PREM 19/1673

DEFENCE OF THE FALKLAND ISLANDS AFTER DEPOSSESSION

ARGENTINA

PART 1 APRIL 1982

PART 14 FEBRUARY 1984

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~20/2/84~~		~~3/12/84~~					
~~27.2.84~~		~~10.1.85~~					
~~29.2.84~~		~~24.1.85~~					
~~6.3.84~~		~~30.1.85~~					
~~13.3.84~~		~~14.2.85~~					
~~27/3/84~~		~~22.2.85~~					
~~28.3.84~~		~~4.3.85~~					
~~11.4.84~~		~~27.3.85~~					
~~10.10.84~~		~~2/7/85~~					
~~14.4.84~~		~~9.5.85~~					
~~27.4.84~~		~~13.5.85~~					
~~8.5.84~~		~~17.5.85~~					
~~20.7.84~~		~~17.6.85~~					
~~6.8.84~~		~~5.12.85~~					
~~10.9.84~~		~~11.12.85~~					
~~17.9.84~~		~~24.4.86~~					
~~18.9.84~~		~~9.5.86~~					
~~27.9.84~~		~~16.5.86~~					
~~15/10/84~~		~~5.6.86~~					
		~~20/6/86~~					
		~~24.6.86~~					
		26.6.86.					
		ENDS					

PART 14 ends:-

FCO TO PS/CST 26.6.86

PART 15 begins:-

PS/CST TO FCO 10.7.86

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
CC (85) 17th meeting, item 2	16/05/1985
OD (FAF) (85) 1	24/01/1985
OD (FAF) (84) 1st meeting, minutes	14/03/1984
OD (FAF) (84) 2	20/02/1984
OD (FAF) (84) 1	10/02/1984

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB** (CABINET OFFICE) CLASSES

Signed _____ Date 26/09/2014

PREM Records Team

Foreign and Commonwealth Office document

Reference: DD 1985/268

Description: Falkland Islands: Annual Review for 1984

Date: 8 January 1985

Reference: DD 1985/274

Description: Mount Pleasant Airport: Its Opening and Impact

Date: 17 June 1985

The above FCO documents, which were enclosed on this file have been removed and destroyed.

Such documents are the responsibility of the Foreign and Commonwealth Office. When released they are available in the appropriate FCO CLASSES.

Signed _____ Date 26/09/2014

PREM Records Team

1 CP - to see.
2 CF - to file

Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister
to be aware of this debate.
N.L.W
26.6

26 June 1986

Mine Clearancein the Falkland Islands

Thank you for your letter of 16 May conveying the Chief Secretary's view that it would not be appropriate to regard the costs involved in mine clearance in the Falkland Islands at a future date as part of Operation Corporate.

The Foreign Secretary recalls that the undertaking given by the Prime Minister to Parliament on 15 June 1982 that the mines would be removed was given immediately after the conflict, and as such was closely linked to Operation Corporate. He has also noted that the Defence Secretary's minute of 22 April to the Prime Minister, while stating that there was no military requirement to clear the mine fields in the Falkland Islands, pointed out that there might be a military advantage from this technology (which could presumably also involve potential future sales to overseas customers). He also understands that the responsibility for the clearance of mines or bombs laid by an enemy in British territory is traditionally that of the MOD. It would be inconsistent for this task, should new technology become available, to fall to the civilian administration in the case of the Falklands.

The Foreign Secretary therefore remains of the view that if reliable technology did become available to remove the mines, and approval to do so were to be given, this would be a legitimate charge to Operation Corporate or to the defence budget.

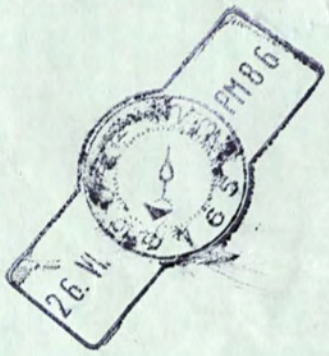
I am copying this letter to the Private Secretaries of the other members of OD(FAF) and to Sir Robert Armstrong.

Yours ever

(R N Culshaw)
Private Secretary

Miss Jill Rutter
PS/Chief Secretary to the Treasury

ARGENTINA: Defence of Falklands: Pt 14.



CAJ

file

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

24 June 1986

The Prime Minister was grateful for the report given in your letter to Mark Addison of 23 June about unpaid National Insurance contributions and PAYE in respect of work carried out on the Falkland Islands.

I am copying this letter to Vivien Life in the Financial Secretary to the Treasury's office.

(DAVID NORGORVE)

Giles Denham, Esq.,
Department of Health and Social Security.

MS

COMMERCIAL IN CONFIDENCE

010

1. If to see
2. ~~LCDP~~ CDP 23/6
3. Prime Minister 2

DLW
23/6.

DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

Mark Addison Esq
Private Secretary
10 Downing Street

23 June 1986

MS

Dear Mark

My Secretary of State has asked me to report on the possibility of a very considerable debt of unpaid National Insurance Contributions (NICs) by Laing/Mowlem/ARC Joint Venture Ltd in respect of the people they have employed constructing the new Falkland Islands airport.

In June 1983 John Laing International Ltd wrote to this Department on behalf of the Joint Venture then newly established as a Jersey registered company enquiring about liability for NICs. Following legal advice, we replied in August 1983 to the effect that because the Joint Venture appeared to have no place of business in Great Britain it would have no liability to pay Class I NICs in respect of the UK nationals it proposed to employ in the Falklands.

In 1985 however the Inland Revenue contacted us to say that the Joint Venture were using premises in Surbiton which might amount to a place of business. A joint visit by Revenue and DHSS staff last month produced evidence which our lawyers advise confirms that the Surbition office is indeed a place of business. This means that despite its registration in Jersey the Company is liable to pay Class 1 NICs which, including arrears, are certain to run into millions of pounds.

Because the Joint Venture Company has a presence in the UK it has an obligation to operate PAYE. If, as we earlier understood to the case, all the employees concerned had remained outside the UK for at least 12 months no tax would have been due. However the investigation revealed that some 25 per cent of the workers in the original contract did not last out the 12 months abroad necessary for them to get for 100 per cent foreign earning tax deduction. It was also discovered that contracts are now for less than 12 months. Some PAYE is therefore due and is recoverable from the Company.

COMMERCIAL IN CONIFDENCE

E.R.

In September 1984 (following exchanges in the House and a PQ the previous March) the Financial Secretary wrote to Tam Dalyell to assure him that on the evidence then available the contracts of the employees concerned all exceeded 12 months and that they would therefore have no UK tax liability. Information now available indicates liability in some cases.

The next stage is for the investigating team to try to reach agreement with the Joint Venture on the existence of a place of business, and hence on the existence of NIC liability and on the amounts of NIC and tax unpaid. So far the Joint Venture have cooperated fully but if the debt proves to be as large as we expect there may be high level representations and publicity. Tam Dalyell mey seek to exploit this - particularly because another construction consortium (Wimpey/Taylor Woodrow) engaged in the Falklands appear to be in a very similar position. Investigations of this other instance are about to begin. I will let you know if there are further developments in either case likely to arouse public and political interest.

The Financial Secretary is aware of this report to you: I am copying this letter to Vivien Life in his office.

Yours
Giles

GILES DENHAM
Private Secretary

CONFIDENTIAL

file VC

SUBJECT.

CC Master

10 DOWNING STREET

20 June 1986

From the Private Secretary

Dear Tony,

FALKLANDS

The Prime Minister had some discussion this morning with the Foreign Secretary about the Falklands.

The Foreign Secretary said that two aspects of the Falklands would shortly have to be considered by OD: force levels and fisheries. The Defence Secretary would be making proposals on force levels. On fisheries we seemed to be approaching the point where Argentina would shortly conclude bilateral fishing agreements with a number of countries. In that event we could not usefully pursue our proposed multilateral fisheries regime but would probably need to establish a unilateral fishing zone round the Falklands. The prospects of securing international acceptance for this might be improved if we were to enter discussions in advance with the Argentine government. Such discussions might offer an opportunity to open up other aspects of our relations.

The Prime Minister said that she saw no need for a review of our basic policy towards the Falklands which was not in doubt. She was not in favour of any negotiations with Argentina on a fisheries zone. In her view, such a zone would have to be identical with the FPZ. We should notify the Argentinians of our decision but not negotiate with them.

I think it would be helpful if any proposed OD paper on the Falklands could be shown to the Prime Minister in draft.

Yours sincerely,

Charles Powell

C.D. POWELL

A.C. Galsworthy, Esq., CMG,
Foreign and Commonwealth Office.

CONFIDENTIAL

CRO

copy

FCS/86/155

cmg. 5/6.

SECRETARY OF STATE FOR DEFENCE

Mine Clearance in the Falkland Islands

in PM's Box 3/6.

1. Thank you for your letter of 3 June enclosing the text for the Parliamentary Question and Answer which you propose to arrange shortly in order to announce the termination of the contract you have with ERA Technology Limited for minefield clearance in the Falklands.
I agree that it is preferable to announce the decision quickly rather than await John Stanley's visit to the Islands at the end of July. I am content with the proposed Answer, which helpfully incorporates a number of the points made by Gordon Jewkes, the Falkland Islands Governor.
I also agree that Gordon Jewkes should make the decision known in the Islands at the same time as it is announced in London.

2. I am sending copies of this minute to the Prime Minister, Willie Whitelaw, John MacGregor, Paul Channon and to Sir Robert Armstrong.

GEOFFREY HOWE

Foreign & Commonwealth Office
5 June 1986

Defence of the Falklands:
Argentina 1914.

MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 9000
DIRECT DIALLING 01-218 2111/3

MO 5/21V

3rd June 1986

Prime Minister
You will want to be aware that the decision to suspend efforts to find a new technique for detecting mines will be announced shortly.
CDP 3/6

Dear Geoffrey,

MINE CLEARANCE IN THE FALKLAND ISLANDS

I have seen your Private Secretary's letter of 9th May 1986 on this subject. I agree that we should certainly continue to keep an eye open for the emergence of new technology in this field either in the UK or with our Allies overseas but, for the reasons given in my minute of 24th April, I must make it clear that this cannot be a priority area for defence funding. And you will have seen John MacGregor's Private Secretary's letter of 16th May giving his views on the attribution of such work to Operation Corporate.

As you know, I share your view that the presentation of this decision needs very careful handling and our officials have therefore been jointly working up the necessary material for an announcement. The critical issue is the timing of such an announcement. I believe that the pressures from those with an

The Rt Hon Geoffrey Howe QC MP

interest in this matter, not least ERA Technology, who recently wrote letters to you and to David Trefgarne here, are such that we can no longer hope to delay an announcement until John Stanley's visit to the Falkland Islands at the end of July. The lack of further funding would almost inevitably become public knowledge before then, since ERA Technology would presumably see public lobbying as being in their interests.

I should very much prefer not to have to announce this decision in response to leaks and speculation and I therefore propose that we should now aim to make an announcement by means of an inspired Parliamentary Question as soon as possible after the Whitsun Recess. The Governor of the Falkland Islands would make a similar announcement to the Joint Councils and the Islanders at the same time.

I attach at Annex A the text of the proposed PQ and answer. A considerable amount of supplementary briefing material to handle media questions would of course also be necessary, both in London and the Falklands. I would also aim to inform the Chairman of the House of Commons Defence Committee, the Managing Director of ERA Technology and other interested parties of the decision on the same day as our announcement in the House.

I should be grateful to know as soon as possible that you are content with the way in which it is proposed to handle the presentation of this decision.

I am sending copies of this letter to the Prime Minister, Willie Whitelaw, John MacGregor, Paul Channon and to Sir Robert Armstrong.

Yours ever,

George.

George Younger

ANNEX

FALKLAND ISLANDS MINEFIELD CLEARANCE: PARLIAMENTARY QUESTION AND ANSWER

Question: To ask the Secretary of State for Defence whether a solution has been found to the problem of detecting and clearing Argentine mines in the Falklands.

Answer: Immediately after the conflict our forces in the Falkland Islands set in hand an extensive programme of identifying, marking and, to the extent possible, clearing the minefields left behind by the Argentines. It has not proved possible with existing technology to detect the whole range of mines laid by the Argentines, in particular the plastic anti-personnel mines. In order to avoid further casualties among Service personnel involved in mine clearance, work on clearing the mines was suspended in August 1983. Meanwhile, my Department instituted a programme of research to find a safe and effective means of detecting and clearing mines in the difficult terrain of the Falklands. I regret to say that, despite considerable progress in this challenging field of technology, there would still be a long way to go in terms of time and money before a practical solution could be placed in the Army's hands which would be sufficiently reliable and suitable for use in peacetime. Funding of the present research programme will therefore cease. Should there be further technological developments with an application in this field, we remain ready to consider whether they could contribute to a solution to

the problem. In the meantime, the current safety precautions will continue to be applied stringently and the Royal Engineers will keep the minefields securely fenced off and marked. There is no serious danger to the Islanders unless they enter these fenced-off areas. The Islanders' safety will thus remain carefully protected.

ARGENTINA
DEFENCE OF
FALKLANDS
PT 1/4

CCPC

Treasury Chambers, Parliament Street, SW1P 3AG

Robert Culshaw Esq
Private Secretary to the Secretary of State
for Foreign and Commonwealth Affairs
Foreign and Commonwealth Office
King Charles Streeet
London
SW1

CDP 19/5

16 May 1986

Dear Robert,

MINE CLEARANCE IN THE FALKLAND ISLANDS

The Chief Secretary has seen your letter of 9 May together with the Defence Secretary's minute of 22 April and the Prime Minister's reply.

The Chief Secretary has noted that Mr Younger pointed out that there is no military requirement to clear the minefields in the Falklands and that this requirement is purely a civil one. His view is therefore that if at some future date there is further consideration of an attempt to clear the minefields, it would not be appropriate to regard the costs involved as part of Operation Corporate - that is, as a Falklands cost met from the Reserve as an addition to the defence budget.

I am sending copies of this letter to the Private Secretaries to the other members of OD(FAF) and to Sir Robert Armstrong.

Yours sincerely,

Jill Rutter

JILL RUTTER
Private Secretary

ARGENTINA
DEFENCE OF
FALKLANDS
PT 14

no

CEP

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

9 May 1986

Dear John,

CDP
10/5

Falkland Islands: Mine Clearance

Sir Geoffrey Howe has seen Mr Younger's minute of 22 April to the Prime Minister and her reply (Charles Powell's letter of 24 April). As he said in his minute of 21 April to Mr Younger, he accepts the arguments for not renewing the contract with ERA Technology Limited, but wonders whether this need rule out further work at a later date, either jointly with our Allies or on their behalf, particularly if new technology emerges. If it does prove possible in due course to remove the mines with more certainty and at less expense, he believes the work should continue to be regarded as part of Operation Corporate.

Sir Geoffrey is grateful for Mr Younger's commitment to continue to arrange to police and maintain the minefield fences and markings in the Falklands, and to see that any 'rogue' mines are destroyed. As he mentioned in his minute of 21 April, the fact that there have been no civilian casualties so far is a tribute to the excellent work done in the Islands by the Explosives Ordinance Detachment (EOD). He attaches importance to the continuation of their work in the Islands.

Presentation of the decision in the Islands, in Parliament and with the UK Falklands lobby will be particularly important. Sir Geoffrey welcomes Mr Stanley's willingness, expressed last week to the Governor, Gordon Jewkes, to announce the decision himself when he visits Port Stanley in July. Mr Stanley will be well-placed to explain the technical considerations that have influenced the decision, and help the Governor allay Islanders' concerns. Both the Governor and CBFFI will be able to advise Mr Stanley nearer the time on how the announcement might best be pitched.

I am sending copies of this letter to the Private Secretaries to the other members of OD(FAF) and to Sir Robert Armstrong.

Yours ever

(R N Culshaw)
Private Secretary

John Howe Esq
PS/Secretary of State for Defence

CONFIDENTIAL

CONFIDENTIAL

file

DCA

PC

10 DOWNING STREET

From the Private Secretary

24 April 1986

Dear John

MINE CLEARANCE IN THE FALKLAND ISLANDS

The Prime Minister has considered the Defence Secretary's minute of 22 April in which he proposes that work on the project to find a safe and effective solution to the problems of detecting and clearing mines in the difficult terrain and conditions in the Falklands should cease with the end of the existing research contract.

The Prime Minister agrees with the Defence Secretary's conclusion though equally shares his view that presentation will require very careful handling.

I am sending copies of this letter to the Private Secretaries to the other members of OD(FAF) and to Sir Robert Armstrong.

Yours sincerely,

Charles Powell

(Charles Powell)

John Howe, Esq.,
Ministry of Defence.

CONFIDENTIAL

Prime Minister
Mr. Younger proposes stopping research into a new mine detector system for use in the Falklands. It is now clear that it would cost at least £25m. & take three years. Instead he proposes relying upon existing safety precautions. It is not a 'hot' issue in the Falklands.
Agree?
CDP
23/4

Yes
MT

MO 5/21V

PRIME MINISTER

MINE CLEARANCE IN THE FALKLAND ISLANDS

No existing mine clearance system has proved capable of detecting the whole range of mines laid by the Argentinians in the Falkland Islands, in particular the plastic anti-personnel mines. Following a number of serious casualties (including one death) among personnel carrying out the work, minefield clearance ceased almost 3 years ago pending the discovery of a safe and sure method of finding the mines. A Statement to this effect was made in the House in November 1983. The remaining minefields have been fenced off and clearly marked with signs warning the public to keep away.

2. Two years ago, my Department instituted a programme of research with the aim of finding a safe and effective solution to the problems of detecting and clearing mines in the difficult terrain and conditions in the Falklands. A research contract was subsequently placed with a firm, ERA Technology Ltd, which has produced a prototype mine detector using pulsed radar. In trials last summer it was successful in detecting and

"recognising" a high proportion (some 90%) of the previously undetectable "plastic mines".

3. However, a 10% failure rate is patently unacceptable on safety grounds. Since then, therefore, research work has continued to try to improve the detection rate, to reduce the incidence of false alarms (which amounted to about 1 per square metre) and increase the equipment's operating speed. Although ERA Technology consider that a much higher detection success rate may be realised in due course, in the first phase of the development programme, and it may be possible to increase the equipment's speed, there is still a long way to go before we can be confident of having a practical and effective solution to the Falklands mine-clearance problem.

4. I am advised that the equipment being designed is using systems at the limits of technology in this field. Even if the present technical difficulties could be overcome - and this is by no means certain - it will be about 2 or 3 years before it would be possible to carry out representative trials in the Falklands and 3 or 4 years before full clearance could actually start. Clearance itself would still be a slow and dangerous operation which could take about a further 10 years and involve considerable numbers of specially trained military manpower.

5. By 30th April, when the current contract ends, the research by ERA Technology will have cost some £3M, which has been borne on Defence Votes, and further work is still needed to establish whether it would be worthwhile to enter into full development and subsequent production of the equipment. The current assessment of the total project cost of such equipment is some £25M. But because of the novel nature of the technology being developed, this early assessment could well turn out to be an underestimate. Although there may be a military advantage from this technology, the development of such a system is not a priority for defence and there is no defence money to fund it. There is no military need for this equipment in general war. Equally, there is no military requirement to clear the minefields in the Falklands. The Falklands' requirement is purely a civil one.

6. In my view, the estimated cost of £25M for developing the equipment to detect the remaining mines is very high and, as I say, could be still higher. No resources have been allocated for such expenditure and it seems to me that even if the Government had £25M to spend on such a project, the Falkland Islanders could probably find better uses to which the money could be put than this. I do not believe that the high costs which are in prospect can be afforded in relation to other claims on public expenditure and I propose that work on this project should cease with the end of the existing research contract.

7. Although the removal of the mines laid in the conflict is a desirable objective in bringing life in the Islands back to normal, there cannot in my view be an unqualified commitment to their complete clearance regardless of the risk to soldiers, the practicability of the proposal or the time and resource implications. Those mines causing a real danger to the Islanders immediately after the conflict were either removed straight away or fenced off. Thus, there is now no serious danger to the Islanders unless they stray inside the minefields. At the present time there is no realistic alternative to continuing with the current stringent safety precautions by keeping the minefields securely fenced off and clearly marked. This will involve us in a military commitment for the forseeable future and I shall ensure that the Royal Engineers will continue to police and maintain the minefield fences and markings and, as now, any "rogue' mines which stray outside the perimeter fence because of subsidence or earth movement will be destroyed. The safety of the Islanders will, therefore, continue to be very carefully protected.

8. The issue has not been raised for some time by the Falkland Islands Government, which appears to have accepted the current position. But, the presentation of this decision will clearly require careful handling to ensure that the efforts we have made to find a practical long-term solution, the difficulties we have encountered and the continuing military commitment which we

shall be making to policing the minefields to ensure so far as possible, that they are kept safe are fully understood. I should, of course, be happy to discuss the detailed presentational aspects with the Foreign and Commonwealth Secretary.

9. Subject to your agreement, therefore, and those of OD(FAF) colleagues, I propose that we should proceed accordingly.

10. I am sending a copy of this minute to other members of OD(FAF) and to Sir Robert Armstrong.

G.H.

Ministry of Defence
22nd April 1986

CSR

CDP
11/12

FCS/85/325

SECRETARY OF STATE FOR SCOTLAND

Falkland Islands Transport Project

1. Thank you for your letter of 5 December. I take it that you are referring to the consortium South Atlantic Development Ltd. The proposals of the consortium are indeed well known to our Department here, who have given it appropriate help and encouragement.

2. I agree that the consortium has put a lot of work into its prospectus. I understand however that a number of other British companies are also in the field, and it will eventually be for the Falkland Islands Government to decide which of the competing proposals best suit their requirements.

3. I am grateful to the Ministry of Defence for their readiness to consider in this connection whether they will have any further need for the Falkland Islands Port and Storage System (FIPASS) once its service in Stanley harbour is at an end and whether in the meantime, as the consortium proposes, it might be operated by a civilian company. Should the Falkland Islands Government favour proposals which could involve them in taking over FIPASS for their own use, on appropriate terms, I hope the MOD will be ready to give this most sympathetic consideration.

