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Foreign and Commonwealth Office

Prime Minister:

You told Lord Shackleton in London SW1A 2AH

2 August that you were having the question of a Falkland Islands Government Office considered urgently.

31 August 1982

The FCO accept the case for such an office although not immediately. This will presumably be discussed at

Dear John,

ODFAF on 6 September

JF 31/8

Falkland Islands Government Office in London

Douglas Hurd's office confirmed on 10 August that we were looking into the question of the establishment in London of a Falkland Islands Government Office (FIGO).

I enclose a report by officials which examines the issue in detail. I endorse the report's conclusions. There is a need for a FIGO and its establishment should not be delayed beyond early 1983. However, although there are some presentational arguments for setting up such an office now, there are few practical tasks which it could usefully perform until the rehabilitation phase in the Islands is completed. Decisions on premises, staffing and financing of a FIGO might more efficiently be taken in the context of the Shackleton Report's recommendation that a Falkland Islands Development Agency (FIDA) should be established. We would expect that a FIDA would want a London arm and it would then be logical to combine its activities with that of a FIGO. When we examine the Shackleton Report in early September, we shall need to consider whether and when a FIDA can be set up and how the FIGO concept could be married to this.

Whatever office is established in London, the Falkland Islands Government will not be able to bear the full cost and will look to HMG for funding. The report suggests that the FIG should make a token contribution (and it is possible that they might want to pay a reasonable share to ensure their say in its operation). The cost is estimated at a minimum of £73,000 per annum: it could be as high as £100,000 per annum, and this is likely to be a continuing and expanding commitment. Other Dependent Territories which finance their own offices in London (the functions, staffing and costs of these are summarised in an Annex of the report), or which have decided not to maintain one for financial reasons, might regard full or partial funding of a GIGO by HMG as a precedent. There are however good and obvious grounds for arguing that there are special circumstances in the case of the Falkland Islands. We do not think

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therefore that the degree of HMG's financial support for a FIGO should affect a decision in principle to establish an office, although clearly we shall wish to discuss with the Treasury how best provision can be made for this substantial sum.

I am copying this letter to Roger Facer in the Cabinet Office and to John Kerr (Treasury).

Yours ever

J E Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

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ADMINISTRATION IN CONFIDENCE

THE ESTABLISHMENT OF A FALKLAND ISLANDS GOVERNMENT

OFFICE IN LONDON

REPORT BY THE FOREIGN AND COMMONWEALTH OFFICE

AUGUST 1982

ADMINISTRATION IN CONFIDENCE

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ESTABLISHMENT OF A FALKLAND ISLANDS GOVERNMENT OFFICE IN LONDON

REPORT BY THE FOREIGN AND COMMONWEALTH OFFICE

AUGUST 1982

SUMMARY

PART I

1. This Report examines the proposal to establish a Falkland Islands Government Office (FIGO) in London.

Conclusions

2. An Office of the Falkland Islands Government (FIG) should be established in London. There are tasks which it could perform without duplicating the work of the Foreign and Commonwealth Office and Overseas Development Administration.

3. Presentationally there would be some advantage in setting up such an office as soon as possible. But Lord Shackleton's Report recommends the establishment of a Falkland Islands Development Agency which, to be effective, would almost certainly need an Office in London. A decision on a FIGO should take account of intentions on a FIDA. There would be no need for two London Offices with overlapping tasks: their functions could be combined in a single office, which might be called the Falkland Islands Government Office and Development Agency.

4. If therefore Ministers decide to establish a FIDA at an early date, we see no need to set up a separate FIGO. But if a FIDA Office in London seemed unlikely to be set up by, say, early 1983, a FIGO should be established soon in premises which will allow it subsequently to combine its functions with those of a FIDA Office.

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5. The annual cost of an Office with only three staff, which the Civil Commissioner has proposed, would be £73,000 at a minimum; that of a 5 person Office around £100,000.

