

5  
806

PREM 19/694

PART ..... 4 ..... ends:-

Wade - Gery to AJC (T05739) of 26/2/82.

PART ..... 5 ..... begins:-

HMT to AJC of 1/3/82.







Defence

Prime Minutes

TOP SECRET

T 05739

MR COLES

Yes - these terms  
are excellent - 1

Thanks you have done  
a wonderful job.

TRIDENT

Content with the terms and  
arrangements described in this minute?

Yes not

A.F.C.  $\frac{26}{2}$ 

Thanks to the prompt and helpful instructions received by telegraph yesterday morning, my second visit to Washington with representatives of the MOD and FCO for talks with American officials led by Mr McFarlane of the White House Staff ended in agreement, ad referendum to principals on both sides, on the attached draft letters to be exchanged between the Prime Minister and the President (Annexes A + B) and between the Secretary for Defence and the Defence Secretary (Annexes C + D) covering the basic terms for British acquisition of Trident D5 in place of C4. Both sides also have the right to subject the texts to further technical scrutiny in the course of next week; but neither sees this as leading to significant alteration.

2. On the major outstanding issue of surcharges, the Americans eventually agreed that Britain should pay:

- a) an overheads charge on the same percentage basis as in the C4 agreement;
- b) no facilities charge;
- c) a fixed R & D levy equivalent to \$116m in fiscal 1982 dollars.

Of these, (a) is in practice unavoidable under US law, while (b) and (c) represent a significant improvement on the terms of the C4 and Polaris agreements; (b) involves the Americans waiving a percentage sum currently estimated at \$51m, and (c) means that they are relieving us of all cost escalation risk in relation to our R & D payment, which is limited to what



the old 5% formula would have cost us if we had stayed with C4 (and is below the Sl28m which that formula is currently estimated to produce if applied to a D5 deal). A detailed comparison of the changes for C4 and of those now proposed for D5 are set out at Annex E.

3. The lever which in the end secured these concessions was our decision (which the Americans do not know we had already taken on other grounds) to repeive the naval assault ships Fearless and Intrepid; plus the offer of a private letter from the Defence Secretary to Mr Weinberger, which would be shown by him in confidence to selected Congressional leaders and would make clear our intention of retaining the ships until the end of the decade and deploying them at intervals outside the NATO area. The Americans were in this context particularly keen on annual deployments to the Indian Ocean, and would welcome anything we could say on that; but they have been given no promises. A separate submission is being made to the Defence Secretary about the precise terms of such a letter, which would be transmitted not later than 5 March, in advance of a public announcement by written Parliamentary Answer on 8 March. There would be no overt link between that Answer and the subsequent announcement of a D5 deal; and we would not be under any obligations to make any public statement about the length of the proposed retention of the two ships or their future pattern of deployment. It would however be realistic to expect the US Administration to make some references to these considerations in their dealings with Congress, and we would say nothing in public either about the length of our retention plans or about the intended pattern of deployment.

4. A separate submission is being made to the Foreign and Commonwealth Secretary and Defence Secretary reporting the outcome of the Americans' attempt to extract from us a parallel set of undertakings about our military posture in Belize and our naval presence in the Caribbean. It was clear that the Americans would much value anything we were willing to say under either head. But we were able to avoid offering specific commitments. We were helped by being able to describe our training plans.



  
TOP SECRET


5. The Americans were reasonably forthcoming about offset. Their proposed assurances are embodied partly in the draft letter at Annex C and partly in a separate draft letter from Mr Weinberger which though not formally for publication would not be confidential and could be freely drawn on in public eg in briefing British industrialists. The draft they envisage for this second letter is being submitted for detailed consideration by the Defence Secretary.

6. On timetable, we have provisionally agreed with the Americans that each side should seek Ministerial endorsement of the annexed draft Exchanges by 5 March. On the British side such endorsement will be understood to be subject to final ratification by the Cabinet on Thursday 11 March. Thereafter there are agreed to be two alternatives:

- i) If the deal is to be announced and the Exchanges published on Monday 15 March, the Exchanges would be effected on Friday 12 March and allies would be informed a few hours before the announcement on 15 March.
- ii) If announcement and publication are to be on 11 March, the Exchanges would be effected earlier that day (but after the Cabinet decision) and allies would be informed at roughly the same moment.

The Americans would be well content with (i). They are nervous of the potential complexity of (ii) but seem ready to go along with it if we come down that side of the fence. We shall need to let them know about this as soon as possible; Sir R Armstrong is consulting the Prime Minister and Defence Secretary separately on the point.

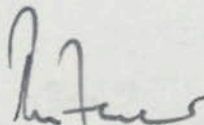


  
TOP SECRET

7. In view of the tightness of the timetable, officials will seek to establish on Mon 1 March whether the Prime Minister and her three colleagues directly concerned are content with the terms and arrangements described in this minute. If they are, the Defence Secretary may wish to circulate a short policy paper on the subject to MISC 7, for clearance not later than 5 March; a short factual summary of the outcome of the negotiations could be attached.

8. Separate submissions are being made to the Foreign and Commonwealth Secretary and Defence Secretary about the detailed mechanics of informing allies and about a small number of amendments which the Americans have proposed to the draft text of the <sup>Open Government Document</sup> ~~OGD~~ (circulated by the Defence Secretary under his minute to the Prime Minister of 10 February).

9. I am sending copies of this minute and its annexes to the private secretaries to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for Defence; and to Sir R Armstrong.



11. R L WADE-GERY

26 February 1982



TOP SECRET

Annex A

Registry No.

DRAFT

LETTER A

Type 1 +

SECURITY CLASSIFICATION

- Top Secret.
- Secret.
- Confidential.
- Restricted.
- Unclassified.

To:-

The President  
 The White House  
 WASHINGTON DC

FROM

Prime Minister  
 Telephone No. Ext.

Department

PRIVACY MARKING

..... In Confidence

NOTHING TO BE WRITTEN IN THIS MARGIN

1. I wrote to your predecessor on 10 July 1980 to ask whether the United States Government would be ready to supply Trident I missiles, equipment and supporting services to the United Kingdom on a similar basis to that on which the Polaris missiles were supplied under the Polaris Sales Agreement of 6 April 1963. President Carter replied on 14 July confirming that the United States Government were prepared to do so, subject to and in accordance with applicable United States law and procedures.

2. In the light of decisions taken by the United States Government in 1981 to accelerate their own programme to procure Trident II missiles, and to phase out the Trident I programme earlier than had hitherto been intended, the United Kingdom Government have carried out a review of their nuclear deterrent programme. In the light of this review, I am now writing to ask whether in place of Trident I missiles the United States Government would be ready to supply Trident II missiles, equipment and supporting services on a continuing basis and in a manner generally similar to that in which Polaris was supplied. The United Kingdom Government would wish to purchase these

/missiles

TOP SECRET



TOP SECRET

missiles complete with multiple, independently targettable re-entry vehicles but without the warheads themselves. I propose that, as in the past, close coordination should be maintained between the executive agencies of the two Governments in order to assure compatibility of equipment

3. Like the Polaris force, and consistent with the agreement reached in 1980 on the supply of Trident I missiles, the United Kingdom Trident II force will be assigned to the North Atlantic Treaty Organisation; and except where the United Kingdom Government may decide that supreme national interests are at stake, this successor force will be used for the purpose of international defence of the Western alliance in all circumstances. It is my understanding that cooperation in the modernisation of the United Kingdom nuclear deterrent in the manner proposed would be consistent with the present and prospective international obligations of both parties.

4. I would like to assure you that the United Kingdom Government remain wholly committed to the strengthening of the Alliance's conventional forces. The United Kingdom Government have in recent years substantially increased their defence spending and further increases are planned for the future in order to sustain the United Kingdom's all-round contributions to allied defence and defence. The economies made possible by the United States Government's cooperation

TOP SECRET

/with respect

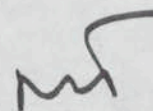
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TOP SECRET

with respect to the supply of the Trident II missile system will be used in order to reinforce the United Kingdom Government's continuing efforts to upgrade their conventional forces.

5. If the United States Government are prepared to meet this request, I hope that as the next step you will be prepared to receive technical and financial missions to pursue these matters using the framework of the Polaris Sales Agreement where appropriate.



TOP SECRET



TOP SECRET

Registry No.

DRAFT

LETTER B

Type 1 +

SECURITY CLASSIFICATION

- Top Secret.
- Secret.
- Confidential.
- Restricted.
- Unclassified.

To:-

The Rt Hon Margaret Thatcher MP

FROM

The President  
Telephone No. Ext.

Department

PRIVACY MARKING

..... In Confidence

NOTHING TO BE WRITTEN IN THIS MARGIN

1. Thank you for your letter of

I am pleased to confirm that the United States Government are prepared to supply to the United Kingdom Trident II missiles, equipment and supporting services as proposed in your letter, subject to and in accordance with applicable United States law and procedures.

2. The United States readiness to provide these systems is a demonstration of the great importance which the United States Government attach to the maintenance by the United Kingdom of an independent nuclear deterrent capability. I can assure you of the United States' willingness to cooperate closely with the United Kingdom Government in maintaining and modernising that capability.

3. I attach great importance to your assurance that the United Kingdom Trident II force will be assigned to NATO and that the economies realised through cooperation between our two governments will be used to reinforce the United Kingdom's efforts to upgrade its

/conventional


TOP SECRET



TOP SECRET

conventional forces. Such nuclear and conventional force improvements are of the highest priority for NATO's security.

4. I agree that, as the next step, our two governments should initiate the technical and financial negotiations which you propose.



TOP SECRET



DRAFT

LETTER C

To: The Rt Hon John Nott MP  
Secretary of State for Defence

From: Secretary of Defense

1. In the exchange of letters between the President and the Prime Minister of \_\_\_\_\_ and \_\_\_\_\_, it was agreed that the United States Government would supply Trident II missiles to the United Kingdom. I am writing now to record our joint understanding on specific aspects of the agreed arrangements for the sale of the Trident II (D-5) missile system and associated equipment.
2. It is understood that the Polaris Sales Agreement of 1963 and its implementing agreements will be the general pattern for the sale of the Trident II (D-5) missile system.
3. The United Kingdom will pay a total contribution to research and development for the Trident II (D-5) system equivalent to \$116 million in fiscal year 1982 dollars, subject to actual payments being adjusted to reflect an agreed inflation index.
4. It is understood that the United Kingdom acknowledges that waiver by the United States of <sup>all</sup> charges (other than the overhead charge) in excess of \$116 million will



fully satisfy the requirement that the United States Government give defence assistance to the United Kingdom defence budget in return for manning by the United Kingdom of Rapiers air defence of United States Air Force bases in the United Kingdom, and support and servicing for these Rapiers systems. In addition it is understood that the United Kingdom will employ additional savings represented by the remainder of the United States waiver to reinforce its efforts to upgrade its conventional forces.

5. With respect to procurement of the Trident II (D-5) weapons system, the Department of Defense undertakes, subject to compliance with US laws and national policy:

- a) to permit UK manufacturers to compete on the same terms as US firms for sub-contracts for Trident II D-5 weapons system components for the programme as a whole;
- b) to ensure that Department of Defense procedures bearing on such competition for such Trident II D-5 weapons system components, are consistent with this general principle, and
- c) to designate appropriate US staff in both countries to provide a point of contact for UK manufacturers, and to offer advice and briefing.



6. The United States attach great importance to the maintenance by the United Kingdom Government of an independent nuclear deterrent. I am therefore pleased that it has been possible to reach this agreement between our two countries. I regard this arrangement as a significant contribution to the maintenance of stability and peace.



TOP SECRET

Annex D

Registry No.

**DRAFT** LETTER D

Type 1 +

SECURITY CLASSIFICATION

- Top Secret.
- Secret.
- Confidential.
- Restricted.
- Unclassified.

To:-  
 The Honorable Casper Weinberger  
 Secretary of Defense

FROM  
 Secretary of State  
 for Defence  
 Telephone No. Ext.

Department

PRIVACY MARKING

..... In Confidence

1. Thank you for your letter of dealing with specific aspects of the arrangements for the purchase by the United Kingdom Government of the Trident II (D-5) missile system.
2. I confirm that my understanding of the agreements reached is in accord with that set out in your letter.
3. Our agreement on this is further evidence of the closeness of the cooperation between our two countries and is a matter of the greatest satisfaction to the United Kingdom Government.

NOTHING TO BE WRITTEN IN THIS MARGIN

TOP SECRET



SURCHARGES: COST COMPARISONS

(All figures in \$m, at FY 1982 dollars)

	<u>Total cost of C4 Surcharges under 1980 agreement.</u>	<u>Total cost of D5 Surcharges if 1980 terms applied.</u>	<u>Total cost of D5 Surcharges under new agreement now proposed.</u>
R & D	116(a)	128(a)	116(b)
Facilities	46(c)	51(c)	0
Overheads	95(d)	106(d)	106(d)
Total	<u>257</u>	<u>285</u>	<u>222</u>

Footnotes:

- a) 5% of estimated hardware cost; actual figure dependent on final equipment costs.
- b) Fixed at fiscal year 1982 dollars.
- c) 2% of estimated hardware cost.
- d) 3% of estimated cost of hardware and services.



*Defence  
have not  
done*

*30(A)*

D E D I P/SECRET

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ZZ WASHINGTON

GRS 535

D E D I P

SECRET

FM FCO 241315Z FEB 82

TO FLASH WASHINGTON

TELEGRAM NUMBER 341 OF 24 FEBRUARY

INFO MODUK FOR PS/S OF S

YOUR TELNO 594 : TRIDENT

FOLLOWING PERSONAL FOR WADE-GERY.

1. WE CONSULTED AUSTRALIANS YESTERDAY ABOUT LINE TO BE TAKEN BY MR NOTT IN THE HOUSE, AS PER LAST SENTENCE OF COLE'S LETTER. FROM AUSTRALIANS' REACTION IT WAS CLEAR THAT A UK STATEMENT WHICH ANNOUNCED WITHDRAWAL FROM SALE OF INVINCIBLE (IF 1983 DATE WERE NOT TAKEN UP), IF MADE IN ADVANCE OF AUSTRALIAN CABINET DECISION, WOULD GIVE RISE TO ALLEGATIONS OF BAD FAITH. AUSTRALIANS WERE HOWEVER REMINDED THAT CURRENT OFFER REFERS ONLY TO 1983 AND THAT A LATER DATE WOULD CREATE NEW POLITICAL SITUATION WHICH OUR MINISTERS WOULD NEED TO CONSIDER: AND THAT ALTHOUGH SALE IN 1985 IS NOT RULED OUT, IT WOULD REQUIRE SUBSTANTIAL NEW DISCUSSIONS ON THE SALES AGREEMENT PARTICULARLY OVER FORWARD PAYMENTS. ENFIELD, DEPUTY SECRETARY IN AUSTRALIAN PRIME MINISTER'S DEPARTMENT, SUMMARISED HIS UNDERSTANDING OF THE POSITION AS QUOTE YOU HAVE GIVEN US UNTIL 28TH FEBRUARY TO MAKE UP OUR MINDS. YOU PREFER THE 1983 DELIVERY DATE. IF WE COME BACK PROPOSING 1985 DELIVERY, THEN YOUR MINISTERS WILL NEED TO LOOK AGAIN UNQUOTE. THE AUSTRALIAN DECISION IS LIKELY TO BE TAKEN BY 2400 LONDON TIME TODAY.
2. TODAY YOU CAN THEREFORE ONLY REPEAT, IF THE SUBJECT OF INVINCIBLE IS RAISED BY THE US, THAT AUSTRALIANS HAVE UNTIL THE END OF FEBRUARY TO DECIDE ON 1983 PURCHASE. IF THEY PREFER 1985 MINISTERS WILL CONSIDER A DEFERMENT OF THE SALE DATE IN THE LIGHT OF ANY AUSTRALIAN PROPOSALS. S OF S DEFENCE ACCORDINGLY DOES NOT REPEAT NOT BELIEVE WE ARE FREE TO PUT INVINCIBLE INTO TRIDENT DEAL, FOLLOWING YESTERDAY'S

*f.a.  
24.  
2*

1

D E D I P/SECRET



STATEMENT (FULL HANSARD TEXT BEING TELEGRAPHED SEPARATELY)  
AT LEAST UNTIL MINISTERS HAVE CONSIDERED ANY FRESH AUSTRALIAN  
PROPOSALS.

3. FOLLOWING JON CONNELL'S ARTICLE IN SUNDAY TIMES OF  
21 FEBRUARY SEVERAL INQUIRIES HAVE BEEN RECEIVED FROM SENIOR  
INDUSTRIALISTS ABOUT POSSIBILITIES FOR TRIDENT OFFSET AND SECOND  
SOURCING. THIS WILL BE VERY IMPORTANT ELEMENT IN PRESENTING  
D5 DECISION.

4. PLEASE EXPLORE POSSIBILITY OF SIDE LETTER FROM WEINBERGER  
OR CARLUCCI WHICH WOULD MAKE IT CLEAR THAT WE HAD PUT FORWARD  
PROPOSALS FOR POTENTIAL PROJECTS IN THE TWO-WAY STREET OF  
INTEREST TO USA. LETTER WOULD INDICATE THAT FOLLOWING  
DISCUSSION OF THESE MATTERS, DEPARTMENT OF DEFENSE WISHES  
TO MAKE CLEAR THAT EVERY EFFORT WILL BE MADE IN THEIR  
PROCUREMENT PROCESSES TO GIVE FAVOURABLE CONSIDERATION TO SUCH  
BRITISH PROJECTS. IT COULD THEN SAY THAT LEGAL/CONGRESSIONAL  
POSITION MEANS THAT IT IS NOT POSSIBLE TO GIVE FIRM  
UNDERTAKINGS, BUT DOD RE-EMPHASISE BELIEF IN TWO-WAY STREET  
AND HAS TAKEN FULL NOTE OF OUR PROPOSALS. IT WOULD HELP IF  
LETTER COULD ALSO EXPLAIN THAT DOD HAS BEEN ACTIVE IN OUR  
INTERESTS FOLLOWING THE ORIGINAL C4 AGREEMENT WITNESS THE  
AV8B, THE VTX AND OTHERS WHICH COULD BE LISTED, TOGETHER  
WITH TOTAL VALUE. THE OBJECTIVE OF THIS LETTER WOULD BE TO  
REASSURE SENIOR BRITISH INDUSTRIALISTS THAT WE HAD BEEN PUSHING  
ON THEIR BEHALF.

5. YOUR PRIME OBJECTIVE IN THIS AREA REMAINS THE SECOND  
SOURCING AGREEMENT WITH LONDON OFFICE, BUT DEFENCE SECRETARY  
WOULD BE GRATEFUL IF YOU COULD EXPLORE POSSIBILITY OF SUCH A  
LETTER, AS AN ADDITIONAL PRESENTATIONAL BENEFIT.

CARRINGTON

LIMITED  
HD/DEF D  
PS  
PS/PUS  
MR WRIGHT

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PS/NO 10 DOWNING ST. ✓



Defence  
no. 3

Copies

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WONFO 020/25

~~TOP SECRET~~

AND ONLY  
ADVANCE/COPIES

IMMEDIATE

OO F C O DESKBY 250800Z

GRS 1500

A.T.C. 26.  
2  
Mr. Coles, No. 10, Downing St.

(All addresses actioned.)

TOP SECRET  
DESKBY 250800Z  
FM WASHINGTON 250040Z FEB 82  
TO IMMEDIATE F C O  
TELEGRAM NUMBER 611 OF 24 FEBRUARY.

DESKBY TO ADDRESSEE  
AND TIME-FACTOR IN  
PARA 13.

PLEASE PASS FOLLOWING TO PRIVATE SECRETARY TO SECRETARY OF STATE FOR DEFENCE FROM WADE-GERY, WITH COPIES FOR INFORMATION TO ARMSTRONG (CABINET OFFICE), COLES (NUMBER 10) AND PRIVATE SECRETARY TO FOREIGN AND COMMONWEALTH SECRETARY (DESKBY 250800Z IN ALL CASES).

TRIDENT

1. PROGRESS OF NEGOTIATIONS HERE TODAY SUGGESTS THAT AN ACCEPTABLE DEAL SHOULD BE WITHIN REACH TO-MORROW. WE HAVE OUTLINE AGREEMENT ON EVERYTHING EXCEPT THE ACTUAL R AND D FIGURE. THAT, WITH SOME FILLING IN OF DETAIL, IS THE AGENDA WE HAVE LEFT. WE HAVE BEEN ASKED BY THE AMERICANS TO SEEK INSTRUCTIONS IN THREE SPECIFIC AREAS, ON WHICH SEE PARAGRAPHS 8-11 BELOW.
2. ON TIMETABLE, THE AMERICANS SEEM READY TO CONTEMPLATE A PUBLIC ANNOUNCEMENT ON 15 MARCH, WITH ALLIES BEING INFORMED THE SAME DAY. THE EXCHANGES OF LETTERS WOULD BE EFFECTED ON 12 MARCH, FOLLOWING A FINAL DECISION BY THE BRITISH CABINET ON 11 MARCH.
3. ON OFFSET, THE AMERICANS HAVE REJECTED THE NOTION OF A FIXED TARGET PERCENTAGE FOR U K SUB-CONTRACTS. BUT THEY HAVE AGREED IN PRINCIPLE TO THE SORT OF LANGUAGE WE WANT ON OTHER RESPECTS, INCLUDING SPECIFIC REFERENCES TO A LONDON LIAISON OPERATION, TO THE RIGHT OF U K SUPPLIERS TO COMPETE ON EQUAL TERMS FOR SUB-CONTRACTS ACROSS THE WHOLE (WHOLE) D5 WEAPON SYSTEM PROGRAMME, AND TO THE SETTING ASIDE (IN OUR FAVOUR) OF CERTAIN U.S. LAWS AND ADMINISTRATIVE PROCEDURES E.G. THE BUY AMERICAN ACT. THEY ARE ALSO AGREEABLE TO THE IDEA OF AN EXTRA SIDE LETTER ON THE TWO WAY STREET (PARAGRAPH 4 OF YOUR TELNO 341).



4. ON SURCHARGES, THEY HAVE AS EXPECTED MADE CLEAR THAT FOR LEGAL REASONS THE OVERHEADS CHARGE MUST REMAIN A PERCENTAGE, ON THE SAME BASIS AS IN THE POLARIS AND C4 AGREEMENTS: BUT THEY ARE CONTENT TO FOLLOW PRECEDENT AND NOT MENTION THIS IN THE PUBLISHED EXCHANGES. THEY HAVE CONFIRMED WAIVER OF THE FACILITIES CHARGE. THEY HAVE DEFINITELY AGREED THAT THE R AND D LEVY SHOULD BE A FIXED REPEAT FIXED SUM (IN CONSTANT DOLLARS) RATHER THAN A SLIDING PERCENTAGE. THE AMOUNT OF IT WILL HAVE TO BE HAMMERED OUT IN HARD BARGAINING TOMORROW, IN THE LIGHT OF OUR FINAL POSITION ON BRITISH DEPLOYMENTS.

5. AS REGARDS OUR DEPLOYMENTS, THEY HAVE RIGHTLY PERCEIVED THAT MOST OF WHAT WE ARE OFFERING IS NO MORE THAN WE COULD HAVE BEEN ASSUMED TO BE PLANNING TO DO ANYWAY. THEY PRESSED STRONGLY FOR SOME ADDITIONAL COMMITMENTS IN AREAS THAT WOULD RESPOND TO CURRENT CONGRESSIONAL PREOCCUPATIONS. SPECIFICALLY THEY PRESSED US:

(A) TO RETAIN INVINCIBLE:

(B) TO DELAY OUR MILITARY DEPARTURE FROM BELIZE.

6. ON INVINCIBLE I EXPLAINED (IN LIGHT OF TODAY'S TELECON WESTON-GILLMORE) THAT THE AUSTRALIANS WERE EXPECTED TO ANNOUNCE EARLY TOMORROW THEIR ACCEPTANCE OF OUR OFFER ON THE TERMS WE HAD STIPULATED. IN THOSE CIRCUMSTANCES THERE WAS NO WAY IN WHICH WE COULD NOW DISHONOUR THAT OFFER. THE AMERICANS REGRETFULLY ACCEPTED THIS.

