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Sir A Acland

cc: Mr Gillmore or.
Mr Logan
Mr Daunt, SED
Mr Fearn, SAmD ✓
Mr Payne, M&CD

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THE DEFENCE REVIEW: GIBRALTAR, HMS ENDURANCE, CYPRUS, BELIZE

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1. I attended a meeting this afternoon with Mr Stewart and others of the MOD to discuss these issues which Lord Carrington had raised in his minute of 5 June to the Defence Secretary. Mr Daunt (SED) and Mr Smith (SAmD) were also present.

2. We agreed that Cyprus and Belize presented less problem than the others. It is not the Defence Secretary's intention to take any action over the SBAs or to refer to them in his Statement. On that basis we did not pursue the issue. So far as Belize is concerned, the MOD accept that the fate of the garrison is dependent on the diplomatic negotiation now in train to secure a Treaty with Guatemala and to bring Belize to independence. They also accept that we are using and will continue to use our best endeavours. Mr Nott does not propose to refer to Belize. On that basis we did not pursue this point further. I have however separately briefed MOD colleagues on Belize developments. I have minuted separately on this (not to all).

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3. The most difficult question concerned the Gibraltar naval facilities /there was no way in which Gibraltar could be exempted. The political repercussions of trying to retain Gibraltar whilst closing Chatham and part of Portsmouth are too great. (Mr Daunt will be reporting to Ministers on the likely effect of this.) We, therefore, concentrated on securing such amelioration as we could. In essence, Mr Murray has undertaken to advise Mr Nott to use a form of words about the Gibraltar Dockyard which while making clear cuts are coming will suggest details will be worked out with the Gibraltar government. He also undertook to seek agreement to informing the Governor two days before the Statement. We also agreed that since those measures would buy us a little time, the Navy Department would as a matter of urgency now liaise with me and SED to discuss precisely what is involved and what measures such as compensation, surrender of defence land (much needed in Gibraltar), might be welded together to enable us to present the inevitable decision in the best possible light.

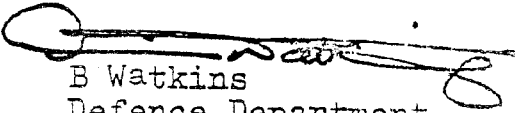
4. The MOD were not very persuaded of our case for retaining HMS Endurance. But, again they accepted the need to try to present it in the best possible light. They accepted that there were practical (how to roulement the garrison) and political problems presented by phasing out Endurance. Mr Stewart agreed to try to ensure that in

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announcing it, Mr Nott would make something of the retention of the RM garrison and that HM ships would visit the Falklands from time to time. We also secured his undertaking to seek agreement to tell the Governor of the Falklands two days in advance of the Statement.

5. The result is not ideal. But, we can I think avoid a row in Cabinet. We must do our best to present the decisions in the best possible light. Gibraltar in every way is politically the most explosive. I will with SED give urgent attention to getting the best deal we can out of the MOD.


B Watkins
Defence Department

10 June 1981