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Mr. Coles, No. 10, Downing St.

(All addresses actioned.)

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

DESKBY TO ADDRESSEE  
AND TIME-FACTOR IN  
PARA 13.

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

TRIDENT

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

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

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

(A) TO RETAIN INVINCIBLE:

(B) TO DELAY OUR MILITARY DEPARTURE FROM BELIZE.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

THOMAS

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TOP SECRET