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ESTABLISHMENT OF A FALKLAND ISLANDS GOVERNMENT

OFFICE IN LONDON

REPORT BY THE FOREIGN AND COMMONWEALTH OFFICE

AUGUST 1982

Part II

Background

1. The idea of establishing a FIGO has been raised from time to time but the FIG have not had the money to finance it, nor have HMG been willing to create a precedent for other Dependent Territories by providing subsidies. In the covering letter to his report, Lord Shackleton has recommended its urgent establishment and the Civil Commissioner and the FIG also support the proposal, while making clear that the FIG would be unable to finance a FIGO. The heavier dependence of the Falkland Islands on its links with the UK provides a further reason for considering the proposal.

Functions of a FIGO

2. There is general agreement on the tasks which an FIG Office could perform, namely:

- a) processing of would be immigrants to the Falkland Islands;
- b) promotion of inward investment and tourism;
- c) promotion of Falklands exports;
- d) acting as a procurement agency for FIG;
- e) assisting the ODA in the selection of OSAS and TC Officers;

f) handling general enquiries and disseminating information about the Falklands;

g) handling such matters as the sale of stamps and coins.

3. We agree that a FIGO could usefully perform these tasks, without duplicating the activities of the FCO or ODA. But most of these tasks would also fall naturally to a Falkland Islands Development Agency (FIDA) if one were to be established as Lord Shackleton recommends. There would be no logic in having two offices in London, one of FIDA and one of the FIG.

Timing of Establishment of a FIGO

4. The Civil Commissioner and Lord Shackleton are keen to see a FIGO established as soon as possible. Both agree, however, that it is hard to identify many tasks which it could usefully perform in the short term, either or because such activities are premature given the phase of rehabilitation now in progress or because these are at present adequately performed by the FIG, FCO or the ODA.

5. The processing of immigrants could be handled more appropriately by a FIGO than by the FCO. But apart from the recruitment of specialised staff (already handled by the ODA but in which a FIGO could play a useful ancillary role by filtering those most suitable to life in the Islands), the FIG cannot embark on any immigration operation for a number of months at least until extra accommodation had been provided and perhaps not until the proposed land reform or development prospects have resulted in new jobs. The primary task remains that of restoring conditions for the existing population. In the meantime, the work involved in sifting letters of enquiry, passing on names of serious applicants to FIG and other initial tasks is unlikely to amount to more than a day of one person's time per week. This initial processing is at present being handled by the FCO.

6. Similarly, the few moderately serious enquiries so far received from firms which might be prepared to consider investment in the Falklands can easily be processed by the FIG itself. Until the phase of rehabilitation is over and the Government's position on the Shackleton Report is clear, little can be done usefully to promote inward investment. The same applies to tourism, which will depend on the development of communications with the Islands and in a reduction of the present physical hazards (eg mines). The only present scope is for cruise ships visiting the Islands.

7. At present exports from the Falkland Islands are confined to wool and postage stamps. Only wool is an export in the normal sense of the word, and is at present handled by the Falkland Islands Company. The question of promoting further exports will depend on decisions which have yet to be taken on the economic development of the Falkland Islands. In due course promotion may be required for Falkland Islands knitwear, meat products, etc. At the present time however there is no practical work to be done in this area.

8. The main argument for setting up a FIGO in the immediate future would therefore be presentational. It would provide without delay a visible and public point of contact for all those interested in the Falklands: an interest to which the publication of the Shackleton Report will provide a further stimulus. It would also put in truer perspective the role of the Falkland Islands Office (para 10 below) which is essentially a lobby organisation, and which often takes positions critical of the policies of HMG.

9. This presentational argument has force. We do not however think that it is strong enough on its own to justify the immediate establishment of a FIGO, in advance of consideration of the proposals in Lord Shackleton's Report. We believe that it should be looked at along with the recommendations for a FIDA. On timing, it would seem sensible to aim at having one

or the other set up by early 1983. There would however be advantage in making public at an earlier date the intention of establishing an Office.

