

TOP SECRET ANNEX TO RECORD OF CONVERSATION BETWEEN THE PRIME MINISTER AND THE UNITED STATES SECRETARY OF DEFENSE AT 10 DOWNING STREET ON MONDAY 2 JUNE 1980

Present:-

- |                                |                                |
|--------------------------------|--------------------------------|
| Prime Minister                 | Dr. Harold Brown               |
| Secretary of State for Defence | HE Mr. Kingman Brewster        |
| Sir Robert Armstrong           | Mr. David McGiffert            |
| Mr. R.L. Wade-Gery             | General Carl Smith             |
| Mr. C.A. Whitmore              | Assistant Secretary of Defense |
| Mr. M.O'D.B. Alexander         | Mr. T. Ross                    |

Polaris Replacement

The following points were covered.

(a) R and D Levy

The Prime Minister said that the British Government wished to purchase the Trident I missile on the same terms as Polaris, i.e. a 5 per cent levy. Dr. Brown said that the United States Government could not agree to this arrangement, which had been severely criticised in Congress. But they would accept it provided that the British Government carried the cost of manning the Rapier air defence systems the United States Government intended to purchase for United States bases in Britain. The Prime Minister indicated an arrangement including these elements would be acceptable to the British Government.

(b) Timetable

The Prime Minister said that she was doubtful about the suitability of the Venice Economic Summit as an occasion either for her to deliver her formal letter to the President or for her and the President to talk to their principal allies. At Venice the dangers of leaks would be too great. It would be better to deliver her letter through an emissary shortly afterwards and also to use special emissaries for informing President Giscard and Chancellor Schmidt. Dr. Brown agreed that this might be so. There was also a difficult timing problem in relation to Chancellor Schmidt's visit to Moscow on 30 June-1 July. Publication of the Anglo/American agreement could probably be delayed until just after his return.

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But if it were necessary to inform him in confidence before he went he might find himself in an awkward position while there. The Prime Minister said that Chancellor Schmidt should be told before he went to Moscow. Publication could be delayed until after his return provided that this did not leave Congress without the 50 days necessary for the agreement to be approved. Dr. Brown thought that any publication date in the first week of July should be adequate for this purpose.

(c) Diego Garcia

Dr. Brown said that it would be necessary for the two Governments to reach agreement on the United States plans for extending their facilities in Diego Garcia in 1982-85, and on any changes in the arrangements for joint decisions about the use of Diego Garcia which the British Government might require, before the Exchange of Letters on Polaris replacement could take place.

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(d) Attitude of the Labour Party

The Prime Minister said that when the agreement on Polaris replacement was announced the Labour Opposition might threaten to repudiate it if returned to office. Such posturing, in deference to extreme left wing sentiment, need not be taken too seriously. As in the case of the Nassau Agreement a future Labour Government would in practice be likely to behave responsibly and accept the fait accompli.

(e) Confidentiality

The Prime Minister emphasised the extreme narrowness of the circle of Ministers and officials in London who were seized of this issue and the very special restrictions to which the relevant papers were subjected.