

Ref: BO6635

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12/11

h.c.

PRIME MINISTER

c Sir Robert Armstrong

OD(FAF): Falklands Garrison

## BACKGROUND

In summing up the discussion after the presentation to the Sub-Committee on 1st November, you said that it was an overriding political imperative that the Falkland Islands garrison should be of sufficient size to deter, and if necessary defeat, an Argentine invasion attempt during the period between now and the completion of the new airfield; and that this pointed to a garrison on the lines of the "core force" of 3,100 men, with related naval and air units, which had been described in the presentation.

2. Proposals for a garrison of this size are contained in Annex A to the Defence Secretary's minute to you dated 12th November, which he suggested might be cleared out of committee. The Foreign and Commonwealth Secretary, in his minute to you of 16th November, argues that the implications for our commitment to NATO require discussion. The impact on the defence of the United Kingdom base should also be looked at (paragraph 9(c) below).

3. The Sub-Committee agreed on 1st November that the impact on the United Kingdom's NATO and other defence commitments of maintaining forces in the South Atlantic of the order proposed would need to be taken into account. This impact is analysed in Annex B to the Defence Secretary's minute, which also identifies a number of ways in which, at additional cost, the detriment could be mitigated.

4. The Defence Secretary divides the costs involved on the one hand between the capital and running costs of the garrison and on the other between costs attributable to the garrison itself and those costs which would be incurred if the mitigating measures ("detriment minimisers") involving extra equipment and manpower were implemented. These measures are set out in Annex B. He concludes that the increment to the Defence Budget which the Cabinet has already agreed (a total of £900 million in the 3 years 1983-4 to 1985-6) falls short of the estimated costs by over £100 million a year and does not

even cover the garrison costs themselves. Some detriment to our contribution to NATO therefore appears unavoidable. His estimate of costs includes £220 million for the capital cost of the airfield, although he is not yet able to make firm recommendations on this.

## HANDLING

5. The main questions which the Sub-Committee will wish to address are -

(a) The effects on the United Kingdom's NATO and other defence commitments.

(b) Which of the mitigating measures should have priority.

(c) The timing of any announcement of mitigating measures.

(d) The line to take with our Allies at the NATO Ministerial meetings in early December.

6. You will wish to invite the Defence Secretary to open the discussion. It might be convenient to settle first any problems which arise over the cost estimates: you should ask the Chancellor of the Exchequer if he agrees with them. You might then invite the Foreign and Commonwealth Secretary to comment.

7. The Defence Secretary is not actually seeking approval for any of the measures listed in Annex B. He proposes to consider them item by item in the light of his (or his successor's) preliminary examination of the defence programme which will be completed next Spring. One major equipment purchase, the 4 DC 10 tanker aircraft, is mentioned separately because its cost is attributable to the garrison itself, though it will represent a valuable addition to our general defence capability.

8. It will be seen that some of the men required for the Falklands garrison - the paper does not say how many - would be found from BAOR and RAF Germany, the remainder being taken from troops in the United Kingdom, although the possibility of raising additional manpower for the signal and logistic units is mentioned. The Defence Secretary might be asked to confirm that the proposed deployments will involve no derogation from our commitment under the Modified Brussels Treaty to maintain a specified level of forces on the continent of Europe.

9. The most significant items where there is detriment to our NATO and other defence responsibilities, and the possibility of buying more equipment in mitigation, are -

(a) Destroyers and frigates, where older ships which the Defence Secretary planned in his defence review last year to phase out might be kept on, at a cost of about £30 million a year.

(b) Helicopters, where more could be ordered from Westlands or, in the case of the large Chinook, bought from the United States, at a capital cost of some £49 million.

(c) Phantom air defence aircraft, where the proposal to station 8 in the Falklands would result in a reduction of about 10 per cent in the already small number of aircraft available for the defence of the United Kingdom (it is generally accepted that only 76 aircraft are available for this task, and this was much criticised by the Conservative Party when in Opposition: the Defence Secretary suggests that this could be offset by buying 15 (secondhand) aircraft at a cost of £50 million.

(d) Rapiers surface-to-air missiles, where the consequences would be to remove Rapiers protection from one of the 4 RAF stations in Germany and to cut the allocation to the Army by over 10 per cent: the effects could be offset at a capital cost of £75 million.

10. The question of public presentation and its timing is difficult. The Defence Secretary understandably does not wish to commit himself to major purchases of new equipment until he has been able fully to judge the financial consequences. But opinion both at home and in NATO will be looking for early indications of the measures the Government will take to maintain the United Kingdom's contribution to the Alliance. At home, criticism is already beginning to appear of the Government's apparent determination to maintain large forces in the South Atlantic. The naval lobby is agitating for a reversal of the defence review decision to reduce the destroyer and frigate force. The debate in the House of Commons following the publication next month of the Falklands White Paper will provide a further opportunity to air such criticisms.

SECRET

In NATO, the Ministerial meetings in the first week of December will be occasions for Allied Governments to express their concern and probe our intentions.

11. The Defence Secretary believes that the Falklands war does not alter the United Kingdom's basic defence priorities, and that therefore there is no cause for doubting the wisdom of the decision taken in the defence review to maintain our commitment to the central front of NATO while reducing our surface forces in the Eastern Atlantic. Assuming this is right, there is a case on both domestic and NATO grounds for an early announcement of our intention to compensate for the forces "diverted" to the South Atlantic by purchases of additional equipment. The Defence Secretary and the Foreign and Commonwealth Secretary should be asked for their views on which items should have priority claim on any additional funds which may be made available.

12. A purchase of additional helicopters and Rapier missiles would be welcome to British industry. But there could be criticism that the proposal to buy DC 10 tankers, Chinooks and Phantoms would mean that most of the extra money will go to American firms.

13. In paragraph 6 of his minute, the Defence Secretary suggests that in presenting our case to NATO we should emphasise that the cost of the garrison will be additional to our 3 per cent NATO commitment; will fund additional equipment of value to NATO; and that other force enhancements are under consideration. Will this be sufficient to hold our position at the December meetings? Are there any specific force enhancements from the list at Annex B which could be decided on now, and hinted at in NATO in December eg operating the Standby Squadron (item 2), replacing the Phantoms (item 11) or acquiring additional Rapier Fire Units (item 14)?

14. The Sub-Committee will also need to bear in mind the consequences for Britain's ability to mount operations outside the NATO area, eg in Belize, or for contributing <sup>to</sup> United Nations forces in the Lebanon or Namibia. Clearly, the need to garrison the Falklands will make it that much harder to meet any new commitments; and it would be important to get this firmly across to the Americans in particular.

CONCLUSIONS

15. Subject to the discussion, the Sub-Committee might be guided to

(a) confirm that the garrison described at Annex A to the Defence Secretary's minute should be stationed in the South Atlantic until the new airfield is established, subject to review in the light of changes in the Argentine threat;

(b) agree that a package of measures to mitigate the detriment to the United Kingdom's contribution to NATO should be announced in the near future, with further measures taken when the Defence Secretary has been able to examine more fully the consequences for the defence programme as a whole;

(c) agree that the line to take at the NATO Ministerial meetings in early December should be that suggested in paragraph 6 of the Defence Secretary's minute, strengthened as appropriate by reference to whatever package of mitigating measures can be announced in the near future.

*A D S Goodall*

16th November 1982

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