4. I am copying this minute to Michael Hesletine and to the Prime Minister.

G.H.

(GEOFFREY HOWE)

FOREIGN AND COMMONWEALTH OFFICE

11 DECEMBER 1985

Argentina, Defence of Falklands; Pt 14

010

CPC

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

CDP
5/Xii

The Rt Hon Geoffrey Howe QC MP
Secretary of State for Foreign Affairs
The Foreign and Commonwealth Office
King Charles Street
LONDON SW1

5 December 1985

Dear Geoffrey,

FALKLANDS ISLANDS TRANSPORT PROJECT

I have been approached recently by one of the Scottish companies in the consortium who visited the Falklands earlier this year and who have put forward proposals to establish a land based support and logistical control of shipping and air movement in and around the Falklands Islands. I think these proposals are well known to your office.

Having now read through the consortium's presentation, I must say that I am very impressed by their thoroughness and by the opportunities they could offer for local jobs and economic development. They also offer the prospect of relieving the military of a good number of tasks they could presumably do well without.

I therefore hope that these proposals are being given serious consideration, and I would be interested to hear your view of them.

I am copying this letter to Michael Heseltine and to the Prime Minister, who will I am sure also be interested.

Yours ever,

George

MDH33815

file

10 DOWNING STREET

From the Private Secretary

27 November 1985

PREMIERE OF FALKLANDS FILM

Thank you for your letter of 26 November. Looking at the Prime Minister's diary for the period you have in mind for the Premiere, I fear it is going to be very difficult for her to fit in an engagement of the kind you propose. There are also a number of uncertainties about her commitments at that time which mean it is difficult for us now to give you a firm steer as to the best slot to aim for.

I wonder, therefore, if your best course would be to proceed with arrangements to suit your own diary. You could come back to us when a date is firming up to see if the Prime Minister would be able to join you, perhaps for some of the time rather than for the full one-and-a-half hours.

MARK ADDISON

Miss Sue Vandervord,
Department of the Environment.

SRW

MEA
I really don't think the need do this - though it is quite a clever idea.

CDP
What do you think actually? How about an hour and a half of the PM's time does not seem to me to be justified; she is being asked to speak too. MEA 26/11

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:
Your ref:

26 November 1985

Dear Mark

PREMIERE OF FALKLANDS FILM

You will recall that the Prime Minister provided the Foreword to the brochure produced in May of this year to commemorate the opening of Mount Pleasant Airport; and has taken a close interest throughout. My Secretary of State would therefore like to invite her to be associated with the film which has been produced to record the progress of the work from the moment when the contract was signed in June 1983 to the day of the inaugural flight. The film, which has been made by COI for the Property Services Agency and the contractors (the Laing-Mowlem-Amey Roadstone Joint Venture) is meant both to demonstrate the magnitude of the achievement in the Falklands and to show off the export capabilities of the British construction industry.

It is proposed that the showing of the film will be at a central London location at a date to be arranged with your office once we have the Prime Minister's agreement to take part. Because of Christmas and the New Year and for other reasons, we hope to fix a date towards the end of January or early in February.

The film itself lasts about 40 minutes but we expect the occasion to last about an hour and a half, allowing time for the Prime Minister to make a brief speech and for her to mingle for as long as she wishes with the guests. We are envisaging a buffet supper but it would obviously not be necessary for the Prime Minister to stay for that if she did not wish. We would expect there to be about 200 guests, mainly representatives from the Joint Venture, the numerous sub-contractors, consultants, and other representatives of the construction industry.

Because of the difficulty of fixing dates and finding a suitable venue, I should be grateful for an early reply.

Yours sincerely

Sue Vandervord

MISS SUE VANDERVORD
Private Secretary

Mark Addison Esq

CDP 17/5

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~930 7022~~ 218 2111/3

MO 5/21

17th May 1985

Dear Charles

DEFENCE SECRETARY'S SPEECH AT THE OPENING OF MOUNT PLEASANT AIRPORT

Thank you for your letter of 13th May which I have shown to the Defence Secretary. The text of the Defence Secretary's speech was, of course, prepared in concert with the FCO and reflected previously agreed Government policy. It was not therefore considered necessary to circulate it for clearance at Ministerial level.

The Defence Secretary's speech was constructed with some care to address a number of audiences - those in the Falkland Islands, domestic and international opinion. The passages to which you drew attention need to be seen in this context.

a. the passage on page 3 beginning "In the longer term" was intended to justify the considerable expense involved in the concentration of the garrison at Mount Pleasant by showing the possibility of consequential savings in the size of our stationed forces. It is not a new thought which will have come as a surprise to the Argentine Government. The reminder of our capability for rapid reinforcement is not helpful to them and the scope for garrison savings is in any case fully qualified by the next sentence of the speech. Argentine comment has, of course, been hostile to the Defence Secretary's speech.

b. the phrase on page 2 about "the interests of all concerned" referred to Argentina as well as to the Falkland Islands. It would seem a pity to lose the thought in relation to Argentina. As to Falklands opinion, the phrase followed a previous sentence whose commitment to the Falkland Islanders could not be clearer. It is, moreover, clearly in the interests of the Islanders for relations to be normalised on the basis of Government policy and the Defence Secretary sees no reason why this should not be said.

C Powell Esq
No 10 Downing Street

I am copying this letter to Peter Ricketts (FCO).

Yours ever,

Richard Mottram

(R C MOTTRAM)

Argentina: Defence of Falklands Pt 14

file

SH

5/3 of 3

CCPC

10 DOWNING STREET

13 May 1985

From the Private Secretary

DEFENCE SECRETARY'S SPEECH AT THE OPENING OF MOUNT PLEASANT AIRPORT

Your letter of 10 May to Peter Ricketts, which reached us here late on 10 May, enclosed a copy of a speech which the Defence Secretary proposed to make at the opening ceremony of the Mount Pleasant airport. The Prime Minister had already departed for the Scottish Party Conference and was therefore able to look at it only on Sunday. She would have wished two changes to be made:

(i) the passage beginning "in the longer term" on page 3 about reducing our forces should have been omitted. She does not think it a point to make right under the Argentine noses;

(ii) it would have been better not to tell the Falklanders that it is in their interests that normal relations with Argentina be restored. They may have different views. This would have meant omitting the phrase "which is also in the interests of all concerned, including those living here" on page 2.

I should be grateful if in future you could send out such texts in time for comments to be taken into account.

I am copying this letter to Peter Ricketts (Foreign and Commonwealth Office).

C D POWELL

Richard Mottram Esq
Ministry of Defence

KP

OLD

(1)

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1A 2HB
Telephone 01-218 2111/3 (Direct Dialling)
01-218 9000 (Switchboard)

MO 5/21

10th May 1985

Prime Minister

I'm not sure its wise to talk about reducing our forces — see X on page 3 — right under the Argentines' noses. Agree to ask him to take it out?

CDP 10/5

Dear Peter,

MOUNT PLEASANT AIRPORT - OPENING CEREMONY

I attach the text of the Defence Secretary's speech at the opening ceremony of the Mount Pleasant Airport.

Copies go to Charles Powell (No 10) and Neil Kinghan (Mr Gow's Office, DOE).

Yours ever,

Richard Mottram

(R C MOTTRAM)

P F Ricketts Esq

I think it would be better to take it out now — we can decide in 1987. I also think it would be better not to tell the Falkland Islanders that it is our intention that no-mod relations with Argentina remained. They may have different views

(1)

SPEECH BY THE RT HON MICHAEL HESELTINE MP,
SECRETARY OF STATE FOR DEFENCE
AT THE OPENING CEREMONY OF MOUNT PLEASANT AIRFIELD, MAY 1985

Your Royal Highness, my Lords, colleagues, distinguished guests, ladies and gentlemen.

Thank you, Sir Rex, for your welcome.

Today's ceremony is indeed a fitting climax to your memorable service in the Falklands.

It gives me great pleasure to accept on behalf of the Ministry of Defence the main runway and associated facilities of the Mount Pleasant Airport.

Ian Gow has given a vivid indication of the scale of the project and the achievement it represents.

I should like to add my congratulations to all those concerned within the Property Services Agency, the Laing, Mowlem and Amey Roadstone consortium and all their sub-contractors.

Thanks to their magnificent efforts we are able to be amongst the first of many people who will fly to the Falklands in the future by widebodied jet.

May I wish the two consortia, whose task it remains to continue the project, equal success in their endeavours over the next 18 months.

We look forward to the final completion of the work early in 1987.

(2)

The benefits of this airport for life in the Falklands will be enormous.
The capability it will provide to reinforce the garrison rapidly in case of an emergency will greatly enhance our ability to defend the Islands and to ensure that the tragic events of 1982 are never repeated.
Without security there can be no long term development of the Islands.

The airport also exemplifies the exclusively defensive and deterrent nature of our military posture.
This facility is necessary for the efficient and effective defence of the Falklands.
It is not and never has been our intention to fortify these Islands or to establish them as a "strategic" base.
There is no NATO dimension to our involvement here.
The construction of this airport demonstrates the Government's commitment to defend the right of those who live on these Islands to live in peace and security under a Government of your choosing.
We do not believe this to be incompatible with our wish to restore normal relations with Argentina, [which is also in the interest of all concerned, including those living here.]

That is for them to judge

The airport will be of great benefit to the Ministry of Defence.
It will provide a permanent facility for the operations of the RAF in the Falklands, replacing the temporary matting runway at Stanley.

It will achieve considerable savings in the running costs of the garrison by allowing efficient roulement by widebodied jet to replace the expensive Hercules airbridge and the time-consuming movement of troops by sea to and from Ascension. We estimate these savings alone will amount to around £25 million a year.

In the longer term, it may also be possible to adjust the size of the permanently stationed garrison to take account of our capability for rapid reinforcement and of the rationalisation of supporting services when all the outlying elements of the current garrison are concentrated here from 1987 onwards.

The proper defence of these Islands will remain, however, the overriding consideration.

Mount Pleasant Airport will also be a crucial element, perhaps the crucial element, in the economic and social development of the Falkland Islands.

After it is completed in February next year it will offer an international airport to Civil Aviation Authority standards for use by those who wish to develop the Islands.

We look forward to the day when civil use of this airport becomes progressively more important, and it will act as the Falklands link to the outside world, assisting in the expansion of export trades and a tourist business.

In its joint military and civil role, I am confident that Mount Pleasant will become another example of the excellent working relations that have existed between the two communities since 1982. I take this opportunity to congratulate the two Commissioners and their respective staffs for the efforts which they have made to further co-operation, sometimes under trying circumstances.

But above all I wish to pay tribute to the way in which you, the Falkland Islanders, have made our forces so welcome, particularly as their numbers so far exceed your own.
The eventual completion of Mount Pleasant in a sense will represent the end of that era, because nearly all the troops will be concentrated here soon.
There may be concern in the civilian community that the close ties there have been with the garrison will be weakened when this move occurs.
But the Armed Forces I know place great value on continuing contact with those that they are here to protect.
I am sure that, even when they live here, the Services will remain a familiar sight around the settlements and in Stanley and will continue to receive the same generous welcome and hospitality from their many friends in the community.

Today then represents a milestone in the development of these Islands and in the provision of the facilities needed for their defence.
It is with the greatest pleasure that I have the honour to invite His Royal Highness, the Prince Andrew officially to open the Mount Pleasant Airport.

DEFENCE
OF FALKLANDS

CZ PIA

SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434
My ref:

Your ref:

9 May 1985

Dear Mark

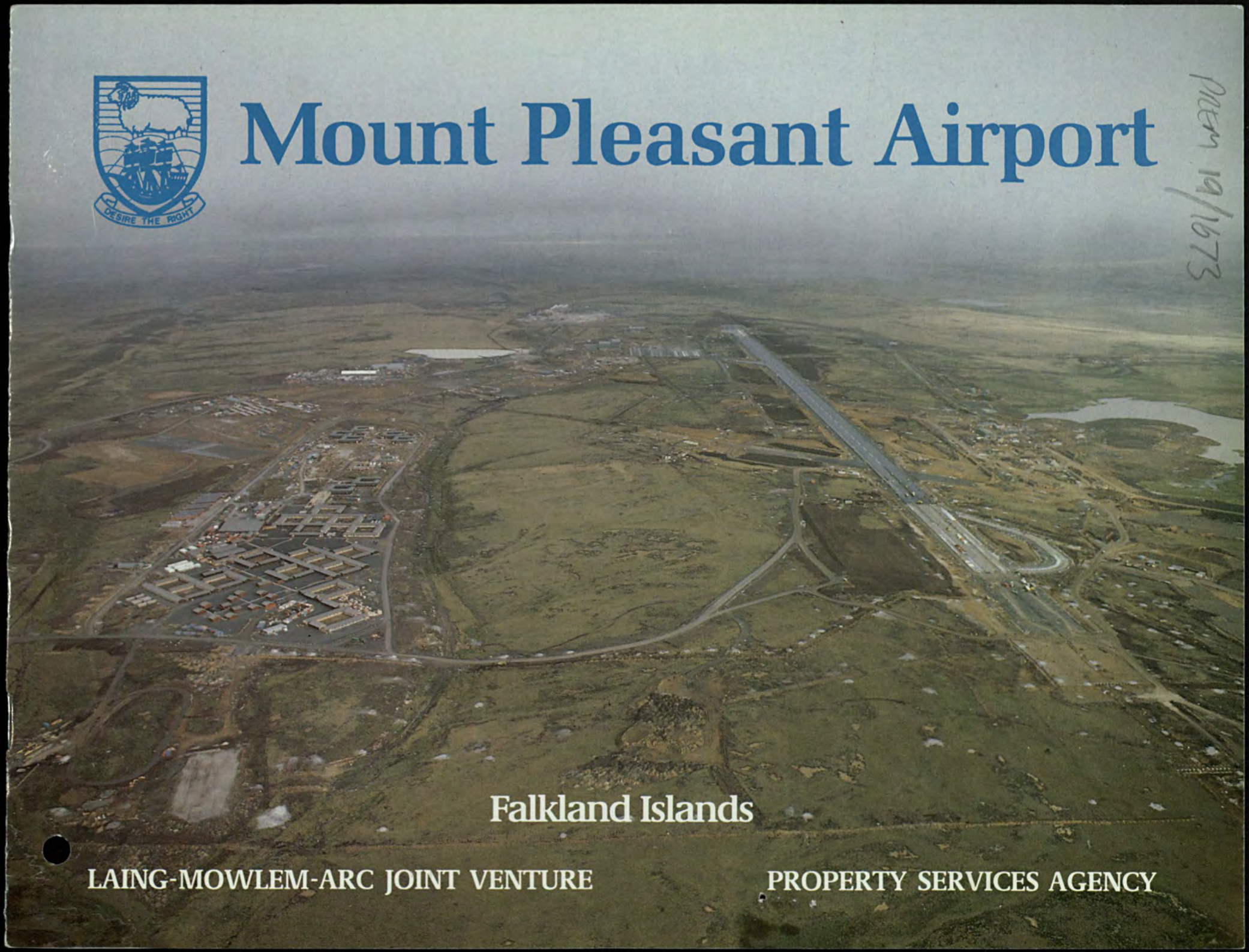
When we wrote to you seeking approval for the Prime Minister's foreword to this report, we promised to send a copy of the final document. I attach a copy of the published report, 'Mount Pleasant Airport.'

Yours sincerely

MISS S VANDERVORD
Private Secretary

Mark Addison Esq

Mount Pleasant Airport



Falkland Islands

LAING-MOWLEM-ARC JOINT VENTURE

PROPERTY SERVICES AGENCY

10 DOWNING STREET

THE PRIME MINISTER

I pay tribute to the skills, efficiency and determination of everyone involved in building Mount Pleasant Airport on the Falkland Islands.

The opening flight will take place in mid-May as the first phase of the Airport is completed on time, 22 months from the signing of the contract. This is a triumph for which both Government and private industry can take credit. It has involved the Ministry of Defence which had to make important decisions about its requirements in a short time; the Property Services Agency which was responsible, with the help of its consultants, for designing facilities and letting and supervising the contract; and the consortium — the Laing-Mowlem-Amey Roadstone Construction Joint Venture — which has employed a British workforce and mainly British equipment and materials, almost all transported some 8,000 miles.

It is therefore a success story for Britain. It speaks volumes for what the British construction industry is capable of achieving in difficult conditions around the world.

The Airport represents both a significant step towards strengthening the defence of the Falklands and a key to the future economic development of the Islands. It will also bring renewed assurance to the people of the Falkland Islands.

My congratulations to all concerned!

Margaret Thatcher

Chairman of the Joint Venture

It is with very considerable pride that we celebrate the completion of this stage of the new airport and that the almost impossible has been achieved by British Industry. We are more particularly proud of the achievement of men and women involved and in what has been accomplished in the last 18 months on this site. In what is one of the few remaining pioneering construction projects in the world a village for 2,000 people, 25 miles of access roads, a port facility that has handled over half a million tons of freight, service buildings, support facilities for a major airport and main runway have all been constructed.

The success of our Joint Venture has depended very much on the good relations with both the civil and military communities without whose help our task would have been much more difficult. From the first decision to proceed with the airport, the roles of the PSA and the UK Support Team have been fundamental in the integration of the design and construction, and we would like to thank them for their contribution.

All the people who have worked on the project from the first landing to the present day have overcome great difficulties and I would like to pay tribute to their achievements and their fortitude when separated from friends and family for so many months.

Oliver Whitehead

Civil Commissioner of The Falkland Islands

In his Economic Study of the Falkland Islands in 1982, the Rt Hon Lord Shackleton KG OBE recommended the construction of a completely new airfield, either at Stanley or elsewhere, with a runway of 2,590 metres. Who would have dreamt that his recommendation could have been implemented in under 18 months from landing on a virgin shore?

The opening of Mount Pleasant Airport heralds a new era for the Falkland Islands. I am confident that it will play a progressively more important role in their economic and social development.

Thanks to the military sacrifices in regaining these Islands, the far-sightedness of the British Government and the British workers who carried out the construction works, we now have the basis of an international airport that will give the Islanders security, independence and hope for the future. On their behalf I should like to thank all those who made this possible.

Sir Rex Hunt, CMG

Commander British Forces

The opening of Mount Pleasant Airport is a landmark in the history of the Falkland Islands and the manifestation of the close ties that bind the Islanders to their kinsfolk in Great Britain. It is a monument to those who, in 1982, gave their lives for the Islanders' freedom and to those thousands of Servicemen and women who have defended these Islands during the unfolding of this great project.

As the first aircraft touches down let us all remember the British sacrifice that restored the Islands to freedom; the British endeavour that made the airport a reality; and let us hope that the Falkland Islanders will now prosper in peace and security.

Major-General Peter de la C de la Billiere, CBE DSO MC

Chief Executive of the Property Services Agency

The completion of the main runway and the beginning of flying operations at Mount Pleasant Airport provides an opportunity to publicise a significant achievement by the Property Services Agency, its consultants and its contractors, the Laing-Mowlem-Amey Roadstone Construction Joint Venture.

Since joining PSA a year ago, I have followed the building of the Airport with keen interest, and last December I visited the Falkland Islands to see for myself how the work was progressing. I walked the 2,590 metre runway and met many of the PSA staff and consultants on the job. The conditions were tough but my abiding memory is of everybody's energy and enthusiasm.

Gordon Manzie, CB

THE PROJECT

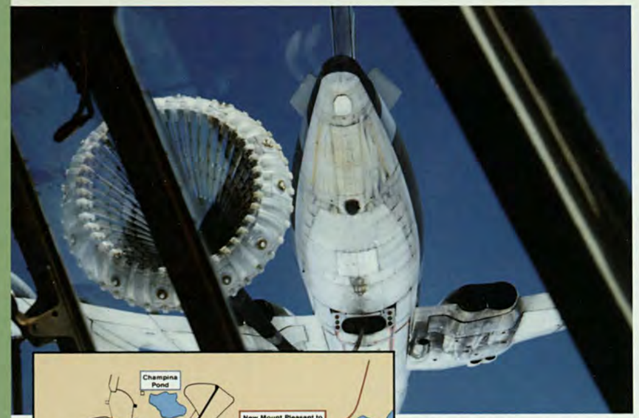
May 1985 marks the opening of Mount Pleasant Airport (MPA) in the Falkland Islands for regular flights. Although Phase II of the development, including staff accommodation and support buildings will not be completed until next year, this probably represents a world record in construction time for a permanent airport — built moreover on a greenfield site 8,000 miles from its source of labour, equipment and materials. Such an airport would normally take a minimum of five years to plan, implement and complete. Mount Pleasant will have taken three.

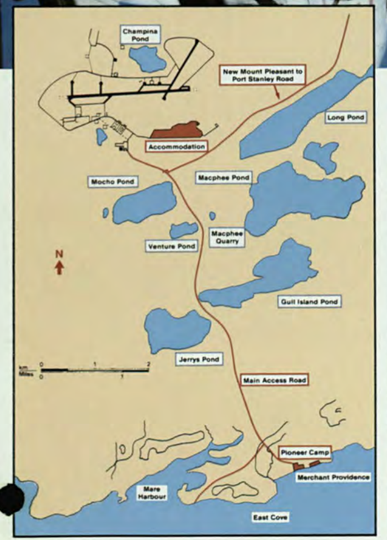
Following the repossession of the Falkland Islands from the Argentines in June 1982, HM Government decided that it was necessary to construct a new airport in the Islands capable of taking wide-bodied aircraft to provide for defence of the Islands and for their future development. This need had already been identified on purely economic grounds in the two reports by Lord Shackleton in 1976 and 1982, which recommended the provision of a runway capable of handling medium and long-haul aircraft.

Initially the Ministry of Defence (MoD) envisaged that the Royal Engineers (RE) would construct the airport but this would have created too great a strain on their resources so in September 1982 the Property Services Agency (PSA) of the Department of the Environment were given the responsibility. Although the greenfield site at Mount Pleasant had been selected by the Royal Engineers and the PSA, Ministers needed to be sure that it offered the most economic approach, so the PSA prepared estimates for two sites, at Mount Pleasant and the existing airport in Stanley. In March 1983 PSA invited contractors, including the Laing-Mowlem-Amey Roadstone Construction Joint Venture (LMA), to tender for an airport and associated works at both places. Having received tenders Ministers chose Mount Pleasant because it was cheaper, had fewer construction difficulties and avoided the problem of interference with day-to-day military operations that would have occurred had Stanley been extended.

