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Ref: A01893

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PRIME MINISTER

Polaris Replacement

I have now reported the outcome of Mr. Wade-Gery's visit to the White House to the Foreign Secretary and the Secretary of State for Defence, and I have had an opportunity of discussing it with them.

2. The President is clearly committed to a positive response to our request for MIRVed Trident missiles. We are not now discussing whether or not we may have what we are asking for: we are discussing timing, terms and conditions, and above all price.

3. On the question of price, the United States Government is required by law to charge a research and development levy at a standard rate. The President has discretion to charge a lower rate, but needs to be able to show Congress good reason why he should do so. The United States Government is therefore looking to us for favours; but they are favours from which we shall benefit in terms of a reduction of the Trident price tag.

4. The three main items in Ambassador Komer's shopping list are:-

(i) the manning of Rapier defences for United States bases in the United Kingdom;

(ii) the number of bases for United States GLCMS in the United Kingdon

(iii) .

5. The first point is basically settled. The United States Government have agreed to buy the Rapier system from us to defend their air bases in this country; we have agreed to man the Rapier defences and meet the cost of doing so, on the understanding that they will offset that cost somewhere else (e.g. in the Trident programme). All there is to discuss is how much to score.

6. On the GLCM bases, the United States Government would prefer to have all their 160 GLCMS at one base; it will cost more if they have to be deployed over several bases. The Secretary of State for Defence thinks that it is likely to be politically impossible to put all the missiles in one base. Greenham Common, which is probably the only one capable of holding them all, is

particularly unsuitable from the political point of view, because of the fuss over its use as a base for heavy transport aircraft. So he is minded to insist on spreading them over three (or at least 2). If we insist on that, the United States Government will want us to bear - or compensate them for - the extra cost.

I am sure the figure is right above mine.

7.

8. There will also have to be a negotiation about the terms of our commitment to maintain our conventional forces. They are pressing us to agree to a form of words which would commit us to expand our efforts to upgrade our defence effort. This goes too far, and we shall have to revert to a phrase that does not go beyond what we have already said about maintaining our defence effort in NATO. But it should be possible to find a form of words acceptable to us both.

No

9. As to timing of an announcement, the Secretary of State for Defence would have liked not to have to wait until June. But it will take some time to complete the negotiations, and in the end he accepted the Foreign Secretary's argument that in political terms the best time for an announcement would be the last week of June, after the two Venice Summits. It is particularly desirable that we should not be telling Giscard and Schmidt about a decision to commit ourselves to heavy expenditure on Polaris replacement just before what may be the "crunch" meeting of the European Council on our Community Budget contribution. The Secretary of State for Defence recognised that we should not in practice lose much time by going for that date.

We shall not conclude the negotiation in time

10. The Foreign Secretary and the Secretary of State for Defence agree that the next step is to have the negotiation with Ambassador Komer. That should be conducted toughly - it is likely to be, with Sir Frank Cooper in charge. We will

We shall need a top politician here - otherwise I fear the British negotiator will be too pliant.

No - I will this will Defence Sec for. See grid. N.B. MT.

then report to you; and, if you do not like the outcome, you can then consider taking the matter up direct with President Carter.!!! This would have to be by message in the first instance, though there is always the possibility of an oral exchange of views in the margin of the Venice Summit, if we can find a secure venue for such a discussion.

11. You may like to discuss this with the Foreign Secretary and the Secretary of State for Defence when they are next available in London together.

12. As I warned you in my minute of 28th March, the White House are still insisting that the circle of those in the know should continue to be kept as tight as it has been. We have not hitherto brought the Treasury into that circle. Now that we have a definite commitment by the Americans to an announcement in June, and we are beginning to get down to serious negotiation on questions of money and price, we really need to bring the Treasury into the circle. We will stick to the rule that no documents should pass outside No. 10 and the Cabinet Office; but I should be grateful for your authority to put the Chancellor of the Exchequer and two senior officials - Sir Douglas Wass and Mr. J. E. Hansford - into the picture, so that they can take part in future discussions of the subject.

Not yet MT.

RCA

(Robert Armstrong)

Prime Minister

What has happened since to change matters the earlier Thursday?

3rd April 1980

This suggests that the Americans' bargaining position is not quite as tough as at first appeared.

I think that there might be some advantage in your having a word with both Carrington and Mr Pym, as Sir Robert Armstrong suggests. Agree?

Yes - before any further action is taken.

Content to bring the Treasury in on the very restricted basis proposed at xl above? It is clearly time they knew what is going on. MT 3/4

No MT

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10 DOWNING STREET

Clive, To note TL 10.4

From the Private Secretary

SIR ROBERT ARMSTRONG

POLARIS REPLACEMENT

The Prime Minister has read your minute of 3 April (ref: A01893), and as you know, she has commented that there must be no further action until she has first had a meeting with the Foreign and Commonwealth Secretary and the Secretary of State for Defence. We have arranged this for 1530 on Monday, 14 April, and you of course have been invited. I am getting the Prime Minister's clearance to invite Sir Frank Cooper as well.

In addition, she has commented that:-

(i) a Senior Minister ought to be involved in the negotiation with Ambassador Komer;

(ii) she would not wish to follow up the negotiation with Ambassador Komer by taking the matter up directly with President Carter - she would want the matter to be pursued by the Foreign and Commonwealth Secretary and the Defence Secretary in the first instance;

(iii) she does not wish the Chancellor of the Exchequer or his officials to be brought into the picture at this stage.

T. P. LANKESTER

10 April 1980

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MR. LANKESTER

Polaris Replacement

Thank you for your minute of 10th April.

2. As to the negotiation with Ambassador Komer, I understand that he is due to arrive late on Tuesday. His first appointment will be with the Secretary of State for Defence on the morning of Wednesday, 16th April. This will be followed by detailed negotiations, for which Sir Frank Cooper will be in charge on our side. Ambassador Komer will then meet the Defence Secretary again in the evening. This is perhaps not a bad plan: the Defence Secretary will be able to pitch into Ambassador Komer in the morning, and set a scene in which Sir Frank Cooper will be able to negotiate toughly on detail; and there will be an opportunity in the evening for the Secretary of State to reiterate the tough line that is necessary, if Sir Frank Cooper has run into difficulties during the day.

RTA

(Robert Armstrong)

11th April, 1980

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