10. The Falkland Islands Office (FIO): Political Lobbying At present the unofficial Falkland Islands Office, with a staff of 2-3 persons and premises in Greycoat Place SW1, provides the lobby and main contact and information point for all those interested in the Falkland Islands. It draws its financial support from contributions both from individuals and from farms and companies with interest in the Falklands, including the Falkland Islands Company. It receives letters from would-be immigrants and enquiries from firms interested in doing business in some way in the Falklands. These enquiries are at present passed on to the FCO. It also handles visitors from the Falklands coming to the UK.

11. A FIG Office would therefore take away most of the existing functions of the Falkland Islands Office. Lord Shackleton and the Civil Commissioner believe that the FIO might be disbanded on the establishment of a FIGO. We question whether this is necessarily the case. Its lobbying activities, particularly directed towards Parliament and the press, would be inappropriate for a FIGO or FIDA Office and the Islanders and the well-wishers in UK who fund the FIO would presumably want them to continue. As already stated, however, a FIGO should lead to a greater recognition of the unofficial status of the FIO, which is often assumed to speak for the FIG.

12. In this context we have to recognise that it will be hard to prevent a FIGO from developing a similar political lobbying role, however well-intentioned those concerned may be. There will be pressures on it to ensure that questions concerning the welfare of the Islanders and the economy of the Islands are constantly presented to Members of Parliament, the Press etc and brought to the attention of Ministers.

13. Staffing and Costs of a FIGO The Civil Commissioner has identified 1,000 sq ft of office space consisting of five rooms in Victoria at an inclusive cost of £14,000 per annum. This reduced rate would be available for two and a half years. An office employing five persons might consist of a head of the office (Principal equivalent), two assistants (HEO equivalent) a secretary/ receptionist and a registrar/messenger. The total running costs, including rent, would be about £99,000 per annum. The Civil Commissioner has suggested a more modest establishment of three staff (corresponding to Principal, HEO and secretary). Depending on decisions on a FIDA, this would be adequate to deal with the tasks envisaged. The total costs would be about £73,000 (details at Annex I). The Civil Commissioner's estimate is for an initial budget of £70,000 in the first year, reducing to £35,000 thereafter. From our calculations £70,000 would seem to be slightly less than the reasonable minimum figure, but it would not reduce in subsequent years.

14. Staff would need a knowledge of the Islands. There is much to be said for an Islander heading the Office. Councillors in the Falkland Islands have already suggested Mr Adrian Monk, a former senior Councillor in the Falkland Islands, who has recently retired as Government Agricultural Adviser, to head a Falkland Islands Government Office in London. He has not yet been approached, and it is not known whether he would be prepared to take the post.

15. The FIG have made clear that it will not be able to pay for the establishment and operation of an FIGO. The cost would have to be borne by HMG. However, a token contribution by the FIG might be appropriate to underline its status as a representation of the Falkland Islands Government.

16 Other Dependent Territory Offices in London Some Dependent Territories already maintain offices or representatives in London at their own expense covering a variety of functions (details in Annex II). Though there has been no pressure from

those unable to afford separate offices for funding from HMG, the setting up of a government-funded FIGO would set a precedent which could lead to requests for similar treatment. It would be necessary to deflect any such request, by pointing to the special circumstances of the Falkland Islands following the Argentine invasion.

17. Conclusions

We conclude that an office representing the interests of the Falkland Islands Government can perform a number of useful tasks and should be established by early 1983 at the latest. It should act as a focal point for official information on the Falklands, and should logically absorb the functions of a London Office of the Falkland Islands Development Agency if this is set up. The arguments for setting up an Office immediately are presentation. Its staffing, functions and financing can best be considered in the light of decisions in a Falkland Islands Development Agency. A decision in principle to establish a FIGO might however be announced sooner.