7 I THEN DESCRIBED THE POSSIBILITY OF OUR TAKING A DECISION TO RELIEVE FEARLESS AND INTREPID, WHICH COULD BE ANNOUNCED IN ADVANCE OF THE PUBLICATION OF A D5 DEAL. THE AMERICANS AGREED THAT THIS WAS THE SORT OF THING THEY WERE LOOKING FOR.

8. ON BELIZE, THE AMERICANS' OPENING PITCH WAS THAT WE SHOULD RETAIN ALL (OR AT LEAST SOME) OF OUR EXISTING COMBAT FORCES THERE FOR A FURTHER FIVE YEARS (SIC). IN REPLY I TOLD THEM THAT THEY SHOULD NOT (NOT) BE UNDER ANY MIS-APPREHENSION ABOUT OUR ROOM FOR MANOEUVRE. A DECISION TO STATION BRITISH COMBAT FORCES FOR A PROLONGED PERIOD IN A THIRD WORLD COUNTRY WOULD BE A MAJOR DEPARTURE IN POLICY. I SAW LITTLE CHANCE OF THIS BEING ACCEPTABLE. WE THEN DISCUSSED TWO LESS FAR-REACHING POSSIBILITIES:

(A) AN EXPANSION OF THE TRAINING PROGRAMME, PARTICULARLY THE SIZE OF THE TEAM, WHICH WE PROVIDE TO THE BELIZE DEFENCE FORCES (BDF) AFTER THE WITHDRAWAL OF BRITISH COMBAT UNITS:

(B) A SHORT EXTENSION (IE BY A MATTER OF A FEW MONTHS ONLY) IN THE LENGTH OF TIME BRITISH COMBAT FORCES MIGHT REMAIN IN BELIZE.

(THE AMERICANS ARE AWARE OF OUR PLANS TO WITHDRAW IN JUNE: BUT THEY GAVE NO INDICATION THAT THEY KNEW OF PRICE'S REQUEST FOR A THREE-MONTH EXTENSION).

MCFARLANE THOUGHT THERE MIGHT BE QUOTE PROMISE UNQUOTE IN (A): BUT HE GAVE NO SIGN THAT (B) WOULD BE OF INTEREST. I SHOULD THEREFORE BE GRATEFUL TO KNOW WHETHER THERE IS ANYTHING WE COULD OFFER THE AMERICANS TO-MORROW ABOUT (A). IT WOULD NEED TO BE AT LEAST DRESSED UP AS AN ADDITION TO CURRENT PLANS.



9. THE AMERICANS ALSO ENQUIRED WHETHER WE PLANNED TO LEAVE ANY EQUIPMENT IN BELIZE, EITHER PERMANENTLY OR TEMPORARILY, FOR USE BY THE BDF AFTER WITHDRAWAL OF BRITISH UNITS. IS THERE ANYTHING WE COULD TELL THE AMERICANS ON THIS?

10. THE AMERICANS PRESSED FOR AN ASSURANCE THAT A REGULAR BRITISH NAVAL PRESENCE (E.G. ONE FRIGATE) WOULD BE MAINTAINED IN THE CARIBBEAN FOR THE NEXT FIVE YEARS. I EXPLAINED THAT SHIP DEPLOYMENTS ARE NOT NORMALLY PLANNED IN SUCH DETAIL SO FAR AHEAD, BUT UNDERTOOK TO HAVE THE POINT CONSIDERED AS SYMPATHETICALLY AS POSSIBLE. CAN I SAY ANY MORE ON THIS TO-MORROW, E.G. THAT WE DO NOT AT PRESENT FORESEE TERMINATION OF THIS DEPLOYMENT?

11. AS REGARDS FEARLESS AND INTREPID, WHAT THE AMERICANS WOULD LIKE (TO FIT IN WITH A D5 ANNOUNCEMENT ON 15 MARCH) IS A PUBLIC STATEMENT ON 8 MARCH, EG IN A WRITTEN PARLIAMENTARY ANSWER, THAT THE TWO SHIPS WILL AFTER ALL BE RETAINED. FOR MAXIMUM EFFECT, THEY URGE THAT THIS STATEMENT SHOULD BE PRECEDED ON 5 MARCH BY A PRIVATE MESSAGE FROM THE SECRETARY OF STATE FOR DEFENCE TO THE U.S. DEFENSE SECRETARY ABOUT:

- (A) HOW LONG WE PLAN TO RETAIN THE SHIPS IN SERVICE (E.G. FIVE YEARS)
- (B) HOW MUCH OF THEIR TIME THEY MIGHT BE EXPECTED TO SPEND ON OUT OF AREA DEPLOYMENT (E.G. ONE OR TWO MONTHS A YEAR).

THIS MESSAGE WOULD NOT BE PUBLISHED BUT WOULD BE SHOWN BY MR WEINBERGER TO CERTAIN KEY PERSONS IN CONGRESS, AS EVIDENCE OF U K EFFORTS TOWARDS ENHANCEMENT OF CONVENTIONAL FORCES. MAY I TELL THE AMERICANS THAT WE COULD AGREE TO THIS PROCEDURE? AND MAY I INDICATE WHAT PARTICULAR ASSURANCES WE COULD GIVE UNDER (A) AND (B) ABOVE?

12. TO SUM UP, IN ORDER TO NEGOTIATE THE LOWEST POSSIBLE R AND D FIGURE TOMORROW I NEED TO BE ABLE TO SAY AS MUCH AS POSSIBLE ABOUT:

- (I) THE SCOPE FOR DOING MORE FOR BELIZE (PARA 8A AND 9 ABOVE):
- (II) THE LIKELY LEVEL OF BRITISH NAVAL PRESENCE IN THE CARIBBEAN OVER THE NEXT FIVE YEARS (PARA 10 ABOVE):
- (III) OUR AGREEMENT TO THE PROPOSED PROCEDURE FOR ANNOUNCING THE RETENTION OF INTREPID AND FEARLESS AND THE POSSIBILITY OF OFFERING PRIVATE ASSURANCES ABOUT HOW LONG WE MIGHT RETAIN THEM AND HOW OFTEN WE MIGHT DEPLOY THEM OUT OF AREA (PARA 11 ABOVE).

13. GRATEFUL IF YOU COULD COORDINATE REPLY ON THESE POINTS TO REACH HERE BY 251500Z. I WELL REALIZE HOW DIFFICULT THIS WILL BE AND THAT SHORT-NOTICE CONSULTATION BETWEEN MINISTERS MAY BE NEEDED ON (I). BUT ANYTHING THAT CAN BE DONE WHILE THE IRON IS HOT HERE WILL CLEARLY BE REFLECTED IN THE DEAL WE STRIKE.

THOMAS

NNNN

TOP SECRET





FILE

RM-29

Defence

10 DOWNING STREET

*From the Private Secretary*

23 February, 1982

Trident: Procedure

Robert Wade-Gery sent me a minute about this on 22 February.

The Prime Minister considers that the best procedure would be for a decision at a normal Thursday Cabinet meeting to be followed by an announcement the next Monday. Then, if there were a leak over the weekend, Parliament would be informed at the first opportunity.

I should be grateful if you could inform the Defence Secretary of the Prime Minister's decision and also pass this information to Mr Wade-Gery in Washington.

A. J. COLES

D J Wright, Esq  
Cabinet Office

SECRET





10 DOWNING STREET

Prime Minister

Trident

Procedural decision needed urgently.

2. I think there must be still a risk that some members of the Cabinet will feel hounded if an announcement is made on the day of the Cabinet decision.

3. The best solution might be a Cabinet decision on 11 March (as previously agreed) followed by an announcement the next Monday. Then if there were a leak over the weekend Parliament would be informed at the first opportunity. Agree?

Yes mh A.S.C.  $\frac{22}{2}$ .



Ref: B06416

MR COLES

c Sir Robert Armstrong

Trident: Procedure

My minute of 12th February recorded (paragraph 9) provisional agreement with the Americans that there should be an interval of a very few days between (a) the Cabinet meeting here which approves the final D.5 deal and (b) the day on which the deal is publicly announced. The Defence Secretary has now had second thoughts about this. He intended to raise the point when he saw the Prime Minister on another matter this morning, but there was no time and he has therefore asked that the Cabinet Office should do so. It would be helpful to have an answer which I could be guided by in my second (and hopefully final) round of negotiating with the Americans in Washington on 24th and 25th February.

2. Mr Nott believes that, if there is any interval between (a) and (b), there will be a leak before we get to (b). He would therefore like them on the same day. That would follow the precedent of the C.4 deal, when we intended both events to occur on the same Thursday in July 1980 - though in the event a Washington leak forced us to advance the whole process by 48 hours and the Cabinet could only be informed in correspondence.

3. Having both (a) and (b) on the same day would somewhat awkwardly compress the time available for effecting the Exchange of Letters and informing the French and Germans. But such difficulties should be manageable. The real problem, as Mr Nott recognises, lies in the fact that the Cabinet could not fail to recognise that their consent had been taken for granted if they are only asked to give it on the day on which a clearly pre-arranged announcement is made in both London and Washington. There were complaints on this score last time. Mr Nott, who was the main complainant then, does not believe that there would be any similar resentment this time, given the care with which he is now in process of briefing all his Cabinet colleagues on the issues involved. But he recognises it is a matter for the Prime Minister's judgement.





4. Sir Robert Armstrong, whom I have consulted, would not expect discussion of this particular subject at a normal Thursday Cabinet meeting to leak before an announcement on (say) the following Tuesday. The paper focussing the discussion could be made available only inside the Cabinet Room, on a not-to-be-taken-away basis. In his view, a greater danger may be that (as last time) there will be a leak from Washington a day or two before the agreed announcement date. That would matter less if the Cabinet had already reached their decision (ie if the Cabinet had met a few days before the scheduled announcement) than if they were once again pre-empted.

5. Since I leave for the United States early tomorrow I should be most grateful if you could inform Mr Wright ~~(to whom I am copying this minute)~~ of the Prime Minister's decision. He will then inform the Defence Secretary, as well as letting me know in Washington.

22nd February 1982

R L WADE-GERY





2 2 FEB 1982







File A4

10 DOWNING STREET

*From the Principal Private Secretary*

RESTRICTED

SIR ROBERT ARMSTRONG

CHEVALINE

The Prime Minister has seen and noted Mr East's report on the recent Chevaline launches which you submitted with your minute A07567 of 19 February 1982.

AW.

22 February 1982

A18



C10  
Ref: A07567

  
SECRET

PRIME MINISTER

Prime Minister. 27

A technical success,  
but at great cost.

July  
1982

M.

As I think you know, Mr. F.H. East, who was the project director on Chevaline until his retirement, is now a part-time adviser to the Cabinet Office.

2. In this capacity he was invited to the last of the four recent Chevaline launches. You may like to see the attached copy of the note which he sent me about the launches.

RA

Robert Armstrong

19th February 1982

SECRET



SECRET

SIR ROBERT ARMSTRONG

CHEVALINE

As you know, the culmination of the development programme of Chevaline, which was delayed because of the engineering problems which occurred during the submarine trials of the system in November 1980, was a series of launches - four in all - from HMS Renown off Cape Canaveral in the period 30 January - 8 February. Officially three of these were development rounds and the fourth was the Service Acceptance round.

At the invitation of the Ministry of Defence I was present at the launch of the last of these. This last launch was delayed firstly by unserviceability of one of the range aircraft in the impact area and then by faults in the major range radar (both incidentally the responsibility of the US). The launch finally took place on Monday, 8 February 1982.

It can only be described as a copy book exercise. All systems in the missile functioned within the agreed specification limits. When I discussed the performance with the system analysts they stated that there was little for them to do since all the functions recorded were as predicted.

The previous three launches had also resulted in near-perfect performance.

This was a most encouraging finale to what by any standards must be regarded as a major development programme for a most complex system - probably in technical terms the most difficult weapon system development ever undertaken by the UK.

There is no doubt that the US people associated with the programme - both service and civilian, including some of their senior engineers - have been immensely impressed with our technical achievement.

It may be a difficult time to do so but it would seem to me that, after all the adverse publicity which Chevaline has had over the last year, we could get some positive advantage and increased recognition of the success of British technology - and management - if the overall success of the project could be given some reasonable publicity.

FHE

F. H. EAST

17 February 1982  
Td/027

SECRET



SECRET



FILE SW

26

Defence

10 DOWNING STREET

*From the Private Secretary*

19 February, 1982

British Nuclear Test Programme

The Prime Minister has seen your Secretary of State's minute of 15 February about the next British underground nuclear test at the American Nevada Test Site. Subject to the views of the other Ministers, to whom the minute was copied, the Prime Minister is content that the test should take place and that Mr. Nott should issue the appropriate authorisation.

I am copying this letter to the Private Secretaries to the Home Secretary, the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer and Sir Robert Armstrong.

A. J. COLES

D. B. Omand, Esq.,  
Ministry of Defence

SECRET

Handwritten initials, possibly 'BJ', in the bottom right corner of the page.



TOP SECRET



File No 25  
COPY 6 OF 6 COPIES

10 DOWNING STREET

*From the Private Secretary*

17 February 1982

TRIDENT

John Kerr's letter of 16 February set out the Chancellor's views on your minute of 12 February. The Prime Minister has noted the Chancellor's observation that we must make it plain to the Americans that we are not prepared to reach agreement until the terms are significantly better. She has, however, commented that we must bring the matter to a head soon.

I am sending copies of this letter to Brian Fall (Foreign and Commonwealth Office), John Kerr (H.M. Treasury), David Omand (Ministry of Defence) and David Wright (Sir Robert Armstrong's Office).

A. J. COLES

A. J. COLES

R. L. Wade-Gery, Esq., C.M.G.,  
Cabinet Office.

TOP SECRET

R





CH/EX. REF. NO. JOU (82) 1

COPY NO. 2 OF 10 COPIES

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

16 February 1982

R.L. Wade-Gery, Esq., CMG  
Cabinet Office

Prime Minister

To note  
18.  
2  
2 PP 3

New Robert,

*[Handwritten initials]*

TRIDENT

The Chancellor has seen your note of 12 February to John Coles at No.10 about the negotiations in Washington on 8 and 9 February on Trident.

His impression is that the Americans have taken a tough line. The formula where they have offered an offset seems to him very insubstantial; and the deal now offered on the three levies together appears (taking into account the extra UK spending of about £30 million sought by the Americans for USAF Rapiere) to be about \$100 million worse than straight application of the C4 terms to D5 would have been. On top of that, we still cannot be fully confident that the total bills will not escalate as the programme develops, and the risk of such escalation is of course much enhanced by our move from (tested and deployed) C4 to (nascent) D5.

In the Chancellor's view the decision to switch to D5 is going to be difficult to present under any circumstances; and there have been signs recently that opinion in the party and the country is moving against Trident. He therefore thinks it important that the deal we get should be seen to be better than the C4 deal. In particular, the deal on the levies must be significantly better. If such an improvement is won at the cost of an adjustment to our conventional force deployment plans, that adjustment must be within agreed defence budget totals, and must show no net loss to the UK.

The Chancellor therefore agrees with you that it would be helpful if at your next meeting with the Americans you could indicate that the Prime Minister is disturbed by the Americans' current proposals, particularly on the R&D levy. In spite of the arguments for an early announcement, he believes that we must make it plain to the Americans that we are not prepared to reach agreement until the terms are significantly better.

I am sending copies of this letter to the other recipients of your minute.

Yours ever,  
John Kerr.  
J.B. KERR

*[Handwritten signature]*

We shall have to keep the matter open until soon



15 FEB 1962







Prime Minute 23A

Content that test should  
take place? A.S.C. 17/2

Yes  
no

MO 12/2/4

PRIME MINISTER

BRITISH NUCLEAR TEST PROGRAMME

Preparations for the next British underground nuclear test at the American Nevada Test Site, which you approved as part of the 1980/81 programme in early 1980, are now well advanced to meet a revised planned firing date of about 8 April 1982.

THIS IS A COPY. THE ORIGINAL IS  
RETAINED UNDER SECTION 3 (4)  
OF THE PUBLIC RECORDS ACT

2. The publicity arrangements will be as for all our previous tests. These are that there should be no prior announcement of our intentions but that, immediately after the test, a Press statement will be issued simultaneously in London and the United States. As on past occasions, you may wish to give Cabinet some advance warning.

3. I am copying this minute to the Home Secretary, the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer and to Sir Robert Armstrong.

S.

Ministry of Defence  
15th February 1982





10 DOWNING STREET

From the Principal Private Secretary

15 February 1982

*Defence*

*File AH*

*ccs FCO*

*TSG*

*CO*

PERSONAL AND CONFIDENTIAL

*Dear Sir,*

UNITED KINGDOM TRIDENT  
PROGRAMME

Thank you for your letter of 10 February 1982 with which you sent a copy of the memorandum on Trident which your Secretary of State is preparing for future publication.

I have shown this to the Prime Minister who was grateful for this early notice of what Mr Nott hopes to say in the memorandum.

I am sending copies of this letter to Brian Fall (Foreign and Commonwealth Office), John Kerr (Treasury) and David Wright (Cabinet Office).

*Yours sincerely,*

*David Omand*

David Omand Esq.,  
Ministry of Defence.

*AA*





COPY 6 OF 6 COPIES

23  
flex 10

10 DOWNING STREET

*From the Private Secretary*

15 February 1982

TRIDENT

The Prime Minister has seen your minute of 12 February.

She agrees that:

- (a) She may be quoted as "personally very disturbed" by current American suggestions on the R & D levy;
- (b) The approach suggested in your paragraphs 7 and 8 is the best way to deal with the R & D levy problem;
- (c) The procedure in your paragraph 9 is acceptable.

I am sending copies of this letter to Brian Fall (Foreign and Commonwealth Office), John Kerr (H.M. Treasury), David Omand (Ministry of Defence) and David Wright (Cabinet Office).

R. L. Wade-Gery, Esq., C.M.G.,  
Cabinet Office.

S

TOP SECRET





10 DOWNING STREET

Prime Minister

TRIDENT.

Subject to views of other Ministers  
concerned agree :-

- (a) that you may be quoted as  
" personally very disturbed by current  
U.S. suggestions on the R & D levy"  
(see para. 10). Yes no.
- (b) that the approach suggested in  
para. 7 & 8 is the best way to  
deal with the R & D levy  
problem Yes no.
- (c) that the procedure in para. 9 is  
acceptable. ?

Yes no, A.S.C.  $\frac{12}{2}$ .



Ref: B06406

MR COLESTrident

Following the Prime Minister's messages to President Reagan of 21st January and 1st February and the latter's message of 26th January, I visited Washington on 8th and 9th February with colleagues from the Ministry of Defence and Foreign and Commonwealth Office to discuss with White House, Pentagon and State Department officials the basis on which the D.5 missile system might be made available to Britain. The American team was led by Mr Robert McFarlane, the deputy to the new National Security Adviser (Mr Clark); Mr McFarlane is widely believed to have the confidence of both Mr Weinberger and Mr Haig, as well as of Mr Clark.

2. We made clear to the Americans that the background to our visit was as follows.

(a) The British decision, as between staying with the C.4 missile and moving to D.5, was still open; in order to take it, Ministers needed more information.

(b) Although the original C.4 deal in 1980 had been a satisfactory one, changed circumstances now meant that through no fault of our own we faced a choice between two unattractive alternatives; C.4 would have all the penalties of uniqueness, while D.5 would be better and costlier than we needed, would involve the financial risks of an untried system, and would increase the dollar content of the overall programme.

(c) If we were to switch to D.5, therefore, we would need to minimise the cost of doing so, in order to avoid damaging our conventional defence effort and stirring up domestic controversy.

(d) Although we hoped to move fast, getting the right deal was an even more important consideration.



3. We then discussed a possible D.5 deal under four heads: offset; basic costs; surcharges; and procedure. We made some progress on offset. On basic costs we had not expected to break much new ground and did not do so. On surcharges the Americans' opening position was disappointing; but there were signs that we may be able to push them in the direction we want if we press our case strongly enough and are at the same time sensitive to their need to protect their Congressional flank. On procedure it was clear that our ideas and theirs are closely in line.

4. Offset. The Americans do not expect to be able to offer us much in the way of orders unrelated to Trident which would not have come our way in any case; and in the nature of things it would be hard to demonstrate that any such orders were genuinely "additional". But they are receptive to the idea that, if we go for D.5, our firms should be given a fair crack of the whip as regards sub-contracts from within the whole United States Trident programme (ie not just sub-contracts related to our small part of it). Our firms would of course need to be competitive. But it might be possible for the United States Government to promote useful contact between them and the prime contractor (Lockheed); and even to spend part of the proceeds of our payments under the overheads charge (paragraph 6 below) on setting up a liaison office in London for the purpose of educating relevant British firms in the requirements of this highly complex market. We pressed them strongly for specific language which might be included in the published text of a D.5 agreement and used by us to demonstrate to our potential critics in British industry that their interests had not been overlooked. They eventually suggested the following formula:

"In respect to Trident procurement, the Department of Defense undertakes:

- a. to use its best endeavours to ensure that UK manufacturers are permitted to compete equally with US manufacturers;
- b. to make the regulations and procedures bearing on procurement consistent with this general principle as permitted by US law."

This seems satisfactory.

5. Basic costs. The Americans made clear that there was no possibility of their supplying D.5 (or C.4) missiles at marginal cost. They had no way of computing what that would be, because the British requirement



would be bled off the main production line for the United States Navy; and they could not in any case discriminate against their own Navy in favour of ours. But the longer the programme ran the cheaper each unit would become; and they expected our gain from this process to be somewhat greater because they were now planning to advance their own in-service dates.

6. Surcharges. There are three of these: the overheads charge, the facilities charge and the R and D levy. The Americans, as we expected, see no legal grounds on which the President could waive the minimum overheads charge, which they currently estimate (at FY 1982 prices) at \$106 million. We believe this must be accepted. They are prepared to contemplate waiving the facilities charge, which they put at \$51 million. This is satisfactory. On the R and D levy, their approach was less forthcoming than we had hoped. Their argument, together with our counter-argument, is described at Annex A. Briefly their calculation assumptions (based on a pro rata levy) suggested that we should pay \$342 million, of which they were ready to waive \$120 million; they were therefore proposing that we should pay \$222 million. Our calculations, based on the 5 per cent levy agreed for Polaris and for C.4, suggested that we should pay \$128 million (compared with \$116 million for C.4); and we made it clear that we were asking for the whole of that to be waived. Although our case seemed to make some impression on the Americans, they were clearly worried about its saleability to Congress. Both sides are now to reflect further and we are to meet them again on 24th February.

7. Prolonged discussion of the R and D levy issue on 9th February suggested the outlines of a possible settlement. If they are to treat us generously, the United States Government will for legal as well as political reasons require the agreement of Congress. I believe that we could persuade them to go to Congress for a 5 per cent levy on the lines agreed for Polaris and C.4. If they are to be able to treat us more generously than that, their basic approach to Congress will need to be that money we are not forced to pay for R and D will be money available for our conventional defence effort. It would lend force to this argument if they could point to specific British deployment



decisions in conventional sectors of importance to United States opinion which we might have made public in the period shortly before a D.5 deal was announced. The Americans accept that it would be politically impossible from our point of view for any such deployment decisions to be publicly presented as part of the D.5 deal; and they no doubt also realise that the process would be largely cosmetic, since no net increase in British defence spending would be involved. But there does seem to be force in their claim that the Congressional atmosphere might be significantly improved. The Ministry of Defence are therefore considering urgently what limited adjustments to the conventional defence programme might be possible in this context. They would need to be compatible with British interests; and of course self-balancing, since our available resources are already fully committed. But their net effect could still be positive so far as Congressional opinion is concerned.

8. If approved by the Secretary of State for Defence, a list of the positive effects of such possible adjustments could be shown to the American negotiators, to whom we would make clear that our ability to announce changes in some or all of these areas would be dependent on their ability to help us over Trident surcharges. We would press them to confirm waiver of the D.5 facilities charge; to accept that consideration of the level of R and D levy should start from the basis of a 5 per cent levy (as for Polaris and C.4), and thus from our figure of \$128 million (rather than theirs of \$342 million); to move downwards from there; and to end up with a fixed rather than a percentage figure. We would expect to succeed in at least the first two of these four aims. If the third and fourth proved too difficult for the Americans, the extent of our conventional adjustments would be appropriately limited. This procedure should enable us to establish the real limits of what they think they can get through Congress. The result would of course be referred back to Ministers for approval.

