



10 DOWNING STREET

THE PRIME MINISTER

3 February 1982

Dear Mr. Nichols,

Thank you for your letter of 6 January in which you raised some further points concerning the planned withdrawal of HMS ENDURANCE from service.

On the Falkland Islands, as I said in my letter of 4 December to Mr Simmerson, the wishes of the Falkland Islanders are paramount. The Government has no intention of entering into a solution to the dispute with Argentina which is not acceptable both to the Islanders and to Parliament. Our commitment to the territorial integrity of the Falkland Islands is not in doubt. Our judgement is that the presence of the Royal Marines Garrison, which unlike HMS ENDURANCE is permanently stationed in the Falklands, is sufficient deterrent against any possible aggression. HMS ENDURANCE herself, with her two Oerlikon guns, possesses a very limited military capability.

As regards mineral deposits in the Antarctic peninsula, it is true that certain formations in the area are comparable to ones known, in geologically similar areas of South America, to be associated with exploitable mineral deposits. However, as I said in my letter to Mr Simmerson, no such large and accessible deposits have yet been definitely located in the Antarctic peninsula.

I am afraid that I cannot accept that we do not accord a high enough priority to defence. By the end of this year spending on defence will have increased by some 8% in real terms since the Government came into office, at a time when many other areas have had to experience painful but necessary reductions in expenditure. The problem we face is that defence costs are currently rising faster than

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