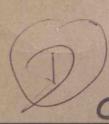
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TO PRIORITY FOREIGN AND COMMONWEALTH OFFICE TELEGRAM NUMBER 289 OF 11 JUNE 1982 INFO PRIORITY UKMIS NEW YORK AND NATO POSTS

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MY TELNO 286: NATO SUMMIT MEETING, BONN, 19 JUNE.

A. J. C. 14

SUMMARY. DESPITE THE SHORT TIME AVAILABLE FOR THE WORKING SESSION, THE MEETING ACHIEVED ITS MAIN OBJECTIVE OF DEMONSTRATING SOLIDARITY - US INITIATIVES ON ARMS CONTROL HAVE DONE MUCH TO REDUCE EUROPEAN/US DIFFERENCES BUT IMPORTANT ONES REMAIN.

- 1. THE ORIGINAL INSPIRATION FOR THIS MEETING CAME, 7 MONTHS AGO, FROM THE UK AT A TIME WHEN DIFFERENCES BETWEEN MANY MEMBERS OF THE ALLIANCE AND THE US SEEMED TO BE PARTICULARLY ACUTE AND RECEIVING INCREASING PUBLICITY. IT WAS INTENDED THEREFORE TO BE SEEN AS A SYMBOL OF SOLIDARITY AND IT WAS HOPED THAT THE PRESSURE THAT THE MERE HOLDING OF SUCH A MEETING GENERATES WOULD LEAD TO A CLOSING OF THE RANKS. THOSE OBJECTIVES HAVE BEEN ACHIEVED . THANKS LARGELY TO THE FACT THAT IN THE INTERVAL (AND PERHAPS IN PART UNDER THE PRESSURE OF THE MEETING) THE US HAS MOVED A LONG WAY TO ACCEPTING THE THESIS THAT A STRONG DEFENCE MUST GO HAND IN HAND WITH SERIOUS ATTEMPTS TO REACH AGREEMENTS ON ARMS CONTROL. MOREOVER THE APPEARANCE OF SPAIN AT BONN, MARKING THE SUCCESSFUL AND UNEXPECTEDLY SMOOTH COMPLETION OF THE RATIFICATION PROCESSES, UNDERLINED. SATISFACTORILY THE CONTINUED VITALITY OF THE ALLIANCE.
- NEVERTHELESS IMPORTANT DIFFERENCES REMAIN. FOR EXAMPLE THE STRONG EMPHASIS GIVEN IN PRESIDENT REAGAN'S TWO STATEMENTS ON INCREASED EXPENDITURE ON CONVENTIONAL DEFENCE AND ON THE NEED TO USE THE ECONOMIC WEAPONS AT OUR DISPOSAL TO EXPLOIT THE SOVIET UNION'S CURRENT ECONOMIC PROBLEMS, MARK CONSIDERABLE GAPS BETWEEN THE US AND EUROPEAN APPROACHES ON THESE TWO ISSUES (WITH CANADA IN GENERAL SHARING THE EUROPEAN VIEW). THE COMMITMENT IN THE STATEMENT ON DEFENCE TO QUOTE FULFIL TO THEGREATEST EXTENT POSSIBLE THE NATO FORCE GOALS UNQUOTE IS NOT ABSOLUTE SEMI COLON BUT IF CARRIED OUT TO THE LIMIT WOULD INVOLVE THE UK IN REAL INCREAED DEFENCE EXPENDITURE IN 1983/1984 OF 3.75% AND SOME OTHERS IN EVEN LARGER FIGURES. THE US WILL REGARD THAT DOCUMENT AS A QUOTE MANDATE UNQUOTE WE WERE TOLD, AND NOT AS A MATTER FOR FURTHER DEBATE. DESPITE THE REPEATED FEARS OF NUCLEAR WAR THAT WERE EXPRESSED AND THE EMPHASIS PLACED ON CONVENTIONAL DEFENCE (EG BY NORWAY, DENMARK AND SEVERAL OTHERS) THERE IS LITTLE OR NO PROSPECT OF THE EUROPEANS OR OF THE CANADIANS MEETING THESE TARGETS. INDEED THE DANES REGARD THEMSELVES AS

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/BOUND

BOUND BY THEIR SO-CALLED DEFENCE AGREEMENT, AN INTER -PARTY CONCORDAT WHICH PROVIDES FOR VIRTUALLY NO REAL GROWTH AT ALL.

- 3. PRESIDENT REAGAN'S SECOND INTERVENTION ABOUT ECONOMIC
 RELATIONS WITH THE SOVIET UNION EVOKED NO RESPONSE. THE DECLARATION
 LARGELY REPRODUCES THE LANGUAGE OF THE VERSAILLES SUMMIT. AS
 PARIS TELNO 611 TO YOU MAKES CLEAR, FRANCE FOR ONE WILL BE INTERPRETING THAT IN WAYS ALMOST CALCULATED TO BRING HER AT ODDS WITH
 THE US, ESPECIALLY IF THE LATTER CONTINUE TO EXCLUDE GRAIN SALES
 (DESPITE THE PRESIDENT'S REFERENCES AT BONN TO SOVIET AGRICULTURE,
 THERE WAS NO HINT THAT GRAIN SALES WERE TO BE RECONSIDERED).
 OTHERS TOO, EG THE NETHERLANDS, DENMARK AND GREECE, EXPRESSED
 RESERVATIONS, AND OTHERS ESPECIALLY THE FRG AND FRANCE LAID
 EMPHASIS ON THE IMPORTANCE, IN A STRATEGIC SENSE TOO, OF RESTORING
 HEALTH TO OUR ECONOMIES.
- SPEAK OF THE CHRONIC BILATERAL PROBLEMS BETWEEN GREECE AND TURKEY OR OF PORTUGAL'S PRESSURE FOR MORE AID IS THE EXTENT TO WHICH MILITARY ACTIVITY OUTSIDE THE TREATY AREA SHOULD BE THE SUBJECT OF CONSULTATION, CONTINGENCY PLANNING AND COMPENSATION WITHIN THE ALLIANCE.

 FRANCE PUT DOWN A VERY FIRM MARKER THAT THERE MUST BE NO EXTENSION OF THE ALLIANCE'S QUOTE MANDATE UNQUOTE. OTHERS ARE MORE ACQUIESCENT, THOUGH NOT WITHOUT THEIR WORRIES. WORK ON THESE PROBLEMS WILL PROBABLY HAVE TO BE CONDUCTED INCREASINGLY IN THE DEFENCE PLANNING COMMITTEE AND MILITARY COMMITTEE MACHINERY, ESPECIALLY WHERE CONTINGENCY PLANNING TO COMPENSATE FOR DIVERSION OF TROOPS AND RESOURCES IS CONCERNED, IF DIFFICULTIES WITH FRANCE ARE TO BE AVOIDED.
- 5. THE OTHER PRINCIPAL IMPRESSION LEFT BY THE SUMMIT WAS THE DISTORTION CREATED BY TOO MUCH ENTERTAINMENT AND PUBLIC RELATIONS ACTIVITY AND TOO LITTLE TIME FOR REAL WORK. THE FRG'S ARRANGEMENTS WERE EXCELLENT AND LAVISH, BUT IT IS WRONG, AS PAPANDREOU, SUPPORTED BY TRUDEAU, REMARKED, AND AS & THINK THE PRIME MINISTER FELT, THAT OUT OF 24 HOURS SPENT IN BONN, THE HEADS OF GOVERNMENT SHOULD HAVE HAD ONLY 3 HOURS IN WORKING SESSION. THE OPENING CEREMONY LASTED OVER AN HOUR, AND THE PRIVATE LUNCH, WITH HEADS OF STATE AND GOVERNMENT AND FOREIGN MINISTERS SEATED AT ONE LONG TABLE, PROVIDED NO OPPORTUNITY FOR GENERAL DEBATE. THE DECLARATION AND THE ASSOCIATED DOCUMENTS HAD BEEN AGREED IN ADVANCE WHICH AVOIDED A TIRESOME BRAFTING SESSION. THEY WERE DELIBERATELY FRAMED AS LONG-TERM STATEMENTS OF GENERAL PRINCIPLES AND AVOIDED CURRENT CRISES. THIS WAS PERHAPS NO BAD THING: WE WOULD HAVE HAD DIFFICULTY IN AGREEING A SATISFACTORY STATEMENT ON THE FALKLAND ISLANDS. GIVEN THE POSITION OF SPAIN (THE DECISION HAD INDEED BEEN TAKEN IN ADVANCE NOT TO PRESS FOR ONE) AND IN THE EVENT IT PROVED IMPOSSIBLE TO WORK OUT A STATEMENT ACCEPTABLE TO THE US ON THE WAR IN THE LEBANON.

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16.

