



FROM: THE RT. HON. JULIAN AMERY, M.P.

Prime Minister (4)

CDP 12/xi

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Dear Michael, *mt*

As you may know, I led an All Party delegation of MPs to the Falklands, leaving on 28th October and returning on 4th November. We went under the auspices of your Department and, accordingly, I think I should make my report to you.

I attach a list of the delegation and a copy of our programme.

As you will see from the programme we had the chance to see something of all three services both where they were stationed in relative comfort and in the outlying areas - Rapier and Radar stations - where they are living pretty rough. We also saw a good cross section of the civil population both collectively at receptions given for us by Sir Rex Hunt, General de la Billiere, the Town Council in Port Stanley, the Council at Darwin and individually in their homes at Carlos and Fox Bay.

There have been a number of visits by ministers and service chiefs to the islands and I don't know that we have any very original suggestions to offer. I would, however, make the following points:

1. I cannot speak too highly of the friendly reception we were given by the armed services from the GOC down to the most junior ranks. The same is true of the Falkland Islands Government from Sir Rex Hunt down to the most junior level and of the civil population which gave us a very warm welcome,
2. In spite of considerable probing by myself and my colleagues I could detect no evidence of tension between the military and civil communities.

3. We were much impressed by the progress being made on the construction of the airfield at Mount Pleasant. All those concerned seem convinced that it would be opened officially next April though of course it will be several months later before all the ancilliary installations are completed.

4. The road between Stanley airfield and Stanley itself is a major scandal and must be costing a great deal in terms of broken vehicles and in some cases bruised or broken limbs. I am not clear who was responsible for the contract and the building of the road but there has clearly been a major waste of public money there.

Looking ahead I would make the following points:

a) I very much doubt whether the Argentine Government would be likely to risk another offensive against the Islands unless convinced of success, though some maverick raid cannot be excluded. Once the new airfield is completed therefore (though not before) it should be possible to run down the garrison (on the army and airforce side) by somewhere between one third and a half its present strength. Exactly how far it could be run down would largely depend on the effort we are prepared to make to secure adequate intelligence coverage over the Argentine. £100,000 extra spent on intelligence in the Argentine might well save £1,000,000 or more on military expenditure on the islands.

b) The Civil Commissioner and his advisers seem keen to establish a 200 mile exclusive fishing zone around the Falklands as most other countries now do. The existing 150 mile exclusion zone already gives us the necessary air and sea machinery for seeing who is sailing within these waters. The Island Government and Falkland opinion generally seem to believe that Poles and others who fish there would be quite prepared to pay for a licence to fish and would be quick to denounce those who fished without a licence. If they are right the zone would be to a considerable extent self-policing, though some policing would be necessary. They estimate that the licence

fees would bring in Between £1½ million and £2 million annually to the Falkland Islands Government and would also enable them to lay down conservation quotas.

I am personally inclined to believe that we should consider very seriously establishing a fishing exclusion zone - up to say the meridian line - even if we cannot enforce it totally. The Argentines would, of course object. But President Alfonsin's recent speeches have not been exactly helpful and it might be as well to put on the pressure and deal ourselves as many bargaining cards as we can against any future negotiations. There is also the possibility that once the fishing zone is established British or other European interests might care to take advantage of it.

c) There is a good deal of grouching among the troops about the local overseas allowance which they appear to enjoy in Germany, Belize and to some extent in Ulster. I am not sure they have a case in purely Treasury terms though some are certainly living very rough. On the other hand I gather there is a Falklands allowance which suffers from a number of anomalies. If these could be corrected and if there could be some increase in recreational funds I believe the grumbling would die down.

d) On the civil side the main issue remains the difference of opinion between the landowning companies and those farm managers and others who would like to own their own farms. The Falkland Islands company are experimenting with a system of share ownership but are still reluctant to sell off land. I am seeking a meeting with Eric Varley and Eddie Shackleton before presuming to express a view on this complicated matter.

e) Again on the civil side, the civilians very much hope that the British Airways flights to the Mount Pleasant airport, once it is open, should start from Heathrow rather than Brize Norton. They believe this would be much more encouraging to the

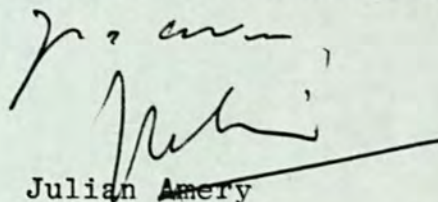
promotion of tourism. But of course this may be less convenient for the forces who will comprise most of the passengers in the foreseeable future.

160? f. I think it important from the point of view of the future developments in the Antarctic, to encourage as many officers as possible to visit South Georgia and in due course the other dependencies. This could be valuable politically in relation to Argentinian and Chilean claims and good for morale.

I would only add that the Islanders are not 100% British but 150%. When I say '150%' there is a reason for this. As they have no television, indifferent reception for broadcasting, and virtually no newspapers they are much less subject than we are to cosmopolitan influences. They are like the British pre World War I or II. I see absolutely no likelihood, therefore, that they would go along with any negotiation over sovereignty with the Argentines. On the contrary some of the younger ones are keen to develop local industries such as fishing and yarn spinning to make themselves more self supporting and less of a burden on the U.K. In particular they would like to see an increase in the number of British settlers particularly from those who have served in the armed forces. They also seem strongly attracted to the idea that the Falkland Islands could serve as the British base for the development of our interests in the Falkland Island dependancies and the Antarctic generally.

I am copying this letter and its annexes to each member of our delegation and asking them to let you know whether they have anything to add or subtract from what I have written.

I am also copying this to Margaret Thatcher, Geoffrey Howe and to Keith Joseph who is responsible for the British Antarctic survey.


Julian Amery