Foreign and Commonwealth Office
Falklands Unit

25 August 1982

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ANNEX I: OUTLINE OF PROPOSED FALKLAND ISLANDS GOVERNMENT
OFFICE

- a) To be established By early 1983
- b) Functions
1. Acting for FIG in processing immigration enquiries; procurement agency; general enquiries and information dissemination;
 2. Acting as London arm of FIDA in promoting inward investment, export promotion assistance to ODA on selection of OSAS and TC Officers.
 3. Contact point for Islanders in UK; assistance for visitors to and from Islands.
- c) Evolution of Tasks: To be kept under review.
- d) Office Location: Central London. Possible site in Victoria identified.
- e) Office Space: Approx 1,000 sq ft (five rooms) identified.

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APPENDIX TO ANNEX I

FALKLAND ISLANDS GOVERNMENT OFFICE: DETAILED COSTS

The following figures give some indication of the continuing cost of running an office per annum based on a staff complement of 5 or 3 persons.

Average Salary Costs ie Service-wide average for grade plus super-annuation at 21.5% of salary payable, plus employer's NI contributions appropriate to the average salary (Treasury Ready Reckoner).

	<u>5 Persons</u> £	<u>3 Persons</u> £
Principal	20,846	20,846
HEO	13,774	
HEO	13,774	13,774
Personal Secretary	9,128	9,128
Messenger	<u>7,061</u>	
	64,583	<u>43,748</u>
<u>Additional Running Costs</u>		
Telex (Rental)	820	820
Running Costs (say 1 hr per day at 80p per minute to the Falkland Islands)	12,500	*8,200
Telephone (Rental for 1)	68	68
2 personal calls per week to the FI at £7.14 per 3 minute call)	742	742
Calls within the UK	1,000	* 800
Postage (20 letters per week to the FI at 26p per letter)	270	(200
Postage within the UK	750	* (500
Travel Costs	500	(350
Office machinery (photocopier rental and photocopying and other stationery requirements)	2,100	2,100
Office cleaning, including windows	<u>1,300</u>	<u>1,300</u>
	84,633	58,828
	say 85,000	say 59,000
Rent/Rates	<u>14,000</u>	<u>14,000</u>
	say 99,000	say 73,000

* Assuming a reduction of one-third

ANNEX II

DEPENDENT TERRITORY OFFICES IN LONDON

BERMUDA GOVERNMENT OFFICE

- a) Established As a tourist office in 1954; took on other Government Department activities and assumed present title in 1977.
- b) Functions
1. London office of the Bermuda Tourist Agency. Tourism, information and PR functions.
 2. Ad hoc assistance to Bermudians in UK (mail, messages, advice, etc), but does not advance money to stranded Bermudians.
 3. Ad hoc use of facilities by visiting Bermuda Government Officials/Ministers.
- c) Evolution of Tasks Tasks 2 and 3 developed and led to change of status in 1977.
- d) Office Location Central location (Saville Row) necessary.
- e) Office Space 1,670 sq ft + waiting room.
- f) No of Staff & Functions 4. 1 Manager, 1 assistant + 2 clerical/secretarial.
- g) Where recruited UK. Knowledge of Dependent Territory preferable.
- h) Total Annual Cost £127,000 (excluding advertising) of which:
- Rental: £40,000
Staff : £52,000
- i) Funding 100% Bermuda Government (50-50 Cabinet Office and BTA).

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CAYMAN ISLANDS GOVERNMENT OFFICE