FIRST TIME OF SPANISH MINISTERS IN THE COUNCIL. SPAIN'S ACCESSION WAS GENERALLY WELCOMED, WITH REFERENCES TO SPANISH DEMOCRACY AND THE STRENGTHENING OF THE ALLIANCE. IT IS CLEAR HOWEVER THAT SPAIN IS NOT LIKELY TO PROVE AN EASY MEMBER, EITHER FOR US OR PORTUGAL. IN HIS SPEECH IN THE PUBLIC OPENING CEREMONY, THE SPANISH PRIME MINISTER MADE CLEAR THAT HE IS HOPING FOR THE SUPPORT OF THE REST OF THE ALLIANCE AGAINST US OVER GIBRALTAR. IT MAY BE NECESSARY TO REMIND SPAIN FROM TIME TO TIME THAT THE ALLIANCE IS DEDICATED TH QUOTE THE PRINCIPLES OF DEMOCRACY, INDIVIDUAL LIBERTY AND THE RULE OF LAW UNQUOTE.

DESPITE THE PRACTICAL SHORTCOMINGS. THE ALLIANCE IS THE ONLY FORUM WHICH BRINGS TOGETHER SO MANY REASONABLY LIKE-MINDED STATES TO DISCUSS GENERAL SECURITY POLICY. IT HANGS TOGETHER REMARKABLY WELL AND IT IS EVEN POSSIBLE TO DRAW SOME COMFORT FROM ITS DIVERSITY AS THE DECLARATION, AND M MAUROY, DO - PERHAPS MAKING A VIRTUE OUT OF NECESSITY. FAILURE TO INCLUDE A NATO SUMMIT IN PRESIDENT REAGAN'S VISIT TO EUROPE WOULD HAVE BEEN MARKED AS A SIGNIFICANT SET-BACK TO THE ALLIANCE SEMI-COLON AND HIS EXPOSURE AT FIRST HAND TO SOME EXPRESSIONS OF EUROPEAN THINKING MAY PERHAPS HELP TO IMPROVE THE PROCESSES OF FORMULATION OF US POLICY AND CONSULTATION WITHIN THE ALLIANCE. BUT, I WOULD BE MORE CONFIDENT OF THIS IF THERE HAD BEEN SOME TIME FOR REAL DEBATE, AND WE SHALL NEED TO CONSIDER ON ANY SIMILAR OCCASION IN FUTURE HOW TO ENSURE A GREATER PROPORTION OF WORKING TIME TO ALLOW FOR THIS.

GRAHAM

STANDARD DEFENCED EESD WED NAD SED

ADDITIONAL DISTN:

Repetition to REYKJAVIK
referred for departmental decision,
repeated as requested to other posts.

THIS TELEGRAM
WAS NOT
ADVANCED

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DRAFT DECLARATION

OF THE HEADS OF STATE AND GOVERNMENT PARTICIPATING IN THE MEETING OF THE NORTH ATLANTIC COUNCIL AT BONN 10th JUNE 1982

- We, the representatives of the 16 members of the North Atlantic Alliance, reaffirm our dedication to the shared values and ideals on which our transatlantic partnership is based.
- The accession of Spain to the North Atlantic Treaty, after its peaceful change to Parliamentary democracy, bears witness to the vitality of the Alliance as a force for peace and freedom.
- Our Alliance has preserved peace for a third of a century. It is an association of free nations joined together to preserve their security through mutual guarantees and collective selfdefence as recognised by the United Nations Charter. It remains the essential instrument for deterring aggression by means of a strong defence and strengthening peace by means of constructive each of dialogue. Our solidarity in no way conflicts with the right of/our countries to choose its own policies and internal development, and allows for a high degree of diversity. Therein lies our strength. In a spirit of mutual respect, we are prepared to adjust our aims and interests at all times through free and close consultations; these are the core of everyday allied co-operation and will be intensified appropriately. We are a partnership of equals, none dominant and none dominated.
- The Soviet Union, for its part, requires the countries associated with it to act as a bloc, in order to preserve a rigid and imposed system. Moreover, experience shows that the Soviet Union is ultimately willing to threaten or use force beyond its own frontiers. Afghanistan and the Soviet attitude with regard to the Polish crisis show this clearly. The Soviet Union has devoted over the past decade a large part of its resources to a massive military build-up, far exceeding its defence needs and supporting the projection of military power on a global scale. While creating a threat of these dimensions, Warsaw Pact governments condemn Western

NATO CONFIDENTIAL defence efforts as aggressive. While they ban unilateral disarmament movements in their own countries, they support demands for unilateral disarmament in the West. International stability and world peace require greater 5. restraint and responsibility on the part of the Soviet Union. We, for our part, reaffirming the principles and purposes of the Alliance, set forth our programme for peace in freedom: Our purpose is to prevent war and, while safeguarding democracy, to build the foundations of lasting peace. None of our weapons will ever be used except in response to attack. respect the sovereignty, equality, independence and territorial integrity of all states. In fulfilment of our purpose, we shall maintain adequate military strength and political solidarity. On that basis, we will persevere in efforts to establish, whenever Soviet behaviour makes this possible, a more constructive East-West relationship through dialogue, negotiation and mutually advantageous co-operation. (b) Our purpose is to preserve the security of the North to deter aggression and intimidation. This requires a sustained effort on the part of all the Allies to improve their defence readiness and military capabilities, without seeking military superiority. Our countries have the necessary resources to undertake this effort. The presence of North American armed

Atlantic area by means of conventional and nuclear forces adequate to deter aggression and intimidation. This requires a sustained effort on the part of all the Allies to improve their defence readiness and military capabilities, without seeking military superiority. Our countries have the necessary resources to undertake this effort. The presence of North American armed forces in Europe and the United States nuclear strategic commitment to Europe remain integral to Allied security. Of equal importance are the maintenance and continued improvement of the defence capabilities of the European members of the Alliance. We will seek to achieve greater effectiveness in the application of national resources to defence, giving due attention to possibilities for developing areas of practical co-operation. In this respect the Allies concerned will urgently explore ways to take full advantage both technically and economically of emerging technologies. At the same time steps will be taken in the

/appropriate

appropriate fora to restrict Warsaw Pact access to Western militarily relevant technology. The leaders of the countries participating in the integrated defence structure of the Alliance have agreed on how they will pursue these objectives within that structure and have issued a separate document on this subject

- (c) Our purpose is to have a stable balance of forces at the lowest possible level, thereby strengthening peace and international security. We have initiated a comprehensive series of proposals for militarily significant, equitable and verifiable agreements on the control and reduction of armaments. We fully support the efforts of the United States to negotiate with the Soviet Union for substantial reductions in the strategic nuclear weapons of the two countries, and for the establishment of strict and effective limitations on their intermediate-range nuclear weapons, starting with the total elimination of their land-based intermediate-range missiles, which are of most concern to each side. We will continue to seek substantial reductions of conventional forces on both sides in Europe, and to reach agreement on measures which will serve to build confidence and enhance security in the whole of Europe. To this end, those of us whose countries participate in the negotiations on mutual and balanced force reductions in Vienna have agreed on a new initiative to give fresh impetus to these negotiations. We will also play an active part in wider international talks on arms control and disarmament; at the Second United Nations Special Session on Disarmament which has just opened in New York, we will work to give new momentum to these talks. We are setting out our detailed positions on arms control and disarmament in a separate document.
- H- (d) Our purpose is to develop substantial and balanced East-West relations aimed at genuine detente. For this to be achieved, the sovereignty of all states, wherever situated, must be respected, human rights must not be sacrificed to state interests, the free movement of ideas must take the place of onesided propaganda, the free movement of persons must be made possible, /efforts

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efforts must be made to achieve a military relationship characterised by stability and openness, and in general all principles and provisions of the Helsinki Final Act in their entirety must be applied. We, for our part, will always be ready to negotiate in this spirit and we look for tangible evidence that this attitude is reciprocated.

- Solution of the world. We will consult together as appropriate on events in these regions which may have implications for our security, taking into account our commonly identified objectives. Those of us who are in a position to do so will endeavour to respond to requests for assistance from sovereign states whose security and independence is threatened.
- 6 (f) Our purpose is to ensure economic and social stability for our countries, which will strengthen our joint capacity to safeguard our security. Sensitive to the effects of each country's policies on others, we attach the greatest importance to the curbing of inflation and a return to sustained growth and to high levels of employment. While noting the important part which our economic relations with the Warsaw Pact countries can play in the development of a stable East-West relationship, we will approach those relations in a prudent and diversified manner consistent with our political and security interests. Economic relations should be conducted on the basis of a balanced advantage for both sides. We undertake to manage financial relations with the Warsaw Pact countries on a sound economic basis, including commercial prudence also in the granting of export credits. We agree to exchange information in the appropriate fora on all aspects of our economic, commercial and financial relations with Warsaw Pact countries.

