

15/2/14

(15)

Mr Ure  
 PS/Mr Luce *Minister*  
 P // sec (19)

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RECEIVED 18 FEB 1982		
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HMS ENDURANCE

Problem

(11) A

1. The Defence Secretary has confirmed his inability to maintain HMS Endurance in service on the defence budget: and has asked for the Secretary of State's view on approaching OD for new money.

Recommendation

2. I recommend that the Secretary of State should tell Mr Nott that consideration of an FCO/MOD approach to OD on HMS Endurance should be deferred until after the next round of Falklands talks. I submit a draft. Finance and Defence Departments concur.

Background and Argument

(b) B

3. In his reply to the Secretary of State's minute of 22 January, Mr Nott argues that the political difficulties caused by HMS Endurance's withdrawal should be manageable, provided that the ship is not sold to a South American country and that our continuing commitment to the defence of the Falkland Islands is demonstrated by other means. He confirms his inability to run on HMS Endurance on the defence budget but suggests, without conviction, that the FCO may wish to consider an approach to OD for new money. The Secretary of State and Mr Luce have asked that this possibility should be looked at.

C D

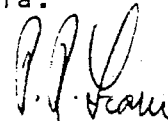
D

4. I believe, as does Mr Luce, that Mr Nott is under-estimating the strength of the domestic political pressures for HMS Endurance's retention; and it will be primarily for the FCO to manage the consequences. In present circumstances, however, I doubt the chances of persuading the Chancellor of the Exchequer to commit an additional £4 million per annum to maintain in service a ship whose withdrawal has already been agreed as part of the Defence Review. Ministers, including the Prime Minister, have publicly confirmed that the decision on withdrawal cannot be altered; and there would be considerable reluctance to change tack at this stage, unless Falklands developments were to provide new and more compelling reasons.

5. Such reasons may be present after the next round of Anglo-Argentine talks on the Falklands on 26/27 February, at which we expect the Argentines to take a tough and demanding line and which could, if they go badly, produce or presage a breakdown in negotiations. I have recommended separately that, in informing his OD colleagues of the outlook for the New York talks, the Secretary of State should warn of the need for a fuller OD discussion in March. It would be best to consider an approach to OD on HMS Endurance then, by which time we should have a clearer understanding of Argentine intentions and of the consequent need to retain HMS Endurance as an outward and visible symbol of our commitment to the Islands. HMS Endurance does not return to the UK until May and there is thus no need to seek an earlier decision.

6. There is however a related problem on HMS Endurance which does require earlier action. The Brazilians have expressed interest in purchasing HMS Endurance ever since its withdrawal was first announced: and they are showing signs of impatience at not receiving any definite response. Our Ambassador in Brasilia has now advised that our silence is beginning to look like a snub, which could prejudice defence sales prospects over a wide range. Mr Harding believes that the most appropriate course would be for Mr Nott to send an early message to the Brazilian Navy Minister regretting our inability to sell HMS Endurance to them. Mr Harding (with whom I have discussed this further on the telephone) considers that our interests would be best served if he were to convey Mr Nott's message personally, providing orally to the Navy Minister and to the Itamaraty a frank explanation of the political background to the decision.

7. This proposal is sensible and is consistent with the line of action with the Brazilians which we agreed with the MOD at official level in December. Although it is not taken up in Mr Nott's present minute to the Secretary of State, I understand from the MOD that Mr Blaker will wish to discuss the Brazilian angle with Mr Luce at their meeting on 18 February. I therefore recommend that Mr Luce should encourage Mr Blaker to arrange for Mr Nott to send an early message to the Brazilian Navy Minister for delivery by our Ambassador in Brasilia.



P R Fearn  
South America Dept

15 February 1982

cc PS/LPS  
PS/PUS  
MR Wright  
Mr Day  
Defence Dept  
Finance Dept

/I agree

I agree with the recommendations. If the Falklands talks go well (which unfortunately seems fairly unlikely granted the divergence of opening positions) then the Islander and public outcry about Endurance may die down; if, on the other hand, the talks go badly, we would certainly be on stronger ground to return to OD about fresh funds for an important aspect of the defence of the Falklands (although even then I would not rate our chances very highly).



J B Ure

15 February 1982