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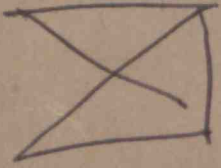

Visits of Casper Weinberger, US Defence Secretary, and his successors
~~Frank Carlucci~~

Future papers on USA: meetings with US Governments

USA

PT1: December 1981

PT2: November 1987

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
17.11.87.							
18.11.87							
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8.12.87							
27.9.90							
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3.1.92							
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PREM 19/3980

● PART 2 ends:-

MOD to FCO 21.9.92

Series closed.

Future papers on USA: Meetings
with US Governments

PART begins:-

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SECRET

cc RB
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MINISTRY OF DEFENCE
WHITEHALL LONDON SW1A 2HB
Telephone 071-21 82111/2/3

SECRETARY OF STATE

MO 14/2M

21st. September 1992

Dear Richard,

[Handwritten signature]

MEETING BETWEEN THE DEFENCE SECRETARY AND MR CHENEY

I have seen Washington Telno 215 about A4s and Tornados. HMA Washington spoke to me about this shortly before the Defence Secretary met Mr Cheney this afternoon.

On A4s, Mr Cheney spoke as indicated. He said it had been agreed that the aircraft would be fitted with the "7", rather than the "7a" radar. The Defence Secretary said he was most grateful for American understanding on this point. Mr Cheney said he thought President Menem had done a great job and was deserving of every possible support. The Defence Secretary said that our relations were also improving with Argentina, but that we felt we had to make representations over the radar.

On the sale of Tornado, Mr Cheney said they had avoided a battle with Congress so far and hoped to continue to do so. But they feared that, if opponents in Congress knew the total number of planes which the Saudis were due to agree to buy, it would make them even more sensitive. The Defence Secretary said that he appreciated this, and that we would be as helpful as we could. He hoped it would be possible to reach some kind of conclusion when he visited Saudi Arabia in a few days time. But we would not be announcing it, we would defer a formal announcement as long as we could and hoped to keep it under wraps until mid October. Mr Cheney said this would be sufficient to get over the difficulties with Congress.

I am sending copies of this letter to Stephen Wall (No.10), and to Melanie Leech (Cabinet Office).

[Handwritten signature]

(J S PITT-BROOKE)
Private Secretary

R Gozney Esq
Foreign and Commonwealth Office

SECRET





SECRETARY OF STATE

14a-d

MO 14/2M

17th September 1992

CALL ON SECRETARY OF STATE BY MR CHENEY

Mr Cheney called on the Defence Secretary this afternoon. Mr Cheney was accompanied by the American Ambassador, and later by Maj Gen John Jumper, Mr Stephen Hadley, Mr Pete Williams and Mr Bruce Weinrod. The Defence Secretary was accompanied, for most of the time, by Minister(DP), DCDS, DUS(P) and the Press Secretary. Some of the discussion took place in a smaller group, but I am recording it here, apart from one or two points which I am recording separately.

NUCLEAR TESTING

2. The Defence Secretary asked about the possibility that Congress might decide to end nuclear testing in the United States. Mr Cheney replied that it was not yet clear whether this would happen. The issue was caught up in a complex Bill which covered other issues, but things would be clearer next week. The Bill would allow testing up to 1996. He said he was a strong advocate of the position that testing remained essential. The physics of nuclear weapons were complex, and testing was the only way that Governments could have confidence in their nuclear capability. The Defence Secretary agreed and said it was important that everything possible must be done to educate public opinion on the importance of testing. At some future date we may not need nuclear weapons; but unless and until that happened, we must try to retain the ability to test them.

YUGOSLAVIA

3. Mr Cheney asked about the extent of UK commitment. The Defence Secretary explained that forces were being deployed for humanitarian purposes only. We were worried about existing command and control arrangements, but hoped to develop a new HQ structure, based on an existing NATO HQ. Discussions were going on between military representatives of contributing nations on how this would work. It was hoped that the structure finally agreed would include US personnel, although because of French sensitivities this had to be done in a way which disguised the fact that it was developed around a NATO core. VCDS said we hoped it would be possible to sell a package to Generals Nambia and Morillon soon. If this could be done it would be a very satisfying outcome. Mr Cheney said he too had been concerned about existing UN capability and supported the idea of transferring a cell from NATO. But M. Joxe had made it





SECRETARY OF STATE

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clear to him just how sensitive a matter it was for the French, and he understood that sensitivity. More generally, the US were willing to help with logistics and communications, but were reluctant to put combat troops on the ground. VCDS said that we were extremely grateful for the help that had been offered so far.

4. The Defence Secretary asked about a "no fly zone". Mr Cheney replied he was not clear about the purpose of such a zone. It could escalate the conflict, and actually interfere with the humanitarian objective. If it had to be enforced the best way of doing so would be to observe the area with AWACAS, take note of any aircraft which had infringed the zone, and then deal with them when they were on the ground. This would be a way of doing it, but he could not see how this would contribute to the achievement of US objectives in the area.

5. On heavy weapons the Defence Secretary said the assurances given in the London Conference had not been honoured. Heavy weapons had not yet been handed over. In these circumstances we were very reluctant to take on the task of monitoring them. Mr Hadley said it had been hoped that, by encouraging combatants to back off from the seige of certain Yugoslavian towns, and then asking them to hand over their weapons, there would be a kind of "creeping ceasefire". But this had not worked, and the strategy needed more thought.

6. Mr Cheney said he was just as worried about the situation in Kosovo and Macedonia. He felt that if we acted in Bosnia in any way which might be interpreted as anti-Serb we could be giving encouragement to Albanians in Kosevo. Mr Seitz said that this was a very different legal situation: Kosevo was not a recognised state, unlike Bosnia. It was an immensely complex problem.

IRAQ

7. Mr Cheney reported that the no-fly zone in southern Iraq was working. It had not been infringed, and the Iraqi operations against Shias in the South had been reduced. Saddam Hussain was losing control in both the North and South of his country. The no-fly zone both protected the Saudis and showed to the people of Iraq the limits of their ruler's military capability.

9. The Defence Secretary commented he was worried about the fragility of the support of this operation from other States in the area. Mr Cheney said we had in the past fallen into the trap of taking the support of Arab Nations for granted. We must be very careful. The Saudis were extremely sensitive and we must never announce that we have aircraft based there. The United Arab





SECRETARY OF STATE

Emirates, Qatar and Oman were all tense. All states in the area were being taunted by Iran for their pro-Western attitudes. But the Kuwaitis were now a lot more relaxed and even announced we were there when we were not!

10. But his big concern was Turkey. He was worried about their determination to stay the course. The Defence Secretary reported on his recent conversation with Mr Ayaz, who had told him that the maintenance of the Northern no-fly zone in practice helped the PKK, and this was an overriding concern for the Turkish Government. Mr Cheney said he had heard the same. Turkey was under immense pressure all round and we had to be as sympathetic as we could.

MR GRACHEV

11. The Defence Secretary reported on his meeting with Mr Grachev who had told him that Russia hoped to develop the same defence relationship with the UK which the UK had long had with the US. Grachev was genuinely impressed with Western armed forces, and Western society generally. Mr Cheney said that when in the US, Mr Grachev had asked to see Disneyland and Universal Studios in Hollywood. This was a good start. His impression was that Grachev was a good soldier - honest and straightforward - but he had not yet grown into the role of a defence Minister.

12. VCDS said that his impression was of an autocrat but someone who cared about his soldiers. Grachev was proud of the Russian Army, and had taken a very hard line on their remaining in the Baltic States - they would need to be paid more before they were prepared to move out.

13. The Defence Secretary said that one area where Grachev had impressed was his announcement to reaffirm Russia's determination to carry out their obligations regarding biological weapons - he had said they were very happy to work with the UK and the US to make progress in this difficult area.

FRENCH REFERENDUM

14. The Defence Secretary discussed the potential implications of a "no" for European Defence. We had been giving some thought to this. Our analysis was that such a vote need not affect progress with the WEU. Indeed, it would make it easier for the WEU to develop along the lines the UK had proposed - in the European pillar of NATO, and not on some kind of alternative to NATO. So the development of the WEU would continue.





SECRETARY OF STATE

15. Mr Seitz asked about the French/German Corps. DUS(P) said a "no" vote was unlikely to disrupt this. Both countries would cling to the concept even more strongly if they felt other initiatives were coming to nothing. But the French had been disappointed not to get more support from other NATO Members for the Corps. The Germans might be keen to front another multi-national corps, perhaps involving the Dutch. This would be helpful, in that it would demonstrate they there were a number of different ways of organising a multi-national system. The Defence Secretary agreed but said that the designation "Euro Corps" was misleading and wrong, and was unacceptable.

(J S PITT-BROOKE)
PS/S of S

Ministry of Defence
September 1992

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10 DOWNING STREET

LONDON SW1A 2AA

17 September 1992

From the Private Secretary

Dear John

CALL ON THE PRIME MINISTER BY DEFENCE SECRETARY CHENEY

Thank you for your letter of 16 September and for the briefing for Secretary Cheney's call on the Prime Minister which took place this afternoon. The Defence Secretary was present.

The Prime Minister described the events of the last 24 hours. The conversation then turned to the US election. Mr. Cheney said it was a toss-up at best. The next four to five points could be relatively easy won back but the last few points would be much more difficult. If Perot ran as a spoiler that could be a very complicating factor. It was always hard to calculate the electoral college votes in a three-way split. In the elections four years ago, President Bush had been even with Dukakis at this point.

Yugoslavia

Mr. Cheney said that the US remained very concerned about developments in Yugoslavia. They were wrestling with the notion of a no-fly zone. He had seen Joxe and Beregovoy in Paris. They shared American worries about the spread of the conflict into surrounding areas. The US remained very anxious to avoid putting ground forces into Yugoslavia.

The Prime Minister said that he shared that concern. He could endorse what Mr. Rifkind would undoubtedly have told Mr. Cheney about heavy weapons. It was a very difficult issue though there would need to be some form of corralling. Mr. Rifkind said that he had discussed with Mr. Cheney the establishment of headquarters' structures using a NATO framework. The Prime Minister said that adequate command and control was a sine qua non for us, particularly in relation to heavy weapons. The Prime Minister said that we agreed on the need to establish a no-fly zone but we were doubtful about whether to enforce it with aircraft which would be vulnerable to attack from Stingers, etc. Mr. Cheney said that America favoured monitoring the zone by AWACS. If there had to be air strikes they could be done against aeroplanes on the ground. The United States were, however, concerned that involvement of

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aircraft would interfere with humanitarian convoys. Mr. Rifkind commented that involvement of aircraft was also a bit like the naval blockade - it was rather divorced from the main problem.

The Prime Minister and Mr. Cheney agreed that we needed to do more work on the risks of the conflict spreading, eg to Kosovo. We would look pretty stupid if it did spread and we had not done our homework.

Iraq

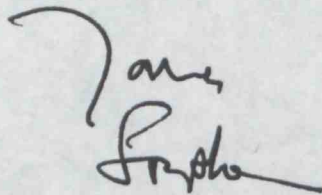
Mr. Cheney said the no-fly zone was working well. There was evidence that ground attacks against the Shi'a were diminishing. We needed to keep up the pressure. Saddam Hussein was under enormous internal pressure generally.

The Prime Minister described Saudi reluctance to grant us basing because of Saudi fears of dismembering Iraq. If we needed to take action against Iraq in the context of non-compliance with UN Security Resolution 687, we would need to work very carefully on targets if we were to avoid the Arabs saying that we had over-reacted. Mr. Cheney said that the US was concerned to make sure that any action that was taken was sufficient.

A-4 Sales to Argentina

Mr. Cheney said that the President had decided to sell the aircraft but with a less capable radar. The Prime Minister said that this was very good news indeed. He would write to the President to thank him. I enclose a draft.

I am copying this letter to Richard Gozney (Foreign and Commonwealth Office) and to Melanie Leech (Cabinet Office).



J. S. WALL

John Pitt-Brooke, Esq.,
Ministry of Defence.

K:\f\bush.pmg

DRAFT LETTER FROM THE PRIME MINISTER TO PRESIDENT BUSH

I heard from Dick Cheney this week that you have responded to our concerns by agreeing to fit a less capable radar to the A4s you are planning to sell to Argentina.

Thank you very much for doing this. It was a serious problem for us and I am most grateful to you for helping to resolve it.



HOME MINISTER

Defense Secretary Cheney: Check List

Iraq

1. [Targeting of new air campaign: you wrote to Bush.]

Pressure on Saddam must be effective, politically sustainable in coalition and domestically. Military action on SCR 687 would need careful design. Vincent to talk to Powell?

2. Public, Security Council will soon want results from "no fly" zone in South. Ideas about next steps?

Yugoslavia/Bosnia

1. [Americans worried NATO (and they) might be excluded from French-led HQ. Risk of institutional row: WEU/NATO/UN.]

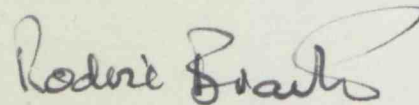
Effective HQ, with experienced NATO staff, essential. British troops will NOT help monitor heavy weapons otherwise. US should be involved, especially for air operations. UN/French not opposed: but care needed. Staff Talks in Zagreb today.

2. Thanks for US offer of transport, communications, intelligence.
3. [No fly zone.] Begin with observers on airfields. Enforcement by air tricky.

A4 Aircraft Sales to Argentina

[You wrote to Bush: decision expected soon.]

We remain worried, especially over sophisticated radar.



RODRIC BRAITHWAITE

17 September 1992

cc RB
✓ Blue
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WHITEHALL LONDON SW1A 2HB
Telephone 071-21 82111/2/3

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SECRETARY OF STATE

MO 14/2G

16 September 1992

Dear Stephen

CALL ON THE PRIME MINISTER BY DEFENSE SECRETARY CHENEY

I understand that Defense Secretary Cheney will call on the Prime Minister at 1630 on Thursday 17 September. An updated scene-setter is attached.

Subjects for Discussion

The main subjects we expect Secretary Cheney to raise are the former Yugoslavia, Iraq and European Defence. It is also possible that Mr Cheney might mention US operations in Somalia.

The Former YugoslaviaUS aspects

The Americans are not currently involved on the ground in Yugoslavia, but are taking part in the humanitarian airlift operation (currently shuttling from Zagreb to Split following the suspension of relief flights at Sarajevo) and have indicated that they will be willing to provide some logistics, communications, airlift and intelligence support for the humanitarian escort operation in Bosnia-Herzegovina. They are also willing to provide personnel for Headquarters posts, and to deploy naval and air assets in support of the operation if required, but not to provide combat forces.

The Americans have been keen for NATO to offer a command and control element for the expansion of UNPROFOR into Bosnia-Herzegovina. Because of UN sensitivities about their responsibilities for establishing the HQ and about the need for multinationality we have sought to avoid an overt offer by NATO, but we also wish the HQ to be based on a core of an extant NATO HQ, for political as well as practical military reasons. We have taken the view that discussion of the precise composition of the

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SECRET UK EYES A



headquarters should take place in a forum involving the potential contributors and the UN. We invited the Americans to a meeting of contributors in London this afternoon; we are proposing, if the contributors agree, that these representatives should continue on the talks planned to take place in Zagreb later this week. The UN have agreed to the idea of using the core of a NATO HQ, so long as all the contributing nations are adequately represented. (If necessary I will let you have a further note reporting on the outcome of this afternoon's discussion).

UK aspects

We have made it clear to the UN, that the armoured infantry battalion group is being provided solely for the escorting task and could not be diverted to other tasks without the Government's approval.

The deployment timetable for the battalion group will now be established as quickly as possible, following the talks in the Zagreb. (We have been asked by the UN to provide some forces (Field Ambulance, engineers, 20 observers) not covered in our offer). We shall be taking up the US offer of assistance with transport.

The Prime Minister might also like to add the following points:

- Glad that US envisage contributing HQ staff for the new HQ in Bosnia-Herzegovina, together with other forms of assistance to the humanitarian escorting task. Very much agree with the US that the HQ should be based on the core of an extant NATO HQ, which UN appear to accept. Believe that the correct forum to take the matter forward now is discussions with the troop contributors in Zagreb, with which we expect the Americans to be associated.
- Very grateful also for offer of assistance in transporting our battalion group. Officials will be in touch.

