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10 DOWNING STREET

From the Private Secretary

2 November 1981

Sinai MFO: Garrison Costs

The Prime Minister has seen the references in the Foreign and Commonwealth Secretary's minute of 28 October and the Defence Secretary's minute of 30 October to the costs of the proposed British contribution to the Sinai Multinational Force. She has also seen the Chancellor of the Exchequer's letter of 30 October to the Foreign and Commonwealth Secretary and the relevant passages of MISC 42(80)28.

The Prime Minister has noted that the present eventuality was not foreseen by the drafters of MISC 42(80)28. But she has observed that the general effect of that document was to transfer some of the "risk" in these cases from the Foreign and Commonwealth Office to the Ministry of Defence. Given that the Americans intend to pick up the extra costs and that the remaining costs will, apart from allowances, be essentially those which would be incurred wherever the troops were based, the Prime Minister is inclined to think that the charge should be met from the Defence vote. She would be reluctant to see the charge raised against the Central Contingency Fund and considers that it should not be met by the FCO. In her view the "FCO has not got a vote for this kind of expenditure".

I am sending copies of this letter to Brian Fall (Foreign and Commonwealth Office), John Kerr (HM Treasury) and David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

David Omand, Esq.,  
Ministry of Defence.

CONFIDENTIAL

Handwritten initials: MM