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SUBJECT

NOTE FOR THE RECORD

FALKLAND ISLANDS INQUIRY

When the Prime Minister asked Lord Barber this afternoon to serve on the Falkland Islands inquiry, he said that he was ready to do so but that there were three matters which the Prime Minister should know about in case she felt that one or more of them ruled him out.

First, the Board of BP had recently decided to invite Lord Carrington to become a Director of the company, and the Chairman had asked him, Lord Barber, to convey this offer to Lord Carrington. He had done this about a month ago, and Lord Carrington had not yet responded to the invitation. The Prime Minister commented that she rather thought that Lord Carrington was making no plans for his future until the inquiry was complete. Lord Barber said that he saw no difficulty about keeping the offer in abeyance until the inquiry was over.

Second, he had recently been discussing with his own Board at Standard Chartered the appointment of some new Directors, and one name he had put to them was that of Mr Richard Luce. This proposal was still at an early stage, and there had been no approach to Mr Luce himself. Nonetheless, there were people in his bank who knew about it and might let it become public when it was announced that he, Lord Barber, was to be a member of the Falkland Islands review.

Finally, Standard Chartered were thinking of opening a branch in the Falkland Islands. They had not yet reached a final decision, but their consultations with Government departments were well advanced. For example, they were seeking the agreement of the Ministry of Defence that they should have the Army's account in the Falkland Islands, for without this the venture, which was of marginal commercial value, would certainly not be worthwhile. Again, a connection might be made between this and his membership of the inquiry.

/The Prime Minister...

CONFIDENTIAL

CONFIDENTIAL

- 2 -

The Prime Minister said that she was grateful to him for bringing these points to her attention but she did not think that any of them precluded him from serving on the inquiry. If any of them became public and was used as a basis for criticising his membership of the committee, she did not believe that there would be any difficulty in defending the position.

AW.

5 July 1982

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