

200. Memorandum From the Director of the Bureau of Politico-Military Affairs (Burt) to the Under Secretary of State for Political Affairs (Eagleburger)¹

Washington, May 1, 1982

SUBJECT

Exports to Argentina

Our game plan for implementing the arms embargo,² is as follows:

—Munitions Control (MC) has in hand a list of all companies holding valid export licenses for Argentina and has called them to say their licenses have been suspended, effective immediately. MC will follow up the calls with a written notice of suspension. All pending licenses are being returned without action.

—MC has also called Customs to inform them of the license suspension and request that it take appropriate action to stop any export of Munitions List items to Argentina. This, too, will be followed up in writing.

—Customs has been asked to pay particular attention to the two warehouses in Maryland used by Argentina to store materiel destined for air shipment out of Andrews AFB. Argentina holds title to at least some of the materiel in these warehouses and does not need an export license to ship it home. Customs does have the authority, however, to prevent its export which we have requested them to exercise.

—We have set in motion an early warning system to ensure that Argentine requests for clearance of cargo (or other) flights into Andrews are passed to PM and EB for review before they are granted. We are also looking into the possibility that there may be other military controlled facilities used by Argentina for picking up cargo that might require special attention.

—Finally, with respect to the FMS pipeline, PM has directed DSAA by phone and in writing to suspend deliveries of FMS materiel to any Argentine entity in the US or anyone in the US acting on behalf of the GOA and to store such materiel in US controlled facilities.

—With respect to Commerce-controlled items, EB is the action bureau, with whatever help PM can offer. Under the NSC decision,

¹ Source: Department of State, Executive Secretariat, S/S Special Handling Restrictions Memos 1979–1983, Lot 96D262, ES Sensitive May 1–5 1982. Secret; Sensitive. Drafted by Brown on April 30; cleared by D. Kursch (EB) and Robinson (PM/MC). Brown initialed for both Kursch and Robinson.

² See Document 196.

Commerce, unlike MC, will not revoke outstanding licenses for dual use items but only delay issuance of new ones. We can expect, therefore, some leakage that could cause embarrassing publicity. The recent flaps over the 32 jet engines³ and the S-61 helicopters⁴ are prime examples of what we can confidently look forward to. We have been in touch with Commerce to see what can be done to deal with the problem. Initially, Commerce will attempt to identify for us any dual use items for Argentina covered by valid export licenses. Commerce has warned us, however, that its computerized case file is backlogged by several months and it will be almost impossible to identify all outstanding Argentine licenses.

Jet Engines—We have no new information on the 32 jet engines in San Francisco. So far as we know Customs has them all in custody.

³ During the April 29 Department press briefing, Fischer was asked about “reports that the United States approved a license for the export of some number, probably about 30 jet engines, for Skyhawk fighter planes—I think their designation is A-4—for Argentina within the last month, probably around April 8.” Fischer responded: “Last December the Department of Commerce issued a license for \$2 million worth of aero engine parts applicable to J-65 engines. This Korean War vintage engine powers the early models of the A-4. Because of its age and its potential application to civilian non-aircraft uses, it was removed from the Munitions List in 1980 and falls under commerce export licensing procedures. It is our understanding that the exporter, who planned the supply relationship with Argentina, purchased 32 engine assemblies from the Navy last March. The exporter planned to ship these engine assemblies to Argentina in April under the December license. We also understand that Argentina intends to have 12 of these engine assemblies overhauled in Italy, and recently submitted a second application for a license to cover this export. No action has been taken on this license and to our knowledge no engine assemblies have been shipped out of the United States.” (Telegram 118259 to all diplomatic and consular posts, May 1; Department of State, Central Foreign Policy File, D820229-0298)

⁴ See Document 149.