The need to achieve the earliest operational date for the airport was paramount. It is a remarkable feat of co-operation between the PSA, as the overall development managers, and LMA, as the main contractors that this has been achieved only 22 months from the instruction to proceed, and 16 months from the start of permanent works.The dates below illustrate this remarkable progress:

June 1982	HMG decided to construct a new airport in the Falklands.
Aug 1982	The first PSA team began preliminary surveys, following site selection by PSA/RE.
Sept 1982	PSA asked to manage the project.
Feb 1983	Full PSA team established to start detailed design and planning.
Mar 1983	PSA invited tenders from interested contractors for the two sites. Contractors' teams visited Falklands to inspect sites.
May 1983	Tenders returned.
June 1983	Parliamentary announcement of location and LMA invited to proceed.
Sept 1983	Ships "Merchant Providence" and "England" with pioneer workforce sailed from UK.
Oct 1983	Both ships arrived at East Cove.
Nov 1983	Pioneer workers' camp established at East Cove and work started on temporary access road to airport site.
Dec 1983	Temporary access road reached site perimeter.
31 Dec 1983	Turf cutting ceremony on main runway by Commander British Forces.
Apr 1984	Workforce moved to accommodation on site. Pioneer camp dismantled for use elsewhere.
Apr 1985	LMA handed over main runway to PSA.
May 1985	Official opening of airport and start of regular flying operations.
Early 1986	Planned completion for LMA airport contract.





ECONOMIC ASPECTS

Apart from aiding the development of the Islands' economy, the new airport will result in substantial savings in maintaining the Falklands garrison, currently running at about £648 million per annum. A large proportion of this expenditure covers the cost of using transport aircraft which have to be refuelled in-flight en route from Ascension.

With the opening of MPA, the use of wide-bodied aircraft will be possible with an estimated weekly saving of over £500,000 on fuel and other costs. There will be a reduction in overall travelling time from 34 hours in the early days of 1983 to 18 hours in 1985. Throughout its planning, PSA has put considerable emphasis on the use of the most economic combinations of systems and materials in the design and construction of the airport and its facilities; and also agreed with the Ministry of Defence to provide living accommodation to a basic training standard. An interesting example of an economy was the decision to adapt the contractor's temporary accommodation to meet the needs of junior ranks when the project has been completed, rather than build new.

PLANNING TASK

The task was to design and build a new airport complete with supporting accommodation and services. This included a 2,590 metre main runway; a 1,500 metre secondary runway; hardstandings for passenger and military aircraft and helicopters; a hangar for a wide-bodied jet; an air traffic control tower; power stations; water supply; associated airport operational buildings; and domestic accommodation, to include sleeping, dining and recreational facilities, for the personnel needed to operate the airport.

Throughout the autumn of 1982, PSA had small teams devoted to costing the various alternatives requested for study by MoD. By February 1983 when Ministers had decided on the way ahead, PSA was able to set up a small management team for the project. After the initial outline proposals had been agreed, PSA formed six separate project teams with individual responsibility for major parts of the programme. To date, PSA has provided LMA with over 20,000 construction drawings at an average rate of 1,250 per month.

PSA retained full responsibility for the airport layout and design but Sir Alexander Gibb & Partners, consultant civil engineers, were to design all other civil engineering works including the roads,

drainage, sewage treatment, technical buildings and some harbour works. The main accommodation buildings, passenger and freight terminals, technical facilities and medical centre were undertaken by the Building Design Partnership. Ewbank Preece Design Partnership were commissioned to provide the main utility services — the main and standby power stations; heating and electrical power and distribution systems. Gardiner & Theobald were appointed quantity surveyors to provide cost advice, Bills of Quantities and measurement of final accounts. Altogether some 200 people have been involved.

Following receipt of tenders and the decision in favour of Mount Pleasant, a PSA-led team of consultants, geologists and surveyors began working at top speed to finalise the location of the runway and principal airport buildings. Within a few weeks preliminary site plans were completed and approved by MoD. Conditions for the survey teams were truly pioneer — it was, as one PSA surveyor said: ". . . a bit like going to the moon." There was no proper accommodation and there were certainly no roads — six miles an hour by Land Rover was good going. Underfoot the ground was rough and wet, and surveyors would sometimes slip waist-deep into pools of black water in the peat bogs.

TENDER

In the autumn of 1982, PSA had entered into preliminary discussions with seven leading contractors who, they considered, had the necessary resources for the airport project. After these discussions, during which the full volume and scope of the work was assessed, six of the firms formed three consortia so as to bring together the financial, management and professional expertise needed for the job and to reduce the financial risk to any one firm.

The major challenges which faced the firms tendering for this contract were the short construction schedules, extensive logistics problems, difficult communications and the absence of harbour facilities adjacent to the site.

The tenderers were also required to use a British work force and to use British plant and materials and ships where practicable and economic. Virtually the only raw materials available on the Islands were water, stone and sand.

CONTRACT

The consortium of Laing-Mowlem-Amey Roadstone Construction submitted the lowest tender and on the 27 June 1983 the Secretary of State for Defence announced to Parliament that PSA would place the contract with LMA for works to a value of approximately £190 million, to which would be added the cost of the road from Mount Pleasant to Stanley and a separate MoD contract for communication and navigational aids, making a total of £215 million.

The contract also specified that the main runway and other necessary facilities for its operation, including a temporary surface on the Mount Pleasant to Stanley Road, were to be handed over to the PSA by late April 1985 and the remainder of the contract completed by early 1986.

The main problems which could affect the successful completion of the contract were:

The organisation of an efficient and timely supply of materials;

Provision of an attractive employment package for the large UK labour force working 8,000 miles from home in tough conditions;

The need to provide adequate accommodation and welfare facilities;

The necessity to locate sufficient quarry sites based on the available information and, thereafter, to obtain large quantities of aggregates to meet the enormous construction requirements.

LOGISTICS

A rapid mobilisation programme by LMA began immediately the contract was awarded as construction of the permanent works was due to commence by the end of 1983, six months later. It was a daunting task and meant planning at least three months ahead for all materials, plant and equipment; and to cater for the needs of over 2,000 personnel.

As proposed in the tender Laing -Mowlem -ARC purchased a 13,000 tonne merchant vessel, "Merchant Providence", which was to be used as a floating jetty-head at East Cove. This had formed an important feature of the LMA tender, and was considered to be the quickest way of providing unloading facilities nearest to the site — 6 miles away. "Providence" sailed from Avonmouth on 28 September 1983 for the 8,000 mile voyage south, with the initial shipment of some 13,600 freight tonnes of cargo. Also on board was an LMA workforce of 24 together with some of the sub-contractors. A further 76 construction workers sailed from Tilbury on 29 September 1983 aboard the 8,000 tonne MV "England", chartered from Cunard, thus completing the pioneer workforce. The journey took about a month and on arrival at East Cove the heavy plant was unloaded from "Providence" on to a self-propelled Flexifloat barge, which itself had formed part of the cargo, for final transfer to the shore. The ship was then converted into a jetty-head for the duration of the contract. Initially it was also the accommodation base for the pioneer workforce and throughout the contract it has been used as a fuel depot with 2,800 tonne capacity.

The jetty vessel was secured to the shore using specially designed struts and anchors with a Bailey Bridge for access and is equipped with a 150-ton derrick and two 22-ton derricks which, with the Flexifloat, are used for the discharge of cargo ships.

"England" also played a crucial role, transporting the workforce to and from the Falklands. They travelled by scheduled flights from London, either direct or via Johannesburg, to Cape Town where they joined "England" for the 11-day voyage to East Cove. The passenger vessel worked on a monthly schedule carrying on average 300 persons per trip. By April 1985, 9,000 passengers had been transported between South Africa and East Cove and "England" had travelled more than 150,000 miles.

Four chartered cargo vessels sailed in turn from Avonmouth about every three weeks and by April 1985 there had been 22 sailings with some 513,000 tonnes of materials, plant and equipment, including 300 tons of food and 1,200 tons of diesel fuel per month. There were over 850 major items of construction plant on site with a capital value in excess of £25 million.

COMMUNICATIONS

At the outset of the contract the problem of communications had to be solved as there was no link from MPA to the outside world. The nearest existing link was by marine cable which provided telex and telephone from the Cable and Wireless office in Stanley, some 30 miles away. It was therefore essential to set up a direct link between the site and UK. Initially "Providence" was fitted with a Marasat system which provided a single telephone/telex line via satellite to the international networks.

In December 1983 Cable and Wireless opened an earth station in Stanley and the necessary equipment to utilise this system was installed on completion of the site offices at Mount Pleasant. By using a UHV radio link signals were beamed from a disc aerial at the site offices and received by a special disc aerial erected by LMA in Stanley. The signal was then automatically beamed by the Cable and Wireless earth station via Intelsat to the UK. This system provided computer links, telefax and telephones, not only for business purposes but also enabled the workforce to dial direct to the UK using public call boxes installed in their recreation centre.

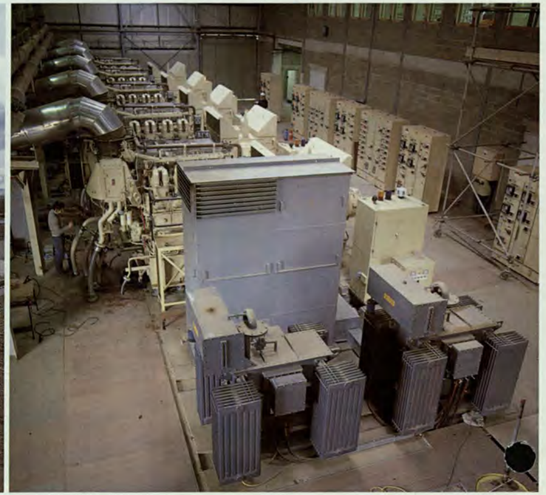
WEATHER

The weather was another obstacle and it was not exceptional to experience snow, hail, rain, sun and gale-force winds in the space of a few hours. Average temperatures range from a mean annual maximum of 21° C (70° F) to a mean annual minimum of −5° C (22° F). The mean annual wind speed is 17 knots. It was the gale-force winds which were of special concern as it affected all areas of operation particularly cranage, scaffolding, structures and the production of high quality concrete. However, the precautions taken by LMA allowed concreting to continue throughout the winter.

High seas could prevent the passenger ship and the freight vessels from docking alongside "Providence", thus hampering cargo discharge. However, the weather has not prevented the construction team from executing works to the required standard.

ENVIRONMENT

Before construction began PSA and the Building Design Partnership commissioned the Institute of Terrestrial Ecology and the Nature Conservancy Council to carry out a study of the Mount Pleasant area to consider the ecological impact that the airport construction would have on the environment. The report concluded that there would be little major disturbance to the environment other than a change to the landscape. The only possible threat to wildlife was to a small colony of Gentoo penguins on Bertha's Beach which, as the report recommended, is being maintained as a nature reserve. The report also identified two major potential problems which could arise from bird strikes, particularly by Upland Geese, and damage to aircraft engines by the intake of sand and soil due to erosion. As a result, the geese are being discouraged by sowing seeds of plants unpalatable to them and soil erosion is being reduced by confining vehicles to made-up tracks and by re-vegetating eroded areas. Trees are to be planted near accommodation buildings to "break up" the landscape and provide wind-breaks.



CONSTRUCTION

In the normal course of events for construction jobs overseas, accommodation is completed before commencing the permanent works but in this contract, because time was of the essence, both jobs had to be carried out simultaneously.

Once the jetty-head had been established, the pioneer force started constructing a 400-man camp at East Cove, using materials carried with them on "Providence" to house themselves and future workers, and at the same time began to drive a road the 6 miles to the site at Mount Pleasant. This temporary access road reached the perimeter of the site in mid-December 1983 and continued to the west end of the site so that the runway works could begin. This was part of an extensive network of some 25 miles of temporary roads and hardstandings which were rapidly built to enable access to the rest of the construction works.

Major-General Keith Spacie, OBE, then Commander British Forces in the Falklands, performed the turf cutting ceremony on 31 December 1983. He praised LMA for the tremendous progress achieved thus far and for starting works on the runway on time — it was one day early!

By April 1984, the main contractor's camp at Mount Pleasant had sufficient accommodation to house 1,000 of the workforce, which was continuing to increase, and the pioneer camp at East Cove was eventually dismantled for use elsewhere. Meanwhile, work was continuing on the airport itself.

Construction was started on the 10 MW power station, the hangar for the wide-bodied aircraft, the bulk fuel installations, the air traffic control tower and the fire crash rescue building. Work also began on the petroleum supply depot at Mare Harbour, and on the main RAF accommodation units. Most of these facilities were completed by April 1985. The main hangar for wide-bodied jets, a land mark for miles around, is the largest single structure on the site, being 31 metres high and 58 metres square with 600 tonnes of steel.

The remainder of the contract which includes the standby power station, the helicopter hangar, the secondary runway and domestic accommodation, among other facilities, will be completed in Phase II of the project. In total, there will be 100,000 square metres of buildings, which together with the extensive roads and other services will create a small township.

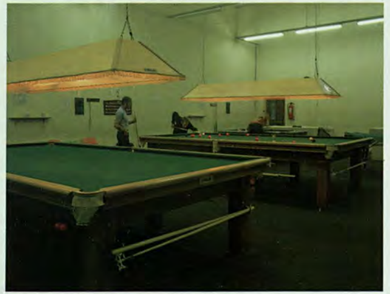
As well as the construction of the main runway and other features mentioned above, special mention needs to be made of the road between Stanley and Mount Pleasant. It is some 30 miles in length and was included as a design and construct element — no mean task in view of the short timescale available to bring it into use by April 1985 for passenger and cargo movement between MPA and Stanley.

QUARRYING

Successful quarrying was critical. Almost all of the stone required for the contract, including aggregates for pavement quality concrete, structural concrete and asphalt paving, has been quarried and processed by LMA on the Island. By the end of the contract some 80,000 cubic metres of pavement quality concrete and 150,000 tonnes of asphalt will have been laid.

The original requirement was for 1.2 million tonnes of tillite and 0.5 million tonnes of quartzite. The potential sites for the quarries, identified by a joint PSA/RE/RAF survey team in October 1982, formed the basis of LMA's subsequent search for aggregates. LMA also opened numerous borrow pits as well as the major quarries for tillite and quartzite, and further quarries along the Stanley Road.

The stone proved to be of variable quality and this resulted in a considerable increase in the total volume of quarrying. LMA adopted 24-hour working at the process plant and introduced additional crushing plant to maximise volume production of aggregates. To date about 1.5 million tonnes of stone has been produced.



WORKFORCE

From the 100-man pioneer force at the outset of the contract, the total workforce, including PSA staff and sub-contractors, rose to more than 2,000 at its peak in March 1985, with everyone working a minimum 60-hour, 6-day week.

However, it was not all work and no play and the workforce proved very enterprising in the wide range of interests they pursued in their spare time. LMA and PSA actively encouraged this by the provision of a recreation centre. Leisure activities ranged from rugby and windsurfing to chess and darts. The recreation centre had two video rooms, three bars and telephone links to UK.

Until April 1985, it was almost impossible for the workers to visit Stanley. The Falkland Islands Government Air Service (FIGAS) did not operate scheduled flights at weekends and the only other route was overland by Land Rover — a journey not recommended, either for speed or comfort, as at best it was only dirt tracks. To travel the 30 miles took a minimum of three hours and often much longer. This was graphically illustrated by an adventurous group of 11 men who drove to Stanley to play football against the Army. It took them five hours to get there and they were then beaten 11 — nil by the Paras!

Other facilities at the camp include a barber shop, post office, chapel, laundry and a bakery. There is also a medical centre which has a 10-bed hospital with six nurses and two doctors. The site also boasts a newspaper — The Pleasant Times.

The turnover of construction workers was gratifyingly low — some 50% of that generally experienced in the UK and on major overseas contracts — and about 25% of the workforce opted for a second tour. The accident rate was also remarkably good with only 2.2 accidents per 100,000 hours worked, less than half the UK average.

Facilities for compassionate leave and medivac cases were provided by the RAF.

SITE MANAGEMENT

LMA's site organisation to deploy the peak workforce of 2,200 was headed by a Resident Director with supporting line and departmental managers, leading a staff of 230. This team was responsible for executing the work on the site with detailed planning and the utilisation of construction plant, labour and material resources required to achieve the very demanding programme involved.

PSA's site organisation was headed by a Falkland Islands Regional Director and he had, at peak, 55 staff from PSA and consultants. His team was responsible for the close monitoring of the contractor's detailed programme and close liaison with the military staff of the Commander British Forces, Falkland Islands. Through his senior resident engineers, he exercised control of the quality of materials and workmanship which was maintained throughout the contract to PSA's full UK standards.

UK SUPPORT OFFICES

LMA and PSA had UK support offices at Surbiton and Croydon respectively. PSA's job was to complete the design of the facilities, provide the drawings and specifications, and supervise the contract. LMA successfully accomplished the mobilisation for project construction including the recruitment of the labour force and setting up suitable welfare arrangements for the families remaining in the UK; integrating the extensive range of sub-contractors and the massive management task of procuring and shipping all materials.

POSTSCRIPT

This opening, though remarkable, should not conceal the fact that much remains to be done. There is the completion, by early next year, of the balance of the contract. And in May 1984 the Secretary of State for Defence announced to Parliament that further construction work would be carried out so that the garrison could be concentrated at Mount Pleasant. PSA invited six consortia, including LMA, to tender. In September 1984 PSA placed with LMA the contract for some additional facilities, as well as shipping, off-loading and site services to support the Wimpey/Taylor Woodrow consortium, which is to build a permanent port at Mare Harbour, and storage and living accommodation for the Army. These contracts are worth £119 million,and together with the expanded airport contract brings the total value of work at Mount Pleasant to £395 million at September 1984 prices.

NOMINATED SUBCONTRACTORS

Balfour Kilpatrick Limited	Mechanical and Electrical Supply and Installation
GEC/Ruston Diesels Limited	Main Power Generation Supply and Installation
McTay Limited	Fuel Tankage Supply System and Installation

MAJOR SUBCONTRACTORS & SUPPLIERS

Cenargo Limited	Cargo Shipping
Cunard Shipping Services Limited	Passenger Shipping
Cunard Crusader World Travel Limited	Passenger Air Travel
General Navigation and Commerce Company Limited	Packing and Freight Forwarders
Hallam Group of Nottingham PLC	Building Supply and Erection
Kelvin Catering (Camps) Limited	Camp Catering and Administration
Ward Brothers (Sherburn) Limited	Steelframe Design and Construct
Wyesplan Limited	Building Supply and Erection
Armco Limited	Culverts
Aveling-Barford Limited	Construction Plant
Beechdale Engineering Limited	Roadforms and Cover Frames
Beeswift Limited	Protective Clothing
Berkeley JCB Limited	Construction Plant
Blaw Knox Construction Equipment Company	Construction Plant
Blue Circle Industries PLC	Cement
Bowmaker (Plant) Ltd now Finning Limited	Construction Plant
BP Aquaseal Limited	Construction Plant
Cable and Wireless PLC	Communication Equipment
Compactors Engineering Limited	Construction Plant
Compair Holman Limited	Construction Plant
Degremont Laing Limited	Water and Sewage Treatment
Dynapac (UK) Limited	Construction Plant
Empire Furnishing Company	Furniture, Camp Accommodation
Esso Petroleum Company Limited	Fuel and Lubricants
Frederick Parker plc	Construction Plant
George Cohen Machinery Limited	Workshop Buildings
Goodwin Barsby	Construction Plant
Grove Cranes	Construction Plant
Johnston Pipes Limited	GRP and Concrete Pipes
Lancer Boss Limited	Forklift Trucks
Leigh Land Reclamation Limited	Asphalt Sand
Lenantons Limited	Timber
Leyland Vehicles Exports Limited	Construction Plant
Mining Machinery Developments Limited	Construction Plant
OTR Tyres Ltd	Tyres
W H Perry Limited	Construction Plant
Petbow Limited	Construction Plant
Tripower Limited	Temporary Electrics
Yorkshire Plastics International	UPVC Pipes and Fittings

THE COMPANIES

Laing-Mowlem-ARC is a Joint Venture of John Laing Construction Limited, Mowlem International Limited and Amey Roadstone Construction Limited.

John Laing Construction Limited, part of the John Laing Group, is responsible for all the building and engineering construction activities of the Laing Group. The operation and services of the construction company are organised to enable the full management skills and technical resources of the Group to be deployed to the particular requirements of any individual project or class of work.

Mowlem International Limited is responsible for carrying out all major building and civil engineering work overseas for the Mowlem Group. The company provides a complete range of contracting services from design through construction to commissioning. Strong links are maintained with the Mowlem Group in the UK so that all overseas contracts benefit from the larger and more specialised resources available within the Group.

Amey Roadstone Construction Limited, is part of the Amey Roadstone Corporation Limited, and its activities principally embrace road and airfield surfacing, civil engineering and building contracting in the UK and overseas. Amey Roadstone Corporation is a major quarrying organisation in the UK. Therefore, Amey Roadstone Construction is able to draw on the vast expertise in quarrying and processing of stone which exists in the organisation.

PROPERTY SERVICES AGENCY

The Property Services Agency is part of the Department of the Environment. A major part of its world-wide role is to provide, manage, maintain and furnish defence establishments in the UK and overseas. PSA also performs these services for property used by civil departments including offices, crown courts, museums and galleries, prisons and research establishments.

PSA activities include the design of new buildings and facilities, and supervision of construction. This work is carried out by using either PSA professional staff or consultants and all construction work is executed by contractors. The provision of furniture and equipment is generally the responsibility of The Crown Suppliers, a distinct unit within PSA. For the Mount Pleasant Airport this part of the undertaking is worth £7 million and includes the provision of sophisticated runway lighting and the extensive airport signposting network.