9. Procedure. The Americans are emphatic that knowledge of the present negotiations should be confined to a very narrow circle both in Washington and in London, and that communications should wherever possible be on the direct White House-Cabinet Office link. They agree that, if there is to be a D.5 deal, its broad terms should on the C.4 July 1980 model be enshrined in an Exchange of Letters between the Prime Minister and the President which would be the subject of simultaneous announcements in



London and Washington. They are thinking in terms of a date in March, before the NATO Nuclear Planning Group meets in San Francisco on 25th March. They envisage the terms of the Exchange being worked out in detail at our next meeting with their team on 24th February. Agreement on that occasion would be ad referendum to principals, which on our side would might mean successively MISC 7 and then Cabinet. A target date for the final Cabinet stage might be 11th March. The public announcement would follow a very few days later. During these few days the Exchange of Letters would be formally effected. The French and Germans might be informed in confidence the day before publication; and the North Atlantic Council might (as in 1980) be told on the morning of the day itself. By contrast with 1980 the Americans seem reasonably relaxed over the whole issue of presenting the new deal to our various allies.

10. Though the Americans were negotiating toughly, particularly on the R and D levy, the tone of this meeting was reasonably good. The Americans gave us the impression of being under instructions to reach an amicable settlement, provided that this did not leave the President too exposed to Congressional attack. As was to be expected, they did their best to suggest that if we go for D.5 we shall be fortunate in acquiring so accurate and powerful a missile; but I hope we were able to convince them that militarily we have no interest in anything beyond C.4 and that commonality is the sole reason for our interest in D.5. Our Ambassador, whom I consulted before leaving Washington, feels that our negotiating hand is inevitably not a strong one (since the Americans must know that we must know that we have no real option except to go for D.5); but he has no doubt that the tactical approach suggested in this minute represents our best hope of safeguarding our interests; and indeed that some measure of adjustment in our deployment plans would be desirable in terms of our Washington reputation even if a new Trident deal were not at issue. Nevertheless it will be helpful if at our next meeting with the Americans I could indicate that the Prime Minister is personally very disturbed by their current suggestions on and R and D levy. A message on this subject from her to the President may yet be necessary to clinch the final deal; and the implicit threat of it may serve to concentrate the minds of the President's advisers.



11. I should be grateful if you and the other recipients of this minute could let me know by 16th February whether the Prime Minister or her colleagues have any comments on the above; and in particular on the suggestion in paragraphs 7-8 above for a possible way forward in what seems to be the one remaining area of major difficulty, namely the R and D levy level.

12. I am sending copies of this minute to the private secretaries to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer and the Secretary of State for Defence; and to Sir Robert Armstrong.



12th February 1982

R L WADE-GERY



R and D Levy

The Americans start from their legal obligation (since 1976) to compute the levy on a pro rata basis. This would amount to \$685 million (all figures at FY 1982 prices). About half of that they regard as eligible to be offset against costs incurred by us on their behalf in other areas; and they calculate that they do in fact gain almost that amount under our 1980 understanding to pay manning costs for their Rapier systems here. This leaves \$342 million, of which they suggest they waive \$120 million and we pay \$222 million.

2. In reply we made clear that this basis for R and D calculations would be wholly unacceptable in London. Under the deal struck publicly in July 1980, we undertook to pay their Rapier manning costs; and we were abiding by that. In return, they undertook to fix the Trident R and D levy not at a pro rata level but on a 5 per cent basis (as with Polaris). On their own figures, 5 per cent for D.5 would currently come to \$128 million (or \$116 million for C.4). This was therefore our starting figure; and it was this which we were now asking them to waive, in order to help minimise the cost of a switch to D.5.



M 2 FEB 1902







MINISTRY OF DEFENCE  
MAIN BUILDING WHITEHALL LONDON SW1  
Telephone 01-~~330 7000~~ 218 2111/3

MO 18/1/1

10th February 1982

*ms*

*Dear Chive,*

UNITED KINGDOM TRIDENT PROGRAMME

My Secretary of State felt that even at this early stage you might like to see the work already in hand here on a Trident memorandum contingent upon a future Trident D5 decision and announcement.

/ I attach the first draft of the text of this document, which  
/ of course will need amendment and amplification once we know the  
outcome of negotiations with the US. I also attach a mock-up  
of how the document will be laid out. This follows the pattern  
of the July 1980 open Government document on Trident, but with  
the addition of coloured diagrams which my Secretary of State  
feels significantly improves the presentation.

I am copying this letter and enclosures to Brian Fall (FCO),  
John Kerr (HM Treasury) and David Wright (Cabinet Office). I have  
marked this letter Secret and Personal and would be grateful if  
they could ensure that their copies are given appropriate protection.

*Yours ever,*  
*David Omand*  
(D B OMAND)

Prime Minister.  
Not a bad first copy. This is  
not a subject which lends itself to  
treatment in clear and simple English.

*ku*  
12:50

C A Whitmore Esq



SECRET



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UNITED  
KINGDOM  
TRIDENT  
PROGRAMME

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SECRET



SECRET

## THE UNITED KINGDOM TRIDENT PROGRAMME

On 15 July 1980 my predecessor announced the Government's choice of the Trident submarine-launched ballistic missile system to replace the United Kingdom's current Polaris-equipped strategic deterrent force. He also published Defence Open Government Document 80/23 "The Future United Kingdom Strategic Nuclear Deterrent Force" which set out in detail the reasons which led the Government to the conclusion that the Trident system was the right choice for Britain. The Government's decision was endorsed by the House of Commons on 3 March 1981 by a majority of 68. The Open Government document, and evidence given by my officials and myself to the Defence Committee of the House of Commons, made it clear that a number of details of the design of the new submarines which would carry the Trident missiles remained to be settled.

On February 1982, the Government published the texts of letters exchanged between the Prime Minister and President Reagan providing for the United Kingdom to buy

from the United States the Trident II (D5) missile system, rather than the Trident I (C4) system as had been envisaged under our previous plans. This document explains that decision, and our other related decisions on the Trident submarine design.

The Government has already shown in a number of ways that it attaches great importance to helping wider understanding and more informed public debate of major defence issues, particularly in the field of our nuclear forces. This memorandum is a further step in that endeavour; the Government believes it shows clearly why the decisions it has reached on the configuration of the United Kingdom Trident submarines, and the Trident II missile system, are the most cost-effective way of maintaining well into the next century an effective independent strategic nuclear deterrent force, which is the single most important contribution made by our defence capabilities to the preservation of peace.

JOHN NOTT

Ministry of Defence  
February 1982

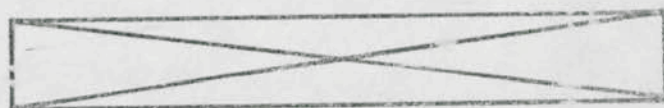
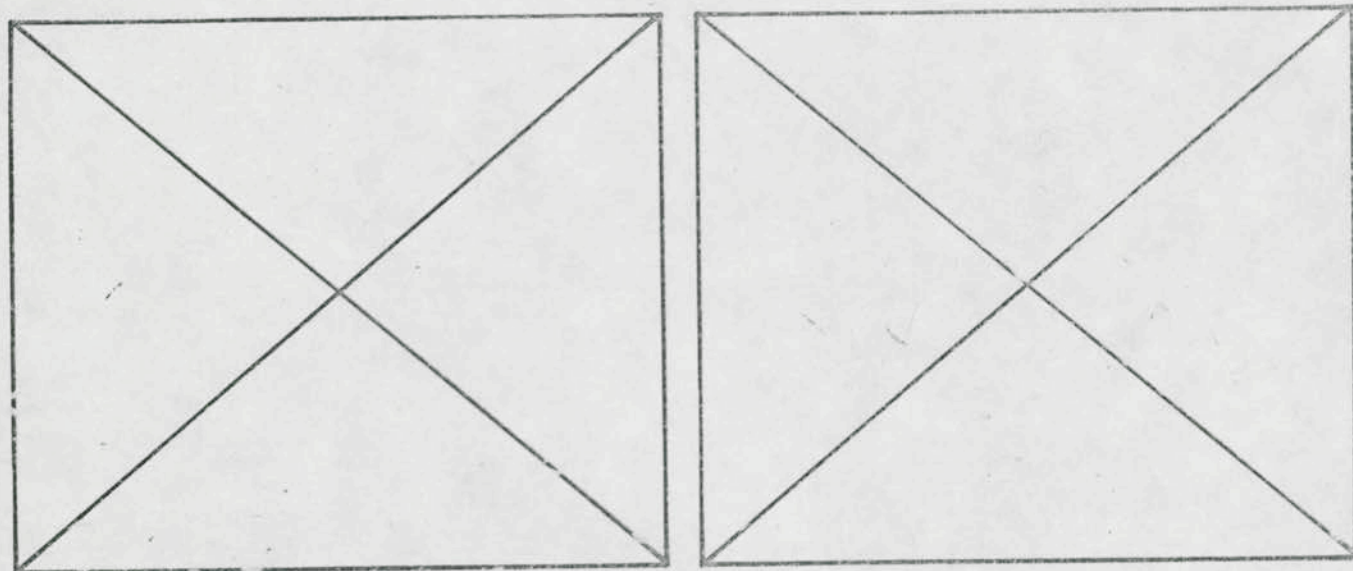
Defence Open Government Document 82/

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SECRET

I - THE BACKGROUND



SECRET



SECRET

Figure 1

### UK OHIO SSBN

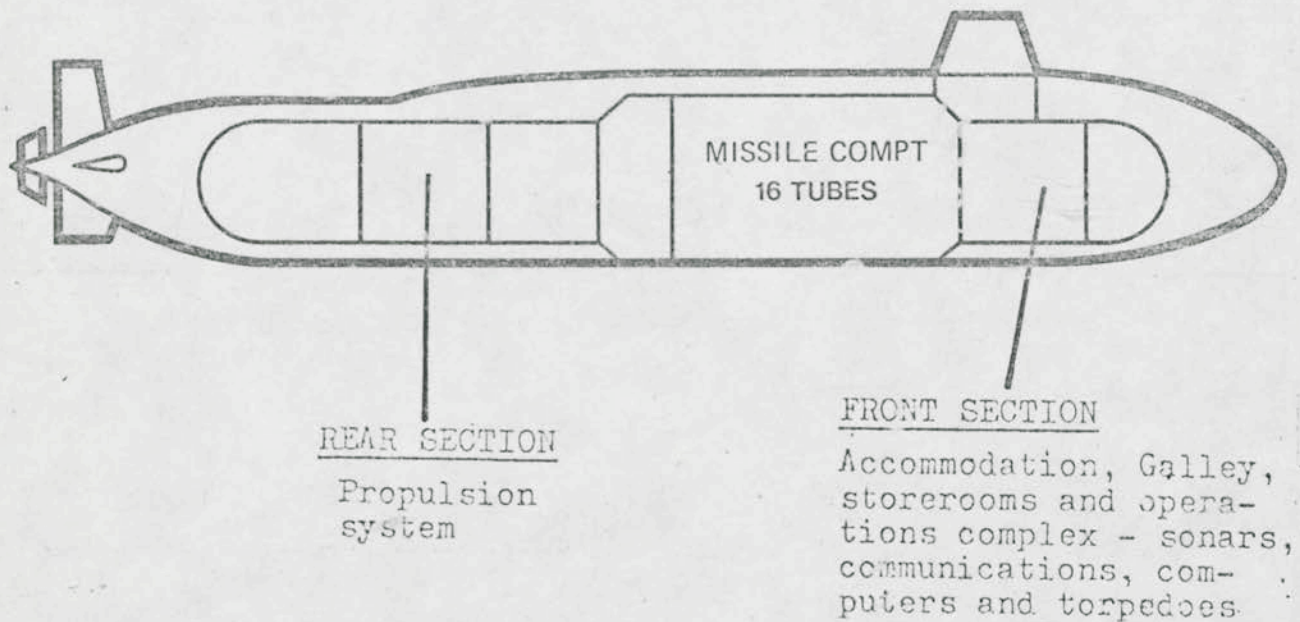
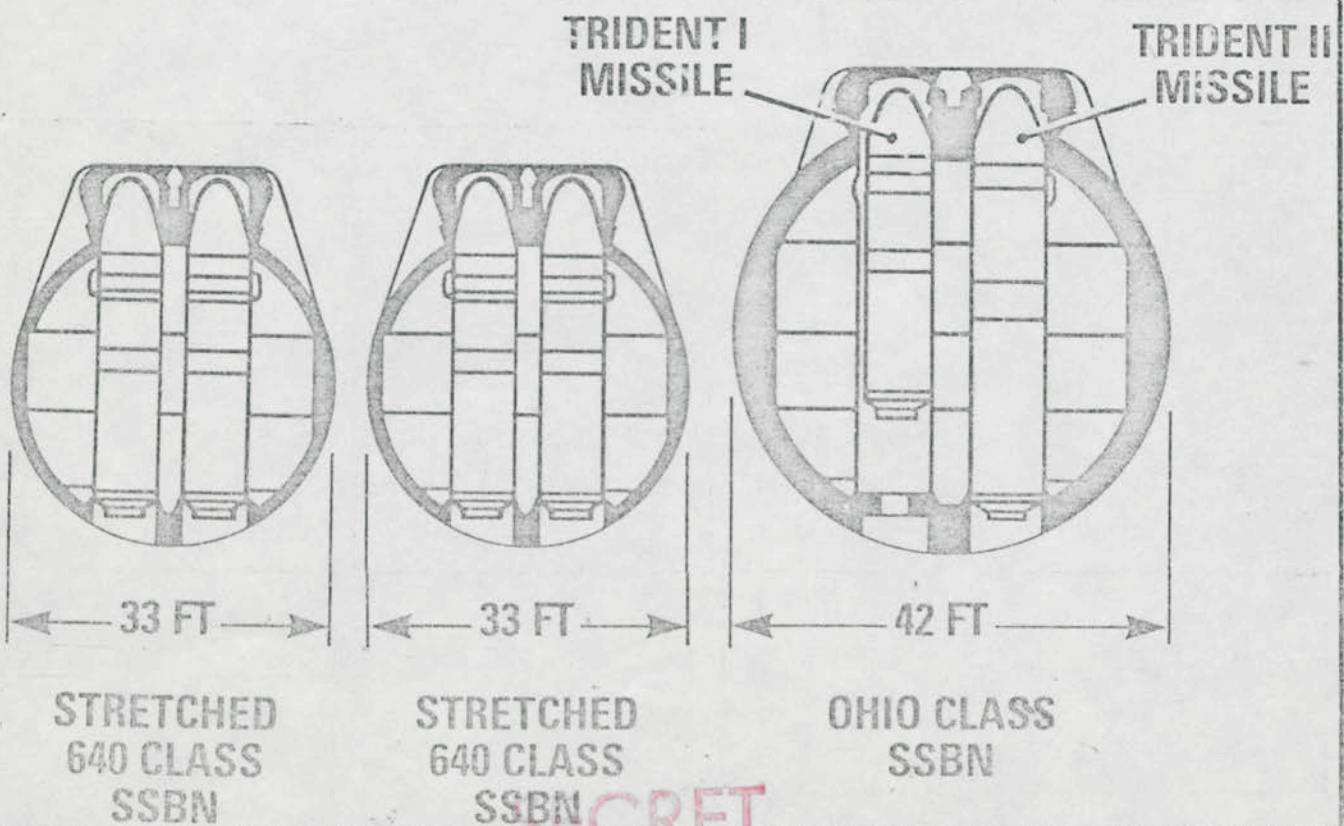


Figure 2

### HULL COMPARISON

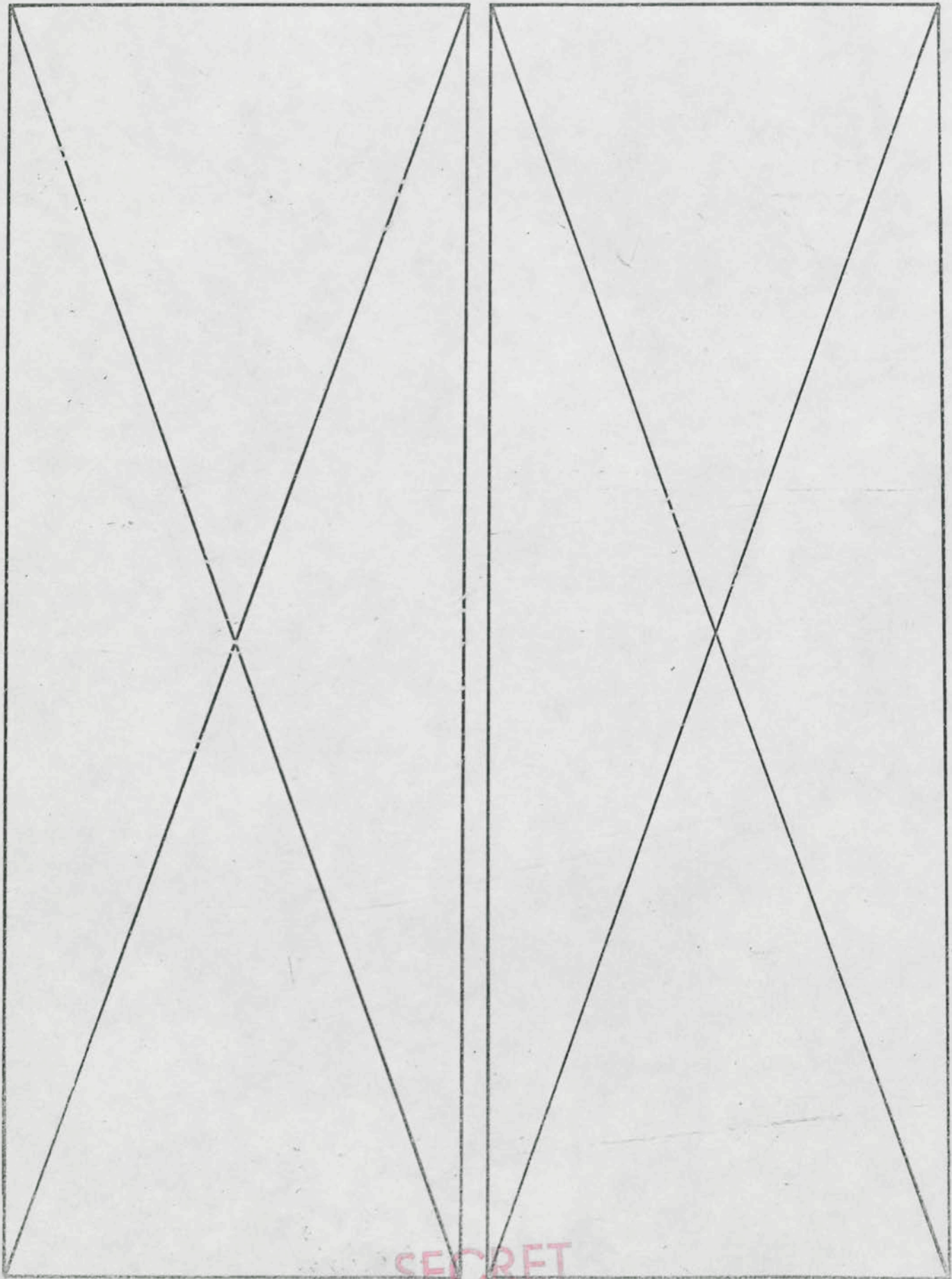


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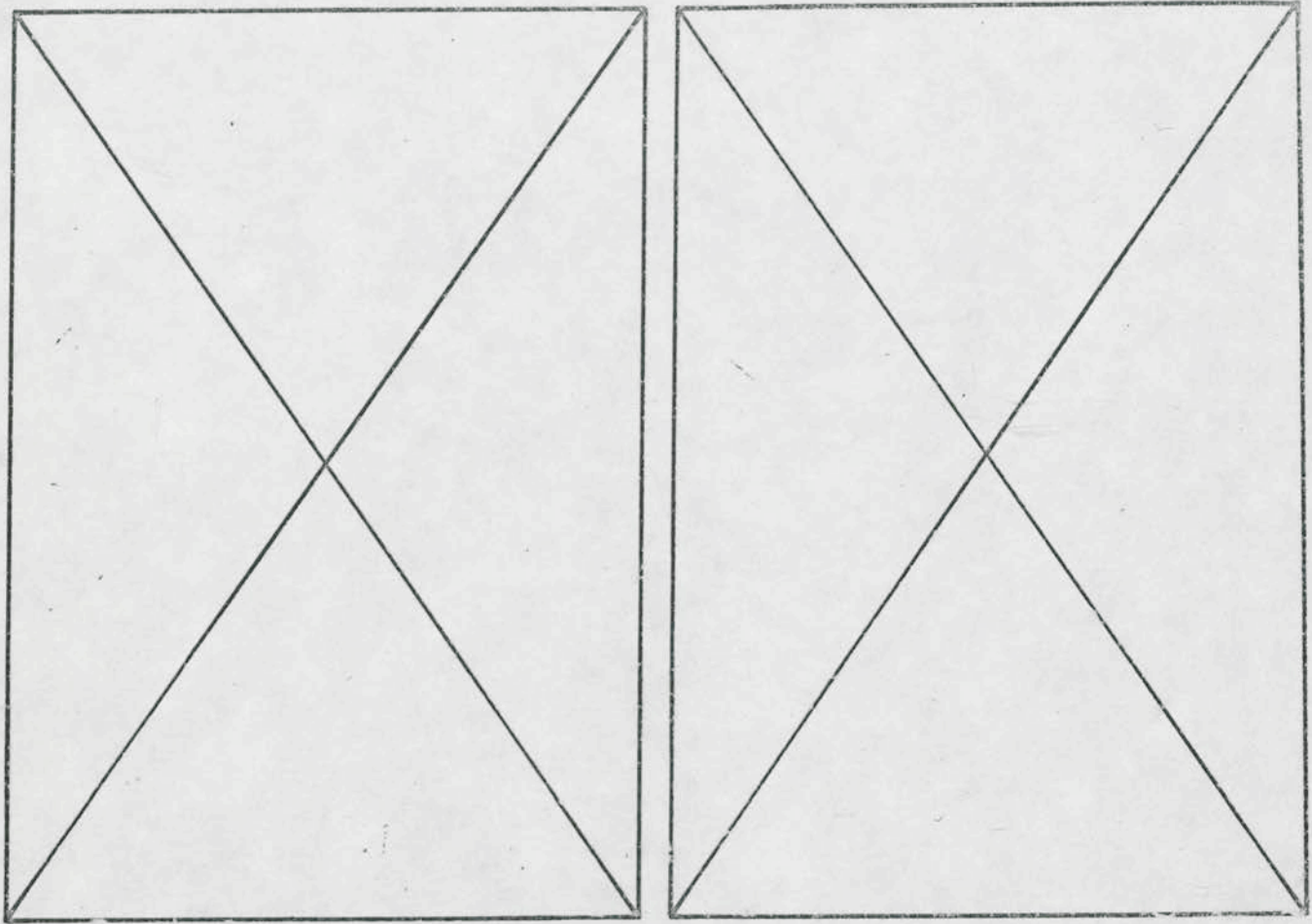
II - THE DESIGN OF THE SUBMARINES