Iraq

Northern Iraq

OPERATION WARDEN/PROVIDE COMFORT II

Operation Warden/Provide Comfort II is based at Incirlik in South East Turkey. The Turkish government impose a ceiling of 48 combat aircraft: 32 US; 8 UK and 8 French. The operation is under the command of a US task force commander.

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The original operation to bring help to the population of Northern Iraq (predominantly made up of Kurds) was codenamed Operation Haven/Provide Comfort. Operation Haven commenced in the Spring of 1991. The UK provided 3 Commando Brigade RM which operated in Northern Iraq. These ground forces withdrew in summer 1991 and the UK joined air operations in September 1991. The UK contribution is codenamed Operation Warden and comprises 8 Jaguar reconnaissance aircraft, supported by 2 VC10K tankers together with about 200 UK servicemen at Incirlik.

The UK sees a need to continue with these operations so long as there is no progress in the political relationship between Baghdad and its northern population. Recent indications from Ankara suggest that renewal of Operation Warden/Provide Comfort II (beyond December 1992 when the current basing agreement with the Turkish Government runs out) is by no means a foregone conclusion due to Turkish concerns over an independent Kurdistan.

- The Prime Minister might ask Mr Cheney about current thinking in the US over the renewal of Operation Warden/Provide Comfort II.

Southern Iraq

OPERATION JURAL

The bulk of forces, including 24 hour combat air patrols are provided by US forces based in Saudi Arabia and carrier battlegroups in the Gulf. The UK contribution of 6 GR1/GR1a Tornados (based at Dhahran, Saudi Arabia) and 2 VC10K tankers (based at Bahrain) have been carrying out surveillance sorties (about 4 per day) since 27 August. The French contribution is made up of 8 Mirage 2000 air defence fighters and one tanker (all based at Dhahran).

The US operation is called SOUTHERN WATCH with the UK contribution being codenamed Operation JURAL. There are currently about 400 UK personnel in Saudi Arabia (of whom about 50 form the British HQ in Riyadh), and around 90 at Bahrain. These figures are expected to both reduce over time and fluctuate according to operational circumstances. Iraq has not, as yet, attempted to breach the no-fly zone and there has been no hostile ground activity aimed at coalition aircraft.

Early imagery from Tornado missions has been good, but we have yet to collate a reliable picture of Iraqi activity from it. This is, in part, because the initial Tornado missions, under the tactical control of the US Joint Commander, appeared to be concentrating on clarifying the picture regarding residual Iraqi air force infrastructure and ground assets in the South. We have recently learned that the Tornados are now tasked to monitor the situation in the southern marshes and hope to see the results soon.

The Prime Minister might say:

- Operation JURAL/Southern Watch appears to be running smoothly. Very pleased that once again Coalition Forces are working so well together.
- Have no preconceived ideas on length of operation. What is US thinking on this?
- Important that we are able to demonstrate to public and international community including, possibly, the UN Security Council, the results of monitoring operation. Hope to see soon first information from Tornados on situation in southern marshes.

OPERATION YARRA

The objective of Operation YARRA is, if peaceful means fail, to provide military options to bring pressure on Iraq to comply with the terms of the ceasefire and in particular in respect of the destruction of her weapons of mass destruction.

The UK contribution to Operation YARRA would comprise 9 Tornado GR1 (bomber) aircraft supported by 3 VC10K tanker aircraft. They would be integrated within the coalition effort under overall control of the US commander appointed for the task.

The Prime Minister might say:

- The UK will continue to contribute to efforts to obtain Iraqi compliance with UNSCRs and, thereby, contribute to the security of the region.
- Contingency planning for any further necessary military action is well underway.

European Defence

There is no reason per se why French rejection of the Maastricht Treaty (followed by its non-ratification) should prevent continued development of a European defence identity through the WEU.

Should Mr Cheney raise the issue of future European Defence, the Prime Minister may wish to make the following points:

- UK was pleased with outcome of WEU Ministerial meeting on 19 June, which led to the Petersberg Declaration on future development of the WEU.

- Welcome, in particular, the Declaration on strengthening of the WEU's operational role. This approach to European Defence identity - under clear auspices of WEU - is fully in line with our own approach, as reflected in speech made by Malcolm Rifkind earlier this year.

- Clear, however, that great deal of work lies ahead in order to turn elements of the Petersberg Declaration into reality.

If asked about our attitude to the Franco-German Corps he might like to say:

- Not hostile to Franco-German Corps per se. But important to us, and other Allies too, that the Corps has a clearly defined relationship to existing defence structures.

The French, Italians and Spanish have recently made a proposal for creating a joint air-naval force, which it seems would be placed at the disposal of the WEU, for missions carried out under WEU auspices: we are seeking clarification. If Mr Cheney raises the subject, the Prime Minister might wish to say:

- We are aware of these proposals and are seeking further information on what the French, Italians and Spanish have in mind.

Given current media preoccupation with French attitudes to Maastricht and the forthcoming referendum, Mr Cheney may ask about the implications for European defence if there is a 'No' vote. In response the Prime Minister might like to say:

- We will have to wait and see what happens on 20 September. But, of course, it does not necessarily follow that a no vote will have any impact on development of the WEU per se.

Nuclear Testing

The Prime Minister has written to President Bush on this issue. Mr Cheney has been one of the US Administration's strongest advocates of the importance of testing for the safety and credibility of the deterrent. The Prime Minister might say that the line Mr Cheney has been taking very much reflects British views, and ask how he sees the Congressional debate turning out.

Somalia

The US is now committed to a major humanitarian relief operation in Somalia. The US initiative seeks to supply 145,000 tonnes of food aid using a US airlift operation.

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On 10 September Mr Eagleburger sent a message on aid to Somalia to all EC Foreign Ministers. This welcomed EC efforts and called for more co-ordination among the US, the UN and the EC over delivery programmes and relief strategy. The message, however, was implicitly critical of the EC for being slow in delivering the food. The Presidency will reply expressing surprise at the critical tone on EC performance. In this context, the Prime Minister might say:

- priority is to work together to relieve suffering.
- entirely agree on need for better co-ordination over deliveries and strategy.
- we are looking at the possibilities of longer term reconstruction.

On any UK military contribution to Somalia, the Prime Minister might say that UK resources are already heavily committed supporting the UN elsewhere, particularly in Yugoslavia. It is therefore unlikely that the UK will agree to any military involvement. The UK is best placed to help in other ways eg. through the EC aid programme.

US Arms Sales to Argentina

The US is considering the sale to Argentina of 36 modernised A4 Skyhawk aircraft equipped with a capable multi-mode radar (the Emerson radar).

The Prime Minister spoke to President Bush in June and wrote to him last week. We understand that the Americans are looking closely at our concerns, and in particular are currently examining the potential for supply of a less-capable radar. We expect the Americans to make a decision fairly soon, but do not expect Mr Cheney to have anything new to say at this stage.

However, the Prime Minister might take the line:

- You will be aware of our concerns over the supply of A4s equipped with the Emerson radar to Argentina. Grateful for efforts being made. Hope that you will be able to meet our wishes.

I am sending copies of this letter to Richard Gozney (FCO), and to Melanie Leech (Cabinet Office).



(J S PITT-BROOKE)
Private Secretary

RESTRICTED

US SCENE

SUMMARY

Domestic politics

Governor Clinton is still ahead in the race for the White House. But President Bush is now campaigning more effectively and there are still eight weeks to election day.

Foreign policy

Domestic economic strains and the inward looking mood of American voters have curbed the reach of US foreign policy, but Bush has brought overseas initiatives into the election arena.

Economy

Economic recovery remains sluggish and patchy. Unemployment is at its highest since 1984.

DOMESTIC POLITICS

1. The domestic political scene is dominated by the presidential election race. With the country suffering the continuing effects of economic recession and a mood of widespread disenchantment with politics, President Bush (68) faces an uphill battle against the moderate Democratic challenger, Governor Bill Clinton of Arkansas (46).
2. Before the Republican party convention in Houston (17-20 August), Governor Clinton led President Bush by over 20% in the opinion polls. Allegations about Clinton's personal life and doubts about his integrity had initially marred his campaign for the party nomination. They may still be brought up by the Republican team; negative campaigning brought them success in the 1988 campaign. Clinton holds higher personal approval ratings than his rival and, with the choice of Senator Al Gore of Tennessee (44) as the vice-presidential candidate, the Democrats can present a more moderate, younger and less traditional alternative after twelve years of Republicanism.
3. Following the convention, Bush received an initial boost in the polls. In an acceptance speech designed to provide a springboard for his flagging campaign, the President admitted the 1990 tax increase was a mistake and promised

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sweeping if undefined tax cuts. He also blamed Congress (where the Democrats have a majority) for failing to agree his legislative agenda. The convention debate, in which Vice President Dan Quayle (45) helped to rehabilitate himself, was strongly influenced by the right-wing, religious fundamentalists which may put off independent voters or those former Democrats who voted for Reagan and Bush in the 1980's. Bush is seen as incapable of convincing ordinary Americans that he can offer leadership on the key issues (unemployment, health care, education, etc). His approval ratings are below 40%, a point from which no incumbent candidate at this stage of the race has come back to win re-election. The polls currently give Clinton a lead of between 5% and 20%.

4. President Bush is now, however, campaigning more convincingly, making the most of the advantage of incumbency. He has dominated the news by taking charge of the crisis created by Hurricane Andrew and visiting affected areas in Florida and Louisiana. Since 1 September he has made a series of announcements on trade and foreign policy initiatives the timing of which have been to some extent influenced by election campaign strategy (see below). Under the influence of James Baker, his new White House Chief of Staff and campaign organiser, the focus of Bush's speeches has shifted from "family values" to the economy, promising lower taxes and reduced government expenditure while seeking to characterize Clinton as another tax-and-spend Democrat.

5. Governor Clinton is trying to set the agenda by attacking the President's proposal to cut public expenditure in unspecified ways in order to finance a tax cut. But stories reflecting on his untrustworthiness continue and threaten to obscure his message.

6. Many Republicans are drawing parallels with the British general election, but party loyalty runs less deep in the US. American politics remain in a highly volatile state and any firm predictions are premature. Election day is 3 November.

US FOREIGN POLICY

7. By his own admission President Bush is happier dealing with foreign, rather than domestic, policy. Yet with the collapse of the Soviet Union, the main rationale for the depth of US involvement overseas is perceived no longer to exist. Bush - and Clinton - remain committed to an internationalist

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foreign policy, but there are isolationist and nationalist undercurrents in America, picked up by the campaign run by Ross Perot, the independent third party candidate who withdrew in July.

8. The departure for the White House of the Secretary of State, James Baker, and a number of key State Department aides, will inevitably create something of a vacuum in US foreign policy making. However, Lawrence Eagleburger, as Acting Secretary of State until after the election, is widely experienced in foreign affairs.

The Middle East

9. The Gulf War was a spectacular military victory for the United States and its allies. While Saddam Hussein remains in power, President Bush will be determined to maintain the pressure on Iraq. Last month (August) the US sent 5,000 military personnel to the Arabian Gulf to participate in a series of joint military exercises with Kuwait. With UK and France the US have announced an air exclusion zone in Southern Iraq and are flying an air patrol to protect Shiite opponents of the incumbent regime.

10. After the Labour victory in the Israeli elections on 23 June, the US Administration revived its initiative on the Arab-Israel peace process. Following Mr Rabin's talks with the President in Kennebunkport on 10-12 August, the President announced loan guarantees of up to \$10 billion for immigrant absorption. The 6th round of bilaterals in the Middle East peace talks resumed in Washington on 24 August and is continuing.

Former Yugoslavia

11. The Americans are anxious to maintain pressure on the Serbs, working through the Security Council resolution authorising use of all necessary means in support of humanitarian aid to Bosnia. The Americans are also participating in the joint EC/CSCE sanctions advisory mission to Macedonia.

Somalia

12. America is giving \$80 million in aid plus 145,000 tonnes of food to Somalia. Direct airlifts of US food aid into Somalia began on 28 August. Although this is to some extent electorally driven, it has been widely welcomed by aid agencies.

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Former Soviet Union

13. The main US concerns are political and economic relations with the newly independent states, control over nuclear weapons and other arms control issues. The US will provide a \$24 billion aid package for Russia by means of an IMF reform programme. Far-reaching new US/Russian strategic arms reductions were announced during President Yeltsin's visit to Washington in June. At the Lisbon conference, also in June, the US announced a further \$25 million initiative on nuclear safety, to set up the first of a series of training centres for specific nuclear reactors in Russia and the Ukraine. On 6 August, the House of Representatives approved the Freedom Support Act, including authorisation of a \$12 billion increase in the US/IMF quota. Minor differences with the Senate version still need to be reconciled, but Congress is expected finally to pass the measure in September.

Europe

14. The underlying US attitude to the EC remains ambivalent. The Americans continue to support the idea of European unity, and encourage the Europeans to do more for themselves. But they worry about the prospect of the Europeans confronting them with common positions on issues of importance to the US and NATO.

Trade

15. The economic and trade policy dialogue between the US and EC is currently dominated by the GATT round. The Americans are keen to conclude a deal before the US elections on 3 November. The President reaffirmed the Administration's commitment to the Uruguay Round when, on 2 September, he announced a \$1 billion increase in export enhancement subsidies for 1993-95 (required under the 1990 budget settlement if a GATT agreement had not been reached by 30 June 1992). He also announced new export subsidy initiatives for wheat for the 1992-93 marketing year. The Australians, who do not subsidise, have strongly criticised the US decision.

China

16. There is increasing trade tension between the US and China. The Americans have threatened punitive tariffs on Chinese goods unless agreement about American access to Chinese markets can be reached by early October.

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17. On 2 September the President announced that he had approved the sale of up to 150 F-16 fighter aircraft to Taiwan (saving up to 6,000 jobs in Texas). Although a number of Senators are well known supporters of Taiwan, the decision is a reversal of long-standing US policy. It is likely to strengthen his support in the Senate for MFN status for China, but the Chinese have protested loudly and support could easily be undone.

Nicaragua

18. On 2 September a State Department team arrived in Nicaragua to investigate charges that President Chamorro was moving too slowly to bring about reform. Under pressure from Senator Jesse Helms, Republican member of the Senate Foreign Relations Committee, the Administration has blocked \$104 million in US aid. Without this money Nicaragua cannot meet its commitments to the IMF.

US ECONOMY

19. GDP growth was over 2% for the first half of 1992 but the economy was struggling as it moved into the third quarter. Some indicators show signs of growth (eg industrial production) but overall confidence is weak, especially in the retail, housing and general consumer sectors. Inflation is low: the consumer price index stood at 3.2% in July. Interest rates are also very low, the Federal Reserve Discount rate at 3% being the lowest for nearly 30 years. Although unemployment fell marginally to 7.6% in August, this simply reflects the employment of teenagers in a special summer jobs programme. Unemployment is still at its highest since 1984.

20. The dollar fell sharply in August and hit record lows against the major European currencies over the last week, although relatively stable against the Japanese Yen. With a weak dollar, there is little prospect of a further reduction in interest rates to stimulate the economy. The federal budget deficit remains high, the Administration's latest estimate for the current financial year being \$334 billion.

NORTH AMERICA DEPARTMENT

FCO

09 SEPTEMBER 1992

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File
TW

cc RB

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

1 September 1992

Dear Jane

CALL ON THE PRIME MINISTER BY THE US DEFENSE SECRETARY

Thank you for your letter of 24 August about a call on the Prime Minister by Secretary Cheney. The Prime Minister is not available on Friday 18 September or over the weekend. He will be in Spain on Thursday 17 September but returning to Alconbury, landing at 1900. He would be prepared to see Mr. Cheney for 45 minutes at Alconbury at 1915 on Thursday 17 September. I am afraid if that time is not possible for Mr. Cheney then we shall have to give him a miss on this occasion.

I am sending a copy of this letter to Richard Gozney (Foreign and Commonwealth Office) and to Melanie Leech (Cabinet Office).

Jones
Stephen

(J. S. WALL)

Miss Jane Binstead,
Ministry of Defence.

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SM

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CE Diary
RS.



