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PREM 19/381

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Confidential filing

Prime Minister's meeting with Dr. Harold Brown
US Secretary of Defense.

U.S.A.

May 1980

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
30-5-80							
4-6-80							
15.8.80							
PREM 19/381							

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✓ MAJ USA

[9]



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-936 7022 218 2111/3

MO 14/10

15th August 1980

Mr Malcolm,

/ I enclose a letter from my Secretary of State to
Dr Harold Brown, the United States Defense Secretary. I
should be most grateful if you could arrange for its
transmission to Dr Brown through HM Embassy Washington.
// I enclose two copies of the letter, one for your records
and one for the retention of HM Ambassador Washington.

I am copying this letter, together with my Secretary
of State's letter, to Mike Pattison (No 10), Stuart Hampson
(Trade), Ian Ellison (Industry) and David Wright (Cabinet
Office).

*Yours sincerely
J D S Dawson*

(J D S DAWSON)

Malcolm Adams Esq
Foreign and Commonwealth Office

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MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 9000
DIRECT DIALLING 01-218 2111/3

MO 14/10

14th August 1980

Dear Harold,

Thank you for your letter of 10th July on technology transfers to the Soviet Union. As you asked I have shown your letter to the Prime Minister and to the Foreign and Commonwealth Secretary.

First, I should say that I share your concern about the implications of the increasing technological quality of Soviet military equipment. It is vitally important that the Soviet Union should not overtake the West's technological lead in those areas where that lead represents significant military advantage. I agree with you that our aim should be to avoid the transfer of advanced technology which would serve broad objective. The problem lies in translating that broad objective into specific measures which would be acceptable to COCOM as a whole.

In your letter you referred to the three main areas covered by the United State's proposals; I summarise below the United Kingdom's views on these points. First, together with our other COCOM partners we are participating in a "no exceptions" policy, although like you we think that there should continue to be a limited number of agreed exemptions. Second, I understand that national positions on the release of computers and computer technology have been developed over a period of time and that unanimity will be difficult to achieve.

The Honorable Dr Harold Brown

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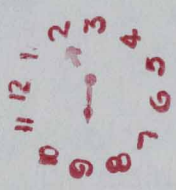
But we are ready to play our full part in further discussions on this issue when they are reviewed in COCOM after the recess. Third, we accept that there is a prima facie case for examining more closely the additional capability which exports of "processing know-how" confer on Soviet industry, and the further constraints upon exports which would be needed to bring this under control. At the same time, I am bound to recognise the problems involved, including the commercial investment in programmes of this kind both here and in other European countries. We stand ready to take part in informal consultations within COCOM about your proposal over the export of "processing know-how" for military industrial projects. You will no doubt let me know when you are ready to embark on such consultations. It would also be helpful if your people could let mine know how our other principal partners in COCOM have reacted to your suggestion.

Sincerely

Francis Pym

Francis Pym

118 AUG 1980



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Foreign and Commonwealth Office

London SW1A 2AH

14 August 1980

Dear Jonathan,

COCOM: Control of Strategic Exports to the Soviet Union

Thank you for your letter of 6 August. As I explained by telephone, it has not been possible to consult Lord Carrington himself in time for your deadline of this afternoon. But the following are the views of FCO officials.

Although we have not yet put any proposals to the Americans for bilateral discussions, FCO officials agree that in due course we should discuss with them their proposal for restrictions on large turnkey projects. But there are practical and political difficulties. Any eventual restrictions on such projects would hurt German and French economic interests more than our own; and both Bonn and Paris would probably resist any attempts to bring them within the ambit of COCOM. It would be unproductive to reach agreement with the Americans on turnkey projects only to find that the Germans and the French refused to join in. Moreover, it would not help our relations with our European allies if our discussions with the Americans led the Europeans to believe that we were ganging up with the Americans to put pressure on them.

For these reasons, and because of the view expressed earlier this year by the Prime Minister that we should keep in step with our partners on the issues of tightening and widening COCOM controls, it might be preferable if Mr Pym's letter to Dr Brown should temporise on the question of whether bilateral talks might take place. With this in mind, I enclose a draft passage to replace the two final sentences of the draft enclosed with your letter.

I am sending copies of this letter to Michael Alexander (No 10), Stuart Hampson (DOT), Ian Ellison (Dept of Industry) and David Wright (Cabinet Office).

Yours aw

(P Lever)
Private Secretary

J D S Dawson Esq
Private Secretary to the Secretary of State
for Defence
Ministry of Defence
Main Building
Whitehall
LONDON

We stand ready to take part in informal consultations within COCOM about your proposal over the export of 'processing know-how' for military industrial projects. You will no doubt let me know when you are ready to embark on such consultations. It would also be helpful if your people could let mine know how our other principal partners in COCOM have reacted to your suggestion.

14 AUG 1980



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10 DOWNING STREET

From the Private Secretary

13 August, 1980

Dear Jonathan

I wrote to you yesterday about the recent correspondence on the control of strategic exports to the Soviet Union. We have since spoken about the point in your Secretary of State's draft letter to Mr Brown which was queried by the Prime Minister.

On the basis of the further explanation you gave me, the Prime Minister is content with the thrust of your Secretary of State's letter, although she hopes that Mr Pym can find some slightly different language on the second point in the third paragraph of the draft.

I am sending copies of this letter to Paul Lever (FCO), Stuart Hampson (Department of Trade), Ian Ellison (Department of Industry) and David Wright (Cabinet Office).

Yours ever

Mike Pattison

J D S Dawson, Esq
Ministry of Defence

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with NTS.

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10 DOWNING STREET

From the Private Secretary

12 August 1980

The Prime Minister has seen a copy of your letter of 6 August to Paul Lever in the Foreign and Commonwealth Office, about the control of strategic exports to the Soviet Union.

As I told you on the telephone, she has queried one passage in the draft letter prepared for your Secretary of State to send to Dr. Harold Brown. This is the reference in the third paragraph to the need for careful assessment to provide a basis for any change in the existing regulations on the release of computers and computer technology to the Soviet Union.

You undertook to let me have some further material on this in the course of today. Subject to this point, the Prime Minister is content with the draft.

I am sending copies of this letter to Paul Lever (Foreign and Commonwealth Office), Stuart Hampson (Department of Trade), Ian Ellison (Department of Industry) and David Wright (Cabinet Office).

M. A. PATTISON

J.D.S. Dawson, Esq.,
Ministry of Defence.

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10 10
PRIME MINISTER

You queried one passage in Mr. Pym's proposed letter to Harold Brown on strategic exports to the Soviet Union. This concerned release of computers and computer technology.

The Ministry of Defence tell me that this question has been on the agenda of COCOM for several years. Very firm national positions have been adopted by France, Germany, USA and ourselves. The Afghanistan problem has brought the issue to a head, but a very great deal of work would be necessary to find an agreed basis for changing the position. Further, in the short term we might stand to lose from changes in the regulations here, although the French probably have more of a vested interest.

Defence could probably find some more anodyne language to cover the point but the essential message is that we do not see much future in pursuing this particular point.

Content to let Mr. Pym write as he intends, perhaps softening the language a little?

Yes out.

MA

12 August 1980

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MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-23007822 218 2111/3

MO 14/10

6th August 1980

1. don't like post
2. it looks like a brush-off. Why?
Ottawa agreed

Prime Minister
To see Mr Brown's letter (A) and Mr Pym's proposed reply (B) content with draft, subject to colleagues' views?
John Paul,

COCOM: CONTROL OF STRATEGIC EXPORTS TO THE SOVIET UNION

MA 11/8

In the course of a meeting at No 10 in June, at which Lord Carrington and my Secretary of State were present, Dr Harold Brown, the United States Defense Secretary raised the question of additional COCOM controls on exports to the Soviet Union as part of the West's response to the invasion of Afghanistan. He has now returned to the same theme in his letter of 10th July (which, incidentally, took more than a fortnight to reach us), of which a copy is attached.

My Secretary of State has some sympathy with Dr Brown's approach. We understand that the Americans may not be dissatisfied with the course which discussions in COCOM has taken on the "no-exceptions" policy and on computers but they are showing some impatience at the lack of progress on process know-how and turn-key projects. My Secretary of State recognises the political and commercial interests involved both for Britain and our European partners but in view of the important defence implications he considers that we should discuss with the US their approach on turn-key projects in more detail. We understand that bilateral discussions with the Americans have been proposed, and Mr Pym hopes that these can be arranged soon.

P Lever Esq

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I, therefore, attach a copy of a draft letter from my Secretary of State to Dr Brown on which I should welcome your comments and comments from those to whom I am copying this letter.

I am sending a copy of this letter, the draft reply to Dr Brown and Dr Brown's own letter, to Michael Alexander (No 10), Stuart Hampson (Trade) Ian Ellison (Industry) and David Wright (Cabinet Office).

*Your sincerely
Jonathan Dawson*

(J D S DAWSON)

SECRET

THE SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

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10 JUL 1980

(Rec'd 25-7-80)

14/10

The Honorable Francis Pym
Secretary of State for Defence
Ministry of Defence
Main Building, Whitehall
London SW1A 2HB
England

Dear Francis,

(C) During our recent conversations, we have discussed some of the troublesome aspects of advanced technology sales to the Soviet Union. My primary concern centers on the security risks associated with such sales. It should be understood that I am not questioning the role or wisdom of general trade between the UK and the Soviet Union.