In 1983/84 PSA's expenditure on new construction was £793 million of which defence expenditure on major new works amounted to £467 million.

Photographic Sources: Ministry of Defence,
Property Services Agency, Laing-Mowlem-ARC Joint Venture

Designed and Printed by Optichrome, Woking, England

file

10 DOWNING STREET

THE PRIME MINISTER

6th May 1985

Dear Mr. Beck,

Many congratulations on your excellent progress on the Mount Pleasant airfield. I was delighted to receive the news that the first wide-bodied jet landed on the new air-strip on 1st May. I only wish I could be with you at the official opening.

Warm regards.

Yours sincerely

Margaret Thatcher

KB

OLD

Foreign and Commonwealth Office

London SW1A 2AH

8 May, 1985

Prime Minister

CDP 8/5

Dear Charles,

Falkland Islands: New Hospital

Last October, following a meeting with Sir Rex Hunt, the Prime Minister instructed that the financing of a single joint hospital in Stanley was to be resolved between the ODA and MOD. This was done, and planning for the new hospital has proceeded on the basis of the outline design prepared by the DHSS consultant.

Because of the need to have the new hospital built and operational by late 1986, before the garrison moves from Stanley to Mount Pleasant, it was decided to restrict tendering to the three consortia already established in the Islands: Laing-Mowlem-Amey Roadstone; Fairclough-Miller; and Taylor Woodrow-Wimpey. Tenders have now been received, and the cost of the project overall (which includes sheltered housing for the elderly and staff accommodation as well as the hospital itself) appears likely to be £11.5 million or so. The original and provisional estimate by the DHSS hospital architect was £8.0 million. We have asked for an urgent explanation for the worrying degree to which tenders have exceeded their first estimate. At first sight the reasons seem to be partly design changes since that estimate, and partly an underestimate by the architect concerned of all the extra costs associated with construction work in the Islands.

Prince Andrew will be unveiling a plaque for the new hospital on 11 May and has agreed that the new wing should bear his name. Subject to a satisfactory tender report from the consultants responsible for the detailed design, we hope the successful contractor for the project will be nominated before the ceremony takes place. Allowing for finalisation of the design and a fixed price contract, and a mobilisation period, we envisage that work will start on site later in the year, with the onset of the Falkland spring.

I am sending a copy of this letter to Richard Broadbent in the Chief Secretary's office.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

2

Mowlem

John Mowlem and Company PLC
Registered Office
Westgate House Ealing Road Brentford
Middlesex TW8 0QZ United Kingdom
Telephone: 01-568 9111 Telex
International tel: + 44 1 568 9111 24414

By Appointment
To Her Majesty The Queen
Building Contractors
John Mowlem & Company PLC
Brentford

Chairman's Office

Prime Minister

Private

The Rt. Hon. Margaret Thatcher, MP,
Prime Minister,
10, Downing Street,
London, S.W.1.

2nd May, 1985.

2/5

Dear Prime Minister,

You will probably be aware that the first wide bodied jet landed at Mount Pleasant Airfield yesterday, 1st May, just before noon.

We in the Laing-Mowlem-Amey Roadstone Joint Venture are delighted to have been able to achieve this landing date on programme.

Yours sincerely

Philip Beck

Philip Beck

Federation of Civil Engineering Contractors
National Federation of Building Trades Employers
Export Group for the Constructional Industries

Registered in England Number 77628

Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 7601

Minister for Housing and Construction

2 May 1985

N 2/5

Dear Richard,

MOUNT PLEASANT AIRPORT: OPENING CEREMONY

My Minister would be grateful to know if your Secretary of State has any comments on the enclosed draft speech he proposes to make at the opening ceremony on Sunday 12 May.

I am copying this to Alistair Harrison (FCO), Wing Commander Adam Wise (HRH Prince Andrew's Office) and Charles Powell (No 10).

Yours ever,

Neil Kinghan

N KINGHAN
Private Secretary

Richard Mottram Esq

SPEECH BY MR GOW AT THE OPENING CEREMONY FOR MOUNT PLEASANT AIRPORT

1. YOUR ROYAL HIGHNESS, YOUR EXCELLENCY, MY LORDS, LADIES AND GENTLEMEN.

2. IT IS ENTIRELY FITTING THAT SIR REX HUNT, WHOSE NAME WILL BE ASSOCIATED FOREVER WITH THE FREEDOM OF THE FALKLANDS, SHOULD WELCOME US AT ONE OF THE MOST MOMENTOUS CEREMONIES IN THE ISLANDS' HISTORY.

3. AS MINISTER FOR CONSTRUCTION AND FOR THE PROPERTY SERVICES AGENCY, I TAKE PARTICULAR PRIDE IN BEING HERE. TODAY WE SALUTE A SPECTACULAR FEAT OF CIVIL ENGINEERING ACHIEVED BY A DYNAMIC PARTNERSHIP BETWEEN PUBLIC AND PRIVATE SECTOR. THIS PROJECT IS ONE OF THE LARGEST AND MOST REMARKABLE EVER UNDERTAKEN OVERSEAS BY THE BRITISH CONSTRUCTION INDUSTRY.

4. REMARKABLE BECAUSE, APART FROM WATER, STONE AND SAND, EVERY COMPONENT OF THE RUNWAY, EVERY ITEM OF PLANT, EVERY PIECE OF EQUIPMENT AND ALL OF THE WORKFORCE CAME MORE THAN 8000 MILES FROM THE UNITED KINGDOM. AND REMARKABLE TOO, BECAUSE HAVING MADE THAT JOURNEY, THE TERRAIN WAS DIFFICULT AND THE CLIMATE REVERSE OF IDEAL.

5. BARELY TWO YEARS AGO ON 20 JUNE 1983, HER MAJESTY'S GOVERNMENT DECIDED TO BUILD A NEW AIRPORT AT MOUNT PLEASANT.

6. IT WAS A DESOLATE SITE. THE CONTRACTOR, LAING, MOWLEM AND AMEY ROADSTONE, THEIR SUB-CONTRACTORS, SURVEYORS, ENGINEERS - CIVIL, MECHANICAL, ELECTRICAL - ARCHITECTS, CONSULTANTS, THE PROPERTY SERVICES AGENCY AND A MAGNIFICENT WORKFORCE FACED A HERCULEAN TASK.

7. THE FIRST SHIPS CARRYING SUPPLIES ARRIVED IN OCTOBER 1983; THE ROAD FROM EAST COVE TO MOUNT PLEASANT WAS

USABLE BY DECEMBER 1983. WORK ON THE RUNWAY BEGAN ON THE LAST DAY OF DECEMBER 1983. THE FIRST AIRCRAFT ARRIVED ON THE FIRST OF THIS MONTH. THE SECOND ARRIVED TODAY.

8. 2000 MEN AND WOMEN HAVE TOILED HEROICALLY. SO FAR HALF A MILLION TONS OF MATERIALS HAVE BEEN BROUGHT HERE - AND THERE IS MORE TO COME.

9. THE MERCHANT PROVIDENCE HAS BEEN MOORED AT EAST COVE FOR EIGHTEEN MONTHS.

10. AND SO, TODAY, WE HONOUR THE MEN AND WOMEN WHOSE ACHIEVEMENT REALLY IS ONE OF THE WONDERS OF THE WORLD. OUR OWN PRIME MINISTER, TO WHOM THE PEOPLE OF THE FALKLAND ISLANDS OWE SO MUCH, DESCRIBED THAT ACHIEVEMENT AS "A TRIUMPH WHICH SPEAKS VOLUMES FOR WHAT THE BRITISH CONSTRUCTION INDUSTRY IS CAPABLE OF ACHIEVING IN DIFFICULT CIRCUMSTANCES AROUND THE WORLD".

11. THOUGH THE MAIN RUNWAY HAS BEEN COMPLETED - AND

ON TIME - THE TASK IS NOT YET DONE. BUT NINE MONTHS FROM NOW, THE AIRPORT WILL HAVE BEEN FINISHED.

12. THE AIRPORT SYMBOLISES THE COMMITMENT OF THE BRITISH GOVERNMENT TO THE DEFENCE AND TO THE LIBERTY OF THE BRITISH PEOPLE IN THE BRITISH TERRITORY OF THE BRITISH FALKLAND ISLANDS. BUT IT MEANS EVEN MORE THAN THAT. THIS AIRPORT WILL HELP TO TRANSFORM THE ECONOMIC AND COMMERCIAL FUTURE OF THE FALKLANDS.

13. OUR TRIBUTE TO ALL THOSE - AT WHATEVER LEVEL - WHO HAVE PARTICIPATED IN THIS GREAT PROJECT IS MATCHED BY OUR TRIBUTE TO THE PEOPLE OF THE FALKLAND ISLANDS, WHOSE FREEDOM AND PROSPERITY WILL BE ASSURED BY THE MOUNT PLEASANT AIRPORT, WHICH I NOW ENTRUST TO THE SECRETARY OF STATE FOR DEFENCE.

File

27

10 DOWNING STREET

From the Private Secretary

27 March, 1985

FALKLAND ISLANDS:MOUNT PLEASANT AIRPORT

Thank you for your letter of 25 March enclosing a draft introduction to the MPA commemorative brochure. The Prime Minister is content with this with the addition of the sentence to the penultimate paragraph to read "It will bring renewed assurance to the people of the Falkland Islands."

(C D Powell)

A Allberry Esq
Department of the Environment

(1)

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

25 March 1985

Dear Charles

FALKLAND ISLANDS: MOUNT PLEASANT AIRPORT

Thank you for your letter of 1 March to John Ballard.

I enclose the draft of an introduction to the MPA commemorative brochure for the Prime Minister, which has been agreed by my Secretary of State.

We will let you have a copy of the final form of the brochure as soon as possible.

Yours ever

Andrew

A C ALLBERRY
Private Secretary

Prime Minister
Agree message?
CDP
26/3.

Charles Powell Esq

PRIME MINISTER'S INTRODUCTION TO THE MOUNT PLEASANT AIRPORT BROCHURE

I pay tribute to the skills, efficiency and determination of everyone involved in building Mount Pleasant Airport on the Falkland Islands.

The opening flight will take place in mid-May as the first phase of the Airport is completed on time, 22 months from the signing of the contract. This is a triumph for which both Government and private industry can take credit. It has involved the Ministry of Defence which had to make important decisions about its requirements in a short time; the Property Services Agency which was responsible, with the help of its consultants, for designing facilities and letting and supervising the contract; and the consortium - the Laing-Mowlem Amey Roadstone Joint Venture - which has employed a British workforce and mainly British equipment and materials, almost all transported some 8,000 miles.

It is therefore a success story for Britain. It speaks volumes for what the British construction industry is capable of achieving in difficult conditions around the world.

The Airport represents both a significant step towards strengthening the defence of the Falkland and a key to the future economic development for the Islands. It will bring renewed assurance to the people of the Falkland Islands

My congratulations to all concerned!

Margaret Thatcher

CCPL
(2)

MO 5/21 TEMPORARILY RETAINED. J. Gray 21/1/2015

Prime Minister

CDP
5/3

PRIME MINISTER

FALKLAND ISLANDS: MOUNT PLEASANT AIRPORT OPENING CEREMONY

Following Geoffrey Howe's minute of 7th February, and Mr Powell's letter of 11th February, you will wish to be aware of the latest position on the arrangements for the opening of the Mount Pleasant Airport. We are planning on the basis that the opening ceremony will be performed by His Royal Highness Prince Andrew, and my Department is now approaching Buckingham Palace to seek formal agreement to this.

It is now due to take place on Sunday 12th May.

2. I propose to attend the opening, accompanied by the Vice Chief of the Defence Staff, but I gather than the question of which Junior Minister from another department should participate has yet to be resolved. Work on the VIP guest list is now well advanced, and I can confirm that a significant majority of the guests will be civilians under FCO or DOE/PSA sponsorship.

3. I am copying this minute to the Foreign and Commonwealth Secretary, the Secretary of State for the Environment, other OD colleagues and to Sir Robert Armstrong.

Ministry of Defence
4th March 1985

FALKLANDS Islands etc.

15/3

DA

CP1

1) 18/3

2) 26/3

3) 9/4.

4) 16/4

10 DOWNING STREET

From the Private Secretary

1 March 1985

Falkland Islands : Mount Pleasant Airport

Thank you for your letter of 26 February asking whether the Prime Minister would be willing to provide an introduction to the commemorative brochure being prepared to mark the opening of Mount Pleasant Airport.

The Prime Minister would be happy to do so. I should be grateful if you could let us have a suitable draft.

(Charles Powell)

John Ballard, Esq.,
Department of the Environment.

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The National Archives

LETTERCODE/SERIES PREM 19 PIECE/ITEM 1673 (one piece/item number)	Date and sign
Extract/Item details: Undated manuscript note from Powell to Butler	
CLOSED FOR .....YEARS UNDER FOI EXEMPTION	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
TEMPORARILY RETAINED	26/11/2014 S. Gray
MISSING ON TRANSFER	
MISSING	
NUMBER NOT USED	

1) Mr Ingham
2) Prime Minister
Agree to provide foreword?
CDP 27/2

I am sure you should
27/2

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

26 February 1985

Yes NOT QR
Press?
CF?

PPS
?

Dear Charles

FALKLAND ISLANDS: MOUNT PLEASANT AIRPORT

In your letter of 11 February to Len Appleyard at FCO you listed the Prime Minister's views on a number of points connected with the inaugural flight and opening ceremony at Mount Pleasant in mid-May.

There is one additional point which could usefully have been included in the Foreign Secretary's minute of 7 February - namely whether the Prime Minister would be willing to provide an introduction to the commemorative brochure now being prepared to mark the occasion. The full-colour brochure is a joint venture between the Property Services Agency and the contractors' consortium Laing-Mowlem-Amey Roadstone. It will tell the impressive story of how the airport has been built within 22 months and will also contain brief messages from Sir Rex Hunt (Civil Commissioner), Major General De La Billiere (Military Commissioner and Commander, British Forces Falkland Islands), Mr Gordon Manzie (Chief Executive, PSA), and Oliver Whitehead (Chairman, LMA).

If the Prime Minister agrees, I would be grateful if No.10 press officers could liaise with Brian Abbott, Head of Press and Publicity at the Property Services Agency (212 4681).

Yours sincerely

John Ballard

JOHN BALLARD
Private Secretary

Charles Powell Esq

Argentina: Defence of Falklands Bk 14.

The National Archives

DEPARTMENT/SERIES PREM 19 PIECE/ITEM 1673 (one piece/item number)	Date and sign
Extract/Item details: Cartledge to PM dated 22 February 1985	
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FILE

cc LCO HMT LPO MOD

DA LPSO DTI CAL DOE CO

10 DOWNING STREET

From the Private Secretary

11 February 1985

Falkland Islands: Mount Pleasant Airfield: Opening Ceremony

The Prime Minister has considered the Foreign Secretary's minute of 7 February on this subject and in particular the various points for decision in paragraph 14.

The Prime Minister's views are:

i) the airfield should be renamed "Mount Pleasant Airport";

ii) the Palace should be approached formally to seek agreement for Prince Andrew to perform the opening ceremony;

iii) the Prime Minister thinks that only one Cabinet Minister should attend the opening and that it should be the Secretary of State for Defence. She sees a risk that attendance by more than one senior Minister would look like a "junket". Her view is that one Cabinet Minister and one junior Minister is the maximum necessary;

iv) she agrees that civilians should be well represented in the VIP guest list.

I am sending copies of this letter to the Private Secretary to the Secretary of State for the Environment, Private Secretaries to members of OD and Richard Hatfield (Cabinet Office).

Charles Powell

L.V. Appleyard, Esq.,
Foreign and Commonwealth Office.

JR

OUO

~~FCRB~~ CDP

In the light of this, I am recording the PM's view that the Defence Secretary should attend. CDP 11/2.

LORD PRESIDENT OF THE COUNCIL

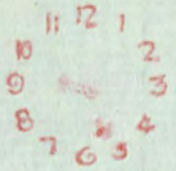
PRIME MINISTER

Falkland Islands: Mount Pleasant Airfield

I have seen the Foreign and Commonwealth Secretary's minute to you of 7 February. I find myself in strong agreement with his approach to the opening ceremony for Mount Pleasant Airfield. with CDP?

Wills

Privy Council Office
11 February 1985



1

PRIME MINISTER

OPENING OF MOUNT PLEASANT AIRFIELD

The actual points for decision in this rather lengthy minute are:

i) Agree to call it Mount Pleasant Airport (rather than airfield, which sounds exclusively military)? Yes

ii) Agree to approach the Palace formally for agreement that Prince Andrew should perform the opening ceremony? Yes

iii) Agree that both Environment Secretary and Defence Secretary should attend, with junior Minister from the FCO? (This is trickier. There might be some criticism of over-lavish Ministerial attendance. But Michael Heseltine is very keen to go and his budget is paying for the airfield.) Or limit to Defence Secretary and junior Environment Minister?

iv) Agree strong civilian component in guest list (see last page)?

C.D.P.

Surely one SofS is enough and that must be defence. Any thing more looks like a "junket"! MT

8 February 1985

PM/85/12

PRIME MINISTER

Falkland Islands: Mount Pleasant Airfield: Opening Ceremony

1. The construction of the first runway at Mount Pleasant airfield, the new airport in the Falkland Islands, is due to be completed by the end of April. It is planned that a party from London should fly in for the opening ceremony on 14 May.

2. This event will attract considerable diplomatic and media interest. Presentational aspects need careful thought. I have discussed these briefly with the Secretaries of State for Defence and the Environment. We have not, however, been able to agree on all points. This note identifies the outstanding questions.

The nature of the project

3. As we all know, the airfield is being constructed with defence funds to fulfil an urgent defence requirement. But we have all recognised from the outset that we were seeking to achieve a two-fold objective:

i) the military objective of defending the Falkland Islands more effectively (and more cost effectively) by enhancing our rapid re-inforcement capability. It is envisaged that construction of the airfield will make possible reductions in force levels and thus in garrison costs, in particular after the completion of the second runway in spring 1986.

ii) the economic and developmental objective of improving the Islands' links with the outside world. Construction of the airfield represents a positive response to the proposals made in the Shackleton Reports of 1976 and 1982. When the Secretary of State for Defence announced our decision on the airfield on 27 June 1983 he stressed that this would "give a powerful boost to the economy and infrastructure of the Islands".

.../4.

4. While we all recognise that the military function of the airfield will predominate at least in the short term, it is hoped that civilian operations will gradually gather momentum and assist the development and diversification of the local economy.

Presentational aspects of the opening ceremony

5. In my view it is entirely right that the opening should be celebrated with a certain éclat. Construction of the airfield is a landmark in the life of the Islands. It is also an impressive achievement of the British civil engineering industry to which attention deserves to be drawn. We should demonstrate our pride in the speed and efficiency with which British construction companies have completed a substantial project on such a remote site.

6. However in view of the interest which we can expect the British and international media to take, we all recognise that the civilian/military balance of the occasion will need to be carefully judged:

i) it is helpful vis-a-vis the Falkland Islanders themselves that the airfield should be seen not only as a reaffirmation of our commitment to their security, but also a contribution to their long-term prosperity;

ii) it is helpful too vis-a-vis world opinion that we should emphasise our commitment to the long-term economic and social well-being of the Islanders (a commitment to which we are bound under article 73 of the UN Charter). In particular, it will help us in pursuing British interests elsewhere in Latin America if the civilian aspect of the occasion could be emphasised in that way;

iii) Argentina is bound to react sharply whatever the exact form of the opening ceremony. We should not be deterred on that account. But it is only sensible that we should avoid gratuitously giving a pretext for a repetition of Argentine allegations that we are engaged in the "militarisation" of the Falklands or using them as a "strategic base".

.../The

The name of the airfield

7. We are all agreed that it would from now on be right for the airfield to be called "Mount Pleasant Airport". Both the Civil and Military Commissioners have recommended this change. They rightly feel that "airfield" has the wrong connotations, and is scarcely appropriate to such a large-scale project.

Ministerial representation and the form of the opening ceremony

8. In considering the form of the opening ceremony and the nature of ministerial representation, we all recognise the need for a careful presentational balance to be struck between the civil engineering aspects of Mount Pleasant (DOE), the overall administrative and developmental responsibility for the Islands (symbolised by FCO/ODA representation), and its military aspects (MOD), without allowing these to predominate.

9. We should also have in mind the fact that HRH Prince Andrew is due to be on duty tour in the South Atlantic until very shortly before the time of the opening ceremony. If he could play a central role in the ceremony I have no doubt that this would give great pleasure to the Islanders; but it is likely to increase the volume of Argentine protests. We need to consider too whether it would be best for him to take part in a civilian capacity rather than in his presently modest naval rank of Lieutenant.

10. Where the form of the ceremony is concerned, we are all agreed that it would be appropriate for the airport to be handed over to the Civil and Military Commissioners jointly. In the normal way this could most appropriately be done by a Ministerial representative of the Department of the Environment,

/as

as the Ministry responsible for the Property Services Agency. The Environment Secretary would be very willing to play that role: but because of the military aspects the Defence Secretary has also had it in mind to take part. I should be content for the Foreign Office to be represented by a Minister of State. My own feeling is that one Cabinet Minister would be enough and that Defence too could be represented by a Minister of State. But I should not wish to stand in the way of the Defence Secretary, if you felt that he should be in the party as well. He points out, with some justice, that the Airport has been financed from his budget.

Composition of the VIP Party

11. Ministers apart, we are agreed that it would be appropriate for the VIP party to contain a strong civilian component. Lord Shackleton should certainly rate a place, perhaps even some part in the ceremony, in view of his commitment to the Falklands and their economic development, and his family connections with the area. Other civilian representatives might include members of both Houses of Parliament with strong Falklands connections; the Chairman of the Falkland Islands Company (the former owner of the land on which the airport is built); and representatives of the contractors. I attach an initial list of suggestions on the civilian side.

Aircraft type

12. A decision has not yet been reached on the type of aircraft which will undertake regular services. And it is not yet clear whether an RAF or civilian aircraft is most likely to be available for the initial flight. We can be certain that press photographs of an aircraft with RAF markings would be used to support unhelpful propaganda against us. But operational considerations must clearly be decisive in this.

