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Sub on Defence  
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CONFIDENTIAL  
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FM FCO 301836Z JUN 82  
TO IMMEDIATE CANBERRA  
TEL NO 246 OF 30 JUNE 1982  
INFO ROUTINE MODUK FOR DS5

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PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T140AA/82

HMS INVINCIBLE.

1. PLEASE PASS FOLLOWING MESSAGE FROM THE PRIME MINISTER TO MR FRASER.

BEGINS

1. IN MY MESSAGE WHICH REACHED YOU ON 3 JUNE I PROMISED TO LET YOU KNOW OUR REACTIONS TO YOUR VERY GENEROUS OFFER THAT WE SHOULD NOT FEEL BOUND TO PROCEED WITH THE SALE OF HMS INVINCIBLE, IF THE EXPERIENCE GAINED IN THE FALKLANDS OPERATION SUGGESTED TO US THAT WE WOULD RETAIN HER. YOUR MESSAGE WAS IN THE HIGHEST TRADITIONS OF THE FRIENDSHIP BETWEEN OUR COUNTRIES AND I AM VERY CONSCIOUS OF YOUR WISH TO PROCEED WITH THE PURCHASE IF AT ALL POSSIBLE. THIS WAS THE BACKGROUND AGAINST WHICH WE HAVE GIVEN THE MOST CAREFUL CONSIDERATION TO ALL THE AVAILABLE EVIDENCE GATHERED DURING THE WEEKS OF THE TASK GROUPS DEPLOYMENT IN THE SOUTH ATLANTIC, AND WHAT NEEDS TO BE DONE IN THE CONTEXT OF OUR NAVAL LOSSES THERE.

2. THESE EVENTS HAVE DEMONSTRATED CONCLUSIVELY THAT, IF WE ARE TO RETAIN AN EFFECTIVE CAPABILITY TO RESPOND TO UNEXPECTED THREATS OF THIS KIND, AND THUS PLAY A PROPER PART IN THE DEFENCE OF THE FREE WORLD BEYOND THE CONFINES OF THE NATO AREA, WE MUST BE ABLE AT ALL TIMES TO DEPLOY TWO FULLY OPERATIONAL AIRCRAFT CARRIERS. BECAUSE OF THE NEEDS OF MAINTENANCE WE CANNOT BE SURE OF DOING THIS WITH ONLY TWO. MOREOVER A THIRD IS NEEDED TO ENSURE THE CONTINUITY OF OPERATIONS FOR MORE THAN A RELATIVELY SHORT PERIOD. THEREFORE, ALTHOUGH WE INTEND INFUTURE TO MAINTAIN THE DIRECTION OF OUR DEFENCE POLICY, GEARED PRIMARILY TO THE NEEDS OF NATO, WE BELIEVE THAT WE MUST MAKE SOME ADJUSTMENT TO GIVE US GREATER FLEXIBILITY TO MOUNT OPERATIONS ELSEWHERE. I BELIEVE THAT THIS IS IN THE INTERESTS OF ALL OUR FRIENDS.

3. WE HAVE CONCLUDED THAT WE SHOULD RETAIN INVINCIBLE RATHER THAN HERMES AS OUR THIRD CARRIER. ALTHOUGH THE LATTER IS SUPERIOR IN BOTH CARRYING CAPACITY AND IN HER COMMAND AND CONTROL ARRANGEMENTS, WE ARE INFLUENCED PRIMARILY BY THE FACT THAT INVINCIBLE IS OF THE SAME CLASS AS ILLUSTRIOUS AND ARK ROYAL. THIS WILL GIVE US SIGNIFICANT ADVANTAGES IN TRAINING, MAINTENANCE AND EQUIPMENT.

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4. I SHOULD THEREFORE LIKE TO TAKE ADVANTAGE OF YOUR OFFER. THIS IS ALSO, I AM SURE, WHAT THE NATION NOW EXPECTS, AND I WAS GRATEFUL TO SEE, IN YOUR MESSAGE OF 1 JUNE, HOW CONSCIOUS YOU WERE OF THE IMPORTANCE OF PUBLIC OPINION HERE ON THIS MATTER.

5. AT THE SAME TIME I AM AWARE OF THE SACRIFICE THAT YOU WOULD BE MAKING IN YOUR DEFENSIVE CAPABILITY - A POINT ENDORSED IN IAN SINCALIRS MESSAGE TO JOHN NOTT OF 29 JUNE. IT OCCURS TO ME THAT YOU MIGHT INSTEAD LIKE TO CONSIDER ACQUIRING HERMES TOGETHER WITH A NUMBER OF SEA HARRIERS AND SEA KINGS. WE BELIEVE WE COULD OFFER A FULL PACKAGE ON VERY GOOD TERMS. HERMES HAS BEEN RECENTLY REFITTED WITH THE MOST MODERN EQUIPMENT AND HAS MANY YEARS USEFUL LIFE AHEAD. WE COULD PROVIDE TECHNICAL DATA QUICKLY AND SEND A HIGH-LEVEL TEAM TO AUSTRALIA TO DISCUSS FURTHER DETAILS SHOULD YOU SO WISH.

6. THERE IS PUBLIC PRESSURE HERE FOR A STATEMENT DURING THE DEFENCE DEBATE ON 1 JULY. I THEREFORE PROPOSE TO AUTHORISE JOHN NOTT TO SAY THAT WE ARE DISCUSSING THE FUTURE OF HMS INVINCIBLE WITH YOU AND THAT WE HOPE TO COME TO A CONCLUSION SOON. HE WOULD GO NO FURTHER THAN THIS AND WOULD DECLINE TO BE DRAWN DURING ANY SUPPLEMENTARY QUESTIONING.

ENDS.

2. YOU MAY WISH TO BE AWARE, AND MAY WISH TO PASS ON TO THE AUSTRALIANS IN CONFIDENCE AT AN APPROPRIATE LEVEL, THAT THE GIST OF THE PASSAGE ON INVINCIBLE IN MR NOTTS STATEMENT IS EXPECTED TO BE:

QUOTE

I COME NEXT TO HMS INVINCIBLE WHICH HAS GIVEN SUCH INVALUABLE SERVICE IN THE FALKLANDS CONFLICT. THE HOUSE IS AWARE OF THE CHARACTERISTICALLY GENEROUS OFFER FROM THE PRIME MINISTER OF AUSTRALIA. WE HAVE TAKEN UP HIS OFFER OF DISCUSSIONS AND I HOPE TO MAKE A FULL STATEMENT IN DUE COURSE.

UNQUOTE.

PYM

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