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SW *SY*

Secretary of State

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REPLACEMENTS FOR SHIPS LOST IN OPERATION CORPORATE

1. It is already regrettably clear that one of the more obvious consequences of Operation CORPORATE will be that we will fall still further short of the number of 50 destroyers and frigates to which we are at present publicly committed, unless immediate steps are taken to make good our losses. Already with the loss of COVENTRY, SHEFFIELD, ARDENT and ANTELOPE - all modern ships - the figure of 47 by 1987 referred to in PUS's minute 82/579 of 21 May will be reduced to 43. The Type 23 programme, with the acceleration recommended in PUS's minute, builds up from the prototype, ordered in 1984 and delivered in 1988, to a rate of three a year delivered from 1990. Our best assessment now is that the delivery rate could be stepped up to four ships a year from 1989, by bringing in additional firms (Yarrow being the parent). It is C of N's present view that this is absolutely the fastest programme which could sensibly be aimed for in the early years of a new ship programme. On this basis, leaving out of account any further CORPORATE losses but assuming that all the measures recommended in PUS's minute are adopted, future destroyer/frigate numbers would look as follows (1 April each year):

<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>
52	50	49	48	46	47	47	49	50	50

2. Without further substantial modernisation there are no existing ships, apart from those listed in Annex A of PUS's minute whose effective life could be stretched to cover the interval before these additional Type 23s could be in service. The only means of boosting our numbers effectively through the 1980s, consistent with the general policy announced in Cmd 8288, is therefore to replace our losses with new ships of types which can be ordered immediately - for practical purposes this means Type 42s and Type 22s. (There is no other suitable British design, and I assume that a foreign purchase would be politically unattractive - quite apart from the undesirable consequences for maintenance and support). These orders would have to be additional to those in LTC 82, as amended by PUS's recommendations.

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3. The factors affecting the choice between the two types (whose costs are similar, at around £120m each) are:


a. speed of delivery: this is important if we are to justify the replacement of our lost ships with either of these more expensive types, rather than waiting for the cheaper Type 23s. Yarrow will have capacity for (and will need as a "bridge" to the Type 23 programme) Type 22-09 and 10 which, subject to your endorsement of PUS's recommendations, will be included in LTC 82. It would be possible to produce in other yards, with Yarrow's assistance, up to a further 4 Type 22s by 1987. As Type 42s have already been built by a number of other firms, ships of this type could be produced perhaps one year earlier;

b. military capability: Type 22s, with their ability to embark (with a slight modification to the design) the projected EH 101 helicopter and their Sea Wolf armament, fit the new concept of maritime operations better than Type 42s, which without improvement of their Sea Dart system are likely to be of diminishing value in the 1990s. Against this, we must preserve a reasonable balance of medium range air defence systems in the Fleet; and we are now down to only 12 Type 42s.

4. The Admiralty Board's judgement of these factors is that the four losses we have sustained to date should be replaced by four Type 22s, able to carry the EH 101 Helicopter and being fitted with the improved Sea Wolf system. These would be numbers 11-14 and would be ordered from firms other than Yarrow. (Orders for 09 and 10 would be placed with Yarrow as soon as the way ahead on LTC 82 is clear). I believe that any further destroyer losses would have to be replaced by Type 42s.

5. I would be grateful for your early agreement to this, so that C of N can submit detailed ordering proposals as a matter of urgency. Furthermore an early announcement would help to underline the Government's resolve at this present time.

26 May 1982


First Sea Lord

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