



26/5/82

Dear Mr Gow,

we spoke and I
now attach a suggested passage for
inclusion in the Prime Minister's speech.

I also enclose a copy of the press
statement which the MOD are
about to make. We have no further
information on yesterday's incidents
beyond that reported by Mr Mott
and the CBS at ODF A) this morning.

Yours sincerely

Michieaux

PRESS STATEMENT - 26TH MAY

12 O'CLOCK NOON

We have received further reports overnight about the outcome of yesterday's Argentine air attacks on the Task Force.

HMS COVENTRY, a destroyer, was hit and has been lost. The ATLANTIC CONVEYOR, a merchant ship requisitioned to support the fleet, was also hit and has had to be abandoned. The Harrier reinforcements she was carrying for the Task Force had already been disembarked.

Rescue operations to recover the crew of these two ships have continued throughout the night. As we get information on casualties we are informing next of kin.

The Secretary of State for Defence will be making a statement this afternoon in Parliament.

PASSAGE FOR INSERTION IN THE PRIME MINISTER'S SPEECH

Our Forces are engaged in one of the most remarkable military operations in modern times. We have sent an immensely powerful Task Force in excess of 100 ships and 27,500 sailors, Marines and soldiers 8,000 miles down the Atlantic Ocean.

Our forces, in a series of measured and progressive steps, have, over the past weeks increased their grip on the Falkland Islands. They have re-taken South Georgia. In a slow process of attrition they have denied the Argentine garrison the means of resupply. Then, by direct attack and harassment and, finally, by the successful amphibious landing at San Carlos Bay in the early hours of Friday morning, they have placed themselves in a position to retake the islands and reverse the illegal Argentine invasion. In the latest phase, by the skill of our pilots, our gun line frigates, and those manning the Rapier missile batteries on shore they have inflicted heavy losses on the Argentine Air Force.

There have of course been tragic losses. You will have heard yesterday's news of the further attacks on our Task Force. HMS COVENTRY came under ^{heavy} ~~multiple~~ air attack yesterday evening and later sank. One of the merchant marine ships supporting the Task Force was also attacked and badly damaged. John Nott will be making a statement in the House later this afternoon and he will give further details of these incidents.

Despite these losses our resolve has not weakened and our confidence is not undermined. Our forces are now established on the Falkland Islands with all the necessary supplies. Although they still face formidable problems in difficult terrain with a hostile climate their spirits are high. We must expect fresh attacks upon them, and there can be no question of pressing the Force Commander to move forward prematurely - the judgement about the next tactical moves must be his and his alone.

But one thing is certain. The days of the occupying Argentine garrison are numbered and it will not be long before the Falkland Islanders once again have their full democratic rights restored.