PERSONAL AND CONFIDENTIAL



ce: Co

## 10 DOWNING STREET

THE PRIME MINISTER

5 July 1982

Near Th. Terkins.

## FALKLAND ISLANDS REVIEW

I have now had an opportunity to reflect on the comments which David Owen and leaders of other Opposition parties made on the matters raised in the letter I sent him on 21 June; and I have also been able to have a further word with Michael Foot.

There is general agreement that this review should be undertaken by a Committee of Privy Counsellors. The official Opposition have pressed strongly that there should be two Labour representatives on the Committee; that would of course mean two from the Government side. I propose that there should be one other independent member; and a Chairman who should also be independent of the two main political parties. I am glad to be able to tell you, in strict confidence, that Lord Franks has agreed to be the Chairman of the Committee.

As to the terms of reference, it has always been my intention that it should concentrate on the period leading up to the Argentine invasion of the Falkland Islands on 2 April; but it remains my view that the decisions and events of that period can be rightly viewed only if they are seen in the perspective of the previous history. It has been suggested that the draft terms of reference which I suggested in my letter of 21 June did not get the balance of that quite right. I am accordingly suggesting revised terms of reference, with which Michael Foot tells me he would be content. They read as follows:

The Rt. Hon. Roy Jenkins, M.P.