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NOTE FOR THE RECORD

MEETING OF MINISTERS: 14 APRIL 1980

The Prime Minister said that she was unhappy with the message from the American Administration about the terms on which they were prepared to supply a successor system to Polaris. It was as much in the interests of the American Government as of HMG that we should have the Trident. President Carter had given her no hint during their talks in Washington before Christmas that he wished to attach conditions of the kind now envisaged to the sale.

In the ensuing discussion of the reasons why the American Administration had put forward conditions, it was argued that:

- (a) President Carter might well experience difficulties in persuading Congress of the merits of the proposal. If the Administration were not seen to be extracting a quid pro quo from HMG they might well, particularly in the context of present problems on other fronts, make difficulties;
- (b) The US Administration wished to have tangible evidence of UK expenditure on conventional weapons systems. It was probably central to their argument for supplying us with a new generation deterrent system that, failing supply by the US, we would have tried to finance the system ourselves. The savings made possible by US generosity would, the US Administration would argue, be diverted to improving our conventional capability;
- (c) Ambassador Komer had a personal interest in securing concessions from HMG in the areas proposed for discussion by the Americans.

The Prime Minister agreed that Sir Frank Cooper should enter into discussions with Mr. Komer on the lines proposed. But she said it was essential that we should drive a very hard bargain indeed. She would prefer that the outcome of the negotiations,

however it was

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however it was dressed up, would be that HMG effectively paid the net cost of the new system and no more. She accepted that it would probably be necessary to pay a 5 per cent R&D levy, i.e. the same levy as had been paid at the time of the Polaris purchase. As regards the agreement which was nearing completion on Rapier, she was anxious that all the costs should be "netted off" against other costs.

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*Amis*

15 April 1980

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MR WADE-GERY

I attach a copy of a note that I have done for our records here of part of the Ministerial discussion about the deterrent which took place on Monday evening. You undertook to ensure that the note was seen by those who needed to see it.

*MA*

16 April 1980

*SP*

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