MINISTRY OF DEFENCE
WHITEHALL LONDON SW1A 2HB
Telephone 071-21 82111/2/3

SECRETARY OF STATE

Prime Minister

Contest

MO 14/2G

You get back to Blenheim at 1830

on 17 September (for Spain). Friday is a cathing

24 August 1992

day. The only possibility I see is if we brought

Dear Stephen.

forward your return from Spain by 40 minutes and
Cheney flew into Blenheim to meet you here.

CALL ON THE PRIME MINISTER BY US DEFENSE SECRETARY

Call 2070

The American Embassy have asked if Mr Cheney could call on the Prime Minister on Friday 18th September.

Mr Cheney will be here from late on 17th September until early on 20th September, mainly to give a speech at a conference at Blenheim organised by the International Herald Tribune. The Prime Minister met him most recently at the Ambassador's residence in Washington on 8th June.

The Defence Secretary plans to be away at the time of Mr Cheney's visit. It also seems unlikely that the Foreign Secretary will be able to meet Mr Cheney on 18th September as he may have to be in Brussels that day (though a meeting with the Secretary for Defense is still pencilled into his diary). We, the Foreign Office and the Embassy in Washington all support the request for a call on the Prime Minister, which would be a good opportunity to discuss developments in the former Yugoslavia and Iraq.

The American Embassy are thinking in terms of a call on 18th September, but if this is impossible an alternative would be to see if Mr Cheney could travel to Huntingdon after a visit to Duxford, Cambridge on Saturday, 19th September.

I am copying this letter to Richard Gozney (FCO) and to Melanie Leech (Cabinet Office).

Your sincerely

J R Binstead
(MISS J R BINSTED)
Private Secretary

J S Wall LVO CMG
10 Downing Street

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SECRETARY OF STATE

14 a-d

MO 14/2M

17th September 1992

CALL ON SECRETARY OF STATE BY MR CHENEY

Mr Cheney called on the Defence Secretary this afternoon. Mr Cheney was accompanied by the American Ambassador, and later by Maj Gen John Jumper, Mr Stephen Hadley, Mr Pete Williams and Mr Bruce Weinrod. The Defence Secretary was accompanied, for most of the time, by Minister(DP), DCDS, DUS(P) and the Press Secretary. Some of the discussion took place in a smaller group, but I am recording it here, apart from one or two points which I am recording separately.

NUCLEAR TESTING

2. The Defence Secretary asked about the possibility that Congress might decide to end nuclear testing in the United States. Mr Cheney replied that it was not yet clear whether this would happen. The issue was caught up in a complex Bill which covered other issues, but things would be clearer next week. The Bill would allow testing up to 1996. He said he was a strong advocate of the position that testing remained essential. The physics of nuclear weapons were complex, and testing was the only way that Governments could have confidence in their nuclear capability. The Defence Secretary agreed and said it was important that everything possible must be done to educate public opinion on the importance of testing. At some future date we may not need nuclear weapons; but unless and until that happened, we must try to retain the ability to test them.

YUGOSLAVIA

3. Mr Cheney asked about the extent of UK commitment. The Defence Secretary explained that forces were being deployed for humanitarian purposes only. We were worried about existing command and control arrangements, but hoped to develop a new HQ structure, based on an existing NATO HQ. Discussions were going on between military representatives of contributing nations on how this would work. It was hoped that the structure finally agreed would include US personnel, although because of French sensitivities this had to be done in a way which disguised the fact that it was developed around a NATO core. VCDS said we hoped it would be possible to sell a package to Generals Nambia and Morillon soon. If this could be done it would be a very satisfying outcome. Mr Cheney said he too had been concerned about existing UN capability and supported the idea of transferring a cell from NATO. But M. Joxe had made it





SECRETARY OF STATE

clear to him just how sensitive a matter it was for the French, and he understood that sensitivity. More generally, the US were willing to help with logistics and communications, but were reluctant to put combat troops on the ground. VCDS said that we were extremely grateful for the help that had been offered so far.

4. The Defence Secretary asked about a "no fly zone". Mr Cheney replied he was not clear about the purpose of such a zone. It could escalate the conflict, and actually interfere with the humanitarian objective. If it had to be enforced the best way of doing so would be to observe the area with AWACAS, take note of any aircraft which had infringed the zone, and then deal with them when they were on the ground. This would be a way of doing it, but he could not see how this would contribute to the achievement of US objectives in the area.

5. On heavy weapons the Defence Secretary said the assurances given in the London Conference had not been honoured. Heavy weapons had not yet been handed over. In these circumstances we were very reluctant to take on the task of monitoring them. Mr Hadley said it had been hoped that, by encouraging combatants to back off from the seige of certain Yugoslavian towns, and then asking them to hand over their weapons, there would be a kind of "creeping ceasefire". But this had not worked, and the strategy needed more thought.

6. Mr Cheney said he was just as worried about the situation in Kosovo and Macedonia. He felt that if we acted in Bosnia in any way which might be interpreted as anti-Serb we could be giving encouragement to Albanians in Kosevo. Mr Seitz said that this was a very different legal situation: Kosevo was not a recognised state, unlike Bosnia. It was an immensely complex problem.

IRAQ

7. Mr Cheney reported that the no-fly zone in southern Iraq was working. It had not been infringed, and the Iraqi operations against Shias in the South had been reduced. Saddam Hussain was losing control in both the North and South of his country. The no-fly zone both protected the Saudis and showed to the people of Iraq the limits of their ruler's military capability.

9. The Defence Secretary commented he was worried about the fragility of the support of this operation from other States in the area. Mr Cheney said we had in the past fallen into the trap of taking the support of Arab Nations for granted. We must be very careful. The Saudis were extremely sensitive and we must never announce that we have aircraft based there. The United Arab



SECRETARY OF STATE

Emirates, Qatar and Oman were all tense. All states in the area were being taunted by Iran for their pro-Western attitudes. But the Kuwaitis were now a lot more relaxed and even announced we were there when we were not!

10. But his big concern was Turkey. He was worried about their determination to stay the course. The Defence Secretary reported on his recent conversation with Mr Ayaz, who had told him that the maintenance of the Northern no-fly zone in practice helped the PKK, and this was an overriding concern for the Turkish Government. Mr Cheney said he had heard the same. Turkey was under immense pressure all round and we had to be as sympathetic as we could.

MR GRACHEV

11. The Defence Secretary reported on his meeting with Mr Grachev who had told him that Russia hoped to develop the same defence relationship with the UK which the UK had long had with the US. Grachev was genuinely impressed with Western armed forces, and Western society generally. Mr Cheney said that when in the US, Mr Grachev had asked to see Disneyland and Universal Studios in Hollywood. This was a good start. His impression was that Grachev was a good soldier - honest and straightforward - but he had not yet grown into the role of a defence Minister.

12. VCDS said that his impression was of an autocrat but someone who cared about his soldiers. Grachev was proud of the Russian Army, and had taken a very hard line on their remaining in the Baltic States - they would need to be paid more before they were prepared to move out.

13. The Defence Secretary said that one area where Grachev had impressed was his announcement to reaffirm Russia's determination to carry out their obligations regarding biological weapons - he had said they were very happy to work with the UK and the US to make progress in this difficult area.

FRENCH REFERENDUM

14. The Defence Secretary discussed the potential implications of a "no" for European Defence. We had been giving some thought to this. Our analysis was that such a vote need not affect progress with the WEU. Indeed, it would make it easier for the WEU to develop along the lines the UK had proposed - in the European pillar of NATO, and not on some kind of alternative to NATO. So the development of the WEU would continue.





SECRETARY OF STATE

15. Mr Seitz asked about the French/German Corps. DUS(P) said a "no" vote was unlikely to disrupt this. Both countries would cling to the concept even more strongly if they felt other initiatives were coming to nothing. But the French had been disappointed not to get more support from other NATO Members for the Corps. The Germans might be keen to front another multi-national corps, perhaps involving the Dutch. This would be helpful, in that it would demonstrate they there were a number of different ways of organising a multi-national system. The Defence Secretary agreed but said that the designation "Euro Corps" was misleading and wrong, and was unacceptable.

Ministry of Defence
September 1992

J S Pitt-Brooke
(J S PITT-BROOKE)
PS/S of S

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SECRET

7(A-9) ESTE
cc Back up



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1A 2HB
Telephone 071-21 82111/3

MO 14/2J

12th October 1990

Dear Charles,

US Secretary of Defense Cheney will be calling on the Prime Minister at 16.30 on Monday 15 October, after discussions in MOD and FCO with the Defence Secretary and Mr. Waldegrave respectively. Mr Cheney is on his way to Mpscow for a three-day visit hosted by Marshal Yazov, and on his way back he will also be visiting France. I offer the following points which the Prime Minister might wish to raise with Mr Cheney. A few details may need to be amended slightly in due course; we shall, of course, remain in touch.

Gulf

In the half hour available for discussion, we suggest the Prime Minister will clearly wish to focus on Gulf issues, not least in order to express continued appreciation of the scale of the US military response to the invasion of Kuwait (a factsheet on the latest US deployments is attached). The Prime Minister may also wish to thank Mr. Cheney for his personal role in establishing suitable command and control arrangements for 7th Armoured Brigade to work alongside 1 Marine Expeditionary Force in Saudi Arabia. The key aspect of these arrangements is the agreement that, whilst operational command of UK forces will remain with British Forces Commander Middle East, tactical control of the Brigade may be delegated to the US Commander for specific missions. Mr Cheney has also agreed that some smaller US units, such as helicopters, may come under British tactical control, as this will be important presentationally.

The Prime Minister may wish to assure Mr. Cheney that British commanders in Saudi Arabia will work closely with Gen. Schwarzkopf and with Prince Khalid. (General de la Billiere has been made a member of General Schwarzkopf's Committee of Component Commanders).

Charles Powell Esq
10 Downing Street

SECRET



The Prime Minister might go on to emphasise the importance of continuing close contacts between the US and UK over detailed operational philosophy (of targeting) and longer term objectives. The better our mutual understanding in these areas the greater our combined military effectiveness; and any difficult decisions to commit forces to operations will be surer if we have a detailed grasp of US planning.

US Budget and US Force Reductions in Europe

On the US budget crisis, as the Prime Minister will know, the immediate danger of the Federal Government closing down - or, the alternative, suffering cuts of 30-40% across the board - has been averted by President Bush's endorsement on 9 October of Congress' revised outline package. The details remain to be worked out in Congressional committee before the next deadline on 19 October, and there are fears that defence will be hit harder than in earlier budget proposals. The Prime Minister may wish to seek Mr Cheney's views on the implications of the budget crisis for the defence programme, particularly for the near-term. Funding for Desert Shield is protected by Congress, and therefore unaffected.

The budget deficit problem seems certain to persist into the longer-term, with likely implications for the defence programme, and hence for US force levels world-wide. In his Aspen speech, President Bush proposed a 25% reduction in US service manpower levels by the mid-1990s, and influential figures in Washington, including Senator Sam Nunn, Chairman of the Senate Armed Services Committee, have spoken of US force levels in Europe of 100,000 or less. Though the Administration has not come out publicly in favour of such steep reductions, and US/Soviet manpower ceilings are no longer on the table in CFE, we believe that the Administration is thinking along these lines. In September, Mr. Cheney announced reductions of some 40,000 (30,000 army and 10,000 air force) in Europe in the US fiscal year which begins this month. The Prime Minister may wish to ask Mr Cheney about current Administration thinking on longer-term US force levels in Europe.

Options for Change

If the UK's own force plans are raised the Prime Minister may wish to reiterate our intention to consult Allies as the 'Options for Change' proposals announced by the Defence Secretary in July are developed. She may wish to say that we envisage, among other things: armed forces which are smaller but better-equipped and more flexible; an Army contribution in Germany, when reinforced from the UK, of the order of two divisions instead of the current four; retention of the independent deterrent, based on four Trident boats; and maintenance of a capability for mounting high intensity operations away from the UK.

Nuclear Issues

The Defence Secretary has minuted the Prime Minister separately about Dual-Capable Aircraft. On Holy Loch, the US seem reluctant to take seriously our concerns to have adequate plans for dealing with an accident. It would be helpful if the Prime Minister could mention safety while indicating our readiness to accept continued basing of nuclear powered attack submarines (SSNs) at Holy Loch.

CFE

If time permits, the Prime Minister may wish to touch on the CFE end-game. She will be aware that the overall shape of the Treaty has now effectively been settled. As part of a satisfactory solution on aircraft, the Soviets have conceded that land-based (but not carrier-based) naval aircraft should also be limited. Continued withdrawals of Soviet equipment East of the Urals will make it important to ensure that the non-circumvention provisions of the Treaty are satisfactory; the Prime Minister may wish to express thanks to Mr Cheney for the firm US line on non-circumvention. Although the detail of the verification regime remains to be finalised, signature is still anticipated for the CSCE Summit in Paris next month. The Prime Minister may wish to stress to Mr. Cheney the need for robust verification provisions in the Treaty.

I am copying this letter to Stephen Wall (FCO) and Sonia Phippard (Cabinet Office).

Yours sincerely,

B. H. Wells

for (S WEBB)
Private Secretary

US FORCES COMMITTED TO OPERATION DESERT SHIELD
AS AT 081200Z OCT90

US ARMY

Major Formations	ETA in theatre	Type of equipment	Number
82nd Airborne Division	In theatre	Attack helicopters	215
101st Air Assault Division	In theatre	Observation helicopters	162
24th Mechanised Division	In theatre	Transport/Medical helicopters	285
1st Cavalry Division	20 Oct	Anti-tank vehicles	378
3rd Armoured Cavalry Regiment	13 Oct	Light Armour vehicles	54
11th Air Defence Brigade (8 Batteries)	In theatre	Main Battle Tanks M1	343
75th/212th Field Artillery (III Corps Arty)	18 Oct	M60A3	9
		Armoured Personnel Carriers	604
		Artillery pieces	272
		Multiple Launch Rocket System (MLRS)	46
		PATRIOT	39
		VULCAN	58
Total Army personnel			82,076

US MARINE CORPS

Major Formations	ETA in theatre	Type of equipment	Number
1st Marine Expeditionary Brigade	In theatre, ashore	Attack helicopters	46
4th Marine Expeditionary Brigade	In theatre, afloat	Support helicopters	143
7th Marine Expeditionary Brigade	In theatre, ashore	Anti-tank vehicles	326
3rd Marine Air Wing	In theatre, ashore	Light Armour vehicles	179
		Main Battle Tanks M60A1	145
		Armoured Personnel Carriers	301
		Artillery pieces	106
		HAWK	16
Total USMC personnel			41,090

US AIR FORCE (includes USMC aircraft and USN CAGs)

Type of aircraft	Number
Bombers (B52)	20
Air to Air aircraft (F-14, F-15C)	110
Air to Ground aircraft (A-10, A-6, F-111F, AV-8B, F-117A)	266
Dual Role aircraft (F-16, F/A-18, F-15E)	210
Total combat aircraft	606
Support aircraft (recce, AWACS, tankers, transport)	385
Total USAF personnel	32,453

US NAVY

Type of ship	Ships in the Gulf or within 24 hrs sailing	Number
Aircraft Carrier	J F KENNEDY, INDEPENDENCE, SARATOGA	3
Battleship	WISCONSIN	1
Cruisers	ANTIETAM, ENGLAND, BIDDLE, PHILLIPINE SEA, THOMAS S GATES, MISSISSIPPI JOUETT, SAN JACINTO	8
Destroyers	O'BRIEN, GOLDSBOROUGH, SAMPSON	3
Frigates	SAMUEL B ROBERTS, TAYLOR, BRADLEY, BARBEY REASONER, BREWTON, ELMER MONTGOMERY, THOMAS C HART	8
	Support ships and transports	38
Total USN personnel		35,443

TOTAL US PERSONNEL DEPLOYED (inc HQ): 194,901 *

* includes 1,497 civilians

**SUBJECT
MASTER**

Filed on:

SECRET



*File
IP(a-d)*

**10 DOWNING STREET
LONDON SW1A 2AA**

From the Private Secretary

10 January 1992

Dear Sir,

CALL BY THE US SECRETARY OF DEFENCE

Thank you for your letter of 8 January with briefing for Secretary Cheney's call on the Prime Minister. The call took place this evening. The Foreign Secretary and the Defence Secretary were present.

The following were the main issues discussed.

US defence spending

Mr. Cheney said that the US budget and the President's State of the Union Address would be in keeping with previously announced plans. The US would not change its proposed 25 per cent reduction. The President would focus more on modernisation.