/Threat

Threat Assessment

13. In view of the nature of the proposed VIP party we are asking the Joint Intelligence Committee to prepare an early assessment of the threat of some form of harassment by Argentina.

Conclusions

14. In the light of the above considerations, I recommend that:

(i) the airfield should be renamed "Mount Pleasant Airport";

(ii) if he is available, HRH Prince Andrew might play a central role in the opening ceremony;

(iii) among Ministers, the Secretary of State for the Environment should take the lead. It is for consideration whether or not the Secretary of State for Defence should go. FCO representation need not be at Cabinet level;

(iv) the VIP party should contain a strong civilian component along the lines I have described.

15. I am copying this minute to the Secretary of State for the Environment, to OD colleagues and to Sir Robert Armstrong.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
7 February 1985

Preliminary list of civilian VIPs (excluding Ministers) to participate in the inaugural flight

Lord Shackleton
Lord Strathcona and Mount Royal (President, Falkland Islands Trust)
Sir A Kershaw (Chairman, House of Commons Foreign Affairs Committee)
A representative of the Labour party
A representative of the SDP/Liberal Alliance
Mr Eric Ogden (Chairman, United Kingdom Falkland Islands Committee)
A representative of the British Antartic Survey (Dr Laws, Director)
Mr Ted Needhan (Chairman, Falkland Islands Company)
Representatives of the Contractors
Officials

SECRET

JKRAST

16

SIR PERCY CRADOCK

ARGENTINE ARMS PURCHASES

Thank you for your minute of 29 January.

The Prime Minister regards the purchase of 28 Mirages, the Boeing 707 converted for Sigint purposes and the attempted purchase of Skyhawks from Israel as significant and evidence that Argentina is determined to rebuild its military strength. As you will know, efforts are being made to dissuade the Israelis from making further sales to Argentina.

CDP

30 January 1985

SECRET

Prime Minister 15

Not entirely consistent with the evidence of Israeli/Argentina dealings (attached). CDP 29/1

Jp.010

Mr Powell

Argentine Arms Purchases

I noticed in your record of the United Nations Secretary General's call on the Prime Minister on 23 January that the Prime Minister and the Foreign and Commonwealth Secretary suggested that Argentine defence spending was still high and that significant arms contracts were still being signed. This does not accord with the evidence we have. The JIC on 24 August 1984 (attached) reported the reduction of the military budget by 34 per cent between 1983 and 1984, reducing it from 6 per cent of GDP to 3.9 per cent. For 1985 a further reduction to at most 3.5 per cent is forecast.

Then re-read the JIC report! Especially on the 707 & the Mirages also

2. Argentine arms purchases since the war fall into two main categories. The first is the completion of pre-war contracts which proved too expensive to cancel and includes the whole of the German ship order and the Exocets. The second category comprises orders made by the Junta after the war to make good losses and include the purchase of 28 Mirages. In addition there is the Boeing 707 which was sent by the Junta to Israel in June 1983 to be converted into a Sigint aircraft and has just been delivered. There is no evidence of any major arms deals being signed since Alfonsin came to power.

Why are to this that we referred.

3. So stretched are the Argentine armed forces for funds that a significant number of ships and aircraft are up for sale.

PERCY CRADOCK

29 January 1985

SECRET

ANNEX

Israeli Arms Sales to Argentina

1. An emissary could be briefed in the following terms:

"Our extensive and normally reliable contacts operating in the international arms market continue to note that Israeli defence manufacturers and sales agencies are supplying and marketing a wide range of arms and equipment to the Argentine armed forces. For example -

- 22 Mirage III aircraft (19 single seat CJs and 3 twin seat BJs) were delivered in late 1982/ early 1983. This deal went a long way towards replacing Argentine losses of combat aircraft. We are also well aware that Israeli firms are supplying equipment to improve the performance of existing aircraft (eg advanced Avionics and Air-to-Air refuelling (AAR)).
- Modification of an Argentine air force Boeing 707 to perform an Electronic Warfare (EW) role is under way in Israel. We are particularly concerned about the improved intelligence collection capability provided by this aircraft.
- Our sources report Israel's intention to go ahead, despite a US embargo, with a deal to supply A4 Skyhawks to the Argentine navy and, if possible, to conclude a second deal with the air force. The supply of aircraft which were used so successfully against our forces in the South Atlantic causes us a great deal of concern.

We also believe that Israeli firms are actively promoting the sale of more modern combat aircraft to meet Argentine needs in the 1990s, a very ominous medium-term prospect.

These examples alone show that not only is Israel supplying Argentina with equipment which will improve existing capabilities but it is concentrating on equipment which directly enhances Argentina's offensive capabilities."

FILE

da

13.

10 DOWNING STREET

From the Private Secretary

16 January 1985

ISRAELI MILITARY EQUIPMENT FOR ARGENTINA

You will be aware that steps are being taken to bring to the attention of the Israeli authorities our great concern at the scale and the nature of the sales of military equipment which they are making to Argentina.

There is a particular point concerning the sale of A4 Skyhawk aircraft. These aircraft are of American origin. On past occasions when we have protested to the Israelis about their reported intention to sell these aircraft to Argentina they have rebutted the accusation by saying that the conditions imposed by the United States prevent them from selling the aircraft on to third countries.

It would be helpful if the Embassy in Washington could confirm that the United States is continuing to apply such a ban to the onward sale of any of the A4 Skyhawk aircraft held by Israel.

I am copying this letter to Sir Anthony Duff (Cabinet Office).

Charles Powell

L.V. Appleyard, Esq.,
Foreign and Commonwealth Office.

SECRET

SECRET UK EYES A

File

12

10 DOWNING STREET

From the Private Secretary

10 January 1985

SOUTH ATLANTIC NAVAL TASK GROUP STRENGTH

The Prime Minister was grateful for your Minister's minute of 9 January explaining the position on the Naval Task Group which will deploy to the South Atlantic on 17 January.

I am copying this letter to Peter Ricketts (Foreign and Commonwealth Office).

Charles Powell

John Oughton, Esq.,
Office of the Minister of State for the Armed Forces,
Ministry of Defence.

SECRET UK EYES A

SECRET UK EYES A

11

MINISTER OF STATE FOR
THE ARMED FORCES

Prime Minister

LOOSE MINUTE

D/MIN(AF)/JS/5/1/5

9 January 1985

JN

9/1

THE PRIME MINISTER

SOUTH ATLANTIC NAVAL TASK GROUP STRENGTH

1. I thought you would wish to be aware before Questions tomorrow that the Press Association yesterday reported that the next naval task group which will deploy to the South Atlantic on 17 January 1985 will be reduced from three ships to two. This follows local speculation in Plymouth following the removal of HMS Danae from the group. This has been mentioned in to-day's ... TIMES only - report attached.

2. The background to this is that shortly before Christmas the Secretary of State agreed, at the request of the Chief of Defence Staff, that this reduction should be made in advance of the forthcoming consideration of Falklands Force levels by OD(FAF), because this would avoid the unjustified deployment of a frigate to the South Atlantic, when the Chiefs of Staff had decided that the threat did not justify her sailing.

3. In the event of any further Parliamentary or press enquiries we propose to follow our standard line of not commenting on

/operational

SECRET UK EYES A

operational deployments to the South Atlantic or on South Atlantic Force levels.

4. I am copying this to Geoffrey Howe.

JHS.

JOHN STANLEY

strike threat over pit dispute

...of the Stoke ... said ...ment ...eared to ...al "serious incon- ... At least 2,500 ...iners' families are ... to have claimed ...come Supplement ... dispute.

... of ... ...ers living of ... stations, it was the board that gleaned most satisfaction from the first lumps of coal wound up from the pit bottom in 10 months.

It was in fact the fourth colliery in the Yorkshire coalfield to resume production, but ... miners were reported to have abandoned the strike – that figure was disputed by the NUM – and the coal cut by the 75 men who went underground on the day shift amounted to a tiny fraction of normal daily production.

... energy, warned the ...ent that it was "going ...d alley" by relying on ...back. The strike would ...roken by "bribes and ...people to return to ...

...visiting the picket line ...re-threatened Corton- ...olliery, in South York- ...ere the strike began last ... the shadow minister ...e fact is that people are ...o remain out, the ... is at a virtual stand- ...nd talks should be ... at the earliest oppor-

...s there was a negotiated ...nt, the dispute could go ...ghout 1985 and even ...86, he predicted. "It ...a tragedy not only for ...ple in the industry and ...ning communities but the British economy." It was costing Britain £86 million a week.

His call for a resumption of talks was echoed by Mr David Basnett, chairman of the TUC's influential economic committee.

The board, however, is in no hurry to resume talks with the NUM.

It is pinning its hopes on a revolt among moderates and the "soft left" on the NUM national executive, which meets in Sheffield tomorrow to plan its next move. But there is scant evidence of any such rebellion.

Mr Gummer told Tory party workers yesterday: "Arthur Scargill has clearly been rumbled. He is not acting like the NUM's president. He has become its godfather. The godfather of unemployment – the damage he is doing to the coal industry actually puts jobs in danger.

"The godfather of violence – he could stop intimidation and stop violence on the picket lines if only he would give the word.

"The godfather of disruption – he has split mining communities whose solidarity should be his pride. He has set miner against miner.

"Arthur Scargill has divided the most united trade union in Britain. Now is the time for those who want a secure future for the coal industry, and for miners who are loyal to the NUM, to refuse to be intimidated by Scargill the godfather."

Swan record

A record 4,500 Bewick Swans have flown from Siberia to winter at the wildfowl trust refuge at Welney, Cambridgeshire.

... Mr William Whitelaw, their Home Secretary, refused to agree to arbitration.

As a result of the settlement, the POA has officially notified the Prison Department that the dispute of 1980-81 is at an end.

Prince goes back to Falklands

Prince Andrew is going back to the Falkland Islands where he served as a helicopter pilot in the 1982 war with Argentina.

On Monday two frigates will sail from Britain to relieve three ships at present patrolling the seas around the Falkland Islands. The Prince will be on board one of the frigates, HMS Brazen.

For most of the period since the conflict there have been four frigates or destroyers and at least one submarine around the Falklands. The number of frigates was reduced by one during the course of last year, and the decision to cut the number to two seems to have been taken just before Christmas.

...earing ...e, and ...vice- ...arking ...Times book, designed by David Driver, the paper's head of design, and with a text by Philip Howard, the literary editor, recounting the history of *The Times*, went on sale at post offices yesterday, priced at £5, the face value of the stamps it contains. ...tograph: John Voos).

Charity secretary seeks Labour seat in Scotland

By Anthony Bevins, Political Correspondent

Mr George Galloway, general secretary of War on Want, last night announced that he had been nominated to run for selection as Labour parliamentary candidate in Dumbarton.

The sitting Labour MP, Mr Ian Campbell, has already announced his intention to retire at the next election and the constituency party is advertising for nominations for the succession. They close on February 18 and selection is to be held on March 15.

Mr Galloway said that he was the Transport and General Workers' Union official nominee, and was quietly confident that he would be selected.

Asked whether selection would affect his job as general secretary of a large charity, he said: "It shouldn't at all. I think plenty of heads of charities have been parliamentary candidates."

Mr Galloway, who is aged 30, was Scotland's youngest Labour chairman and he is expected to be faced with two main challengers for Dumbarton, which Labour held with a 4.9 per cent majority in the 1983 general election.

The other two main contenders are thought to be Mr Ian Leitch, a local councillor and prominent peace campaigner, and Mr John McFall, a local teacher who is being nominated by the Co-operative group.

Dumbarton is one of about 30 constituencies which has already launched the process to find candidates for Labour constituencies at the next election.

36,500 jobs lost in 12 years

...adial blow proves decisive to tyre plants

...y Edward Townsend ...Industrial Correspondent

... latest redundancies ...ced yesterday by Miche- ...n highlighted the ...ight of the British tyre ...ry. It is a classic story of ... commercial pressures of recent years. It has been a victim of the nosedown of vehicle manufacture.

A decade ago, Britain made 1,500,000 cars, last year the total was under a million with the main sellers such as Ford ... Vauxhall producing about ... brink of collapse and last summer sold its European tyre interests to the Sumitomo company of Japan. About 500 of the 3,500 jobs at the plants in Washington, Tyne and Wear and in Birmingham are threatened.

The British industry comprises ... manufacturers, Avon ... by 87,000 tyres a day, equal to 11 per cent of capacity, much of it in Britain.

One leading company said last night: "The output of all the existing United Kingdom tyre plants could easily be taken up by the other European producers and in fact only two or three of the major manufac-

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MOD
1 ROYAL ANDREW
BY JOHN VINCENT PA STAFF REPORTER
PRINCE ANDREW SAILS FOR THE FALKLANDS TOMORROW IN A NAVAL FORCE WHICH HAS BEEN REDUCED FROM THREE WARSHIPS TO TWO.
THE REDUCTION REFLECTS THE GOVERNMENTS CURRENT ATTITUDE TO THE ARGENTINE THREAT LESS THAN THREE YEARS AFTER THE INVASION AND FORMS PART OF A BIG CUT-BACK IN THE FORTRESS FALKLANDS BUDGET.
THE PRINCE MAKES HIS EMOTIONAL RETURN TO THE SOUTH ATLANTIC AS LYNX HELICOPTER PILOT ON THE FRIGATE BRAZEN, WHICH WILL PATROL THE 200 MILE PROTECTION ZONE WITH THE PORTSMOUTH-BASED FRIGATE HMS DIOMEDE.
MF
2 ROYAL ANDREW
BUT THE DEVONPORT-BASED FRIGATE DANAE, WHICH WAS SCHEDULED TO HAVE JOINED THE FIVE MONTH TOUR OF DUTY, WILL NOT NOW MAKE THE TRIP.
DURING THE CURRENT FINANCIAL YEAR BRITAIN IS SPENDING £684 MILLION DEFENDING THE REMOTE OUTPOST. BUT THE 1985-86 BUDGET IS DOWN TO £552 MILLION.
DEFENCE SOURCES SEE THE £132 MILLION REDUCTION NOT SO MUCH AS A CUT BUT MORE OF A ''NATURAL PROGRESSION'', REFLECTING A DROP IN THE SIZE OF THE GARRISON.
THE PROJECTED ANNUAL COST FALLS A FURTHER £62 MILLION TO £490 MILLION IN THE 12 MONTHS ENDING IN MARCH 1987.
MF
3 ROYAL ANDREW
A NAVY SPOKESMAN IN PLYMOUTH CONFIRMED THAT DANAE HAD BEEN DUE TO SAIL FOR THE FALKLANDS, BUT WAS NOW NOT DOING SO.
''THERE IS PLENTY OF WORK FOR EVERY SHIP WE CAN GET HOLD OF IN NORMAL NATO AREAS AND SO DANAE WILL BE A USEFUL ADDITION TO THE SHIPS AVAILABLE FOR DUTY,'' HE SAID.
A DEFENCE MINISTRY SPOKESMAN IN LONDON SAID THE CHANGE IN PLANS FOR DANAE WAS ''NOT SIGNIFICANT IN CASH TERMS.'' THE CREW AND THE BILLS WOULD STILL HAVE TO BE PAID IF THE SHIP WAS IN THE MEDITERRANEAN NOT THE FALKLANDS.
HE ADDED: ''WE PRODUCE A LEVEL OF EQUIPMENT AND TROOPS IN THE SOUTH ATLANTIC DEPENDING ON THE CLIMATE AT THE TIME. IF THE SITUATION SUDDENLY WORSENED WE MAY HAVE TO DOUBNLE THE NUMBER OF SHIPS.''
MF
4 ROYAL ANDREW
DEFENCE MINISTRY FIGURES SHOW A £2.088 BILLION EXPENDITURE ON THE FALKLANDS FROM THE TIME OF THE ARGENTINE INVASION TO THE END OF MARCH 1985.
PRINCE ANDREW, WHO SERVED AS A SEA KING HELICOPTER PILOT ON HMS INVINCIBLE DURING THE FALKLANDS WAR, WILL FLY HIS HIGH-SPEED TORPEDO CARRYING LYNX HELICOPTER ONTO BRAZEN AS SHE MAKES HER WAY FROM DEVONPORT TO PORTLAND TOMORROW BEFORE HEADING SOUTH.
THE QUEEN'S SECOND SON - WHOSE HELICOPTER IS NICKNAMED BRAZEN HUSSY -- WILL ACT AS ONE OF THE SHIP'S ENTERTAINMENT OFFICERS, HELPING TO ORGANISE FILM SHOWS, VIDEOS, CONCERTS AND RECORD REQUESTS FOR HIS SHIPMATES.
END ET

08/01/12-21

CC LPO
FCO
HMT
MoD
DTI
AG
CO

CONFIDENTIAL

Ate 881

CC PC

10 DOWNING STREET

From the Private Secretary

3 December 1984

Dear Paul,

The Prime Minister has noted the Minister for Housing's minute of 26 November conveying a progress report on the Mount Pleasant airfield.

I am copying this minute to the Private Secretaries of Members of OD(FAF) and to Richard Hatfield (Cabinet Office).

Yours sincerely,

C D Powell

Paul Britton, Esq.,
Department of the Environment

CONFIDENTIAL

881

Prime Minister
CDP
27/xi

Prime Minister

MOUNT PLEASANT AIRFIELD: FALKLAND ISLANDS

FOURTH PROGRESS REPORT

GENERAL

1. This fourth report on the Mount Pleasant project marks the end of the first year of construction of the airfield and the impending start of work on the Army accommodation at Mount Pleasant and the military port at East Cove.

2. The last three months have been difficult. The contractor, the Laing-Mowlem-Amey Roadstone Joint Venure (LMA) had re-programmed the work and planned to put in additional resources to recover the time lost as a result of the quarrying problems (covered in the last report) and the July dock strike. This was disrupted by the second, three week, dock strike in September. Although PSA and LMA are doing everything possible to recover this further time and meet the April 1985 deadline for completion of the main runway, the prospects of success are evenly balanced.

ACHIEVEMENTS

3. Despite a particularly wet Falklands spring (October was the wettest for 40 years), LMA's achievements over the last three months have been impressive. Their labour force has been increased to 1700 and by good organisation and management, morale and output have been kept high throughout

the winter. The excavation of the main runway and apron has been completed together with about 75% of the sub-base. Surfacing has just started. The foundations, structure and cladding of the main hangar and power station are now complete and the generators have been installed in the power station. The westerly 15 kilometres of the new road from Mount Pleasant to Stanley have been constructed (out of a total of 50 kilometres). And to speed up work LMA has introduced a second team near Bluff Cove which is working from east to west and has already completed 4 kilometres of excavation.

4. The next four months will be critical. The plant and equipment delayed by the dock strike is now arriving in the Falklands and the labour force will build to a peak of 2,200 by FEbruary. If the coming Falklands summer is dry, there should be a surge in work and a good prospect of completing the main runway on time. If it is wet it will be much more difficult to recover lost time and the main runway might not be ready until the second half of May. It is too early to judge whether there will be any slippage in the February 1986 date for completion of the remaining airfield facilities.

COSTS

5. In August Patrick Jenkin reported a cost estimate of £252m - £280m. The current estimate is £257m - £280m on the same (September 1983) price basis or £273m - £296m after adjusting to September 1984 prices. This is within the range approved by OD(FAF) in June 1983 with the addition of the facilities included in the contract in autumn 1983.*

*£245m - £290m at September 1983 prices: Patrick Jenkin's minute of 18 November 1983.

6. The main explanation for the £5m increase in scope since I last reported is the need for more extensive works services for the airfield navigation aids now that MOD's requirements have been fully developed. The increase would have been considerably greater without close scrutiny and trimming back of the work by PSA and MOD.

FURTHER WORKS

7. Following your agreement in September the contract for the first phase of the additional works package was let to LMA. This consists of items like the Joint Force Headquarters, Joint Operation Centre and Army Air Corps facilities which need to be ready at the same time as the main airfield (February 1986). LMA expect to start work on site next month.

8. The consortium of Wimpey and Taylor Woodrow (WTW) was the lowest tenderer for the remainder (and bulk) of this further package. They have been instructed to proceed and are purchasing their plant, equipment and supplies and recruiting their labour force. They expect to get their first working party out to the Falklands next month and to complete their pioneer camp ready for the first major tranche of workers in January. The programmed completion date of January 1987 still stands as does the £130m - £150m estimate for the cost of these additional works. The value of this work (the estimates above less contingencies) and the August estimate for the airfield were announced by Michael Heseltine on 21 September. It aroused little Parliamentary or Press interest.

NAO REPORT

9. The Comptroller and Auditor General published a report on the Mount Pleasant project on 22 November, which is likely to be considered by the Public Accounts Committee in February or March next year. The report generally approves the way in which this large and difficult project has been tackled by the PSA while pointing out that its cost is still vulnerable to considerable risks. Mr Gordon Manzie, PSA's Chief Executive, plans to visit the Falkland Islands and Mount Pleasant before Christmas to get an up-to-date picture of how the work is going before he is examined by the PAC.

10. I am copying this minute to the other members of OD(FAF) and to Sir Robert Armstrong.

IG

26 November 1984

bcc: C D Powell Esq (No 10)
PS/Secretary of State for Defence
PS/Minister for Overseas Development

OW.

Foreign and Commonwealth Office

London SW1A 2AH

From the Secretary of State

Thanks on MT

15 October 1984

Prime Minister
The matter was resolved as you instructed and before Rex Hunt's departure!
CDP
15/X.

Dear Rex

Falklands: New Hospital

You discussed with Ministers here the requirements following the tragic hospital fire in Port Stanley on 10 April.

I am now writing to let you know that the Government have taken the firm decision that the former King Edward Memorial Hospital should be replaced by a single, joint civilian/military hospital on the same site in Port Stanley. You will wish to pass on this news to the Islands Councils and to the Islanders as a whole.

Please also assure the Islanders that HMG intend that there should now be swift progress. The next step will be for the hospital architect, Mr Hitchcox of the DHSS, to return to Port Stanley to present his recommendations to the Falkland Islands Government, with a view to making an early start with work on the new hospital. The ODA are confident that Mr Hitchcox will be back with you in Port Stanley before the end of October.