/6. Nowhere

- 6. Nowhere has our commitment to common basic values been demonstrated more clearly than with regard to the situation in Germany and Berlin. We remain committed to the security and freedom of Berlin and continue to support efforts to maintain the calm situation in and around the city. The continued success of efforts by the Federal Republic of Germany to improve the relationship between the two German states is important to the safeguarding of peace in Europe. We recall that the rights and responsibilities of the four powers relating to Berlin and Germany as a whole remain unaffected and confirm our support for the political objective of the Federal Republic of Germany to work towards a state of peace in Europe in which the German people regains its unity through free self-determination.
- 7. We condemn all acts of international terrorism. They constitute flagrant violations of human dignity and rights and are a threat to the conduct of normal international relations. In accordance with our national legislation, we stress the need for the most effective co-operation possible to prevent and suppress this scourge.
- 8. We call upon the Soviet Union to abide by internationally accepted standards of behaviour without which there can be no prospect of stable international relations, and to join now with us in the search for constructive relations, arms reductions and world peace.

DRAFT DOCUMENT ON DEFENCE OF THE HEADS OF STATE AND GOVERNMENT

PARTICIPATING IN THE MEETING OF THE NORTH ATLANTIC COUNCIL AT BONN

10 JUNE 1982

As indicated in the Declaration of today, we the representatives of those members of the North Atlantic Alliance taking part in its integrated defence structure hereby set out our detailed positions on defence. We welcome the intention of Spain to participate in the integrated defence structure, and the readiness of the President of the Spanish Government to associate himself with this document, while noting that the modalities of Spanish participation have still to be worked out.

Pursuant to the principles set out in the programme for peace and freedom, we agree that, in accordance with current NATO defence plans, and within the context of NATO strategy and its triad of forces, we will continue to strengthen NATO's defence posture, with special regard to conventional forces. Efforts of our nations in support of the decisions reached at Washington in 1978 have led to improved defensive capabilities. Notwithstanding this progress, it is clear, as documented in the recently published comparison of NATO and Warsaw Pact forces, that continuing efforts are essential to Alliance security. Against this background we will:

- Fulfil to the greatest extent possible the NATO force goals for the next six years, including measures to improve the readiness of the standing forces and the readiness and mobilisation capability of reserve forces. Note was taken

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of the recently concluded agreement between the United States and the Federal Republic of Germany for wartime host nation support.

- Continue to implement measures identified in the long-term defence programme designed to enhance our overall defence capabilities.
- Continue to improve NATO planning procedures and explore other ways of achieving greater effectiveness in the application of national resources to defence, especially in the conventional field. In that regard, we will continue to give due attention to fair burden-sharing and to possibility for developing areas of practical cooperation from which we can all benefit.
- Explore ways to take full advantage both technically and economically of emerging technologies, especially to improve conventional defence, and take steps necessary to restrict the transfer of militarily relevant technology to the Warsaw Pact.

Noting that developments beyond the NATO area may threaten our vital interests, we reaffirm the need to consult with a view to sharing assessments and identifying common objectives, taking full account of the effect on NATO security and defence capability, as well as of the national interests of member countries. Recognising that the policies which nations adopt in this field are a matter

for national decision, we agree to examine collectively in the appropriate NATO bodies the requirements which may arise for the defence of the NATO area as a result of deployments by individual member states outside that area. Steps which may be taken by individual Allies in the light of such consultations to facilitate possible military deployments beyond the NATO area can represent an important contribution to Western security.

DRAFT DOCUMENT ON ARMS CONTROL AND DISARMAMENT

As indicated in our Declaration of today, we, the representatives of the 16 members of the North Atlantic Alliance, hereby set out our detailed positions on Arms Control and Disarmament:

- Militarily significant, equitable and verifiable agreements on arms control and disarmament contribute to the strengthening of peace and are an integral part of our security policies. Western proposals offer the possibility of substantial reductions in United States and Soviet strategic arms and intermediate-range weapons and in conventional forces in Europe, as well as of confidence-building measures covering the whole of Europe. —In the forthcoming Strategic Arms Reduction Talks (START), we call for agreement on the United States proposal for significant reductions in United States and Soviet Strategic Forces, focussed on the most destabilizing intercontinental systems.
- In the negotiations on Intermediate-Range Forces (INF), which are conducted within the START framework and are based on the December 1979 decision on INF modernization and arms control [Greek reservation], the United States proposal for the complete elimination of all longer-range land-based INF missiles of the United States and the Soviet Union holds promise for an equitable outcome and enhanced security for all.
- Those of us participating in the Vienna negotiations will soon present a draft Treaty embodying a new, comprehensive proposal designed to give renewed momentum to these negotiations and achieve the long-standing objective of enhancing stability and security in

/Europe

Europe. They stress that the Western proposal, if accepted, will commit all participants whose forces are involved - European and North American - to participate in substantial manpower reductions leading to equal collective ceilings for the forces of Eastern and Western participants in Central Europe, based on agreed data, with associated measures designed to strengthen confidence and enhance verification.

In CSCE, the proposal for a Conference on Confidence and Security
Building Measures and Disarmament in Europe as part of a balanced
outcome of the Madrid CSCE follow-up meeting would open the way to
increased transparency and enhanced stability in the whole of Europe
from the Atlantic to the Urals.

At the same time, we are continuing our efforts to promote stable peace on a global scale.

In the Committee on Disarmament in Geneva, the Allies will actively pursue efforts to obtain equitable and verifiable agreements including a total ban on chemical weapons.

In the Second Special Session on Disarmament of the United Nations
General Assembly now in progress, we trust that new impetus will be
given to negotiations current and in prospect, especially by promoting
military openness and verification, that the need for strict
observance of the principle of the renunciation of force enshrined
in the United Nations Charter will be reaffirmed, and that compliance
with existing agreements will be strengthened.

We appeal to all States to cooperate with us in these efforts to

/strengthen

strengthen peace and security. In particular, we call on the Soviet Union to translate its professed commitment to disarmament into active steps aimed at achieving concrete, balanced and verifiable results at the negotiating table.

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Foreign and Commonwealth Office London SW1A 2AH

9 June, 1982

Dear aivo,

Seen 4 in 1mi Minites

The Harmel Report

I understand that the Prime Minister enquired at ODSA this morning about the Harmel Report, following Chancellor Schmidt's recent reference to it in conversation with her at Versailles.

The so-called Harmel Report of December 1967, produced for the North Atlantic Council on the initiative of the then Foreign Minister of Belgium, is the <u>locus classicus</u> for the thesis that the twin purposes of the Alliance are deterrence (defence) and détente. I enclose with this letter a copy of the report as adopted by the North Atlantic Council; it is quite short.

The Federal Republic attaches particular importance to the place of this report in NATO lore and to the basic philosophy expounded by it. The Germans made it clear at an early stage in the planning of the Bonn Summit that they wished the Summit communiqué explicitly to reaffirm the principles of Harmel. The American view has been that to refer to the Harmel report by name would be to give the Bonn Summit a dated flavour; that a strong defence posture is an absolute prerequisite for any constructive relationship with the Soviet Union; and that in speaking of deterrence (defence) and détente we should be clear that the former is a necessary condition of the latter. This difference of emphasis has been satisfactorily resolved in the text of the Bonn Summit declaration to be approved by Heads of State and Government: there is no reference to Harmel by name and the reference to 'genuine détente' is subordinated, in listing the purposes of the Alliance, to the need for improved defence readiness. There is also a separate document spelling out defence priorities, particularly in the conventional field, in greater detail. It therefore seems that both American and German preoccupations have been satisfactorily met.

(F N Richards) Private Secretary

C Whitmore Esq Private Secretary 10 Downing Street A year ago, on the initiative of the Foreign Minister of Belgium, the governments of the fifteen nations of the Alliance resolved to "study the future tasks which face the Alliance, and its procedures for fulfilling them in order to strengthen the Alliance as a factor for durable peace". The present report sets forth the general tenor and main principles emerging from this extinuation of the future tasks of the Alliance.

- 2. Scrib were undertaken by Messrs, Schültz, Watson, Spaak, Kohler and Paulin. The Council wishes to express its appreciation and than a to these entment personalities for their efforts and for the analysis, they produced.
- I The exercise has shown that the Alliance is a dynamic and vigorous organization which is constantly adapting itself to changing conditions. It also has shown that its future tasks can be handled within the terms of the Trenty by building on the methods and procedures which have proved their value over many years.
- 4. Since the North Atlantic Treaty was signed in 1949 the international situation has changed significantly and the political tasks of the Alliance have assumed a new dimension. Amongst other developments, the Alliance has played a major part in stopping Communist expansion in Europe: the USSR has become one of the two world super powers but the Communist world is no longer monolithic; the Soviet doctrine of "peaceful co-existence" has changed the nature of the confrontation with the West but not the basic problems. Although the disparity between the power of the United States and that of the European states remains, Europe has recovered and is on its way towards unity. The process of decolonisation has transformed European relations with the rest of the world; at the same time, major problems have arisen in the relations between developed and developing countries.
- 5. The Atlantic Alliance has two main functions. Its first function is to maintain adequate military strength and political solidarity to deter aggression and other forms of pressure and to defend the territory of member countries if aggression should occur. Since its inception, the Alliance has successfully fulfilled this task. But the possibility of a crisis cannot be excluded as long as the central political issues in Europe, first and foremost the German Question, remain unsolved. Moreover, the situation of instability and uncertainty still precludes a balanced reduction of military forces. Under these conditions, the Allies will maintain as necessary, a suitable military capability to assure the balance of forces, thereby creating a climate of stability, security and confidence.