(S) I am concerned that we not permit the transfer of advanced technology that would help the Soviet Union to overcome our technological lead in areas where that lead is of significant military advantage to us. COCOM was established to deal with this problem, but I believe that the present COCOM restrictions need to be significantly tightened. That is the purpose of the proposals which the US now has before COCOM.

(S) We have proposed that COCOM members grant no exceptions for the export to the Soviet Union of technology that exceeds existing control restrictions. We have proposed that exports of general purpose computers be held at the technical levels agreed to in 1974-75 and restrictions on specialized computers and software be increased. We have also asked that proposed exports of "processing know-how" for militarily relevant industrial projects with foreign input of more than \$100 million be the subject of informal consultations in COCOM.

(S) I understand that your government has expressed some reservations concerning these US proposals. However, we should all realize that lack of concerted action in the face of the continued military Soviet buildup, as well as the appearance of allied disunity on a vital security issue, would be very undesirable.

(C) I strongly urge you to take a personal look at further restricting transfers along the lines of the US proposals, taking into account the crucial security purposes which these restrictions will serve. Please call upon me for any additional information you may require. If you can identify an appropriate person to work on this issue, I will have someone from my staff contact him. I am confident that with proper consultations, we can reach a strong and unified allied position on this issue. I would appreciate your sharing this letter with the Prime Minister and the Foreign Minister.

Sincerely,

Classified by Sec Def
Declassify on July 7, 1986

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Sec Def Cont Nr.

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DRAFT LETTER FROM THE SECRETARY OF STATE FOR DEFENCE
TO DR HAROLD BROWN

Thank you for your letter of 10th July on technology transfers to the Soviet Union. As you asked I have shown your letter to the Prime Minister and to the Foreign and Commonwealth Secretary.

✓ First, I should say that I share your concern about the implications of the increasing technological quality of Soviet military equipment. It is vitally important that the Soviet Union should not overtake the West's technological lead in those areas where that lead represents significant military advantage. I agree with you that our aim should be to avoid the transfer of advanced technology which would serve broad objective. ✓ The problem lies in translating that broad objective into specific measures which would be acceptable to COCOM as a whole.

In your letter you referred to the three main areas covered by the United State's proposals; I summarise below the United Kingdom's views on these points.

✓ First, together with our other COCOM partners we are participating in a "no exceptions" policy, although like you we think that there should continue to be a limited number of agreed exemptions. Second, a considerable body of evidence has now been accumulated in connection with the commercial and strategic factors affecting the release of computers and computer technology to the Soviet Union; this will need careful assessment to

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provide a basis for any change in the existing regulations.

Third, we accept that there is a prima facie case for examining more closely the additional capability which exports of "processing know-how" confer on Soviet industry, and the further constraints upon exports which would be needed to bring this under control. At the same time, I am bound to recognise the problems involved, including the commercial investment in programmes of this kind both here and in other European countries. I understand that you are considering how this last proposal might best be pursued. We, for our part, stand ready to explore it in more detail, either on its own or in conjunction with the other matters you have raised, and my officials and officials from the Foreign and Commonwealth Office are ready to participate in discussions with yours.

- 8 AUG 1980



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10 DOWNING STREET

From the Private Secretary

4 June 1980

Call by Dr. Harold Brown

I enclose a copy of the record of the conversation between the Prime Minister and Dr. Harold Brown which took place here on the afternoon of Monday 2 June.

I am sending copies of this letter and the complete record to George Walden (Foreign and Commonwealth Office) and David Wright (Cabinet Office); and with that section of the record dealing with COCOM, to Stuart Hampson (Department of Trade).

M. O'D. B. ALEXANDER

B.M. Norbury, Esq.,
Ministry of Defence.

SECRET



cc: FCO

10 DOWNING STREET

THE PRIME MINISTER

3 June 1980

Dear Mr. Brown.

I very much enjoyed our meeting yesterday and would like to apologise once again for keeping you waiting.

I am delighted with the beautiful book "The Great Book of Currier and Ives' America" and much look forward to being able to look at it properly during the next Parliamentary recess. It is a most generous gift.

With best wishes,

Yours sincerely
Margaret Thatcher

The Hon. Harold Brown.

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10 DOWNING STREET

MR. ALEXANDER

The Secretary of Defense,
Mr. Brown, left a beautiful
book - "The Great Book of
Currier and Ives' America".
Have you got anything else
you want to say to Brown or
shall I thank?

Please thank .

2 June 1980

*The Secretary of Defense
of the United States of America*

SECRET

Copied to: Master Set 3
Afghanistan sit
Defence G+CMS

RECORD OF MEETING BETWEEN THE PRIME MINISTER AND THE UNITED STATES SECRETARY OF DEFENSE AT 10 DOWNING STREET ON 2 JUNE 1980 AT 1630 HOURS

Present:

Prime Minister	Dr. Harold Brown
Foreign and Commonwealth Secretary	HE Mr. Kingman Brewster
Defence Secretary	Mr. David McGiffert
Sir Robert Armstrong	General Carl Smith
Mr. R.L. Wade-Gery	Assistant Secretary of Defense Mr. T. Ross
Mr. C.A. Whitmore	
Mr. M.O'D.B. Alexander	

Afghanistan and the Soviet Union

Dr. Brown said that Afghanistan was so important not because it was vital territory from the point of view of the United States or its allies, but because of what it might portend for the future. There had been an impressive Soviet build up in global terms since 1970. Despite the good response by the Alliance which the 3 per cent per annum defence improvement programme represented, the Russians now regarded themselves as militarily equivalent to the West or even superior. They might well be tempted to seek advantages from this state of affairs and therefore to contemplate further operations of the Afghanistan type. Actual military invasions were perhaps unlikely. The greater danger was of the Russians using their military power as an instrument for political intimidation. They were already having some success in this respect in the Moslem world. The Prime Minister said that the British Government fully agreed. One major danger was that world opinion might simply come to accept the Soviet presence in Afghanistan. The Soviet military build up was alarming not just in quantitative terms but also because of the great qualitative improvements which the Russians had been able to make. Dr. Brown said that one should not be too worried about improvements in the quality of Soviet equipment. Quantitatively the Russians had the advantage, as had always been the case. But in many areas the West still retained a big technological lead. On the other hand the Russians were helped by the fact that they tended to have two generations of military equipment for each single generation in the West. Moreover

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the Warsaw Pact equipment was always interoperable.

The Prime Minister asked about Soviet chemical and bacteriological weapons. Dr. Brown said that it was not clear that the Russians had used nerve gas in Afghanistan although they might well have enabled the Vietnamese to do so in Kampuchea. More generally, however, the Soviet lead in chemical weapons was alarming. The Americans own capability was obsolete; and the Alliance would suffer a big penalty in any conflict if they were the only side which had to operate in protective clothing. As regards bacteriological weapons, his own opinion was that the recent accident in the Soviet Union had probably originated with anthrax bacteria stored for military purposes. There was a certain amount of circumstantial evidence of this, although nothing could be proved.

Responses to Afghanistan

a. Military. Dr. Brown said that the Americans would be able to stand up to the Russians in South West Asia. They would have to spend \$30-40 billion or more over the next 5-6 years to improve their Rapid Deployment Forces. They would also be improving their forces in Europe and North East Asia, but not as rapidly as would otherwise have been the case. Hence the need for the Europeans and Japanese to contribute more in those areas. American public opinion was inclined to criticise the Allies for not doing enough. That was natural. European public opinion might well feel the same about the Americans. The Prime Minister said that Britain had no such feelings about the Americans. Dr. Brown acknowledged that Britain was a welcome exception in this respect.

b. Diego Garcia. Dr. Brown said that the United States Government needed very urgent permission from the British Government to indicate to Congress that the proposed American improvement plans for 1980 and 1981 were agreed between the two sides. The Prime Minister said that she was ready to give this permission. The British Government's attitude was that the security interests of the Americans were the same as the

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- 3 -

security interests of Britain and the West as a whole. For this reason the British Government were also well disposed towards the American proposals for more substantial expansion in Diego Garcia in 1982 - 1985. Negotiations on this subject should therefore proceed as planned. But it had to be recognised that the issue was already a very sensitive one in domestic and parliamentary terms in Britain, and that there would also be political problems vis-a-vis India and other countries in the area. The British Government's domestic problems over Diego Garcia were perhaps comparable to the United States Government's domestic political problems over the supply of weapons for the Royal Ulster Constabulary. The Foreign and Commonwealth Secretary said that it was unhelpful in terms of the British domestic situation for too much emphasis to be placed on Diego Garcia by American spokesmen e.g. the remarks by Mr. Warren Christopher the previous week. Dr. Brown agreed that too much publicity had been given to the United States ships carrying military equipment, which in practice moved between many different locations; their crews were civilian and their presence certainly did not turn Diego Garcia into a military base. The Prime Minister asked when the Americans wished to announce agreement on the 1982-1985 expansion programme. Dr. Brown said that this would not be necessary before the autumn. Mr. McGiffert commented that it was almost certain to leak sooner. The Foreign and Commonwealth Secretary said that the negotiations would need to cover not only the physical expansion of United States facilities, but also the arrangements for consultation on their use.

