

PS
PS/MR HURD
PS/MR ONSLOW
PS/MR RIFKIND
PS/PUS
SIR J BULLARD
SIR I SINCLAIR
MR GIFFARD
MR WRIGHT
MR ADAMS
LORD N G LENNOX
~~MR EVANS~~
MR URE
MR GILLMORE

HD/PUSD (2)
HD/S AM D
HD/FID (2)
HD/DEFENCE DEPT
HD/NEWS DEPT
HD/ERD
HD/ECD(E)
HD/UND
HD/PLANNING STAFF
RESIDENT CLERK

PS/NO 10 DOWNING ST (2)
PS/S OF S FOR DEFENCE
MR J STEWART AUSD STAFF MOD
PS/CHANCELLOR)
MR ILETT) TREASURY
MR LITTLER)
~~MISS DICKSON~~ D/ENERGY
SIR R ARMSTRONG)
A D S GOODALL) CABINET OFFICE
DIO)

ROOM 8 FOR MODUK C IN C FLEET
MR M. PATTISON ; FID
MR ~~C. P.~~ D. LAWLESS ; ODA

MR A TITCHENER ; DOT
MR C W ROBERTS , IAT)

CONFIDENTIAL

ADVANCE COPY

FROM PORT STANLEY 291200Z OCT

IMMEDIATE

TO IMMEDIATE FCO TELNO 439 OF 29 OCTOBER

YOUR TELNO 234: SHACKLETON REPORT

1. ALL EXECUTIVE AND LEGISLATIVE COUNCILLORS EXCEPT FOR PECK, WHO IS STILL ABSENT FROM THE ISLANDS, CONSIDERED THE SHACKLETON RECOMMENDATIONS IN DETAIL FOR THREE HOURS ON 24 OCTOBER AND ALL EXCEPT LUXTON AND PECK DISCUSSED THEM WITH NEEDHAM, CHAIRMAN OF COALITE, FOR TWO HOURS ON 26 OCTOBER. ELECTED COUNCILLORS WERE CONFIDENT THAT THEY REFLECTED ACCURATELY THE VIEWS OF THE MAJORITY OF THEIR CONSTITUENTS.

OF THEIR CONSTITUENTS.

2. THEY REASSURED NEEDHAM THAT THEY HAD NO INTENTION AT PRESENT

OF PRESSING FOR LEGISLATION TO OBTAIN COMPULSORY POWERS TO

PURCHASE ABSENTEE-OWNED FARMS. THEY WERE CONTENT TO ALLOW A FREE

ECONOMY TO OBTAIN AND TO WAIT AND SEE WHAT ABSENTEE OWNERS INTENDED

TO DO. NEEDHAM FOR HIS PART REASSURED COUNCILLORS THAT HE HAD THE

BEST INTERESTS OF FALKLAND ISLANDERS AT HEART AND WAS AS KEEN AS

THEY WERE TO INVEST IN THE ISLANDS AND REVERSE THE DRAIN IN

POPULATION. HE OUTLINED HIS IDEAS FOR OFFERING SMALL HOLDINGS

OF 50 TO 100 ACRES ALONG THE DARWIN ROAD TO ISLANDERS AND SUITABLE

APPLICANTS FROM THE UK, AND SAID THAT HE WAS PREPARED TO SELL, LEASE

OR SHARE-FARM OTHER PARTS IF FICO FARMS IF THE COMMERCIAL TERMS

WERE SATISFACTORY (NO MORE GIVE-AWAYS LIKE GREEN PATCH). HE HAD

HOWEVER SUSPENDED PLANS FOR EXPANDING HIS SHARE-FARMING SCHEME

PENDING HMG'S DECISIONS ON SHACKLETON. HE WAS QUITE PREPARED TO

SEE FICO'S SHARE OF THE SHEEP-FARMING INDUSTRY REDUCED FROM 43 PER

CENT TO 33 PER CENT OR EVEN 23 PER CENT, SIMILARLY FICO'S OTHER

ACTIVITIES IN THE FALKLAND ISLANDS COULD BE REDUCED. BUT THIS HAD

TO BE DONE COMMERCIALY AND NOT BY PRESSURE FROM GOVERNMENT.