In this climate the Alliance can carry out its second function, to pursue the search for progress towards a more stable relationship in which the underlying political issues can be solved. Military security and a policy of dêtente are not contradictory but complementary. Collective defence is a stabilising factor in world politics. It is the necessary condition for effective policies directed towards a greater relaxation of tensions. The way to peace and stability in Europe rests in particular on the use of the Alliance constructively in the interest of détente. The participation of the USSR and the USA will be necessary to achieve a settlement of the political problems in Europe.

- From the beginning the Atlantic Alliance has been a co-operative grouping of states sharing the same ideals and with a high degree of common interest. Their cohesion and solidarity provide an element of stability within the Atlantic area.
- 7. As sovereign states the Allies are not obliged to subordinate their policies to collective decision. The Alliance affords an effective forum and clearing house for the exchange of information and views; thus, each of the Allies can decide his policy in the light of close knowledge of each others' problems and objectives. To this end the practice of frank and timely consultations needs to be deepened and improved. Each Ally should play its full part in promoting an improvement in relations with the Soviet Union and the countries of Eastern Europe, bearing in mind that the pursuit of detente must not be allowed to split the Alliance. The chances of success will clearly be greatest if the Allies remain on parallel courses, especially in matters of close concern to them all; their actions will thus be all the more effective.
- 8. No peaceful order in Europe is possible without a major effort by all concerned. The evolution of Soviet and East European policies gives ground for hope that those governments may eventually come to recognize the advantages to them of collaborating in working towards a peaceful settlement. But no final and stable settlement in Europe is possible without a solution of the German question which lies at the heart of present tensions in Europe. Any such settlement must end the unnatural barriers between Eastern and Western Europe, which are most clearly and cruelly manifested in the division of Germany.
- 9. Accordingly the Allies are resolved to direct their energies to this purpose by realistic measures designed to further a desente in East-West relations. The relaxation of tensions is not the final goal but is part of a long-term process to promote better relations and to foster a Eu opean settlement. The ultimate political purpose of the Alliance is to achieve a just and lasting peaceful order in Europe accompanied by appropriate security guarantees.
- 10. Currently, the development of contacts between the countries of Western and Eastern Europe is now mainly on a bilateral basis. Certain subjects, of course, require by their very nature a multilateral solution.
- 11. The problem of German reunification and its relationship to a European settlement has normally been dealt with in exchanges between the Soviet Offion and the three Western powers having special responsibilities in this field. In the preparation of such exchanges the Federal Republic of Germany has regularly joined the three Western powers in order to reach

a common position. The other Allies will continue to have their views considered in timely discussions among the Allies about Western policy on this subject, without in any way impairing the special responsibilities in question.

12. The Affics will examine and review suitable policies designed to achieve a just and stable order in Europe, to overcome the division of Germany and to foster European security. This will be part of a process of active and constant preparation for the time when fruitful discussions of these complex questions may be possible bilaterally or multilaterally between Eastern and Western nations.

13 The Allies are studying disarmament and practical arms control measures, including the possibility of balanced force reductions. These studies will be intensified. Their active pursuit reflects the will of the Allies to work for an effective détente with the East.

14. The Allies will examine with particular attention the defence problems of the exposed areas e.g. the South-Eastern flank. In this respect the current situation in the Mediterranean presents special problems, bearing in mind that the current crisis in the Middle East falls within the responsibilities of the United Nations.

15. The North Atlantic Treaty area cannot be treated in isolation from the rest of the world. Crises and conflicts arising outside the area may impair its security either directly or by affecting the global balance. Allied countries contribute individually within the United Nations and other international organizations to the maintenance of international peace and security and to the solution of important international problems. In accordance with established usage the Allies or such of them as wish to do so will also continue to consult on such problems without commitment and as the case may demand.

16. In the light of these findings, the Ministers directed the Council in permanent session to carry out, in the years ahead, the detailed follow-up resulting from this study. This will be done either by intensifying work already in hand or by activating highly specialized studies by more systematic use of experts and officials sent from capitals.

17. Ministers found that the study by the Special Group confirmed the importance of the role which the Alliance is called upon to play during the coming years in the promotion of détente and the strengthening of peace. Since significant problems have not yet been examined in all their aspects, and other problems of no less significance which have arisen from the latest political and strategic developments have still to be examined, the Ministers have directed the Permanent Representatives to put in hand the study of these problems without delay, following such procedures as shall be deemed most appropriate by the Council in permanent session in order to enable further reports to be subsequently submitted to the Council in Ministerial Session.



Foreign and Commonwealth Office London SW1A 2AH

9 June 1982

Dear Jaha,

Falklands: Briefing for NATO Summit

Following the Prime Minister's briefing meeting yesterday afternoon, I attach, for the Prime Minister's use at the NATO Summit:

- (i) brief notes on the attitude of NATO members, and of NATO itself, to the crisis;
- (ii) the note on relations with Latin America prepared for the Versailles Summit;
- (iii) some basic documents. (see section 19)

We are sending separately the speaking notes, background notes and notes for the Press for which the Prime Minister asked on the effects of the Falklands dispute on the UK's NATO commitment.

We have considered whether we should also provide a draft passage on the Falklands for inclusion in the Prime Minister's statement at the Summit, which you will already have seen. We have decided not to, for two reasons: the Prime Minister's colleagues at Bonn will almost certainly prefer to hear her thoughts on the present position and the future of the Islands in a less formal setting, in bilateral discussions or at meals; and to include such a message might distract attention from the main message about the Alliance that the Prime Minister will wish to get across in her opening statement.

In informal discussions the Prime Minister's colleagues are likely to concentrate on the following points:

(i) The future of the islands;

/(ii) relations



- (ii) relations with Argentina;
- (iii) relations with Latin America;
- (iv) the Soviet political and strategic interest in the South Atlantic.

The Future of the Islands

In reply to questions the Prime Minister might say that our first concern is to repossess the Islands in their entirety, and to restore British Administration. Thereafter there will be a need for reconstruction and rehabilitation of the Islands, so that the Islanders can resume their life and livelihood, and try to shake off the traumas of the last few weeks. This is bound to take time.

The Prime Minister might continue that we shall also need to consult the Islanders about their future. We are not wedded to the exact status quo ante on the Islands. In the light of the Islanders' wishes and interests, our aim in the longer term will be to create a secure environment for the Islanders and for the Islands' development, including a satisfactory relationship with the countries of the region. There are various options which we shall need to examine very carefully, and to discuss with others. But there is no need to rush: indeed we see advantage in a pause.

Relations with Argentina

In reply to questions, the Prime Minister might say that we hope that our repossession of the Islands will bring a complete end to hostilities in the South Atlantic, though this will depend on the Argentines' view. If hostilities do end, economic measures can be rescinded and relations begin to return to normal. But if Argentina were to continue hostilities after the Islands are recaptured this would argue for continuing pressure on them by economic measures. We hope that the countries concerned will not say anything in public which implies a contrary intention. Much of course may depend on whether Galtieri survives and, if not, on who replaces him.

The Prime Minister might point out that Argentina is obviously even now re-equiping for further military adventures. This points to continuing the ban on arms sales which will need to be as water-tight as possible.

Relations with Latin America

The Prime Minister's colleagues are likely to stress the need for repairing links with Latin America, both to protect Western economic and commercial interests, and to prevent the growth of Soviet influence. Annex B covers this.



Soviet Political and Strategic Interests in the South Atlantic

If the Prime Minister's colleages express anxiety about a possible increase of Soviet influence in Argentina and Latin America, she might assure them that we are aware of this risk and are doing what we can to ensure that the resolution of the Falkland crisis is not detrimental to Western interests in the longer term. Although South America has been an area of low strategic priority for the Soviet Union, the Russians will hope to benefit from any strains in relations between the US and Western Europe and Latin America. However, the scope for this is limited by a number of traditional and practical factors. Traditionally Argentina has been strongly opposed to increased Soviet influence, and Soviet economic weakness will make the Russians wary about becoming too deeply involved in a country which is economically unsound and politically unstable. Soviet economic weakness will also constrain the Russians from offering other Latin American countries an alternative to their traditional US and Western European partners.

I am copying this letter and enclosures to David Omand (MOD).

Your ever

(J E Holmes)
Private Secretary

A J Coles Esq 10 Downing Street



Foreign and Commonwealth Office

London SW1A 2AH

8 June 1982

Dear John.

NATO Summit: Further Supplementary Briefing

Further to my letter of 7 June, I now enclose updated briefing on the Arab/Israel Dispute (brief number 8) and Iran/Iraq (brief number 9), and the brief on the possible bilateral with the Spanish Prime Minister. Neither he nor any other participant has yet asked to see the Prime Minister.

