

SECRETPRIME MINISTER

## SDI PARTICIPATION

You will recall that I minuted to you earlier about the study by officials of the Defence Secretary's agreement with Mr. Weinberger on the United Kingdom's participation in the Strategic Defence Initiative. (Flag A).

In fact only one Minister, the Trade and Industry Secretary has asked for the matter to be brought back to OD. The Lord President, who was perhaps the most likely to seek this, doubts whether there is anything much to be gained from further collective discussion among Ministers. (Flag B).

The best course might therefore be:

- a. to instruct that officials clarify with the Americans various points which have been raised by Ministers about the Memorandum of Understanding and if possible negotiate minor improvements before we finally agree to accept it.
  
- b. that MISC 117 be instructed to continue to study which areas of research are most likely to produce a useful civil spin-off:  
and
  
- c. you should lay down that our agreement to participate in SDI research must be without prejudice to the outcome of the wider study of our R & D priorities being carried out.

CJP  
13 November, 1985

RAMADO

Agreed MB

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PRIME MINISTER

*with CDP*  
**STRATEGIC DEFENCE INITIATIVE RESEARCH: UK/US AGREEMENT**

I have seen the further report by the MISC 117 Group of Officials (circulated as OD(85)25) about the terms of the draft Memorandum of Understanding on UK participation in the SDI, which has been prepared following the Trade and Industry Secretary's minute to you of 4 November and in accordance with the instructions in your Private Secretary's letter of 5 November. As the report by officials notes, there are a number of points on which further clarification of the draft Memorandum would be desirable; and thereafter we shall need to make a continuing effort, over an extended period of time, to ensure that the terms of the specific contracts for UK work in support of the SDI are consistent with the objectives prescribed by OD. That said, I doubt whether there is anything much to be gained from further collective discussion among Ministers of the terms of the draft Memorandum.

2. I remain most concerned, however, that our commitments to the US should not result in our participation in SDI prejudicing the reassessment of R & D priorities across Government on which MISC 119 is currently engaged. The SDI is, after all, a defence programme, and the prospect for follow-on production orders to justify the commitment of UK resources must be much less than over the bulk of the Ministry of Defence R & D programme. While it may nevertheless be desirable for other reasons for the UK to make a major contribution to SDI research, I consider it of the utmost importance that UK participation should not result in an increase in the total volume of UK resources devoted to defence R & D.

3. I am sending a copy of this minute to the members of OD, to the Secretary of State for Education and Science, Sir Robin Nicholson and Sir Robert Armstrong.

Privy Council Office  
12 November 1985

SECRET

REFERENCE: SDI Part 3

TPM

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cell

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PRIME MINISTER

UK PARTICIPATION IN SDI

The analysis by officials of MISC 117 shows that the present Memorandum of Understanding does not meet the requirements we agreed at the OD meeting on 28 October.

2 Their analysis confirms the view I expressed to you in my minute of 4 November. In particular the application of the MoU to contracts let by US companies and the extent of restrictions on ownership and use of intellectual property remains uncertain. We could therefore find ourselves in a position where UK industry was not able to exploit for civil purposes the results of work carried out for SDI, and where scarce human resources were therefore not available for civil and industrial research. This could have serious consequences for the future of UK industry, particularly in those areas of technology with a high potential for civil application identified by my Department.

3 I therefore think that we should discuss this matter again in OD, to consider whether we should seek improvements in the MoU before agreeing to UK participation in SDI.

4 I am copying this minute to members of OD, Sir Keith Joseph and Sir Robert Armstrong.

L.B.

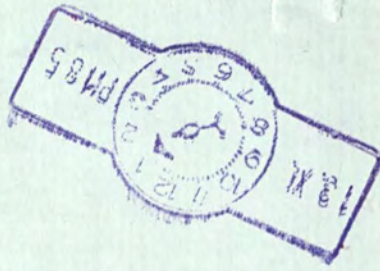
L B

13 November 1985

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Department of Trade and Industry

DEFENCE: SDI: Pe 3.



UK BARS ON  
SHEET

COMBING

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CCPE

CDP  
14/11Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

14 November 1985

C D Powell Esq  
10 Downing Street  
London SW1

Dear Charles,

## UK PARTICIPATION IN SDI

*in PM's box*

The Chancellor of the Exchequer has read the minute of 13 November from the Secretary of State for Trade and Industry to the Prime Minister.

The Chancellor has asked me to say that he supports Mr Brittan's suggestion that this matter should be discussed again in OD.

I am copying this letter to the Private Secretaries of the members of OD, Sir Keith Joseph and Sir Robert Armstrong.

Yours sincerely,

A handwritten signature in cursive script that reads 'Philip Wynn Owen'.

P WYNN OWEN  
Assistant Private Secretary

Reference:  
501 PK3