c. COCOM. Dr. Brown said that the Americans wished to see the controls on high technology exports to the Soviet Union tightened in three respects. First, the exceptions procedure should be suspended; the Germans seemed likely to be co-operative on this, although the French were being more difficult. Second, there should be tighter restrictions on computer technology; this was an area where the Russians

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/ were badly

-B.R.
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were badly behind, in the military as well as the civilian field. Third, new restrictions should be imposed in the field of process controls; American business men would not like this, but the fact remained that improvements in Soviet steel production, for example, enabled the Russians to build more tanks. In general, it was important for Defence Ministries and Foreign Ministries to be involved in COCOM policy as well as Ministries of Commerce. The Foreign and Commonwealth Secretary said that Britain agreed that the exceptions procedure should be suspended and would consider the other proposals. One difficulty might be if neutral countries such as Sweden and Switzerland were unwilling to co-operate. Japan might also be a problem. Dr. Brown thought that Japan would agree to suspend the exceptions procedure but might be more hesitant about controls on computer technology. The Foreign and Commonwealth Secretary asked whether the United States would be raising COCOM matters at the NATO meeting in Ankara. Dr. Brown said that he would consult Mr. Muskie about that. He himself would certainly be raising the subject with Chancellor Schmidt in the near future. The Prime Minister asked whether the Americans agreed that the Russians should not be provided with oil exploration technology, despite the argument that this would bring the Soviet Union on to the world oil market. Dr. Brown said his own view, with which not all his colleagues agreed, was that the West should sell the Russians tools for oil exploration but not the technology for manufacturing such tools. This would enable the Russians to achieve higher production but would create a situation in which maintenance of that production would depend on continuing Western goodwill. He did not wish to increase the temptation for the Russians to intervene in the Middle East.

d. Other measures. Dr. Brown referred briefly to restrictions on grain exports. The Americans believed that they had prevented the Russians meeting about half their current shortfall of 17 million tonnes. This would be a serious blow. But it was unlikely that the same success could be achieved

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next year when a better Soviet harvest was expected. As regards the Olympic Games, the boycott had clearly had some success. The United States Government understood that the British Government had done everything in their power to discourage British participation.

GLCM Basing

Answering a question from Dr. Brown the Prime Minister said that it would be politically impossible in Britain to have all the United States GLCMs based at Greenham Common. Hence the proposal for a second base, at Molesworth. The Defence Secretary said that the distribution between the two bases would probably need to be in the proportion of 6:4 rather than 7:3 as the Americans had proposed. The distribution should in any case not be made public. Dr. Brown said that the extra cost of having two bases rather than one would be \$17 million non-recurrent and \$3 million annually recurrent; or rather more if the distribution was 6:4 rather than 7:3. Since the argument for two bases was political rather than military, it would be very difficult to persuade Congress to approve this extra money. The Prime Minister said that the British Government welcomed the basing of United States GLCMs in Britain, which would be an important part of the defences of the free world, but they did not feel they could contribute to the cost of basing. Two bases would surely have military as well as political advantages over one base. It was in any case in American interests that political criticism in Britain should be minimised. The members of Congress, who were themselves politicians, could surely be persuaded to recognise a domestic political imperative. They should also be urged to bear in mind the rapidity with which, at a crucial moment, Britain had agreed to accept an extra flight of GLCMs and, more generally, the very large amounts of United States military equipment which Britain purchased.

Polaris Replacement (This part of the discussion has been recorded separately; the record has been retained by the Secretary of the Cabinet.)

SECRET

3 June 1980

Def (Release) Pt 2 SECRET

This is a copy. The original has been extracted and closed, 60 years.



Foreign and Commonwealth Office

London SW1A 2AH

30 May 1980

Dear Michael,

Visit of US Defense Secretary: Diego Garcia

I understand that when Dr Harold Brown sees the Prime Minister on 2 June he will want to discuss Diego Garcia among other matters. He has already raised the US expansion programme with Lord Carrington on 5 May in Washington and with Mr Pym in Brussels on 12 May. The Prime Minister may wish to be aware of the considerations which have shaped the enclosed brief.

The Americans are asking for three things:

- a. some additions to the immediate expansion plan for FY 1980 and 1981 which we approved earlier this year;
- b. a further large scale programme for FY 1982-85;
- c. amendment to the secret understanding about the circumstances in which joint decision on use of Diego is needed.

Lord Carrington agreed in February to modest American proposals for improvements on Diego in FY 1980-81. The Americans were told of our consent. He had also considered and agreed the additions to those proposals (a. above) when the Tehran rescue attempt supervened. In the aftermath of that we delayed telling the Americans of our agreement to the additions. But Dr Brown is pressing us hard for early clearance so that the necessary funds can be sought from Congress. As these additions are an essential part of the new construction which we cleared earlier this year, the Prime Minister could take the opportunity of Dr Brown's call to say that we have no objection to the amendments to the 1980 and 1981 programme and are content for the Americans to tell Congress so.

The proposals for 1982-85 (b. above) are altogether different. They would alter the character of Diego Garcia. We could hardly maintain the line, used hitherto, that the island is used only as a naval support facility and not as a base. If these major proposals are implemented, we can expect a strong reaction from littoral and other states. There may also be parliamentary criticism. On the other

/hand

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hand, it is clear that if the Americans are to be credible in their role of guardian of Western interests in the Gulf and North West Indian Ocean, they must have the facilities necessary to introduce large forces into the area. Diego Garcia is a vital element in their ability to do so, and we should meet the US requests as far as we can. We do not underestimate the considerable domestic and international difficulties which the American proposals pose for us. In any case there are other reasons why this may not be the moment to give formal clearance. But the Prime Minister, whilst making the difficulties clear, could nevertheless indicate that we are well disposed towards the latest proposals.

Perhaps the most difficult American proposal to handle is that about joint decision on use (c. over). (Please see the essential facts in the brief, paragraph 4c.) The present position is ambiguous. Not only is the published 1976 Agreement vague on the point, but our secret understanding with the Americans about the circumstances in which joint decision should apply is not sufficiently definitive. *

* There would be some attraction in having arrangements which did not oblige the Americans to consult us about operational use. We might not then be held so responsible for anything like the Iran rescue operation. But to achieve this, the published Agreement itself would need to be amended. This would be bound to lead to a major parliamentary row. We should be accused of abdicating our responsibilities. Diego Garcia is British territory. HMG will continue to be held accountable for its use both in Parliament and internationally. Ministers would still have to defend actions about which they had not been consulted. This is one reason why the idea of leasing the island to the Americans has also been discarded.

The alternative course is to have an understanding with the Americans, on the lines they have proposed, to which Ministers could if necessary refer in public. The published 1976 Agreement would not itself be changed. The understanding would set out what we and the Americans agree is meant by the vague wording on joint decision in the published Agreement. To be effective and avoid any question of HMG having surrendered its rights, the understanding would need to specify clearly the meaning of 'support for combat operations'. Such a course could be criticised on grounds that the range of consultation was too narrow. But it would be defensible in Parliament. It should also allow Ministers to weigh all the consequences of

~ Passage deleted and closed, 40 years, /use
under a FOI Exemption.

Wayland
1 July 2010



use for a particular operation, including the possibility of withholding their approval, and the decisions to be defended would have been made by Ministers themselves. What the Americans have proposed is on the right lines. The language needs to be made more watertight. If the Prime Minister agrees, Dr Brown could be so informed and officials could pursue the proposal for a new Understanding on these lines when they meet US officials in Washington on 13 June.

In the context of their Diego Garcia and Indian Ocean requirements, the Americans have also asked whether they could use the UK as a staging post for moving US forces to that area in an emergency. We have had some preliminary exchanges with US experts about what such movements would involve. Provided the Prime Minister and Mr Pym see no objection, we could now agree to pursue these talks in greater detail on the understanding that we are in principle willing to see airfields in this country used in this way, subject always to political decision at the time.

I am copying this letter to the Private Secretary to the Defence Secretary and the Private Secretary to Sir R Armstrong.

(Lord Carrington did not see this letter before despatch.)

(G G H Walden)
Private Secretary

M O'D B Alexander Esq
10 Downing Street



SECRET

PRIME MINISTER'S MEETING WITH MR HAROLD BROWN:

2 JUNE 1980

DIEGO GARCIA

POINTS TO MAKE

1. We want to be helpful. Understand importance you attach to using Diego Garcia.
2. Considerable Parliamentary interest here following speculation about use of Diego Garcia for the Iran operation. We face increasing criticism both over role of Diego Garcia as a major base and over arrangements for consultation. Also penalty to be paid in our relations with third world.
3. Further expansion programme for 1982-85 represents very big commitment for UK as well as US. In principle we are prepared to accept the political costs as part of our contribution to the wider Anglo-US defence effort.
But not yet ready for you to tell Congress that the 1982-85 plan has been cleared with us.
4. Officials are due to meet on 13 June. Your proposal to up-date understanding on joint use is on right lines. Details can be sorted out between officials.
5. Glad to confirm one request which you asked us to clear even before the June 13 talks. We can agree straightaway to the 1980-81 additions to the programme whose main points we approved earlier this year.

