochement with Buenos Aires by us all the more difficult if not impossible. Britain is expected to do this kind of thing--not us. Thus the matter of continuing EC sanctions should be a matter of the members only.

Second, the President's May 13 press conference statement that heretofore only one party has proven intransigent has greatly irritated the Argentine government, which--rightly or wrongly--feels it has shown recently a certain amount of flexibility. We believe it is important that the Argentines be encouraged by a more positive statement in the near future. We do not believe a "correction of the record" is in order--only an amplification. Such a statement from the President would be as follows: "The South Atlantic situation remains very dangerous. We all have a great deal to lose. In the last few days, both sides have shown flexibility, but both sides need to do more if we are to avert war."

Unless we begin to provide more in the way of incentives for the Argentines we will make them more inflexible and make more

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Review on 5/17/88

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difficult the improvement of bilateral relations when this issue is resolved.

RECOMMENDATION:

- 1) Cease any further attempts to persuade the EC on the sanctions question - for or against.

Yes \_\_\_\_\_ No \_\_\_\_\_

- 2) Amplify the President's remarks on the South Atlantic question by encouraging further flexibility on both sides.

Yes \_\_\_\_\_ No \_\_\_\_\_

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National Security Council  
The White House

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02 MAY 18 P 1: 10

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	1	<i>[initials]</i>	
Bud McFarlane	2	M	
Jacque Hill	3		
Judge Clark	4	<i>[checkmark]</i>	A
John Poindexter			
Staff Secretary			
Sit Room			
I-Information	A-Action	R-Retain	D-Dispatch

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CY To Baker		Show CC	
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COMMENTS

*See Bud!  
Overcome by  
the work of  
I.G.*

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5/20

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TO CLARK

FROM FONTAINE

DOCDATE 18 MAY 82

BLAIR

18 MAY 82

UNCLASSIFIED UPON REMOVAL OF  
CLASSIFIED ENCLOSURE/S

*MJM  
7/27/87*

KEYWORDS: ARGENTINA

GREAT BRITAIN

SUBJECT: PRESSURE ON THE ARGENTINES

ACTION: FOR DECISION

DUE: 19 MAY 82 STATUS X FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

CLARK

COMMENTS

REF#

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	<i>5/21</i>	<i>McFarlane noted</i>		<i>Co, DB</i>

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National Security Council  
The White House

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Package # 3500

02 MAY 20 12: 14

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	1	<i>[initials]</i>	
Bud McFarlane	2	<i>[initials]</i>	
Jacque Hill	3	<i>[initials]</i>	
Judge Clark	4	<i>[initials]</i>	I
John Poindexter			
Staff Secretary			
Sit Room			

I-Information A-Action R-Retain D-Dispatch

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cc: VP Meese Baker Deaver

Other \_\_\_\_\_

COMMENTS

~~SECRET~~

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HW  
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MEMORANDUM

3500

INFORMATION

NATIONAL SECURITY COUNCIL

~~SECRET~~

May 20, 1982

MEMORANDUM FOR WILLIAM P. CLARK

FROM: JAMES M. RENTSCHLER *Jm*

SUBJECT: Falklands

NO NOTED

Having been implicated in at least one of the demarches alluded to in the memo which Roger Fontaine and Dennis Blair sent your way May 17 (cc. attached), and having been "present at the creation" for the whole South Atlantic crisis, I must reluctantly take issue with some of the points made in the otherwise thoughtful remarks my two colleagues have made.

-- First, I disagree strongly with the characterization of the Rome demarche as "the worst of both worlds". I think there is absolutely no question that a perception of disunity on the part of the EC will play significantly into the hands of Argentine extremist forces (Peronistas and Navy), encouraging them in the belief that a crumbling of support for a Community member validates their intransigent stand - thereby increasing the chances of military escalation. Accordingly, if we believe in the idea of promoting by all means possible a negotiated solution with the least chances for further loss of life, it was not only desirable but indeed indispensable to make our views known to the Italians (especially since the Foreign Minister himself agreed with us to the point of recommending the specific demarche we took). Such a course - even if a long shot with little hope of success - seems to me the essence of statesmanship and what diplomacy is all about.