The Prime Minister said there was some concern on this issue in the UK and it was over-laid by the discussion at Maastricht and the desire of the French and Germans to build a European force on the basis of the Franco-German brigade - possibly outside NATO. It was in our interest to avoid US troop withdrawals at a level that would encourage other Europeans to think that they had a pretext for going it alone. It was also in our interest to put forward our own ideas for European defence given that the person who was first in the field tended to carry the day. We would wish to discuss all this privately with the United States. We might think in terms of the development of a European force open to all WEU members and concentrating on roles for which NATO was not already tasked. These would be primarily outside the NATO area but there might be circumstances in Europe where NATO might decide that a purely European response was needed. Mr. King pointed out that we had the advantage that the first elements of the Rapid Reaction Corps (to which the United States would be contributing) would be up and running by mid-year.

The Prime Minister asked Mr. Cheney how he saw the development of the Congressional Debate. Mr. Cheney said the US approach would continue to be based around the corps concept. He wanted to focus the debate on capabilities rather than on numbers. Congress might well attempt to put a ceiling on numbers. If they did that it should still be possible for the US government to meet their obligations on the basis of a corps

SECRET

commitment with two divisions but perhaps only with brigades deployed in Europe with others in reserve in the United States. But they were not planning on that basis and did not want to go down that route.

Mr. Cheney said his impression was that Maastricht had been a success. The Prime Minister said that it had but the debate had not stopped there. Even Maastricht had been hard pounding with the French and Germans arguing their corner until the last hour. Mr. Cheney said the Germans were always firm in stating that any troops they committed to the Franco-German brigade would be committed to NATO. The Germans had been very forthcoming in satisfying American concerns.

In response to a question from the Prime Minister, Mr. Cheney said that he thought one line of attack from Congressmen during the coming year would be that the threat from the Soviet Union had gone; European countries had made proportionately larger cuts in their armed forces than the United States and the Europeans were just as wealthy as the United States and could therefore do more to defend themselves. There would certainly be arguments based on burden-sharing. Those arguments would go on up and through the Party Conventions. Once the Democrats had chosen a candidate, Mr. Cheney thought that that candidate's interest would be to align himself pretty closely to existing policies in the foreign policy/defence area so as to be able to concentrate the campaign on the domestic agenda. The Prime Minister commented that the contribution of US defence expenditure to the fiscal deficit might nonetheless give a Democratic candidate a domestic handle on defence as an issue. Mr. Cheney did not think so. If Clinton was the Democratic candidate, he would want to be close to the President. If Harkin was the candidate, he would be so off-the-wall that the President would win comfortably in any case.

Soviet Union

Mr. Cheney said that the US continued to be very concerned about developments in the former Soviet Union. Mr. Cheney had up to \$400 million to spend on the dismantling of nuclear weapons but the Republics had not been forthcoming enough to enable an effective plan to be worked out. They were, however, doing better than expected on consolidating their weapons systems. Tactical weapons now seemed to be confined to four Republics and most would be confined to Russia within the next year or so.

The Prime Minister and Mr. Cheney discussed the problems between the Russian Republic and the Ukraine. The American assessment of the change in communications patterns between Moscow and troops in Ukraine was the same as our own i.e. that links between the general staff and conventional forces had been broken but that links to the strategic forces had been maintained. The US impression was that this had been done by consensus rather than unilaterally on the Ukrainian side. Mr. Cheney was not at all sure what Ukraine would do with the Black Sea Fleet even if it got it. Estimates suggested that the military budget of the Commonwealth would be 290 billion roubles of which Ukraine's share, according to Moscow, was 60 billion

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roubles. The Ukrainians were suggesting that they would pay no more than 8 billion. The Black Fleet was likely to have to stay in dock. There was now no Soviet naval activity in the Mediterranean and they were totally out of the Indian Ocean. Interestingly, despite the differences between the Ukraine and Russia, the US saw continued evidence of the withdrawal of tactical nuclear weapons from Ukraine. There was no evidence that the Ukrainians were using this as a lever. Mr. Cheney added that there was now some suggestion that the total Soviet nuclear inventory might be smaller than the US had thought. Their estimates had been based on storage space.

The Prime Minister asked about reports of the proliferation of nuclear expertise. Mr. Cheney said the Americans had seen one sensitive report of Soviet officers signing contracts with the Iraqis. There had been a public report that the Libyans were dangling contracts. The US estimated the total number of Soviets with specialist knowledge in nuclear design as between two and three thousand. Even if the Russians and other Republics achieved 99½ per cent success in curbing proliferation, the half per cent leakage could be pretty serious. The US was looking for ways of finding alternative employment for some of those experts e.g. by offering them teaching posts at American Universities and institutions. Yeltsin had said that none of the experts concerned would be given exit visas for five years,

Mr. Cheney agreed with the Prime Minister that it was bound to be a temptation to cash-hungry republics to sell expertise or weaponry. He added that the Soviet space programme was in big trouble because of lack of funding and it would remain in big trouble unless the republics were willing to contribute. He also thought that morale among the armed forces was dismal. This year they had half the normal number of inductees. He had no way of knowing whether this loss of morale would lead to rebellion or simply to break-up.

Yugoslavia

Mr. Cheney took the standard American line that the United States was very happy to leave this problem with the Europeans. The United States was very reluctant to see its forces involved in any UN peace-keeping operation.

Iraq

Mr. Cheney shared our assessment of the importance of keeping our forces in the area, though we would face real difficulties in persuading the Turks to renew their agreement at the end of the present six month period. The United States was receiving ambivalent signals from the Saudis but they attached importance to keeping their forces there. They still had 24,000 personnel in theatre. In the last analysis if they were required to launch an attack on Baghdad they could do so with seaborne missiles alone.

US bases in the UK

SECRET

- 4 -

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Mr. King said there were a number of sensitive issues coming up e.g. Holy Lock and Greenham Common. He had emphasised to Mr. Cheney the need for maximum prior and private consultation.

I am copying this letter to Richard Gozney (Foreign and Commonwealth Office) and Sonia Phippard (Cabinet Office).

Jans,
Stephe
(J. S. WALL)

Simon Webb, Esq.,
Ministry of Defence.

SECRET

PRIME MINISTER

CALL BY US SECRETARY OF DEFENCE

Dick Cheney is calling on you at 5.00 pm tomorrow 9 January. He will be accompanied by the US Ambassador and an aide, Admiral Jo Lopez. The Foreign Secretary and the Defence Secretary will attend the meeting.

I attach a briefing letter from the MOD. The main issues are

Defence in Europe

The Americans are planning to reduce their force levels in Europe to 150,000 but President Bush has indicated privately and publicly that he might go beyond this figure. There are suggestions of a reduction in the medium term to 100,000 or below. We regard 100,000 as the minimum compatible with an effective operational presence.

Dick Cheney is on the side of the angels in all this and has used his visits to Europe (he was in Paris before Christmas and goes on to Bonn after London) to strengthen his hand.

Cheney will not need any convincing of the argument that we should do nothing to strengthen the credibility of French claims that the Americans will withdraw from Europe.

I suggest you focus the discussion on the post-Maastricht enthusiasm in Paris and Bonn to develop the existing Franco/German force as the kernel for a European force. Belgium, Italy and Spain have expressed an interest in joining the force. The French would like to see it develop into something separate from the NATO structure through which Europe could, if necessary, defend its own territory. That trend is obviously dangerous. We need to counter it in two ways:

- (i) by avoiding US troop withdrawals at a level that would encourage the Europeans to think that they have an excuse for going it alone;
- (ii) by Britain putting forward our own ideas for European defence, i.e. the development of a European force open to all WEU members and concentrating on roles for which NATO is not already tasked. These would be roles primarily outside the NATO area though there might be circumstances in Europe where NATO might decide that a purely European response was needed, e.g. in dealing with natural disasters. To ensure coordination between European forces and NATO we believe that the former should come under a WEU commander who is also a NATO European commander.

The Americans may find these ideas quite far reaching. But I think Cheney will be persuaded that we need to lead the argument if we are to win it.

Situation in the Soviet Union

The most worrying recent development is the attempt by the Ukrainian leadership to create its own armed forces and to ask Army officers and officers in the Black Sea fleet to take an oath of allegiance to the Ukraine. Given that the majority of these forces are Russian and number over a million this is a very big issue. Sir Rodric Braithwaite told me that normally equable Russians are incandescent about it. Kravchuk, the President of Ukraine, is behaving irresponsibly and there are seeds here for potential conflict. We are considering whether there is any message we can convey to the Ukraine to try to lower the temperature. Douglas Hurd will be going to the Ukraine in ten days time.

You may want to mention to Cheney our proposed meeting of the Security Council on 30 or 31 January (the Americans are happy with 31 January). The aims of the meeting will be to reaffirm

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the UN's role in strengthening the international order, to demonstrate our support for the new Secretary General, and to tie Russia into the new international order.

We will not be able to secure a substantial resolution from the meeting given the conflicting interests of Member States. We should be able to secure a presidential statement including a reference to the control of nuclear weapons.

You may want to ask Cheney how the Americans have got on in their talks with the Russians on control of nuclear weapons. Baker declared himself satisfied with the assurance he got, including those from Kazakhstan, but we remain worried at the risks of lack of control and over proliferation of weapons and nuclear expertise. You may want to canvas the role which we (and the French) could usefully play in this area.

Iraq

The policy concerns which we recently outlined to the United States (notably the risk of attacks on the Kurds and others, Saddam Hussain consolidating his position and rebuilding his weaponry) are shared by the Americans.

thing is not to weaken our presence in the area. We have just secured a six month extension of our presence in southern Turkey. Renewal next June will be difficult since the Turks have said that their National Assembly will have to give its approval but we should not assume that authority will not be given or that it will not be necessary for us to stay on.

It is important that you stress to Cheney the importance of the role played by US forces in the region, particularly aircraft, in restraining the Iraqi leadership. This applies to the remaining US aircraft based in Saudi Arabia and you will wish to urge on Cheney the need to keep US aircraft in Saudi Arabia.

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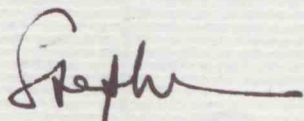
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Yugoslavia

You may want to touch on this if time allows. We will contribute to the 50 strong initial UN mission and are considering our contribution to a full UN peace keeping force. You may want to ask Cheney whether the Americans would contribute to the force. They have been rather coy so far and may, like us, want to confine their involvement to logistics. The French have said that will contribute 3 - 4,000 frontline troops.

UN law of the sea

The brief covers this issue but there is no need for you to raise it.



J. S. WALL

8 January 1992

c:\foreign\cheney (kk)

SECRET

91a-h) CCPC
Baker



MINISTRY OF DEFENCE
WHITEHALL LONDON SW1A 2HB
Telephone 071-21 82111/3

SECRETARY OF STATE

MO 14/2J

81E January 1992

Dear Stephen,

CALL BY US SECRETARY OF DEFENSE

Your letter of 31 December asked for briefing for a call by Secretary Cheney on the Prime Minister, now due to take place at 5.00 pm on 9 January, with the Foreign Secretary and Defence Secretary also present. We suggest the main subjects covered at the meeting are: the situation in the former Soviet Union, and in particular control of nuclear weapons; the US defence budget and future US force levels in Europe; future European defence; Iraq and (if time permits) Yugoslavia and the UN Convention on the Law of the Sea. It is likely that Mr Cheney will want also to discuss security arrangements for Eastern Europe, which he regards as a particular priority.

US Scene

The Prime Minister sees Mr Cheney at a time when America is in an introspective mood, preoccupied with its domestic problems. America is suffering from world weariness and a feeling that, while she has had to shoulder most of the responsibilities, it is Germany and Japan that have been enjoying greater economic success. An estimated 25 million Americans - 20% of the workforce - were jobless at some point in 1991. General Motors and IBM recently laid off 74,000 and 20,000 personnel respectively. Little or no economic growth is expected in the first quarter of 1992. Opinion polls show even Californians fearing that their children will not be as well off as they were.

President Bush is under strong domestic pressure to address America's domestic problems in his State of the Union Address on 28 January. He is likely to propose limited further cuts in defence spending. Mr Cheney is fighting a strong rear-guard action against further deep defence cuts. He and Secretary Baker are concerned that, if the impression is created that Europe can cope with its own defence, this will intensify isolationist pressures in the United States.

J S Wall LVO CMG
10 Downing Street



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SECRETARY OF STATE

Situation in the former Soviet Union

At the 31 December Minsk meeting it was agreed that strategic forces will be under united command with unified control of nuclear weapons, but that Member States have the legal right to create their own armed forces if they wish following a procedure yet to be specified. The validity of the defence arrangements has since been undermined by a dispute between the Russian leadership and leadership of the central armed forces on one side and Ukraine on the other. Ukraine is seeking to create its own armed forces and has started to ask officers in the three military districts in the Ukraine and in the Black Sea Fleet to take an oath of allegiance to the Ukraine. The Russians have protested that the oath ceremonies are a violation of the Alma Ata and Minsk Agreements and that the Black Sea Fleet is a strategic force and therefore not subject to resubordination to Ukraine. The Prime Minister might draw on the following points:

- Minsk meeting of 31 December failed to put political flesh on bones of Commonwealth of Independent States.
- Defence issues a major problem. The Ukraine determined to establish own armed forces. Dispute with Russia over status of Black Sea fleet bodes ill.
- Continued uncertainty about fate of conventional forces could further worsen military morale. We should continue to use CFE negotiations to instil discipline in republican leaders over conventional forces.
- Georgia demonstrates that elections in an immature political culture are not guarantee for success. Must continue to make clear that regimes without clearly democratic policies will not receive Western help.
- In our interests that former Soviet republics join international financial institutions and Western political groupings. Favour all Commonwealth states joining North Atlantic Co-operation Council but see no need for Ministerial meeting to bring this about. Also favour membership of CSCE for all who are willing to subscribe to its principles.
- Welcome US proposal for aid conference. Foreign Secretary will co-Chair sub-group on food. West has achieved great deal in short time; look forward to building on this.





SECRETARY OF STATE

Control of Nuclear Weapons

The Americans say they are content with the assurances on the control of nuclear weapons which Mr Baker received on his visit to the Republics in late December despite uncertainties (eg over ownership of nuclear weapons on non-Russian soil and Kazakhstan's position in relation to the nuclear Non-Proliferation Treaty). There is no sign yet of a game plan on assistance with Soviet nuclear reductions despite two rounds of discussions between US and Soviet/Republican officials.

MOD and FCO are working on ways in which the UK could contribute to a package of Western assistance. The meeting of the three countries' Political Directors envisaged in December did not take place. However, an MOD nuclear expert has just visited Washington and received a very comprehensive briefing from US experts. We now need to stay close to the US and engage them in further technical and policy discussions if we are to make a worthwhile contribution to their thinking. In discussion, the Prime Minister might draw on the following points:

- We need to secure the destruction of surplus nuclear and chemical/biological weapons and materials in the former Soviet Union and to prevent proliferation of weapons, materials and technology. Western financial and technical assistance may be needed.
- Nuclear weapons are our first concern. Keen to know your thinking, and what you have discovered about the scale of the problem in your continuing talks with the Republics. We need to decide the scope of Western assistance, and what contributions we might make alongside you.
- If an international programme of assistance is required we need to be involved at an early stage. We have special responsibilities as a nuclear power as well as practical expertise which could be of value.
- In US and UK interests that France is involved. Accept US concern at NATO (especially German and Italian) sensitivities, but French ideas can be reconciled with the primacy of NATO. Want to pursue a meeting of the three Political Directors, as well as our own bilateral contacts.

US Defence Budget/Force Levels

There are already signs that, in the State of the Union Address on 28 January and subsequently in the Fiscal Year (FY) 93 budget





SECRETARY OF STATE

proposals to be submitted to Congress in early February, President Bush may suggest further cuts in US force levels in Europe, beyond the reduction to 150,000 already planned. The thinking in some parts of the Administration is that it would be preferable to make a pre-emptive proposal and then seek to rest on that rather than being forced into a series of salami-slicing measures by Congress.

