10 DOWNING STREET From the Private Secretary FALKLAND ISLANDS: UN NEGOTIATIONS On Sir Anthony Parsons' recommendation, conveyed to me by Antony Acland tonight, the Prime Minister rang the UN Secretary General at 1035 p.m. Mr. Perez de Cuellar said that a most dangerous point had been reached. He was appreciative of the concessions made by the United Kingdom during the negotiations but a settlement was not yet in sight. His primary duty as Secretary General was to avoid wars. He must continue his efforts to find agreement. He had just spoken to Galtieri and urged him to make further efforts. He hoped for our continued co-operation and understanding. The Prime Minister asked what Galtieri's response had been. Mr. Perez de Cuellar said that Galtieri had expressed interest in a peaceful solution and had asked for the Secretary General's views on how this could be brought about. Further comments might be forthcoming from the Argentine Government in the next few hours. The Prime Minister said that she was very grateful for the Secretary General's efforts but we had put our views very clearly in our draft interim agreement. We had discussed seven sets of proposals with the Argentine Government through mediators and each negotiation had ended in the same way. The Argentinians always said they were flexible but their tactics were to confuse and delay. We had gone as far as we could go. Their response amounted to total rejection of our proposals. They had not moved and would not move. We should have to say publicly tomorrow that their response amounted to rejection. If Argentina was serious it could either accept our proposals or obey Resolution 502. We felt very strongly that we had done everything possible. Perez de Cuellar said that the Argentinians claimed that their document was not final. The Prime Minister replied that we would never get a final document from them. Mr. Perez de Cuellar said that he would convey to Sir Anthony Parsons any further reaction he received from Galtieri. The Prime Minister said that the Secretary General must do as he thought fit. But we should have to make our statement tomorrow. If the Secretary General came up with totally fresh proposals we would of course look at them. But we now had to be firm. CONFIDENTIAL /The Prime Minister

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The Prime Minister concluded by repeating that we were most grateful to Mr. Perez de Cuellar in whom we had great faith. We remembered his very helpful co-operation over Zimbabwe. Mr. Perez de Cuellar said that he was looking forward to seeing the Prime Minister in New York in June.

I am copying this letter to the Private Secretaries to the members of OD(SA).

A. J. COLES

Brian Fall, Esq., Foreign and Commonwealth Office.