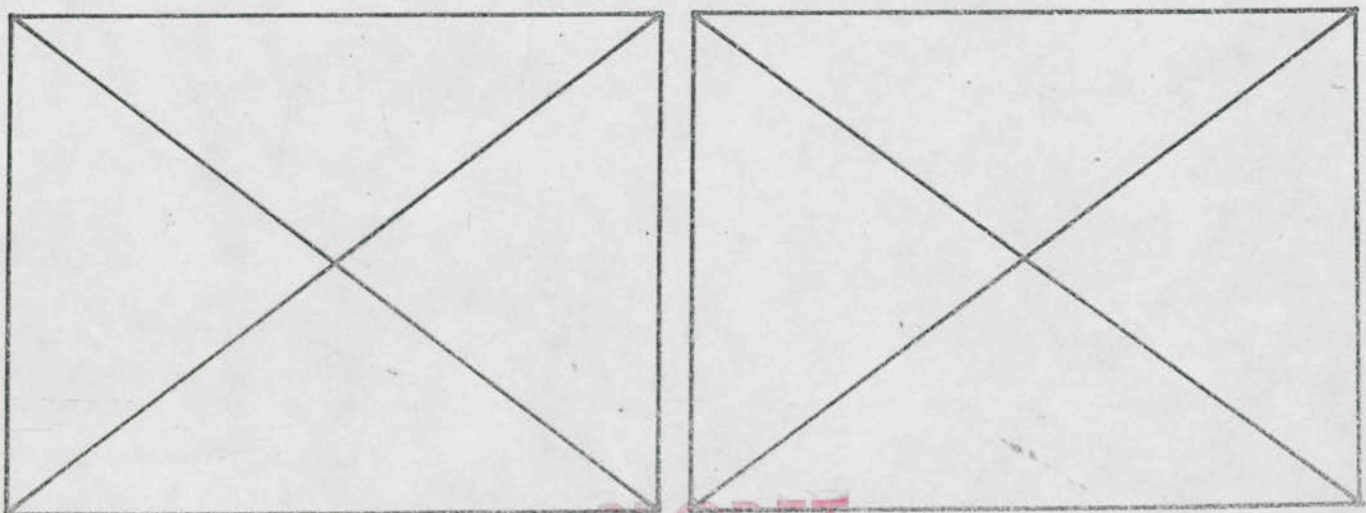
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IV - RESOURCES



SECRET

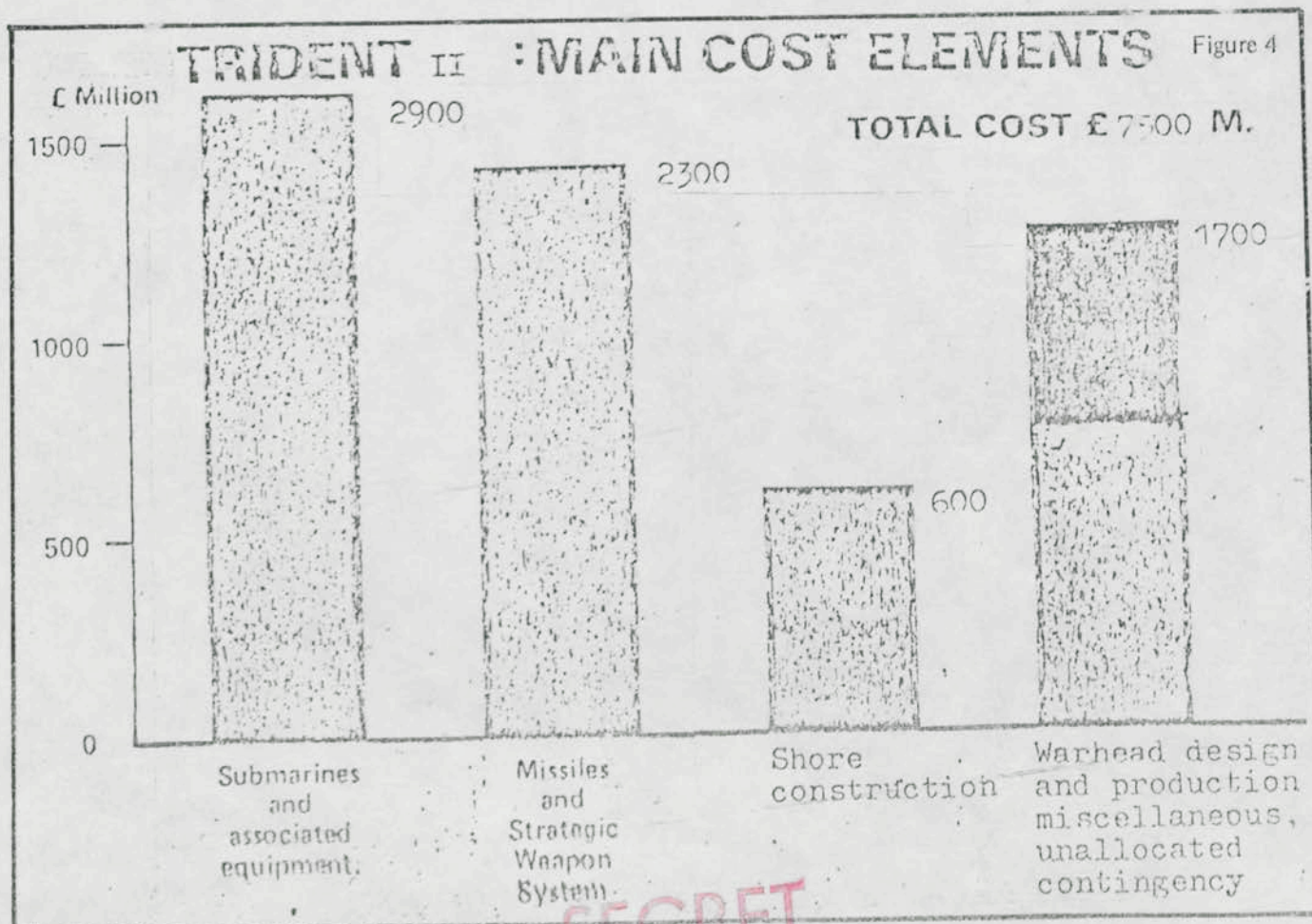


SECRET

3

TRIDENT COST COMPARISONS

(see attached mock-up of illustrations)

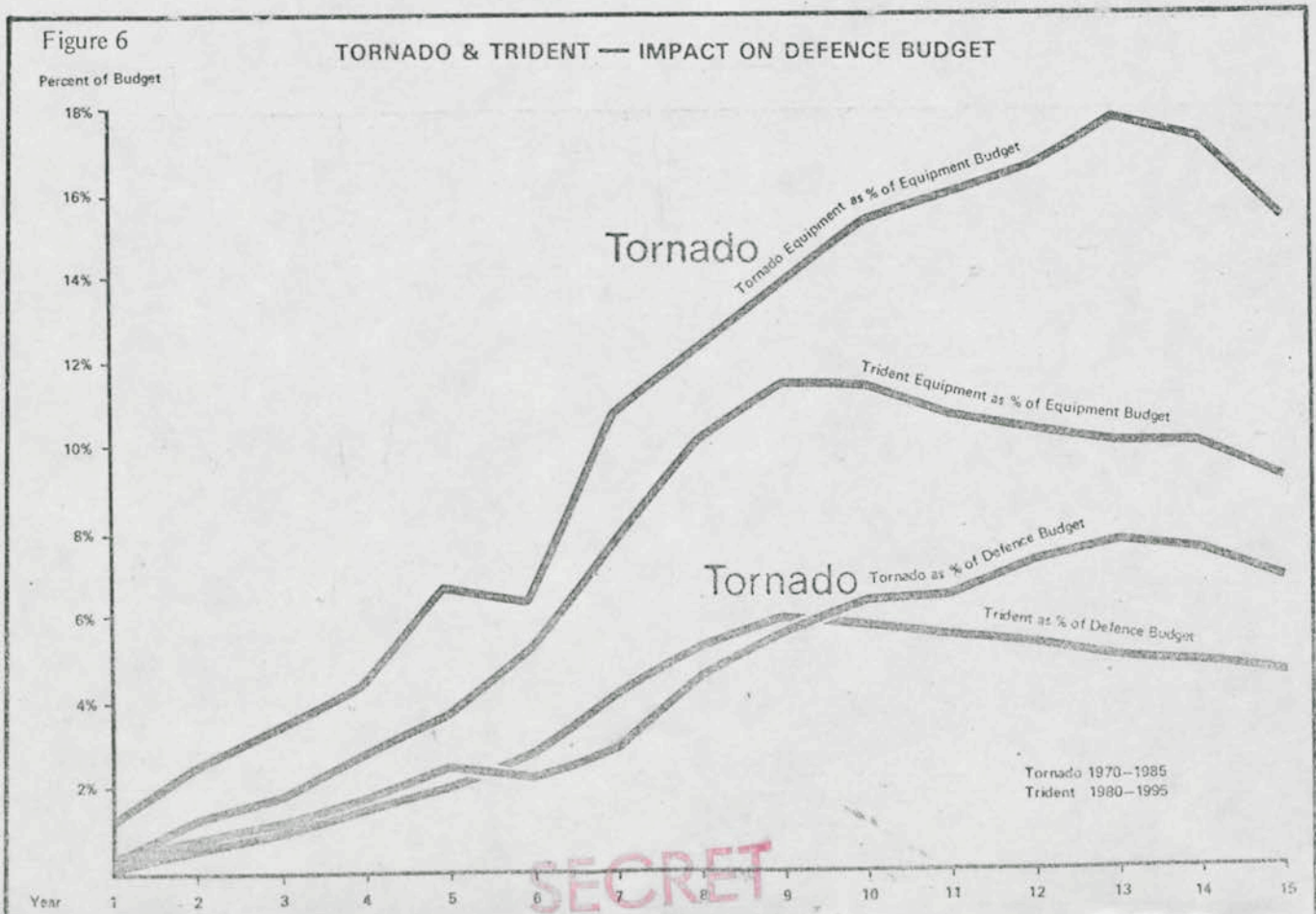


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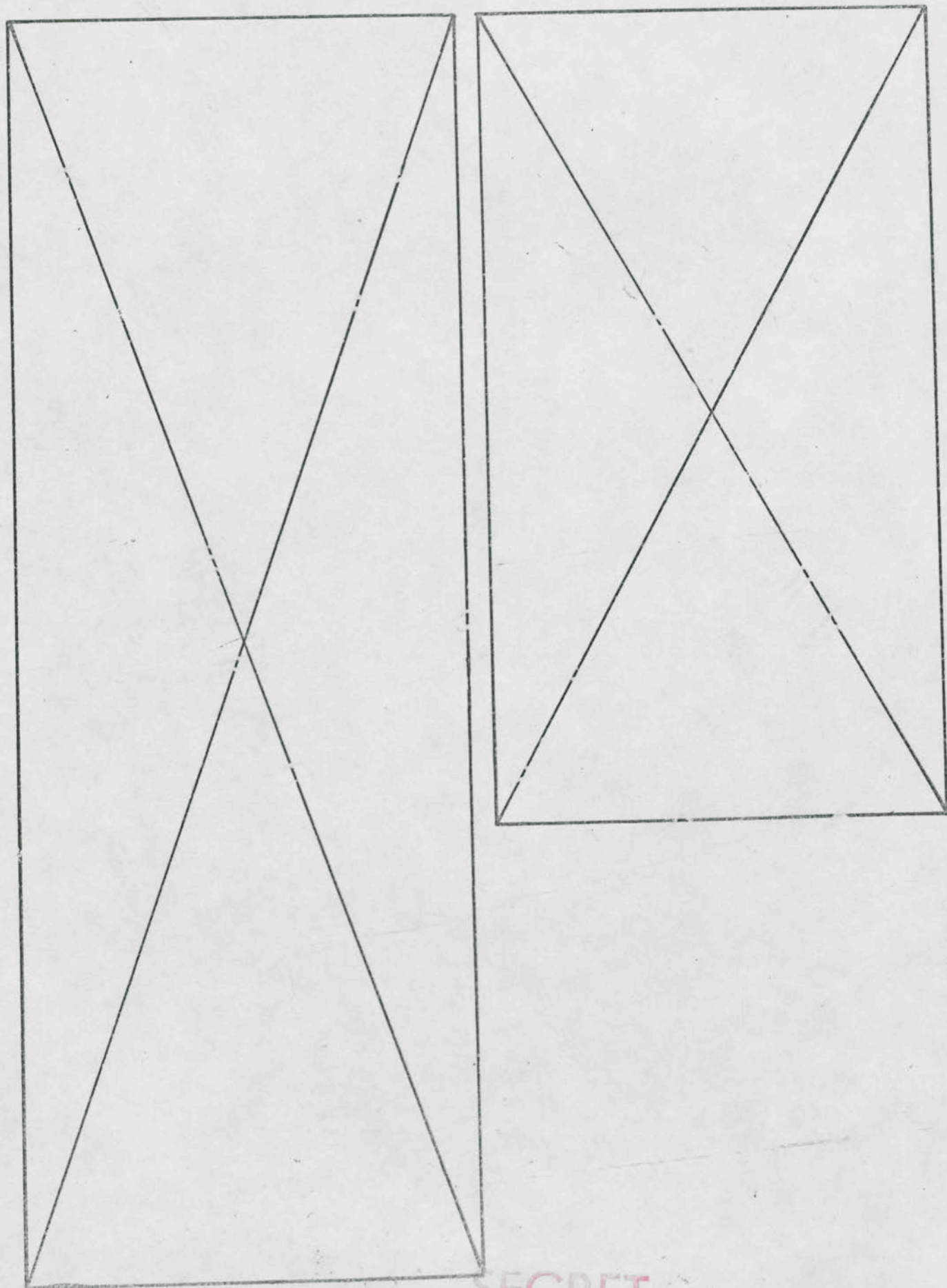
DEFENCE EQUIPMENT EXPENDITURE 1980-1995

(see attached mock-up of illustrations)



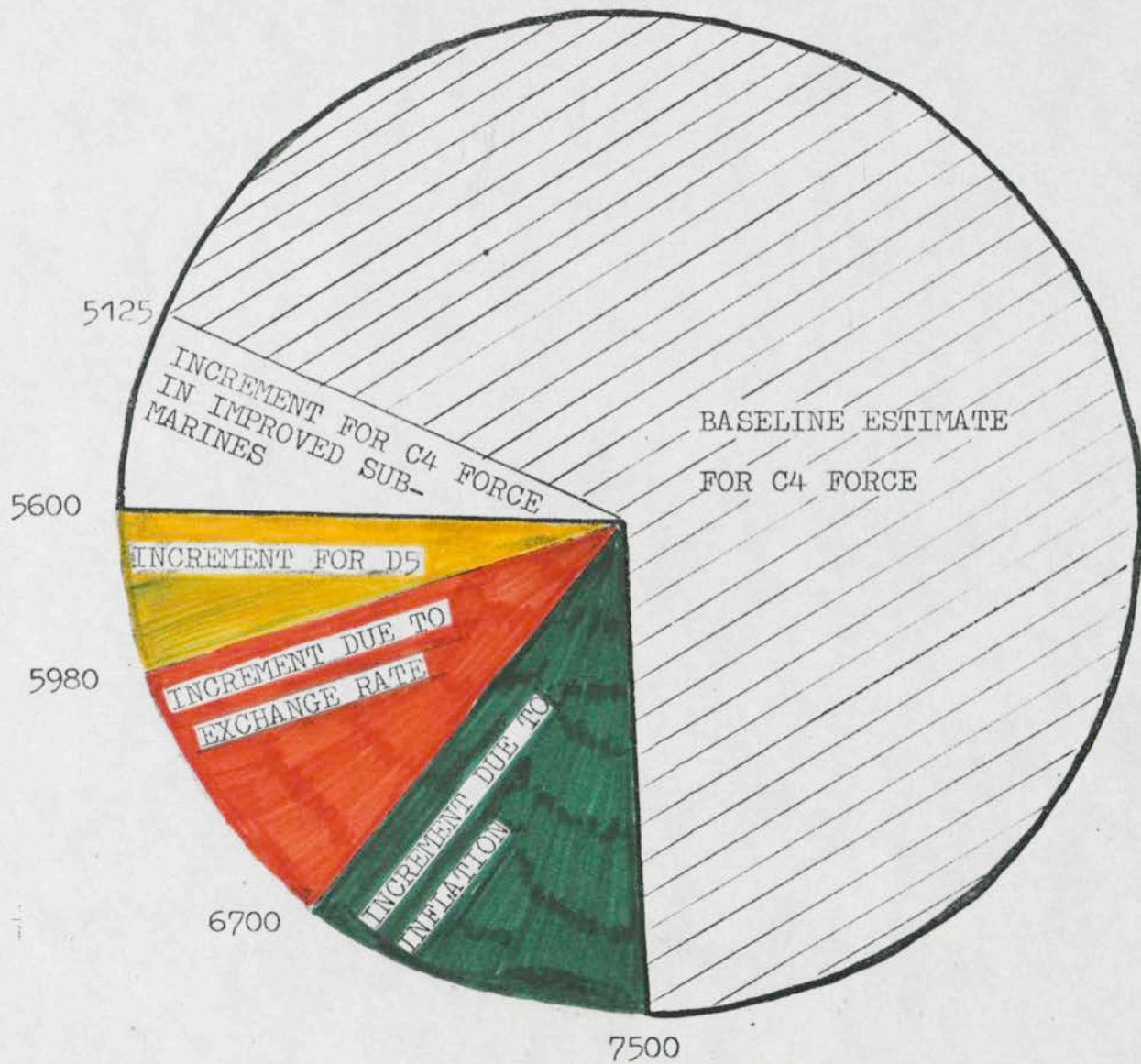


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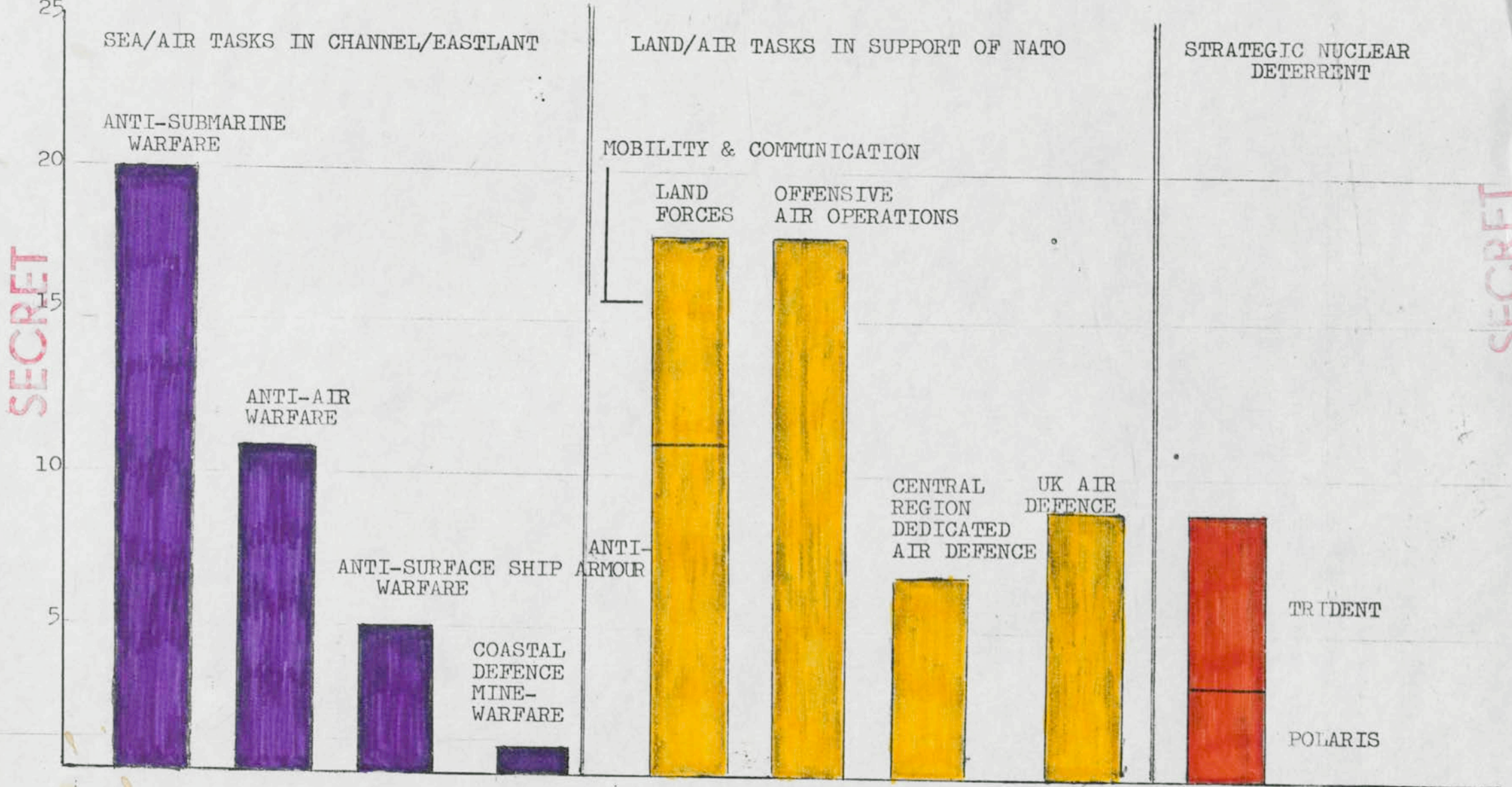
SECRET



DEFENCE EQUIPMENT EXPENDITURE 1980-1995

Figure 5

% of Equipment Budget



SECRET

SECRET



~~SECRET~~  
SECRET

THE UNITED KINGDOM TRIDENT PROGRAMME

On 15 July 1980 my predecessor announced the Government's choice of the Trident submarine-launched ballistic missile system to replace the United Kingdom's current Polaris-equipped strategic deterrent force. He also published Defence Open Government Document 80/23 "The Future United Kingdom Strategic Nuclear Deterrent Force" which set out in detail the reasons which led the Government to the conclusion that the Trident system was the right choice for Britain. The Government's decision was endorsed by the House of Commons on 3 March 1981. The Open Government document, and evidence given by my officials and myself to the Defence Committee of the House of Commons, made it clear that a number of details of the design of the new submarines which would carry the Trident missiles remained to be settled.

On February 1982, the Government published the texts of letters exchanged between the Prime Minister and President Reagan providing for the United Kingdom to buy from the United States the Trident II (D5) missile system, rather than the Trident I (C4) system as had been envisaged under our previous plans. This document explains that decision, and our other related decisions on the Trident submarine design.

The Government has already shown in a number of ways that it attaches great importance to helping wider understanding and

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more informed public debate of major defence issues, particularly in the field of our nuclear forces. This memorandum is a further step in that endeavour; the Government believes it shows clearly why the decisions it has reached on the configuration of the United Kingdom Trident submarines, and the Trident II missile system, are the most cost-effective way of maintaining well into the next century an effective independent strategic nuclear deterrent force, which is the single most important contribution made by our defence capabilities to the preservation of peace.

JOHN NOTT

Ministry of Defence  
February 1982

Defence Open Government Document 82/

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I - THE BACKGROUND

1. The Government's decision to replace our existing Polaris submarine-launched ballistic missile nuclear deterrent force with the Trident I (C4) missile deployed in a new generation of British-built submarines was announced on 15 July 1980. The policy background to the decision was explained in Defence Open Government Document 80/23, published on the same date.

2. That document made clear that before detailed decisions were made on the design of the submarines further studies and discussions with the United States authorities would be required. In evidence to the Defence Committee of the House of Commons,<sup>(1)</sup> the Defence Secretary and his officials explained that, so far as the new generation of strategic missile-carrying submarines (SSBNs) was concerned, the principal decisions which remained to be taken related to the size of the hull, both in terms of the diameter of the boats and the number of missile tubes to be installed in each, the nuclear propulsion plant to be adopted and the design of the "tactical weapons system" - that is the complex of sonars and other defensive aids which make a major contribution to ensuring that the submarines will be able to remain undetected, and hence invulnerable to pre-emptive attack, while they are maintaining their deterrent patrol. These studies have now been completed.

(1) Published as Minutes of Evidence taken by the Committee in its Fourth Report 1980/81 (HC 36) on Strategic Nuclear Weapons Policy



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3. The second development since the Government's announcement of its plans for the Trident force in July 1980 has been the decision of the United States Government, announced in October 1981, to develop the Trident II (D5) submarine-launched ballistic missile with a view to its deployment by the United States Navy from 1989. The final United States decision on the D5 programme had previously not been expected until 1983 at the earliest, and this announcement, while at first sight introducing an additional complicating factor to be taken into account in our studies, nevertheless was very welcome, since it meant that the development of our plans for the United Kingdom Trident force could proceed against the background of firm knowledge of the United States' long term programme for sea-based strategic missiles.

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II - THE DESIGN OF THE SUBMARINES

4. Broadly speaking, nuclear-powered strategic ballistic missile carrying submarines (SSBNs) can be divided into three sections:

The Front Section, which includes the operations complex, accommodation, galley, offices and storerooms and also the tactical weapons system;

The Centre Section, which contains the strategic missiles in their tubes;

The After Section, which contains the propulsion system of the submarine.

