



Prime Minister

Better than expected.

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PRIME MINISTER

HMS INVINCIBLE

I wanted to report to you personally about the outcome of my discussions with Ian Sinclair, the Australian Defence Minister. Following the brief we gave you yesterday, I had heard that the Australians were very depressed about our unwillingness to let INVINCIBLE go. This led me to speak to you about tempering slightly the firmness of our stance about the retention of INVINCIBLE so that Sinclair did not leave London to face severe political embarrassment at home (and hence major loss of sales opportunities for the United Kingdom).

2. As it turned out the position was not as serious as I had expected. Sinclair told Frank Cooper and I that contrary to my expectations the Australians were prepared to consider a lease of HERMES, and even the building of a new INVINCIBLE class carrier based upon the firm message that he had received from you that it was our intention to retain INVINCIBLE.

3. When Sinclair returns to Canberra and faces his Cabinet colleagues it may well be that HERMES as an alternative option will be ruled out and that the costs of building a new INVINCIBLE class carrier in the United Kingdom will seem out of the question but it does seem that he will return to Canberra at least without having ruled out all options except INVINCIBLE.



If we could get Australia locked in to a purchase of Sea Harriers we will almost certainly bring them back into the UK equipment market and the pressures would be on them to go to an INVINCIBLE class carrier to take the Royal Australian Navy into the next century. If the Australians return to us to enquire about a possible new build we will wish to offer them the most favourable terms given the parlous state of Swan Hunter and in this connection I implied that we might even let them off all leasing costs for HERMES to be put aside as our contribution to the building of a new INVINCIBLE class for the RAN.

/ I enclose a copy of the press release which we agreed with Sinclair after lunch today. I am sorry to have put a change of emphasis to you without warning but you will understand, I know, that negotiations do require a fair degree of flexibility. I am most grateful to you for your understanding.

Ministry of Defence
13th July 1982

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PRESS STATEMENT BY AUSTRALIAN MINISTER OF DEFENCE

During my visit to London I have had very full discussions with John Nott, the Secretary of State for Defence, on a range of subjects of mutual interest, and I have also had discussions with the Prime Minister, and the Foreign and Commonwealth Secretary. I have had the opportunity to visit British Aerospace at Kingston on Thames where I have seen the Sea Harrier production line. I had a most useful briefing in the Ministry of Defence on the proposed new frigate - the Type 23 - and the proposed Sea King replacement helicopter. We also received a briefing on the Falklands operation which will clearly produce many valuable lessons for the Australian Defence Forces and I have agreed with John Nott that there should be discussions between our two Ministries of Defence in the autumn on this subject which will include discussions between our defence scientists.

The main purpose of my visit was to discuss the plans for the Royal Australian Navy to acquire HMS INVINCIBLE. John Nott has explained to me that he wishes, following the Falklands experience, to have two carriers available for out of area operations and that he wishes therefore to retain HMS INVINCIBLE so as to have three carriers in the fleet to allow for the time which the ships would have to spend in refit. I shall be reporting back to the Australian Prime Minister in Canberra on my return the full discussions which I have had with John Nott on this subject. I shall then consider, with my Cabinet colleagues what should now be the best way forward for the Royal Australian Navy.

I shall want to examine closely all the possible options which could be open to the Royal Australian Navy, including the possibility of building a new INVINCIBLE class carrier. John Nott expressed his understanding of the difficult position which the Australian Government had been placed and offered to make HMS HERMES available at an early date on favourable financial terms, to fill the immediate capability gap should we decide to build a new carrier; this could involve leasing or outright sale of HERMES. We have arranged that an Australian team visit the United Kingdom to carry out a full appraisal of the Sea Harrier aircraft.

Whilst I have been in London I have also explored with the Ministry of Defence the possibilities of greater Anglo/Australian naval co-operation both in terms of joint exercises and the possibility of Australia acquiring more British made equipment including aircraft.

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