INDIAN OCEAN STRATEGY

6. We support your efforts to obtain facilities in Oman, Kenya and Somalia. Sure you are right to plan on keeping low profile.

/7.

SECRET



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7. As well as helping over Diego Garcia, we shall continue to deploy naval forces from time to time. Also exercise UK forces in e.g. Oman and Kenya and provide training for local forces.

8. Now looking at ways of re-organising our forces to provide an improved intervention capability for use alone or with allies.

STAGING THROUGH UK

9. Note your interest in possible use of airfields in UK for movement of US forces to the Gulf and Indian Ocean in a crisis. Content for officials to pursue technical studies (e.g. fuel requirements) to ease the way for political decision if the need ever arose.

ESSENTIAL FACTS

DIEGO GARCIA

1. The use of Diego Garcia by the Americans is governed by published Agreements of 1966 and 1976.

2. The existing facilities are:
 - naval radio station
 - 12,000 foot runway
 - anchorage for 12 ships
 - accommodation for 1,000 men
 - a pier
 - warehouses

3. In February we agreed to American proposals for improvements costing \$143.1 million in FY 1980 and 1981. These improvements are:
 - enhanced water supply
 - new aircraft taxiway and more aircraft parking space
 - increased fuel storage
 - a pier for roll on/roll off ships

4. In April the Americans put three further proposals to us:
 - a) additions costing \$136.1 million to the February approved proposals covering:
 - permanent housing for a further 1,000 men
 - increased ammunition storage
 - general purpose wharf and transit sheds
 - small craft berthing
 - extra cold storage facilities
 - improved water and other utilities
 - helicopter pad
 - roads.

b) Major proposals costing \$1.14 billion in FY 1982-85 covering:i. Utility improvements

bigger power plant, electricity distribution system,
telephone lines, roads and sewers

additional permanent housing,
expanded dining, recreation, medical and cold storage
facilities

Support for Carrier battle group

moorings for 10 pre-positioned maritime support
vessels

bigger general purpose wharf, sheds, marine railway
and warehousing

ii. Naval support facilities

storage and maintenance facilities

vehicle maintenance facilities

warehousing and wharf complex

increased fuel storage and distribution system

iii. Rapid Deployment Force Support

ammunition storage for 50,000 tons

self contained bivouac accommodation area for 4,500
men

training areas and firing ranges

iv. Airfield

runway and support facilities upgraded to B52
standard

Total additional area needed 2,000 acres. (There are at
present 3,500 acres outside the specified American area.)

/...

c) Amendment of the Secret Memorandum of Understanding on
Joint Decisions

The published 1976 Agreement says: "As regards the use of the facility in normal circumstances, the Commanding Officer and the officer in charge of the UK Service element shall inform each other of intended movements of ships and aircraft. In other circumstances the use of the facility shall be a matter for the joint decision of the two governments." (para. 3)

*Passage deleted and closed, 60 years,
under a FOI Exemption.*

*Wayland
1 July 2010*

US Plans in Indian Ocean

5. Post Afghanistan and Iran, the Americans see a need to provide themselves with a network of facilities which they can use to put troops into the Gulf/Indian Ocean area.

6. Diego Garcia is one main element but is distant from the Gulf. They have therefore sought naval and airfield facilities also from Oman, Kenya and Somalia. In Oman the Americans want use of an improved air base at Masirah at which they would station up to 100 technicians. In addition they want access to ports and bunkering and anchorage for 30-45 day pre-positioning ships. Despite the embarrassment caused to the Sultan by Americans use of Masirah for their hostage rescue attempt without Omani knowledge, the negotiations are now going smoothly. The Omanis are looking for some \$550m in arms and economic aid. In Kenya where negotiations are concluded the Americans expect to station a 15 man team at Mombasa where they will have facilities for ship visits and P3 reconnaissance flights. The Kenyans have not sought any substantial payment.

In Somalia negotiations are stalled. The Somali demands are too high. If agreement is reached, the Americans would have access to the air and naval facilities at Berbera and Mogadishu.

An American defence commitment is implicit in the arrangements for all three countries. The Americans are also believed to have sought port and airfield facilities in Djibuti using French good offices.

/...

Use of US Bases in UK

7. In addition to facilities at Diego Garcia and in Oman, Kenya and Somalia, the Americans need guaranteed access routes from the US to the area. They are seeking a route through the Pacific (via Japan, Thailand, Philippines and Singapore) but would prefer a route through Europe. They have approached the UK, Spain, France and Portugal for an assurance of overflight rights and use of bases.

8. Technical talks between Pentagon and MOD experts on what would be implied for US bases here were held in London on 7 May. The American plan would involve the transit through the UK of (in a worst case) $2\frac{1}{2}$ divisions of troops, 15 tactical aircraft squadrons and 12 fighter squadrons. These would require 74 flying days and an uptake in UK of 135 million US gallons of aviation fuel. Our experts believe the plan is feasible. But there are problems particularly of fuel requirements. The US bases alone could not contain the aircraft flow. Use would also need to be made of RAF Brize Norton and for civil support flights of Stansted and Prestwick. Further study is required especially on a solution to the fuel problem, provided it is accepted that US forces moving to the Indian Ocean could in principle transit the UK, subject to clearance in the circumstances at the time.

SECRET



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~3307822~~ 218 2111/3

MO 14/2

30th May 1980

Dear Mike,

CALL ON PRIME MINISTER BY DR HAROLD BROWN

/ In response to your letter of 28th May, I enclose the MOD contribution to the briefing for the Prime Minister's meeting with the US Secretary of Defense on Monday 2nd June (which my Secretary of State will be attending).

The briefing is in two parts:

- a. Defence relations with the United States post Afghanistan;
- b. GLCM basing in the UK.

As regards the latter my Secretary of State would plan, if the Prime Minister can by early on Monday signify her agreement to the proposals in his minute of 28th May, to let Dr Brown have a letter on Monday morning which the Prime Minister might refer to in general terms at her meeting, leaving any detailed points to be pursued, if necessary, between Dr Brown and my Secretary of State. *with PM separately.*

Copies of this letter and the briefs go to George Walden (FCO) and David Wright (Cabinet Office).

Yours ever,
Brian Norbury

(B M NORBURY)

M A Pattison Esq

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CALL ON THE PRIME MINISTER BY US DEFENSE SECRETARY : 2 JUNE 1980

DEFENCE RELATIONS WITH THE UNITED STATES POST-AFGHANISTAN

Objective

To assure the Americans that we fully support their efforts to respond to the changed strategic situation following recent events in South West Asia, drawing attention to our own commitment to defence and promising to play a full part in ensuring firm collective Western action.

Points to Make

1. Accept the need to show Western resolve to the Russians.
2. Appreciate American willingness to take on main burden of promoting Western security interest in South West Asia while retaining full commitment to Europe.
3. Support American efforts to respond to changed strategic situation.
4. Clearly appropriate that European Allies pull their proper weight in NATO. Important to share the burden of defence with the United States. UK will play full part in this within the framework of the 3% growth in defence spending.
5. UK's main contribution will continue to be within Europe. But we shall also do what we can to help outside the NATO area, where we can capitalise on our historic links and experience. Much scope for US/UK efforts out-of-area to complement and

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support each other; we are discussing in helpful spirit specific
US requests for use of facilities etc. [On Diego Garcia there
is a separate brief.]

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CALL ON THE PRIME MINISTER BY US DEFENSE SECRETARY : 2 JUNE 1980

DEFENCE RELATIONS WITH THE UNITED STATES POST-AFGHANISTAN

Background

1. In response to the changed strategic situation in South West Asia resulting from the Soviet invasion of Afghanistan the United State has embarked on a 3-4 year programme to enhance its inter-vention capability outside NATO. This involves: assigning a wide range of units to a US-based Rapid Deployment Force (RDF); improving airlift; storing equipment locally on shore and on "pre-positioned" ships; seeking staging and support (as well as storage) facilities in local states (Oman, Somalia, Kenya) combined with greater military assistance to these states; and improving access to/quality of existing facilities provided by Allies. The level of naval/marine deployments to the Indian Ocean is being stepped up and air and land force exercises in the area are also envisaged.

2. The Americans have also sought to persuade the NATO Allies to improve their own defence efforts; specifically they have called for a better response to the aim of 3% real increases in defence spending and to the Long Term Defence Programme (LTDP) and they have additionally put forward a two-phased plan for NATO. Phase I, which was endorsed by Alliance Ministers at the Defence Planning Committee earlier in May, calls for the acceleration within the next 12 months of selected measures already in defence plans. Phase II, which will be put forward for Ministerial agreement next December, involves studies into longer term measures. It will ask Allies to assist the US directly in South West Asia

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where possible and, more specifically, to "take up the slack" in Europe created by the earmarking of US reinforcement forces for deployment elsewhere. A separate, but connected issue is what the Americans term the "Transatlantic Bargain". The US intends to increase its reinforcements and accelerate their movement to Europe; but this is dependent upon the provision of considerable host nation support. Post-Afghanistan, because of the diversion of US resources into the RDF, even greater European assistance will be required, for example in providing airlift for US forces.

