



Prime Minister
 given the Islanders view,
 as reported below, agree that
 they should finance the new office?

Foreign and Commonwealth Office

London SW1A 2AH

Yes not.

A.J.C. 3/11.

3 November 1982

Dear John,

Falkland Islands Government Office

In your letter of 28 October you reported the Prime Minister's comment that the Office should be given a 75% subsidy on the grounds that the Islanders might not really be able to afford the running costs.

The Islanders have taken the view that if the Office is to represent the interests of the Falkland Islands Government, it must be seen to be under the FIG's control, and unless the FIG pay for their Office, they cannot call the tune. A subsidy as suggested might arouse suspicions of an FCO take-over of the Office, which they would find every bit as unacceptable as the FCO discharging the Office's functions on behalf of FIG.

Councillors who hitherto had claimed they could not afford it now say they are prepared to readjust their priorities. In fact the FIG may pare down salary and other costs so that the outlay will fall below the £73,000 pa we calculated earlier. Mr Pym is firmly of the view that in these circumstances we should not try to stand in the FIG's way. As my letter of 28 October made clear, the Civil Commissioner is well aware of our concern that the FIG should not be misused as a lobbying point here.

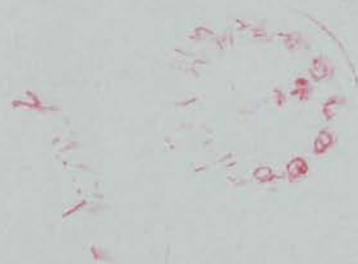
Once the Islands' Standing Finance Committee have voted the necessary funds, FIGO will have to work within its budget, and our view is that the Civil Commissioner will insist the Office complies. Should, however, a deficit develop which the FIG cannot cover, then Ministers would no doubt have to consider what discreet form of assistance might be given and from what source it should be provided. But we would not propose to reveal this to the Falkland Islands Government in advance.

I am copying this letter to the Private Secretaries to the other members of OD(FAF) and to Sir Robert Armstrong. Given Mr Pym's views we have not consulted the Treasury separately.

Your ever
 for Holmes
 (J E Holmes)
 Private Secretary

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File

Brc



cc: Trade
MOD
Att. Gen.
HO
CO

10 DOWNING STREET

From the Private Secretary

8 November 1982

FALKLAND ISLANDS GOVERNMENT OFFICE

Thank you for your letter of 3 November. As I told your office at the end of last week, given the Islanders' views as reported in your letter, the Prime Minister agrees that they should finance the Falkland Islands Government Office in London.

I am copying this letter to the Private Secretaries to the other members of OD(FAF) and to Sir Robert Armstrong.

A. J. COLES

John Holmes, Esq.,
Foreign and Commonwealth Office

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