Yours

GEOFFREY HOWE

Geoffrey Howe

Sir Rex Hunt CMG

CONFIDENTIAL

cc PC

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

NBPM
CDP
27/9.

27 September 1984

Dear Norman,

FALKLAND ISLANDS — Further Capital Works

omitted by DoE

I had not planned to intervene in this correspondence as Michael Heseltine's minute of 6 September to the Prime Minister fully reflected PSA's advice on the construction aspects of this further package of capital works.

Having seen your minute of 18 September and its implication that effective control of costs has been lacking, I can only underline the points made in Michael's note. This made clear that results of testing PSA's March estimates in the market showed a difference of only 5.6% for a programme of similar scope (which is the only fair comparison). Given the difficulty of estimating costs for a programme which in March had only been planned in broad outline, I think that this is good shooting.

The extent to which costs will be contained once work is in construction depends on a range of factors not all of which can be controlled directly. The recent Docks Strike which on the contracts already running has disrupted the flow of materials and equipment to the site quite badly, and the depreciation of sterling against the dollar (which affects the fuel and shippping costs) are two such examples.

Nevertheless costs on the first contracts are still being held within the financial range covered by the original approval and I have no reason to believe that the new contracts announced last Friday will be handled any less successfully.

I am copying this letter to the Prime Minister, to other members of OD(FAF) and to Sir Robert Armstrong.

Yours ever

Patrick

PATRICK JENKIN

The Rt Hon Norman Tebbit MP

CONFIDENTIAL

Argentina: Defence of the Falklands #14

CCPC
NBPM
CDD
17/9

CONFIDENTIAL

PRIME MINISTER

FALKLAND ISLANDS - FURTHER CAPITAL WORKS

I have seen Michael Heseltine's minute to you of 6 September, proposing that the PSA be authorised to place contracts up to a maximum figure of £105m for the further capital works on the Islands. I support the recommendation.

2 I note, however, that there has been an upward revision of the total costs of these works, since we last looked at the subject in March, and I would hope that PSA will in future be able to maintain a strict control over the contractors' costs.

3 I am copying this minute to other members of OD(FAF), to the Secretary of State for Environment and to Sir Robert Armstrong.

NT

N T

18 September 1984

JH4AJM

Argentina PT 14

Defence of the FI's

cc/c

NBPM
CDP 17/9.

FCS/84/251

SECRETARY OF STATE FOR DEFENCE

Falkland Islands: Further Capital Works

1. Thank you for your minute of 6 September. I have no objection to your authorising the PSA to proceed with contract action on the basis you propose.

2. I am grateful for the undertaking in paragraph 9 of your minute to consult me about the public handling of the contract action. My primary concern is that the announcement should be so worded as to give the Argentines the least possible scope for exploiting it as evidence to support their allegations that we plan to develop the Falkland Islands as a "strategic base". An early, low-key announcement would be best in order to avoid providing Argentina with a topical debating point in the United Nations General Assembly debate on the Falklands. I suggest that if other members of OD(FAF) agree to going ahead with the contract our officials should consider the terms and timing of the announcement, based on the draft which your officials have produced, with the aim of making the news public as soon as possible.

3. I am copying this minute to the Prime Minister, OD(FAF) colleagues, the Secretary of State for the Environment and Sir Robert Armstrong.

GEOFFREY HOWE

Foreign and Commonwealth Office
17 September, 1984

Argentina - Defence of the Falklands

Pt 14.

cc PC

CONFIDENTIAL

NBPM
CDP
14/9.

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

The Rt Hon Michael Heseltine MP
Secretary of State for Defence
Ministry of Defence
Main Building
Whitehall
London SW1A 7HB

13 September 1984

Dear Michael

FALKLAND ISLANDS: FUTURE CAPITAL WORKS

Thank you for copying to me your minute of 6 September to the Prime Minister. I have now seen her Private Secretary's reply.

I am content with what you propose but I should be grateful if my officials could be shown the terms of the proposed announcement in draft. I am concerned the announcement should make it clear that the cost of the Army works contract and the increase in the cost of the airfield contract will be found from within defence budget provisions and will not be an addition to planned public expenditure.

Copies of this letter go to the Prime Minister, to the other members of OD(FAF), to the Secretary of State for the Environment and to Sir Robert Armstrong.

Yours
Nigel

NIGEL LAWSON

CONFIDENTIAL

Argentina Defence Pt 14

CONFIDENTIAL

FILE

Rey

cc: LPO
FCO
HMT
DTI
AGO
DOE
CO

10 DOWNING STREET

From the Private Secretary

10 September, 1984

FALKLAND ISLANDS:

FURTHER CAPITAL WORKS

The Prime Minister has seen the Defence Secretary's minute MO 5/21 of 6 September about the results of tendering and negotiations for capital works in the Falkland Islands.

Subject to the views of OD(FAF) colleagues, the Prime Minister is content for the Defence Secretary to authorise the PSA to proceed with contract action.

I am sending copies of this minute to the Private Secretaries to members of OD(FAF), to John Ballard (Department of the Environment) and to Richard Hatfield (Cabinet Office).

(C.D. Powell)

R. Mottram, Esq.,
Ministry of Defence

CONFIDENTIAL

BM

MO 5/21

CC PC

Prime Minister
Agree to contract action, subject to views of colleagues?
CDP
7/9

PRIME MINISTER

Yes

FALKLAND ISLANDS - FURTHER CAPITAL WORKS

Following the meeting of OD(FAF) on 14th March 1984 and a re-examination of the proposed programme, I authorised the PSA in mid-April to proceed with tender action for the bulk of the further capital works required, and to enter into separate negotiations with the Laing-Mowlem-Amey Roadstone Consortium (LMA) for requirements related to the operational capability of the airfield, or where to employ a second contractor would be disruptive to work on the airfield contract.

Results of Tendering and Negotiations

2. The tenders were returned to the PSA on 24th July by the six Consortia invited to bid; and the PSA has now completed its negotiations with LMA for Phase I of the works, and also its initial appraisal of the tenders for the Phase II package.

3. LMA has confirmed that it should be able to complete the Phase I work at the same time as the airfield (February 1986), and on the basis of LMA's good performance on the airfield contract PSA is confident that their timetable is achievable provided they are given early authority to proceed with the work. The price agreed for this work is £20.4M, in line with the pre-tender estimates (including contingencies). The PSA believes that this price is fair and reasonable and is unlikely to be reduced by further negotiations.

4. The examination of tenders for the Phase II package (working and technical accommodation, storage and the military port at East Cove) shows that, subject to final negotiations, the offer from Wimpey/Taylor Woodrow is likely to be acceptable both technically and contractually, and is the lowest by a margin of about £6M. Based on Wimpey/

Taylor Woodrow's programme, completion of the work is expected in January 1987. This is the earliest date the PSA believes practicable and economic. Under separate contract arrangements LMA will provide Wimpey/Taylor Woodrow with shipping, offloading and site services at prices which have been agreed by the PSA and incorporated in the current estimate. The total cost of this second stage work (including contingencies) is £100.1M.

5. A number of other items of advance works included in the package of work approved by Ministers earlier in the year have already been added to LMA's existing contract by negotiation. These consist mainly of enhancements to the airfield site services, where incorporation now is much cheaper than providing the facilities in a subsequent contract. They are consequential to Army requirements. In total these requirements will cost £6.4M but are estimated to save at least twice this sum.

6. Finally, while the fundamental requirements on which tenders and negotiations were based remain the same, the Ministry of Defence has made a number of changes to the detail of these requirements since the March estimates were produced. The PSA estimate that these changes will increase costs by about £3.5M.

Estimates

7. Excluding a sum of £3M for MOD supplied equipment, and a £1M contingency for hospital facilities in Port Stanley (which is being considered separately), the £120.2M base estimate approved by Ministers in March compares with the current base estimate of £126.9M for a programme of similar scope. This represents an increase of 5.6%. To this must be added a further £3.5M resulting from changes to requirements, giving a current total base estimate of £130.4M, or 8.5% above the March estimate. For the present the PSA believes it is prudent to maintain the 15% dual estimate which, when added to the * £130.4M gives an upper limit of £150M.

* OD(FAF) in March agreed to range £124 – £142m.

Public Announcement

8. At the time of the placing of the contracts it will be necessary to make a public statement; and I propose to do this by means of a low-key press announcement. I will at the same time take the opportunity to update the costs of the airfield contract which have not been publicly amended since these were announced in the House on 27th June 1983; colleagues will be aware, for reasons explained in the reports from the Secretary of State for the Environment, that these have increased. In line with previous announcements all figures quoted will be exclusive of contingencies.

Recommendations

9. Subject to any very early comments by colleagues I propose to authorise the PSA to proceed with contract action on the above basis, so that the contractors might start mobilising in November this year and complete their work in January 1987. I will consult the Foreign and Commonwealth Secretary about the public handling of the contract action.

10. I am copying this minute to other members of OD(FAF), to the Secretary of State for the Environment and to Sir Robert Armstrong.

Ministry of Defence
6th September 1984

Argentina PT 14

Defence of the FI's

cc Ld Pres
FCS
C/Ex
S/Def
S/DT1
AGen

CONFIDENTIAL

file

cc PC

10 DOWNING STREET

From the Private Secretary

6 August 1984

Mount Pleasant Airfield: Falkland Islands Third Progress Report

The Secretary of State for the Environment minuted the Prime Minister on 2 August about progress on the new Mount Pleasant Airfield.

The Prime Minister has noted the possibility of some slippage in the completion date as a result of the dock strike. She hopes that this can be held to a minimum. She also notes Mr Jenkin's judgement that the final cost should be within the range approved when the work started.

I am copying this minute to the Private Secretaries to the Members of OD(FAF) and Richard Hatfield (Cabinet Office)

C D Powell

John Ballard Esq
Department of the Environment

CONFIDENTIAL

ECL

ECL

The National Archives

DEPARTMENT/SERIES PREM 19 PIECE/ITEM 1673 (one piece/item number)	Date and sign
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Prime Minister

CDP 2/8.

PRIME MINISTER

MOUNT PLEASANT AIRFIELD: FALKLAND ISLANDS

THIRD PROGRESS REPORT

This third report on the new Mount Pleasant airfield comes 9 months after the start of construction and 3 months before the contractor for the main Army works is expected to begin on site. This is a useful time to review progress as the airfield work is well under way and the contractor's effort is building to a peak. However, it is now the middle of the Falklands winter and working conditions are at their most difficult: progress should therefore accelerate over the next 9 months. At Annex A is a selection of recent photographs of the project which graphically illustrate some of the problems and achievements.

ACHIEVEMENTS

The contractor, the Laing-Mowlem-Amey Roadstone Construction Joint Venture (LMA) now has some 1300 men at Mount Pleasant. Because of the isolated and harsh surroundings LMA's first priority was to complete the main accommodation camp before
(Photo 1) the onset of winter. This was done in June and the camp now provides warm, twin-bedded rooms and good dining facilities for everybody working on the airfield. The main recreation hall is already in partial use and should be completed next
(Photo 2) month. These facilities will in due course be taken over and refurbished to meet MOD's requirements. Despite comments to the contrary in the British press, the morale and discipline of the workforce is excellent. Their determination to maintain progress during the winter has been particularly impressive; for example work on the key projects is going ahead on a shift basis by night and day. Although there has been one fatal accident on site LMA's overall safety record has been very good. They had had only 13 reportable accidents during the

first 6 months of this year as a result of which 6 people spent one day in hospital, one man spent 6 days in hospital and the rest were treated as out-patients.

(photos 3 and 4)

Construction of the main runway and apron is going well. 75% of the excavation and 10% of the sub-base have now been completed. The foundations for the main hangar have been finished together with over 25% of the structural steelwork. Work on the main power house is even more advanced with the foundations and structural steelwork complete and work in progress on the roof and cladding. Unfortunately the 5 electrical generators, which are on the critical path for this project, have been held up by the dock strike and their installation is likely to be delayed. Some 5km of the new road from Mount Pleasant to Stanley has been completed against 50km in total.

QUARRYING

You and colleagues will know of the questions and comment in Parliament and the Press about LMA's quarrying problems. The most serious was their difficulty in extracting sufficient amounts of quartzite, a hard rock, to meet the programme's demands for high quality concrete. You will be pleased to know that these problems have now largely been overcome, principally by opening up a second quarry face. The attached photograph shows the depth of overburden contaminated with clay which had to be stripped before the contractor could get down to good quality rock.

PROGRAMME

The programme initially established for the airfield was to provide an operational main runway in April 1985 with overall completion in February 1986. The position before the dock strike was that the combination of the quarrying problems mentioned above and very cold wet weather in May and June

had delayed LMA's progress by about 6 weeks. LMA therefore took steps to re-programme the work and had arranged to ship out additional men and plant in time for the start of the summer construction period in September. They were confident this would enable them to recover lost time and meet the initial deadlines. The dock strike then came as a particular blow because all LMA's plant, equipment and supplies are shipped out through Avonmouth. A proper appraisal of the effects of the strike will not be possible until the backlog of supplies has been cleared and a new shipping programme established. At the moment it looks as if the 2 weeks interruption of shipping will result in slippage of a similar order for the completion date for the main runway and the project as a whole. However, LMA and PSA are considering what steps can be taken to accelerate work further and I will report on this next time.

COSTS

In February I reported a cost estimate of £245m - £280m. The current estimate is £252m - £280m. The £7m increase comprises £2.4m for necessary increases in the scope of the work; £1.4m of additional costs arising from the liquidation of Capper Neill (the sub-contractors for the bulk fuel installations) and £3.2m as a result of developments in design leading to a need for additional electrical power and cabling. PSA and MOD are considering the scope for making some off-setting savings by trimming back those facilities which are not yet committeed.

ENVIRONMENT

There has been considerable Press interest about the environmental impact of the airfield; the local colony of Gentoo penguins has had a particular mention. PSA commissioned consultants to carry out a study of the likely effects of the project on the local flora and fauna and this was published in June

with a note setting out the various actions taken or agreed to minimise these effects. The report, which was well received, concluded that given the actions proposed, the impact of the project should be minimal. This work dovetails with MOD's wider and very successful conservation efforts in the Falklands.

CONCLUSIONS

The project is probably now at its most difficult stage. LMA's achievements so far have been impressive. Equally important, they have shown a willingness and determination to overcome a number of serious problems which have occurred. The objective is still to meet the April 1985 date for the main runway; but whether the delay to the revised programme caused by the dock strike can be overcome remains to be seen. Although costs have increased, financial control procedures are working well and there is good control; the final outturn should be within the range approved when work started.

ARMY WORKS

Tenders for the bulk of the Army works at Mount Pleasant were returned at the end of July. When these have been examined I will report the results to Michael Heseltine. He will then seek your, and OD(FAF)'s agreement, to letting the contracts. This is likely to be in September.

I am copying this minute to the other members of OD(FAF) and to Sir Robert Armstrong.

PJ

P J

2 August 1984

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CABINET OFFICE

With the compliments of

D. H. COLVIN

70 Whitehall, London SW1A 2AS
Telephone 01 233

CONFIDENTIAL

Ce P.C.

NBPM
CDP
12/7.

CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-233-5838

N.03578 11 July 1984

Dear Richard

Further Capital Works at Mount Pleasant in the Falkland Islands

You sought our advice, as Secretaries of OD(FAF), on handling the decision to proceed with the so-called Army works package (ie barracks, storage and engineering facilities for the British Army at the new strategic airfield at Mount Pleasant in the Falkland Islands, together with the military port facilities nearby at East Cove). It might help if I record what we agreed in writing.

2. You will recall that OD(FAF) on 14 March 1984 invited the Secretary of State for Defence to re-examine the Army works package to ensure that the scope for economies was fully explored and, subject to that re-examination, "authorised the further capital works recommendations..., at an estimated cost of £124m-£142m, and agreed that tenders should be issued in time to allow work on site to begin in October 1984" (OD(FAF)(84)1st Meeting, Conclusions 3 and 4). Mr Heseltine circulated his re-examination on 6 April and the Prime Minister agreed, subject to comments from other members of OD(FAF), that Mr Heseltine should authorise the PSA to proceed with tender action on the basis described (letter from Mr Coles to Mr Mottram of 9 April).

3. You told me that you expected to receive tenders for the bulk of the Army works package in the last week of July 1984. You would need time to study them but ought to be in a position to recommend acceptance some time in the last two weeks of August. The indications which you had had from Laing/Amey/Roadstone suggested a tender bid within the bracket of £124m-£142m agreed by OD(FAF). Finally, you stressed that a quick decision would be needed if, as OD(FAF) also laid down, work on site were to begin in October 1984.

R Munday Esq
Defence Secretariat (Finance, Procurement and Overseas)
Property Services Agency
B.253
Whitgift Centre
Croydon
Surrey

CONFIDENTIAL

4. I told you that it would in practice be impossible to arrange a meeting of OD(FAF) in late August; but, having consulted the papers, that it seemed to me unlikely that OD(FAF) would in any case need to meet. Provided the tender bid recommended by the PSA to the Secretary of State for Defence fell within the bracket authorised by OD(FAF), all that would be necessary would be for Mr Heseltine to minute the Prime Minister and OD(FAF) colleagues to inform them of the outcome of the tender and to advise them that, unless colleagues raised objections by a given date, he would accept the tender and authorise the work to proceed. I agreed that a short press announcement that the contract had been placed would also be necessary and did not think that it would be necessary or feasible to hold it back until Parliament had re-convened in October. However, the Foreign and Commonwealth Office ought to be consulted about the exact timing to ensure that the announcement was not made at a moment that was diplomatically inopportune.

5. Since we spoke, I have consulted others concerned here in the Cabinet Office who confirm the advice in paragraph 4. Bryan Cartledge, my Deputy Secretary, adds that it would be desirable if the Defence Secretary could cover the publicity aspect in his minute to the Prime Minister. I would be grateful if Michael Legge, Donald Walker, and Andrew Palmer to whom I am sending copies of this letter, could ensure that publicity is handled in this way.

D H COLVIN

cc: M J Legge Esq Head of DS11, MOD
D Walker Esq Head of DS20, MOD
A E Palmer Esq Head of Falkland Islands Dept, FCO
C D Powell Esq 10 Downing Street

Argentina: Defence Pt 4

SECRET UK EYES B file BM

bc Sir P. Cradock

7

10 DOWNING STREET

From the Private Secretary

8 May 1984

Submarine Operations in the South Atlantic

The Prime Minister has noted the contents of your Secretary of State's minute of 4 May setting out the plan for HMS VALIANT to be on patrol in the South Atlantic by 28 May.

A. J. COLES

Richard Mottram, Esq.,
Ministry of Defence

SECRET UK EYES B

6

For information

MO 5/21

MO

PRIME MINISTER

SUBMARINE OPERATIONS IN THE SOUTH ATLANTIC

In my minute of 26th April I informed you that HMS VALIANT's departure for the South Atlantic was delayed by her involvement in surveillance operations in the North West Approaches. This activity is now complete and VALIANT's retention on the task has enabled us to obtain valuable intelligence, from a rarely presented opportunity to observe Soviet submarine activity near the Clyde exits.

2. Following urgent defect rectification and storing at Faslane, VALIANT is expected to be on patrol in the South Atlantic by 28th May, some 12 days after HMS COURAGEOUS comes off task. The gap in cover will therefore in the event be five days longer than the minimum possible when I wrote last week.

3. I am copying this minute as before.

Michael Heseltine

Ministry of Defence
4th May 1984

Argentina: Defence of Falklands Pt 14.

5

file
SH

cc LPO
FCO
HMT
CO

10 DOWNING STREET

From the Private Secretary

27 April 1984

SUBMARINE OPERATIONS IN THE SOUTH ATLANTIC

The Prime Minister was grateful for your Secretary of State's minute of 26 April on the above subject.

The Prime Minister has noted the seven day gap in submarine coverage which will occur in mid-May, and agrees that in future she need be informed only of major gaps in submarine coverage - that is to say those of more than two or three days' duration.

I am sending a copy of this letter to the recipients of your Secretary of State's minute.

David Barclay

Richard Mottram, Esq.,
Ministry of Defence.

NR.

The National Archives

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FCO 54

Gcc: SIR P. CRADDOCK

3

10 DOWNING STREET

From the Private Secretary

MR. HATFIELD
Cabinet Office

Argentina: Military Capability

The Prime Minister read over the weekend JIC (84) (N) 64 and has minuted:

"The extent to which a near bankrupt country has managed to restore her weapons and aircraft to pre-conflict levels is very disturbing."

I am copying this minute to Mr. Ricketts (Foreign and Commonwealth Office) and Mr. Mottram (Ministry of Defence).

A. J. COLES

16 April, 1984

SECRET

LCPC

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

11 April 1984

Dear Michael,

N.B.P.N.

A.8.C. 4/4

FALKLAND ISLANDS - FURTHER CAPITAL COSTS

Thank you for sending me a copy of your minute of 6 April to the Prime Minister. I have no comment on your proposals, about which our staffs have been in close touch, and I look forward to hearing that the way is clear to open discussions with potential contractors for Phase II of the work. Negotiating some of the items with the Laing-Mowlem-Amey Roadstone consortium makes good sense for, in addition to the reasons you mention, I was becoming concerned that the timetable of February 1986 for the critical items at Serials 1-4 might slip.

For the rest of the work PSA will continue to aim for completion by December 1986 as originally envisaged, but as time has been lost I may need to return to the point when discussions with contractors have taken place.

The public handling of the matter will also, as you say, need careful attention and my officials will be in touch with yours. From PSA's point of view there will need to be a general statement when tenders are invited followed by a more detailed statement, to include costs, when the contract is let.

I am copying this to the Prime Minister and to the other members of OD(FAF).

Yours ever

Patrick

PATRICK JENKIN

The Rt Hon M R D Heseltine MP

Argentina Defence Pt 14

CC PC

Foreign and Commonwealth Office

London SW1A 2AH

11 April 1984

N.B.P.R.
A.J.C. 11/4.
p.a.