There has for some time been considerable pressure in Congress for further reductions, and it has long been recognised in Washington, including (privately) by many in the Administration, that US force levels in Europe in the medium term would fall to 100,000 or below, in the light of changed circumstances in Europe and domestic budgetary pressures. President Bush, in an interview with David Frost broadcast last week, said that he hoped for further reductions in the defence budget. One of Mr Cheney's objectives in touring a number of European capitals at this point may be to give (at least some) Allies a broad indication of the likely scope of further reductions, and to test reactions. But he may also be seeking to strengthen his hand in the internal Washington debate, against pressure for further deep cuts.

For our part we are anxious that the US Army presence does not reduce below Corps level (the smallest at which an integrated high-intensity operation can be mounted). The US Air Force presence is also important, particularly the nuclear-capable aircraft that underpin the US nuclear guarantee for Europe. Together it is these factors that point to manpower at the 100,000 plus level.

In discussion, the Prime Minister might make the following points:

- Grateful for indication of likely Administration proposals on US defence budget and future US force levels in Europe. Know that you are under variety of domestic and budgetary pressures.
- You are well aware of importance we attach to continuing, robust and substantial US presence in Europe. Crucial for European security and also for US influence in this continent.
- Share objective of having proposals for US presence in Europe which can be defended to your domestic constituency in the medium to long term.
- Repeated salami slicing only encourages those like the French who say that the Americans will withdraw from Europe.
- Support your concept of preserving robust Army Corps in





SECRETARY OF STATE

Europe. Nuclear contribution based in future on air-delivered weapons also crucial. Your forces play a key role in Alliance's new force structure just so successfully agreed. Essential to avoid any precipitate, budget-driven action which would risk unravelling the new force structure or fuelling the European defence debate in unhelpful directions. Need to think through carefully implications of collapse of Soviet Union.

- For you to judge peacetime strengths needed on the ground in Europe to sustain your contributions to the Alliance. Would not argue 150,000 a critical figure. Do you think there would be a case, apart from making commitment on future US capability in Europe, for specifying future floor for number of forces in Europe - for example, minimum of 100,000? Would this help?

European Defence

The level of US forces in Europe will both affect and be affected by the discussions on future European defence.

It will be important that the US authorities make clear to European Allies both that they will make a continuing and significant force contribution and that they have a direct interest in the debate.

In discussion, the Prime Minister might make the following points:

- Although outcome of Maastricht on defence good for Alliance and Europe, follow-up will be as important. Need to ensure that development of European defence policy remains compatible with policy within Alliance.
- As made clear at Rome Summit, favour Europe doing more for its own defence but transatlantic and European defence not alternatives. Question that must be asked is: what additional contribution to common defence can Europeans make?
- Important that work on European forces (including Franco-German corps) is developed in ways compatible with NATO and does not lead to separate competing force structures.
- Agreed at Maastricht to look at idea of European forces answerable to WEU. Pressure intensifying, particularly from French, Germans, Spanish and Belgians to base this on proposed Franco-German "Corps". UK believes that we will need to put forward ideas of our own for a Corps under WEU command, in ways





SECRETARY OF STATE

that are compatible with NATO.

- US has important part to play in this debate both by reaffirming their own commitment to maintain an effective military presence in Europe and by making clear to Allies (and particularly the Germans) their own views on development of European Defence Identity.
- UK/US officials will be talking about UK ideas soon. Fundamental aim is to work out durable structures for European defence which must include continuing essential transatlantic link.

Security Arrangements for Eastern Europe

Mr Cheney might also wish to discuss ways in which the Alliance can help to meet the security needs of the Central and East European countries (CEEs). In response, the Prime Minister might draw on the following:

- Whilst it would be unsafe to offer NATO membership (with its explicit security guarantees) to the CEEs, we believe that the establishment of the North Atlantic Cooperation Council (NACC) is an important step in implementing the principles of dialogue and cooperation agreed at the Rome Summit.
- Welcome success of inaugural meeting on 20 December. This established firm foundation for development of liaison between NATO and CEEs on issues relevant to the Alliance.
- Look forward to further development of NACC framework with development of regular meetings of NACC at official and political levels, including Defence Ministers.

Iraq

Saddam Hussain continues to resist or delay full implementation of Security Council Resolutions in the hope that the determination of the international community to see the task through (and pay for it) will diminish with time. There is no hope of a real improvement in the humanitarian situation or of Iraq meeting its UN obligations while he remains in power. We need to step up the pressure.

The Americans are the key. Sir Robin Renwick has sounded out Mr Eagleburger, Deputy Secretary of State. Mr Eagleburger suggested that we stress to Mr Cheney the importance of the role played by US forces in the region, particularly aircraft, in restraining the Iraqi leadership. The Pentagon may be considering withdrawal of the remaining US aircraft based in Saudi Arabia. This would be a





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mistake: it would send the wrong signal to Saddam Hussain and might lead him to misjudge allied intentions again. It would also reduce our ability to mount a military strike on Iraqi NBC sites (Operation Yarra).

The Prime Minister may wish to make the following points:

- Must keep up pressure on Saddam Hussain as long as he remains in power. Continuing risk that new repression or interference with Special Commission/IAEA activities will require military response.
- Meanwhile Iraq's failure to implement SCRs 706 and 712 is starving the Special Commission and Compensation Fund of resources; and the humanitarian problem persists. Saddam believes that he can erode coalition resolve over time.
- We must find ways of increasing the pressure on him and undermining his position.
- The presence of coalition military forces in neighbouring countries has been crucial in deterring the Iraqis from further excesses. Glad we have been able to secure agreement to extend Operation Provide Comfort II in Turkey. Hope that US will be able to maintain its forces elsewhere in the region at current levels: withdrawal of aircraft from Saudi Arabia, for example, would send the wrong signal to Saddam Hussain.
- Also need to consider possibility of a coup or uprising in Iraq. Could not stand idly by after Saddam's brutal reaction to uprisings in 1991.

Yugoslavia

Excluding yesterday's helicopter incident the latest cease-fire had been holding well. The UN plans to despatch 50 soldiers to Yugoslavia from other UN peace-keeping missions to liaise between the JNA and the Croatians as a prelude to a possible full deployment of a 10,000 strong peace-keeping force if the cease-fire holds. The UN Secretary General has expressed the view that yesterday's incident makes it even more important to press ahead with the initial UN deployment. The Prime Minister has now agreed to a request that two or three of the personnel the UK has committed to UNIKOM in Iraq could be employed as part of the 50 strong initial mission.

In discussion the Prime Minister might draw on the following points:





SECRETARY OF STATE

- Deep regret at attack on EC helicopter by JNA aircraft. Confident that investigations by the EC Mission in Yugoslavia will establish full facts of the incident.
- Too early to say what the long term effect on the EC mission will be, but the incident highlights the difficulties of implementing any peace-keeping plan. Pleased to note insistence of UN Secretary General that there can be no deployment of a peace-keeping force until there is a definite peace to keep.
- Nonetheless, welcome progress in the UN and the optimistic note that has been struck by Special Envoy Vance. Hope that the helicopter incident is an isolated one and that the current cease-fire continues to hold.
- Fully support UN plan for deployment of liaison officers and for the dispatch of a peace-keeping force, should conditions permit.
- UK already a major contributor to peacekeeping efforts elsewhere, eg Cyprus, Armilla patrol and UNIKOM but we are willing to consider providing logistic and/or communications support to a UN force. Some of UK personnel currently with UNIKOM could be transferred to initial UN liaison mission to Yugoslavia.

UN Convention on the Law of the Sea (UNLOSC) (time permitting)

On Law of the Sea the Prime Minister will wish to tell Mr Cheney that we are much encouraged by Mr Perez de Cuellar's initiative, about which he has written to the Prime Minister, Chancellor Kohl and President Bush. We now have a chance of obtaining a seabed regime amended to take account of free market principles. The Prime Minister may wish to say that:

- overall we believe the Convention is valuable, particularly the provisions relating to freedom of navigation, overflight, maritime jurisdiction and the protection of the environment.
- if we are to gain success in amending the seabed mining provisions we need the US to participate fully in further meetings at the UN.

I am copying this letter to Richard Gozney (Foreign and Commonwealth Office) and Sonia Phippard (Cabinet Office).

Yours sincerely

John Webb

(S WEBB)
Private Secretary





US Embassy
1st/2nd contacts:

Andrew Hyde
(Amb's staff aide)
via Embassy
switchboard

Victoria Legge-Burke
at home:

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10 DOWNING STREET

CHENEY

ETA LHR THURS 9th
ar 0845

US Amb lunch
Lifanai supper +
Hoarr mtg
Tom King
from 1800

Learn London ar
0810 on FRI 10th
for ETD LHR 0900
(task br in Munich
by 1100).
that
amb.

S 31,



Not able
to answer
from 9:00
5:45

10 DOWNING STREET

~~Sandra~~

Capt Baxter
Defense Attaché

Peter Van Buren

499 9000

X2214

U.S. Embassy re Cheney
visit

David

RESTRICTED

SK



ack

Sandra Phillips

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

31 December 1991

Dear Jane,

VISIT OF SECRETARY CHENEY

Following our telephone conversation this morning I have left a message with Ambassador Seitz's office to say that the Prime Minister would definitely like to see Secretary Cheney on Thursday 9 January and that we will be in touch to fix a time. Perhaps you could liaise with Sandra Phillips on details since I shall be on leave on Thursday and Friday.

The Prime Minister very much wants to discuss with Secretary Cheney the issue of US defence cuts. He was struck by the report in Washington tel no 3263 and will want to reinforce with Cheney the points which Sir Robin Renwick is making, namely that successive salami-type reductions in US forces will only excite Franco-German proposals on defence.

The Prime Minister will want to set out for Cheney our views on where we go after Maastricht in terms of European defence and the Transatlantic relationship. I should be grateful for a brief covering this and any other points you wish the Prime Minister to raise. I should be grateful if the brief could reach me not later than 12 noon on Wednesday 8 January.

I am copying this letter to Richard Gozney (Foreign and Commonwealth Office) and Sonia Phippard (Cabinet Office).

Jans.
Steph

(J. S. WALL)

Miss Jane Binstead,
Ministry of Defence.

RESTRICTED

SK

P.A.
CONFIDENTIAL

Stephen or.

cc Mr. Turnbull
Duty Clerk

MISS PHILLIPS

Cheney call
now 1700
on Thursday
9 Jan at
No. 10.

Have told
Anthony Terry
you can manage
original arrangements
for seminar.

S 3/1

1. Visit of Secretary Cheney

The Prime Minister has agreed to see Dick Cheney on Thursday 9 January. Dick Cheney lands at 0900 and is due to go straight to the US Embassy. His first engagement outside the Embassy is when he goes to the MOD for talks at 1415. Thursday morning therefore looks the best time for the meeting with the Prime Minister either here in London, before the Prime Minister goes to Chequers, or by Mr Cheney flying direct from London airport to Chequers if the Prime Minister is already there.

I should be grateful if you could find the time that best suits the Prime Minister and Cheney and then tell Jane Binstead who will in turn liaise with the Americans. I have told the Americans that the Prime Minister definitely wants a meeting with Cheney.

I was due to fly down to the Fort on the evening of Wednesday 8 January to talk to a seminar there, flying back on the Thursday morning (arriving at Battersea at 0915). If Cheney is confirmed for Thursday morning I may have to scrub that since I shall either have to be here for the meeting or will have to get myself to Chequers. If Cheney is fixed could you very kindly telephone Anthony Terry at Century House and let him know. If the meeting is here I shall definitely have to scrub the Fort. If it's at Chequers, I might still be able to go to the Fort as SIS have offered to fly me direct to Chequers on Thursday morning!

2. John Hume

The Prime Minister has agreed to see John Hume privately at 0900 on Monday, 6 January. John Chilcot (PUS, NIO) will be present and is writing a brief which will reach us on Friday for the weekend box.

noted ✓

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File

cc Mr. Turnbull
Duty Clerk

MISS PHILLIPS

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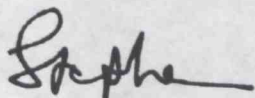
3. The Prime Minister may want to talk to Chancellor Kohl on Thursday or Friday. If so, you will need to telephone Walter Neuer in the Federal Chancellery to set it up. They normally provide the interpreter but you need to check. If they cannot, FCO can help.

4. Whales

The Prime Minister would like a 15 minute meeting with Peter Owen, Carolyn Sinclair and me to discuss whales. It needs to be done some time next month (January).

5. European Structural Funds

The Prime Minister needs a meeting with Peter Owen and me as soon as possible to talk about structural funds. It could slip into the week beginning 13 January but not beyond.



(J.S. WALL)

31 December 1991

c:\foreign\sandra (ecl)

PRIME MINISTER

flex

VISIT OF U.S. DEFENSE SECRETARY, DICK CHENEY

Dick Cheney will be in Britain on Thursday 9 January and is very keen to see you. Sir Robin Renwick has recommended that he be fitted in if at all possible.

You have a meeting at 0900 with Conservative Central Office (assuming you do not go to Chequers directly from your Yorkshire area tour). One possibility would be for Cheney to helicopter into Chequers at some point in the day for a half hour meeting with you.

Do you wish to see him?

Yes

Christopher

(Don't ask)

(J. S. WALL)

24 December 1991

tmw a:\foreign\cheney

CONFIDENTIAL
FM WASHINGTON
TO IMMEDIATE FCO
TELNO 3238
OF 171641Z DEC 91

YOUR TELNO 2014: VISIT BY U.S. DEFENSE SECRETARY

1. I HOPE THAT THE PRIME MINISTER AND, IF POSSIBLE, THE SECRETARY OF STATE WILL BE ABLE TO SEE CHENEY WHEN HE VISITS LONDON ON 9 JANUARY, IN VIEW OF THE IMPORTANCE OF THE EUROPEAN DEFENCE ISSUES TO BE DISCUSSED WITH HIM POST-MAASTRICHT AND HIS VERY HIGH STANDING IN THE U.S. POLITICAL FIRMAMENT HERE. CHENEY WAS VERY HELPFUL TO US IN STIFFENING THE U.S. RESPONSE TO THE FRANCO-GERMAN PROPOSALS IN THE RUN-UP TO THE NATO SUMMIT. HE IS WORRIED ABOUT THE DEVELOPMENT OF EUROPEAN DEFENCE STRUCTURES OF A KIND THAT COULD INTENSIFY THE PRESSURES IN CONGRESS FOR A FASTER DRAW-DOWN OF U.S. FORCES IN EUROPE. IT WILL BE IMPORTANT TO TALK OUR IDEAS THROUGH CAREFULLY WITH HIM. HE ALSO WILL WANT TO DISCUSS CONTROL OVER SOVIET NUCLEAR WEAPONS AND WHAT CAN BE DONE TO MEET THE SECURITY NEEDS OF EASTERN EUROPE.

RENWICK

FCO PLEASE ADVANCE TO
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ADDITIONAL 5

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PAGE 1
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MINISTRY OF DEFENCE
 WHITEHALL LONDON SW1A 2HB
 Telephone 071-21 82111/3

SECRETARY OF STATE

MO 14/2J

184 December 1991

Dear Stephen

VISIT OF SECRETARY CHENEY

As I mentioned to you, the US Secretary for Defense is visiting the UK on 9th January as part of a sweep through West Europe. Mr King hopes that Mr Cheney could call on the Prime Minister.

We recognise the potential problems about the Prime Minister's diary, but Mr King hopes a short meeting might be possible. Apart from his being a major figure in the Administration (and Gulf war friend) we are concerned that the US may be about to embark on a further round of cut-backs in Europe. A possible scenario is that the President will be inclined to stave off criticism by including a package of cuts in his 1992 budget due to be presented on 23rd January. The 9th January will be a good time to get across our concerns and the Prime Minister's weight would be helpful.

Judging by the Defence Secretary's talk with Mr Cheney last week in Brussels, he will also be an interesting source of general comment on the US scene during election year.

We expect that Mr Cheney will be visiting the US forces in East Anglia during the morning (which might allow a call in Huntingdon if that was more convenient) returning to London around midday for a round of calls during the afternoon.

I am sending a copy of this letter to Richard Gozney (FCO), and to Sonia Phippard (Cabinet Office).