We have just heard that Professor Goncalves Pereira has now been replaced as Portugese Foreign Minister by Senhor Vasco Futscher Pereira, the Portugese Ambassador in Washington. We expect Futsch er Pereira to be in Bonn (although the appointment is subject to final confirmation by the Portugese President. I attach a revised second page of Annex B to the Steering Brief, which lists the Heads of State/Government and Foreign Ministers attending Bonn.

This leaves only material on the Falklands still outstanding. We shall also hope to get the latest version of the Summit Declaration to you either later today or first thing tomorrow morning.

(F N Richards) Private Secretary

A J Coles Esq 10 Downing Street

CONFIDENTIAL



Foreign and Commonwealth Office London SW1A 2AH

7 June, 1982

Dear John.

NATO Summit: Supplementary Briefing

I enclose the following additional briefing for Bonn:

- (a) Brief No 2(b) on East/West economic relations, which takes account of developments at the Versailles Economic Summit;
- (b) a revised version of Brief No 7 on Southern Flank Issues to take account of developments in Greek/Turkish relations;
- (c) a revised version of Brief No 12 on Namibia. This has also required amendments to the Summary in the Steering Brief and to the Supplementary attached to the Prime Minister's statement. Revised versions are attached;
- (d) a defensive brief (Brief No 14) on the chairmanship of the NATO Military Committee, a subject which could be raised in the margins at Bonn;
- (e) a brief (Brief No 15) for the Prime Minister's meeting with the Portuguese Prime Minister, in the event that such a meeting is arranged;
- (f) a brief (Brief No 17) for use with Signor Spadolini. The Foreign and Commonwealth Secretary recommends that the Prime Minister should find time to see Signor Spadolini in Bonn should he ask to meet her, since there was only time for a very brief conversation in Versailles;
- (g) the texts of the latest drafts of the Summit Declaration and separate statements on defence and arms control, together with a detailed paragraph by paragraph commentary prepared by UKDEL NATO. It is now agreed that there should be separate declarations on defence and arms control, UKDEL NATO are optimistic that agreement can be reached tomorrow on these two texts and on the main Summit Declaration for submission to Heads of State/Government in Bonn.

This leaves outstanding:

- (a) an updated brief (Brief No 5) on the situation in the Middle East;
- (b) a background brief (Brief No 13) and a passage for the



Prime Minister's statement on the Falklands, which will be submitted nearer the time of the Prime Minister's departure for Bonn;

(c) a brief (Brief No 16) for the Prime Minister's use with Senor Calvo Sotelo, preparation of which has had to wait a decision by the OD this morning on Gibraltar policy.

four ever

(F N Richards) Private Secretary

A J Coles Esq Private Secretary 10 Downing Street



Foreign and Commonwealth Office London SW1A 2AH

2 June 1982

For Randay night fox

Dear John.

NATO Summit: Bonn; 9 - 10 June

I enclose three sets of the briefs for the NATO Summit in Bonn.

These are complete with the exception of Briefs numbers 2(b) on East/West economic relations, and 13 on the Falklands. We cannot draft on the first of these until after we know the outcome of Versailles and on the Falklands we see little point in drafting now when the situation is so fast moving. We propose to let you have these briefs on Monday 7 June in time for the briefing meeting for Bonn on Tuesday 8 June, together with any briefs needed for bilaterals in Bonn (where again the situation will be unclear until after Versailles).

A draft statement for the Prime Minister's use in Bonn is attached at Annex C of the Steering Brief. This does not yet include a passage on the Falklands. Again, we propose to send you a draft on Monday.

(F N Richards)

four over,

Private Secretary

A J Coles Esq 10 Downing Street

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Foreign and Commonwealth Office London SW1A 2AH

4 June, 1982

Dear John. 80

NATO Summit: Composition of the UK Delegation

In your letter of 1 June you asked whether someone from the Ministry of Defence should be included amongst the Prime Minister's advisers at the talks in Bonn.

When we discussed this on the telephone I understood that Sir Frank Cooper wished to attend, but I have since heard that he has decided that Richard Hastie-Smith should represent the MOD. Sir Robert Armstrong and Sir Antony Acland will not now be coming. The three advisers with passes for the Conference room will therefore be Julian Bullard, Sir John Graham and Richard Hastie-Smith. Transferable passes will, I understand, be available to allow Private Secretaries access to the Conference room when necessary.

I am copying this letter to Jane Ridley in the Ministry of Defence.

(F N Rich fras) Private Secretary

A J Coles Esq Private Secretary 10 Downing Street



SF.

fli No

10 DOWNING STREET

From the Private Secretary

1 June 1982

NATO SUMMIT: BILATERAL MEETINGS, SUMMIT DECLARATION AND COMPOSITION OF THE DELEGATION

Thank you for your letter of 27 May.

The Prime Minister agrees that we should not, at least at this stage, seek any bilateral meetings. But if requests for such meetings are received, the first priority should be given, as you suggest, to the Portuguese Prime Minister. If the Spanish Prime Minister seeks a bilateral, the Prime Minister would be prepared to hold one. On the other hand, Mrs. Thatcher is not inclined to hold meetings with the Greek or Turkish Prime Ministers.

The Prime Minister agrees that we should aim for a separate statement on the Falklands rather than trying to deal with this subject in the main Summit Declaration.

As regards the composition of the delegation, the Prime Minister wonders whether, given that the the Foreign and Commonwealth Secretary will be in Bonn, it might not be better for Sir Antony Acland to remain in London to deal with urgent Falklands matters.

Mrs. Thatcher has also asked whether her advisers at the table should not include someone from the Ministry of Defence. Subject to your further advice on this point, we shall consider the final form of the delegation.

I am copying this letter to David Omand (Ministry of Defense) and David Wright (Cabinet Office).

A. J. COLES



Le Mo

10 DOWNING STREET

From the Private Secretary

1 June 1982

NATO SUMMIT: INTERNATIONAL BACKGROUND AND THEMES FOR THE PRIME MINISTER'S INTERVENTION

Thank you for your letter of 28 May.

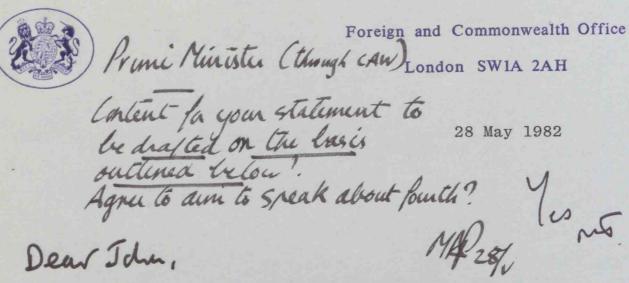
The Prime Minister is content that her statement for the NATO Summit should be drafted on the basis outlined in your letter.
Mrs. Thatcher also agrees that Sir John Graham should be instructed to put in a bid for the Prime Minister to speak about fourth.

A. J. COLES

Francis Richards, Esq., Foreign and Commonwealth Office.

CONFIDENTIAL

PRIME MINISTER NATO Summit: Bilateral Meetings. Declaration and Composition of the Delegation The attached letter from the FCO deals with one or two detailed matters about the NATO Summit. Bilateral Meetings Agree that we should not seek, at least at this stage, any bilateral meetings? Agree that if you get requests for bilaterals, we should give priority to the Portuguese, creek and Turkish Prime Ministers? If Mr. Calvo Sotelo asks for a bilateral, may we agree to it? Y Summit Declarations Agree that we should try for a separate statement on the Falklands rather than trying to deal with the Falklands in the main Summit declaration? Composition of the Delegation We have to decide who your three advisers at the table are to be. I should have thought that, given that the Foreign Secretary will be with you in Bonn, there is much to be said for Sir Antony Acland being back here in London to deal with urgent Falklands matters. If you agree, this would mean that the three advisers at the table would be Sir Robert Armstrong, Sir John Graham and Mr. Bullard. Do you agree? Emps for where 28 May 1982



NATO Summit: International Background and Themes for the Prime Minister's Intervention

This letter sets the scene for the forthcoming NATO Summit and suggests themes for the Prime Minister's intervention at the meeting.

Last year was an uncertain period for transatlantic relations. Difficulties remain. But in the first half of 1982 there have also been some positive developments. Preparations for the NATO Summit have encouraged Allies to look for ways of reaffirming the unity of the Alliance. In arms control, INF negotiations are under way; President Reagan has announced proposals for the opening of START; and there are plans to launch a modest US proposal on MBFR at the Summit. This should all help Allies to reinforce public support for a firm Western security policy, thereby offering a better prospect for East/West dialogue on security matters, difficult as this will certainly prove to be.

In the field of East/West relations the Alliance's 11 January declaration on Poland was a significant achievement. More generally, Spain's entry into the Alliance, which is expected to be completed in time for the Summit, will be a welcome fillip (even if not entirely straightforward for us). And there are signs that Greek/Turkish relations may be less troublesome in Bonn than we had once thought.