Dear Richard,

Falkland Islands: Further Capital Costs

The Foreign Secretary has seen Mr Heseltine's minute to the Prime Minister of 6 April re-examining the proposed capital works programme, as agreed in OD(FAF) on 14 March.

Sir Geoffrey Howe accepts Mr Heseltine's judgement that it would not be cost-effective to make further savings on the proposed capital works package and agrees that, on this basis, the PSA should be authorised to call for tenders.

The possible duplication of port facilities in the Falklands remains a source of some concern. The Foreign Secretary notes that the military facility at Mare Harbour would be available for use for the handling of civilian freight should the Falkland Islands Government judge that this solution best meets their requirement for jetty facilities. The Minister for Overseas Development has instructed that this option should be taken into account by the consultants who are looking at the case for a new civilian jetty in the light of the Shackleton recommendations. The Civil Commissioner has meanwhile confirmed that it would in his view be undesirable politically, economically and socially for the Islands' main civilian freight facility to be moved from Port Stanley. Sir Geoffrey Howe considers it important that we should take this factor fully into account when the consultants' report is considered.

The Foreign Secretary notes that Mr Heseltine will be in touch again about presentation. We understand that the PSA would like an early Parliamentary announcement of the second phase of capital works, shortly after the Easter Recess. Sir Geoffrey Howe considers, with reference to paragraph 7 of Mr Heseltine's minute that the terms of the announcement should inter alia be such as to give the lie to Argentine allegations about our "fortification" of the Islands.

/I am

I am copying this letter to John Coles and to the Private Secretaries of those Ministers who received copies of the Defence Secretary's minute.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

R C Mottram Esq
Ministry of Defence

CONFIDENTIAL

a Sir PC

JF6311

I have asked DTI to bring the last paragraph to the attention of the MOD.

A.P.C. 17/4

CONFIDENTIAL

PRIME MINISTER

N.B.P.R.

p.a.

FALKLAND ISLANDS FURTHER CAPITAL COSTS

I have seen Michael Heseltine's minute to you of 6 April proposing that contracts be concluded up to a maximum figure of £142.369 million. The arguments for constructing a lasting facility away from Port Stanley seem valid and I think we should now get ahead with providing our forces in the Falklands with suitable accommodation for their logistic support.

2 The total cost, however, is high. I wonder if it would not be possible to provide less expensive accommodation for some of the storage requirements.

NT

N T

10 April 1984

Department of Trade and Industry

ARGENTINA: Defence of Falkland Is.
PH4

CONFIDENTIAL

FILE OD(FAF):- R M

LPC
FCO
HMT
(MOD)
DTI
AG
CO

Sir P. Cradock

10 DOWNING STREET

From the Private Secretary

9 April, 1984

FALKLAND ISLANDS: FURTHER CAPITAL COSTS

The Prime Minister has seen your Secretary of State's minute of 6 April setting out the conclusions of his re-examination of the proposed capital works programme.

Subject to comments from other members of OD(FAF) and the Secretary of State for the Environment, the Prime Minister agrees that Mr. Heseltine should authorise the PSA to proceed with tender action on the basis described.

With regard to the second sentence of paragraph 7 of the minute, the Prime Minister has minuted that she sees no need to say anything to the Argentine Government about this matter.

I am sending a copy of this letter to the Private Secretaries to the other members of OD(FAF), John Ballard (Department of the Environment) and to Richard Hatfield (Cabinet Office).

R. Mottram, Esq.,
Ministry of Defence

CONFIDENTIAL

NC

Prime Minister.

Content that the PSA should proceed to tender action as proposed below?

A.D.C. 6/4.

MO 5/21

PRIME MINISTER

Yes MT

FALKLAND ISLANDS FURTHER CAPITAL COSTS

At the meeting of OD(FAF) on 14th March I was invited, in consultation with the Secretary of State for Foreign and Commonwealth Affairs, the Chief Secretary to the Treasury and the Secretary of State for the Environment, urgently to re-examine the proposed capital works programme to ensure that every possible scope for economies, including the avoidance of duplication of facilities at Mare Harbour and Port Stanley, had been explored, and to circulate a written report. Following consultations between officials from the Departments concerned, I have scrutinised both the scope of the work and the detailed costs. This minute sets out my conclusions.

Port Facilities

2. There is a clear military requirement for a modest port facility. Even when the new airfield is completed, the garrison will need to be supplied with about 30,000 tons of sea freight a year; and about 500 tons of war maintenance reserves of ammunition will have to be turned over each year to maintain stocks in good condition. I am in no doubt that this port should be at Mare Harbour:

a. It will overcome the present congestion in Port Stanley and the dangers involved in handling ammunition near the main centre of population.

b. It will fall within the air defence umbrella of Mount Pleasant and avoid additional expenditure on men, equipment and facilities for this purpose.

c. It would be uneconomic to land freight at Port Stanley 30 miles from the garrison complex. The road to Mount Pleasant would have to be upgraded at a cost of £3-5M and maintained at a cost of £½M a year; and an additional fleet of heavy lorries would have to be purchased, maintained and manned.

3. I have examined the possibility that the Falklands Intermediate Port and Storage System (FIPASS), presently being installed at Port Stanley, might be transferred to Mare Harbour for use there. This might suffice for a further 3 years but is unlikely to be economic for any longer period: substantial costs in moving and reinstalling the system would need to be set against the benefit of this extended use.

4. As regards the civil requirement, the existing jetty in Port Stanley is in a very poor state and will not be usable for much longer. It would be possible to use Mare Harbour for civilian as well as military purposes; and I understand that the consultants appointed by the ODA to study how best to meet the civil requirement (about 2,000 tons a year) will take this possibility into account in their report which is expected at the end of May.

Facilities at Mount Pleasant

5. I have also looked closely at the rest of the Army package which stems largely from the decision to build a major airfield in islands where virtually no infrastructure exists combined with the need to concentrate the garrison at Mount Pleasant to achieve savings on capital works as well as on manpower and running costs. I attach at Annex A a fuller description of the scope of the Army works and a breakdown of costs. To give two examples of the concern for economy, only the Operations Centres will have any measure of hardened protection, and all living accommodation (and sports and recreational facilities) are being built at below the UK scale - which can be accepted for short tours of duty. Following personal scrutiny of each proposal at Annex A, I am satisfied that it would not be cost-effective to make further savings on the Army works package.

Form of tender action

6. I attach at Annex B a note by the PSA about how they propose to proceed with tender action. They would intend to go to competitive tender for the bulk of the contract but to include some items by negotiation in the existing contract. I propose that, as part of this process, at least the first four items at Annex A should be included in Laing/Mowlem/Amey Roadstone's existing contract by negotiation, together with those items which the PSA for their own purposes wish to handle in this way. By splitting the further contract on this basis we should lessen the risk of any public and international controversy on the lines that we were embarking on the construction of further sensitive operational facilities at a time of improving relations with Argentina. From our own point of view of providing all of the military infrastructure we need, we should of course lose nothing by this procedure.

Recommendations

7. Subject to any comments by other members of the sub-Committee by Tuesday next 10th April, I propose to authorise the PSA to proceed with tender action on the above basis. I will consult the Foreign and Commonwealth Secretary about the public handling of the tender action and what should be said to the Argentine Government about it. ? We do not need to say anything. MO

8. I am copying this minute to the other members of OD(FAF), the Secretary of State for the Environment and Sir Robert Armstrong.

MARGRETHA

(Approved by the Defence Secretary & signed in his absence)

Ministry of Defence

6th April 1984

ANNEX A

ARMY WORKS CONTRACT

Serial	Item	Cost (£M)	Requirement and Scope of Major Facilities
	Major Operational Elements		
1	*Joint Headquarters	0.802	To provide working accommodation for HQ BFFI administrative personnel not permanently located in the Joint Operations Centre (JOC). It is adjacent to and integrated with the JOC.
2	*Joint Operations Centre	3.691	To provide the operational Command and Control facilities for all three Services in peace, during reinforcement and in war. A splinter proof self contained bunker; this is the only facility in the contract which provides a measure of protection.
3	*Joint Services Signals Facilities	3.634	To provide facilities for Joint Signal Squadron, Joint Services Signals Unit (JSSU)(Intelligence gathering facility). Includes: Transmitter/Receiver Facilities and aerial farms (£1.9M) and JSSU (£1.43M).
4	*Airfield Ground Defence	2.651	To provide facilities for RAF Regiment Squadron for ground defence of Mount Pleasant complex. Includes garages (£2.09M) and workshops (£.56M).

(*Items directly related to the effective operation of the airfield which it is hoped to have complete by February 1986)

Serial	Item	Cost (£M)	Requirement and Scope of Major Facilities
	Major Operational Elements		
5	Infantry Battalion	2.723	To provide peacetime working accommodation and storage facilities for Infantry Battalion. Includes offices, stores and armoury.
6	Army Air Corps	1.764	To provide Army share of joint RAF/Army helicopter facility. Includes hangar for 6 Army helicopters (£1.15M).
7	Royal Engineers (inc Airfield Repair*) ...	8.367	To provide airfield damage repair (ADR) facilities for war and accommodation and storage facilities for RE Squadron. Includes main storage facility for specialist plant and equipment (£3.07M), standing for ADR stockpiles (£2.89) engineer and specialist workshops (£.9M)
8	Joint Port Facility	20.330	A joint port Army/RN facility for routine resupply, turn-over of war maintenance reserve of ammunition, and RN forward repair facilities. Includes Jetty (£9.3M), office and port handling facilities (£2.37M), Fleet repair facilities (£2.13M), external services unique to Mare Harbour (£2.13M), navigational and mooring facilities (£1.2M), harbour defences (£.96M) and hard (£.83M).
		43.962	

Serial	Item	Cost (£M)	Requirement and Scope of Major Facilities
	Major Support Elements		
9	Garrison Logistic Support (inc storage ... of Prestocked War Equipment)	£17.266	To provide logistic support for the Garrison, and facilities for the maintenance and storage of Prestocked War Equipment for reinforcing units. Includes, warehouses for Prestocked War Equipment (£8.74M), foodstore (£3.24M), vehicle store (£2.438M), equipment stores (£1.75M), bakery (£.61M).
10	Army element of Joint Ammunition Depot ...	£ 6.23	To provide storage facilities for ammunition required in peace and war. Includes 9 categories of ammunition totalling 7,500 tons stored in 11 buildings, including storage of RN mines.
11	Garrison Administrative Support	£ 3.23	To provide administrative support for the Garrison. Includes Army share of transport facilities (£1.6M), offices, stores and armoury (£1.04M), Police unit (£.3M), and Garrison post office (£.3M).
12	Recreational Facilities	£ 3.97	To provide minimal recreational facilities on a joint Service basis. Includes 3 all weather pitches, 3 grass pitches, 8 multi purpose courts and 4 squash courts. There is no swimming pool or running track. The airfield contract contains a gym and 2 squash courts.

Serial	Item	Cost (£M)	Requirement and Scope of Major Facilities
13	Accommodation for Officers and SNCOs	£ 6.34	To provide living accommodation for 82 officers, 245 SNCOs, and 8 married officers. Includes Officers accommodation (£1.8M), SNCOs accommodation (£3.8M), and 8 Married Quarters (£.800M). All single accommodation is to be built to 75% of UK scales.
14	RN Fuel Storage	£ 3.5	To provide fuel storage of 20,000Cu metres for RN ships. This allows the release of expensive shipping.
15	Long Term PSA/Contractors Facilities	£6.774	To provide the long term living and working facilities for some 250 contractors and PSA staff. Includes PSA Depot (£1.1M) and Contractors/PSA living accommodation (£5.7M) which is equivalent to Service SNCO's scale. This accommodation will also be used by the Army Works contractor during construction.
	Total	47.310	
	Other		
16	Improvements to Civil/Mil Hospital	£1.0	This is a contingency contribution to the joint civil/military hospital and the exact details have yet to be finalised with FIG. But the MOD contribution is likely to include a prefabricated operating theatre and a mortuary

Serial	Item	Cost (£M)	Requirement and Scope of Major Facilities
	Other		
17	External Works and Services	£28.914	To provide the external works and services for the second contract. Includes additional power and lighting, and mechanical and electrical facilities (£8.779M), roads and hard standing (£8.17M), Army contractors temporary living accommodation and facilities (£7.44M), earth traverses (£1.13M) and sewage (£.3M). The external works and services for Mare Harbour are included under the port costs.
		£29.914M	
18	Communications and ADP Facilities	£2.989	To provide the communications and ADP facilities for the Joint Operations Centre (JOC) and Joint Communications. Includes JOC (£1.369M) and communications equipments (£1.62M).
	Total incl PSA dual estimates (at 15%)	£124.189 to £142.369	

ANNEX B

FURTHER CAPITAL WORKS - CONTRACTURAL CONSIDERATIONS

1. The dual estimate for the Army Works Package of £124 - 142M (including £3M for ADP and communications equipment to be managed separately by the Army Department) has been drawn up by PSA using the costs of comparable works in the Airfield contract and takes account of existing infrastructure provided by the first contractor (LMA). PSA confidence in the estimate is recognised by a dualling factor of 15% compared with 20% for the Airfield contract at a similar stage in its design.

2. Although the size and scope of the work involved in the Army Works package make it essential to go to competitive tender for the bulk of the contract, PSA propose to include some items in LMA's existing contract by negotiation. This will apply where particular new facilities are so close to those being built by LMA that the operation of a second contractor would be disruptive, eg hangars and officers/SNCOs accommodation. Should LMA not be selected by competitive tender for this work PSA proposes negotiating with them to provide shipping, off-loading and site services to the successful tenderer at rates agreed with the PSA. This approach would enable full use to be made of LMA's facilities and experience and avoid costly duplication permitting competition for some 90% of the total work. As with the LMA contract, PSA proposes that the tender conditions should specify that UK labour and UK plant, equipment and supplies should be used wherever practical and economic.

cc PC

Foreign and Commonwealth Office

London SW1A 2AH

28 March 1984

A. & C. 29/3

f.a.

Dear Richard Mottram,

Falklands Airfield Land

The Foreign and Commonwealth Secretary has seen Mr Heseltine's minute of 26 March to the Prime Minister confirming that there is no objection to the signing of a contract for the purchase of the Airfield land and explaining that it is desirable that this should be done immediately, before the departure from London of the Falkland Islands Attorney-General. Sir Geoffrey Howe has also seen John Coles's letter of 27 March confirming that the Prime Minister agrees that the signing should take place on the terms agreed.

The Foreign and Commonwealth Secretary agrees that we have no option but to sign the contract as now negotiated with the Falkland Islands Company. The Company have their flaws, but they will retain a central role in a variety of important civilian as well as military undertakings in the Islands. Relations with them should not be soured unnecessarily; it is meanwhile important to press ahead with the work at Mount Pleasant.

Sir Geoffrey Howe also agrees with the Defence Secretary that thebest course will be to make an early announcement in Parliament setting the facts straight. We envisage the Civil Commissioner being instructed to make clear in the Falklands that the purchase of the Airfield land is a special case, in which due account must be taken of the pressing nature of essential military and economic considerations, and that it need have no bearing on land prices in the Falklands in general. At this end, we take it that appropriate steps will be taken by the MOD, in drafting their public announcement, to ensure that the FIC are in full agreement.

/I am

I am copying this letter to the Private Secretaries to the members of OD(FAF), to the Secretary of State for the Environment and to Sir Robert Armstrong.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

R C Mottram Esq
Ministry of Defence

ARGENTINA: Falk. Is.
Defense of
pt 14

W. C. BECKETT, CB
LEGAL SECRETARY.

LAW OFFICERS' DEPARTMENT
ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

27 March 1984

R C Mottram Esq
Private Secretary
Secretary of State for Defence
Main Building
Whitehall
LONDON S W 1

N.D.P.R.

Dear Richard,

FALKLANDS AIRFIELD LAND

The Attorney General has seen your Secretary of State's minute to the Prime Minister of 26 March (which was in fact cleared with us in draft at official level) and asked me to report that he is content with the proposal that the Falkland Islands's Attorney General should be authorised to sign the contract on the basis described.

I am copying this letter to John Coles (No 10) and to the Private Secretaries of the other recipients of your Secretary of State's minute.

Yours ever,

ARGENTINA
Defense of Falk. Is.
Pt 14

file ECL

cc LPO CO
FCO Sir P. Cradock
HMT
DTI
LOD
DOE

10 DOWNING STREET

From the Private Secretary

27 March 1984

FALKLANDS AIRFIELD LAND

The Prime Minister has seen your Secretary of State's minute reporting his review of the price which the Government are paying the Falklands Islands Company for the land on which the new airfield is being built and the outcome of his consideration of whether a compulsory purchase order might be justified.

Subject to the views of other members of OD(FAF) and the Secretary of State for the Environment, the Prime Minister agrees that the contract with the Falklands Islands Company should now be signed and that the Defence Secretary should announce the price in a Parliamentary Answer. Mrs Thatcher considers that we now have virtually no option but to take this course.

I am copying this letter to the Private Secretaries of other members of OD(FAF), the Secretary of State for the Environment and Sir Robert Armstrong.

A. J. COLES

Richard Mottram Esq
Ministry of Defence

(i)

Prime Minister.

Content

(a) that the contract should be signed?

(b) that the Falkland Islands Company should announce the price in a parliamentary answer?

Yes

Yes

A. & C. 26/3.

MO 5/21

I'm afraid we have initially no option now

PRIME MINISTER

FALKLANDS AIRFIELD LAND

At the OD(FAF) meeting on 14th March I was invited, in consultation with the Foreign and Commonwealth Secretary and the Attorney-General, to review the price which the Government were paying the Falkland Islands Company (FIC) for the land on which the new airfield was being built and to consider whether a compulsory purchase order might be justified.

2. The background is that negotiations with the FIC last summer established that they would not settle for less than £155,000 for the 8300 acres required: £55,000 for the land and £100,000 for severance of the property and the effect on the farm's operations. The FIC and PSA agreed that £55,000 was a fair market price for the land on the basis that farm land on the Falklands is valued according to the number of sheep the land supports, in this case 2½ acres per sheep. At one point Mr Needham of the FIC offered to gift 4300 acres out of the 8300 needed, (but not the cost of severance) and linked the offer to a suggestion that the MOD should use the money thus saved to build or contribute towards a swimming pool in Stanley. I decided that it would be better to pay a straightforward commercial rate for all the land we needed, so as not to place the Government under any obligation to the Company, and proposed to Mr Needham that if his Company wanted to provide a swimming pool in Stanley, the FIC should finance this directly themselves.

3. The £100,000 for severance and injurious affection was more difficult to assess. The 8300 acres cuts some of the better land out of the middle of Fitzroy Farm, including part of the breeding grounds important for sustaining the sheep flock on the remainder of the farm. FIC claimed that it would reduce the farm to marginal viability; the £100,000 for severance was based upon 6 2/3rd years' purchase of the farm's annual profit in recent years of £15,000. The PSA considered that in view of the low return on capital and the risk attached to sheep farming in the Falklands, 5 years purchase of the loss was a generous offer and the receipts from the forced sale of the sheep which the land taken would carry should be set against that figure. On this basis their calculations were:

		£
a.	Market value of Land 8300 acres at 2.5 acres per sheep = 3320 sheep at £16.66 each	55,311
b.	Severance and injurious affection Loss of profit of £15,000 per annum for 5 years	75,000
		130,311
Less	Receipt from forced sale of sheep 3320 at £6 per head	19,920
		110,391

4. In addition, it was agreed that MOD would meet the normal reinstatement costs of resiting the farm-house, sheep pens, fences, telephone line etc at a cost of £83,877.

5. The compulsory purchase option was always available. The Falkland Islands Government could have served a notice upon the FIC, published its intentions in the Gazette, and taken possession

after some 5-6 weeks. Even this short timescale presented problems, however. Mr Needham was unwilling to open negotiations until after the General Election on 9th June 1983 and we needed to enter the land on 1st September to keep to our timetable for the construction of the airfield. By the time the difference between us on the severance payment was established, we were left with perilously little time to go through the compulsory purchase procedures. Since there was no certainty that resorting to arbitration after compulsory purchase would arrive at a cost less than the amount sought by FIC - indeed the official advice was that we might be worse off - it was decided to authorise settlement at this figure.

6. To allow the work to proceed quickly, a licence was agreed with the FIC and accompanied by payment of £155,000 on the undertaking that a mutually acceptable contract would be concluded in due course. Subsequently, the agreed amount of £83,877 for accommodation works was paid to secure entry for the commencement of works. The contract is now near completion, the length of time taken to conclude it being a reflection not only of the usual legal meticulousness but also of the need for exchanges between London, Chesterfield (the FIC head office) and Stanley.

7. In the light of OD(FAF)'s discussion, I have reconsidered the terms of this transaction. I continue to believe that the price, in all the circumstances, should be accepted. Whilst the price for one element of the transaction (the severance and injurious affection compensation) was higher than we would have expected to pay, the amount was small in relation to the total cost of the airfield on which it was vital to make an immediate start. Resort to compulsory purchase would have taken time, soured relations with the FIC and had an uncertain outcome financially.

8. I believe that nothing would be gained by proceeding now with compulsory purchase. The money has been paid over and it must be doubtful whether arbitration on the price would achieve a sum lower

than that on which we had previously agreed to settle. A change at this stage would also undoubtedly colour the FIC's attitude to other leases and licences which are currently under negotiation. It should also be borne in mind that the existing licences under which we are able to work on the site in advance of completion of the contract are renewable monthly. The last renewal has now expired and the FIC have not so far shown any signs of being willing to renew it. If we were to resort to compulsory purchase at this stage it would be open to the FIC to try to prevent the work continuing until compulsory purchase could be effected, possibly with serious financial and other consequences.

9. My recommendation is therefore that the contract on the above basis should be signed when all the formalities are completed. These could be tied up in time for the Falkland Islands Attorney-General to sign the contract before he returns to the Islands on 30th March. I should therefore be grateful to know by this Wednesday evening whether you and the other recipients of this minute are content that he should be authorised to sign. When the contract is completed I propose to make the price public by means of an arranged Parliamentary Question, if possible with the FIC's agreement, but on grounds of overriding public interest if such agreement is not possible. We shall then be better placed to deal with that part of the criticism which is based upon a misunderstanding of the terms of the agreement.

