

CCPC



Foreign and Commonwealth Office

London SW1A 2AH

11 April 1984

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A. J. C. 1/4.

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Dear Richard,

Falkland Islands: Further Capital Costs

The Foreign Secretary has seen Mr Heseltine's minute to the Prime Minister of 6 April re-examining the proposed capital works programme, as agreed in OD(FAF) on 14 March.

Sir Geoffrey Howe accepts Mr Heseltine's judgement that it would not be cost-effective to make further savings on the proposed capital works package and agrees that, on this basis, the PSA should be authorised to call for tenders.

The possible duplication of port facilities in the Falklands remains a source of some concern. The Foreign Secretary notes that the military facility at Mare Harbour would be available for use for the handling of civilian freight should the Falkland Islands Government judge that this solution best meets their requirement for jetty facilities. The Minister for Overseas Development has instructed that this option should be taken into account by the consultants who are looking at the case for a new civilian jetty in the light of the Shackleton recommendations. The Civil Commissioner has meanwhile confirmed that it would in his view be undesirable politically, economically and socially for the Islands' main civilian freight facility to be moved from Port Stanley. Sir Geoffrey Howe considers it important that we should take this factor fully into account when the consultants' report is considered.

The Foreign Secretary notes that Mr Heseltine will be in touch again about presentation. We understand that the PSA would like an early Parliamentary announcement of the second phase of capital works, shortly after the Easter Recess. Sir Geoffrey Howe considers, with reference to paragraph 7 of Mr Heseltine's minute that the terms of the announcement should inter alia be such as to give the lie to Argentine allegations about our "fortification" of the Islands.

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I am copying this letter to John Coles and to the  
Private Secretaries of those Ministers who received copies  
of the Defence Secretary's minute.

Yours ever,

*Peter Ricketts*

(P F Ricketts)  
Private Secretary

R C Mottram Esq  
Ministry of Defence

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