But there are still problems. The Americans and the Europeans continue to find it difficult to agree on their objectives in East/West relations, particularly - subject to whatever emerges from the Versailles Summit - in the field of economic relations including official credits for the Soviet Union. In the United States, there is a measure of vocal misunderstanding about the extent of the European defence effort, and occasional rumblings in Congress about withdrawal of US troops from Europe. The Europeans continue to be wary of American pressure for greater support for the Rapid Deployment Force and US out-of-area activities, particularly in the Gulf and South West Asia.

/Against this



Against this background, the UK's main objectives at the Summit will be threefold:

- to confirm Alliance support for our handling of the Falklands crisis;
- b) to help sustain a positive image of NATO as a flexible and defensive Alliance, dedicated to the preservation of Western values through a combination of strong defences and a commitment to arms control; "
- c) to maintain Alliance unity in the overall approach to the conduct of East/West relations; and to convey the appropriate signal fo the East about the need for restraint and responsibility if East/West relations are to prosper.

It seems unlikely that the brevity of the formal Summit session itself will allow for much more than one statement by each Head of State/Government. Genuine discussion is more likely to take place at the social occasions. We would therefore propose to prepare a draft statement for the Prime Minister's use at the formal session, to last about 15 minutes, concentrating on the three themes above together with supplementaries for use as required on points which might be raised by other speakers. Since there will be no agenda, speakers will be free to raise whatever topic they wish. I should be grateful for confirmation that the Prime Minister is content that we should proceed in this way.

As the only Head of State present, President Reagan is likely to speak first, perhaps followed by Chancellor Schmidt as host. Sir J Graham, our Ambassador to NATO, suggests that he might be instructed to put in a bid for the Prime Minister to speak about fourth. Again, we should be grateful for confirmation that the Prime Minister would be content with this.

Your eve fa (F N Richards) fol Holes

Private Secret

A J Coles Esq 10 Downing Street

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

27 May 1982

Dear John,

NATO Summit: Bilateral Meetings, Summit
Declaration and Composition of the Delegation

I have written separately about the international background to the forthcoming NATO Summit, proposing themes for the Prime Minister's contribution to discussion there. This letter deals with three practical aspects of the meeting.

Bilateral Meetings

My letter of 21 May discussed possible bilaterals during the Versailles Summit. As regards the main NATO Allies, we see no need to recommend any firm bids now; much will in any case depend on what informal and bilateral contacts the Prime Minister may have at Versailles. We see no reason for the Prime Minister to seek bilaterals with anybody else.

The Prime Minister may receive requests from other colleagues for bilaterals. We would recommend that first priority should be given to a request from the Portugese Prime Minister, Senhor Francisco Balsemao, in view of the quiet but valuable help which the Portugese have been providing in the Falklands crisis. We also suggest that the Prime Minister should be ready to see Mr Papandreou and/or Mr Ulusu, should either or both of them request a meeting. The Prime Minister has yet to meet her Icelandic colleague: but there seems no need to/this a very high priority.

Meanwhile the Foreign and Commonwealth Secretary will be seeking a bilateral with Mr Perez Llorca, so that they can meet personally before the negotiations on Gibraltar which are due to take place on 25/26 June. We see no need for the Prime Minister to seek a meeting with Mr Calvo Sotelo, but we would recommend that she should agree to one should he request it. This will of course be the first meeting attended by Spain. Mr Pym will not be seeking any other bilaterals, but would propose to respond positively to requests from the Portugese, Greeks and Turks.

/Summit Declaration

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Summit Declaration

The draft declaration being prepared for issue by Heads of State/Government concentrates on a fairly short and general statement of the Alliance's fundamental values and the principles underlying the Alliance's approach to international, in particular East/West, relations. There is also likely to be a separate declaration, by the members of the Alliance's integrated military structure (ie all except France) on conventional defence.

We need to consider how the Summit should deal with the Falklands in any documentation issued at Bonn. Recent NATO Ministerial meetings (Eurogroup, Defence Planning Committee and North Atlantic Council) have all included helpful references to the Falklands in their final communiqués. The Summit must clearly do so too. On the other hand this may not fit easily in a general statement of principles. It might therefore be best to try for a separate Summit statement on the Falklands (the same device might be used for other subjects - eg Berlin - which do not fit well within the main declaration). We should be grateful for your views.

Composition of the Delegation

It has now been accepted in the Alliance that Defence Ministers will not attend the Summit. Mr Nott has agreed to this, since our proposal for a study of conventional defence has not attracted support and it is now unlikely that there will be a substantial defence element in the Summit discussion. The Germans are accordingly providing two seats for each Delegation at the conference table (Head of State/Government and Foreign Minister) and only three seats for advisers. Subject to the Prime Minister's views, candidates for the advisers' seats would include Sir Robert Armstrong, Sir Antony Acland, Sir John Graham and Mr Bullard. In deciding the delegation as a whole you may find the enclosed suggestions helpful to think about.

I am sending a copy of this letter to David Omand and David Wright.

(F N Richards Holms
Private Secretary

A J Coles Esq 10 Downing Street

CONFIDENTIAL



NATO SUMMIT, BONN, 9/10 JUNE: DELEGATION

No 10 Downing Street
Prime Minister
Principal Private Secretary
Private Secretary
Chief Press Secretary

<u>Cabinet Office</u> Secretary of the Cabinet

Foreign and Commonwealth Office
Secretary of State for Foreign and Commonwealth Affairs
Private Secretary
Head of News Department

Advisers

Permanent Under Secretary of State, FCO
Political Director, FCO
Head of Defence Department, FCO

UKDEL NATO

UK Permanent Representative on North Atlantic Council
UK Deputy Permanent Representative

Central Office of Information
Defence Correspondent

MESSAGE FROM THE PRIME MINISTER TO PRESIDENT REAGAN "Dear Ron I was grateful for your message about the Summit meetings in Versailles and Bonn next month. These meetings give us a unique opportunity to show to our own peoples and to the Soviet Union the strength, vitality and cohesion both of the leading industrial democracies and of the Western alliance, and our ability together to meet today's difficult challenges. My talks with George Shultz earlier this month showed how much common ground there is between us on Versailles. The themes you have chosen will be prominent in the economic discussions there. I believe we can agree at Versailles on improved economic and monetary co-operation. We should aim to give a message of hope for the future, based on the foundations laid by our determined fight against inflation. I know the efforts you are making with Congress on budgetary decisions. Convincing success there soon would offer the prospect of lower interest rates and be a tremendous help to us all. The forthcoming Ministerial meeting of the GATT will provide the focus for discussing trade questions. We wish to preserve the open trading system. In this context I hope we can together convince our Japanese colleagues to adopt policies more responsive to the concerns of others. /I fully agree

I fully agree with you about the need for greater caution in economic and financial dealings with the Soviet Union and some other East European countries. There is already a change in this direction; but among the Summit participants there remains wide variety in their national arrangements for handling these matters. Our officials are already co-operating closely on this subject. For our part we shall work so that we can reach agreement on this when we meet at Versailles. My country is doing all it can to contribute to this result.

The Versailles Summit will primarily be about economic matters. But it is good that we shall have the opportunity to discuss political topics too, at a greater length and with less formality than will be possible at Bonn. It will be particularly important to draw Japan into these political talks.

We must clearly discuss East/West issues and the broad guidelines which should govern our relations with the Soviet Union. We shall also need to talk about the Middle East and in particular the Iran/Iraq war as well as the Arab/Israel situation. I share your views about the importance of increasing exchanges among our young people. Our experts are, as you know, in close touch with yours on the subject, following your recent initiative.

I endorse what you say about the outcome we shall try to achieve at the Bonn Summit. Our aim must be to reaffirm the unity of the Alliance. We need to remind our own peoples of the values on which it is based, which inspire its activities and which it seeks to defend. We need also to demonstrate to the Soviet Union that we are resolved to adopt the measures necessary to maintain

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London SWIA 2AH

27 May, 1982

Reply to President Reagan's Message on Versailles and Bonn Summits

Your letter of 7 May enclosed a copy of a message from President Reagan about the Versailles and Bonn Summits and the opening of START talks. You asked us to advise in due course about a reply.

Now that the preparations for these two Summits are further advanced, the Foreign and Commonwealth Secretary thinks it would be useful if the Prime Minister could send a reply to President Reagan setting out the British approach to the two events. I enclose a draft for this purpose. The passages on economic questions have been cleared with the Treasury and the Department of Trade.

I am copying this letter to John Kerr (HM Treasury), David Omand (MOD) and John Rhodes (DOT).

(F N Richards)

A J Coles Esq

Private Secretary 10 Downing Street DRAFT MESSAGE FROM THE PRIME MINISTER TO PRESIDENT REAGAN

1. I was grateful for your message about the Summit meetings in Versailles and Bonn next month. Taken together, these meetings give us a unique opportunity to show to our own peoples and to the Soviet Union the strength, vitality and cohesion both of the leading industrial democracies and of the Western alliance, and our ability together to meet today's difficult challenges. It is an opportunity we must not miss.

