

cc/NO

SECRET



Prime Minister 6
You have called for

a paper on participation
in SDI research by the
end of the month. OD will
consider. Hereafter it
might be helpful to establish

Ref. A085/1508

PRIME MINISTER

Strategic Defence Initiative (SDI) an official MISC

Yes a committee chaired by
Cabinet office.
CDP
7/6.

The Secretary of State for Defence sent me a copy of his note of 28 May about British participation in SDI research. I have also seen your response conveyed in Mr Turnbull's letter of 30 May.

I agree very much that the pace of progress on this matter may not be adequate. This minute notes some points which you may wish to be considering, with a view to the discussion in OD in about a month's time.

The Government's Roles in British Participation in SDI Research

2. The Defence Secretary's minute does not discuss the extent to which co-operation in SDI research should take place between industry in this country and in the United States or should also involve the two Governments. Industry-to-industry co-operation could bring useful business to parts of British Industry. But that business might be peripheral to the main SDI programme and would probably give us only very limited information about the programme as a whole and the aspects in which British firms were not involved.

3. We have a major interest in learning all we can about the important aspects of the SDI programme and in particular those which affect the credibility of the British deterrent. Given the closeness of co-operation and the bilateral agreements, especially the 1958 agreement, between the British and American Governments on defence and nuclear matters, the involvement of the two Governments in British participation in SDI research should give us a greater chance of learning more. It is relevant that the United States Government has recently expressed interest in the involvement in SDI research of our Government research and development establishments. If the Government were involved, they could moreover advocate the interests of British firms in Washington and take steps to ensure that the response of British firms to opportunities to bid for SDI research contracts was adequate.



The Pace of Our Work on Participation in SDI Research

4. It would be a pity if, by appearing slow to the Americans, we prejudiced the chances of British firms to win contracts. There is also the new factor of the French proposal (EUREKA) for European co-operation in high technology research. It is proposed that this should cover some of the same fields as SDI research. But the benefits of UK participation are unlikely to be as certain or as great as in the case of SDI research. Work on the British response to the French proposal is already being co-ordinated by the Cabinet Office and is going ahead well, our immediate objectives being to avoid any new cumbersome "agency" and to press our ideas for unobstructed access to the whole Community market for the results of collaborative research by companies. These questions will be discussed at the European Council in Milan at the end of June. Given that British resources suitable for SDI research and EUREKA, in the form of scientists and research facilities, are finite, it will be important that the Government should use their influence to ensure that resources are used, as between the two schemes, in ways which accord with the national interest. This is another argument for the Government playing a role in British participation in SDI research.

Other Aspects of SDI

5. The Geneva negotiations on nuclear arms control are moving very slowly. But they may in due course become more active: for instance, the Russians might propose a package deal involving cuts in offensive nuclear weapons and constraints on SDI. Although such a Soviet proposal is likely to be unacceptable, we would probably want the United States to respond constructively. I think that British officials should be devising various possible outline agreements which Ministers at the right moment could discuss with the United States. That would greatly increase our ability to influence the Americans, much as you have done with the four points on SDI. Another possibility is that, as SDI research and the Geneva negotiations proceed, some form of modification of the Anti-Ballistic Missile Treaty may become an active question. Such



modification could of course affect the credibility of our own deterrent. We should work out in advance what modifications would be acceptable to us, so as to be well placed to advocate a suitable approach to the Americans. As you know, there are also many other questions about the strategic implications of SDI. The Ministry of Defence have begun some preliminary analytical work on some of these questions but are not planning to take the work very far in the coming months.

Co-ordination in Whitehall

Open
6. In order to ensure speed and proper co-ordination in the work on these matters in Whitehall, it may be right, after OD has met, to establish a MISC Committee at official level. This could be chaired by Mr Mallaby, who would be responsible for dovetailing his work with that which Mr Williamson is co-ordinating on EUREKA in the Steering Committee on European Questions. I would expect the Foreign and Commonwealth Office to favour this idea, but the Ministry of Defence might well resist.

RA

ROBERT ARMSTRONG

5 June 1985