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Foreign and Commonwealth Office

London SW1A 2AH

14 July 1980

*Prime Minister.  
You may like to  
see this note.*

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*Print 14/7*

*[Handwritten signature]*

*Dear Michael,*

New Eastern Move in MBFR

The New Eastern Proposals

The Warsaw Pact yesterday tabled and subsequently made public new proposals at the MBFR negotiations in Vienna. Details are attached.

Assessment

Our immediate comments are:

Positive Aspects

(a) The proposal for a 50% sub-ceiling is a step forward. Provided (an important proviso) the 50% arrangement is the only sub-ceiling in Phase II, the Soviet Union would appear to accept for the first time that MBFR will result in a de facto limitation on the size of its forces in Eastern Europe in exchange for a limitation in practice only on German forces. However, the proposal is unlikely to be welcome to the Germans. They already account for 443,500 ground and air force personnel on the Western side (cf the proposal for a final overall ceiling of 900,000).

(b) Although there are still considerable differences in the proposals of the two sides, the latest Soviet proposal brings the frameworks closer together.

Negative Aspects

(a) The proposal does not deal with the central issue of data. An agreed data base in Phase I (at least on US and Soviet forces) must be agreed in order to set residual ceilings on these forces. And in due course agreed data will also be necessary for the operation of the common collective ceiling in Phase II.

(b) The ratio of 13:20 in US/Soviet reductions may not prove acceptable (eg to the Americans), since it does not represent the existing relationship of forces.

(c) The Soviet Union claims that, taken with the unilateral withdrawals of 20,000 Soviet soldiers from the GDR, the new

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proposals entail a total Soviet withdrawal of 40,000 men. This claim should be treated with caution. In the absence of agreed verification arrangements we have no guarantee that the men withdrawn unilaterally have left the reductions area or will not be replaced. Furthermore Western intelligence indicates that a new programme of reorganisation of Soviet armoured divisions in Central Europe could mean an eventual increase of 25,000 men in Soviet force totals within the reductions area.

#### Outstanding Questions

Other issues remain to be clarified, eg:

- (a) Is the East still asking for reductions of armaments?
- (b) Does the East still require in a Phase I agreement firm reduction commitments for Phase II by the Western Europeans? The assumption must be yes.
- (c) Does the East also require a no-increase commitment from the Western Europeans in the period between the two Phases, even though we have no East-West agreement on data? Again the assumption must be yes.

#### Timing

The timing of the Eastern move was probably determined by the Soviet desire to:

- (a) use Chancellor Schmidt's visit to make a positive gesture to Western Europe, particularly in the area of arms control;
- (b) strengthen Chancellor Schmidt's prospects in the forthcoming FRG elections;
- (c) demonstrate publicly a positive approach to arms control with a view to diverting attention from Afghanistan and in the run-up to the CSCE Review Conference in Madrid;
- (d) reinforce their revised offer to negotiate on TNF.

#### Conclusions

It is too early to tell whether the new proposals are merely a propaganda move or a genuine attempt to get the MBFR negotiations

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moving. The answer will depend on whether the East are prepared to negotiate seriously on the data dispute and on Associated Measures, and on whether the Soviet divisional reorganisation cancels out the unilateral withdrawals. Meanwhile we shall be recommending to our Allies a cautious, but not unwelcoming, response designed to explore the new Eastern proposals.

I am sending a copy of this letter to Brian Norbury (MOD).

*Yours etc*

*Paul*

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Private Secretary

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ANNEX

SUMMARY OF NEW EASTERN PROPOSALS

The main elements of the Eastern proposals are as follows:

- (a) Phase I reductions would consist of 13,000 US and 20,000 Soviet ground troops;
- (b) the East has dropped its demand that the unilateral withdrawals of 20,000 Soviet troops from the GDR should be counted as part of Soviet Phase I reductions. But the East claims that taken with (a) above this would mean in practice a total Soviet Phase I withdrawal of 40,000 men;
- (c) after Phase II the arrangement for manpower ceilings should ensure that no single direct participant has more than 50% of the permitted total of 900,000 men for the ground and air forces of each side;
- (d) the Eastern proposals do not deal with Associated (verification and stabilisation) Measures. However the Soviet Ambassador said that the East were now defining a 'sensible' package of Associated Measures related primarily to verification;
- (e) the proposals are the East's 'full reply' to the West's proposals of 20 December 1979. (These provided for US and Soviet Phase I withdrawals of 13,000 and 30,000 respectively and a comprehensive package of Associated Measures.)

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