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Treasury Chambers, Parliament Street, SWIP 3AG

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Dar Brian,

FALKLAND ISLANDS

N. 6517

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The Chief Secretary was glad to note from your minute of 2 December addressed to the Prime Minister that there seem to be grounds for cautious optimism concerning the forthcoming talks in Geneva, [where there will be two representatives of the Islands on Richard Luce's delegation.]

I am concerned, however, to learn that you foresee that there could be yet another call for extra expenditure, should the Argentines interfere with communications. You suggest that the costs which might fall upon HMG could amount to some £6 million per annum; this might, I suppose, be for an indefinite period. In the circumstances I think it would be prudent if my Officials were to consult with yours concerning these "preliminary studies" of cost.

I am copying this minute to the Private Secretaries of members of OD, the Secretary of State for Energy, the Attorney General and to Sir Robert Armstrong.

T F MATHEWS Private Secretary