Yours sincerely
Jim Webb

(S WEBB)
 Private Secretary

J S Wall LVO CMG
 10 Downing Street





8(A-c)
Journalism

PRIME MINISTER

MEETING WITH THE UNITED STATES SECRETARY OF DEFENCE

You have a talk on Monday afternoon with Dick Cheney, the US Secretary of Defence. He will be accompanied by Henry Catto and by his Aide, Admiral Lopez. Cheney is on his way to Moscow for a three-day visit as guest of the Soviet Defence Minister. While in London he is seeing the Defence Secretary and William Waldegrave (in the Foreign Secretary's absence).

The main subject you will wish to discuss is the Gulf. I do not see how we can get round Henry Catto being present: so you will have to say at the beginning that you do not want this part of the discussion reported to anyone except the President.

You might start by congratulating Cheney on his success in the very early stages in persuading the Saudis to accept American help. You might also record our appreciation for the lead given by the Americans and the way in which American forces deployed so rapidly to the area, as well as for the help which Cheney personally has given in achieving satisfactory command and control arrangements.

You might then refer to the discussion which the Defence Secretary and Sir David Craig had with Cheney and General Colin Powell in Washington, and ask whether their thinking on the military option has developed further since then. Is the basic strategy still to destroy key targets from the air and 'decapitate' the highly centralised Iraqi system of command and control? Have they revised their judgement as to how effective this is likely to be? In particular, do they think they can suppress Iraqi missiles? What is their current thinking of the nature of operations by land forces? Do they foresee major difficulties in co-ordinating units from so many different countries? Have they refined their estimates of casualties?

Following from this, you might say that we need an insight into American targeting policy so that we can do our own preparatory work. Are they going only for military targets in the first instance? Or are they proposing to attack economic targets like dams and oil-fields? What are the political implications of

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extending the range of targets in this way?

You might go on then to question him more closely about how the Americans would respond were the Iraqis to use chemical or biological weapons. Would the Americans rely entirely on a heavy conventional response? Would they themselves be ready to use CW or at least threaten to do so? Do they think the Iraqis can be effectively deterred from employing this sort of weapon? That might lead on to what is really the nub of the matter and has remained unresolved following your discussion with the President, namely how and at what stage we make the transition to the military option. Our firm view is that the American expectation of an Iraqi provocation is unrealistic: Saddam Hussain has everything to gain from sitting tight and avoiding giving us justification for military action. The likelihood is that we shall have to take the initiative to invoke the military option. One aspect of this is the unresolved debate about whether we need or should seek UN backing for the use of force: your strong view remains that it is not necessary and the risks of trying to secure it are not worth incurring. Another aspect is the importance of not missing the 'window' in the period November-March. You will find in the folder a study which General Scowcroft has sent me, which very much bears out your remarks to the President: namely that weather conditions are most propitious for military operations in the period November-February (indeed at their best in November-December). We ought surely to be working backwards from that to plan the steps which will enable us to adopt the military option at the best moment for us. We should be starting on this now, and you hope we can be involved. Cheney should report to the President that you are very keen to follow up the extremely useful discussion which you started with him on how and when to make the transition to the military option.

If there is time to raise other issues, you might like to ask him about his thinking on future US force levels in Europe and thank him for the firm position taken by the Americans on Non-Circumvention under the START Agreement.

You will find a fuller letter from the MoD in the folder,
together with the study which I have mentioned.

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C.D.P.

CHARLES POWELL

12 OCTOBER 1990

a:\foreign\Cheney (mrm)

SECRET

7(A-7) ~~CC~~ Back up



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1A 2HB
Telephone 071-21 82111/3

MO 14/2J

12th October 1990

Dear Charles,

US Secretary of Defense Cheney will be calling on the Prime Minister at 16.30 on Monday 15 October, after discussions in MOD and FCO with the Defence Secretary and Mr. Waldegrave respectively. Mr Cheney is on his way to Mpscow for a three-day visit hosted by Marshal Yazov, and on his way back he will also be visiting France. I offer the following points which the Prime Minister might wish to raise with Mr Cheney. A few details may need to be amended slightly in due course; we shall, of course, remain in touch.

Gulf

In the half hour available for discussion, we suggest the Prime Minister will clearly wish to focus on Gulf issues, not least in order to express continued appreciation of the scale of the US military response to the invasion of Kuwait (a factsheet on the latest US deployments is attached). The Prime Minister may also wish to thank Mr. Cheney for his personal role in establishing suitable command and control arrangements for 7th Armoured Brigade to work alongside 1 Marine Expeditionary Force in Saudi Arabia. The key aspect of these arrangements is the agreement that, whilst operational command of UK forces will remain with British Forces Commander Middle East, tactical control of the Brigade may be delegated to the US Commander for specific missions. Mr Cheney has also agreed that some smaller US units, such as helicopters, may come under British tactical control, as this will be important presentationally.

The Prime Minister may wish to assure Mr. Cheney that British commanders in Saudi Arabia will work closely with Gen. Schwarzkopf and with Prince Khalid. (General de la Billiere has been made a member of General Schwarzkopf's Committee of Component Commanders).

Charles Powell Esq
10 Downing Street

SECRET



The Prime Minister might go on to emphasise the importance of continuing close contacts between the US and UK over detailed operational philosophy (of targeting) and longer term objectives. The better our mutual understanding in these areas the greater our combined military effectiveness; and any difficult decisions to commit forces to operations will be surer if we have a detailed grasp of US planning.

US Budget and US Force Reductions in Europe

On the US budget crisis, as the Prime Minister will know, the immediate danger of the Federal Government closing down - or, the alternative, suffering cuts of 30-40% across the board - has been averted by President Bush's endorsement on 9 October of Congress' revised outline package. The details remain to be worked out in Congressional committee before the next deadline on 19 October, and there are fears that defence will be hit harder than in earlier budget proposals. The Prime Minister may wish to seek Mr Cheney's views on the implications of the budget crisis for the defence programme, particularly for the near-term. Funding for Desert Shield is protected by Congress, and therefore unaffected.

The budget deficit problem seems certain to persist into the longer-term, with likely implications for the defence programme, and hence for US force levels world-wide. In his Aspen speech, President Bush proposed a 25% reduction in US service manpower levels by the mid-1990s, and influential figures in Washington, including Senator Sam Nunn, Chairman of the Senate Armed Services Committee, have spoken of US force levels in Europe of 100,000 or less. Though the Administration has not come out publicly in favour of such steep reductions, and US/Soviet manpower ceilings are no longer on the table in CFE, we believe that the Administration is thinking along these lines. In September, Mr. Cheney announced reductions of some 40,000 (30,000 army and 10,000 air force) in Europe in the US fiscal year which begins this month. The Prime Minister may wish to ask Mr Cheney about current Administration thinking on longer-term US force levels in Europe.

Options for Change

If the UK's own force plans are raised the Prime Minister may wish to reiterate our intention to consult Allies as the 'Options for Change' proposals announced by the Defence Secretary in July are developed. She may wish to say that we envisage, among other things: armed forces which are smaller but better-equipped and more flexible; an Army contribution in Germany, when reinforced from the UK, of the order of two divisions instead of the current four; retention of the independent deterrent, based on four Trident boats; and maintenance of a capability for mounting high intensity operations away from the UK.

Nuclear Issues

The Defence Secretary has minuted the Prime Minister separately about Dual-Capable Aircraft. On Holy Loch, the US seem reluctant to take seriously our concerns to have adequate plans for dealing with an accident. It would be helpful if the Prime Minister could mention safety while indicating our readiness to accept continued basing of nuclear powered attack submarines (SSNs) at Holy Loch.

CFE

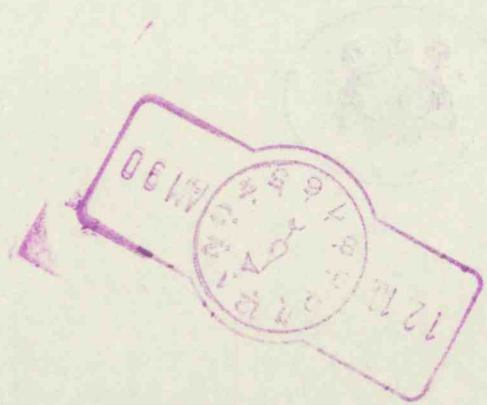
If time permits, the Prime Minister may wish to touch on the CFE end-game. She will be aware that the overall shape of the Treaty has now effectively been settled. As part of a satisfactory solution on aircraft, the Soviets have conceded that land-based (but not carrier-based) naval aircraft should also be limited. Continued withdrawals of Soviet equipment East of the Urals will make it important to ensure that the non-circumvention provisions of the Treaty are satisfactory; the Prime Minister may wish to express thanks to Mr Cheney for the firm US line on non-circumvention. Although the detail of the verification regime remains to be finalised, signature is still anticipated for the CSCE Summit in Paris next month. The Prime Minister may wish to stress to Mr. Cheney the need for robust verification provisions in the Treaty.

I am copying this letter to Stephen Wall (FCO) and Sonia Phippard (Cabinet Office).

Yours sincerely,

B. H. Wells

for (S WEBB)
Private Secretary



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

9

US FORCES COMMITTED TO OPERATION DESERT SHIELD
AS AT 081200Z OCT90

US ARMY

Major Formations	ETA in theatre	Type of equipment	Number
82nd Airborne Division	In theatre	Attack helicopters	215
101st Air Assault Division	In theatre	Observation helicopters	162
24th Mechanised Division	In theatre	Transport/Medical helicopters	285
1st Cavalry Division	20 Oct	Anti-tank vehicles	378
3rd Armoured Cavalry Regiment	13 Oct	Light Armour vehicles	54
11th Air Defence Brigade (8 Batteries)	In theatre	Main Battle Tanks M1	343
75th/212th Field Artillery (III Corps Arty)	18 Oct	M60A3	9
		Armoured Personnel Carriers	604
		Artillery pieces	272
		Multiple Launch Rocket System (MLRS)	46
		PATRIOT	39
		VULCAN	58
Total Army personnel			82,076

US MARINE CORPS

Major Formations	ETA in theatre	Type of equipment	Number
1st Marine Expeditionary Brigade	In theatre, ashore	Attack helicopters	46
4th Marine Expeditionary Brigade	In theatre, afloat	Support helicopters	143
7th Marine Expeditionary Brigade	In theatre, ashore	Anti-tank vehicles	326
3rd Marine Air Wing	In theatre, ashore	Light Armour vehicles	179
		Main Battle Tanks M60A1	145
		Armoured Personnel Carriers	301
		Artillery pieces	106
		HAWK	16
Total USMC personnel			41,090

US AIR FORCE (includes USMC aircraft and USN CAGs)

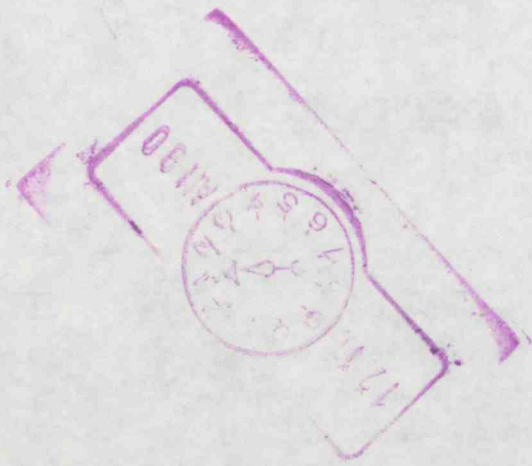
Type of aircraft	Number
Bombers (B52)	20
Air to Air aircraft (F-14, F-15C)	110
Air to Ground aircraft (A-10, A-6, F-111F, AV-8B, F-117A)	266
Dual Role aircraft (F-16, F/A-18, F-15E)	210
Total combat aircraft	606
Support aircraft (recce, AWACS, tankers, transport)	385
Total USAF personnel	32,453

US NAVY

Type of ship	Ships in the Gulf or within 24 hrs sailing	Number
Aircraft Carrier	J F KENNEDY, INDEPENDENCE, SARATOGA	3
Battleship	WISCONSIN	1
Cruisers	ANTIETAM, ENGLAND, BIDDLE, PHILLIPINE SEA, THOMAS S GATES, MISSISSIPPI JOUETT, SAN JACINTO	8
Destroyers	O'BRIEN, GOLDSBOROUGH, SAMPSON	3
Frigates	SAMUEL B ROBERTS, TAYLOR, BRADLEY, BARBEY REASONER, BREWTON, ELMER MONTGOMERY, THOMAS C HART	8
	Support ships and transports	38
Total USN personnel		35,443

TOTAL US PERSONNEL DEPLOYED (inc HQ): 194,901 *

* includes 1,497 civilians





Foreign and Commonwealth Office

London SW1A 2AH

4 October 1990

Carroll 4/10/90

Acad Limer

Visit of US Secretary of Defense

Thank you for copying to me your letter of 26 September to Charles Powell. The Foreign Secretary will be abroad on 15 October. In his absence, Mr Waldegrave would welcome a discussion with Mr Cheney and I understand a meeting has been arranged for 1400 hrs.

I am copying this letter to Charles Powell (No 10), Tim Sutton (Lord President's Office) and Sonia Phippard (Cabinet Office).

Jans,
Stephe Wall

(J S Wall)
Private Secretary

Simon Webb Esq
PS/Defence Secretary



FL
EM
cc R

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

27 September 1990

VISIT OF US SECRETARY OF DEFENCE

Thank you for your letter of 26 September about the visit of Secretary Cheney. I am sure the Prime Minister would like to see him, and could manage 1630 on Monday 15 October.

CHARLES POWELL

Simon Webb Esq
Ministry of Defence

JA

col.C



MINISTRY OF DEFENCE

MAIN BUILDING WHITEHALL LONDON SW1A 2HB

Telephone 071-21 82111/3

CDP

*1630 on
Mon 17 Oct
if the PM wants
to see him.*

26H September 1990

MO 14/2J

*AP
27/5*

Amador

Can we do this?

OK

Dear Charles

VISIT OF US SECRETARY OF DEFENCE

The US Secretary of Defence, Mr Dick Cheney, is planning to visit the UK on 14th and 15th October. He has brought forward a planned visit in early December because he wishes to keep in touch over Gulf issues.

The Defence Secretary thinks this visit will be very usefully timed. He suggests that, if their programme allows, the Prime Minister and the Foreign Secretary might like Mr Cheney to call on them on 15th October. Although unassuming we believe he has become a key player in the US team handling the Gulf. The Defence Secretary was received by President Bush and Secretary Baker during his visit to Washington last week. If this is agreeable in principle, I will ask our Diary Secretary to get in touch with his opposite number and No. 10 and the FCO.

A copy of this letter goes to Tim Sutton (Lord President's Office), Stephen Wall (FCO) and Sonia Phippard (Cabinet Office).

Yours sincerely

Simon Webb

(S WEBB)
Private Secretary

Charles Powell Esq
10 Downing Street



MO 14/2E

CDD
1/2CPC
6

NOTE FOR THE RECORD OF THE DEFENCE SECRETARY'S MEETING
WITH MR CARLUCCI, 2ND DECEMBER 1987

1. Mr Carlucci, accompanied by Ambassador Price, Ambassador Lehman, Major General Fornell, Mr Maresca and Mr Harris called on the Secretary of State for a 40 minute discussion, following which he was introduced to Ministers in the Department and to PUS. CDS, AUS(Pol), ACDS(Pol/Nuc), D Nuc Pol/Sy and RMD 4 were present. Mr Carlucci's responses were on most points helpful but it is clear that he will not be accepting uncritically the policies inherited from his predecessor.

The Gulf

2. Mr Carlucci began with a short account of the meetings he had just had with the Prime Minister and the Foreign and Commonwealth Secretary. Subjects discussed had included the Gulf. Did the Royal Navy provide any protection for non-British flagged ships? Mr Younger explained that the Armilla patrol accompanied British flagged vessels only plus listed vessels which were British-owned and not British flagged. Mr Carlucci touched briefly on the idea of dividing the Gulf for minesweeping purposes into particular areas allocated to individual western nations. CDS said that such an approach would involve many more resources than were at present deployed. Mr Younger gave an account of the co-operation among the European navies in the Gulf, which was working well.

TNW

3. Mr Carlucci said that the Prime Minister had also touched on the possibility of trilateral US/UK/French co-operation on future TNW. Mr Younger said that this was a subject he had had in mind also to raise with Mr Carlucci. The French had been pressing us to collaborate, although the French missile, the ASMP, did not meet our requirement. We knew that the US and the French were also in touch. Trilateral co-operation could have considerable attractions. Mr Carlucci agreed that this was worth looking at. The costs could be a constraint.