- a) Established 1 July 1982 - superseded Cayman Islands Tourist Office (established March 1982)
- b) Functions Government Representative for Trade, Industry and general matters. Includes job applications and financial enquiries. Oversight of contracted out agencies for Department of Tourism/Cayman Airways and Cayman islands News Bureau (PR, news, information).
- c) Evolution of Tasks Tourism and Cayman Airways previously dealt with on personal contract basis. Now dealt with by commercial agency. News Bureau offices set up earlier this year. Special representative (part-time) appointed by Caymans Government 1980/81, but did not prove a success. Full-time Government representative appointed July 1982.
- d) Office Location Central: Curzon Street, W1. Necessary, especially for tourism.
- e) Office Space Government Rep: 2 rooms in Agents building.
- f) No of Staff & Functions Government Rep: Representative Secretary
Agencies: 2 Account Holders
2 Assistants
2 Secretaries
- g) Where Recurited UK. Knowledge of Caymans preferable but not essential.
- h) Total Annual Costs Government Rep: £63,00 of which:
Rates/Rents: £11,000
Staff £32,000
Start-up Costs £ 3,000
- i) Funding 100% Cayman Islands Government.

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GIBRALTAR TOURIST OFFICE

- a) Established 1969
- b) Functions Tourism promotion only.
- c) Evolution of Tasks N/A
- d) Office Location The Strand. Central location necessary.
- e) Office Space Two smallish offices with waiting room (approx 900 sq ft).
- f) No of Staff & Functions 4: 1 DS6 equivalent; 3 clerks.
- g) Where Recruited All Gibraltar civil servants.
Knowledge of Dependent Territory essential.
- h) Total Annual Costs £83,200, of which:
- | | |
|------------------------|---------|
| Rental: | £ 9,800 |
| Staff: | £35,900 |
| Office Administration: | £17,000 |
| PR: | £ 9,500 |
- i) Funding 100% Gibraltar Government.

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WEST INDIA COMMITTEE acting for: BRITISH VIRGIN ISLANDS (BVI)
TURKS & CAICOS ISLANDS (TC)
MONTSERRAT (M)

- a) Established WIC established 1750 as representative of British commercial interests in the West Indies. Has acted for various dependent territory interests since the break up of the West Indies Federation (1967).
- b) Functions BVI - Tourism, trade enquiries.
TC - Tourism, trade enquiries.
M - Tourism.
- c) Evolution of Tasks Special commissions by Dependent Territory Governments also undertaken at cost.
- d) Office Location Central (W1). Necessary.
- e) Office Space No separate offices for dealing with Dependent Territories.
- f) No of Staff & Functions BVI - 1 full-time assistant.
TC & M - ad hoc: division is by subject not territory.
Total staff allocation not more than 1.25.
- g) Where Recruited UK. Knowledge of DT preferable, not essential.
- h) Total Annual Cost Cannot be separated out from WIC activities. Donations presumed to cover costs.
- i) Funding BVI Government donates £20,000 pa
TC Government donates £ 3,000 pa
M Government donates £ 100 pa

The WIC also receives a BOTB subsidy for export promotion activities but its use for export promotion to the Dependencies is negligible.

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HONG KONG GOVERNMENT OFFICE

- a) Established 1943 - planned for rehabilitation of Hong Kong after liberation from Japanese.
- b) Functions Advice on commercial/economic developments in UK; public relations; assistance to HKs living in UK. Advisory service to HK students in UK; recruitment for HK civil service and payment of allowances to HK officers in UK for courses; Admin Development Course, Oxford (for HK Civil Servants); Admin of HK students' centre/hostel; informal contact with FCO, MPs and opinion formers. Trade promotion and tourism are handled by separate independent organisations.
- c) Evolution of Tasks 1950s - took on trade enquiries (since passed to the HK Trade Office), and students. Since then gradually expanded.
- d) Office Location Grafton Street, W1. Central location necessary.
- e) Office Space 10,000 sq ft.
- f) No of Staff & Functions 110: of which: Recruiting 12; Students 15; Training 5, News 15; Commercial/Industrial Development 10; Liaison 10; Admin Services 10; Headquarters 8.
- g) Where Recruited 40 from Hong Kong: 70 Locally engaged (mostly Hong Kong Chinese). Knowledge of DT preferable. Majority Chinese.
- h) Total Annual Costs £2,200,000 of which:
- | | |
|------------------|------------|
| Rental/Rates: | £ 172,000 |
| Staff: | £1,500,000 |
| Other Overheads: | £ 500,000 |
- i) Funding 100% Hong Kong Government.



