ADVANCE COPIES: FALKLAND ISLANDS GENERAL PS/NO 10 DOWNING ST (2) PS/M HURD PS/S OF S FOR DEFENCE PS/MR ONSLOW PS/MR RIFKIND MR J STEWART AUSD STAFF MOD PS/PUS PS/CHANCELLOR ) SIR J BULLARD TREASURY MR ILETT SIR I SINCLAIR MR LITTLER MR GIFFARD MR WRIGHT MISS DICKSON D/ENERGY MR ADAMS SIR R ARMSTRONG LORD N G LENNOX SIR M PALLISER LORD BRIDGES MR A D S GOODALL CABINET OFFICE MR URE MR GILLMORE DIO HD/PUSD (2) ROOM 8 FOR MODUK C IN C FLEET HD/S. AM D HD/FALKLANDS UNIT (2) MR. COLIN ROTH, LACPD, ODA HD/DEFENCE DEPT MD/NEWS DEPT MR. BORDEN, LACPD, ODA. HD/ERD HD/ECD(E) HD/UND HD/PLANNING STAFF RESIDENT CLERK GRS 200 CONFIENTIAL FM BERNE Ø91555Z TO IMMEDIATE FCO . TELNO 213 OF Ø9JULY INFO IMMEDIATE BRASILIA WASHINGTON UKMIS NEW YORK UKMIS GENEVA INFO SAVING WELLINGTON MONTEVIDEO MY IPT: UN SECRETARY GENERAL'S VISIT TO BERNE: FALKLANDS WE SHALL BE SENDING BY BAG A GENERAL REPORT ON PEREZ

1. WE SHALL BE SENDING BY BAG A GENERAL REPORT OF DE CUELLAR'S VISIT TO BERNE ON 7 AND 8 JULY. ACCORDING TO AN ACCOUNT WHICH WE HAVE RECEIVED FROM SWISS DEPARTMENT OF FOREIGN AFFAIRS AT DESK LEVEL HE MADE THE FOLLOWING POINTS

ON THE FALKLANDS ISSUE:

A) THE RELEASE OF FLIGHT LIEUTENANT GLOVER HAD BEEN A SIGN
OF GOOD-WILL ON THE PART OF ARGENTINA.

BY THE SECRETARY GENERAL WOULD EXPRESS TO THE BRITISH

A) THE RELEASE OF FLIGHT LIEUTENANT GLOVER HAD BEEN A SIGN OF GOOD-WILL ON THE PART OF ARGENTINA. B) THE SECRETARY GENERAL WOULD EXPRESS TO THE BRITISH GOVERNMENT IN LONDON NEXT WEEK HIS HOPE THAT THE UK WOULD : BE WILLING TO BEGIN NEGOTIATIONS SCON. HE DID NOT THINK THE BRITISH GOVERNMENT WOULD BE READY TO BEGIN WITHIN THE NEXT SIX MONTHS. BUT THE CHANGE OF MR HUNT'S TITLE ON HIS REAPPOINTMENT TO THE ISLANDS WAS AN ENCOURAGING SIGN. C) HE FEARED THAT THE NON-ALIGNED COUNTRIES MIGHT TRY TO TAKE THE FALKLANDS ISSUE TO THE GENERAL ASSEMBLY, WHICH HE PERSONALLY WISHED TO AVOID. D) HE FEARED THE ARGENTINES MIGHT MAKE SPORADIC SYMBOLIC RAIDS. E) HE WAS ALSO CONCERNED ABOUT THE RISK OF OUTSIDE MILITARY INTERFERENCE IN THE AREA AND OF COMMUNIST COUNTRIES' INCREASING THEIR INFLUENCE THERE. F) HE THOUGHT FEARS ABOUT THE EFFECTS OF THE CONFLICT ON LATIN AMERICAN/EUROPEAN RELATIONS HAD BEEN EXAGGERATED AND THAT THE MORE IMPORTANT EFFECTS WOULD BE ON LATIN AMERICAN/US RELATIONS, WHICH COULD INDIRECTLY AFFECT EUROPE. G) IN THE CONTEXT OF (F) ABOVE HE HAD ALREADY SPOKEN TO PRESIDENT REAGAN SUGGESTING THE USE OF PRIVATE US CULTURAL AND ECONOMIC ACTIVITIES TO IMPROVE THE CLIMATE. FCO PLEASE PASS SAVINGS. POWELL-JONES NNNN . SENT/RECD AT 891620Z TWPM/ PA