HE STRESSED THAT HE WAS SPEAKING OFF THE RECORD AND EXPECTED THE

CONFIDENTIALITY OF HIS REMARKS TO BE RESPECTED.

3. COUNCILLORS TOOK HIM AT HIS WORD AND WERE PREPARED TO SEE HOW

FICO WOULD PERFORM IN THE FUTURE (I SUSPECT THAT PECK, HAD HE BEEN

FICO WOULD PERFORM IN THE FUTURE (I SUSPECT THAT PECK, HAD HE BEEN PRESENT, WOULD NOT HAVE AGREED AND WOULD HAVE PRESSED FOR OUTRIGHT NATIONALISATION).

4. THERE WAS A FEELING AMONG COUNCILLORS THAT FIG HAD ALREADY BITTEN OFF AS MUCH AS THEY COULD CHEW WITH GREEN PATCH, ROY COVE AND NOW FOX BAY EAST (SEE MY TELNO 434). THE MAIN OBJECTIVE WAS TO ENSURE THAT ALL FARM OWNERS (NOT ONLY ABSENTEE OWNERS) WERE SEEN TO BE MAKING A CONSCIOUS EFFORT TO REINVEST AND TO PROVIDE OPPORTUNITIES TO GIVE PEOPLE A STAKE IN THE LAND. THEY CONSIDERED THAT FIG SHOULD BE GIVEN ADEQUATE FUNDS TO BE ABLE TO BUY ANY FARM THAT CAME ONTO THE MARKET AND IF IN TIME IT BECAME APPARENT THAT THE DEMAND FOR LAND EXCEEDED THE LAND COMING ONTO THE MARKET, THEN CONSIDERATION SHOULD BE GIVEN TO PASSING THE LEGISLATION NECESSARY TO ACQUIRE IT.

5. I SHOULD ADD THAT THE GENERAL MANAGER OF FICO IN THE FALKLANDS, BROOK HARDCASTLE, IS STRONGLY OF THE OPINION THAT FIG SHOULD BUY OUT THE FICO IMMEDIATELY AND RUN ALL THEIR ACTIVITIES. HE CONSIDERS THAT ALL FICO STAFF IN THE ISLANDS WOULD WELCOME THIS AND THAT IT IS THE ONLY WAY TO ENSURE THAT THE PROFITS ARE CHANNELLED BACK INTO THE ISLANDS.

6. AS FOR SHACKLETON'S OTHER RECOMMENDATIONS, COUNCILLORS HAMMERED OUT THE FOLLOWING LIST OF PRIORITIES:

INFRASTRUCTURE

INFRASTRUCTURE

- (A) A RUNWAY CAPABLE OF TAKING MEDIUM-HAUL AIRLINERS IMMEDIATELY AND WITH THE POTENTIAL FOR IMPROVEMENT AND EXTENSION TO TAKE WIDE-BODIED JETS.
- (B) AN EXTERNAL CIVIL AIRLINE (COUNCILLORS FAVOURED MONTEVIDEO OR SOUTHERN BRAZIL RATHER THAN PUNTA ARENAS, FROM WHICH THE COST OF ONWARD TRAVEL TO EUROPE WOULD BE MUCH MORE EXPENSIVE).
- (C) A NEW SCHOOL HOSTEL (NOT COVERED BY SHACKLETON BUT VITALLY NECESSARY IF SECONDARY EDUCATION FOR CAMP CHILDREN WAS TO BE RESUMED).
- (D) A DEEP WATER JETTY FOR STANLEY.
- (E) EXPANSION OF THE ROAD NETWORK WITH A FERRY ACROSS FALKLAND SOUND.
- (F) INVESTIGATION OF OTHER ARRANGEMENTS FOR AN EXTERNAL SHIPPING SERVICE (THIS WOULD COME HIGHER ON THE LIST IF NO EXTERNAL CIVIL AIRLINE COULD BE ESTABLISHED).
- (G) ENERGY SUPPLIES.
- (H) A NEW HOSPITAL (NOT IN SHACKLETON).
- (I) A NEW SCHOOL (NOT IN SHACKLETON).