3. Current UK standing in NATO is high. We are meeting the 3% aim and supporting the LTDP. We have co-operated on the Phase I measures and promised support for Phase II measures within Europe designed to compensate for the reorientation of US forces to South West Asia, although there will be considerable difficulties in funding the measures likely to be proposed by the Americans. This added to our national contribution (and assistance to US efforts) outside the NATO area should allow us to argue that the UK is taking its full share of the burden.

4. Outside the NATO area the UK has reaffirmed willingness to contribute at 3 levels (in addition to maintenance of national defence commitments eg Cyprus): bilateral training/military assistance/sales to local states (eg Loan Service Personnel in Gulf); temporary deployments (eg RN Task Group visiting Gulf/Indian Ocean/Far East and exercises by RAF and Army units in Gulf during 1980); and some enhancement of our own capability for short-notice intervention (airlift improvements already

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underway, other modest measures still under study). UK also possesses facilities of key importance to US's own plans: notably at Diego Garcia Island on which there is a separate brief.7

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USE OF FACILITIES IN THE UK FOR RAPID DEPLOYMENT FORCE (RDF)

1. During official level UK/US talks on the Indian Ocean the US side raised the possibility of using UK facilities for staging a substantial part of the RDF to the Gulf region; and, recognising that the use of such facilities, including existing USAF bases, would require HMG's prior agreement, asked what degree of assurance could be given in advance that agreement might be forthcoming. As a first step it was agreed that military staffs should study the feasibility of such staging on a 'without-commitment' basis, the outcome to be reported to the next round of talks planned to take place on 12 June 1980.

2. This study has now been done and the MOD conclusions circulated to FCO for initial reaction. In broad terms the US plan is to stage at most 2½ Army divisions and 15 squadrons of tactical aircraft through the UK. The conclusion is that this is feasible, using USAF, some RAF and one or two civil airfields, subject to certain provisos the most important being:-

(a) that such an operation was not concurrent with any heightening of tension in NATO with its implications for US reinforcement of Europe (in any case the US would have insufficient resources to sustain two such operations simultaneously);

(b) an airlift on this scale would seriously deplete UK military and civil aviation fuel reserves. Measures therefore would be

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required to replenish these stocks; preferably by the prior provision of US fuel either in crude or finished form.

3. The above conclusions have not yet been made available in full to the US authorities, nor formally submitted to Ministers in the FCO and MOD in connection with the US political request for prior assurances of access.

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BASING OF US GROUND LAUNCHED CRUISE
MISSILES IN THE UK

Line to Take

HMG has carefully considered Dr Brown's letter of early April about cruise missile basing. For the domestic political reasons which the Secretary of State for Defence had already explained to Dr Brown they consider that some spreading of the load was essential. They appreciate that multiple basing would involve somewhat greater costs than one, but consider that it would be very difficult to justify an additional direct burden of expenditure in respect of GLCMs, bearing in mind the contribution to GLCM basing costs which the UK would be making through infrastructure funds.

2. As a compromise, however, in view of the additional costs which multiple basing would involve, the Government is prepared to limit its requirement for cruise missiles to be deployed to two bases instead of three. This will entail a significant price in terms of domestic political difficulty.

3. The Secretary of State for Defence will be handing over a letter to Dr Brown. The Prime Minister hopes that this might form the basis for moving rapidly towards a public announcement of the sites chosen within the next week or so.

Background

4. The latest views of the US Government on the deployment of cruise missiles in the UK are contained in a letter from Secretary Brown which was relayed to the Secretary of State for Defence on



2nd April 1980. In it he stated that they had no objection in principle to the concept of multiple basing, which the Secretary of State for Defence had previously told him he considered necessary on domestic political grounds. Dr Brown wished it to be recognised, however, that each additional base would result in higher capital and running costs, and he would therefore look to HMG to meet the excess over the costs of a single base. The US preference was for one base which in their view should be at Greenham Common. If there were two they should be at Greenham Common and Molesworth; and if three bases, these two together with RAF Wethersfield.

5. At a meeting of OD on 15th May 1980 the Secretary of State proposed that the Government should as a compromise accept two bases in place of the three it had formerly sought, but should decline to offer a financial contribution to the extra costs of having two bases. He proposed that the Americans' preferred bases - Greenham Common and Molesworth - should be accepted. The Committee agreed that negotiations should take place on this basis, but expressed the view that the missiles should be spread over as wide a geographical area as possible and that for political reasons Greenham Common should if possible be avoided.

6. On 29th May the Secretary of State for Defence minuted the Prime Minister and OD colleagues to say that he had examined the alternatives to Greenham Common but had been unable to find any that was satisfactory; he advised that there was no alternative, therefore, to accepting the American proposal of Greenham Common and Molesworth. If the Prime Minister agrees, it is intended that he should give Dr Brown a letter which opts for two sites, accepts Molesworth and Greenham Common, but declines a special financial contribution to cover the incremental costs of multiple basing.

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Foreign and Commonwealth Office

London SW1A 2AH

30 May 1980

Dear Mike,

Visit by the US Secretary of
Defence

You sent me a copy of your letter of 28 May about Dr Brown's call on the Prime Minister at 4.00 pm on Monday 2 June.

/ I attach briefs on the following subjects:

East/West Relations

COCOM: Control of strategic exports to
the Soviet Union

US Defence Relations with China

Iran Sanctions

US Defence Stance: The Public Mood

Personality Note: Dr Harold Brown, United
States Secretary of Defence

/ In addition, I attach a copy of a letter dated 23 May from Sir N Henderson which provides additional briefing material on American defence thinking.

| I am sending you a separate letter and brief on Diego Garcia and related matters. *Attached - Flag A*

*Yours Ever,
Meredith Adams*

P.P. (P Lever)
Private Secretary

M A Pattison Esq
10 Downing Street
London

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BRIEFS FOR VISIT BY THE US SECRETARY OF DEFENCE.

- A. East/West Relations
- B. COCOM : Control of strategic exports to the Soviet Union.
- C. US Defence relations with China.
- D. Iran Sanctions.
- E. US Defence stance : The public mood.
- F. Personality Note : Mr Harold Brown, United States Secretary of Defence.
- G. Sir N Henderson's letter of 23 May to Sir A Acland entitled 'The Arc of Crisis : US Defence Policy.'



PRIME MINISTER'S MEETING WITH MR HAROLD BROWN: 2 JUNE 1980

EAST/WEST RELATIONS

POINTS TO MAKE

1. Afghanistan highlighted problems arising from Russians' limited version of detente, and their campaign to expand their influence and change the balance of power. But they are still cautious about direct confrontation with the West.
2. Soviet threat in third world challenges our interests. Considering how to deal with it. Our thinking still evolving but following its general direction.
3. Need to restore cohesion of West, improve existing arrangements for consultation and bring in Japanese and Australasians.
4. Need to improve north/south relationship and seek solutions to problems which worry third world.
5. In addition, we should review scope for economic and other pressure on Russians, develop long-range intervention capabilities, improve arrangements for military assistance in third world, review machinery for countering Soviet propaganda, develop links with third world political organisations.
6. We are already working on some of these. However, UK has limited resources available. Therefore joint effort needed.
7. In meantime, we are not prepared to return to normal business with Russians until they withdraw from Afghanistan.
8. Not clear whether Brezhnev's speech of 27 May was change of substance on timing of withdrawal or just presentation. The Russians may be looking for a way out, possibly seeking to withdraw their troops provided they can leave behind a puppet regime. No sign that they are preparing for early withdrawal. We should test seriousness of Soviet position by asking questions about their intentions.
9. We should seek to restrain any move by e.g. Islamic countries into a precipitate conference. Signs are however that Islamic countries will insist on assurances about a Soviet withdrawal before being drawn into negotiations.

ESSENTIAL FACTS

1. Points to make are a distillation of the draft paper for OD on The Management of East-West Relations. This cannot yet be presented as Government policy, but gist could be given to Mr Brown as indication of how our thinking is moving. Point about scarcity of our resources will not be lost on Americans.

2. In a speech on 27 May Brezhnev said that the timescale for beginning the withdrawal of Soviet troops from Afghanistan could be decided in the context of the settlement proposed by the Afghan regime (i.e. bilateral agreements with Pakistan and Iran) and taking into account the appropriate international guarantees of the ending and non-resumption of all forms of outside intervention. This may be no more than an attempt to be seen to be ready to be flexible. Other recent authoritative Soviet statements have emphasised that withdrawal could be discussed only after outside intervention has ceased.



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PRIME MINISTER'S TALKS WITH MR HAROLD BROWN: 2 JUNE 1980

SUPPLEMENTARY BRIEF

COCOM: DEFENCE SALES TO CHINA

POINTS TO MAKE (DEFENSIVE):

US Proposal for a COCOM Differential in favour of China

1. We are still studying. Proposal takes some account of our requirements but we may have modifications to propose. Our officials will let you have our views fairly soon.