Foreign and Commonwealth Office

London SW1A 2AH

10 August 1982

~~From The Minister of State~~

Tim Flesher Esq
Private Secretary to
The Rt Hon Margaret Thatcher MP
No 10 Downing Street
London SW1

JF
11/8.
Mr Pym's advice
(see x below) expected
by the end of August.

JF
13/8

Dear Tim,

FALKLAND ISLANDS GOVERNMENT OFFICE IN LONDON

In your letter of 2 August, you noted that the Prime Minister had told Lord Shackleton that she was having considered without delay the possibility of establishing in London a Falkland Islands Government Office.

Port Stanley telno 128 of 30 July (copy attached) indicates that Councillors in the Falkland Islands would like to proceed with this and that the Government in Port Stanley has already given a certain amount of preliminary consideration to the subject. We have asked Mr Hunt for his views on some of the main issues raised and in particular on the question of urgency.

The proposal raises a number of questions, including the relationship of a FIG Office to a Falkland Islands Development Agency, if it is decided to establish one, as well as to the FCO. It is clear that a FIG Office would need to be funded by FCO. This could have implications for the representative offices of other British dependent territories.

To clarify these points, we are drawing up a blue-print of the responsibilities a FIG Office might have and how it might be organised. Mr Pym will let the Prime Minister have his views as soon as this available. In the meantime, as you know, we

/do



-2-

do not believe that there is a need for immediate action of the kind Lord Shackleton suggested.

Yours ever,

S M J Lamport

S M J Lamport
Private Secretary to
Mr Hurd

GRS 220

UNCLASSIFIED

FM PORT STANLEY 301915Z JUL 82

TO ROUTINE FCO TELNO 128 OF 30 JULY

FALKLAND ISLANDS GOVERNMENT OFFICE IN LONDON.

1. WE HAVE IDENTIFIED OFFICE SPACE OF 1,000 SQUARE FEET (FIVE ROOMS) IN LONDON FOR A TWO AND A HALF YEAR LEASE AT AN ALL INCLUSIVE FIGURE OF FOURTEEN THOUSAND POUNDS. COUNCILLORS WOULD LIKE TO TAKE UP THIS OFFER AND HAVE ASKED ME TO APPROACH ADRIAN MONK TO RUN THE OFFICE. AS YOU KNOW, MONK WAS A SENIOR COUNCILLOR IN THESE ISLANDS FOR MANY YEARS AND HAS RECENTLY ANNOUNCED HIS RETIREMENT AS GOVERNMENT AGRICULTURAL OFFICER. HIS WIFE WISHES TO RETURN TO THE UK AND HE WILL BE ACCOMPANYING HER IN SEPTEMBER OR OCTOBER. I HAVE YET TO PERSUADE HIM TO TAKE THE POST AND HE MAY HAVE NO DESIRE TO LIVE IN LONDON OR TO COMMUTE.
2. WE ESTIMATE AN INITIAL BUDGET OF SEVENTY THOUSAND POUND FOR THE FIRST YEAR, REDUCING TO THIRTY FIVE THOUSAND POUNDS IN NORMAL TIMES. THIS WILL BE A HEAVY BURDEN ON THE FALKLAND ISLANDS GOVERNMENT AND, IN VIEW OF THE FACT THAT THE OFFICE WILL UNDOUBTEDLY TAKE SOME OF THE WORKLOAD AT PRESENT CARRIED BY YOUR FALKLAND ISLANDS UNIT, I SHOULD BE GRATEFUL IF YOU WOULD LOOK SYMPATHETICALLY INTO SOME FORM OF FINANCIAL ASSISTANCE FROM HMG TO SUPPORT THE OFFICE.

HUNT

FALKLANDS UNIT

S AM D

ODA

FINANCE D

NEWS D

MR GIFFARD

MR URE

[NOT ADVANCED]