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- 1. Mr Luce has seen Mr Fearn's submission of 2 November and subsequent comments about Mr Luce's wish to consider recommending that the Secretary of State seek to press the MOD to reverse their decision to withdraw HMS Endurance from service in 1982. As the Secretary of State knows, HMS Endurance is the Royal Navy's only ice-patrol ship and has been deployed for several months of each year in the area of the Falkland Islands and the British Antarctic territory.
- 2. In the light of the arguments set out in the attached minutes and subject to the Secretary of State's views, Mr Luce does not now think that we should press the MOD to reverse their decision to withdraw HMS Endurance; but he believes that we should bear in mind that this withdrawal is likely to make our handling of the Falkland Islands issue more difficult both internationally and nationally.
- 3. Mr Luce thinks that the decision to withdraw HMS Endurance has undoubtedly undermined, at a very sensitive stage, our policy of reassuring the Falkland Islanders. It will produce increasing and angry Parliamentary reaction from many Conservative MPs and from MPs from other parties (the issue has already been raised at the Conservative Foreign Affairs Committee). Moreover, the Argentines might get the impression, however false, that we are being less than fully robust on the Falkland Islands issue and that our resolve is not as strong as it is.
- 4. Mr Luce's initial instinct was to ask the Secretary of State to make a fresh attempt to persuade the MOD to reverse their decision. However, he sees the force of the argument that the Secretary of State may well not want to press the MOD again on this at a time when they are under increasing pressure to cut the defence budget further.
- 5. Mr Luce understands that Mr Nott is now disposed not to allow HMS Endurance to be sold to Brazil, as had been suggested, and that the MOD are examining alternative ways of keeping HMS Endurance under the British flag, if not as a Royal Navy vessel (eg by encouraging the British Antartic Survey or other interested bodies to buy it). However, alternative buyers are unlikely to be forthcoming and in any case a recycled HMS Endurance under the Blue Ensign would not satisfy the concern of the Falkland Islanders and their friends to have the comforting

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presence of a Royal Navy vessel in their area. Mr Luce assumes that occasional visits by other Royal Navy ships with grey hulls - which would in any event be expensive - is not a practical alternative to HMS Endurance as the Argentines might consider their presence provocative, and the visits would be too infrequent to boost the Islanders.

6. Mr Luce is anxious for the Secretary of State to be aware of the latest position and the problems which it produce and in particular would appreciate his judgement on paragraph 4.

17 November 1981

J M Cresswell Private Secretary to Mr Luce

CC

PS/LPS
PS/Mr Hurd
PS/Lord Trefgarne
PS/PUS
Sir A Acland
Mr Day
Mr Ure
Mr Gillmore
Mr Fearn, SAmD
Mr Weston, Defence Dept