This is shown in the diagram in Figure 1.

5. In reaching its conclusions on the final configuration of our submarines, the Government had to make technically complex decisions about the design of each of these sections.

(a) The Front Section

6. The decisions to be taken on the front section of the submarine involved the tactical weapon system - that is, principally, the boat's sonars. In order to meet the standards of invulnerability required from a strategic nuclear deterrent, the submarines must be able to detect any potentially hostile surface ship or submarine at very long range in order to be able to take the necessary evasive action in good time. The assumption made at the time of the July 1980 announcement was that our new generation



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of SSBNs should be fitted with the tactical weapons system currently at sea with our nuclear-powered hunter-killer submarines (SSNs). Further studies have shown, however, that while this current generation system (which is based on technology 10 to 15 years old) would, with some modification, be capable of countering adequately the threat from potentially hostile ships and submarines in the 1990s, it would allow little scope for improvement in order to meet advances in the threat which might occur later in this century or early in the next. It has therefore been decided that improved bow-mounted sonars and towed arrays which are under development for fitting to our next class of SSNs should also be adopted for our new strategic submarines. These new generation equipments will provide a significantly improved defensive capability for the submarines, and one which will have the potential for further improvement to counter increased Soviet capabilities during the life of the force. As well as the improved detection aids, each of the submarines will have 4 bow torpedo tubes for self defence.

(b) The After Section

7. The main equipments in the after section of the submarine are the components of the propulsion system. This consists of the nuclear reactor, known as a pressurised water reactor (PWR), which generates the steam to operate the turbines which provide the boat's motive and electrical power. We had originally planned to fit the new generation of SSBNs with the pressurised water

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reactor (PWR 1) which is being installed in the SSNs we are building now.

8. But we have under development a new reactor and propulsion system - PWR 2 - to power the next class of our SSNs. This development programme is designed primarily to give longer reactor core life (that is, the fuel in the reactor will require replacement less frequently), reduced operating noise as compared with the current system, increased power and improved nuclear safety. The first two of these factors are particularly important for the maintenance of a continuous and invulnerable deterrent. The longer core life of PWR2 would increase the interval of time available before the boats need to be refitted, thereby offering the possibility of a reduction in the total number of refits and consequently a significant increase in operational availability of the boats over that which would be likely to be achieved were they to be powered by the PWR1 system. It will also provide a substantial reduction in the through-life costs of the force. Boats equipped with the PWR2 system will also be able to operate much more quietly than current generation submarines, and this increased quietness not only makes them more difficult to detect, but also, by reducing the background noise against which their sonars have to operate, make the boats own detection systems more effective. The degree of invulnerability of the boats is thus improved in two ways by the adoption of PWR2; this is particularly valuable in the context of possible improvement in Soviet anti-submarine capabilities during the life of the force.

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9. In the light of all the advantages that boats powered by PWR2 will have as compared to those powered by current generation propulsion systems, the Government has decided that it makes sense for the next general of SSBNs to be equipped with the PWR2 system.

(c) The Centre Section

10. The final decisions to be made on the submarine concerned the centre section of the hull, which contains the missile tubes and control systems. The diameter of the submarine hull required depends critically upon the choice of missile that should be carried, both initially and at any later stage in the life of the force and on the number of missiles each submarine is to carry.

11. The feasibility studies which we have undertaken in the United States since July 1980 (and which were not possible before the Trident decision had been announced) have been of great help in reaching decisions on the hull size of the submarines. The original Ministry of Defence studies had pointed to the conclusion that the United Kingdom Trident force should be deployed in a new class of submarine, whose missile compartment would be based on that of the US 640-class submarine which currently deploys their Poseidon and Trident I (C4) missiles. The subsequent feasibility studies have shown that the straight-forward incorporation of the US 640-class missile compartment into our new submarines would not in fact be practicable because much of the equipment associated with this design of compartment will soon be/is now out of production. We should either have to re-design the 640-class missile compartment to accept "OHIO class" equipment (the OHIO being the

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first of the new US class of larger submarines designed to carry the Trident II (D5)  $\sqrt{-}$  and this would involve a risky and expensive United Kingdom programme<sup>7</sup> or ourselves adopt a missile compartment based on the OHIO design. A comparison of our present 'Resolution' class Polaris boats, 640-class boats and OHIO class boats is shown in Figure 2.

12. Choice of the Trident II missile system would make it essential to opt for the larger hull based on the OHIO class. But even if we remained with Trident I it would still make sense to opt for the larger diameter hull in order to retain the flexibility to switch if necessary at some further stage, to a later generation missile, whether it be Trident II or some successor system. To adopt the 640-class hull would mean that we should be contemplating running on our strategic force with the Trident I missile for at least 20 years after the system had been withdrawn from service with the United States Navy. The logistic and other problems which such a course would entail would be enormous, and extremely expensive to resolve (this discussion of the problem is explained in more detail in Section III). The Government has therefore decided that the new generation of United Kingdom SSBNs should be built with a missile compartment based upon that of the United States OHIO class submarines.

13. The other question is the number of missile tubes the submarine should carry. As Defence Open Government Document 80/23 noted, the optimum number of missiles which each submarine should



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be equipped to carry involved compromise between different factors. Amongst these, the fact that we shall only be able to guarantee one boat on patrol all the time means that we must ensure that the missiles carried by that boat are in themselves sufficient to pose a credible deterrent. Given that missile tubes are arranged in groups of four, our choice was between twelve and sixteen tubes (the United States OHIO class submarines have 24, but we do not believe we need boats of this size). Clearly, the final choice of missile to be deployed is a major factor in deciding upon the missiles to be carried, and this aspect of the submarine's design is therefore considered in more detail in the next section of this document.

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III - THE CHOICE OF MISSILE

14. Defence Open Government Document 80/23 explained in detail the reasons which led us to conclude that the replacement for Polaris should be a submarine-launched ballistic missile. It went on to explain the rationale leading to the decision that the missile should be the Trident I (C4) missile, which has been in service with the United States Navy since 1979. In essence, these were that this was a tried and tested system already in service, whose long range and multiple independently-targetable re-entry vehicles (MIRVs) would give excellent long-term insurance against advances in Soviet anti-submarine warfare and anti-ballistic missile defences. In particular, the Open Government Document noted (paragraph 51) "The Trident system is likely to remain in United States service for many years to come, during which all the economies of commonality will be available to us". It also noted (paragraph 53) that a concept for a larger submarine-launched ballistic missile known as Trident II (D5) was being studied in the United States, although the US Government was then not expected to decide for another two or three years whether to proceed with the D5 programme. In these circumstances, the only option available to the United Kingdom was to plan on the basis of the adoption of the C4 missile.

15. In the event, the new United States Administration decided to advance the timing of the Trident II programme. On 2 October 1981,

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President Reagan announced his decision to proceed to full development of the Trident D5 missile as part of a package of measures designed to modernise the entire range of United States' strategic nuclear forces. It was planned that the first deployments of the new missile by the US Navy would take place in 1989. President Reagan has also made it clear to us that he would be willing to make the D5 system available to the United Kingdom should we decide that we wished to adopt it, rather than the C4, for our next generation strategic deterrent.

16. The Trident II (D5) missile system is, like Trident I from which it is an evolutionary development, a three-stage solid fuel ballistic missile with multiple independently-targettable re-entry vehicles. It is, however, much larger than Trident I and can carry the same payload a much greater distance and with greater accuracy. When carrying its maximum payload of 14 warheads, its range is approximately the same as that of Trident I.

17. While the advancement of the United States' decision introduced a further complicating factor into our studies on the final configuration of our Trident programme, it was nevertheless welcome, since it enabled our planning to be carried out against a background of certainty as to American intentions and in the knowledge that the D5 system would be made available to us should we require it.

18. While the United States' Government has not announced the date by which it expects to have replaced all its current SSBNs

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by the OHIO class submarines deploying D5, they have made clear that they expect to continue ordering OHIO class submarines at the rate of one a year at least until 1987. Taken with the 9 already in the programme, this indicates that they will be likely to withdraw their last Trident C4 missiles from service in the latter part of the next decade, only a few years after, on current plans, the system would have been introduced into UK service. This would mean that shortly after we had introduced the first of our Trident boats into service (and probably before we had completed the introduction of the force), we would be faced with the prospect of being the sole operators of C4. This position of "uniqueness" gives rise to a number of logistic, operational and financial penalties which are discussed below.

#### Penalties of Uniqueness

19. The penalties resulting from uniqueness stem in the main from two causes. The first is that of logistic support of the weapon system, where we <sup>would</sup> increasingly have to make judgements without the benefit of detailed knowledge of the technology involved or of the design information. The second results, paradoxically, from the very high priority that the US give to their strategic nuclear forces. While we retain commonality we get all the benefits that accrue from that priority; if we become unique we <sup>would</sup> only get such services which the Americans could fit into their programme and we can afford to pay for.

20. Age-related problems occur in Polaris and are bound to occur in Trident as in any other weapon system, but the wide range of

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advanced technology involved means that they can be numerous and varied. Their significance is exacerbated by the high reliability required from the strategic deterrent force - the system must be available for launch at short notice for months at a time over a period exceeding a quarter of a century. No other weapon system has to meet such a demanding requirement.

21. So far as Polaris is concerned no problem resulting from uniqueness has yet proved impossible of solution at a price - and the recent decision to re-motor the missiles shows how high such a price can be - but there is a long way to go and, on both sides of the Atlantic, those responsible are acutely aware that by the mid-1990s we will be dealing with a system designed 40 years before, with the components extremely difficult to reproduce and many of the original manufacturers either out of business or with no interest in re-involvement in technology now obsolete. The US have stopped their programme of operational test firings, and we cannot fund a replacement. It was missile motor failures shown up in the US test programme which led directly to our decision to re-motor Polaris. It is because we are becoming unique that we have had to take that decision alone and will have to fund the entire cost of the programme; we could otherwise have depended on the US need to maintain the reliability of its own inventory both for the assessments of the technical problems and for a major share in the funding of the re-motoring programme.

22. The US first deployed Trident C4 in 1979. If we were to purchase it with a view to deployment in our new SSBN force we would be many years further behind their Trident programme than

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we were with Polaris. Operational test firings show the system is very reliable, so it should be able to last well beyond the 1990s in UK service despite problems of uniqueness. But its ability to last a further 25 years or so beyond that time must be questionable.

23. From our experience to date it must be assumed to be likely that Trident C4 would need to be remotored by the early 2000s. Furthermore, with the pace of modern technology it would seem to be imprudent to exclude the possibility of a need to improve Trident in the 2000s to counter improved Soviet capabilities, eg to carry larger or more accurate warheads; or to provide manoeuvrable re-entry vehicles. The cost and technical risk associated with such programmes to the UK, acting alone, is impossible to quantify so far ahead, but would be high by any standards. Again, our experience of the Chevaline system shows just how expensive can be the resolution of problems in this field by a programme unique to the UK.

24. If the United Kingdom were to adopt the Trident D5 rather than the Trident C4 missile for its next generation SSBNs, we could expect the system to retain commonality with the United States' system throughout its projected service life. This would give us continued assurance of weapon system reliability without the large investment programme which would be required to provide an equivalent degree of assurance with a weapon system unique to the United Kingdom. We should also benefit from significantly reduced operating costs as compared with those of a UK unique system.



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Through-Life Costs

25. The estimated costs of a Trident D5 programme are set out in detail in Section IV. However the additional capital cost of adopting the D5 missile compared with C4 is assessed <sup>at September 1980 prices</sup> as some £390M, or about 5% of the total programme. It is difficult to assess precisely the likely cost penalties resulting from problems of uniqueness if we were to remain with C4, particularly since the timescale involved stretches over 30 years or more. But as indicated in paragraph 23 experience with Polaris has underlined the probability that, if we opted for C4, we should need to undertake some sort of mid-life improvement programme. With a smaller-diameter submarine this could only be a UK-unique programme; with an OHIO-class hull a switch to D5 at a later date would be an alternative possibility. But even in the latter case the total programme costs over the life of the force would be much greater than those of an initial deployment of D5, not least because two complete sets of missiles and their fire control equipments would have to be installed in the submarines over the lifetime of the force.

26. On the basis of cost-effectiveness, therefore, the Government believes that it is now sensible to adopt the Trident D5 system for our next generation strategic nuclear deterrent. By doing so, we shall avoid the penalties which uniqueness brings; as a corollary we shall obtain all the benefits that commonality with the United States will provide. And we shall retain these benefits in the long term; there is no reason to believe that the United States will wish to withdraw the Trident D5 missile from service during the lifetime of our own Trident force.

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The Number of Missile Tubes

27. As was noted in paragraph 13, it was not possible to reach a judgement on the number of missile tubes to be carried in each submarine until a decision had been reached on the missile to be carried. The ability of the Trident D5 missile to carry up to 14 warheads as compared with up to 8 on Trident C4 means that it could deploy the same number of warheads at sea as a C4 force with fewer missiles in the submarines. We have therefore considered whether we should build the new submarines with only twelve missile tubes rather than 16 as we had originally planned (a design with less than twelve tubes is not practicable).

28. Such a reduction in size of the submarines would save about £80M on the costs of the Trident programme as a whole. Although a large enough sum in itself, this is a relatively small proportion of the total cost of the force (see Section IV). It has been the practice of successive Governments not to comment upon the numbers of warheads or missiles carried by our SSBNs at any given time, but we feel it right to make the obvious point that the very fact that we considered building submarines with only twelve tubes rather than sixteen is a clear indication that we do not believe that the ability to deploy continuously 16 missiles with 14 warheads each is necessary at this time for our deterrent needs. Indeed, and as was made clear to the House of Commons Defence Committee, we believe that the Trident C4 missile in submarines with 16 tubes would be adequate for our deterrent needs. Nevertheless, the Government's judgement is that in order to provide ourselves with flexibility to cope with any possible improvements



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in Soviet anti-ballistic missile defences throughout the life of the force, and bearing in mind the relatively small cost premium involved, it is right to build the new generation of submarines with sixteen tubes.

#### Support Arrangements

29. Paragraph on Cowlport/East Coast basing - to be drafted7.

#### Wider Implications of the Choice of Trident D5

30. As noted earlier, the Trident D5 missile will be more accurate than Trident C4, and this increased accuracy gives D5 the ability to attack land-based missiles in hardened silos. It has therefore been characterised by some as a 'first strike' weapon - that is, a weapon which is designed to be able to destroy an opponent's land-based strategic missiles, even inside their hardened silos, before he has a chance to fire them. The Government wishes to make it absolutely clear that the increased accuracy of the Trident D5 system played no part in its decision to adopt the more modern system - as has been said, Trident C4 would be sufficient for our deterrent needs. The reasons for our choice are those set out in this document; essentially they hinge on the question of uniqueness. It is important to be clear about this. The purpose of the United States in deploying the more accurate Trident D5 missile is to make it clear that it has the ability to use its nuclear weapons, from invulnerable submarine platforms, against different numbers and types of targets including specifically military targets. This is made possible by the

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increased accuracy of the more modern missile. Their policy is designed to underline NATO's capability for flexible response, which is entirely defensive. It is not in any way to provide a "first strike" capability or to make "limited nuclear war" easier or more likely; neither the United States, the United Kingdom nor NATO as a whole subscribes to either concept.

Arms Control Implications of the Choice of Trident D5

31. Throughout its detailed studies of the configuration of the United Kingdom's Trident programme, the Government has had in mind developments in the field of arms control between the United States and the Soviet Union. The Geneva negotiations on reduction in intermediate range nuclear forces in Europe are now underway, and the Strategic Arms Reduction Talks (START) are expected to begin later this year<sup>7</sup>. The Government warmly welcomes these developments.

32. We have made clear that we do not believe any unilateral renunciation of our strategic nuclear force would have anything but an adverse reaction on the prospects for peace. Our decision to adopt the Trident D5 system, rather than C4, does not alter this simple fact. The role of a UK Trident force, like Polaris, is essentially that of an ultimate strategic deterrent, and the force is thus not relevant to the Geneva negotiations which are concerned with land-based intermediate-range nuclear forces. The British Trident force will be of the minimum size compatible with ensuring a cost-effective deterrent at all times, and for



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this reason we have made it clear that it will not be considered in the START negotiations which are bilateral between the United States and the Soviet Union. While the decision to move to D5 will increase the maximum number of warheads we could deploy at any given time, this number will still represent a very small fraction of the size of the strategic nuclear forces maintained by the United States and the Soviet Union. Nevertheless, should these circumstances ever change significantly, it is not inconceivable that we might need to reconsider our position in relation to strategic arms control. But that point would appear to be a long way off.

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IV - RESOURCES

33. At the time of the July 1980 public announcement of our Trident programme, it was made clear that the costs for the proposed Trident force could not be estimated in close detail at that stage - further discussions were needed with the United States authorities, and several decisions remained to be taken about the design of the submarine. The broad cost of the programme at the price levels then prevailing, was assessed at £4,500-£5,000M. Subsequently, in evidence to the Defence Committee of the House of Commons, the Secretary of State for Defence explained that the options under consideration for the final configuration of the Trident programme ranged by about £1,000M between the most expensive and the least expensive.

34. The further work on refining the alternative programmes since July 1980 has of course had an impact on our assessment of their cost. At September 1980 prices, the £4,500-£5,000M figure of our public announcement is £4,600-£5,125M. (Prices and exchange rates prevailing in September of each year are used in the Ministry of Defence's annual review of its forward expenditure programmes; prices on September bases are therefore used in the remainder of this document). At September 1980 prices, we now estimate that the Trident C4 force in 640-class submarines we originally planned would cost some £5,100M, within the bracket we estimated after our original, and limited studies. The improvements to the propulsion and sonar systems together with the adoption of the OHIO class hull



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(all of which would, as has been explained, be incorporated even if we were staying with a Trident C4 force) brings the cost of the C4 force up to £5,600M. The increment for the adoption of Trident D5 rather than C4 is £390M, giving a total for the D5 force of £5,990M as compared with our original estimate for the basic C4 force of £4,500-£5,000M.

35. But, as has been explained, these figures are on the price bases of September 1980. They also assume the then prevailing exchange rate of \$2.36 to £1. Clearly, inflation since July 1980 and the strengthening of the dollar against the pound have had a significant impact on the estimates. Changing the basis of the estimate from \$2.36 to £1 to <sup>(the September 1981 rate)</sup> \$1.78 to £1 adds some £720M to the estimated cost of the project. Of course, the exchange rate could change again in a favourable direction. When allowance is made for inflation, and the cost is brought up to September 1981 price levels, the total cost of the D5 force becomes £7,500M. The contribution to the cost increase is shown in Figure 3; of the total cost only some £574M, or 7.7% results from the decision to move to D5. It must be borne in mind that these figures relate only to the capital costs of the programme; the decision to adopt D5 can be expected to provide substantial cost savings over the life of the force as a whole. An approximate breakdown of the expenditure is:

- per cent - Missiles
- per cent - Submarines (less weapon systems equipment)
- per cent - Weapon system equipment (including tactical weapons)
- per cent - Shore construction

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This is shown in the diagram in Figure 4. The remaining 7 per cent covers warhead design and production and contingency.

36. The cost of Trident must be recognised as providing a complete system, including all support and training facilities. It is thus not comparable to, say, a combat aircraft, where to the cost of the basic weapon platform must be added at the very least the cost of its weapons and training aids before one approaches the cost of a weapon system. Moreover, the capability which Trident will provide for the cost must be seen against the background of the costs of other capabilities funded from the defence budget. Figure 5 shows a comparison of expenditure on the strategic deterrent over the next 15 years with that on other capabilities. The attributions to the various capabilities are very broad since equipment with more than one role can often be used in more than one function. It must also be made clear that there is no simple relationship between what we plan to spend on our main capabilities and the relative importance of each.

37. Nevertheless it is clear from Figure 5 that the planned expenditure on the strategic deterrent can in no way be described as excessive in relation to other capabilities. It is also interesting to compare (Fig 6) the cost of the Trident D5 programme (£7,500M) with that of the Tornado project which is £11,300M even without taking account of the cost of its weapons. Over a fifteen year period in each case, Trident is likely to take a smaller proportion



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of the defence budget than was the case with Tornado, and also a substantially smaller proportion of the equipment budget. The Government remains totally convinced that no other way of spending the money which we shall spend on Trident could contribute as significantly to deterrence and hence the maintenance of peace.

38. So far as the impact on the defence budget is concerned, we estimate that the Trident D5 programme will cost on average no more than 3% of the defence budget over the period during which it will be introduced into service. In this respect there is no significant difference from the previously planned C4 programme. No exact forecast of year-by-year phasing is possible at this stage, but we expect expenditure to reach its peak in the later 1980s. Broadly, the programme as a whole might absorb some 12% per cent of the defence budget during the build-up in the first half of the 1980s, some 5% per cent (and some 3% per cent of the equipment component) in the heaviest spending period from 1986 to 1991, and then 1-2 per cent between 1991 and 1996.

39. Given the movement in exchange rates since July 1980 and the decision to adopt Trident D5, the US element of spend in the programme has increased from around 30 per cent to about 45% per cent. Possible passage on offset - to be completed in the light of results of negotiations. However, even given this shift in the balance of expenditure, our decisions on the improved tactical weapons fit, propulsion system and the OHIO class hull will mean that British industry will now receive an additional £7M worth of work as compared with our previous plans. Although

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detailed planning of the programme is at a relatively early stage, on a broad statistical assessment, expenditure in the United Kingdom of the order contemplated may be expected to provide perhaps 225,000 man-years of direct employment over the whole period of the programme in the construction, shipbuilding and engineering industries, and perhaps nearly as much again indirectly in supporting industries such as iron and steel, heavy, light and electrical engineering and electronics. In its peak years the programme may sustain employment for as many as 25,000 people annually in the first three industries mentioned, and perhaps another 20,000 indirectly elsewhere.

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From the Principal Private Secretary

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Defence

SIR ROBERT ARMSTRONG

TRIDENT D5

As you know, the Prime Minister decided to delay the despatch of the message to President Reagan which you submitted with your minute A07268 of 28 January 1982, until we were a little clearer about where we were going with the Americans over Poland.

She decided last night that, in the light of the way the question of Poland was now being handled within the Alliance, there was no need to postpone any further the despatch of the message about D5, and it was duly sent off last night, after being amended to take account of the visit by the British negotiating team to Washington which has been arranged for early next week. I attach a copy of the message in the form in which it was sent.

I am sending copies of this minute and of the message to President Reagan to Mr Fall (Foreign and Commonwealth Office) and Mr Omand (Ministry of Defence).

RAW.

2 February 1982

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message sent via Hotline 1/2/82  
2100 hrs.

MESSAGE FROM THE PRIME MINISTER TO PRESIDENT REAGAN

SUBJECT

19

1 February 1982

Dear Ron,

cc Master  
Ops

Very many thanks for your prompt and helpful reply to my message about the D5 missile system. As you suggested, my people have been in touch with Mr. McFarlane and they have arranged to visit Washington early next week. These talks should usefully clarify the issue, and I look forward to being in further touch with you thereafter.

Warm regards,

Yours ever,

Margaret.

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T21/82

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Ref. A07268

MR WHITMORE

Trident D5

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I attach a draft reply from the Prime Minister to President Reagan's message of 26 January, as requested in your minute of 27 January. This has been agreed with officials in the FCO and MOD.

2. I am copying this minute to the recipients of yours.

*RIA*

ROBERT ARMSTRONG

28 January 1982

Prime Minister.

Non.

After approving this message the Prime Minister decided to delay its despatch until a message was sent to the President in London.

Contract for this message to go to President Reagan?

*PHH*

28.1.82

She agrees with the message that D5 will go, as announced, this morning. *PHH 28.1.82*



TOP SECRET

DRAFT MESSAGE FROM THE PRIME MINISTER  
TO PRESIDENT REAGAN

Dear Ron,

Very many thanks for your prompt and helpful reply to my message about the D5 missile system. As you suggested, my people <sup>have been</sup> ~~are now~~ in touch with Mr McFarlane <sup>and they have arranged to</sup> ~~about when our team should~~ visit Washington <sup>early next week.</sup> ~~and who should be involved on each side.~~ These talks should usefully clarify the issue, and I look forward to being in further touch with you thereafter.

Warm regards,

Yours ever,

Margaret.

