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FM CABINET OFFICE

TO WHITE HOUSE

S E C R E T

MESSAGE FROM PRIME MINISTER TO PRESIDENT REAGAN.

DEAR RON,

FRANCIS PYM HAS TOLD ME ABOUT THE VERY USEFUL TALKS HE HAD WITH AL HAIG ABOUT THE FALKLAND ISLANDS DURING HIS VISIT TO WASHINGTON ON SUNDAY. WE ARE ALL TREMENDOUSLY HEARTENED BY THE WAY YOU HAVE COME OUT IN OUR SUPPORT.

AS I SEE IT, THE MAIN LINES OF OUR STRATEGY REMAIN FULLY APPROPRIATE IN THIS NEW STAGE OF THE CRISIS. WE SHOULD CONTINUE TO BUILD UP THE DIPLOMATIC, MILITARY AND ECONOMIC PRESSURE ON ARGENTINA TO PUT AN END TO ITS UNLAWFUL MILITARY OCCUPATION AND, THEREAFTER, TO NEGOTIATE WITH US IN GOOD FAITH ABOUT THE LONG TERM FUTURE OF THE ISLANDS.

ON THE DIPLOMATIC FRONT, I CAN ASSURE YOU THAT WE REMAIN COMMITTED TO THE SEARCH FOR A NEGOTIATED SOLUTION WHICH ACCORDS WITH THE PRINCIPLES WHICH OUR TWO COUNTRIES HAVE DEFENDED FOR SO LONG. WE ARE LOOKING URGENTLY TODAY AT AL HAIG'S LATEST IDEAS.

IN THE MILITARY FIELD, LET ME EMPHASISE HOW MUCH WE APPRECIATE YOUR GENEROUS OFFER OF MATERIAL SUPPORT FOR OUR FORCES. THIS WILL BE OF THE GREATEST VALUE TO US, AND OUR PEOPLE WILL BE IN TOUCH WITH YOURS TO FOLLOW UP IN DETAIL FRANCIS PYM'S MORE GENERAL DISCUSSIONS WITH AL HAIG AND CAP WEINBERGER.

I AM SURE THAT, WITHOUT EFFECTIVE MILITARY PRESSURE, THE ARGENTINE LEADERS WILL NOT BE BROUGHT TO IMPLEMENT SECURITY COUNCIL RESOLUTION 502. BUT, WITH SO MANY YOUNG LIVES AT RISK - BRITISH AND ARGENTINE - I FEEL THAT WE MUST MAKE A SUPREME EFFORT TO PREVENT A MAJOR MILITARY CLASH. THAT IS WHY I ATTACH SO MUCH IMPORTANCE ALSO TO THE ECONOMIC PRESSURE WHICH WE AND OTHER FRIENDLY COUNTRIES ARE BRINGING TO BEAR.

THE MEASURES YOU HAVE ANNOUNCED, SUSPENDING SUPPLIES OF MILITARY EQUIPMENT AND DENYING NEW EXPORT CREDIT GUARANTEES, WILL SHOW THE ARGENTINES THAT YOU ARE IN EARNEST. I HOPE THAT THE MEASURES ON MILITARY SUPPLIES WILL ENABLE YOUR PEOPLE TO PREVENT THE EXPORT OF ANY EQUIPMENT WHICH MIGHT BE USED FOR MILITARY PURPOSES. I WOULD LIKE TO URGE YOU ALSO TO GO FURTHER AND TO IMPOSE A COMPLETE BAN ON IMPORTS TO THE UNITED STATES FROM ARGENTINA.

I HAVE NO DOUBT THAT THIS WOULD GREATLY STRENGTHEN THE PRESSURES ON ARGENTINA TO AGREE TO A PEACEFUL SOLUTION. YOUR OWN ACTION WOULD NOT ONLY BE OF GREAT VALUE IN ITSELF, BUT WOULD ENCOURAGE OUR COMMUNITY AND COMMONWEALTH PARTNERS TO MAINTAIN THEIR OWN BANS AND INDUCE OTHERS - IN PARTICULAR THE JAPANESE - TO FOLLOW SUIT. WHATEVER THE DIFFICULTIES, I FEEL SURE THAT IT IS IN OUR ECONOMIC AS WELL AS OUR POLITICAL INTERESTS TO RESOLVE THIS CONFLICT AS QUICKLY AS POSSIBLE= AND THE EARLY ANNOUNCEMENT OF U.S MEASURES AGAINST IMPORTS WILL HAVE MORE IMPACT THAN A MORE GRADUAL BUILDING UP OF ECONOMIC PRESSURE. FRANCIS PYM WILL BE SEEING HIS EUROPEAN COLLEAGUES OVER THIS WEEKEND, AND IT WOULD BE A GREAT HELP TO US IF HE COULD TELL THEM THAT THIS IS A STEP WHICH YOU INTEND TO TAKE.

FINALLY, LET ME THANK YOU ONCE AGAIN FOR YOUR SPLENDID SUPPORT. IT WILL MAKE ALL THE DIFFERENCE.

WITH WARMEST REGARDS
MARGARET

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