Trident

4. Mr Younger said that he was aware of the current debate in the US on Trident testing. It was important to us that the L2RV version should be proceeded with. Mr Carlucci said that the testing issue was quite separate from the matter of whether the programme itself



would proceed. Testing could pose difficulties while the US was negotiating on START. Mr Younger said that we accepted that. But there would be real concern if the 12RV bus were not to be produced. Mr Carlucci said that there was no doubt that we would get it. Perhaps the importance of the programme to Britain should be made more clear to those in Congress who opposed it. (I take it he was referring to critics in the Senate of the testing programme).

Defence budgets

5. Mr Younger described the latest PES settlement in general terms; we now had a genuine level run or slightly better in real terms. Mr Carlucci described the US budget position: budgetary authority of \$292 billion and outlays of \$285.4 billion in FY 88 and authority of \$299.5 billion and outlays of \$294 billion in FY 89. These correspond to real reductions of almost 4% and .8% in the two years. The main problem was in the out-years. He would not be following Mr Weinberger's practice of planning the programme at a maximum and not a realistic expenditure level. Many programmes would have to be cancelled though he did not yet have a feel for which. The Army had the biggest problem. The AV8B would stay in if the \$292 billion level stuck. Senator Glenn was fighting hard for it and the US Marine Corps liked it.

NFR 90

6. Mr Younger raised this in the context of budget stringency. We were anxious to stay in the project but needed to get the weapon system on track with the ship. Mr Carlucci asked how he might help - was there anyone he could talk to get this project on track? If we could tell him where the problem lay, he would be happy to help. Perhaps we might let him know through our Embassy in Washington.

Rapier

7. Mr Younger thanked him for the message he had received through Mr Taft about the result of the Forward Air Defence System competition. This was disappointing. Mr Carlucci said that the result had been by no means close run. He thought we might have a problem with Rapier. His staff would debrief in detail on the outcome of the competition.

SSNs for Canada

8. Mr Younger said that he had discussed the Canadian SSN project not only with Mr Weinberger but Mr Hetherington and Admiral McKee. The effect of turning Canada down would be very serious. Mr Carlucci acknowledged this although it was an argument that was frequently invoked in relation to Canadian cases, on which he personally had spent much time over the years. It was a moot point whether the



programme made sense or not. Congress would need to be consulted. He would certainly try his best. Much would depend on Congress. Mr Younger said that he was grateful for Mr Carlucci's understanding of the issue. Mr Maresca thought that to some extent Mr Hetherington was "on board".

Sales to Argentina

9. Mr Carlucci raised this. Democracy in Argentina deserved encouragement and where the Argentine Government made reasonable requests he would wish to meet them. He wanted to reassure us however that he would only do so after taking account of our views. He also felt that the US had sufficient leverage to press Argentina to declare an end to hostilities in the South Atlantic. Mr Younger said that this would be very helpful.

10. In conclusion of the discussion Mr Younger said he looked forward to welcoming Mr Carlucci on a more extended visit to this country at some time in the New Year.

J. J. A.

Ministry of Defence

3rd December 1987

Distribution

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PS/Prime Minister -
PS/Foreign & Commonwealth Secretary
HM Ambassador Washington
UK DEL NATO

PRIME MINISTER'S MEETING WITH THE UNITED STATES
DEFENSE SECRETARY

The Prime Minister had a talk this afternoon with the United States Defense Secretary. Mr Carlucci was accompanied by the United States Ambassador and by his Military Assistant, General Fornell. I summarise below the main points discussed.

SDI

Mr Carlucci said that he differed in some respects from his predecessor in his approach to the SDI. For instance, Mr Weinberger had not liked the ABM Treaty and wanted to replace it. He himself took the view - and this was shared by the Joint Chiefs of Staff - that the United States had an interest in the ABM Treaty because it could prevent a Soviet break-out in the field of strategic defence. He had made progress in discussions with Senator Nunn in securing more latitude for the Administration to plan SDI tests in accordance with the broad interpretation of the ABM Treaty. No expenditure on metal-bending had yet been agreed. But then no tests were planned for 1988. The President continued to believe that SDI could be deployed by 1994 although, said Mr Carlucci, he would have to tell the President frankly that this was not possible.

Mr Carlucci said that he would be delighted to arrange for General Abrahamson to come over early next year to give the Prime Minister an updated briefing on the SDI and on Soviet efforts in this field.

Arms Control

Mr Carlucci said that he was confident that the Senate would ratify the INF Agreement, particularly in the light of the strong support given by the Prime Minister and others. But there would be greater difficulties with Congress over a START agreement.

On START, the United States and Soviet Union were now very close on sub-limits and this aspect could be resolved quite easily. The Soviet side seemed ready to agree to freedom to mix between ICBMs and SLBMs within an overall ceiling of 5,000, as opposed to the 4,800 proposed by the Americans. There were still some difficulties on the rules for counting heavy bombers. But the two main problems outstanding were first, the Soviet attempt to limit SLCMs to 400: the Americans were reluctant to agree to any limits since they could not be verified. And second, mobile ballistic missiles where again there were grave difficulties over verification. Despite these difficulties, it should be possible to reach an agreement by next summer.

As regards strategic defence, there had clearly been an important shift in the Soviet position. The Russians were now saying that research was no problem, only development and testing. Some of them were expressing interest in the idea of a managed transition from offence to defence. The Americans intended to probe this. Shevardnadze had twice said explicitly "we know we cannot stop SDI". The Russians were focusing their

attention now on predictability and stability. Their public position was to propose that both sides should promise to abide by the strict interpretation of the ABM Treaty for a defined period. Privately, they were proposing that a START Agreement should be signed with a provision that, if either side subsequently violated the strict interpretation of the ABM Treaty, the other side would be entitled to stop the drawdown of its strategic nuclear weapons.

Mr Carlucci continued that he was reflecting on the ideas earlier put by the Prime Minister on predictability and had suggested to Secretary Shultz that the Americans should push ahead with confidence-building measures on SDI, such as exchange on data and various other assurances. This would help dispel Soviet worries about an American break-out. What was certain was that the President would do nothing to constrain SDI.

The Prime Minister said that she had two concerns about arms control discussions at the forthcoming US/Soviet Summit. One was that Gorbachev would try to get the discussion back on to some of the Reykjavik ideas, including the elimination of strategic ballistic missiles. The other was that the President would talk of his vision of a world without nuclear weapons. Mr Carlucci said that the President was quite clear that there could be no going beyond a 50 per cent reduction in strategic nuclear weapons before conventional stability was achieved and chemical weapons eliminated. If the President spoke of a non-nuclear world, he would make it clear that this was a long-term vision. The fact was that the President regarded nuclear weapons as evil.

Chemical Weapons

The Prime Minister referred to the difficulty of verifying a chemical weapons agreement. Mr Carlucci very much agreed. The West had got itself too far out on a limb on this subject. There was no way to verify manufacture of chemical weapons. He expressed interest in the French suggestion that each side should maintain a residual stockpile.

Theatre Nuclear Weapons

The Prime Minister said that we were giving urgent consideration to replacement of the WE177 free-fall nuclear bombs. The French had proposed that we might co-operate with them in developing a longer-range air to ground missile. Her own preference would be to see tri-partite cooperation in this field with the United States. Mr Carlucci said that he would be willing to look at this possibility, although tri-partite programmes tended to be very difficult and there were no funds currently available.

Compensation for INF Agreement

The Prime Minister referred to the need for the Americans to commit some of their SLCMs to SACEUR to compensate for the withdrawal of land-based missiles as a result of the INF Agreement. This would be essential to maintaining flexible response. Mr Carlucci said that he would look at it.

Spain and NATO

Mr Carlucci said that he thought that he had made a little progress in his discussions in Brussels with the Spanish Defence Minister about the United States' bases in Spain. The problem was that the Spaniards seemed to think they deserved a reward for becoming a democracy. He had tried to call their bluff by saying that he would have to report to NATO that the United States and Spain had decided to take steps to weaken NATO's southern tier. This had agitated the Spanish Defence Minister, who had agreed to think about a longer time frame for withdrawal of United States' bases.

NATO Secretary General

The Prime Minister and Mr Carlucci agreed that Dr Woerner would be an excellent Secretary General. He was strongly opposed to a triple zero for nuclear weapons in Europe. The real difficulties in this field came from Genscher. The Prime Minister expressed her concern that Franco-German defence co-operation might erode NATO and lead to a dispersion of effort. Mr Carlucci referred to German assurances that co-operation with France would not be at the expense of NATO.

Afghanistan

Mr Carlucci said that the Russians were hinting that, at the Summit, Mr Gorbachev would offer withdrawal of Soviet troops within twelve months without any transitional arrangements.

Middle East

The Prime Minister took Mr Carlucci to task for recent American proposals on Arab/Israel. The right course for the Americans was to back King Hussein and Mr Peres. Their attempt to draw the Soviet Union more closely into an Arab/Israel settlement was a complete U-turn. Mr Carlucci pointed out that some way had to be found to bring Mr Shamir along. The Prime Minister said that the right way to do that was simply to insist on an international conference. It was not right to say that this was interference in Israel's internal politics. The issues went much wider.

SECRET

SUBJECT cc MASTER



file DTSAGX

bc: PC

copy for Charles

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

2 December 1987

Dear John,

PRIME MINISTER'S MEETING WITH THE UNITED STATES
DEFENSE SECRETARY

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SECRET

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Mr Carlucci continued that he was reflecting on the ideas earlier put by the Prime Minister on predictability and had suggested to Secretary Shultz that the Americans should push ahead with confidence-building measures on SDI, such as exchange on data and various other assurances. This would help dispel Soviet worries about an American break-out. What was certain was that the President would do nothing to constrain SDI.

The Prime Minister said that she had two concerns about arms control discussions at the forthcoming US/Soviet Summit. One was that Gorbachev would try to get the discussion back on to some of the Reykjavik ideas, including the elimination of strategic ballistic missiles. The other was that the President would indulge in oratory about a world without nuclear weapons. Mr Carlucci said that he thought that the President now had it firmly aboard that there could be no going beyond a 50 per cent reduction in strategic nuclear weapons before conventional stability was achieved and chemical weapons eliminated. He could not guarantee that the President would not continue to speak of a non-nuclear world, although he would probably make it clear that this was a long-term vision. The fact was that the President regarded nuclear weapons as evil. Speaking personally, he thought it would be very useful if the Prime Minister were to send a message to the President straight after her meeting with Mr Gorbachev making these points. (It was clear that Mr Carlucci was not aware of the message which the Prime Minister has already sent, to which the President has now replied in reassuring terms.)

Chemical Weapons

The Prime Minister referred to the difficulty of verifying a chemical weapons agreement. Mr Carlucci very much agreed. The West had got itself too far out on a limb on this subject. There was no way to verify manufacture of chemical weapons. He expressed interest in the French suggestion that each side should maintain a residual stockpile.

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Compensation for INF Agreement

The Prime Minister referred to the need for the Americans to commit some of their SLCMs to SACEUR to compensate for the withdrawal of land-based missiles as a result of the INF Agreement. This would be essential to maintaining flexible response. Strangely, Mr Carlucci did not seem to have focused on this possibility but said that he would look at it.

Spain and NATO

Mr Carlucci said that he thought that he had made a little progress in his discussions in Brussels with the Spanish Defence Minister about the United States' bases in Spain. The problem was that the Spaniards seemed to think they deserved a reward for becoming a democracy. He had tried to call their bluff by saying that he would have to report to NATO that the United States and Spain had decided to take steps to weaken NATO's southern tier. This had agitated the Spanish Defence Minister, who had agreed to think about a longer time frame for withdrawal of United States' bases.

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I am copying this letter to Tony Galsworthy (Foreign and Commonwealth Office) and Trevor Woolley (Cabinet Office).

Yours sincerely,
C D Powell

C D POWELL

John Howe, Esq.
Ministry of Defence

cpc



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01-930 7022

MO 14/2V

1st December 1987

CDP

Dea

PRIME MINISTER'S MEETING WITH MR CARLUCCI: TRACKED RAPIER

FILE ON BIUP.

In his letter of 30th November, John Howe promised further advice on the subject of tracked Rapier for the US Army.

The US Army announced yesterday evening that it had in fact selected the US ADATS system for its Forward Area Air Defence requirement. Although we have been offered a detailed debriefing on the outcome of the competition, this has still to take place; but we understand that the decision was a finely balanced one between ADATS and the French Liberty system. Rapier was apparently ruled out primarily because of its relatively poor performance in terms of hits achieved during the firing trials, although in all other respects - detection, acquisition, tracking and reliability - it acquitted itself well.

When the Prime Minister meets Mr Carlucci tomorrow she may wish to express her disappointment that Rapier was unsuccessful but at the same time to express our continued confidence in the system which is used to defend USAF bases in the UK and which we shall be modernising at a cost of some \$1.5 billion over the next few years.

I am sending a copy of this letter to Lyn Parker in the Foreign and Commonwealth Office.

[Handwritten signature]
[Handwritten signature]
(I C F ANDREWS)
Private Secretary

C D Powell Esq
10 Downing Street

USA : Visits of Defense Sec. PTZ

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01-457 1033



[Faint, illegible handwritten text, possibly a signature or name]

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PRIME MINISTER

MEETING WITH UNITED STATES DEFENSE SECRETARY

You are to see Frank Carlucci tomorrow. He is on his way back from a NATO Defence Planning Group meeting in Brussels. It is of course his first visit as US Defense Secretary.

You might start with some warm words about the excellence of our defence relations under Cap Weinberger and your strong hope that they will continue to be as close under Carlucci.

Mr. Carlucci is reported in the press as having referred to the possibility of reductions in US conventional forces in Europe, while supporting a continued US presence. You will want to underline to him the continuing vital role of US nuclear weapons and conventional forces in Europe's defence. So far as possible, we should avoid statements which would let the Russians believe they can get unilateral reductions without making concessions themselves.

There are quite a number of issues to touch on:

- your meeting with Gorbachev. You will want to reassure him that you will be giving strong support to the President's positions on all the main points;
- arms control prospects at the Summit. You have set out your views in your message to the President (copy attached). Mr. Gorbachev's recent remarks suggest some shading of earlier Soviet linkage between a START agreement and constraints on SDI (as well as an explicit and useful admission that the Soviet Union is doing research on SDI). How likely does Mr. Carlucci consider a START Treaty? How much does he think Gorbachev aims to get agreed in Washington? Does he think an understanding on respective SDI programmes is

SECRET

- 2 -

in sight (on the basis of your proposal for an agreed non-withdrawal period from the ABM Treaty plus a forecast of future research activities)? We hope very much that the President will not revert to proposals discussed at Reykjavik for elimination of all strategic nuclear missiles and will avoid non-nuclear oratory. We are grateful for George Shultz' statement that a START agreement would not affect the US commitment to supply Trident;

- we here welcomed the INF agreement and will continue to give support during the ratification process. Britain and the US must work together to curb the Germans from pressing for early negotiations on short-range nuclear weapons in Europe. We also need to press ahead in NATO with decisions on the necessary adjustments to NATO's nuclear forces after an INF agreement, i.e. more dual-capable aircraft and commitment of SLCMs to SACEUR;
- you will want to tell him that we are considering the modernisation of our Theatre Nuclear Weapons and tend to favour an air-launched stand-off weapon. Is he interested in tripartite co-operation with Britain and France?
- NATO Secretary-General. Willoch has withdrawn, so the field should now be clear for Woerner;
- NATO Summit. You might remind him of our view that a NATO Summit in Brussels next spring could be useful, before a further US/Soviet summit in Moscow;
- Franco-German defence co-operation. You might explain to him the reasons for your misgivings about this: the risks of erosion of NATO and of making it easier for the French to avoid facing up to the real choices in their defence policy;

- General Abrahamson. You would welcome a further briefing early next year on progress with the SDI (and the Soviet programme);

- Nuclear submarines for Canada. You hope that US and UK can work out arrangements which will make it possible for us to offer the Canadians the Trafalgar class SSNs. You fully accept the need to ensure that the Canadians understand the full implications, including adequate safety, of a nuclear submarine programme;

- Tracked Rapier. The decision has gone against us and to an American company. You will want to emphasise our determination to go on competing for defence contracts in the American market.