TOP SECRET



TOP SECRET



COPY NO 4 OF 4 COPIES

Defence 17

10 DOWNING STREET

File Att

From the Principal Private Secretary

ces Fco  
moi

SIR ROBERT ARMSTRONG

TRIDENT D5

I attach a copy of President Reagan's reply to the Prime Minister's message of 21 January to him about Trident.

This is a very forthcoming response, and the Prime Minister would like to send an answer, thanking the President for being so helpful and responding to his proposals for a meeting between the British and American teams. I should be grateful if you could let the Prime Minister have a draft reply.

I am sending copies of this minute and of President Reagan's message to Mr Fall (Foreign and Commonwealth Office) and Mr Omand (Ministry of Defence).

JWH.

27 January 1982

TOP SECRET



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FM THE WHITE HOUSE

TO CABINET OFFICE, LONDON

ZEM

T O P S E C R E T VIA CABINET OFFICE CHANNELS WH00364

16  
PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. .... T 16/82

*cc. transfer not  
ops*

JANUARY 26, 1982

TO: PRIME MINISTER MARGARET THATCHER

DEAR MARGARET:

MANY THANKS FOR YOUR JANUARY 21 LETTER ON THE D5 MISSILE SYSTEM. YOUR PROPOSAL FOR EARLY TALKS HERE IN WASHINGTON CONCERNING CONDITIONS OF AVAILABILITY MAKES EXCELLENT SENSE, AND I SEE NO REASON WHY WE SHOULD NOT FIRM UP ARRANGEMENTS TO MEET WITH YOUR PEOPLE AS SOON AS POSSIBLE.

IF CONVIENENT FOR YOUR SIDE, I WOULD SUGGEST A MEETING THE FIRST WEEK IN FEBRUARY. OUR POINT OF CONTACT FOR THAT PURPOSE WILL BE ROBERT MCFARLANE, NOW HERE IN THE WHITE HOUSE, WHO HAS WORKED ON THESE MATTERS WITH SIR ROBERT ARMSTRONG IN THE PAST. AS TO THE ACTUAL CONDUCT OF THE MEETING, I WOULD ENVISAGE A SMALL INTERAGENCY TEAM ON OUR SIDE WHICH WOULD BE ABLE TO PROVIDE YOUR SIDE WITH THE INFORMATION IT MIGHT NEED.

WITH WARM PERSONAL REGARDS.

SINCERELY,

RON

0198  
£0364

NNNN



TOP SECRET

File AH



COPY NO 4 OF 4 COPIES

ccs FCO  
MOD

15

Refer

10 DOWNING STREET

*From the Principal Private Secretary*

SIR ROBERT ARMSTRONG

TRIDENT

Following your minute A07183 of 19 January 1982 to the Prime Minister about Trident and the brief discussion on this subject in Cabinet yesterday morning, I attach a copy of the message to President Reagan which the Prime Minister agreed should be despatched over the hot line yesterday afternoon.

I am sending copies of this minute to Mr Fall (Foreign and Commonwealth Office) and Mr Omand (Ministry of Defence).

ahw

22 January 1982

TOP SECRET

GC



SUBJECT

TOP SECRET

cc Master  
Ops

14

FROM THE PRIME MINISTER TO THE PRESIDENT OF THE UNITED STATES OF AMERICA

---

Dear Ron,

It was very helpful when you told us last August of your intention to use the D5 missile in your Trident submarine and to make that missile available to the United Kingdom should we wish to buy it.

Over the past months we have been giving the choice between the C4 and D5 missiles careful thought. We should now like to explore with your people the possibility of buying the D5, including the terms on which the missile system would be made available. I should like to send to Washington in the near future a small team of senior officials to discuss this possibility on a very confidential basis. On the last occasion the team which we sent consisted of officials from the Cabinet Office, the Ministry of Defence and the Foreign and Commonwealth Office here. We would propose to follow the same pattern on this occasion, assuming this to be compatible with whatever arrangements you thought it best to make on your side.

If you are content that we should proceed in this way, I should welcome your views on how the talks could best be conducted; and I should be glad to know whom my people should contact in the first instance. I hope it may be possible to make arrangements for an early visit.

Warm regards,

Yours ever,

Margaret.

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. 13B/82

21.1.82

TOP SECRET



CAB/WTE 001/21

IMMEDIATE 211550Z JAN 82  
FROM CABINET OFFICE LONDON  
TO THE WHITE HOUSE

*Hotline  
Copy*

BT  
TOP SECRET

MISC 33.

FROM THE PRIME MINISTER TO THE PRESIDENT OF THE UNITED STATES  
OF AMERICA.

DEAR RON,

IT WAS VERY HELPFUL WHEN YOU TOLD US LAST AUGUST  
OF YOUR INTENTION TO USE THE D5 MISSILE IN YOUR TRIDENT  
SUBMARINE AND TO MAKE THAT MISSILE AVAILABLE TO THE  
UNITED KINGDOM SHOULD WE WISH TO BUY IT.

OVER THE PAST MONTHS WE HAVE BEEN GIVING THE CHOICE  
BETWEEN THE C4 AND D5 MISSILES CAREFUL THOUGHT. WE SHOULD  
NOW LIKE TO EXPLORE WITH YOUR PEOPLE THE POSSIBILITY OF BUYING  
THE D5, INCLUDING THE TERMS ON WHICH THE MISSILE SYSTEM WOULD  
BE MADE AVAILABLE. I SHOULD LIKE TO SEND TO WASHINGTON IN THE  
NEAR FUTURE A SMALL TEAM OF SENIOR OFFICIALS TO DISCUSS THIS  
POSSIBILITY ON A VERY CONFIDENTIAL BASIS. ON THE LAST  
OCCASION THE TEAM WHICH WE SENT CONSISTED OF OFFICIALS FROM THE  
CABINET OFFICE, THE MINISTRY OF DEFENCE AND THE FOREIGN  
AND COMMONWEALTH OFFICE HERE. WE WOULD PROPOSE TO FOLLOW THE  
SAME PATTERN ON THIS OCCASION, ASSUMING THIS TO BE COMPATIBLE  
WITH WHATEVER ARRANGEMENTS YOU THOUGHT IT BEST TO MAKE ON YOUR  
SIDE.

IF YOU ARE CONTENT THAT WE SHOULD PROCEED IN THIS WAY,  
I SHOULD WELCOME YOUR VIEWS ON HOW THE TALKS COULD BEST  
BE CONDUCTED: AND I SHOULD BE GLAD TO KNOW WHOM MY PEOPLE  
SHOULD CONTACT IN THE FIRST INSTANCE. I HOPE IT MAY BE POSSIBLE  
TO MAKE ARRANGEMENTS FOR AN EARLY VISIT.

WARM REGARDS,

YOURS EVER,

MARGARET.

BT

NNNN



~~SECRET~~  
SECRET



cc FCO  
MOD

2:6  
13

10 DOWNING STREET

*From the Principal Private Secretary*

SIR ROBERT ARMSTRONG

TRIDENT

The Prime Minister has seen your minute A07183 of 19 January 1982 about Trident.

She will raise the matter, as you propose, at the end of Foreign Affairs business at Cabinet tomorrow and she will speak on the lines of the note attached to your minute.

She has also approved the message to President Reagan and agrees that it should be despatched over the hot line tomorrow afternoon (though we shall of course need to confirm her decision following the discussion in Cabinet).

I am sending copies of this minute to Mr Fall (Foreign and Commonwealth Office) and Mr Omand (Ministry of Defence).

A.W.N.

20 January 1982

SECRET



Prime Minister.

Agree :-

Yes (i) to speak on these lines at the end of Foreign Affairs business at Cabinet this Thursday;

Yes (ii) the draft message to President

Trident not Reagan?

RLH

19.1.82.

Ref. A07183

PRIME MINISTER

In accordance with MISC 7's decision at its meeting on 12th January I submit

- a. a draft speaking note which you could use at Cabinet on 21st January
- b. a draft message from you to President Reagan, which could be sent over the direct Cabinet Office/White House link on the afternoon of 21st January.

These drafts have been agreed at official level with the Ministry of Defence and Foreign and Commonwealth Office.

2. HM Ambassador in Washington was warned, when he was here last week, that you were likely to be sending a message to the President. He will take appropriate supporting action.

3. I am copying this minute to the Foreign and Commonwealth Secretary and to the Secretary of State for Defence.

RA

ROBERT ARMSTRONG

\* perhaps at the end of the Foreign Affairs business under item 2.

19th January 1982



TOP SECRET



T

~~DRAFT MESSAGE FROM THE PRIME MINISTER TO PRESIDENT REAGAN~~  
*of the United States of America.*

*Dear Ron,*  
It was very helpful when you told us last August of your intention to use the D5 missile in your Trident submarine and to make that missile available to the United Kingdom should we wish to buy it.

Over the past months we have been giving the choice between the C4 and D5 missiles careful thought. We should now like to explore with your people the possibility of buying the D5, including the terms on which the missile system would be made available. I should like to send to Washington in the near future a small team of senior officials to discuss this possibility on a very confidential basis. On the last occasion the team which we sent consisted of officials from the Cabinet Office, the Ministry of Defence and the Foreign and Commonwealth Office here. We would propose to follow the same pattern on this occasion, assuming this to be compatible with whatever arrangements you thought it best to make on your side.

If you are content that we should proceed in this way, I should welcome your views on how the talks could best be conducted; and I should be glad to know whom my people should contact in the first instance. I hope it may be possible to make arrangements for an early visit.

*Warm regards,  
Yours ever,  
Margaret*

TOP SECRET





Speaking Note for the Prime Minister

① The Cabinet will remember that the decision to acquire the Trident missile to replace Polaris as our strategic nuclear deterrent was announced in July 1980, following agreement with the Carter Administration. The decision was to adopt the American Trident 1 (C4) missile to be carried in a new British submarine based closely on the American submarines which currently carry their Poseidon and C4.

July 80  
C4

2. Since then the Ministry of Defence have carried forward the detailed technical and financial studies on the project which were only possible after we had made public our decision to acquire Trident: I shall ask the Secretary of State for Defence to say a word about these in a minute. More important, President Reagan announced last October his decision to deploy the Trident 2 (D5) missile in 1989, and to phase out the Trident 1 missile by 1998, much earlier than expected. This decision has forced us to look again at our plans and to decide whether to follow the Americans and acquire Trident 2 rather than Trident 1. The President has indicated his willingness to let us buy the Trident 2.

Excluded  
Trident  
submarine

1) 5-  
1989  
- phase out  
Trident 1  
by 1998

3. A group of Ministers under my chairmanship have been considering this problem over the past few months. We are in no doubt that Britain should continue to have her own independent strategic nuclear deterrent; and, if that is accepted, there are cogent arguments for going for the Trident 2 missile, provided that we can negotiate satisfactory terms with the Americans. It would be introduced in 1994, slightly later than we had planned to introduce the Trident 1; this would also have the convenient effect of lower costs over the next 2-3 years, when the defence budget will be facing special difficulties.

Copy  
arguments  
for 2  
negotiable  
with  
2-3 years

4. The choice before us is one of great technical complexity; and it also has considerable financial implications. Over the whole 15 year period of the project the extra capital cost of acquiring Trident 2 instead of Trident 1 would be £800 million, bringing the total capital cost over the period to something like £7½ billion if we were to go for a 4 boat force (both figures at September

submarine





1981 prices and exchange rates; the total figure would be £6 billion on the July 1980 price and exchange rate basis which underlay the then Secretary of State for Defence's public announcement about Trident 1). The through-life running costs would be likely to be lower in the case of Trident 2, because we should throughout be operating in parallel with an American programme. These figures have major political as well as economic implications, which the Cabinet will want to consider before a decision is taken. Those of us who have been considering the matter are persuaded that the maintenance of an independent strategic deterrent should continue to be our highest <sup>defence</sup> priority (this is also the view of the Chiefs of Staff) and that Trident 2 is likely to be the most effective and cost-effective system for our independent strategic deterrent through to the 2020's; and we believe that the cost can be accommodated within the defence budget without unacceptable consequences for our conventional defence effort; in fact in the next four years Trident 2 will cost less than Trident 1, But we do not need to, and we should not, get into detailed discussion in the Cabinet until we know what terms are available to us from the Americans.

Running cost - low

And it would not involve any increase in the defence budget levels which the Cabinet has already approved.

5. I am therefore sending a message to the President of the United States, with a proposal to send a small team of senior officials to Washington to discuss the terms in which the technology, equipment and materials we should need for Trident 2 could be made available to us. When these negotiations have been completed, the Cabinet will be asked to take a decision, on the basis of full information. Meanwhile it is of the highest importance, if we are not to weaken our hand in those discussions, that there should be no leak or public indication of our intentions.

6. The Secretary of State for Defence has also agreed that, in preparation for our substantive discussion, a presentation will be made available to colleagues on the strategic, technical and financial background to the decision. The Cabinet Office will be getting in touch with members of the Cabinet who would like to take advantage of this preliminary briefing, with a view to making arrangements for suitable dates and times.



The extra capital cost of acquiring Trident 2 instead of Trident 1 would be at ~~the~~ July 1980 prices — the prices at which we have been discussing these things — £600 million, raising the total capital cost to £5.9 billion.

~~At~~ ~~September~~ ~~1981~~ ~~prices~~ ~~and~~ ~~exchange~~ ~~rates~~, the total ~~cost~~ <sup>capital cost</sup>

now comes to about £7½ billion.





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ST CATHERINE'S  
HOUSE







The National Archives

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Mr. Whitmore

List of guests attending the Buffet Lunch to be given by  
the Prime Minister on Tuesday, 12 January 1982

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The Prime Minister

Rt. Hon. William Whitelaw, MP

Rt. Hon. Lord Hailsham of St. Marylebone

Rt. Hon. Lord Carrington

Rt. Hon. Sir Geoffrey Howe, MP

Rt. Hon. Francis Pym, MP

Rt. Hon. John Nott, MP

Rt. Hon. Patrick Jenkin, MP

Rt. Hon. Cecil Parkinson, MP

Admiral of the Fleet Sir Terence Lewin

Admiral Sir Henry Leach

Sir Robert Armstrong

Sir Frank Cooper

Sir Ronald Mason

Rear Admiral J.S. Grove

Mr Robert Wade-Gery

Mr. R.L.L. Facer

Mr. Clive Whitmore

Mr. John Coles



REVISED

SEATING PLAN FOR BUFFET LUNCH ON TUESDAY, 12 JANUARY 1982

Mr. John Coles

Mr. R.L.L. Facer

Rear Admiral J.S. Grove

Rt. Hon. Cecil Parkinson

Sir Robert Armstrong

Sir Frank Cooper

Rt. Hon. Patrick Jenkin

Rt. Hon. Sir Geoffrey Howe

Rt. Hon. Lord Carrington

THE PRIME MINISTER

Rt. Hon. William Whitelaw

Rt. Hon. Lord Hailsham  
of St. Marylebone

Rt. Hon. Francis Pym

Admiral of the Fleet  
Sir Terence Lewin

Admiral Sir Henry Leach

Rt. Hon. John Nott

Sir Ronald Mason

Mr. Robert Wade-Gery

Mr. Clive Whitmore

ENTRANCE



**CONFIDENTIAL**

ASE

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MISC 7(82)1st Meeting

COPY NO

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CABINET

NUCLEAR DEFENCE POLICY

MEETING to be held in Conference Room F  
Cabinet Office on  
Tuesday 12 January 1982 at 10.00 am

AGENDUM

UNITED KINGDOM STRATEGIC DETERRENT

Memorandum by the Secretary of State for Defence  
MISC 7(81)1 - already circulated.

Signed ROBERT ARMSTRONG  
R L WADE-GERY  
R L L FACER

Cabinet Office

7 January 1982

The following Ministers have been invited to attend under the Chairmanship of  
the Prime Minister -

Secretary of State for the Home Department  
Lord Chancellor  
Secretary of State for Foreign and Commonwealth Affairs  
Chancellor of the Exchequer  
Lord President of the Council  
Secretary of State for Defence  
Secretary of State for Industry  
Paymaster General

**CONFIDENTIAL**



11

**SECRET**

FUTURE OF THE UNITED KINGDOM STRATEGIC DETERRENT

Meeting to be held in Conference Room F,  
Cabinet Office, Tuesday 12 January at 10.00 am

PRESENTATION

<u>Introduction</u>	Secretary of State for Defence	5 mins
<u>Military Implications</u>	Chief of the Defence Staff	20 mins
Questions		
<u>Options</u>	Sir Ronald Mason (Chief Scientific Adviser)	20 mins
Questions		
<u>Finance</u>	Sir Frank Cooper (Permanent Under Secretary)	15 mins
Questions		
<u>Summing-Up</u>	Secretary of State for Defence	15 mins
<u>Structuring Discussion</u>	Sir Frank Cooper	5 mins
<u>Open Discussion</u>		Until 1245 approx.

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Buffet Luncheon in No. 10. for all participants

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After luncheon, Ministers only move to Cabinet  
Room for MISC 7.

**SECRET**



Ref. A07115

PRIME MINISTER

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MISC 7: Trident: Negotiations with the Americans

In my brief for the meeting of MISC 7 tomorrow, I submitted advice on how you might wish to direct that action should proceed, if MISC 7 reached agreement on the basic issues. I suggested that, after you had sent a message to President Reagan to seek his decision about how we should now proceed, a small high-level official team should visit Washington to negotiate on the broad basic terms of our purchase of the D5 missile.

2. I have subsequently heard that the Secretary of State for Defence may propose that these negotiations should be conducted directly between the Ministry of Defence and the Pentagon. It is understandable, given the Pentagon's, and in particular Mr. Weinberger's, support for our acquisition of Trident, that the Ministry of Defence hope that this would secure us the best terms. But it would run the risk of mixing us up in internal Administration politics and perhaps alienating the State Department, whose support we shall need as well as the Pentagon's. In order to avoid this danger, I think it would be best that we should propose to the Americans to follow the pattern of the earlier negotiations to acquire the Trident C4 missile, when our team was led by the Cabinet Office and included officials from the Foreign and Commonwealth Office and the Ministry of Defence. If the Americans then want to propose otherwise, we can consider how to respond.



ROBERT ARMSTRONG

11th January, 1982



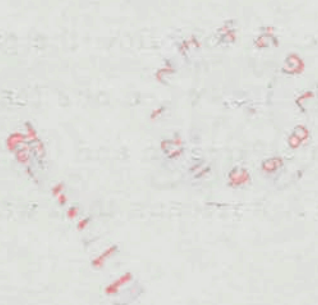


Page 1012

CONFIDENTIAL

Subject: [Illegible]

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REPORT [Illegible]

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Ref. A07107

PRIME MINISTER

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The United Kingdom Strategic Deterrent

MISC 7(81) 1

BACKGROUND

When MISC 7 met on 24 November 1981 there was not enough time to discuss the issues fully and you asked the Secretary of State for Defence to arrange a presentation. This will be given in the Cabinet Office Briefing Room on the morning of 12 January.

2. After a short introduction by Mr Nott,
  - (a) the Chief of the Defence Staff (Admiral of the Fleet Sir Terence Lewin) will speak for 20 minutes on the criteria for deterrence; the timing of the replacement of Polaris; and the essential military characteristics which a successor system will need. After an interval of 10 minutes for questions,
  - (b) Sir Ronald Mason (Chief Scientific Adviser at the Ministry of Defence) will speak on the choice of options and the vulnerability of various systems to defences; there will be another 10 minutes for questions, then
  - (c) Sir Frank Cooper (Permanent Under-Secretary) will speak on costs: after questions
  - (d) the Secretary of State for Defence will deal with policy and general issues.

This ought to leave about 45 minutes for further questions and discussion before lunch. The Chief of the Naval Staff (Admiral Sir Henry Leach) and Rear-Admiral Grove, who is in direct charge of the Trident project in the Ministry of Defence, will also be present to answer questions.

3. As agreed in November, the regular MISC 7 membership will on this occasion be reinforced by the Lord Chancellor, the Secretary of State for Industry and the Paymaster General. All three have been given a preliminary briefing by the Ministry of Defence. They will be present in an individual rather



than a Departmental capacity (as are two regular members of MISC 7, viz. the Home Secretary and the Lord President).

4. All participants in the morning session have been invited to a buffet lunch in No 10. After lunch Ministers will move to the Cabinet Room for a formal meeting of MISC 7; this will include the three extra Ministers, but exclude the Ministry of Defence admirals and officials (Mr Nott has not asked to have any advisers with him).

The Secretary of State for Defence's Proposals

5. The Secretary of State for Defence's proposals are set out in his paper MISC 7(81) 1 summarised in my brief dated 23 November 1981 (copy attached) and will be described more fully in the presentation.

6. You will recall from the discussion on 24 November that the Home Secretary accepted the case for D5 against the other alternatives, but felt that the choice with which Ministers were faced raised a still more fundamental question: whether the United Kingdom could afford to continue to maintain an independent strategic nuclear deterrent. The Lord President was worried that the proposed switch from C4 to the even more powerful D5 missile would adversely affect both public opinion today and the attitude of whatever Government emerges from the next elections. The Foreign and Commonwealth Secretary shared these worries, and was also concerned at the greater difficulty of keeping a D5 force out of future arms control negotiations (a 4 boat D5 system with 16 tubes per submarine is capable of delivering as many as 896 warheads, though it is not intended to deploy more than 480; for comparison, four C4 boats could deliver 512 warheads, and our prospective Polaris/Chevaline force only 128). He, therefore, favoured staying with C4 now and switching later to D5. The Chancellor of the Exchequer supported D5 now but preferred only 12 missile tubes per boat (though the saving would be small). You expressed anxiety about our vulnerability to Soviet anti-ballistic missile developments including particle-beam and laser weapons, and felt that the costs of D5 were uncertain and likely to escalate well beyond the present estimate. The presentation will cover all these points.





7. Some Ministers at last time's discussion also argued that NATO's doctrine of flexible response may no longer be viable, since the Russians have so improved their nuclear strength at all levels; and the dangers of "decoupling" Europe from America are seen to be increasing. This makes an independent British deterrent both more important and more controversial.

8. You will be particularly interested in what Sir Frank Cooper has to say about costs, including the division between the submarines, the missiles, the nuclear warheads, the base in Scotland and other items; the division between domestic and overseas expenditure (the new proposals involve spending around 60 per cent in the United Kingdom compared with over 70 per cent stated publicly in the case of C4); and the risks and uncertainties, and the contingency allowances included for them.

#### HANDLING

9. The basic questions which Mr Nott will pose are:
- i. Should the United Kingdom continue to maintain an independent strategic nuclear deterrent?
  - ii. What should an independent strategic nuclear deterrent be capable of doing?
  - iii. Should Polaris be replaced and, if so, in what timescale?
  - iv. Can a decision on the future of the strategic deterrent be long delayed without raising doubts about credibility and national will?
  - v. Should an independent strategic nuclear deterrent be submarine launched, and should it be a ballistic missile?
  - vi. How, and when should any new decision be announced?

You might wish to structure the afternoon discussion to deal with a simplified version of these questions, in which numbers iii. to iv. are rolled together into "When and with what should Polaris be replaced?". You may wish at each stage to make a point of eliciting the views of the three Ministers not present in November.



Staying in the Game

10. This is of course the big question. And, though the question is whether we replace Polaris in the early 1990s, the implications of a decision not to replace Polaris would be felt much sooner. There would be little point in continuing to maintain Polaris; our defence nuclear research and development capacity would wither away; and we should have to concentrate on the requirements of conventional defence in the next decade.

11. The presentation will be strongly slanted to the maintenance of the independent strategic nuclear deterrent, and to Trident D5 as the best choice for a Polaris successor. The Chiefs of Staff are conditioned to staying in the game, and I do not think that they have really contemplated the implications of coming out of it. The political as well as the military implications of coming out are so tremendous that your colleagues are likely to conclude that we should stay in. If they do, you will want to establish that a British deterrent must be clearly effective; and that its independence is crucial. We are not of course logistically independent, as the French are (at a terrible price); but if the Americans ever cut off their support our force would remain viable for a time (considerably longer with Trident than with Polaris) and would at least have the option of sustaining it with a crash programme of our own thereafter. Our operational independence is complete.