2 June 1980

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PRIME MINISTER'S MEETING WITH MR HAROLD BROWN, 2 JUNE 1980

COCOM: CONTROL OF STRATEGIC EXPORTS TO THE SOVIET UNION

POINTS TO MAKE

1. We are working hard on the proposals which you submitted to COCOM on 18 March. We have already expressed our views on quite a lot of points.
2. We are worried about the absence of a forum in which all concerned might reach agreement on the general framework for a post-Afghanistan regime of controls. You seem to favour the use of NATO as such a forum. But we wonder whether this will do. The French may not like the idea and the Japanese would not be present.
3. Can some other mechanism not be found? One idea which has occurred to us is that there should be a meeting of all COCOM countries at a political (but not Ministerial) level. Such a meeting would have the capacity to produce the framework which is needed, but would not need to attract undesirable publicity.

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ESSENTIAL FACTS

1. COCOM is currently discussing a package of proposals which the Americans submitted on 18 March. Progress has been slow, reflecting both the cumbersome nature of COCOM procedures and the fact that no suitable forum has yet been found in which to reach general agreement on the framework for a post-Afghanistan regime of controls.
2. Repeated British efforts at senior official level to promote the coordination of policy among the Nine have so far been unsuccessful.
3. We believe that the Americans aim to have technology controls on the agenda for the North Atlantic Council meeting in Ankara (25/26 June). Mr Brown raised the issue in the Defence Policy Committee on 13/14 May, paving the way. But the French do not belong to the Defence Policy Committee and might be unwilling to discuss the subject at Ankara. The Japanese would not of course be present.
4. The Foreign and Commonwealth Secretary discussed COCOM with Mr Brown in Washington on 5 May. Mr Brown seemed satisfied with the support given for the American proposals by the UK.

US PROPOSALS

5. These consist of:
 - a. a 'no exceptions' policy (with certain exemptions, eg for items essential to health, public safety and security);
 - b. a further review of COCOM's three lists, to widen the scope of the present embargo and close outstanding loopholes;
 - c. the resubmission of earlier (pre-Afghanistan) American proposals for extending the embargo on the export of computers;

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- d. an extension of the embargo to include processing plant for turnkey projects over \$100 million. H

ITEM A IN THE PACKAGE: A 'NO EXCEPTIONS' POLICY

6. This would prevent the export to the USSR of all embargoed equipment and technology, with some exemptions. The American ideas for exemptions are reasonable, but several COCOM countries, including the UK, have some additions to make.

7. Pending agreement on this, the Americans are imposing a veto on all exceptions. Most member countries, including the UK, have acquiesced in this and are not submitting exceptions cases to COCOM. The present position is unsatisfactory because it allows for no exemptions at all.

REMAINDER OF THE PACKAGE

8. Agreement on the other proposals will be difficult. Discussion started in COCOM on 12 May. The resubmitted American proposals on computers, in which the UK has a considerable interest, were rejected last year on the grounds that they favoured American commercial interests and are therefore suspect.

9. The American proposal on turnkey projects also presents difficulties. Such projects are not 'strategic' in character under the definition of this term as used in COCOM. Moreover, the proposal would hit capital goods business with the Soviet Union. This would cause us considerable difficulty; and even more to the French and the Germans, who have invested heavily in this field. There is little chance of agreement in COCOM that complete projects should be subject to the veto of one member.

Trade Relations and Exports Department

30 May 1980

PRIME MINISTER'S MEETING WITH MR HAROLD BROWN : 2 JUNE 1980

US DEFENCE RELATIONS WITH CHINA : BACKGROUND NOTE

1. The Soviet invasion of Afghanistan prompted an acceleration in the development of Sino/US relations, particularly in the military field.
2. Mr Harold Brown's visit to China in January (during which he met Premier Hua Guofeng, Vice Premiers Deng Xiaoping and Geng Biao and Foreign Minister Huang Hua) was arranged long before. But it acquired much greater significance in the light of the invasion, and was exploited by the Americans to play on Soviet apprehensions of China and the possibility of closer Sino/US links. It marked the end of even-handedness in the US Government's dealings with the Soviet Union and China, and inaugurated Sino/US moves towards cooperation in shoring up areas in Asia particularly exposed to Soviet or Soviet-supported threats.
3. After the visit, the Americans announced their readiness to approve supply to China of dual purpose technology, including Landsat B, and 'carefully selected items of support equipment' such as communications gear, and early warning radar. (This was paralleled in the commercial field by the granting of MFN treatment to China.) Three official groups were set up to discuss exchanges of military delegations, arms control and the transfer of military technology. We have no information on their

/discussions

discussions, but a wide range of defence related sales are under negotiation. A Chinese Deputy Chief of General Staff is currently on an extended visit to the United States, seeing military installations, armaments etc. The Americans have proposed modifications to COCOM procedures for sales to China, but these will need considerable broadening to meet our own requirements.

4. The Americans demonstrated their interest in further improving both political and strategic cooperation, by the nature and level of their reception of Vice Foreign Minister Zhang Wenjin in March. His programme included meetings with the Vice President, Mr Vance and Mr Brzezinski; a tour of a US warship and intelligence briefing in Cincpac's operations room in Honolulu; and a top secret intelligence briefing in Washington on Afghanistan.

5. Vice Premier Geng Biao's visit from 25 May (which included a call on President Carter) kept up the momentum. (Geng, an ex-general and experienced diplomat, has overall responsibility for defence matters, and at 71 is one of the most active of the older Chinese leaders.) We do not yet have a full report. But the discussions probably concentrated on possible Sino/US political and strategic cooperation, particularly over Afghanistan, and including military support for Pakistan (it has been suggested that American supplies might be routed through China); and a review of the work of the three groups set up after Secretary Brown's visit, particularly on arms technology transfer.

/Mr Brown

Mr Brown is reported to have announced that the US Government will approve supply to, and in some cases licensed manufacture in, China of a wide range of support equipment, including helicopters and transport aircraft; but to have reiterated that there was no question of a military alliance, or supply of weapons.

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ESSENTIAL FACTS

C. CHINA: DEFENCE SALES

1. The Americans have proposed to COCOM that sales to China of items on all three COCOM lists (Industrial, Atomic Energy and Munitions) be treated more favourably than sales to Warsaw Pact countries.
2. Proposal reflects American wish, post-Afghanistan, to sell defence-related equipment (but not weapons) to China. Also seems to be designed to take some account of our wish to sell defence equipment, including weapons. But our proposed sales could be vetoed by any COCOM partner who took a more restrictive view than we or the Americans. Some proposed sales, eg destroyer re-fit and air-to-air missiles, agreed in principle by Ministers, may attract such veto.
3. We are considering how to adapt the proposal to our needs. We are making arrangements to consult key COCOM partners.
4. Following Vice-Premier Geng Biao's visit to the United States Mr Brown announced plans to sell equipment to improve Chinese air defence and communications and the mobility of Chinese forces. (Details are in the attached telegram). The wide range of this equipment may encourage the Americans to show flexibility about modifications to their own proposal.

2 June 1980

Trade Relations and Exports Department
Foreign and Commonwealth Office

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GR 500

C. T. R. E. (Mr. Palmer)

J. S. 13 (Mr. Smith)

Air - sea missile (Team?)

India (Sea) part - (Wolf) - (Ch. team p.s.)

Swing fire - anti tank missile.

John Weston

UNCLASSIFIED

FM WASHINGTON 301555Z MAY 80

TO PRIORITY FCO

TELEGRAM NUMBER 2059 OF 30 MAY

INFO ROUTINE PEKING, UKDEL NATC, MOSCOW, TOKYO, HONG KONG,

PARIS, BONN,

INFO SAVING DELHI, ISLAMABAD.

GENG BIAO'S VISIT TO THE U.S.

FOLLOWING ARE MAIN POINTS FROM AN ARTICLE IN TODAY'S BALTIMORE SUN, WHICH IS TYPICAL OF EAST COAST PRESS COVERAGE OF THE VISIT.

U.S. REVEALS PLAN TO SELL MILITARY EQUIPMENT TO CHINA.

