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NOTE OF A MEETING BETWEEN
THE SECRETARY OF STATE AND THE GERMAN MINISTER OF DEFENCE
IN THE FRG DELEGATION, BRUSSELS
ON MONDAY 14TH MAY 1979 AT 5.30 PM

Present:

The Rt Hon Francis Pym MP
Secretary of State

Dr Hans Apel
Federal German Minister of Defence

HE Sir John Killick
United Kingdom Permanent
Representative to NATO

HE Mr Rolf Pauls
FRG Permanent Representative
to NATO

Mr M E Quinlan
DUS(P)

Dr W Stutzle
Head of the Planning Staff

Mr R L L Facer
PS/Secretary of State

General Tandecki
Colonel Kellern

Herr Apel asked how the increase in Armed Forces pay would be financed. Would it involve cuts in procurement? The Secretary of State said that it was not HMG's intention to meet the cost of the Forces' pay increase by cuts in the rest of the defence budget. The Government's economic policy involved changes in taxation and general restraint on public expenditure, but did not include cuts in defence expenditure. The previous Government had decided to give the Forces about two-thirds of the pay increase recommended by the independent Armed Forces Pay Review Body, while the Conservative party had, some nine months before taking office, committed themselves to paying in full whatever the Review Body recommended. The extra cost of the decision he had taken was £111M in a full year.

2. Herr Apel expressed surprise that other NATO countries were critical of the trilateral discussions on armaments co-operation when these discussions had made little progress. He looked

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forward to the next trilateral meeting in Bremen in early July. The Secretary of State said that trilateral meetings were necessary if progress was to be achieved.

Nuclear Matters

3. Herr Apel said that the Dutch condition that a decision on theatre nuclear force (TNF) modernisation should not be taken before SALT II was ratified created a problem, since he did not think that SALT II would be ratified before the end of the year. There would be value in a joint meeting of the High Level Group and the special group on arms control aspects later in the year when more progress had been made, with the aim of reaching a single decision on the whole question at the same time. It was important that the work of the two groups should be harmonised. In Germany this did not present difficulty since the same officials were responsible for both, but this was not true in all countries. Any decisions reached at the Nuclear Planning Group meeting in the autumn could only be provisional, especially as it was being held in the Netherlands. The subject would have to be discussed in the DPC and then in the North Atlantic Council with Defence Ministers present. It was important to reach a decision this year since there would be elections in both Germany and the United States next year. Delay was likely if the Dutch maintained their position. Though Mr Scholten did not contemplate using TNF modernisation simply as a bargaining counter in arms control, he wanted to see progress in the two issues in parallel in order to get TNF modernisation accepted by Dutch public opinion. He was an intelligent, brave and good Minister but he knew his public.

4. Sir John Killick asked whether sea-based TNF would be more acceptable to the smaller nations. Herr Apel said that though Mr Hansen had initiated a debate about sea-based systems the Norwegians would not accept new systems on their ships, which they regarded as part of their territory. DUS(P) said that the HLG had noted that sea-based systems would be expensive unless they were mounted on existing ships at the expense of NATO's conventional strength.

5. The Secretary of State asked which countries Germany had in mind as accepting land-based systems on their territory. Herr Apel said that Italy was a possibility, provided the Italians were not asked to provide money for them. There was no chance that the Scandinavian countries would accept them, although the Netherlands might if the following conditions were met: there should be no debate about the neutron weapon; there should be some reduction in the overall number of warheads in Europe (he commented that this was possible, especially if MBFR made progress); and if SALT II had been ratified. The difficulty

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was that the US Senate might ask the Alliance to modernise TNF as a precondition of ratification. Mr Pauls said that he thought the Belgian position was similar to the Italian. DUS(P) asked about the possibility of NATO infrastructure funding. Herr Apel said that the systems would have to be US-owned and manned. Germany would not accept double key systems which could reach Soviet territory: he had made this clear to Dr Brown, who accepted that the systems must be American. In that case common financing would not apply under ordinary rules. Dr Brown had told him that his provisional view was that if the Europeans accepted an increase in their conventional efforts then the US might finance these new systems themselves. The German position had been formulated that day in their Security Council. Britain and France should keep their present nuclear responsibilities, but any modernised TNF on German territory must be shared with some other - that is non nuclear - European nation. Sir John Killick asked whether Germany would like to see new British-owned nuclear weapons deployed on her territory. Herr Apel replied that he could not comment on a hypothetical question. DUS(P) asked whether it mattered to Germany what the United Kingdom chose to do. Herr Apel said that it did; he said that it would be a "minus" if the UK did nothing. Germany could not accept singularity among continental nations, not only for political reasons but also because the Russians would use it against her: all nations must accept responsibility. Sir John Killick asked whether any successor to the UK Polaris force would be relevant to TNF modernisation. Herr Apel replied that it certainly would. It was essential not to repeat the mistake of the Enhanced Radiation Weapon: firm decisions on production and deployment should be taken together. The Federal Security Council had decided that day that arms control negotiations on TNF must take place in SALT III in order to ensure a firm link with intercontinental systems. The negotiations should remain bilateral between the United States and the Soviet Union but Europeans should consider urgently, first nationally and then jointly how the machinery for NATO consultation could be improved. The Americans were still reluctant to include TNF in SALT III but the German position was that there must be only one negotiation, though perhaps taking place in several parts. The resulting situation must be one of overall balance over the whole range of Euro-strategic and intercontinental systems, with the aim of achieving global parity. As he had told Dr Brown, recent American action had changed the character of NATO since, for the first time, the Americans were trying to get a NATO consensus before taking their own decision. The Americans could not ask the Europeans to accept responsibility and then fail to consult them closely.

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Sir John Killick commented that the US objective was further reductions in intercontinental weapons for which they might be prepared to pay a price in TNF. Herr Apel agreed: it was for this reason that arms control negotiations on TNF must take place in SALT III. In answer to a question Herr Apel said that the French did not wish to take part in SALT III.

6. The meeting ended at 6.30 pm.

Secretary of State's Office

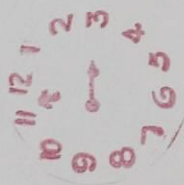
16th May 1979

HE Sir John Killick,
HM Ambassador, UKDEL NATO
HE Sir J Oliver Wright
HM Ambassador, Bonn
PS/Prime Minister
PS/Foreign and Commonwealth
Secretary
PS/Secretary of the Cabinet

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