YID12 FALKLAND ISLANDS ADVANCE COPIES: PS NO 10 DOTREZES ST PS FLASH PS/AP. HURD PS/S OF S FOR DEFENCE PS/AR ONSLOW PS/CHANCELLOR ) PS/FUS SIR K COUZERS KR GIFFAPD NR LITTER RRIEI MR ADAMS MR HAWIIM MR PERETZ MR UPE ICR GILLMORE MR ILETT MR MCLVITTE ED/S AM D (FCO DIST + A/D F/I) MISS DICKSON (EEP DIV) D/EN FI/DEF D' E/NEWS D DIO CABINET OFFICE VUD NR TADE-GERY CABINET OFFI ED/PLAINING STAFF MR FULLER SAPU/DIO R ANTHONY WILLIAMS 10 RESIDERT CLERE SIR M PALLISER CHEDEP OFFICE 11 SIR R AFMSTRONG (Copy passed to Energency Sta FROM UKMIS NEW YORK 662007Z MAY 82 TO FLASH F C O MAY TELEGRAM NUMBER 663 DATED 6 HUGEGPTNSL INFO. IMMEDIATE WASHINGTON YOUR TELNO 358: SECRETARY GENERAL'S PROPOSALS 1. I DELIVERED YOUR REPLY TO THE SECRETARY GENERAL AT. 16302. HE HAD SEEN ROCA (ARGENTINA) AN HOUR BEFORE. ROCA HAD TOLD HIM THAT COSTA MENDEZ HAD JUST TELEPHONED THE PERUVIAN PRIME MINISTER TO SAY THAT THE UN WAS THE ONLY "CHANNEL" ARGENTINA COULD ACCEPT. (PEREZ DE CUELLAR CONFIRMED THAT THE PERUVIAN GOVERNMENT HAD TOLD HIM NOTHING ABOUT THEIR PROPOSALS). HE HAD ASKED ROCA FOR CLARIFICATION OF COSTA MENDEZ'S MESSAGE OF YESTERDAY: DID ARGENTINA OR DID IT NOT ACCEPT HIS IDEAS AND APPROACH? ROCA HAD REPLIED THAT ARGENTINA DID ACCEPT AND THAT THEY CONSIDERED PEREZ DE CUELLAR'S IDEAS TO BE ''IN THE FRAMEWORK OF ARTICLE 40 .. PEREZ DE CUELLAR TOOK GREAT COMFORT FROM THIS REMARK, INTERPRETING IT TO MEAN THAT THE ARGENTINES WOULD NOT INSIST ON PRELIMINARY ACCEPTANCE OF THEIR POSITION ON SOVEREIGNTY. ROCA HAD GONE ON TO SAY THAT COSTA MENDEZ WAS AT PEREZ DE CHELLAR'S DISPOSAL IF HE WISHED HIM TO COME TO NEW

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2. WE THEN TURNED TO YOUR RESPONSE TO PEREZ DE CUELLAR'S IDEAS. PEREZ DE CUELLAR WAS CLEARLY PLEASED BY IT, SEEING IT AS A BASIS ON WHICH HE COULD START A NEGOTIATING PROCESS. HE READILY ACKNOWLEDGED THAT, WHEREAS ARGENTINA HAD PROVIDED HIM WITH ONLY A BRIEF AND AMBIGUOUS PROCEDURAL RESPONSE, YOU HAD GIVEN HIM IDEAS OF SUBSTANCE, WHICH MIGHT NOT BE INITIALLY ACCEPTABLE EITHER TO HIM OR THE ARGENTINES BUT WHICH GAVE HIM A REAL CHANCE OF BEGINNING A GENUINE NEGOTIATION.

3. RAFEE AHMED, ON THE OTHER HAND, WAS UNREMITTINGLY CRITICAL AND HOSTILE. IN AN HOUR OF DIFFICULT DISCUSSION, OVER WHICH PEREZ DE CUELLAR SOMETIMES HAD DIFFICULTY IN KEEPING CONTROL, AHMED RAISED THE FOLLOWING OBJECTIONS TO YOUR REPLY:

- (A) IT LOOKED VERY SIMILAR TO THE HAIG/BELAUNDE PROPOSALS. COULD HE HAVE AN ASSURANCE THAT THESE IDEAS HAD NOT ALREADY BEEN PUT TO THE ARGENTINES THROUGH SCME THIRD PARTY AND REJECTED BY THEM? I SQUASHED THIS AND PEREZ DE CUELLAR DID THE SAME BY SAYING THAT IT DID NOT MATTER IF THE IDEAS IN YOUR MESSAGE WERE NOT INITIALLY ACCEPTABLE TO THE ARGENTINES: WHAT MATTERED WAS TO GET A UN NEGOTIATING PROCESS GOING.
- (B) YOUR RESPONSE AMOUNTED TO A 'PHASED'' PROGRAMME: PEREZ DE CUELLAR'S HAD PROVIDED FOR 'SIMULTANEITY''.
- (C) THE SECRETARY GENERAL'S IDEAS REQUIRED A YES OR A NO: THEY LEFT ONLY FOUR POINTS TO BE DECIDED: THE DATE ON WHICH WITHDRAWAL ETC WOULD BEGIN: THE TARGET DATE FOR NEGOTIATION OF A SETTLEMENT: THE FORMAT OF THE NEGOTIATIONS: AND THE NATURE OF THE TRANSITIONAL ARRANGEMENTS. YOUR REPLY WAS LESS POSITIVE THAN THE ARGENTINES' BECAUSE IT DID NOT ACCEPT SIMULTANEITY AND MERELY TOOK SOME ELEMENTS FROM THE SECRETARY GENERAL'S IDEAS. PEREZ DE CUELLAR SAID THAT ON THE CONTRARY, HE SAW YOUR REPLY AS CONTAINING "COMMENTS" ON HIS IDEAS WHICH HE WOULD INITIALLY DISCUSS WITH HIS STAFF: HE MIGHT THEN SEEK CLARIFICATION FROM YOU BEFORE OPENING DISCUSSIONS OF SUBSTANCE WITH THE ARGENTINES, WITHOUT REVEALING THE CONTENTS OF YOUR REPLY. I WELCOMED THIS PROCEDURE, ENDORSING PEREZ DE CUELLAR'S DESCRIPTION OF YOUR REPLY AS ''COMMENTS'' AND REJECTING AHMED'S "COUNTER-PROPOSALS".

IN' YOU HAD NOT MATCHED COSTA MENDEZ'S OFFER TO COME TO NEW YORK

OF YOUR REPLY AS ''COMMENTS'' AND REJECTING AHMED'S ''COUNTER-PROPOSALS''.

- (D) YOU HAD NOT MATCHED COSTA MENDEZ'S OFFER TO COME TO NEW YORK NOT TO TALK TO PEREZ DE CUELLAR EXCLAMATION MARK PEREZ DE CUELLAR AND I BOTH FIRMLY SQUASHED THIS.
- (E) UNDER YOUR IDEAS, THE TRANSITIONAL ARRANGEMENTS WOULD TAKE A LONG TIME TO NEGOTIATE, DURING WHICH MORE LIVES WOULD BE LOST. IF YOUR PHASED APPROACH WAS TO BE ACCEPTED, THE COUNCIL WOULD HAVE TO ADOPT DORR'S PROPOSAL FOR A TEMPORARY SUSPENSION OF HOSTILITIES WHILE THE SECRETARY GENERAL CONSIDERED YOUR AND THE ARGENTINE REPLIES. I FIRMLY RULED THIS OUT, USING THE SAME ARGUMENTS AS I HAD IN THE COUNCIL LAST NIGHT.

4. PEREZ DE CUELLAR AGREED THAT IN THE LIGHT OF YOUR REPLY IT WAS ALL THE MORE ESSENTIAL THAT THERE SHOULD BE NO FORMAL MEETING OF THE COUNCIL. WE AGREED, AGAINST DETERMINED OPPOSITION FROM RAFEE AHMED , THAT AT THIS AFTERNOON'S CONSULTATIONS PEREZ DE CUELLAR WOULD SAY THAT HE HAD RECEIVED A POSITIVE AND SUBSTANTIVE RESPONSE FROM YOU, THAT HE WAS STUDYING IT AND THAT HE INTENDED VERY SHORTLY TO START DISCUSSING WITH THE PARTIES HOW HIS IDEAS OF 2 MAY MIGHT BE IMPLEMENTED: HE WOULD TELL THE ARGENTINES THAT HE HAD RECEIVED BRITISH COMMENTS AND WOULD BE GRATEFUL FOR THEIRS. HE HOPED THAT THIS WOULD STOP THE COUNCIL FROM DOING ANYTHING UNHELPFUL. WE SHALL SEE. 5. TO SUM UP, YOUR REPLY HAS HAD THE DESIRED EFFECT OF CASTING US, IN PEREZ DE CUELLAR'S MIND AT LEAST, IN A MORE POSITIVE LIGHT THAN THE ARGENTINES AND OF GIVING HIM SOMETHING TO WORK ON. BUT RAFEE AHMED IS A SINISTER AND MALEVOLENT INFLUENCE. I GAVE HIM VERY SHORT SHRIFT TODAY AND AM CONSIDERING URGENTLY THE IMPLICATIONS OF HIS DEPLORABLE AND TOTALLY PARTIAL PERFORMANCE.

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YOUR TELNO 358: SECRETARY GENERAL'S PROPOSALS