DEVELOPMENT

- (A) THE ESTABLISHMENT OF A FALKLAND ISLANDS DEVELOPMENT AGENCY (FIDA) WITH ADEQUATE FINANCE.

- AGENCY (FIDA) WITH ADEQUATE FINANCE.
- (B) THE EXPANSION OF THE AGRICULTURAL DEPARTMENT, GRASSLANDS TRIALS UNIT AND THE INTRODUCTION OF FARM IMPROVEMENT SUBSIDIES.
- (C) THE ESTABLISHMENT OF A 200 MILE FISHERIES LIMIT AROUND THE FALKLAND ISLANDS WITH AN EXPLORATORY FISHING PROJECT.
- (D) A FEASIBILITY STUDY FOR A SALMON RANCHING PROJECT.
- (E) A SURVEY OF A SHELL-FISH FISHERIES AROUND THE COASTS.
- (F) THE DEVELOPMENT OF A DISTINCTIVE FALKLAND ISLANDS KNITWEAR INDUSTRY.
- (G) THE DEVELOPMENT OF A WILDLIFE TOURIST VENTURE.
- K(H) THE BUILDING OF A NEW HOTEL IN STANLEY (SUBJECT TO THE BUILDING OF A RUNWAY TO TAKE WIDE-BODIED JETS).
- (I) ESTABLISHMENT OF A 200-MILE FISHERIES LIMIT AROUND SOUTH GEORGIA, THE SOUTH SANDWICH ISLANDS AND SHAG ROCKS, AND INVESTIGATION INTO KRILL FISHERIES.
- (J) A GEOPHYSICAL SURVEY AND EXPLORATION DRILLING FOR HYDROCARBONS IN THE OFFSHORE AREAS AROUND THE FALKLAND ISLANDS.

GOVERNMENT STRUCTURE

- (A) THE APPOINTMENT OF AN OFFICIAL TO RUN FIDA (WHO SHOULD HOWEVER BE RESPONSIBLE TO THE HEAD OF THE ADMINISTRATION IN THE FALKLAND ISLANDS GOVERNMENT).

IN THE FALKLAND ISLANDS GOVERNMENT).

(B) THE APPOINTMENT OF A FARM MANAGEMENT OFFICER.

(C) THE RETENTION OF A PHYSICAL PLANNER.

(D) THE ESTABLISHMENT OF AN ENVIRONMENTAL AND RESOURCE
MANAGEMENT COMMITTEE.

(E) THE ESTABLISHMENT IN THE UK OF A FALKLAND ISLANDS
SCIENTIFIC RESEARCH AGENCY.

(F) RE-EXAMINATION OF THE ESTABLISHMENT OF COMMUNITY COUNCILS
AND THE RESTORATION OF STANLEY TOWN COUNCIL IN THE LIGHT OF
THE INVESTIGATION CURRENTLY BEING UNDERTAKEN BY A SELECT
COMMITTEE OF LEGISLATIVE COUNCIL INTO THE CONSTITUTION AND
COMPOSITION OF EXCO AND LEGCO.

7. COUNCILLORS WERE MORE OPTIMISTIC THAN SHACKLETON ON THE
POSSIBILITIES FOR EXPORTING MUTTON AND DEVELOPING KELP AND
SUGGESTED THAT THE DEVELOPMENT OF PRIORITIES MIGHT BE ALTERED
IN THE LIGHT OF SPECIFIC RECOMMENDATIONS FROM THE DEVELOPMENT
OFFICER, ONCE HE HAD ESTABLISHED HIMSELF HERE.

8. THEY RECOGNISED THE NEED FOR NEW BLOOD AND URGED THE
ESTABLISHMENT OF A FALKLAND ISLANDS GOVERNMENT OFFICE IN LONDON
AS QUICKLY AS POSSIBLE TO PROCESS AND SELECT PROSPECTIVE SETTLERS
WHILE INTEREST IN THE FALKLANDS WAS STILL STRONG. THEY ALSO URGED
THE ALLOCATION OF FUNDS FOR ASSISTED PASSAGES.

HUNT