



PM/84/185

PRIME MINISTER

Meredith

Public Expenditure Survey: Post Closures

1. As you know, as a result of the outcome of the Public Expenditure Survey for the next financial year I am having to cut back on a variety of programmes in the Diplomatic Service. This will involve less capital spending on the Estate; a phasing of the introduction of new technology; a reduction in the information services and military aid and the closure of about ten small posts around the world. I announced these measures in general terms in the debate on overseas aid on 22 November.

2. We have identified a number of posts for closure: Antwerp, Blantyre, Cagliari, Göteborg, Halifax, Salonika, Santo Domingo, Vientiane, Vigo and Zagreb. We are also postponing the reopening of Conakry and merging the posts of Ambassador to Austria and Head of the MBFR Delegation. In compiling this list we have had a number of considerations in mind. First, that it should be about ten: in fact it amounts to ten closures, one postponed reopening and one merger. Second, that it should produce about £600,000 of savings in the first year (savings in the first year are reduced by redundancy payments, broken leases etc) and £1.1 million in subsequent years. Third, we have aimed for a reasonable geographical spread: the list includes five in Western Europe, one in Eastern Europe, two in Africa, one in Latin America, one in Asia and one in North America. Fourth, we have tried to select those posts where closure will be least damaging to direct British interests, political, consular or commercial.



3. The list has not been easy to compile. It includes three missions in capital cities since in my view there is a limit to the extent to which we can continue closing consular posts in Western Europe without incurring substantial criticism from members of the public travelling overseas on business and pleasure. We can in any case expect protests, particularly from British communities in the districts covered by some of these posts and those who choose to support them, perhaps most markedly from commercial interests represented in the Gothenburg area (these have already started in the case of Salonika). We have now closed 38 posts since 1979 and it is becoming markedly harder to close more without running the risk of harming British interests to a substantial degree. These changes have taken place alongside a continuing application of measures to increase efficiency and productivity. I am however convinced that it is right now to restrict our geographical coverage slightly to be able to maintain the quality of our service elsewhere. Some reduction in our coverage in the political and consular fields and our support for exporters is inevitable, though we shall of course do all we can at the margin to mitigate the worst effects.

4. It would be particularly difficult presentationally to be seen to be reopening posts at a time when other posts, particularly diplomatic missions in capitals, are being closed. I therefore had to look again at the proposal that we should reopen at this time in Conakry. I know that this is a subject which you discussed with the Guinean Prime Minister during his visit. But the savings which we shall be able to make by postponing this reopening for a while (£173,000 in the first year - almost 30% of the savings from post closures that we have to make in 1985/86)

/combined

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combined with comparatively small British commercial interests in the country have convinced me that there is a strong case for postponement at this time. The alternative would be the closure of more missions in capitals in Africa, Asia or Latin America in countries where our interests are much greater. I know that this will come as a considerable disappointment to the Guineans but I think that the only reasonable course open to us is to make our decision as palatable to them as possible. In the circumstances, I suggest that either you or I should write to the Guinean Prime Minister to let him know of our decision and the reasons for it and to make clear that we are only postponing reopening. I attach a draft. We aim to deliver this to the Guinean Government on Monday, thus enabling the announcement to be made on Tuesday in answer to a Parliamentary Question.

5. There is one further point. Despite the arguments I set out above against opening posts at a time of general closure there are, I believe, overriding reasons, to do with Hong Kong and our general relations with China, for going ahead with the proposal to reopen in Shanghai next summer. Our interests in this case are of an altogether different order than in Guinea.

A handwritten signature in blue ink, appearing to be 'G. Howe'.

(GEOFFREY HOWE)

Foreign and Commonwealth Office

14 December 1984

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DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despach/note

TYPE: Draft/Final 1+

FROM:

The Prime Minister

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

HE Colonel Diarra Traoré
Prime Minister of the Republic of
Guinea

Copies to:

[or from Secretary of State to the Foreign Minister,
HE Captain Faciné Touré]

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

You will recall that when we met in July, [~~Mrs Thatcher~~] I told you of Her Majesty's Government's support for the new ~~Military~~ government which President Conté and the Comité Militaire de Redressement Nationale had established in Guinea. [~~She~~] I also told you that in order to demonstrate the measure of our support we proposed to open an Embassy in Conakry by the end of 1985 or at the latest by early 1986.

Since that time it has become clear from our annual survey of public expenditure that, in order to remain within the Government's planned spending programme for 1985/86, economies will be required in a number of areas. Spending in transport and housing will, for example, be reduced and there will be savings in some defence and education programmes in order to meet unavoidable cost increases or to pay for new programmes. Unfortunately, it is also proving necessary to make adjustments in spending on overseas representation. This means that we shall have to close about ten of our overseas posts. I am sorry that it also means that we shall have to

/postpone

Enclosures—flag(s).....

postpone the opening of an Embassy in Conakry.

I fear that this will be as much a disappointment to you as it is to me. But firm control over public expenditure is central to the Government's policy and vital for the continued recovery of the British economy on which depends our capacity to provide support and assistance to our friends and allies abroad. We thus have no choice but to postpone our opening in your capital. Nonetheless, we shall continue meanwhile to support your Government in all ways open to us, in particular with English language training, to which I know you attach some importance, and the training of young diplomats.

When you visited London we also discussed the question of Guinea's outstanding debt to the UK. Since then I understand that your Government has decided to seek debt relief multilaterally. The British Government will be ready to play a full and sympathetic role in the multilateral discussions and in the bilateral discussions which will follow thereafter.