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subject



Shackleton

10 DOWNING STREET

From the Private Secretary

9 September 1982

Dear John,

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Call on the Prime Minister by Lord Shackleton

Lord Shackleton called on the Prime Minister this evening. The Prime Minister said that she had wished to see him before the publication of his Report. She was most grateful for the document, for its comprehensiveness and the speed of its delivery. Its realism was a point in its favour. Lord Shackleton said that his team had taken the view that if they were to err at all, they should do so on the side of realism. It might be that some areas of the Falklands' economy, for example tourism, would do better than the Report suggested.

Lord Shackleton said that he doubted whether the companies involved would welcome the recommendation that their land be compulsorily purchased. But something was necessary to prevent the drain of resources from the Islands. He had been careful not to talk in his Report of nationalisation; the aim was to put the land in the hands of private owners. The Prime Minister commented that she had indeed wondered whether the method proposed was the best one. It might be better to provide potential purchasers with the money to buy land from the present owners at an agreed price. Lord Shackleton admitted that the details of his scheme had not been fully worked out and the particular solution he had proposed was not necessarily the right one. He could not be sure that the number of Islanders who wished to purchase land would be sufficient but he judged that a certain number would wish to do so.

There was a brief exchange about a Falkland Islands Office. The Prime Minister said that we had taken the view that this question was connected with that of a Falkland Islands Development Agency. She doubted whether a Falkland Islands Office could be established independently of the Foreign and Commonwealth Office. Lord Shackleton appeared to accept this point but argued that the office should be physically distinct from the Foreign and Commonwealth Office.

The Prime Minister gave Lord Shackleton an advance copy of the statement which the Government would make to the press when his Report was published. He was glad to know, in addition, that the Civil and Military Commissioners had warmly welcomed his Report and hoped that this could emerge in the guidance we would be giving to the press. The Prime Minister undertook that this would be done.

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/ Lord Shackleton

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Lord Shackleton said that, while further action on his recommendations was of course a matter for the Government, he wished to make it plain that if he could be of any further help, he would of course be available. For example, he imagined that the Civil Commissioner would need to assess the reactions of the Islanders to his recommendations. If he could be of assistance in discussing the Report with the Islanders, he would be glad to offer his services.

In a brief exchange about the 150th anniversary celebrations in Port Stanley in February, the Prime Minister suggested that it would be very appropriate for Lord Shackleton to be among those attending.

Finally, Lord Shackleton said that his understanding was that ECGD guarantees were not operating in relation to the Falkland Islands at present (though he understood that they would become available at a later date). I should be grateful to know the position on this point.

I am copying this letter to Richard Mottram (Ministry of Defence) and Richard Hatfield (Cabinet Office).

Yours are

John Holmes.

John Holmes, Esq.,
Foreign and Commonwealth Office.

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Argentina

B.H.
9 September 1982

When Lord Shackleton called on the Prime Minister this evening he said that he understood that the Falkland Islanders would have to purchase their own copies of his recent Report. The Prime Minister feels that we should make available a sufficient number of free copies for every head of family in the Islands to have one. I should be most grateful if this could be taken up urgently and the Civil Commissioner given guidance accordingly.

JOHN COLES

John Holmes, Esq.,
Foreign and Commonwealth Office.

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Argentina



Foreign and Commonwealth Office

London SW1A 2AH

15 September, 1982

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Dear John,

Call on the Prime Minister by Lord Shackleton

In your letter of 9 September you asked me to let you know the position on ECGD's cover in relation to the Falkland Islands.

ECGD cover for the Islands was withdrawn at the time of the Argentine invasion. As a result of recommendations made by ECGD to the Advisory Council and discussed at their meeting on 1 September, ECGD has restored cover for short term (up to 180 days credit) business for the Islands.

No decision has yet been taken on cover in respect of longer periods. Such business would in the main be financed from aid sources but if a specific project were put to ECGD they would consult interested Departments in the normal way.

I am copying to John Rhodes in the DoT.

Yours ever

John Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
Private Secretary

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Relations

pt 29

A.S.C. 9/9.

Ref: 0411

MR COLES ✓
No 10 DOWNING STREETFALKLAND ISLANDS: ECGD COVER

At their meeting yesterday evening, the Prime Minister asked Lord Shackleton about the state of ECGD cover. I have spoken to ECGD who tell me that their Advisory Council has authorised blanket cover for export contracts to the Falkland Islands payable in the short term (that is, up to six months). The Advisory Council has not yet formed a policy on contracts payable over a longer term, say, up to two years. At present they assume that cover would be provided through British aid.

At present ECGD cover for investment is academic but this may well change. They would of course need to assess the risks and seek advice in Whitehall. Whilst ECGD would wish to take each case on its merits they concede it is unlikely they would refuse.

ECGD recognise that this is something of a problem area but have indicated in discussion with a member of Lord Shackleton's team that they would respond very positively to any requests for cover which clearly had Governmental backing.



S J DAVEY

SHACKLETON SECRETARIAT

10 September 1982

MR. DAVEY

Falkland Islands: ECDD Cover

Thank you for your minute of 10 September,
the contents of which the Prime Minister has
noted.

JOHN COLES

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13 September 1982