Capability

12. The first issue is invulnerability, ie the ability to strike second. This will be readily agreed to be essential. The more difficult question, as the presentation will bring out, centres on the "Moscow criterion".

This has always been regarded as a necessary criterion. If it still is - and nothing less appears to carry the necessary weight of threat - D5's greater accuracy and firepower are very important; we should have to be sure of having two C4 boats in service at any one time; but with D5 or boat in service would suffice, and two would give a reasonable certainty. Lower criteria, in descending order, would involve being able to inflict breakdown-level damage on:



Time and Nature of Replacement, ie When? and What?

13. The former should not be controversial. Between 1990 and 1995 the Polaris/Chevaline force will be increasingly obsolescent and expensive to maintain. Your colleagues are likely to agree that decisions are essential now, even though we may have a year or two's flexibility over the final in-service date for the replacement. You could then approach the "What" issue by establishing first that no one opposes a submarine system; and secondly that no one opposes a ballistic one (ie not cruise missiles, which contrary to popular mythology would not be cheaper). That will bring the meeting back to the basic choice between C4 and D5; ie between continuity and change, and between the perils of C4's uniqueness and the uncertainties of D5's costs. There are four options:

- (a) stay with C4;
- (b) stay with C4 initially, but build a large enough submarine to enable D5 to be fitted later;
- (c) go for D5 and four boats;
- (d) go for D5, but build only three boats.

Of these, (a) will have no friends; and (d) will be generally seen as militarily unreliable, since there would be no margin for accidents. So I think that the real argument will end up as (b) versus (c), with (b) being championed as politically safer while (c) is defended as both cheaper and easier to negotiate. But the political argument needs to be tested: are the Russians any more likely to leave our missiles out of account in strategic arms limitation talks if we are in with C4 than if we are in with D5? And will it make much difference to the nuclear disarmament lobby if we are in with C4 than if we are in with D5?

14. C4 might give us the deterrent capability we need, if all went well; but that is a very big "if", in a lifetime in service of something like 25 years. The main argument against C4, and for D5, is in my judgment the "uniqueness" of C4. With Polaris we have been running at all times in parallel with the much larger US Polaris force, and with all the "back-up" which that implies. Now the US are phasing out Polaris, and for the next ten to twelve years we shall be on our own with Polaris/Chevaline. We have seen in the Chevaline programme the penalty of being on our own. In the coming years we must expect a lower level of confidence in and greater running costs on Polaris. By 1998 the Americans will have

/ phased out





phased out Trident C4 and be running D5 only. From then on, if we were on C4, we should be on our own; if we were on D5, we should continue to have the US "back-up" behind us. If the object is to provide ourselves with an effective deterrent to 2020, this seems a critically important consideration.

#### Procedure

15. It will be important to defer an announcement until basic negotiations with the Americans are complete; this should not take long, and we must not weaken our negotiating hand by having committed ourselves publicly. You may also want the Cabinet to be consulted at an earlier stage than they were in 1979/80. If our decision is for D5, a suitable sequence would be as follows:

- i. The Secretary of State for Defence should circulate a short paper to Cabinet, for consideration on 21 January; for security reasons, such a paper could be handed round at the meeting and taken back at the end of it.
- ii. Immediately after Cabinet, you should send a message to President Reagan to accept his offer of D5 and to seek his decision about how we should now proceed (this could be a delicate matter, given the recent changes in the administration in Washington).
- iii. A small high-level official team should then visit Washington to negotiate on the broad basic terms of our switch to D5, including the question of United States Government levies; of our purchase of the missile, and on the text of an Exchange of Letters and of an announcement; and on presentation to the allies and to the public (this would follow the procedure of the negotiation of the Trident C4 agreement with the Carter administration).
- iv. Thereafter, a public announcement should be made.
- v. Technical-level discussions with the Americans would follow.

If our decision is for a mid-life C4/D5 switch, the sequence would be the same, though the content of your message at ii. and of the negotiations at iii. would of course be different.

*There is a  
supplementary  
brief on this  
point (below).*





## CONCLUSION

16. This is a decision not to be hurried, if it is not yet ready to be crystallised. It seems likely that you will be able to record a decision that we should stay in the game of independent nuclear deterrence. It may be that a consensus in favour of D5 will emerge sufficiently strongly to be recorded as a decision. Unless a clear consensus in favour of one or other of the options becomes evident, however, you will want to postpone the final decision (probably between straight D5 and a mid-life switch) for a week or two, to give Ministers time to think over the extensive briefing and discussion to which most of 12 January will have been devoted.

17. If a clear decision can be taken, either for D5 or a mid-life switch, your summing up should also direct that follow-up action should proceed as set out in paragraph 15 above.

ROBERT ARMSTRONG

11 January 1982







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Photocopy 29  
Copy No 4 of 5 Copies

Ref. A06060

PRIME MINISTER

---

The United Kingdom Strategic Deterrent

MISC 7(81) 1

BACKGROUND

MISC 7 Ministers decided in December 1979 to replace Polaris with the American Trident I(C4) missile in a new British submarine based on the United States 640 class boat. Last month President Reagan announced that the Americans would develop the larger and more accurate Trident II(D5) missile for deployment in 1989 and would scrap the C4 in 1998, much earlier than expected. He has also offered privately to make the D5 missile available to the United Kingdom. His announcement has increased public speculation about our own intentions and about the additional cost burden which the American decision is likely to impose. The D5 is more expensive and requires a much larger submarine hull. A decision is needed now, since commitments relating to the purchase of C4 are already being made, and small amounts of expenditure are already being incurred. Meanwhile it has been found necessary to re-motor our Polaris missiles.

The Defence Secretary's Paper

2. The Secretary of State for Defence proposes that we should purchase Trident D5; build a force of four submarines with a mid-section (ie missile compartment) based on the large American Ohio class hull but with 16 missile tubes (instead of 24); and that we should plan to bring the first boat into service in 1994.
3. The Secretary of State for Defence argues as follows:
  - (a) Trident is the only credible strategic deterrent.
  - (b) The D5 system, compared with C4, will be cheaper up to 1987-88 and will probably be cheaper over its entire life.
  - (c) The principal argument for moving to D5 now is to retain commonality with the United States and thus avoid the financial and other penalties of uniqueness (cf Chevaline). (See Appendix 2 to MISC 7(81) 1).
  - (d) The Conservative Party is strongly in favour of retaining an independent national deterrent.

<sup>1</sup>TOP SECRET



TOP SECRET

4. The sterling cost has, however, substantially increased (in large measure because previous estimates were based on a much lighter sterling/dollar exchange rate). The position is set out in paragraphs 10 to 14 of Annex C to the paper. The capital cost of the D5 force is now estimated at £5,978 million at September 1980 prices and \$2.36 to £1, or £7,520 million at September 1981 prices and \$1.78 to £1. These figures compare with the estimate of £4,500 million to £5,000 million for C4 at July 1980 prices publicly announced in Mr Pym's open Government document of July 1980. The extra "real" cost (ie excluding the increase attributable to the changed exchange rate assumption) of D5 comprises four main elements:

- (a) Ohio missile compartment £220 million.
- (b) D5 missile system (offset by fewer missiles) £391 million.
- (c) Improved propulsion system £165 million.
- (d) Improved defensive equipment ("tactical weapons fit") £100 million.

All these except (b) would be wanted for C4 if we decided to stay with that for the present but keep open the option of converting to D5 later. On that basis the extra "real" cost of the switch to D5 is, on present estimates, £391 million.

5. The costings assume that only 12 of the 16 missile tubes will be filled and that each missile will carry 10 MIRVed warheads.

6. Annex C to the paper sets out, in paragraphs 17 to 19, three possible areas of cost saving. These are:

- (a) Processing and storing the missiles in the United States instead of expanding the existing facility at Coulport in Scotland.
- (b) Reducing the maintenance margin of missiles and warheads.
- (c) Negotiating a reduction in United States Government charges.

7. The paper also briefly considers a number of alternatives:

- (a) A three-boat force (Appendix 4).
- (b) Running on the Polaris boats until the later 1990s but converting them to take C4 missiles (Appendix 5).
- (c) Solutions other than a submarine-launched ballistic missile system, ie land-based missiles or submarine-launched cruise missiles (Appendix 6).

8. Finally, the paper looks at (paragraphs 23 to 25) the implications for the rest of the defence programme. In the years after 1985-86 Trident D5 will absorb over 15 per cent of the new equipment money in the defence budget.

TOP SECRET



Comment

9. Trident D5 represents a very large increase in capability over Polaris. Each boat will have 120 MIRVed warheads compared with Polaris-Chevaline's 32 non-MIRVed warheads. (Trident C4 would have 16 missiles per boat each with 8 warheads.) If all 16 missile tubes were filled with the maximum number of warheads possible, 14, each boat would have 224 warheads.

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RETAINED UNDER SECTION 3 (4)  
OF THE PUBLIC RECORDS ACT

10. The central issue is put by Mr Nott in paragraph 4 of his cover note. The choice is between continuing to have an effective independent capability or getting out of the business of nuclear deterrence altogether. Provided that the Russians do not develop an ability to track submarines, D5 gives us greater assurance than any other system of retaining a credible deterrent over the next 35 years, the assumed life of the Trident system.

11. But do we need to have the best, ie D5? Would C4 be good enough, over the next 35 years? We do not really know. If we build a submarine capable of being converted later to take D5 (and it would not be sensible to do less), the short term cost will be higher and the overall cost uncertain, because until conversion we shall lack the advantages of commonality with the Americans. Our experience with Chevaline show how expensive it can be to go it alone; and Polaris has demonstrated how low and reliable cost estimates can be when commonality is involved. Mr Nott is probably right in his judgment that D5 will be cheaper overall: he is almost certainly right in his belief that D5 will cost less than C4 in the short-term because if we stay with C4 we should have to commit large sums early before the United States production line closes. With D5, relatively little metal will be cut, and money spent, during the life of this Parliament.



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12. However, the paper glosses over the very great uncertainties in the costing of a D5 force. These uncertainties arise in two areas, the submarine and the missile system. The submarines will, at 14,000-15,000 tons, be more than twice as large as Polaris. The D5 missile system is still under development in the United States, so that its ultimate cost is unknown. The Americans' own estimates of the cost of the Ohio class submarine have risen by 60 per cent in three years, and the D5 missile is less developed than the Polaris A3 missile was at the time when we decided to buy it.

13. The paper does not contain a breakdown of costs as between expenditure in United Kingdom industry and purchases from the United States. Ministers are on record as saying that the equipment element of the original Trident C4 programme would at its peak absorb 5 per cent of the equipment component of the defence budget and that 70 per cent of the cost of Trident would be spent in the United Kingdom. Industry has feared the effect of Trident on orders for "conventional" defence equipment and has criticised the Government's failure to obtain offset from the United States. These criticisms will be magnified as a result of the dual effects of the increased cost of Trident and the higher proportion of the Trident programme which presumably will be spent in the United States (particularly if missile processing is done there).

14. The Secretary of State for Defence does not ask for a decision now on whether missile processing should be done in the United States or in an expanded facility at Coulport (paragraph 6 on above). But the issue is not simply one of cost. There would be some saving from having more processing done and missiles stored in the United States. But we should still need some expansion of the facilities at Coulport. There is a major question of the effect of increased use of United States facilities on our actual and our perceived independence. Given that we are already dependent on the United States for some facilities, more use of such facilities might well not affect the length of time for which our deterrent would be effective after a withdrawal of American support. But public perception of our independence would be changed if our boats were seen to be operating out of United States rather than British bases.

TOP SECRET



TOP SECRET

15. Relevant to both the cost and the independence aspect is the reference in paragraph 6 of Mr Nott's covering note to the assumption made in the costings that we shall procure special nuclear materials in the most economic way, ie by increasing our purchases from the United States. The Secretary of State for Defence is due to submit a paper on this to MISC 7 next month, and it is important that next week's meeting of MISC 7 does not prejudice that consideration. The sum at stake is around £100 million.

#### Alternatives

16. The Chancellor of the Exchequer and the Foreign and Commonwealth Secretary may press for further consideration of a three-boat force before any public commitment is made to a four-boat force. The difference in capital cost between three boats and four is around £600 million - much larger than the difference of around £60 million between 12 missile tubes per boat and 16. You may wish to ask the Secretary of State for Defence whether there are likely to be any cost penalties if we go for a four-boat force now but cancel one later when more is known about costs and reliability (my understanding is that there would not be any such penalties for several years).

17. The increased cost of Trident, and the recent American decision to develop a submarine-launched cruise missile, will resist public interest in the cruise missile alternative. The Secretary of State for Defence is probably right to dismiss it; so many cruise-missile submarines would be required to meet the deterrent criterion that the overall cost would be higher (and the command and control problems would be severe). But Ministers will need to consider the point, if only to enable them to deal with it publicly (and with our allies).

#### HANDLING

18. You should invite the Secretary of State for Defence to introduce his paper and then invite general comments. The points to establish in subsequent discussion are:

- (a) Despite the rise in cost of £2½ billion in cash terms the eventual cost of whichever version of Trident is chosen, should the 1979 decision to go for Trident be endorsed?

TOP SECRET



TOP SECRET

- (b) If so, should we:
- i. go straight to D5?
  - ii. stay with C4 but build submarines large enough (ie with the Ohio hull section) to convert later to D5 if we wish?
  - iii. stay with the original decision on C4 and forego the option to convert later to D5?
  - iv. run on the existing Polaris boats until the late 1990s but convert them to the Trident C4 missile?
- (c) If we go straight to D5, should we build four boats or consider whether three would do (the option to build five is not considered in the paper, though the Government is on record as intending to keep it open and take a final decision in 1982 or 1983)? Can this decision be deferred?
- (d) Is it, in any event, agreed that we should fit sixteen missile tubes, while only filling twelve for the time being; that improved tactical weapons and propulsion system should be included; and that the planned in-service date should be 1994?
- (e) When should the decision be announced? What are the domestic political factors? In negotiating terms, should we not weaken our hand if we go public before agreeing the basic terms with the Americans?
- (f) Should formal Cabinet endorsement be sought at this stage? The Cabinet were not consulted when the December 1979 decision was made by MISC 7, and were only informed just before the public announcement was made in July 1980. This caused some resentment.

#### CONCLUSION

19. Subject to the discussion, you may wish to guide the meeting to agree to go straight to a four-boat D5 force, as proposed by the Secretary of State for Defence, with 16 missile tubes, improved tactical weapons and propulsion system, to enter service in 1994. But it would be better to defer a public announcement until agreement has been reached with the Americans on the basic terms on which the missiles would be purchased,



20. Subject to MISC 7 reaching agreement on the basic issues, you may wish to direct that action should now proceed as follows:

- (a) The Secretary of State for Defence should circulate a short paper to Cabinet, for consideration on 3 December; if we are worried about security, such a paper could be handed round at the meeting and taken back at the end of it.
- (b) Immediately after Cabinet, you should send a message to President Reagan to accept his offer of D5 and to seek his decision about how we should now proceed (this could be a delicate matter, given the present disarray in the Administration in Washington).
- (c) A small high-level official team should then visit Washington to negotiate on the broad basic terms of our switch to D5, including the question of United States Government levies; of our purchase of the missile, and on the text of an Exchange of Letters and of an announcement; and on presentation to the allies and to the public (this would follow the procedure of the negotiation of the Trident C4 agreement with the Carter Administration).
- (d) Thereafter, a public announcement should be made.
- (e) Technical-level discussions with the Americans would follow.

ROBERT ARMSTRONG

ROBERT ARMSTRONG

23 November 1981



CONFIDENTIAL



File AH  
CIS FCO  
CO

10 DOWNING STREET

From the Principal Private Secretary

5 January 1982

Dear David,

CHEVALINE FLIGHT TRIALS - PUBLICITY

I have shown the Prime Minister your letter of 4 January 1982 about the publicity arrangements for the forthcoming series of Chevaline flight trials, and she has taken note of what is planned.

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

Yours ever,

Anne Whitmore.

David Omand Esq.,  
Ministry of Defence.

CONFIDENTIAL

AH



Copy to Mr Ingham.

CONFIDENTIAL

Prime Minister.

To note.



MINISTRY OF DEFENCE  
MAIN BUILDING WHITEHALL LONDON SW1  
Telephone 01-~~9367622~~ 218 2111/3

RAW  
4:52

MO 18/1/1

4th January 1982

Dear Clive,

mb

CHEVALINE FLIGHT TRIALS - PUBLICITY

My Secretary of State has asked me to let you know, for the Prime Minister's information, of our plans for a further series of Chevaline-modified Polaris flight trials in January and February. The series will comprise the launch of up to four missiles, one each on 30th January, and 1st, 3rd and 7th February, from HMS RENOWN sailing submerged some 30 miles off Cape Canaveral. ———

This series of trials has been made necessary by the lack of success of the firings in November 1980 reported in my predecessor's letter to you of 30th January last year. These further trials were originally scheduled for July 1981 but were postponed because of the Non-industrial Civil Servants' dispute.

As the arrival of HMS RENOWN at Port Canaveral will not pass unnoticed, it will have to be the subject of a statement to the press, both here and in the USA, as is normal when our submarines arrive in the US for 'shakedown' tests of crews and weapon systems. The publicity arrangements for each of the trials firings will, as in the past, follow the American practice, involving notification to the media, both locally and in the UK, two days in advance of launch but with publication embargoed until launch has taken place. No post-launch release will be issued unless the missile fails to launch and/or fly satisfactorily. An updated press brief will be used to deal with any enquiries from the media, and the No 10 Press Office will be informed of the results of the trials.

I am copying this letter to Francis Richards (FCO) and David Wright (Cabinet Office).

Yours ever  
David Omand  
(D B OMAND)

C A Whitmore Esq

CONFIDENTIAL



MINISTRY OF DEFENCE  
MAIN BUILDING (WHITEHALL) LONDON SW1

Telephone No. 202 1033



4 JAN 1952







233 7280

CABINET OFFICE  
70 WHITEHALL  
LONDON SW1A 2AS

Ref: T/05690

5 January 1982

Dear Sir,

TRIDENT PRESENTATION - 12 JANUARY

In my letter of 15 December (not to all) I promised to let you have further administrative details about the presentation on Trident.

The presentation will begin at 10 a.m. on Tuesday, 12 January in Conference Room F, Cabinet Office (which the Home Secretary will recognise as the Cabinet Office Briefing Room). It will be given by the Defence Secretary, assisted by the Chief of the Defence Staff, the Chief Scientific Adviser, MOD (Sir Ronald Mason) and the Permanent Under-Secretary, MOD (Sir Frank Cooper). The Chief of the Naval Staff and Rear-Admiral Groves (Chief, Strategic Systems Executive, MOD) will also be in attendance. The presentation, questions and discussions are expected to last until about 12.45, when all the participants are invited to a buffet lunch in No.10.

After lunch Ministers only will move to the Cabinet Room for a formal meeting of MISC 7 (reinforced by the three Ministers who did not take part in the meeting on 24 November.) The Agendum will be the Secretary of State for Defence's paper MISC 7(81)1 circulated on 17 November 1981.

Copies of this letter go to Michael Collon (Lord Chancellor's Office), Brian Fall (FCO), John Kerr (Treasury), David Heyhoe (Lord President's Office), David Omand (Defence) - I should be grateful if he would let the MOD participants know of the arrangements - Ian Ellison (Industry) and Keith Long (Paymaster General's Office); and for information to Clive Whitmore (10 Downing Street) and David Wright here in the Cabinet Office.

Yours sincerely,

*Roger Facer*  
R L L FACER

J Halliday Esq  
Private Secretary  
Home Office  
50 Queen Anne's Gate  
London SW1H 9AT

1. Minj Stephens. et.

To see.

The meeting of MISC 7 can be shown in the diary in the normal way - not least so that Mr Taylor and Mrs Knowlton know that there is to be a meeting in the Cabinet Room. But you should continue to put the morning's presentation in brackets.

2. Mr Cass A.F.C. 8. 11. 81 6:82.





Defence  
2-6 AB 7

10 DOWNING STREET

From the Principal Private Secretary

SECRET AND PERSONAL

SIR ROBERT ARMSTRONG

TRIDENT PRESENTATION ON  
12 JANUARY

I have shown the Prime Minister your minute A06991 of 21 December 1981 about the arrangements for the presentation on Trident on Tuesday 12 January, and she agrees that we should go ahead as you propose.

Mr Wright  
told me  
today that  
he had to  
visit. Tell Sue Goodwin.

Perhaps Mr Wright could let me know whether your office or ours should let those attending know that they are invited to lunch.

AW

JWW.

4182

23 December 1981



Prime Minister.

Ref. A06991

MR. WHITMORE

*Mr  
Go ahead as  
proposed  
MS*

*These arrangements seem sensible,  
though extending the discussion from  
12.00 through lunch may be spinning it  
out a bit.*

*Would you like to go ahead as proposed?  
Or cut out the lunch and resume after  
lunch with the formal  
meeting? *MS 21/11**

Trident Presentation on 12th January

We have now heard from the Ministry of Defence how they propose to conduct the presentation on Trident arranged for 10.00 am on Tuesday 12th January. Mr. Nott would like the presentation to take the following form:

- (a) Five minutes' introduction by himself.
- (b) Twenty minutes by the Chief of the Defence Staff (CDS) dealing with the criteria for deterrence; the timing of the replacement of Polaris; and the essential military characteristics which a successor system will need.
- (c) Ten minutes for questions.
- (d) Twenty minutes by the Chief Scientific Adviser, Sir Ronald Mason, on the choice of options, and the vulnerability of various systems to defences (including ABM dangers).
- (e) Ten minutes for questions.
- (f) Fifteen minutes by Sir Frank Cooper on costs and on implications for the rest of the defence budget.
- (g) Fifteen minutes for questions.
- (h) Fifteen minutes by the Secretary of State for Defence dealing with policy and general issues.

This timetable would, if strictly kept to, run till 12.00 noon, leaving forty-five minutes or so for further questions and discussion before lunch.

2. The speakers will use visual aids. So it would be convenient to hold the morning session in the Cabinet Office Briefing Rooms.

3. In addition to the three MOD representatives who will speak, Mr. Nott would like to have the Chief of the Naval Staff (CNS) in attendance; and he would also like Rear Admiral Groves, who is in direct charge of the Trident project, to be available to answer detailed questions. The CNS is not scheduled to



contribute to the presentation; but he would be miffed if he was left out. One further MOD official would be in the background to operate the visual aids.

4. Arrangements have now been made for the three additional Ministers who are not members of MISC 7, the Lord Chancellor, the Secretary of State for Industry and the Paymaster General, to be given a preliminary briefing by the Ministry of Defence shortly before the presentation on 12th January; and to read the paper which the Secretary of State for Defence circulated for the last meeting of MISC 7.

5. All the Ministers involved have, like the Prime Minister, reserved time in their diaries up to 4.00 pm. I think the Prime Minister's idea is that the meeting should adjourn for lunch in No. 10. The best plan might be to have a light buffet and to invite all those present at the morning session, i. e. the four Ministers who are her colleagues in MISC 7; the three additional Ministers; the four (or five) MOD representatives; and the three members of the Secretariat. Discussion and questions can then proceed over lunch.

6. After lunch I would suggest dismissing the MOD representatives and moving to the Cabinet Room for a formal meeting of MISC 7 reinforced by the three additional Ministers. This meeting could either take the major decision involved, if Ministers by then felt ready for that; or it could be used for a free-ranging discussion, without the Ministry of Defence representatives present. In the latter case a follow-up meeting for decision-taking could be arranged later in January.

7. I should be grateful if you could let me know whether the Prime Minister would be content with these arrangements.

REA

ROBERT ARMSTRONG

21st December, 1981





Defence.

One Page only

ccs: HO  
FCO  
Tsy  
CO

10 DOWNING STREET

From the Principal Private Secretary

17 December 1981

Dear David,

copy 2 sent to Home office  
destroyed - see  
attached receipts  
NO. 10 A.R. 41BRITISH UNDERGROUND NUCLEAR TEST

The Prime Minister has asked me to thank the Defence Secretary for his minute of 11 December 1981 (which, incidentally, we did not receive until 16 December) about the most recent British underground nuclear test.

She was glad to learn that all the objectives of the test were successfully met.

I am sending copies of this letter to John Halliday (Home Office), Brian Fall (Foreign and Commonwealth Office), John Kerr (Treasury) and David Wright (Cabinet Office).