- (A) UNITED STATES ANNOUNCED PLANS YESTERDAY FOR SELLING CHINA A RANGE OF BATTLEFIELD AND OTHER MILITARY EQUIPMENT TO IMPROVE THE AIR DEFENSES, COMMUNICATIONS AND MOBILITY OF THE CHINESE FORCES.
- (B) THE AMERICANS AND THE CHINESE, MR BROWN SAID, SHOWED IN THEIR CONFERENCE THAT THEY CONTINUED TO HOLD SIMILAR VIEWS OF THE QUOTE GEOSTRATEGIC SITUATION UNQUOTE IN MOST PARTS OF THE WORLD. THIS WAS A REFERENCE TO THE TWO NATIONS' CONDEMNATION OF SOVIET AND VIETNAMESE AGGRESSION IN AFGHANISTAN AND CAMBODIA, AND TO THEIR SUPPORT FOR THE WESTERN ALLIANCE AND FOR STABILITY ON THE KOREAN PENINSULA.
- (C) SUBJECT TO DETAILS TO BE WORKED OUT BY CHINESE AUTHORITIES AND AMERICAN MANUFACTURERS, SECRETARY BROWN ANNOUNCED APPROVAL OF EXPORT LICENSE APPLICATIONS FOR:
- TACTICAL AIR DEFENSE RADAR SETS, WHICH OFFICIALS SAID WOULD BE MOBILE AND SUITABLE FOR BATTLEFIELD USE.
 - TRANSPORT HELICOPTERS, WHICH COULD IMPROVE THE BATTLEFIELD MOBILITY OF CHINESE ARMY FORCES.
 - EQUIPMENT FOR TESTING JET ENGINES.
 - TRUCK TRACTORS FOR MOVING HEAVY EQUIPMENT.
 - AN ANTENNA TO BE USED WITH AN EARLY-WARNING RADAR INSTALLATION BEING PROVIDED BY ANOTHER, UNSPECIFIED COUNTRY.
 - TROPOSPHERIC COMMUNICATIONS EQUIPMENT FOR LONG-DISTANCE COMMUNICATIONS IN WHICH WAVES ARE BOUNCED OFF THE TROPOSPHERE.
 - TACTICAL RADIOS.
 - TRANSPORT AIRCRAFT.
 - COUNTERMEASURE DEVICES FOR BLOTTING OUT ENEMY RADAR, SUCH AS FLARES AND ELECTRONIC CHAFF.
- THE OFFICIALS DID SAY THAT HUNDREDS OF MILLIONS OF DOLLARS QUOTE CLEARLY UNQUOTE WOULD BE INVOLVED.

/C) BESIDES

(D) BESIDES THE MILITARY EQUIPMENT, MR BROWN ANNOUNCED APPROVAL OF EXPORT LICENSE APPLICATIONS FOR CERTAIN DUAL-USE (CIVILIAN AND MILITARY) ITEMS. THESE WOULD INCLUDE SETTING UP FACILITIES IN CHINA TO ASSEMBLE INTEGRATED CIRCUITS FOR COMPUTERS AND TO MANUFACTURE CIVILIAN TRANSPORT HELICOPTERS. THE SALE OF CERTAIN EQUIPMENT FOR USE IN CHINESE PETROCHEMICAL AND METAL-REFINING OPERATIONS ALSO WAS APPROVED.

(E) SECRETARY BROWN SEEMED LESS THAN ENTHUSIASTIC WHEN THE TOP CHINESE DEFENSE OFFICIAL SAID HE DID NOT THINK HE COULD BUY U.S. WEAPONS NOW, QUOTE BUT I BELIEVE THERE MIGHT BE SUCH A POSSIBILITY IN THE FUTURE UNQUOTE.

(F) WILLIAM J. PERRY, UNDER SECRETARY OF DEFENSE FOR RESEARCH AND ENGINEERING, AND GERALD P. DINNEEN, ASSISTANT SECRETARY FOR COMMUNICATIONS AND INTELLIGENCE, WILL VISIT PEKING SOON. THE CHINESE ARMY WILL SEND A TEAM HERE IN THE FALL TO STUDY MILITARY LOGISTICS.

(G) VICE PREMIER GENG, HAVING MET HERE WITH PRESIDENT CARTER, SECRETARY OF STATE EDMUND S. MUSKIE AND OTHER TOP OFFICIALS, AS WELL AS WITH MR BROWN, WAS TO LEAVE TODAY ON A VISIT TO U.S. MILITARY AND INDUSTRIAL FACILITIES.

FCO PASS SAVING DELHI AND ISLAMABAD.

HENDERSON [COPIES SENT TO NO 10 DOWNING ST]

DEPARTMENTAL DISTN. [REPEATED AS REQUESTED]

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CABINET OFFICE

PRIME MINISTER'S MEETING WITH MR HAROLD BROWN: 2 JUNE 1980

IRAN SANCTIONS

POINTS TO MAKE

SOLIDARITY WITH U.S. ON SANCTIONS POLICY

1. U.K. is determined to show solidarity with U.S. over hostages. Seriousness of our commitment shown by the fact that (unlike most of EC Partners) we interrupted Parliamentary timetable and adopted Primary Enabling Legislation.

PARLIAMENT'S ATTITUDE

2. Our modification of Naples decision forced by genuine Parliamentary anxieties. Opposition to retrospection is traditional. Parliament also suspicious that U.K. might get out ahead of the EC over implementation of sanctions.

U.K. POSITION VIS-A-VIS EEC

3. Different EEC States are using different methods to implement sanctions. We are ready to go as far as the others (and if necessary make further Orders) but not to get out in front.

EFFECTIVENESS OF U.K. MEASURES

4. U.K. press reports on 30 May suggesting British trade could increase sanctions Orders are misleading. New business will be blocked and those who abandoned Iranian market during Revolution can not now go back. But Sanctions cannot be watertight: main effect must be to demonstrate to Iran that detention of hostages rules out normal business relations.

KHARG (Defensive)

5. The Iranians have paid for and now own the Kharg. But we are blocking commissioning and export. It cannot sail without warning.

ESSENTIAL FACTS

IMPLEMENTATION OF SANCTIONS ORDERS

1. Two Orders took effect from midnight 29/30 May. Formally laid before Parliament on 29 May and will be debated during the first week of June.

ACTION BY THE NINE

2. All have claimed that their Orders put into effect by 22 May. Meeting of experts in Brussels on 30 May to compare provisions by individual members.

SERVICE CONTRACTS

3. We were, and still are, ready to include them. But so far not all the Nine have formally banned service contracts. (The French, lacking the necessary powers, claim to be acting via administrative measures.) Government does not, therefore, feel able to include them at present because of parliamentary difficulties this would incur. But we shall do so if it becomes apparent that the rest of the Nine are prepared to make effective Orders.

CONTRACTS

4. U.K. Orders permit sale and supply under existing contracts which we are defining to include new contracts made in continuation of an established course of business dealing. [We know from the Nine that they will interpret the definition of 'contracts' flexibly but they do not need to include this definition in the texts of their decrees because their ban in most cases takes the form of subjecting exports to Iran to licensing - with applications for licences being decided by administrative discretion.]

TRANSPORTATION

5. Careful consultations with the Nine but other EC members reluctant to go as far as banning cross-trading to Iran (i.e., own vessels taking goods to Iran from third countries). Third countries' shipments through the U.K. theoretically fall within the scope of our Orders, though no separate provision. But we do not accept this to be a very significant element.

6. Kharg is now handed over to Iranians but cannot be commissioned without HMG's permission nor moved without our knowledge (24 hours required to get up steam, and tugs needed for getting to sea). Vessel under constant surveillance.

PRIME MINISTER'S MEETING WITH MR HAROLD BROWN : 2 JUNE 1980

US DEFENCE STANCE : THE PUBLIC MOOD

ESSENTIAL FACTS

- 1 The Americans are in a very different and much more aggressive mood than was the case after the fall of Saigon, which impelled a long-lasting non-interventionist mood (eg Angola). This was reflected in American defence expenditure, which fell off in real terms.
- 2 The passage of time and the Soviet invasion of Afghanistan plus the developing scene after the capture of the hostages in Tehran, have induced a new mood in America. The failure of the American rescue bid has in no way driven the Americans back into their shell; on the contrary, it seems to have strengthened their interventionist feelings.
- 3 This new American attitude has been sharpened by the election campaign. Governor Reagan has consistently (and probably successfully) harped on the theme that President Carter has allowed the American defence posture to weaken vis-a-vis the Russians. He has suggested that he would have taken sterner steps than President Carter with regard to Afghanistan - not ruling out a blockade of Cuba. He has called for increased defence spending (over and above increases initiated by President Carter), including a land-based missile system and a stronger navy.

/4 This

4 This attitude of his principal electoral opponent as well as recent events impel the Carter administration towards a visibly more aggressive international posture; hence, for instance, the 'Carter doctrine' with regard to any Soviet threat to the Persian Gulf. New defence arrangements with Oman, Kenya and perhaps Somalia are examples of this, as is the Rapid Development Force and the proposed improvements to the facilities at Diego Garcia. Congress have caught the mood and are pressing for defence expenditure even higher than the level called for by President Carter. (The House rejected this yesterday).

5 Just as the Americans are fully prepared for higher defence expenditure, and a higher international defence posture for themselves, so they look to their allies to play their part. On the purely defence side (as opposed, for instance, to Iran/Sanctions), Britain is generally seen to be pulling her weight in the alliance, eg with regard to the 3% NATO increase.

North America Department

30 May 1980

PRIME MINISTER'S MEETING WITH MR HAROLD BROWN : 2 JUNE 1980

HAROLD BROWN - UNITED STATES SECRETARY OF DEFENSE

Born in New York in 1927. Educated Columbia University (doctorate in physics, 1949).

In the Radiation Laboratory at Livermore (University of California) 1952-61 he was placed in charge of the development of the Thermo Nuclear Weapon under Edward Teller. He was also involved there in projects investigating the use of nuclear power for peaceful purposes. Subsequently, he played a major role in the development of the Appollo and ABM projects, and also participated in the nuclear test ban talks (1958-59) and SALT in Helsinki, Vienna and Geneva. He was Director of Defence, Research and Engineering under President Kennedy (1961-65) and Secretary for the Air Force under President Johnson (1965-69). Prior to his present appointment he was President of the California Institute of Technology. Over the years Harold Brown has grown considerably in stature. He is today more sophisticated, realistic and, some would say, more liberal.