CD?

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CHARLES POWELL
1 December 1987



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01-930 7022 218 2111/3

MO 14/2L

30th November 1987

Dear Charles,

PRIME MINISTER'S MEETING WITH MR CARLUCCI

I attach briefing material, prepared in consultation with the FCO, for the Prime Minister's meeting with Mr Carlucci on Wednesday. The Prime Minister might like to raise nuclear arms control; theatre nuclear weapon modernisation; submarines for Canada; and conventional defence improvements. Other subjects that may come up are listed in approximate (and necessarily subjective) order of importance.

Rapier for the United States Army has continued to be a live subject in the last few days, since you deflected Sir Raymond Lygo in our direction, and we expect the United States to announce a decision today. We will let you have a briefing note in the light of it.

I am conscious that we owe you a full report on how matters now stand on submarines for Canada. The Defence Secretary is meeting Mr Beatty in Brussels on Wednesday and we will make a report which reflects the outcome of that meeting. Mr Younger's impression is that the political argument, that it would be very damaging if obstacles were to be seen to be placed in the way of the Canadian programme, has made good headway in Washington, but that there are still major technical problems to be overcome: above all the essential elements of a nuclear safety organisation need to be put in place very rapidly in Canada.

I am sending a copy of this letter and its enclosures to Lyn Parker in the Foreign and Commonwealth Office.

Yours sincerely,
John Howe

(J F HOWE)
Private Secretary

C D Powell Esq
10 Downing Street

PRIME MINISTER'S MEETING WITH MR CARLUCCIBrief by the Ministry of DefencePOINTS TO MAKENuclear Arms control

1. Welcome the prospect of INF treaty. But must be cautious of pressure for follow on negotiations in either INF or SNF range. How does Mr Carlucci see the ratification process? Is Congress likely to move quickly? Establish links with other arms control negotiations such as START? When Treaty enters into force, UK would aim to see Molesworth drawn down first. Last base to become operational and represents the least operational capability.
2. German position on SNF following Reykjavik NAC is worrying and potentially divisive. Should do all we can to dissuade them from their chosen course until CW and conventional balance issues are resolved. Woerner has been sound; but must keep up pressure.
3. How likely does Mr Carlucci think a START Treaty is for 1988? Will the Soviets make satisfactory concessions on linkage to SDI/ABMT? Note that Soviets have introduced provision on non-circumvention. Need for us to keep in close touch as situation evolves. Implications for UK Trident programme must be considered. Verification provisions could also be of great significance and underscores the need for consultation. What are Mr Carlucci's views on the progress likely to be made in the nuclear testing talks which started on 9 November? Again UK is keenly interested in this given our programme at Los Alamos.

Theatre Nuclear Weapon (TNW) Modernisation (Essential Facts paragraphs 1-2)

4. HLG report underlined importance of SACEUR's requirement for a stand off nuclear missile by mid 1990s. Action to provide this placed on both our countries. We are also currently studying national requirement for TNW successor; favour air-launched stand off weapon but pressure on budget means most unlikely we could support cost of developing own delivery vehicle. Makes good sense for us to collaborate? Understand some scope for US/UK/France approach?

Nuclear Submarines for Canada (Essential facts paras 3-4)

5. Pleased at progress made so far. Canadians are serious; best outcome is their choosing the Trafalgar option. Worst outcome will occur if Canadians believe they are facing obstruction from US or UK, and therefore buy French. UK and US have common interests in ensuring Canadians understand implications of owning and operating SSNs, and can assume responsibility for necessary safety and security aspects. Recognise that Administration must be satisfied that Canadians understand issues and will meet requirements, particularly safety and security. Crucial that amendments to the 1959 Agreement are laid before Congress as soon as possible. Only when amendment is passed by Congress can Canadians be sure purchase of UK SSNs will go through.

Conventional Defence Improvements/Burdensharing (Essential Facts paragraphs 5-7)

6. Conventional Defence Improvements (CDI) initiative has concentrated minds on conventional deficiencies and has produced a good start (eg. UK met in full 15 out of 17 NATO 'highlighted force goals'). INF agreement has focused attention on conventional forces,

but important not to allow public opinion to believe that conventional can take the place of nuclear. Important therefore to build on 'good start', paying attention to output from defence resources.

7. Recognise 'burdensharing' debate likely to gain momentum in run up to Presidential election and given US budget pressures. But again important not to create new agenda for conventional force improvements in manner which artificially exaggerates problem. NATO members can and should do more to maintain momentum on CDI but existing European contribution is substantial and should not be unnecessarily underplayed.

Points to use if required

Post-INF Adjustments (Essential Facts paragraphs 8-9).

8. Welcome acceptance by Ministers of High Level Group's conclusion at Nuclear Planning Group meeting at Monterey. Recognise next stages of exercise will be more difficult. Important however that adjustments decisions are not put off; US/UK/FRG will need to give strong lead. UK stands ready to play its part.

NATO Summit (Essential Facts paragraph 8).

9. A NATO Summit in Brussels could be useful in preparing for a fourth Reagan/Gorbachev summit. But needs to be forward-looking, not just to rubber-stamp INF agreement. January much too early. April/May better. European support for INF Agreement can be sufficiently expressed by other means, eg. speeches by individual leaders (Mansion House speech).

Gulf

10. UK very satisfied with effectiveness of coordination between RN and USN in the Gulf; excellent relations over well tried communications link supplemented by normal inter-Governmental contacts in London and Washington. Valuable US/UK local intelligence sharing arrangements also benefit both RN and USN ships in the region. ARMILLA Patrol remains a wholly UK national effort, aimed at the protection of British shipping, and conducted in a quiet, low key way, but also contributing to general freedom of navigation. Appreciated President Reagan's generous tribute to ARMILLA at the Venice Summit in June. UK and US very close over need for UN action to back the Security Council resolution calling for a ceasefire between Iran and Iraq. Our minds are not closed to the possibility of a UN force in the Gulf but we believe there would be huge practical difficulties (over ROEs, composition, coverage, command arrangements etc).

Chemical Weapons

11. - Welcome US binary programme: important as part of Western deterrent, as response to worrying Soviet threat, and as inducement to Soviet Union to negotiate a ban.
- Pursuit of a global and verifiable ban an agreed arms control priority. Verification however raises very difficult question in this area. Need to take care in moving forward in the negotiations that our security interests are protected.
- Attach importance in this respect to US efforts to get more openness from the Soviet Union: specious statements by Gorbachev about stopping CW production show how far there is yet to go.

US Bases in Spain (Essential Facts paragraphs 11-12)

12. Sorry to see that Gonzales has refused to be budged from his hard line over Torrejon. Bad for the Southern Flank and for NATO as a whole. Next six months are crucial: how do you view the prospect of finding an acceptable compromise? Naturally support your position, but our own problems with Spain over Gibraltar make it difficult for us to press your case: however, when suitable opportunities arise, we will register our concerns.

US Funding of Harrier AV8B (Essential Facts paragraphs 13-14)

13. Hope that the Senate Appropriations Committee will be able to agree to the funding of the US Marine Corps purchase of Harrier AV8B in FY88 and thereafter.

Conventional Arms Control

14. Glad that officials are getting down to work on substantive proposals for conventional arms control. Inevitably there are differences of approach, but also areas of commonality. Further work needed to bring elements of all our ideas together as soon as possible. Look forward to close US/UK cooperation in developing realistic and militarily justifiable proposals. See conventional stability negotiations as useful means to prevent further Soviet salami slicing in nuclear field.

Maritime Prepositioning Ships (Essential Facts paragraph 15)

15. Understand that common view has been reached at official level on major issues such as commitment to NATO and joint decision on use. Glad that this is so and hope to be able to confirm with you in due course. Important practical matters do, however, remain, particularly that of finding suitable locations for vessels.

NFR 90 (Essential Facts paragraphs 16-17)

16. UK supports NFR 90 in principle, but is still concerned about certain aspects of the programme and is seeking to reassure itself that these concerns are properly addressed.

ESSENTIAL FACTSTheatre Nuclear Weapon (TNW) Modernisation

1. MISC7 recently noted that a successor UK TNW development programme would carry serious financial implications and recommended that we seek a collaborative approach to the procurement of a delivery system, specifically US/UK/France.

2. The US, reflecting its efforts to meet SACEUR's requirement for a nuclear stand-off missile, are already talking to the French about possible collaboration on the Air-Sol Moyenne Portee missile (ASMP). While we have reservations about the present version of the ASMP we have also indicated to the French our interest in the next generation of the weapon. Mr Weinberger indicated to the Defence Secretary last month that he would be receptive to a trilateral collaborative approach.

Nuclear Submarines for Canada

3. The UK is involved in bilateral discussions with the US and Canada about the possible sale of "Trafalgar" class SSNs to the Canadians. US/UK discussions concern US approval for the transfer of nuclear propulsion technology under the 1958 (US/UK) and 1959 (US/Canada) Agreements. The US are concerned about the safety, security and proliferation implications. The US also fear that Canadian SSNs will jeopardise the freedom of US operations in the Arctic. Nevertheless the US have allowed us to transfer initial information. Before equipment could be transferred, the 1959 agreement would need to be amended, subject to approval by Congress. Key officials have reservations, and the US is not committed to proceed further.

4. The Canadians are committed to an SSN squadron and to a tight timetable for the choice between French and British contenders. This requires the conclusion of an MOU by the end of 1987, and a choice of country of origin by March 1988, but appears optimistic, and the Canadians themselves accept that it cannot be met; they hope to decide by spring 1988 (as late as June). It is very unlikely that the Canadians will be able to assimilate the information they need to within their own timetable. We have made it clear to the Canadians that we will not sign the MOU until they have begun to take the necessary steps, especially that of setting up a competent organisation to oversee all nuclear aspects including safety.

Conventional Defence Improvements/Burdensharing

5. Two factors have led to renewed (particularly US) pressures for conventional defence improvements: prospect of INF agreement and 'burdensharing' concerns (reflecting US budgetary pressures). There is a risk that a dangerous perception may develop that conventional defence can take the place of nuclear deterrence: this needs to be countered.

6. Conventional defence however needs to be improved in order to maintain the effectiveness of flexible response. The Conventional Defence Improvements (CDI) exercise was accordingly launched in 1984 (well before any prospect of an INF agreement). European responses to CDI have been patchy but sufficient to allow Ministers to note that a "good start" has been made. It will be particularly important that in future the exercise should look to improve the output of defence budget and in this regard the DPC call for more initiatives for collective defence effort is welcome and may prove to be the signpost for improved conventional defence in Europe.

7. The US has indicated that it may need to propose a 'new agenda' for conventional improvements to NATO in the near future to counter domestic 'burdensharing' concerns. There is considerable doubt that many NATO European partners could accept such a development; there is also a need to avoid artificially inflating the 'burdensharing' debate. The best course is accordingly likely to be a well-publicised effort to intensify the existing CDI programme.

Post-INF Adjustments

8. At the Nuclear Planning Group meeting in Monterey on 3/4 November, Ministers accepted the conclusions of an interim report by the High Level Group (HLG) on adjustments which might be required to NATO's force posture following the elimination of GLCMs and Pershing missiles. The HLG Report had whittled possible adjustment options down to four:

- a. Increased deployment to Europe of longer range dual capable aircraft (F111, FB111 and perhaps F15E armed with stand off weapons).
- b. Assignment to SACEUR of US submarine launched cruise missiles on an 'as available' basis.
- c. Incorporation of US submarine launched ballistic missiles into NATO's planning for the selective use of nuclear weapons.
- d. Use of strategic bombers based in the US.

9. The UK preference remains the deployment of additional DCA and the assignment of SLCMs to SACEUR.

NATO Summit

10. A NATO Summit before the forthcoming Washington Summit was ruled out for lack of time. The Americans appeared to have accepted that a NATO summit shortly thereafter would give the wrong impression of 'rubber-stamping'; but then suggested to us last week that, if held in January, it could help sway the US INF Ratification Debate. The FCO has explained to the State Department why we dislike this idea. The Prime Minister earlier hoped that a Summit might take place before the expiry of Lord Carrington's term of office in July 1988.

US Bases in Spain

11. Under the terms of the referendum on NATO membership Gonzales is committed to reducing the US military presence in Spain. The Spanish negotiators have accordingly refused to budge from the demand for complete withdrawal of the 401st Tactical Fighter Wing (72 F-16s) from Torrejon (outside Madrid) and air refuelling tankers from Zaragoza. Both are NATO earmarked. F-16s constitute the only major US air asset in the Southern Flank. US offers to re-locate within Spain or reduce the F-16s by one third have been rejected.

12. On 10 November Spain gave informal notification that the basing agreement would not be automatically renewed. There is now a six month grace period to allow for the possibility of a last minute compromise. As well as being unwelcome in itself the Spanish action sets an unfortunate precedent to other countries, eg. Greece - where Papandreou is committed to a referendum if negotiations on retention of US bases there are successful. Additionally a US Senate motion demanding that - if the F-16s are ejected - re-location costs be NATO funded has been passed, and in due course will undoubtedly cause further problems for the Alliance.

US Funding of Harrier AV8B

13. The US Marine Corps originally requested funding for 32 Harrier AV8B aircraft for FY88. The House Appropriations Committee approved the request but reduced the number of aircraft to 24. The Armed Service Committees proposed two budgets for FY88; the first at \$296bn included funding for AV8B, the second at \$289bn did not. Since the final budget was set at \$292bn, the two Appropriations Committees (House and Senate) will now get together to decide whether to fund AV8B.

14. The danger of a decision to "zero-fund" AV8B is that under the industrial collaborative arrangement for production of both the AV8B and the GR5 between McDonnell Douglas and British Aerospace and Rolls Royce, the yearly production rate would fall below the economic minimum, thereby pushing up the unit cost of the GR5 aircraft.

Maritime Prepositioning Ships

15. In February 1987, the US asked the UK if it could preposition in UK waters civilian ships to carry supplies for a Marine Amphibious Brigade, including 3000 tons of munitions. After an exchange of Ministerial letters, discussions with the US Embassy have taken place. The UK stressed the importance of a NATO commitment and of joint decision on use. At official level, the US has satisfied UK concerns on these points, but discussions continue on practical problems, chief of which is suitable anchorages. We cannot forecast how long it will take to agree suitable sites for the ships.

NFR 90

16. NFR 90 is the NATO Frigate Replacement for the 1990s. The eight participating nations are UK, US, Canada, France, Germany, Italy, the Netherlands and Spain. All nations, except for the UK and France, have signed the MOU for the Project Definition Phase.

17. UK reluctance reflects concern that progress on the ship has outstripped that on its associated air defence weapon system. The UK has wished to reassure itself that adequate provision exists to maintain the proper relationship between the two parts of the programme, ship and weapon system. The Defence Secretary is in correspondence with the Chief Secretary.



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18th November 1987

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Dea Charles

VISIT OF MR CARLUCCI

J Hop

Thank you for your letter today. I have arranged with the US Embassy for Mr Carlucci to have a 45 minute meeting with the Prime Minister, starting at 3 pm, incorporated in his programme. Mr Younger will be seeing him immediately afterwards for a two-hour session.

I am copying this letter to Tony Galsworthy (Foreign and Commonwealth Office).

Yours sincerely
John Howe

(J F HOWE)
Private Secretary

C D Powell Esq
No 10 Downing Street

101
L.H.D. 5 - 101



USA - Visits of US Defense Sec pt 2



bc PC

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

18 November 1987

VISIT OF MR. CARLUCCI

I understand that Mr. Carlucci will be in London on the afternoon of Wednesday 2 December. The Prime Minister would wish to see him and could manage a meeting at 3 pm for 45 minutes. I should be grateful if this could be worked into his programme.

I am copying this letter to Tony Galsworthy (Foreign and Commonwealth Office).

(Charles Powell)

John Howe, Esq.,
Ministry of Defence.

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PRIME MINISTER

VISIT OF MR. CARLUCCI

Frank Carlucci is going to be in London
on the afternoon of Wednesday 2 December.
He would very much like to call on you.
There is time in your diary, although
it is only shortly before the European
Council.

I think it would be important for you
to see him.

Agree to a meeting?

Yes

CDP

(C. D. POWELL)

17 November 1987

1500

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PART 2 begins:-

CDP to PM 17.11.87



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