Yours sincerely,

David Omand

David Omand Esq.,  
Ministry of Defence.

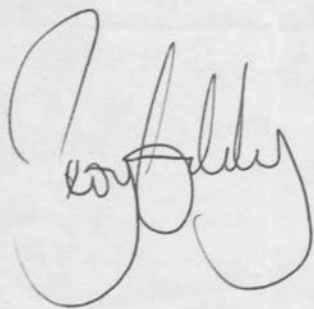
R



To Room 221  
CABINET OFFICE.

Letter SECRET ATOMIC from  
David Omond Esq, MEd dated  
17 December 1981 Copy No. 2 of 6  
was seen by Mr Halliday and has  
now been destroyed as classified waste.

Rhodes 18/12/81  
Atomic control officer



18.12.81

Confidential filing  
10 Downing St

I think this should  
have come back to you.

J Robertson

ACO

Cabinet Office  
17/1/82



To: J. Hordley Esq, Home Office.

I acknowledge receipt of

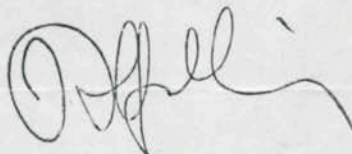
Description CAW to MC

Nudest Test

Copy No. 2 of 6 Copies

Dated 17.12.81

Signed



Date

18.12.81

Please return to  
Duty Clerk, 10 Downing Street



CONFIDENTIAL

*Defence*



CABINET OFFICE  
70 WHITEHALL  
LONDON SW1A 2AS

~~CONFIDENTIAL~~

233 7280

*Mr. Squires 16/12*  
*Mr. 16/12*

Ref: T/05677

15 December 1981

*Mr. Whitmore*  
*Does not*  
*involved*  
*hope?*  
*16/12*

*Dear John,*

MISC 7

The Home Secretary will recall the discussion at the meeting of MISC 7 on 24 November, when it was decided to have a 'teach-in' on the subject in the New Year; and subsequently we asked you to reserve 10 a.m. to 4 p.m. on Tuesday, 12 January in Mr Whitelaw's diary. I am now writing to confirm that date and time: I will let you have further administrative details later.

I am sending copies of this letter to Brian Fall (FCO), John Kerr (Treasury), David Heyhoe (Lord President's Office), and David Omand (Defence): copies go for information to Clive Whitmore (10 Downing Street) and David Wright here in the Cabinet Office, and I am writing in similar terms to the Private Secretaries to the Lord Chancellor, the Secretary of State for Industry and the Paymaster General.

*Yours ever,*

*Roger Fisher*

R L L FACER

J Halliday Esq  
Private Secretary to  
the Home Secretary  
Home Office  
London SW1

CONFIDENTIAL



11 12 1  
10 9 8  
7 6 5  
4 3 2

10 DEC 1981



MO 18/1/1

mb



Copy No 1 of 6 copies

Page 1 of 1 page

NO.10. AR.40.

PRIME MINISTERBRITISH UNDERGROUND NUCLEAR TEST

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OF THE PUBLIC RECORDS ACT

2. The test objectives were all successfully met. The yield switching mechanism was shown to be satisfactory, the test data acquisition systems worked well, and we obtained some new information to widen our technology base. The test was important because the device incorporated some new warhead features which are beyond our present powers to evaluate quantitatively. Investigation into the behaviour of such features is still possible only by underground testing.

3. I am copying this minute to the Home Secretary, Foreign and Commonwealth Secretary, Chancellor of the Exchequer and Sir Robert Armstrong.

SW

Ministry of Defence

11th December 1981

rec'd 16 Dec 81



Mrs Goodchild. To see

Cl.



Sg 10/2

10 DOWNING STREET

Mrs S / Mrs R.

MR. WHITMORE

Can we leave this for the time being. I have written to Winger for a note on the proposed programme, timetable and all inclusive. If we do

Meeting to discuss the strategic deterrent, Tuesday 12 January

As this is a day conference I assume we will have to give them lunch? Who will pay?

Cl.

have to offer lunch, the MPO should pay.

10 December

c. Mrs Goodchild

10/2

10 xi:

Please file

Cl. 11/12



MINISTER

**SECRET**

3

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MISC 7(81) 1st Meeting

COPY NO 1

CABINET

NUCLEAR DEFENCE POLICY

MINUTES of a Meeting held at  
10 Downing Street on  
TUESDAY 24 NOVEMBER 1981 at 10.25 am

PRESENT

The Rt Hon Margaret Thatcher MP  
Prime Minister

The Rt Hon William Whitelaw MP  
Secretary of State for the  
Home Department

The Rt Hon Lord Carrington  
Secretary of State for Foreign  
and Commonwealth Affairs

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer

The Rt Hon Francis Pym MP  
Lord President of the Council

The Rt Hon John Nott MP  
Secretary of State for Defence

SECRETARIAT

Sir Robert Armstrong  
Mr R L Wade-Gery  
Mr R L L Facer

SUBJECT

THE UNITED KINGDOM STRATEGIC DETERRENT

*Paul*  
Full record  
of meeting is  
a best  
Confidential  
Record (MCR)  
No 10 have no  
copy - with  
RTA if needed

**SECRET**



SECRET

SECRET

THE UNITED KINGDOM STRATEGIC DETERRENT

Ministers considered a memorandum by the Secretary of State for Defence (MISC 7(81) 1) on the future form of the United Kingdom strategic deterrent.

The Meeting -

Agreed to resume their discussion on a subsequent occasion.

Cabinet Office

27 November 1981

SECRET



Ref. A06060

PRIME MINISTER

---

The United Kingdom Strategic Deterrent

MISC 7(81) 1

BACKGROUND

MISC 7 Ministers decided in December 1979 to replace Polaris with the American Trident I(C4) missile in a new British submarine based on the United States 640 class boat. Last month President Reagan announced that the Americans would develop the larger and more accurate Trident II(D5) missile for deployment in 1989 and would scrap the C4 in 1998, much earlier than expected. He has also offered privately to make the D5 missile available to the United Kingdom. His announcement has increased public speculation about our own intentions and about the additional cost burden which the American decision is likely to impose. The D5 is more expensive and requires a much larger submarine hull. A decision is needed now, since commitments relating to the purchase of C4 are already being made, and small amounts of expenditure are already being incurred. Meanwhile it has been found necessary to re-motor our Polaris missiles.

The Defence Secretary's Paper

2. The Secretary of State for Defence proposes that we should purchase Trident D5; build a force of four submarines with a mid-section (ie missile compartment) based on the large American Ohio class hull but with 16 missile tubes (instead of 24); and that we should plan to bring the first boat into service in 1994.
3. The Secretary of State for Defence argues as follows:
  - (a) Trident is the only credible strategic deterrent.
  - (b) The D5 system, compared with C4, will be cheaper up to 1987-88 and will probably be cheaper over its entire life.
  - (c) The principal argument for moving to D5 now is to retain commonality with the United States and thus avoid the financial and other penalties of uniqueness (cf Chevaline). (See Appendix 2 to MISC 7(81) 1).
  - (d) The Conservative Party is strongly in favour of retaining an independent national deterrent.



4. The sterling cost has, however, substantially increased (in large measure because previous estimates were based on a much lighter sterling/dollar exchange rate). The position is set out in paragraphs 10 to 14 of Annex C to the paper. The capital cost of the D5 force is now estimated at £5,978 million at September 1980 prices and \$2.36 to £1, or £7,520 million at September 1981 prices and \$1.78 to £1. These figures compare with the estimate of £4,500 million to £5,000 million for C4 at July 1980 prices publicly announced in Mr Pym's open Government document of July 1980. The extra "real" cost (ie excluding the increase attributable to the changed exchange rate assumption) of D5 comprises four main elements:

- (a) Ohio missile compartment £220 million.
- (b) D5 missile system (offset by fewer missiles) £391 million.
- (c) Improved propulsion system £165 million.
- (d) Improved defensive equipment ("tactical weapons fit") £100 million.

All these except (b) would be wanted for C4 if we decided to stay with that for the present but keep open the option of converting to D5 later. On that basis the extra "real" cost of the switch to D5 is, on present estimates, £391 million.

5. The costings assume that only 12 of the 16 missile tubes will be filled and that each missile will carry 10 MIRVed warheads.

6. Annex C to the paper sets out, in paragraphs 17 to 19, three possible areas of cost saving. These are:

- (a) Processing and storing the missiles in the United States instead of expanding the existing facility at Coulport in Scotland.
- (b) Reducing the maintenance margin of missiles and warheads.
- (c) Negotiating a reduction in United States Government charges.

7. The paper also briefly considers a number of alternatives:

- (a) A three-boat force (Appendix 4).
- (b) Running on the Polaris boats until the later 1990s but converting them to take C4 missiles (Appendix 5).
- (c) Solutions other than a submarine-launched ballistic missile system, ie land-based missiles or submarine-launched cruise missiles (Appendix 6).

8. Finally, the paper looks at (paragraphs 23 to 25) the implications for the rest of the defence programme. In the years after 1985-86 Trident D5 will absorb over 15 per cent of the new equipment money in the defence budget.



Comment

9. Trident D5 represents a very large increase in capability over Polaris. Each boat will have 120 MIR Ved warheads compared with Polaris-Chevaline's 32 non-MIR Ved warheads. (Trident C4 would have 16 missiles per boat each with 8 warheads.) If all 16 missile tubes were filled with the maximum number of warheads possible, 14, each boat would have 224 warheads.

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RETAINED UNDER SECTION 3 (4)  
OF THE PUBLIC RECORDS ACT

10. The central issue is put by Mr Nott in paragraph 4 of his cover note. The choice is between continuing to have an effective independent capability or getting out of the business of nuclear deterrence altogether. Provided that the Russians do not develop an ability to track submarines, D5 gives us greater assurance than any other system of retaining a credible deterrent over the next 35 years, the assumed life of the Trident system.

11. But do we need to have the best, ie D5? Would C4 be good enough, over the next 35 years? We do not really know. If we build a submarine capable of being converted later to take D5 (and it would not be sensible to do less), the short-term cost will be higher and the overall cost uncertain, because until conversion we shall lack the advantages of commonality with the Americans. Our experiences with Chevaline show how expensive it can be to go it alone; and Polaris has demonstrated how low and reliable cost estimates can be when commonality is involved. Mr Nott is probably right in his judgment that D5 will be cheaper overall: he is almost certainly right in his belief that D5 will cost less than C4 in the short-term, because if we stay with C4 we should have to commit large sums early before the United States production line closes. With D5, relatively little metal will be cut, and money spent, during the life of this Parliament.



12. However, the paper glosses over the very great uncertainties in the costing of a D5 force. These uncertainties arise in two areas, the submarine and the missile system. The submarines will, at 14,000-15,000 tons, be more than twice as large as Polaris. The D5 missile system is still under development in the United States, so that its ultimate cost is unknown. The Americans' own estimates of the cost of the Ohio class submarine have risen by 60 per cent in three years, and the D5 missile is less developed than the Polaris A3 missile was at the time when we decided to buy it.

13. The paper does not contain a breakdown of costs as between expenditure in United Kingdom industry and purchases from the United States. Ministers are on record as saying that the equipment element of the original Trident C4 programme would at its peak absorb 5 per cent of the equipment component of the defence budget and that 70 per cent of the cost of Trident would be spent in the United Kingdom. Industry has feared the effect of Trident on orders for "conventional" defence equipment and has criticised the Government's failure to obtain offset from the United States. These criticisms will be magnified as a result of the dual effects of the increased cost of Trident and the higher proportion of the Trident programme which presumably will be spent in the United States (particularly if missile processing is done there).

14. The Secretary of State for Defence does not ask for a decision now on whether missile processing should be done in the United States or in an expanded facility at Coulport (paragraph 6 on above). But the issue is not simply one of cost. There would be some saving from having more processing done and missiles stored in the United States. But we should still need some expansion of the facilities at Coulport. There is a major question of the effect of increased use of United States facilities on our actual and our perceived independence. Given that we are already dependent on the United States for some facilities, more use of such facilities might well not affect the length of time for which our deterrent would be effective after a withdrawal of American support. But public perception of our independence would be changed if our boats were seen to be operating out of United States rather than British bases.



15. Relevant to both the cost and the independence aspect is the reference in paragraph 6 of Mr Nott's covering note to the assumption made in the costings that we shall procure special nuclear materials in the most economic way, ie by increasing our purchases from the United States. The Secretary of State for Defence is due to submit a paper on this to MISC 7 next month, and it is important that next week's meeting of MISC 7 does not prejudge that consideration. The sum at stake is around £100 million.

#### Alternatives

16. The Chancellor of the Exchequer and the Foreign and Commonwealth Secretary may press for further consideration of a three-boat force before any public commitment is made to a four-boat force. The difference in capital cost between three boats and four is around £600 million - much larger than the difference of around £60 million between 12 missile tubes per boat and 16. You may wish to ask the Secretary of State for Defence whether there are likely to be any cost penalties if we go for a four-boat force now but cancel one later when more is known about costs and reliability (my understanding is that there would not be any such penalties for several years).

17. The increased cost of Trident, and the recent American decision to develop a submarine-launched cruise missile, will resist public interest in the cruise missile alternative. The Secretary of State for Defence is probably right to dismiss it; so many cruise-missile submarines would be required to meet the deterrent criterion that the overall cost would be higher (and the command and control problems would be severe). But Ministers will need to consider the point, if only to enable them to deal with it publicly (and with our allies).

#### HANDLING

18. You should invite the Secretary of State for Defence to introduce his paper and then invite general comments. The points to establish in subsequent discussion are:

- (a) Despite the rise in cost of £2½ billion in cash terms the eventual cost of whichever version of Trident is chosen, should the 1979 decision to go for Trident be endorsed?





- (b) If so, should we:
- i. go straight to D5?
  - ii. stay with C4 but build submarines large enough (ie with the Ohio hull section) to convert later to D5 if we wish?
  - iii. stay with the original decision on C4 and forego the option to convert later to D5?
  - iv. run on the existing Polaris boats until the late 1990s but convert them to the Trident C4 missile?
- (c) If we go straight to D5, should we build four boats or consider whether three would do (the option to build five is not considered in the paper, though the Government is on record as intending to keep it open and take a final decision in 1982 or 1983)? Can this decision be deferred?
- (d) Is it, in any event, agreed that we should fit sixteen missile tubes, while only filling twelve for the time being; that improved tactical weapons and propulsion system should be included; and that the planned in-service date should be 1994?
- (e) When should the decision be announced? What are the domestic political factors? In negotiating terms, should we not weaken our hand if we go public before agreeing the basic terms with the Americans?
- (f) Should formal Cabinet endorsement be sought at this stage? The Cabinet were not consulted when the December 1979 decision was made by MISC 7, and were only informed just before the public announcement was made in July 1980. This caused some resentment.

#### CONCLUSION

19. Subject to the discussion, you may wish to guide the meeting to agree to go straight to a four-boat D5 force, as proposed by the Secretary of State for Defence, with 16 missile tubes, improved tactical weapons and propulsion system, to enter service in 1994. But it would be better to defer a public announcement until agreement has been reached with the Americans on the basic terms on which the missiles would be purchased.





20. Subject to MISC 7 reaching agreement on the basic issues, you may wish to direct that action should now proceed as follows:

- (a) The Secretary of State for Defence should circulate a short paper to Cabinet, for consideration on 3 December; if we are worried about security, such a paper could be handed round at the meeting and taken back at the end of it.
- (b) Immediately after Cabinet, you should send a message to President Reagan to accept his offer of D5 and to seek his decision about how we should now proceed (this could be a delicate matter, given the present disarray in the Administration in Washington).
- (c) A small high-level official team should then visit Washington to negotiate on the broad basic terms of our switch to D5, including the question of United States Government levies; of our purchase of the missile, and on the text of an Exchange of Letters and of an announcement; and on presentation to the allies and to the public (this would follow the procedure of the negotiation of the Trident C4 agreement with the Carter Administration).
- (d) Thereafter, a public announcement should be made.
- (e) Technical-level discussions with the Americans would follow.

REA

ROBERT ARMSTRONG

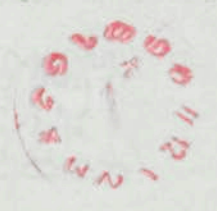
23 November 1981





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CONFIDENTIAL



23 NOV 1987

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SECRET.

The enclosed papers (listed below) are the Home Secretary's own copies. He has requested that N.10 keep them. - MODA agrees and his Private Office know of the situation.

- 1). R.L.L. Facet to Home Secretary (T/05643) of 20/11/81
- 2). MISC7(81) 1 of 17/11/81. Copy 2.

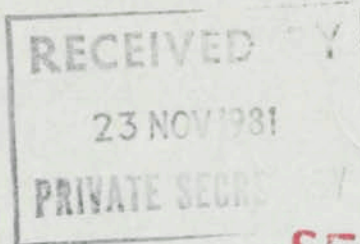
~~H.S.T. Collins~~

(Duty desk)

24/11/81.

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T/05643

HOME SECRETARY

MISC 7 - 24 NOVEMBER 1981  
THE UNITED KINGDOM STRATEGIC DETERRENT  
(MISC 7(81)1)

You may find it helpful to have this note in advance of the meeting of MISC 7 on Tuesday 24 November to discuss the strategic nuclear deterrent.

BACKGROUND

Ministers decided in December 1979 to replace Polaris with the American Trident I(C4) missile in a new British submarine based on the US 640 class boat. Last month President Reagan announced his intention to develop the larger and more accurate Trident II(D5) missile for deployment in 1989, involving scrapping the C4 in 1998, much earlier than expected; and he has offered to make the D5 missile available to the United Kingdom. This has led to public speculation about our own intentions and about the additional cost burden which the American decision is likely to impose. The D5 is more expensive and requires a much larger submarine hull. A decision is needed now since commitments relating to the purchase of C4 are already being made. Meanwhile it has been found necessary to re-motor our Polaris missiles.

THE DEFENCE SECRETARY'S PAPER

2 Mr Nott proposes that we should purchase Trident D5; build a force of 4 submarines with a mid-section (ie missile compartment) based on the American Ohio class hull but with 16 missile tubes (instead of 24); and that we should plan to bring the first boat into service in 1994.

3 Mr Nott argues as follows:

- a. Trident is the only credible strategic deterrent
- b. The D5 system, compared with C4, will be cheaper over its entire life.
- c. The principal argument for moving to D5 now is to retain commonality with the US and thus avoid the penalties of uniqueness (cf. Chevaline). (See Appendix 2 to MISC 7(81)1).

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- d. The Conservative Party is strongly in favour of retaining an independent national deterrent.

4 The cost has, however, substantially increased. The position is set out in paragraphs 10 to 14 of Annex C to the paper. The capital cost of the D5 force is now estimated at £5978m at September 1980 prices and \$2.36 to £1, and at £7520m at September 1981 prices and \$1.78 to £1. These figures compare with the estimate of £4500m to £5000m for C4 at July 1980 prices publicly announced in July 1980. The current cost estimate, at September 1980 prices and exchange rates, is £5102m. The extra "real" cost of D5 comprises 4 elements.

- a. Ohio hull section - £220m
- b. D5 missile system (offset by fewer missiles) - £391m
- c. Improved propulsion system - £165m
- d. Improved tactical weapons fit £100m.

But all these except b. would be wanted for C4 if we decided to stay with that for the present but keep open the option of converting to D5 later. Thus the true extra 'real' cost of the switch to D5 is £391m. The costings assume that only 12 of the 16 missile tubes will be filled and that each missile will carry 10 MIRVed warheads.

5 Annex C to the paper sets out, in paras 17 to 19, three possible areas of cost saving. These are -

- a. Processing and storing the missiles in the United States instead of expanding the existing facility at Coulport in Scotland.
- b. Reducing the maintenance margin of missiles and warheads.
- c. Negotiating a reduction in US Government charges.

6 The paper also briefly considers a number of alternatives -

- a. A 3 boat force (appendix 4)
- b. Running on the Polaris boats until the later 1990s but converting them to take C4 missiles (appendix 5)
- c. Solutions other than a submarine-launched ballistic missile system ie land-based missiles or submarine-launched cruise missiles (appendix 6).





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7 Finally, the paper looks at (para 23 to 25) the implications for the rest of the defence programme. In the years after 1985-86 Trident D5 will absorb over 15 per cent of the new equipment money in the defence budget.


8 The central issue is that put by Mr Nott in paragraph 4 of his cover note. The choice is between having an effective capability or getting out of the business of nuclear deterrence altogether. Provided that the Russians do not develop an ability to track submarines, D5 gives us greater assurance than any other system of retaining a credible deterrent over the next 35 years, the assumed life of the Trident system.

9 There remains the possibility that C4 will be adequate over the next 35 years. We do not really know. If we build a submarine capable of being converted later to take D5, the short-term cost will be higher and the overall cost uncertain, because we lose the advantages of commonality with the Americans. Our experiences with Chevaline show how expensive it can be to go it alone. D5 will cost less than C4 in the short-term, because if we stay with C4 we should have to commit large sums early before the US production line closes.

10 However, the paper glosses over the very great uncertainties in the costing of a D5 force. These uncertainties arise in two areas, the submarine and the missile system. The submarine will at 14,000-15,000 tons be more than twice as large as Polaris. Secondly, the D5 missile system is still under development in the United States and its costs are therefore unknown. The fact that the Polaris programme, unusually for a major defence programme, kept to its cost estimates does not imply that the same will happen with Trident D5. The Americans' own estimates of the cost of the Ohio class submarine have risen by 60 per cent in 3 years, and the D5 missile is less developed than the Polaris A3 missile was at the time when we decided to buy it.

11 The paper does not contain a breakdown of costs as between expenditure in UK industry and purchases from the US. Ministers are on record as





saying that the equipment element of the original Trident C4 programme would at its peak absorb 5 per cent of the equipment component of the defence budget and that 70 per cent of the cost of Trident would be spent in the UK. Industry has feared the effect of Trident on orders for conventional equipment and has criticised the Government's failure to obtain offset from the United States. These criticisms will be magnified as a result of the dual effects of the increased cost of Trident and the higher proportion of the Trident programme which presumably will be spent in the United States (particularly if missile processing is done there).

12 The Defence Secretary does not ask for a decision now on whether missile processing should be done in the United States or in an expanded facility at Coulport. But the issue is not simply one of cost. It will be important to assess how long our submarine force could remain effective if American support were withdrawn. We cannot be certain of wholehearted American support for a British independent deterrent over the next 35 years. And an important factor is public perception of our independence if our boats are seen to be operating out of United States rather than British bases.

#### ISSUES FOR DECISION

13 The issues seem to be:

a. Should we stay in the strategic deterrence business?

Since the cost of Trident has risen by £2½ billion in cash terms since July 1980, and could rise by much more over the next decade, can we afford it without drastic effects on our non-nuclear forces?

b. Should we switch to D5?

The extra cost compared with staying with C4 is not especially high (around £400m) and occurs later: in fact, D5 is cheaper in the short term because procurement will be slower. But all the cost estimates are uncertain: D5 because it is not yet developed and C4 because we would lose commonality with the Americans.



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c. Should we keep the Polaris boats but convert them later to the Trident C4? This is the only markedly cheaper course but would mean staying with outdated technology.

d. Should we decide now on 4 boats, or go for 3, leaving a decision on a 4th (and possibly 5th) until later?

The practical consequences are not likely to be very different because the 4th boat will not be ordered for many years, but there are important political factors;

e. Should further consideration be given to the alternative of submarine-launched cruise missiles?

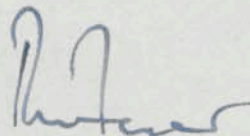
The Defence Secretary argues that the cost of an effective SLCM force will be higher, but there is likely to be public debate about this.

f. Timing of an announcement, and public presentation

In order to get the best terms, there is a case for negotiating the basic purchase terms with the Americans before a public announcement, the timing of which is important in its own right.

RECOMMENDATION

14 Subject to the points made in discussion, you may care to support the Defence Secretary's proposals in paragraph 12 of his memorandum.



R L L FACER

Cabinet Office  
20 November 1981



PART 3 ends:-

cc (81) 36<sup>th</sup> Htg Jan 3 of 12/11/87.

PART 4 begins:-

MISC 7 (81) 1 of 17/11/87