He is very highly regarded in Washington and by the military as a "middle of the road" thinker with a sound knowledge of defence issues and a lively interest in arms control.

He is married and has two children.

North America Department

30 May 1980



BRIEF G

BRITISH EMBASSY,

WASHINGTON, D.C. 20008

TELEPHONE: (202) 462-1340

23 May 1980

FROM THE AMBASSADOR

Could we discuss this pt.

AMM 21/5

Sir A Acland KCVO CMG
Deputy Under Secretary of State
Foreign and Commonwealth Office
London SW1

Mr Gilmore

Defence Dept.

cc. Sir D. Mackenzie

Mr J. McDermott

Mr P. McKeown

gov.

Mr Walters has seen.

Walters

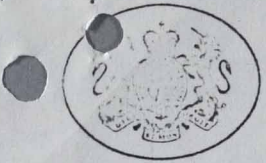
New Review

THE ARC OF CRISIS: US DEFENCE POLICY

1. As you will know from your visit here, it is sometimes hard to put one's finger on exactly where policy is being made within the Administration, and to know whether any serious thinking is being done along broader strategic lines about what the West should be doing in the face of the Soviet threat to the Indian Ocean/Persian Gulf region. In pursuit of this will-o'-the-wisp I went and had a chat today with Bob Komer who, for practical purposes, is really the key man under Harold Brown on the policy side. John Weston came with me. In the course of a characteristic and good humoured hour-long stream of consciousness a number of points emerged which may be of interest to you.

2. I asked Komer whether he saw any future in devising some kind of organizational or institutional mechanism for galvanising joint efforts in the Indian Ocean/Persian Gulf region and to ensure a more automatic habit of consultation not only amongst NATO Allies but with some of the countries in the region. Komer said in principle this would of course be very useful but he thought it highly impractical. He recalled vividly his days as US Permanent Representative to CENTO in 1969 and how little the ritual meetings had accomplished. The trouble was that the interests of all the countries involved were too disparate. He saw little hope of bringing together say Kuwait, Saudi Arabia, Egypt, Iran, the Europeans and Australia, within one framework. How could one even get Egypt to sit down with Saudi Arabia? He was prepared to concede that in the longer run it might be right to keep alive the possibility of some such procedure - we discussed the idea of an "Islamic Consultative Group" or perhaps some common security understanding emerging among some of the states concerned, particularly if one were to take Komer's optimistic view on an evolution in the Iraqi position. But in the short run he thought the United States had little option but to pursue the policy of multiple

/bilateralism



bilateralism with each of the countries concerned. (Indeed, even between the US, UK and France trilateral efforts for joint exercises in the Indian Ocean had had to give way to the bilateral formula).

3. Komer said there was a limited though dawning perception of the continuing interest the United States had in pursuing a strategic dialogue with the local states and he personally was working hard within the US Government and on Harold Brown to increase awareness of this. He is of course obsessed with the idea of getting Sadat to sit down with the Saudis, and the Saudis giving Egypt a billion dollars on economic account while the United States takes care of Sadat's military needs. He accepted my point that the Arab/Israel problem remained the major fly in the ointment for the Saudis but merely asserted that the Saudis had to understand that the major threat to them came from the Soviet Union. He continues to talk of Saudi Arabia as the major forward base in the area; /the Americans needed land-based air cover for the oil fields; and the base structure being created there in co-ordination with the US was working out quite well (F-15 facilities, fuel storage, SAMs). Komer emphasised that he was very careful not to talk too much about this. If the Saudis were prepared to keep the discussion covert and provide the money themselves, he saw no reason why it should surface at all for quite a while, which would save them a lot of trouble with Congress. But if the Saudis did not want the Americans actually to come over the horizon until a very late moment in a major crisis, that had implications for Egypt.

4. Egypt was the major rear base. So long as Sadat and Mubarak were there to hang on, the United States had more or less what it wanted. (He recalled how close the Americans had been to a security understanding with Egypt in 1952 before they managed to mess it up). He speculated again about the possibility of even using Egyptian infantry in the context of some future crisis between the Yemens and at another point diverged into some very sweeping talk about pushing Egypt to move against Qadhafi thereby securing the oil and some fancy Russian hardware.

5. Turning to the nature of the threat, Komer dwelt on the way in which the energy squeeze was undermining the United States' security posture by eating away at what would otherwise be real defence increases through the inflationary effect in the economy and the loss of any real effect from aid to such countries as South Korea, Thailand, Pakistan and Turkey, because of the outflow there on oil account. It was all very well for states in the region to say that the Western security umbrella had of necessity to be extended over them because we knew that our own vital interests were involved. But, as Komer

/kept



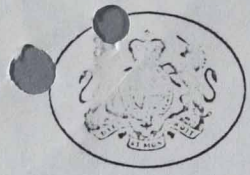
kept telling them, the United States has actually to be able to get in there in an emergency. Hence the need for access on the spot. This might mean for example moving rapidly to secure Southern Iran and then on Northwards in order to stop the adversary. Likewise to defend the oilfields of Basra and Kurdistan there had to be a buffer area, which meant Saudi Arabia and Kuwait. (Komer does not entirely exclude Kuwait itself from his ideal network of bases/facilities, though he sees it would be a difficult nut to crack!)

6. Equally something had to be said to the Israelis. There had to be a security dialogue with the Israelis and they had to be brought to understand that the West must talk to the Arabs. This was because the balance of power was tilting against the US and if this continued and the West lost the security of its oil supplies it would not be able to defend Israel either. If they wanted to keep Russian influence out, they had to recognise that a few villages were less important than US support and the regional strength that was necessary to sustain it.

7. Komer said his constant advice to everyone within the Administration was to emphasise the importance of keeping in touch with the British about all this, particularly because of our experience in the region and the advice we could offer. We need have no fear on that score (he made an exception of the hostage rescue attempt). He was also very conscious of the Omani dimension. He regarded this as our legitimate parish for training and equipment purposes. If the Omanis preferred to operate with British hardware that was all right by him. He thought it would be silly for the United States to try to replace the British in what they did well there already. He took a strong personal interest in vetting the Americans who went there. He hoped that we, like himself, would keep a sharp eye out for problems, which if they came up should be relayed through the diplomatic channel and jumped on quickly. I said I could foresee that there may be one or two problems if we were not careful, and Komer did not dissent. He emphasised that the US was not looking for bases where the Stars and Stripes could fly ("Except perhaps in Diego Garcia. By the way I do wish you would stop being mean about the place for ulterior purposes" - I take this to be Komer's way of saying he thinks we are footdragging over their plans deliberately).

8. As you can see, none of this really amounts to anything very coherent or new as an interpretation of the famous framework for regional co-operation. I have the feeling that we are all still reaching for something we have not yet quite succeeded in identifying. For the moment Komer's preference is for a vigorous and modulated process of bilateral diplomacy

/by the



by the United States with each of the countries concerned. He welcomes the contribution that other Western Allies can make in the area, not excluding the Australians. He is everlastingly hopeful of some major breakthroughs between neighbours in the region, eg Egypt/Saudi Arabia. And for an American, he has quite a nice sense of historical irony. He may not quite have his finger on the realities of Middle East politics to the extent of his earlier apprenticeship in the NSC under Kennedy and Johnson, or when he did the National Intelligence Estimates for the Middle East back in his CIA days. But he is not afraid of ideas, and they are not all bad, as his recent contribution to the DPC discussions in NATO has shown.

John C. ...
Nicholas

Nicholas Henderson

- cc: HM Representatives in:
- Cairo
 - Jedda
 - Tel Aviv
 - Kuwait
 - Muscat
 - UKDEL NATO

MR WHITMORE

Visit of US Secretary for Defense

The Americans have told Mr. Hastie-Smith that Mr. Brown wishes to be accompanied by the US Ambassador, a Mr. McGiffert and Brigadier-General Smith.

In addition to the MISC 7 and Diego Garcia topics, Mr. Brown would like to discuss:

- (1) The threat to South West Asia.
- (2) The response of the Western Alliance.
- (3) Restraints on technology transfer.

This may all be repeated in the briefing when it reaches us.

MA

30 May 1980



File

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10 DOWNING STREET

From the Private Secretary

28 May 1980

We spoke about the visit of the US Secretary of Defence. Mr. Brown will be calling on the Prime Minister at 1600 hours on Monday 2 June.

To some extent, the need for briefing for this meeting will be taken care of by the ministerial meeting scheduled for 1045 on that morning. There may however be other points which you and other recipients of this letter will wish to cover in briefing. I would be grateful to receive any material by 1700 hours on Friday.

The Prime Minister would like your Secretary of State to attend the meeting and she would also welcome the Foreign and Commonwealth Secretary's presence if he is available.

I am sending copies of this letter to Paul Lever (Foreign and Commonwealth Office) and David Wright (Cabinet Office).

X

X

M. A. PATTISON

Brian Norbury, Esq.,
Ministry of Defence

