

This morning's Lobby was repeated.

We issued copies of the speeches by the Prime Minister and President Reagan given over lunch at No 10. We drew particular attention to the passage in the Prime Minister's speech which responded to the President's address in the Royal Gallery - "It was a triumph. You wrote a new chapter in our history, no longer on the defensive but on the offensive and we are so grateful to you for putting freedom on the offensive which is where it should be".

Asked if the Prime Minister was satisfied with the brief and perfunctory reference in President Reagan's address to the Falklands crisis, we pointed out that they had had a long discussion on the Falklands before the Versailles Summit. In his address he was simply emphasising the principles involved.

To comments that the Prime Minister had herself been perfunctory about further diplomacy, we pointed out that the Secretary General of the United Nations was still holding his good offices open to be used. The UK was not saying there was no possibility of a withdrawal, but that it had to be guaranteed.

Asked why instead of simply vetoing the latest UN Resolution we had not gone on to write our own, we said that people were well aware of our position. A ceasefire had to be linked to unequivocal withdrawal. A Resolution simply saying that would take us no further forward. We agreed that the Prime Minister was likely to see Perez de Cuellar when she was in New York for the UN special session.

Asked about US willingness to participate in a Falklands peace-keeping force, we said we had not got into the who, what, where and when after the Argentines were removed from the Islands. We rejected suggestions of a fundamental difference between the US and the UK. We had heard ideas about American plans for the future but we had no knowledge of them. After the Argentines had left we would be looking to the future of the Islands. No doubt eventually we would want to talk to the Argentines about the stability of that part of the world in general but on the point of sovereignty and administration of the Islands we would consult the Islanders when things had settled down. After what they had experienced it was difficult to imagine that they could envisage future involvement with the Argentines.

Asked if the Prime Minister and President Reagan would discuss the Falklands again tomorrow, we repeated that they had already had a meeting on this in Paris and said they would no doubt turn to other issues such as the Middle East, the Alliance, East-West relations etc. We rejected the idea that we did not want to listen to the Americans on the future of the Falklands or that we were studiously avoiding discussing this. Our immediate concern was to get the Argentines off. Then we would look to the future and in that period would consider the views of others. Of course the Americans had interests in Latin America. There was no argument about that but that was not the same as saying that the US was trying to push us back from our stated position. Ideas had been floated from different sources, some of them in the US, and they had become hardened in some people's minds into proposals. Of course the UK would discuss options with the US.

Asked how we could reconcile Haig's view on their proposed UN abstention that the Resolution was very close to one they could support whereas the UK had said it was miles from what they, the UK, could support, we said the difference was not fundamental. The US as we

understood it had to protect their position in respect of SCR 502. If they were seen to oppose 502, this would create difficulty for them. We based our position on 502 but the Argentines had had 502 in front of them for weeks and it was not sufficient as far as we were concerned to underline 502 three times without some specific timetable and guarantee.

Asked if the military commanders had been given instructions to hold their hand while Reagan was in town, we rejected the notion. To further suggestions that nothing of an operational nature had been allowed to be published since Reagan arrived, we said we would not substantiate any conspiracy theory.

Asked to give details of the practical help given by the Americans, we said we could not go into that. However the US had helped as far as we had wanted them to.

#### GAS PIPELINE

Asked about the John Brown contracts in connection with the Siberian gas pipeline and US attitudes to Russia on this, we said we hoped the deal would go ahead but the question of credits would be looked at.

HC