-- Second, far from being seen as a "further act of betrayal" (betraying what? whom?), that demarche is well understood in the context of Italian internal politics; more important, it will, if nothing else, help satisfy an increasingly incensed and suspicious UK that we really are pushing for their support at an exceptionally crucial moment in the crisis. In that sense, rather than damage resulting from public disclosure of our demarche, I see the very real possibility of some useful credit with our key ally - a view which EUR/State and Eagleburger fully share;

-- Third, the "certain amount of flexibility" which Argentina has shown is to my mind fictitious. It is true they have somewhat softened their public stand on sovereignty; but they have compensated for this by stridently insisting on de facto arrangements during the interim administration period which would simply give them the same foreordained outcome they have always sought. This is abundantly clear in the sense of frustration which Pérez de Cuellar himself feels as he goes through the same onion-peeling

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Review on 5/20/88

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Authority: NIZ-748-26-14-71-9  
BY: CN NARA DATE: 1/7/17

exercise we did - seeming concessions by Costa Méndez on a host of nitty-gritty details, which are then remanded to the junta and promptly returned with much harder language on the Argentine role in the transitional arrangements.

Incidentally, it is much too simplistic to state that "the Italians fell off their sanctions"; they opted for one of the several provisions in the EC articles which is permeated with ambiguity and which allowed the Brits to put the best face possible on what was in fact a major break in EC ranks (as did the Danes - the Irish remain hopeless). The circumstantial evidence is strong that without our intervention the Italian move would have even been even more stark - and therefore more publicly indicative of EC disunity.

More generally, I do not see how the President can go any further than he already has in encouraging flexibility on both sides - this theme has been reiterated to a fare-thee-well. Nor, in Argentina's case, do I see what kind of "incentives" we can provide to generate that flexibility. As I am arguing in a separate memo, our maximum chances for leverage on both parties will now be after the Brits have launched a major attempt to lodge themselves on the islands. In the meantime, of course, we must continue to support UNSC 502 and the work of the Secretary General; but as the latter proceeds with his (in my view) foredoomed attempt to peel the same onion we earlier picked, I hope we will not be kidding ourselves with such illusory terms as "incentives", "flexibility", "cooperative ally in Central America", etc. At this advanced point in the crisis their use verges on the fanciful....

cc: Dennis Blair  
Roger Fontaine

Tab A Memo Dated May 17



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MEMORANDUM

3411

NATIONAL SECURITY COUNCIL

~~SECRET~~

May 17, 1982

MEMORANDUM FOR WILLIAM P. CLARK

FROM: ROGER FONTAINE/DENNIS DEAR

SUBJECT: Pressure on the Argentines

DECLASSIFIED  
AUTHORITY: NIZ 748-26-1415  
BY: [Signature] DATE 11/7/17

The overriding objective of the United States in regard to the crisis in the South Atlantic remains the peaceful resolution of the dispute without at the same time alienating either our principal ally Great Britain or our good friend and for the first time, cooperative ally in Central America, Argentina.

In recent days we have taken steps that are throwing us off course. First, we sent our Ambassador to Italy around to the parties in the government coalition to urge them to support a continuation of EC economic sanctions against Argentina. We argued that the ending of the sanctions would encourage the extremists and undercut the moderates in Argentina. The Italian politicians told us they would not change their position, and told the press that we had strong-armed them. So we ended up with the worst of both worlds: the Italians fell off their sanctions, and everyone knows the Americans asked them not to.

We doubt that the unanimous application of EC sanctions would have the desired effect within Argentina - they have so far not had any noticeable effect in encouraging moderates and discouraging extremists. But more importantly, the Argentinians will feel that, in carrying water for Britain in the EC (of which we are not even a member), we have gone beyond appropriate support for any ally. Our action will be seen as a further act of betrayal and will help harden not soften Argentine attitudes. It will make an even rapprochement with Buenos Aires by us all the more difficult if not impossible. Britain is expected to do this kind of thing--not us. Thus the matter of continuing EC sanctions should be a matter of the members only.

Second, the President's May 13 press conference statement that heretofore only one party has proven intransigent has greatly irritated the Argentine government, which--rightly or wrongly--feels it has shown recently a certain amount of flexibility. We believe it is important that the Argentines be encouraged by a more positive statement in the near future. We do not believe a "correction of the record" is in order--only an amplification. Such a statement from the President would be as follows: "The South Atlantic situation remains very dangerous. We all have a great deal to lose. In the last few days, both sides have shown flexibility, but both sides need to do more if we are to avert war."

