

EXECUTIVE SECRETARIAT

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Remarks:
 PLS prepare response for DDCI's
 Signature.

D/ Executive Secretary
 9/13/80
 Date

3637 (11-81)

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State Dept. review completed



DEPARTMENT OF STATE

Washington, D.C. 20520

Executive Registry
82-5371/1

September 10, 1982

UNCLASSIFIED
(With SECRET Attachment)

Interagency Group No. 24

TO :

- OVP - Mr. Donald P. Gregg
- NSC - Mr. Michael O. Wheeler
- ACDA - Mr. Joseph Presel
- AID - Mr. Gerald Pagano
- CIA - [REDACTED]
- Commerce - Mrs. Helen Robbins
- Defense - COL John Stanford
- JCS - MAJ Dennis Stanley
- OMB - Mr. Alton Keel
- Treasury - Mr. David Pickford
- UNA - Amb. Harvey Feldman
- USIA - Ms. Teresa Collins
- USTR - Mr. Dennis Whitfield

STAT

SUBJECT: Draft NSDD on U.S. Policy Toward South America

Attached is the draft NSDD corresponding to the NSDD 10-82 policy study and executive summary circulated under our memorandum 8225479 dated August 25.

Addressees are asked to review the draft NSDD in connection with the previously circulated documents. Clearance of the three documents is requested at a senior policy-making level. Concurrence or comments should be conveyed to Mr. Tain Tompkins at 632-5804 by COB Thursday, September 16. It is hoped that a final version of the documents can be ready for submission to the White House the week of September 20.

Your prompt attention is appreciated.

Paul Bremer, III
Executive Secretary

Attachment:
Draft NSDDUNCLASSIFIED
(With SECRET Attachment)2117
NSDD 10-92

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Draft NSDD in response to NSSD 10-82

U.S. POLICY TOWARD THE AMERICAS
IN THE WAKE OF THE FALKLANDS CRISIS

1. U.S. interests in Latin America and the Caribbean include a region free of Soviet-dominated or other hostile governments; the development of stable and democratic political systems and institutions which promote respect for basic human rights; cooperative bilateral relations to deal with security and other issues flowing from geographic proximity; protection of major U.S. trade and investment; access to raw materials; prevention of nuclear proliferation and maintenance of stable balance of power among the states in the region; and receptivity to U.S. leadership.

2. The Falklands crisis strained, to varying degrees, our relations with Latin American countries, and highlighted the potential for instability in South America. Our policy must address the following specific problems:

-- Instability and irredentism in Argentina, which imply new opportunities for the USSR to gain access to a strategic position in the Southern Cone;

-- Disillusionment with U.S. leadership in Venezuela

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and elsewhere, which provides tempting opportunities for Cuba to reenter inter-American diplomacy;

- The increased importance of Brazil as a potential stabilizing factor in South America at a time when economic pressures are eroding our ties and influence in that country.

3. The highest United States priority in Latin America continues to be the prevention of further inroads by the Soviet Union or its client states in our immediate environs -- Central America, the Caribbean and Mexico.

4. To restore and assert U.S. influence in South America, the United States will, subject to Congressional and statutory limitation:

- Maintain its diplomatic position on the fundamental Falklands issues as it was before the crisis, specifically: U.S. neutrality on the question of sovereignty over the islands and support for negotiations or other peaceful efforts to resolve this dispute;
- Lift the military pipeline embargo on Argentina soon, after discussion with the UK;

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- Depending on discussions with Chile and on Argentine behavior, certify Argentina and Chile jointly, to preserve regional political and military balance, before the end of 1982.

- Rebuild a close relationship with Brazil, to include Cabinet-level consultations, renewed cooperation in military training and trade, and a dialogue on nuclear issues. To develop this process, the U.S. will seek appropriate Brazilian nonproliferation-related concessions (e.g. restraint in exports to sensitive regions) which could allow Presidential waiver of Symington/Glenn. We should also seek progress in discussions on the Treaty of Tlatelolco and safeguards which could resolve the fuel supply issue and permit resumed nuclear cooperation. The United States will also explore arms co-production agreements. We should also review our global sugar policy in the light of its foreign and domestic impact.

- Use flexibility within NSDD 5 guidelines to respond promptly to arms transfer requests. The U.S. will seek to prevent regional arms races, as

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well as to preserve sub-regional arms balances and to upgrade bilateral ties. Measures should be sought to lessen Peru's dependence on Soviet arms supplies.

- Use our influence through traditional diplomatic channels to promote human rights so as to facilitate public support for expanded, closer relationships with the governments concerned;
- Seek to play a supportive role, to the extent our resources permit, in such economically weak states as Bolivia, Ecuador and Paraguay.
- Pursue a more active bilateral diplomacy throughout the continent, while seeking to turn back efforts to alter the Inter-American System. The United States will make no attempt to buy back our friends or to give the appearance of guilt. Nor will the U.S. court the most resentful (Venezuela and Peru). Rather we will use a series of ad hoc bilateral cabinet-level meetings with a

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substantial but not exclusive economic focus
to show that dialogue with the U.S. is possible.
The U.S. will lead with Brazil, then Mexico and
Venezuela when the time is appropriate.

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