- 2. My talks with George Shultz earlier this month showed how much common ground there is between us on Versailles. The themes you have chosen will, without doubt, be prominent in the economic discussions there.
- 3. I believe we can agree together at Versailles on improved economic and monetary co-operation. We should aim to give a message of hope for the future, based on the foundations laid by our determined fight against inflation. I know the efforts you are making with Congress on budgetary decisions. If you can show convincing success here soon, this would offer the prospect of lower interest rates and be a tremendous help to us all.
- 4. The forthcoming Ministerial Meeting of the GATT will provide the focus for discussing trade questions. Our objective should be a Ministerial Meeting which all the participants there can regard as a success. We must each contribute to preserving the open trading system. In this and the macro-economic context, I hope we can together convince our Japanese colleagues to adopt policies more responsive to the concerns of others.

- 5. I fully agree on the need for greater caution in economic and financial dealings with the Soviet Union and some other East European countries. There is already a change in this direction: I do not think we should expect a sharp break with the past. There is wide variety between the Summit participants in their national arrangements for handling these matters. Our officials are working hard together on this subject. I suggest that our aim should be to reach an understanding on our objectives and, if possible, register agreement on this when we meet at Versailles. My country is doing all it can to contribute to this result.
- 6. The Versailles Summit will primarily be about economic matters. But it is good that we shall have the opportunity to discuss political topics too, at a greater length and with less formality than will be possible at Bonn. It will be particularly important to draw Japan into these political talks.
- 7. We must clearly discuss East/West issues and the broad guidelines which should govern our relations with the Soviet Union. It might also be useful to talk about the Middle East. I share your views about the importance of increasing exchanges among our young people and our experts are, as you know, in close touch with yours on the subject, following your recent initiative.
- 8. I endorse what you say about the outcome we should try to achieve at the Bonn Summit. Our aim must be to reaffirm the unity of the Alliance. We need to remind our own peoples of the values on which it is based, which inspire its activities and which it seeks to defend. We need also to

demonstrate to the Soviet Union that we are resolved to adopt the measures necessary to maintain the effectiveness of deterrence, both inside and outside the NATO area. We must give a clear statement of the framework within which we believe constructive East/West relations should be conducted, and, as you have done in your recent speech, demonstrate publicly a clear willingness to deal with the Soviet Union on this basis.

- 9. I accept your suggestion that the Summit should make a firm statement on the need for strong conventional defences. This should, I believe, emphasise the importance of making more effective use of existing resources. As for arms control, I warmly welcome your announcement of your intention to open negotiations on strategic arms reductions. These negotiations, together with the INF negotiations in Geneva and NATO's new MBFR proposals, are a clear demonstration of the West's commitment to concrete measures of disarmament in both the conventional and nuclear fields. The Summit offers a unique opportunity to draw attention to this commitment.
- 10. I very much look forward to welcoming you to London in between the two Summits, when we shall have a chance to go over some of these important subjects together. We shall also have an opportunity to discuss the latest developments in the Falkland Islands.

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Ref. A08365

MR COLES

Prime Minister's Briefing Meeting for the NATO Summit: 9-10 June 1982

I should be grateful for your agreement to the following Ministers being invited to attend the Prime Minister's briefing meeting for the NATO Summit at 4.00 pm on Tuesday 8 June 1982.

Secretary of State for Foreign and Commonwealth Affairs

Secretary of State for Defence

Chancellor of the Exchequer (for the financial implications of defence expenditure)

2. The following officials will also be needed:

Sir Antony Acland FC0
Mr J L Bullard FC0
Mr P H R Wright FC0

Sir Frank Cooper Ministry of Defence

Sir John Graham United Kingdom Permanent Representative to NATO
Sir Kenneth Couzens HM Treasury

Sir Robert Armstrong Cabinet Office
Mr Goodall Cabinet Office

11/

J WRIGHT

10th May 1982

RESTRICTED

MR. WRIGHT CABINET OFFICE I agree with the participation you propose, in your three minutes of 10 May. for the Prime Minister's briefing meetings for the Versailles Economic Summit, the Visit of President Reagan and the NATO Summit. A J COLES 10 May 1982

Subject copy plad on Econoci pty Venulle, Sumuit SECRET PERSONAL MILLOURS BEHIAL No. Tros/82 Dear Margaret, As our meetings at Versailles and Bonn draw near, I want to share with you my own thinking about advancing our efforts for a strengthened and more unified West. We all approach the Summits with the understanding that peace, prosperity, and security are indivisible. Our meetings, therefore, should complement each other and represent a I suggest that, at Versailles, we concentrate on three themes: more effective cooperation on economic policies to promote greater prosperity and market stability; concrete steps to strengthen the world trading system in order to counter rising protectionism; and progress in assuring that our economic relations with the East are consistent with our economic and security interests. I will also want to advance mutually beneficial relations with the developing world, and to discuss cooperative efforts on energy. As you know, I am working with the Congress to establish the conditions for a healthy U.S. economy. At the same time, I remain strongly committed to cooperation with you to strengthen the global economy. Together, we can reduce inflation and improve prospects for increasing employment in our countries. Strong and growing pressures for protectionism endanger our multilateral trading system. I suggest that we agree . upon the priority areas on which the GATT Ministerial should focus this fall in an effort to improve the capability of the trading system to resolve problems old and new and to extend its principles to new countries, particularly developing countries. On East-West relations we need to build on our Ottawa discussions. The financial situation of some Eastern European countries is putting major pressure on the international financial system. I hope that at Versailles we can agree to a common credit policy toward the USSR and a means to monitor credit flows to the East. Success here will enable us better to manage other aspects of East-West economic relations. SECRET

Although economic subjects will dominate the Versailles agenda, I also look forward to the opportunity for informal discussions of East-West relations and other important issues. I also hope we can discuss how to reach out more effectively to the younger generations. We have proposed an initiative to increase exchanges among our younger people, which I think merits broad Western support and to which I will refer in my. June 8 London speech on democracy.

Turning to Bonn, I foresee three basic themes: celebration of the values and vitality of the alliance, symbolized by Spain's accession; strengthened resolve to deal with threatening Soviet behavior, with particular emphasis on conventional defense improvements to reinforce deterrence and safeguard a secure peace; and our continuing commitment to progress in arms control.

We should leave no doubt that we share a common assessment of Soviet international behavior and confirm our insistence that constructive East-West relations can only be based on mutual adherence to the principles of restraint and responsibility.

Toward this end we must improve our ability to deter Soviet aggression or intimidation. Therefore, I propose that those of us participating in NATO's integrated military structure adopt at Bonn, in addition to the Summit declaration, a document underscoring our resolve to improve our conventional defenses as an essential contribution to the alliance's deterrent.

We will want to emphasize our dedications to progress in arms control, leaving no doubt that we offer the best program to achieve this objective. This Sunday I will announce our proposal to open START talks with the Soviet Union. Secretary Haig is communicating with your Foreign Minister with further details on this matter. I look forward to discussing our START objectives with you in June. I also hope we will be able to announce in Bonn NATO's intention to present new MBFR proposals, and to discuss our preparations for the U.N. special session on disarmament.

SECRET

SECRET

7.5.82



CONFIDENTIAL

Noto

6 May 1982

NATO Summit

The Prime Minister has noted without comment the contents of Mr. Nott's minute of 5 May and Mr. Pym's minute of the same date.

I am copying this letter to Brian Fall (Foreign and Commonwealth Office).

JC

David Omand Esq Ministry of Defence



CONFIDENTIAL



Rime Minister

Content that the delone secretary
cloud proceed in this way

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PRIME MINISTER

NATO SUMMIT

In his minute dated 5th March 1982 your Private Secretary confirmed that you were content with the proposals in the Foreign and Commonwealth Secretary's and my minute of 3rd March to discuss with key Allies the possibilities for new work to put the Alliance's existing resources to better defence use. I believe the Foreign and Commonwealth Secretary is reporting to you on the outcome of these discussions, but I wished to let you know how I intend to proceed at next Thursday's NATO DPC meeting, especially in the light of some US counter proposals which were tabled in Brussels this week.

- Given German and French misgivings as well as this latest US initiative, I do not see any future in our continuing to press for an independent study focussing particularly on possibilities for specialisation. But the problems that we sought to address through such a study will not go away, and the US proposals do not really cover them. What the US have proposed is a brief passage dealing with defence in the Summit Declaration itself, together with a Separate statement to be issued at the Summit by the Heads of State/ Government of those nations participating in the NATO integrated military structure. An "illustrative statement" suggesting what they have in mind for the latter is at Annex A.
- Both this statement and the proposed US language for the Summit Declaration are essentially declaratory. But at next week's DPC, in welcoming the US wish to see an important Summit focus on conventional defence improvements, I shall suggest that this objective will make it all the more important to make the best use of all the resources available to the Alliance, and that this point should be covered in the communique. There will no doubt be further



preparatory work for the Summit after the DPC meeting, and it should be possible for us to influence this in a direction that is consistent with both the US ideas and our own. The Canadians have also introduced some proposed Summit Declaration language that parallels our general philosophy, and this seems to have found a fair degree of support in Brussels.

