



MO 14/5

Prime Minister
There is now another message from Mr. Fraser (attached) confirming that his Defence Minister will be here this week and would like to see you. Agree to see him, together with Mr. Nott, perhaps on Friday?
A.J.C. 5/7

Defence ①

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-218 2111/3

5th July 1982

A.J.C. 6/7
f.u.

Dear John,

HMS INVINCIBLE

I should be surprised if they do not
Hermes - not

You asked for advice on the further message of 1st July from the Australian Prime Minister, in which he seeks to persuade us to keep HMS HERMES instead of HMS INVINCIBLE.

In his message Mr Fraser offers the possibility of his Minister for Defence, Mr Sinclair, leading an appropriate team to this country to discuss the matter. We heard on Friday that Mr Sinclair was determined to come, and proposes to arrive on Thursday 8th July. He is likely to be accompanied by his Permanent Secretary, the Australian Chief of Naval Staff, and the Chief of Naval Material. Arrangements are being made for discussions in the MOD, with suitable briefings on the Falklands operation in which Mr Sinclair has expressed a particular interest.

Not surprisingly, in his message to the Prime Minister, Mr Fraser has drawn attention to the age of HMS HERMES. The Defence Secretary when he sees Mr Sinclair will seek to persuade him that our offer of HMS HERMES, on favourable terms, is a genuine means of allowing the Royal Australian Navy to extend their aircraft carrier capability for a significant period, thus leaving themselves time to plan for the longer term future. It also opens the prospect of releasing funds, otherwise earmarked for HMS INVINCIBLE, which might enable them to move more quickly into the field of maritime VSTOL aircraft operations. It is also the case that in terms of military capability alone HMS HERMES is superior to HMS INVINCIBLE. We will however have to overcome in the discussions with the Australians their evident hesitation over the uniqueness of HMS HERMES. The commonality of HMS INVINCIBLE with the other new CVSs gave them confidence in the support arrangements for which they were planning to rely heavily on us. The greater economy in running HMS INVINCIBLE is also as much an advantage to them as it is to us.

A J Coles Esq



These and other points will be explored fully with Mr Sinclair when he arrives later this week. In the light of his impending visit we suggest that it is only necessary for the Prime Minister to send a short message, along the lines of the attached draft, to Mr Fraser. I am copying this letter to John Holmes (FCO).

Agreed with NSD that this is not necessary now. We can await Mr. Sinclair's visit and write to Mr. Fraser thereafter. A.J.C. $\frac{5}{7}$

Yours ever
David Omand
(D B OMAND)

DRAFT MESSAGE FROM THE PRIME MINISTER TO MR FRASER

I am grateful to you for your prompt response to my letter of 30th June concerning the future of HMS INVINCIBLE. I agree with you that very early talks at both a policy and technical level would now be appropriate.

I understand that Ian Sinclair has already offered to come to London later this week, accompanied by a number of senior officials. They will be very welcome, and John Nott and his team will be very happy to discuss the position fully with them. You and I can exchange further views in the light of the outcome of their talks.

In the meantime we have, as I indicated in my letter, confined our public statements to simply confirmation that we are discussing the future of HMS INVINCIBLE with you and that we hope to make an announcement in due course.