

Ref. A08639

PRIME MINISTER

Falkland Islands: The Future

I have been giving some thought to arrangements for handling Ministerial consideration of the problems which will need to be addressed once United Kingdom repossession of the Falklands has been completed. These include the immediate and longer term arrangements for administering the Islands and guaranteeing their security, to which preliminary thought is already being given in papers under consideration in OD(SA); the budgetary implications of these arrangements, on which an official sub-committee of OD(SA) is due to report in the course of next week; and the possibilities for economic and social development on the Islands and their dependencies, on which Lord Shackleton will be reporting early in July. All these problems raise wider issues than those connected with the conduct of the present military and diplomatic operations, with which OD(SA) is primarily concerned; and that the Treasury in particular ought to be involved in any discussion of the budgetary aspects. Other economic Departments also have a direct interest in arrangements to restore peacetime communications and to develop the Islands' economic resources.

2. You will want to keep OD(SA) in being, with its present composition, for day-to-day handling of military and political issues so long as the conflict on the Falkland Islands lasts and perhaps until there has been a complete cessation of hostilities. But we need a wider Ministerial grouping to deal with the problems of the constitutional, administrative and economic future of the Falkland Islands. We could do this by inviting additional Ministers to attend OD(SA) when those problems were under consideration; but that would be in effect to enlarge the membership of OD(SA), which you will not want to do, and I think that it would be better to set up a new sub-committee of OD, under your Chairmanship, which might be given the title of OD(FAF) (Future Arrangements for the Falklands). I would suggest the following membership:

A.G.

Prime Minister ✓

Foreign and Commonwealth Secretary ✓

Chancellor of the Exchequer ✓

Secretary of State for Defence ✓

Minister of Agriculture, Fisheries and Food ✓

Secretary of State for Energy ✓

Secretary of State for Trade ✓

A.G.

The Foreign and Commonwealth Secretary would speak also for the ODA, which will carry much of the primary responsibility for rehabilitating and administering the Islands; the Department of Trade will have a special interest in communications and tourism, the Department of Energy in mineral resources, and the Ministry of Agriculture, Fisheries and Food both in agricultural development (on which the Islands' economic life in the short term will mainly depend) and in the fishery possibilities.

3. Perhaps we could discuss this at my business meeting with you tomorrow.



ROBERT ARMSTRONG

10 June 1982