4. I am copying this to colleagues in OD and to Sir Robert Armstrong.

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Ministry of Defence 5th May 1982

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SEPARATE SUMMIT STATEMENT TOWARD AN IMPROVED NATO CONVENTIONAL DEFENSE

The enduring objective of the alliance is to provide security to the member nations and to safeguard for their peoples those rights and values which their nations cherish. Alliance leaders recognize the magnitude of the threat posed to their nations' security. They are convinced that the members of the alliance possess all the necessary material and human resources needed to counter this threat, and that improvements in the conventional force balance are essential to maintain international peace and stability.

To ensure alliance security and maintenance of an adequate mix of both conventional and nuclear forces, the chiefs of state and heads of governments participating in the alliance integrated military structure agreed to:

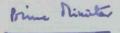
- 1. Endorse the new NATO force goals for 1983-88 and measures identified in the long-term defense program designed to correct criticial deficiencies in conventional defense within the next five years.
- 2. Make additional improvements beyond these goals and measures as the economic situation improves.
- 3. Improve the readiness of Allied standing forces and the readiness and mobilization capability of reserve forces.
- 4. Cooperate in meeting challenges to common interests outside the Treaty area, particularly Southwest Asia, for which they recognize the alliance as a whole must plan, to support security efforts by Allies in outside areas and fill resulting gaps in European defense.
- 5. Undertake and complete, on an urgent basis, a study on the application of new technologies to conventional defense within established NATO strategy.
- 6. Take steps as necessary to ensure that the technological advantage of the West is not eroded by Warsaw Pact access to technology with security applications.

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Defense ministers are to monitor the implementation of these commitments. The heads of state and government directed that NATO military authorities report on priority conventional force improvements programs and on Allied performance in meeting alliance goals and commitments.



PM/82/32 PRIME MINISTER



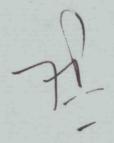
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- 1. In early March you accepted the recommendations contained in Peter Carrington and John Nott's minute of 3 March about how to approach the NATO Summit.
- 2. Since then, we have discussed our ideas intensively with allies. There has been good progress on the political aspects of the Summit and general agreement on the points to be covered. There has, however, been rather slower progress on the defence aspects. In particular, there have been reservations about our idea of a NATO review on better value for money in defence. The French have been sympathetic but the Germans, while recognising the importance of the problem, have reservations about the idea of an independent review. The Americans have been most resistant, arguing that our objectives could more safely be achieved through work already going on in NATO, eg on standardisation; and that the proposed review might be exploited by some allies to duck out of commitments.
- 3. In the circumstances, I believe that, both at the forthcoming NATO Ministerial meetings and at the Summit, we should continue to emphasise the importance we attach to Alliance efforts to make better use of defence resources. We should try to ensure that in the Defence Planning Committee communique and in documents issued by the Summit there should be a clear reference to the need to cooperate more effectively in those areas where further economies are possible. But we should not pursue our proposal for a special review at either meeting.
- 4. I understand that John Nott is minuting to you in similar terms, and that this may affect his view on the question of Ministerial attendance at the Bonn Summit.



5. I am sending copies of this minute to our OD colleagues.



(FRANCIS PYM)

Foreign and Commonwealth Office 5 May 1982

Prine Minister

Contact with this approach?

A. J. C. 4.



PM/82/5

Ves me

3rd March 1982

PRIME MINISTER

NATO Summit

- 1. We have been giving thought to how we might get the best results and avoid the worst pitfalls at the NATO Summit on 10 June.
- 2. We both consider that the first priority should be to reaffirm the political solidarity of the Alliance. Recent events, mainly though not exclusively Poland, have severely tested relations between the United States and her European Allies, in particular the Federal Republic. President Reagan will no doubt wish the Allies to close ranks behind American leadership, using the Polish case as proof of the relevance and superiority of the Western values which NATO defends. The best way to reconcile varying points of view may be to think in terms of something like a policy declaration on East-West relations which can reassure Western public opinion that we have a clear sense of direction in Alliance affairs.
- 3. It is also obviously important that the Bonn meeting should strike the right note on arms control, bearing in mind particularly that a number of the principals attending the NATO Summit will go on immediately thereafter to the UN Special Session on Disarmament in New York. (There is already criticism from the disarmament lobby here and on the Continent at the holding of the NATO Summit at the same time as the UN meeting begins.) The NATO Summit will present an opportunity, against the background of President Reagan's 18 November speech and the INF talks in Geneva, to consolidate the high ground in the public debate. We need a restatement of the way in which multilateral arms control can, if realistically approached, contribute to Alliance security and a recommitment to that objective. We also need to remind people of the essentially defensive nature of NATO strategy and that maintaining Western



conventional defences is the best way to keep the nuclear threshold high. All this would come naturally enough as a culmination of the political counter-offensive launched by Mr Haig in the Alliance last year. We are therefore attracted by the idea that the Bonn meeting should endorse some declaratory language about arms control and Alliance security, based perhaps on the theme of 'guarantees for peace with freedom'. President Reagan's speech last November provided a handy text when he said 'no NATO weapons, conventional or nuclear, will ever be used in Europe except in response to attack'. We should also press the Americans to announce a date for the opening of Strategic Arms Reduction Talks, if that remains uncertain by June.

- 4. There are certain other political elements which may well be active in June. For example the Americans may wish to give further impetus to NATO's handling of out-of-area issues: Summit could be the occasion for agreement on an approach which would balance greater Alliance recognition of the need to protect vital Western security interests out of area with greater American readiness to consult the Alliance about their own out-of-area policy; but there might be difficulties here over how far the US would be prepared to have their hands tied by the need for consultation with their European allies and there are signs that the Germans will need careful handling. If the ratification of Spain's entry into NATO can be successfully concluded by all the Allies in time, Spain's attendance at Bonn in her own right would be a significant gain for the occasion. But as always Papandreou's attitude is difficult to predict, both as to Spain and in relation to Turkey. Great care will be necessary in managing the Greek dimension and we certainly do not wish to play into his hands by raising expectations of the Summit too much in advance.
- 5. A further major question is whether the Bonn meeting would be the right moment to launch new work on putting NATO's existing resources to better defence use. With the steady growth in the real cost of defence equipment the subject of better value for money in defence might well arise. Certainly there now seems an



even greater awareness than a year or so ago of the need to think again about how to get a more cost-effective military output from a resource input comparable to if not greater than that of the Warsaw Pact. The Germans (who are engaged in a major defence review themselves) are already acutely conscious of this, without having formed any clear view of what should be done and the very difficult political and industrial impact of greater specialization within NATO has hardly been thought through in any country: in Washington President Reagan's latest budget is likely to be controversial on the Hill. There is a risk that the Americans will come forward with unacceptable demands to European governments for further real increases in defence spending by the Allies (SACEUR has already publicly mentioned 4%). We need to think now about how best to avoid the stage being set for a damaging row. If we can do so in a way that shows the Alliance making a real effort to put its conventional house in order, as the unavoidable corollary of any de-emphasis on nuclear strategy, this could also be a gain for Alliance unity.

6. It may not be easy to get the right work started. But if the terms of reference are chosen carefully, it may prove the best way of building bridges between American ambitions and German hesitations. There is no need to be too closely wedded to particular procedural solutions at this stage, and in any case we do not advocate a high-profile British initiative as such. But we believe there is a case for re-examining whether it would be timely for the Bonn meeting to commission a special NATO review or study on the theme of better value for money, with terms of reference on the lines indicated in the attachment to this minute. There are signs that the Americans might not be unreceptive. We would propose to explore thinking further with key Allies over the next few weeks. We will report further to OD colleagues as Alliance discussion about the Summit evolves.



7. We are copying this to OD colleagues and Sir Robert Armstrong.

(J N)

(CARRINGTON)

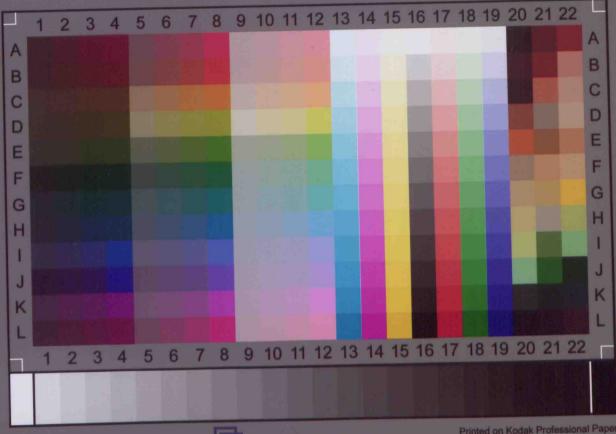


Draft Terms of Reference

To examine how the Alliance can best fulfil its agreed strategic objectives in the light of changing political, economic and military circumstances and of the need to make the best use of all the human, material and financial resources available.

To consider what steps can be taken to exploit these resources in a better coordinated, more flexible and more cost-effective way.

To review the operation of the NATO force planning process in improving NATO's defence capabilities especially in the conventional field, bearing in mind in particular possible implications in the field of military and/or industrial specialisation.



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