Unless we begin to provide more in the way of incentives for the Argentines we will make them more inflexible and make more

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Review on 5/17/88

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difficult the improvement of bilateral relations when this issue is resolved.

RECOMMENDATION:

- 1) Cease any further attempts to persuade the EC on the sanctions question - for or against.  
       Yes \_\_\_\_\_ No \_\_\_\_\_
  
- 2) Amplify the President's remarks on the South Atlantic question by encouraging further flexibility on both sides.  
       Yes \_\_\_\_\_ No \_\_\_\_\_

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TO CLARK

FROM RENTSCHLER

DOC DATE 20 MAY 82

UNCLASSIFIED UPON REMOVAL OF  
CLASSIFIED ENCLOSURE(S)

*MJD  
7/27/07*

KEYWORDS: FALKLAND ISLANDS

ARGENTINA

GREAT BRITAIN

SUBJECT: DEMARCHES ON FALKLANDS

ACTION: FOR INFORMATION

DUE:

STATUS IX FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

CLARK

FONTAINE

BLAIR

COMMENTS

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THE SECRETARY OF STATE

WASHINGTON

~~SECRET/SENSITIVE~~

MEMORANDUM FOR: THE PRESIDENT

From: Alexander M. Haig, Jr.

Subject: US Posture Toward the Falkland Crisis

Unless the Argentines accept the UN Secretary General's latest proposal, which the British have already signalled comes close to their position, the British will proceed with a landing on the Falklands. The likelihood of Argentine acceptance is low. The British may take another few days to "soften up" Argentine military positions before landing; but they are not likely to delay much beyond this week-end lest they lose advantages now afforded by the weather.

This situation poses several questions for us:

- (1) What, if anything, should we do before the British land?
- (2) What should we do once the British land?
- (3) How should we act in the future, depending on how the military situation develops?

I doubt that any initiative at this stage by us -- or, for that matter, by any other party -- will improve the prospects for rapid agreement, and thus the prospects for averting major escalation. The British will not allow themselves to be strung along, and we need to preserve our leverage with them for the future.

There is a small chance that the Secretary General may ask you to make an eleventh-hour appeal to both leaders. If he does, it will be difficult for you to decline. The way to handle this situation would be to call Galtieri first and say you support the Secretary General's proposal. Based on his response, we will then want to consider a call to the Prime Minister -- not to urge restraint but to convey what you heard from Galtieri.

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We should respond as follows in the immediate aftermath of a British landing:

- ~~Our public spokesmen should state that~~ we have been concerned all along that failure to implement UN Security Council Resolution 502 would lead to intensified fighting, and that we are ready to help work toward a political solution. We should steer clear of any statement of concern about the British action itself, which they are taking in accordance with their right of self-defense.
- In the UN we must be prepared to join the British, and probably one or two others, in voting against a cease-fire resolution. We will find it harder to vote against a resolution which provides for a cease-fire, withdrawal of all forces, and introduction of a UN force, though we must think carefully before abstaining on any resolution the British vote against.
- We will want to keep Congress informed, and, if necessary, head off unhelpful resolutions (e.g., call for cease-fire only).
- We should continue to be responsive to British requests for materiel assistance, even in greater quantities, while not agreeing to operational support, e.g., refueling or resupplying British ships in the South Atlantic.

If British action produces a quick surrender of Argentine forces on the Falklands, we -- and no doubt the British -- will want a cease-fire resolution passed by the Security Council. This could help avert an extended conflict. The Argentines -- by then, probably a successor to Galtieri -- may go along with a cease-fire. The key may be our ability to get assurances from the British that they will show magnanimity, by not, for example, reintroducing such symbols of British rule as the former governor and by committing themselves to resuming negotiations toward a political solution. We will want to approach the British with this idea early on if things go well for them militarily.



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If it appears that the struggle for the islands will be long, with casualties growing and the outcome in doubt, we will want to consider a new negotiating initiative. We and the Brazilians could take the lead, working with the Secretary General. We should confer first with the British. They may well want a new initiative if they get bogged down and their support in Europe and at home is evaporating; but they may object to a new initiative as long as they think they have a reasonable chance of military success. We cannot decide now how best to pursue our interests in such a situation; but we can and will continuously refine our contingency plans.

The danger to Americans in Argentina will increase steeply with a British landing. We are therefore instructing our Ambassador to cut back, in an orderly way, to a skeletal staff with no dependents.

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