10. I am copying this minute to the other members of OD(FAF), to the Secretary of State for the Environment and to Sir Robert Armstrong.

Ministry of Defnece
26th March 1984

Argentina: Defense: PG14

3

SECRET

B.06996

PRIME MINISTER

c Sir Robert Armstrong

Future Force Levels and Further Capital Works
(OD(FAF)(84) 2)

BACKGROUND

1. At their last meeting in June 1983, the Sub-Committee agreed to the construction of the Mount Pleasant airfield and "invited the Secretary of State for Defence to make separate recommendations in due course for further capital works, notably Army accommodation and port facilities, taking account of the scope for economies" (OD(FAF)(83) ~~3rd~~ 2nd Meeting, Conclusion 3).

FLAG A

FLAG B

2. In his Note (OD(FAF)(84)2), the Secretary of State for Defence describes the short term force levels which he regards as necessary in present circumstances (i.e. a core element of 3,174 from May 1984 and a "short term increment" of 700: this would represent a reduction of 166 men from the position in November 1983); and argues that no decisions are needed now on the actual force levels that will be necessary from the military standpoint in the longer term. However, a working assumption on the garrison size in the longer term is needed in order to determine what support facilities, and what consequential capital works programme, ought now to be set in hand. Studies by the Chiefs of Staff (set out in Annex B of the paper) reveal that the additional capital works requirement is very largely insensitive to changes in garrison numbers. Mr Heseltine therefore recommends, as a working assumption, a garrison of 2,800 which would mean further capital works to an estimated cost of £124m.-£142m. (listed at Annex C). If these new facilities are

SECRET

to be ready on time (i.e. February 1986 for operational facilities and December 1986 for the remainder), work should start on site this October. This timetable was based on the assumption that proposals would have been agreed by the end of February: following the postponement of this OD(FAF) meeting from its original date of 1 March, the period required for tenders to be called and contracts awarded is already being compressed.

3. Mr Heseltine is concerned that the timing of any announcement of additional works should take account of the state of play over normalising relations with Argentina, consideration of which is being resumed in OD on 21 March.

FLAG C

4. The Secretary of State for the Environment minuted you and OD(FAF) colleagues on 21 February to report progress on constructing the airfield at Mount Pleasant. The project is on programme and budget, and the assumptions about costs and timing endorsed by OD(FAF) last June still appear sound.

5. Also relevant, but not calling for discussion or decision, is the Progress Report on Economic Development of the Islands by the Minister for Overseas Development (OD(FAF)(84)1).

FLAG D

6. The Secretary of State for the Environment, Chief Secretary, Treasury, Minister for Overseas Development and the Chief of the Defence Staff have been invited to attend.

HANDLING

7. You will wish to invite the Defence Secretary to introduce his note; and the Secretary of State for the Environment to report progress on constructing the airfield (for which purpose he may wish to make use of some visual aids). The Foreign and Commonwealth Secretary might then be invited to give his views on whether, and if so how, any steps we may take to normalise our relations with the Argentine Government (on which discussion is to be

resumed at OD next week) may bear on Mr Heseltine's recommendations or on the timing of an announcement. The Chief Secretary, Treasury, may wish to comment briefly on the implications for public expenditure.

8. In the ensuing discussion, the following points will need to be addressed -

(a) Further capital works
Does the Sub-Committee agree that a capital works programme, based on the assumption of a future garrison of 2,800 people, is reasonable? Can, and should, the minimal garrison options be ruled out?

(b) Scope for economies
At the meeting of OD(FAF) in June 1983, it was stated that savings of up to £30 million might be made if the contractors' work camp could be adapted for subsequent use as military accommodation and facilities for the RAF and the Army could be shared. Have these, and the scope for any other economies, been fully explored and taken into account in the estimates before the Sub-Committee?

(c) Announcement of further capital works
Is an announcement unavoidable? If so, could decision on further capital works be credibly presented as an extension, and no more, of the present building programme? How much public weight can be put on the argument that the new airfield will play an important part in the plans for the economic development of the Islands? (Paragraph 10(ii) of the Progress Report by the Minister for Overseas Development (OD(FAF)(84)1) refers to the need to make the Falkland Islands more attractive to new immigrants; an airfield permitting easier

communication with Europe would be valuable in this respect. This is also likely to be an important consideration in justifying the construction of the airfield to public opinion both at home and overseas.)

CONCLUSIONS

9. Subject to the discussion, you may wish to guide the Sub-Committee to the following conclusions -

(a) agree to maintain the Falklands garrison at the force levels recommended by the Secretary of State for Defence, subject to review in the light of continuing developments in normalising relations with Argentina;

(b) invite the Secretary of State for Defence to carry out a further review of force levels in the Autumn, as he recommends, and to report to the Sub-Committee;

(c) authorise further capital works, at an estimated cost of £124m.-£142m., and agree that tenders be issued in time to allow work on-site to begin in October 1984;

(d) invite the Secretary of State for Defence and the Secretary of State for Foreign and Commonwealth Affairs to consult over the timing and content of any announcement of further capital works.

David Goodall

A D S Goodall

13 March 1984

10 DOWNING STREET

From the Private Secretary

6 March 1984

OD: ARGENTINA/FALKLANDS

The Prime Minister has seen the draft minutes of OD(84)1st Meeting (Item 2) and has approved them subject to the addition of the phrase "as part of the talks" after the word "raised" in the first sentence of the paragraph in which the Prime Minister sums up the discussion.

The Prime Minister has also indicated that the OD(FAF) meeting on Falklands Force Levels and Capital Works may take place in advance of the further OD discussion of Argentina/Falklands.

A. J. COLES

D.E.J. Jago, Esq.,
Cabinet Office.

10 DOWNING STREET

Prime Minister.

Are you able to answer the two questions below?

A. J. C. 5/3.

CONFIDENTIAL

CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-233 - 7280

T.06231

2 March 1984

Dear John,

As requested last night, I enclose the draft minutes of yesterday's OD consideration of Argentina/Falklands.

2. We will now be arranging suitable dates for the resumed OD discussion of this issue and the OD(FAF) meeting which had to be cancelled yesterday. It would be very helpful to have any guidance which came from yesterday evening's meeting between the Prime Minister and the Foreign and Commonwealth Secretary on whether both meetings should await the production of the revised paper on Argentina/Falklands or whether, in view of the penalties involved in delaying the required OD(FAF) decisions, this meeting concerned with Falklands Force Levels and Capital Works can be arranged at the earliest possible time, in advance of the further work which the Foreign and Commonwealth Secretary now has in hand.

Yours ever

Denis Jago

D E J JAGO

Prime Minister.

Yes 1) Agree draft record?

Yes 2) Agree that the OD(FAF) meeting may take place in advance of the further OD discussion?

A.J.C. 2/3.

A J Coles Esq
10 Downing Street

CONFIDENTIAL

CONFIDENTIAL

ARGENTINA/FALKLANDS

Previous Reference: OD(84)1st Meeting, Item 2

The Committee considered the response to be made to the Argentine reply to the British message of 26 January 1984, conveyed via the Swiss, suggesting six practical subjects which might be discussed between the two sides as a first step in the re-establishment of normal diplomatic and commercial relationships. They had before them a minute dated 29 February 1984 from the Foreign and Commonwealth Secretary to the Prime Minister.

THE FOREIGN AND COMMONWEALTH SECRETARY said that the United Kingdom had a difficult hand to play in attempting to re-establish normal diplomatic and commercial relations with the Argentine Government. The British started from the position that it must be recognised that there could be no discussion with Argentina over sovereignty over the Falkland Islands and Dependencies, nor could there be any suggestion that the wishes of the Falkland Islanders as to their future should be disregarded. These propositions should continue to be advanced without apology or qualification. As the Committee had agreed, an approach had been made to Argentina, through the Swiss, suggesting

six practical subjects which might be discussed between the two sides as a first step in the re-establishment of relations. The Argentine reply had stated that the resumption of a dialogue must lead to negotiations on sovereignty within the framework of the United Nations. The Argentines also proposed that three further items be added to the agenda for any talks: the lifting of the Falkland Islands Protection Zone; halting the "fortification" of the Islands (including an end to the construction of the strategic airfield), and the withdrawal of "nuclear weapons or artifacts" from the region. Discussion of these topics would not be wholly disadvantageous to the United Kingdom, and the question therefore arose as to tactics in replying to Argentina. He proposed that the United Kingdom should accept talks without a formal agenda (thereby avoiding difficulties over the Argentine insistance that sovereignty be on the agenda) but on the understanding that the substance would comprise the original six points suggested to the Argentines, and their three additional items. The sovereignty issue could be dealt with, if the Argentines insisted that it must be raised, by each side stating its position, after which the talks would move on to other issues.

In discussion the following points were made -

a. There could be no question of sovereignty being on the agenda for the talks. Nor would it be appropriate for both sides to state their positions on sovereignty within the framework of the talks; their positions were already well known in public. If it became known that sovereignty had been mentioned in the context of the talks, the the wrong conclusion might be drawn. Any further statements on sovereignty should therefore be made elsewhere.
This suggested that the Argentines should be told that a necessary condition for starting talks was agreement by both sides that sovereignty would not be raised. The Argentines had expressed a desire to re-establish normal relations; it was therefore up to them to abandon their insistence that sovereignty be mentioned at the talks in order that progress could be made.

b. The lifting of the Falkland Islands Protection Zone might, according to the circumstances, be an appropriate response to a formal Argentine declaration that hostilities were at an end. Its inclusion in the topics to be discussed might therefore enable the

United Kingdom to press for such a declaration. At the same time, the sincerity of any such declaration would have to be regarded with extreme caution.

c. The Argentine suggestion that the "fortification" of the Falkland Islands should be added to the agenda was considered to be inappropriate. Also the agenda item proposed on nuclear guarantees would need careful handling in view of the United Kingdom's policy of neither confirming nor denying the presence of nuclear weapons and the Argentine failure to sign the Treaty of Tlatelolco.

THE PRIME MINISTER, summing up the discussion, said that a necessary condition for starting talks would be an agreement by the Argentines that the issue of sovereignty would not be raised as part of the talks. The Committee was not yet ready to reach decisions on the remaining issues under consideration. They would resume their discussion at a later date on the basis of a revised paper from the Foreign and Commonwealth Secretary.

The Committee -

Took note, with approval, of the Prime Minister's summing up of the discussion and invited the Foreign and Commonwealth Secretary to proceed accordingly.

2

SECRET

B.06984

PRIME MINISTER

c Sir Robert Armstrong

Future Force Levels and Further Capital Works
(OD)(FAF)(84)2)

BACKGROUND

1. At their last meeting in June 1983, the Sub-Committee agreed to the construction of the Mount Pleasant airfield and "invited the Secretary of State for Defence to make separate recommendations in due course for further capital works, notably Army accommodation and port facilities, taking account of the scope for economies" (OD(FAF)(83) 2nd Meeting, Conclusion 3).

FLAG A.

FLAG B.

2. In his Note (OD(FAF)(84)2), the Secretary of State for Defence describes the short term force levels which he regards as necessary in present circumstances (i.e. a core element of 3,174 from May 1984 and a "short term increment" of 700: this would represent a reduction of 166 men from the position in November 1983); and argues that no decisions are needed now on the actual force levels that will be necessary from the military standpoint in the longer term. However, a working assumption on the garrison size in the longer term is needed in order to determine what support facilities, and what consequential capital works programme, ought now to be set in hand. Studies by the Chiefs of Staff (set out in Annex B of the paper) reveal that the additional capital works requirement is very largely insensitive to changes in garrison numbers. Mr Heseltine therefore recommends, as a working assumption, a garrison of 2,800 which would mean further capital works to an estimated cost of £124m. - £142m. (listed at Annex C). If these new facilities are to be ready on time (i.e. February 1986 for operational facilities and December 1986

SECRET

for the remainder), work should start on site this October. This means agreeing the proposals this month (i.e. February), to leave sufficient time for tenders to be called and contracts awarded.

3. Mr Heseltine is concerned that the timing of any announcement of additional works should take account of the state of play over normalising relations with Argentina. The Foreign and Commonwealth Secretary is circulating a note to OD colleagues on the Argentine reply to the approach made through the Swiss Government which is to be discussed by OD immediately prior to this meeting of OD(FAF).

FLAG E.

4. The Secretary of State for the Environment minuted you and OD(FAF) colleagues on 21 February to report progress on constructing the airfield at Mount Pleasant. The project is on programme and budget, and the assumptions about costs and timing endorsed by OD(FAF) last June still appear sound.

FLAG C

5. Also relevant, but not calling for discussion or decision, is the Progress Report on Economic Development of the Islands by the Minister for Overseas Development (OD(FAF)(84)1).

FLAG D

6. The Secretary of State for the Environment, Chief Secretary, Treasury, Minister for Overseas Development and the Chief of the Defence Staff have been invited to attend.

HANDLING

7. You will wish to invite the Defence Secretary to introduce his note; and the Secretary of State for the Environment to report progress on constructing the airfield (for which purpose he may wish to make use of some visual aids). The Foreign and Commonwealth Secretary might then be invited to advise whether, and if so how, our exchanges with the Argentine Government through the

good offices of the Swiss Government as protecting power, discussed at OD, affect Mr Heseltine's recommendations and the timing of any announcement. The Chief Secretary, Treasury, may wish to comment briefly on the implications for public expenditure.

8. In the ensuing discussion, the following points will need to be addressed -

(a) Further capital works
Does the Sub-Committee agree that a capital works programme, based on the assumption of a future garrison of 2,800 people, is reasonable? Can, and should, the minimal garrison options be ruled out?

(b) Scope for economies
At the meeting of OD(FAF) in June 1983, it was stated that savings of up to £30 million might be made if the contractors' work camp could be adapted for subsequent use as military accommodation and facilities for the RAF and the Army could be shared. Have these, and the scope for any other economies, been fully explored and taken into account in the estimates before the Sub-Committee?

(c) Announcement of further capital works
Is an announcement unavoidable? If so, could decision on further capital works be credibly presented as an extension, and no more, of the present building programme? How much public weight can be put on the argument that the new airfield will play an important part in the plans for the economic development of the Islands? (Paragraph 10(ii) of the Progress Report by the Minister for Overseas Development (OD(FAF)(84)1) refers to the need to make the Falkland Islands more attractive to new immigrants; an airfield permitting easier communication with Europe could be important in this respect.)

CONCLUSIONS

9. Subject to the discussion, you may wish to guide the Sub-Committee to the following conclusions -

(a) agree to maintain the Falklands garrison at the force levels recommended by the Secretary of State for Defence, subject to review in the light of continuing developments in normalising relations with Argentina;

(b) invite the Secretary of State for Defence to carry out a further review of force levels in the Autumn, as he recommends, and to report to the Sub-Committee;

(c) authorise further capital works, at an estimated cost of £124m.-£142m., and agree that tenders be issued in time to allow work on-site to begin in October 1984;

(d) invite the Secretary of State for Defence and the Secretary of State for Foreign and Commonwealth Affairs to consult over the timing and content of any announcement of further capital works.

David Goodall

A D S Goodall

29 February 1984

The National Archives

DEPARTMENT/SERIES PREM 19 PIECE/ITEM 1673 (one piece/item number)	Date and sign
Extract/Item details: Howe to PM dated 29 February 1984 with attachments	
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FILE

10 DOWNING STREET

From the Private Secretary

27 February, 1984

MOUNT PLEASANT AIRFIELD: SECOND PROGRESS REPORT

The Prime Minister has read and noted the contents of your Secretary of State's minute of 21 February.

A. J. COLES

J. Ballard, Esq.,
Department of the Environment

CONFIDENTIAL

Prime Minister.

A. & C. 24/2.

PRIME MINISTER

MOUNT PLEASANT AIRFIELD:
FALKLAND ISLANDS
SECOND PROGRESS REPORT

When I circulated my first report on the construction of the new Mount Pleasant Airfield on 18 November 1983, I promised a further review this month as background to Michael Heseltine's paper on the next tranche of works for the Army (and the Navy), (OD(FAF)(84)2).

ACHIEVEMENTS

The contractor - the Laing/Mowlem/Amey Roadstone Construction Joint Venture - has successfully established his base and off-loading arrangements at East Cove and built a temporary construction road to the site of the main airfield at Mount Pleasant. Excavation of the main runway was started on programme on 2 January. The four weeks slippage mentioned in my last report has now been recovered.

The contractor now has some 500 men on site. Numbers will build up to a peak of about 1,500 by September in preparation for a major surge of work during the 1984/85 Falklands summer. So far, three groups of men have staged through Cape Town without incident, including a number of coloured workers.

During the next six months including most of the Falkland's winter, work will concentrate on:-

(a) completing the main labour camp at Mount Pleasant, thereby significantly improving the present very basic living conditions for the men (which have been the subject of recent comment in the press). This is the facility which will eventually be taken over as living accommodation for Army junior ranks;

(b) building the base of the main runway and hardstandings and the hangar, power station, air traffic control and supporting infrastructure needed to enable the runway to be operational in April 1985; and

(c) constructing the base of the new road from Mount Pleasant to Stanley; working from west to east.

COSTS

In November, I reported that the current estimate for PSA's work was £245M - £290M. This covered the airfield, the associated RAF facilities, the road from Mount Pleasant to Stanley and some £12.5M - £15M of additional requirements for the Army. The base estimate remains unchanged. However, now that the contractor is well established on site and the work is back on programme, it seems right to reduce the upper end of the dual estimate to £280M to reflect the success of the work so far and the good prospects for the remaining stages of the task.

PUBLICITY

As expected, this sensitive project continues to be newsworthy. There is widespread interest in Parliament through questions and correspondence with individual members and there are regular reports in newspapers, the technical press and TV - this latter especially when there are Ministerial visits. The latest item concerns the working and living conditions for the labour force - a matter primarily for the contractor - following the return home of a few disaffected workers. This has been much exaggerated by opposition MP's and the TGWU in this country. In fact, the numbers involved are quite small for a contract of this size, compared with experiences on big schemes in the United Kingdom.

CONCLUSIONS

Work on site has started well and the contractor has made the most of a good Falklands summer. The project is on programme and budget. While it would be unwise to be complacent about a job which is so vulnerable to the weather and so remote, the assumptions about costs and timing endorsed at OD(FAF) last June, still look to be sound.

I am copying this minute to other members of OD(FAF), and to Sir Robert Armstrong.

PJ

P J

21 February 1984

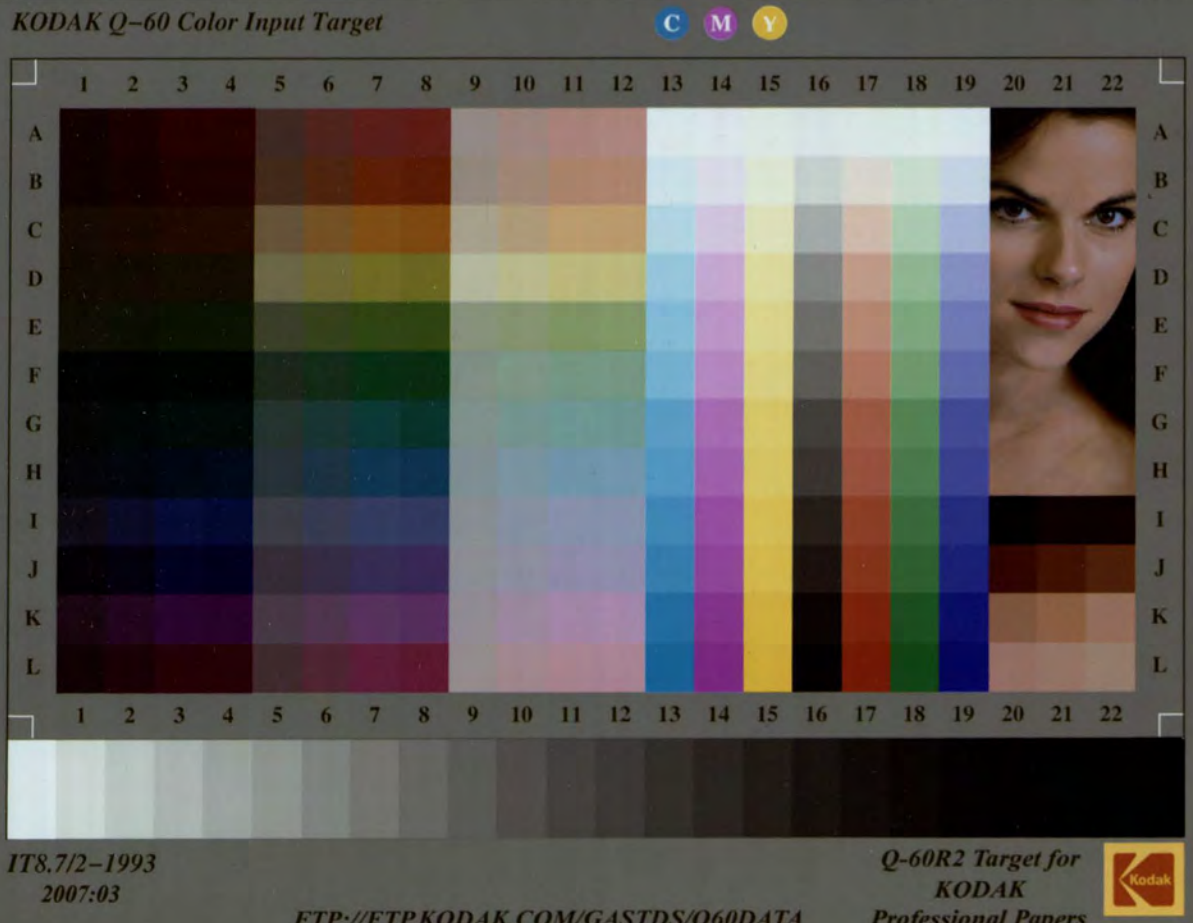
ARGENTINA
Defence of Falklands Is.
Pt 13

PART 13 ends:-

AJC to MoD 23/1/84

PART 14 begins:-

OD(FAF)(84) 1 10/2/84.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